



TOYA S.A.

Financial statements for the financial year ended 31 December 2011

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
 (All amounts in PLN '000, unless indicated otherwise)

Statement of financial position

		31 December 2011	31 December 2010
ASSETS			
	Note		
Non-current assets			
Tangible fixed assets	6	15,574	15,169
Intangible assets	8	621	342
Equity-accounted investments in jointly-controlled entities	9	3,243	3,243
Other long-term receivables	10	236	239
Deferred income tax assets	29	576	846
		20,250	19,839
Current assets			
Inventory	11	94,354	71,317
Trade receivables and other receivables	12	41,416	37,331
Cash and cash equivalents	5,14	1,820	1,288
Assets of disposal group classified as held for distribution	35	-	83,437
		137,590	193,373
Total assets		157,840	213,212
LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital	15	7,484	6,557
Transaction costs related to public share issue		-	(398)
Share premium		22,907	-
Other reserve capital	16	1,175	-
Retained earnings		51,989	76,592
		83,555	82,751
Long-term liabilities			
Liabilities arising from loans and borrowings	18	-	11,394
Finance lease liabilities	21	154	-
Deferred income tax liabilities		-	135
Liabilities arising from employee benefits	20	107	109
		261	11,638
Short-term liabilities			
Trade payables and other payables	19	23,114	25,194
Liabilities arising from employee benefits	20	315	847
Liabilities arising from loans and borrowings	18	46,692	48,958
Finance lease liabilities	21	154	-
Current income tax liabilities		3,520	1,786
Provisions	23	229	217
Liabilities directly related to the disposal group classified as held for distribution	35	-	41,821
		74,024	118,823
Total liabilities		74,285	130,461
Total equity and liabilities		157,840	213,212

Notes constitute an integral part of these financial statements

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
 (All amounts in PLN '000, unless indicated otherwise)

Statement of comprehensive income

	Note	12 months ended 31 December	
		2011	2010
Revenues from sales	24,34	202,352	185,301
Cost of products, goods and materials sold	25,34	(136,267)	(127,678)
Gross profit		66,085	57,623
Selling costs	25	(23,156)	(24,131)
Administrative expenses	25	(10,223)	(6,022)
Other operating income	27	1 703	1,203
Other operating costs	27	(569)	(46)
Operating profit		33,840	28,627
Financial revenue	28	65	3
Financial costs	28	(3,994)	(3,389)
Profit before income tax		29,911	25,241
Income tax expense	29	(5,899)	(4,280)
Net profit from continuing operations		24,012	20,961
Net profit (loss) on discontinued operations	35	497	(2,396)
Net profit		24,509	18,565
Other net comprehensive income		-	-
Net comprehensive income for the financial year		24,509	18,565
Comprehensive income for the reporting period attributable to:			
Shareholders of the parent company		24,509	18,565
Basic/diluted earnings per share from continuing operations (PLN)		0.35	0.32
Basic/diluted loss per share from discontinued operations (PLN)		0.01	(0.04)

Notes constitute an integral part of these financial statements

TOYA S.A.

Financial statements for the financial year ended 31 December 2011

(All amounts in PLN '000, unless indicated otherwise)

Statement of changes in equity

	Share capital	Transaction costs related to public share issue	Share premium	Other reserve capital	Retained earnings	Total
As at 1 January 2010	6,557	-	-	-	62,980	69,537
Net profit	-	-	-	-	18,565	18,565
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	18,565	18,565
Transactions with owners						
Payment of dividend	-	-	-	-	(4,953)	(4,953)
Transaction costs related to public share issue	-	(398)	-	-	-	(398)
Total transactions with owners	-	(398)	-	-	(4,953)	(5,351)
As at 31 December 2010	6,557	(398)	-	-	76,592	82,751
As at 1 January 2011	6,557	(398)	-	-	76,592	82,751
Net profit	-	-	-	-	24,509	24,509
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	24,509	24,509
Transactions with owners						
Payment of dividend	-	-	-	-	(9,282)	(9,282)
Distribution of disposal group	-	-	-	-	(41,652)	(41,652)
Compensation for withdrawal from general partner position in Toya Development Sp. z o.o. SKA	-	-	-	-	1,822	1,822
Issue of shares	927	(1,705)	25,010	-	-	24,232
Reduction of share premium by transaction costs related to share issue	-	2,103	(2,103)	-	-	-
Stock option plan	-	-	-	1,175	-	1,175
Total transactions with owners	927	398	22,907	1,175	(49,112)	(23,705)
As at 31 December 2011	7,484	-	22,907	1,175	51,989	83,555

Notes constitute an integral part of these financial statements

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
 (All amounts in PLN '000, unless indicated otherwise)

Cash flow statement

	Note	12 months ended 31 December	
		2011	2010
Cash flows from continuing operating activities			
Profit before income tax from continuing operations		29,911	25,244
Adjustments for:			
Amortisation and depreciation		2,120	2,335
Interest		3,994	3,085
Profit/(loss) on investing activities		5	(102)
Share in profit/loss of jointly-controlled entities		-	-
Foreign exchange gains/losses		(12)	(16)
Valuation of share options		1,175	-
Changes in balance sheet items:			
Change in trade receivables and other receivables		(1,335)	(9,548)
Change in inventory		(23,037)	(17,669)
Change in provisions		12	43
Change in trade payables and other payables		(3,015)	4,781
Change in liabilities arising from employee benefits		(534)	308
Income tax paid		(3,523)	(2,130)
Other adjustments		(2)	-
Net cash from continuing operating activities		5,759	6,331
Net cash from discontinued operating activities		6,028	(1,411)
Cash flows from continuing investing activities			
Proceeds from sale of tangible fixed assets and intangible assets		-	108
Purchases of tangible fixed assets and intangible assets		(2,347)	(1,695)
Net cash from continuing investing activities		(2,347)	(1,587)
Net cash from discontinued investing activities		(2)	(4,366)
Cash flows from continuing financing activities			
Proceeds from loans and borrowings		34,547	62,786
Repayments of loans and borrowings		(48,228)	(33,001)
Redemption of bonds		-	(3,300)
Payments related to finance lease		(154)	-
Interest paid on loans and borrowings		(3,953)	(2,738)
Interest paid on bonds		-	(122)
Interest paid on leases		(19)	-
Share issue		25,936	-
Transaction costs related to public share issue		(1,705)	-
Dividends paid		(9,282)	(12,032)
Net cash from continuing financing activities		(2,858)	11,593
Net cash from discontinued financing activities		(2,074)	(10,336)

Notes constitute an integral part of these financial statements

TOYA S.A.

Financial statements for the financial year ended 31 December 2011

(All amounts in PLN '000, unless indicated otherwise)

	12 months ended 31 December	
	2011	2010
Change in cash and cash equivalents – continuing operations	554	16,337
Change in cash and cash equivalents – discontinued operations	3,952	(16,113)
Change in cash and cash equivalents – continuing and discontinued operations	4,506	224
Cash and cash equivalents at the beginning of the period	1,598	1,358
- including cash of discontinued operations	310	249
Distribution of cash relating to the distribution of disposal group	(4,296)	-
Exchange gains/(losses) on measurement of cash and cash equivalents	12	16
Cash and cash equivalents at the end of the period	1,820	1,598
- including cash of discontinued operations	-	310

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

Accounting policy and other explanatory information**1. General information**

TOYA S.A. (hereinafter referred to as the "Company") is a joint-stock company, established on the basis of the Commercial Companies Code. The Company has its registered office in Wrocław at ul. Sołtysowicka 13/15.

The Company is a successor of civil law partnership "TOYA IMPORT-EKSPORT" with its registered office in Wrocław, whose partners, given the scale of the business and its rapid development, resolved to transfer the business in 1999 to a newly established joint stock company TOYA S.A. with its registered office in Wrocław.

The Company was incorporated by virtue of a Notarial Deed of 17 November 1999 drawn up by Notary Public Jolanta Ołpińska in the Notarial Office in Wrocław (Rep. A No. 5945/99). Next, pursuant to a court decision of 3 December 1999, the Company was entered into the Commercial Register maintained by the District Court for Wrocław-Fabryczna, VI Commercial Division, under entry No. RHB 9053. By virtue of a decision of 4 December 2001, the District Court for Wrocław-Fabryczna, VI Commercial Division of the National Court Register, entered the Company into the Register of Entrepreneurs under entry No. KRS 0000066712.

As at 31 December 2011, TOYA S.A. operates one branch — in Nadarzyn. During the year, the Company also operated a branch in Kryniczno, which was classified as at 31 December 2010 as discontinued operations, and in April 2011 net assets of this branch were contributed to Toya Development Sp. z o.o. spółka komandytowo-akcyjna (more detailed information was provided in note 35). The branch in Kryniczno was formally liquidated and deleted from the KRS on 10 August 2011.

The Company's Statistical Identification Number (REGON) is 932093253, the Nadarzyn Branch has been assigned the Statistical Identification Number (REGON): 932093253-00031.

The core business activities of TOYA S.A. include import and distribution of industrial goods, including primarily hand and power tools for professional and DIY use. The Company distributes goods manufactured and supplied mainly by companies located in China. For many years, the Company has been implementing its strategy of expanding into international markets. It focuses primarily on Central, Southern, and Eastern Europe (Romania, Hungary, Czech Republic, Germany, the Balkan States, Russia, Lithuania, Ukraine, Belarus, Moldova). Furthermore, a subsidiary – TOYA Romania S.A. was established in 2003, whose business includes sales of hand and power tools in Romania. This company offers the same products and brands as those offered by the Company in Poland.

Duration of the Company is unlimited.

As at 31 December 2011, joint control of the company is exercised by: Jan Szmidt, Romuald Szałagan, Tomasz Koprowski, Piotr Wojciechowski, Beata Szmidt, Wioletta Koprowska, Beata Szałagan and Elżbieta Wojciechowska. The joint control is exercised based on an agreement entered into on 31 August 2010 by the following shareholders: Jan Szmidt, Romuald Szałagan and Tomasz Koprowski, which was joined on 6 April 2011 by Piotr Wojciechowski and on 9 August 2011 by Beata Szmidt, Wioletta Koprowska, Beata Szałagan and Elżbieta Wojciechowska. Under this agreement the parties undertook to cooperate on all matters concerning the Company, including to agree their positions submitted to the Company's governing bodies, and to unanimously vote on resolutions adopted by the Company's General Shareholders' Meeting.

2. Summary of significant accounting policies

The most important accounting principles applied for the drawing up of these financial statements are presented below. Those principles were applied in all periods presented in a continuous way, unless stated otherwise.

2.1 Basis of preparation

These financial statements of the Company for the financial year ended 31 December 2011 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") and interpretations issued by the International Accounting Standards Board, as adopted by the European Union ("EU").

These financial statements have been prepared in accordance with IFRS and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which were issued and were in effect as at the reporting date i.e. 31 December 2011.

The policies described below have been consistently applied to all the periods presented.

These financial statements have been prepared in accordance with the historical cost convention.

The preparation of financial statements in conformity with IFRS requires a use of significant accounting estimates. It also requires the Management Board to exercise judgement in the process of applying the accounting policies adopted by the Company. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material from the point of view of the financial statements are disclosed in note 4.

Approval of the financial statements

These financial statements were approved for publication and signed by the Management Board on 25 April 2012.

Going concern

These financial statements were prepared under the assumption that the Company will continue as a going concern in the foreseeable future. As of the date of the approval of these financial statements no circumstances are identified that would indicate a threat to the Company's ability to continue as a going concern.

Effect of new standards and interpretations on the Company's financial statements

These financial statements have been prepared on the basis of the EU's IFRS issued and effective as at the reporting date i.e. 31 December 2011.

The EU's IFRS comprise all International Accounting Standards, International Financial Reporting Standards and related Interpretations, excluding Standards and Interpretations awaiting endorsement by the European Union.

a) New standards, interpretations and amendments to existing standards effective in 2011

The following new standards, interpretations and amendments have been published and are effective for reporting periods beginning on or after 1 January 2011:

- **Amendment to IAS 24 “Related party disclosures”**. The amendment introduces simplifications with regard to requirements for disclosure of information by parties related to state institutions and eliminates the asymmetry of the definition of a related party.

The amendment extended the group of related parties as a result of identification of new links through shareholders who jointly control or significantly influence other entities and are members of key management personnel of other entities.

- **Improvements to IFRS 2010** On 6 May 2010, the International Accounting Standards Board published the “Improvements to IFRS 2010”, amending 7 standards. Improvements contain changes in the presentation, recognition and valuation, as well as terminological and editing changes.

The amendments do not have a material impact on the Company’s financial statements.

The following amendments effective in 2011 do not apply to the Company’s operations:

- Amendments to IAS 32 “Financial Instruments: Presentation” – “Classification of Rights Issues”,
- Amendments to IFRS 1 “First-Time Adoption of IFRS”,
- Amendments to IFRIC 14 “Prepayments of a Minimum Funding Requirement”,
- IFRIC 19 “Extinguishing Financial Liabilities with Equity Instruments”.

The amendments did not have a material impact on the Company’s financial statements.

b) New standards, interpretations and amendments, which are not yet effective and have not been applied early by the Company

The following new standards, interpretations and amendments have been published and are effective for reporting periods beginning on or after 1 January 2012:

- **IFRS 9 Financial Instruments**. On 12 November 2009 the International Accounting Standards Board published the *IFRS 9 Financial Instruments*. This standard is the effect of the first phase of works aiming at elimination of IAS 39 *Financial Instruments: Recognition and Measurement* and replacing it with a new IFRS 9. The standard simplifies the classification principles by introducing a single model that has only two classification categories: fair value and amortized cost. The classification at initial recognition depends on the entity’s business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. The standard also includes requirements concerning measurement and reclassification of financial assets as well as presentation of gains and losses on those instruments.

The standard will be effective for annual periods beginning on or after 1 January 2013. The Company is currently assessing the effects of these amendments and their impact on the financial statements.

- **Amendments to IFRS 7 – Disclosure of information about transfers of financial assets** On 7 October 2010, the International Accounting Standards Board issued *Amendments to IFRS 7 – Enhancing disclosures about transfers of financial assets*. The amendments issued enhance existing disclosure requirements. The purpose of the amendments is to increase the transparency of information on risks involving transactions in which financial assets were transferred. Not every transfer of financial assets by an entity to a third party results in its simultaneous, total or partial derecognition from the financial statements. This occurs when an entity transferring assets does not simultaneously transfer contractual rights to receive cash flows associated with these assets, retaining substantially all of the risks and rewards of their ownership, or continues to be involved in derecognised financial assets at the reporting date. The amendments to IFRS 7 require the presentation in a separate note to the financial statements for each class of financial assets

transferred, which were not entirely derecognised, of information on the nature and carrying amount of assets transferred and the risks and rewards associated with them. For assets transferred, in which an entity continues to be involved, the amended IFRS 7 requires the disclosure of information enabling the evaluation of the nature of the involvement and of the risks associated with the continuing involvement of the entity with the derecognised financial assets, by each class of continued involvement, including the carrying amount and fair value of financial assets and liabilities representing the continued involvement of the entity in the derecognised financial assets.

These changes will be effective for annual periods beginning on or after 1 July 2011 and have no material impact on the financial statements. Should there occur such transactions which will involve the amendments to IFRS 7, the Company will provide disclosures in the financial statements pursuant to the new requirements.

- **IFRS 9 Financial Instruments.** On 28 October 2010, the International Accounting Standards Board reissued IFRS 9 *Financial Instruments*. This standard is the result of the further work of the Board aimed at replacing IAS 39 *Financial Instruments: recognition and measurement*. In this publication the Board added to IFRS 9 requirements involving the classification and measurement of financial liabilities. Most of these requirements were transferred directly to IFRS 9 from 39 IAS. In accordance with IFRS 9, liabilities being a derivative related with and settled by the delivery of an equity investment which is not quoted on an active market should be measured at fair value, just as for investments in unquoted equity investments and derivative financial assets related to these investments. Furthermore, this standard introduces the requirement to recognise, in other comprehensive income, changes in the fair value of financial liabilities measured at fair value through profit or loss, resulting from changes in credit risk associated with the said liabilities. The remaining amount of the change in the fair value of a liability should be presented in profit or loss, unless recognition of the effects of changes in the credit risk of the liability would create or enlarge an accounting mismatch, in which case the entity should recognise the full amount of the change in fair value in profit or loss.

This standard will be effective for annual periods beginning on or after 1 January 2013, and it is estimated that this change will not have a significant impact on the financial statements of the Company.

- **Amendments to IFRS 1 First-time Adoption of IFRS** On 20 December 2010, the International Accounting Standards Board issued an amendment called: *Severe hyperinflation and removal of fixed dates for first-time adopters of IFRS, as an amendment to IFRS 1 First-time adoption of IFRS*.

Changes to this standard are effective for annual periods beginning on or after 1 July 2011 and will not have an effect on the financial statements of the Company.

- **Amendments to IAS 12 Income Tax** On 20 December 2010, the International Accounting Standards Board issued an amendment to IAS 12 called: *Deferred income tax: Recovery of underlying assets*. The purpose of this update is to provide practical guidance in the estimation of the amount of deferred income tax in a situation where investment property is measured through the use of the fair value model from IAS 40 *Investment Property*. In accordance with IAS 12, the measurement of deferred income tax assets and liabilities, i.e. the determination of an income tax rate and the taxable base, depends on the manner in which an entity intends to recover (realise) the value of the assets. In certain tax jurisdictions a different income tax rate is applied to the disposal of property than is applied to income received from the use of such property. Sometimes therefore, entities cannot be certain as to the manner in which the value of a given asset will be eventually recovered (realised) in the future. In such a situation the aforementioned amendment to IAS 12 recommends that the entity should assume that it will recover (realise) the value of the asset through its sale. This same principle for the determination of the amount of deferred income tax should be applied by entities owning non-depreciable and revalued assets covered by IAS 16.

Changes to this standard are effective for annual periods beginning on or after 1 January 2012 and will not have an effect on the financial statements of the Company.

- **IFRS 10 "Consolidation".** The standard was published in May 2011 and is effective for annual periods beginning on 1 January 2013. The standard replaces the guidance concerning control and consolidation included in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12

“Consolidation – Special Purpose Entities”. IFRS 10 amends the definition of control, so that all entities may use uniform criteria to determine whether control exists.

The amendments are not likely to have any impact on the Company's consolidated financial statements.

- **IFRS 11 “Joint Arrangements”**. The standard was published in May 2011 and is effective for annual periods beginning on 1 January 2013. The standard replaces IAS 31 “*Interests in Joint Ventures*” and SIC 13 “*Jointly Controlled Entities – Non-Monetary Contributions*”. The introduced changes in definitions reduce the number of types of joint arrangements to two: jointly controlled operations and jointly controlled ventures. The option of proportionate consolidation of jointly controlled entities was removed. Thus the only possible consolidation method is the equity method.

The Company is currently assessing the amendment's impact on the Company's financial statements.

- **IFRS 12 “Disclosure of interests in other entities”** The standard was published in May 2011 and is effective for annual periods beginning on 1 January 2013. It relates to entities holding interests in subsidiaries, joint arrangements, associates and non-consolidated entities. The standard replaces the guidance on the disclosure of financial information included in IAS 28 “*Investments in Associates*”, and requires disclosure of information which will help the reader of financial statements to assess the financial effect and risk connected with holding interests in subsidiaries, joint arrangements, associates and non-consolidated entities.

The Company is currently assessing the amendment's impact on the financial statements.

- **IFRS 13 “Fair value measurement”**. The standard was published in May 2011 and is effective for annual periods beginning on 1 January 2013. It simplifies the definition of fair value and enhances consistency among the standards by introducing uniform guidance with respect to the measurement and disclosure of fair value.

The Company is currently assessing the amendment's impact on the financial statements.

- **Amendments to IAS 27 Separate Financial Statements** – amendments introduced as a consequence of publishing IFRS 10.
- **Amendments to IAS 28 Investments in Associates and Joint Ventures** – amendments introduced as a consequence of publishing IFRS 11 and IFRS 12.
- **Presentation of items of other comprehensive income**. On 16 June 2011, the International Accounting Standards Board published amendments to IAS 1 *Presentation of Financial Statements* titled *Presentation of Items of Other Comprehensive Income*. These amendments included renaming one of the essential notes of financial statements from “Statement of comprehensive income” to: “Statement of profit or loss and other comprehensive income”, and entities still have possibility to present statement of profit and loss as a separate note. Entities may apply titles for these statements other than those set forth in IAS 1. In addition, clear rules were introduced with regard to items which should be presented through profit or loss and through other comprehensive income. The amended IAS 1 also introduces the requirement to separately group items presented in other comprehensive income based on their potential reclassification to profit or loss in accordance with other IFRSs.

Until the date of publication of these financial statements, the amendments were not endorsed by EU. The amendments will not have a material impact on the Company's financial statements.

- **Amended IAS 19 Employee Benefits** Amendments to IAS 19 *Employee Benefits* were published by the International Accounting Standards Board on 16 June 2011. Work on the standard was carried out in conjunction with the American Financial Accounting Standards Board to unify certain regulations concerning employee benefit programs between IFRS and US GAAP. The amendments to the standard introduce significant changes with respect to accounting for specific employee benefit programs. Among the items eliminated was the so-called 'corridor' approach enabling deferral in the recognition of actuarial gains and losses. This results in the necessity to recognise actuarial gains and losses when they arise. Elimination of this recognition option introduces consistency and clarity to the presented data. The requirement for early recognition (usually in the period in which they initially arise) was also introduced for costs of past employment and these costs will no longer be recognised

on a straight-line basis over the future service period. Changes in the standard also involve the means of presentation of changes arising in the assets and liabilities of specified benefit programs. Among others the principle of recognising changes arising as a result of measurement of assets and liabilities of a program in other comprehensive income was introduced. The amendment significantly expands the scope of disclosures for specified benefit programs, mainly with respect to the nature of these programs and the risk to which an entity is exposed due to participation in a program. Until the date of publication of these financial statements, the amendments were not endorsed by EU.

The Company is currently assessing the impact of the amended standard on its financial statements.

- **Offsetting financial assets and financial liabilities – amendments to IAS 32.** Amendments to IAS 32 “Financial instruments: presentation” concerning the offsetting of financial assets and liabilities were published by the International Accounting Standards Board in December 2011 and are valid for annual periods starting on or after 1 January 2014. The amendments introduce additional explanations to the application of IAS 32 in order to clarify inconsistencies encountered during the application of some offsetting criteria. They include clarification what the term “has a legally enforceable right to set off the amounts” means as well as that certain mechanisms of gross settlement may be treated as net settlement where appropriate conditions have been met.

As at the date of these financial statements, the amendments to IAS 32 were not yet approved by the European Union. The Company is currently assessing the impact of the amended standard on its financial statements.

- **Disclosure of information – offsetting financial assets and financial liabilities – amendments to IFRS 7.** Amendments to IFRS 7 – offsetting financial assets and financial liabilities – were published by the International Accounting Standards Board on December 2011 and are effective for annual periods beginning on or after 1 January 2013. The amendments introduce the obligation to present new disclosures which will enable users of financial statements to assess effects or potential effects of agreements allowing net settlements, including rights to set off.

As at the date of these financial statements, the amendments were not yet approved by the European Union. The Company is currently assessing the impact of the amended standard on its financial statements.

- **IFRIC 20 “Stripping costs in the production phase of a surface mine”**

IFRIC Interpretation 20 was published by the International Accounting Standards Board in October 2011 and is valid for annual periods starting on or after 1 January 2013.

As of the date of these financial statements, IFRIC 20 was not yet approved by the European Union. The interpretation is not applicable to the Company's operations.

In these financial statements no standard or interpretation was early adopted or adopted before EU approval.

2.2 Interests in subsidiaries and jointly-controlled entities

Interests in controlled or jointly controlled entities are recognised at acquisition cost.

Investments in subsidiaries and jointly-controlled entities are tested for impairment whenever there is indication of impairment or indication that any previously recognised impairment loss is no longer required or has decreased.

2.3 Segment reporting

Information on operating segments is presented on the same basis as that used for internal reporting to the Company's Management Board which is responsible for the allocation of resources and assessment of the segments' results. Amounts presented in the internal reporting process are measured using the same policies as those followed in these financial statements prepared in accordance with the EU' IFRS.

2.4 Valuation of items denominated in foreign currencies

Functional currency

Items contained in the Company's financial statements are measured in the currency of the primary economic environment in which the given entity operates ("functional currency"). The financial statements are presented in the Polish zloty which is the functional currency and the presentation currency of the Company.

Transactions and balances

Transactions expressed in foreign currencies are translated to the functional currency using the exchange rate effective for the transaction date. Any currency exchange gains or losses arising on settlement of such transactions or on accounting measurement of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Monetary assets and liabilities expressed in foreign currencies are translated as at the reporting period end date using the average market rate effective for the given currency for that date.

Non-monetary assets and liabilities carried at historical cost in a foreign currency are translated using the average market rate effective for the transaction date. Non-monetary items of the statement of financial position expressed in foreign currencies which are carried at fair values are translated using the average market exchange rate effective for the fair value measurement date.

Foreign currency items of the statement of financial position were translated using the following exchange rates:

Currency	31 December 2011	31 December 2010
EUR 1	4.4168	3.9603
USD 1	3.4174	2.9641
RON 1	1.0226	0.9238
CNY 1	0.5428	0.4497

2.5 Tangible fixed assets

Tangible fixed assets are stated at acquisition or production cost less accumulated depreciation and potential accumulated impairment.

Acquisition cost comprises the price for which a given asset was purchased (i.e. amount due to the seller, net of any deductible taxes: VAT and excise duty), public charges (in the case of imports) and expenditure directly attributable to the acquisition of the asset and its adaptation for its intended use, including the costs of transport, loading and unloading. Rebates, discounts as well as other similar concessions and recoveries decrease the asset acquisition cost.

Production cost of a tangible fixed asset or a tangible fixed asset under construction includes all the expenses incurred by the entity during its construction, assembly, adaptation or improvement, incurred until the date on which the asset became available for use, including any non-deductible VAT and excise duties.

Any subsequent expenditure on replacement of parts of items of property, plant and equipment is capitalised if it can be measured reliably and it is probable that the Company will derive economic benefits associated with the replaced items. Repair and maintenance costs are charged to profit or loss as incurred.

Except for land and tangible fixed assets under construction, all items of property, plant and equipment are depreciated over their estimated useful lives using the straight-line method, taking into account the residual value, if material. The following groups are depreciated using the following depreciation rates:

Buildings and structures	3% to 6%
Plant and equipment	5% to 50%

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

Vehicles	8% to 50%
Other tangible fixed assets	10% to 100%

Correctness of the applied useful lives, depreciation methods and residual values (except where insignificant) is reviewed by the Company on an annual basis. Any changes are presented as changes in accounting estimates and their effect is taken to profit or loss in the period when the estimate changes and in subsequent periods.

Significant components of tangible fixed assets are depreciated based on their estimated useful lives.

Any gains or losses on the disposal or liquidation of tangible fixed assets are determined as the difference between the revenue from the sale and the carrying amount of the items, and recognised in profit or loss.

Tangible fixed assets under construction are stated at cost or at the amount of the aggregate expenses directly associated with their production, less impairment. The cost of borrowings contracted to finance tangible fixed assets under construction increases their value.

2.6 Leases

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased asset, are recognised in the statement of financial position at commencement of the lease term at the lower of the fair value of the asset and the present value of the minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability in such a way as to produce a constant rate of interest on the remaining balance of the liability. The finance charge is recognised in profit or loss.

Tangible fixed assets used under finance lease agreements are depreciated over the shorter of their estimated useful life or the lease term.

Leases whereby the lessor retains substantially all the risks and rewards incidental to ownership of the leased asset are classified as operating leases. Operating lease payments and subsequent lease instalments are recognised as expenses and charged to profit or loss over the lease term on a straight-line basis.

2.7 Investment property

Investment property is stated at acquisition or production cost less accumulated depreciation and impairment. The periods and methods of depreciation applied to investment property are reviewed in the same manner as in the case of depreciation of tangible fixed assets.

Any gains or losses arising on disposal of investment property are determined as the difference between the net proceeds from the sale and the carrying amount of the asset as at the date of the sale, and recorded in "other operating income" or "other operating expenses", as appropriate.

2.8 Intangible assets

Intangible assets are stated at acquisition or production cost less accumulated amortisation and impairment.

Any subsequent expenditure on existing intangible assets is capitalised only when it increases the future economic benefits to be generated by the asset. Other expenditures are recognised in profit or loss as incurred.

The period and method of amortisation of intangible assets are reviewed at the end of each financial year. Any changes are recognised as changes in accounting estimates and their effect is charged to profit or loss in the period in which the amortisation rates are changed and in subsequent periods.

The amortisation rates applied to intangible assets are as follows:

Trademarks	20%
Licences and software	5% to 50%

2.9 Impairment on non-financial non-current assets

As at the end of each reporting period, the Company assesses whether there is any evidence that any of its non-financial non-current assets may be impaired. If the Company finds that there is such evidence, or if the Company is required to perform annual impairment tests (in the case of goodwill), the Company estimates the recoverable amount of the given asset or cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is equal to the higher of the asset's or cash-generating unit's fair value less costs to sell or its value in use. The recoverable amount is determined for individual assets, unless a given asset does not generate separate cash inflows largely independent from those generated by other assets or asset groups. If the carrying amount of an asset is higher than its recoverable amount, the asset is impaired and an impairment loss is recognised up to the established recoverable amount. The impairment loss is allocated in the following order: first, the carrying amount of goodwill is reduced, and then the carrying amounts of other assets of the cash-generating unit are reduced pro rata. Impairment losses related to the assets used in the continuing operations are disclosed under the cost categories corresponding to the function of the asset with respect to which impairment has been identified.

As at the end of each reporting period, the Company assesses whether there is evidence that any impairment loss recognised in the previous periods with respect to a given asset or cash-generating unit is no longer necessary or should be reduced. If such evidence exists, the Company measures the recoverable amount of the given asset or cash-generating unit.

2.10 Borrowing costs

Borrowing costs that are directly attributable to acquisition or production of assets which take a substantial period of time to become available for their intended use, are capitalised as part of the cost of tangible fixed assets or intangible assets, as appropriate, until such assets become available for their intended use.

2.11 Financial assets

Upon initial recognition, financial assets are measured at fair value of the consideration given plus transaction cost, with the exception of financial assets at fair value through profit or loss in the case of which the transaction cost is charged to profit or loss.

Financial instruments are classified to one of the following four categories and are recognised in the following manner:

Financial assets at fair value through profit or loss

This category includes the following two subcategories:

- financial assets held for trading, and
- financial assets designated as assets at fair value through profit or loss on initial recognition.

An asset is classified in this category if it was acquired primarily for the purpose of selling it in the near future or if it was assigned to this category by the Management Board.

Financial assets held to maturity

Financial assets held to maturity are measured at amortised cost using effective interest rate.

Loans and receivables

This category primarily includes loans granted and trade receivables.

Loans and receivables are measured at amortised cost determined using effective interest rate (in the case of current receivables, given that the discount effect would be insignificant due to short maturities, the amortised cost is assumed as equal to the initially invoiced amounts).

Available-for-sale financial assets

Available-for-sale financial assets are measured at fair value and any unrealised revaluation gains/losses are recognised in other comprehensive income.

The fair value of financial instruments for which an active market exists is determined by reference to the prices quoted on that market as at the end of the reporting period. If no quoted market price is available, the fair value is estimated based on a market price quoted for a similar instrument or based on projected cash flows. Except for financial assets at fair value through profit or loss, all financial assets are tested for impairment as at the end of the reporting period.

As at 31 December 2011 and 31 December 2010, all financial assets held by the Company were classified as "loans and receivables".

2.12 Impairment of financial assets

An impairment loss on a financial asset is recognised when there is objective evidence of its impairment which may have an adverse effect on the amount of future cash flows attributable to the asset.

Impairment of financial assets carried at amortised cost is measured as the difference between the carrying amount of an asset and the present value of future cash flows discounted using the initial effective interest rate. Carrying amounts of individual financial assets of material unit value are reviewed as at end of each reporting period in order to check whether there is any indication of impairment. Other financial assets are assigned to groups of assets with similar credit risk and tested for impairment collectively.

Impairment losses are reversed if a subsequent increase in the recoverable amount can be objectively attributed to an event occurring after the date when impairment was recognised. Impairment losses on doubtful receivables are measured based on an analysis of historical data on collectability of receivables, including the ageing structures of receivables, as well as information from the legal department concerning receivables with respect to which court proceedings have been instigated (bankruptcies, liquidations, arrangements, claims with respect to which a court payment order is sought). In particular, impairment losses are recognised in respect of the following types of receivables:

- receivables in an enforced debt collection process – 100% of the amount of such receivables,
- receivables which are past due for more than 180 days – 50% of the amount of such receivables,
- receivables which are past due for more than one year – 100% of the amount of such receivables.

Impairment losses on receivables are charged to other expenses or to financial costs, as appropriate – depending on the type of the receivable in respect of which impairment is recognised. Impairment losses on previously accrued interest are recognised in financial costs.

2.13 Inventory

Inventory includes goods for resale (hand and power tools).

Inventories are presented at the cost of acquisition or production cost not higher than net realisable value.

Net realisable value is equal to the estimated selling price of an item of inventory less any costs of completion and costs necessary to make the sale.

Impairment losses on inventory are recognised in cost of sales.

Inventory decrease is measured as follows:

- with respect to goods for resale (hand and power tools) - based on average prices, i.e. determined as weighted average prices of individual goods for resale,
- with respect to finished products of the property development business (houses) - based on a detailed identification of production costs attributable to the individual finished products.

In particular, given that the estimated average period in which individual goods for resale are sold is three years, an impairment loss on inventory of goods for resale (tools and power tools) is recognised if the quantitative inventory consumption in a given year is lower than 33% of the total of purchases and the year opening balance for a given item. In the case of goods for resale, if the balance of any particular inventory item at the year end exceeds the estimated consumption of this inventory item over the next two years, a relevant impairment is recognised.

The cost of construction of dwellings comprises of expenditures related to the following:

- auxiliary infrastructure (natural gas and power supply systems, water supply and sewage system, telecommunications system, internal roads, fencing) and other shared costs; expenditure on infrastructure and other shared costs are distributed proportionately to all apartments/houses planned for construction as part of a given project,
- construction of each single dwelling following execution of a preliminary sales agreement with a future owner.

The following items are taken into account in measurement of work in progress: construction materials, salaries and wages of construction workers, including the related employee benefits, cost of contracted services and depreciation of the property, plant and equipment used

2.14 Cash and cash equivalents

Cash and cash equivalents disclosed in the statement of financial position include cash at bank and in hand as well as highly liquid current financial assets whose original maturity does not exceed three months and which are readily convertible into specific cash amounts and subject to insignificant risk of fluctuation in fair value.

2.15 Equity

Equity is disclosed in the accounting records divided into categories, in accordance with the rules set forth in applicable laws and the provisions of the Company's Articles of Association.

The particular categories of equity are:

- share capital of the Company – stated at its par value as specified in the Company's Articles of Association and entered in the court register,
- share premium is stated in the proceeds from the issue of shares in the amount exceeding the par value of shares, less transactions costs related to public share issue,
- reserve capital is created in relation to the Company's share based benefits for the members of the Company's Supervisory Board and Management Board and key employees of the Company. This capital is stated at fair value of granted share options.
- retained earnings – comprising profit/(loss) distributions, undistributed profit/(loss), and net profit/(loss) for the reporting period to which given financial statements relate.

Transaction cost related to the public share issue is taken to equity and reduces the share premium account as at the share issue date.

2.16 Bank loan liabilities

Bank loans are initially recognised at fair value less transaction cost. Following initial recognition, bank loans are measured at amortised cost, using the effective interest method.

2.17 Trade payables

Trade payables are initially recognised at fair value, and subsequently, where the discount effect is material, they are measured at amortised cost using the effective interest method.

2.18 Current and deferred income tax

Mandatory decreases of profit include current and deferred income tax.

Current income tax

Current tax expense is calculated based on the taxable profit for the given reporting period. Tax expense is calculated based on the tax rates applicable to the fiscal year in question.

Deferred income tax

Deferred tax assets and liabilities are determined based on temporary differences between the accounting and tax values of assets and liabilities.

Deferred tax assets are recognised only if it is probable that the Company will achieve future taxable profits allowing for utilisation of the temporary differences and deduction of the tax losses. Deferred tax assets are determined as the amount of income tax recoverable in the future in respect of deductible temporary differences which will reduce future income tax base and any deductible tax loss, determined in accordance with the prudence principle.

The amount of deferred tax assets and liabilities is determined using income tax rates which will be effective when a deferred tax asset is utilised or a deferred tax liability arises.

Deferred tax assets and liabilities have been offset, as at this level the criteria of IAS 12 with respect to offsetting deferred tax assets against deferred tax liabilities were met.

A deferred tax liability is recognised for temporary differences associated with investments in subsidiaries and jointly-controlled entities, except where the Company controls the reversal of such temporary differences and it is probable the differences will not reverse in the foreseeable future.

2.19 Employee benefit obligations**Post-employment benefit plan – the defined contribution plan**

The Company participates in the national post-employment benefit plan by paying an appropriate percentage of an employee's gross pay as a contribution to the Social Security Institution (ZUS). This plan is a defined contribution plan. The contributions are expensed as paid.

Post-employment benefit plan – the defined benefit plan (retirement severance pays) and other benefits

In accordance with the applicable remuneration systems and rules, employees of the Company are entitled to death benefits and retirement severance pays. Death benefits are one-off benefits paid to an employee's family following the employee's death. Retirement severance pays are one-off benefits paid when an employee retires. The amount of a retirement severance pay or death benefit depends on the length of employment and average remuneration of a given employee. The Company accrues for future retirement severance pay and death benefit obligations in order to attribute costs to the periods to which they relate.

The present value of such obligations is determined by an independent actuary using the projected unit credit method. Accrued liabilities are equal to the discounted future payments, taking into account the employee turnover, and relate to the period until the end of the reporting period. Demographic and employee turnover data is based on historical data. Actuarial gains and losses are recognised in profit or loss.

2.20 Provisions

Provisions are created when the Company has a present obligation (legal or constructive) resulting from past events, it is probable that the discharge of this obligation will result in an outflow of economic benefits, and the obligation can be measured reliably.

A provision is recognised as a reliable estimate of the amount required to settle the existing obligation, made as at the end of the reporting period taking into account the risks and uncertainties associated with the obligation.

In particular, a provision is created for the expected returns and complaints. The Company's historical data and past experience show that returns and complaints are generally made within three months of the date of sale. Therefore, the provision for returns and complaints is created as 0.5% of the revenue for the most recent quarter preceding the end of the given reporting period.

2.21 Recognition of revenue

Revenue is recognised at fair value of consideration received or receivable, net of VAT, returns, rebates and discounts. Revenue is recognised to the extent it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably.

Revenue from sales of goods for resale – continuing operations

Revenue from sales of goods for resale is recognised if the significant risks and rewards of the ownership of goods for resale have been transferred to the buyer, that is upon their release from the Company's warehouse.

Revenue from sales of recreation and catering services – discontinued operations

In most cases, revenue from sales of recreation and catering services (related to the golf field and the restaurant) is recognised on a one-off basis following the performance of a service, except for revenue from fees collected for membership in the golf club, which is recognised on a straight-line basis.

Revenue from sales of real estate – property development – discontinued operations

The Company executes property development projects, as part of which it sells real estate (primarily single-family houses). The Company recognises revenue and costs related to real estate sold upon transferring to the buyer the control and significant risk related to the ownership, i.e. on the date of execution of a sale agreement in the form of a notarial deed.

2.22 Interest income

Interest income is recognised using the effective interest rate method.

2.23 Dividends

The obligation to pay dividends is recognised when the shareholders' right to receive such dividends is approved.

2.24 Non-current assets (a Disposal group) classified as held for distribution and discontinued operations

Non-current assets (a disposal group) are classified as held for distribution if the entity intends to deliver the asset (or a disposal group) to its owners. This is the case when assets are available for immediate delivery in their present condition, and their delivery is highly probable (i.e. an action has been initiated to deliver the assets and is expected to be completed within a year from the classification date; actions required to complete the delivery of assets indicate that significant changes concerning the delivery of assets or its abandonment are unlikely).

Non-current assets (or a disposal group) classified as held for distribution are measured at the lower of their carrying amount or fair value less distribution costs.

Business activities recognised in the period as discontinued operations are a part of the entity classified as held for distribution which represents an important separate area of operations.

3. Material accounting estimates and judgements

Estimates and judgements are verified on an ongoing basis. Estimates and judgements used during the preparation of the financial statements are based on historical experience as well as analyses and expectations of future events which, to the best knowledge of the Management Board, are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the actual results. The estimates and assumptions that involve a significant risk of the necessity to make a material adjustment to the carrying amounts of assets and liabilities during the current or following financial year are outlined below.

Employee options

The Company measures the benefits due to the members of the Management Board and its key employees participating in the Incentive Scheme launched in 2011, based on stock options. Details of the scheme are described in note 16.2. The total cost of the program was determined on the basis of fair value of granted options. The fair value of options does not include the impact of non-market conditions connected with the increase of the consolidated net profit of the TOYA S.A. Capital Group, this condition is, however, included in the assumptions concerning the expected number of options to which the participants are to be entitled. As at 31 December 2011, the non-market condition has been fulfilled, and additionally the Management Board estimates that the non-market conditions pertaining to tranches for the years 2012-2014 will also be met, therefore the costs of the scheme for 2011 have been estimated under the assumption that the rights to all the options granted to the authorised persons are acquired. The assumptions concerning the expected number of shares to which the rights have been acquired are revised at the end of each reporting period. Possible impact of the revision of the original estimates will be presented in the profit or loss.

Useful lives and depreciation rates for tangible fixed assets

The Company's Management Board determines estimated useful lives and depreciation rates for tangible fixed assets. The estimates are based on the projected useful lives for individual groups of assets. The estimates may change materially as a result of new technological solutions emerging on the market, plans of the Company's Management Board, or intensity of use. The Management Board increases or decreases a depreciation rate for a given asset if its useful life proves shorter or longer, respectively, than expected, and revalues technologically obsolete assets, and assets which are not of strategic importance and whose use has been discontinued.

If the actual useful lives of property, plant and equipment had been by 10% shorter than the Management Board's estimates, the carrying amount of property, plant and equipment would have been lower by PLN 236 thousand as at 31 December 2011, and PLN 218 thousand as at 31 December 2010.

Provisions and impairment write-downs

As at each end of a reporting period, the Management Board of the Company makes material estimates of impairment write-downs:

- provisions for warranties and complaints – for detailed information – see note 23,
- impairment write-downs on inventory – for detailed information – see note 11,
- impairment write-downs on receivables – for detailed information – see note 12.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

Assets and liabilities of disposal group held for distribution and discontinued operations

Assets and liabilities of the Kryniczno Branch, whose net book value is presented in note 35, did not qualify for removal from the statement of financial position of TOYA S.A. as at 31 December 2010, as TOYA S.A. retained most of the risks associated with these assets and liabilities:

- TOYA S.A. was a general partner in Toya Development Sp. z o.o. S.K.A., and under the applicable laws had joint and several unlimited liability, with the other general partner, for Toya Development Sp. z o.o. S.K.A.'s operations,
- the ownership of TOYA S.A. Kryniczno Branch's assets (including land) had not been transferred to Toya Development Sp. z o.o. S.K.A.,
- TOYA S.A. had not transferred the liabilities from bank loans contracted to finance construction of the golf field to Toya Development Sp. z o.o. S.K.A.

In the financial statements prepared as at 31 December 2010, the assets and liabilities (whose values are presented in note 33) of the Kryniczno Branch are disclosed as "Disposal group held for distribution" and "Liabilities directly associated with disposal group classified as held for distribution" because the criteria required by IFRS 5 are met, in particular, the necessary resolutions were passed to transfer the ownership of the above described assets and liabilities to Toya Development Sp. z o.o. S.K.A. The operations of the Kryniczno Branch are disclosed as discontinued operations and the comparative data in all periods presented were restated.

In accordance with the agreement signed, on 6 April 2011, the Company effectively disposed of the assets and liabilities of the Kryniczno Branch by contributing them to Toya Development Sp. z o.o. S.K.A. The value of the contribution actually made is described in note 35.

On 4 May 2011, the Extraordinary General Shareholders' Meeting of Toya Development S.K.A. adopted a resolution to approve TOYA S.A.'s withdrawal as a general partner from Toya Development S.K.A. The date of withdrawal was set for 4 May 2011. The compensation due to Toya S.A. for its withdrawal was agreed at PLN 2,250 thousand, payable in 18 monthly instalments starting from May 2011. On 16 May 2011, the changes connected with Toya S.A.'s withdrawal from Toya Development S.K.A. were registered in the National Court Register.

Given the fact that the transaction was effected between related parties and control over the net assets transferred was not lost by the existing shareholders controlling both entities equally prior and subsequent to the transaction, any excess of the carrying amount over the compensation received will in substance be an economic distribution to shareholders and at the time of distribution it was recognised in equity.

4. Financial risk management**4.1 Financial risk factors**

The Company's business activities expose it to a number of various financial risks, such as market risk (including foreign exchange risk and the risk of fair value or cash flow changes as a result of interest rate movements), credit risk and liquidity risk. The Company's overall risk management programme is designed to mitigate the potential effect of risk on the Company's financial performance. The Company does not use derivatives to hedge against certain risks.

The Management Board defines overall risk management rules as well as the policy for specific areas such as credit risk or investing liquidity surpluses.

4.2 Market risk**Foreign exchange risk**

TOYA S.A.

Financial statements for the financial year ended 31 December 2011

(All amounts in PLN '000, unless indicated otherwise)

The Company purchases significant amounts of goods from foreign suppliers, located primarily in China, at prices denominated in foreign currencies, particularly in USD. As at 31 December 2011, trade payables in USD represented 82% of the total trade payables (75% as at 31 December 2010).

The Company may use EUR and USD denominated credit facilities available under executed credit facility agreements. As at 31 December 2010 and 31 December 2011, the Company had no loan liabilities denominated in foreign currencies.

As at 31 December 2011, cash in foreign currencies (EUR and USD) represented 77% of the total cash (92% as at 31 December 2010).

32% of the Company's sales revenue is generated from exports, at prices denominated in foreign currencies, mainly in EUR. As at 31 December 2011, trade receivables in EUR represented 26% of the total trade receivables (12% as at 31 December 2010).

A risk exists that future fluctuations of exchange rates may have a negative or positive effect on the Company's financial performance. To date, the Company has not made extensive use of derivative financial instruments to hedge against the results of future changes in exchange rates.

If the zloty appreciated/depreciated by 10% against the dollar (all other things being equal), the profit before income tax for 2011 would rise/drop by approximately PLN 915 thousand mainly due to the measurement of USD denominated trade receivables) (in 2010 by approximately PLN 250 thousand mainly due to the measurement of USD denominated trade payables).

If the zloty appreciated/depreciated by 10% against the euro (all other things being equal), the profit before income tax for 2011 would rise/drop by approximately PLN 145 thousand (in 2010 by approximately PLN 141 thousand) mainly due to the measurement of EUR denominated trade receivables.

In the Management Board's opinion, the concentration of foreign exchange risk is insignificant.

Risk of interest rate changes affecting cash flows and fair values

Apart from short-term bank deposits (note 14) disclosed under "Cash and cash equivalents", as at 31 December 2011 the Company holds no other interest-bearing assets. As at 31 December 2010, loans granted and bonds purchased constituted components of a disposal group classified as held for distribution and were presented as discontinued operations. Bonds and loans receivables bore interest at a fixed rate (note 13), which exposes the Company to the risk of fair value changes.

The Company's policy envisages the use of bank loans bearing interest at variable rates. This exposes the Company to the risk of interest rate changes affecting its cash flows. As at 31 December 2011, all liabilities under bank loans bear interest at variable rates (which was also the case as at 31 December 2010).

The Company dynamically monitors its exposure to the risk of interest rate changes affecting its cash flows and fair values. The Company runs simulations of various scenarios, taking into consideration refinancing, roll-over of the existing positions, and alternative financing. The Company uses the scenarios to assess the impact of a change in interest rates on its financial performance. Simulations are run for bank deposits and liabilities which represent the largest items exposed to interest rate risk.

The sensitivity analysis of the Company's cash flows to interest rate risk was prepared for financial instruments based on variable interest rates. The financial instruments held by the Company were linked to WIBOR rates. The impact of interest rate fluctuations on the financial result was calculated as the product of liability balances and the assumed WIBOR variance.

+20 basis points**-20 basis points**

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

	Effect on profit before income tax	Effect on net profit and equity	Effect on profit before income tax	Effect on net profit and equity
Financial liabilities				
Variable interest rate loans	(93)	(76)	93	76
Total for 2011	(93)	(76)	93	76
	+30 basis points		-30 basis points	
	Effect on profit before income tax	Effect on net profit and equity	Effect on profit before income tax	Effect on net profit and equity
Financial liabilities				
Variable interest rate loans				
– continuing operations	(181)	(147)	181	147
– discontinued operations	(78)	(63)	78	63
Total for 2010	(259)	(210)	259	210

The Company does not considerably use derivatives to hedge against the risk of interest rate changes affecting its cash flows and fair values.

4.3 Credit risk

Credit risk arises mainly from bank deposits and credit exposures to customers, including trade receivables due.

Credit risk relating to bank deposits is considered by the Management Board as low as the Company cooperates with renowned financial institutions which enjoy premium credit ratings (BZ WBK, Raiffeisen Bank and Citi Bank Handlowy).

Credit risk relating to credit exposures to Company's customers is considered by the Management Board as low. The Company sells its products to 2 key customer groups: retail chains and wholesale customers (including wholesalers, distributors and authorised retail stores). The Company sells its products on the domestic and foreign markets – notably countries in Central, Eastern and Southern Europe (Russia, Romania, Baltic states, Hungary, Belarus, Czech Republic, Germany, Ukraine).

The table below presents the Company's sales structure by customer group and market:

	2011	2010
Domestic sales – wholesale customers	45%	44%
Domestic sales – retail chains	23%	27%
Exports	32%	29%
Total	100%	100%

As regards sales to retail chains, the Company sells its products to the largest chains in Poland. Credit exposures in this customer group are rather evenly distributed, except for 2 key retail chains which jointly account for approximately 52% of sales made through this particular channel. Credit risk exposure to retail chains is considered by the Company as low as most of them are reliable and financially transparent customers with an established market position and a sound payment history.

In the area of wholesale distribution, the Company has established cooperation with 9 authorised distributors, a few dozen wholesalers across the country and stores. Concentration of receivables from wholesale customers is low – approx. 19 customers account for 75% of sales moved through this distribution channel. The Company pursues a policy of reducing credit exposures to wholesale customers with the use of a credit limit mechanism. The limits are set for each customer based on a detailed assessment of its financial performance, market position, payment discipline and the overall situation in the sector. The utilisation of credit limits is monitored on a regular basis. A transaction exceeding the credit limit may only be executed upon authorisation by authorised persons in the sales department.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

The Company mitigates its credit risk by having trade receivables insured under an insurance contract with Euler Hermes (the contract does not cover receivables owed by retail chains). As at 31 December 2011, 43% of the trade receivables were insured (47% as at 31 December 2010). In some cases, credit limits are awarded to the Company's customers on the basis of the ratings prepared based on the insurer's data. Under the insurance contract, the deductible is 10% for customers with a credit limit awarded by the insurer and 15% for customers with a credit limit awarded based on the Company's ratings.

The maturity structure of receivables and details on past due receivables are presented in note 12.

The maximum credit risk exposure is approximately equal to the book value of trade receivables, net of receivables insured and cash and cash equivalents. As at 31 December 2011, the maximum credit risk exposure is PLN 23,864 thousand (31 December 2010: PLN 20,349 thousand).

4.4 Liquidity risk

The Management Board of the Company believes that the Company's liquidity is secured for the foreseeable future. The Company follows a prudent liquidity risk management policy which focuses on maintaining an adequate level of cash and securing the ability to use credit facilities. The Management Board monitors the level of short-term liabilities and current assets, as well as current cash flows of the Company.

Key items analysed for the purpose of monitoring of the liquidity risk are as follows:

	31 December 2011	31 December 2010
Current assets	137,590	109,936
Current liabilities	74,024	77,002
	2011	2010
Cash flows from operating activities – continued operations	5,759	6,331

The table below presents financial liabilities of the Company by maturities, which are determined based on contractual future payment dates, uniform for each group of liabilities. The figures presented below represent undiscounted contractual cash flows.

	Up to 1 year	1-3 years	3-5 years	More than 5 years	Total
Loans and borrowings	49,400	-	-	-	49,400
Trade and other payables	22,994	0	0	0	22,994
Finance lease liabilities	173	173	0	0	346
As at 31 December 2011	72,567	173	0	0	72,740
Loans and borrowings	51,503	12,084	0	0	63,587
Trade and other payables	24,516	0	0	0	24,516
As at 31 December 2010 (*)	76,019	12,084	0	0	88,103

(*) Cash flows from continuing operations

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

4.5 Capital management

The Management Board of the Company defines capital as the Company's equity. The equity held by the Company meets the requirements provided for in the Polish Commercial Companies Code. There are no other capital requirements imposed by external regulations.

The Company's capital management activities are aimed at protecting the Company's ability to continue its operations so as to ensure a return on investment for the shareholders and benefits for other interested parties, as well as maintenance of the optimum capital structure to lower the cost of capital.

The Company also follows a rule that fixed assets are to be fully financed by equity.

	<u>31 December</u> <u>2011</u>	<u>31 December</u> <u>2010</u>
Non-current assets	20,250	19,839
Equity	83,555	82,751

In the period covered by these financial statements, the Company implemented the above objective.

4.6 Fair value measurement

The book value of financial assets and liabilities is similar to their fair value. For disclosure purposes, the fair value of long-term financial liabilities is estimated by discounting future contractual cash flows with market interest rate currently available to the Company for similar financial instruments.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
 (All amounts in PLN '000, unless indicated otherwise)

5. Financial instruments

As at 31 December 2011	Financial assets	Other financial liabilities
	Borrowings and receivables	Liabilities measured at amortised cost
Trade receivables	38,846	-
Cash	1,820	-
Trade and other payables	-	22,995
Loans and borrowings	-	46,692
Finance lease liabilities	-	308
	40,666	69,994

As at 31 December 2010	Financial assets	Other financial liabilities
	Borrowings and receivables	Liabilities measured at amortised cost
Trade receivables	37,106	-
Cash	1,288	-
Trade and other payables	-	24,516
Loans and borrowings	-	60,352
Finance lease liabilities	-	-
	38,394	84,868

Revenue and expense recognised in the 2011 financial result, relating to financial assets or financial liabilities not measured at fair value though profit or loss are presented below:

	Financial assets	Financial liabilities
Interest income	82	-
Interest expense	-	(3,994)
Foreign exchange gains	1,581	-
Foreign exchange losses	-	(109)
Establishment of impairment write-downs	60	-
Reversal of impairment write-downs	-124	-
Total net profit / (loss)	1,599	-4,103

6. Tangible fixed assets

	31 December 2011	31 December 2010
Land	2,907	2,907
Buildings and structures	10,058	9,813
Plant and equipment	733	655
Vehicles	621	953
Other	1,242	841
Total	15,561	15,169
Construction in progress	13	-
Advances for construction in progress	-	-
Total tangible fixed assets	15,574	15,169

Notes constitute an integral part of these financial statements

TOYA S.A.

Financial statements for the financial year ended 31 December 2011

(All amounts in PLN '000, unless indicated otherwise)

Changes in tangible fixed assets by type

	Land	Buildings and structures	Plant and equipment	Vehicles	Other	Construction in progress	Total
<u>Initial value</u>							
As at 1 January 2011	2,907	11,013	2,263	2,926	4,165	-	23,274
Increase	-	701	686	106	911	13	2,417
Decrease	-	-	(34)	-	(5)	-	(39)
As at 31 December 2011	2,907	11,714	2,915	3,032	5,071	13	25,652
-							
-							
As at 1 January 2010	3,989	32,648	5,964	3,403	7,155	2,350	55,509
Increase	-	230	600	245	707	724	2,506
Decrease	-	-	(61)	(47)	(4)	-	(112)
Separation of assets of discontinued activities	(1,082)	(21,865)	(4,240)	(675)	(3,693)	(3,074)	(34,629)
As at 31 December 2010	2,907	11,013	2,263	2,926	4,165	0	23,274
<u>Accumulated depreciation</u>							
As at 1 January 2011	-	1,200	1,608	1,973	3,324	-	8,105
Increase	-	456	603	438	510	-	2,007
Decrease	-	-	(29)	-	(5)	-	(3)4
As at 31 December 2011	-	1,656	2,182	2,411	3,829	-	10,078
As at 1 January 2010	-	2,204	3,687	1,748	3,684	-	11,323
Depreciation for the financial year	-	789	683	799	1,271	-	3,542
Decrease in accumulated depreciation	-	0	(59)	0	(4)	-	(63)
Separation of assets of discontinued activities	-	(1,793)	(2,703)	(574)	(1,627)	-	(6,697)
As at 31 December 2010	-	1,200	1,608	1,973	3,324	-	8,105
<u>Carrying amount</u>							
As at 31 December 2011	2,907	10,058	733	621	1,242	13	15,574
As at 31 December 2010	2,907	9,813	655	953	841	-	15,169

Notes constitute an integral part of these financial statements

TOYA S.A.

Financial statements for the financial year ended 31 December 2011

(All amounts in PLN '000, unless indicated otherwise)

As at 31 December 2011, the Company held a server under finance lease – for detailed information – see note 21. As of 31 December 2010, the Company did not hold any tangible fixed assets used under finance lease agreements.

As at 31 December 2011, the Company used a warehouse in Nadarzyn under an operating lease agreement (note 22).

Apart from the tangible fixed assets serving as security in respect of investment loans and working capital facilities (note 18), there are no restrictions on the use of tangible fixed assets held by the Company.

For contractual commitments to purchase tangible fixed assets, see note 33.

7. Investment property (land)

Investment property comprises own land which is not used by the Company or transferred for use to third parties.

	2011	2010
Carrying amount as at 1 January	-	550
Changes	-	-
Reclassification to disposal group classified as held for distribution (note 35)	-	(550)
Carrying amount as at 31 December	-	-

As at 31 December 2010, the fair value of the land (as estimated by an independent real estate appraiser) was PLN 550 thousand. In 2010, investment property in the amount of PLN 550 thousand was reclassified to disposal group classified as held for distribution (note 35).

8. Intangible assets

	31 December 2011	31 December 2010
Concessions and patents, including:		
- software	526	342
Other	-	-
Total	526	342
Intangible assets under development	95	-
Total intangible assets	621	342

There are no material intangible assets produced internally by the Company.

No security interests in the intangible assets have been created. For information on commitments to purchase intangible assets, see note 33.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
 (All amounts in PLN '000, unless indicated otherwise)

Changes in intangible assets

	Software	Intangible assets under development	Total
<u>Initial value</u>			
As at 1 January 2011	766	-	766
Increase	297	95	392
As at 31 December 2011	1,063	95	1,158
As at 1 January 2010	825	-	825
Increase	232	-	232
Separation of assets of discontinued activities	(291)	-	(291)
As at 31 December 2010	766	-	766
	Software	Intangible assets under development	Total
<u>Accumulated depreciation</u>			
As at 1 January 2011	424	-	424
Increase	113	-	113
As at 31 December 2011	537	-	537
As at 1 January 2010	570	-	570
Depreciation for the financial year	8	-	8
Separation of assets of discontinued activities	(155)	-	(155)
As at 31 December 2010	423	-	423
<u>Carrying amount</u>			
As at 31 December 2011	526	95	621
As at 31 December 2010	342	-	342

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

9. Interests in jointly-controlled entities and subsidiaries

As at 31 December 2011 and 31 December 2010 the Company held the following shares and stocks in subsidiaries and jointly-controlled entities:

	Type of capital affiliation	% of shares and votes held	Value of shares
31 December 2011			
Yato China Ltd	Jointly-controlled entity	51.00	1,307
Toya Golf & Country Club Sp. z o.o.	Subsidiary	100.00	51
Toya Romania S.A.	Subsidiary	99.99	1 885
			3,243
31 December 2010			
Yato China Ltd	Jointly-controlled entity	51.00	1,307
Armada Development S.A. (*).	Jointly-controlled entity	50.00	6,000
Toya Golf & Country Club Sp. z o.o.	Subsidiary	100.00	51
Toya Romania S.A.	Subsidiary	99.99	1 885
			9,243

(*) classified as Disposal group classified as held for distribution as at 31 December 2010

In 2010 and 2011 the following changes in the shares and stocks held took place:

	Subsidiaries	Jointly-controlled entities	Total
As at 1 January 2010	1,936	7,307	9,243
Acquisition of shares	-	-	-
Reclassification of Armada Development S.A. shares to a disposal group	-	(6,000)	(6,000)
As at 31 December 2010	1,936	1,307	3,243
Acquisition of shares	-	-	-
As at 31 December 2011	1,936	1,307	3,243

Key financial data of jointly-controlled entities is presented in the table below:

	Non-current assets	Current assets	Long-term liabilities	Short-term liabilities	Revenue	Co
2011						
Yato China Ltd	1,515	19,600	-	17,491	31,582	
Toya Golf & Country Club Sp. z o.o.	-	46	-	-	-	
Toya Romania S.A.	697	7,807	1	4,616	15,799	
	2,212	27,453	1	22,107	47,381	
2010						
Yato China Ltd	818	11,122	-	8,809	21,925	
Armada Development S.A. (*)	9,134	26,146	12,358	8,418	6,331	

Notes constitute an integral part of these financial statements

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

Toya Golf & Country Club Sp. z o.o.	-	47	-	-	-	-	-
Toya Romania S.A.	499	8,447	1	6,085	13,141	12,785	356
	<u>10,451</u>	<u>45,762</u>	<u>12,359</u>	<u>23,313</u>	<u>41,397</u>	<u>40,161</u>	<u>1,236</u>

(*) classified as Disposal group classified as held for distribution as at 31 December 2010

For information on the guarantee issued by the Company for the benefit of Yato China Trading Co. Ltd see note 31.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
 (All amounts in PLN '000, unless indicated otherwise)

10. Other receivables

	<u>31 December 2011</u>	<u>31 December 2010</u>
Accruals and deferrals related to the perpetual usufruct right	236	239
Total other receivables	<u>236</u>	<u>239</u>

The Company purchased the right of perpetual usufruct from other entities. Perpetual usufruct fees included in the financial result amounted to PLN 20 thousand both in 2010 and in 2011.

Total amounts of future minimum lease payments and perpetual usufruct right fees amount to:

	<u>31 December 2011</u>	<u>31 December 2010</u>
up to 1 year	20	20
1-3 years	40	40
3-5 years	40	40
more than 5 years	1,500	1,520
Total	<u>1,600</u>	<u>1,620</u>

Liabilities due to the perpetual usufruct of land not included in the statement of financial position of the Company were estimated based on annual rates resulting from administrative decisions and the remaining time of using the land covered by the right.

11. Inventory

	<u>31 December 2011</u>	<u>31 December 2010</u>
Goods for resale	94,354	71,317
Total inventory	<u>94,354</u>	<u>71,317</u>

The table below presents changes in impairment write-downs of inventory:

	<u>2011</u>	<u>2010</u>
As at 1 January	2,071	1,714
Increase	-	357
Reversal/use	(45)	-
As at 31 December	<u>2,026</u>	<u>2,071</u>

Write-downs on inventory made in the financial year as well as utilisation and reversal of write-downs made in previous years were recorded in the financial result and presented as cost of sales.

For security created over inventory, see note 18.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

12. Trade receivables and other receivables

Trade and other receivables comprise the following items:

	31 December 2011	31 December 2010
Trade receivables from related parties	6,055	7 034
Trade receivables from third parties	33,850	31,239
Total trade receivables	39,905	38,273
Taxes, customs duties and social security receivable	173	21
Other receivables from related parties	2,250	-
Other receivables from third parties	108	223
Prepayments and accrued income	210	152
Total gross receivables	42,646	38,669
Impairment write-down of doubtful receivables <i>of which write-down for tax receivables</i>	(1,230) <i>(171)</i>	(1,338) <i>(171)</i>
Total net receivables	41,416	37,331

As at 31 December 2011, trade receivables in the amount of PLN 7,802 thousand (31 December 2010: PLN 9,554 thousand) were past due, of which trade receivables of PLN 7,343 thousand were past due but not impaired (31 December 2010: PLN 8,215 thousand).

The table below presents the ageing structure of receivables which are past due but not impaired:

	31 December 2011	31 December 2010
Overdue period		
from 1 to 180 days	6,144	8,215
from 181 to 360 days	1,180	-
more than 360 days	19	-
Total	7,343	8,215

The table below presents changes in impairment write-downs on trade receivables:

	2011	2010
As at 1 January	1,338	1,125
Increase	60	401
Reversal/use	(168)	(188)
As at 31 December	1,230	1,338

Recognition and reversal of impairment write-downs of receivables was recorded in the financial result in: "Selling costs".

As at 31 December 2011 receivables for which impairment write-downs were recorded individually amounted to PLN 517 thousand (31 December 2010: PLN 660 thousand). Impairment of those receivables is related to taking the receivables to court.

For security created over receivables, see note 18.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

13. Other financial assets

	Loans granted	Bonds acquired	Total
As at 1 January 2010	-	538	538
Loans granted / bonds acquired	3,000	-	3,000
Interest for the period	132	-	132
Reclassification to disposal group classified as held for distribution (note 35)	(3,132)	(538)	(3,670)
As at 31 December 2010	-	-	-
Loans granted / bonds acquired			
As at 31 December 2011	-	-	-

In 2010, other financial assets in the amount of PLN 3,670 thousand were reclassified to "Disposal group classified as held for distribution" (note 35).

14. Cash and cash equivalents

	31 December 2011	31 December 2010
Cash in hand and at bank	590	182
Bank deposits	1,230	1,106
Total cash and cash equivalents	1,820	1,288

As at 31 December 2010, cash in the amount of PLN 310 thousand was reclassified to "Disposal group classified as held for distribution" (note 35).

Short-term deposits are placed at banks for periods of up to several days; most frequently these are overnight deposits.

As at 31 December 2011 and 31 December 2010, the Company did not have any cash of limited disposability.

Apart from cash disclosed in the statement of financial position, the Company has a separate bank account for the funds of the Company Social Benefits Fund (ZFSS) which are presented in net amount with liabilities towards the ZFSS, amounting to 0, as at 31 December 2011 and 31 December 2010. As at 31 December 2011 these funds amounted to PLN 59 thousand (PLN 45 thousand as at 31 December 2010). The Company may use these funds only in the manner provided by law for the ZFSS resources.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
 (All amounts in PLN '000, unless indicated otherwise)

Reconciliation of changes in individual items as shown in the statement of financial position and in the statement of cash flows:

	12 months ended 31 December 2011					Change in statement of cash flows
	Balance sheet change	Separation of assets for distribution and remuneration for withdrawal from general partner position	Change in receivables from transactions classified as discontinued operations	Measurement of cash in foreign currencies	Change in liabilities due to income tax on dividend	
Change in trade receivables and other receivables	4,082)	2,250	497	-	-	(1,335)
Change in inventory	(23,037)	-	-	-	-	(23,037)
Change in provisions	12	-	-	-	-	12
Change in trade and other liabilities	(2,080)	-	-	-	(935)	(3,015)
Change in liabilities arising from employee benefits	(534)	-	-	-	-	(534)
Change in cash	532	3,986	-	(12)	-	4,506

	12 months ended 31 December 2010			
	Balance sheet change	Separation of assets for distribution	Measurement of cash in foreign currencies	Change in statement of cash flows
Change in trade receivables and other receivables	(8,183)	(1,365)	-	(9,548)
Change in inventory	16,919	(34,588)	-	(17,669)
Change in provisions	43	-	-	43
Change in trade and other liabilities	(3,196)	7,977	-	4,781
Change in liabilities arising from employee benefits	32	276	-	308
Change in cash	(70)	310	(16)	224

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

15. Share capital

As at 31 December 2011, the share capital of the Company amounted to PLN 7,484 thousand and comprised 74,836,800 shares with the par value of PLN 0.1 each.

As at 31 December 2010, the share capital of the Company amounted to PLN 6,557 thousand and comprised 65,573,800 shares with a par value of PLN 0.1 each.

The table below presents the ownership structure and percentage stakes held in the Company as at 31 December 2011:

Name	Status	Series of shares	Number of shares	Type of shares	Par value per share (PLN)	Par value of the shares (PLN)	Stake (%)
Jan Szmids	natural person	A	28,170,647	ordinary bearer	0.1	2,817,065	37.6%
Tomasz Koprowski	natural person	A	14,644,030	ordinary bearer	0.1	1,464,403	19.6%
Romuald Szałagan	natural person	A	10,938,874	ordinary bearer	0.1	1,093,887	14.6%
Piotr Wojciechowski	natural person	B	5,057,728	ordinary bearer	0.1	505,773	6.8%
Generali OFE	legal person	C	4,800,000	ordinary bearer	0.1	480,000	6.4%
Other - share below 5%	not applicable	C	11,225,521	ordinary bearer	0.1	1,122,552	15.0%
TOTAL:			74,836,800			7,483,680	100%

In 2011, the share capital of the Company was increased by PLN 926.3 thousand through public issue of 9,263,000 series C shares.

Public issue of Series C shares

On 8 February 2011, the Extraordinary General Shareholders' Meeting adopted a resolution to increase the share capital through the issue of Series C shares in a public offering with disapplication of the existing shareholders' pre-emptive rights. The Company's share capital could be increased from PLN 6,557 thousand to no more than PLN 9,368 thousand through the issue of up to 28,103,060 Series C ordinary bearer shares with a par value of PLN 0.10 each. Series C Shares were offered in Poland in a public offering as defined in the Act on Public Offering, based on an issue prospectus approved by the Polish Financial Supervision Authority.

On 8 February 2011, the Extraordinary General Shareholders' Meeting adopted a resolution on a conditional share capital increase through the issue of Series D shares. The Company's share capital was conditionally increased by an amount of up to PLN 224 thousand, through the issue of 2,243,430 Series D ordinary bearer shares with a par value of PLN 0.10 each. The conditional increase in share capital of the Company was effected with a view to granting rights to acquire Series D shares to holders of Series A subscription warrants (see note 16.2 for further information on the scheme). The right to acquire Series D shares expires on 31 December 2015.

On 14 February 2011, the Extraordinary General Shareholders' Meeting adopted a resolution authorising the Management Board to increase the Company's share capital through the issue of new shares with a

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

total par value of no more than PLN 162 thousand, as part of three share capital increases within the above limit (authorised share capital), to provide for the implementation of a resolution concerning remuneration of the Supervisory Board members (the scheme is described in Note 16.1). The issue price will be equal to the par value of the shares. The authorization given by the Management Board to increase the share capital and to issue shares within the limit of the authorised share capital expires three years after the registration of the relevant amendment to the Articles of Association in the Register of Entrepreneurs.

Based on the resolution of Extraordinary General Shareholders' Meeting dated 8 February 2011, the Company's Management Board conducted a public offer as a result of which 9,263,000 shares were allocated to individual and institutional investors, at the issue price of PLN 2.8 per share.

In connection with the public offer of shares, on 4 August 2011, the Management Board of the National Depository for Securities, based on resolution No 737/11, decided to register 9,263,000 rights to ordinary series C shares of TOYA S.A. with par value of PLN 0.10 per share on 8 August 2011 in the National Depository for Securities.

On 11 August 2011, the Management Board of the Warsaw Stock Exchange, based on Resolution No 1060/2011, decided to introduce 9,263,000 rights to series C bearer ordinary shares of the parent company to exchange trading on the parallel market.

On 12 August 2011, the first quotation of the rights to shares took place on the Warsaw Stock Exchange.

On 19 August 2011 the increase of share capital by PLN 926.3 thousands was registered in National Court Register.

Transaction costs related to public share issue

As a result of public share issue, transaction costs decreased the share premium resulting from the excess of issue price over par value of shares.

16. Reserve capital

Reserve capital in the Company is created in connection with the remuneration based on shares under IFRS 2.

16.1 Stock options for the Supervisory Board

By virtue of Resolution No. 10, the Annual General Shareholders' Meeting of 23 May 2011 approved the rules of remuneration of the Supervisory Board members. In accordance with the approved scheme, three members of the Parent Company's Supervisory Board, appointed by the Shareholders' Meeting on 14 February 2011, are entitled to remuneration for serving as members of the Supervisory Board during a three-year term (2011–2013) in the form of shares in the Parent Company. According to the Articles of Association of Toya S.A., the term of office of the Supervisory Board lasts three years from the date of appointment and expires no later than on the day of the General Meeting which approves the financial statements for the last full financial year of the term of office.

Pursuant to the adopted scheme:

- a) Three members of the Supervisory Board (Piotr Mondalski, Dariusz Górka and Grzegorz Maciąg) will receive payment in the form of a right to acquire the Company shares in an aggregate number

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

equal to 0.75% of all the Company shares registered on the date when the offer to acquire the share is made, of which Piotr Mondalski will have the right to acquire 0.35% of such shares, whereas Dariusz Górka and Grzegorz Maciąg will each have the right to acquire 0.2% of the shares. In total, 561,277 of such rights were granted. The shares will be acquired in three tranches: the first tranche between 1 December 2011 and 30 April 2012, the second between 1 December 2012 and 30 April 2013, and the third between 1 December 2013 and 30 April 2014. In the event the offered shares are not acquired by the eligible persons as stated above, they will be offered to those Members of the Supervisory Board in next tranches. The entitled members of Supervisory Board may indicate other entity to acquire the shares.

- b) The four other members of the Supervisory Board (who are the Company shareholders) will not be entitled to any remuneration for serving as members of the Supervisory Board.
- c) The Management Board will offer the shares to the Supervisory Board members at their par value (i.e. PLN 0.1).
- d) Each of the Supervisory Board members may decide to collect his remuneration in cash, up to the maximum amount of PLN 7 thousand a month. If a Supervisory Board member decides to collect a portion of their remuneration in cash, the number of shares offered to them by the Management Board will be reduced accordingly.

The total cost of the program was determined on the basis of fair value of granted options and amounted to PLN 1.916 thousands as per grant date (out of this amount, PLN 1,040 thousand was already recognized in the costs of the current reporting period).

The total cost is recognised over the vesting period, that is from 14 February 2011 (date of appointment of participating members of the Supervisory Board by the General Shareholders' Meeting, in accordance with IFRS 2 par. IG4) until 13 February 2014 (end of the 3-year term of office of the Supervisory Board).

As each participating member of the Supervisory Board has an option to settle the transaction in cash or in shares of the Company, the remuneration program is a compound financial instrument consisting of both equity and debt component.

The program was valued by external actuary using the Monte-Carlo simulation and analytical models. This method is the extension of Black-Scholes-Merton model. The basic assumptions used for the purposes of the valuation were as follows:

- the share price at the grant date – PLN 3.8 per share,
- the exercise price – PLN 0.1 per share
- dividend for 2011 and 2012 at the same level as in 2010, that is PLN 0.14 per share.
- risk-free interest rate was determined based on yield on zero-coupon government bonds with a remaining term close to the expected term of settlement of each tranche of the program (respectively: 4.52%, 4.67% and 5.14%),
- volatility of shares was set to average level of 40%.

Information about resolutions adopted after the balance sheet date, connected with the offering of the 1st tranche of shares to the authorised Supervisory Board members is provided in note 36.

16.2 Arrangements concerning employees' participation in the parent company's share capital

A management incentive scheme has been introduced at the Company to create incentive mechanisms to ensure long-term growth of the Company's value and a steady increase of net profit, as well as

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

stabilisation of the management staff. Based on Resolution No. 2 of the Extraordinary General Shareholders' Meeting of 8 February 2011, approving the rules of the incentive scheme for the Company's management staff and key employees, the Company launched an incentive scheme which will be implemented over four consecutive financial years: 2011–2014. On 23 May 2011, by virtue of its Resolution No. 11, the Annual General Shareholders' Meeting introduced a number of corrections to the aforementioned resolution. The incentive scheme is addressed to members of the Management Board and key employees of the Company, selected annually by the Supervisory Board. Under the scheme, its participants will be entitled to acquire in aggregate up to 2,243,430 Series A registered subscription warrants carrying the right to acquire Series D ordinary bearer shares with a par value of PLN 0.10 per share and an aggregate par value of PLN 224.0 thousand.

On 8 November 2011 the Supervisory Board approved Rules for the Incentive Scheme together with the detailed list of Eligible Persons and number of options available to each person. The total number of shares issued as part of the incentive scheme will not exceed 2,243,430. The eligible persons will have the right to acquire no more than: 18% of shares for 2011, 25% of shares for 2012, 27% of shares for 2013, and 30% of shares for 2014.

At the end of a given year of the scheme its participants will be granted the right to acquire the shares, provided that the Company achieves specific parameters and objectives. The objectives and parameters which the Company is required to attain were set forth by the Supervisory Board in its resolution of 24 May 2011 and in the Rules for the Incentive Scheme, which specified:

- growth of the Group's consolidated net profit for the financial years 2011–2014 by at least 22% per annum. Upon fulfilment of this condition, eligible persons would be granted the right to acquire 100% of shares under the incentive scheme for year 2011 and 75% of the shares under the incentive scheme for years 2012-2014.
- an increase or decrease in the price of Company shares relative to WIG in each two years of the Programme in such a relation that percentage increase or decrease of the Company's average share price in relation to the percentage increase or decrease in WIG will be accordingly higher or lower by one percentage point in favour of the Company's share price. Upon fulfilment of this condition, eligible persons would be granted the right to acquire 25% of the shares under the incentive scheme for years 2012-2014.
- failure to fulfil any of the above conditions in a given year does not rule out the possibility to acquire shares if the conditions are met at the end of the term of the scheme.

To enable implementation of the scheme, Series A subscription warrants intended for the scheme participants will be issued in an aggregate number of up to 2,243,430, carrying the right to acquire up to 2,243,430 Series D shares. The subscription warrants will be issued free of charge, on such terms and conditions as specified by the Supervisory Board in the Rules for the Incentive Scheme. One Series A subscription warrant will carry the right to acquire one Series D share. The issue price of Series D shares acquired in exercise of the rights attached to Series A subscription warrants will be equal to PLN 0.10. Series D subscription warrants will not be issued in a public offering as referred to in Article 3.3 of the Act on Public Offering. The warrants will be non-transferable, except that they may be transferred to the Company. Moreover, the warrants may be inherited.

According to the Supervisory Board Resolution dated 8 November 2011, as at 31 December 2011 there are 20 eligible persons, which may be granted 1.049.740 share options in total.

The program was valued by external actuary using the Monte-Carlo simulation and analytical models. This method is the extension of Black-Scholes-Merton model. The basic assumptions used for the purposes of the valuation were as follows:

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

- the share price at the grant date – PLN 2.85 per share,
- the exercise price – PLN 0.1 per share
- risk-free interest rate was determined based on yield on fixed interest rate government bonds with a closing date on April 2016 and October 2015 (respectively 5.04% and 4.89%),
- volatility of shares was set to average level of 40%.

The total cost of the program was determined on the basis of fair value of granted options and amounted to PLN 2.257 thousand as per grant date.

The total cost is recognised over the vesting period, that is from 1 December 2011 (date of signing agreements with participating persons) until 30 June 2015.

17. Retained earnings and dividend per share

In line with the provisions of the Commercial Companies Code, retained earnings are used to create statutory reserve funds, to which at least 8% of the profit generated in a given financial year is transferred until the statutory reserve funds reach at least one-third of the share capital, i.e. in case of the Parent Company – PLN 2,495 thousand as at 31 December 2011 (and PLN 2,185 thousand as at 31 December 2010). These statutory reserve funds are exempt from distribution among shareholders and may only be used to cover losses. As at 31 December 2010, the statutory reserve funds exempt from distribution amounted to PLN 4,372 thousand.

The remaining portion of the retained earnings, in the amount of PLN 47,617 thousand as at 31 December 2011, represents accumulated profit brought forward, and may be used for payment of dividend. Under the loan agreements with Raiffeisen Bank Polska S.A. and Bank Citi Handlowy S.A., restrictions were imposed on the Company concerning the dividend payout for 2010 and 2011, as well as throughout the term of the loan agreements. Under these agreements, the Company undertook to pay dividend of no more than 50% of its net profit for the given financial year throughout the lending period.

Dividend per share:

	12 months ended 31 December	
	2011	2010
Dividend paid	9,282	4,954
Weighted average number of ordinary shares ('000)	65,574	65,574
Dividend per share (PLN)	0.14	0.08

By virtue of a Resolution of the Company's Extraordinary General Shareholders' Meeting of 7 December 2010, the Company shares were split 100-for-1 by decreasing the par value of the shares, without reducing the Company's share capital. 655,738 shares with a par value of PLN 10 per share were split into 65,573,800 shares with a par value of PLN 0.1 per share. The dividend per share in 2010 was calculated based on the number of shares after the split.

On 23 May 2011 the General Shareholders' Meeting of Toya S.A. approved the financial statements of Toya S.A. for 2010, and resolved to distribute the profit earned in 2010 by allocating:

- PLN 9,282 thousand for payment of dividend,

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
 (All amounts in PLN '000, unless indicated otherwise)

- PLN 9,283 thousand for contribution to a reserve account.

The dividend was paid on 27 May 2011 in the amount approved by the General Shareholders' Meeting. Since the dividend in 2011 was calculated before the issue of series C shares, the calculation of dividend per share is based only on series A and B shares.

18. Liabilities under loans, borrowings and other debt instruments

	31 December	
	2011	2010
Bank loans, including	46,692	55,057
- long-term	-	11,394
- short-term	46,692	43,663
Bonds and borrowings, including	-	5,295
- long-term	-	-
- short-term	-	5,295
Total loans and other debt instruments, including	46,692	60,352
- long-term	-	11,394
- short-term	46,692	48,958

In 2010, bank loans in the amount of PLN 25,998 thousand were reclassified to "Disposal group classified as held for distribution" (note 35).

	Loans taken	Borrowings taken	Bonds issued	Total
As at 1 January 2010	64,641	-	3,311	67,952
Increase in loans / issue of bonds	56,846	6,850	-	63,696
Interest for the period (note 28)	4,503	196	111	4,810
Interest repaid	(4,861)	(51)	(122)	(5,034)
Repayment of principal	(40,074)	(1,700)	(3,300)	(45,074)
Transfer to liabilities held for distribution	(25,998)	-	-	(25,998)
As at 31 December 2010	55,057	5,295	-	60,352
Increase in loans / issue of bonds	29,547	5,000	-	34,547
Interest for the period (note 28)	3,716	258	-	3,974
Interest repaid	(3,550)	(403)	-	(3,953)
Repayment of principal	(38,078)	(10,150)	-	(48,228)
As at 31 December 2011	46,692	-	-	46,692

Changes in loans, borrowings and bonds related to continuing and discontinued operations are presented in the table below.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011

(All amounts in PLN '000, unless indicated otherwise)

Description of loan agreements and bonds:

Object and value of agreement	Bank / person acquiring the bonds / granting the borrowing	Loan amount as per agreement as at 31 December 2011	Amount outstanding as at 31 December 2011	Amount outstanding as at 31 December 2010	Current interest rate	Date of expiry	Post-balance-sheet events
1. Overdraft facility agreement No 62853219/05 of 18 March 2005 and revolving credit facility agreement No. 63060970 of 30 March 2005	Bank Millennium S.A. with registered office in Warsaw	-	-	24,881	1M WIBOR + bank's margin	6 December 2011	
2. Debt limit facility agreement No CRD/L/11381/02 of 02 October 2002 (with the option to be used in PLN, USD and EUR)	Raiffeisen Bank Polska S.A. with its registered office in Warsaw	30,000	25,899	11,394	1M WIBOR + bank's margin EURIBOR/LIBOR 1M + bank's margin	20 February 2012	Change in repayment date and bank margin – see note 37
3. Overdraft facility agreement No. BDK/KR-RB/000054601/0641/10 of 22 December 2010	Bank Citi Handlowy with its registered office in Warsaw	15,000	13,094	12,994	1M WIBOR + bank's margin	21 December 2012	
4. Overdraft facility agreement No. 0007156 of 30 November 2011	Bank Zachodni WBK S.A. with its registered office in Wrocław	35,000	7,699	0	1M WIBOR + bank's margin	30 September 2012	
5. Working capital loan No 41/2005 of 1 April 2005 (including revolving credit facility available in EUR and USD, and overdraft credit facility available in PLN, USD, and EUR) (***)	Bank DnB NORD Polska S.A. with its registered office in Warsaw	-	-	5,788		13 January 2011	
6. Investment loan agreement No K0004411 of 12 December 2007 (*)	Bank Zachodni WBK S.A. with its registered office in Wrocław	-	-	12,004		4 May 2011	
7. Loan agreement No CRD/19815/05 of 11 October 2005 (*)	Raiffeisen Bank Polska S.A. with its registered office in Warsaw	-	-	13,994		6 April 2011	
8. Borrowings (**)	Jan Szmidt	-	-	5,295	8.50%		
Total liabilities, of which:			46,692	86,350			
- short-term portion			46,692	48,958			
- long-term portion			-	11,394			
- (*) classified as Disposal group classified as held for distribution (Note 35)			-	25,998	(**) Borrowings received from related parties (Note 32)		

Notes constitute an integral part of these financial statements

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

(*)Agreements with Bank BZ WBK S.A.

Pursuant to Annex 9 of 6 April 2011 to the investment loan agreement No K0004411 of 12 December 2007 executed with Bank BZ WBK S.A., the borrower under agreement was changed to Toya Development Sp. z o.o. S.K.A., while TOYA S.A. became a guarantor in respect of the loan. Pursuant to the annex, any claims by the lender towards the Company under the guarantee agreement may not exceed PLN 21,770 thousand and are effective until Toya Development Sp. z o.o. S.K.A. repays the loan but no longer than until 30 June 2014. The loan from BZ WBK S.A. has been fully repaid by Toya Development Sp. z o.o. S.K.A. on 4 May 2011 and the surety has expired.

(*) Agreements with Raiffeisen Bank Polska S.A.

Pursuant to annex No 10 of 6 April 2011 to loan agreement No CRD/19815/05 of 11 October 2005 with Raiffeisen Bank Polska S.A., the borrower under agreement was changed to Toya Development Sp. z o.o. S.K.A. On the same day, TOYA S.A. executed an agreement with Raiffeisen Bank Polska S.A. providing for its accession to the above-mentioned obligations. Under the agreement, TOYA S.A. is jointly and severally responsible with the borrower for its liabilities up to the amount of PLN 19,974 thousand. The end of term of the debt accession agreement was defined as the date of full repayment of the debt under the loan agreement with BZ WBK S.A., but no later than 26 February 2019. The loan agreement with BZ WBK S.A. has been fully repaid by Toya Development Sp. z o.o. S.K.A. on 4 May 2011. On 12 May 2011 the bank confirmed that in connection with the repayment of the above-mentioned loan the Toya S.A.'s accession to the debt has expired.

(***) Pursuant to the annex of 13 January 2011, the agreement with Bank DnB Nord was terminated. The entire debt along with the due interest was repaid on 13 January 2011.

The bank margins relating to the loans listed above range from 1.2% to 3.5%.

The table below presents security for repayment of the loans:

Type of security	31 December	
	2011	2010
Mortgage	85,744	(*) 115,410
Transfer of title to inventory	45,831	77,600
Assignments of claims	29,965	33,144
Registered pledge over trade receivables	-	7,930
Cash	-	(**) 52
Total restricted assets	161,540	234,136

(*) Of which PLN 61,500 thousand relates to security over property included in non-current assets classified as held for distribution.

(**) The entire amount relates to security over property included in non-current assets classified as held for distribution.

The value of mortgage securities was determined as a sum of securities established for individual banks, in the amounts required by the banks (in the amount resulting from the value of the secured liability or in the amount resulting from the appraisal made by a real state appraiser for the bank's needs). The book value of mortgaged assets was, as at 31 December 2011, PLN 12,923 thousand. The values of other types of security were determined at the carrying amounts of the assets provided as security as at 31 December 2011 and 31 December 2010.

The securities apply throughout the term of loan agreements. The Company entity has limited abilities to dispose of the mortgaged assets – the sale of such assets requires the consent of the bank. In the event of securities established over inventory, the Company may freely dispose of the assets, providing that they will be replaced by a security of the same type and in the same quantity, with minimum values defined in individual agreements with banks amounting to PLN 45 million. In the event of assignments of trade receivables, the Parent is obliged to refrain from any legal or actual actions resulting in limiting the Company's ability to dispose of these receivables.

Effective interest rate for loans

The effective interest rates are close to the nominal interest rates calculated in line with the terms of the agreements described above.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

Defaults under the loans

As at 31 December 2011 the Company did not default on its debt repayment obligations or on any other of its obligations under loan agreements in a manner which would result in an acceleration of debt repayment.

Both the investment loan agreements and the working capital credit facility agreements require the borrower to maintain its financial debt ratios and debt servicing ratios at an agreed level throughout the lending period. The bank has the right to terminate the loan agreements if the condition of maintaining ratios at the level, specified by the bank, is not fulfilled.

The Company has good relationships with banks and has had no problems renewing its loans thus far. Based on this, the Board believes that the risk resulting from short term debt is not significant.

Description of borrowings from related parties

In 2010 and 2011, TOYA S.A. (borrower) signed borrowing agreements with one of the shareholders, Mr Jan Szmidski (lender). As at 31 December 2011, all the received borrowings were repaid.

List of borrowings received in 2010:

No.	Lender	Agreement date	Interest rate	Borrowing amount as per agreement	Amount as at 31 December 2010	Amount as at 31 December 2011
1	Jan Szmidski – shareholder	Loan agreement of 22 February 2010 Agreement of 10 May 2010 on early repayment of a portion of the loan Agreement of 27 July 2010 on early repayment of a portion of the loan	8.5% p.a.	2,650 (700) (1,000)	950	-
2	Jan Szmidski – shareholder	Loan agreement of 6 July 2010	8.5% p.a.	500	500	-
3	Jan Szmidski – shareholder	Loan agreement of 2 September 2010	8.5% p.a.	1,400	1,400	-
4	Jan Szmidski – shareholder	Loan agreement of 8 September 2010	8.5% p.a.	600	600	-
5	Jan Szmidski – shareholder	Loan agreement of 20 December 2010	8.5% p.a.	1,700	1,700	-
				Total principal	5,150	-
				Interest	145	-
				Total liability	5,295	-

List of borrowings received in 2011:

No.	Lender	Agreement date	Interest rate	Borrowing amount as per agreement	Amount as at 31 December 2011
1	Jan Szmidski – shareholder	Loan agreement of 26 May 2011	8.5% p.a.	3,000	-
2	Jan Szmidski – shareholder	Loan agreement of 2 June 2011	8.5% p.a.	2,000	-
			Total	5,000	-

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
 (All amounts in PLN '000, unless indicated otherwise)

19. Trade payables and other payables

	31 December	
	2011	2010
Trade payables to related parties	-	-
Trade payables to third parties	22,995	24,357
Total trade payables	22,995	24,357
Tax liabilities	119	678
Other payables to third parties	-	159
Total other current payables	119	837
Total	23,114	25,194

In 2010, payables in the amount of PLN 14,281 thousand were reclassified to "Disposal group classified as held for distribution" (note 35).

20. Employee benefit obligations

	31 December	
	2011	2010
Provisions for retirement benefits and disability pensions, and for death benefits	107	109
Employee benefit obligations – non-current portion	107	109
Provisions for retirement benefits and disability pensions, and for death benefits	5	4
Taxes and social security contributions payable	-	187
Salaries and wages payable	-	373
Unused holidays	310	283
Employee benefit obligations – current portion	315	847

In 2010, liabilities in the amount of PLN 35 thousand were reclassified to "Disposal group classified as held for distribution" (note 35).

Provision for retirement benefits:

The amount of provision for retirement benefits as at 31 December 2011 and 2010 was estimated by an actuary. The basic assumptions were as follows:

- discount rate (risk-free rate) – 5.5 %
- growth rate of remunerations – 0% in 2012 and 2013, 3.5% in 2014 and after.

21. The Company as a lessee

	31 December 2011	31 December 2010
Minimum lease payments		
payable up to 1 year	173	-
payable between 2 and 5 years	173	-
Total	346	-
Future interest expenses	38	-
Finance lease liabilities	308	-
including:		
payable up to 1 year	154	-
payable between 2 and 5 years	154	-

The Company leases a server under finance lease of the carrying value amounting to PLN 321 thousand as at 31 December 2011, under an agreement dated 30 December 2010. The net amount of the lease liability as at the date of the agreement was PLN 462 thousand. The agreement was executed for a period of 36 months, with the last lease payment due on 31 January 2014. Monthly lease payments amount to PLN 14 thousand. The buyout payment is 1% of the financing amount, i.e. PLN 5 thousand. The terms and conditions of the agreement are not different from terms and conditions typical to this type of agreements. The server system was delivered in January 2011.

22. Operating lease - the Company as a lessee

The Company uses a warehouse in Nadarzyn and a car park in Wrocław under non-cancellable operating lease agreements. Moreover, the Company uses land in Wrocław, under the perpetual usufruct of land (for detailed information – see note 10).

The costs incurred in connection with the operating leases are presented in the table below:

	12 months ended 31 December	
	2011	2010
Costs incurred under warehouse lease agreements	2,119	2,445
Costs incurred under car park lease agreements	16	7
Total	2,135	2,452

The aggregate future minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2011	31 December 2010
up to 1 year (*)	585	1,855
1-3 years	3,673	3,709
3-5 years	3,673	3,709
more than 5 years	1,989	3,709
Total	9,920	12,982

(*) The warehouse is leased from ProLogis Poland XXXIX Sp. z o.o. under a ten-year lease agreement of 17 July 2006. On 29 March 2011, the Company signed an annex amending the amount of rent. The annex gives the Company the right to a reduced rent for 9 months starting from 29 January 2012. The future minimum lease payments up to 1 year were adjusted for the changes introduced by the annex.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
 (All amounts in PLN '000, unless indicated otherwise)

23. Provisions

	Provisions for guarantee repairs and returns	Other provisions	TOTAL
As at 1 January 2011	217	-	217
Provision created	229	-	229
Provision used	(217)	-	(217)
As at 31 December 2011	229	-	229
Short-term as at 31 December 2011	229	-	229
As at 1 January 2010	173	-	173
Provision created	217	-	217
Provision used	(173)	-	(173)
As at 31 December 2010	217	-	217
Short-term as at 31 December 2010	217	-	217

In 2010, provisions in the amount of PLN 170 thousand were reclassified to "Disposal group classified as held for distribution" (Note 35).

24. Revenue from sales

	12 months ended 31 December	
	2011	2010
Revenue from sales		
Sales of finished goods	-	-
Sales of services	-	-
Sales of goods and materials for resale	202,352	185,301
Total sales revenues	202,352	185,301

25. Costs by type and cost of goods sold

	12 months ended 31 December	
	2011	2010
Amortisation and depreciation	2,120	2,335
Materials and energy used	2,376	2,148
Contracted services	11,029	8,567
Taxes and charges	771	666
Costs of employee benefits	13,763	12,004
Other costs by type	3,320	4,445
Value of goods and materials sold	136,267	127,666
Total costs by type and value of goods and materials sold	169,646	157,831
Selling costs	23,156	24,131
Administrative expenses	10,223	6,022
Cost of products and goods sold	136,267	127,678

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
 (All amounts in PLN '000, unless indicated otherwise)

26. Costs of employee benefits

	12 months ended 31 December	
	2011	2010
Salaries and wages	10,694	10,224
Cost of stock options	1,175	-
Costs of social insurance	1,691	1,693
Costs of retirement benefits	15	-
Other costs of other employee benefits	188	87
Total costs of employee benefits	13,763	12,004

27. Other operating income and expense

	12 months ended 31 December	
	2011	2010
Gain on sale of tangible fixed assets	-	102
Net currency exchange gains related to operating activities	1,472	990
Compensations received under automobile insurance agreements or from business partners	105	26
Other	126	85
Total other operating income	1,703	1,203

	12 months ended 31 December	
	2011	2010
Loss on sale of tangible fixed assets	5	-
Other items of other operating expenses, including	564	46
- penalties and fines paid	100	-
- court and debt recovery fees	122	-
- interest paid to the state budget and to counterparties	7	-
- write-off of overpayments / advances to suppliers	120	-
- credit notes – settlements with suppliers	53	-
- write-off of receivables	67	-
- other	94	46
Total other operating expense	569	46

28. Financial income and costs

	12 months ended 31 December	
	2011	2010
Interest on cash in bank accounts	65	3
Total financial income	65	3

	12 months ended 31 December	
	2011	2010
Interest and commissions on loans and borrowings	3,975	3,267
Interest on finance lease liabilities	19	-
Interest on issued debt securities	-	122
Total financial costs	3,994	3,389

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

29. Income tax expense**Tax expense**

The reporting periods presented in these financial statements cover the following tax periods:

- for the period from 1 January 2011 till 31 December 2011
- for the period from 1 January 2010 till 31 December 2010

	12 months ended 31 December	
	2011	2010
Current income tax	6,192	4,560
Deferred income tax	(293)	(280)
Total income tax	5,899	4,280

A 19% corporate income tax rate was applicable in all the above mentioned periods.

The income tax includes the total tax expense relating to both continuing and discontinued operations. Given the tax loss on discontinued operations and the resultant reduction of the tax base relating to continuing operations, total income tax in 2010 has been presented as income tax from continuing operations.

Reconciliation of the theoretical tax on the pre-tax profit and the statutory tax rate with the income tax expense recognised in profit or loss is presented in the table below:

	12 months ended 31 December	
	2011	2010
Profit before income tax	29,911	25,241
Tax rate applicable in the period	19%	19%
Tax calculated at the applicable tax rate	5,683	4,796
Tax effect of the following items:		
- permanent tax differences – revenue	(56)	-
- permanent tax differences – costs	280	88
- temporary tax differences for which no asset was created	(21)	36
- technology credit	(13)	-
- effect of the tax loss of Kryniczna / Toya Development SKA on tax	(2)	(633)
Other	28	(7)
Income tax reported in the profit and loss account	5,899	4,280

Regulations on value added tax, corporate and personal income tax or social security contributions change frequently, and as a consequence it is often not possible to rely on established regulations or legal precedents. The regulations in effect tend to be unclear, thus leading to differences in opinions as to legal interpretation of fiscal regulations, both between state authorities themselves and between state authorities and enterprises. Tax and other settlements (customs duty or foreign exchange settlements) may be inspected by authorities empowered to impose high penalties, and any additional amounts assessed following an inspection must be paid together with high interest. Consequently, the tax risk in Poland is higher than in other countries where tax systems are more developed. In Poland, there are no formal procedures for the determination of the final amount of tax due. Tax settlements may be inspected for the period of five years. Therefore, the amounts disclosed in the financial statements may change at a later date, following final determination of their amount by the competent tax authorities.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

Deferred income tax

	As at 31 December 2011			As at 1 January 2011	Recognized in profit or loss/equity
	Assets	Liabilities	Net	Net	
Non-current assets					
Tangible fixed assets	13	45	(32)	9	(41)
Current assets					
Inventory	385	-	385	391	(6)
Trade receivables and other receivables	51	-	51	45	6
Cash and cash equivalents	-	3	(3)	3	(6)
Long-term liabilities					
Trade payables and other payables	39	-	39	(8)	47
Liabilities arising from employee benefits	80	-	80	185	(105)
Liabilities arising from loans and borrowings	12	-	12	45	(33)
Provisions	44	-	44	41	3
Total assets and liabilities	624	48	576	711	(135)
Tax losses					
Total deferred income tax, including	624	48	576	711	(135)
- income tax recognised in profit or loss					293
- recognised in equity (*)					(428)

(*) Deferred income tax recognised in equity refers to remuneration for Toya S.A.'s withdrawal from general partner position in TOYA Development Sp. z o.o. Spółka komandytowo-akcyjna.

	As at 31 December 2010			As at 1 January 2010	Adjustment related to separation of discontinued operations	Recognized in profit or loss
	Assets	Liabilities	Net	Net		
Non-current assets						
Tangible fixed assets	136	127	9	(190)	(79)	120
Current assets						
Inventory	391	-	391	(181)	(551)	21
Trade receivables and other receivables	45	-	45	7		38
Other financial assets	-	-	-	(94)	(102)	(8)
Cash and cash equivalents	3	-	3	-		3
Long-term liabilities						
Trade payables and other payables	-	8	(8)	32		(40)
Liabilities arising from employee benefits	185	-	185	70		115
Liabilities under loans, borrowings and other debt instruments	45	-	45	58		(13)
Provisions	41	-	41	28	31	44
Total assets and liabilities	846	135	711	(270)	(701)	280
Tax losses	-	-	-	-	-	-
Total	846	135	711	(270)	(701)	280
Income tax recognised in profit or loss						280

Notes constitute an integral part of these financial statements

30. Earnings per share

	12 months ended 31 December	
	2011	2010
Net profit from continuing operations	24,012	20,961
Weighted average number of ordinary shares after the split ('000)	69,431	65,574
Basic earnings per share from continuing operations (PLN)	0.35	0.32
Diluted net profit from continuing operations	24,012	20,961
Adjusted weighted average number of ordinary shares used for calculating diluted earnings per share ('000)	69,487	65,574
Diluted earnings per share from continuing operations (PLN)	0.35	0.32
	12 months ended 31 December	
	2011	2010
Net profit (loss) on discontinued operations	497	(2,396)
Weighted average number of ordinary shares after the split ('000)	69,431	65,574
Basic loss per share from discontinued operations (PLN)	0.01	(0.04)
Net profit (loss) on discontinued operations	497	(2,396)
Adjusted weighted average number of ordinary shares used for calculating diluted earnings per share ('000)	69,487	65,574
Diluted loss per share from discontinued operations (PLN)	0.01	(0.04)

Basic earnings per share were calculated by dividing the net profit attributable to shareholders of the Group by the weighted average number of ordinary shares during the period. Due to public series C share issue in 2011, new shares were included in the calculation of the weighted average number of shares when the cash from the issue was receivable. This date was set to the date when new shares were granted, i.e. 2 August 2011.

By virtue of a Resolution of the Company's Extraordinary General Shareholders' Meeting of 7 December 2010, the Company shares were split 100-for-1 by decreasing the par value of the shares, without reducing the Company's share capital. 655,738 shares with a par value of PLN 10 per share were split into 65,573,800 shares with a par value of PLN 0.1 per share. Earnings per share were calculated based on the number of shares after the split.

The Group has one potential dilutive instrument: stock options granted to Supervisory Board members, Management Board members and key employees, described in Note 16. In 2011, shares options did not have material impact on the diluted earnings per share. The adjusted weighted average number of ordinary shares used for calculating diluted earnings per share was calculated in the following way:

Weighted average number of ordinary shares ('000)	69,431
Weighted average number of options granted to the Supervisory Board, Management Board members and key employees ('000)	56
Adjusted weighted average number of ordinary shares used for calculating diluted earnings per share ('000)	69,487

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

31. Financial guarantees issued

No.	Counterparty	Type of guarantee	Subject matter and value	Date of expiry
1	Bank Handlowy	Guarantee of repayment of loan liabilities by Yato China Trading (*)	Bank guarantee of USD 2,500 thousand	31 December 2012

(*) To secure repayment of the loan, Toya S.A. created a USD 2,500 thousand mortgage on real estate located at ul. Sołtysowicka 13-15 in Wrocław (Land and Mortgage Register No WR1K/00096765/9).

On 24 March 2011, the Company was released by Raiffeisen Bank Polska S.A. from its obligations under the guarantee issued to Scubatech Sp. z o.o.

32. Transactions with related parties

In 2011 and 2010 the Company effected transactions with the following related parties:

- Toya Romania SA – subsidiary
- Yato China Trading Co., Ltd – jointly- controlled entity,
- Armada Development S.A. – jointly-controlled entity until 6 April 2011,
- Toya Development Sp. z o.o. S.K.A. – entity jointly controlled by the shareholders jointly controlling TOYA S.A.,
- Toya Development Sp. z o.o. S.K. in liquidation – entity jointly controlled by the shareholders jointly controlling TOYA S.A.,
- Toya Development Sp. z o.o. – entity jointly controlled by the shareholders jointly controlling TOYA S.A.,
- Golf Telecom Sp. z.o.o. SKA – entity jointly controlled by the shareholders jointly controlling TOYA S.A.,
- Jan Szmids – jointly-controlling shareholder,
- Beata Szmids – jointly-controlling shareholder (since 9 August 2011),
- Tomasz Koprowski – jointly-controlling shareholder,
- Romuald Szałagan – jointly-controlling shareholder,
- Piotr Wojciechowski – jointly-controlling shareholder (since 6 April 2011)
- Grzegorz Pinkosz – President of the Management Board of the Parent Company – member of key management personnel,
- Dariusz Hajek – member of the Management Board of the Parent Company – member of key management personnel,
- Tomasz Suchowierski – member of the Management Board of the Parent Company (until 30 November 2011) – member of key management personnel.

In 2011 the Company did not conclude any transactions with the following members of the Supervisory Board: Piotr Mondalski, Dariusz Górka, Grzegorz Maciąg.

In accordance with the agreement entered into on 31 August 2010, the Company's three shareholders: Jan Szmids, Romuald Szałagan and Tomasz Koprowski, agreed to cooperate on all matters concerning the Company, including to agree their positions submitted to the Company's governing bodies, and to unanimously vote on resolutions adopted by the Company's General Shareholders' Meeting. On the basis of their agreement, starting from 31 August 2010 these shareholders have jointly exercised direct control over Toya S.A.

On 6 April 2011, the Company's shareholder Piotr Wojciechowski acceded to the shareholders' agreement concerning joint control over the Company, followed on 9 August 2011 by Beata Szmids, Wioletta Koprowska, Beata Szałagan and Elżbieta Wojciechowska. As at 31 December 2011 Jan Szmids, Romuald Szałagan and Tomasz Koprowski, Piotr Wojciechowski, Beata Szmids, Wioletta Koprowska, Beata Szałagan and Elżbieta Wojciechowska are jointly exercising direct control over Toya S.A.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011

(All amounts in PLN '000, unless indicated otherwise)

For information on the guarantee issued by the Group for the benefit of Yato China Trading Co. Ltd see Note 31.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011

(All amounts in PLN '000, unless indicated otherwise)

	Trade receivables and other receivables	Loans advanced and bonds acquired	Other liabilities (**)	Borrowings and bond liabilities	Revenues from sales of goods for resale and materials	Purchase of goods and services	Remuneration for work	Financial costs – interest	Financial income – interest	Dividend paid	Other transactions (***)
	31.12.2011				1.01.2011 - 31.12.2011						
Subsidiaries	4,272	-	-	-	7,797	-	-	-	-	-	-
Jointly-controlled entities	1,093	-	-	-	138	10,102	-	-	-	-	-
Shareholders	-	-	-	-	-	-	1	403	-	9,282	-
Entities jointly controlled by controlling shareholders	4,033	-	-	-	385	1,096	-	-	-	-	2,750
Total	9,398	0	0	0	8,320	11,198	1	403	0	9,282	2,750
	31.12.2010				1.01.2010 - 31.12.2010						
Subsidiaries	5,848	-	-	-	8,956	86	-	-	-	-	-
Jointly-controlled entities	696	-	-	-	341	6,804	-	-	-	-	-
Jointly-controlled entities classified as held for distribution	-	3,670	-	-	-	-	-	-	132	-	-
Shareholders (*)	-	-	-	5,295	-	-	57	318	-	9,680	-
Close family members of shareholders	-	-	-	-	-	-	13	-	-	-	-
Entities jointly controlled by controlling shareholders	490	-	1,578	-	-	3	-	-	-	-	402
Total	7,034	3,670	1,578	5,295	9,297	6,893	70	318	132	9,680	402

* Before 31 August 2010, only shareholders holding more than 20% of shares were qualified as related parties. The following shareholders have been qualified as related parties subsequent to 31 August 2010: Jan Szmidi, Romuald Szałagan and Tomasz Koprowski

*** Other liabilities as at 31 December 2010 include TOYA S.A.'s liability towards Toya Development Sp. z o.o. S.K.A. related to the increase in net assets held for distribution in the period from 30 September 2010 to 31 December 2010, of PLN 520 thousand. This liability was settled on 6 April 2011 – see note 35.

** Other income includes PLN 500 thousand income from provision of an organised part of business – the Kryniczno Branch – for use to Toya Development Sp. z o.o. S.K.A and compensation for withdrawal from general partner position in Toya Development Sp. z o.o. SKA in the amount of PLN 2,250 thousand.

Transactions with related entities are entered into on arm's length terms in the course of the Company's day-to-day operations.

Notes constitute an integral part of these financial statements

In the years ended 31 December 2011, 31 December 2010, no receivables from related parties were written down and no impairment losses on such receivables were recognised.

Information on remuneration and benefits of key management personnel, and on transactions executed with such personnel

The Management Board and Supervisory Board of the Company comprise the key management personnel of the Company.

The remuneration and benefits paid or payable to the Company's key management personnel are as follows:

	<u>2011</u>	<u>2010</u>
Remuneration and benefits under employment contracts	1,270	1,106
Costs due to stock options granted – Supervisory Board	1,040	-
Costs due to stock options granted – Management Board	64	-

Apart from the transactions mentioned above and in the table on the previous page, the Company did not execute any transactions with the key management personnel.

33. Future contractual commitments

As of 31 December 2011, the Company had 3 agreements for works on an internet platform which will constitute an intangible asset. The total value of liabilities not included in the statement of financial position and resulting from the agreements signed before the balance sheet date will amount approximately PLN 146 thousand.

As at 31 December 2011, the Company is not a party to any agreement under which it would be obliged to purchase fixed assets.

34. Operating segments**Identification of operating and reporting segments**

The Management Board of the Company makes decisions related to the Company's operations from the perspective of types of activity, distribution channels, or geographical coverage. Types of operations are divided into: property development, operation and maintenance of a golf field, and trading. Trading activities are further subdivided based on distribution channels and geographical criteria.

The Company specifies five operating and reporting segments for its activities:

- trading area – domestic sales to retail networks,
- trading area – domestic sales – wholesale,
- trading area – exports,
- property development segment (discontinued operations),
- golfing business segment (discontinued operations).

As part of the retail networks segment, the Company cooperates with the largest retail networks throughout Poland. Wholesale on the domestic market is conducted through a network of wholesalers, authorised retail stores and sales representatives. Foreign markets are supported using sales department of the Company.

As at 31 December 2010 and 2011, the property development and golfing business activities were classified as discontinued operations due to the transfer of these activities to limited joint stock partnership Toya Development Sp. z o.o. S.K.A. (for further details see Note 35). These activities still qualify as operating segments, as they had continued their operations, their results had been reviewed by the Management Board of the Company on a regular basis until the spin-off and separate financial information had been available.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011

(All amounts in PLN '000, unless indicated otherwise)

12 months ended 31 December 2011	Continuing operations			Discontinued operations			Total	
	<i>Trading - EXPORTS</i>	<i>Trading activity - WHOLESALE</i>	<i>Trading activity - RETAIL NETWORKS</i>	Total continuing operations	<i>GOLFING BUSINESS</i>	<i>PROPERTY DEVELOPMENT</i>		Total discontinued operations
Revenue								
Sales to external customers	65,008	91,365	45,979	202,352	702	174	876	203,228
Total segment revenue	65,008	91,365	45,979	202,352	702	174	876	203,228
Cost of products sold								
Sales to external customers	(46,851)	(57,576)	(31,840)	(136,267)	(491)	(1,051)	(1,542)	(137,809)
Cost of products sold - total	(46,851)	(57,576)	(31,840)	(136,267)	(491)	(1,051)	(1,542)	(137,809)
Gross margin	18,157	33,789	14,139	66,085	211	(877)	(666)	65,419
Gross margin	28%	37%	31%	33%	30%	-504%	-76%	32%
Gross profit – all operating segments								65,419
Adjustment for gross profit / (loss) on discontinued operations					(211)	877	666	666
Gross profit								66,085
Selling costs								(23,156)
Administrative expenses								(10,223)
Other operating income								1 703
Other operating costs								(569)
Operating profit								33,840
Financial revenue								65
Financial costs								(3,994)
Profit before income tax								29,911
Income tax expense								(5,899)
Net profit from continuing operations								24,012
Net profit on discontinued operations								497
Net profit								24,509

Assets as at 31 December 2011 amounted to PLN 157,840 thousand and related only to trading activity.

Notes constitute an integral part of these financial statements

TOYA S.A.

Financial statements for the financial year ended 31 December 2011

(All amounts in PLN '000, unless indicated otherwise)

12 months ended 31 December 2010	Continuing operations				Discontinued operations			Total
	<i>Trading - EXPORTS</i>	<i>Trading activity - WHOLESALE</i>	<i>Trading activity - RETAIL NETWORKS</i>	Total continuing operations	<i>GOLFING BUSINESS</i>	<i>PROPERTY DEVELOPMENT</i>	Total discontinued operations	
Revenue								
Sales to external customers	54,076	81,321	49,904	185,301	3,766	9,959	13,725	199,026
Total segment revenue	54,076	81,321	49,904	185,301	3,766	9,959	13,725	199,026
Cost of products sold								
Sales to external customers	(39,960)	(52,616)	(35,102)	(127,678)	(2,001)	(5,947)	(7,948)	(135,626)
Cost of products sold - total	(39,960)	(52,616)	(35,102)	(127,678)	(2,001)	(5,947)	(7,948)	(135,626)
Gross margin	14,116	28,705	14,802	57,623	1,765	4,012	5,777	63,400
Gross margin	26%	35%	30%	31%	47%	40%	42%	32%
Gross profit – all operating segments								63,400
Adjustment for gross profit / (loss) on discontinued operations					(1,765)	(4,012)	(5,777)	(5,777)
Gross profit								57,623
Selling costs								(24,131)
Administrative expenses								(6,022)
Other operating income								1,203
Other operating costs								(46)
Operating profit								28,627
Financial revenue								3
Financial costs								(3,389)
Profit before income tax								25,241
Income tax expense								(4,280)
Net profit from continuing operations								20,961
Net loss on discontinued operations								(2,396)
Net profit								18,565
Assets as at 31 December 2010	Trading activity			Golfing and property development business				
	129,775			83,437				213,212

Notes constitute an integral part of these financial statements

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

Data analysed by the Management Board of the Company for segment description are consistent with the data disclosed in the statement of comprehensive income.

The Company did not record revenue from sale to a single external customer exceeding 10% of total sales revenue.

The Company had no fixed assets located abroad.

35. Assets and liabilities of disposal group held for distribution and discontinued operations

On 31 August 2010, TOYA S.A. joined newly established limited joint stock partnership Toya Development Sp. z o.o. S.K.A. as a general partner. Toya Development Sp. z o.o. S.K.A. and TOYA S.A. are jointly controlled by the same shareholders.

TOYA S.A. joined the partnership as part of the plan to separate the property development and golfing business conducted by the Kryniczno Branch of TOYA S.A. from the trading activities of TOYA S.A. The intention of TOYA S.A.'s owners was to transfer the benefits and risks associated with the operations of the Kryniczno Branch of TOYA S.A. onto the newly established Toya Development Sp. z o.o. S.K.A.

Pursuant to provisions of the agreements executed between TOYA S.A. and the new partnership, the ownership of assets and liabilities of the Kryniczno Branch was finally transferred onto Toya Development Sp. z o.o. S.K.A. on 6 April 2011. In the period from 29 September 2010 to the date of transfer of ownership (i.e. 6 April 2011), the organised part of business representing the Kryniczno Branch was provided by TOYA S.A. to Toya Development Sp. z o.o. S.K.A. for use against payment of PLN 125 thousand per month.

Assets and liabilities of the Kryniczno Branch did not qualify for removal from the statement of financial position of TOYA S.A. as at 31 December 2010, as TOYA S.A. retained most of the risks and benefits associated with these assets and liabilities:

- TOYA S.A. is a general partner in Toya Development Sp. z o.o. S.K.A., and under the applicable laws has jointly and severally with the other general partner unlimited liability for Toya Development Sp. z o.o. S.K.A.'s operations,
- the ownership of TOYA S.A. Kryniczno Branch's assets (including land) had not been transferred to Toya Development Sp. z o.o. S.K.A.,
- TOYA S.A. had not transferred the liabilities from bank loans contracted to finance construction of the golf field to Toya Development Sp. z o.o. S.K.A.

In accordance with the adopted resolutions and the agreement concluded on 6 April 2011, the assets and liabilities of the Kryniczno branch were transferred as an in-kind contribution to Toya Development Sp. z o.o. S.K.A. with dispositive effect. The book value of net assets of the Kryniczno Branch as at 5 April 2011 is disclosed on the next page.

On 8 April 2011, the Supervisory Board of the Company adopted a resolution to approve TOYA S.A.'s withdrawal as a general partner from Toya Development Sp. z o.o. S.K.A.

On 4 May 2011, the Extraordinary General Shareholders' Meeting of Toya Development S.K.A. adopted a resolution to approve TOYA S.A.'s withdrawal as a general partner from Toya Development S.K.A. The date of withdrawal was set for 4 May 2011. The compensation due to Toya S.A. for its withdrawal was agreed at PLN 2,250 thousand, payable in 18 monthly instalments starting from May 2011. On 16 May 2011, the changes connected with Toya S.A.'s withdrawal from Toya Development S.K.A. were registered in the National Court Register.

Given the fact that the transaction was effected between related parties and control over the net assets transferred was not lost by the existing shareholders controlling both entities equally prior and subsequent to the transaction, any excess of the carrying amount over the compensation received is in substance an economic distribution to shareholders and at the time of distribution it was recognised in equity.

As at 31 December 2010, the assets and liabilities (whose values are presented in the table below) of the Kryniczno Branch were disclosed as "Disposal group held for distribution" and "Liabilities directly

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

associated with disposal group classified as held for distribution" because the criteria required by IFRS 5 are met, in particular, the necessary resolutions were passed to transfer the ownership of the above described assets and liabilities to Toya Development Sp. z o.o. S.K.A. within 12 months of the end of the reporting period. The activities are presented as discontinued operations and comparative data for all the presented periods have been restated.

In the financial statements prepared as at 31 December 2011, the assets and liabilities of the "Disposal group" are no longer disclosed as a result of execution of a spin-off on 6 April 2011. As of that date assets and liabilities were removed from the statement of financial position.

	6 April 2011 (*) Data according to the statement of financial position prepared in accordance with the IFRS	31 December 2010 Data according to the statement of financial position prepared in accordance with the IFRS
ASSETS		
Non-current assets		
Tangible fixed assets	28,115	27,931
Investment property	550	550
Intangible assets	140	136
Investments in jointly-controlled entities	6,000	6,000
	34,805	34,617
Current assets		
Inventory	46,146	43,015
Trade receivables and other receivables	5,004	1,825
Other financial assets	-	3,670
Cash and cash equivalents	4,262	310
	55,412	48,820
Total assets	90,217	83,437
Long-term liabilities		
Liabilities under loans, borrowings and other debt instruments	10,604	11,282
Deferred income tax liabilities	914	817
	11,518	12,099
Short-term liabilities		
Trade payables and other payables	24,030	14,281
Liabilities arising from employee benefits	124	35
Liabilities under loans, borrowings and other debt instruments	13,597	14,716
Provisions	-	170
	37,751	29,202
Total liabilities	49,269	41,301
Receivable of TOYA S.A. from Toya Development Sp. z o.o. S.K.A. related to the decrease in net assets classified as held for distribution in the period from 1 January to 6 April 2011	668	-
Liability of TOYA S.A. towards Toya Development Sp. z o.o. S.K.A. related to increase in net assets classified as held for distribution in the period from 30 September 2010 to 31 December 2011	-	520
Total liabilities	48,601	41,821
Net assets less liabilities related to increase in net assets since 30 September 2010	41,616	41,616

(*) Financial data as at the date of spin-off, i.e. as at 6 April 2011 have been determined using accounting data as at 31 March 2011 due to the fact that no significant transactions took place between 31 March and 6 April 2011, which could have impact on net assets or net result of discontinued activity.

TOYA S.A.

Financial statements for the financial year ended 31 December 2011
(All amounts in PLN '000, unless indicated otherwise)

Data of the branch as at 6 April 2011 as per the adopted resolutions, prepared in accordance with the Accounting Act, prior to restatement to IFRS:

Non-current assets	37,343
Current assets	48,861
Total assets	86,204
Long-term liabilities	14,304
Short-term liabilities	34,501
Total liabilities	48,805
Net assets	37,399

Results of discontinued operations:

	1 January to 6 April	1 January to 31 December
	2011	2010
Sales revenue and other operating income	963	14,104
Costs of principal activity and other operating activities	(2,175)	(15,424)
Operating loss	(1,212)	(1,320)
Financial revenue	122	190
Financial costs	(2)	(682)
Loss before income tax	(1,092)	(1,812)
Income tax expense	(96)	(64)
Net loss	(1,188)	(1,876)
Liability of TOYA S.A. towards Toya Development Sp. z o.o. S.K.A. related to increase in net assets of the discontinued operations in the period from 30 September 2010 to 31 December 2010		(520)
Decrease of liability of TOYA S.A. towards Toya Development Sp. z o.o. S.K.A. related to decrease in net assets of the discontinued operations in the period from 1 January 2011 to 31 March 2011	1,188	-
Fee for using the assets of the Krynicyzno Branch	500	-
Net profit / loss	500	(2,396)

Discontinued operations comprise separate operating segments – see note 34.

Because the carrying amount of net assets classified as held for distribution is not higher than their fair value less costs of distribution, no impairment write-downs were recognized as at 31 March 2011 and 31 December 2010.

Given the agreement on provision for use against payment (30 September 2010), until the transfer of ownership of the net assets (6 April 2011) the operating result of the Krynicyzno Branch was limited to the amounts of monthly payments due to TOYA S.A. and its right to share in Toya Development Sp. z o.o. S.K.A.'s profits under the articles of association of the limited joint stock partnership.

36. Material events subsequent to the end of reporting period**36.1. Adoption of the resolution on increasing the share capital in relation to allocation of shares to the eligible members of the Supervisory Board.**

After the balance sheet date, on 27 March 2012, the Management Board of Toya S.A. adopted a resolution concerning an increase of the share capital by issuing E series shares within authorised capital and a resolution concerning the exclusion of subscription right for new E series shares by existing shareholders.

The Management Board, acting pursuant to an authorisation granted under § 7 points 5-7 of the Company's Articles of Associations adopted a resolution concerning an increase of the share capital from PLN 7,484 thousand to PLN 7,502 thousand, by way of issue of 187,842 ordinary bearer series E shares with par value of PLN 0.1 and issue price of PLN 0.1 per share.

The share capital is increased in order to offer shares to Supervisory Board Members in a private subscription. Persons entitled to subscribe for series E shares are exclusively the Supervisory Board Members (or entities indicated by them) listed in the Resolution No 10 of the Ordinary General Shareholders' Meeting dated 23 May 2011 concerning the remuneration of the Supervisory Board members (for detailed information – see Note 16.1).

Given the fact that the agreements concerning the acquisitions of shares were signed by all the authorised members of the Supervisory Board and that all the shares were paid for, on 19 April 2012, the Management Board of Toya S.A. adopted a resolution concerning the allocation of the shares. An application for the registration of the capital increase will be filed with the National Court Register in the coming days.

After registration of the new shares by the Court, the Company will apply for admission of the series E shares to trading in the regulated market on Warsaw Stock Exchange.

36.2. Agreements with banks**Agreement with Raiffeisen Bank Polska S.A.**

In connection with the terms of the debt limit facility agreement No. CRD/L/11381/02 of 2 October 2002, as amended, on 16 February 2012 annex No. 17 was signed regarding an extension of the contract until 28 September 2012 and increase of the bank's margin.

Grzegorz Pinkosz
President of the Management Board

Dariusz Hajek
Vice-President of the
Management Board

Iwona Banik
Person responsible for bookkeeping

Wrocław, 25 April 2012