QUARTERLY REPORT OF THE DEKPOL CAPITAL GROUP FOR THE 3RD QUARTER OF 2015

Pinczyn, 16 November 2015

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in thousand PLN

1 Condensed Interim Consolidated Financial Statements

1.1 Selected Consolidated Financial Data

Selected financial data - condensed interim consolidated financial statements	thousand PLN		thousand EUR	
	01.01.2015 - 30.09.2015	01.01.2014 - 30.09.2014	01.01.2015 - 30.09.2015	01.01.2014 - 30.09.2014
I. Net revenue from sales of products, goods, and materials	209,518	167,318	50,383	40,025
II. Profit (loss) on operating activity	15,742	13,239	3,786	3,167
III. Profit (loss) before tax	13,097	11,040	3,149	2,641
IV. Net profit (loss)	10,457	8,611	2,515	2,060
V. Earnings (loss) per ordinary share (in PLN / EUR)	1.29	1.34	0.31	0.32
VI. Net cash flows from operating activity	(42,083)	(2,066)	(10,120)	(494)
VII. Net cash flows from investment activity	(7,487)	(9,901)	(1,800)	(2,368)
VIII. Net cash flows from financial activity	52,623	2,831	12,654	681
IX. Total net cash flows	3,053	(9,136)	734	(2,186)
	30.09.2015	**31.12.2014**	**30.09.2015**	**31.12.2014**
X. Total assets	308,330	218,329	72,743	52,288
XI. Liabilities and provisions for liabilities	194,268	142,986	45,833	34,244
XII. Long-term liabilities	63,867	48,064	15,068	11,511
XIII. Short-term liabilities	130,401	94,922	30,765	22,733
XIV. Equity	114,062	75,343	26,910	18,044
XV. Share capital	8,363	6,410	1,973	1,535
XVI. Number of shares at the end of the period	8,362,549	6,410,000	8,362,549	6,410,000
XVII. Book value per share (in PLN / EUR)	13.64	11.75	3.28	2.83

in thousand PLN

1.2 Condensed Interim Consolidated Statement of Comprehensive Income

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME					
Item	**Note**	**01.01.2015 - 30.09.2015**	**01.01.2014 - 30.09.2014**	**01.07.2015 - 30.09.2015**	**01.07.2014 - 30.09.2014**
Continuing operations					
Revenue from sales	1.	209,518	167,318	71,034	63,489
Costs of goods sold	2.	182,491	148,734	58,215	55,270
GROSS PROFIT (LOSS) FROM SALES		**27,027**	**18,584**	**12,819**	**8,219**
Selling costs	2.	5,049	2,400	1,950	581
General administrative expenses	2.	6,824	2,985	3,204	986
PROFIT (LOSS) FROM SALES		**15,155**	**13,199**	**7,666**	**6,652**
Other operating income	3.	2,121	387	444	19
Other operating expenses	4.	1,533	347	86	136
OPERATING PROFIT (LOSS)		**15,742**	**13,239**	**8,023**	**6,535**
Financial revenue	5.	55	68	24	11
Financial expenses	6.	2,700	2,267	858	792
Profit from sales of shares in an associate		-	-	-	-
Share in profit of associates		-	-	-	-
PROFIT (LOSS) BEFORE TAX		**13,097**	**11,040**	**7,189**	**5,753**
Income tax		2,639	2,429	1,598	1,262
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS		**10,457**	**8,611**	**5,590**	**4,492**
Net profit (loss) from discontinued operations		-	-	-	-
NET PROFIT (LOSS)	7.	**10,457**	**8,611**	**5,590**	**4,492**
Other comprehensive income		-	-	-	-
Total other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income		**10,457**	**8,611**	**5,590**	**4,492**

Profit per share (in PLN/per share)	**Note** 7.	**01.01.2015 - 30.09.2015**	**01.01.2014 - 30.09.2014**	**01.07.2015 - 30.09.2015**	**01.07.2014 - 30.09.2014**
From continued and discontinued operations					
Ordinary		1.29	1.34	0.67	0.70
Diluted		1.29	1.34	0.67	0.70
From continued operations					
Ordinary		1.29	1.34	0.67	0.70
Diluted		1.29	1.34	0.67	0.70
Net profit (loss) from continued and discontinued operations		10,457	8,611	5,590	4,492
Net profit (loss) from continuing operations		10,457	8,611	5,590	4,492
Weighted average number of ordinary shares		8,117,493	6,410,000	8,362,549	6,410,000
Diluted weighted average number of ordinary shares		8,117,493	6,410,000	8,362,549	6,410,000

in thousand PLN

1.3 Condensed Interim Consolidated Statement of Financial Position

Consolidated statement of financial position			
Item	**Note**	**30.09.2015**	**31.12.2014**
FIXED ASSETS		**73,671**	**28,060**
Property, plant and equipment		69,789	26,055
Investment property		-	-
Goodwill		-	-
Other intangible assets		169	261
Stocks and shares		-	-
Long-term receivables		2,683	435
Other long-term financial assets		531	520
Deferred income tax assets		499	790
Other fixed assets		-	-
CURRENT ASSETS		**234,659**	**190,270**
Inventory	8.	124,726	107,298
Trade receivables	9.	55,659	44,531
Current income tax receivables		-	-
Other receivables	9.	45,261	31,742
Other financial assets		-	-
Cash and cash equivalents		8,401	5,349
Prepayments and accruals		612	1,349
ASSETS CLASSIFIED AS HELD FOR SALE		**-**	**-**
Property, plant and equipment held for sale		-	-
Other assets classified as held for sale		-	-
Total assets:		**308,330**	**218,329**

Statement of financial condition			
Item		**30.09.2015**	**31.12.2014**
EQUITY		**114,062**	**75,343**
Share capital	10.	8,363	6,410
Called-up share capital and own shares	10.	-	-
Supplementary capital from the issue of shares	10.	26,309	-
Supplementary capital from retained profit and merger transactions under common control	10.	69,105	51,103
Undistributed profit from previous years		(172)	582
Net profit (loss) for the financial year		10,457	17,248
Equity attributable to shareholders of the parent		**114,062**	**75,343**
Non-controlling interests		**-**	**-**
LONG-TERM LIABILITIES		**63,867**	**48,064**
Deferred income tax provision		1,746	2,435
Provision for retirement pensions and similar benefits	11.	48	48
Other provisions		-	-
Loans and borrowings	12.	12,508	22,591
Other financial liabilities	13.	44,499	20,053
Other long-term liabilities	14.	5,066	2,937
SHORT-TERM LIABILITIES		**130,401**	**94,922**

in thousand PLN

Loans and borrowings	12.	25,953	17,138
Other financial liabilities	13.	331	241
Trade liabilities	15.	48,428	59,833
Current income tax liabilities	15.	1,484	1,481
Provisions for retirement pensions and similar benefits	11.	1	1
Other short-term provisions	11.	612	506
Other liabilities	15.	46,080	12,407
Deferred revenue	16.	7,512	3,314
LIABILITIES DIRECTLY RELATED TO FIXED ASSETS CLASSIFIED AS HELD FOR SALE		**-**	**-**
Total equity and liabilities:		**308,330**	**218,329**

in thousand PLN

1.4 Condensed Interim Consolidated Cash Flow Statement

Consolidated cash flow statement (indirect method)		
Item	**01.01.2015 - 30.09.2015**	**01.01.2014 - 30.09.2014**
CASH FLOW FROM OPERATING ACTIVITY		
Profit (loss) before tax	13,097	11,040
Total adjustments	(55,180)	(13,106)
Depreciation	2,502	3,025
Interest and profit sharing (dividends)	2,513	2,216
Profit (loss) on investment activity	(250)	7
Changes in working capital	(57,304)	(14,223)
Change in provisions	(583)	432
Change in inventory	(54,644)	(6,344)
Change in receivables	(28,026)	(4,862)
Change in short-term liabilities, except for financial liabilities	24,573	3,066
Change in prepayments and accruals	1,376	(6,515)
Income tax on profit before tax	(2,640)	-
Income tax paid	-	(4,131)
Other adjustments	-	-
Net cash flows from operating activity	**(42,083)**	**(2,066)**
CASH FLOWS FROM INVESTMENT ACTIVITY		
Expenses related to acquisition of intangible assets	-	(35)
Expenses related to acquisition of property, plant and equipment	(8,699)	(9,653)
Inflows from sales of property, plant and equipment	82	306
Inflows from sales of investment real estate	1,130	-
Borrowings granted	-	(519)
Net cash flows from investment activity	**(7,487)**	**(9,901)**
CASH FLOW FROM FINANCIAL ACTIVITY		
Net inflows from issue of shares	28,262	-
Inflows from issue of debt securities	24,500	20,000
Redemption of debt securities	-	(12,500)
Inflows from loans and borrowings taken out	8,859	3,000
Repayment of loans and borrowings	(10,127)	(4,648)
Repayment of liabilities under finance lease	(280)	(701)
Grants to fixed assets	3,849	-
Interest paid	(2,440)	(2,320)
Net cash flows from financial activity	**52,623**	**2,831**
TOTAL NET CASH FLOWS	**3,053**	**(9,136)**
BALANCE CHANGE OF CASH FUNDS, OF WHICH	3,053	(9,136)
- change in cash due to foreign exchange differences	-	-
CASH AT THE BEGINNING OF THE PERIOD	5,349	15,513
CASH AT THE END OF THE PERIOD (F +/- D), OF WHICH	**8,401**	**6,377**

in thousand PLN

1.5 Condensed Interim Statement of Changes in the Consolidated Equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY in the period 01.01.2015 - 30.09.2015	Equity attributable to owners of the parent					Total equity
	Share capital	Supplementary capital from the issue of shares	Supplementary capital from retained profit	Undistributed profit retained from previous years	Net profit (loss) for the financial year	
Balance as of 01.01.2015	**6,410**	**-**	**51,103**	**17,830**		**75,343**
Issue of shares	1,953	26,309				28,262
Transfer of profit or loss to capital			18,002	(18,002)		-
Total transactions with owners	**1,953**	**26,309**	**18,002**	**(18,002)**	**-**	**28,262**
Net profit (loss) in the period					10,457	10,457
Total comprehensive income	**-**	**-**	**-**	**-**	**10,457**	**10,457**
Balance as of 30.09.2014	**8,363**	**26,309**	**69,105**	**(172)**	**10,457**	**114,062**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY in the period: 01.01.2014 - 31.12.2014	Equity attributable to owners of the parent					Total equity
	Share capital	Supplementary capital from the issue of shares	Supplementary capital from retained profit	Undistributed profit retained from previous years	Net profit (loss) for the financial year	
Balance as of 01.01.2014	**6,410**	**-**	**33,315**	**18,371**		**58,095**
Transfer of profit or loss to capital			17,788	(17,788)		-
Total transactions with owners	-	-	17,788	(17,788)	-	**-**
Net profit (loss) in the period					17,248	17,248
Total comprehensive income	-	-	-	-	17,248	**17,248**
Balance as of 31.12.2014	**6,410**	**-**	**51,103**	**582**	**17,248**	**75,343**

1.6 Information on the DEKPOL Capital Group

1.6.1 Structure of the DEKPOL Capital Group

As at 30 September and as at the date of this report (i.e. 16 November 2015), the Dekpol S.A. Capital Group is composed of Dekpol S.A. as the parent entity and four subsidiaries:
– direct subsidiaries of Dekpol S.A.:

a) Dekpol 1 Sp. z o.o.
b) Dekpol 1 Sp. z o.o. S.K.A.

– indirect subsidiaries of Dekpol S.A. (via Dekpol 1 Sp. z o.o. S.K.A.):

a) Dekpol Royalties Sp. z o.o.,
b) Almond Sp. z o.o.

Dekpol S.A. holds 100% of the shares in Dekpol 1 Sp. z o.o. and 100% of the shares in Dekpol 1 Sp. z o.o. S.K.A. Dekpol 1 Sp. z o.o. S.K.A. holds 100% of the shares in Dekpol Royalties Sp. z o.o. and Almond Sp. z o.o. There are no non-controlling shareholders.

All above-mentioned companies are subject to consolidation under the full method.

Dekpol S.A. carries out its operations in three areas:
• property development - construction, finishing works and sale of apartments and premises for commerce/services;
• acting as a general contractor in terms of industrial, warehousing, commercial and service facilities, including external infrastructure such as roads, yards, parking lots, including their infrastructure;
• manufacture and installation of steel structures and manufacture of equipment (buckets) for construction machines.

Dekpol 1 Sp. z o.o. SKA - the company responsible in the DEKPOL Group for managing the subsidiaries appointed to implement specialist tasks.

Dekpol 1 Sp. z o.o. - the general partner of DEKPOL 1 Sp. z o.o. SKA.

Almond Sp. z o.o. - the company owning real properties in Gdańsk at ul. Toruńska, responsible for completing the construction of the Almond Hotel.

Dekpol Royalties Sp. z o.o. - the company managing intangible assets in the DEKPOL Group.

1.6.2 Changes in the structure of the DEKPOL Capital Group

On 17 April 2015, the Company acquired 100% of the shares in the share capital of Heron 3 Sp. z o.o. S.K.A. (currently: Dekpol 1 Sp. z o.o. S.K.A.) and 100% of the shares in the share capital of Heron 3 Sp. z o.o. (currently: Dekpol 1 Sp. z o.o.). Dekpol 1 Sp. z o.o. is the sole general partner of Dekpol 1 Sp. z o.o. S.K.A. In H1 2015, the above companies did not carry out any operations and had no major influence on the operations and the financial results of the Dekpol Capital Group. Therefore, the Company did not prepare consolidated financial statements for 1H 2015. The first consolidated financial statements were prepared for Q3 2015. The acquisition of shares in Dekpol 1 Sp. z o.o. and Dekpol 1 Sp. z o.o. S.K.A.

constituted one of the stages of activities aimed at increasing the efficiency of the functioning of the Dekpol Capital Group.

In July 2015, Dekpol 1 Sp. z o.o. S.K.A. incorporated Dekpol Royalties Sp. z o.o., in which it holds 100% of shares, and acquired 100% of the shares in Almond Sp. z o.o. The incorporation of a new company and the acquisition of shares are the next stage of activities aimed at increasing the efficiency of the functioning of the Dekpol Capital Group.

On 30 July 2015, the Issuer acquired series B shares in the increased share capital of Dekpol 1 Sp. z o.o. SKA of the total nominal value of PLN 0.5 million, at the total issue price of PLN 51.51 million, and covered the shares with an in-kind contribution in the form of the right of perpetual usufruct of the real property located in Gdańsk at 12 Toruńska Street, including lots having the area of 0.34 ha, including the right of ownership to the building under construction located on that real property. Prior to 30 July 2015, the share capital of Dekpol 1 Sp. z o.o. SKA amounted to PLN 50 thousand.

On 30 July 2015, the Company also acquired C series shares in the increased share capital of Dekpol 1 Sp. z o.o. SKA of the total nominal value of PLN 0.5 million, at the total issue price of PLN 56.36 million, and covered the shares with an in-kind contribution in the form of the copyright to the work within the meaning of Article 1 of the Act of 4 February 1994 on Copyright and Related Rights in the form of the figurative mark "dekpol" present in all the graphic and colour versions used by the Company, including the accompanying descriptors ("Work").

As a result of carrying out the above-mentioned transaction consisting in covering the shares with an in-kind contribution in the form of the right of perpetual usufruct of the real property located in Gdańsk at 12 Toruńska Street, Dekpol S.A. achieved gross profit (disclosed in the separate financial statements) of PLN 14,200 thousand. As a result of the transaction consisting in covering the shares with an in-kind contribution in the form of the copyright to the work within the meaning of Article 1 of the Act of 4 February 1994 on Copyright and Related Rights in the form of the figurative mark "dekpol", Dekpol S.A. achieved gross profit of PLN 56,262 (disclosed in the separate financial statements). The profit indicated above, as realised between the companies belonging to the Dekpol S.A. Capital Group, has been excluded at the level of the consolidated financial statements.

1.6.3 The Company's governing bodies

1.6.3.1 The Management Board

The Issuer's Management Board is composed of one or more Members appointed and removed from office by the Supervisory Board. The Supervisory Board entrusts one of the Members of the Management Board with the function of the President of the Management Board. Other Members of the Management Board may be entrusted with the function of Vice Presidents of the Management Board. The term of office of the Members of the Management Board is 5 (five) years and is not joint.

As of the day of this report, the Issuer's Management Board is composed of:

1. Mariusz Grzegorz Tuchlin (President of the Management Board)
2. Krzysztof Andrzej Łukowski (Vice President of the Management Board)
3. Rafał Glaza (Member of the Management Board)

4. Adam Olżyński (Member of the Management Board)
5. Andrzej Maciej Kuchtyk (Member of the Management Board)
6. Rafał Szczepan Dietrich (Member of the Management Board)

The Members of the Management Board were appointed under a resolution of the Shareholders Meeting of Dekpol Sp. z o.o. regarding the appointment of the Members of the Management Board of a transformed company (i.e. the Issuer) of 1 April 2014. The term of office of each of the Members of the Management Board ends on 1 April 2019. Each of the Members of the Management Board previously served as a Member of the Management Board of Dekpol Sp. z o.o.
In the 3rd quarter and until the date of producing this report, the composition of the Management Board has not changed.

1.6.3.2 The Supervisory Board

The Articles of Association of Dekpol S.A. provide that the Supervisory Board is composed of between three and five Members, and in the event of the Issuer becoming a public company, between five and seven Members. The appointment and removal from office of the Members of the Supervisory Board takes place by means of a resolution of the General Meeting. The General Meeting also appoints the Chairman of the Supervisory Board and may entrust the function of a Deputy Chairman to another Member of the Supervisory Board. The term of office of the Members of the Supervisory Board is five years and is not joint.
As of the day of this report, the Issuer's Supervisory Board is composed of:

1. Roman Suszek - (Chairman of the Supervisory Board)
2. Piotr Stobiecki - (Member of the Supervisory Board)
3. Jacek Grzywacz - (Deputy Chairman of the Supervisory Board)
4. Krzysztof Czerkas - (Member of the Management Board)
5. Jacek Kędzierski - (Member of the Management Board)

Jacek Kędzierski and Krzysztof Czerkas meet the requirements for being independent of the Issuer and his affiliates, as specified in the Articles of Association. The term of office of Jacek Kędzierski and Krzysztof Czerkas will end on 30 June 2019. The term of office of Roman Suszek, Piotr Stobiecki, and Jacek Grzywacz will end on 1 April 2019.

In the 3rd quarter and until the date of producing this report, the composition of the Supervisory Board has not changed.

1.6.4 Description of the adopted accounting principles.

On 30 September 2015, the General Meeting of Shareholders of Dekpol S.A., on the basis of Articles 45.1a and 45.1c and Article 55.5 of the Polish Accounting Act of 29 September 1994, decided to change the Company's accounting principles and start producing the Company's financial statements in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards and the related interpretations published in the form of Regulations of the European Commission (hereinafter referred to as the IFRS), commencing with the Company's financial statements for the 2015 financial year, with the interim report for 3rd quarter of 2015 produced in accordance with the IFRS.

The interim condensed consolidated financial statements for the period of 9 months from 1 January to 30 September 2015 are the first consolidated financial statements of the Dekpol

S.A. Capital Group. The Dekpol S.A. Capital Group was established on 17 April 2015. The consolidated financial statements of the Dekpol S.A. Capital Group are prepared in accordance with Article 55.5 of the Accounting Act, pursuant to the IFRS. In accordance with the resolution of the General Meeting of Shareholders of Dekpol S.A. indicated above, the separate financial statements of Dekpol S.A. are also prepared in accordance with the IFRS, starting with the financial statements for the 3rd quarter of 2015. Due to preparation of the financial statements according to the IFRS, Dekpol S.A. has changed its accounting policy and the most important principles are presented below.

1.6.4.1 General regulations

- Assets and liabilities of the Capital Group, as well as its profit or loss, are established in accordance with the principles specified in the IFRS. Below are presented detailed regulations which refer to the most important provisions of the IFRS and specify the selection of the management of the parent in relation to issues, for which the IFRS makes such selection possible. Moreover, the standpoint of the management of Dekpol S.A. (Company, Entity) on issues not specified in the IFRS has been presented.
- Any reference to the Company or the Entity means Dekpol S.A. The analysed principles refer to the separate financial statements of Dekpol S.A. and the consolidated financial statements of the Dekpol S.A. Capital Group.
- Materiality. The Company agrees that it is possible to depart from the principles regulated in this policy and in the IFRS, if the impact of doing so on assets and liabilities, equity and profit or loss is not significant. Unless otherwise decided in the following provisions, effects of departures, the total value of which does not exceed any of the following limit values, are deemed insignificant:
    - 1.0% of the value of assets - for departures affecting the value of assets and liabilities,
    - 1.0% of the value of revenue from sales - for departures affecting values disclosed in the statement of comprehensive income, except for profit or loss.
    - 2.0% of equity capitals - for departures affecting profit or loss and other equity capitals.
- Definitions:
    - IFRS - International Financial Reporting Standards and International Accounting Standards in the wording approved to be applied by the Commission of the European Communities, as well as the International Financial Reporting Standard (if marked with a number).
    - IAS - International Accounting Standard.
    - Date of transition to the IFRS - 1 January 2014.
    - Assets.
    - Short-term assets and liabilities - § 57 and § 60 of IAS 1.
    - Long-term assets and liabilities - § 57 and § 60 of IAS 1.
    - Depreciated cost - § 9 of IAS 39.
    - Effective interest rate - § 9 of IAS 39.
    - Financial assets - § 11 of IAS 32.
    - Financial liabilities - § 11 of IAS 32.
    - Equity instrument - § 11 of IAS 32.

- Inventories - § 6 of IAS 2.
- Cash and cash equivalents - § 6 of IAS 7.

1.6.4.2 Exemptions applied while introducing the IFRS for the first time.

- In order to correctly establish the opening balance as of the date of transition to the IFRS, the Company applies the provisions of the IFRS 1 "First-time Adoption of International Financial Reporting Standards".
- The Company has applied the following exemptions from applying the IFRS:
  - The fair value of fixed assets as of the date of transition to the IFRS has been deemed the assumed historical cost of fixed assets as of that day pursuant to § 16-19 of IFRS 1.

1.6.4.3 Financial statements

- The financial statements are prepared in compliance with the principles defined in § 25-28 of IAS 1:
  - Going concern,
  - Accrual,
  - Continuity of presentation.
- The Company prepares the income statement using the multiple-step variant.
- The Company prepares the cash flow statement using the indirect method.
- The financial statements are prepared in thousand PLN.

1.6.4.4 Accounting estimates

- As a result of the uncertainties inherent in business activities of the Company, many items in the financial statements cannot be measured with precision but can only be estimated. Estimation involves judgements based on the latest available information. The use of reasonable estimates is an essential part of the preparation of the financial statements and does not undermine their reliability.
- For example, estimates may be required of (among others):
  - Bad debts,
  - Inventory obsolescence,
  - Determination of useful lives of assets subject to depreciation/amortisation,
  - Provisions for future benefits,
  - Assumptions adopted when assessing fair values of real properties.
- Effects of changes of a given estimate are taken into account when determining net profit or loss:
  - In the period of the change, if the change affects that period only, or
  - In the period of the change and future periods, if the change affects both.

1.6.4.5 Transactions denominated in foreign currencies

- Principles of valuation and recognition of foreign currency transactions are regulated in IAS 21 "The Effects of Changes in Foreign Exchange Rates".

- The Polish zloty (PLN) is the functional currency of the Company. The Company prepares financial statements in the functional currency.
- The Company evaluates foreign currency transactions using the spot exchange rate as of the date of the transaction. It is assumed that the spot exchange rate as of the date of the transaction is the average rate of exchange of the National Bank of Poland as of the date prior to the date of the transaction.
- The Company evaluates assets and liabilities expressed in foreign currencies as of the balance sheet date:
  - Monetary items (currencies, receivables and liabilities expressed in foreign currencies) - using the rate of immediate maturity, i.e. at the average exchange rate of the National Bank of Poland as of the balance sheet date,
  - Non-monetary items measured in terms of historical cost - using the exchange rate of the date of the transaction, i.e. they are not subject to reassessment as of the balance sheet date,
  - Non-monetary items measured at fair value - using exchange rates applicable at the date when the fair value was determined, i.e. the average exchange rate of the National Bank of Poland for that day.
- If effects of evaluation of a non-monetary item at fair value are recognised under equity capitals, foreign exchange differences from evaluation are recognised in the same manner. Otherwise, foreign exchange differences are recognised in profit or loss of the period.

1.6.4.6 Intangible assets (IA)

- A definition of IA has been specified in §12 of IAS 38 "Intangible Assets" and criteria for their recognition in §21 of IAS 38.
- The Company initially recognises IA acquired in separate transactions at acquisition prices, while IA produced by the Company at a production cost.
- If software licences or similar assets are acquired, costs of implementation of software incurred until the date of bringing it to the assumed fitness for purpose specified by the Company's Management Board should be recognised under the IA initial value. The implementation costs do not include costs of employee trainings which encumber profit or loss on the date they are incurred.
- Only IA meeting the criteria specified for development works in §57 of IAS 38 may be classified as IA produced by the Company. Goodwill, trade marks etc. are not classified as IA, if produced by the Company.
- After the initial recognition, the Company evaluates IA at the purchase price or cost of production less amortisation write-offs, pursuant to the model specified in § 74 of IAS 38.
- With regard to each IA, the Company determines a period of economic useful life. A period of economic useful life may be unlimited. A period of economic useful life resulting from legal titles may not be longer than a period of validity of such titles.
- IA is subject to amortisation in a period of economic useful life from the day on which an asset is ready for use until the date on which it is excluded from recognition or it is intended for sale.
- The Entity applies a straight-line amortisation method of IA, unless other methods (degressive method, method based on production units) better reflect the consumption of economic benefits. The Company may apply other methods and rates in order to establish tax income.

- An amortisation period and method are subject to periodic verification, at least at the end of each financial year. If a significant change is found as compared to previous estimates, the entity changes amortisation rates and/or method starting from the first day of the reporting period.
- IA with an indefinite period of economic useful life and goodwill are not subject to amortisation, but they are tested for impairment loss at the end of each financial year and when there are premises that impairment loss of IA has occurred. Moreover, the correctness of the assumption that IA has an indefinite period of useful life is verified on an annual basis and, if needed, IA is reclassified to amortised IA. Goodwill is not subject to reclassification.
- IA of the initial value not exceeding PLN 1,000.00 are charged as a single entry to costs of "purchase of tools and equipment" recorded on account 411-09 and recognised under off-balance sheet records. IA of the initial value from PLN 1,000.00 to PLN 3,500.00 are recognised in IA itemised records and amortised as a single entry in the month following the month in which IA are ready for use as expected by the management.

1.6.4.7 Property, plant and equipment

- Principles of evaluation of property, plant and equipment are mainly included in IAS 16 "Property, plant and equipment".
- Property, plant and equipment are subject to initial recognition at the acquisition price or production cost.
- The acquisition price or production costs are subject to an increase by costs of disassembly and removal of an item of property, plant and equipment and renovation of the place of using it, if the Company is obliged to do so.
- The acquisition price or production costs are not subject to adjustment by foreign exchange differences related to liabilities financing the acquisition of an asset accrued up to the date of putting an asset into use, unless it results from the policy adopted in the scope of hedge accounting.
- The acquisition price or production costs are subject to an increase by costs of interest on liabilities financing the acquisition of an asset accrued up to the date on which an asset is ready for use.
- After the initial recognition, the Company evaluates property, plant and equipment at the acquisition price or production cost less depreciation write-offs, pursuant to the model specified in § 30 of IAS 16.
- With regard to each item of property, plant and equipment, the Company determines a period of economic useful life. If it is justified in relation to significant component parts of property, plant and equipment to apply various periods of economic useful life and depreciation rates/methods, the Company applies various depreciation rates/methods in relation to each significant component part of property, plant and equipment.
- Property, plant and equipment are subject to depreciation in a period of economic useful life from the day on which an asset is ready for use until the date on which it is excluded from recognition or it is intended for sale.
- The Company accepts that the final (residual) value of used property, plant and equipment is usually insignificant and will not be determined, unless the residual value is significant in relation to a given item of property, plant and equipment. The residual value constituting at least 20.0% of the initial value of an item of property, plant and equipment is deemed significant.

- The Entity applies a straight-line deprecation method of property, plant and equipment, unless other methods (degressive method, method based on production units) better reflect the consumption of economic benefits. The Company may apply other methods and rates in order to establish tax income.
- A depreciation period, depreciation method and residual value (if determined) are subject to periodic verification at least at the end of each financial year. If a significant change is found as compared to previous estimates, the entity changes amortisation rates and/or method starting from the first day of the reporting period.
- Property, plant and equipment of the initial value not exceeding PLN 3,500.00 are written off in the month in which they are put into use. Property, plant and equipment of the initial value below PLN 1,000.00 are recognised exclusively in off-balance sheet records and are charged as a single entry to costs of "purchase of tools and equipment" recorded on account 411-09.
- Costs of improvement of property, plant and equipment increase their initial value, provided that improvement consists in extending a period of economic useful life or improving parameters of property, plant and equipment measured by means of costs of operation, productivity, quality of manufactured products or scope of functionality.
- Costs of current renovations and inspections of property, plant and equipment are recognised as costs of the period in which they are incurred, unless they result in extending a period of economic useful life as compared to the initially assumed period.
- If property, plant and equipment are excluded from use, the Company does not discontinue depreciation, unless an item of property, plant and equipment is held for sale within 12 months. In such a case, property, plant and equipment are evaluated at the initial value less revaluation write-offs or at the fair value less selling costs, whichever is lower, and are not subject to depreciation - according to IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

1.6.4.8 Lease

- The Company recognises and evaluates leased assets pursuant to IAS 17 "Leases".
- The Company classifies assets as being the subject matter of financing or operating lease agreements on the basis of the criteria specified in § 7-19 of IAS 17.
- Assets which are the subject matter of a financing lease have to be disclosed as user's assets; assets which are the subject matter of an operating lease have to be disclosed as lessor's assets.
- In the case of a financing lease, the Company recognises the discounted value of a liability (without an interest part) broken down into long-term and short-term liabilities. An interest part of lease instalments is recognised as costs of the period. If the Company does not plan to use the option of purchase of the subject matter of a financing lease, it determines a period of economic useful life not longer than the term of a lease agreement.
- If the Company performs a leaseback transaction, any possible profit from the sale of an asset to a lessor is not recognised as revenue and is accounted for over time, unless a leaseback is an operating lease and the transaction has been concluded at the fair value.

- Non-current assets in progress are non-current assets that are constructed, assembled or improved. They are measured at the total costs directly related to their acquisition or construction less impairment losses.

1.6.4.9 Investments in property

- Principles of recognition and evaluation of investments in property are regulated in IAS 40 "Investment property".
- The Company classifies real properties held to generate rent income or an increase in their value as investment properties. If the real property is also used for own needs of the Company, while the separately used part may not constitute a separate ownership unit, the real property is treated as a fixed asset, if the use for own needs prevails, or as investment in the real property, if the investment character prevails.
- The Company evaluates real properties at fair values. Fair values of all real properties are determined as of 30 November of each financial year. Effects of reevaluation to fair values are subject to recognition in profit or loss of the financial year. Real properties acquired in the second half of the financial year are not subject to reevaluation.

1.6.4.10 Financial assets

- In order to evaluate financial assets, the Company applies the principles specified in IAS 27 "Separate Financial Statements" and IAS 39 "Financial Instruments: Recognition and Measurement".
- In separate financial statements the Company evaluates investments in subsidiaries and affiliates at acquisition prices pursuant to § 37 of IAS 27.
- The Company classifies financial assets other than investments in subsidiaries and affiliates pursuant to the definitions specified in § 9 of IAS 39, with the initial recognition under the following categories:
    - Assets evaluated at fair value through profit and loss are classified here:
        - Held for trading - evaluated at fair value, but effects of evaluation are recognised under profit or loss of the period. The Company classifies the following items in this sub-category:
            - Derivative instruments which are not hedge instruments covered by hedge accounting, including embedded derivative instruments subject to separation and recognition,
            - Instruments held for sale within 3 months of the acquisition date, if it is possible to reliably determine fair value for them.
    - Assigned to this category at the initial recognition.
        - The Company classifies financial assets in this sub-category, if such recognition results in decreasing the inconsistency in the scope of evaluation or recognition (e.g. a financing liability is evaluated at fair value through profit or loss) or
        - a group of financial assets, financial liabilities or both such categories is appropriately managed and its results are assessed based on fair value in accordance with documented risk management rules or investment strategy, while information on the group are provided on this basis within the entity to key members of the management (Company's Management

Board). As a matter of principle, stocks and shares in affiliates are classified in this group in the Company.

- Assets held to maturity - assets with fixed or determinable payments which the entity intends to hold to maturity with determination. They are subject to evaluation at the depreciated acquisition price (cost) with the application of the effective interest rate, but depreciation is recognised under profit or loss of the period.
- Loans and receivables – assets with fixed or determinable payments that are not quoted on an active market and have not been classified in other groups in the initial recognition. They are subject to evaluation at the depreciated acquisition price (cost) with the application of the effective interest rate, but depreciation is recognised under profit or loss of the period.
    - ♦ The Company evaluates trade receivables and other receivables at the acquisition price (does not discount), if their maturity date does not exceed 180 days from the date of their recognition.
- Assets available for sales - evaluated at fair values, but effects of changes in the balance sheet value are recognised under revaluation reserve. Assets available for sale include:
    - ♦ Assets assigned to this category at the initial recognition,
    - ♦ Assets not classified in other categories.
- Financial assets evaluated at the acquisition price - assets which have not been classified in the category of assets held to maturity or receivables and loans and for which it is not possible to reliably determine a fair value.

▪ The Company identifies and separates embedded derivative instruments, if they meet the criteria specified in § 11 of IAS 39. The Company does not separate currency derivatives embedded in contracts concluded in a currency other than the Company's functional currency, if the contract currency is the functional currency of the other party to the contract.

▪ Principles of recognition and exclusion of financial assets are regulated in § 14-42 of IAS 39.

▪ Principles of recognition of revaluation write-offs of financial assets are included in § 58-70 of IAS 39.

▪ The Company accepts the following principles of creating revaluation write-offs of receivables (which may be ignored in exceptional cases after obtaining the approval of the Company's Supervisory Board):

- Receivables past due for more than 180 days of 50% of the principal and interest,
- Receivables past due for more than 360 days of 100% of the principal and interest,
- Receivables from recipients in respect of which legal or settlement activities have been commenced are treated as doubtful from the moment of commencing the above-mentioned activities, covering them by a write-off of 100% of the principal and interest.
- Accrued interest on overdue receivables are covered by a revaluation write-off in the full amount.
- Revaluation write-offs are reduced by the value of received, existing collaterals related to doubtful receivables.

1.6.4.11 Hedge accounting

- The Company may determine financial instruments as hedge instruments, if they meet the conditions specified in § 88 of IAS 39. Application of hedge accounting depends on the discretion of the entity. Hedges may refer to:
  - Hedging of future cash flows - effects of evaluation of hedge instruments in the part constituting effective hedge are recognised under equity, while effects of evaluation of hedge instruments in the part constituting ineffective hedge are recognised under profit or loss of the period;
  - Fair value hedge - effects of evaluation of hedge and hedged instruments are recognised under profit and loss;
  - Hedge of a fair value of net investment in a foreign entity - effects of evaluation are recognised similarly to hedge of future cash flows.

1.6.4.12 Inventory

- Principles of recognition and evaluation of inventories are included in IAS 2 "Inventories".
- Inventories are evaluated at the acquisition prices or production costs not higher than the net realisable value.
- The Company classifies all direct costs and variable indirect costs of production of an item of inventory and that part of fixed indirect costs which has been incurred as part of using standard production capacities as costs of work in progress or costs of finished goods.
- The Company establishes a production plan for each month for a production department (in terms of volume - weight of produced finished products) on an annual basis. If implementation of the plan does not exceed 90%, the part of fixed indirect costs of production - proportionate to the part which has not been implemented - is not included in costs of production of inventories. Moreover, cost of production of inventories does not include fixed indirect costs of production for downtime of a plant or departments, if downtime exceeds one business day.
- Costs of unused production capacities are recognised under costs of basic operating activity in the month in which they are incurred.
- Cost of production of inventories does not include exchange rate differences or interest related to liabilities financing inventories.
- Costs of purchase are recognised as an increase in the value of materials, if it is possible to assign them in a direct manner.
- Consumption of inventories is evaluated according to the first-in, first-out method (FIFO).
- Inventory of finished products of the steel structure and equipment production department is evaluated at fixed prices corresponding to the planned costs of production. Differences between the actual cost of production and the cost at fixed prices are recognised under deviations and assigned to profit or loss of the period, in proportion to the value of finished goods recognised under profit or loss of the period at fixed prices.
- At the end of the reporting period, the Company compares evaluation of inventories at the acquisition price or production costs with the net realisable value. For items for which the net realisable value is lower than the balance sheet value, the Company makes the write-off to the net realisable value.

- The Company classifies contracts in which a period between the commencement of implementation of the contract and the final completion of the subject matter of the contract is at least 6 months as construction contracts which would be subject to settlement in accordance with IAS 11 "Construction contracts". It does not include contracts as part of which the Company performs a greater part of products delivered and accounted for on an ongoing manner, i.e. in periods shorter than 6 months.
  - The Company determines the progress of works of construction contracts on the basis of the share of costs incurred in respect of the contract in the planned costs of the contract. The measurement of the progress of works does not include costs which have not been covered by the plan. The incurred costs include costs of materials, if they refer to materials embedded according to the plan. Not embedded materials are assigned to inventory of materials.

1.6.4.13 Accounting for costs of property development activity

- Costs of production of facilities as part of the conducted property development activity include costs meeting the criteria of technical production cost, including:
  - Direct production costs,
  - Indirect costs related to production of facilities, in particular:
    - ♦ Logistics department costs (fuel, maintenance of vehicles, logistics management, drivers' remuneration when vehicles are used in various projects) - accounted for under property development projects and general contracting according to the criterion of direct production costs.
    - ♦ Costs of the purchasing department of general contracting and property development activity - accounted for under property development projects and general contracting according to the criterion of direct production costs.
- The Company distinguishes accounts for each property development project (Order). The criterion of separation of the Order is the estimated time of completion of construction of all facilities (buildings and structures) covered by a given order and the similarity of facilities covered by the Order. Expenditure on the production of facilities, the planned completion of use of which differs by more than 6 months (i.e. the earliest completed facility as part of the order will be completed earlier than 6 months before the last completed facility as part of the order) should not be recognised as part of one order. Facilities for which the estimated cost of production of usable area (PU) of a facility differs by more than 20% should not be recognised as part of one order. Once the order has been completed, costs are accounted for per square meter of PU according to the following algorithm:
    - ♦ TKW 1m2 PU = [(PKZR) – (POPS)*(CPOPS)]/(PUO)
      Where:
      TKW - technical cost of production
      PKZR – incurred costs of the order in total
      POPS – area of auxiliary facilities subject to sales (garages, cellars)
      CPOPS – expected sales price of square meter of auxiliary facilities
      PUO – usable area of facilities in total
- The above algorithm assumes that auxiliary areas are subject to evaluation according to the expected revenue from sales, similarly to auxiliary production. Costs of common facilities are accounted for in a proportionate manner per square meter of PU.

- If a given facility as part of a given order has been completed and is subject to sales or putting into use before completion of other facilities (if other facilities are planned to be completed not later than within 6 months of the date of completion of the first facility as part of the order), costs are accounted for per square meter of PU of the completed facility according to the following algorithm:
  - ♦ FTKW 1m2 PU = [(PKZR) + (FKZR) – (POPS)*(CPOPS)]/(PUO)
    Where:
    TKW - estimated technical cost of production
    FKZR - estimated future costs necessary to complete the order
- Once the order has been completed (not later than within 6 months), costs are finally determined and FTKW is adjusted to TKW.
- If the initial assumption - that all facilities as part of the order will be completed within 6 months and the cost of production of 1m2 of PU of the performed facilities will not differ by more than 20% - is not confirmed, the company distributes orders according to the applicable criteria and all costs previously incurred as part of the order are subject to reassignment by new orders.
- If the company incurs significant expenditure on common parts related to many orders, this expenditure is subject to division into orders in proportion to PU, but settlements are performed exclusively in relation to open orders or planned to be opened within 12 month of the date on which this expenditure was incurred.

1.6.4.14 Cash and cash flow statement

- The Company classifies cash in hand and deposits payable on demand as cash. In the case of deposits, the payment of which depends on the fulfilment of specific conditions (letters of credit, blockades), they are recognised as restricted cash.
- The Company classifies bank deposits, treasury bills and commercial bills with high credit quality, for which maturity does not exceed 3 months of the date of recognition of a financial asset (also refers to bank deposits) as cash equivalents.
- The Company evaluates cash other than that listed in item I.8.2 at nominal value. The Company evaluates cash equivalents at fair value which, as a matter of principle, should not significantly depart from evaluation at the depreciated acquisition price.
- Cash in foreign currency on a bank account and at hand is recorded within one year according to the FIFO method (first-in, first-out).
- The Company prepares the cash flow statement using the indirect method. The following types of cash flows are distinguished:
  - From operating activity - classification according to § 13-15 of IAS 7;
  - From investment activity - classification according to § 16 of IAS 7;
  - From financial activity - classification according to § 17 of IAS 7.
- Income tax flows are assigned to individual types of activity.

1.6.4.15 Prepayments

- The Company accounts for the costs incurred, which refer to future reporting periods, over time. In particular, the following costs are subject to settlement in proportion to the lapse of time:
  - Insurance costs;
  - Subscription costs;

- Costs of the provided utilities, lease costs etc. paid in advance.

1.6.4.16 Equity

- The Company classifies the following items under equity capitals:
  - The equivalence of the issued capital instruments (shares, share options etc.). The Company distinguishes capital instruments from liabilities pursuant to regulations of § 15-20 of IAS 32 - "Financial instruments - Presentation". Depending on legal regulations, they are subject to recognition as a share, supplementary or reserve capital.
    - In the case of issue of compound instruments consisting of a capital instrument and a financial liability (e.g. bonds into shares), the Company separates and evaluates a capital instrument, presenting its value as equity capitals.
  - Retained profit - depending on a decision of shareholders, presented as supplementary or reserve capitals. They are evaluated at nominal value.
  - Effects of evaluation of assets and liabilities directly recognised as equity capitals - presented as reserve capitals. They are evaluated at nominal value.
  - Undistributed profit from previous years. It is evaluated at nominal value.
- Equity capitals are not subject to reevaluation, except for the occurrence of hyperinflation pursuant to IAS 29 "Financial Reporting in Hyperinflationary Economies".

1.6.4.17 Provisions for liabilities

- The Company recognises provisions for liabilities pursuant to IAS 19 "Employee Benefits" in the scope of provisions for employee benefits and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" in the scope of other provisions.
  - The Company establishes provisions for the following employee benefits:
  - Retirement severance pays - using actuarial methods. The average profitability of 10-year treasury bonds from the last 12 months before the balance sheet date is considered by the Company to be a discount rate. The Company accepts the estimated growth of remuneration above the inflation of 1% per year. The Company assesses the provision once per 3 years, unless significant changes in the scope of volume and structure of employment and a discount rate have occurred;
    - The Company does not use an "actuarial corridor".
  - Unused employee holiday - evaluated as the product of the average remuneration in the Company which constitutes the basis for the payment of equivalent for unused holiday (taking into account charges to be borne by the employer) as of the balance sheet day and the number of days of unused holiday;
  - Other short-term employee benefits related to a reporting period - bonuses, remuneration etc. - treated as liabilities, if their value is specified and unconditional. Otherwise, they are recognised as provisions.
- The Company establishes the following provisions for other titles:
  - For effects of legal disputes - to the full value of the subject matter of a dispute and the estimated costs related to a dispute, if a legal assessment indicates that there is medium or high probability of losing a dispute;

- For guarantee repairs and complaint costs - established, if historical data indicates that costs of guarantee repairs and complaints are significant, i.e. they are greater than 1% of the value of revenue achieved in a reporting period or the Management Board foresees that future costs in respect of the above will significantly increase as a result of a change in conditions or the subject matter of a guarantee;
- For future losses from economic operations in progress - established, if the contract, to which the Company is a party, gives rise to charges, e.g. a contract - which will bring losses - has been signed, or contract conditions have not been fulfilled, which will result in the obligation to pay compensation;
- For restructuring costs - if the conditions specified in section 77 of IAS 37 are fulfilled - in the amount specified in sections 80-83 of IAS 37.

1.6.4.18 Liabilities

- In order to evaluate financial liabilities, the Company applies the principles specified in IAS 39 "Financial Instruments: Recognition and Measurement".
- The Company evaluates financial liabilities using the depreciated cost method, with the exceptions specified in § 47 of IAS 39. Exceptions include:
  - Derivative instruments which are financial liabilities are evaluated at fair value through profit or loss, unless they have been designated for hedge instruments;
  - Financial liabilities classified in categories evaluated at fair value through profit or loss at the initial recognition. The Company classifies financial liabilities in this sub-category only if such recognition results in decreasing the inconsistency in the scope of evaluation or recognition (e.g. a financing liability is evaluated at fair value through profit or loss).
- Liabilities resulting from loans, borrowings and financial lease are evaluated by the Company using the depreciated cost method.
- Trade liabilities are evaluated using the depreciated cost method, but liabilities are not discounted if a payment date does not exceed 180 days.
- Principles of recognition and exclusion of financial liabilities are included in § 14-42 of IAS 39.

1.6.4.19 Grants and State assistance

- Principles of accounting for the received grants and State assistance are included in IAS 21 "Government Grants and Disclosure of Government Assistance".
- Grants related to costs or revenue incurred or obtained in the past are recognised as revenue in the period in which they have become due. Grants are presented as a separate item of revenue from basic operating activity, but if they refer to costs or revenue of other operating activity, they are presented as other operating revenue.
- Grants related to assets are recognised as revenue of future periods and accounted for in proportion to the value of the subsidised asset written off as costs. The part of a grant which has been accounted for is presented as revenue at the same level of a profit and loss account at which costs related to the subsidised asset are recognised.

1.6.4.20 Revenue

- Principles of recognition of revenue other than that obtained from sales of financial instruments have been specified in IAS 18 "Revenue".
- Revenue and costs obtained from sales of financial instruments are disclosed on the date of exclusion of the sold financial instrument from the balance sheet pursuant to IAS 39.
- Revenue is evaluated at fair value of payment. If a payment date is deferred, revenue should be recognised on the date on which it arises at a discount amount. The discount value constitutes interest revenue (financial revenue) recognised in accordance with the effective interest rate in the period of the deferred payment date. Revenue is not discounted, if a payment date does not exceed 180 days.
- Revenue should be recognised on the date of transfer of significant risks and profits related to an asset and when the Company ceases to be permanently engaged in the management of an asset as an owner. Moreover, revenue is deemed achieved, if the amount of revenue may be reliably assessed and there is a likelihood that an economic entity will obtain economic profits from a transaction and if costs incurred may be assessed in a reliable manner.
- When establishing the moment of achieving revenue, the International Commercial Terms - "Incoterms", prepared by the International Chamber of Commerce in Paris, hereinafter referred to as the ICC, are applied.
- If sales is made to agents such as distributors, dealers and other, for the purpose of resales, such type of revenue is recognised when the risk and profits from the ownership are transferred to a buyer. However, if a buyer acts as a seller's representatives, sales is treated as commission sales.
- Revenue from sales of premises produced as part of property development activity is recognised on the date of signing a final notarial deed for the sales of premises.
- When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction should be recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:
  - The amount of revenue can be reliably measured,
  - It is probable that the economic benefits associated with the transaction will flow to the economic entity,
  - The stage of completion of the transaction as at the balance sheet date can be measured reliably and
  - The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- Dividends are recognized when the shareholders' right arises to receive them.

1.6.4.21 Costs

- Costs are recognised in profit or loss as incurred, i.e. on the date on which the corresponding assets are excluded or liabilities are recognised.
- Costs of employee benefits are recognised in the period in which employees performed the respective work.

- Costs of external financing are recognised as costs of the period in which they have been incurred, except for costs which may be attributed directly to acquisition, construction or production of the adapted asset. They should be activated as the part of the acquisition price or production cost of that asset, in accordance with the alternative approach of IAS 22 "External Financing Costs".

1.6.4.22 Income tax

- Principles of evaluation and recognition of income tax are regulated in IAS 12 "Income Tax".
- Taxable income (tax loss) of the Company is the income (loss) for a given period established in compliance with principles set forth by Polish tax authorities which form the basis on which the income tax is payable (reimbursable).
- Current tax is the amount of income tax payable (reimbursable) from the taxable income (tax loss) for a given period.
- Positive and negative temporary differences, assets and provisions for deferred income tax, tax and balance sheet value of assets and liabilities are defined in § 5 of IAS 12.
- Deferred tax assets constitute amounts to be deducted in future periods from income tax due to:
  - Negative temporary differences,
  - Carrying over of unused tax losses and
  - Carrying over of unused tax credits.
- Tax burden (tax revenue) consists of current tax burden (current tax revenue) and deferred tax burden (deferred tax revenue).
- The Company establishes provision for deferred tax income (recognises a deferred tax asset) in all cases in which realisation or settlement of the balance sheet value of an asset or liability will result in increasing (decreasing) the amount of future tax payments as compared to the amount which would be proper, if such realisation or settlement did not trigger tax effects.
- Current evaluation of tax receivables and liabilities should be made at the amounts due according to rates legally or actually applicable as of the balance sheet date.
- On the basis of the prepared financial result forecasts, it is necessary to evaluate in the following years whether there are premises (planned taxable income) to create a deferred tax asset or adjust its value.
- The Company does not discount deferred tax assets and provisions.
- Assets and provisions for temporary differences, the effects of which have been directly taken to equity, will be taken to equity and not to profit or loss of the period.
- Tax receivables and liabilities are subject to separate disclosure in the financial statements, similarly to deferred tax assets and provisions.
- Current income tax liabilities and receivables should not be offset. Offsetting is permissible only if the Company:
  - has a legally enforceable right to set off the recognised amounts,
  - intends either to settle tax on a net basis, or to realise the asset and settle the liability simultaneously.

- Deferred income assets and provisions should not be offset. Offsetting is permissible only if the Company:
  - has a legally enforceable right to set off the recognised amounts,
  - Assets and liabilities refer to income tax imposed on one taxpayer or many taxpayers on several conditions.
- Disputes with tax authorities result in recognising conditional liabilities. If the likelihood of unfavourable resolution is high, the Company recognises provisions pursuant to IAS 37 "Provisions".

1.6.4.23 Operating segments

- The Company distinguishes and presents information on operating segments pursuant to IFRS 8 "Operating Segments". Information is subject to presentation only in the consolidated financial statements.
- On the date on which the policy was approved, the Company identified the following business segments:
  - General contracting,
  - Property development activity,
  - Production of steel structures and equipment,
- The Company establishes geographical segments as a secondary reporting format.
- The Company determines that it will not separate segments, if revenue or profit/loss or segment assets constitute less than 10% of revenue, profit/loss or assets of all segments, respectively. In the case of division into segments, it is necessary to present at least 75% of consolidated revenue, profit and assets.

1.6.4.24 Consolidation principles

- The Company carries out consolidation in accordance with the regulations of IFRS 3 "Business Combinations", IFRS 10 "Consolidated Financial Statements", IFRS 28 "Investments in Associates" and IFRS 11 "Joint Arrangements".
- The Company may not consolidate a subsidiary or an associate, if the following three conditions are jointly met:
  - Assets of a subsidiary or an associate do not exceed 5% of the aggregated assets of consolidated entities without consolidation exclusions;
  - Total revenue (from all types of activity) of a subsidiary or an associate does not exceed 5% of the aggregated revenue of consolidated entities without consolidation exclusions;
  - The absolute value of profit or loss of a subsidiary or an associate constitutes not more than 5% of the aggregated equity of consolidated entities without consolidation exclusions.
- If the Company decides not to consolidate more than one entity, the aggregated values specified in item I.17.2 for the excluded entities may not exceed thresholds specified in that item.
- The Company consolidates financial statements using the full method with regard to data of a parent and subsidiaries pursuant to the requirements specified in para. 19-30 of IFRS 26-39.

in thousand PLN

- The Company consolidates financial statements using the equity method with regard to data of associates pursuant to the requirements of sections 13-30 of IFRS 28.
- The Company does not exclude unrealised margin included in assets, if the absolute value of unrealised margin does not exceed 0.5% of the value of consolidated equity prior to consolidation exclusions. The Company may not exclude unrealised margins only for the selected fixed assets, if they independently meet the condition specified in the previous sentence.
- The Company establishes assets or provisions for deferred income tax for the excluded unrealised margins, if the value is realised in the Entity which will achieve the planned tax income allowing to settle the created deferred income assets.
- Provisions for deferred income tax for positive goodwill are not established.

1.6.4.25 Interim financial reporting

- The Company prepares interim financial statements pursuant to the requirements of the Regulation of the Minister of Finance of 19 October 2005 on current and periodic information submitted by issuers of securities (Journal of Laws of 2005, No. 209, item 1744), applying the regulations of IAS 34 "Interim Financial Reporting". The Company prepares:
  - Quarterly financial statements for the following quarters of the financial year,
  - Interim financial statements for the first 6 months of the financial year.
- Interim financial statements consist of at least the following parts:
  - Condensed statement of financial condition,
  - Condensed statement of profit and loss and other comprehensive income,
  - Condensed statement of changes in equity,
  - Condensed statement of cash flows,
  - Information on the adopted principles (rules) of accounting and notes.
- As part of an interim financial report, the Company publishes condensed consolidated financial statements.

❖ Condensed financial statements should include, as a minimum, all main items and intermediate sums which were included in the last annual financial statements and the selected notes.

The financial statements for the period from 01.01.2015 to 30.09.2015 have been prepared on the assumption that the Company will continue as a going concern in the foreseeable future and there are no circumstances indicating the risk to a going concern.

1.6.5 Transactions with affiliates

In the period from 01.01.2015 to 30.09.2015, the Company and its subsidiaries did not conclude any major transactions with affiliates other than arm's length transactions

Transactions and balances with affiliates for the period from 01.01.2015 to 30.09.2015	Consolidated			Non-consolidated
	Parent to/from subsidiaries	Subsidiaries to/from parent	Subsidiaries to/from subsidiaries	Other related
Net sales (without VAT)	107,715	1,451	107,678	-
Net purchases (without VAT)	1,451	107,715	107,678	-

in thousand PLN

Interest revenue	-	-	-	-
Interest expense	-	-	-	342
Borrowings granted	5	-	-	-
Loans received	-	5	-	6,530
Short-term receivables	39	1,572	132,470	-
Long-term receivables	-	-	-	-
Short-term liabilities	1,572	39	132,470	-
Long-term liabilities	-	-	-	-

Transactions and balances with affiliates for the period from 01.01.2015 to 30.09.2014	**Consolidated**			**Non-consolidated**
	Parent to/from subsidiaries	**Subsidiaries to/from parent**	**Subsidiaries to/from subsidiaries**	**Other related**
Net sales (without VAT)	-	-	-	-
Net purchases (without VAT)	-	-	-	-
Interest revenue	-	-	-	-
Interest expense	-	-	-	320
Borrowings granted	-	-	-	-
Loans received	-	-	-	6,530
Short-term receivables	-	-	-	-
Long-term receivables	-	-	-	-
Short-term liabilities	-	-	-	-
Long-term liabilities	-	-	-	-

1.6.6 Sureties and guarantees granted

In the period from 01.01.2015 to 30.09.2015, the Company and its subsidiaries did not grant sureties or guarantees related to financial liabilities of other entities. The Company granted guarantees related to the performed construction works.

Sureties and guarantees granted	**As of 30.09.2015**	**As of 31.12.2014**
For affiliates	**-**	**-**
guarantees and sureties for repayment of loans and borrowings	-	-
performance bonds	-	-
From other entities	**13,491**	**23,439**
guarantees and sureties for repayment of loans and borrowings	-	-
performance bonds	13,226	23,044
other guarantees and sureties	265	395
GUARANTEES AND SURETIES GRANTED IN TOTAL	**13,491**	**23,439**

1.6.7 Issue, redemption and repayment of non-equity and equity securities

Bond issue programme

On 29 May 2015, the Company adopted a resolution under which it decided to accept the bond issue programme of series C shares ("Issue Programme") which provides for the issue by the Company of the bonds other than convertible bonds or bonds with priority right in five series ("Tranches") with the total nominal value of all the Tranches not exceeding PLN 50 million ("Bonds"). The purchase of particular Bond Tranches will be offered exclusively to the funds Pioneer FIO and Pioneer Bond – Dynamic Allocation FIO, on the terms and conditions specified in the agreement concluded between the Company and the aforementioned funds (whereas the final wording of the purchase offer and the terms of issue of Bonds of a given Tranche will be determined by separate resolutions of the Management Board).

Bonds will be issued as bearer securities bearing an interest rate equal to 3M WIBOR plus the margin, secured, with the redemption date of each Bond Tranche on the day not later than 48 months from the date of allocation of the first Tranche Bonds. Bonds are issued to obtain funds for the investment project (construction of a multi-family residential building including service premises) on the lot at Jaglana Street in Gdańsk.

The Bonds confer the right to cash payments only. The Bondholder is entitled to request early redemption from the Issuer. The Issuer is entitled to early redemption of all or part of the Bonds. There may also be a situation where the Issuer is required to redeem the Bonds early. Bonds will be issued as collateralised securities and will be backed at least by (separately for each tranche):
• establishment to the benefit of the administrator of collaterals for contractual mortgages on the right of perpetual usufruct of the real property located in Gdańsk at 3 Jaglana Street ("Real Property") whose perpetual user is the Company, whereas the mortgages established for particular bond tranches will have equal priority among themselves and the highest priority;
• submission by the Company to each bondholder of a declaration of submission to enforcement pursuant to Article 777 § 1(5) of the Code of Civil Procedure with regard to the obligations arising under a given bond tranche;
• conclusion of an escrow account agreement allowing the funds to exercise control over the cash flows of the Company as part of the investment project to be executed using the funds obtained from bonds whereas the escrow account agreement concluded in connection with the issue of I-tranche bonds will apply to the bonds of all subsequent tranches.
• granting by Dekpol to the mortgage administrator of an irrevocable power of attorney under which Dekpol will authorise the holder of the power of attorney to submit, on behalf of Dekpol, a statement of intent whereby Dekpol pursuant to Article 40(1) of the Building Law expresses its consents to transfer to another entity the building permit decision regarding the existing Investment Project and to grant a further power of attorney to the entity which will act as a mortgage administrator in lieu of the current administrator, whereas each holder of a power of attorney will have the right to the grant further powers of attorney;
• establishment of a contractual mortgage up to the highest amount equal to the collateral to the benefit of the collateral administrator acting as a mortgage administrator, on the Issuer's right of perpetual usufruct of the Real Property.

On 12 June 2015, five contractual mortgages, referred to in above, were entered into the register by the District Court Gdańsk – Północ in Gdańsk, 3rd Division of Land and Mortgage Registers. Particular contractual mortgages were established to secure the claims of bondholders with respect to particular tranches of Bonds up to: PLN 18.75 million, PLN 18.00 million, PLN 13.5 million, PLN 14.25 million and PLN 10.5 million, respectively, i.e. up to PLN 75 million in total. The mortgages established for particular bond tranches have equal priority among themselves and the highest priority. The mortgages were established to the benefit of mortgage administrator – WS Trust Sp. z o.o. ("Mortgage Administrator") in performance of the provisions of the agreement, referred to in above. The Mortgage Administrator, in accordance with mortgage administration agreement concluded with the Company, will perform the rights and obligations of a mortgage creditor on its own behalf but to the benefit of the bondholders.

<u>Series C1 bonds</u>

Under the bond issue programme, referred to in above, on 19 June 2015, the Company allocated 12,500 secured series C1 bearer bonds in uncertified form of a nominal value of PLN 1,000 each and the total nominal value of PLN 12.5 million ("Bonds") to the funds

Pioneer FIO and Pioneer Bond – Dynamic Allocation FIO (jointly the "Funds"). The Bonds were issued at the issue price equal to the nominal value. The bonds are negotiable, secured and bearing interest based on the 3M WIBOR rate plus the margin determined on arm length's terms. Interest on the Bonds will be paid quarterly. The Bonds confer the right to cash payments only. Redemption of the bonds is due on 19 June 2019. The Bonds will be redeemed on the redemption date for an amount equal to the nominal value plus the interest. The Bonds are issued to obtain funds for the execution by the Issuer of an investment project consisting in the construction of a residential building with service premises on the lot at Jaglana Street in Gdańsk ("Investment Project").

Bond security instruments are: (i) the Issuer's declarations of submission to enforcement pursuant to Article 777 § 1(5) of the Code of Civil Procedure with respect to the Issuer's financial obligations under the Bonds, submitted to particular Funds up to 150% of the nominal value of the Bonds held by them and giving the right to apply for appending the enforcement clause by 31 December 2019, (ii) contractual mortgage up to the highest amount equal to PLN 18.75 million established to the benefit of the mortgage administrator (WS Trust Sp. z o.o.) on the Issuer's right of perpetual usufruct of the real property located in Gdańsk (iii) the Issuer's declaration to the benefit of the administrator of the above mortgage of submission to enforcement pursuant to Article 777 § 1(5) of the Code of Civil Procedure from the encumbered real property to satisfy the receivables arising from the Bonds giving the right to apply for appending the enforcement clause by 31 December 2019, (iv) escrow account agreement ensuring control over the cash flows of the Company under the Investment Project, including the funds obtained from the issue of the Bonds and the sale of premises as part of the Investment Project in such a manner so that the funds accumulated on the escrow account may be used exclusively for the purposes connected with the execution of the Investment Project and the redemption of the Bonds along with any accrued and unpaid interest.

Series C2 bonds

Under the bond issue programme, referred to in above, on 3 September 2015, the Company allocated 12,000 secured series C2 bearer bonds in uncertified form of a nominal value of PLN 1,000 each and the total nominal value of PLN 12 million ("Bonds") to the funds Pioneer FIO and Pioneer Bond – Dynamic Allocation FIO (jointly the "Funds"). The Bonds were issued at an issue price corresponding to their nominal value. The bonds are negotiable, secured and bearing interest based on the 3M WIBOR rate plus the margin determined on arm length's terms. Interest on the Bonds will be paid quarterly in arrears. The Bonds confer the right to cash payments only. Redemption of the bonds is due on 19 June 2019. The Bonds will be redeemed on the redemption date for an amount equal to the nominal value plus the interest.
The Bonds are issued to obtain funds for the execution by the Issuer of an investment project consisting in the construction of a residential building with service premises on the lot at Jaglana Street in Gdańsk ("Investment Project").
Bond security instruments are: (i) the Issuer's declarations of submission to enforcement pursuant to Article 777 § 1(5) of the Code of Civil Procedure with respect to the Issuer's financial obligations under the Bonds, submitted to particular Funds up to 150% of the nominal value of one Bond held by them and giving the right to apply for appending the enforcement clause by 31 December 2019, (ii) contractual mortgage up to the highest amount equal to PLN 18 million established to the benefit of the mortgage administrator (WS Trust Sp. z o.o.) on the Issuer's right of perpetual usufruct of the real property located in Gdańsk (iii) the Issuer's declaration to the benefit of the administrator of the above mortgage of submission to enforcement pursuant to Article 777 § 1(5) of the Code of Civil Procedure from the encumbered real property to satisfy the receivables arising from the Bonds giving the right to apply for appending the enforcement clause by 31 December 2019, (iv) escrow account agreement ensuring control over the cash flows of the Company under the

Investment Project, including the funds obtained from the issue of the Bonds and the sale of premises as part of the Investment Project in such a manner so that the funds accumulated on the escrow account may be used exclusively for the purposes connected with the execution of the Investment Project and the redemption of the Bonds along with any accrued and unpaid interest.

<u>Series D bonds</u>

On 16 October 2015, allocation of 350 thousand secured series D bearer bonds of the nominal value of PLN 100 each and the total nominal value of PLN 35 million ("Bonds") was performed. The issue price of one Bond was PLN 100.
The Bonds were issued:
- for the Issuer to repay loans granted to the Issuer by Bank Spółdzielczy in Skórcz and SGB-Bank S.A. under loan agreement no. Z/50/DZ/2011 dated 29 December 2011 and under loan agreement no. Z/168/2007 dated 21 May 2007, presented in the Issue Prospectus of Dekpol S.A. approved by the Polish Financial Supervision Authority on 27 November 2014, the banks' claims thereunder against the Issuer were secured with mortgages specified therein; however, for the said repayment the Issuer will earmark funds raised from the issue amounting to not less than PLN 11.16 million (equivalent to the balance of the nominal value of loans as of 31 August 2015) plus interest thereon,
- to raise funds for the current operations of the Company, including the construction of the Almond hotel at ul. Toruńska in Gdańsk.
The Bonds are negotiable and bearing interest based on the 3M WIBOR rate plus the margin determined on arm length's terms. Interest on the Bonds will be paid quarterly (the interest period). The Bonds do not involve any non-financial performances. Redemption of the Bonds is due on 16 October 2018. The Bonds will be redeemed on the redemption date by the Issuer paying the nominal value of each Bond plus interest thereon to the bondholders. The Bonds may be redeemed earlier at the request of the bondholders on the terms and conditions and in situations specified in the Terms and Conditions of Bond Issue ("TCBI"), including if the Issuer defaults on the performance of its obligations under the Bonds or defaults on the ratios related to the Issuer's financial standing and debt specified in TCBI. The Bonds may also be redeemed earlier at the request of the Issuer at the end of the fourth interest period at the earliest. The Issuer intends to apply for introducing the Bonds to the alternative trading system.
In order to secure claims resulting from the Bonds, the Issuer's subsidiary Almond Sp. z o.o. will establish a contractual mortgage of up to PLN 52.5 million on the right of perpetual usufruct of the real property located in Gdańsk at ul. Toruńska, where the construction project is carried out consisting in the construction of the Almond hotel.

<u>Series E bond issue programme</u>

On 11 November 2015, the Company adopted a resolution under which it decided to accept the bond issue programme of series E shares ("Issue Programme") which provides for the issue by the Company of the bonds other than convertible bonds or bonds with priority right in four series ("Tranches") with the total nominal value of all the Tranches not exceeding PLN 40 million ("Bonds"). The Company will offer the purchase of particular Bond Tranches exclusively to the funds Pioneer FIO and Pioneer Bond – Dynamic Allocation FIO (jointly the "Funds"), on the terms and conditions specified in the agreement of 10 November 2015 concluded between the Issuer and the Funds concerning the issue of the bonds, whereas the final wording of the purchase offer and the terms of issue of the Bonds of a given tranche will be determined by separate resolutions of the Management Board.

Series E bonds will be issued in four series ("Tranches") as secured bearer securities in uncertified form of a nominal value of PLN 1,000 each and the total nominal value of all issued bonds of PLN 40 million ("Bonds"). The Bonds will bear an interest rate equal to 3M

WIBOR plus the margin determined with the Funds, with the redemption date of each Bond Tranche on the day not later than 48 months from the date of allocation of the first Tranche Bonds. The issue price of the bonds will be equivalent to their nominal value. The Bonds will be issued to obtain funds for the investment project (construction of a multi-family residential building including service premises) on the lot at Jaglana Street in Gdańsk ("Investment Project"). The agreement specifies the rules under which the Issuer will offer the Funds to take up the Bonds issued by the Company and the Funds will take up the Bonds. The Issuer is authorised and obliged to offer the purchase of individual Bond Tranches exclusively to the Funds, in relation to the progress of implementation of individual stages of the Investment schedule, under the terms and conditions precisely determined in the Agreement, i.e. in particular as of the date of submission of offers for the purchase of the Bonds of a given Tranche and as of the date of submission by the Funds of a declaration on accepting such an offer:
a) the basis for earlier redemption for any of tranches of the Bonds or the C series Programme Bonds may not occur,
b) mortgages for individual tranches of the Bonds will have the highest and equal priority among themselves and mortgages for the C series Programme Bonds,
c) in the land and mortgage register covering the Real Property there will be no (i) entry of any other mortgage, apart from the mortgages, referred to in item b above, (ii) mention of mortgages other than the above-mentioned mortgages,
d) an escrow account agreement providing for the exercise of control over the cash flows of Dekpol as part of the Investment Project will be applicable,
e) the Funds will be provided with documents which will indicate the Issuer's right to fully use the project documentation related to the Investment Project and in the scope allowing to conclude the agreement, referred to in item (v) above.
The Bonds will confer the right to cash payments only. The Bondholder is entitled to request early redemption from the Issuer. The Issuer is entitled to early redemption of all or part of the Bonds. There may also be a situation where the Issuer is required to redeem the Bonds early.
The Bonds will be backed at least by (separately for each Tranche):
(i) establishment of a contractual mortgage on the right of perpetual usufruct of the real property located in Gdańsk at Jaglana Street, whereas the mortgages established for particular Bond Tranches will have equal priority among themselves and mortgages established for securing the C Series Programme Bonds and the highest priority;
(ii) submission by the Company to each bondholder of a declaration of submission to enforcement pursuant to Article 777 § 1(5) of the Code of Civil Procedure with regard to the obligations arising under a given bond Tranche;
(iii) conclusion of an escrow account agreement allowing the Funds to exercise control over the cash flows of Dekpol as part of the Investment Project, including the right to obtain from the bank any information on an escrow account, in particular information on the current balance of the account,
(iv) granting by Dekpol to the mortgage administrator of an irrevocable power of attorney related to security in the form of a notarial deed, under which Dekpol will authorise the holder of the power of attorney to submit, on behalf of Dekpol, a statement of intent whereby Dekpol pursuant to Article 40(1) of the Building Law expresses its consents to transfer to another entity the building permit decision regarding the existing Investment Project and to grant a further power of attorney to the entity which will act as a mortgage administrator in lieu of the current administrator;
(v) conclusion of an agreement between Dekpol and a mortgage administrator, under which a mortgage administrator will obtain a legal title (e.g. copyright or licence) to fully use project documentation related to the Investment Project, in particular in the scope of conducting a construction process, carrying out sales, maintaining the Investment Project, including modification of works constituting project documentation and the right to exercise derivative copyright, as well as the possibility to freely dispose of that legal title for the benefit of other entities.

in thousand PLN

1.7 Notes to the Condensed Interim Consolidated Financial Statements

1. - Revenue from sales (continuing operations)	for the period: 01.01.2015 - 30.09.2015	for the period: 01.01.2014 - 30.09.2014	for the period: 01.07.2015 - 30.09.2015	for the period: 01.07.2014 - 30.09.2014
Revenue from the sales of products	202,887	158,973	67,684	61,208
Revenue from the sales of services	1,488	566	553	171
Revenue from the sales of goods	2,448	5,501	977	1,483
Revenue from the sales of materials	2,694	2,278	1,820	627
TOTAL REVENUE FROM SALES	**209,518**	**167,318**	**71,034**	**63,489**

2. - Costs by type	for the period: 01.01.2015 - 30.09.2015	for the period: 01.01.2014 - 30.09.2014	for the period: 01.07.2015 - 30.09.2015	for the period: 01.07.2014 - 30.09.2014
Depreciation	2,189	2,305	741	869
Consumption of materials and energy	58,193	41,338	22,841	11,774
Outsourced services	133,775	87,604	49,651	36,426
Taxes and fees	646	294	153	73
Remuneration	9,484	6,944	3,533	2,497
Employee benefits	2,089	1,450	109	93
Other costs by type	2,085	1,543	313	212
Value of goods and materials sold	4,603	8,234	2,525	1,779
TOTAL COSTS BY TYPE	**213,064**	**149,712**	**79,866**	**53,723**
Adjustments:				
Movements in the balance of products	(5,229)	(9,831)	10,117	(243)
Own work capitalised	(37,216)	3,468	(36,921)	223
Selling costs	5,049	2,400	1,950	581
General administrative expenses	6,824	2,985	3,204	986
TOTAL OPERATING COSTS	**182,491**	**148,734**	**58,215**	**55,270**

3. - Other operating revenue	for the period: 01.01.2015 - 30.09.2015	for the period: 01.01.2014 - 30.09.2014	for the period: 01.07.2015 - 30.09.2015	for the period: 01.07.2014 - 30.09.2014
Profit on disposal of non-financial fixed assets	81	-	2	-
Release of provisions	-	-	-	-
Reversal of write-offs, of which:	818	-	332	-
- property, plant and equipment	-	-	-	-
- intangible assets	-	-	-	-
- trade receivables	818	-	332	-
- inventories	-	-	-	-
- other assets	-	-	-	-
Grants	194	80	-	-
Compensation	759	124	-	12
Other revenues	270	183	110	7
OTHER OPERATING REVENUE IN TOTAL	**2,121**	**387**	**444**	**19**

in thousand PLN

4 - Other operating costs	for the period: 01.01.2015 - 30.09.2015	for the period: 01.01.2014 - 30.09.2014	for the period: 01.07.2015 - 30.09.2015	for the period: 01.07.2014 - 30.09.2014
Loss on disposal of non-financial fixed assets	-	7	-	1
Establishment of provisions	-	-	-	-
Creating revaluation write-offs, of which:	899	-	-	-
- trade receivables	899	-	-	-
Defects, repairs, compensation	98	63	14	18
Other costs	537	277	72	117
OTHER OPERATING EXPENSES IN TOTAL	**1,533**	**347**	**86**	**136**

5. - Financial revenue	for the period: 01.01.2015 - 30.09.2015	for the period: 01.01.2014 - 30.09.2014	for the period: 01.07.2015 - 30.09.2015	for the period: 01.07.2014 - 30.09.2014
Interest	55	68	24	11
FINANCIAL REVENUE IN TOTAL	**55**	**68**	**24**	**11**

6. - Financial costs	for the period: 01.01.2015 - 30.09.2015	for the period: 01.01.2014 - 30.09.2014	for the period: 01.07.2015 - 30.09.2015	for the period: 01.07.2014 - 30.09.2014
Interest	2,687	2,188	869	768
Surplus of negative exchange differences over the positive ones	13	79	(11)	24
FINANCIAL EXPENSES IN TOTAL	**2,700**	**2,267**	**858**	**792**

8. - Inventories	30.09.2015			31.12.2014		
	Value	Revaluation write-offs	Balance sheet value	Value	Revaluation write-offs	Balance sheet value
Materials	10,171	-	10,171	8,943	-	8,943
Semi-finished products and work in progress	21,409	-	21,409	37,930	-	37,930
Premises under construction	74,978		74,978	54,211		54,211
Finished products	1,205	-	1,205	342	-	342
Goods	897	-	897	773	-	773
Finished premises	16,066		16,066	5,100		5,100
TOTAL INVENTORIES:	**124,726**	**-**	**124,726**	**107,298**	**-**	**107,298**

9 - Receivables	30.09.2015			31.12.2014		
	Value	Revaluation write-offs	Balance sheet value	Value	Revaluation write-offs	Balance sheet value
Trade receivables	56,760	(1,101)	55,659	46,332	(1,801)	44,531
Current income tax receivables	-	-	-	-	-	-
Receivables on account of other taxes, customs duties and social insurance	26,670	-	26,670	1,999	-	1,999
Receivables on account of evaluation of construction contracts	2,587		2,587	20,982		20,982
Deposits retained by recipients	7,386		7,386	3,789		3,789
Advances towards the purchase of materials and services	5,021		5,021	2,014		2,014
Other receivables	3,597	-	3,597	2,959	-	2,959

in thousand PLN

TOTAL RECEIVABLES:	**102,021**	**(1,101)**	**100,920**	**78,074**	**(1,801)**	**76,273**

10.1 - Equity	Number of shares issued as of	Number of shares issued as of
	30.09.2015	**31.12.2014**
Series A	6,410,000	6,410,000
Series B	1,952,549	0
Total:	**8,362,549**	**6,410,000**

10.2 - Major shareholders	Number of shares	Number of votes
Mariusz Tuchlin	6,409,000	6,409,000
Nationale- Nederlanden Open Pension Fund	737,500	737,500
Total:	**7,146,500**	**7,146,500**

10.3 - Share capital	As of 30.09.2015	As of 31.12.2014
Share capital	8,363	6,410
Share premium	-	-
Total	**8,363**	**6,410**

11. - Long-term provisions	As of 30.09.2015	As of 31.12.2014
Long-term		
Provisions for retirement severance pays and other employee benefits	48	48
LONG-TERM PROVISIONS IN TOTAL:	**48**	**48**
Short-term		
Provisions for retirement severance pays and other employee benefits	1	1
Other provisions	612	506
SHORT-TERM PROVISIONS IN TOTAL	**613**	**507**

12.1 - Loans and borrowing as of the end of the reporting period	Loan value	Balance	Currency	Interest rate	Repayment date
Long-term					
loan Z/38/DZ/2013	3,000	1,188	PLN	WIBOR 1M + margin	30.04.2018
loan Z/73/DZ/2014	3,000	2,282	PLN	WIBOR 3M + margin	30.08.2019
loan Z/10/O/15	8,000	2,509	PLN	WIBOR 3M + margin	30.12.2016
loan	6,530	6,530	PLN	fixed rate	31.12.2018
Total long-term loans and borrowings	**20,530**	**12,508**	**-**	**-**	**-**
Short-term					
loan I PCK/5/2011	3,000	2,243	PLN	WIBOR 1M + margin	31.01.2016
other	-	4	PLN	-	-
loan 8363/15/400/04	12,000	247	PLN	WIBOR 3M + margin	06.04.2017
loan I PCK/7/2011	15,000	11,000	PLN	WIBOR 1M + margin	31.01.2016
loan Z/168/2007	6,600	1,100	PLN	WIBOR 1M + margin	31.07.2016

in thousand PLN

loan Z/38/DZ/2013	3,000	750	PLN	WIBOR 1M + margin	30.04.2018
loan Z/73/DZ/2014	3,000	609	PLN	WIBOR 3M + margin	30.08.2019
loan Z/50/DZ/2011	10,000	10,000	PLN	WIBOR 3M + margin	31.07.2016
Total short-term loans and borrowings	**52,600**	**25,953**	**-**	**-**	**-**

12.2 - Loans and borrowing as of the end of the previous reporting period	Loan value	Balance	Currency	Interest rate	Repayment date
Long-term					
loan Z/168/2007	6,600	917	PLN	WIBOR 1M + margin	31.07.2016
loan Z/619/2007	4,800	412	PLN	WIBOR 1M + margin	31.07.2016
loan Z/50/Dz/2011	10,000	10,000	PLN	WIBOR 3M + margin	30.08.2018
loan Z/38/DZ/2013	3,000	1,750	PLN	WIBOR 1M + margin	30.04.2018
loan Z/73/DZ/2014	3,000	2,982	PLN	WIBOR 3M + margin	30.08.2019
loan	6,530	6,530	PLN	fixed rate	31.12.2018
Total long-term loans and borrowings	**33,930**	**22,591**	**-**	**-**	**-**
Short-term					
loan I PCK/5/2011	3,000	1,630	PLN	WIBOR 1M + margin	31.01.2015
other	-	5	PLN	-	-
loan I PCK/7/2011	15,000	11,000	PLN	WIBOR 1M + margin	31.01.2015
loan Z/168/2007	6,600	733	PLN	WIBOR 1M + margin	31.07.2016
loan Z/619/2007	4,800	533	PLN	WIBOR 1M + margin	31.07.2016
loan Z/38/DZ/2013	3,000	750	PLN	WIBOR 1M + margin	30.04.2018
loan Z/51/DZ/2011	10,000	2,487	PLN	WIBOR 3M + margin	31.07.2016
Total short-term loans and borrowings	**42,400**	**17,138**	**-**	**-**	**-**

13. - Other financial liabilities	As of 30.09.2015	As of 31.12.2014
Long-term	**44,499**	**20,053**
Liabilities under finance lease agreements	107	318
Liabilities under the issue of debt securities	44,392	19,735
Short-term	**331**	**241**
Liabilities under finance lease agreements	331	241

14 - Other long-term liabilities	As of 30.09.2015	As of 31.12.2014
Long-term deposits	5,066	2,937
TOTAL OTHER LONG-TERM LIABILITIES:	**5,066**	**2,937**

15 - Short-term trade and other liabilities	As of 30.09.2015	As of 31.12.2014
Trade liabilities	48,428	59,833
Current income tax liabilities	1,484	1,481
Remuneration liabilities	908	678
Liabilities on account of other taxes, customs duties and social insurance	25,584	841
Accruals and other liabilities	19,588	10,889
TOTAL SHORT-TERM LIABILITIES:	**95,992**	**73,722**

in thousand PLN

16 - Deferred revenue	As of 30.09.2015	As of 31.12.2014
Grants	7,512	3,314
TOTAL DEFERRED REVENUE	**7,512**	**3,314**

Financial instruments by categories	As of 30.09.2015	As of 31.12.2014
Financial assets	**112,535**	**82,577**
Assets evaluated at fair value through profit or loss	-	-
Stocks and shares in subsidiaries evaluated at acquisition prices	-	-
Loans and receivables evaluated at depreciated cost	531	520
Receivables evaluated at nominal value	103,603	76,708
Assets held to maturity	-	-
Assets available for sale	-	-
Cash	8,401	5,349
Financial liabilities	**182,865**	**135,201**
Liabilities evaluated at fair value through profit or loss	-	-
Liabilities evaluated at depreciated cost	83,291	60,023
Liabilities evaluated at nominal value	99,574	75,178
Financial guarantee contracts	-	-
Other financial liabilities	-	-

1.8 Comparison and description of differences between data disclosed in these financial statements and historical financial data and the previously prepared and published financial statements. Explanation of effects related to transition to IFRS.

These financial statements for the interim period ending on 30 September 2015 are the first consolidated financial statements of the Dekpol S.A. Capital Group which have been prepared according to the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) and the related interpretations published in the form of regulations of the European Commission applicable as of the balance sheet date of these financial statements.

The Capital Group applied additional requirements imposed by IFRS 1 "First-time Adoption of International Financial Reporting Standards". Previously, the Dekpol S.A. Capital Group did not prepare consolidated financial statements due to the lack of the obligation to do so. Comparative data was prepared based on the previous financial statements of Dekpol S.A. The previous financial statements of the Company were prepared in accordance with the accounting principles specified in the Polish Accounting Act (Polish Accounting Standards - PAS) which differ from IFRS.

The Company has agreed that for significant items of property, plant and equipment it will accept the fair value assessed as of the date of transition to IFRS as the assumed acquisition price.

Basic differences between IFRS and the current accounting principles and the effects of transition to new accounting standards are described below. As the Dekpol S.A. Capital Group was established in 2015, the following reconciliations are adequate to comparative data included in the consolidated and separate financial statements.

in thousand PLN

Reconciliation of data of the statement of financial condition as of the date of transition to IFRS (OB 01.01.2014) with the last data published as of 31.12.2013 in the Dekpol S.A. financial statements for the 2014 financial year:

Statement of financial condition	**01.01.2014**			
Item	**Last data published**	**IFRS Adjustment**	**Adjustment Number**	**According to IFRS**
FIXED ASSETS	**15,319**	**2,464**		**17,783**
Property, plant and equipment	10,423	2,695	1	13,118
Investment property	1,240	-		1,240
Goodwill	231	(231)	2	-
Other intangible assets	368	-		368
Stocks and shares	-	-		-
- of which: investments accounted for using the equity method	-	-		-
Long-term receivables	2,191	-		2,191
Other long-term financial assets	-	-		-
Deferred income tax assets	865	-		865
Other fixed assets	-	-		-
CURRENT ASSETS	**156,635**	**(3)**		**156,632**
Inventory	94,646	(1,002)	3	93,644
Trade receivables	40,968	-		40,968
Current income tax receivables	-	-		-
Other receivables	2,625	3,124	3.5	5,749
Other financial assets	-	-		-
Cash and cash equivalents	15,516	(3)	4	15,513
Prepayments and accruals	2,880	(2,122)	5	758
ASSETS CLASSIFIED AS HELD FOR SALE	**-**	**-**		**-**
Property, plant and equipment held for sale	-	-		-
Other assets classified as held for sale	-	-		-
Total assets:	**171,954**	**2,461**		**174,415**

Statement of financial condition	**01.01.2014**			
Item	**Last data published**	**IFRS Adjustment**	**Adjustment Number**	**According to IFRS**
EQUITY	**56,144**	**1,952**		**58,096**
Share capital	6,410	-		6,410
Called-up share capital and own shares	-			-
Supplementary capital from the issue of shares	-	-		-
Supplementary capital from retained profit and merger transactions under common control	33,315	-		33,315
Undistributed profit from previous years	16,419	1,952	1,2,6	18,371
Net profit (loss) for the financial year	-	-		-
Equity attributable to shareholders of the parent	**56,144**	**1,952**		**58,096**
Non-controlling interests	**-**	**-**		**-**
LONG-TERM LIABILITIES	**31,341**	**512**		**31,853**
Deferred income tax provision	55	512	6	567
Provision for retirement pensions and similar benefits	30	-		30
Other provisions	-	-		-

Loans and borrowings	28,584	-		28,584
Other financial liabilities	37	-		37
Other long-term liabilities	2,634	-		2,634
SHORT-TERM LIABILITIES	**84,469**	**(3)**		**84,466**
Loans and borrowings	16,351	-		16,351
Other financial liabilities	13,123	-		13,123
Trade liabilities	33,534	-		33,534
Current income tax liabilities	3,494	-		3,494
Provisions for retirement pensions and similar benefits	1	-		1
Other short-term provisions	368	-		368
Other liabilities	11,572	(3)	4	11,569
Deferred revenue	6,027	-		6,027
LIABILITIES DIRECTLY RELATED TO FIXED ASSETS CLASSIFIED AS HELD FOR SALE	**-**	**-**		**-**
Total equity and liabilities:	**171,954**	**2,461**		**174,415**

Adjustments introduced as of the date of transition to IFRS (01.01.2014):

1. Recognising significant items of property, plant and equipment at fair value in accordance with IFRS 1.
2. Writing off not depreciated goodwill previously determined in accordance with PAS.
3. Changing the presentation of advances for the acquisition of inventories.
4. Excluding special funds from the balance of assets and liabilities.
5. Changing the presentation of assets resulting from evaluation of construction contracts (currently recognised as other receivables).
6. Deferred income tax provision determined from the revaluation value of property, tax and equipment in accordance with adjustment no. (1).

Reconciliation of data of the statement of financial condition as of 31.12.2014 with the last data published as of 31.12.2014 in the Dekpol S.A. financial statements for the 2014 financial year:

Statement of financial condition	**31.12.2014**				
Item	**Last data published**	**IFRS adjustments OB**	**IFRS adjustments 2014**	**Adjustment Adjustments**	**Total**
FIXED ASSETS	**26,556**	**2,464**	**(960)**		**28,060**
Property, plant and equipment	24,446	2,695	(1,086)	1.4	26,055
Investment property	-	-	-		-
Goodwill	105	(231)	126	2	-
Other intangible assets	261	-	-		261
Stocks and shares	-	-	-		-
- of which: investments accounted for using the equity method	-	-	-		-
Long-term receivables	435	-	-		435
Other long-term financial assets	520	-	-		520
Deferred income tax assets	790	-	-		790
Other fixed assets	-	-	-		-
CURRENT ASSETS	**190,296**	**-**	**(26)**		**190,270**
Inventory	109,312	-	(2,014)	5	107,298
Trade receivables	44,531	-	-		44,531
Current income tax receivables	-	-	-		-

in thousand PLN

Other receivables	8,746	-	22,996	5.7	31,742
Other financial assets	-	-	-		-
Cash and cash equivalents	5,375	-	(26)	6	5,349
Prepayments and accruals	22,331	-	(20,982)	7	1,349
ASSETS CLASSIFIED AS HELD FOR SALE	**-**	**-**	**-**		**-**
Property, plant and equipment held for sale	-	-	-		-
Other assets classified as held for sale	-	-	-		-
Total assets:	**216,851**	**2,464**	**(986)**		**218,329**

Statement of financial condition	**31.12.2014**				
Item	**Last data published**	**IFRS adjustments OB**	**IFRS adjustments 2014**	**Adjustment Adjustments**	**Total**
EQUITY	**74,145**	**1,952**	**(754)**		**75,343**
Share capital	6,410	-	-		6,410
Called-up share capital and own shares					-
Supplementary capital from the issue of shares	-	-	-		-
Supplementary capital from retained profit and merger transactions under common control	51,103	-	-		51,103
Undistributed profit from previous years	(1,370)	1,952	-	1,2,3	582
Net profit (loss) for the financial year	18,002	-	(754)	4.8	17,248
Equity attributable to shareholders of the parent	**74,145**	**1,952**	**(754)**		**75,343**
Non-controlling interests	**-**	**-**	**-**		**-**
LONG-TERM LIABILITIES	**47,758**	**512**	**(206)**		**48,064**
Deferred income tax provision	2,129	512	(206)	3.8	2,435
Provision for retirement pensions and similar benefits	48	-	-		48
Other provisions	-	-	-		-
Loans and borrowings	22,591	-	-		22,591
Other financial liabilities	20,053	-	-		20,053
Other long-term liabilities	2,937		-		2,937
SHORT-TERM LIABILITIES	**94,948**	**-**	**(26)**		**94,922**
Loans and borrowings	17,138				17,138
Other financial liabilities	241				241
Trade liabilities	59,833				59,833
Current income tax liabilities	1,481				1,481
Provisions for retirement pensions and similar benefits	1				1
Other short-term provisions	506				506
Other liabilities	12,433		(26)	6	12,407
Deferred revenue	3,314				3,314
LIABILITIES DIRECTLY RELATED TO FIXED ASSETS CLASSIFIED AS HELD FOR SALE	**-**	**-**	**-**		**-**
Total equity and liabilities:	**216,851**	**2,464**	**(986)**		**218,329**

Adjustments introduced due to transition to IFRS to the statement of financial condition as of 31.12.2014

1. Recognising significant items of property, plant and equipment at fair value in accordance with IFRS 1 as of the date of transition to IFRS (01.01.2014).

in thousand PLN

2. Writing off not depreciated goodwill previously determined in accordance with PAS as of the date of transition to IFRS (01.01.2014).
3. Deferred income tax provision determined from the revaluation value of property, tax and equipment in accordance with adjustment no. (1) as of the date of transition to IFRS (01.01.2014).
4. Increasing amortisation and depreciation of property, plant and equipment by PLN 1,086 thousand in connection with reevaluation to fair value in accordance with adjustment no. (1).
5. Changing the presentation of advances for the acquisition of inventories.
6. Excluding special funds from the balance of assets and liabilities.
7. Changing the presentation of assets resulting from evaluation of construction contracts (currently recognised as other receivables).
8. Releasing the deferred income tax provision in connection with increasing costs of depreciation of property, plant and equipment in accordance with adjustment no. (4).

Reconciling equity and comprehensive income disclosed in accordance with the previously applied generally accepted accounting principles with equity disclosed in accordance with IFRS as of the date of transition to IFRS and with equity and comprehensive income disclosed in the last annual financial statements prepared in accordance with the previously applied generally accepted accounting principles:

Reconciliation of changes in equity and comprehensive income in connection with transition to IFRS	**Equity attributable to owners of the parent**				**Total equity**
	Share capital	**Supplementary capital from retained profit**	**Undistributed profit retained from previous years**	**Net profit (loss) for the financial year**	
Equity disclosed as of 31.12.2014 in accordance with the previously applied accounting principles	**6,410**	**51,103**	**(1,370)**	**18,002**	**74,145**
Recognising property, plant and equipment at fair value as of the date of transition to IFRS (01.01.2014)			2,695		**2,695**
Recognising deferred income tax provisions established in connection with recognising property, plant and equipment at fair value as of the date of transition to IFRS (01.01.2014)			(512)		**(512)**
Writing off goodwill created in the previous years as of 01.01.2014			(231)		(231)
Total equity as of 31.12.2014 after taking into account changes in the opening balance as of the date of transition to IFRS	**6,410**	**51,103**	**582**	**18,002**	**76,097**
Increasing costs of depreciation of property, plant and equipment in 2014 in connection with recognising them at fair value as of the date of transition to IFRS				(1,086)	(1,086)
Releasing deferred income tax provisions due to the increased depreciation of fixed assets				206	206
Removing amortisation of goodwill written off in connection with transition to IFRS				126	126
Total equity as of 31.12.2014 after taking into account changes in the opening balance as of the date of transition to IFRS and comprehensive income for the period	**6,410**	**51,103**	**582**	**17,248**	**75,343**

in thousand PLN

2 Condensed Interim Separate Financial Statements

2.1 Selected Separate Financial Data

Selected financial data - condensed interim separate financial statements	thousand PLN		thousand EUR	
	01.01.2015 - 30.09.2015	01.01.2014 - 30.09.2014	01.01.2015 - 30.09.2015	01.01.2014 - 30.09.2014
I. Net revenue from sales of products, goods, and materials	260,967	167,318	62,755	40,025
II. Profit (loss) on operating activity	84,885	13,239	20,412	3,167
III. Profit (loss) before tax	82,240	11,040	19,776	2,641
IV. Net profit (loss)	66,498	8,611	15,991	2,060
V. Earnings (loss) per ordinary share (in PLN / EUR)	8.19	1.34	2	0
VI. Net cash flows from operating activity	(41,959)	(2,066)	(10,090)	(494)
VII. Net cash flows from investment activity	(7,687)	(9,901)	(1,849)	(2,368)
VIII. Net cash flows from financial activity	52,623	2,831	12,654	681
IX. Total net cash flows	2,977	(9,136)	716	(2,186)
	30.09.2015	**31.12.2014**	**30.09.2015**	**31.12.2014**
X. Total assets	354,440	218,329	83,622	52,288
XI. Liabilities and provisions for liabilities	184,337	142,986	43,490	34,244
XII. Long-term liabilities	76,980	48,064	18,162	11,511
XIII. Short-term liabilities	107,357	94,922	25,328	22,733
XIV. Equity	170,104	75,343	40,132	18,044
XV. Share capital	8,363	6,410	1,973	1,535
XVI. Number of shares at the end of the period	8,362,549	6,410,000	1,972,951	1,535,145
XVII. Book value per share (in PLN / EUR)	20	12	5	3

2.2 Condensed Interim Statement of Comprehensive Income

SEPARATE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME					
Item		**01.01.2015-30.09.2015**	**01.01.2014 - 30.09.2014**	**01.07.2015 - 30.09.2015**	**01.07.2014 - 30.09.2014**
Continuing operations					
Revenue from sales		260,967	167,318	122,483	63,489
Costs of goods sold		221,153	148,734	96,877	55,270
GROSS PROFIT (LOSS) FROM SALES		**39,814**	**18,584**	**25,606**	**8,219**
Selling costs		5,049	2,400	1,950	581
General administrative expenses		6,729	2,985	3,109	986
PROFIT (LOSS) FROM SALES		**28,036**	**13,199**	**20,547**	**6,652**
Other operating income		58,383	387	56,706	19
Other operating expenses		1,533	347	86	136
OPERATING PROFIT (LOSS)		**84,885**	**13,239**	**77,166**	**6,535**
Financial revenue		55	68	24	11
Financial expenses		2,700	2,267	858	792
Profit from sales of shares in an associate		-	-	-	-
Share in profit of associates		-	-	-	-
PROFIT (LOSS) BEFORE TAX		**82,240**	**11,040**	**76,332**	**5,753**
Income tax		15,742	2,429	14,701	1,262
NET PROFIT (LOSS) FROM CONTINUING OPERATIONS		**66,498**	**8,611**	**61,631**	**4,492**
Net profit (loss) from discontinued operations		-	-	-	-
NET PROFIT (LOSS)		**66,498**	**8,611**	**61,631**	**4,492**

in thousand PLN

Other comprehensive income			-	-	-
Total other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income		**66,498**	**8,611**	**61,631**	**4,492**
Profit per share (in PLN/per share)		**01.01.2015-30.09.2015**	**01.01.2014 - 30.09.2014**	**01.07.2015 - 30.09.2015**	**01.07.2014 - 30.09.2014**
From continued and discontinued operations					
Ordinary		8.19	1.34	7.37	0.70
Diluted		8.19	1.34	7.37	0.70
From continued operations					
Ordinary		8.19	1.34	7.37	0.70
Diluted		8.19	1.34	7.37	0.70
Net profit (loss) from continued and discontinued operations		66,498	8,611	61,631	4,492
Net profit (loss) from continuing operations		66,498	8,611	61,631	4,492
Weighted average number of ordinary shares		8,117,493	6,410,000	8,362,549	6,410,000
Diluted weighted average number of ordinary shares		8,117,493	6,410,000	8,362,549	6,410,000

2.3 Condensed Interim Statement of Financial Position

Separate statement of financial condition				
Item		**2015-09-30**	**2014-12-31**	**2014-01-01**
FIXED ASSETS		**144,480**	**28,060**	**17,783**
Property, plant and equipment		32,570	26,055	13,118
Investment property		-	-	1,240
Goodwill		-	-	-
Other intangible assets		169	261	368
Stocks and shares		108,027	-	-
- of which: investments accounted for using the equity method		-	-	-
Long-term receivables		2,683	435	2,191
Other long-term financial assets		531	520	-
Deferred income tax assets		499	790	865
Other fixed assets		-	-	-
CURRENT ASSETS		**209,960**	**190,270**	**156,632**
Inventory		124,726	107,298	93,644
Trade receivables		55,659	44,531	40,968
Current income tax receivables		-	-	-
Other receivables		20,631	31,742	5,749
Other financial assets		5	-	-
Cash and cash equivalents		8,326	5,349	15,513
Prepayments and accruals		612	1,349	758
ASSETS CLASSIFIED AS HELD FOR SALE		**-**	**-**	**-**
Property, plant and equipment held for sale		-	-	-
Other assets classified as held for sale		-	-	-
Total assets:		**354,440**	**218,329**	**174,415**

in thousand PLN

Separate statement of financial condition				
Item		**2015-09-30**	**2014-12-31**	**2014-01-01**
EQUITY		**170,103**	**75,343**	**58,096**
Share capital		8,363	6,410	6,410
Called-up share capital and own shares			-	-
Supplementary capital from the issue of shares		26,309	-	-
Supplementary capital from retained profit and merger transactions under common control		69,105	51,103	33,315
Undistributed profit from previous years		(172)	582	18,371
Net profit (loss) for the financial year		66,498	17,248	-
Equity attributable to shareholders of the parent		**170,104**	**75,343**	**58,096**
Non-controlling interests		**-**	**-**	**-**
LONG-TERM LIABILITIES		**76,980**	**48,064**	**31,853**
Deferred income tax provision		14,859	2,435	567
Provision for retirement pensions and similar benefits		48	48	30
Other provisions		-	-	-
Loans and borrowings		12,508	22,591	28,584
Other financial liabilities		44,499	20,053	37
Other long-term liabilities		5,066	2,937	2,634
SHORT-TERM LIABILITIES		**107,357**	**94,922**	**84,466**
Loans and borrowings		25,953	17,138	16,351
Other financial liabilities		331	241	13,123
Trade liabilities		49,970	59,833	33,534
Current income tax liabilities		1,484	1,481	3,494
Provisions for retirement pensions and similar benefits		1	1	1
Other short-term provisions		612	506	368
Other liabilities		21,494	12,407	11,569
Deferred revenue		7,512	3,314	6,027
LIABILITIES DIRECTLY RELATED TO FIXED ASSETS CLASSIFIED AS HELD FOR SALE		**-**	**-**	**-**
Total equity and liabilities:		**354,440**	**218,329**	**174,415**

2.4 Condensed Interim Cash Flow Statement

Separate cash flow statement		
Item	**01.01.2015 - 30.09.2015**	**01.01.2014 - 30.09.2014**
CASH FLOW FROM OPERATING ACTIVITY		
Profit (loss) before tax	82,240	11,040
Total adjustments	(124,198)	(13,106)
Depreciation	2,502	3,025
Foreign exchange profit (loss)	-	-
Interest and profit sharing (dividends)	2,513	2,216
Profit (loss) on investment activity	(70,693)	7
Changes in working capital	(42,779)	(14,223)
Change in provisions	12,530	432
Change in inventory	(54,644)	(6,344)
Change in receivables	(3,396)	(4,862)

in thousand PLN

Change in short-term liabilities, except for financial liabilities	1,356	3,066
Change in prepayments and accruals	1,376	(6,515)
Income tax on profit before tax	(15,742)	-
Income tax paid	-	(4,131)
Other adjustments	-	-
Net cash flows from operating activity	**(41,959)**	**(2,066)**
CASH FLOWS FROM INVESTMENT ACTIVITY		
Expenses related to acquisition of intangible assets	-	(35)
Expenses related to acquisition of property, plant and equipment	(8,699)	(9,653)
Inflows from sales of property, plant and equipment	82	306
Inflows from sales of investment real estate	1,130	-
Outflows on acquisition of subsidiaries (less the acquired cash)	(200)	-
Borrowings granted	-	(519)
Net cash flows from investment activity	**(7,687)**	**(9,901)**
CASH FLOW FROM FINANCIAL ACTIVITY		
Net inflows from issue of shares	28,262	-
Acquisition of own shares	-	-
Inflows from issue of debt securities	24,500	20,000
Redemption of debt securities	-	(12,500)
Inflows from loans and borrowings taken out	8,859	3,000
Repayment of loans and borrowings	(10,127)	(4,648)
Repayment of liabilities under finance lease	(280)	(701)
Dividends paid	-	-
Grants to fixed assets	3,849	-
Interest paid	(2,440)	(2,320)
Net cash flows from financial activity	**52,623**	**2,831**
TOTAL NET CASH FLOWS	**2,977**	**(9,136)**
BALANCE CHANGE OF CASH FUNDS, OF WHICH	2,977	(9,136)
- change in cash due to foreign exchange differences	-	-
CASH AT THE BEGINNING OF THE PERIOD	5,349	15,513
CASH AT THE END OF THE PERIOD (F +/- D), OF WHICH	**8,326**	**6,377**

in thousand PLN

2.5 Condensed Interim Statement of Changes in Equity

SEPARATE STATEMENT OF CHANGES IN EQUITY in the period: 01.01.2015 - 30.09.2015	Equity attributable to owners of the parent					Total equity
	Share capital	Supplementary capital from the issue of shares	Supplementary capital from retained profit	Undistributed profit retained from previous years	Net profit (loss) for the financial year	
Balance as of 01.01.2015	**6,410**	**-**	**51,103**	**17,830**		**75,343**
Issue of shares	1,953	26,309				28,262
Transfer of profit or loss to capital			18,002	(18,002)		-
Total transactions with owners	**1,953**	**26,309**	**18,002**	**(18,002)**	**-**	**28,262**
Net profit (loss) in the period					66,498	66,498
Total comprehensive income	**-**	**-**	**-**	**-**	**66,498**	**66,498**
Balance as of 30.09.2014	**8,363**	**26,309**	**69,105**	**(172)**	**66,498**	**170,104**

SEPARATE STATEMENT OF CHANGES IN EQUITY in the period: 01.01.2014 - 31.12.2014	Equity attributable to owners of the parent					Total equity
	Share capital	Supplementary capital from the issue of shares	Supplementary capital from retained profit	Undistributed profit retained from previous years	Net profit (loss) for the financial year	
Balance as of 01.01.2014	**6,410**	**-**	**33,315**	**18,371**		**58,095**
Transfer of profit or loss to capital			17,788	(17,788)		-
Total transactions with owners	-	-	17,788	(17,788)	-	**-**
Net profit (loss) in the period					17,248	17,248
Total comprehensive income	-	-	-	-	17,248	**17,248**
Balance as of 31.12.2014	**6,410**	**-**	**51,103**	**582**	**17,248**	**75,343**

in thousand PLN

2.6 Notes to the Condensed Interim Separate Financial Statements

In the reporting period, the Company made high profits on transactions concluded with subsidiaries covered by the consolidated financial statements. These were single transactions and they referred to making in-kind contribution of copyright and expenditure on the construction of Almond Hotel in Gdańsk to subsidiaries. Financial instruments (shares in Dekpol 1 Sp. z o.o. SKA) received in exchange for the above were evaluated at fair value corresponding to fair value of assets constituting in-kind contribution. Fair value of assets contributed in-kind was confirmed by evaluations prepared by independent external entities. Transactions involving in-kind contributions were identified in the separate financial statements as transactions involving sales of assets contributed in-kind. Effect of transactions were excluded in the consolidated financial statements.

3 Other information to the extended consolidated report for the 3rd quarter of 2015 of the DEKPOL Capital Group.

3.1 Shareholding structure of the Company

Shareholders of Dekpol S.A. holding more than 5% of the total number of votes at the Company's General Meeting, as of the day of publishing this report and as of 31 August 2015, i.e. as of the day of publishing the report for H1 2015:

Shareholder	Number of shares/number of votes	Share in the share capital and the general number of votes (%)
Mariusz Tuchlin	6,409,000	76.64%
Nationale- Nederlanden Open Pension Fund	737,500	8.82%

3.2 Ownership of shares by persons performing managerial and supervisory functions

Ownership of shares by the Members of the Management Board and the Supervisory Board of Dekpol S.A. as of the day of this report and as of 31 August 2015, i.e. as of the day of the report for H1 2015:

Owners	Number of shares	Changes	Number of shares as of the day of this report
Mariusz Tuchlin	6,409,000	-	6,409,000
Other Members of the Management Board and the Supervisory Board	0	-	0

According to the best knowledge of the Company, the Members of the Management Board and the Supervisory Board are not authorized to hold the shares of the Issuer.

3.3 Information on operations of the DEKPOL Capital Group

3.3.1 Description of achievements and failures of the Company

Revenue from sales for Q3 2015 was 25% higher compared to the revenue for 3Q 2014 and reached PLN 209,518 thousand. At the same time, the Dekpol Capital Group achieved net profit which was 21% higher compared to Q3 2014. The increase in turnover in Q3 2015 significantly impacted the financial performance. In the period covered by the interim financial information the Company carried out the business activity similar to that carried out in 2014, i.e. general contracting, development activity, manufacture of accessories for construction machines and manufacture of steel structures.

in thousand PLN

Financial results of operating segments 01.01.2015 - 30.09.2015	Segments			Other	In total
	General contracting	Property development activity	Production of steel structures and equipment		
Revenue from sales by segment	**176,742**	**17,569**	**11,172**	**5,170**	**210,653**
External sales	176,742	17,569	11,172	5,170	210,653
Expense by segment (-)	**(154,605)**	**(16,001)**	**(8,418)**	**(4,602)**	**(183,626)**
Result on discontinued/sold operations	-	-	-	-	**-**
Result on the sales of the reporting segment - from continued and discontinued operations	**22,137**	**1,568**	**2,754**	**568**	**27,027**
Profit/loss attributed to non-controlling shares	**-**	**-**	**-**	**-**	**-**

Financial results of operating segments 01.01.2014 - 30.09.2014	Segments			Other	In total
	General contracting	Property development activity	Production of steel structures and equipment		
Total revenue	**131,179**	**18,513**	**9,281**	**8,345**	**167,318**
External sales	131,179	18,513	9,281	8,345	167,318
Sales between segments					-
Expense by segment (-)	**(118,279)**	**(14,965)**	**(8,364)**	**(7,126)**	**(148,734)**
Result on discontinued/sold operations					-
Result on the sales of the reporting segment - from continued and discontinued operations	**12,900**	**3,548**	**917**	**1,219**	**18,584**
Profit/loss attributed to non-controlling shares	**-**	**-**	**-**	**-**	**-**

<u>B series shares</u>

A significant achievement of the Issuer was the public offering in Q4 2014 of B class shares, which, apart from PLN 29.3 million gross raised, preceded the admittance of the Company to trading on the regulated market.

On 2 January 2015 the Management Board of Giełda Papierów Wartościowych w Warszawie S.A. [Warsaw Stock Exchange] ("WSE") adopted a resolution on the admittance as of 2 January 2015 to trading on the parallel market of the WSE of the shares of the Company being the subject of the public offering, i.e. 6,410,000 of ordinary class A bearer shares and 1,952,549 of ordinary class B bearer shares as well as the admittance to the aforementioned trading 1,952,549 rights to B class shares of the Company. On 5 January 2015 the Management Board of Krajowy Depozyt Papierów Wartościowych S.A. [National Depository for Securities] ("NDS") decided to register, as of 8 January 2015, 1,952,549 rights to B class shares of the Company in the depository for securities. On 7 January 2015, the Management Board of WSE adopted a resolution on the introduction as of 8 January 2015 to trading on the parallel market of 1,952,549 rights to B series shares of the Company on the condition that the NDS registers such rights to shares on 8 January 2015.

On 7 January 2015, the District Court Gdańsk-Północ in Gdańsk, 7th Commercial Division of the National Court Register registered an increase of the share capital of Dekpol S.A. by way of issue of B class shares.

On 15 January 2015, 6,410,000 A class bearer shares of the Company were registered in the NDS. The registration took place on the basis of a resolution of the Management Board of the NDS of 16 December 2014 pursuant to which the Management Board of the NDS decided to register the aforementioned shares on the condition they are admitted to trading on the regulated market. On 27 January 2015, the Management Board of the NDS adopted a resolution on the admittance of 1,952,549 B class shares of the Company to the depository. The shares were to be admitted to the depository after the WSE had made a decision to introduce these shares to trading on the regulated market and in connection with the closing of accounts kept for the transferable rights to these shares. On 3 February 2015, the Management Board of WSE adopted a resolution on selecting 5 February 2015 to be the last day of listing the rights to B class shares and a resolution on the introduction as of 6 February 2015 to trading on parallel market of A class and B class ordinary bearer shares on the condition that the NDS registers such shares on 6 February 2015. The B class bearer shares of the Company were registered in the NDS as of 6 February 2015. The registration of the above shares took place on the basis of the aforementioned resolution of the Management Board of the NDS of 27 January 2015.

Acquisition of a building lot in Gdańsk

On 22 January 2015, the Issuer concluded a conditional agreement ("Agreement") for the acquisition of the right of perpetual usufruct of the lot referred to below from "Jaglana 3-5" Sp. z o.o. ("Seller") for PLN 22.14 million gross (incl. VAT) on the condition that the commune having the status of the City of Gdańsk does not exercise its pre-emptive right with respect to the subject of the Agreement within the deadline and on the conditions specified in the Real Estate Management Act. On 19 February 2015, the Issuer received an appropriate statement of the President of the City of Gdańsk and therefore the aforementioned condition precedent has been fulfilled. On 10 March 2015, Dekpol and "Jaglana 3-5" Sp. z o.o. concluded an agreement for the transfer of the right of perpetual usufruct of the Lot ("Dispositive Agreement").
The subject of the Agreement and the Dispositive Agreement is the right of perpetual usufruct of the lot having the area of 1 ha, located at Jaglana Street in Gdańsk, for which a building permit for a multi-family residential building with commercial premises has been issued. Utility easement was established on the lot while the right of perpetual usufruct was initially established until 5 December 2030 and then, after changes, until 5 December 2089. The Issuer plans to construct a multi-family residential building with commercial premises on the lot. On the basis of the Dispositive Agreement the Seller also sold to Dekpol the right of ownership to the original copy of the building permit design to which the building permit refers to and the right to use the said design for one construction. The Seller also sold to Dekpol the right of ownership to the original copy of the concept design and transferred the right to use this concept design. The above rights were sold to Dekpol for the total price of PLN 2.58 million gross.

The acquisition of the right of perpetual usufruct of the Lot and investment projects will be financed from the funds obtained from the public offering connected with the admittance of A class shares to trading and the issue and admittance of B class shares of the Issuer to the said trading, whereas the Issuer intends to obtain through external financing any amount in excess of PLN 10 million (indicated in the prospectus as the amount for "obtaining land bank for development activity + financing the initial stages of implementation of development projects").

Annexes to the credit facility agreement with Bank Pekao SA

On 30 January 2015, the annexes ("Annexes") to credit facility agreements concluded by the Issuer with Bank Pekao SA ("Bank") were signed. The said agreements concerned funding in the amount of PLN 15 million and PLN 3 million, respectively ("Credit Facility 1" and "Credit Facility 2" or jointly "Credit Facilities"). Under these Annexes the repayment period of both Loans was extended for a year, i.e. until 31 January 2016 and the margin of the Bank was lowered. The Loan bears interest at the 1M WIBOR rate plus the Bank's margin. Moreover, the Issuer undertook not to use the Loan 1 funds for development activity, otherwise the Loan 1 agreement would be terminated. The Issuer undertook to regularly submit insurance policies for the real property indicated in the annex to the Loan 1 agreement to ensure continuity of coverage. The Bank expressed its consent for the separation and sale of the lot having the area of approx 1 ha being a part of the real property serving as collateral for Loan 1 on the condition that the first-class mortgage assigned to the benefit of the Bank is maintained after such changes take place.

A failed attempt at reconciliation

On 2 March 2015, a hearing of the District Court in Wejherowo took place requesting the Company to attempt at reconciliation with Iwona, Arkadiusz, Dariusz and Wioleta Okoniewscy ("Debtor"). The court stated that reconciliation was unsuccessful in this case. On 29 April 2015, an assignment agreement was concluded under which the Company transferred to the purchaser (natural person) claims against the debtor amounting to PLN 3.95 million along with incidental dues in the form of default interest, amounting to PLN 3.6 million.

Revolving loan agreement concluded with the consortium of cooperative banks

On 9 March 2015, an agreement for the revolving consortium loan ("Agreement") for PLN 8 million ("Loan") was signed. The Loan was extended to the Company by a consortium of banks: Cooperative Bank in Skórcz ("Initiating Bank"), Cooperative Bank in Puck ("Participant Bank 1") and Cooperative Bank in Tczew ("Participant Bank 2") (jointly the "Banks") for the period between 9 March 2015 and 30 December 2016 (repayment date) and is to be used to finance the construction of multi-family buildings located on the real property in Rokitki Tczewskie belonging to the Company ("Real Property"). The Loan bears interest at the 3M WIBOR rate plus the Banks' margin. Loan collaterals are: (i) blank promissory notes issued for the benefit of each of the Banks, (ii) transfer of rights under an insurance policy up to PLN 9.8 million and assignment of claims from the indicated bank accounts, (iii) powers of attorney for the Initiating Bank to operate the indicated bank accounts and (iv) mortgages on the Real Property up to PLN 1.50 million for the benefit of the Initiating Bank, PLN 5.25 million for the benefit of Participant Bank 1 and PLN 5.25 million for the benefit of Participant Bank 2, respectively. The aforementioned mortgages were established on 11 May 2015. The Agreement also requires the Company to provide documents for the use of 60% of the loan amount within 2 months from collecting the funds provided under the Loan. The remaining terms and conditions of the Agreement do not significantly differ from the provisions of such type of agreements.

Annex to the agreement with PanLink

On 12 March 2015, an annex to the agreement with PanLink Sp. z o.o. (PanLink) described in the Prospectus of the Issuer, under which the Issuer undertook to construct the storage and production hall including office, welfare and technical space, was signed. In accordance with the provisions of the annex, the deadline for the completion of construction work was moved to 30 June 2015 (by two months). The agreement value also changed; it increased from PLN 16.8 million net to PLN 17.4 million net.

General contractor agreement with Veloces

On 12 March 2015, a general contractor agreement concerning the building permit design and detailed design ("Agreement") was signed with Veloces Sp.K. The remuneration of the Company under the Agreement amounts to PLN 7.6 million net (PLN 9.4 million gross). The Agreement provides for contractual penalties, the total value of which may exceed 10%, but not 15% of the value of the Agreement. Payment of contractual penalties does not exclude seeking supplementary compensation up to the value of the damage sustained.

Construction work agreement with Unimor Development

On 24 March 2015, the Management Board was notified of the completion by Unimor Development SA ("Employer") the tender procedure for the selection of the contractor of the investment project consisting in converting the multi-purpose building in Gdańsk at Żabi Kruk Street into the Pomerania Office building. On 16 April 2015, a construction work agreement concerning the said conversion of the building was signed between the Company and the Employer. The Company's remuneration under the contract amounts to PLN 0.5 million net. At the same time, in accordance with prior arrangements with the Employer, after obtaining consent from the Employer's authorities, the scope of the investment project covered by the Agreement will be extended and the total Company's remuneration will reach PLN 7.3 million net.

Annex to the agreement with 7R Logistic

On 27 March 2015, an annex was signed to the agreement concluded on 7 July 2014 with 7R Logistic SA valued at PLN 15.2 million net concerning the all-inclusive construction of the office and storage building on the real property located in Sosnowiec along with auxiliary infrastructure. Under the said annex the deadline for the completion of work was moved from 30 April 2015 to 31 July 2015. The remaining terms and conditions of the agreement remained unchanged.

Overdraft facility agreement with Bank Millennium S.A.

On 7 April 2015, the Issuer signed an overdraft facility agreement with Bank Millenium SA ("Agreement"). Under the Agreement an overdraft facility of PLN 12 million was provided to finance the current operations of the Company. The terms and conditions of the loan, including the financial terms, do not significantly differ from arm length's conditions for such type of agreements. The loan is secured by the assignment of claims under the Company's contracts.

Investment loan agreements with Getin Noble Bank

On 8 April 2015, the Company signed with Getin Noble Bank SA ("Bank") three investment loan agreements ("Loans"), each of which is intended for the partial financing of the development investment project consisting in the construction of multi-family residential building including necessary infrastructure in Gdańsk ("Investment Project"). The Loans total PLN 48 million, of which PLN 22 million, PLN 18 million and PLN 8 million will be used to finance stage I, II and III, respectively. The Company is obliged to repay the said amounts by: 20 September 2017 (according to the annex of 13 August 2015 extending the initial deadline of 31 March 2017), 20 January 2018 and 20 September 2018. The Loans bear interest at the 3M WIBOR rate plus the Bank's margin. The terms and conditions of the said agreements do not differ from arm's length terms.

Particular loans will be disbursed after the following conditions are met (by 31 January 2016 in case of stage I and II and by 31 January 2017 for stage III):
1) establishment of a first priority mortgage on the Investment Project of up to PLN 33 million for stage I which will be increased up to PLN 60 million for stage II and up to PLN 72 million for stage III, whereas after each increase the mortgage will also serve as collateral for previous stages;
2) establishment of collaterals in the form of: (i) a blank promissory note, (ii) powers of attorney with respect to all the accounts of the Company operated by the banks, (iii) assignment of claims under contracts (concluded and being concluded) for the benefit of the Bank with the purchasers of the premises constructed as part of the Investment Project, (iv) assignment of claims under the agreement with regard to property insurance against all construction and assembly risks and after its expiry, assignment of claims under the agreement with regard to property insurance against fire and other misfortunes (v) assignment of claims under the general contractor agreement with respect to the Investment Project
3) collection of supporting documentation and submission to the Bank of the documents indicated in the above agreements, including a confirmation of the Company filing a declaration of its submission to enforcement procedure in connection with the Loans granted pursuant to Article 97 of the Banking Law;
4) submission of the documents proving that all the decisions necessary for the execution of the Investment Project (and its particular stages) have been issued to the Borrower and that they are valid or issue of a declaration by the Company stating that these decisions have not been appealed against and that the Investment Project may be executed as planned on the basis of the decisions held.
5) prioritising the repayment of the Loans over the payment of all the debt incurred for the Investment Project;
6) confirmation of the correctness of all the parameters assumed with respect to the Investment Project by a person cooperating with the Bank.
Moreover the Company's indebtedness to the Bank due to the loans extended by the Bank reduced by the value of the deposits on the blocked accounts kept in the Bank during the entire crediting period may not exceed PLN 20 million.

<u>Annex to the agreement with 7R LOGISTICS Kraków Kokotów</u>

On 8 April 2015, an annex was signed to the agreement described in the Prospectus of the Issuer (valued at PLN 21.8 million) with 7R LOGISTIC Kraków Kokotów Sp. z o.o., concerning the implementation of innovative technology for the automatic identification of goods in the Logistics Centre in Kokotów. In accordance with the provisions of the annex the deadline for the completion of construction work was moved to 30 September 2015 (the previous deadline was 1 June 2015). The other terms and conditions of the agreement remained unchanged.

<u>Agreement for the construction of the powder paint shop</u>

On 18 May 2015, an agreement was concluded between the Company and one of the manufacturers of wooden and wooden and aluminium windows in Poland ("Contractor"). The agreement is valued at PLN 14.7 million net. The Agreement concerns the construction of a powder paint shop having the built-up area of 10 thousand m2 and the usable area of 11 thousand m2 including installations and infrastructure. The terms and conditions of the Agreement do not differ from the standard provisions of such type of agreements.

Acceptance of the Company's offer in the tender announced by Carrefour Polska Sp. z o.o.

On 17 June 2015, the Issuer was notified of the acceptance by Carrefour Polska Sp. z o.o. ("Employer") of the offer made by the Company for the execution of construction work under General Contracting with respect to remodeling the Commercial Centre Carrefour Morena in Gdańsk consisting in construction work in connection with the change in use of the investment project consisting in the expansion and remodeling of the Commercial Centre Morena in Gdańsk, including the conversion of certain premises into cinemas, commercial and service premises and fitness clubs. The value of the offer accepted ranges between PLN 40-60 million net. The deadline for the completion of work was set for 30 March 2016.

Cancellation of the issue of series D bonds

On 15 July 2015, the Company decided to issue 200 thousand series D bearer bonds of the nominal value of PLN 100 each ("Bonds"). The issue was to be valued at up to PLN 20 million and the bonds were to be issued to finance current operations of the Company, including the construction of the hotel at Toruńska Street in Gdańsk. On 30 July 2015, the Company as a result of having received from the investors, during meetings, information regarding the possibility of obtaining funds exceeding the value of the current issue, using security, decided to cancel the issue of series D bonds. The intention of the Issuer is to carry out an issue of bonds with a higher value and on modified terms and conditions, in particular with respect to security, potentially taking into account the effect of the said modifications on determining the other terms and conditions of the issue.

Taking up shares in Dekpol 1 Sp. z o.o. SKA by the Issuer

On 30 July 2015, the Company acquired series B and C shares in the increased share capital of Dekpol 1 Sp. z o.o. SKA ("Dekpol 1 SKA") of the total nominal value of PLN 1 million, at the total issue price of PLN 107.87 million. Detailed information on the event is included in item 1.6.2 Changes in the structure of the DEKPOL Capital Group.

Transfer of copyrights

On 30 July 2015, Dekpol 1 Sp. z o.o. SKA concluded an agreement for the transfer of copyright under which Dekpol 1 Sp. z o.o. SKA transferred to Dekpol Royalties Sp. z o.o. having its registered office in Pinczyn ("Dekpol Royalties") the copyright to the Work for the total price of PLN 56.26 million + VAT ("Copyright Transfer Agreement"). The terms and conditions of the Copyright Transfer Agreement do not differ from the terms and conditions commonly used in business for such type of agreements. As a result of the conclusion of the Copyright Transfer Agreement, Dekpol Royalties obtained copyright to the Work to be administered by it and licensed to the Company.

Conclusion of the licence agreement

On 30 July 2015, Dekpol Royalties and the Issuer concluded a licence agreement under which Dekpol Royalties granted to the Company a licence to use the copyright to the Work in the scope in which Dekpol Royalties may use the same (full, non-exclusive licence), without territorial restrictions ("Licence Agreement"). The Licence Agreement for the use of copyright was concluded for unspecified duration with the possibility of termination upon 6-month notice effective at the end of the calendar month. The licence fee for the use of the copyright to the Work will amount to 2.76% of net revenue (i.e. without VAT) obtained by the Company from the sale of construction services, general contractor services concerning building permit designs and development services and will be increased by VAT, and will be calculated monthly. The remaining terms and conditions of the Licence Agreement do not differ from the terms and conditions commonly used in business for such type of agreements.

Conclusion of a loan agreement by Dekpol 1 Sp. z o.o. SKA

On 30 July 2015, Dekpol 1 SKA as the borrower concluded a loan agreement with Dekpol Royalties as the creditor for PLN 56.26 million ("Loan Agreement"), with the repayment date falling on 31 December 2020. The loan bears a market rate of interest. The repayment of the loan under the Loan Agreement is not secured. The claim of Dekpol Royalties for the payment of the loan amount under the Loan Agreement was set off in full against the corresponding part of the claim of Dekpol 1 SKA for the payment of the remuneration of Dekpol 1 SKA under the Copyright Transfer Agreement described above in this section of the report.

Conclusion of an agreement with 7R Logistic

On 11 August 2015, the Company signed an agreement ("Agreement") with 7R Logistic S.A. ("Employer") under which the Employer requests the Company to execute the investment project consisting in groundwork, the construction of a public road and the construction of a storage hall in Gdańsk Kowale along with welfare space with internal installations, including land development under the "design and construct" system and the performance of any other activities specified in the Agreement. The Company received the notification of award of contract on 23 July 2015. The Agreement covers the preparation and submission to the Employer of the complete design documentation and then obtaining all the necessary permits, approvals and opinions, except for the building permit. The value of the remuneration for the execution of the work corresponds to 25% of the Issuer's equity.

Conclusion of an agreement with Carrefour

On 14 September 2015, the Company signed an agreement (Agreement) with Carrefour Polska Sp. z o.o. ("Employer") for the execution of construction works involving reconstruction of the Commercial Centre Carrefour Morena in Gdańsk ("Investment Project"). The subject of the Agreement consists in the execution of construction work with respect to reconstruction of the Commercial Centre Carrefour Morena in Gdańsk, including the conversion of certain premises into cinemas, commercial and service premises and fitness clubs. The value of the remuneration for the execution of the work corresponds to 40% of the Issuer's equity. Pursuant to the Agreement, the deadline for obtaining a decision on the occupancy permit for the Project has been set on 30 March 2016.

Establishment of a mortgage lien on the Company's real property

On 17 September 2015 the Issuer became aware on entering on 16 September 2015 by the District Court Gdańsk-Północ in Gdańsk - 3rd Division of Land and Mortgage Register a mortgage lien up to the amount of PLN 33 million for the benefit of Getin Noble Bank S.A. in order to secure receivables from the investment loan agreement of PLN 22 million for partial financing of the first stage of a development project consisting of developing multi-family residential buildings in Gdańsk.

The mortgage lien was established on the real property of the Company, located in Gdańsk in the area of ul. Dolne Migowo and ul. Powstania Listopadowego, consisting of a plot ref. no.: 99, section 052, for which the District Court Gdańsk-Północ in Gdańsk, 3rd Division of the Land and Mortgage Register conducts a Land and Mortgage Register no.: GD1G/00227145/8.

Transfer as part of the Capital Group

On 29 September 2015, Dekpol 1 Sp. z o.o. SKA concluded a sales agreement for the benefit of Almond Sp. z o.o. of the right of perpetual usufruct of the real property located in Gdańsk at 12 Toruńska Street, including lots having the area of 0.34 ha, including the right of ownership to the building under construction located on that real property. The price was established at PLN 51.42 million + VAT. Almond Sp. z o.o. will be responsible for finishing the investment project carried out so far by Dekpol 1 Sp. z o.o. SKA on the said real property: the construction of the Almond Hotel.
The aforementioned right of perpetual usufruct along with the ownership of the building under construction was contributed on 30 July 2015 by the Issuer to Dekpol 1 Sp. z o.o. SKA in lieu of the shares of the new issue by Dekpol 1 Sp. z o.o. SKA taken up by Dekpol S.A. at the issue price totalling PLN 51.51 million.

Signing an annex with 7R LOGISTIC Kraków Kokotów

On 30 September 2015, the following annex to the agreement concerning the implementation of innovative technology for the automatic identification of goods in the Logistics Centre in Kokotów for 7R LOGISTIC Kraków Kokotów Sp. z o.o. was signed, pursuant to which the deadline for the completion of construction work was moved from 30 September to 30 November 2015. The remaining terms and conditions of the agreement remain unchanged.

3.3.2 Events after the balance sheet date

Conclusion of an agreement with Prima-KL

On 8 October 2015, the Company concluded a general contractor agreement concerning construction works related to a production and warehouse hall in Tczew-Rokitki ("Agreement") with PRIMA-KL Polska Sp. z o. o. ("Investor"). The subject matter of the Agreement is the execution of construction and assembly works by the Issuer, including preparation of detailed design documentation and coordination of works executed by other subcontractors.
The Company will receive remuneration of PLN 11.5 million net for the performance of the Agreement. According to a schedule established in the Agreement, works will be executed in the period from the date of making the construction site available by the Investor, not later than until 30 June 2016.

Early repayment of loans

On 19 October 2015, by allocating some of the funds obtained from the issue of the above-mentioned bonds, the Company has made an early full repayment of two loans granted to the Issuer by Bank Spółdzielczy (Cooperative Bank) in Skórcz and SGB-Bank S.A., on the basis of loan contracts no. Z/50/DZ/2011 of 29 December 2011 and no. Z/168/2007 of 21 May 2007, presented in the Company's Prospectus approved by the Polish Financial Supervision Authority on 27 November 2014. The total amount of loans repaid with interest amounts to PLN 11.12 million (the amount corresponds to the balance of the nominal value of credits as of the day of their repayment increased by the amount of interest). Due to the made repayment, all loan collaterals will be released.

<u>Series E bond issue programme</u>

On 11 November 2015, the Company adopted a resolution under which it decided to accept the bond issue programme of series E shares ("Issue Programme") which provides for the issue by the Company of the bonds other than convertible bonds or bonds with priority right in four series ("Tranches") with the total nominal value of all the Tranches not exceeding PLN 40 million ("Bonds"). The Company will offer the purchase of particular Bond Tranches exclusively to the funds Pioneer FIO and Pioneer Bond – Dynamic Allocation FIO (jointly the "Funds"), on the terms and conditions specified in the agreement of 10 November 2015 concluded between the Issuer and the Funds concerning the issue of the bonds, whereas the final wording of the purchase offer and the terms of issue of the Bonds of a given tranche will be determined by separate resolutions of the Management Board.

Series E bonds will be issued in four series ("Tranches") as secured bearer securities in uncertified form of a nominal value of PLN 1,000 each and the total nominal value of all issued bonds of PLN 40 million ("Bonds"). The Bonds will bear an interest rate equal to 3M WIBOR plus the margin determined with the Funds, with the redemption date of each Bond Tranche on the day not later than 48 months from the date of allocation of the first Tranche Bonds. The issue price of the bonds will be equivalent to their nominal value. The Bonds will be issued to obtain funds for the investment project (construction of a multi-family residential building including service premises) on the lot at Jaglana Street in Gdańsk ("Investment Project"). The agreement specifies the rules under which the Issuer will offer the Funds to take up the Bonds issued by the Company and the Funds will take up the Bonds. The Issuer is authorised and obliged to offer the purchase of individual Bond Tranches exclusively to the Funds, in relation to the progress of implementation of individual stages of the Investment schedule, under the terms and conditions precisely determined in the Agreement, i.e. in particular as of the date of submission of offers for the purchase of the Bonds of a given Tranche and as of the date of submission by the Funds of a declaration on accepting such an offer:
a) the basis for earlier redemption for any of tranches of the Bonds or the C series Programme Bonds may not occur,
b) mortgages for individual tranches of the Bonds will have the highest and equal priority among themselves and mortgages for the C series Programme Bonds,
c) in the land and mortgage register covering the Real Property there will be no (i) entry of any other mortgage, apart from the mortgages, referred to in item b above, (ii) mention of mortgages other than the above-mentioned mortgages,
d) an escrow account agreement providing for the exercise of control over the cash flows of Dekpol as part of the Investment Project will be applicable,
e) the Funds will be provided with documents which will indicate the Issuer's right to fully use the project documentation related to the Investment Project and in the scope allowing to conclude the agreement, referred to in item (v) above.
The Bonds will confer the right to cash payments only. The Bondholder is entitled to request early redemption from the Issuer. The Issuer is entitled to early redemption of all or part of the Bonds. There may also be a situation where the Issuer is required to redeem the Bonds early.
The Bonds will be backed at least by (separately for each Tranche):
(i) establishment of a contractual mortgage on the right of perpetual usufruct of the real property located in Gdańsk at Jaglana Street, whereas the mortgages established for particular Bond Tranches will have equal priority among themselves and mortgages established for securing the C Series Programme Bonds and the highest priority;

(ii) submission by the Company to each bondholder of a declaration of submission to enforcement pursuant to Article 777 § 1(5) of the Code of Civil Procedure with regard to the obligations arising under a given bond Tranche;
(iii) conclusion of an escrow account agreement allowing the Funds to exercise control over the cash flows of Dekpol as part of the Investment Project, including the right to obtain from the bank any information on an escrow account, in particular information on the current balance of the account,
(iv) granting by Dekpol to the mortgage administrator of an irrevocable power of attorney related to security in the form of a notarial deed, under which Dekpol will authorise the holder of the power of attorney to submit, on behalf of Dekpol, a statement of intent whereby Dekpol pursuant to Article 40(1) of the Building Law expresses its consents to transfer to another entity the building permit decision regarding the existing Investment Project and to grant a further power of attorney to the entity which will act as a mortgage administrator in lieu of the current administrator;
(v) conclusion of an agreement between Dekpol and a mortgage administrator, under which a mortgage administrator will obtain a legal title (e.g. copyright or licence) to fully use project documentation related to the Investment Project, in particular in the scope of conducting a construction process, carrying out sales, maintaining the Investment Project, including modification of works constituting project documentation and the right to exercise derivative copyright, as well as the possibility to freely dispose of that legal title for the benefit of other entities.

3.3.3 Standpoint of the Management Board regarding the possibility of achieving the forecast results

The Company did not publish forecasts of financial results for 2015.

3.3.4 Declared or paid dividend

In the reporting period the Issuer neither declared nor paid any dividend.

3.3.5 Seasonality and cyclicality of the operations of the Company

The operations of the Company are characterised by seasonality typical for the construction industry - an increase in demand for construction services in the period from spring to autumn. The highest revenue from sales is obtained in Q3 and Q4 of the year, which mainly results from weather conditions and the settlement of contracts at the end of the calendar year. The lowest revenues are, in turn, obtained in Q1 of the year.
Weather anomalies may have an adverse effect on project execution dates which, if extended, may cause the increase of project costs and claims of the customers due to non-performance. Particularly adverse weather conditions during winter may cause the decrease in sales which has a negative impact on the Issuer's performance. Favourable weather conditions in Q1 2015 caused the cyclicity and seasonality usually occurring in this period did not occur and did not have an impact on the financial performance of the Issuer.
To meet the mentioned tendencies the Issuer prepared a schedule of activities which minimises their negative impact on financial performance. Flexible working time was introduced accordingly – working hours were extended in the summer and reduced in the winter. This allows us to reduce winter downtime to the minimum and use this period for repairs and maintenance of equipment.
The Issuer attempts to prepare the schedule in such a way so as to make sure that finishing works inside of buildings and tasks possible to complete in sub-zero temperatures are carried out in winter. Moreover, the Issuer also solicits work connected with external rainwater drainage systems, sanitary sewage systems made of PVC pipes and water networks made of PE pipes which are planned to be performed during the low season when low temperatures do not particularly influence the quality of the services performed. Winter is also used to carry out the work connected with the solicitation of orders and the planning of future work.

Despite the above, diverse financial performance in particular quarters of the year should be taken into account.

3.3.6 Material settlement related to litigation

In the reporting period there were no material settlements related to litigation

3.3.7 Outstanding loans and borrowings and violations of loans and borrowings agreements

In the reporting period and until the date of producing this report, no violations of loans and borrowings agreements took place.

3.3.8 Factors that will influence the Company's results in at least the next quarter

The factor that may influence the Company's results in the next periods will be winning new contracts and carrying out the existing ones. Apart from carrying out the agreements concluded in the previous periods and after its end, the following major contracts are being carried out:

- construction of a logistics centre for 7R Logistic Kokotów.
- construction of a powder coating plant for one of the manufacturers of wooden and wooden and aluminium windows in Poland.
- construction of a logistics centre with infrastructure in Kowale for 7R Logistic S.A.
- reconstruction of the Commercial Centre Carrefour in Gdańsk.

The factors that have or may have influence on the Company's results in the next periods also include:

- obtaining capital as a result of issuing series B shares;
- acquiring the right of perpetual usufruct of a 1 hectare plot located in ul. Jaglana in Gdańsk, for which a construction permit has been issued with respect to erecting a multi-family residential building with a section intended for offering services;
- extending loan agreements with Bank PEKAO S.A.;
- signing loan agreements with respect to financing property development projects.

Influence on results in the perspective of at least the next quarter will also be exerted by macroeconomic factors affecting the entire construction market in Poland, such as the general condition of Polish economy, inflation, GDP growth dynamics, tax policy, the level of interest rates, the job market and unemployment, level of investment, demand on the internal markets, FX rates.

The Issuer's future results will depend on successful implementation of the development strategy and the investment plan specified for issue purposes:

- planned expansion of the orders portfolio in 2015 (working capital financing as part of general contracting);
- expansion of the plant manufacturing accessories for construction machines, including a development of the sales network/network for winning clients;
- creating a land bank for property development operations + financing of the initial stages of property development projects.

in thousand PLN

3.3.9 Indication of proceedings pending before the court, competent arbitration authority or public administration authority

In Q3 2015, no proceedings were pending before government authorities, courts, or arbitration bodies that could have a substantial effect on the financial situation or the profitability of the Issuer, in particular in terms of receivables or liabilities with a value constituting at least 10% of the Issuer's equity. At the same time, it needs to be considered that the specificity of the Company's operations involves multiple proceedings related to claims regarding completed projects. It also happens that the Issue is the defendant. This is usually related to projects carried out as part of property development operations.

3.3.10 Other significant information necessary for the evaluation of the DEKPOL Capital Group's situation

Apart from those presented above, there is no other information that, in the opinion of the Company, is significant for the evaluation of its situation in terms of human resources, property, and finance and changes in this respect, or any other information that is necessary to evaluate the Company's ability to meet its obligations.

3.4 Contact information

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Signatures of all Members of the Management Board

Mariusz Tuchlin, President of the Management Board

Krzysztof Łukowski - Vice President of the Management Board

Rafał Glaza - Member of the Management Board

Adam Olżyński - Member of the Management Board

Andrzej Kuchtyk - Member of the Management Board

Rafał Dietrich - Member of the Management Board