REPORT ON THE REVIEW OF FINANCIAL STATEMENTS BY ISSUERS OF SECURITIES IN THE CONTEXT OF THEIR COMPLIANCE WITH IFRSs

THE REVIEW CARRIED OUT IN 2011

POLISH FINANCIAL SUPERVISION AUTHORITY
WARSAW, FEBRUARY 2012

ACCOUNTING DIVISION, PUBLIC OFFERINGS AND FINANCIAL INFORMATION DEPARTMENT

KEY WORDS: FINANCIAL STATEMENTS, ISSUERS OF SECURITIES, IFRS, DISCLOSURE REQUIREMENTS, ENFORCEMENT, INDEPENTENT AUDITORS' QUALIFICATIONS

SYNTHESIS

This report summarizes the review carried out by the Accounting Division of the Public Offerings and Financial Information Department (prior to 1 January 2012: Accounting Division of the Issuers Department) of the Polish Financial Supervision Authority (PFSA) on the compliance of the financial statements of issuers of securities other than investment funds with the applicable reporting framework, in particular with the requirements of IFRSs. The review focused on the annual consolidated financial statements for the financial year 2010, it also covered interim financial statements issued for periods of the financial year 2011 and 2010 as well as financial reports/historical financial information of entities applying for approval of a prospectus, taking into consideration selection methods of financial reports to be analysed.

When choosing the financial statements of issuers for the periodic review carried out in 2011, as was the case in the previous year, high priority was given to the following criteria: the presence of qualifications in the opinions on the audited financial statements, a disclaimer of an opinion, or an adverse opinion. In addition, qualifications in reports on review of interim financial statements or disclaimer of a report were taken into account.

The review of financial statements of issuers resulted in the report which presents the most frequent areas of non-compliance with the applicable reporting framework, in particular with IFRSs, including deficiencies in disclosures or partial disclosures. The review identified the need to improve the quality of disclosures, in particular with respect to financial instruments, business combinations and operating segments.

We wish to highlight the need to ensure the completeness of disclosures in the financial statements as required by the applicable regulations. It is our opinion that the financial statements of an issuer cannot be considered complete if they lack material disclosures required under applicable accounting standards.

The publication of the report aims at contributing to achieving the higher level of issuers' compliance with the requirements on financial reporting, in particular with IFRSs, in subsequent financial statements. Improved quality of issuers' financial statements should make them more comparable, especially within individual industry sectors, as well as increase investor confidence in financial reporting and facilitate the assessment of financial position and performance of the issuers and their capital groups. In our opinion, an improvement in the quality of financial statements would result in a decrease in the number of qualified opinions on the examined financial statements, adverse opinions and disclaimers of an opinion by an independent auditor.

In subsequent years, in order to fulfil the objectives of the supervision, it is planned to continue the performance of periodic compliance analysis regarding financial reporting among issuers, in respect of applicable reporting regulations. When selecting the issuers' financial reports for the analysis, the presence of qualifications in the opinions regarding the audited financial statements, disclaimer of an opinion or an adverse opinion as well as qualifications in reports on review of semi-annual financial statements or disclaimer of a report are to remain the priority criterion.

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1. OBJECTIVE OF PREPARING THE REPORT AND PRINCIPLES OF THE PERIODIC REVIEW

1.1 Objective of the report

This report summarizes the review carried out by the Accounting Division of the Public Offerings and Financial Information Department (prior to 1 January 2012: Accounting Division of the Issuers Department) of the Polish Financial Supervision Authority (PFSA) relating mainly to the annual consolidated financial statements for the financial year 2010 presented by issuers of securities other than investment funds in the context of their compliance with applicable reporting framework, particularly with the requirements of IAS[1], i.e. International Accounting Standards, International Financial Reporting Standards and related interpretations published in the European Commission's regulations. Given that the commonly used term is "IFRS" and the fact that the European Commission recommended that issuers whose securities are traded on regulated EU markets apply the clause adopted by the European Commission and ARC[2]: "in accordance with International Financial Reporting Standards adopted by the EU" or "in accordance with IFRSs adopted by the EU", the abbreviation "IFRS(s)" is used in this report.

In compiling this report, the results of the review of interim financial statements for the periods of the financial year 2010 and 2011 conducted in 2011 were taken into account. The report also took account of the results of the review of financial statements/historical financial information of entities applying for approval of a prospectus.

Preparation of the report on the conducted review and making it publicly available at the PFSA website aims to present users of financial statements as well as issuers and auditors with the results of the periodic review, including the most common deficiencies and non-compliances in the area of disclosures and the application of the accounting policies regarding the financial statements, which should help the issuers achieve higher level of compliance with reporting requirements, in particular the requirements of IFRSs, in future financial statements.

Improved quality of issuers' financial statements should make them more comparable, especially within individual industry sectors, as well as contribute to increased investor confidence in financial reporting and to facilitating the assessment of financial position and performance of the issuers and their capital groups.

The content of this report - due to the objective for which the document has been prepared - is only the summary of selected information on disclosures required by IFRSs. The full scope of required disclosures is included in the applicable IFRSs.

In view of the objective to enhance the quality of financial statements presented by the issuers, we recommend to familiarize with the following documents available at the ESMA website[3]:

- *Public Statement. ESMA Statement on disclosures related to sovereign debt to be included in IFRS financial statements* (ESMA/2011/226, July 2011) (www.esma.europa.eu, section: Investment and Reporting / Corporate reporting policy);
- *Press Release. European enforcers see good level of IFRS application in 2010 – still room for improvements in some areas* (ESMA/2011/354, October 2011) (www.esma.europa.eu, section: Investment and Reporting / IFRS Enforcement);
- *Activity Report on IFRS Enforcement 2010* (ESMA/2011/355, October 2011) (www.esma.europa.eu, section: Investment and Reporting / IFRS Enforcement);

[1] Within the meaning of Art. 2(3) of the Accounting Act of 29 September 1994 (consolidated text in Journal of Laws of 2009 No. 152, item 1223, as amended) and respectively par. 2(1)(12) of the Regulation of the Minister of Finance of 19 February 2009 on the current and periodic information published by issuers of securities and on the conditions for regarding information required by the law of a non-member state as equivalent (Journal of Laws No. 33, item 259, as amended)

[2] ARC – *Accounting Regulatory Committee*

[3] ESMA – *European Securities and Markets Authority*; prior to 1 January 2011 - CESR – *Committee of European Securities Regulators*; www.esma.europa.eu

- *Review of European enforcers on the implementation of IFRS 8 – Operating Segments* (ESMA/2011/372, November 2011) (www.esma.europa.eu, section: Investment and Reporting / IFRS Enforcement);
- *Public Statement. Sovereign Debt in IFRS Financial Statements* (ESMA/2011/397, November 2011) (www.esma.europa.eu, section: Investment and Reporting / Corporate reporting policy)**;**
- *Consultation Paper. Considerations of materiality in financial reporting* (ESMA/2011/373, November 2011) (www.esma.europa.eu, section: Investment and Reporting / Corporate reporting policy); deadline for sending comments to ESMA – February 29, 2012;
- Eleven *Extracts from EECS's*[4] *Database of Enforcement Decisions*), which contain the decisions of supervisory authorities from the European Economic Area in connection with the enforcement of the application of IFRSs (www.esma.europa.eu, section: Investment and Reporting / IFRS Enforcement); publication of the packages will be continued.

1.2. Overview of the principles of the review

Pursuant to Art. 7(1)(2) of the Act on Capital Market Supervision[5], the scope of activities of the PFSA includes the exercise of supervision over the activities of the regulated entities and performance by such entities of the obligations related to their participation in trading on the capital market, to the extent defined in legal regulations.

The provisions of Art. 24 (4)(h) of the Transparency Directive[6], stipulate that the competent authority is empowered to examine whether the information referred to in the Directive is drawn up in accordance with the applicable reporting framework and take appropriate actions in case of detected infringements.

Moreover, in accordance with Principle 3 of Standard CESR No. 1 on Financial Information[7] competent independent administrative authorities set up by member States should have the ultimate responsibility for enforcement of compliance of the financial information provided by the issuers with the reporting framework. According to Principle 2 of the aforementioned standard, the reporting framework includes accounting and disclosure standards adopted by the EU .

Considering the fact that the essential element of full and comprehensive enforcement of the applied standards on financial information is the monitoring of the compliance of financial information with the applicable reporting framework (Principle 2 of CESR Standard No. 1 on Financial Information), the Accounting Division of the Public Offerings and Financial Information Department of the PFSA conducts a periodic compliance review of financial reporting of the issuers with applicable regulations. The periodic review covers an analysis of the selected financial statements and an analysis on request (of issuers' financial statements included in periodic reports, prospectuses or information memoranda) particularly when another unit of the PFSA requests communication of specific position in the course of already initiated proceedings.

1.3. Selection of financial statements for review

Since 2005, the Accounting Division of the Public Offerings and Financial Information Department has been applying the principles of enforcement of standards on financial information specified in CESR Standard No. 1.

[4] EECS - *European Enforcers Coordination Sessions*

[5] Act on Capital Market Supervision of 29 July 2005 (Journal of Laws No. 183, item 1537, as amended)

[6] Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC (OJ L 390 31.12.2004 , p. 38)

[7] *Standard CESR No. 1 on Financial Information. Enforcement of Standards on Financial Information in Europe* (Ref.: CESR/03-073, March 2003), website: www.esma.europa.eu/system/files/03_073.pdf

The purpose of the enforcement of standards on financial information – pursuant to Principle 1 of CESR Standard No. 1 – is to protect investors and promote market confidence by contributing to the transparency of financial information relevant to the investors' decision making process.

The methods for selecting annual consolidated financial statements for review were based on CESR recommendations provided in CESR Standard No. 1 and in CESR guidelines on the application of selection methods.

Principle 13 of CESR Standard No. 1 on Financial Information stipulates that (...) preferred models for selecting financial information for enforcement purposes are mixed models whereby a risk based approach is combined with a rotation and/or a sampling approach (...).

Within the enforcement activities of the PFSA, when selecting the financial statements of issuers for the periodic review carried out in 2011, high priority was given to the following criteria: presence of qualifications in the opinions on the examined financial statements, a disclaimer of an opinion, or an adverse opinion, in addition, qualifications in reports on review of semi-annual financial statements or disclaimer of a report have been taken into account. The PFSA shall treat the audit/review of the financial statements by entities authorised to audit financial statements as the "first external line" for ensuring proper application of reporting framework[8].

In connection with the review of financial statements carried out in respect of their compliance with applicable accounting rules, in particular the IFRSs, 121 annual and interim financial statements of 76 issuers were analysed, including 45 annual consolidated financial statements prepared for the financial year 2010.

Number of issuers whose financial statements were subject to a periodic review in 2011

	Number of issuers from the regulated market (WSE and BondSpot)*	**Number of issuers whose financial statements were subject to a periodic review in 2011**	**Share in total number of issuers from the regulated market***
As of 31.12.2010	386	76	19.7%
As of 31.12.2011	403		18.9%

* the number does not include closed-end investment funds listed on the regulated market

[8] In accordance with the commentary to Principle 8 of CESR Standard No. 1: "The completeness, accuracy and truthfulness of the financial information is under the responsibility of the issuer's relevant bodies (mainly the board of directors). Where applicable, auditors are required to act as a first external line of defence against misstatements by expressing their opinion on the financial information based on their audit".

2. AREAS OF NON-COMPLIANCES WITH IFRSs – ON THE BASIS OF THE REVIEW OF THE FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' OPINIONS AS WELL AS REVIEW REPORTS RESPECTIVELY

2.1. Review of financial statements for the financial year 2010 and the first half of the financial year 2011 in the light of independent auditors' opinions and review reports respectively – a summary of areas of non-compliances with applicable reporting framework, particularly with IFRSs

In order to ensure that issuers pay special attention to the need of compliance with applicable reporting framework, in particular with the requirements of IFRSs, below there is a list of issues with regard to which qualifications were included in independent auditors' reports and which relate to the examined financial statements of issuers of securities other than investment funds for the financial year 2010 and in review reports on semi-annual financial statements of these issuers for the first half of the financial year 2011. In one instance, an auditor disclaimed of an opinion on the examined financial statements; in two instances – there was a disclaimer of a review report on interim financial statements. There were no adverse opinions about the examined financial statements for the financial year 2010.

The issues which the aforementioned qualifications refer to have been arranged to facilitate the search for a given topic area.

2.1.1. Qualifications concerning financial instruments

Qualifications included in the independent auditors' opinions regarded the following issues concerning financial instruments:

- Measurement of liabilities arising from participation or guarantee deposits at nominal value instead of at fair value (cf. IAS 39 "Financial instruments: recognition and measurement");
- Failure to disclose all information required under IFRSs, the most important of which is related to IFRS 7 (cf. IAS 1 "Presentation of financial statements" and IFRS 7 "Financial instruments: disclosures");
- Failure to measure embedded derivatives (cf. IAS 39);
- Presentation in financial statements of overdue receivables as to which there is a risk that they will not be repaid in the full amount (cf. IAS 39);
- Overstatement of the value of assets and liabilities by recognising the available credit limit in the operating account in the statement of financial position as available cash and liabilities on available credits and loans (cf. IAS 39 and IAS 32 "Financial instruments: presentation");
- Failure to recognise an impairment loss on receivables towards debtors with overdue payments despite evidence indicating high possibility that the existing claims will not be repaid (cf. IAS 39);
- Failure to create an impairment on doubtful receivables connected with the construction contract whose payment by the contracting party will take place after positive claim settlement by the insurer (cf. IAS 39);
- Failure to apply an impairment to receivables on bonds presented in assets in connection with suspension of the agreement concluded between the bonds' issuer and Capital Group's entities, aimed, inter alia, at settlement of these receivables (cf. IAS 39);
- Inability to confirm whether presented receivables and restricted cash require recognising an impairment loss (cf. IAS 39);
- Inability to assess on the basis of documentation gathered whether receivables were presented in the correct amount (cf. IAS 39);

- Inability by the auditor to obtain confirmation of balances of receivables on loans granted and, in consequence, inability to confirm correctness of measurement of the amounts presented in the balance sheet items "Other financial assets" and "Short-term investments" (cf. IAS 39 and Art. 26 of the Accounting Act);
- Inability by the auditor to confirm whether liabilities towards contracting parties and provisions for costs were recognised in the correct amount (cf. IAS 39 and IAS 37 "Provisions, contingent liabilities and contingent assets").

2.1.2. Qualifications concerning business combinations and consolidation

Qualifications included in the independent auditors' opinions and in review reports respectively regarded the following issues concerning business combinations and consolidation:

- Failure to include a subsidiary in the consolidated financial statements despite existing control and the lack of the criterion under IAS 27 to exclude it from consolidation (cf. IAS 27 "Consolidated and separate financial statements");
- Adoption by the issuer of an accounting policy strictly reflecting provisions of the Code of commercial companies and partnerships as regards issues which are not regulated by IFRSs, concerning transactions of sales and purchase of business entities remaining under common control, in the case in which the issuer could have adopted other accounting policies according to which it would be obliged to eliminate the result achieved on the sale of a subsidiary and consolidate the entity to which it sold it (cf. IAS 8 "Accounting policies, changes in accounting estimates and errors" and IFRS 3 "Business combinations");
- Overstatement of equity and assets in connection with recognition in the financial statements of interests in a subsidiary at the market value of the contribution made instead of at the carrying amount (cf. IAS 27);
- Failure to correctly include in the financial statements the data of a subsidiary (controlled by the issuer before the legal combination) – *applies to comparative data* (cf. IFRS 3);
- Measurement of the value of acquired net assets on the basis of the carrying value and not fair value while determining the goodwill related to obtaining control of a subsidiary (cf. IFRS 3);
- Recognition of reversal of revaluation of treasury shares and the loss resulting from the sale of treasury shares acquired during the business combination in the reduction of supplementary capital amount instead of in the reduction of current year's financial result (cf. IFRS 3);
- Determination of the supplementary and reserve capital on the basis of synthetic reconciliations for all companies of the Group, which makes it impossible to confirm correctness of exclusions made for the individual companies of the Group (cf. IAS 27);
- Lack of final settlement of the goodwill resulting from the business combination by determining the fair value of identifiable asset components and lack of impairment test for this asset (cf. IFRS 3);
- Doubts as to the accounting policies adopted for the transaction of contribution of shares in a subsidiary to a closed-end investment fund (cf. IAS 27 "Consolidated and separate financial statements");
- The fact that six subsidiaries were not audited and there are qualifications in audit opinions of thee more subsidiaries included in the consolidated financial statements - *quotation of the qualification from the consolidated financial statements for the previous financial year*;
- Uncertainty resulting from the lack of auditor's opinion on subsidiary's financial statements;
- Failure to audit the financial statements of a subsidiary which has material significance for expressing the opinion about the consolidated financial statements of the Issuer;
- Failure to review interim financial statements of consolidated subsidiaries.

2.1.3. Qualifications concerning impairment of assets

Qualifications included in the independent auditors' opinions and in review reports respectively regarded the following issues concerning the impairment of assets:

- Change of accounting policies with respect to impairment, resulting in a failure to recognise an impairment loss for receivables from related parties (cf. IAS 36);
- Failure to recognise an impairment loss in relation to subsidiary's shares (cf. IAS 36);
- Failure to recognise an impairment loss for related party's goodwill presented in assets, whose Extraordinary Meeting of Shareholders has adopted a resolution to dissolve it, and the application for registering the liquidation has been submitted at the registry court (cf. IAS 36);
- Performance of the impairment test for intangible assets when the process of their allocation to cash-generating units has not been finished (cf. IAS 36);
- Recognition of the impairment loss in the supplementary capital instead of directly in costs of the current period in accordance with IAS 36;
- Failure to include information on a delay in the planned launch of the production from the deposit while performing the impairment test of assets recognised in connection with this investment project (cf. IAS 36);
- Failure to perform and document the estimate of the recoverable amount of the property, plant and equipment despite reasons to perform the impairment tests referred to in IAS 36;
- Failure to submit for auditor's assessment goodwill impairment tests (cf. IAS 36 "Impairment of assets");
- Failure to submit goodwill impairment test - *quotation of the qualification from the consolidated financial statements for the previous financial year* (cf. IAS 36);
- Failure to submit evidence that there are not indications of impairment loss of shares held (cf. IAS 36);
- Lack of evidence that the value of shares in subsidiaries valued at purchase cost, as presented in the financial statements, exceeding the value of controlled net assets, is not higher that their recoverable amount - *quotation of the qualification from the consolidated financial statements for the previous financial year* (cf. IAS 36);
- Lack of certainty whether the value of shares held in an affiliate is correct, in connection with a qualifications of the auditor examining the consolidated financial statements of the capital group in which the entity is the parent entity - *applies to comparative data* (cf. IAS 28 "Investments in associates" and IAS 36);
- Lack of certainty as to the correctness of measurement of Group's assets in related parties in connection with the lack of full disclosures, including those which concern net sales prices expected to be realised or recoverable amount determined in a different way (cf. IAS 36);
- Lack of recognising an impairment loss for returned software and goods (cf. Art. 34 of the Accounting Act[9]).

2.1.4. Qualifications concerning segment reporting

Qualifications included in the independent auditors' opinions related to the following issues concerning segment reporting:

- Improper aggregation of the information presented as "all other segments", disclosed in a note on the operating segments, and the lack of the required disclosures of operating segments (cf. IFRS 8 "Operating segments").

[9] Accounting Act of 29 September 1994 (consolidated text, Journal of Laws of 2009 No. 152, item 1223, as amended)

2.1.5. Qualifications concerning income tax

Qualifications included in the independent auditors' opinions related to the following issues concerning income tax:

- Making the possibility of deducting the tax losses on which the entity created a deferred tax asset dependent on implementation of the restructuring process and achieving profit on the planned sales of part of the entity's assets (cf. IAS 12 "Income taxes");
- Failure to recognise a deferred tax asset in connection with investment allowances granted to a subsidiary in the situation in which there is a justified belief that all criteria required for using the allowances will be met, and it is possible that the Group will generate profits at a proper time enabling it to make use of tax benefits in the future (cf. IAS 12);
- Creating a deferred tax assets in insufficient amount – *applies to comparative data* (cf. IAS 12);
- Recognition of deferred tax assets in the amount which is higher than the provision created on this account (cf. IAS 12);
- Unjustified recognition of deferred tax assets and provision concerning subsidiaries which are limited joint-stock partnerships despite the fact that their partners are legally exempt from the income tax (cf. IAS 12).

2.1.6. Qualifications concerning investment property

Qualifications included in the independent auditors' opinions related to the following issues concerning the investment property:

- Failure to present circumstances justifying significant increase in the value of investment property in the case of changing the accounting policy concerning measurement of this property to the fair value measurement - *quotation of the qualification from the consolidated financial statements for the previous financial year* (cf. IAS 40 "Investment property");
- Lack of measurement of the investment property and land classified to fixed assets to fair value as of 31 December 2008, which makes it impossible to determine the possible influence of this measurement with respect to the comparative data presented in the financial statements (cf. IAS 40).

2.1.7. Qualifications concerning recognition and measurement

Qualifications included in the independent auditors' opinions and in review reports respectively regarded the following issues concerning recognition and measurement:

- Failure to present exchange differences relating to balance sheet measurement of liabilities in foreign currency under financial expenses and income of the period which they concern but their presentation under prepaid expenses (cf. IAS 21 "The effects of changes in foreign exchange rates");
- Inability to assess correctness of the estimate of the revenue for services rendered, as presented in the profit and loss account (cf. IAS 18 "Revenue");
- Recognition of correction of the fundamental error concerning creation of the provision in connection with the decision of the Tax Control Office questioning the determined tax loss in the previous years' result instead of the current year's result (cf. IAS 8);
- Measurement of inventories in a manner non-compliant with the adopted accounting policy - *quotation of the qualification from the consolidated financial statements for the previous financial year* (cf. IAS 2 "Inventories");
- Lack of certainty whether the manufacturing cost related to products sold was determined in the right amount due to the fact that the company used a simplification in the settlement of production and valuation of materials (cf. IAS 2);

- Inability to express opinion regarding viability of revenue from the construction contract, which depends on negotiations with the contracting party, expected by the entity's board of directors (cf. IAS 11 "Construction contracts");
- Recognition by the entity of unpaid rights of perpetual usufruct of land in the balance sheet as fixed assets, investment property or assets classified as held for sale rather than in off-balance sheet records; according to the auditor these rights are a form of operating lease (cf. IAS 17 "Leases");
- Recognition of paid rights of perpetual usufruct of land as fixed assets rather than as operating lease according to IAS 17;
- Recognition of written-off technological loan instalments as revenue at the moment of the write-off and not as grants for fixed assets in accordance with IAS 20 (cf. IAS 20 "Accounting for government grants and disclosure of government assistance");
- Failure to create provisions for the potential negative litigation settlement referring to payments to the contractor (cf. IAS 37);
- Inability to unambiguously determine allocation of costs related to manufacturing of apartments and commercial premises on the basis of the analyses presented to the auditor (cf. IAS 11);
- Failure to apply IAS 31 regulations while recognising revenues arising from consortium agreements – *applies to comparative data* (cf. IAS 31 "Interests in joint ventures");
- Inability to confirm feasibility of revenues arising from unfinished projects performed for contracting parties (cf. IAS 18);
- Lack of reliable documentation of calculation of the normal level of the use of production capacity, used for calculation of inventories' manufacturing costs (cf. IAS 2);
- Failure, after initial recognition, to determine the revaluated value of buildings and structures, constituting its fair value (cf. IAS 16 "Property, plant and equipment");
- Unjustified reduction of depreciation and amortisation rates of intangible assets and fixed assets (cf. Art. 32-33 of the Accounting Act);
- Inability to confirm correctness of calculations of outlays connected with optimisation of heating costs recognised as prepaid expense (cf. Art. 39 of the Accounting Act);
- Doubts as to correctness of measurement of revenue arising from services in progress, due to the fact that the probability of the revenue to arise is beyond the entity's control (cf. Art. 34(a) of the Accounting Act);
- Recognition of a bill of exchange with the order for payment in contingent liabilities instead of in current liabilities (cf. Art. 3 of the Accounting Act);
- Recognition of the result from a sales transaction of software which was returned in the profit presented for the period subject to review instead of in the previous years' result (cf. Art. 6 of the Accounting Act);
- Presentation of costs connected with property lease in administration costs instead of in manufacturing costs of products sold (cf. Art. 28 of the Accounting Act).

2.1.8. Qualifications related to going concern

Qualifications included in the independent auditors' opinions and in review reports respectively regarded the following issues concerning going concern:

- Serious threat to the going concern status and significant uncertainty as to the success of restructuring activities undertaken by the entity's board of directors - *disclaimed of an opinion;*
- Uncertainty as to the going concern status in connection with possible loss of financial liquidity;
- Serious threat to the going concern status, which is indicated by increasingly negative financial result and liquidity ratios below optimum values;

- Existence of premises, as of the balance sheet date, indicating threat to the going concern of capital Group's entities (difficult financial position and an arrangement bankruptcy order against the parent) despite the fact that Companies' General Meetings have adopted resolutions about their further operation;
- Financial problems in terms of operational and financial activity in capital Group's companies resulting from the analysis of cash flows and financial statements;
- Serious threat to the going concern status and significant uncertainty as to the success of restructuring activities undertaken by the entity's board of directors – *disclaimer of the review report;*
- Existence of premises indicating threat to the going concern status in the foreseeable future - *disclaimer of the review report;*
- Possible threat to the going concern status in the case of a failure of actions aimed at delaying the payment date of credit obligations.

2.1.9. Other qualifications

- Sending confirmation of balances of receivables at the balance sheet date – past the deadline specified in Art. 26 of the Accounting Act;
- Uncertainty as to whether trade receivables and liabilities of the subsidiary were presented correctly, given the fact that the company did not comply with the statutory obligation to reconcile settlement balances with contracting parties (referred to in Art. 26 of the Accounting Act);
- Failure to have audited by an auditor and failure to submit for the approval of the General Meeting of Shareholders of the corrected financial statements for 2010 on which, respectively, are based initial balances presented in the semi-annual financial statements.

2.1.10. Emphasis of matter paragraphs

In addition, we present the emphasis of matter paragraphs included in the independent auditors' opinions. The emphasis of matter paragraphs regarded, inter alia, the following aspects:

- Failure to disclose the need to recognise an impairment loss by means of goodwill impairment test;
- Changes in the scope of Group's operation and the scope of operation of the companies included in the consolidated financial statements in connection with transactions after the balance sheet date;
- Specification in the statute of the company undergoing transformation that the financial year begins on the day of registration;
- Failure to consolidate a related party (50% participation in the capital) with the full method;
- Achieving net profit mainly thanks to the measurement of investments held in related parties;
- Making performance of development work presented as assets dependent on its positive conclusion
- Making reference to factors resulting in the possible threat to going concern in subsidiaries' audit opinions;
- Lack of the financial statements' audit of subsidiaries and associates; audits conducted by other authorised entities (indicating the level of materiality);
- Lack of certainty as to the feasibility of settlement of receivables, as described by the board of directors;

- Commencement of the reorganisation process consisting in the transfer of logistics and distribution to two subsidiaries;
- The need to analyse the company's financial situation in connection with the situation in the Group;
- Making the ability to continue operation dependent on implementation of the restructuring process;
- Threat to the going concern of a lower level group;
- Information that the assumptions for impairment test adopted by Group's companies were dependent on future events;
- Failure to submit the financial statements for the preceding year with the aim of promulgation in the Official Gazette of the Republic of Poland.

2.2. The review of financial statements – a list of areas of non-compliances with applicable reporting framework, particularly with IFRSs

In this section we present the areas of non-compliances with applicable reporting framework, including deficiencies in disclosures or partial disclosures, in particular with the requirements of IFRSs, which were identified as a result of the review of financial statements prepared by issuers of securities other than investment funds carried out in 2011.

Some of the presented non-compliances with IFRSs pertained only to single cases. On the other hand, there were comparatively numerous cases where disclosures made by issuers raised doubts as to the completeness of the disclosures.

We wish to draw the attention of the issuers and of the auditors, accordingly, that the disclosures made in the financial statements should be understandable and transparent, and information should be presented in a sufficient extent (for the information contained in the financial statements to be reliable, it must be complete – cf. items 24-46 of the *Conceptual Framework for IFRSs*[10], concerning the qualitative characteristics of financial statements).

In our opinion, it is appropriate for an independent auditor to also take into account the completeness of the disclosures required by the applicable regulations when issuing an opinion about an audited financial statement. Pursuant to item 69 of National Auditing Standard No. 1 "General principles of auditing": "(…) Significant departure shall also include the presentation of incomplete financial statements (…)". In our opinion the financial statements of an issuer cannot be considered complete if they lack material disclosures required under applicable accounting standards.

Moreover, please note that the list of the areas of non-compliances with the requirements of IFRSs, including deficiencies in disclosures or partial disclosures, had also been presented in previous reports prepared by the Accounting Division of the Public Offerings and Financial Information Department of the PFSA:

- *Report on the review of financial statements by issuers of securities in the context of their compliance with IFRSs. The review carried out in 2010*[11]
- *Report on the review of financial statements by issuers of securities in the context of their compliance with IASs/IFRSs. The review carried out in 2009*[12];
- *Report on the review of the annual consolidated financial statements for the accounting year 2007 by issuers of securities in the context of their compliance with IASs*[13].

[10] "Framework for the Preparation and Presentation of Financial Statements", referred to in the report as "Conceptual Framework for IFRSs" – adopted by the International Accounting Standards Board (IASB), not subject to adoption in the form of a Regulation of the European Commission for use in the EU.
[11] http://www.knf.gov.pl/Images/Raport_z_analizy_sprawozdan_emitentow_2010_ang_tcm75-26461.pdf
[12] http://www.knf.gov.pl/Images/Raport_z_analizy_2009_wer_ang_tcm75-22801.pdf
[13] http://www.knf.gov.pl/Images/Report_en_IAS_2007_publ_tcm75-10213.pdf

The IFRSs which were cited in the course of discussing specific areas of non-compliances with IFRSs herein are presented in the wording relating to the financial statements for the financial year 2010.

2.2.1. Non-compliances and deficiencies in disclosures concerning financial instruments

- Failure to present in the financial statements information on financial instruments required under IFRS 7 ("Financial instruments: disclosures");
- Failure to group financial instruments into classes which that are appropriate to the nature of information disclosed and that take into account characteristics of those financial instruments (cf. par. 6 of IFRS 7 and par. B1 and B2 of Appendix B "Application guidance" to IFRS 7);
- Failure to include in the statement of financial position or to disclose in the notes the carrying amounts of the categories of financial assets and liabilities, as defined in IAS 39 (cf. par. 8 of IFRS 7);
- Lack of information on fair value for each class of financial assets in a way that permits it to be compared with its carrying amount (cf. par. 25 of IFRS 7);
- Deficiencies in disclosures concerning methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities as well as other disclosures concerning fair value (cf. par. 27 of IFRS 7);
- Lack of classification of fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements (cf. par. 27A of IFRS 7);
- Deficiencies in disclosures concerning the level in fair value hierarchy into which the fair value measurements are categorised, segregating the fair value measurements in accordance with the levels defined in par. 27A of IFRS 7 and other disclosures made in the statement of financial position for each class of financial instruments measured at fair value (cf. par. 27B of IFRS 7);
- Failure to disclose in the statement of comprehensive income or in the notes the items of income, expense, gains or losses referred to in par. 20 of IFRS 7;
- Failure to disclose information on each type of financial risk concerning the exposure to risk, how they arise, objectives, policies and processes for managing the risk, methods used to measure the risk and any changes in this respect from the previous period (cf. par. 33 of IFRS 7);
- Failure to disclose information on each type of risk connected with financial instruments with respect to summary quantitative data about its exposure to that risk at the end of the reporting period as well as concentration of risk (cf. par. 34 of IFRS 7);
- Failure to disclose information by class of financial instruments concerning exposure to credit risk (cf. par. 36 of IFRS 7);
- Failure to disclose information by class of financial instruments concerning financial assets which are either past due or impaired (cf. par. 37 of IFRS 7);
- Failure to disclose the maturity analysis of financial liabilities showing remaining contractual maturities and description of how the liquidity risk is managed (cf. par. 39 of IFRS 7);
- Failure to disclose the sensitivity analysis for the currency risk to which the entity is exposed at the end of the reporting period, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date, as well as methods and assumptions used in preparing the sensitivity analysis, and changes from the previous period in the methods and assumptions used, and the reasons for such changes (cf. par. 40 of IFRS 7);
- Failure to disclose the sensitivity analysis for the interest rate risk to which the entity is exposed at the end of the reporting period, showing how profit or loss and equity would have been

affected by changes in the relevant risk variable that were reasonably possible at that date, as well as methods and assumptions used in preparing the sensitivity analysis, and changes from the previous period in the methods and assumptions used, and the reasons for such changes (cf. par. 40 of IFRS 7);

- Failure to disclose the sensitivity analysis for another price risk to which the entity is exposed at the end of the reporting period, showing how profit or loss and equity would have been affected by changes in the relevant risk variable that were reasonably possible at that date, as well as methods and assumptions used in preparing the sensitivity analysis, and changes from the previous period in the methods and assumptions used, and the reasons for such changes (cf. par. 40 of IFRS 7).

2.2.2. Non-compliances and deficiencies in disclosures regarding business combinations and consolidation

- Failure to disclose information connected with acquisition of a subsidiary during the current reporting period that enables users of the financial statements to evaluate the nature and financial effect of the business combination (cf. par. 59a of IFRS 3 "Business combinations"), including, inter alia:
  - the acquisition date (cf. par. 64(b) of Appendix B to IFRS 3),
  - the primary reasons for the business combination and a description of how the acquirer obtained control of the acquiree (cf. par. 64(d) of Appendix B to IFRS 3),
  - a qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors (cf. par. 64(e) of Appendix B to IFRS 3),
  - the acquisition-date fair value of the total consideration transferred and the acquisition-date fair value of each major class of consideration (cf. par. 64(f) of Appendix B to IFRS 3),
  - the fair value of the acquired receivables and information on the major classes of receivables, such as loans, direct finance leases and any other classes of receivables (cf. par. 64(h) of Appendix B to IFRS 3),
  - the amounts recognised as of the acquisition date for each major class of assets acquired and liabilities assumed (cf. par. 64(i) of Appendix B to IFRS 3),
  - the reasons why the transaction resulted in a gain - in the case of a bargain purchase (cf. par. 64(n) of Appendix B to IFRS 3),
  - the amount of the non-controlling interest recognised at the acquisition date and the measurement basis for that amount and for each non-controlling interest in an acquiree measured at fair value, the valuation techniques and key model inputs used for determining that value (cf. par. 64(o) of Appendix B to IFRS 3),
  - the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period as well as the revenue and profit or loss of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period (cf. par. 64(q) of Appendix B to IFRS 3);
- Deficiencies in disclosures in the consolidated financial statements concerning business combination which occurred during the financial year, despite the fact that they were presented in the financial statements (cf. IFRS 3);
- Inclusion in the financial statements of the information that there were no business combinations in the reporting period and failure to make disclosures in this respect as required under IFRS 3, and, at the same time, providing information on the purchase during the reporting period of 60% participation in a subsidiary;

- Lack of description of the accounting policies used with respect to consolidation of close-end investment funds included in the consolidated financial statements (cf. par. 117 of IAS 1 "Consolidated and separate financial statements");
- Presentation of non-controlling interests outside equity in the balance sheet (cf. par. 27 of IAS 27 "Consolidated and separate financial statements" and par. 54(q) of IAS 1);
- Failure to disclose the net profit for the financial year attributable to non-controlling interests (total profit was attributed to the owners of the parent) (cf. par. 28 of IAS 27 and par. 83 of IAS 1);
- In connection with the acquisition of a subsidiary the following disclosures were not made: the portion of the consideration made with cash and cash equivalents; the amount of cash and cash equivalents in the subsidiary over which control was obtained; the amount of the assets and liabilities other than cash or cash equivalents in the subsidiary over which control was obtained (cf. par 40 (b-d) of IAS 7 "Statement of cash flows");
- Failure to present justification for refraining from preparation of the consolidated financial statements.

2.2.3. Non-compliances and deficiencies in disclosures concerning segment reporting

- Failure to present information on operating segments in the consolidated financial statements (cf. IFRS 8 "Operating segments");
- Failure to present information on operating segments in the financial statements (cf. IFRS 8);
- Failure to make reference to all aggregation criteria of operating segments required under par. 12 of IFRS 8, in the explanation concerning operation in one industry segment;
- Failure to present a measure of profit or loss of each reportable segment and disclose the following data about each reportable segment: revenues from external customers; revenues from transactions with other operating segments of the same entity; interest revenue; interest expense; depreciation and amortisation; material items of income and expense; interest in the profit or loss of associates or joint ventures accounted for by the equity method; income tax expense or income; material non-cash items other than depreciation and amortisation (cf. par. 23 of IFRS 8);
- Lack of explanation of the measurements of segment profit or loss, segment assets and segment liabilities for each reportable segment, including the nature of any differences between the measurements of the reportable segments' profits or losses and the entity's profit or loss before income tax as well as differences between measurements of the reportable segments' assets and the entity's assets (cf. par. 27 of IFRS 8);
- Failure to disclose data concerning reconciliation of the items referred to in par. 28 of IFRS 8;
- Failure to present revenues from external customers for each product and service, or each group of similar products and services (cf. par. 32 of IFRS 8);
- Lack of information on geographical areas or lack of information that it is unavailable and the cost to develop it would be excessive (cf. par. 33 of IFRS 8);
- Failure to disclose in the financial statements the information on the extent of entity's reliance on major customers (cf. par. 34 of IFRS 8);
- Presentation of the information concerning segments in accordance with IAS 14 "Segment reporting" instead of IFRS 8;
- Incorrect reference to IAS 14 in description of the accounting policies;
- Using terminology from IAS 14 in disclosures concerning segments and in description of the accounting policies.

2.2.4. Non-compliances and deficiencies in disclosures concerning related parties

- Failure to present in the consolidated financial statements information on transactions with all related parties (cf. par. 9 and par. 3 and 4 of IAS 24 "Related party disclosures");
- Doubts as to the completeness of disclosures concerning relationships between related parties in the case when control exists (cf. par. 12-13 of IAS 24);
- Deficiency in disclosures of information concerning key management personnel compensation in total and for each of the categories listed in par. 16 of AS 24 "Related party disclosures";
- Disclosure of combined compensation for management and combined compensation for supervisory personnel instead of separately for each person from management and supervisory personnel (cf. item 10, section B of Explanatory Notes, Appendix no. 1 to the Regulation on financial statements according to the Polish Accounting Principles in prospectus[14]).

2.2.5. Non-compliances and deficiencies in disclosures concerning the presentation of financial statements

- In the declaration of compliance with IFRSs in the financial statements, as required under par. 16 of IAS 1 "Presentation of financial statements", reference to IASs or IASs adopted by IASB instead of to IASs within the meaning of Art. 2.3 of the Accounting Act and par. 2.1.12 of the Regulation on disclosure obligations[15] (i.e. International Accounting Standards, International Financial Reporting Standards and related interpretations published in the European Commission's regulations), or to IFRSs adopted by the EU (clause recommended by the European Commission);
- Accounting policies were not presented in a manner that provides relevant, reliable, comparable and understandable information - there is no information about, inter alia, settlements of business combinations, consolidation rules as well as manner in which income and expenses from property development activity are recognised (cf. par. 17(b) of IAS 1);
- Lack of information about the level of rounding used in presenting amounts in the financial statements (cf. par. 51(e) of IAS 1);
- Unclear and incomplete data in the balance sheet concerning assets as of the end of the current financial year (cf. par. 54 of IAS 1);
- Lack of the statement of comprehensive income (cf. par. 81(b) of IAS 1);
- Presentation in the statement of income the item "extraordinary income" as divided into "extraordinary profit" and "extraordinary loss" (with zero values) (cf. par. 87 of IAS 1);
- Lack of cross-references in the statements of financial position, in the statement of comprehensive income, in the statements of changes in equity and of cash flows to any related information in the notes (cf. par. 113 of IAS 1);
- Incorrect cross-references to the notes in the consolidated statements of financial position as well as consolidated profit and loss account (cf. par. 113 of IAS 1);
- Part of the notes devoted to accounting polices does not include description of the measurement basis (bases) used in preparation of the financial statements, which constitute the basis on which the entity prepares the whole financial statements, and which significantly affect users' analysis (for example, historical cost, current cost, net realisable value, fair value or recoverable amount) (cf. par. 117-118 of IAS 1);

[14] Regulation of the Minister of Finance of 18 October 2005 on the scope of information disclosed in the financial statements and consolidated financial statements required for the issue prospectus for issuers having their registered office in the Republic of Poland and to which Polish accounting rules apply (Journal of Laws No. 209, item 1743, as amended)

[15] Regulation of the Minister of Finance of 19 February 2009 on the current and periodic information published by issuers of securities and on the conditions for regarding information required by the law of a non-member state as equivalent (Journal of Laws No. 33, item 259, as amended)

- Lack of description of judgements that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements (cf. par. 122-124 of IAS 1);
- Lack of disclosures about the assumptions made about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year (cf. par. 125-131 of IAS 1);
- Lack of disclosures that enable users of its financial statements to evaluate the entity's objectives, policies and processes for managing capital (cf. par. 134-136 of IAS 1).

2.2.6. Other non-compliances and deficiencies in disclosures

- Lack of separate disclosure of cash flows arising from income tax and failure to classify them as cash flows from operating activities (cf. par. 35 of IAS 7 "Statement of cash flows");
- Failure to disclose information about the standards and interpretations which have already been published but are not yet effective, and information needed for assessment of the possible impact that application of the new standard or interpretation will have on the entity's financial statements in the period of initial application (cf. par. 30-31 of IAS 8 "Accounting policies, changes in accounting estimates and errors");
- Lack of summarised information on associates, including the aggregated amounts of assets, liabilities, revenues and profit or loss (cf. par. 37(b) of IAS 28);
- Presentation in the consolidated statement of comprehensive income earnings per share calculated on the basis of the number of shares as of the end of the period and not the weighted average number of shares (cf. par. 10 of IAS 33 "Earnings per share");
- Failure to present basic and diluted earnings per share for profit or loss from continuing operations attributable to the ordinary equity holders of the parent entity for the period (cf. par. 66-67 of IAS 33);
- Failure to disclose information on the useful lives or the depreciation rates used for each class of property, plant and equipment in description of the accounting policies (cf. par. 73(c) of IAS 16 "Property, plant and equipment");
- Failure to explain how the transition from previous GAAP to IFRSs affected entity's reported financial position, financial performance and cash flows (cf. par. 23 of IFRS 1 "First-time adoption of international financial reporting standards");
- Failure to present reconciliations related to the transition to IFRSs (cf. par. 24-25 of IFRS 1);
- Failure to provide exhaustive justification of the change in the presentation of the distribution segment and treating it as continued operation in the context of criteria of classification of a fixed asset component as held for sale, as set out in par. 6-8 of IFRS 5 "Non-current assets held for sale and discontinued operations";
- Lack of required disclosures related to differences between financial statements prepared in accordance with the Polish Accounting Principles and financial statements which would be prepared in accordance with IFRSs, or information that providing such data in a reliable manner was impossible, together with relevant explanation (cf. par. 7 of the Regulation on financial statements according to the Polish Accounting Principles in prospectus);
- Failure to present the manner in which the profit was distributed or loss covered for the financial years presented (cf. note 40, section A. Explanatory Notes, Appendix no. 1 to the Regulation on financial statements according to the Polish Accounting Principles in prospectus);
- With respect to trade receivables, failure to indicate which time periods for repayment of amounts due are connected with the normal course of sales by the issuer (cf. note 8.4, section A. Explanatory Notes, Appendix no. 1 to the Regulation on financial statements according to the Polish Accounting Principles in prospectus);

- With respect to initial capital, failure to disclose information concerning the registration date and right to the dividend (from the date) (cf. note 13, section A. Explanatory Notes, Appendix no. 1 to the Regulation on financial statements according to the Polish Accounting Principles in prospectus);
- Failure to disclose in the table "Off-the-balance-sheet items" guarantees and sureties about which information was disclosed in other explanatory notes and additional explanatory notes to the financial statements (cf. Appendix No. 1 to the Regulation on financial statements according to the Polish Accounting Principles in prospectus).

2.2.7. Non-compliances and deficiencies in disclosures concerning interim reporting

- Lack of the condensed statement of cash flows in the interim consolidated financial statements (cf. par. 8(d) of IAS 34 "Interim financial reporting");
- Lack of presentation of basic and diluted earnings per share for an interim period (cf. par. 11 and par. 11A of IAS 34);
- Lack of explanation related to events and transactions which are significant to an understanding of changes in financial position and performance of the entity since the end of the last annual reporting period (cf. par. 15 of IAS 34);
- Lack of statement that the same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements or, if those policies or methods have been changed, a description of the nature and effect of the change (cf. par. 16A(a) of IAS 34);
- Lack of segment information in interim financial statements (cf. par. 16A(g) of IAS 34);
- Lack of declaration of compliance with IFRSs in interim financial statements (cf. par. 19 of IAS 34);
- Lack of reference to IAS 34 in declaration of compliance with IFRSs in condensed interim financial statements (cf. par. 19 of IAS 34);
- Failure to disclose data for the current interim period in interim statement of comprehensive income, only cumulative data have been presented (cf. par. 20(b) of IAS 34);
- Presentation of non-controlling interest outside equity in the interim consolidated statement of financial position (cf. par. 10 and 12 of IAS 34 and par. 54(q) of IAS 1 and par. 27 of IAS 27);
- Failure to attribute loss for the period to non-controlling interests and owners of the parent in the interim consolidated statement of comprehensive income (cf. par. 10 and 12 of IAS 34 and par. 83 of IAS 1);
- Failure to attribute total comprehensive income for the period to non-controlling interests and owners of the parent in the interim consolidated statement of comprehensive income (cf. par. 10 and 12 of IAS 34 and par. 83 of IAS 1 and par. 28 of IAS 27);
- Presentation of items "extraordinary profit" and "extraordinary loss" (with zero values) in the interim statement of comprehensive income (cf. par. 10 and 12 of IAS 34 and par. 87 of IAS 1).

2.3. Enforcement activities related to the analysis of the compliance of financial statements with the reporting framework

As it was indicated in part 1.2. of this report which relates to the overview of the principles for conducting the analysis, in accordance with Principle no. 3 of the CESR Standard No.1, competent independent administrative authorities set up by member States should have the ultimate responsibility for enforcement of compliance of the financial information provided by the issuers with the reporting framework.

This report is the result of the conducted analysis of financial statements prepared by issuers of securities other than investment funds in the context of the compliance of these financial statements with the applicable reporting framework, in particular with IFRSs.

The report is published on the PFSA's webpage for educational purposes. The issues referred to in the qualifications in the independent auditors' reports and the most frequent non-compliances and deficiencies in respect of disclosures required under IFRSs are also presented during the seminar for the financial market participants organized annually by the PFSA as part of CEDUR initiative (Centre of Education for Market Participants).

We would like to draw attention to the responsibility of boards of directors and supervisory boards (cf. Art. 4(a) of the Accounting Act) for ensuring that financial statements and management reports were compliant with the provisions of the Accounting Act (and thus with requirements regarding the drawing up of certain financial statements in accordance with the applicable IFRSs, including the materiality rule), as well as for ensuring consistency with other regulations regarding the reporting framework.

Moreover, we think that if the opinion on the audited financial statements includes a qualification expressed by an auditor concerning an issue which affects the financial result of the issuer, the issuer's board of directors should take it into account when proposing to divide or cover the financial result for the approving body. We would like to note that, according to Art. 53(3) of the Accounting Act, the net financial result of entities required to audit their annual financial statements may be divided or covered after the financial statements have been adopted by the approving body, which is preceded by expressing an opinion concerning these statements by a statutory auditor, with or without qualifications. The division or coverage of net financial result performed without complying with this requirement shall be legally invalid.

Audit committees, appointed under the Act on Statutory Auditors[16], or supervisory boards which have been entrusted with the tasks of these committees, play an important role in ensuring high quality of financial statements.

In case of significant infringements of the reporting framework, the PFSA shall undertake relevant actions, in accordance with applicable regulations. The PFSA pays particular attention to the analysis of the issuers' financial statements in case of which the opinion of an independent auditor includes qualifications, is adverse or when an independent auditor disclaimed of an opinion – in the context of undertaking relevant actions resulting from the applicable regulations. As indicated in part 1.3 of this report, the PFSA shall treat the audit/review of the financial statements by entities authorised to audit financial statements as "the first external line" for ensuring the proper application of the reporting framework.

While exercising the rights arising from Art. 68 of the Public Offering Act[17], if an opinion on the audited financial statements/a review report on the financial statements includes qualifications, is adverse or when an independent auditor disclaimed of an opinion, an authorised representative of the PFSA requests issuers (both the boards of directors and supervisory boards) to explain the reasons for the non-compliance with the applicable reporting framework and to estimate the impact of irregularities which are the subject of the qualifications on the given financial statements. Furthermore, the PFSA representative asks for opinions of audit committees.

In relation to the analysis of financial statements/ historical financial information of entities applying for the approval of prospectus (the results of such analyses were also taken into account in the report), remarks are forwarded to issuers in order to receive explanations or correct financial information included in the prospectus.

In the following years, in order to fulfil the objectives of the supervision, it is planned to continue the performance of periodic compliance analysis regarding financial reporting among issuers, in respect of applicable reporting regulations. When selecting the issuers' financial reports for the analysis, the presence of qualifications in the opinions regarding the audited financial statements,

[16] Act on Statutory Auditors and their self-government, entities authorised to audit financial statements and public supervision of 7 May 2009 (Journal of Laws No. 77, item 649, as amended)

[17] Act on public offering, conditions governing the introduction of financial instruments to organised trading, and public companies of 29 July 2005 (consolidated text (Journal of Laws of 2009 No. 185, item 1439, as amended)

disclaimer of an opinion or an adverse opinion as well as qualifications in reports on review of interim financial statements or disclaimer of a report are to remain the priority criterion.

3. SELECTED ISSUES WHICH SHOULD BE TAKEN UNDER SPECIAL CONSIDERATION WHEN PREPARING FINANCIAL STATEMENTS

The objective of this Chapter is to present additional, selected issues connected with the reporting framework, useful both when preparing financial statements and when using information contained therein.

3.1. The requirement of auditing/reviewing annual/semi-annual financial statements in the event of bankruptcy

In connection with questions received by PFSA regarding the obligation to audit/review annual/semi-annual financial statements submitted as part of the periodic report of a security issuer in arrangement or liquidation bankruptcy, please note the applicable regulations.

The catalogue of companies whose financial statements and consolidated financial statements must be audited and published is laid down in Article 64 of the Accounting Act. Pursuant to Art. 64(1), introductory sentence of the said Act, financial statements and consolidated financial statements must be published by continuing enterprises.

The issuers of securities traded on the regulated market are required, however, to comply with the Public Offering Act and its implementing acts. Pursuant to Art. 56(1)(2) of the Public Offering Act, issuers are required to publish current and periodic information. Pursuant to Art. 60(2) of the Act, a Regulation on disclosure obligations has been adopted.

The above-mentioned Regulation on disclosure obligations stipulates:
1) the obligation to have annual financial statements and, if applicable, annual consolidated financial statements audited by an entity authorised to audit financial statements, and to include an opinion on the audited annual financial statements in the annual report and, if applicable, annual consolidated report (par. 91(1)(3) and (7), and par. 92(1)(3) and (7) respectively);
2) the obligation to have semi-annual abridged financial statements and, if applicable semi-annual abridged consolidated financial statements reviewed by an entity authorised to audit financial statements, and to include a review report in the semi-annual report and, if applicable, semi-annual consolidated report (par. 89(1)(2) and (6), and par. 90(1)(2) and (6) respectively).

As results from the above, pursuant to the Public Offering Act and the above-mentioned Regulation on disclosure obligations, the obligation to have their annual financial statements and, if applicable, annual consolidated financial statements audited, and to have their semi-annual abridged financial statements and, if applicable, semi-annual abridged consolidated financial statements reviewed is imposed on the issuers whose securities are traded on the regulated market, including issuers who have been declared bankrupt, also in the case of liquidation bankruptcy.

3.2. Errors in translation of IFRSs into Polish

We would like to draw attention to the following inaccuracies and errors found by the Accounting Division of the Public Offerings and Financial Information Department of PFSA in the translation of IFRS regulations adopted in the form of European Commission Regulations, which may be relevant for the proper fulfillment of issuers' disclosure obligations.

- Translation of the term *"class"* in IFRS 7 "Financial instruments: disclosures"

The word "class" has been translated as "*kategoria*" ("category") instead of "*klasa*" ("class").

Pursuant to par. 6 IFRS 7 (in the English version), an entity shall group financial instruments into classes that are appropriate to the nature of the information disclosed and that take into account the characteristics of those financial instruments. The term "classes" should therefore be distinguished from "categories" referred to in par. 8 IFRS 7, defined in IAS 39 (cf. also par. B1 and B2 of Appendix B "Application Guidance" in the English version, as well as the translation of par. 27 and 27B IFRS 7 and par. B21 of Appendix B "Application Guidance", where the English word "classes" is translated correctly as "*klasy*").

The above-mentioned error has been found in the following paragraphs of IFRS 7: par. 6, 13, 16, 20(e), 25, 26, 28, 36, 37 and paragraphs B1 and B2 of Appendix B "Application Guidance".

- Translation of the expression "separate income statement" in IAS 1 "Presentation of financial statements", and IAS 34 "Interim financial reporting"

The expression "separate income statement" has been translated as "*jednostkowy rachunek zysków i strat*" ("individual income statement") instead of "*odrębny rachunek zysków i strat*" ("separate income statement").

The provisions of IFRS in which the above translation is found refer both to individual and to consolidated financial statements. Consequently, the translation "*jednostkowy*" ("individual") is misleading.

The above-mentioned error has been found in the following paragraphs of IAS 1: par. 7, 12, 33, 81(b), 84, 85, 86, 87, 113, 114(c), 115; in addition, it is also found in the following paragraphs of IAS 34: par. 8(b)(ii), 8A, 11A.

- Translation of the expression "a significant or prolonged decline in the fair value" in IAS 39 "Financial instruments: recognition and measurement"

The expression "a significant or prolonged decline in the fair value" has been translated as "*znaczący i przedłużający się spadek wartości godziwej*" ("a significant and prolonged decline in the fair value") , instead of "*znaczący lub przedłużający się spadek wartości godziwej*" ("a significant or prolonged decline in the fair value").

In the English version, the satisfaction of both or either of the conditions represents an objective proof of decline in value. The incorrect translation has modified that provision by requiring the satisfaction of both of these conditions.

The above error has been found in par. 61 IAS 39.

- Translation of the expression "the useful lives or the depreciation rates used" in IAS 16 "Property, plant and equipment"

The expression "the useful lives or the depreciation rates used" has been translated as "*okresy użytkowania nieruchomości i zastosowane stawki amortyzacyjne*" ("the useful lives of real property and the depreciation rates used") instead of "*okresy użytkowania lub zastosowane stawki amortyzacyjne*" ("the useful lives or the depreciation rates used").

The present translation does not reflect the wording of the provision in the English version and narrows down the applicability of the provision in the Polish version to real property.

The above error has been found in par. 73(c) IAS 16.

- Translation of the expression "profit or loss" in IAS 1

The expression "profit or loss" has been translated incorrectly as "*zysk lub strata netto*" ("net profit or loss") instead of "*zysk lub strata*" ("profit or loss").

The above inaccuracy has been found in par. 82(f) IAS 1.

- Translation of the expression "cash-flow statement cumulatively for the current financial year to date" in IAS 34

The expression "cash-flow statement cumulatively for the current financial year to date" has been translated as "*rachunek przepływów pieniężnych za bieżący rok obrotowy do danego dnia*" leaving out the word "*narastająco*" ("cumulatively").

The above inaccuracy has been found in par. 20(d) IAS 34.

The above translation inaccuracies have been notified to the Accounting Department of the Ministry of Finance.

3.3. The most recent changes connected with the application of IFRSs

According to art. 3(1) of the Regulation (EC) no. 1606/2002[18] the European Commission shall decide on the applicability within the Community of international accounting standards. Art. 3(4) of the above Regulation provides that the adopted international accounting standards shall be published in full in each of the official languages of the Community, as a Commission Regulation, in the Official Journal of European Communities.

According to the requirements of par. 10 - 12 IAS 8 „Accounting policies, changes in accounting estimates and errors", in the absence of a standard or an interpretation that specifically applies to a transaction, other event or condition, management shall use its judgement in developing and applying an accounting policy (...).

In making the judgment, management shall refer to, and consider the applicability of, the sources indicated in par. 11 of IAS 8 in the order specified in par. 11 of IAS 8. Management may also consider the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework to develop accounting standards, other accounting literature and accepted industry practices, to the extent these do not conflict with the sources in par. 11 of IAS 8 (par. 12 of IAS 8).

We would like to highlight that in making the judgment, management may take into account the provisions of the Accounting Act and National Accounting Standards issued by the National Committee of Accounting Standards, however exclusively in the case of having fulfilled the conditions provided for in IAS 8.

We would also like to remind that when initial application of a standard or an interpretation has an effect on the current period or any prior period, would have such an effect except that it is impracticable to determine the amount of the adjustment, or might have an effect on future periods, an entity shall disclose information required by par. 28 of IAS 8. Moreover, when an entity has not applied a new standard or interpretation that has been issued but is not yet in force, the entity shall disclose information required by par. 30 of IAS 8 (cf. also par. 31 of IAS 8).

In 2011, two Regulations of the European Commission, adopting IFRSs and their amendments have been published:

1) Commission Regulation (EU) No 1205/2011 of 22 November 2011 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard (IFRS) 7

   Each company shall apply the amendments to IFRS 7 as from the commencement date of its first financial year starting after 30 June 2011;

2) Commission Regulation (EU) No 149/2011 of 18 February 2011 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards Improvements to International Financial Reporting Standards (IFRSs)

   Each company shall apply the amendments to IFRS 3 as from the commencement date of its first financial year starting after 30 June 2010;

[18] Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 243, 11.09.2002, p. 1; Polish special edition, OJ Chapter 13, vol. 29, p. 609);
Correction to the Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 216, 21.08.2007, p. 32);
Regulation (EC) No 297/2008 of the European Parliament and of the Council of 11 March 2008 amending Regulation (EC) No 1606/2002 on the application of international accounting standards, as regards the implementing powers conferred on the Commission (OJ L 97, 09.04.2008, p. 62).

Each company shall apply the amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13 as from the commencement date of its first financial year starting after 31 December 2010.

A list of Regulations of the European Commission adopting IFRSs and their amendments, published in the years 2008-2010, has been enclosed in Appendix No. 1 to this Report.

The full list of Regulations of the European Commission regarding IFRSs is available at:

- http://ec.europa.eu/internal_market/accounting/legal_framework/regulations_adopting_ias_text_en.htm
- http://eur-lex.europa.eu/pl/index.htm

or via the webpage of the PFSA (www.knf.gov.pl, tab: Regulacje / Regulacje UE / Międzynarodowe standardy rachunkowości i sprawozdawczości finansowej IAS, IFRS / Regulations adopting IAS)

or via the webpage of the Ministry of Finance (www.mofnet.gov.pl, tab: Ministerstwo Finansów / Rachunkowość / Międzynarodowe standardy rachunkowości).

4. CONCLUSION

The analysis of the financial statements of security issuers other than investment funds, carried out by the Accounting Division of the Public Offerings and Financial Information Department of PFSA in 2011, revealed that the number of issuers with qualified opinions on their audited financial statements for the financial year 2010 had decreased by 36% compared to the previous year. Nevertheless, there are still certain areas of inconsistencies with the applicable reporting framework, in particular with IFRSs, as described in this report.

The authors of the report hope that its publication will contribute to the issuers reaching a higher level of compliance with the reporting requirements, IFRS requirements in particular, in subsequent financial statements. The improved quality of financial statements presented by issuers should result in their greater comparability, especially within individual industry sectors, and contribute to the increased trust of investors in financial reporting, facilitating assessment of the financial position and performance of issuers and their capital groups. In our opinion, the increased quality of financial statements would be also reflected in the further decrease in the number of qualified opinions on the examined financial statements and disclaimers of an opinion by an independent auditor.

Appendix 1

IFRSs AND THEIR AMENDMENTS PUBLISHED IN 2008-2010

Listed below are IFRSs and their amendments, published in the form of European Commission regulations in the years 2008-2010, starting from the most recent ones.

In 2010:

1) Regulation of the Commission (EU) No 662/2010 of 23 July 2010 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretation Committee's (IFRIC) Interpretation 19 and International Financial Reporting Standard (IFRS) 1

   Each company shall apply IFRIC 19 and the amendment to IFRS 1 as from the commencement date of its first financial year starting after 30 June 2010;

2) Regulation of the Commission (EU) No 633/2010 of 19 July 2010 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 14

   Each company shall apply amendments to IFRIC 14 as from the commencement date of its first financial year starting after 31 December 2010;

3) Regulation of the Commission (EU) No 632/2010 of 19 July 2010, amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 24 and International Financial Reporting Standard (IFRS) 8

   Each company shall apply IAS 24 and the amendments to IFRS 8 as from the commencement date of its first financial year starting after 31 December 2010;

4) Regulation of the Commission (EU) No 574/2010 of 30 June 2010, amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard (IFRS) 1 and IFRS 7

   Each company shall apply the amendments to IFRS 1 and IFRS 7 as from the commencement date of its first financial year starting after 30 June 2010;

5) Regulation of the Commission (EU) No 550/2010 of 23 June 2010, amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard (IFRS) 1

   Each company shall apply amendments to IFRS 1 as from the commencement date of its first financial year starting after 31 December 2009;

6) Regulation of the Commission (EU) No 244/2010 of 23 March 2010, amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard (IFRS) 2

   Each company shall apply amendments to IFRS 2 as from the commencement date of its first financial year starting after 31 December 2009;

7) Regulation of the Commission (EU) No 243/2010 of 23 March 2010, amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards Improvements to the International Financial Reporting Standards (IFRSs)

Each company shall apply amendments to IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 36, IAS 38, IAS 39, IFRIC 9 i IFRIC 16 as from the commencement date of its first financial year starting after 31 December 2009.

In 2009:

1) Regulation of the Commission (EU) No 1293/2009 of 23 December 2009, amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 32

   Each company shall apply the amendments to IAS 32 as from the commencement date of its first financial year starting after 31 January 2010;

2) Regulation of the Commission (EC) No 1171/2009 of 30 November 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No. 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretation Committee's (IFRIC) Interpretation 9 and International Accounting Standard (IAS) 39

   Each company shall apply the amendments to IFRIC 9 and IAS 39 as from the commencement date of its first financial year starting after 31 December 2008;

3) Regulation of the Commission (EC) No 1165/2009 of 27 November 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard (IFRS) 4 and IFRS 7

   Each company shall apply the amendments to IFRS 4 and IFRS 7 as from the commencement date of its first financial year starting after 31 December 2008;

4) Regulation of the Commission (EC) No 1164/2009 of 27 November 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretation Committee's (IFRIC) Interpretation 18

   Each company shall apply IFRIC 18 as from the commencement date of its first financial year starting after 31 October 2009;

5) Regulation of the Commission (EC) No 1142/2009 of 26 November 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretation Committee's (IFRIC) Interpretation 17

   Each company shall apply IFRIC 17 as from the commencement date of its first financial year starting after 31 October 2009;

6) Regulation of the Commission (EC) No 1136/2009 of 25 November 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard (IFRS) 1

   Each company shall apply the transformed IFRS 1 as from the commencement date of its first financial year starting after 31 December 2009;

7) Regulation of the Commission (EC) No 839/2009 of 15 September 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 39

   Each company shall apply the amendments to IAS 39 as from the commencement date of its first financial year starting after 30 June 2009;

8) Regulation of the Commission (EC) No 824/2009 of 9 September 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards

International Accounting Standard (IAS) 39 and International Financial Reporting Standard (IFRS) 7

This Regulation entered into force on the third day following that of its publication in the Official Journal of the European Union, i.e. on 13 September 2009;

9) Regulation of the Commission (EC) No 639/2009 of 22 July 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretation Committee's (IFRIC) Interpretation 15

   Each company shall apply IFRIC 15 as from the commencement date of its first financial year starting after 31 December 2009;

10) Regulation of the Commission (EC) No 460/2009 of 4 June 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretation Committee's (IFRIC) Interpretation 16

    Each company shall apply IFRIC 16 as from the commencement date of its first financial year starting after 30 June 2009;

11) Regulation of the Commission (EC) No 495/2009 of 3 June 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard (IFRS) 3

    Each company shall apply the updated IFRS 3 as from the commencement date of its first financial year starting after 30 June 2009;

12) Regulation of the Commission (EC) No 494/2009 of 3 June 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 27

    Each company shall apply the amendments to IAS 27 as from the commencement date of its first financial year starting after 30 June 2009;

13) Regulation of the Commission (EC) No 254/2009 of 25 March 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretation Committee's (IFRIC) Interpretation 12

    Each company shall apply IFRIC 12 as from the commencement date of its first financial year starting after this Regulation enters into force, i.e. after 29 March 2009;

14) Regulation of the Commission (EC) No 70/2009 of 23 January 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards Improvements to International Financial Reporting Standards (IFRSs)

    Each company shall apply the amendments IAS 1, IAS 8, IAS 10, IAS 16, IAS 19, IAS 20, IAS 23, IAS 27, IAS 28, IAS 29, IAS 31, IAS 34, IAS 36, IAS 38, IAS 39, IAS 40, IAS 41 as from the commencement date of its first financial year starting after 31 December 2008.

    Each company shall apply the amendments to IFRS 5 as from the commencement date of its first financial year starting after 30 June 2009;

15) Regulation of the Commission (EC) No 69/2009 of 23 January 2009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards amendments to International Financial Reporting Standard (IFRS) 1 and International Accounting Standard (IAS) 27

    Each company shall apply the amendments to IFRS 1 and IAS 27 as from the commencement date of its first financial year starting after 31 December 2008;

16) Regulation of the Commission (EC) No 53/2009 of 21 January 2 009 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 32 and IAS 1

    Each company shall apply the amendments to IAS 32 and IAS 1 as from the commencement date of its first financial year starting after 31 December 2008.

<u>In 2008</u>:

1) Regulation of the Commission (EC) No 1274/2008 of 17 December 2008 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 1

   Each company shall apply the updated IAS 1 as from the commencement date of its first financial year starting after 31 December 2008;

2) Regulation of the Commission (EC) No 1263/2008 of 16 December 2008 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretation Committee's (IFRC) Interpretation 14

   Each company shall apply IFRIC 14 as from the commencement date of its first financial year starting after 31 December 2008;

3) Regulation of the Commission (EC) No 1262/2008 of 16 December 2008 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Interpretation Committee's (IFRC) Interpretation 13

   Each company shall apply IFRIC 13 as from the commencement date of its first financial year starting after 31 December 2008;

4) Regulation of the Commission (EC) No 1261/2008 of 16 December 2008 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Financial Reporting Standard (IFRS) 2

   Each company shall apply the amendment to IFRS 2 as from the commencement date of its first financial year starting after 31 December 2008;

5) Regulation of the Commission (EC) No 1260/2008 of 10 December 2008 amending Regulation (EC) No 1126/2008 adopting certain international accounting standards in accordance with regulation (EC) No 1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 23

   Each company shall apply the updated IAS 23 as from the commencement date of its first financial year starting after 31 December 2008;

6) Regulation of the Commission (EC) No 1126/2008 of 3 November 2008 adopting certain international accounting standards in accordance with Regulation (EC) No 1606/2002 of the European Parliament and the Council

   This Regulation entered into force on the third day following its publication in the Official Journal of the European Union, i.e. on 2 December 2008.

Appendix 2

USEFUL LINKS

www.knf.gov.pl
(tab: Regulacje / Praktyka / Stanowiska urzędu / Rynek kapitałowy)
(tab: Opracowania / Rynek kapitałowy / Raporty i opracowania)
(tab: Regulacje / Regulacje UE / Międzynarodowe standardy rachunkowości i sprawozdawczości finansowej IAS, IFRS)
(tab: Dla rynku / ESPI - Instrukcje)
(tab: Dla rynku / Relacje z biegłymi rewidentami)

www.mofnet.gov.pl
(tab: Ministerstwo Finansów / Rachunkowość / Międzynarodowe standardy rachunkowości)

www.esma.europa.eu
(tab: Investment and reporting / Corporate Reporting)
(tab: Investment and reporting / Corporate Reporting SC)
(tab: Investment and reporting / Corporate reporting policy)
(tab: Investment and reporting / Comment letters)
(tab: Investment and reporting / IFRS Enforcement)

http://ec.europa.eu/internal_market/accounting/legal_framework/regulations_adopting_ias_text_en.htm

http://eur-lex.europa.eu/pl/index.htm

www.ifrs.org

www.iasplus.com

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