DEKPOL S.A.

CONSOLIDATED FINANCIAL STATEMENT

PREPARED IN ACCORDANCE WITH INTERNATIONAL REPORTING STANDARDS

FOR THE PERIOD
01 January 2016 – 31 December 2016

Pinczyn, 21 April 2017

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For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

SELECTED FINANCIAL DATA

Selected financial data – consolidated financial statement	thousands of PLN		thousands of EUR	
	01.01.2016-31.12.2016	01.01.2015 - 31.12.2015	01.01.2016-31.12.2016	01.01.2015 - 31.12.2015
I. Net revenue from sales of products, goods and materials	258 713	310 440	59 125	74 183
II. Profit (loss) on operation activity	30 759	18 993	7 030	4 539
III. Profit (loss) before tax	25 328	15 405	5 788	3 681
IV. Net profit (loss)	22 905	12 406	5 235	2 965
V. Earnings (loss) per ordinary share (in PLN/EUR)	2,74	1,49	0,62	0,36
VI. Net cash flows from operating activity	33 185	(57 361)	7 584	(13 707)
VII. Net cash flows from investment activity	(19 654)	(23 111)	(4 492)	(5 523)
VIII. Net cash flows from financial activity	12 811	86 980	2 928	20 785
IX. Total net cash flows	26 342	6 507	6 020	1 555
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
X. Total assets	466 795	327 897	105 514	76 944
XI. Liabilities and provisions for liabilities	327 881	211 884	74 114	49 721
XII. Long-term liabilities	122 615	114 450	27 716	26 857
XIII. Short-term liabilities	205 266	97 434	46 398	22 864
XIV. Equity	138 914	116 013	31 400	27 224
XV. Share capital	8 363	8 363	1 890	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)	17	14	4	3

The above financial data for 2016 and the corresponding financial year 2015 have been converted into EUR according to the following principles:

- individual assets and liabilities – at the average exchange rate for the day:

- 31 December 2016 – 4,4240 PLN / EUR
- 31 December 2015 – 4,2615 PLN / EUR.

- Individual items on the income statement and statement of cash flows - by the arithmetic average of average exchange rates set by the Polish National Bank on the last day of each month during the accounting period:

- from 1 January till 31 December 2015 – 4,3757 PLN / EUR,
- from 1 January till 31 December 2015 – 4,1848 PLN / EUR .

For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

INTRODUCTION TO FINANCIAL STATEMENTS

1. General information

Name and location of the reporting entity (parent entity):

DEKPOL S.A.

Ul. Gajowa 31, 83-251 Pinczyn

Registration Court, register number:

District Court Gdańsk-North in Gdańsk, VII Commercial Division of the National Court Register, under ID number 0000505979.

The main shareholder of the Company (77,11% of share capital) is Mr. Mariusz Tuchlin, who came into the possession of shares of the DEKPOL Company on 18th of December 2006, as a result of the transformation of legal form (led by him since 1993) of the business (previously under the name Productive-Service Plant "DEKPOL" - Mariusz Tuchlin) in a limited liability company.

Dekpol S.A headquartered in Pinczyn has been created by the conversion of a limited liability company into a joint stock company in accordance with the resolution of the Extraordinary General Meeting of Shareholders Dekpol Sp. o.o. from 1st of April 2014, minuted within Notarial Deed by a notary Janina Ciechanowska at the Notary Office in Starogard Gdanski, Repertory A Number 3829/2014.

Transformed Company was entered into the National Court Register kept by the District Court Gdańsk-North in Gdańsk, VII Commercial Division of the National Court Register, under ID number 505979. The company was registered on 11 April 2014.

The Company has a tax identification number (TIN) 592-21-37-980 and REGON number 220341682.

From January 8, 2015 the Company's shares are listed on the Stock Exchange in Warsaw.

Duration of the company:

The Company's duration is not determined.

The principal activities:

The principal activities of the Company by NCR are as follows:

Name of activity	Polish NACE (PKD)
Manufacture of machinery for mining, quarrying and construction	PKD - 28.92.Z
Execution of construction projects related to buildings	PKD-41.1
Construction of residential and non-residential buildings	PKD-41.20

For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

Name of activity	Polish NACE (PKD)
Construction of other civil engineering and water objects	PKD-42.9
Buying and selling of real estates	PKD-68.10.Z
Rental and management of own or leased real estates	PKD-68.20.Z
Retail sale of fuels for motor vehicles at service stations	PKD - 47.30.Z
Mining of gravel and sand; mining of clays and kaolin	PKD – 08.12.Z
Production of metal structures and parts	PKD – 25.11.Z

Reporting periods presented:

The financial statement is presented for the period from 1st of January 2016 till 31st of December 2016. Comparative financial data are presented for the period from 1st of January 2015 till 31st of December 2015.

2. Composition of the Management Board and the Supervisory Board of the Issuer

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

As of the day of this report, the DEKPOL S.A. Management Board is composed of:

Name and Surname	Function:
Mariusz Tuchlin	President of the Management Board
Krzysztof Łukowski	Vice President 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
Sebastian Barandziak	Member of the Management Board

Changes in composition of Management Board of Dekpol S.A. in 2016 and until the date of publication of this statement

On 21.02.2017, Supervisory Board adopted resolution concerning withdrawal from the function of a member of Management Board of Mr. Rafał Glaza effective on 28.02.2017.

On 21.02.2017, Supervisory Board adopted resolution concerning appointment with 01.03.2017 of Mr. Sebastian Barandziak on the function of a member of Management Board of the Company.

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

As of the day of this report, the DEKPOL S.A. Supervisory Board is composed of:

Name and Surname	**Function:**
Roman Suszek	Chairman of Supervisory Board
Piotr Stobiecki	Member of Supervisory Board
Jacek Grzywacz	Member of Supervisory Board
Jacek Kędzierski	Independent Member of Supervisory Board
Grzegorz Wąsacz	Independent Member of Supervisory Board

Changes in the composition of the Supervisory Board of Dekpol S.A. in 2016 and until the publication of the report

Changes in composition of Supervisory Board of Dekpol S.A. in 2016 and until the date of publication of this statement

On 27 January 2017 Mr. Krzysztof Czerkas put resignation from the function of a member of Supervisory Board with 1 March 2017.

On 7 March 2017, Extraordinary General Meeting of Shareholders appointed Mr. Grzegorz Wąsacz on the function of a member of Supervisory Board. Resolution entered into force as of its adoption.

Jacek Kędzierski and Grzegorz Wąsacz meet independency requirements from the Issuer and its affiliates set in Articles of Association.

3. Composition of the Capital Group and related parties:

Apart from the Parent Company, the Capital Group includes:

Subordinated entities as at the balance sheet date			
Name	Consolidation method	Name	Consolidation method
Subsidiaries			
Dekpol 1 Sp. z o.o.	Directly dependent	Dekpol Royalties Sp. z o.o.,	Indirectly dependent
Dekpol 1 Sp. z o.o S.K.A.	Directly dependent	Almond Sp. z o.o.	Indirectly dependent

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.

For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

Personal relationships with other companies in which Mr. Mariusz Tuchlin (President of the Management Board of the Issuer and the main shareholder) is a significant shareholder:

Company name	NRC	Nature of connection	Information about the company
City Apart Management Sp. z o.o. (former Hotel Almond Sp. z o.o.)	0000300191	- 100% of the shares belong to Mariusz Tuchlin (proxy in the Company), 100% of the votes	The company operates in the hotel industry
RentalCar24 Sp. z o.o. (general partner RentalCar24 Sp. z o.o. Sp. k.)	0000629533	- 90% of shares belong to Mariusz Tuchlin (President of the Management Board in the Company)	The company operates in the car and lorry rental industry
RentalCar24 Sp. z o.o. Sp. k.	0000630076	- 98% of shares belong to Mariusz Tuchlin	The company operates in the car and lorry rental industry

4. Legal basis for preparation of financial statement

The financial statements are prepared in compliance with the principles defined in § 25-28 of IAS 1:

- Going koncern,
- Accrual,
- Continuity of presentation.

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The Company prepares the income statement using the multiple-step variant.

The Company prepares the cash flow statement using the indirect method.

The financial statements are prepared in thousand PLN.

5. Date of approval of the financial statement for publication:

The financial statement has been approved for publication on 20th of April 2017.

6. Functional and reporting currency

The Polish zloty (PLN) is the functional currency of the Company. The Company prepares financial statements in the functional currency.

7. Continued operation

The financial statements have been prepared assuming that the Company will continue its business in the foreseeable future and that it does not intend nor does it have to discontinue operations or significantly reduce its scope. According to the Management Board's knowledge, there are no circumstances indicating a threat to continuing operations.

8. Events after the balance sheet date

There were no significant events after the balance sheet date, that are not included in this financial statements.

9. Rules for the valuation of assets and liabilities and financial results, adopted in the preparation of the financial statement

Whenever the Company is indicated below, applies to the entire Capital Group DEKPOL S.A.

Property, plant and equipment

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

found as compared to previous estimates, the entity changes amortization rates and/or method starting from the first day of the reporting period.

- Property, plant and equipment of the initial value not exceeding PLN 3,500.00 are written off in the month in which they are put into use. Property, plant and equipment of the initial value below PLN 1,000.00 are recognized exclusively in off-balance sheet records and are charged as a single entry to costs of "purchase of tools and equipment" recorded on account 411-09.
- Costs of improvement of property, plant and equipment increase their initial value, provided that improvement consists in extending a period of economic useful life or improving parameters of property, plant and equipment measured by means of costs of operation, productivity, quality of manufactured products or scope of functionality.
- Costs of current renovations and inspections of property, plant and equipment are recognized as costs of the period in which they are incurred, unless they result in extending a period of economic useful life as compared to the initially assumed period.
- If property, plant and equipment are excluded from use, the Company does not discontinue depreciation, unless an item of property, plant and equipment is held for sale within 12 months. In such a case, property, plant and equipment are evaluated at the initial value less revaluation write-offs or at the fair value less selling costs, whichever is lower, and are not subject to depreciation - according to IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

Lease

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

Intangible assets (IA)

- A definition of IA has been specified in §12 of IAS 38 "Intangible Assets" and criteria for their recognition in §21 of IAS 38.
- The Company initially recognizes IA acquired in separate transactions at acquisition prices, while IA produced by the Company at a production cost.
- If software licenses or similar assets are acquired, costs of implementation of software incurred until the date of bringing it to the assumed fitness for purpose specified by the Company's Management Board should be recognized under the IA initial value. The

implementation costs do not include costs of employee trainings which encumber profit or loss on the date they are incurred.

- Only IA meeting the criteria specified for development works in §57 of IAS 38 may be classified as IA produced by the Company. Goodwill, trademarks etc. are not classified as IA, if produced by the Company.
- After the initial recognition, the Company evaluates IA at the purchase price or cost of production less amortization write-offs, pursuant to the model specified in § 74 of IAS 38.
- With regard to each IA, the Company determines a period of economic useful life. A period of economic useful life may be unlimited. A period of economic useful life resulting from legal titles may not be longer than a period of validity of such titles.
- IA is subject to amortization in a period of economic useful life from the day on which an asset is ready for use until the date on which it is excluded from recognition or it is intended for sale.
- The Entity applies a straight-line amortization method of IA, unless other methods (degressive method, method based on production units) better reflect the consumption of economic benefits. The Company may apply other methods and rates in order to establish tax income.
- An amortization period and method are subject to periodic verification, at least at the end of each financial year. If a significant change is found as compared to previous estimates, the entity changes amortization rates and/or method starting from the first day of the reporting period.
- IA with an indefinite period of economic useful life and goodwill are not subject to amortization, but they are tested for impairment loss at the end of each financial year and when there are premises that impairment loss of IA has occurred. Moreover, the correctness of the assumption that IA has an indefinite period of useful life is verified on an annual basis and, if needed, IA is reclassified to amortized IA. Goodwill is not subject to reclassification.
- IA of the initial value not exceeding PLN 1,000.00 are charged as a single entry to costs of "purchase of tools and equipment" recorded on account 411-09 and recognized under off-balance sheet records. IA of the initial value from PLN 1,000.00 to PLN 3,500.00 are recognized in IA itemized records and amortized as a single entry in the month following the month in which IA are ready for use as expected by the management.

Investment property

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

Shares in subsidiaries

The Dekpol S.A. Capital Group is composed of Dekpol S.A. as the parent entity and four subsidiaries:

- direct subsidiaries of Dekpol S.A.:

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

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

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

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

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

Dekpol S.A. carries out its operations in three areas:

• property development - construction, finishing works and sale of apartments and premises for commerce/services;

• acting as a general contractor in terms of industrial, warehousing, commercial and service facilities, including external infrastructure such as roads, yards, parking lots, including their infrastructure;

• manufacture and installation of steel structures and manufacture of equipment (buckets) for construction machines.

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

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

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

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

Financial assets

- In order to evaluate financial assets, the Company applies the principles specified in IAS 27 "Separate Financial Statements" and IAS 39 "Financial Instruments: Recognition and Measurement".
- In separate financial statements the Company evaluates investments in subsidiaries and affiliates at acquisition prices pursuant to § 37 of IAS 27.
- The Company classifies financial assets other than investments in subsidiaries and affiliates pursuant to the definitions specified in § 9 of IAS 39, with the initial recognition under the following categories:
    - Assets evaluated at fair value through profit and loss are classified here:

- ♦ Held for trading - evaluated at fair value, but effects of evaluation are recognized under profit or loss of the period. The Company classifies the following items in this sub-category:
  - ➢ Derivative instruments which are not hedge instruments covered by hedge accounting, including embedded derivative instruments subject to separation and recognition,
  - ➢ Instruments held for sale within 3 months of the acquisition date, if it is possible to reliably determine fair value for them.

- Assigned to this category at the initial recognition.
  - ♦ The Company classifies financial assets in this sub-category, if such recognition results in decreasing the inconsistency in the scope of evaluation or recognition (e.g. a financing liability is evaluated at fair value through profit or loss) or
  - ♦ a group of financial assets, financial liabilities or both such categories is appropriately managed and its results are assessed based on fair value in accordance with documented risk management rules or investment strategy, while information on the group are provided on this basis within the entity to key members of the management (Company's Management Board). As a matter of principle, stocks and shares in affiliates are classified in this group in the Company.
- Assets held to maturity - assets with fixed or determinable payments which the entity intends to hold to maturity with determination. They are subject to evaluation at the depreciated acquisition price (cost) with the application of the effective interest rate, but depreciation is recognized under profit or loss of the period.
- Loans and receivables – assets with fixed or determinable payments that are not quoted on an active market and have not been classified in other groups in the initial recognition. They are subject to evaluation at the depreciated acquisition price (cost) with the application of the effective interest rate, but depreciation is recognized under profit or loss of the period.
  - ♦ The Company evaluates trade receivables and other receivables at the acquisition price (does not discount), if their maturity date does not exceed 180 days from the date of their recognition.
- Assets available for sales - evaluated at fair values, but effects of changes in the balance sheet value are recognized under revaluation reserve. Assets available for sale include:
  - ♦ Assets assigned to this category at the initial recognition,
  - ♦ Assets not classified in other categories.
- Financial assets evaluated at the acquisition price - assets which have not been classified in the category of assets held to maturity or receivables and loans and for which it is not possible to reliably determine a fair value.

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

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

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

- The Company accepts the following principles of creating revaluation write-offs of receivables (which may be ignored in exceptional cases after obtaining the approval of the Company's Supervisory Board):
  - Receivables past due for more than 180 days of 50% of the principal and interest,
  - Receivables past due for more than 360 days of 100% of the principal and interest,
  - Receivables from recipients in respect of which legal or settlement activities have been commenced are treated as doubtful from the moment of commencing the above-mentioned activities, covering them by a write-off of 100% of the principal and interest.
  - Accrued interest on overdue receivables are covered by a revaluation write-off in the full amount.
  - Revaluation write-offs are reduced by the value of received, existing collaterals related to doubtful receivables.

Derivative financial instruments

None.

Inventory

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

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

Equity

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

Provisions for liabilities

- The Company recognizes provisions for liabilities pursuant to IAS 19 "Employee Benefits" in the scope of provisions for employee benefits and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" in the scope of other provisions.
  - The Company establishes provisions for the following employee benefits:
  - Retirement severance pays - using actuarial methods. The average profitability of 10-year treasury bonds from the last 12 months before the balance sheet date is considered by the Company to be a discount rate. The Company accepts the estimated growth of remuneration above the inflation of 1% per year. The Company assesses the provision once per 3 years, unless significant changes in the scope of volume and structure of employment and a discount rate have occurred;
    - The Company does not use an "actuarial corridor".
  - Unused employee holiday - evaluated as the product of the average remuneration in the Company which constitutes the basis for the payment of equivalent for unused

holiday (taking into account charges to be borne by the employer) as of the balance sheet day and the number of days of unused holiday;

- Other short-term employee benefits related to a reporting period - bonuses, remuneration etc. - treated as liabilities, if their value is specified and unconditional. Otherwise, they are recognised as provisions.

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

Prepayments

- The Company accounts for the costs incurred, which refer to future reporting periods, over time. In particular, the following costs are subject to settlement in proportion to the lapse of time:
  - Insurance costs;
  - Subscriptions costs;
  - Costs of the provided utilities, lease costs etc. paid in advance.

Deffered income

Grants and state assistance

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

Income tax

- Principles of evaluation and recognition of income tax are regulated in IAS 12 "Income Tax".

- Taxable income (tax loss) of the Company is the income (loss) for a given period established in compliance with principles set forth by Polish tax authorities which form the basis on which the income tax is payable (reimbursable).
- Current tax is the amount of income tax payable (reimbursable) from the taxable income (tax loss) for a given period.
- Positive and negative temporary differences, assets and provisions for deferred income tax, tax and balance sheet value of assets and liabilities are defined in § 5 of IAS 12.
- Deferred tax assets constitute amounts to be deducted in future periods from income tax due to:
  - Negative temporary differences,
  - Carrying over of unused tax losses and
  - Carrying over of unused tax credits.
- Tax burden (tax revenue) consists of current tax burden (current tax revenue) and deferred tax burden (deferred tax revenue).
- The Company establishes provision for deferred tax income (recognizes a deferred tax asset) in all cases in which realization or settlement of the balance sheet value of an asset or liability will result in increasing (decreasing) the amount of future tax payments as compared to the amount which would be proper, if such realization or settlement did not trigger tax effects.
- Current evaluation of tax receivables and liabilities should be made at the amounts due according to rates legally or actually applicable as of the balance sheet date.
- On the basis of the prepared financial result forecasts, it is necessary to evaluate in the following years whether there are premises (planned taxable income) to create a deferred tax asset or adjust its value.
- The Company does not discount deferred tax assets and provisions. Assets and provisions for temporary differences, the effects of which have been directly taken to equity, will be taken to equity and not to profit or loss of the period.
- Tax receivables and liabilities are subject to separate disclosure in the financial statements, similarly to deferred tax assets and provisions.
- Current income tax liabilities and receivables should not be offset. Offsetting is permissible only if the Company:
  - has a legally enforceable right to set off the recognized amounts,
  - intends either to settle tax on a net basis, or to realize the asset and settle the liability simultaneously.
- Deferred income assets and provisions should not be offset. Offsetting is permissible only if the Company:
  - has a legally enforceable right to set off the recognized amounts,
  - Assets and liabilities refer to income tax imposed on one taxpayer or many taxpayers on several conditions.
- Disputes with tax authorities result in recognizing conditional liabilities. If the likelihood of unfavorable resolution is high, the Company recognizes provisions pursuant to IAS 37 "Provisions".

Transactions denominated in foreign currencies:

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

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

Revenue

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

stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be reliably measured,
- It is probable that the economic benefits associated with the transaction will flow to the economic entity,
- The stage of completion of the transaction as at the balance sheet date can be measured reliably and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

▪ Dividends are recognized when the shareholders' right arises to receive them.

Costs

- Costs are recognized in profit or loss as incurred, i.e. on the date on which the corresponding assets are excluded or liabilities are recognized.
- Costs of employee benefits are recognized in the period in which employees performed the respective work.
- Costs of external financing are recognized as costs of the period in which they have been incurred, except for costs which may be attributed directly to acquisition, construction or production of the adapted asset. They should be activated as the part of the acquisition price or production cost of that asset, in accordance with the alternative approach of IAS 22 "External Financing Costs".

Principles of accounting for construction contracts

Accounting for costs of property development activity

- Costs of production of facilities as part of the conducted property development activity include costs meeting the criteria of technical production cost, including:
  - Direct production costs,
  - Indirect costs related to production of facilities, in particular:
    - ♦ Logistics department costs (fuel, maintenance of vehicles, logistics management, drivers' remuneration when vehicles are used in various projects) - accounted for under property development projects and general contracting according to the criterion of direct production costs.
    - ♦ Costs of the purchasing department of general contracting and property development activity - accounted for under property development projects and general contracting according to the criterion of direct production costs.
- The Company distinguishes accounts for each property development project (Order). The criterion of separation of the Order is the estimated time of completion of construction of all facilities (buildings and structures) covered by a given order and the similarity of facilities covered by the Order. Expenditure on the production of facilities, the planned completion of use of which differs by more than 6 months (i.e. the earliest completed facility as part of the order will be completed earlier than 6 months before the last completed facility as part of the order) should not be recognized as part of one order. Facilities for which the estimated cost of production of usable area (PU) of a facility differs by more than 20% should not be recognized as part of one order. Once the order has been completed, costs are accounted for per square meter of PU according to the following algorithm:

- TKW 1m2 PU = [(PKZR) – (POPS)*(CPOPS)]/(PUO)

  Where:

  TKW - technical cost of production

  PKZR – incurred costs of the order in total

  POPS – area of auxiliary facilities subject to sales (garages, cellars)

  CPOPS – expected sales price of square meter of auxiliary facilities

  PUO – usable area of facilities in total

- The above algorithm assumes that auxiliary areas are subject to evaluation according to the expected revenue from sales, similarly to auxiliary production. Costs of common facilities are accounted for in a proportionate manner per square meter of PU.
- If a given facility as part of a given order has been completed and is subject to sales or putting into use before completion of other facilities (if other facilities are planned to be completed not later than within 6 months of the date of completion of the first facility as part of the order), costs are accounted for per square meter of PU of the completed facility according to the following algorithm:

  FTKW 1m2 PU = [(PKZR) + (FKZR) – (POPS)*(CPOPS)]/(PUO)

  Where:

  TKW - estimated technical cost of production

  FKZR - estimated future costs necessary to complete the order

- Once the order has been completed (not later than within 6 months), costs are finally determined and FTKW is adjusted to TKW.
- If the initial assumption - that all facilities as part of the order will be completed within 6 months and the cost of production of 1m2 of PU of the performed facilities will not differ by more than 20% - is not confirmed, the company distributes orders according to the applicable criteria and all costs previously incurred as part of the order are subject to reassignment by new orders.
- If the company incurs significant expenditure on common parts related to many orders, this expenditure is subject to division into orders in proportion to PU, but settlements are performed exclusively in relation to open orders or planned to be opened within 12 month of the date on which this expenditure was incurred.

10. Financial risk management

In the activity of FAM Capital Group SA important are the following types of financial risks:

- interest rate risk – while operating on the market, the Company is exposed to interest rate risk. The Company has financial liabilities, whose financial cost is calculated based on the underlying variable interest rate WIBOR and a fixed margin. Increasing the base rate by 0.5 percentage point, would increase financial expenses by 690 thousand PLN, assuming that the balance of liabilities with a fixed interest rate remain unchanged throughout the year.
- foreign exchange risk and the risk of changes in raw material prices - due to small scale of operations in foreign currencies exchange rate risk is not significant for the Company.
- credit risk - the possible economic crisis may cause financial instability of the Company's customers and hence periodic impediments to the recovery and the formation of payment gridlock. The Company minimizes credit risk through diversification of the portfolio of

customers and consistent using of procedures for monitoring and collection of overdue receivables.

- Liquidity risk - the Company manages liquidity risk by financial planning, operational activities in order to be completely matched and by the surplus of available financing sources over the current needs of the Company.
- The Company has no hedging instruments designated financial risks and does not apply hedge accounting. The company aims to minimize these risks by using ongoing monitoring of specific risk areas through the implemented control procedures and regular analysis of risk exposure.

11. Critical assessments and judgements

Estimates performed by Management of DEKPOL SA, which are affecting the amounts presented in the financial statements mainly relate to:

- the expected economic usefulness of tangible and intangible assets,
- impairment loss of assets, including i.e. assets held for sale,
- progress of works set for settlement purpose of long-term contracts, including any planned margin on the contract,
- estimating the fair value of acquired shares in exchange for in-kind contributions,
- discount, the estimated increase of salaries and actuarial assumptions used in the calculation of accruals for retirement and pension benefits,
- future tax results taken into account when calculating deferred income tax.

The methodology used to determine estimates is based on management's best knowledge of the Company and is in line with the requirements of IFRS. The methodology for determining the estimated values is applied consistently in relation to the previous reporting period. Changes in impairment losses are presented in the further part of the information - in the notes to individual items of assets.

12. Changes in accounting policies and identified errors in previous years and their impact on the financial result and equity capital

In the reporting period there were no errors related to previously published financial statements in preceding years, which would have a significant impact on the financial result and / or equity capital. Effects resulting from drawing-up of the financial statements for the first time in accordance with IFRS have been described in additional explanatory note number 35.

13. The platform of used International Financial Reporting Standards

13.1. Statement of compliance

These financial statements have been prepared in accordance with International Accounting Standards, International Financial Reporting Standards and related to them interpretations announced in the form of decrees of European Commission hereinafter referred to as IFRS.

13.2. Amendments to standards or interpretations applicable applied for the first time

The following changes to the existing standards issued by the International Accounting Standards Board (IASB) shall enter into force for the first time:

- Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" - changes in the procedures for annual amendments to IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily for removing inconsistencies and clarifying wording (effective for annual periods beginning on July 1, 2014 or after that date).
- IFRIC 21, "Public fees" came into force on June 17, 2014; It is an interpretation of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets". IAS 37 specifies criteria for the recognition of obligations, one of which is the requirement that current obligation held by the company is the result of a past event (defined as obligating event). The interpretation clarifies what constitutes the obligating event, which causes the obligation to pay the public fees and when this liability should be recognized.

The aforementioned amendments to standards had no significant impact on the financial statements of the Company for 2015.

13.3. Prior application of standards and interpretations

The Company has not applied any standards and interpretations before coming into force.

13.4. Implementation of new IFRS rules

Standards and interpretations effective since 1 January 2016:

- amendments to IAS 19 "Employee Benefits" for defined benefit plans,
- amendments to IFRS 11 "Common Contractual Agreements" in the field of accounting for the acquisition of a share in a joint activity;
- amendments to IAS 16 "Property, Plant and Equipment" and to IAS 41 "Agriculture";
- amendments to IAS 16 Property, Plant and Equipment, and IAS 38 Intangible Assets to explain the acceptable depreciation methods;
- amendments to IAS 27 "Standalone Financial Statements" in terms of use of the equity method in stand-alone financial statements;
- amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative;
- annual program of amendments 2010-2012 on: IFRS 2 "Share-based Payments", IFRS 3 "Business Combinations", IFRS 8 "Operating Segments", IAS 16 Property, Plant and Equipment, IAS 38 "Intangible Assets", IAS 24 " Disclosure of Related Information ",
- annual program of amendments 2012-2014 on: IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", IFRS 7 "Financial Instruments: Disclosure", IAS 19 "Employee Benefits", IAS 34 "Interim Financial Reporting".

Changes to published standards and interpretations that came into force on 1 January 2016 did not have a material impact on these financial statements.

New standards, interpretations and amendments to published standards, which have been published by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), shall apply from 1 January 2018 .:

- IFRS 9 "Financial Instruments",
- IFRS 15 "Revenues from customer contracts".

New standards, interpretations and amendments to published standards, which have been published by the IASB and await EU approval:

- IFRS 16 "Leases",

- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates" in regards of sale or transfer of assets between an investor and its associates and joint ventures,
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures on Shares in Other Entities" and IAS 28 "Investments in Associates" - Investment Companies: Applying Exemption from Consolidation,
- Amendments to IAS 7 "Cash Flow Statement" - Disclosures,
- Amendments to IAS 12 "Income Taxes" - recognition of deferred tax assets from unrealized losses,
- Amendments to IFRS 2 "Share-based payment" - Classification and valuation of share-based transactions,
- Amendments to IFRS 4: Application of IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Contracts".

This report does not take into account changes in standards and interpretations that are awaiting approval by the European Union.

The Company is in the process of analyzing the impact of the above standards and interpretations on the applied accounting policies. The preliminary analysis shows that they will not have a material impact on the financial statements.

Date of preparation*: 20th of April 2017*

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Krzysztof Łukowski – Vice President of the Mangement Board

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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

For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

STATEMENT OF FINANCIAL POSITION

Item	Note	2016	2015
Fixed assets		**116 128**	**84 609**
Property, plant and equipment	1	36 145	80 144
Intangible assets	3	182	222
Goodwill		0	0
Investment properties	2	73 710	8
Stocks and shares	4	0	0
Receivables	7	4 037	2 887
Other long-term financial assets	5	754	530
Long-term prepayments	9	0	0
Deferred income tax assets	19	1 300	818
Current assets		**350 667**	**243 288**
Inventory	6	212 865	115 975
Receivables due to	23	10 460	6 511
Trade receivables and others	7	85 839	108 442
Other long-term financial assets	5	0	0
Short-term prepayments	9	3 306	503
Cash and cash equivalents	8	38 198	11 857
Assets classified as held for sale	15	0	0
Total assets:		**466 795**	**327 897**

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STATEMENT OF FINANCIAL POSITION

Item	Note	2016	2015
Equity	**10**	**138 914**	**116 013**
Equity attributable to shareholders of the parent		**138 914**	**116 013**
Share capital		8 363	8 363
Own shares (-)		0	0
Capital from the sale of shares above their nominal value		26 309	26 309
Other capitals		136 599	69 106
Profit (loss) from previous years		-55 262	-171
Current year result		22 905	12 406
Non-controlling shares		**0**	**0**
Long-term liabilities		**122 615**	**114 450**
Deferred income tax provision	19	1 424	1 153
Liabilities and provisions for employee benefits	11	44	47
Other long-term reserves	11	0	-1
Loans and long-term debt instruments	12	112 749	107 596
Other long-term financial liabilities	12	1 712	369
Other long-term liabilities	13	6 685	5 286
Short-term liabilities		**205 266**	**97 434**
Liabilities and provisions for employee benefits	11	5	3
Other short-term provisions	11	1 653	509
Loans and short-term debt instruments	12	26 322	11 801
Other short-term financial liabilities	12	1 043	385
Liabilities from construction contracts	23	0	0
Trade liabilities and other liabilities	13	168 523	77 406
Revenues for future periods	14	7 719	7 330
Liabilities related to assets held for sale	15	0	0
Liabilities in total		**466 795**	**327 897**

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STATEMENT OF COMPREHENSIVE INCOME

Calculation variant

Item	Note	2016	2015
Revenue from sales	22	258 713	310 440
Costs of goods sold	16	213 515	275 264
Gross profit (loss) from sales	**23**	**45 198**	**35 176**
Selling costs	16	17 719	8 849
General administrative expenses	16	6 086	6 920
Profit (loss) on sales of subsidiaries (+/-)		0	0
Other operating income	16	15 002	2 673
Other operating expenses	16	5 636	3 087
Operating profit (loss)		**30 759**	**18 993**
Financial revenue	17	112	175
Financial expenses	17	5 544	3 763
Share in profit (loss) of entities accounted using the equity method		0	0
Profit (loss) before tax		**25 328**	**15 405**
Income tax	18	2 423	2 999
Net profit (loss)		**22 905**	**12 406**
Other net comprehensive income		0	0
Total income attributable to non-controlling shareholders		0	0
Total income attributable to equity holders of the parent		**22 905**	**12 406**

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For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

CASH FLOW STATEMENT

(intermediate method)

Item	2016	2015
Cash and cash equivalents at the beginning of the period	**11 857**	**5 349**
Profit (loss) before tax	**25 328**	**15 405**
Adjustments:	**-2 742**	**8 334**
Depreciation	3 906	3 314
Change in the fair value of investment property	-11 944	0
Profit (loss) on sale of non-financial fixed assets	-4	-65
Profits (losses) due to foreign exchange differences	0	0
Interest and shares in profits	5 296	5 085
Other adjustments:	4	0
Change in working capital	**9 635**	**-76 920**
Change In inventory	-94 307	-45 893
Change In receivables	17 755	-41 133
Change In liabilities	89 131	10 890
Change in provisions and accruals	-2 944	-784
Other adjustments	0	0
Income tax on profit before tax	**-2 422**	**-2 999**
Income tax paid	**3 386**	**-1 181**
Net cash from operating activity	**33 185**	**-57 361**
Expenses related to acquisition of intangible assets	-49	-114
Inflows from sales of intangible assets	0	0
Expenses related to acquisition of property, plant and equipment	-20 603	-23 092
Inflows from sales of property, plant and equipment	2 724	102
Expenses related to acquisition of investment real estate	-1 502	-8
Inflows from sales of investment real estate	0	0
Received repayments of loans granted	0	0
Loans granted	0	0
Net cash from investing activities	**-19 654**	**-23 112**
Net inflows from issue of shares	0	28 262
Acquisition of own shares	0	0
Inflows from issue of debt securities	39 500	78 500
Redemption of debt securities	-27 660	0
Inflows from loans and borrowings taken out	42 895	0
Repayment of loans and borrowings	-35 644	-18 429
Repayment of liabilities under finance lease	-614	-472
Interest paid	-7 131	-5 222
Dividends paid	0	0
Inflows from grants received	1 465	4 341
Other inflows (expenses) from financial activities	0	0
Net cash flows from financial activity	**12 811**	**86 980**
Net change in cash and cash equivalents without foreign exchange differences	**26 342**	**6 507**
Change in cash and cash equivalents due to foreign exchange differences	**0**	**0**
Net change in cash and cash equivalents	**26 342**	**6 507**
Cash and cash equivalents at the end of the period	**38 199**	**11 856**

Including restricted cash	24 075	1 825

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For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

STATEMENT OF CHANGES IN EQUITY IN REPORTING PERIOD

Item	Share capital	Capital from the sale of shares above their nominal value	Reserve capital from retained earnings	Other capitals	Unallocated retained earnings	Total
Balance at the beginning of the period	**8 363**	**26 309**	**69 105**	**0**	**12 236**	**116 013**
Error corrections of previous years	0	0	-7	0	3	-5
Balance at the beginning of the period after the change	8 363	26 309	69 098	0	12 239	116 009
Issue of shares	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Transfer of financial result to capital	0	0	67 501	0	-67 501	0
Total transactions with the owners	**0**	**0**	**67 501**	**0**	**-67 501**	**0**
Other total net income	0	0	0	0	0	0
Net profit (loss)	0	0	0	0	22 905	22 905
Total income	**0**	**0**	**0**	**0**	**22 905**	**22 905**
Balance at the end of the period	**8 363**	**26 309**	**136 599**	**0**	**-32 357**	**138 914**

STATEMENT OF CHANGES IN EQUITY IN PREVIOUS REPORTING PERIOD

Item	Share capital	Capital from the sale of shares above their nominal value	Reserve capital from retained earnings	Other capitals	Unallocated retained earnings	Total
Balance at the beginning of the period	**6 410**	**0**	**51 103**	**0**	**17 831**	**75 344**
Error corrections of previous years	0	0	0	0	0	0
Balance at the beginning of the period after the change	6 410	0	51 103	0	17 831	75 344
Issue of shares	1 953	26 309	0	0	0	28 262
Dividends	0	0	0	0	0	0
Transfer of financial result to capital	0	0	18 002	0	-18 002	0
Total transactions with the owners	**1 953**	**26 309**	**18 002**	**0**	**-18 002**	**28 262**
Other total net income	0	0	0	0	0	0
Net profit (loss)	0	0	0	0	12 407	12 407
Total income	**0**	**0**	**0**	**0**	**12 407**	**12 407**
Balance at the end of the period	**8 363**	**26 309**	**69 105**	**0**	**12 236**	**116 013**

Date of preparation: 20th of April 2017.

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For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

ADDITIONAL EXPLANATORY NOTES

1. Property, plant and equipment

1.1. Property, plant and equipment

Item	2016	2015
Land	6 795	6 840
Buildings and structures	11 975	5 736
Machines and technical devices	14 319	13 520
Vehicles	1 891	2 651
Other fixed assets	961	577
Fixed assets under construction	0	49 343
Advances in respect of tangible fixed assets	203	1 477
Net value of property, plant and equipment	**36 145**	**80 144**

1.2. Property, plant and equipment in the reporting period

Item	Land	Buildings and structures	Machines and technical devices	Vehicles	Other fixed assets	Fixed assets under constructio n	Advances for fixed assets	Total
Gross carrying amount at the beginning of the period	**6 891**	**6 090**	**17 130**	**5 168**	**1 261**	**49 343**	**1 477**	**87 360**
Decreases due to liquidation	0	0	-68	-5	-10	0	0	-84
Decreases due to sales	0	0	-2 524	-478	0	0	0	-3 001
Reclassifications	0	0	0	0	0	-66 894	-4 019	-70 912
Adoption of fixed assets under construction	0	6 566	2 524	0	544	0	0	9 634
Direct acquisitions	0	0	2 930	476	105	17 551	2 745	23 806
Gross carrying amount at the end of the period	**6 891**	**12 656**	**19 991**	**5 161**	**1 901**	**0**	**203**	**46 802**
Accumulated amortization at the beginning of period	**-50**	**-354**	**-3 610**	**-2 518**	**-684**	**0**	**0**	**-7 216**
Increase in depreciation for the period	-46	-326	-2 155	-991	-260	0	0	-3 777
Reclassifications	0	0	0	0	0	0	0	0
Decreases due to liquidation	0	0	51	6	3	0	0	59
Decreases due to sales	0	0	42	233	2	0	0	277
Accumulated amortization at the end of period	**-96**	**-680**	**-5 672**	**-3 270**	**-939**	**0**	**0**	**-10 657**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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Additions during the period	0	0	0	0	0	0	0	0
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net value at end of period	**6 795**	**11 975**	**14 319**	**1 891**	**961**	**0**	**203**	**36 145**

1.2. Property, plant and equipment In the previous reporting period

Item	Land	Buildings and structures	Machines and technical devices	Vehicles	Other fixed assets	Fixed assets under construction	Advances for fixed assets	Total
Gross carrying amount at the beginning of the period	**221**	**5 338**	**7 807**	**4 354**	**1 104**	**9 882**	**1 548**	**30 254**
Decreases due to liquidation	0	0	-59	-3	-7	0	0	-69
Decreases due to sales	0	0	-1	-98	0	0	0	-99
Reclassifications	0	0	0	0	0	-10 563	-7 108	-17 671
Adoption of fixed assets under construction	0	752	2 081	0	72	0	0	2 905
Direct acquisitions	6 670	0	7 301	916	93	50 024	7 037	72 040
Gross carrying amount at the end of the period	**6 891**	**6 090**	**17 129**	**5 169**	**1 262**	**49 343**	**1 477**	**87 360**
Accumulated amortization at the beginning of period	**0**	**-181**	**-2 076**	**-1 482**	**-445**	**0**	**0**	**-4 184**
Increase in depreciation for the period	-51	-173	-1 569	-1 125	-246	0	0	-3 164
Reclassifications	0	0	0	0	0	0	0	0
Decreases due to liquidation	0	0	35	3	7	0	0	45
Decreases due to sales	0	0	1	86	0	0	0	87
Accumulated amortization at the end of period	**-51**	**-354**	**-3 609**	**-2 518**	**-684**	**0**	**0**	**-7 216**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions during the period	0	0	0	0	0	0	0	0
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net value at end of period	**6 840**	**5 736**	**13 520**	**2 651**	**578**	**49 343**	**1 477**	**80 144**

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2. Investment properties

2.1. Investment properties

Item	2016	2015
Land not leased	0	0
Real estate leased	72 200	0
Advances for investment properties	1 510	8
Net carrying amount	**73 710**	**8**

The rented property consists of Almond Hotel property valued at fair value by an independent real-estate appraiser.

Basic parameters of valuation of the perpetual usufruct of land and the ownership of a hotel building located in Gdańsk at Toruńska Street 12 (Hotel Almond), accepted by an independent real-estate appraiser:

- a lease agreement is valid until 31.12.2032 and provides for rental income as well as additional rental income from hotel and catering activities,
- assumed steady increase in occupancy and stabilization in the fourth year,
- assumed ADR increase and its stabilization in the fourth year,
- expected reduction in departmental costs and their stabilization in the fourth year,
- expected reduction in general costs not directly related to the activities of individual departments in total sales and their stabilization in the fourth year,
- Adequate provision for repairs and replacement of equipment,
- 8.25% capitalization rate.

The hotel is leased on the basis of a contract concluded between Almond Sp.z o.o., as owner of the facility, and City Hotel Management Sp.z o.o. in the period from 30.06.2016 to 31.12.2032. Revenues from the base rent, during the contract period, are estimated as 17% - 24% of revenues of Dekpol Capital Group for 2016.

The rent will be subject to valorisation for the price index of goods and services announced by the President of the Central Statistical Office in Poland.

In addition, from 1st of February 2020, Almond Sp. z o.o. there will be an additional rent amounting to a certain % of turnover from the hotel business and a percentage of the turnover from the gastronomy.

All operating costs of the property are covered by the lessee.

data in thousands of PLN

2.2. Investment properties in reporting period

Item	Land leased	Investment properties leased	Advances for investment properties	Total
Investment properties at the beginning of the period	0	0	8	8
Property purchase	0	0	1 510	1 510
Other changes (reclassifications, transfers, etc.) (+/-)	0	60 257	-8	60 249
Revaluation to fair value (+/-)	0	11 943	0	11 943
Investment properties at the end of the period	**0**	**72 200**	**1 510**	**73 710**

2.2. Investment properties in previous reporting period

Item	Land leased	Investment properties leased	Advances for investment properties	Total
Investment properties at the beginning of the period	0	0	0	0
Property purchase	20 762	0	8	20 770
Other changes (reclassifications, transfers, etc.) (+/-)	-20 762	0	0	-20 762
Revaluation to fair value (+/-)	0	0	0	0
Investment properties at the end of the period	**0**	**0**	**8**	

3. Goodwill and other intangible assets

3.1. Intangible assets

Item	2016	2015
Goodwill	0	0
Patents and licenses	93	88
Development costs	89	134
Other intangible assets	0	0
Intangible assets total:	**182**	**222**

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3.2. Intangible assets in reporting period

Description	Goodwill	Patents and licenses	Development costs	Other intangible assets	Total
Gross carrying amount at beginning of period	1 141	460	224	0	1 825
Acquisition	0	0	0	0	0
Decreases due to liquidation	0	0	0	0	0
Gross carrying amount at end of period	**1 141**	**549**	**224**	**0**	**1 913**
Accumulated amortization at beginning of period	**-1 141**	**-372**	**-89**	**0**	**-1 603**
Increase in depreciation for the period	0	-84	-45	0	-129
Decreases due to liquidation	0	0	0	0	0
Accumulated amortization at end of period	**-1 141**	**-456**	**-134**	**0**	**-1 731**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**
Net value at end of period	**0**	**93**	**89**	**0**	**182**

3.3. Intangible assets in previous reporting period

Description	Goodwill	Patents and licenses	Development costs	Other intangible assets	Total
Gross carrying amount at beginning of period	1 141	350	224	0	1 715
Acquisition	0	114	0	0	114
Decreases due to liquidation	0	-3	0	0	-3
Gross carrying amount at end of period	**1 141**	**461**	**224**	**0**	**1 826**
Accumulated amortization at beginning of period	**-1 141**	**-268**	**-45**	**0**	**-1 454**
Increase in depreciation for the period	0	-108	-45	0	-153
Decreases due to liquidation	0	3	0	0	3
Accumulated amortization at end of period	**-1 141**	**-373**	**-90**	**0**	**-1 604**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**
Net value at end of period	**0**	**88**	**134**	**0**	**222**

4. Stocks and shares

None.

data in thousands of PLN

5. Other financial assets

5.1. Other financial assets

Description	2016	2015
Derivatives	0	0
Other long-term financial assets	724	530
Long-term granted loans	30	0
Other long-term financial assets	**754**	**530**
Short-term loans	0	13 148
Other short-term financial assets	**0**	**13 148**

6. Inventories

6.1. Structure of inventories

Description	2016	2015
Finished premises balance value	14 939	4 542
Goods balance value	841	902
Finished products balance value	1 685	573
Premises under construction balance value	181 668	100 144
Semi-finished products and work in progress	1 936	7 499
Materials balance value	11 798	7 802
Inventories	**212 865**	**121 462**

6.2. Inventory write-offs

Description	2016	2015
Inventory write-offs reversal in period (-)	309	0
Inventory write-offs at the beginning of period	554	0
Inventory write-offs created in period	1 278	554
Inventory write-offs other changes	0	0
Inventory write-offs at the end of period	**1 524**	**554**

7. Long-term receivables

7.1. Long-term receivables

Description	2016	2015
Deposits from construction services	4 033	2 887
Deposits from other titles	3	0
Other receivables	0	0
Receivables write-offs (-)	0	0
Long-term receivables	**4 037**	**2 887**

7.2. Long-term receivables write-offs

Description	2016	2015
Status at the beginning of period	0	0
Write-offs as cost in period	0	0
Write-offs used (-)	0	0
Write-offs terminated added as income in period (-)	0	0
Other changes (net FX differences from settlement)	0	0
Status at the end of period	**0**	**0**

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7.3. Short-term receivables

Description	2016	2015
Other receivables balance value	760	3 998
Prepayments and payables balance value	4 464	2 984
Deposits from other titles	0	0
Deposits from construction services balance value	9 647	7 993
Payables due to other taxes, duties and social security	5 593	24
Current income tax payables	525	0
Net trade receivables	64 849	81 493
Trade receivables and other receivables	**85 839**	**96 492**

7.4. Short-term receivables write-offs

Description	2016	2015
Other changes (net FX differences from settlement)	0	0
Write-offs terminated added as income in period (-)	-242	-860
Write-offs used (-)	-418	-220
Write-offs as cost in period	2 048	267
Status at the beginning of period	988	1 801
Status at the end of period	**2 376**	**988**

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7.5. Payables by payment terms

Description	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 years to 5 years	Over 5 years	Total
Long-term receivables	**0**	**0**	**0**	**0**	**0**	**0**	**4 037**	**0**	**4 037**
Trade receivables	25 181	-21 080	58 470	21 140	-18 862	0	0	0	64 849
Prepayments and payables	0	0	4 464	0	0	0	0	0	4 464
Deposits from construction services	3 345	0	1 360	2 809	2 134	0	0	0	9 647
Deposits from other titles	0	0	0	0	0	0	0	0	0
Payables due to taxes	0	525	0	0	0	0	0	0	525
Payables due to other taxes	0	5 593	0	0	0	0	0	0	5 593
Other receivables	0	760	0	0	0	0	0	0	760
Receivables in total	**28 526**	**-14 202**	**64 293**	**23 949**	**-16 728**	**0**	**4 037**	**0**	**89 876**

7.5. Payables by payment terms in previous reporting period

Description	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 years to 5 years	Over 5 years	Total
Long-term receivables	**0**	**0**	**0**	**0**	**0**	**701**	**1 874**	**312**	**2 887**
Trade receivables	36 598	31 635	10 849	2 411	0	0	0	0	81 493
Prepayments and payables	0	0	0	2 984	0	0	0	0	2 984
Deposits from construction services	4 352	269	1	0	1 821	1 550	0	0	7 993
Deposits from other titles	0	0	0	0	0	0	0	0	0
Payables due to taxes	0	0	0	0	0	0	0	0	0
Payables due to other taxes	0	24	0	0	0	0	0	0	24
Other receivables	0	0	3 998	0	0	0	0	0	3 998
Receivables in total	**40 950**	**31 928**	**14 848**	**5 395**	**1 821**	**2 251**	**1 874**	**312**	**99 379**

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7.6. Overdue receivables structure in reporting period

Description	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade receivables	39 668	18 319	1 312	4 042	1 508	0	64 849
Prepayments and payables	4 464	0	0	0	0	0	4 464
Deposits from construction services	6 303	1 360	711	1 015	259	0	9 647
Deposits from other titles	0	0	0	0	0	0	0
Payables due to taxes	525	0	0	0	0	0	525
Payables due to other taxes	5 593	0	0	0	0	0	5 593
Other receivables	760	0	0	0	0	0	760
Overdue receivables	**57 312**	**19 679**	**2 023**	**5 057**	**1 767**	**0**	**85 839**

7.6. Overdue receivables structure in previous reporting period

Description	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade receivables	44 895	23 244	10 269	1 724	1 361	0	81 493
Prepayments and payables	2 984	0	0	0	0	0	2 984
Deposits from construction services	3 641	260	3 508	411	110	64	7 993
Deposits from other titles	0	0	0	0	0	0	0
Payables due to taxes	0	0	0	0	0	0	0
Payables due to other taxes	24	0	0	0	0	0	24
Other receivables	3 998	0	0	0	0	0	3 998
Overdue receivables	**55 542**	**23 504**	**13 777**	**2 134**	**1 471**	**64**	**96 492**

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8. Cash

8.1. Cash specifics

Description	2016	2015
Banking deposits a Visa	9 168	9 252
Cash of limited disposal right	24 075	1 825
Cash in deposit	70	83
Long-term deposits	4 884	697
Other cash and cash equivalent	0	0
Cash and cash equivalents	**38 198**	**11 857**

9. Deferred charges

9.1. Active deferred charges

Description	2016	2015
Insurance	255	463
Guarantees	102	0
Provisions from sale of premises	2 821	0
Other	127	40
Deferred charges in total	**3 306**	**503**

10. Equities

10.1. Share capital

Share capital	As of 31.12.2016	As of 31.12.2015
Share capital	8 363	8 363
Total:	**8 363**	**8 363**

Equity	The number of shares issued as of 31.12.2016	The number of shares issued as of 31.12.2015	The number of shares authorized for issue as of 31.12.2016	The number of shares authorized for issue as of 31.12.2015
Series A	6 410 000	6 410 000	0	0
Series B	1 952 549	1 952 549	0	0
Total:	**8 326 549**	**8 326 549**	**0**	**0**

10.2. Changes in number of shares

Major shareholders	Number of shares	Number of votes	Nominal value of shares	Proportion of ownership interest
Mariusz Tuchlin	6 448 552	6 448 552	6 448 552	77,11%
Nationalen- Nederlanden OFE	737 500	737 500	737 500	8,82%
Total:	**7 186 052**	**7 186 052**	**7 186 052**	**85,93%**

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11. Provisions

11.1. Provisions specification

Description	2016	2015
Provisions for employee benefits – long-term	44	47
Other long-term provisions	0	0
Provisions for employee benefits – short-term	5	3
Provisions for guarantee repairs	940	0
Provisions for court litigations	200	0
Provisions for unused holidays	474	509
Other short-term provisions	**1 653**	**509**

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11.2. Changes of provisions in reporting period

Description	For retirement benefits	For unused holidays	For court litigations	For guarantee repairs	For losses from contracts	Other	Total
Status at the beginning of period	50	509	0	0	0	34	593
Increase of provisions accounted as cost in period	50	474	200	940	0	39	1 703
Utilization of provisions accounted as revenue in period(-)	0	0	0	0	0	0	0
Utilization of provisions (-)	-50	-509	0	0	0	-34	-593
Increase by merger of entities	0	0	0	0	0	0	0
Reclassifications and other changes	0	0	0	0	0	0	0
Status as of the end of period	**50**	**474**	**200**	**940**	**0**	**39**	**1 703**

11.2. Changes of provisions in previous reporting period

Description	For retirement benefits	For unused holidays	For court litigations	For guarantee repairs	For losses from contracts	Other	Total
Status at the beginning of period	49	489	0	0	0	30	568
Increase of provisions accounted as cost in period	1	345	0	0	0	4	350
Utilization of provisions accounted as revenue in period(-)	0	-137	0	0	0	0	-137
Utilization of provisions (-)	0	-222	0	0	0	0	-222
Increase by merger of entities	0	0	0	0	0	0	0
Reclassifications and other changes	0	0	0	0	0	0	0
Status as of the end of period	**50**	**475**	**0**	**0**	**0**	**34**	**559**

12. Financial liabilities

12.1. Specification of financial liabilities

Description	2016	2015
Loans, borrowings and long-term debt-instruments	112 749	107 596
Other long-term financial liabilities	1 712	369
Long-term financial liabilities	**114 462**	**107 965**
Loans, borrowings and short-term debt-instruments	26 322	11 801
Other short-term financial liabilities	1 043	385
Short-term financial liabilities	**27 366**	**12 186**
Financial liabilities in total	**141 827**	**120 151**

12.2. Loans and borrowings (in thousands of PLN):

Loans and borrowings as of 31.12.2016	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term					
Loan Z/73/Dz/2014	3 000	1 230	PLN	WIBOR 3M+ margin	30.08.2019
Loan KRI\1535766	18 000	-	PLN	WIBOR 3M + margin	31.12.2018
Loan KRI\1535781	8 000	-	PLN	WIBOR 3M + margin	31.12.2018
Loan BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	15 000	13 506	PLN	WIBOR 3M + margin	11.12.2025
Loan BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	3 000	1 115	PLN	WIBOR 3M + margin	11.12.2025
Borrowing	6 530	6 530	PLN	Fixed rate	31.12.2018
Long-term loans and borrowings in total		**22 381**	-	-	-
Short-term					
Loan 8363/15/400/04	12 000	-	PLN	WIBOR 3M + margin	06.04.2017
Loan KRI\1534355	20 000	5 393	PLN	WIBOR 3M + margin	20.09.2017
Loan Z/73/Dz/2014	3 000	738	PLN	WIBOR 3M+ margin	30.08.2019
Short-term loans and borrowings in total		**6 131**	-	-	-

Violations of provisions of loan agreements: none.

Loans – detailed information:

	Collateral
Loan Z/73/Dz/2014	Mortgage up to PLN 1 500 000,00 on a property in Gdańsk at ul. Potęgowska belonging to DEKPOL KW GD1G/00048339/6, mortgage up to PLN 3 000 000,00 on a property in Gdańsk at ul. Potęgowska belonging to DEKPOL KW GD1G/00048339/6,
Loan KRI\1534355	Mortgage up to PLN 33 000 000,00 on a property in Gdańsk Morena belonging to Dekpol no. GD1G/00227145/8
Loan KRI\1535766	Mortgage up to PLN 60 000 000,00 on a property in Gdańsk Morena belonging

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	to Dekpol no. GD1G/00227145/8
Loan KRI\1535781	Mortgage up to PLN 72 000 000,00 on a property in Gdańsk Morena belonging to Dekpol no. GD1G/00227145/8
Loan 8363/15/400/04	assignment of contracts for at least two contractors
Loan BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	Joint mortgage to the amount of PLN 42 000 000 on a property in Rokitki belonging to Dekpol no. GD1T/00049849/3 and GD1T/00050468/8 Joint mortgage to the amount of PLN 42 000 000,00 on a property in Pinczyn belonging to Dekpol no.GD1A/00008779/4 and GD1A/00061343/8
Borrowing	none

Loans and borrowings as of 31.12.2015	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term					
Loan Z/38/Dz/2013	3 000	1 000	PLN	WIBOR 1M+ margin	30.04.2018
Loan Z/73/Dz/2014	3 000	1 968	PLN	WIBOR 3M+ margin	30.08.2019
Loan 8363/15/400/04	12 000	-	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 KRI\1535781	8 000	-	PLN	WIBOR 3M + margin	20.09.2018
Borrowing	6 530	6 530	PLN	Fixed rate	31.12.2018
Long-term loans and borrowings in total		**9 498**	**-**	**-**	**-**
Short-term					
Loan I PCK/5/2011	3 000	-	PLN	WIBOR 1M+ margin	31.01.2016
Loan I PCK/7/2011	15 000	10 312	PLN	WIBOR 1M+ margin	31.01.2015
Loan Z/38/Dz/2013	3 000	750	PLN	WIBOR 1M+ margin	30.04.2018
Loan Z/73/Dz/2014	3 000	738	PLN	WIBOR 3M+ margin	30.08.2019
Short-term loans and borrowings in total		**11 801**	**-**	**-**	**-**

Violations of provisions of loan agreements: none.

Loans – detailed information:

	Collateral
Loan I PCK/5/2011	Contractual mortgage up to PLN 4 000 000,00 on properties in Pinczyn KW GD1A/00008779/4 and GD1A/00061343/8, guaranteed up to the amount of PLN 4 500 000, by Mariusz Tuchlin
Loan I PCK/7/2011	Contractual mortgage up to PLN 2 700 000,00 on a property belonging to Mariusz Tuchlin located in Pinczyn KW GD1A/00015721/5, mortgage on a property belonging to Mariusz Tuchlin located in Rokocin KW GD1A/00013763/7, joint contractual mortgage up to PLN 5 500 000,00 on properties belonging to DEKPOL located in Rokitki KW GD1T/00049849/3 and GD1T/00050468/8, cessions from contracts in the amount not less tan PLN 30 000 000,00, guaranteed up to the amount of PLN 15 000 000,00 by Mariusz Tuchlin
Loan Z/38/Dz/2013	Mortgage up to PLN 4 500 000,00 located in Gdańsk Morena belonging to

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	DEKPOL KW GD1G/00227145/8
Loan Z/73/Dz/2014	Mortgage up to PLN 1 500 000,00 on a property located in Gdańsk at ul. Potęgowska belonging to DEKPOL KW GD1G/00048339/6, Mortgage up to PLN 3 000 000,00 on a property located in Gdańsk at ul. Potęgowska belonging to DEKPOL KW GD1G/00048339/6,
Loan KRI\1534355	Mortgage up to PLN 33 000 000,00 on a property located in Gdańsk Morena belonging to Dekpol no. GD1G/00227145/8
Loan KRI\1535766	Mortgage up to PLN 60 000 000,00 on a property located in Gdańsk Morena belonging to Dekpol no. GD1G/00227145/8
Loan KRI\1535781	Mortgage up to PLN 72 000 000,00 on a property located in Gdańsk Morena belonging to Dekpol no. GD1G/00227145/8
Loan 8363/15/400/04	assignment of contracts for at least two contractors
Borrowing	none

Bonds (nominal value) :

Bonds as of reporting period 31.12.2016	Value	Balance	Currency	Interest rate	Date of repayment
Long-term					
Bonds series C1	12 500	6 620	PLN	WIBOR 3M+ margin	19.06.2019
Bonds series C2	12 000	4 320	PLN	WIBOR 3M+ margin	19.06.2019
Bonds series C4	9 500	9 500	PLN	WIBOR 3M+ margin	19.06.2019
Bonds series D	35 000	35 000	PLN	WIBOR 3M+ margin	16.10.2018
Bonds series E1	10 000	4 900	PLN	WIBOR 3M+ margin	27.11.2019
Bonds series E2	10 000	10 000	PLN	WIBOR 3M+ margin	27.11.2019
Bonds series E3	10 000	10 000	PLN	WIBOR 3M+ margin	27.11.2019
Bonds series E4	10 000	10 000	PLN	WIBOR 3M+ margin	27.11.2019
Long-term bonds in total		**90 340**	-	-	-
Short-term					
Bonds series B	20 000	20 000	PLN	WIBOR 3M + margin	19.02.2017
Short-term bonds in total		**20 000**	-	-	-

Bonds as of reporting period 31.12.2015	Value	Balance	Currency	Interest rate	Date of repayment
Long-term					
Bonds series B	20 000	20 000	PLN	WIBOR 3M + margin	19.02.2017
Bonds series C1	12 500	12 500	PLN	WIBOR 3M+ margin	19.06.2019
Bonds series C2	12 000	12 000	PLN	WIBOR 3M+ margin	19.06.2019
Bonds series C3	9 000	9 000	PLN	WIBOR 3M+ margin	19.06.2019
Bonds series D	35 000	35 000	PLN	WIBOR 3M+ margin	16.10.2018
Bonds series E1	10 000	10 000	PLN	WIBOR 3M+ margin	27.11.2019
Long-term bonds in total		**98 500**	-	-	-
Short-term					
Short-term bonds in total		-	-	-	-

For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

Bonds – detailed information:

	Collateral
Bonds series B	none
Bonds series C1	Mortgage up to PLN 18 750 000,00 on perpetual usufruct of property located in Gdańsk at ul. Jaglana belonging to DEKPOL KW GD1G/00059360/2
Bonds series C2	Mortgage up to PLN 18 000 000,00 zł on perpetual usufruct of property located in Gdańsk at ul. Jaglana belonging to DEKPOL KW GD1G/00059360/2
Bonds series C3	Mortgage up to PLN 13 500 000,00 on perpetual usufruct of property located in Gdańsk at ul. Jaglana belonging to DEKPOL KW GD1G/00059360/
Bonds series C4	Mortgage up to PLN 14 250 000,00 on perpetual usufruct of property located in Gdańsk at ul. Jaglana belonging to DEKPOL KW GD1G/00059360//8
Bonds series D	Mortgage up to PLN 52.500.000,00 zł on perpetual usufruct of property located in Gdańsk at ul. Toruńska belonging to Almond Sp. z o.o. KW no. GD1G/00047844/2
Bonds series E1	Mortgage up to PLN 15 000 000,00 on perpetual usufruct of property located in Gdańsk at ul. Jaglana belonging to DEKPOL KW GD1G/00059360/8
Bonds series E2	Mortgage up to PLN 15 000 000,00 on perpetual usufruct of property located in Gdańsk at ul. Jaglana belonging to DEKPOL KW GD1G/00059360/8
Bonds series E3	Mortgage up to PLN 15 000 000,00 on perpetual usufruct of property located in Gdańsk at ul. Jaglana belonging to DEKPOL KW GD1G/00059360/8
Bonds series E4	Mortgage up to PLN 15 000 000,00 on perpetual usufruct of property located in Gdańsk at ul. Jaglana belonging to DEKPOL KW GD1G/00059360/8

On 23 December 2016 Management Board of Dekpol S.A. concluded with investment funds Pioneer Fundusz Inwestycyjny Otwarty as well as Pioneer Obligacji – Dynamiczna Alokacja Fundusz Inwestycyjny Otwarty agreement on bond issue ("Agreement"), and adopted on 23 December 2016 resolution, under which decided:

- to adopt F series bond issue programme ("Issue Programme"), which provides an issue of bonds by the Company other than convertible or with preemptive right in 6 tranches ("Tranches") of a total nominal value of all Tranches of PLN 70 million (“Bonds”), and, funds will be raised directly by Issuer, and then Issuer will contribute them to limited partnership established for execution of investment, referred to as below (“SPV”) as a deposit as the only limited partner.

- to issue within Issue Programme of particular tranches of Bonds remunerated at interest rate equal to WIBOR 3M plus margin,

- to propose acquisition of particular Bond Tranches only and exclusively to Funds based on rules set forth in Agreement, and, final sound of proposition of acquisition and conditions of Bond issue of particular tranche will be set through separate resolutions of Management Board.

Bonds issue will be performed in connection with plans concerning execution of an investment - construction, finishing and fitting of buildings, structures or premises within residential-service object on plots at Pszenna and Żytnia Streets in Gdańsk ("Investment").

F series Bonds will be issued in 6 series ("Tranches"), as bearer shares, which do not have the form of document, secured, of a nominal value of one bond in the amount of PLN 1000 and a total nominal value of all bonds issued in the amount of PLN 70 million ("Bonds"). Bonds will bear interest in the amount of WIBOR 3M plus margin agreed with the Funds, and, maturity of each tranche of bonds will fall on the date, on which expire no more than 48 months from the date of allocation of bonds from the first tranche. Issue price of bonds will be equal to nominal value. Bonds will be issued in order to obtain financing for execution of investment. Agreement sets principles, on which Issuer will propose Funds acquisition of Bonds issued by the Company, and Funds will acquire Bonds. Issuer is entitled and obliged to propose acquisition of particular Tranches of Bonds only and exclusively to Funds, pursuant to progress in execution of particular stages in schedule of Investment, in accordance with rules set forth in Agreement, i.e. especially at the day of submission of proposals of acquisition of Bonds of particular Tranche, as well as at the day of submission by Funds of declaration on acceptance of this proposition:

a) cannot occur any basis of early redemption for any tranches of Bonds or C or E Series Programme Bonds,

b) mortgages for each tranche of bonds must have equal to each other and the highest priority ,

c) in the land register covering property shall not be entered: (i) any other mortgage, except for mortgages referred to in article b above (ii) any mention of mortgages other than above mentioned mortgages,

d) shall bind an agreement of escrow account, ensuring Funds the control of cash flow of SPV within investment,

e) Documents will be submitted to Funds, from which will result the right of Issuer to comprehensive use of project documentation connected to Investment, as well as in range enabling conclusion of agreement, referred to in article (v) below.

The Bonds confer the right to cash payments only. The Bondholder is entitled to request early redemption from the Issuer. The Issuer is entitled to early redemption of all or part of the Bonds. There may also be a situation where the Issuer is required to redeem the Bonds early.

Bonds will be backed at least by (separately for each tranche):

(i) establishment of contractual mortgages on the right of perpetual usufruct of real properties located at Pszenna and Żytnia Streets in Gdańsk, whereas the mortgages established for particular bond tranches will have equal priority among themselves and the highest priority;

(ii) conclusion of an escrow account agreement allowing the Funds to exercise control over the cash flows of SPV within investment, including the right of getting from the Bank of all information concerning escrow account, especially to information concerning current balance in this account;

(iii) granting a warranty by SPV;

(iv) Fiduciary transfer of all shares in share capital of general partner of SPV in favor of security administrator;

(v) submission by Issuer of irrevocable offer concerning transfer of all rights and obligations of general partner of SPV;

(vi) granting by Dekpol or SPV to the mortgage administrator of an irrevocable power of attorney on security in form of notarial deed, under which SPV will authorize the holder of the power of attorney to submit, on behalf of SPV, a statement of intent, whereby SPV pursuant to Article 40 sec. 1 of Building Law expresses its consent to transfer to another entity the building permit decision regarding the Investment, and to grant a further power of attorney to the entity which will act as a mortgage administrator in lieu of the current administrator;

(vii) conclusion of agreement between SPV and mortgage administrator, pursuant to which mortgage administrator will obtain legal right (e.g. copyrights or license) to comprehensive use of project documentation connected to Investment, especially in range of carrying out of construction process, wholesaling, holding and maintenance of investment, including modification of works consisting on project documentation and the right of use of conditional copyrights, as well as feasibility of unrestricted disposal of this legal right for the benefit of other entities;

(viii) submission by SPV to each bondholder of a declaration of submission to enforcement pursuant to Article 777 § 1(5) of the Code of Civil Procedure with regards to obligations arising under Bonds;

(ix) submission by SPV to security administrator of a declaration in the form of notarial deed of submission to enforcement pursuant to Article 777 § 1(5) of the Code of Civil Procedure, with regards to liabilities resulting from warranty granted as collateral of Bonds and from burden right of perpetual usufruct of real property in order to fulfill obligations, which will result from Bonds.

About decision of Management Board concerning F series bond issue programme the Company announced in current report no. 31/2016.

For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

12.2. Maturity of financial liabilities in reporting period

Description	Overdue	until 1 year	from 1 year to 2 years	from 2 years to 5 years	above 5 years	Total
Long-term leases	0	0	1 712	0	0	1 712
Long-term loans	0	0	1 230	0	14 621	15 851
Long-term borrowings	0	0	6 567	0	0	6 567
Long-term bonds	0	0	90 366	0	0	90 366
Long-term derivatives	0	0	0	0	0	0
Short-term loans	0	6 131	0	0	0	6 131
Short-term borrowings	0	0	0	0	0	0
Short-term bonds	0	20 156	0	0	0	20 156
Short term leases	0	1 043	0	0	0	1 043
Short term derivatives	0	0	0	0	0	0
Financial liabilities - maturity	**0**	**27 331**	**99 875**	**0**	**14 621**	**141 827**

12.2. Maturity of financial liabilities in reporting period

Description	Overdue	until 1 year	from 1 year to 2 years	from 2 years to 5 years	above 5 years	Total
Long-term leases	0	0	369	0	0	369
Long-term loans	0	0	1 000	1 968	0	2 968
Long-term borrowings	0	0	6 530	0	0	6 530
Long-term bonds	0	0	55 369	42 729	0	98 098
Long-term derivatives	0	0	0	0	0	0
Short-term loans	0	11 801	0	0	0	11 801
Short-term borrowings	0	0	0	0	0	0
Short-term bonds	0	0	0	0	0	0
Short term leases	0	385	0	0	0	385
Short term derivatives	0	0	0	0	0	0
Financial liabilities - maturity	**0**	**12 186**	**63 268**	**44 697**	**0**	**120 151**

For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

13. Trade liabilities

13.1. Long-term liabilities

Description	2016	2015
Deposits received	6 685	5 286
Other financial liabilities (long-term)	0	0
Other long-term liabilities	**6 685**	**5 286**

13.2. Zobowiązania krótkoterminowe

Description	2016	2015
Other short-term liabilities	5	73
Prepayments and deposits received for supplies	94 258	10 863
Short-term received bails	5 422	4 714
Liabilities due to other taxes, duties and social securities	1 275	1 642
Liabilities due to current income tax	197	1 281
Liabilities due to remunerations	931	869
Trade liabilities	66 435	57 964
Trade and other liabilities	**168 523**	**77 406**

For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

13.3. Liabilities by payment terms in reporting period

Description	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 years to 5 years	Over 5 years	Total
Other long-term deposits	0	0	0	0	0	4 447	2 095	143	6 685
Other long-term liabilities – other titles	0	0	0	0	0	0	0	0	0
Long-term liabilities	**0**	**0**	**0**	**0**	**0**	**4 447**	**2 095**	**143**	**6 685**
Trade liabilities	26 260	36 526	527	3 123	0	0	0	0	66 435
Prepayments and deposits received for supplies	0	517	0	1 843	91 897	1	0	0	94 258
Short-term received bails	3 773	94	909	536	111	0	0	0	5 422
Liabilities due to current income tax	0	197	0	0	0	0	0	0	197
Liabilities due to other taxes, duties and social securities	0	1 275	0	0	0	0	0	0	1 275
Liabilities due to remunerations	0	931	0	0	0	0	0	0	931
Other short-term liabilities	0	5	0	0	0	0	0	0	5
Short-term liabilities	**30 032**	**39 544**	**1 436**	**5 501**	**92 009**	**1**	**0**	**0**	**168 523**

13.3 Liabilities by payment terms in previous reporting period

Description	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 years to 5 years	Over 5 years	Total
Other long-term deposits	0	0	0	0	0	701	4 273	312	5 286
Other long-term liabilities – other titles	0	0	0	0	0	0	0	0	0
Long-term liabilities	**0**	**0**	**0**	**0**	**0**	**701**	**4 273**	**312**	**5 286**
Trade liabilities	15 239	24 606	15 451	2 668	0	0	0	0	57 964
Prepayments and deposits received for supplies	0	0	840	2 100	4 650	3 273	0	0	10 863
Short-term received bails	3 275	226	187	713	313	0	0	0	4 714
Liabilities due to current income tax	0	1 281	0	0	0	0	0	0	1 281
Liabilities due to other taxes, duties and social securities	0	1 642	0	0	0	0	0	0	1 642
Liabilities due to remunerations	0	869	0	0	0	0	0	0	869

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Other short-term liabilities	0	73	0	0	0	0	0	0	73
Short-term liabilities	**18 514**	**28 697**	**16 479**	**5 481**	**4 963**	**3 273**	**0**	**0**	**77 406**

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13.4. Overdue liabilities in reporting period

Description	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade liabilities	41 617	22 185	2 906	169	0	0	66 876
Prepayments and deposits received for supplies	94 258	0	0	0	0	0	94 258
Short-term received bails	1 649	276	318	1 283	1 896	0	5 422
Liabilities due to current income tax	0	0	0	0	0	0	0
Liabilities due to other taxes	1 031	0	0	0	0	0	1 031
Liabilities due to remunerations	931	0	0	0	0	0	931
Other short-term liabilities	5	0	0	0	0	0	5
Short-term liabilities	**139 491**	**22 461**	**3 223**	**1 453**	**1 896**	**0**	**168 523**

13.4. Overdue liabilities in previous reporting period

Description	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade liabilities	42 725	9 678	4 859	75	627	0	57 964
Prepayments and deposits received for supplies	10 863	0	0	0	0	0	10 863
Short-term received bails	1 439	274	635	1 321	1 044	0	4 714
Liabilities due to current income tax	1 281	0	0	0	0	0	1 281
Liabilities due to other taxes	1 642	0	0	0	0	0	1 642
Liabilities due to remunerations	869	0	0	0	0	0	869
Other short-term liabilities	73	0	0	0	0	0	73
Short-term liabilities	**58 892**	**9 952**	**5 494**	**1 396**	**1 671**	**0**	**77 406**

For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

14. Deferred income balance

14.1. Specification of deffered income in reporting period

Description	Short-term	Long-term	Total
Grants received	285	7 434	7 719
Deferred charges	0	0	0
Other charged	0	0	0
Liabilities – deferred charges in total	**285**	**7 434**	**7 719**

15. Current assets held for sale and discontinued operations

None.

16. Operating revenues and costs

16.1. Revenues from sales

Description	2016	2015
Revenues from sales of products	249 195	300 008
Revenues from sales of services	-497	2 035
Revenues from sales of goods and materials	10 015	8 397
Sales revenues	**258 713**	**310 440**

16.2. Costs by type

Description	2016	2015
Administrative expenses	-6 086	-6 920
Selling costs	-17 719	-8 849
Own work capitalized	-30 025	-1 451
Employee benefits	13 870	12 909
Consumption of materials and energy	9 331	6 974
Outsourced services	4 796	3 314
Cost of goods and materials sold	2 892	2 663
Depreciation	81 246	87 828
Taxes and fees	212 516	203 829
Other costs by type	847	792
Remuneration	4 388	2 998
Costs by type	329 886	321 305
Movements in the balance of products	-62 540	-28 820
Own selling cost	**213 515**	**275 265**

16.3. Own selling cost

Description	2016	2015
Cost of products sold	208 671	268 290
Cost of services sold	-4 486	0
Cost of goods and materials sold	9 331	6 974
Own selling cost	**213 515**	**275 264**

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16.4. Other operating revenues

Description	2016	2015
Re-invoices	0	0
Pricing of investment properties to its fair value	11 938	0
Release of provisions	0	0
Fines and compensations	1 018	987
Grants	1 076	350
Overdue liabilities	0	0
Scrap yield	0	0
Bonus from turnover	0	0
Surplus stock	155	0
Other titles	259	418
Provisions write-offs reversal in period (-)	309	0
Receivables write-offs reversal in period (-)	242	852
Profit on disposal of non-financial fixed assets	4	66
Other operating revenues	**15 002**	**2 673**

16.5. Other operating costs

Description	2016	2015
Loss on disposal of non-financial fixed assets	0	0
Pricing of investment properties to its fair value	0	0
Establishment of provisions	1 179	0
Costs related to acquisition of subsidiaries	0	0
Costs of defects repairs and scrap page	8	0
Donations	69	0
Bonus from turnover	0	0
Inventory deficits	0	0
Receivables	0	0
Contractual penalties	0	0
Other titles	678	1 395
Material losses	44	0
Court litigation costs	0	0
Re-invoicing costs	0	0
Compensations	330	136
Provisions write-offs reversal in period (-)	1 278	554
Receivables write-offs reversal in period (-)	2 048	1 002
Other operating costs	**5 636**	**3 087**

17. Financial revenues and expenses

17.1. Financial revenues

Description	2016	2015
Dividends	0	0
Interests	81	165
Profit from sale of financial assets	0	0
Reversal of write-offs	0	0
Other financial revenues	0	0
Surplus of positive exchange differences over the negative ones	32	10
Financial revenues	**112**	**175**

data in thousands of PLN

17.2. Financial expenses

Description	2016	2015
Other financial costs	0	0
Write-offs	0	0
Loss from sale of financial assets	0	0
Interests	5 544	3 763
Surplus of negative exchange differences over the positive	0	0
Financial expenses	**5 544**	**3 763**

18. Income tax

18.1. Income tax

Description	2016	2015
Current income tax	2 634	4 287
Deferred income tax	-211	-1 288
Income tax	**2 423**	**2 999**

18.2. Effective taxation rate

Description	2016	2015
Current income tax for previous periods included in financial result	0	0
Profit (loss) before tax	25 328	15 405
Probable income tax	4 809	2 927
PFRON	9	20
Dividends	0	0
Representation costs	72	20
Costs of penalties and mandates	62	0
Other costs	-2 525	97
Stipulation of differences constantly non-establishing of estimated tax deduction	-2 382	137
Tax on temporary differences not included in the calculation of deferred income tax	0	-65
Deduction of income tax	-4	0
Income tax recognized in financial result	**2 423**	**2 999**

19. Deferred income tax

19.1. Deferred tax

Description	2016	2015
Deferred income tax assets	**1 300**	**818**
Deferred income tax provision	**1 424**	**1 153**

19.2. Deferred income tax in reporting period

Description	balance at the beginning of period	Financial result	Other comprehensive income	Total
Pricing of liabilities in revised purchase price	117	-5	0	111
Assets write-offs	258	501	0	759
Other titles as a basis for establishment of assets for deferred income tax	344	-231	0	113
Provisions for employee benefits	9	0	0	9
Other provisions	90	216	0	307
Other liabilities	0	0	0	0

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Deferred income tax assets	**818**	**482**	**0**	**1 300**

19.2. Deferred income tax assets in previous reporting period

Description	balance at the beginning of period	Financial result	Other comprehensive income	Total
Pricing of liabilities in revised purchase price	0	0	0	0
Assets write-offs	242	-89	0	153
Other titles as a basis for establishment of assets for deferred income tax	381	-209	0	172
Provisions for employee benefits	21	216	0	237
Other provisions	146	110	0	256
Other liabilities	0	0	0	0
Deferred income tax assets	**790**	**28**	**0**	**818**

19.3. Deferred income tax provisions in reporting period

Description	balance at the beginning of period	Financial result	Other comprehensive income	Total
Deferred tax from pricing of investment property	0	60	0	60
Overestimation of financial assets (positive differences)	0	0	0	0
Depreciation of fixed assets	475	203	0	678
Receivables from supply and services	306	-65	0	242
Construction contracts	155	178	0	332
Other titles as a basis for establishment of assets for deferred income tax	5	-16	0	-12
Pricing of liabilities in revised purchase price	213	-90	0	123
Deferred income tax provisions	**1 153**	**270**	**0**	**1 424**

19.3. Deferred income tax provisions in previous reporting period

Description	balance at the beginning of period	Financial result	Other comprehensive income	Total
Deferred tax from pricing of investment property	0	0	0	0
Overestimation of financial assets (positive differences)	0	0	0	0
Depreciation of fixed assets	324	151	0	475
Receivables from supply and services	0	0	0	0
Construction contracts	1 658	-1 503	0	155
Other titles as a basis for establishment of assets for deferred income tax	453	70	0	523
Pricing of liabilities in revised purchase price	0	0	0	0
Deferred income tax provisions	**2 435**	**-1 282**	**0**	**1 153**

data in thousands of PLN

20. Financial instruments

20.1. Financial instruments – assets

Description	2016	2015
Receivables evaluated at nominal value	89 876	111 329
Loans and receivables evaluated at depreciated cost	754	530
Stocks and shares in subsidiaries	0	0
Assets evaluated at fair value through financial result	0	0
Cash and cash equivalents	38 198	11 857
Financial assets available for sale	0	0
Financial assets held to maturity	0	0
Financial assets	**128 827**	**123 716**

20.2. Financial instruments - liabilities

Description	2016	2015
Liabilities evaluated at fair value through financial value	0	0
Liabilities evaluated at nominal value	175 208	82 692
Liabilities evaluated at depreciated cost	141 827	120 151
Financial liabilities	**317 035**	**202 843**

21. Risks of financial instruments

21.1. Exposure on FX risk in reprting period

Description	PLN	EUR	Other	Total
Loans and own receivables priced in SCN	754	0	0	754
Trade receivables and other financial receivables	87 161	2 715	0	89 876
Other financial assets	0	0	0	0
Cash and cash equivalents	37 775	422	0	38 198
Derivatives	0	0	0	0
Financial assets (+):	**125 690**	**3 137**	**0**	**128 828**
Loans, borrowings and other debt instruments	140 294	1 533	0	141 827
Financial lease	0	0	0	0
Trade liabilities and other financial liabilities	173 511	1 627	69	175 208
Derivatives	0	0	0	0
Financial liabilities (-):	**313 805**	**3 160**	**69**	**317 035**

21.1. Exposure on FX risk in previous reporting period

Description	PLN	EUR	Other	Total
Loans and own receivables priced in SCN	530	0	0	530
Trade receivables and other financial receivables	109 567	1 762	0	111 329
Other financial assets	0	0	0	0
Cash and cash equivalents	9 006	2 774	77	11 857
Derivatives	0	0	0	0
Financial assets (+):	**119 103**	**4 536**	**77**	**123 716**
Loans, borrowings and other debt instruments	120 151	0	0	120 151
Financial lease	0	0	0	0
Trade liabilities and other financial liabilities	81 090	1 602	0	82 692
Derivatives	0	0	0	0

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Financial liabilities (-):	**201 241**	**1 602**	**0**	**202 843**

21.2. Exposure on interest rates risk in reporting period

Description	Floating interest rate	Fixed interest rate	Total
Loans and own receivables (priced in SCN)	0	754	754
Long-term financial liabilities (priced in SCN)	107 895	6 562	114 457
Short-term financial liabilities (priced in SCN)	27 366	0	27 366
Financial instruments – exposure on interest rates risk	135 260	7 316	142 576

21.2. Exposure on interest rates risk in previous reporting period

Description	Floating interest rate	Fixed interest rate	Total
Loans and own receivables (priced in SCN)	0	0	0
Long-term financial liabilities (priced in SCN)	101 435	6 530	107 965
Short-term financial liabilities (priced in SCN)	12 186	0	12 186

In the activity of DEKPOL Capital Group important are the following types of financial risks:

- interest rate risk – while operating on the market, the Group is exposed to interest rate risk. The Group has financial liabilities, whose financial cost is calculated based on the underlying variable interest rate WIBOR and a fixed margin. Increasing the base rate by 0.5 percentage point, would increase financial expenses for the year 2016 by 690 thousand PLN, assuming that the balance of liabilities with a fixed interest rate remains unchanged throughout the year.
- foreign exchange risk and the risk of changes in raw material prices - due to a small scale of operations in foreign currencies exchange rate risk is not significant for the Group.
- credit risk - the possible economic crisis may cause financial instability of the Group's customers and hence periodic impediments to the recovery and the formation of payment gridlock. The Group minimizes credit risk through diversification of the portfolio of customers and consistent using of procedures for monitoring and collection of overdue receivables.
- Liquidity risk - the Company manages liquidity risk by financial planning, operational activities in order to be completely matched and by the surplus of available financing sources over the current needs of the Group.
- The Group has no hedging instruments designated financial risks and does not apply hedge accounting. The Group aims to minimize these risks by using ongoing monitoring of specific risk areas through the implemented control procedures and regular analysis of risk exposure.

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22. Operating segments

22.1. Revenues, result and other in reporting period

Description	General contracting	Property development	Production of steel structures and accessories	Other	Exclusions	Total
Revenues from external clients	203 845	35 608	27 386	13 237	-21363	258 713
Revenues from other segments	0	0	0	0	0	0
Sales revenues in total	203 845	35 608	27 386	13 237	-21 363	258 713
Operating expenses in total	193 316	32 113	24 001	17 378	-29 488	237 320
Other operating revenues	0	0	0	15 002	0	15 002
Other operating expenses	0	0	0	5 636	0	5 636
Operating result	**10 528**	**3 495**	**3 385**	**-6 367**	**0**	**30 759**
Financial revenues	**0**	**0**	**0**	**4 765**	**-4 653**	**112**
Financial expenses	**0**	**0**	**0**	**5 544**	**0**	**5 544**
Income tax	**0**	**0**	**0**	**2 423**	**0**	**2 243**
Net result	**10 528**	**3 495**	**3 385**	**-**		**22 905**

22.1. Revenues, result and other in previous reporting period

Description	General contracting	Property development	Production of steel structures and accessories	Other	Exclusions	Total
Revenues from external clients	305 984	30 309	15 131	10 432	-51 416	310 440
Revenues from other segments	0	0	0	0	0	0
Sales revenues in total	305 984	30 309	15 131	10 432	-51 416	310 440
Operating expenses in total	267 260	26 665	11 658	26 689	-41 239	291 033
Other operating revenues	0	0	0	58 935	-56 262	2 673
Other operating expenses	0	0	0	3 087	0	3 087
Operating result	**38 724**	**3 644**	**3 473**	**39 591**	**0**	**18 993**
Financial revenues	**0**	**0**	**0**	**294**	**-119**	**175**
Financial expenses	**0**	**0**	**0**	**3 763**	**0**	**3 763**
Income tax	**0**	**0**	**0**	**2 999**	**0**	**2 999**
Net result	**38 724**	**3 644**	**3 473**		**0**	**12 406**

For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

22.2. Geographical structure

Description	2016	2015
Poland	236 943	299 723
European Union	20 002	9 511
Other countries	1 768	1 206
Sales revenues	**258 713**	**310 440**
Poland	466 795	327 897
European Union	0	0
Other countries	0	0
Assets	**466 795**	**327 897**

23. Construction services

23.1. Agreements on construction services

Description	2016	2015
Estimated revenues from agreements on construction services	1 749	6 511
Invoiced revenues from agreements on construction services	97 275	83 974
Costs of from agreements on construction services	84 362	72 739
Result set in agreements on construction services (until balance sheet date)	**14 663**	**17 746**
Future revenues from agreements on construction services	**90 087**	**41 690**
Future costs from agreements on construction services	**60 791**	**27 098**
Joint planned result on agreements on construction services	**43 958**	**32 338**

24. Cash reconciliation

24.1 Explanation of differences between balance changes and values presented in cash flow statement	For period ended 31.12.2016	For period ended 31.12.2015
Balance change of provisions	**1 417**	**12 133**
Provisions for deferred income tax		(13 411)
Change of provisions in RPP	**1 417**	**(1 278)**
Balance change of inventories	**(96 890)**	**(14 164)**
Interests from bonds increasing cost of premises construction	2 583	
Transfer of inventories on fixed assets under construction		(37 216)
Capitals for Almond hotel		5 487
Change of inventories in RPP	**(94 307)**	**(45 893)**
Change of receivables	**17 505**	**(29 184)**
Balances concerning fixed assets	250	
Change of receivables in subsidiaries		(11 949)
Change of receivables in RPP	**17 756**	**(41 133)**
Balance change of short-term liabilities, excluding financial liabilities	**92 517**	**10 677**
Initial value of lease agreements		1 801
Value of regulated liabilities from purchase of fixed assets		3 690

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Change of liabilities in subsidiaries	(3 386)	(5 278)
Change of short-term liabilities, excluding financial liabilities in RPP	**89 131**	**10 890**
Balance change of deferred charges	**(2 896)**	**4 834**
Grants	(1 465)	(4 341)
Change of deferred charges in RPP	**(4 361)**	**493**

25. Transactions with affiliates

25.1. Benefits for managerial staff

Description	2016	2015
Short-term employee benefits	1 561	1 354
Benefits from termination of work agreements	0	0
Payments in form of own shares	0	0
Other benefits	0	0
Benefits for managerial staff	**1 561**	**1 354**

25.2. Transactions and balances with affiliates in reporting period

Description	Consolidated	Subsidiary not consolidated	Associated and interdependent	Other affiliated	Total
Dividends paid	0	0	0	0	0
Dividends received	0	0	0	0	0
Short-term liabilities	0	0	0	0	0
Long-term liabilities	0	0	0	0	0
Short-term receivables	0	0	0	0	0
Long-term receivables	0	0	0	0	0
Loans received	0	0	0	6 530	6 530
Loans granted	0	0	0	0	0
Cost of interests	0	0	0	458	458
Revenues from interests	0	0	0	0	0
Net purchases (without VAT)	0	0	0	0	0
Net sales (without VAT)	0	0	0	0	0
Total	**0**	**0**	**0**	**6 988**	**6 988**

25.2. Transactions and balances with affiliates in previous reporting period

Description	Consolidated	Subsidiary not consolidated	Associated and interdependent	Other affiliated	Total
Dividends paid	0	0	0	0	0
Dividends received	0	0	0	0	0
Short-term liabilities	0	0	0	0	0
Long-term liabilities	0	0	0	0	0
Short-term receivables	0	0	0	0	0
Long-term receivables	0	0	0	0	0
Loans received	0	0	0	6 530	6 530
Loans granted	0	0	0	0	0

For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

Cost of interests	0	0	0	457	457
Revenues from interests	0	0	0	0	0
Net purchases (without VAT)	0	0	0	0	0
Net sales (without VAT)	0	0	0	0	0
Total	**0**	**0**	**0**	**6 987**	**6 987**

26. Other information

26.1. Average number of FTE's

Description	2016	2015
White-collar employees	129	125
Blue-collar employees	83	81
Average number of FTE's	**212**	**206**

26.2. Auditor's remuneration

Description	2016	2015
Audit of annual financial statements	39	34
Review of financial statements	20	12
Tax advisory	3	7
Other services	0	0
Auditor's remuneration in total	**62**	**53**

27. Events after balance sheet date

After balance sheet date, the Group did on-time redemption of B series bonds of a value of PLN 20 million.
Moreover, in the first quarter of 2017, the Group did on-time redemption of C and E series bonds of a value of PLN 90 million.
In February, the Group repaid comprehensive value of loan in Getin Bank, taken with the purpose of partial financing of the 1st stage of investment Młoda Morena in Gdańsk.

The Issuer made decision concerning establishment of SPV's for execution of real-estate development investments. The Company focused on alignment of business structure. Through this activities, the Issuer wants to reach higher transparency and business efficiency in this segment of its business activities. It is also a response on expectations of market and financial institutions.

28. Liabilities and conditional assets

28.1. Specification of liabilities and conditional assets

Description	2016	2015
Received guarantees of satisfactory performance of contracts from non-affiliates - insurance	954	837
Received guarantees of satisfactory performance of contracts from non-affiliates - banking	1 002	0
Received guarantees and sureties of repayment of liabilities from non-affiliates	0	0
Conditional receivables - Court litigations	0	0
Other conditional assets from non-affiliates	0	0
Conditional assets from non-affiliates	1 956	837
Received guarantees of satisfactory performance of contracts from	0	0

For the period 01.01.2016 - 31.12.2016 data in thousands of PLN

affiliates		
Received guarantees and sureties of repayment of liabilities from affiliates	0	0
Other conditional assets	0	0
Conditional assets from affiliates	0	0
Conditional assets	**1 956**	**837**
Conditional liabilities towards affiliates - guarantees of satisfactory performance of contracts	0	0
Conditional liabilities towards affiliates – guarantees and sureties of repayment of financial liabilities	0	0
Other conditional liabilities	0	0
Conditional liabilities towards affiliates	0	0
Granted guarantees of satisfactory performance of contracts - insurance	22 509	17 322
Granted guarantees of satisfactory performance of contracts - banking	2 504	429
Granted guarantees and sureties of repayment of financial liabilities	0	0
Court litigations	0	0
Other conditional liabilities	0	0
Conditional liabilities towards non-affiliates	25 013	17 751
Conditional liabilities	**25 013**	**17 751**

The Group grants also guarantee on performed works. Largely, the responsibility from this title rests on subcontractors. It has also been established a provision for predicted costs of guarantee repairs, which will last the Group.

29. Earnings per share

Description	2016	2015
Net profit (loss) attributable to shareholders of parent entity	22 905	12 406
Weighted average number of ordinary shares	8 363 000	8 326 000
Major earnings per share in PLN	**2,74**	**1,49**
Net profit (loss) attributable to shareholders of parent entity	22 905	12 406
Weighted diluted average number of ordinary shares	8 363 000	8 326 000
Diluted earnings per share in PLN	**2,74**	**1,49**
Net profit (loss) from continued operations attributable to shareholders of parent entity	22 905	12 406
Weighted average number of ordinary shares	8 363 000	8 326 000
Major earnings per share in PLN from continued operations	**2,74**	**1,49**
Net profit (loss) from continued operations attributable to shareholders of parent entity	22 905	12 406
Weighted diluted average number of ordinary shares	8 363 000	8 326 000
Weighted diluted average number of ordinary shares	8 363	8 326
Diluted earnings per share in PLN from continued operations	**2,74**	**1,49**

Signatures of all Members of the Management Board:

Mariusz Tuchlin - President of Management Board (CEO)

Krzysztof Łukowski – Vice President of Management Board

Sebastian Barandziak – 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