



# Quarterly report for the 3<sup>rd</sup> quarter 2016 of Dekpol Capital Group

Pinczyn, 10<sup>th</sup> November 2016

## Table of content

<b>1</b>	<b>Condensed Interim Consolidated Financial Statement.....</b>	<b>3</b>
1.1	Selected Consolidated Financial Data .....	3
1.2	Condensed Interim Consolidated Statement of Comprehensive Income .....	4
1.3	Condensed Interim Consolidates Statement of Financial Position .....	5
1.4	Condensed Interim Consolidated Cash Flow Statement.....	6
1.5	Condensed Interim Statement in the changes in Consolidates Equity .....	8
1.6	Additional Information to Condensed Interim Consolidated Financial Statement ..	10
<b>2</b>	<b>Condensed Interim Separate Fiancial Statement .....</b>	<b>19</b>
2.1	Selected separate Financial Data .....	19
2.2	Condensed Interim Statement of Comprehensive Income.....	20
2.4	Condensed Interim Statement of Financial Position.....	21
2.5	Condensed Interim Cash Flow Statement .....	22
2.6	Condensed Interim Statement of changes in Equity .....	23
2.7	Additional Information to Condensed Interim Separate Financial Statement .....	25
2.7.1	Preparation rules of Interim Condensed Separate Financial Statement.....	25
<b>3</b>	<b>Other information to the extended consolidates report for the 3<sup>rd</sup> quarter 2016 of Dekpol Capital Group.....</b>	<b>25</b>
3.1	Information on DEKPOL Capital Group.....	25
3.1.1	Structure of DEKPOL Capital Group .....	25
3.1.2	Business activities of DEKPOL Capital Group .....	26
3.2	Information on parent entity DEKPOL S.A.....	26
3.2.1	Governing bodies of the Company.....	26
3.2.2	Share capital structure .....	27
3.2.3	Shareholding structure of the Company .....	28
3.2.4	Ownership of shared by persons performing managerial and supervisory functions	28
3.3	Information on operations of DEKPOL Capital Group.....	28
3.3.1	Brief description of essential achievements and faults of DEKPOL Capital Group	28
3.3.2	Factors and events, including of untypical nature, impacting substantially condensed consolidated financial statement .....	36
3.3.3	Events after balance sheet date.....	37
3.3.4	Transactions with affiliates .....	37
3.3.5	Sureties and guarantees received and granted .....	38
3.4	Standpoint of Management Board regarding the possibility of achieving forecasted results	38
3.5	Factors that may affect achieved results in perspective of at least next quarter ....	39
3.6	Proceeding before a court, arbitration body or public administration authority.....	39
3.7	Other significant information necessary for evaluation of Dekpol Capital Group's position .....	40
3.8	Contact.....	40

## 1 Condensed Interim Consolidated Financial Statement

### 1.1 Selected Consolidated Financial Data

Selected financial data - condensed interim consolidated financial statements	Thousands of PLN		Thousands of EUR	
	01.01.2016 - 30.09.2016	01.01.2015 - 30.09.2015	01.01.2016 - 30.09.2016	01.01.2015 - 30.09.2015
I. Net revenue from sales of products, goods, and materials	159 587	209 518	36 529	50 383
II. Profit (loss) on operating activity	21 557	15 742	4 934	3 785
III. Profit (loss) before tax	18 206	13 097	4 167	3 149
IV. Net profit (loss)	14 722	10 458	3 370	2 515
V. Earnings (loss) per ordinary share (in PLN / EUR)	1,76	1,29	0,40	0,31
VI. Net cash flows from operating activity	3 252	(42 084)	744	(10 120)
VII. Net cash flows from investment activity	(26 953)	(7 487)	(6 169)	(1 800)
VIII. Net cash flows from financial activity	16 437	52 623	3 762	12 654
IX. Total net cash flows	(7 264)	3 052	(1 663)	734
	<b>30.09.2016</b>	<b>31.12.2015</b>	<b>30.09.2016</b>	<b>31.12.2015</b>
X. Total assets	404 219	327 897	93 743	76 944
XI. Liabilities and provisions for liabilities	273 487	211 885	63 425	49 721
XII. Long-term liabilities	119 970	114 451	27 822	26 857
XIII. Short-term liabilities	153 518	97 434	35 603	22 864
XIV. Equity	130 731	116 012	30 318	27 223
XV. Share capital	8 363	8 363	1 939	1 962
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)	15,63	13,64	3,62	3,20

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 30<sup>th</sup> of September 2016 at 4,3120 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 9 months ended 30<sup>th</sup> of September 2016 and 9 months ended 30<sup>th</sup> of September 2015 (respectively: 4,3120 PLN / EUR and 4,1585 PLN / EUR).

## 1.2 Condensed Interim Consolidated Statement of Comprehensive Income

Description	Note	01.01- 30.09.2016	01.07- 30.09.2016	01.01- 30.09.2015	01.07- 30.09.2015
Sales revenues		159 587	62 555	209 518	71 034
Costs of goods sold	1.6.2.	136 305	49 279	182 491	58 215
Gross profit (loss) from sales		23 281	13 276	27 027	12 819
Selling costs		8 180	1 285	5 049	1 950
General administrative expenses		5 534	2 005	6 824	3 204
Profit (loss) from sales of subsidiaries (+/-)		0	0	0	0
Other operating revenues	1.6.3.	13 227	200	2 121	444
Other operating costs	1.6.4.	1 236	3 254	1 533	86
Profit (loss) from operating activities		21 557	6 932	15 742	8 023
Financial revenues	1.6.5.	88	8	55	24
Financial expenses	1.6.6.	3 439	427	2 700	858
Profit (loss) before tax		18 206	6 513	13 097	7 189
Income tax	1.6.7.	3 484	1 098	2 640	1 599
Profit (loss) from continuing operations		14 722	5 414	10 458	5 590
Profit (loss) from discontinued operations		0	0	0	0
Net profit (loss)		14 722	5 414	10 458	5 590
Net profit (loss) falling to non-controlling shareholders		0	0	0	0
<b>Profit (loss) falling to shareholders of parent entity</b>		<b>14 722</b>	<b>5 414</b>	<b>10 458</b>	<b>5 590</b>

Description	Note	01.01- 30.09.2016	01.07- 30.09.2016	01.01- 30.09.2015	01.07- 30.09.2015
Net profit (loss)		14 722	5 414	10 458	5 590
Other net comprehensive income		0	0	0	0
Comprehensive income		14 722	5 414	10 458	5 590
Comprehensive income falling to non-controlling shareholders		0	0	0	0
Comprehensive income falling to shareholders of parent entity		14 722	5 414	10 458	5 590

### 1.3 Condensed Interim Consolidates Statement of Financial Position

Description	Note	30.09.2016	31.12.2015
Fixed assets		123 253	84 609
Property, land and equipment		37 571	80 144
Intangible assets		175	222
Goodwill		0	0
Investment properties		80 220	8
Stocks and shares		0	0
Receivables		3 350	2 887
Other financial assets		701	530
Long-term deferred charges		0	0
Deferred income tax assets		1 236	818
Current assets		280 966	243 288
Inventory	1.6.8.	186 603	115 975
Construction services receivables		23 659	6 510
Trade receivables and other receivables	1.6.9.	63 940	108 443
Other financial assets		0	0
Short-term deferred charges		2 171	503
Cash and cash equivalent		4 593	11 857
Assets classified as held for sale		0	0
<b>Assets in total</b>		<b>404 219</b>	<b>327 897</b>

Description	Note	30.09.2016	31.12.2015
Equity		130 731	116 012
Equity falling to shareholders of parent entity		130 731	116 012
Common equity		8 363	8 363
Own shares (-)		0	0
Equity from sales of shares over its nominal value		26 309	26 309
Other equities		136 599	69 105
Profits saved:		-40 539	12 235
Non-controlling shares		0	0
Liabilities		273 487	211 885
Long-term liabilities		119 970	114 451
Deferred income tax provision		4 536	1 153
Liabilities and provisions on employee benefits		47	47
Other long-term provisions		0	0
Long-term credits, borrowings and debt instruments	1.6.10.	108 211	107 596

Quarterly Report for the 3rd quarter 2016 of DEKPOL Capital Group  
(data in thousands of PLN)

Other long-term liabilities	1.6.10.	279	0
Other long-term liabilities		6 896	5 655
Short-term liabilities		153 518	97 434
Liabilities and provisions on employee benefits		3	3
Other short-term provisions		518	509
Short-term credits, borrowings and debt instruments	1.6.10.	32 511	11 801
Other short-term liabilities	1.6.10.	225	385
Construction services liabilities		0	0
Trade liabilities and other liabilities	1.6.11.	111 656	77 406
Receivables from future terms		8 604	7 330
Liabilities connected to assets intended for sale		0	0
<b>Liabilities in total</b>		<b>404 219</b>	<b>327 897</b>

#### 1.4 Condensed Interim Consolidated Cash Flow Statement

Description	01.01- 30.09.2016	01.01- 30.09.2015
Cash and cash equivalent at the beginning of the period	11 857	5 349
Profit (loss) before tax	18 206	13 097
Adjustments:	-6 566	4 765
Depreciation	3 325	2 502
Change of fair value of investment properties	-12 434	0
Profit (loss) from sales of non-financial tangible assets	-19	-250
Profits (losses) from foreign exchange differences	0	0
Interests and shares in profits	2 562	2 568
Other adjustments	0	0
Change of working capital	-3 708	-57 306
Changes in stocks	-68 835	-54 644
Changes in receivables	28 656	-28 026
Changes in liabilities	35 289	24 573
Changes of provisions and deferred charges	1 183	791
Other adjustments	0	0
Income tax from profit before taxation	-3 484	-2 640
Income tax paid	-1 196	0
Net cash from operating activities	3 252	-42 084
Expenses related to acquisition of intangible assets	-32	0
Inflows from sales of intangible assets	0	0
Expenses related to acquisition of property, plant and equipment	-3 189	-8 699
Inflows from sales of property, plant and equipment	113	82
Expenses related to acquisition of investment properties	-25 072	1 130

*Quarterly Report for the 3rd quarter 2016 of DEKPOL Capital Group  
(data in thousands of PLN)*

Inflows from sales of investment properties	0	0
Expenses related to acquisition of subsidiaries (net of cash acquired)	0	0
Inflows from sales of subsidiaries	0	0
Repayments received from loans granted	0	0
Loans granted	0	0
Expenses related to acquisition of other financial assets	-171	0
Inflows from sales of other financial assets	0	0
Inflows from received grants	1 398	0
Interest received	0	0
Dividends received	0	0
Other inflows (expenses) from investment activities	0	0
<b>Net cash from investment activities</b>	<b>-26 953</b>	<b>-7 487</b>
Net inflows from issue of shares	5	28 262
Acquisition of own shares	0	0
Inflows from share changes in subsidiaries, not leading to control loss	0	0
Expenses corresponding to share changes in subsidiaries, not leading to control loss	0	0
Inflows from issue of debt securities	29 535	24 500
Redemption of debt securities	-19 980	0
Inflows from loans and borrowings taken out	42 078	8 859
Repayment of loans and borrowings	-29 832	-10 127
Repayment of liabilities under finance lease	-533	-280
Interest paid	-4 836	-2 440
Dividends paid	0	0
Inflows from received grants	0	3 849
Other inflows (expenses) from financial activities	0	0
<b>Net cash flows from financial activity</b>	<b>16 437</b>	<b>52 623</b>
Change in net cash and cash equivalents without foreign exchange differences	-7 264	3 052
Change in net cash and cash equivalents	-7 264	3 052
<b>Cash and cash equivalents at the end of the period</b>	<b>4 593</b>	<b>8 401</b>

## 1.5 Condensed Interim Statement in the changes in Consolidates Equity

Data for the period 01.01-30.09.2016

Description	Common equity	Equity from sale of shares over its nominal value	Reserve capital from retained earnings	Other equities	Non-shared retained earnings	Non-controlling shares	Total
Balance as at beginning of period	8 363	26 309	69 105	0	12 236	0	116 013
Changes in accounting principles (policy)	0	0	0	0	0	0	0
Error correction of previous years	0	0	-7	0	4	0	-4
Balance at the beginning of period after changes	8 363	26 309	69 098	0	12 240	0	116 010
Issue of shares	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0
Transfer of financial result to capital	0	0	67 500	0	-67 500	0	0
Transactions with owners in total	0	0	67 500	0	-67 500	0	0
Net profit (loss)	0	0	0	0	14 722	0	14 722
Other total comprehensive income	0	0	0	0	0	0	0
Comprehensive income	0	0	0	0	14 722	0	14 722
<b>Balance at the end of period</b>	<b>8 363</b>	<b>26 309</b>	<b>136 598</b>	<b>0</b>	<b>-40 539</b>	<b>0</b>	<b>130 731</b>



Quarterly Report for the 3rd quarter 2016 of DEKPOL Capital Group  
(data in thousands of PLN)

Data for the period 01.01-30.09.2015

Description	Common equity	Equity from sale of shares over its nominal value	Reserve capital from retained earnings	Other equities	Non-shared retained earnings	Non-controlling shares	Total
Balance as at beginning of period	6 410	0	51 103	0	17 830	0	75 343
Changes in accounting principles (policy)	0	0	0	0	0	0	0
Error correction of previous years	0	0	0	0	0	0	0
Balance at the beginning of period after changes	6 410	0	51 103	0	17 830	0	75 343
Issue of shares	1 953	26 309	0	0	0	0	28 262
Dividends	0	0	0	0	0	0	0
Transfer of financial result to capital	0	0	18 002	0	-18 002	0	0
Transactions with owners in total	1 953	26 309	18 002	0	-18 002	0	28 262
Net profit (loss)	0	0	0	0	10 457	0	10 457
Other total comprehensive income	0	0	0	0	0	0	0
Comprehensive income	0	0	0	0	10 457	0	10 457
<b>Balance at the end of period</b>	<b>8 363</b>	<b>26 309</b>	<b>69 105</b>	<b>0</b>	<b>10 285</b>	<b>0</b>	<b>114 062</b>

## 1.6 Additional Information to Condensed Interim Consolidated Financial Statement

### 1.6.1. Operating segments

Data for the period 01.01-30.09.2016

Description	Note	General contracting services	Real-estate development activities	Manufacture of steel constructions and equipment	Other	Exclusions	Total
Sales revenues in total		133 945	19 751	18 797	12 814	-25 720	159 587
Revenues from external clients		112 595	19 751	18 797	8 444	0	159 587
Operating costs in general		126 753	17 312	16 938	15 587	-26 569	150 021
Other operating revenues		0	0	0	13 227	0	13 227
Other operating costs		0	0	0	1 236	0	1 236
Operating result		7 193	2 439	1 859	9 217	849	21 557
Financial revenues		0	0	0	88	0	88
Financial costs		0	0	0	3 650	-211	3 439
Income tax		0	0	0	3 484	0	3 484
<b>Net results</b>		<b>7 193</b>	<b>2 439</b>	<b>1 859</b>	<b>2 171</b>	<b>1 060</b>	<b>14 722</b>

Quarterly Report for the 3rd quarter 2016 of DEKPOL Capital Group  
(data in thousands of PLN)

Data for the period 01.01-30.09.2015

Description	Note	General contracting services	Real-estate development activities	Manufacture of steel constructions and equipment	Other	Exclusions	Total
Sales revenues in total		227 056	17 569	11 172	5 170	-50 314	210 653
Revenues from external clients		176 742	17 569	11 172	5 170	0	210 653
Operating costs in general		192 132	16 001	8 418	4 602	-37 527	183 626
Other operating revenues		0	0	0	0	0	0
Other operating costs		0	0	0	0	0	0
Operating result		34 924	1 568	2 754	568	-12 787	27 027
Financial revenues		0	0	0	88	0	88
Financial costs		0	0	0	3 439	0	3 439
Income tax		0	0	0	3 484	0	3 484
<b>Net results</b>		<b>34 924</b>	<b>1 568</b>	<b>2 754</b>	<b>-6 267</b>	<b>-12 787</b>	<b>20 192</b>

### 1.6.2. Costs of major operating activities

Description	01.01- 30.09.2016	01.07- 30.09.2016	01.01- 30.09.2015	01.07- 30.09.2015
Costs by type	223 834	89 562	213 377	79 866
Depreciation	3 325	976	2 502	741
Consumption of materials and energy	56 172	22 823	58 193	22 841
Outsourced services	142 047	58 914	133 775	49 651
Taxes and fees	672	255	646	153
Remunerations	10 218	3 649	9 484	3 533
Employee benefits	2 114	693	2 089	109
Other costs by type	3 171	122	2 085	313
Value of goods and materials sold	6 115	2 130	4 603	2 525
Movements in the balance of products	-52 504	-36 364	5 229	10 117
Own work capitalised	-21 310	-629	-24 242	-26 614
Selling costs	-8 180	-1 285	-5 049	-1 950
General administrative expenses	-5 534	-2 005	-6 824	-3 204
<b>Own selling cost</b>	<b>136 305</b>	<b>49 279</b>	<b>182 491</b>	<b>58 215</b>

### 1.6.3. Other operating revenues

Description	01.01- 30.09.2016	01.07- 30.09.2016	01.01- 30.09.2015	01.07- 30.09.2015
Profit on disposal of non-financial fixed assets	19	13	81	0
Impairment losses on receivables reversal in period (-)	114	62	863	332
Impairment losses on inventories reversal in period (-)	71	0	0	0
Other titles	203	46	224	55
Grants	123	8	194	0
Penalties and compensations	263	72	759	57
Pricing of investment properties to fair value	12 434	0	0	0
Re-invoicing	0	0	0	0
<b>Other operating revenues</b>	<b>13 227</b>	<b>200</b>	<b>2 121</b>	<b>444</b>

#### 1.6.4. Other operating costs

Description	01.01- 30.09.2016	01.07- 30.09.2016	01.01- 30.09.2015	01.07- 30.09.2015
Loss on disposal of non-financial fixed assets	0	0	0	0
Impairment losses on receivables creation in the period	913	5	163	0
Impairment losses on inventories creation in the period	0	0	0	0
Compensations	19	6	35	0
Re-invoicing costs	0	0	0	0
Court fees	0	0	100	33
Damages to properties	25	10	63	13
Other titles	232	4	403	17
Contractual penalties	0	0	0	0
Write-downs	0	0	736	0
Inventory deficits	0	0	0	0
Bonus to turnover	0	0	0	0
Donations	40	17	33	23
Costs of gap's removal and scrapping	8	0	0	0
Costs related to acquisition of subsidiaries	0	0	0	0
Creation of reserves	0	0	0	0
Pricing of investment properties to fair value j	0	3 212	0	0
<b>Other operating costs</b>	<b>1 236</b>	<b>3 254</b>	<b>1 533</b>	<b>86</b>

#### 1.6.5. Financial revenues

Description	01.01- 30.09.2016	01.07- 30.09.2016	01.01- 30.09.2015	01.07- 30.09.2015
Interests	64	0	55	24
Surplus of positive exchange differences over the negative ones	24	16	0	0
Reversal of wrote-offs	0	0	0	0
Profit from sale of financial assets	0	0	0	0
Dividends	0	0	0	0
Other financial revenues	0	-8	0	0
<b>Financial revenues</b>	<b>88</b>	<b>8</b>	<b>55</b>	<b>24</b>

### 1.6.6. Financial expenses

Description	01.01- 30.09.2016	01.07- 30.09.2016	01.01- 30.09.2015	01.07- 30.09.2015
Interests	3 439	427	2 687	858
Surplus of positive exchange differences over the negative ones	0	0	13	0
Loss from sale of financial assets	0	0	0	0
Write-offs	0	0	0	0
Other financial expenses	0	0	0	0
<b>Financial expenses</b>	<b>3 439</b>	<b>427</b>	<b>2 700</b>	<b>858</b>

### 1.6.7. Income tax

Description	01.01- 30.09.2016	01.01- 30.09.2015
Deferred income tax	2 966	-388
Deferred income tax settlement of unused tax losses	0	0
Deferred tax – creation and reversal of temporary differences	2 966	-388
Current income tax for reporting period	518	3 027
Current income tax for previous periods covered in financial result	0	0
Current income tax	518	3 027
<b>Income tax</b>	<b>3 484</b>	<b>2 639</b>

### 1.6.8. Inventories

Description	30.09.2016	31.12.2015
Materials balance value	11 089	7 802
Write-offs at the end of the period (-)	195	266
Materials as a part of purchasing prices	11 284	8 068
Semi-finished products and work in progress balance value	3 519	2 012
Write-offs at the end of the period (-)	237	237
Semi-finished products and work as a part of production cost	3 756	2 249
Premises under construction balance value	151 005	100 144
Write-offs at the end of the period (-)	0	0
Premises under construction as a part of production cost	151 005	100 144
Finished products balance value	1 318	573
Write-offs at the end of the period (-)	51	51
as a part of purchasing prices as a part of production cost	1 369	624
Goods balance value	842	902
Write-offs at the end of the period (-)	0	0
Goods as a part of purchasing prices	842	902

Quarterly Report for the 3rd quarter 2016 of DEKPOL Capital Group  
(data in thousands of PLN)

Finished premises balance value	18 830	4 542
Write-offs at the end of the period (-)	0	0
Finished premises as a part of production cost	18 830	4 542
<b>Inventories</b>	<b>186 603</b>	<b>115 975</b>

### 1.6.9. Trade receivables and other receivables

Description	30.09.2016	31.12.2015
Net trade receivables	32 917	81 493
Write-offs at the end of the period (-)	1 556	988
Trade receivables before revaluation write-off	34 473	82 481
Current tax income	1 768	0
Receivables on account of other taxes, customs duties and social insurance	15 652	0
Receivables due to valuation of construction agreements balance value	8 225	0
Write-offs at the end of the period (-)	82	0
Receivables due to valuation of construction agreements before revaluation write-off	8 306	0
Receivables from other titles	0	0
Receivables and advance payments balance value	4 172	0
Write-offs at the end of the period (-)	143	0
Receivables and advance payments before revaluation write-off	4 315	0
Other receivables balance value	1 207	26 950
Write-offs at the end of the period (-)	0	0
Other receivables value before revaluation write-off	1 207	26 950
<b>Trade receivables and other receivables</b>	<b>63 940</b>	<b>108 443</b>

### 1.6.10. Financial instruments

Description	30.09.2016	31.12.2015
Assets evaluated at fair value through financial result	0	0
Stocks and shares in subsidiaries	0	0
Loans and receivables evaluated at depreciated cost	0	0
Receivables evaluated at nominal value	63 940	108 443
Assets held to maturity	0	0
Assets available for sale	0	0
Cash and cash equivalents	4 593	11 857
<b>Financial assets</b>	<b>68 533</b>	<b>120 300</b>

Quarterly Report for the 3rd quarter 2016 of DEKPOL Capital Group  
(data in thousands of PLN)

Description	30.09.2016	31.12.2015
Liabilities evaluated at fair value through financial value	0	0
Liabilities evaluated at depreciated cost	141 227	119 782
Liabilities evaluated at nominal value	118 552	83 061
<b>Financial liabilities</b>	<b>259 779</b>	<b>202 843</b>



Quarterly Report for the 3rd quarter 2016 of DEKPOL Capital Group  
(data in thousands of PLN)

Loans and borrowings as of 30.09.2016	Loan value	Balance	Currency	Interest rate	Date of repayment
<b>Long-term</b>					
Loan BS um.Z/73/Dz/2014	3 000	1 415	PLN	WIBOR 3M+ margin	30.08.2019
Borrowing	6 530	6 530	PLN	Fixed rate	31.12.2018
Loan BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	15 000	11 708	PLN	WIBOR 3M+ margin	11.12.2025
Loan BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	3 000	1 380	PLN	WIBOR 3M+ margin	11.12.2025
<b>Long-term loans and borrowings in total</b>		<b>21 033</b>	-	-	-
<b>Short-term</b>					
Loan Millennium Bank um.8363/15/400/04	12 000	8 436	PLN	WIBOR 3M+ margin	06.04.2017
Other		0			
Loan um. Getin Noble Bank um. 1534355	20 000	3 337	PLN	WIBOR 3M+ margin	20.09.2017
Loan BS um.Z/73/Dz/2014		738	PLN	WIBOR 3M+ margin	30.08.2019
Loan Getin Noble Bank um. 1535766	18 000	-	PLN	WIBOR 3M+ margin	31.12.2018
<b>Short-term loans and borrowings in total</b>		<b>12 511</b>	-	-	-

Quarterly Report for the 3rd quarter 2016 of DEKPOL Capital Group  
(data in thousands of PLN)

Loans and borrowings as of 31.12.2015	Loan value	Balance	Currency	Interest rate	Date of repayment
<b>Long-term</b>					
Loan Millennium Bank um.8363/15/400/04	12 000	-	PLN	WIBOR 3M+ margin	06.04.2017
Loan BS um. Z/38/Dz/2013	3 000	1 000	PLN	WIBOR 1M+ margin	30.04.2018
Loan BS um. Z/73/Dz/2014	3 000	1 968	PLN	WIBOR 3M+ margin	30.08.2019
Loan Getin Noble Bank um. KRI/1534355	22 000	-	PLN	WIBOR 3M+ margin	20.09.2017
Loan Getin Noble Bank um. KRI/1535766	18 000	-	PLN	WIBOR 3M+ margin	20.01.2018
Loan Getin Noble Bank um. KRI/1535781	8 000	-	PLN	WIBOR 3M+ margin	20.09.2018
Borrowing	6 530	6 530	PLN	Fixed rate	31.12.2018
<b>Long-term loans and borrowings in total</b>	<b>72 530</b>	<b>9 498</b>	-	-	-
<b>Short-term</b>					
Loan Pekao um. I PCK/5/2011	3 000	-	PLN	WIBOR 1M+ margin	31.01.2016
Loan Pekao um. I PCK/7/2011	15 000	10 312	PLN	WIBOR 1M+ margin	31.01.2016
Loan BS um. Z/38/Dz/2013	3 000	750	PLN	WIBOR 1M+ margin	30.04.2018
Loan BS um. Z/73/DZ/2014	3 000	738	PLN	WIBOR 3M+ margin	30.08.2019
Other	-	-	PLN	-	-
<b>Short-term loans and borrowings in total</b>	<b>24 000</b>	<b>11 800</b>	-	-	-

### 1.6.11. Trade liabilities and other liabilities

Description	30.09.2016	31.12.2015
Trade payables	39 069	57 964
Remuneration liabilities	984	869
Current income tax payables	53	1 281
Payables due to other taxes, duties and social security	1 117	1 642
Short-term receivables	4 476	4 714
Receivables and advance payments for deliveries	65 944	10 863
Other short-term liabilities	12	73
<b>Trade liabilities and other liabilities</b>	<b>111 656</b>	<b>77 406</b>

## 2 Condensed Interim Separate Financial Statement

### 2.1 Selected separate Financial Data

Selected financial data - condensed interim separate financial statement	In thousands of PLN		In thousands of EUR	
	01.01.2016 - 30.09.2016	01.01.2015 - 30.09.2015	01.01.2016 - 30.09.2016	01.01.2015 - 30.09.2015
I. Net revenue from sales of products, goods, and materials	180 598	260 967	41 338	62 755
II. Profit (loss) on operating activity	5 950	84 885	1 362	20 412
III. Profit (loss) before tax	2 362	82 240	541	19 776
IV. Net profit (loss)	1 920	66 498	439	15 991
V. Earnings (loss) per ordinary share (in PLN / EUR)	0,23	8,19	0,05	1,97
VI. Net cash flows from operating activity	(25 805)	(41 959)	(5 907)	(10 090)
VII. Net cash flows from investment activity	(5 819)	(7 687)	(1 332)	(1 849)
VIII. Net cash flows from financial activity	24 444	52 623	5 595	12 654
IX. Total net cash flows	(7 181)	2 977	(1 644)	716
	<b>30.09.2016</b>	<b>31.12.2015</b>	<b>30.09.2016</b>	<b>31.12.2015</b>
X. Total assets	461 943	399 642	107 130	93 780
XI. Liabilities and provisions for liabilities	290 314	229 938	67 327	53 957
XII. Long-term liabilities	130 852	127 861	30 346	30 004
XIII. Short-term liabilities	159 462	102 077	36 981	23 953
XIV. Equity	171 629	169 704	39 803	39 823
XV. Share capital	8 363	8 363	1 939	1 962
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)	20,52	20,29	4,76	4,76

Individual items of Condensed Interim Separate 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 30<sup>th</sup> of September 2016 at 4,3120 PLN/EUR and for the day 31<sup>st</sup> of December 2015 at 4,2615 PLN/EUR. Individual items of Condensed Interim Separate Financial Statement of Comprehensive Income and Condensed Interim Separate 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 9 months ended 30<sup>th</sup> of September 2016 and 9 months ended 30<sup>th</sup> of September 2015 (respectively: 4,3688 PLN / EUR and 4,1585 PLN / EUR).

## 2.2 Condensed Interim Statement of Comprehensive Income

Description	01.01- 30.09.2016	01.07- 30.09.2016	01.01- 30.09.2015	01.07- 30.09.2015
Sales revenues	180 598	63 701	260 967	122 483
Costs of goods sold	158 465	52 205	221 153	96 877
Gross profit (loss) from sales	22 133	11 496	39 814	25 606
Selling costs	11 887	4 269	5 049	1 950
General administrative expenses	4 296	1 321	6 729	3 109
Other operating revenues	792	207	58 383	56 706
Other operating costs	1 236	53	1 533	86
Profit (loss) from operating activities	5 506	6 060	84 885	77 166
Financial revenues	295	0	55	24
Financial expenses	3 439	408	2 700	858
Profit (loss) before tax	2 362	5 652	82 240	76 332
Income tax	442	905	15 742	14 701
Profit (loss) from discontinued operations	0	0	0	0
<b>Net profit (loss)</b>	<b>1 920</b>	<b>4 747</b>	<b>66 498</b>	<b>61 631</b>

Description	01.01- 30.09.2016	01.07- 30.09.2016	01.01- 30.09.2015	01.07- 30.09.2015
Net profit (loss)	1 920	4 747	66 498	61 631
Other net comprehensive income	0	0	0	0
<b>Comprehensive income</b>	<b>1 920</b>	<b>4 747</b>	<b>66 498</b>	<b>61 631</b>

## 2.4 Condensed Interim Statement of Financial Position

Description	30.09.2016	31.12.2015
Fixed assets	159 892	149 930
Property, land and equipment	38 036	37 438
Intangible assets	8 368	8
Investment properties	175	222
Stocks and shares	108 027	108 027
Receivables	3 350	2 887
Other financial assets	701	530
Long-term deferred charges	0	0
Deferred income tax assets	1 236	818
Current assets	302 051	249 712
Inventory	186 603	121 461
Construction services receivables	85 164	96 494
Trade receivables and other receivables	23 659	6 510
Other financial assets	31	13 148
Short-term deferred charges	2 171	503
Cash and cash equivalent	4 423	11 596
Assets classified as held for sale	0	0
<b>Assets in total</b>	<b>461 943</b>	<b>399 642</b>

Description	30.09.2016	31.12.2015
Equity	171 629	169 704
Liabilities	290 314	229 938
Long-term liabilities	130 852	127 861
Deferred income tax provision	15 424	14 564
Liabilities and provisions on employee benefits	47	47
Other long-term provisions	0	0
Other long-term liabilities	279	369
Long-term credits, borrowings and debt instruments	108 206	107 595
Other long-term liabilities	6 896	5 286
Short-term liabilities	159 462	102 077
Liabilities and provisions on employee benefits	3	3
Other short-term provisions	518	509
Short-term credits, borrowings and debt instruments	32 511	11 801
Other short-term liabilities	225	385
Construction services liabilities	0	0
Trade liabilities and other liabilities	117 600	82 049
Receivables from future terms	8 604	7 330
Liabilities connected to assets intended for sale	0	0
<b>Liabilities in total</b>	<b>461 943</b>	<b>399 642</b>

## 2.5 Condensed Interim Cash Flow Statement

Description	01.01- 30.09.2016	01.01- 30.09.2015
Profit before tax	2 362	82 240
Adjustments	-29 082	-124 198
Depreciation	2 840	2 502
Profit (loss) from sales of non-financial tangible assets	-19	-70 693
Profits/losses from foreign exchange differences		
Interests and shares in profits	2 355	2 513
Net changes of equity	-31 949	-42 779
Income tax from profit before taxation	-442	-15 742
Income tax paid	-1 767	0
<b>Net cash from operating activities</b>	<b>-26 720</b>	<b>-41 959</b>
Expenses related to acquisition of intangible assets	-32	
Inflows from sales of intangible assets		
Expenses related to acquisition of property, plant and equipment	-3 169	-8 699
Inflows from sales of property, plant and equipment	113	82
Expenses related to acquisition of investment properties	-8 360	
Inflows from sales of investment properties		1 130
Expenses related to acquisition of subsidiaries		-200
Repayments received from loans granted	13 117	
Other inflows	207	
Other expenses	-171	
Grants	1 398	3 849
<b>Net cash from investment activities</b>	<b>1 705</b>	<b>-7 687</b>
Net inflows from issue of shares	5	28 262
Inflows from issue of securities	29 535	24 500
Expenses related to redemption of securities	-19 980	
Other inflows from financial activities	13	
Inflows from loans and borrowings taken out	42 078	8 859
Repayment of loans and borrowings	-29 832	-10 127
Repayment of loans and borrowings	-533	-280
Interest paid	-4 835	-2 440
Dividends paid		
<b>Net cash from financial activity</b>	<b>17 843</b>	<b>52 623</b>
<b>Cash flow in total</b>	<b>-7 173</b>	<b>2 977</b>
Cash and cash equivalent at the beginning of the period	11 596	5 349
<b>Cash and cash equivalent at the end of the period</b>	<b>4 423</b>	<b>8 326</b>

## 2.6 Condensed Interim Statement of changes in Equity

01.01.2016 -30.09.2016						
Description	Common equity	Equity from sale of shares over its nominal value	Reserve capital from retained earnings	Other equities	Non-shared retained earnings	Total
Balance as at beginning of period	8 363	26 309	69 105	0	65 927	169 704
Changes in accounting principles (policy)	0	0	0	0	0	0
Error correction of previous years	0	0	0	0	0	0
Balance at the beginning of period after changes	8 363	26 309	69 105	0	66 097	169 874
Issue of shares	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Transfer of financial result to capital	0	0	66 097	0	-66 097	0
Transactions with owners in total	0	0	0	0	0	0
Net profit (loss)	0	0	0	-166	1 920	1 754
Other total comprehensive income	0	0	0	0	0	0
<b>Balance at the end of period</b>	<b>8 363</b>	<b>26 309</b>	<b>135 202</b>	<b>0</b>	<b>1 920</b>	<b>171 628</b>

Quarterly Report for the 3rd quarter 2016 of DEKPOL Capital Group  
(data in thousands of PLN)

01.01.2015 -30.09.2015	Common equity	Equity from sale of shares over its nominal value	Reserve capital from retained earnings	Other equities	Non-shared retained earnings	Total
<b>Description</b>						
Balance as at beginning of period	6 410	0	51 103	0	17 830	75 344
Changes in accounting principles (policy)	0	0	0	0	0	0
Error correction of previous years	0	0	0	0	0	0
Balance at the beginning of period after changes	6 410	0	51 103	0	17 830	75 344
Issue of shares	1 953	26 309		0		28 262
Dividends	0	0	0	0	0	0
Transfer of financial result to capital	0	0	18 002	0	-18 002	
Transactions with owners in total	1 953	26 309	18 002	0	-18 002	28 262
Net profit (loss)	0	0	0	0	66 498	66 498
Other total comprehensive income	0	0	0	0	0	0
<b>Balance at the end of period</b>	<b>8 363</b>	<b>26 309</b>	<b>69 105</b>	<b>0</b>	<b>66 326</b>	<b>170 103</b>



## **2.7 Additional Information to Condensed Interim Separate Financial Statement**

### **2.7.1 Preparation rules of Interim Condensed Separate Financial Statement**

Interim condensed financial statement of the Company Dekpol S.A. for 3 and 9 months ended 30 September 2016 has been prepared in accordance with International Accounting Standards and International Financial Reporting Standards and related interpretations announced in the form of regulations of European Commission (hereinafter referred to as IFRS).

Interim condensed financial statement of the Company Dekpol S.A. for 3 and 9 months ended 30 September 2016 has been prepared under assumption of continuation of business by the Company in the foreseeable future. Statement presents financial of the Company Dekpol S.A. as at 30 September 2016 and 31 December 2015, results achieved with the Company's operations and cash flows for 3 and 9 months ended 30 September 2016 and 30 September 2015.

In interim condensed financial statement for 3 and 9 months ended 30 September 2016 have been followed the same accounting principles (policy) and calculation methods as in the last annual financial statement for 2015. In the reporting period were no changes in applicable accounting principles (policies). In the reporting period were also neither significant changes in estimates nor changes of rules in valuation of assets and liabilities and also financial result.

## **3 Other information to the extended consolidates report for the 3<sup>rd</sup> quarter 2016 of Dekpol Capital Group**

### **3.1 Information on DEKPOL Capital Group**

#### **3.1.1 Structure of DEKPOL Capital Group**

As at 30 September 2016 and as at the date of this report (i.e. 10 November 2016), Dekpol 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.

- direct subsidiaries of Dekpol S.A.:

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

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.

In the period of 3<sup>rd</sup> quarter 2016 and until the day of publication of this report, there were no changes in the structure of Dekpol Capital Group.

### **3.1.2 Business activities of DEKPOL Capital Group**

Parent entity of Capital Group, i.e. Dekpol S.A. carries out its operations in three areas:

- property development - construction, finishing works and sale of apartments and premises for commerce/services;
- general contracting services in the scope of industrial, warehousing, commercial and service facilities, including external infrastructure i.e. roads, yards, parking lots, along with infrastructure;
- manufacture and installation of steel structures and manufacture of equipment (buckets) for construction machines.

Dekpol 1 Sp. z o.o. SKA – in Dekpol Capital Group the company is responsible for management of subsidiaries, appointed for execution of specialized tasks, and management of tangible and intangible assets in Dekpol Group.

Dekpol 1 Sp. z o.o. – general partner of Dekpol 1 Sp. z o.o. SKA

Almond Sp. z o.o. - company owning the properties in Gdańsk at Toruńska Street (Hotel Almond)

Dekpol Royalties Sp. z o.o. – in Dekpol Group the company is responsible for the brand management in context of image and product promotion.

## **3.2 Information on parent entity DEKPOL S.A.**

### **3.2.1 Governing bodies of the Company**

#### **3.2.1.1 Management Board**

The 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 the function of President of Management Board, moreover it is possible to entrust other Members of Management Board with function of Vice Presidents of Management Board. Term of office of Members of Management Board is 5 years and is cannot be joint.

As of the day of publication of this report, Management Board composes 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 Management Board have been appointed by resolution of General Meeting of Shareholders of Dekpol Sp. o.o. on appointment of members of Management Board of transformed company (the Issuer) as of 1 April 2014. The term of office of each member of Management Board expires on 1 April 2019. Each member of Management Board was previously a member of Management Board Dekpol Sp. o.o.

Composition of Management Board did not change during 3<sup>rd</sup> quarter 2016 and until the date of publication of this report.

### **3.2.1.2 Supervisory Board**

Supervisory Board consists of five to seven members. Vocation, as well as dismissal of members of Supervisory Board follows through resolution of General Meeting of Shareholders. This body elects the Chairman of Supervisory Board, may also entrust the function of Vice-president to another member. The term of office of Supervisory Board members takes 5 years and cannot be joint.

As of the day of publication of this report, Supervisory Board of the Issuer consists of:

1. Roman Suszek - Chairman of Supervisory Board
2. Piotr Stobiecki – Member of Supervisory Board
3. Jacek Grzywacz – Member of Supervisory Board
4. Krzysztof Czerkas – Member of Supervisory Board
5. Jacek Kędzierski - Member of Supervisory Board

Jacek Kędzierski and Krzysztof Czerkas meet requirement of independence of the Issuer and its affiliates, as specified in 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.

Composition of Supervisory Board did not change during 3<sup>rd</sup> quarter 2016 and until the date of publication of this report.

### **3.2.2 Share capital structure**

As of 30 September 2016 and as of the day of publication of this report, share capital of Dekpol S.A. amounts PLN 8,362,549.00 and is divided into:

- a) 6 410 000 series A ordinary bearer shares,
  - b) 1 952 549 series B ordinary bearer shares,
- which entitle to 8.362.549 votes at the General Meeting of Shareholders of the company. Nominal value of 1 share amounts 1 PLN.

### 3.2.3 Shareholding structure of the Company

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 of report and as of 29 August 2016, ie. the day of publication of periodic report for H1 2016:

Shareholder	Number of shares/number of votes	Participation in share capital and general number of votes (%)
Mariusz Tuchlin	6.409.000	76,64%
Nationale - Nederlanden OFE	737.500	8,82%

### 3.2.4 Ownership of shared by persons performing managerial and supervisory functions

Shares in possession by members of Management Board and Supervisory Board of Dekpol S.A. as of the day of publication of report and as of 29 August 2016, ie. the day of publication of periodic report for H1 2016:

Item	Number of shares as of the day of publication of half-year report	Changes	Number of shares as of the day of publication of this report
Mariusz Tuchlin	6.409.000	-	6.409.000
Other Members of Management Board and Supervisory Board	0	-	0

To the best knowledge of the Company, Members of Management Board and Supervisory Board do not hold any rights to shares of the Issuer in the period from the day of publication of periodical report for H1 2016 until the day of publication of this report.

## 3.3 Information on operations of DEKPOL Capital Group

### 3.3.1 Brief description of essential achievements and faults of DEKPOL Capital Group

Revenues from sale after first three quarters of 2016 run into the level of PLN 159 587 thousands, which is 24% lower comparing to revenues in corresponding period of previous year. At the same time in the period from January to September 2016 Dekpol Capital Group reached net profit in the amount of PLN 14 722 thousands, which means improvement of approx. 41% comparing to the same period of 2015. Improvement of financial results was possible due to significant acquisition of profitable contracts. Capital Group also showed a positive balance of other operating income in the amount of PLN 13 227 thousands, comparing to PLN 2 121 thousands in the first three quarters of 2015. Increase of the value

of other operating income has been reached mainly by positive balance in pricing of investment property to fair value.

In the period covered by financial report, the Group carried out similar operations comparing to 2015, ie. dealt with: general contracting services, real-estate development activities, manufacture of equipment for construction machines and manufacture of steel structures.

### **General contracting segment**

Within general contracting segment, the Capital Group, at the end of the third quarter of 2016 executed contracts of a total contract value of over gross PLN 240 million. To execution after reporting period remained projects of a total value of over gross PLN 197 million. All projects are carried out on behalf of private investors. The main activity area remains Pomorskie Voivodship, with nearly 90% of all projects in execution. Remaining activity concentrates mainly on Malopolskie and Lodzkie Voivodeships.

### **Real-estate development segment**

As part of real-estate development segment Dekpol Capital Group records high dynamics in development of activities. In the first three quarters this year, purchase orders in the meaning of preliminary agreements, development and booking reached 432 premises. For comparison, in the same period of previous year, purchase orders were at the level of 240 premises, and in the whole 2015 at the level of 389 premises.

Within revenues of real-estate development segment in the first three quarters of year has been identified the sale of 97 premises, comparing to 150 premises identified in results for the whole 2015.

As of the end of September this year, in sale were 8 real-estate development investments, which will provide jointly 1 436 premises (PUM (Useful floor area of a dwelling): 67 236 m<sup>2</sup>). These include:

- Osiedle Zielone II
- Osiedle Zielone III
- Nowe Rokitki II
- Nowe Rokitki III
- Młoda Morena I
- Młoda Morena Park
- Osiedle Na Fali
- Nowa Motława (Nowa Motława I, II and Nowa Motława Hotel No1)

As of the end of September this year, in sales offer remained 319 premises.

### **Segments of manufacture of equipment for construction machines and manufacture of steel structures**

The sales of the segment bases on cooperation with long-term customers, ensuring approx. 85% of segment revenues. Remaining turnover is generated by customers for which are implemented single contracts. Current production capacity is used in 75%. Company takes steps in order to increase portfolio of customers and to take leading position in production of equipment to construction machines on European market.

### 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 Gdańsk - 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 C series programme bonds. 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 commercial 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 agreement with 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 Issuer's declaration on 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 E2 series 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 Pioneer 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 commercial 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.

Bonds are secured by contractual mortgage up to maximum amount of PLN 15 million, setup by Issuer on 12 January 2016 for mortgage administrator - BSWW TRUST Sp. z o.o. ("Mortgage Administrator"), on belonging to Issuer perpetual usufruct on property located in Gdańsk at ul. Jaglana, and by contract of escrow account between Issuer, Mortgage Administrator and 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 to verbal-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, which due to prolongation of the above mentioned term (30 June 2016) is still valid. 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 property 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.

Above mentioned facts do not cause financial consequences for the Company, which pays license fees for use of copyright to work as verbal-figurative mark "dekpol" under the same rates and terms of payment so far. Besides, it neither affected financial position of Dekpol S.A. nor position of Dekpol 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. Investment has been accomplished in accordance with terms and conditions of agreement.

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

#### Placement of D series bonds to alternative trading system

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.

#### Information on sale of premises by Dekpol S.A.

On 15 April 2016 the Company announced that in the first quarter of 2016 concluded 146 real-estate development and preliminary contracts on sale of offered premises, what represents nearly three-fold increase over the same period last year. As at 31 March 2016 total number of premises 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 premises as a part of its investments located in Pomerania Voivodeship, which constituted nearly 80% increase comparing 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.

#### Conclusion of significant agreement with 7R Logistics S.A.

On 1 June 2016 the Company signed an agreement with 7R Logistic S.A. on the overall execution of investment named: "Construction of warehouse with social-office facilities and infrastructure" in Klucze until 28 February 2017.

Remuneration for execution of contract has been fixed at 10 -15% of Issuer's equity, however it can change only in case of contracting of additional works by 7R Logistic S.A.

Joint limit of penalties for delays in the execution of investment amounts 15% of Contractor's salary. The same penalty is to be paid for withdrawal from contract due to Contractor's fault. For withdrawing from contract due to fault of 7R Logistic SA, the Company has right to demand a contractual penalty of 10% of salary. Total amount of contractual penalties cannot exceed 20% of salary. Contracting parties have right to claim compensation to the full extent of losses. 7R Logistic S.A. is entitled to request from Company compensation in respect of damage caused in connection with need of losses cover of future Investments' user resulting from failure of meeting deadline by Company. Other provisions of agreement do not differ from market standards applied in agreements of this type.

Information on concluding of the above mentioned agreement, the Company published in current report No. 11/2016.

#### Conclusion of significant agreement with 7R Logistics

On 1 July 2016, the Company received mutually signed agreement dated 30 June 2016 concluded with 7R Logistics S.A. for execution of investments on construction of warehouse along with accompanying infrastructure on property in Gdańsk Kowale. Subject of Agreement includes in particular preparation and hand-over to 7R Logistics S.A. of a complete alternative construction project, preparation of project documentation,

obtainment of necessary permits, accords and opinions, execution of all required construction works necessary for achievement of "turnkey" investment as well as building (rebuilding) of infrastructure necessary to carry out the works.

The company currently implements the first phase of works, which are to be completed in January 2017, and the second stage within 5 months from the date of issuing of permit by 7R Logistics S.A. on its execution. Agreement contains stipulation regarding possibility of execution of both phases together as one investment.

The value of contractual remuneration for execution of works does not exceed 20% of Company's equity. Total amount of contractual penalties that may be charged by 7R Logistics S.A. cannot exceed 15% of Company's remuneration. Imposition on Company of any contractual penalty does not exclude the right of 7R Logistics S.A. to claim damages exceeding amount of such penalty, if in connection with Dekpol's delay 7R Logistics S.A. bears additional costs associated with extension of employment contract of people referred to in Agreement.

Information on conclusion of the above mentioned agreement, the Company published in current report No. 14/2016.

#### Signing of annexes to investment loan agreement with Getin Noble Bank

On 30 June 2016 the Company signed with Getin Noble Bank S.A. annexes to investment loan agreement dated 8 April 2015 on financing of the second and third stage of real-estate development project regarding construction of residential multifamily buildings in Gdańsk. Pursuant to the above mentioned annexes, the Bank extended Company the maturity of debt repayment resulting from these agreements until 31 December 2018.

Information on conclusion of the above mentioned annexes, the Company published in current report No. 15/2016.

#### Conclusion of construction works with Arkony Sopot Sp. z o. o.

On 6 July 2016 the Company has entered into agreement with Arkony Sopot Sp. z o.o. on construction works, the aim of which is the execution by the Company of an investments consisting of reconstruction and expansion of residential building and the construction of guest house in Sopot along with the accompanying works. For the execution of contract, Arkony Sopot Sp. z o.o. will pay the Company a total net fixed remuneration in the amount of no more than 10% of consolidated net sales revenues of Dekpol Capital Group for 2015. Pursuant to records of agreement, obtainment by Company of use permit decision for investment will follow no later than on 31 December 2017.

Company is obliged to pay Arkony Sopot Sp. z o.o. a penalty equal to 0.1% of net salary for each day of delay in execution of agreement and execution of individual works. In case of delay in defects removing within prescribed time, General Contractor shall pay Investor 0.5% of net salary for each day of delay, and for delay in deadlines appointed by Investor for removal of other irregularities and faults in the amount of 0.05% of total net salary for each day of delay. In addition, the Company is obliged to pay minimum a penalty in the amount of 3% in case of withdrawal by Arkony Sopot Sp. z o.o. for reasons attributable to the Company and for failure or improper execution of contract by the Company. Parties may on a general

basis to claim damages from each other exceeding the amount of contractual penalties. Maximum summed up amount of contractual penalties calculated in line with agreement records, encumbering the Company is limited to 15% of net remuneration.

Information on conclusion of the above mentioned agreement, the Company published in current report No. 16/2016.

#### Allocation of E3 series bonds

On 29 July 2016, the Company allocated 10.000 units of transferable, secured E3 series bearer bonds with total nominal value of PLN 10 million for Pioneer Fundusz Inwestycyjny Otwarty with its registered office in Warsaw, sub-funds Pioneer Obligacji Plus, Pioneer Pieniężny i Pioneer Pieniężny Plus. The purpose of Bonds issue programme is to raise funds for the second phase of construction of multifamily residential building along with service parts on a plot at ul. Jaglana in Gdańsk. Bonds bear interest at rate of WIBOR 3M plus margin. Redemption date falls on 27 November 2019.

Bonds are secured through contractual mortgage up to the maximum amount of PLN 15 million, setup by Issuer on 12 January 2016 on belonging to Issuer perpetual usufruct on property located in Gdańsk at ul. Jaglana 3, (current report No. 1/2016) and by contract of escrow account between Issuer, Mortgage Administrator and the Bank. 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.

At the same time on 29 July 2016 the Issuer has entered into agreement with Pioneer Fundusz Inwestycyjny Otwarty and Pioneer Obligacji – Dynamiczna Alokacja Fundusz Inwestycyjny Otwarty regarding changes in conditions of bond issue programme of series C and E, according to which the funds kept on escrow accounts relating to C series will also be able to be used for redemption of E series bonds, and funds kept on escrow accounts relating to E series will also be able to be used for the redemption of C series bonds.

About allocation of E3 series bonds, the Company informed in the current report No. 17/2016.

#### Conclusion of agreement on construction works with COFFEE PROMOTION Sp. z o.o.

On 3 August 2016 the Company concluded a contract with COFFEE PROMOTION Sp. z o.o., on construction of coffee roasting and mixing plant in Koniecwałd. Parties agreed that the completion of works will take place within 10 months from the date of commencement of construction works. For the execution of Agreement Purchaser will pay the Company net salary of approx. 6% of net sales revenues of Dekpol Capital Group for the year 2015. Contractor is entitled to entrust the execution of a part of the scope of agreement to subcontractors.

Agreement contains provisions relating to contractual penalties, according to which the Contractor will pay the Purchaser a penalty for delay in execution of the agreement and removal of defects. Contracting parties have right to demand payment of contractual penalty for withdrawal from the contract for reasons attributable to other side in the amount of 10% of total net remuneration. Maximum sum of contractual penalties foreseen

to be paid by Contractor cannot exceed 10% of net salary. Contracting parties are entitled to claim damages in excess of contractual penalties in entirety, on general principles.

Information on conclusion of the above mentioned agreement, the Company published in current report No. 19/2016.

#### Allocation of C4 series bonds

On 4 August 2016 the Company allocated 9,500 units of transferable secured C4 series bearer bonds of non-document form with a total nominal value of PLN 9.5 million to funds: Pioneer Fundusz Inwestycyjny Otwarty and Pioneer Obligacji - Dynamiczna Alokacja Fundusz Inwestycyjny Otwarty. The purpose of Bonds issue is to raise funds for the execution of Issuer's investment consisting of construction on a building plot at Jaglana Street in Gdańsk of residential building along with services parts ("Investment"). Bonds have been issued for an issue price equal to the nominal value. Bonds shall bear interest at the interest rate equal to WIBOR3M plus margin. Interests will be paid quarterly. Redemption date of Bonds falls on June 19, 2019.

Coverage of bonds constitute:

(i) contractual mortgage to the maximum amount of PLN 14.25 million established on 12 December 2015 for a mortgage administrator on entitled to Issuer right of perpetual usufruct of real estate property located in Gdańsk at Jaglana Street, about which the Issuer informed in Current Report No. 37/2015.

(ii) escrow account agreement ensuring control of cash flows of the Company within investment, including e.g. funds raised from Bonds issue and sales of apartments within investment in such a way that the funds gathered on escrow account could be used exclusively for purposes related to the execution of investment and redemption of Bonds and programme-bonds of series E along with outstanding and unpaid interests.

(iii) Issuer's declaration of submission to enforcement pursuant to Article 777 § 1(5) of Code of Civil Procedure with regards to cash obligations arising from Bonds submitted to particular Funds up to the amount equal to ratio of Bonds subscribed by individual Subscriber and 150% of nominal value of one Bond and entitling to make request for declaration of enforceability until 31 December 2019.

(iv) Issuer's declaration in favor of mentioned above mortgage administrator on submission to enforcement under Art. 777 § 1 point 5 of the Code of Civil Procedure of encumbered property in order to satisfy claims arising from Bonds entitling to make request for declaration of enforceability until 31 December 2019.

About allocation of C4 series bonds, the company informed in current report No. 20/2016.

### **3.3.2 Factors and events, including of untypical nature, impacting substantially condensed consolidated financial statement**

In the third quarter 2016 there were no other than those described in other sections of this quarterly report, factors and events, including untypical ones, which impacted substantially condensed consolidated financial statement.

### 3.3.3 Events after balance sheet date

#### Obtainment of construction permit for the 3<sup>rd</sup> stage of housing estate within construction project "Nowe Rokitki"

On 13 October 2016 the Company received, issued by the Starosty Office of Tczew, final decision regarding construction permit for the 3<sup>rd</sup> stage of a multifamily housing estate "Nowe Rokitki" along with necessary technical infrastructure in Rokitki near Tczew. As a part of the third stage of an investment, the Company plans to build 81 flats with accompanying basements of a total usable floor area of 4465 square meters and 95 parking lots. Estimated value of the project amounts approx. PLN 15 million. The project will be accomplished in the second half of 2017, the first premises should also be handed over for use in the second half of 2017. The project will be fully executed by the Company, capital spending will be financed with Company's own funds, however it is not excluded, that the project will be partially financed by use of foreign capital.

Information on obtainment of construction permit, the Company published in current report No. 22/2016.

#### Allocation of E4 series bonds

On 28 October 2016 the Company has adopted resolution concerning allocation of 10,000 transferable, secured bearer E4 series bonds with a total nominal value of PLN 10 million "Bonds" for Pioneer Obligacji – Dynamiczna Alokacja Fundusz Inwestycyjny Otwarty and Pioneer Fundusz Inwestycyjny Otwarty with its registered office in Warsaw, to investment portfolios of its subfunds.

The purpose of Bonds issue is to raise funds for the second phase of construction of multifamily residential building with commercial premises on the plot at Jaglana Street in Gdańsk. The bonds shall bear interest at the interest rate equal to WIBOR 3M plus margin. The redemption date falls on November 27, 2019. Bonds are secured by contractual mortgage up to the maximum amount of PLN 15 million, established by the Issuer on 12 January 2016 on granted to Issuer perpetual usufruct on the property located at Jaglana Street (Current Report No. 1/2016), as well as by entering into agreement of escrow account between the Issuer, the mortgage administrator and the bank. In addition, the Company shall submit declarations of submission to execution in favor of bondholders and a declaration of submission to execution in favor of mortgage administrator.

Information on allocation of E4 series bonds, the Company published in current report No. 23/2016.

### 3.3.4 Transactions with affiliates

neither Issuer nor any of its subsidiaries entered into any transaction with affiliates on other than market terms.

### 3.3.5 Sureties and guarantees received and granted

Neither the Company nor its subsidiaries in the reporting period granted any sureties or guarantees with regards to financial obligations of other entities. The Company has granted guarantees, and received guarantees on construction works.

Description	30.09.2016	31.12.2015
Guarantees of sound agreements execution- insurance	21 492	17 322
Guarantees of sound agreements execution- banking	2 332	429
Guarantees and sureties for repayment of credits and loans granted	0	0
Court issues	0	0
Other conditional liabilities	0	0
<b>Conditional liabilities against non-affiliates</b>	<b>23 824</b>	<b>17 751</b>
Conditional liabilities against affiliates guarantees of proper performance of contracts	0	0
Conditional liabilities against affiliates guarantees and sureties of debt repayment	0	0
Other conditional liabilities	0	0
Conditional liabilities against subsidiaries	0	0
<b>Conditional liabilities</b>	<b>23 824</b>	<b>17 751</b>
Received guarantees and sureties of sound agreements execution from affiliates	0	0
Received guarantees and sureties of debt repayment from affiliates	0	0
Other conditional assets	0	0
Conditional assets from affiliates	0	0
Received guarantees of sound agreements execution from non-affiliates- insurance	758	837
Received guarantees of sound agreements execution from non-affiliates- banking	807	0
Received guarantees and sureties of liability repayment from non-affiliates	0	0
Conditional receivables – court issues	0	0
Other conditional assets from non-affiliates	0	0
Conditional assets from non-affiliates	1 565	837
<b>Conditional assets</b>	<b>1 565</b>	<b>837</b>

### 3.4 Standpoint of Management Board regarding the possibility of achieving forecasted results

The Company did not publish forecasts of financial results for 2016.

### **3.5 Factors that may affect achieved results in perspective of at least next quarter**

A factor that may affect results of Capital Group in the next periods will be effectiveness in acquisition of new contracts and execution of existing ones.

To factors that appeared in Q3 2016 and after that time, which have or may have impact on Company's results in subsequent periods, it should also be included 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 set in issue aims:

- 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.

### **3.6 Proceeding before a court, arbitration body or public administration authority**

In Q3 2016 no proceedings were pending before government authorities, courts, or arbitration bodies that could have a substantial effect on the financial position or the profitability of the Issuer and Dekpol Capital Group, in particular in terms of receivables or liabilities of Dekpol S.A. or subsidiaries with a value constituting at least 10% of 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 Issuer is the defendant – usually this is related to projects carried out as part of property development operations.

### 3.7 Other significant information necessary for evaluation of Dekpol Capital Group's position

In May this year the subsidiary Almond Sp. z o.o. accomplished construction of Almond Hotel in Gdańsk at Toruńska street. In June, the building has been leased, under which the company will charge a rent in the amount dependent on achieved by leaseholder turnover (30-40% of turnover value, no less than basic rental of PLN 3.5-4 million net per year). Rental covers period till the end of 2032. Rental of building fits in with ordinary business operations of Capital Group, i.e. property development activities including construction and finishing of facilities for further resale or lease.

Apart from those presented above, there are no other information that, in the opinion of the Company, are significant for evaluation of position in terms of human resources, property, finance, financial result of the Company and Capital Group and changes in this respect, as well as information which are necessary for evaluation of Company's and Dekpol Capital Group's ability to meet obligations.

### 3.8 Contact

<b>Name (business name):</b>	<b>Dekpol Spółka Akcyjna</b>
<b>Abbreviated name:</b>	Dekpol S.A.
<b>Address of registered office:</b>	ul. Gajowa 31, 83-251 Pinczyn
<b>Phone:</b>	(58) 560-10-60
<b>Fax:</b>	(58) 560-10-61
<b>Website address:</b>	<a href="http://www.dekpol.com.pl/">http://www.dekpol.com.pl/</a>
<b>E-mail address:</b>	dekpol@dekpol.pl

#### Signatures of all Members of Management Board:

Mariusz Tuchlin - President of Management Board

Krzysztof Łukowski – Vice President of Management Board

Rafał Glaza – Member of Management Board

Adam Olżyński – Member of Management Board

Andrzej Kuchtyk – Member of Management Board



Rafał Dietrich – Member of Management Board

**Signature of person responsible for bookkeeping**

Anna Miksza – Chief Accountant Officer