



Quarterly report for the 1st quarter 2017 of Dekpol Capital Group

Pinczyn, 22nd of May 2017

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1 Condensed Interim Consolidated Financial Statement

1.1 Selected Consolidated Financial Data

Selected financial data - consolidated financial statements	Thousands of PLN	Thousands of PLN	Thousands of EUR	Thousands of EUR
	01.01.2017-31.03.2017	01.01.2016-31.03.2016	01.01.2017-31.03.2017	01.01.2016-31.03.2016
I. Net revenue from sales of products, goods, and materials	75 015	52 961	17 490	12 158
II. Profit (loss) on operating activity	6 452	2 255	1 504	518
III. Profit (loss) before tax	5 475	1 584	1 276	364
IV. Net profit (loss)	4 437	1 335	1 034	306
V. Earnings (loss) per ordinary share (in PLN / EUR)	0,53	0,16	0	0
VI. Net cash flows from operating activity	34 314	-7 981	8 000	-1 832
VII. Net cash flows from investment activity	-1 998	4 306	-466	989
VIII. Net cash flows from financial activity	-63 644	9 283	-14 839	2 131
IX. Total net cash flows	-31 327	5 608	-7 304	1 287
	31.03.2017	31.12.2016	31.03.2017	31.12.2016
X. Total assets	458 031	466 795	108 543	105 514
XI. Liabilities and provisions for liabilities	314 680	327 881	74 572	74 114
XII. Long-term liabilities	70 950	122 615	16 814	27 716
XIII. Short-term liabilities	243 729	205 266	57 758	46 398
XIV. Equity	143 351	138 914	33 971	31 400
XV. Share capital	8 363	8 363	1 982	1 890
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	17	4	4

Individual items of Condensed Interim Consolidated Statement of Financial Position, which have been presented in EUR currency, have been converted based on the average exchange rate set by the Polish National Bank for the day 31.03.2017 at 4,2198 PLN/EUR and for the day 31.12.2016 at 4,4240 PLN/EUR. Individual items of Condensed Interim Consolidated Financial Statement of Comprehensive Income and Condensed Interim Consolidated Cash Flow Statement have been converted into EUR based the arithmetic average of average exchange rates for EUR set by the Polish National Bank on the last day of each month of given period 01.01-31.03.2017 at 4,2891 PLN/EUR, and 01.01-31.03.2016 at 4,3559 PLN/EUR.

1.2 Condensed Interim Consolidated Statement of Comprehensive Income

Description	01.01-31.03.2017	01.01-31.03.2016
Sales revenues	75 015	52 961
Costs of goods sold	63 918	45 410
Gross profit (loss) from sales	11 097	7 551
Selling costs	2 852	3 758
General administrative expenses	2 221	1 580
Other operating revenues	792	88
Other operating costs	365	46
Profit (loss) from operating activities	6 452	2 255
Financial revenues	17	55
Financial expenses	993	726
Share in profit (loss) in entities priced by ownership value method	0	0
Profit (loss) before tax	5 475	1 584
Income tax	1 038	249
Profit (loss) from discontinued operations	0	0
Net profit (loss)	4 437	1 335
Other net comprehensive income	0	0
Comprehensive income falling to non-controlling shareholders	0	0
Comprehensive income falling to shareholders of parent entity	4 437	1 335

1.3 Condensed Interim Consolidated Statement of Financial Position

Description	31.03.2017	31.12.2016
Fixed assets	122 345	116 128
Property, land and equipment	36 349	36 145
Intangible assets	245	182
Goodwill	0	0
Investment properties	79 783	73 710
Stocks and shares	0	0
Receivables	4 059	4 037
Other financial assets	724	754
Long-term deferred charges	0	0
Deferred income tax assets	1 186	1 300
Current assets	335 686	350 667
Inventory	250 380	212 865
Construction services receivables	10 678	10 460
Trade receivables and other receivables	64 158	85 839
Other financial assets	0	0
Short-term deferred charges	3 598	3 306
Cash and cash equivalent	6 871	38 198
Assets classified as held for sale	0	0
Assets in total	458 031	466 795

Description	31.03.2017	31.12.2016
Equity	143 351	138 914
Equity falling to shareholders of parent entity	143 351	138 914
Common equity	8 363	8 363
Own shares (-)	0	0
Equity from sales of shares over its nominal value	26 309	26 309
Other equities	136 599	136 599
Profits saved:	-27 920	-32 357
Non-controlling shares	0	0
Liabilities	314 680	327 881
Long-term liabilities	70 950	122 615
Deferred income tax provision	1 519	1 424
Liabilities and provisions on employee benefits	44	44
Other long-term provisions	0	0
Long-term credits, borrowings and debt instruments	60 429	112 749
Other long-term financial liabilities	1 712	1 712
Other long-term liabilities	7 246	6 685
Short-term liabilities	243 729	205 266
Liabilities and provisions on employee benefits	5	5
Other short-term provisions	1 653	1 653
Short-term credits, borrowings and debt instruments	16 894	26 322
Other short-term liabilities	718	1 043
Construction services liabilities	0	0
Trade liabilities and other liabilities	216 740	168 523
Receivables from future terms	7 719	7 719
Liabilities connected to assets intended for sale	0	0
Liabilities in total	458 031	466 795

1.4 Condensed Interim Consolidated Cash Flow Statement

Description	01.01- 31.03.2017	01.01-31.03.2016
Cash and cash equivalents at the beginning of the period	38 198	11 857
Profit (loss) before tax	5 475	1 584
Adjustments:	1 797	1 484
Depreciation	1 045	909
Change of fair value of investment properties	0	0
Profit (loss) from sales of non-financial tangible assets	-72	8
Profits (losses) from foreign exchange differences	0	0
Interests and shares in profits	824	567
Other adjustments	0	0
Change of working capital	26 804	-10 302
Changes in stocks	-36 769	-31 795
Changes in receivables	21 440	12 486
Changes in liabilities	42 216	8 726
Changes of provisions and deferred charges	-83	281
Other adjustments	0	0
Income tax from profit before taxation	-1 038	-249
Income tax paid	1 276	-498
Net cash from operating activities	34 314	-7 981
Expenses related to acquisition of intangible assets	-179	24
Inflows from sales of intangible assets	0	0
Expenses related to acquisition of property, plant and equipment	-2 058	4 446
Inflows from sales of property, plant and equipment	482	0
Expenses related to acquisition of investment properties	-273	-19
Inflows from sales of investment properties	0	0
Repayments received from loans granted	30	0
Loans granted	0	0
Expenses related to acquisition of other financial assets	0	-145
Net cash from investment activities	-1 998	4 306
Net inflows from issue of shares	0	0
Acquisition of own shares	0	0
Inflows from issue of debt securities	7 000	10 000
Redemption of debt securities	-82 340	0
Inflows from loans and borrowings taken out	30 179	11 612
Repayment of loans and borrowings	-16 321	-13 008
Repayment of liabilities under finance lease	-340	-151
Interest paid	-1 822	-568
Dividends paid	0	0
Inflows from received grants	0	1 398
Other inflows (expenses) from investment activities	0	0
Net cash from investment activities	-63 644	9 283
Change in net cash and cash equivalents without foreign exchange differences	-31 328	5 608
Change in cash and cash equivalents due to foreign exchange differences	0	0
Change in net cash and cash equivalents	-31 328	5 608
Cash and cash equivalents at the end of the period	6 870	17 465
Including cash of limited disposal right	4 093	0

1.5 Condensed Interim Statement in Changes in Consolidated Equity

Data for the period 01.01-31.03.2017

Description	Common equity	Equity from sale of shares over its nominal value	Reserve capital from retained earnings	Other equities	Total
Balance as at beginning of period	8 363	26 309	136 599	0	138 914
Error correction of previous years	0	0	0	0	0
Balance at the beginning of period after changes	8 363	26 309	136 599	0	138 914
Issue of shares	1	0	0	0	1
Dividends	0	0	0	0	0
Transfer of financial result to capital	0	0	0	0	0
Transactions with owners in total	1	0	0	0	1
Other total comprehensive income	0	0	0	0	0
Net profit (loss)	0	0	0	4 437	4 437
Comprehensive income	0	0	0	4 437	4 437
Balance at the end of period	8 363	26 309	136 599	0	143 351

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Data for the period 01.01-31.12.2016

Description	Common equity	Equity from sale of shares over its nominal value	Reserve capital from retained earnings	Other equities	Total
Balance as at beginning of period	8 363	26 309	69 105	0	116 013
Error correction of previous years	0	0	-7	3	-5
Balance at the beginning of period after changes	8 363	26 309	69 098	0	116 009
Issue of shares	0	0	0	0	0
Dividends	0	0	0	0	0
Transfer of financial result to capital	0	0	67 501	-67 501	0
Transactions with owners in total	0	0	67 501	-67 501	0
Other total comprehensive income	0	0	0	0	0
Net profit (loss)	0	0	0	22 905	22 905
Comprehensive income	0	0	0	22 905	22 905
Balance at the end of period	8 363	26 309	136 599	0	138 914

1.6 Additional Information to Condensed Interim Consolidated Financial Statement

1.6.1. Preparation rules of Interim Condensed Separate Financial Statement

Interim condensed financial statement of the Dekpol Capital Group for 3 months ended 31 March 2017 has been prepared in accordance with International Accounting Standards and International Financial Reporting Standards and related interpretations announced in the form of regulations of European Commission (hereinafter referred to as IFRS).

Interim condensed financial statement of the Dekpol Capital Group for 3 months ended 31 March 2017 has been prepared under assumption of continuation of business by the Company in the foreseeable future. Statement presents financial position of Dekpol Capital Group as of 31 March 2017 and 31 December 2016, results achieved with the Group's operations and cash flow for the period of 3 months ended 31 March 2017 and 31 March 2016.

In Interim condensed financial statement of the Dekpol Capital Group for 3 months ended 31 March 2017 have been followed the same accounting principles (policy) and calculation methods as in the last annual financial statement for 2016. . In the reporting period were no changes in applicable accounting principles (policies). In the reporting period were also neither significant changes in estimates nor changes of rules in valuation of assets and liabilities and also financial result.

1.6.2. Operating segments

Data for the period 01.01-31.03.2017

Description	General contracting	Property development	Production of steel structures and accessories	Other	Exclusions	Total
Sales revenues in total	47 011	10 027	11 472	8279	1 774	75 015
Revenues from external clients	47 011	10 027	11 472	8279	1 774	75 015
Operating expenses in total	44 638	9 643	9 680	6 804	1 774	68 991
Other operating revenues	0	0	0	792	0	792
Other operating expenses	0	0	0	365	0	365
Operating result	2 374	384	1 792	1 902	0	6 451
Financial revenues	0	0	0	17	0	17
Financial expenses	0	0	0	993	0	993
Income tax	0	0	0	1 038	0	1 038
Net result	2 374	384	1 792	-112	0	4 437

Data for the period 01.01-31.03.2016

Description	General contracting	Property development	Production of steel structures and accessories	Other	Exclusions	Total
Sales revenues in total	45 245	557	4 040	3 119	0	52 961
Revenues from external clients	45 245	557	4 040	3 119	0	52 961
Operating expenses in total	38 878	386	3 665	8 649	829	50749
Other operating revenues	0	0	0	88	0	88
Other operating expenses	0	0	0	46	0	46
Operating result	6 367	171	375	-5 488	829	2254
Financial revenues	0	0	0	55	0	55
Financial expenses	0	0	0	726	0	726
Income tax	0	0	0	249	0	249
Net result	6 367	171	375	-6 408	829	1 335

1.6.3. Costs of major operating activities

Description	01.01-31.03.2017	01.01-31.03.2016
Costs by type	92 500	76 602
Depreciation	1 045	909
Consumption of materials and energy	23 579	16 525
Outsourced services	57 844	52 124
Taxes and fees	373	113
Remunerations	4 009	3 287
Employee benefits	788	631
Other costs by type	1 212	531
Cost of goods and materials sold	3 649	2 482
Movements in the balance of products	-13 270	-23 027
Own work capitalized	-10 239	-2 827
Selling costs	-2 852	-3 758
General administrative expenses	-2 221	-1 580
Own selling cost	63 918	45 410

1.6.4. Other operating revenues

Description	01.01-31.03.2017	01.01-31.03.2016
Re-invoicing	0	0
Pricing of investment properties to fair value	0	0
Penalties and compensations	718	0
Grants	0	0
Other titles	1	88
Impairment losses on inventories reversal in period (-)	0	0
Impairment losses on receivables reversal in period (-)	0	0
Profit on disposal of non-financial fixed assets	72	0
Other operating revenues	792	88

1.6.5. Other operating costs

Description	01.01-31.03.2017	01.01-31.03.2016
Loss on disposal of non-financial fixed assets	0	8
Pricing of investment properties to fair value	0	0
Creation of reserves	0	0
Costs related to acquisition of subsidiaries	0	0
Costs of gap's removal and scrapping	0	0
Donations	31	0
Bonus to turnover	0	0
Inventory deficits	0	0
Write-downs	0	0
Contractual penalties	0	0
Other titles	284	38
Damages to properties	1	0
Court fees	0	0
Re-invoicing costs	0	0
Compensations	49	0
Impairment losses on inventories creation in the period	0	0
Impairment losses on receivables creation in the period	0	0
Other operating costs	365	46

1.6.6. Financial revenues

Description	01.01-31.03.2017	01.01-31.03.2016
Interests	17	15
Surplus of positive exchange differences over the negative ones	0	40
Reversal of wrote-offs	0	0
Profit from sale of financial assets	0	0
Dividends	0	0
Other financial revenues	0	0
Financial revenues	17	55

1.6.7. Financial expenses

Description	01.01-31.03.2017	01.01-31.03.2016
Interests	983	726
Surplus of positive exchange differences over the negative ones	10	0
Loss from sale of financial assets	0	0
Write-offs	0	0
Other financial expenses	0	0
Financial expenses	993	726

1.6.8. Income tax

Description	01.01-31.03.2017	01.01-31.03.2016
Income tax	1 038	294
Current income tax	914	0
Current income tax for reporting period	914	0
Current income tax for previous periods covered in financial result	0	0
Deferred income tax	124	294
Deferred tax—creation and reversal of temporary differences (-)	0	0
Deferred tax—creation and reversal of temporary differences (+)	124	294
Deferred income tax settlement of unused tax losses	0	0

1.6.9. Inventories

Description	31.03.2017	31.12.2016
Materials balance value	14 019	11 798
Write-offs at the end of the period (-)	292	292
Materials as a part of purchasing prices	14 311	12 090
Semi-finished products and work in progress balance value	2 207	1 936
Write-offs at the end of the period (-)	1 181	1 181
Semi-finished products and work as a part of production cost	3 388	3 116
Premises under construction balance value	224 840	181 668
Write-offs at the end of the period (-)	0	0
Premises under construction as a part of production cost	224 840	181 668
Finished products balance value	1 518	1 685
Write-offs at the end of the period (-)	51	51
as a part of purchasing prices as a part of production cost	1 569	1 735
Goods balance value	1 784	841
Write-offs at the end of the period (-)	0	0
Goods as a part of purchasing prices	1 784	841
Finished premises balance value	6 011	14 939
Write-offs at the end of the period (-)	0	0
Finished premises as a part of production cost	6 011	14 939
Inventories	250 380	212 865

1.6.10. Trade receivables and other receivables

Description	31.03.2017	31.12.2016
Net trade receivables	45 540	64 849
Write-offs at the end of the period (-)	47 246	66 555
Trade receivables before revaluation write-off	1 706	1 706
Current tax income	887	525
Receivables on account of other taxes, customs duties and social insurance	1 754	5 593
Receivables due to valuation of construction agreements balance value	9 725	9 647
Write-offs at the end of the period (-)	182	182
Receivables due to valuation of construction agreements before revaluation write-off	9 907	9 829
Receivables from other titles	0	0
Receivables and advance payments balance value	3 351	4 464
Write-offs at the end of the period (-)	488	488
Receivables and advance payments before revaluation write-off	3 839	4 952
Other receivables balance value	2 902	760
Write-offs at the end of the period (-)	0	0
Other receivables value before revaluation write-off	2 902	760
Trade receivables and other receivables	64 158	85 839

1.6.11. Financial instruments

Description	31.03.2017	31.12.2016
Receivables evaluated at nominal value	68 217	89 876
Trade receivables and other receivables	64 158	85 839
Loans and receivables evaluated at depreciated cost	742	754
Stocks and shares in subsidiaries	13	0
Assets evaluated at fair value through financial result	0	0
Cash and cash equivalents	6 871	38 198
Assets available for sale	0	0
Assets held to maturity	0	0
Financial assets	75 843	128 827

Description	31.03.2017	31.12.2016
Liabilities evaluated at fair value through financial value	0	0
Liabilities evaluated at nominal value	223 986	175 208
Liabilities evaluated at depreciated cost	79 752	141 827
Financial liabilities	303 739	317 035

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Loans and borrowings as of 31.03.2017	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term					
Loan Z/73/Dz/2014	3 000	1 046	PLN	WIBOR 3M+ margin	30.08.2019
Loan BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	15 000	14 999	PLN	WIBOR 3M + margin	11.12.2025
Loan BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	3 000	2 936	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		25 511	-	-	-
Short-term					
Loan 8363/15/400/04	12 000	11 959	PLN	WIBOR 3M + margin	06.04.2017
Redemption agreement with ING Bank Śląski	5 000	4 196	PLN	WIBOR 1M + margin	16.01.2018
Loan Z/73/Dz/2014	3 000	738	PLN	WIBOR 3M+ margin	30.08.2019
Other		1	PLN		
Short-term loans and borrowings in total		16 894	-		-

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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 dyt 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	-	-	-

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Bonds as of the end of reporting period 31.03.2017 (nominal value)	Value	Balance	Currency	Interest rate	Date of repayment
Long-term					
Bonds series D	35 000	35 000	PLN	WIBOR 3M+ margin	16.10.2018
Long-term bonds in total		35 000	-	-	-
Short-term					
	0	0	PLN		
Short-term bonds in total		0	-	-	-

Bonds as of the end of reporting period 31.12.2016 (nominal value)	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	-	-	-

1.6.12. Trade liabilities and other liabilities

Description	31.03.2017	31.12.2016
Trade liabilities and other liabilities	216 740	168 523
Other short-term liabilities	10	5
Receivables and advance payments for deliveries	144 890	94 258
Short-term receivables	5 291	5 422
Payables due to other taxes, duties and social security	2 814	1 275
Current income tax payables	119	197
Remuneration liabilities	1 081	931
Trade payables	62 535	66 435

2 Condensed Interim Separate Financial Statement

2.1 Selected separate financial data

Selected financial data - separate financial statements	Thousands of PLN	Thousands of PLN	Thousands of EUR	Thousands of EUR
	01.01.2017-31.03.2017	01.01.2016-31.03.2016	01.01.2017-31.03.2017	01.01.2016-31.03.2016
I. Net revenue from sales of products, goods, and materials	74 059	52 961	17 267	12 158
II. Profit (loss) on operating activity	4 262	1 425	994	327
III. Profit (loss) before tax	3 286	754	766	173
IV. Net profit (loss)	2 669	610	622	140
V. Earnings (loss) per ordinary share (in PLN / EUR)	0,32	0,07	0	0
VI. Net cash flows from operating activity	34 405	-5 733	8 021	-1 316
VII. Net cash flows from investment activity	-2 028	-1 171	-473	-269
VIII. Net cash flows from financial activity	-63 609	8 019	-14 830	1 870
IX. Total net cash flows	-31 232	1 114	-7 282	256
	31.03.2017	31.12.2016	31.03.2017	31.12.2016
X. Total assets	513 944	523 483	121 793	118 328
XI. Liabilities and provisions for liabilities	332 663	344 871	78 834	77 955
XII. Long-term liabilities	84 215	135 962	19 957	30 733
XIII. Short-term liabilities	248 448	208 909	58 877	47 222
XIV. Equity	181 281	178 612	42 960	40 373
XV. Share capital	8 363	8 363	1 982	1 890
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)	22	21	5	5

Individual items of Condensed Interim Separate Statement of Financial Position, which have been presented in EUR currency, have been converted based on the average exchange rate set by the Polish National Bank for the day 31.03.2017 at 4,2198 PLN/EUR and for the day 31.12.2016 at 4,4240 PLN/EUR. Individual items of Condensed Interim Separate Financial Statement of Comprehensive Income and Condensed Interim Separate Cash Flow Statement have been converted into EUR based the arithmetic average of average exchange rates for EUR set by the Polish National Bank on the last day of each month of given period 01.01-31.03.2017 at 4,2891 PLN/EUR, and 01.01-31.03.2016 at 4,3559 PLN/EUR.

2.2 Condensed Interim Separate Statement of Comprehensive Income

Description	01.01-31.03.2017	01.01-31.03.2016
Sales revenues	74 059	52 961
Costs of goods sold	63 609	45 410
Gross profit (loss) from sales	10 450	7 551
Selling costs	4 422	4 797
General administrative expenses	2 192	1 371
Other operating revenues	792	88
Other operating costs	365	46
Profit (loss) from operating activities	4 262	1 425
Share in profit (loss) in entities priced by ownership value method	0	0
Financial revenues	17	55
Financial expenses	993	726
Profit (loss) before tax	3 286	754
Income tax	617	144
Profit (loss) from continued operations	2 669	610
Profit (loss) from discontinued operations	0	0
Net profit (loss)	2 669	610
Other net comprehensive income	0	0
Comprehensive income	2 669	610

2.3. Condensed Interim Separate Statement of Financial Position

Description	31.03.2017	31.12.2016
Fixed assets	158 203	151 955
Property, land and equipment	36 348	36 144
Intangible assets	7 583	1 510
Goodwill	245	182
Investment properties	108 040	108 027
Stocks and shares	4 059	4 037
Receivables	742	754
Other financial assets	0	0
Long-term deferred charges	1 186	1 300
Current assets	355 741	371 529
Inventory	250 380	212 865
Construction services receivables	10 678	10 460
Trade receivables and other receivables	84 311	106 892
Other short-term financial assets	0	0
Short-term deferred charges	3 598	3 305
Cash and cash equivalent	6 774	38 006
Assets classified as held for sale	0	0
Assets in total	513 944	523 483

Description	31.03.2017	31.12.2016
Equity	181 281	178 612
Common equity	8 363	8 363
Equity from sales of shares over its nominal value	26 309	26 309
Other equities	135 202	135 202
Own shares (-)	0	0
Profits saved	8 738	-166
Current result	2 669	8 904
Long-term liabilities	84 215	135 928
Deferred income tax provision	14 785	14 774
Liabilities and provisions on employee benefits	44	44
Other long-term provisions	0	0
Long-term credits, borrowings and debt instruments	60 427	112 713
Other long-term financial liabilities	1 712	1 712
Other long-term liabilities	7 246	6 685
Short-term liabilities	248 449	208 943
Liabilities and provisions on employee benefits	5	5
Other short-term provisions	1 653	1 653
Short-term credits, borrowings and debt instruments	16 894	26 322
Other short-term liabilities	718	1 043
Construction services liabilities	0	0
Trade liabilities and other liabilities	221 459	172 200
Receivables from future terms	7 719	7 719
Liabilities connected to assets intended for sale	0	0
Liabilities in total	513 944	523 483

2.4 Condensed Interim Separate Cash Flow Statement

Description	01.01-31.03.2017	01.01-31.03.2016
Profit (loss) before tax	3 286	754
Adjustments:	1 797	2 749
Depreciation	1 045	909
Profit (loss) from sales of non-financial tangible assets	-72	8
Profits (losses) from foreign exchange differences	0	0
Interests and shares in profits	824	1 832
Change of working capital	29 084	-8 699
Income tax from profit before taxation	-617	-144
Income tax paid	855	-393
Net cash from operating activities	34 405	-5 733
Expenses related to acquisition of intangible assets	-179	24
Inflows from sales of intangible assets	0	0
Expenses related to acquisition of property, plant and equipment	-2 058	-1 041
Inflows from sales of property, plant and equipment	482	0
Expenses related to acquisition of investment properties	-273	-19
Inflows from sales of investment properties	0	0
Net expenses for acquisition of subsidiaries	-13	0
Repayments received from loans granted	30	0
Expenses related to acquisition of other financial assets	-18	
Received interests	1	-135
Net cash from investment activities	-2 028	-1 171
Net inflows from issue of shares	0	0
Inflows from issue of debt securities	7 000	10 000
Other inflows (expenses) from financial activities	0	0
Inflows from grants	0	1 398
Redemption of debt securities	-82 340	0
Inflows from loans and borrowings taken out	30 214	11 612
Repayment of loans and borrowings	-16 321	-13 008
Repayment of liabilities under finance lease	-340	-151
Dividends paid	0	0
Interests paid	-1 822	-1 833
Net cash from financial activity	-63 609	8 018
Cash and cash equivalents at the beginning of the period	38 006	11 596
Cash and cash equivalents at the end of the period	6 774	12 710
Including cash of limited disposal right	4 093	0

2.5 Condensed Interim Separate Statement of Changes in Equity

Data for the period 01.01 – 31.03.2017

Description	Common equity	Equity from sale of shares over its nominal value	Reserve capital from retained earnings	Other equities	Non-shared retained earnings	Total
Balance as at beginning of period	8 363	26 309	135 202	0	8 738	178 612
Error correction of previous years	0	0	0	0	0	0
Issue of shares	0	0	0	0	0	0
Transfer of financial result to capital	0	0	0	0	0	0
Transactions with owners in total	0	0	0	0	0	0
Other total comprehensive income	0	0	0	0	0	0
Net profit (loss)	0	0	0	0	2 669	2 669
Comprehensive Income	0	0	0	0	2 669	2 669
Balance at the end of period	8 363	26 309	135 202	0	11 406	181 281

Data for the period 01.01 – 31.12.2016

Description	Common equity	Equity from sale of shares over its nominal value	Reserve capital from retained earnings	Other equities	Non-shared retained earnings	Total
Balance as at beginning of period	8 363	26 309	69 105	0	65 926	169 704
Error correction of previous years	0	0	0	0	5	5
Issue of shares	0	0	0	0	0	0
Transfer of financial result to capital	0	0	66 097	0	-66 097	0
Transactions with owners in total	0	0	66 097	0	-66 097	0
Other total comprehensive income	0	0	0	0	0	0
Net profit (loss)	0	0	0	0	8 904	8 904
Comprehensive Income	0	0	0	0	8 904	8 904
Balance at the end of period	8 363	26 309	135 202	0	8 738	178 612

2.6 Additional Information to Condensed Interim Separate Financial Statement

2.6.1 Preparation rules of Interim Condensed Separate Financial Statement

Interim condensed financial statement of the Company Dekpol S.A. for 3 months ended 31 March 2017 has been prepared in accordance with International Accounting Standards and International Financial Reporting Standards and related interpretations announced in the form of regulations of European Commission (hereinafter referred to as IFRS).

Interim condensed financial statement of the Company Dekpol S.A. for 3 months ended 31 March 2017 has been prepared under assumption of continuation of business by the Company in the foreseeable future. Statement presents financial position of Company Dekpol S.A. as of 31 March 2017 and 31 December 2016, results achieved with the Company's operations and cash flow for the period of 3 months ended 31 March 2017 and 31 March 2016.

In Interim condensed financial statement of the Company Dekpol S.A. for 3 months ended 31 March 2017 have been followed the same accounting principles (policy) and calculation methods as in the last annual financial statement for 2016. . In the reporting period were no changes in applicable accounting principles (policies). In the reporting period were also neither significant changes in estimates nor changes of rules in valuation of assets and liabilities and also financial result.

3 Other information to the extended consolidated report for the 1st quarter 2017 of Dekpol Capital Group

3.1 Information on DEKPOL Capital Group

3.1.1 Structure of DEKPOL Capital Group

As at 31 March 2017 and as at publication date of this report Dekpol Capital Group is composed of Dekpol S.A. as the parent entity and nine subsidiaries:

- direct subsidiaries of Dekpol S.A.:

- a) Dekpol 1 Sp. z o. o. - general partner of DEKPOL 1 Sp. z o. o. SKA,
- b) Dekpol 1 Sp. z o. o. S.K.A.- is responsible in DEKPOL Group for subsidiaries management, established for execution of specialized tasks and intangible and intellectual assets in DEKPOL Capital Group,
- c) Dekpol Inwestycje Sp. z o. o. – general partner of special-purpose vehicles (SPVs) executing particular real-estate development investments in Dekpol Capital Group (Dekpol Inwestycje Sp. z o. o. Na Fali Sp. k.; Dekpol Inwestycje Sp. z o. o. Rokitki Sp. k.; Dekpol Inwestycje Sp. z o. o. Development Sp. k.),
- d) Dekpol Pszena Sp. z o. o. – future general partner of special-purpose vehicle (SPV) to execution of real-estate development investment at Pszena Street in Gdańsk.

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

- a) DekpolRoyalties Sp. z o. o. – the Company responsible in DEKPOL Capital Group for brand management in the context of its image and product promotion,
- b) Almond Sp. z o. o.- the Company and owner of real-estate property in Gdańsk at Toruńska Street (Hotel Almond).

- indirect subsidiaries of Dekpol S.A. (through Dekpol Inwestycje Sp. z o. o.):

- a) Dekpol Inwestycje Sp. z o. o. Na Fali Sp.k. – special-purpose vehicle (SPV) to execution of real-estate development investment under the name “Na Fali” in Gdynia,
- b) Dekpol Inwestycje Sp. z o. o. Rokitki Sp.k. – special-purpose vehicle (SPV) to execution of real-estate development investment in Rokitki near Tczew,
- c) Dekpol Inwestycje Sp. z o. o. Development Sp. k. – special-purpose vehicle (SPV) to execution of smaller real-estate development investments.

Dekpol S.A. holds 100% of shares in Dekpol 1 Sp. z o. o., Dekpol Inwestycje Sp. z o. o. and Dekpol Pszena Sp. z o. o. and 100% of shares in Dekpol 1 Sp. z o. o. S.K.A.

Dekpol 1 Sp. z o. o. S.K.A. owns 100% of shares in companies Dekpol Royalties Sp. z o. o. and Almond Sp. z o. o.

All above mentioned Companies fall under full-method consolidation.

Changes in composition of Dekpol Capital Group in the 1st quarter of 2017 and until the date of publication of this report.

In the 1st quarter of 2017 there were changes in the structure of Dekpol Capital Group, as a result of which have been established the following Companies: Dekpol Inwestycje Sp. z o. o., Dekpol Pszenna Sp. z o. o., Dekpol Inwestycje Sp. z o. o. Na Fali Sp. k.; Dekpol Inwestycje Sp. z o. o. Rokitki Sp. k.; Dekpol Inwestycje Sp. z o. o. Development Sp. k.

3.1.2 Business activities of DEKPOL Capital Group

Dekpol Capital Group carries out its operations in three areas:

- general contracting in terms of industrial, warehousing, commercial and service facilities, including external infrastructure such as roads, yards, parking lots, including their infrastructure;
- property development - construction, finishing works and sale of apartments and premises for commerce/services;
- production and montage of steel structures and manufacture of accessories (buckets) for construction machines.

3.2 Information about parent entity DEKPOL S.A.

3.2.1 Company bodies

3.2.1.1 Management Board

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

Composition of the Management Board of Issuer as at publication date of this report:

1. Mariusz Grzegorz Tuchlin - President of Management Board (CEO)
2. Krzysztof Andrzej Łukowski - Vice President of Management Board
3. Sebastian Barandziak - Member of Management Board
4. Adam Olżyński - Member of Management Board
5. Andrzej Maciej Kuchtyk - Member of Management Board
6. Rafał Szczepan Dietrich - Member of Management Board

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

Changes in composition of Management Board of the Company in the 1st quarter of 2017 and until the date of publication of this report:

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.

3.2.1.2 Supervisory Board

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

As of 31 March 2017 and as of the day of publication of this report, Supervisory Board of the Issuer consists of:

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

Jacek Kędzierski i Grzegorz Wąsacz meet requirement of independence of the Issuer and its affiliates, as specified in Articles of Association. The term of office of Roman Suszek, Piotr Stobiecki and Jacek Grzywacz will end on 1 April 2019. The term of office of Jacek Kędzierski will end on 30 June 2019. The term of office of Grzegorz Wąsacz will end on 7 March 2022.

Changes in composition of Supervisory Board of the Company in the 1st quarter of 2017 and until the date of publication of this report:

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.

3.2.2 Share capital structure

As of 31 March 2017 and as of the day of publication of this report, share capital of Dekpol S.A. amounts PLN 8,362,549.00 and is divided into:

- a) 6 410 000 series A ordinary bearer shares,
- b) 1 952 549 series B ordinary bearer shares,

which entitle to 8.362.549 votes at the General Meeting of Shareholders of the company.

Nominal value of 1 share amounts 1 PLN.

3.2.3 Shareholding structure of the Company

Shareholders of Dekpol S.A. holding more than 5% of total number of votes at the Company's General Meeting as of the day of publishing of report and as of 20 April 2017 r. i.e. as of publication date of annual report for the year 2016:

Shareholder	Number of shares/number of votes	Participation in share capital and general number of votes (%)
Mariusz Tuchlin	6.449.860	77,13%
Nationale – Nederlanden OFE	737.500	8,82%

Between the publication date of the annual report for the year 2016 and until publication date of this report, there were no changes in shareholding structure of the Company.

3.2.4 Ownership of shares by persons performing managerial and supervisory functions

Shares in possession by members of Management Board and Supervisory Board of Dekpol S.A. as of the day of publication of report and as 20 April 2017 r. .e. as of publication date of annual report for the year 2016:

Item	Number of shares as of the day of publication of half-year report	Changes	Number of shares as of the day of publication of this report
Mariusz Tuchlin – CEO	6.449.860	-	6.449.860
Sebastian Barandziak – Member of Management Board	790	-	790
Other Members of Management Board and Supervisory Board	0		0

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

3.3 Information on operations of DEKPOL Capital Group

3.3.1 Brief description of Essentials achievements and faults of DEKPOL Capital Group

Revenues from sale after the 1st quarter of 2017 run into the level of PLN 75 015 thousands, which is 42% higher comparing to revenues in corresponding period of previous year. At the same time in the period from January to March of 2017, Dekpol Capital Group reached net profit in the amount of PLN 4 437 thousands which means improvement of approx. 332% comparing to the same period of 2016. Improvement of financial results was possible due to significant acquisition of profitable contracts. Capital Group also showed a positive balance

of other operating income in the amount of PLN 792 thousands comparing to PLN 88 thousands in the first quarter of 2016.

In the period covered by financial report, the Group carried out similar operations comparing to 2016, i.e. dealt with: general contracting services, real-estate development activities, manufacture of equipment for construction machines and manufacture of steel structures

General contracting segment

Within general contracting segment, the Capital Group, at the end of the 1st quarter of 2017 executed contracts of a total contract value of over net PLN 275 million. To execution after reporting period remained projects of a total value of over net PLN 190 million. All projects are carried out on behalf of private investors. The main activity area remains Pomorskie Voivodship, with nearly 70% of all projects in execution.

Real-estate development segment

As part of real-estate development segment Dekpol Capital Group records high dynamics in development of activities. In the first three months this year, purchase orders in the meaning of preliminary agreements, development and booking reached 229 premises. For comparison, in the same period of previous year, purchase orders were at the level of 146 premises, and in the whole 2016 at the level of 537 premises.

Within revenues of real-estate development segment in the first three months of this year has been identified the sale of 48 premises, comparing to 176 premises identified in results for the whole 2015.

As of the end of March this year, in sales offer remained 391 premises.

Segment of manufacture of accessories for construction machines and production of steel structures

The sales of the segment bases on cooperation with long-term customers, ensuring approx. 85% of segment revenues. Remaining turnover is generated by customers for which are implemented single contracts. In connection with significant increase of orders, the Company made decision concerning further extension of production plant, as well as enlargement of machinery park on precise CNC machines. The Company takes steps focused on increase of client's portfolio, as well as occupation of the leading position in production of accessories to machines on the European market.

In the 1st quarter of 2017 took place the following essential events in business activities of Dekpol Capital Group:

Conclusion of agreement concerning construction of production-storage halls in Aleksandrów Kujawski

On 30 January 2017 r. the Company concluded with AGRIL Polska Spółka z o.o. agreement regarding execution of construction works based on general contracting services and concerning the construction of production-storage halls along with social-office building on the territory of factory belonging to Ordering Party in Aleksandrów Kujawski. For the

execution of the object mentioned in Agreement, Contractor will receive net remuneration in the amount of 6% of sales revenues of Dekpol Capital Group for the year 2016. Completion date has been set on the end of February 2018.

Ordering Party may, at any time, to withdraw from the Agreement for reasons attributable to Contractor (e.g. delay in execution of works and other breaches of Agreement) and in case of appearance of any essential change of circumstances, causing the fact, that the execution of the Agreement is not an interest of Ordering Party anymore, which was not predictable at the time of conclusion of the Agreement. In case of withdrawal from the Agreement for reasons attributable to Contractor, the Contractor is obliged to pay contractual penalty in the amount of 15% of gross remuneration. The Agreement includes also other notations concerning contractual penalties calculated for any case of breach of conditions concluded in the Agreement. Ordering Party is entitled to claim for supplementary compensation, increasing the amount of contractual penalties to the amount of real damages suffered. Contractor is entitled, according to progress in execution of the Agreement, along with approval from Ordering Party, to use services offered by subcontractors, nevertheless it does not absolve the Contractor from full responsibility for execution of contractual duties.

About conclusion of Agreement, the Company announced in current report no. 4/2017

Conclusion of Agreement concerning construction of storage hall in Municipality Tczew

On 31 January 2017 the Company entered into Agreement with one of bigger producers of wooden and wooden-aluminum windows in Poland concerning construction of storage hall along with office-social premises and required infrastructure on the territory of production complex Window Village in the village Wędkowy in Municipality Tczew. For execution of works, the Company will receive net remuneration in the amount of 7% of sales revenues of Dekpol Capital Group for the year 2016. Construction works shall be accomplished in September 2017, and the receipt of use permit shall be finalized until the end of the year.

Conditions of Agreement concluded provide for a number of contractual penalties, e.g. for the delay in execution of works or correction of defects, breach of health and safety at work guidelines or provisions regarding confidentiality break. Beyond contractual penalty, Client is entitled to claim compensation based on general rules resulting from default on a contract made by Contractor. Client is also entitled to claim compensation from Contractor in a higher amount as agreed for contractual penalty, and, Contractor is obliged to finalize its obligation even though the contractual penalty securing this obligation was paid.

Contractual parties are entitled to terminate an Agreement in case of essential failure in quality of works or delay in final hand over of work, as well as in case of lack of receipt of use permit – due to reasons attributable to other party and in case of appearance of repeated essential breach of obligations arising from Agreement by other party.

About conclusion of Agreement, the Company announced in current report no. 5/2017.

Allocation of C5 series bonds

On 1 February 2017 Management Board of the Company adopted resolution concerning allocation of 7000 units of transferable secured bearer bonds of C5 series in non-document

form with total nominal value of PLN 7 million to the following fund: Pioneer Fundusz Inwestycyjny Otwarty.

The purpose of Bonds issue is to raise funds for the execution of Issuer's investment consisting on construction on a building plot at Jaglana Street in Gdańsk of residential building along with services parts ("Investment"). Bonds have been issued for an issue price equal to the nominal value. Bonds shall bear interest at the interest rate equal to WIBOR3M plus margin. Interests will be paid quarterly. Redemption date of Bonds falls on June 19, 2019.

Coverage of bonds constitute:

- contractual mortgage to the maximum amount of PLN 10.5 million established on 12 December 2015 for a mortgage administrator on entitled to Issuer right of perpetual usufruct of real estate property located in Gdańsk at Jaglana Street, about which the Issuer informed in Current Report No. 37/2015,
- escrow account agreement ensuring control of cash flows of the Company within investment, including e.g. funds raised from Bonds issue and sales of apartments within investment in such a way that the funds gathered on escrow account could be used exclusively for purposes related to the execution of investment and redemption of Bonds and programme-bonds of series E along with outstanding and unpaid interests,
- Issuer's declaration of submission to enforcement pursuant to Article 777 § 1(5) of Code of Civil Procedure with regards to cash obligations arising from Bonds submitted to particular Funds up to the amount equal to ratio of Bonds subscribed by individual Subscriber and 150% of nominal value of one Bond and entitling to make request for declaration of enforceability until 31 December 2019,
- Issuer's declaration in favor of mentioned above mortgage administrator on submission to enforcement under Art. 777 § 1 point 5 of the Code of Civil Procedure of encumbered property in order to satisfy claims arising from Bonds entitling to make request for declaration of enforceability until 31 December 2019.

About allocation of C5 series bonds, the Company announced in current report no. 6/2017.

Conclusion of annex to agreement with HE 7R Gdańsk Sp. z o.o.

On 8 February 2017 the Company signed with HE 7R Gdańsk Sp. z o.o. (ordering party on place of previous entity 7R Logistics S.A.) annex to agreement dated 30 June 2016 on execution of an investment consisting in construction of storage hall along with necessary infrastructure on a plot in Gdańsk Kowale, pursuant to which parties decided to extend the scope of contract on additional works. In connection with commitment of additional works towards the Company, the flat-rate remuneration has been enlarged of about 30% comparing to value mentioned in initial agreement. In the annex has also been stated a completion date for execution of the subject of agreement, i.e. on June 2017.

About conclusion of annex, the Company announced in current report no. 8/2017.

Receipt of construction permit for the 1st stage of residential buildings within the project „Młoda Morena Park”

On 8 February 2017 the Company received, issued by President of the City of Gdańsk, the final decision concerning both: approval of construction project as well as granting of construction permit for the complex of 5 single-family semi-detached residential buildings – the 1st stage of investment “Młoda Morena Park” together with land development at Dolne Mogowo Street in Gdańsk.

Within the 1st stage of investment, the Company plans to construct residential buildings of a total usable floor space of 1193 square meters. Estimated value of revenues received by the Company from execution of the 1st stage of investment amounts c.a. net PLN 8.4 million. Completion of construction works and hand over of housing estate for use has been planned on 2nd quarter of 2018. The project will be executed wholly by the Company, and investment outlays will be financed by use of Company’s own funds, however partial financing by use of foreign capital might be taken into consideration.

About receipt of permit, the Company announced in current report no. 9/2017.

Receipt of construction permit for the 3rd stage of multifamily residential buildings within the project “Osiedle Zielone” (“Green Estate”)

On 8 February 2017 the Company received, issued by President of the City of Gdańsk, final decision transferring from natural person (individual) for the Company the permission on construction of three multifamily residential buildings together with necessary technical infrastructure in Gdańsk at Potęgowska Street (3rd stage of investment “Osiedle Zielone”).

Within the 3rd stage of investment, the Company plans to construct 207 flats of a total usable floor space of 9482 square meters. Estimated value of revenues received by the Company from execution of the 3rd stage of investment amounts c.a. net PLN 41 million. The first premises will be handed over for use at the end of 2017, and the execution of the whole stage of investment will be completed in 3rd quarter of 2018.

The project will be executed wholly by the Company, and investment outlays will be financed by use of Company’s own funds, however partial financing by use of foreign capital might be taken into consideration.

About receipt of permit, the Company announced in current report no. 10/2017.

Conclusion of agreement with 7R Logistic S.A. concerning general contracting services

On 24 February 2017 Dekpol S.A. obtained mutually signed agreement with 7R Logistic S.A. („Ordering entity”), concerning execution in general contracting system of comprehensive constructional works as well as construction installation works along with delivery of material and machines, the result of which will be construction of a turnkey storage-office object in Kotów, municipality Wieliczka (“Agreement”)

For the execution of entire works, the Company will receive fixed net remuneration in the amount of about 11% of revenues from sales of Dekpol Capital Group for the year 2015 (“Remuneration”). Completion of the subject of agreement has been planned for 31st July 2017, with the possibility of its changing for a part of the object designed for rental until the date of 30th September 2017.

Agreement provides wording concerning contractual penalties due to, among other things, failure in meeting deadlines included in contract. For withdrawing from contract through the fault of Issuer, the Issuer is obliged to pay a contractual penalty in the amount of 10% of remuneration value. In the same amount, the Company may also demand the payment of contractual penalty from Ordering party for withdrawal from agreement due to reasons attributable to Ordering party. Total value of contractual penalties cannot exceed 20% of remuneration, however, the parties have rights to claim compensation to the full extent of losses.

About conclusion of Agreement, the Company announced in current report no. 12/2017.

Conclusion of agreement concerning general contracting works on residential complex "Słoneczne Wzgórze – Stage F" in Gdańsk

On 27 February 2017 the Company concluded with Słoneczne Wzgórze Sp. z o.o. agreement concerning general contracting services, the subject of which is the construction of multifamily residential buildings with underground garages and necessary.

For the execution of the subject of agreement, the Company will receive fixed net remuneration in the amount of about 8% of revenues from sales of Dekpol Capital Group for the year 2016. Completion of the subject of Agreement has been planned for August 2018.

The Company may delegate the execution of a part of construction works to subcontractors under restriction of taking responsibility for their acts and omissions. Agreement provides wording concerning contractual penalties due to, among other things, failure in meeting deadlines included in contract, conclusion of agreement between Issuer and subcontractors without consent of Investor, or a fault in execution of foreseen in implementation project of usable floor spaces of apartments. In case of withdrawal from Agreement by Investor due to reasons foreseen in Agreement, among other things, delays in Agreement's execution, breach by the Company of obligations resulting from Agreement, the Company will pay Investor contractual penalty in the amount of 15% of remuneration. Total value of contractual penalties cannot exceed 15% of remuneration. Nevertheless, Investor has right to claim compensation exceeding the value of contractual penalties.

About conclusion of Agreement, the Company announced in current report no. 13/2017.

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

In the 1st quarter of 2017 there were no other than those described in other sections of this quarterly report, factors and events, including untypical ones, which impacted substantially condensed consolidated financial statement.

3.3.3 Events after balance sheet date

Signing of loan agreement on current account with mBank S.A.

On 3 April 2017 Dekpol S.A. entered into loan agreement on current account in the amount less than PLN 14 million ("Agreement") with mBank S.A. ("Bank"). Financial assets from loan will be used for financing of current business activities of borrower connected with general contracting segment, excluding other segments of business activities of the Company. Under Agreement conditions, Issuer may run into debt within loan granted, without any need of issuing separate credit applications, between 3 April 2017 to 2 April 2019. Interests will be equal to floating rate WIBOR plus margin of the Bank. As a collateral will serve: blank bill and cession towards the Bank of liabilities attributable to the Company due to construction works agreements/general contracting agreements.

Loan agreement, referred to above, will replace loan agreement on current account concluded with Bank Millennium in the amount of PLN 12 million, about which the Issuer announced in current report no. 27/2015.

About conclusion of Agreement, the Company announced in current report no. 17/2017.

Conclusion of agreements concerning financing of business activities of the Company with SGB-Bank S.A..

On 8 May 2017 Dekpol S.A. concluded with SGB-Bank S.A. ("Bank") agreement concerning organization and issue of dematerialized and secured bearer shares of a total nominal value of PLN 1000 each and joint nominal value not more than PLN 35 million ("Bonds"). Bonds issue will take place not later than on 31 December 2017 with the purpose of financing of property investments, including application of assets from bonds issue on financing or refinancing of properties purchase or on purchase of perpetual usufruct.

Bonds will be issued in two separate tranches of a joint nominal value equal respectively PLN 15 and 20 million. Issue of each tranche of bonds will have non-public character in the meaning of Public Offer of Financial Instruments Act. Based on conditions agreed with the Bank, the Bank is obliged to acquire Bonds either on written request of the Company or at agreed with the Company issue date at the price equal to nominal value, provided that the Company meets formal requirements and provides required documents prior issue date. Issue of each series of Bonds will be performed on the basis of resolution of Company's Management Board and on the basis of Issue Conditions formed in accordance with framework conditions set in agreement with the Bank.

Bonds interests rate will be variable, based on WIBOR 6M rate plus margin and will be paid half-yearly. Redemption of Bonds will take place not later than after 4 years from issue date of particular series, nevertheless, always not later than until 30 April 2021. Bonds will be redeemed at price equal to nominal value. The Company will be entitled to earlier redemption of all or some part of Bonds. Bondholders will be entitled to earlier redemption of Bonds in certain violation cases. Legal collateral of issued bonds constitute among others mortgage to the amount of PLN 52,5 million provided for the benefit of mortgage administrator on perpetual usufruct of land property and building as a separate real-estate property, owned by the Company Almond Sp. z o.o. located in Gdańsk at Toruńska street

("Property"), as well as cession of debt from contracts concluded by the Company of a value not smaller than net PLN 22 million.

Furthermore, the Company announces, that on 8 May 2016, concluded with the Bank an agreement concerning operating loan ("Loan") in the amount of PLN 20 million. Financial assets from this loan will be used for bridging financing of property investments until the start of Bonds issue programme. Period, for the time of which the Loan was granted, as well as repayment deadline will end on 30 September 2017, but not later than until 7th day after meeting of the last condition of launching of the second tranche of Bonds issue. Loan will bear interests equal to WIBOR 3M plus margin for the Bank. Collateral of Loan repayment constitute, among others: own blank promissory note along with declaration of exchange and mortgage set for the benefit of the Bank on perpetual usufruct of the property to the amount of PLN 30 million.

About conclusion of Agreement, the Company announced in current report no. 19/2017 dated 8 May 2017.

3.3.4 Transactions with affiliates

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

Transactions and balances with affiliates in the period 01.01.2017-31.03.2017

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	113	113
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	6 643	6 643

Transactions and balances with affiliates in the period 01.01.2016-31.12.2016

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

3.3.5 Sureties and guarantees received and granted

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

As of 31 March 2017, the total balance of received and granted by Companies from Dekpol Capital Group sureties and guarantees presents the below table:

Description	31.03.2017	31.12.2016
Conditional liabilities against affiliates guarantees of proper performance of contracts	0	0
Conditional liabilities against affiliates guarantees and sureties of debt repayment	0	0
Other conditional liabilities	0	0
Conditional liabilities against subsidiaries	0	0
Granted guarantees of sound agreements execution- insurance	23 490	22 509
Granted guarantees of sound agreements execution- banking	8 304	2 504
Guarantees and sureties for repayment of credits and loans granted	0	0
Court issues	0	0
Other conditional liabilities	0	0
Conditional liabilities against non-affiliates	31 794	25 013
Conditional liabilities	31 794	25 013
Received guarantees and sureties of sound agreements execution from affiliates	0	0
Received guarantees and sureties of debt repayment from affiliates	0	0
Other conditional assets	0	0
Conditional assets from affiliates	0	0
Received guarantees of sound agreements execution from non-affiliates- insurance	1 016	954
Received guarantees of sound agreements execution from non-affiliates- banking	1 412	1 002
Received guarantees and sureties of liability repayment from non-affiliates	0	0
Conditional receivables–court issues	0	0
Other conditional assets from non-affiliates	0	0
Conditional assets from non-affiliates	2 428	1 956
Conditional assets	2 428	1 956

3.4 Standpoint of Management Board regarding the possibility of achieving projected results

On 16 December 2016, the Company published projection of sales revenues of Issuer Capital Group for the year 2017 (current report no. 30/2016). In accordance with presented projection, in the opinion of Issuer's Management Board, sales revenues of Dekpol Capital Group in the year 2017 from all business operations carried out, may reach up to PLN 500 million. Projected value of revenues is mainly connected with completion of currently executed real-estate development projects, which will be identified in Group's revenues in the year 2017, increasing significantly the share of revenues from real-estate development segment in joint revenues of Issuer's Capital Group.

Sales revenues of Dekpol Capital Group for the 1st quarter of 2017 reached the value of PLN 75 million, which consists 15% of projection's implementation of revenues for 2017. Having in mind the value of sales revenues of Dekpol Capital Group for the 1st quarter of 2017, Company's Management Board does not any risk for implementation of published projection.

3.5 Factors which may affect achieved results in perspective of at least next quarter

Internal factors affecting the Company's results in the next periods are:

- Acquisition of new construction contracts and its execution on time,
- Extension of production plant for accessories to construction machines,
- Products deliveries on time and keeping of its high value,
- Acquisition of new land properties for real-estate property investments in attractive locations,
- On time execution of real-estate development projects,
- Appropriate sales policy of premises regarding its prices, surface structure and extension of range of services offered to Clients (assistance in finding of financing sources, design services, finishing works services, defects removal services),
- Improvement of cooperation with financial institutions, which shall ensure the Company the capital enabling the execution of plans,
- And execution of current plans.

To the factors, which appeared in 1st quarter of 2017 and after its completion, which have or could have an impact on financial result of the Company in further periods should be numbered also events presented under point 3.3. of this report.

Impact on results will have external, macroeconomic factors, such as: general condition of Polish economy, inflation, GDP dynamics, tax policy, interest rates, labor market and unemployment rate, investments scale, value of demand on internal market, FX, governmental programs supporting development of residential construction sector. Increase of GDP, society wealth and enterprises development affect increase of demand on

construction services both in residential construction area, as well as industrial construction. All those factors affect the positive results of the Issuer.

Future Issuer's results may depend on success in implementation of the development strategy, and investment plan set in Dekpol Capital Group Strategy:

- planned increase of Client's portfolio and orders in 2017;
- extension of production plant of accessories to construction machines (leader buckets);
- acquisition of land bank for property development segment.

3.6 Proceedings before a court, arbitration body or public administration authority

Within the period of the 1st quarter of 2017 there were no proceedings pending before government authorities, courts, or arbitration bodies that could have a substantial effect on the financial position or the profitability of the Issuer and Dekpol Capital Group, in particular in terms of receivables or liabilities of Dekpol S.A. or subsidiaries with a value constituting at least 10% of Issuer's equity

At the same time, it needs to be considered that the specificity of the Company's operations involves multiple proceedings related to claims regarding completed projects. It also happens that the Issuer is the defendant – usually this is related to projects carried out as part of property development operations.

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

In February 2017, Management Board made decision concerning implementation of changes in management principles of the Company, which are focused on implementation of management system tailored to increasing scale of business activities of the Company and its particular segments, extended structure, as well as further development plans.

In relation to above mentioned changes, Supervisory Board made changes in composition of Management Board of the Company, as a result of which, Management Board consists of the following persons:

- major shareholder - Mariusz Tuchlin – CEO (President of Management Board)
- Financial Director - Rafał Dietrich – Member of Management Board
- Director of Sales and Development - Adam Olżyński – Member of Management Board and Managers of particular segments:
 - General contracting - Krzysztof Łukowski – Vice-President of Management Board
 - Property development - Sebastian Barandziak – Member of Management Board
 - Steel production - Andrzej Kuchtyk – Member of Management Board

Modification in management principles of the Company aims to improve supervisory and controlling processes, as well as improvement of information flow. New management structure may in the future enable eventual separation of particular segments of business activities of the Company as Structural Parts of Enterprise and Company's sharing, however, at this moment, there are no binding decisions made on this field, and, Management Board

of the Company does consider different variants of business activities and further development of the Company in the future.

Apart from above mentioned information, there are no other information, which, in the meaning of the Company, are essential for evaluation of employment, material and financial position, financial result of the Company and the Capital Group and its changes, as well as information, which are essential for evaluation of feasibility of execution of liabilities by the Company and the Dekpol Capital Group.

3.8 Contact

Name (business name):	Dekpol Spółka Akcyjna
Abbreviated name:	Dekpol S.A.
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Signatures of all Members of Management Board:

Mariusz Tuchlin - President of Management Board
Krzysztof Łukowski – Vice President of Management Board
Rafał Glaza – Member of Management Board
Adam Olżyński – Member of Management Board
Andrzej Kuchtyk – Member of Management Board
Rafał Dietrich – Member of Management Board

Signature of person responsible for bookkeeping

Anna Miksza – Chief Accountant Officer