



**Quarterly report of Dekpol Capital Group  
for the 1<sup>st</sup> quarter 2016**

**Pinczyn, 16 May 2016**

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# 1 Condensed Interim Consolidated Financial Statement

## 1.1 Selected Consolidated Financial Data

Selected financial data - condensed interim consolidated financial statements	thousand PLN		thousand EUR	
	01.01.2016 - 31.03.2016	01.01.2015 - 31.03.2015	01.01.2016 - 31.03.2016	01.01.2015 - 31.03.2015
I. Net revenue from sales of products, goods, and materials	52 961	77 450	12 158	18 668
II. Profit (loss) on operating activity	2 255	2 047	518	493
III. Profit (loss) before tax	1 584	1 217	364	293
IV. Net profit (loss)	1 335	925	306	223
V. Earnings (loss) per ordinary share (in PLN / EUR)	0,16	0,12	0	0
VI. Net cash flows from operating activity	(7 981)	(44 234)	(1 832)	(10 662)
VII. Net cash flows from investment activity	4 306	(2 494)	989	(601)
VIII. Net cash flows from financial activity	9 283	44 484	2 131	10 212
IX. Total net cash flows	5 608	(2 243)	1 288	(541)
	<b>31.03.2016</b>	<b>31.03.2015</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
X. Total assets	347 732	327 897	81 467	80 190
XI. Liabilities and provisions for liabilities	230 384	158 690	53 974	38 809
XII. Long-term liabilities	135 004	55 769	31 629	13 639
XIII. Short-term liabilities	95 380	102 922	22 346	25 170
XIV. Equity	117 348	103 916	27 492	25 413
XV. Share capital	8 363	8 363	1 959	2 045
XVI. Number of shares at the end of the period	8 362 549	8 362 549	8 362 549	8 362 549
XVII. Book value per share (in PLN / EUR)	14	12	3	3

Individual items of Condensed Interim Consolidated Financial Statement, which have been presented in EUR currency, have been converted based on the average exchange rate set by the Polish National Bank for the day 31<sup>st</sup> of March 2016 at 4,2684 PLN/EUR and for the day 31<sup>st</sup> of December 2015 at 4,2615 PLN/EUR. Individual items of Condensed Interim Consolidated Financial Statement of Comprehensive Income and Condensed Interim Consolidated Cash Flow Statement have been converted into EUR based the arithmetic average of average exchange rates for EUR set by the Polish National Bank on the last day of each month of the period of 3 months ended 31<sup>st</sup> of March 2016 and 3 months ended 31<sup>st</sup> of March 2015 (respectively: 4.1489 PLN / EUR and 4.1488 PLN / EUR).

## 1.2 Condensed Interim Consolidated Statement of Comprehensive Income

<b>Consolidated Statement of Profit and Loss and Other Comprehensive Income</b>		
<b>Item</b>	<b>01.01.2016 - 31.03.2016</b>	<b>01.01.2015 - 31.03.2015</b>
<b>Continuing operations</b>		
Revenue from sales	52 961	77 450
Costs of goods sold	45 410	72 361
<b>GROSS PROFIT (LOSS) FROM SALES</b>	<b>7 551</b>	<b>5 089</b>
Selling costs	3 758	1 611
General administrative expenses	1 581	1 509
<b>PROFIT (LOSS) FROM SALES</b>	<b>2 213</b>	<b>1 969</b>
Other operating income	88	155
Other operating expenses	46	77
<b>OPERATING PROFIT (LOSS)</b>	<b>2 255</b>	<b>2 047</b>
Financial revenue	55	27
Financial expenses	726	857
Profit from sales of shares in an associate	-	-
Share in profit of associate	-	-
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>1 584</b>	<b>1 217</b>
Income tax	249	292
<b>NET PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>1 335</b>	<b>925</b>
Net profit (loss) from discontinued operations	-	-
<b>NET PROFIT (LOSS)</b>	<b>1 335</b>	<b>925</b>
<b>Other comprehensive income</b>	-	-
<b>Components of other comprehensive income that are not subsequently reclassified to profit or loss</b>	-	-
Actuarial profit or loss	-	-
Effects of revaluation of fixed assets	-	-
Income tax on other comprehensive income	-	-
<b>Components of other comprehensive income which will be subsequently reclassified to profit or loss under certain conditions</b>	-	-
Hedge accounting	-	-
Exchange differences on converting of foreign operations	-	-
The effects of the valuation of financial assets available for sales	-	-
Participation in other income of associates	-	-
Income tax on other comprehensive income	-	-
<b>Total other comprehensive income</b>	-	-
<b>Total comprehensive income</b>	<b>1 335</b>	<b>925</b>

Profit per share (in PLN/per share)	01.01.2016 - 31.03.2016	01.01.2015 - 31.03.2015
<b>From continued and discontinued operations</b>		
Ordinary	0,16	0,12
Diluted	0,16	0,12
<b>From continued operations</b>		
Ordinary	0,16	0,12
Diluted	0,16	0,12
Net profit (loss) from continued and discontinued operations	1 335	925
Net profit (loss) from continuing operations	1 335	925
Weighted average number of ordinary shares	8 362 549	7 619 211
Diluted weighted average number of ordinary shares	8 362 549	7 619 211

### 1.3 Condensed Interim Consolidated Statement of Financial Position

<b>Consolidated statement of financial position</b>			
Item	Balance sheet as of 2016-03-31	Balance sheet as of 2015-12-31	Balance sheet as of 2015-03-31
<b>FIXED ASSETS</b>	<b>79 679</b>	<b>84 609</b>	<b>27 528</b>
Property, plant and equipment	74 834	80 144	25 303
Investment property	27	8	-
Goodwill	-	-	-
Other intangible assets	198	222	233
Stocks and shares	0	-	-
- including investments accounted for using the equity method	-	-	-
Long-term receivables	3 415	2 887	668
Other long-term financial assets	556	530	520
Deferred income tax assets	650	818	804
Other fixed assets	-	-	-
<b>CURRENT ASSETS</b>	<b>268 052</b>	<b>243 288</b>	<b>235 078</b>
Inventory	147 769	115 975	134 138
Trade receivables	49 114	81 493	73 570
Current income tax receivables	393	-	-
Other receivables	52 826	33 461	23 592
Other financial assets	120	-	-
Cash and cash equivalents	17 465	11 857	3 132
Prepayments and accruals	365	503	646
<b>ASSETS CLASSIFIED AS HELD FOR SALE</b>	<b>-</b>	<b>-</b>	<b>-</b>
Property, plant and equipment held for sale	-	-	-
Other assets classified as held for sale	-	-	-
<b>Total assets :</b>	<b>347 732</b>	<b>327 897</b>	<b>262 606</b>

<b>Statement of financial condition</b>			
<b>Item</b>	<b>Balance sheet as of 2016-03-31</b>	<b>Balance sheet as of 2015-12-31</b>	<b>Balance sheet as of 2015-03-31</b>
<b>Equity</b>	<b>117 348</b>	<b>116 013</b>	<b>103 916</b>
Share capital	8 363	8 363	8 363
Called-up share capital and own shares	-	-	-
Supplementary capital from the issue of shares	26 309	26 309	25 694
Supplementary capital from retained profit and merger transactions under common control	69 105	69 105	51 103
Capital from the valuation of the incentive stock options	-	-	-
Capital from revaluation of provisions for employee benefits	-	-	-
Reserves	-	-	-
Capital for hedge accounting	-	-	-
Value recognized directly in equity, related to financial assets classified as available for sale	-	-	-
Undistributed profit from previous years	12 236	(171)	17 830
Net profit (loss) for the financial year	1 335	12 406	925
<b>Equity attributable to shareholders of the parent</b>	<b>117 348</b>	<b>116 013</b>	<b>103 916</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LONG-TERM LIABILITIES</b>	<b>135 004</b>	<b>114 450</b>	<b>55 769</b>
Deferred income tax provision	1 129	1 153	2 435
Provision for retirement pensions and similar benefits	47	47	48
Other provisions	-	-	-
Loans and borrowings	19 926	9 498	30 646
Other financial liabilities	107 971	98 467	20 218
Other long-term liabilities	5 932	5 286	2 422
<b>SHORT-TERM LIABILITIES</b>	<b>95 380</b>	<b>97 434</b>	<b>102 922</b>
Loans and borrowings	741	11 801	26 814
Other financial liabilities	367	385	474
Trade liabilities	39 042	57 964	47 990
Current income tax liabilities	0	1 281	-
Provisions for retirement pensions and similar benefits	3	3	1
Other short-term provisions	509	509	506
Other liabilities	45 991	18 162	19 974
Deferred revenue	8 727	7 330	7 163
<b>LIABILITIES DIRECTLY RELATED TO FIXED ASSETS CLASSIFIED AS HELD FOR SALE</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity and liabilities:</b>	<b>347 732</b>	<b>327 897</b>	<b>262 606</b>

## 1.4 Condensed Interim Consolidated Cash Flow Statement

<b>Consolidated cash flow statement</b>		
<b>Item</b>	<b>01.01.2016 - 31.03.2016</b>	<b>01.01.2015 - 31.03.2015</b>
<b>CASH FLOW FROM OPERATING ACTIVITY</b>		
Profit (loss) before tax	1 584	1 217
Total adjustments	(9 565)	(45 451)
Depreciation	909	789
Profit (loss) from foreign exchange differences	-	-
Interest and profit sharing (dividends)	567	836
Profit (loss) on investment activity	8	(73)
Profit on sale of shares in an associate	-	-
Ineffective portion of cash flow hedges	-	-
Changes in working capital	(10 302)	(46 711)
Change in provisions	(24)	306
Change in inventory	(31 795)	(24 826)
Change in receivables	12 486	(21 656)
Change in short-term liabilities, except for financial liabilities	8 726	(2 463)
Change in prepayments and accruals	305	1 927
Income tax on profit before tax	(249)	(292)
Income tax paid	(498)	-
Other adjustments	-	-
<b>Net cash flows from operating activity</b>	<b>(7 981)</b>	<b>(44 234)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITY</b>		
Expenses related to acquisition of intangible assets	24	73
Inflows from sales of intangible assets	-	1 130
Expenses related to acquisition of property, plant and equipment	4 446	(3 014)
Inflows from sales of property, plant and equipment	-	-
Expenses related to acquisition of investment real estate	(19)	-
Inflows from sales of investment real estate	-	-
Expenses related to acquisition of financial assets available for sale	(146)	(683)
Inflows from sales of financial assets available for sale	-	-
Expenses related to acquisition of financial assets held for trading	-	-
Inflows from sales of financial assets held for trading	-	-
Expenses related to acquisition of subsidiaries (net of cash acquired)	(0)	-
Inflows from sales of subsidiaries	-	-
Borrowings granted	-	-
Receipt of loans granted and other financial assets	-	-
Interest received	-	-
Dividends received	-	-
<b>Net cash flows from investment activity</b>	<b>4 306</b>	<b>(2 494)</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITY</b>		
Net inflows from issue of shares	-	27 647



Acquisition of own shares	-	-
Inflows from issue of debt securities	10 000	-
Redemption of debt securities	-	-
Inflows from loans and borrowings taken out	11 612	20 162
Repayment of loans and borrowings	(13 008)	(2 431)
Repayment of liabilities under finance lease	(152)	(58)
Dividends paid	-	-
Grants to fixed assets	1 398	-
Interest paid	(568)	(836)
<b>Net cash flows from financial activity</b>	<b>9 283</b>	<b>44 484</b>
<b>TOTAL NET CASH FLOWS</b>	<b>5 608</b>	<b>(2 243)</b>
<b>BALANCE CHANGE OF CASH FUNDS, OF WHICH</b>	<b>5 608</b>	<b>(2 243)</b>
- change in cash due to foreign exchange differences	-	-
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<b>11 857</b>	<b>5 375</b>
<b>CASH AT THE END OF THE PERIOD (F +/- D), OF WHICH</b>	<b>17 465</b>	<b>3 132</b>
- restricted cash	-	-

## 1.5 Condensed Interim Statement of Changes in the Consolidated Equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY in the period: 01.01.2016 - 31.03.2016	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	
<b>Balance as of 01.01.2016</b>	<b>8 363</b>	<b>26 309</b>	<b>69 105</b>	<b>12 236</b>		<b>116 013</b>
Issue of shares						-
Transfer of profit or loss to capital				-		-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net profit (loss) in the period					1 335	1 335
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 335</b>	<b>1 335</b>
<b>Balance as of 31.03.2016</b>	<b>8 363</b>	<b>26 309</b>	<b>69 105</b>	<b>12 236</b>	<b>1 335</b>	<b>117 348</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY in the period: 01.01.2015 - 31.12.2015	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	
<b>Balance as of 01.01.2015</b>	<b>6 410</b>	<b>-</b>	<b>51 103</b>	<b>17 831</b>		<b>75 344</b>
Changes in accounting principles (policy)						-
Error correction						-
<b>Balance after changes</b>	<b>6 410</b>	<b>-</b>	<b>51 103</b>	<b>17 831</b>	<b>-</b>	<b>75 344</b>
Issue of shares	1 953	26 309				28 262
Transfer of profit or loss to capital			18 002	(18 002)		-
<b>Total transactions with owners</b>	<b>1 953</b>	<b>26 309</b>	<b>18 002</b>	<b>(18 002)</b>	<b>-</b>	<b>28 262</b>
Net profit (loss) in the period					12 407	12 407
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12 407</b>	<b>12 407</b>
<b>Balance as of 31.12.2015</b>	<b>8 363</b>	<b>26 309</b>	<b>69 105</b>	<b>(171)</b>	<b>12 407</b>	<b>116 013</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY in the period: 01.01.2015 - 31.03.2015	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	
<b>Balance as of 01.01.2015</b>	<b>6 410</b>	-	<b>51 103</b>	<b>17 831</b>		<b>75 344</b>
Changes in accounting principles (policy)			<b>118</b>	<b>(118)</b>		-
Issue of shares	1 953	25 694				27 647
<b>Total transactions with owners</b>	<b>1 953</b>	<b>25 694</b>	-	-	-	<b>27 647</b>
Net profit (loss) in the period					925	925
<b>Total comprehensive income</b>	-	-	-	-	925	<b>925</b>
Transfer to retained earnings (sale of revalued assets)						-
<b>Balance as of 31.03.2015</b>	<b>8 363</b>	<b>25 694</b>	<b>51 221</b>	<b>17 713</b>	<b>925</b>	<b>103 916</b>

## 1.6 Information on the DEKPOL Capital Group

The parent entity of the Capital Group, which is 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.

### 1.6.1 Structure of the DEKPOL Capital Group

As at 31 March 2016 and as at the date of this report (i.e. 16 May 2016), 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 1 Sp. z o.o. SKA - the company responsible in the DEKPOL Group for managing the subsidiaries appointed to implement specialist tasks and managing intangible assets in the DEKPOL Group.

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 responsible in the DEKPOL Group for handling the brand's image in the context of promotion and product portfolio.

## **1.6.2 Changes in the structure of the DEKPOL Capital Group**

In the reporting period there were no changes in the structure of Dekpol Group.

## **1.6.3 The Company's governing bodies**

### **1.6.3.1 The Management Board**

Issuer's Management Board is composed of one or more Members appointed and removed from office by Supervisory Board. Supervisory Board entrusts one of Members of Management Board with function of President of Management Board. Other Members of Management Board may be entrusted with function of Vice Presidents of Management Board. Term of office of Members of 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 Management Board)
2. Krzysztof Andrzej Łukowski (Vice President of Management Board)
3. Rafał Glaza (Member of Management Board)
4. Adam Olżyński (Member of Management Board)
5. Andrzej Maciej Kuchtyk (Member of Management Board)
6. Rafał Szczepan Dietrich (Member of Management Board)

Members of the Management Board have been appointed under resolution of Shareholders Meeting of Dekpol Sp. z o.o. regarding the appointment of Members of Management Board of a transformed company (i.e. the Issuer) of 1 April 2014. The term of office of each of Members of Management Board ends on 1 April 2019. Each of Members of Management Board previously served as a Member of Management Board of Dekpol Sp. z o.o.

In the 1st quarter 2016 and until the date of producing this report, the composition of Management Board has not changed.

### **1.6.3.2 The Supervisory Board**

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 Members of Supervisory Board takes place by means of a resolution of the General Meeting. General Meeting also appoints the Chairman of Supervisory Board and may entrust function of a Deputy Chairman to another Member of Supervisory Board. The term of office of Members of 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 Supervisory Board
2. Piotr Stobiecki – Member of Supervisory Board
3. Jacek Grzywacz – Deputy Chairman of Supervisory Board
4. Krzysztof Czerkas – Member of Management Board
5. Jacek Kędzierski - Member of Management Board



Short-term receivables	1 708	6 462	-	-	-	-	-	-
Long-term receivables	-	-	-	-	-	-	-	-
Short-term liabilities	6 462	1 708	-	-	-	-	-	-
Long-term liabilities	-	-	-	-	-	-	-	-

The Company and its subsidiaries in the reporting period 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 31.03.2015	Consolidated				Non-consolidated			
	Parent to/from subsidiaries	Subsidiaries to/from parent	Interdependent	Other related	Subsidiaries to/from subsidiaries	Associates	Interdependent	Other related
Net sales (without VAT)			-	-	-	-	-	-
Net purchases (without VAT)			-	-	-	-	-	-
Interest revenue			-	-	-	-	-	-
Interest expense			-	-	-	-	-	113
Borrowings granted			-	-	-	-	-	6 530
Loans received			-	-	-	-	-	-
Short-term receivables			-	-	-	-	-	-
Long-term receivables			-	-	-	-	-	-
Short-term liabilities			-	-	-	-	-	-
Long-term liabilities			-	-	-	-	-	-

### 1.6.6 Sureties and guarantees granted

In the period from 01.01.2016 to 31.03.2016, 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 31.03.2016	As of 31.03.2015
<b>For affiliates</b>	-	-
guarantees and sureties for repayment of loans and borrowings	-	-
performance bonds	-	-
<b>From other entities</b>	<b>18 762</b>	<b>16 546</b>
guarantees and sureties for repayment of loans and borrowings	-	-
performance bonds	18 762	16 546
other guarantees and sureties	-	-
<b>GUARANTEES AND SURETIES GRANTED IN TOTAL</b>	<b>18 762</b>	<b>16 546</b>

Sureties and guarantees granted	As of 31.03.2016	As of 31.03.2015
<b>For affiliates</b>	-	-
guarantees and sureties for repayment of loans and borrowings	-	-
performance bonds	-	-
<b>From other entities</b>	<b>1203</b>	-
guarantees and sureties for repayment of loans and borrowings	-	-
performance bonds	1203	-
other guarantees and sureties	-	-
<b>GUARANTEES AND SURETIES GRANTED IN TOTAL</b>	<b>1203</b>	-

None of the guarantees granted and received didn't exceeded 10% of the equity of the Issuer.

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

#### Allocation of bonds series E2

On 1<sup>st</sup> of February 2016, the Management Board of the Issuer adopted a resolution on the allocation of 10,000 units of transferable, secured bearer bonds series E2 with a total nominal value of 10 million PLN for Pioneer Bond – Dynamic Allocation FIO and Pioneer FIO. 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. The issue price and the nominal value of one bond equals 1 thousand PLN. The Bonds confer the right to cash payments only. Bonds are bearing an interest rate equal to 3M WIBOR plus the margin. Interest on the Bonds will be paid quarterly. Redemption of the bonds is due on 27th of November 2019. The Bonds shall be redeemed by payment by the Issuer to bondholders for each Bond principal amount, or an amount equal to the nominal value of one Bond.

Detailed information regarding the above mentioned Bonds were presented in the current report of the Company no. 4/2016.

#### Breach of the issue of series D bonds

On 1<sup>st</sup> of April 2016 the Management Board of DEKPOL SA informed about the occurrence of one of the events described in terms of the Bonds issue of series D, which is the basis of early redemption of the bonds, i.e. in the period until 31 March 2016 there were no change of the entries in the section IO of mortgage register kept for the property, which is the subject of investment in the form of construction of the hotel Almond consisting in the deletion in this section of buildings that were demolished.

On 4th of April 2016 the District Court Gdańsk-North in Gdańsk, 3rd Division of Land and Mortgage Register, made a change in the land register for the property which is the subject of investment in the form of construction of the hotel Almond involving the removal in a section IO of the buildings that have been demolished, and the facts constituting the basis for early redemption occurred, as described in the conditions of the issue of series D stopped to exist.



Considering a retroactive entry in the register since the request for an entry, all the legal effects of legal basis of early redemption has been removed, as if the basis for early redemption never existed.

Detailed information on the above mentioned Events were presented in the Company's current Reports no. 7/2016 and 8/2016.

## 1.7 Selected Notes to the Condensed Interim Consolidated Financial Statements

Table: Revenues

Revenue from sales (continuing operations)	for the period: 01.01.2016 - 31.03.2016	for the period: 01.01.2015 - 31.03.2015
Revenue from the sales of products	49 843	74 050
Revenue from the sales of services	522	469
Revenue from the sales of goods	595	1 646
Revenue from the sales of materials	2 001	1 285
<b>TOTAL REVENUE FROM SALES</b>	<b>52 961</b>	<b>77 450</b>

Table : Costs by type

Costs by type	for the period: 01.01.2016 - 31.03.2016	for the period: 01.01.2015 - 31.03.2015
Depreciation	909	789
Consumption of materials and energy	16 525	19 088
Outsourced services	52 125	43 236
Taxes and fees	113	300
Remuneration	3 287	2 680
Employee benefits	631	540
Other costs by type	531	970
Value of goods and materials sold	2 481	1 147
<b>TOTAL COSTS BY TYPE</b>	<b>76 603</b>	<b>68 750</b>
<b>Adjustments:</b>		
Movements in the balance of products	(23 027)	6 959
Own work capitalised	(2 827)	(228)
Selling costs	(3 758)	(1 611)
General administrative expenses	(1 581)	(1 509)
<b>TOTAL COST OF GOODS SOLD</b>	<b>45 410</b>	<b>72 361</b>

COSTS OF GOODS SOLD	for the period: 01.01.2016 - 31.03.2016	for the period: 01.01.2015 - 31.03.2015
Cost of products sold	42 928	69 848
Cost of services sold	-	-
The value of goods sold	606	1 367
The value of materials sold	1 875	1 146
<b>TOTAL COSTS OF GOODS SOLD</b>	<b>45 410</b>	<b>72 361</b>

Table: Income tax current and deferred

Income tax	As of 31.03.2016	As of 31.03.2015
Current income tax	105	-
Deferred income tax	144	292
<b>TOTAL INCOME TAX</b>	<b>249</b>	<b>292</b>

Deferred income tax	As of 31.03.2016	As of 31.03.2015
<b>Deferred income tax assets</b>	<b>Value</b>	<b>Value</b>
Impairment losses on receivables	153	242
Delayed payments	-	146
Reserves	90	324
Accrued expenses	-	-
Other	185	106
Impairment losses on inventories	105	-
Interests	117	-
<b>Deferred income tax assets TOTAL:</b>	<b>650</b>	<b>818</b>
<b>Deferred income tax provision:</b>	<b>Value</b>	<b>Value</b>
Compensations accrued to contractors	186	353
Calculation of cost by using effective interest rates	24	-
Valuation of long-term contracts	798	307
The difference between the carrying amount and tax value of fix asset	121	475
Other	-	18
The value of shares	-	-
<b>DEFERRED INCOME TAX PROVISION TOTAL:</b>	<b>1 129</b>	<b>1 153</b>

Table : Liabilities from loans and borrowings as of 31.03.2016 i 31.03.2015

Loans and borrowing as of the end of the reporting period	Loan value	Balance	Currency	Interest rate	Repayment date
<b>Long-term</b>					
loan 8363/15/400/04	12 000	11 612	PLN	WIBOR 3M+ margin	06.04.2017
loan KRI/1534355	22 000	-	PLN	WIBOR 3M+ margin	20.09.2017
loan KRI/1535766	18 000	-	PLN	WIBOR 3M+ margin	20.01.2018
loan Z/73/Dz/2014	3 000	1 784	PLN	WIBOR 3M+ margin	30.08.2019
loan KRI/1535781	8 000	-	PLN	WIBOR 3M+ margin	20.09.2018
loan	6 530	6 530	PLN	fixed rate	31.12.2018
<b>Total long-term loans and borrowings</b>	<b>69 530</b>	<b>19 926</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Short-term</b>					
loan WAR/41/00/15/348/CB	18000	-	PLN	WIBOR 3M+ margin	09.12.2016
other	-	3	-	-	-
loan Z/73/Dz/2014	3 000	738	PLN	WIBOR 3M+ margin	30.08.2019
<b>Total short-term loans and borrowings</b>	<b>21 000</b>	<b>741</b>	<b>-</b>	<b>-</b>	<b>-</b>

Loans and borrowing as of the end of the previous reporting period	Loan value	Balance	Currency	Interest rate	Repayment date
<b>Long-term</b>					
loan Z/168/2007	6 600	733	PLN	WIBOR 1M+ margin	31.07.2016
loan Z/619/2007	4 800	145	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	1 562	PLN	WIBOR 1M+ margin	30.04.2018
loan Z/73/Dz/2014	3 000	2 964	PLN	WIBOR 3M+ margin	30.08.2019
loan Z/51/Dz/2011	10 000	1 000	PLN	WIBOR 3M+ margin	31.07.2016
loan	6 530	6 530	PLN	fixed rate	31.12.2018
loan Z/10/O/15	8 000	7 712	PLN	WIBOR 1M+ margin	30.12.2016
<b>Total long-term loans and borrowings</b>	<b>51 930</b>	<b>30 646</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Short-term</b>					
loan I PCK/5/2011	3 000	2 743	PLN	WIBOR 1M+ margin	31.01.2015
other	-	1	PLN		-
loan S/79/10/2014/1098/K/OBR	11 743	7 481	PLN	WIBOR 1M+ margin	30.06.2015
loan I PCK/7/2011	15 000	14 573	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
<b>Total short-term loans and borrowings</b>	<b>44 143</b>	<b>26 814</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 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.

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

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. for the period 01.01.2015 – 31.03.2015 and as of 31.12.2015. The previous financial statements of the Company, except of the financial statements for 2015, 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 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.

Balance sheet	Last data published	In accordance with IFRS	IFRS adjustments	Adjustment number
Item	31.03.2015	31.03.2015	31.03.2015	
<b>ASSETS</b>				
<b>I. Fixed assets</b>	<b>26 449</b>	<b>27 529</b>	<b>1 080</b>	
1. Intangible assets, of which:	306	233	- 73	
- goodwill	73	-	- 73	1
2. Goodwill of affiliates	-	-		
3. Property, plant and equipment	<b>24 165</b>	<b>25 303</b>	<b>1 138</b>	
4. Long-term receivables	<b>668</b>	<b>668</b>	-	
4.1. From affiliates			-	
4.2. From other entities	668	668	-	
5. Long-term investments	<b>520</b>	<b>520</b>	-	
5.1. Real-estates	-	-	-	
5.2. Intangible assets			-	
5.3. Long-term financial assets	520	520	-	
a) in affiliates, of which:			-	
- stocks and shares in subsidiaries valued using the equity method			-	
- stocks and shares in subsidiaries and joint- ventures not included into consolidation			-	
b) in other entities	520	520	-	
5.4. Other long-term investments			-	
6. Long-term prepayments and accruals	<b>790</b>	<b>804</b>	<b>15</b>	
6.1. Deferred income tax assets	790	804	<b>15</b>	2
6.2. Other prepayments and accruals	-	-	-	
<b>II. Current assets</b>	<b>235 078</b>	<b>235 078</b>	-	
1. Inventory	<b>134 138</b>	<b>134 138</b>	-	
2. Short-term receivables	<b>73 570</b>	<b>73 570</b>	-	
2.1. from affiliates	-	-	-	
2.2. from other entities	73 570	73 570	-	
3. Short-term investments	<b>3 132</b>	<b>3 132</b>	-	
3.1. Short-term financial assets	3 132	3 132	-	
a) in subsidiaries	-	-	-	
b) in other entities			-	
c) cash and Cash equivalents	3 132	3 132	-	
3.2. other-short-term investments			-	
4. Short-term prepayments and accruals	<b>24 239</b>	<b>24 239</b>	-	
<b>Total assets</b>	<b>261 527</b>	<b>262 606</b>	<b>1 080</b>	

Balance sheet	Last data published	In accordance with IFRS	IFRS adjustments	Adjustment number
Item	31.03.2015	31.03.2015	31.03.2015	
<b>Liabilities</b>				
<b>I. Equity</b>	<b>102 836</b>	<b>103 916</b>	<b>1 080</b>	
1. Share capital	8 363	8 363	-	
2. Called-up share capital (negative value)			-	
3. Own shares (negative value)	25 694	25 694	-	
4. Supplementary capital	51 103	51 103	-	
5. Revaluation reserves			-	
6. Other reserves			-	
7. Exchange differences on translation of subsidiaries			-	
a) foreign exchange gains			-	
b) foreign exchange losses			-	
8. Retained earnings (losses)	16 633	17 830	<b>1 198</b>	3
9. Net profit (loss)	1 044	925	<b>- 118</b>	4
10. Deductions from net profit during the financial year (negative value)			-	
<b>II. Liabilities and provisions for liabilities</b>	<b>158 691</b>	<b>158 691</b>	-	
1. Provisions for liabilities	2 990	2 990	-	
1.1. Deferred income tax provision	2 435	2 435	-	
1.2. Provision for retirement pensions and similar benefits	49	49	-	
a) long-term	48	48	-	
b) short-term	1	1	-	
1.3. Other provisions	506	506	-	
a) long-term			-	
b) short-term	506	506	-	
2. Long-term liabilities	53 286	53 286	-	
2.1. to affiliates	-	-	-	
2.2. to other entities	53 286	53 286	-	
<b>3. Short-term liabilities</b>	<b>95 251</b>	<b>95 251</b>	-	
3.1. to affiliates			-	
3.2. to other entities	95 223	95 223	-	
3.3. Special funds	29	29	-	
<b>4. Prepayments and accruals</b>	<b>7 163</b>	<b>7 163</b>	-	
4.1. Negative goodwill			-	
4.2. Other prepayments and accruals	7 163	7 163	-	
a) long-term	1 356	1 356	-	
b) short-term	5 808	5 808	-	
<b>Total liabilities</b>	<b>261 527</b>	<b>262 606</b>	<b>1 080</b>	

Profit and loss statement	Last data published	In accordance with IFRS	IFRS adjustments	Adjustment number
	01.01.2015 - 31.03.2015	01.01.2015- 31.03.2015	01.01.2015- 31.03.2015	
<b>I. Net revenue from sales of products, goods, and materials, including:</b>	<b>77 450</b>	<b>77 450</b>		
— from affiliates	-	-		

1. Net revenue from sales of products	76 165	76 165		
2. Net revenues from sales of goods and materials	1 285	1 285		
<b>II. Costs of products, goods and materials sold, including:</b>	<b>72 196</b>	<b>72 361</b>		
— from affiliates	-	-		
1. Cost of products sold	71 050	71 214	164	5
2. Value of sold goods and materials	1 146	1 146		
<b>III. Gross profit (loss) from sales (1-11)</b>	<b>5 254</b>	<b>5 090</b>	<b>- 164</b>	
<b>IV. Selling costs</b>	<b>1 611</b>	<b>1 611</b>	<b>-</b>	
<b>V. General administrative expenses</b>	<b>1 541</b>	<b>1 509</b>	<b>- 31</b>	<b>6</b>
<b>VI. Profit (loss) from sales (III-IV-V)</b>	<b>2 102</b>	<b>1 970</b>	<b>- 133</b>	
<b>VII. Other operating income</b>	<b>155</b>	<b>155</b>	<b>-</b>	
1. Profit on disposal of non-financial fixed assets	74	74	-	
2. Grants	-	-	-	
3. Other operating income	81	81	-	
<b>VIII. Other operating expenses</b>	<b>77</b>	<b>77</b>	<b>-</b>	
1. Loss on disposal of non-financial fixed assets			-	
2. Revaluation of non-financial assets	-	-	-	
3. Other operating expenses	77	77	-	
<b>IX. Profit (loss) on operating activity (VI+VII-VIII)</b>	<b>2 180</b>	<b>2 048</b>	<b>- 133</b>	
<b>X. Financial revenue</b>	<b>27</b>	<b>27</b>	<b>-</b>	
1. Dividends and profit sharing , including:			-	
— from affiliates			-	
2. Interest, including:	27	27	-	
— from affiliates			-	
3. Profit on disposal of investments			-	
4. Revaluation of investments			-	
5. Other			-	
<b>XI. Financial costs</b>	<b>857</b>	<b>857</b>	<b>-</b>	
1. Interests, including:	836	836	-	
— for affiliates	-	-	-	
2. Loss on disposal of investments			-	
3. Revaluation of investments			-	
4. Other	21	21	-	
<b>XII. Profit (loss) on business activities (IX+X-XI+/-X11)</b>	<b>1 350</b>	<b>1 217</b>	<b>- 133</b>	
<b>XIII. Result of extraordinary events (XIII.1. - XIII.2.)</b>			<b>-</b>	
1. Extraordinary gains			-	
2. Extraordinary losses			-	
<b>XIV. Gross profit (loss) (XIII+/-XIV-XV+XVI)</b>	<b>1 350</b>	<b>1 217</b>	<b>- 133</b>	
<b>XV. Income tax</b>	<b>306</b>	<b>292</b>	<b>- 15</b>	
a) current part	-	-	-	
b) deferred part	306	292	- 15	7
XVI. Other obligatory decrease of profit (increase of loss)			-	
<b>XVII. Net profit (loss) (XVII-XVIII-XIX+/-XX+/-XXI)</b>	<b>1 044</b>	<b>925</b>	<b>- 118</b>	

Adjustments introduced due to transition to IFRS:

1. Writing off not depreciated goodwill previously determined in accordance with PAS.
2. Assets resulting from deferred income tax calculated from depreciation of property, plant and equipment and intangible assets.
3. Recognizing significant items of property, plant and equipment at fair value in accordance with IFRS 1 and Writing off not depreciated goodwill previously determined in accordance with PAS.
4. Change the value of profit due to the change in depreciation appraised at fair value in accordance with IFRS.
5. Depreciation of property, plant and equipment at fair value in accordance with IFRS, regarding cost of production.
6. The amortization of goodwill.
7. Change in deferred tax on the redemption of property, plant and equipment and intangible assets.

## 2 Condensed Interim Separate Financial Statements

### 2.1 Selected Separate Financial Data

Selected financial data - condensed interim separate financial statements	thousand PLN		thousand EUR	
	01.01.2016 - 31.03.2016	01.01.2015 - 31.03.2015	01.01.2016 - 31.03.2016	01.01.2015 - 31.03.2015
I. Net revenue from sales of products, goods, and materials	52 961	77 450	12 158	18 668
II. Profit (loss) on operating activity	1 425	2 047	327	493
III. Profit (loss) before tax	754	1 217	173	293
IV. Net profit (loss)	610	925	140	223
V. Earnings (loss) per ordinary share (in PLN / EUR)	0,07	0,12	0	0
VI. Net cash flows from operating activity	(5 733)	(44 234)	(1 316)	(10 662)
VII. Net cash flows from investment activity	(1 171)	(2 494)	(269)	(601)
VIII. Net cash flows from financial activity	8 019	44 484	1 841	10 212
IX. Total net cash flows	1 114	(2 243)	256	(541)
	<b>31.03.2016</b>	<b>31.03.2015</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
X. Total assets	405 826	262 606	95 077	64 223
XI. Liabilities and provisions for liabilities	235 513	158 690	55 176	38 809
XII. Long-term liabilities	148 415	55 769	34 771	13 639
XIII. Short-term liabilities	87 098	102 922	20 405	25 170
XIV. Equity	170 313	103 916	39 901	25 413
XV. Share capital	8 363	8 363	1 959	2 045
XVI. Number of shares at the end of the period	8 362 549	8 362 549	8 362 549	8 362 549
XVII. Book value per share (in PLN / EUR)	20	12	5	3

Individual items of the Condensed Interim Consolidated Financial Statements, which have been presented in EUR currency, have been converted based on the average exchange rate set by the Polish National Bank for the day 31<sup>st</sup> of March 2016 at 4,2684 PLN/EUR and for the day 31<sup>st</sup> of December 2015 at 4,2615 PLN/EUR. Individual items of the Condensed Interim Consolidated Financial Statement of Comprehensive Income and Condensed Interim Consolidated Cash Flow Statement have been converted into EUR based the arithmetic average of average exchange rates for EUR set by the Polish National Bank on the last day of each month of the period of 3 months ended 31<sup>st</sup> of March 2016 and 3 months ended 31<sup>st</sup> of March 2015 (respectively: 4.1489 PLN / EUR and 4.1488 PLN / EUR).

## 2.2 Condensed Interim Statement of Comprehensive Income

<b>SEPARATE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME</b>		
<b>Item</b>	<b>01.01.2016 - 31.03.2016</b>	<b>01.01.2015 - 31.03.2015</b>
<b>Continuing operations</b>		
Revenue from sales	52 961	77 450
Costs of goods sold	45 410	72 361
<b>GROSS PROFIT (LOSS) FROM SALES</b>	<b>7 551</b>	<b>5 089</b>
Selling costs	4 797	1 611
General administrative expenses	1 372	1 509
<b>PROFIT (LOSS) FROM SALES</b>	<b>1 383</b>	<b>1 969</b>
Other operating income	88	155
Other operating expenses	46	77
<b>OPERATING PROFIT (LOSS)</b>	<b>1 425</b>	<b>2 047</b>
Financial revenue	55	27
Financial expenses	726	857
Profit from sales of shares in an associate	-	-
Share in profit of associates	-	-
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>754</b>	<b>1 217</b>
Income tax	144	292
<b>NET PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>	<b>610</b>	<b>925</b>
Net profit (loss) from discontinued operations	-	-
<b>NET PROFIT (LOSS)</b>	<b>610</b>	<b>925</b>
<b>Other comprehensive income</b>	-	-
<b>Components of other comprehensive income that are not subsequently reclassified to profit or loss</b>	-	-
Actuarial profit or loss	-	-
Effects of revaluation of fixed assets	-	-
Income tax on other comprehensive income	-	-
<b>Components of other comprehensive income which will be subsequently reclassified to profit or loss under certain conditions</b>	-	-
Hedge accounting	-	-
Exchange differences on converting of foreign operations	-	-
The effects of the valuation of financial assets available for sales	-	-
Participation in other income of associates	-	-
Income tax on other comprehensive income	-	-
<b>Total other comprehensive income</b>	-	-
<b>Total comprehensive income</b>	<b>610</b>	<b>925</b>

<b>Profit per share (in PLN/per share)</b>	<b>01.01.2016 - 31.03.2016</b>	<b>01.01.015 - 31.03.2015</b>
--------------------------------------------	--------------------------------	-------------------------------



<b>From continued and discontinued operations</b>		
Ordinary	0,07	0,12
Diluted	0,07	0,12
<b>From continued operations</b>		
Ordinary	0,07	0,12
Diluted	0,07	0,12
Net profit (loss) from continued and discontinued operations	610	925
Net profit (loss) from continuing operations	610	925
Weighted average number of ordinary shares	8 362 549	7 619 211
Diluted weighted average number of ordinary shares	8 362 549	7 619 211

## 2.3 Condensed Interim Statement of Financial Position

<b>Consolidated statement of financial position</b>			
<b>Item</b>	<b>Balance sheet as of 31.03.2016</b>	<b>Balance sheet as of 31.12.2015</b>	<b>Balance sheet as of 31.03.2015</b>
<b>FIXED ASSETS</b>	<b>150 597</b>	<b>149 930</b>	<b>27 528</b>
Property, plant and equipment	37 615	37 438	25 303
Investment property	27	8	-
Goodwill	-	-	-
Other intangible assets	198	222	233
Stocks and shares	108 027	108 027	-
- including investments accounted for using the equity method	-	-	-
Long-term receivables	3 415	2 887	668
Other long-term financial assets	666	530	520
Deferred income tax assets	650	818	804
Other fixed assets	-	-	-
<b>CURRENT ASSETS</b>	<b>255 228</b>	<b>249 712</b>	<b>235 078</b>
Inventory	147 769	121 461	134 138
Trade receivables	49 114	81 493	73 570
Current income tax receivables	393	-	-
Other receivables	31 729	21 511	23 592
Other financial assets	13 148	13 148	-
Cash and cash equivalents	12 710	11 596	3 132
Prepayments and accruals	365	503	646
<b>ASSETS CLASSIFIED AS HELD FOR SALE</b>	<b>-</b>	<b>-</b>	<b>-</b>
Property, plant and equipment held for sale	-	-	-
Other assets classified as held for sale	-	-	-
<b>Total assets :</b>	<b>405 826</b>	<b>399 642</b>	<b>262 606</b>

<b>Separate statement of financial condition</b>			
<b>Item</b>	<b>Balance sheet as of 31.03.2016</b>	<b>Balance sheet as of 31.12.2015</b>	<b>Balance sheet as of 31.03.2015</b>
<b>Equity</b>	<b>170 313</b>	<b>169 704</b>	<b>103 916</b>
Share capital	8 363	8 363	8 363
Called-up share capital and own shares		-	-

Supplementary capital from the issue of shares	26 309	26 309	25 694
Supplementary capital from retained profit and merger transactions under common control	69 105	69 105	51 103
Capital from the valuation of the incentive stock options	-	-	-
Capital from revaluation of provisions for employee benefits	-	-	-
Reserves	-	-	-
Capital for hedge accounting	-	-	-
Value recognized directly in equity, related to financial assets classified as available for sale	-	-	-
Undistributed profit from previous years	65 926	(171)	17 830
Net profit (loss) for the financial year	610	66 097	925
<b>Equity attributable to shareholders of the parent</b>	<b>170 313</b>	<b>169 704</b>	<b>103 916</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>LONG-TERM LIABILITIES</b>	<b>148 415</b>	<b>127 861</b>	<b>55 769</b>
Deferred income tax provision	14 540	14 564	2 435
Provision for retirement pensions and similar benefits	47	47	48
Other provisions	-	-	-
Loans and borrowings	19 926	9 498	30 646
Other financial liabilities	107 971	98 467	20 218
Other long-term liabilities	5 932	5 286	2 422
<b>SHORT-TERM LIABILITIES</b>	<b>87 098</b>	<b>102 077</b>	<b>102 922</b>
Loans and borrowings	741	11 801	26 814
Other financial liabilities	367	385	474
Trade liabilities	43 704	63 143	47 990
Current income tax liabilities	0	753	-
Provisions for retirement pensions and similar benefits	3	3	1
Other short-term provisions	509	509	506
Other liabilities	33 047	18 154	19 974
Deferred revenue	8 727	7 330	7 163
<b>LIABILITIES DIRECTLY RELATED TO FIXED ASSETS CLASSIFIED AS HELD FOR SALE</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total equity and liabilities:</b>	<b>405 826</b>	<b>399 642</b>	<b>262 606</b>

## 2.4 Condensed Interim Cash Flow Statement

<b>Separate cash flow statement</b>		
Item	01.01.2016 - 31.03.2016	01.01.2015 - 31.03.2015
<b>CASH FLOW FROM OPERATING ACTIVITY</b>		
Profit (loss) before tax	754	1 217
Total adjustments	(6 487)	(45 451)
Depreciation	909	789
Profit (loss) from foreign exchange differences	-	-
Interest and profit sharing (dividends)	1 832	836
Profit (loss) on investment activity	8	(73)
Profit on sale of shares in an associate	-	-
Ineffective portion of cash flow hedges	-	-
Changes in working capital	(8 700)	(46 711)
Change in provisions	(24)	306
Change in inventory	(26 308)	(24 826)

Change in receivables	21 633	(21 656)
Change in short-term liabilities, except for financial liabilities	(4 305)	(2 463)
Change in prepayments and accruals	305	1 927
Income tax on profit before tax	(144)	(292)
Income tax paid	(393)	-
Other adjustments	-	-
<b>Net cash flows from operating activity</b>	<b>(5 733)</b>	<b>(44 234)</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITY</b>		
Expenses related to acquisition of intangible assets	24	73
Inflows from sales of intangible assets	-	1 130
Expenses related to acquisition of property, plant and equipment	(1 041)	(3 014)
Inflows from sales of property, plant and equipment	-	-
Expenses related to acquisition of investment real estate	(19)	-
Inflows from sales of investment real estate	-	-
Expenses related to acquisition of financial assets available for sale	(136)	(683)
Inflows from sales of financial assets available for sale	-	-
Expenses related to acquisition of financial assets held for trading	-	-
Inflows from sales of financial assets held for trading	-	-
Expenses related to acquisition of subsidiaries (net of cash acquired)	(0)	-
Inflows from sales of subsidiaries	-	-
Borrowings granted	-	-
Receipt of loans granted and other financial assets	-	-
Interest received	-	-
Dividends received	-	-
<b>Net cash flows from investment activity</b>	<b>(1 171)</b>	<b>(2 494)</b>
<b>CASH FLOW FROM FINANCIAL ACTIVITY</b>		
Net inflows from issue of shares	-	27 647
Acquisition of own shares	-	-
Inflows from issue of debt securities	10 000	-
Redemption of debt securities	-	-
Inflows from loans and borrowings taken out	11 612	20 162
Repayment of loans and borrowings	(13 008)	(2 431)
Repayment of liabilities under finance lease	(152)	(58)
Dividends paid	-	-
Grants to fixed assets	1 398	-
Interest paid	(1 833)	(836)
<b>Net cash flows from financial activity</b>	<b>8 019</b>	<b>44 484</b>
<b>TOTAL NET CASH FLOWS</b>	<b>1 114</b>	<b>(2 243)</b>
<b>BALANCE CHANGE OF CASH FUNDS, OF WHICH</b>	<b>1 114</b>	<b>(2 243)</b>
- change in cash due to foreign exchange differences	-	-
<b>CASH AT THE BEGINNING OF THE PERIOD</b>	<b>11 596</b>	<b>5 375</b>
<b>CASH AT THE END OF THE PERIOD (F +/- D), OF WHICH</b>	<b>12 710</b>	<b>3 132</b>
- restricted cash	-	-

## 2.5 Condensed Interim Statement of Changes in Equity

SEPARATE STATEMENT OF CHANGES IN EQUITY in the period: 01.01.2016 - 31.03.2016	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	
<b>Balance as of 01.01.2016</b>	<b>8 363</b>	<b>26 309</b>	<b>69 105</b>	<b>65 926</b>		<b>169 703</b>
Issue of shares	-	-				-
Transfer of profit or loss to capital			-	-		-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net profit (loss) in the period					610	610
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>610</b>	<b>610</b>
<b>Balance as of 31.03.2016</b>	<b>8 363</b>	<b>26 309</b>	<b>69 105</b>	<b>65 926</b>	<b>610</b>	<b>170 313</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY in the period: 01.01.2015 - 31.12.2015	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	
<b>Balance as of 01.01.2015</b>	<b>6 410</b>	<b>-</b>	<b>51 103</b>	<b>17 831</b>		<b>75 344</b>
Issue of shares	1 953	26 309				28 262
Transfer of profit or loss to capital			18 002	(18 002)		-
<b>Total transactions with owners</b>	<b>1 953</b>	<b>26 309</b>	<b>18 002</b>	<b>(18 002)</b>	<b>-</b>	<b>28 262</b>
Net profit (loss) in the period					66 098	66 098
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>66 098</b>	<b>66 098</b>
Transfer to retained earnings (sale of revalued assets)						-
<b>Balance as of 31.12.2015</b>	<b>8 363</b>	<b>26 309</b>	<b>69 105</b>	<b>(171)</b>	<b>66 098</b>	<b>169 704</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY in the period: 01.01.2015 - 31.03.2015	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	
<b>Balance as of 01.01.2015</b>	<b>6 410</b>	-	<b>51 103</b>	<b>17 831</b>		<b>75 344</b>
Changes in accounting principles (policy)			<b>118</b>	<b>(118)</b>		-
Issue of shares	1 953	25 694				27 647
<b>Total transactions with owners</b>	<b>1 953</b>	<b>25 694</b>	-	-	-	<b>27 647</b>
Net profit (loss) in the period					925	925
<b>Total comprehensive income</b>	-	-	-	-	925	<b>925</b>
Transfer to retained earnings (sale of revalued assets)						-
<b>Balance as of 31.03.2015</b>	<b>8 363</b>	<b>25 694</b>	<b>51 221</b>	<b>17 713</b>	<b>925</b>	<b>103 916</b>

## 2.6 Notes to the Condensed Interim Separate Financial Statements

Table: Revenues in Separate Financial Statements

Revenue from sales (continuing operations)	01.01.2016 - 31.03.2016	01.01.2015 - 31.03.2015
Revenue from the sales of products	49 843	74 050
Revenue from the sales of services	522	469
Revenue from the sales of goods	595	1 646
Revenue from the sales of materials	2 001	1 285
<b>TOTAL REVENUE FROM SALES</b>	<b>52 961</b>	<b>77 450</b>

Table : Expenses in Separate Financial Statements

Costs by type	01.01.2016 - 31.03.2016	01.01.2015 - 31.03.2015
Depreciation	909	789
Consumption of materials and energy	16 525	19 088
Outsourced services	52 954	43 236
Taxes and fees	113	300
Remuneration	3 287	2 680
Employee benefits	631	540
Other costs by type	531	970
Value of goods and materials sold	2 481	1 147
<b>TOTAL COSTS BY TYPE</b>	<b>77 432</b>	<b>68 750</b>
<b>Adjustments:</b>		
Movements in the balance of products	(23 027)	6 959
Own work capitalised	(2 827)	(228)
Selling costs	(4797)	(1 611)
General administrative expenses	(1 581)	(1 509)
<b>TOTAL COST OF GOODS SOLD</b>	<b>45 410</b>	<b>72 361</b>

Costs of goods sold	for the period: 01.01.2016 - 31.03.2016	for the period: 01.01.2015 - 31.03.2015
Cost of products sold	42 928	69 848
Cost of services sold	-	-
The value of goods sold	606	1 367
The value of materials sold	1 875	1 146
<b>TOTAL COSTS OF GOODS SOLD</b>	<b>45 410</b>	<b>72 361</b>

Table: Income tax current and deferred

Income tax	As of 31.03.2016	As of 31.03.2015
Current income tax	-	-
Deferred income tax	144	292
<b>TOTAL INCOME TAX</b>	<b>144</b>	<b>292</b>

Deferred income tax	As of 31.03.2016	As of 31.03.2015
<b>Deferred income tax assets</b>	<b>Value</b>	<b>Value</b>
Impairment losses on receivables	153	242
Delayed payments	-	146
Reserves	90	324
Accrued expenses	-	-
Other	185	106
Impairment losses on inventories	105	-
Interests	117	-
<b>Deferred income tax assets TOTAL:</b>	<b>650</b>	<b>818</b>
<b>Deferred income tax provision:</b>	<b>Value</b>	<b>Value</b>
Compensations accrued to contractors	186	353
Calculation of cost by using effective interest rates	97	-
Valuation of long-term contracts	798	307
The difference between the carrying amount and tax value of fix asset	121	475
Other	-	18
The value of shares	13 338	-
<b>DEFERRED INCOME TAX PROVISION TOTAL:</b>	<b>14 540</b>	<b>1 153</b>

Table: Liabilities from loans and borrowings as of 31.03.2016 and 31.03.2015

Loans and borrowing as of the end of the reporting period	Loan value	Balance	Currency	Interest rate	Repayment date
<b>Long-term</b>					
loan 8363/15/400/04	12 000	11 612	PLN	WIBOR 3M+ margin	06.04.2017
loan KRI/1534355	22 000	-	PLN	WIBOR 3M+ margin	20.09.2017
loan KRI/1535766	18 000	-	PLN	WIBOR 3M+ margin	20.01.2018
loan Z/73/Dz/2014	3 000	1 784	PLN	WIBOR 3M+ margin	30.08.2019
loan KRI/1535781	8 000	-	PLN	WIBOR 3M+ margin	20.09.2018
loan	6 530	6 530	PLN	fixed rate	31.12.2018
<b>Total long-term loans and borrowings</b>	<b>69 530</b>	<b>19 926</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Short-term</b>					
loan WAR/41/00/15/348/CB	18000	0	PLN	WIBOR 3M+ margin	09.12.2016
other	-	3	-	-	-
loan Z/73/Dz/2014	3 000	738	PLN	WIBOR 3M+ margin	30.08.2019
<b>Total short-term loans and borrowings</b>	<b>21 000</b>	<b>741</b>	<b>-</b>	<b>-</b>	<b>-</b>

Loans and borrowing as of the end of the previous reporting period	Loan value	Balance	Currency	Interest rate	Repayment date
<b>Long-term</b>					
loan Z/168/2007	6 600	733	PLN	WIBOR 1M+ margin	31.07.2016
loan Z/619/2007	4 800	145	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	1 562	PLN	WIBOR 1M+ margin	30.04.2018
loan Z/73/Dz/2014	3 000	2 964	PLN	WIBOR 3M+ margin	30.08.2019
loan Z/51/Dz/2011	10 000	1 000	PLN	WIBOR 3M+ margin	31.07.2016
loan	6 530	6 530	PLN	fixed rate	31.12.2018
loan Z/10/O/15	8 000	7 712	PLN	WIBOR 1M+ margin	30.12.2016

<b>Total long-term loans and borrowings</b>	<b>51 930</b>	<b>30 646</b>	-	-	-
<b>Short-term</b>					
loan I PCK/5/2011	3 000	2 743	PLN	WIBOR 1M+ margin	31.01.2015
other	-	1	PLN		-
loan S/79/10/2014/1098/K/OBR	11 743	7 481	PLN	WIBOR 1M+ margin	30.06.2015
loan I PCK/7/2011	15 000	14 573	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
<b>Total short-term loans and borrowings</b>	<b>44 143</b>	<b>26 814</b>	-	-	-



### 3 Other information to the extended consolidated report for the 1st quarter of 2016 of the DEKPOL Capital Group.

#### 3.1 Shareholding structure of the Company

At the date of this report the share capital of DEKPOL S.A. amounts PLN 8 362 549,00 and is divided into:

a) 6 410 000 ordinary bearer shares series A,

b) 1 952 549 ordinary bearer shares series B,

which entitle to a total of 8,362,549 votes at the General Meeting of the Company.

The nominal value of one share is 1 PLN.

Shareholders of Dekpol S.A. holding more than 5% of total number of votes at the Company's General Meeting, as of the day of publishing this report and as of 21 March 2016, i.e. as of the day of publishing the annual report for 2015:

Shareholder	Number of shares/number of votes	Participation in the share capital and 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 21 March 2016, i.e. as of the day of the annual report for 2015:

Owners	Number of shares as of the date of publication of the annual report	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 were and are not authorized to hold the shares of the Issuer in the period from the date of submitting the annual report to the date of this report.

### 3.3 Information on operations of the DEKPOL Capital Group

#### 3.3.1 Description of achievements and failures of the Company

Revenue from sales after 1Q 2016 was 32% lower compared to the revenue after 1Q 2015 and reached PLN 52 961 thousand. At the same time, Dekpol Capital Group achieved net profit which was 44% higher comparing to 1Q 2015. The increase in turnover has been significantly impacted by acquisition of profitable contracts. In the period covered by interim financial information the Company carried out similar business activity to that carried out in 2015, i.e. general contracting services, property development activity, manufacture of accessories for construction machines and manufacture of steel structures.

Item	Segments			Other	Exclusions	In total
	General contracting	Property development activity	Production of steel structures and equipment			
Financial results of operating segments 01.01.2016 - 31.03.2016						
<b>Revenue from sales by segment</b>	<b>45 245</b>	<b>557</b>	<b>4 040</b>	<b>3 119</b>	<b>-</b>	<b>52 961</b>
External sales	45 245	557	4 040	3 119	-	52 961
Sales between segments					-	-
<b>Expense by segment (-)</b>	<b>(38 878)</b>	<b>(386)</b>	<b>(3 665)</b>	<b>(2 481)</b>		<b>(45 410)</b>
<b>Result on the sales of the reporting segment - from continued and discontinued operations</b>	<b>6 367</b>	<b>171</b>	<b>375</b>	<b>638</b>	<b>-</b>	<b>7 551</b>
<b>Profit/loss attributed to non-controlling shares</b>						

Item	Segments			Other	Exclusions	In total
	General contracting	Property development activity	Production of steel structures and equipment			
Financial results of operating segments 01.01.2015 - 31.03.2015						
<b>Revenue from sales by segment</b>	<b>70 906</b>	<b>1 646</b>	<b>3 144</b>	<b>1 754</b>	<b>-</b>	<b>77 450</b>
External sales	70 906	1 646	3 144	1 754	-	77 450
Sales between segments					-	-
<b>Expense by segment (-)</b>	<b>(67 037)</b>	<b>(1 367)</b>	<b>(2 646)</b>	<b>(1 311)</b>	<b>-</b>	<b>(72 361)</b>
<b>Result on the sales of the reporting segment - from continued and discontinued operations</b>	<b>3 869</b>	<b>280</b>	<b>498</b>	<b>443</b>	<b>-</b>	<b>5 090</b>
<b>Profit/loss attributed to non-controlling shares</b>						

#### Set of mortgages as collateral of bond issue programme of series E

On January 13, 2016, Management Board was informed about the entry of four contractual mortgages as collateral of bond issue programme of series E on 12 January 2016 by District Court Gdańsk-North in Gdansk - III Land Registry. Individual contractual mortgages have been established for security against claims of bondholders in respect of certain tranches of bonds to the amount of PLN 15 million each, i.e. to a total amount of PLN 60 million. Mortgages for each tranche of bonds have the highest and equal priority between themselves and mortgages

of programme bonds series C. Contractual mortgages have been set to a mortgage administrator - BSWW Trust Sp. z o. o. Contractual mortgages has been established on belonging to Company perpetual usufruct on property located in Gdańsk at ul. Jaglana, where the company carries out an investment project in the form of construction of multifamily residential building with service parts. The value of perpetual usufruct right to property amounts in Company's recording books PLN18 million. Company informed on establishment of mortgages in current report No. 1/2016.

#### Signing of an annex to the agreement with the Bank BGŻ BNP Paribas S.A.

On 28 January 2016 has been signed with Bank BGŻ BNP Paribas S.A. an annex to the Agreement on guarantee line from 11 December 2015 changing its name and nature on agreement of multi-purpose credit line and indicating that the Bank granted the Company a credit limit to the maximum amount of PLN 28 million, so that Agreement became an agreement of significant value.

Specified in the Agreement permitted forms of crediting and limits of use of various crediting forms are as follows: revolving credit – PLN 15 million, line of bank guarantees – PLN 10 million, overdraft – PLN 3 million. Crediting period: until 11 December 2025. The first current availability period of credit: until 9 December 2016.

Securing of claims under the contract include:

1. Blank promissory note together with a declaration of the Issuer of submission to enforcement pursuant to Article 777 § 1 of the Code of Civil Procedure,
2. Confirmed cession of future receivables from contracts,
3. Acquisition of sum of collateral in the amount of 10% to 20% of guarantee amount, depending on the validity of guarantee,
4. Joint contractual mortgage to the amount of PLN 42 million on two properties in Rokitki owned by the Issuer,
5. Joint contractual mortgage to the amount of PLN 42 million on two properties in Pinczyn owned by the Issuer.

The first start of revolving credit and overdraft aimed with completion of repayment of loans granted to Issuer by the Bank Polska Kasa Opieki S.A., of which the Issuer announced recently in the current report no 14/2015

Company informed on signing of annex in current report no 3/2016.

#### Allocation of Series E2 bonds

On 1 February 2016 has been made allocation of 10,000 units of transferable, secured bearer E2 series bonds with a total nominal value of PLN 10 million for ioneer Obligacji – Dynamiczna Alokacja Fundusz Inwestycyjny Otwarty and Pioneer Fundusz Inwestycyjny Otwarty. The purpose of Bonds issue was to raise funds for execution of construction project of multifamily residential building with services parts on real property at ul. Jaglana in Gdańsk. Issue price and nominal value of one bond amounts PLN 1 thousand. Bonds entitle to cash benefits only. Bonds bear interest at the rate of WIBOR 3M plus margin. Interest are paid quarterly. Redemption date of Bonds falls on 27 November 2019. Bonds shall be redeemed by payment

by Issuer to bondholders for each Bond of main amount, thus an amount equal to nominal value of one Bond. Bonds will be subject to mandatory earlier redemption dependent on sale of residential premises, business premises and garages built within Investment under conditions specified in Terms and Conditions of Bond Issue ("TCBI"). Bondholder is entitled to submit a request to Issuer on earlier redemption in case of occurrence of early redemption basis defined in TCBI including min. in case of: failure of meeting deadlines resulting from Bonds by Issuer, use of cash obtained from Bonds for other purposes than specified in bonds issue programme or sale by Issuer premises as a subject of an investment for less than specified in TCBI. Bonds may also be subject to early redemption at Issuer's request, at earliest after 24 months from the date of allocation.

The Bonds have been backed at least by establishment of a contractual mortgage on the right of perpetual usufruct of the real property located in Gdańsk at Jaglana Street 3 to the maximum amount of 15 million PLN, established by the Issuer on 12 January 2016 for a mortgage administrator - BSWW TRUST Sp. o.o. ("Administrator Mortgages") and by escrow account agreement between the Issuer, Administrator Mortgages and bank DNB Bank Polska S.A. Furthermore, the Company made declarations on submission to execution in favor of bondholders and a declaration of submission to execution in favor of Mortgage Administrator.

Company informed on allocation of E2 series bonds in current report No. 4/2016.

#### Termination of copyright transfer agreement and loan agreement

On 2 March 2016, Company Dekpol Royalties Sp. z o.o. filed to Dekpol 1 Sp. z o.o. S.K.A. a declaration of withdrawal from contract of sale of work (the copyright to work within meaning of Art. 1 of the Act dated 4 February 1994 on copyright and related rights in figurative mark "DEKPOL", on conclusion of which the Issuer informed in current report No. 46/2015 as of 31 July 2015. Dekpol Royalties Sp. z o.o. was fully entitled to terminate the Contract on Sales of Work in accordance with its provisions.

Due to the fact that agreement of loan in the amount of PLN 56.26 million granted by Dekpol 1 Sp. z o.o. S.K.A. for Dekpol Royalties Sp. z o.o. has been entered in order to ensure the company Dekpol Royalties Sp. z o.o. financing allowing to fulfill its obligation to pay the price resulting from contract of sale of the above work, Dekpol Royalties Sp. z o.o. made withdrawal from this contract as well as from loan agreement to Dekpol 1 Sp. o.o. S.K.A., to which was fully entitled under loan agreement.

In connection with the two above-described facts to withdraw from contracts, the owner of copyright to work became Dekpol 1 Sp. z o.o. S.K.A. Issuer and Dekpol Royalties Sp. z o.o. terminated then on 2 March 2016 license agreement described in point. C of Current Report No. 46/2015.

Dekpol S.A. and Dekpol 1 Sp. z o.o. S.K.A. concluded at the same time on 2 March 2016 license agreement on copyrights to Work, valid until 30 June 2016. License fee for the use of copyright to work amounts 2.76% of net revenues, i.e. excluding VAT received by Issuer from sales of construction services, general contracting services of construction projects and real-estate development services and will be increased by VAT, calculated on a monthly basis.

Other terms of license agreement do not differ from those commonly used for this type of agreement.

Management Board points out that these facts do not cause financial consequences for the Company, which pays license fees for use of copyright to work as wordy-figurative mark "dekpol" under the same rates and terms of payment so far. Besides, it does not affect financial position of Dekpol S.A. and financial position of the Capital Group.

Company informed on withdrawal from above mentioned agreements in current report No. 5/2016.

#### Conclusion of annex to significant contract with Carrefour Polska Sp. z o. o.

On 30 March 2016 the Issuer concluded with Carrefour Polska Sp. z o. o. an annex to agreement from 14 September 2015 regarding general contracting services on construction works concerning reconstruction of Shopping-Service Centre Carrefour Morena in Gdańsk. Pursuant to the annex, the deadline for obtainment of use permit for investment has been extended to 19 May 2016.

Company informed on conclusion of the annex in current report No. 6/2016.

#### Information about sales of premises by Dekpol S.A.

In the first quarter of 2016 the Company concluded 146 real-estate development and preliminary contracts on sale of offered apartments, what represents nearly three-fold increase over the same period last year. As at 31 March 2016 total number of apartments offered for sale amounted less than 400, including 124 aparthotel premises.

In the whole 2015, the Company concluded nearly 400 real-estate development and preliminary contracts on sale of apartments as a part of its investments located in Pomerania Province, which constituted nearly 80% increase compared to 2014 (220 contracts). At 31 December 2015, the Company had 399 apartments for sale in its offer, and additionally 143 aparthotel premises.

Information on sale of apartments the Company published in current report No. 9/2016.

### **3.3.2 Events after the balance sheet date**

On 15 April 2016 Management Board of Warsaw Stock Exchange S.A. adopted resolution concerning introduction to alternative trading system (ATS) on Catalyst of 350,000 D series bearer bonds of DEKPOL S.A., with nominal value of PLN 100 each and the total nominal value of PLN 35 million. On 26 April 2016 Management Board of Warsaw Stock Exchange S.A. adopted resolution on appointment of 29 April 2016 as the first trading day in ATS on Catalyst of D series bearer bonds of the Company.

Furthermore, on 15 April 2016 Management Board of BondSpot S.A. adopted resolution on introduction to alternative trading system on Catalyst above mentioned series D bearer bonds of DEKPOL S.A. On 27 April 2016 Management Board of BondSpot S.A. adopted resolution on appointment of 29 April 2016 as the first trading day in ATS on Catalyst of D series bonds of the company. The last day of trading of D series bonds of the company will be at 4 October 2018.

### **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 2016.

### **3.3.4 Declared or paid dividend**

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

### **3.3.5 Seasonality and cyclicity 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 nonperformance. 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 2016 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.

### **3.4 Factors that will influence the Company's results in at least the next quarter**

The factors that may influence the Company's results in the next periods will be winning new contracts and carrying out the existing ones.

To the factors that emerged in the 1Q of 2016 and after that time, which may affect the Company's results in subsequent periods should be included the events listed in point 3.3 of this report.

Impact on results in perspective of at least next quarter will have macroeconomic factors affecting the whole construction market in Poland, such as the overall condition of Polish economy, inflation, GDP growth, tax policy, interest rates, labor market and unemployment rate, level of investments, volume of domestic demand, foreign exchange rates. GDP growth, wealth of society and development of enterprises has an impact on growth of demand for construction services in both residential and industrial. All this has a positive impact on financial results of Issuer.

Future results of Issuer will depend on success of development strategy and investment plan, which assumes:

- planned increase of order portfolio in 2016 (working capital financing in general contracting);
- expansion of sales network / network of customers acquisition on products being produced in extended part of a plant producing equipment for construction machines (buckets);
- acquisition of land bank for property development activities + financing of initial construction stages of real-estate development projects.

### **3.5 Indication of proceedings pending before the court, competent arbitration authority or public administration authority**

In Q1 2016, 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.

### **3.6 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.

## **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

#### **Signature of person responsible for bookkeeping**

Anna Miksza – Chief Accountant Officer