



# Quarterly report for the 3<sup>rd</sup> quarter of 2017 of Dekpol Capital Group

Pinczyn, 20<sup>th</sup> of November 2017

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## 1 Condensed Interim Consolidated Financial Statement

### 1.1 Selected Consolidated Financial Data

Selected financial data - consolidated financial statement	Thousands of PLN	Thousands of PLN	Thousands of EUR	Thousands of EUR
	01.01.2017-30.09.2017	01.01.2016-30.09.2016	01.01.2017-30.09.2017	01.01.2016-30.09.2016
I. Net revenue from sales of products, goods, and materials	358 654	159 587	84 258	36 529
II. Profit (loss) on operating activity	34 225	21 557	8 040	4 934
III. Profit (loss) before tax	30 945	18 206	7 270	4 167
IV. Net profit (loss)	24 497	14 722	5 755	3 370
V. Earnings (loss) per ordinary share (in PLN / EUR)	2,93	1,76	0,69	0,40
VI. Net cash flows from operating activity	4 050	3 252	951	744
VII. Net cash flows from investment activity	(6 454)	(26 953)	(1 516)	(6 169)
VIII. Net cash flows from financial activity	(30 741)	16 437	(7 222)	3 762
IX. Total net cash flows	(33 145)	(7 264)	(7 787)	(1 663)
	<b>30.09.2017</b>	<b>31.12.2016</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
X. Total assets	516 298	466 795	119 816	105 514
XI. Liabilities and provisions for liabilities	357 320	327 881	82 922	74 114
XII. Long-term liabilities	104 680	122 615	24 293	27 716
XIII. Short-term liabilities	252 640	205 266	58 629	46 398
XIV. Equity	158 978	138 914	36 894	31 400
XV. Share capital	8 363	8 363	1 941	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)	19	17	4	4

Individual items of Condensed Interim Consolidated Financial Statement, which have been presented in EUR currency, have been converted based on the average exchange rate set by the Polish National Bank for the day 30<sup>th</sup> of September 2017 (4,3091 PLN/EUR) and for the day 31<sup>st</sup> of December 2016 (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 the period of 9 months ended 30<sup>th</sup> of September 2017 and 9 months ended 30<sup>th</sup> of September 2016 (respectively 4,2566 PLN/EUR and 4,3688 PLN/EUR).

## 1.2 Condensed Interim Consolidated Statement of Comprehensive Income

Description	Note	01.01.- 30.09.2017	01.07.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2016
Sales revenues		358 654	199 741	159 587	62 555
Costs of goods sold	1.6.2.	299 453	161 347	136 305	49 279
Gross profit (loss) from sales		59 201	38 394	23 281	13 276
Selling costs		19 648	12 421	8 180	1 285
General administrative expenses		6 173	2 095	5 534	2 005
Profit (loss) from sales of subsidiaries (+/-)		0	0	0	0
Other operating revenues	1.6.3.	1 870	213	13 227	200
Other operating costs	1.6.4.	1 026	97	1 236	3 254
Profit (loss) from operating activities		34 225	23 995	21 557	6 932
Financial revenues	1.6.5.	205	177	88	8
Financial expenses	1.6.6.	3 485	1 110	3 439	427
Profit (loss) before tax		30 945	23 062	18 206	6 513
Income tax	1.6.7.	6 448	4 889	3 484	1 098
Profit (loss) from continuing operations		24 497	18 172	14 722	5 414
Profit (loss) from discontinued operations		0	0	0	0
Net profit (loss)		24 497	18 172	14 722	5 414
Net profit (loss) falling to non-controlling shareholders		0	0	0	0
<b>Profit (loss) falling to shareholders of parent entity</b>		<b>24 497</b>	<b>18 172</b>	<b>14 722</b>	<b>5 414</b>

Description	01.01.- 30.09.2017	01.07.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2016
Net profit (loss)	24 497	18 172	14 722	5 414
Other net comprehensive income	0	0	0	0
Comprehensive income	0	0	0	0
Comprehensive income falling to non-controlling shareholders	24 497	18 172	14 722	5 414

### 1.3 Condensed Interim Consolidates Statement of Financial Position

Description	Note	01.01.-30.09.2017	01.01.-31.12.2016
Fixed assets		130 524	116 128
Property, land and equipment		49 090	36 145
Intangible assets		204	182
Goodwill		0	0
Investment properties		72 200	73 710
Stocks and shares		0	0
Receivables		3 919	4 037
Other financial assets		720	754
Long-term deferred charges		0	0
Deferred income tax assets		4 391	1 300
Current assets		385 774	350 667
Inventory	1.6.8.	257 415	212 865
Construction services receivables		2 590	10 460
Trade receivables and other receivables	1.6.9.	119 230	85 839
Other financial assets		0	0
Short-term deferred charges		1 486	3 306
Cash and cash equivalent		5 053	38 198
Assets classified as held for sale		0	0
<b>Assets in total</b>		<b>516 298</b>	<b>466 795</b>

Description	Note	01.01.-30.09.2017	01.01.-31.12.2016
Equity		158 978	138 914
Equity falling to shareholders of parent entity		158 978	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		141 070	136 599
Profits saved:		-16 764	-32 357
Non-controlling shares		0	0
Liabilities		357 320	327 881
Long-term liabilities		104 680	122 615
Deferred income tax provision		1 990	1 424
Liabilities and provisions on employee benefits		44	44
Other long-term provisions		0	0
Long-term credits, borrowings and debt instruments	1.6.10.	86 792	112 749
Other long-term liabilities		7 144	1 712

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Other long-term liabilities	1.6.10.	8 710	6 685
Short-term liabilities		252 640	205 266
Liabilities and provisions on employee benefits		5	5
Other short-term provisions		6 698	1 653
Short-term credits, borrowings and debt instruments	1.6.10.	26 871	26 322
Other short-term liabilities	1.6.10.	4 588	1 043
Construction services liabilities		0	0
Trade liabilities and other liabilities	1.6.11.	207 149	168 523
Receivables from future terms		7 330	7 719
Liabilities connected to assets intended for sale		0	0
<b>Liabilities in total</b>		<b>516 298</b>	<b>466 795</b>

#### 1.4 Condensed Interim Consolidated Cash Flow Statement

Description	01.01.-30.09.2017	01.01.-30.09.2016
Cash and cash equivalent at the beginning of the period	30 945	18 206
Profit (loss) before tax	6 128	-6 566
Adjustments:	3 602	3 325
Depreciation	0	-12 434
Change of fair value of investment properties	-302	-19
Profit (loss) from sales of non-financial tangible assets	0	0
Profits (losses) from foreign exchange differences	2 828	2 562
Interests and shares in profits	0	0
Other adjustments	-29 812	-3 708
Change of working capital	-42 281	-68 835
Changes in stocks	-25 404	28 656
Changes in receivables	33 923	35 289
Changes in liabilities	3 950	1 183
Changes of provisions and deferred charges	0	0
Other adjustments	-6 448	-3 484
Income tax from profit before taxation	3 237	-1 196
Income tax paid	4 050	3 252
Net cash from operating activities	-327	-32
Expenses related to acquisition of intangible assets	0	0
Inflows from sales of intangible assets	-6 917	-3 189
Expenses related to acquisition of property, plant and equipment	790	113
Inflows from sales of property, plant and equipment	0	-25 072
Expenses related to acquisition of investment	0	0

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properties		
Inflows from sales of investment properties	0	0
Expenses related to acquisition of subsidiaries (net of cash acquired)	0	0
Inflows from sales of subsidiaries	0	-171
<b>Net cash from investment activities</b>	<b>-6 454</b>	<b>-26 953</b>
Net inflows from issue of shares	0	5
Acquisition of own shares	0	0
Inflows from issue of debt securities	22 000	29 535
Redemption of debt securities	-82 340	-19 980
Inflows from loans and borrowings taken out	74 316	42 078
Repayment of loans and borrowings	-38 920	-29 832
Repayment of liabilities under finance lease	-1 801	-533
Interest paid	-3 996	-4 836
Dividends paid	0	0
Inflows from received grants	0	0
Other inflows (expenses) from financial activities	0	0
<b>Net cash flows from financial activity</b>	<b>-30 741</b>	<b>16 437</b>
Change in net cash and cash equivalents without foreign exchange differences	-33 145	-7 264
Change in cash and cash equivalents without foreign exchange differences	0	0
Change in net cash and cash equivalents	-33 145	-7 264
Cash and cash equivalents at the beginning of the period	38 198	11 857
<b>Cash and cash equivalents at the end of the period</b>	<b>5 053</b>	<b>4 593</b>
Including of limited disposal right	723	0

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

Data for the period 01.01-30.09.2017

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	8 362	26 309	136 599	0	138 914
Issue of shares	0	0	0	0	0
Dividends	0	0	0	-4 432	-4 432
Transfer of financial result to capital	0	0	4 472	-4 472	0
Transactions with owners in total	0	0	4 472	-8 904	-4 432
Other net total comprehensive income	0	0	0	0	0
Net profit (loss)	0	0	0	24 497	24 497
Comprehensive income	0	0	0	24 497	24 497
<b>Balance at the end of period</b>	<b>8 362</b>	<b>26 309</b>	<b>141 070</b>	<b>0</b>	<b>158 978</b>



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Data for the period 01.01-30.09.2016

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

## 1.6 Additional Information to Condensed Interim Consolidated Financial Statement

### 1.6.1. Preparation rules of Interim Condensed Consolidated Financial Statement

Interim condensed financial statement of the Dekpol Capital Group for 3 and 9 months ended 30<sup>th</sup> of September 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 and 9 months ended 30<sup>th</sup> of September 2017 has been prepared under assumption of continuation of business by the Company in the foreseeable future. Statement presents financial of the Dekpol Capital Group as at 30<sup>th</sup> of September 2017 and 31<sup>st</sup> of December 2016, results achieved with the Company's operations and cash flows for 3 and 9 months ended 30<sup>th</sup> of September 2017 and 30<sup>th</sup> of September 2016.

In interim condensed financial statement for 3 and 9 months ended 30<sup>th</sup> of September 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.

Consolidations have been prepared by use of full method, applicable to all entities of Capital Group.

The functional currency of the Dekpol Capital Group and the currency of presentation of the interim condensed consolidated financial statement is the polish zloty (PLN).

### 1.6.2. Seasonality and cyclical nature of business activities

Business activities of the Company manifests seasonality typical for construction industry – demand growth on construction services between spring and autumn. The highest sales revenues are reached in third and fourth quarter of the year, which basically results from atmospheric conditions and settlement of contracts at the end of calendar year. In turn, the lowest revenues are reached in the first quarter of the year. Extreme weather patterns may have negative influence on deadline in projects execution, prolongation of which may cause increase of costs of projects and claims of clients due to fault of contractual conditions. Especially inclement weather conditions in winter may cause drop of sales, which negatively reflects Issuer's results.

The Issuer tries to plan schedules of work performance in a such way, in order to be able to ensure in winter the execution of finishing works in internal parts of buildings and to

perform works, which shall be able to do them in subzero temperatures. Moreover, the Issuer wins works connected with execution of external nets of rainwater sewers, PVC sanitary sewers and water pipes from PE pipes, the performance of which is foreseen during so called low-season period, and negative temperatures do not affect significantly the quality of services.

Winter season is also utilized for works connected with acquisition of contracts and planning of the future works. In spite of this, the financial results should be differentiated in particular quarters of the year.

Construction production is also vulnerable on changes of economic situation. During good economic situation investment growth can be felt, while during recession occurs investment negligence.

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1.6.3. Operating segments

Data for the period 01.01-30.09.2017

Description	General contracting	Property development	Production of steel structures and accessories	Other	Exclusions	Total
Sales revenues in total	180 365	115 597	37 543	33 949	-8 800	358 654
Revenues from external clients	180 365	115 597	37 543	33 949	-8 800	358 654
Operating expenses in total	171 195	102 204	32 685	29 325	-10 135	325 274
Other operating revenues	0	0	0	1 871	0	1 871
Other operating expenses	0	0	0	1 026	0	1 026
<b>Operating result</b>	<b>9 171</b>	<b>13 393</b>	<b>4 858</b>	<b>5 468</b>		<b>34 225</b>
Financial revenues	0	0	0	205	0	205
Financial expenses	0	0	0	3 485	0	3 485
Income tax	0	0	0	6 448	0	6 448
<b>Net result</b>	<b>9 171</b>	<b>13 393</b>	<b>4 858</b>	<b>-4 259</b>		<b>24 497</b>

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Data for the period 01.01-30.09.2016

Description	General contracting	Property development	Production of steel structures and accessories	Other	Exclusions	Total
Sales revenues in total	133 945	19 751	18 797	12 814	-25 720	159 587
Revenues from external clients	112 595	19 751	18 797	8 444	0	159 587
Operating expenses in total	126 753	17 312	16 939	15 587	-26 569	150 021
Other operating revenues	0	0	0	13 227	0	13 227
Other operating expenses	0	0	0	1 236	0	1 236
Operating result	7 193	2 439	1 858	9 218	849	21 557
Financial revenues	0	0	0	88	0	88
Financial expenses	0	0	0	3 650	-211	3 439
Income tax	0	0	0	3 484	0	3 484
<b>Net result</b>	<b>7 193</b>	<b>2 439</b>	<b>1 858</b>	<b>2 172</b>	<b>1 060</b>	<b>14 722</b>

#### 1.6.4. Costs of major operating activities

Description	01.01.-30.09.2017	01.01.-30.09.2016
<b>Costs by type</b>	<b>331 515</b>	<b>223 834</b>
Depreciation	3 609	3 325
Consumption of materials and energy	87 359	56 172
Outsourced services	198 256	142 047
Taxes and fees	1 253	672
Remunerations	13 982	10 218
Employee benefits	2 817	2 114
Other costs by type	4 125	3 171
Cost of goods and materials sold	20 114	6 115
Movements in the balance of products	4 176	-52 504
Own work capitalized	-10 417	-21 310
Selling costs	-19 648	-8 180
General administrative expenses	-6 173	-5 534
<b>Own selling cost</b>	<b>299 453</b>	<b>136 305</b>

#### 1.6.5. Other operating revenues

Description	01.01.-30.09.2017	01.01.-30.09.2016
Re-invoicing	0	0
Pricing of investment properties to fair value	0	12 434
Penalties and compensations	951	263
Grants	410	123
Other titles	166	203
Impairment losses on inventories reversal in period (-)	33	71
Impairment losses on receivables reversal in period (-)	9	114
Profit on disposal of non-financial fixed assets	302	19
<b>Other operating revenues</b>	<b>1 870</b>	<b>13 227</b>

#### 1.6.6. Other operating costs

Description	01.01.-30.09.2017	01.01.-30.09.2016
Loss on disposal of non-financial fixed assets	0	0
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	3	8
Donations	101	40
Bonus to turnover	0	0
Inventory deficits	0	0
Write-downs	0	0
Contractual penalties	0	0
Other titles	346	232
Damages to properties	23	25
Court fees	0	0
Re-invoicing costs	0	0
Compensations	100	19
Impairment losses on inventories creation in the period	365	0
Impairment losses on receivables creation in the period	88	913
<b>Other operating costs</b>	<b>1 026</b>	<b>1 236</b>

#### 1.6.7. Financial revenues

Description	01.01.-30.09.2017	01.01.-30.09.2016
Surplus of positive exchange differences over the negative ones	17	24
Reversal of wrote-offs	0	0
Profit from sale of financial assets	0	0
Dividends	0	0
Other financial revenues	0	0
Interests	188	64
<b>Financial revenues</b>	<b>205</b>	<b>88</b>

#### 1.6.8. Financial expenses

Description	01.01.-30.09.2017	01.01.-30.09.2016
Interests	3 485	3 439
Surplus of positive exchange differences over the negative ones	0	0
Loss from sale of financial assets	0	0
Write-offs	0	0
Other financial expenses	0	0
<b>Financial expenses</b>	<b>3 485</b>	<b>3 439</b>

#### 1.6.9. Income tax

Description	01.01.-30.09.2017	01.01.-30.09.2016
Current income tax	9 227	518
Current income tax for reporting period	9 227	518
Current income tax for previous periods covered in financial result	0	0
Deferred income tax	-2 779	2 966
Deferred tax—creation and reversal of temporary differences (+)	0	2 966
Deferred income tax settlement of unused financial losses	0	0
Deferred tax—creation and reversal of temporary differences (-)	2 779	0
<b>Income tax</b>	<b>6 448</b>	<b>3 484</b>

#### 1.6.10. Inventories

Description	01.01.-30.09.2017	01.01.-31.12.2016
Materials balance value	30 186	11 798
Write-offs at the end of the period (-)	292	292
Materials in purchasing prices	30 479	12 090
Goods balance value	1 414	841
Write-offs at the end of the period (-)	0	0
Goods in purchasing prices	1 414	841
Semi-finished products and work in progress balance value	420	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	1 601	3 116
Finished products balance value	939	1 685
Write-offs at the end of the period (-)	365	51
as a part of purchasing prices as a part of production cost	1 304	1 735
Premises under construction balance value	111 303	181 668
Write-offs at the end of the period (-)	0	0
Premises under construction as a part of production cost	111 303	181 668
Finished premises balance value	113 152	14 939
Write-offs at the end of the period (-)	0	0
Finished premises as a part of production cost	113 152	14 939
<b>Inventories</b>	<b>257 415</b>	<b>212 865</b>



#### 1.6.11. Trade receivables and other receivables

Description	01.01.-30.09.2017	01.01.-31.12.2016
Net trade receivables	88 795	64 849
Trade receivables prior to revaluation write-off	90 580	66 555
Write-offs at the end of the period (-)	1 785	1 706
Receivables due to current income tax	0	525
Receivables on account of other taxes, customs duties and social insurance	1 833	5 593
Receivables due to valuation of construction agreements balance value	12 590	9 647
Write-offs at the end of the period (-)	182	182
Receivables due to valuation of construction agreements prior to revaluation write-off	12 772	9 829
Receivables from other titles	0	0
Receivables and advance payments balance value	7 819	4 464
Write-offs at the end of the period (-)	455	488
Receivables and advance payments prior to revaluation write-off	8 274	4 952
Other receivables balance value	8 193	760
Write-offs at the end of the period (-)	0	0
Other receivables value prior to revaluation write-off	8 193	760
<b>Trade receivables and other receivables</b>	<b>119 230</b>	<b>85 839</b>

#### 1.6.12. Financial instruments

Description	01.01.-30.09.2017	01.01.-30.09.2016
Receivables evaluated at nominal value	123 150	63 940
Trade receivables and other receivables	119 230	63 940
Loans and receivables	720	701
Stocks and shares in subsidiaries	0	0
Assets evaluated at fair value through financial result	0	0
Cash and cash equivalents	5 053	4 593
Assets available for sale	0	0
Assets held to maturity	0	0
<b>Financial assets</b>	<b>128 923</b>	<b>69 233</b>

Description	01.01.-30.09.2017	01.01.-30.09.2016
Liabilities evaluated at fair value through financial value	0	0
Liabilities evaluated at nominal value	215 859	118 552
Liabilities evaluated at depreciated cost	125 395	141 227
<b>Financial liabilities</b>	<b>341 253</b>	<b>259 779</b>

Loans and borrowings as of 30.09.2017	Loan value	Balance	Currency	Interest rate	Date of repayment
<b>Long-term</b>					
Loan BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	15 000	14 690	PLN	WIBOR 3M+ margin	11.12.2025
Loan BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	3 000	2 040	PLN	WIBOR 3M+ margin	11.12.2025
Loan MBank um. 10/020/17/Z/VV	14 000	13 777	PLN	WIBOR O/N+ margin	03.04.2019
Borrowing	6 530	6 530	PLN	Fixed rate	31.12.2018
<b>Long-term loans and borrowings in total</b>		<b>37 036</b>	-	-	-
<b>Short-term</b>					
Loan Millennium um.10536/17/475/04	5 000	3 668	PLN	WIBOR 3M+ margin	18.05.2018
Redemption agreement with ING um. 891/2017/00000901/00	5 000	3 202	PLN	WIBOR 1M+ margin	16.01.2018
Loan SGB um. KG\17000566	20 000	20 000	PLN	WIBOR 3M+ margin	10.10.2017
Other		1	PLN		
<b>Short-term loans and borrowings in total</b>		<b>26 871</b>	-	-	-

Loans and borrowings as of 31.12.2016	Loan value	Balance	Currency	Interest rate	Date of repayment
<b>Long-term</b>					
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
<b>Long-term loans and borrowings in total</b>		<b>22 381</b>	-	-	-
<b>Short-term</b>					
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+	30.08.2019

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				margin	
<b>Short-term loans and borrowings in total</b>		<b>6 131</b>	-	-	-

Bonds as of the end of reporting period 30.09.2017 (nominal value)	Value	Balance	Currency	Interest rate	Date of repayment
<b>Long-term</b>					
D series Bonds	35 000	35 000	PLN	WIBOR 3M+ margin	16.10.2018
DA series Bonds	15 000	15 000	PLN	WIBOR 6M+ margin	30.04.2021
<b>Long-term bonds in total</b>		<b>50 000</b>	-	-	-
<b>Short-term</b>					
	0	0	PLN		
<b>Short-term bonds in total</b>		<b>0</b>	-	-	-

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

### 1.6.13. Trade liabilities and other liabilities

Description	01.01.-30.09.2017	01.01.-30.09.2016
Trade liabilities	67 666	39 069
Remuneration liabilities	915	984
Current income tax payables	4 921	53
Payables due to other taxes, duties and social security	1 829	1 117
Short-term receivables	5 597	4 476
Receivables and advance payments for deliveries	126 214	65 944
Other short-term liabilities	8	12
<b>Trade liabilities and other liabilities</b>	<b>207 149</b>	<b>111 656</b>

## 2 Condensed Interim Separate Financial Statement

### 2.1 Selected Separate Financial Data

Selected financial data – separate financial statement	Thousands of PLN	Thousands of PLN	Thousands of EUR	Thousands of EUR
	01.01.2017-30.09.2017	01.01.2016-30.09.2016	01.01.2017-30.09.2017	01.01.2016-30.09.2016
I. Net revenue from sales of products, goods, and materials	355 569	180 598	83 534	41 338
II. Profit (loss) on operating activity	23 653	5 506	5 557	1 260
III. Profit (loss) before tax	20 375	2 362	4 787	541
IV. Net profit (loss)	15 953	1 920	3 748	439
V. Earnings (loss) per ordinary share (in PLN / EUR)	1,91	0,23	0	0,05
VI. Net cash flows from operating activity	3 691	-25 805	867	-5 907
VII. Net cash flows from investment activity	-6 520	-5 819	-1 532	-1 332
VIII. Net cash flows from financial activity	-30 741	24 444	-7 222	5 595
IX. Total net cash flows	-33 570	-7 181	-7 887	-1 644
	<b>30.09.2017</b>	<b>31.12.2016</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
X. Total assets	570 380	523 483	132 366	118 328
XI. Liabilities and provisions for liabilities	380 247	344 871	88 243	77 955
XII. Long-term liabilities	117 777	135 962	27 332	30 733
XIII. Short-term liabilities	262 470	208 909	60 911	47 222
XIV. Equity	190 133	178 612	44 124	40 373
XV. Share capital	8 363	8 363	1 941	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)	23	21	5	5

Individual items of Condensed Interim Separate Financial Statement, which have been presented in EUR currency, have been converted based on the average exchange rate set by the Polish National Bank for the day 30<sup>th</sup> of September 2017 (4,3091 PLN/EUR) and for the day 31<sup>st</sup> of December 2016 (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 the period of 9 months ended 30<sup>th</sup> of September 2017 and 9 months ended 30<sup>th</sup> of September 2016 (respectively 4,2566 PLN/EUR and 4,3688 PLN/EUR).

## 2.2 Condensed Interim Statement of Comprehensive Income

Description	01.01.- 30.09.2017	01.07.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2016
Sales revenues	355 569	198 582	180 598	63 701
Costs of goods sold	298 704	160 752	158 465	52 205
<b>Gross profit (loss) from sales</b>	<b>56 865</b>	<b>37 829</b>	<b>22 133</b>	<b>11 496</b>
Selling costs	27 938	17 587	11 887	4 269
General administrative expenses	6 118	2 475	4 296	1 321
Other operating revenues	1 870	213	792	207
Other operating costs	1 026	97	1 236	53
<b>Profit (loss) from operating activities</b>	<b>23 653</b>	<b>17 884</b>	<b>5 506</b>	<b>6 060</b>
Financial revenues	205	233	295	0
Financial expenses	3 483	1 166	3 439	408
<b>Profit (loss) before tax</b>	<b>20 375</b>	<b>16 951</b>	<b>2 362</b>	<b>5 652</b>
Income tax	4 421	3 676	442	905
<b>Profit (loss) from discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net profit (loss)</b>	<b>15 953</b>	<b>13 275</b>	<b>1 920</b>	<b>4 747</b>

Description	01.01.- 30.09.2017	01.07.- 30.09.2017	01.01.- 30.09.2016	01.07.- 30.09.2016
<b>Net profit (loss)</b>	<b>15 953</b>	<b>13 275</b>	<b>1 920</b>	<b>4 747</b>
Other net comprehensive income	0	0	0	0
<b>Comprehensive income</b>	<b>15 953</b>	<b>13 275</b>	<b>1 920</b>	<b>4 747</b>

## 2.3 Condensed Interim Statement of Financial Position

Description	01.01.-30.09.2017	01.01.-31.12.2016
<b>Fixed assets</b>	<b>166 376</b>	<b>151 955</b>
Property, land and equipment	49 090	36 144
Investment properties	0	1 510
Intangible assets	204	182
Stocks and shares	108 052	108 027
Receivables	3 919	4 037
Other long-term financial assets	720	754
Long-term deferred charges	0	0
Assets from deferred income tax	4 391	1 300
<b>Current assets</b>	<b>404 003</b>	<b>371 529</b>
Inventory	257 415	212 865
Construction services receivables	2 590	10 460
Trade receivables and other receivables	138 001	106 892
Other short-term financial assets	75	0
Short-term deferred charges	1 486	3 305
Cash and cash equivalent	4 436	38 006
Assets classified as held for sale	0	0
<b>Assets in total</b>	<b>570 380</b>	<b>523 483</b>

Description	01.01.-30.09.2017	01.01.-31.12.2016
<b>Equity</b>	<b>190 133</b>	<b>178 612</b>
<b>Liabilities</b>	<b>380 247</b>	<b>344 871</b>
<b>Long-term liabilities</b>	<b>117 777</b>	<b>135 928</b>
Deferred income tax provision	15 087	14 774
Liabilities and provisions on employee benefits	44	44
Other long-term provisions	0	0
Long-term credits, borrowings and debt instruments	86 792	112 713
Other long-term financial liabilities	7 144	1 712
Other long-term liabilities	8 710	6 685
<b>Short-term liabilities</b>	<b>262 470</b>	<b>208 943</b>
Liabilities and provisions on employee benefits	5	5
Other short-term provisions	6 698	1 653
Short-term credits, borrowings and debt instruments	26 871	26 322
Other short-term financial liabilities	4 588	1 043
Construction services liabilities	0	0
Trade liabilities and other liabilities	216 978	172 200
Receivables from future terms	7 330	7 719
Liabilities connected to assets intended for sale	0	0
<b>Liabilities in total</b>	<b>570 380</b>	<b>523 483</b>

## 2.4 Condensed Interim Cash Flow Statement

Description	01.01.-30.09.2017	01.01.-30.09.2016
<b>Profit (loss) before tax</b>	20 375	2 362
Adjustments:	6 128	-29 082
Depreciation	3 602	2 840
Profit (loss) from sales of non-financial tangible assets	-302	-19
Profits (losses) from foreign exchange differences	0	0
Interests and shares in profits	2 828	2 355
Change of working capital	-20 495	-31 949
Income tax from profit before taxation	-4 421	-442
Income tax paid	2 104	-1 767
<b>Net cash from operating activities</b>	<b>3 691</b>	<b>-26 720</b>
Expenses related to acquisition of intangible assets	-327	-32
Inflows from sales of intangible assets	0	0
Expenses related to acquisition of property, plant and equipment	-6 917	-3 169
Inflows from sales of property, plant and equipment	790	113
Expenses related to acquisition of investment properties	0	-8 360
Inflows from sales of investment properties	0	0
Net inflows from sales of subsidiaries	0	0
Net expenses for acquisition of subsidiaries	-25	0
Repayments received from loans granted	-45	0
Expenses related to acquisition of other financial assets	0	-171
Inflows from sales of other financial assets	4	0
Loans granted	0	13 117
Received interests	0	207
Received dividends		
Grants	0	1 398
<b>Net cash from investment activities</b>	<b>-6 520</b>	<b>1 705</b>
Net inflows from issue of shares	0	5
Inflows from issue of debt securities	22 000	29 535
Other inflows (expenses) from financial activities	0	0
Inflows from grants	0	0
Redemption of debt securities	-82 340	-19 980
Other inflows from financial activities		13
Inflows from loans and borrowings taken out	74 316	42 078
Repayment of loans and borrowings	-38 920	-29 832
Repayment of liabilities under finance lease	-1 801	-533
Interests paid	-3 996	-4 835
Dividends paid	0	0
<b>Net cash from financial activity</b>	<b>-30 741</b>	<b>17 843</b>
Change of net cash flow and its equivalents	-33 570	-7 173
Cash and cash equivalents at the beginning of the period	38 006	11 596
<b>Cash and cash equivalents at the end of the period</b>	<b>4 436</b>	<b>4 423</b>
Including cash of limited disposal right	723	0



## 2.5 Condensed Interim Statement of Changes in Equity

Data for the period 01.01-30.09.2017

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	4 472	0	-4 472	0
Transactions with owners in total	0	0	4 472	0	-8 904	-4 432
Other total comprehensive income	0	0	0	0	0	0
Net profit (loss)	0	0	0	0	15 953	15 953
Comprehensive Income	0	0	0	0	15 953	15 953
<b>Balance at the end of period</b>	<b>8 363</b>	<b>26 309</b>	<b>139 674</b>	<b>0</b>	<b>15 787</b>	<b>190 133</b>

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Data for the period 01.01-30.09.2016

Description	Common equity	Equity from sale of shares over its nominal value	Reserve capital from retained earnings	Other equities	Non-shared retained earnings	Total
Balance as at beginning of period	8 363	26 309	69 105	0	65 927	169 704
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	66 097	0	-66 097	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	-166	1 920	1 754
Comprehensive Income	0	0	0	0	0	0
<b>Balance at the end of period</b>	<b>8 363</b>	<b>26 309</b>	<b>135 202</b>	<b>0</b>	<b>1 920</b>	<b>171 628</b>

## **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 the period of 3 and 9 months ended 30<sup>th</sup> of September 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 the period of 3 and 9 months ended 30<sup>th</sup> of September 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 30<sup>th</sup> of September 2017 and 31<sup>st</sup> of December 2016, results achieved with the Company's operations and cash flow for the period of 3 and 9 months ended 30<sup>th</sup> of September 2017 and 30<sup>th</sup> of September 2016.

In Interim condensed financial statement of the Company Dekpol S.A. for the period of 3 and 9 months ended 30<sup>th</sup> of September 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.

The functional currency of the Dekpol Capital Group and the currency of presentation of the interim condensed separate financial statement is the Polish zloty (PLN).

## 3 Other information to the extended consolidated report for the 3<sup>rd</sup> quarter 2017 of Dekpol Capital Group

### 3.1 Information about DEKPOL Capital Group

#### 3.1.1 Structure of DEKPOL Capital Group

As at 30<sup>th</sup> of September 2017 and as at publication date of this report, Dekpol Capital Group is composed of Dekpol S.A. as the parent entity and eleven subsidiaries:

##### **Direct subsidiaries of Dekpol S.A.:**

- 1) Dekpol 1 Sp. z o.o. – general partner of DEKPOL 1 Sp. z o.o. SKA,
- 2) 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,
- 3) 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.),
- 4) Dekpol Pszenna Sp. z o.o. – future general partner of special-purpose vehicle (SPV) to execution of real-estate development investment at Pszenna Street in Gdańsk,
- 5) UAB DEK LT Statyba – company established for management of future contracts in General Contracting performed in Lithuania.

##### **Indirect subsidiaries of Dekpol S.A. (through Dekpol 1 Sp. z o.o. S.K.A.):**

- 1) Dekpol Royalties Sp. z o.o. – the Company responsible in DEKPOL Capital Group for brand management in the context of its image and product promotion,
- 2) 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.):**

- 1) 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,
- 2) Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k. – special-purpose vehicle (SPV) to execution of real-estate development investment in Rokitki near Tczew,
- 3) Dekpol Inwestycje Sp. z o.o. Development Sp. k. – special-purpose vehicle (SPV) to execution of smaller real-estate development investments.

##### **Indirect subsidiary of Dekpol S.A. (through Dekpol Pszenna Sp. z o.o.):**

- 1) Dekpol Pszenna Sp. z o.o. Sp.k. – special-purpose vehicle (SPV) established for execution of the property investment called Grano Residence in Gdańsk at Pszenna Street.

As at 30<sup>th</sup> of September 2017 Dekpol S.A. held 100% shares in Dekpol 1 Sp. z o.o., UAB DEK LT Statyba, Dekpol Inwestycje Sp. z o.o. and Dekpol Pszenna Sp. z o.o., as well as 100% shares in Dekpol 1 Sp. z o.o. S.K.A.

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

Dekpol Inwestycje Sp. z o.o. is the general partner of the Companies: 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. holding 16,7% shares in those companies, remaining shares holds Dekpol S.A. as a general partner of those companies (83,3% shares).

Dekpol Pszenna Sp. z o.o. is the general partner of the Company Dekpol Pszenna Sp. z o.o. Sp.k. holding 25% of shares, while Dekpol S.A. as a general partner of this Company holds 50% of shares.

All above mentioned Companies fall under full-method consolidation.

### **Changes in the structure of Dekpol Capital Group in 3<sup>rd</sup> quarter of 2017.**

On 26<sup>th</sup> of July 2017 the special-purpose vehicle (SPV) called Dekpol Pszenna Sp. z o.o. Sp. k. has been entered to National Court Register. The purpose of creation of the Company is execution of property investment called Grano Residence in Gdańsk at Pszenna Street. Dekpol Pszenna Sp. z o.o. Sp. k. is the indirect subsidiary of Dekpol S.A. through Dekpol Pszenna Sp. z o.o.. Dekpol Pszenna Sp. z o.o. is the general partner of the company Dekpol Pszenna Sp. z o.o. Sp.k. holding in this company 25% of shares, and Dekpol S.A. as a general partner holds in this company 50% of shares.

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

Dekpol Capital Group carries out its operations in three areas:

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

### **3.2 Information about the parent entity DEKPOL S.A.**

#### **3.2.1 Management 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, additionally possible is to entrust other members of Management Board the function of vice-presidents of Management Board. The term of office of the Members of the Management Board is 5 (five) years and is not joint.

As of publication date of this report, Issuer' Management Board composes of:

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 Mr. Sebastian Barandziak expires on 1<sup>st</sup> of March 2022. The term of office of other members of Management Board expires on 1 April 2019. Apart from Mr. Sebastian Barandziak, other member of Management Board was previously a member of Management Board Dekpol Sp. o. o.

Composition of Management Board did not change during 3<sup>rd</sup> quarter of 2017 and until publication date of this report.

### **3.2.1.2 Supervisory Board**

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

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

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

Jacek Kędzierski i Grzegorz Wąsacz meet requirements 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<sup>st</sup> of April 2019. The term of office of Jacek Kędzierski will end on 30<sup>th</sup> of June 2019. The term of office of Grzegorz Wąsacz will end on 7<sup>th</sup> of March 2022.

Composition of Supervisory Board did not change during 3<sup>rd</sup> quarter of 2017 and until publication date of this report.

### **3.2.2 Share capital structure**

As of 30<sup>th</sup> of June 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 i.e. as of 20<sup>th</sup> of November 2017:

Shareholder	Number of shares/number of votes	Participation in share capital and general number of votes
Mariusz Tuchlin	6.449.860	77,13%
Familiar S.A., SICAV-SIF	580.666	6,94%
Trigon TFI S.A.	437.554	5,23%
Other shareholders	894.469	10,70%
TOTAL	8.362.549	100%

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 for the H1 2017 i.e. as of 11<sup>th</sup> of September 2017:

Shareholder	Number of shares/number of votes	Participation in share capital and general number of votes
Mariusz Tuchlin	6.449.860	77,13%
Familiar S.A., SICAV-SIF	580.666	6,94%
Other shareholders	1.332.023	15,93%
TOTAL	8.362.549	100%

### 3.2.4 Holding 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 i.e. as of 20<sup>th</sup> of November 2017 and as of publication date of the report for H1 2017, i.e. as of 11<sup>th</sup> of September 2017:

Item	Number of shares as of publication date of the report for H1 2017	Changes	Number of shares as of publication of this report
Mariusz Tuchlin – President of Management Board (CEO)	6.449.860	-	6.449.860
Sebastian Barandziak – Member of Management Board	1.450	400	1.850
Other Members of Management Board	0	-	0

To the best knowledge of the Company, Members of Management Board and Supervisory Board did not hold in given period from the publication date of report for H1 2017 until the day of publication of this report of any rights to shares of the Issuer.

### **3.3 Information about business activities of DEKPOL Capital Group**

#### **3.3.1 Brief description of essential achievements and failures of DEKPOL Capital Group**

Revenues from sale after three quarters of 2017 run into the level of PLN 358 654 thousands, which is 125% more comparing to revenues in corresponding period of previous year. At the same time Dekpol Capital Group in the period from July to September 2017 reached net profit in the amount of PLN 18 000 thousands, what is better of about 236% comparing to the same period 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 3<sup>rd</sup> quarter 2017 executed contracts of a total contract value of about net PLN 446 million. To execution after reporting period remained projects of a total value of over net PLN 326 million. All projects are carried out on behalf of private investors. The main activity area remains Pomorskie Voivodship, with nearly 60% of all projects in execution. In 3<sup>rd</sup> quarter 2017 the Company signed the first contract abroad, which is performed in Lithuania. Under execution remain industrial, logistic, commercial and service objects along with full outdoor infrastructure (roads, squares, car parks).

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

As part of real-estate development segment Dekpol Capital Group records high dynamics in development of activities. In the first three quarters of 2017, purchase orders in the meaning of preliminary agreements, development and booking reached 687 premises. For comparison, in the same period of previous year, purchase orders were at the level of 436 premises, and in the whole 2016 at the level of 537 premises. In revenues of real-estate development segment in the first three quarters this year have been identified sales of 380 premises. For comparison in the same period last year have been identified 94 premises, while in the whole 2016 – 176 premises.

As of 30<sup>th</sup> of September 2017, Dekpol Capital Group was under performance of the below real-estate development projects, under which for sale were 381 premises:

- GRANO RESIDENCE in Gdańsk – 219 premises,
- NOWA MOTŁAWA in Gdańsk – 11 premises,
- MŁODA MORENA stage I, II, III in Gdańsk – 85 premises,
- MŁODA MORENA PARK in Gdańsk – 4 houses,
- JAWOROWE WZGÓRZE in Gdańsk – 2 premises,



- OSIEDLE ZIELONE stage I, II, III in Gdańsk – 25 premises,
- NA FALI in Gdynia – 7 premises,
- NOWE ROKITKI I, III, IV in Rokitki near Tczew – 28 premises.

In addition, as of 30<sup>th</sup> of September 2017, the Capital Group was the owner of bank of land, which enables projecting and execution of another real-estate development projects for about 65 thousands of usable floor area (PUM). The Issuer aims to start new investments within another 6 months.

### **Segment of manufacture of equipment for construction machines and production of steel structures**

According to previous assumptions, DEKPOL S.A. withdrew from the execution of individual contracts focusing its production capacities on performance of contracts for OEM and Aftermarket clients. Increasing number of orders from the above mentioned contractors was the reason for making decision concerning extension of the production plant of 2400 m<sup>2</sup>. Launching of the extended plant has been scheduled for the 1<sup>st</sup> quarter of 2018. Thanks to the own activities, DEKPOL S.A. becomes more and more recognizable brand on the worldwide market of the producers of buckets and equipment to construction machines. In addition to DOOSAN, OEM clients portfolio has been enlarged by VOLVO and LIUGONG DRESSTA MACHINERY. Global producers active in this industry also transfer its production to DEKPOL S.A., estimating the high quality of products offered by the Company.

### **In 3<sup>rd</sup> quarter of 2017 took place the following essential events in business activities of Dekpol Capital Group:**

#### Receipt of construction permit for the second stage of multifamily housing estate within the project „Młoda Morena”

On 6<sup>th</sup> of July 2017 the Company received from the President of City of Gdańsk the final decision concerning construction permit for the multifamily building along with construction of garage in Gdańsk at Dolne Migowo Street (the second stage of investment Młoda Morena).

Within the second stage of investment, the Company aims to build 113 flats of a total usable area of approximately 5932 m<sup>2</sup>. Estimated value of revenues to be received by the Company from execution of the second stage of investment amounts about PLN 36,4 million. The first premises will be handed over for use in the 1<sup>st</sup> quarter of 2019, while the execution of the whole stage has been scheduled for the 2<sup>nd</sup> quarter of 2019. The project will be entirely executed by the Company, and the investment outlays will be covered by the Company's own assets, however partial foreign financing is not excluded.

About reception of permit, the Company announced in current report no. 29/2017 dated 6<sup>th</sup> of July 2017.

#### Conclusion of an annex to the agreement concerning cooperation at execution of works relating to construction of “Na Fali” housing estate in Gdynia

On 6<sup>th</sup> of July 2017, the Company concluded with Pozbud T&R S.A. (“Contractor”) an annex to the agreement on cooperation (“Agreement”) concerning execution of construction works relating to construction of “Na Fali” housing estate in Gdynia consisting of a complex of five residential buildings (“Investment”). The annex widens the subject of Agreement from execution of a part of works into execution as a general contractor of a project called “Multifamily Residential Building B1, B2, B3, B4, B5 Kosakowo, Tadeusza Kościuszki Street – Na Fali”. Construction works will be carried out from materials and by use of machines delivered by the Contractor.

Fixed remuneration amount for execution of currently agreed range of works has been estimated for the value of net PLN 21 million (initial value of the contract amounted PLN 2 million). In case of change in range of works, the remuneration value will change. Contractor is obliged to perform works as mentioned in the Agreement within timeframes resulting from the agreed schedule, nevertheless completion of obligations resulting from the Agreement has been planned for 30<sup>th</sup> of September 2018.

In case of delay in execution of works or in case of defects removal, Contractor will pay the Ordering Party the contractual penalty in the amount of 0,5% of net remuneration for each day of delay during the first seven days, and then in the amount of 1,0% of net remuneration for each another day. Moreover, each contracting party may claim the payment of contractual penalty in the amount of 10% of net remuneration in case of withdrawal from the agreement due to reasons attributable to the counterparty. Claiming as well as payment of contractual penalty does not exclude to claim compensation on general principles.

Within the investment „Na Fali” the Company aims to build entirely 220 flats of a total usable area of 10,3 thousands of m<sup>2</sup>. The project will be carried out in the 3<sup>rd</sup> quarter of 2018, and the first premises will be handed over in the 4<sup>th</sup> quarter of 2017. Estimated net value of the project amounts PLN 48,8 million.

About conclusion of an annex, the Company announced in current report no. 30/2017 dated 6<sup>th</sup> of July 2017.

#### Conclusion of agreement on general contracting services of an investment in Lithuania

On 12<sup>th</sup> of July 2017 Dekpol S.A. concluded with the company headquartered in Lithuania (“Ordering Party”) an agreement on general contracting services, the purpose of which is the construction on territory of Lithuania of a production plant of an area of over 20 thousands of m<sup>2</sup> (“Agreement”).

For execution of a scope of Agreement the Company will receive fixed remuneration in the net amount ranging from 20% - 25% of sales revenues of the Company’s Capital Group for the year 2016. Execution of a scope of Agreement shall be finalized prior to the end of April of 2018. The Agreement will be executed by the Company itself, however the Company established the subsidiary in Lithuania as well, aiming better contract management.

The Agreement contains clauses concerning contractual penalties payable in case of e.g. default in deadlines resulting from Agreement in the amount equal to 0,1% of remuneration

for each started working day. The payment of contractual penalties does not affect the possibility of the Ordering Party for claiming compensation due to fault by the Company in conditions stipulated in this Agreement on general principles. The Ordering Party may terminate the Agreement according to its own discretion anytime, upon the payment to the Company of remuneration for all works performed until the moment of Agreement termination.

About conclusion of the above mentioned agreement, the Company announced in current report no. 31/2017 dated 12<sup>th</sup> of July 2017.

#### Allocation of DA-series bonds

On 18<sup>th</sup> July 2017 Management Board of Dekpol S.A. adopted resolution concerning allocation of 15.000 of DA-series bearer bonds of a total nominal value of PLN 15 million ("Bonds") in favor of the Bank. The nominal value of one Bond is equal to PLN 1000. Issue price of Bonds is equal to its nominal value.

The purpose of bonds issue programme is financing of property development investments, including assigning of the capital on financing or re-financing of properties purchase or the purchase of perpetual usufruct. The issue of Bonds was of non-public character in the meaning of the Public Offer of Financial Instruments Act. Final redemption date has been set on 30<sup>th</sup> of April 2021. The Issuer is entitled to earlier redemption of all or of a part of Bonds. Prior to the date of final redemption, each Bondholder may request redemption of all or of a part of Bonds due to occurrence and persistence of default set in conditions of Bonds issue programme. The Bonds bear variable interests, based on WIBOR 6M plus margin and are payable semi-annually.

Bonds are covered by e.g. contractual mortgage to the amount of PLN 52,5 million in favor of bonds administrator on the basis of perpetual usufruct of the real property and the building consisting the separate property, attributable to Almond sp. z o.o., located in Gdańsk at Toruńska street, as well as conditional cession of liabilities from agreements concluded by the Issuer of a value remaining for settlement not smaller than net PLN 22 million.

About allocation of DA series bonds, the Company announced in current report no. 33/2017 dated 18<sup>th</sup> of July 2017.

#### Conclusion of agreement concerning general execution of the investment

On 21<sup>st</sup> of July 2017, Dekpol S.A. concluded with GLOBAL Sp. z o.o. ("Ordering Party") an agreement on execution of an investment consisting in construction of a roadside service facility in Kopytkowo consisting of service and commercial buildings and the service station ("the Agreement"). The contract includes, among other things, comprehensive implementation of the investment in accordance with design documentation, as well as obtaining on behalf of and in favor of the Ordering Party an unconditional final use permit decision, along with all works and accompanying services.

For the execution of works, the Company will receive a net remuneration in the amount of approximately 10% of sales revenues of Dekpol Capital Group for the year 2016 ("Remuneration"). Under the Agreement, all works will be completed by the end of September 2018.

The agreement contains records concerning contractual penalties due in case of failure in meeting deadlines for the implementation of subsequent stages of the Agreement, whose maximum amount cannot exceed 10% of the Remuneration. In addition, the Ordering Party will be obliged to pay the contractual penalty to the Issuer in the amount of 10% of the Remuneration in case of withdrawal from the Agreement by the Company, where the Purchaser is still in arrears to pay the due remuneration for a period exceeding 60 days. In the same amount, the Company will be obliged to pay the Ordering Party the contractual penalty in case of withdrawal from the Contract by the Ordering Party due to reasons dependent on the Issuer, i.e. due to non-performance or improper performance of the Company's obligations. Contractual Parties are entitled to claim supplementary compensation exceeding the amount of reserved contractual penalties.

About conclusion of the above mentioned agreement, the Company announced in current report no. 35/2017 dated 21<sup>st</sup> of July 2017.

#### Annex to the agreement concerning general contracting services concluded with 7R Logistic S.A.

On 31<sup>st</sup> of July 2017, Dekpol S.A. concluded with 7R Logistic S.A. an annex to the Agreement from February 2017 on general contracting services of storage-office object in Kokotów in Municipality Wieliczka, which extends the deadline for execution of the subject of the Agreement from the 31<sup>st</sup> of July 2017 to the 15<sup>th</sup> of November 2017. For the execution of the whole works, the Company will receive net fixed remuneration in the amount of 14% of sales revenues of Dekpol Capital Group for the year 2016. In turn on 15<sup>th</sup> of November 2017 (event after balance sheet date), the Company concluded with 7R Logistic S.A. another annex prolonging the deadline for performance of the subject of Agreement from 15<sup>th</sup> of November 2017 to 15<sup>th</sup> of January 2018. Based on provisions of the annex, remuneration value attributable to the Company has been increased by approximately 8%.

About conclusion of the above mentioned annexes, the Company announces in current reports no. 37/2017 dated 31<sup>st</sup> of July 2017 and 61/2017 dated 15<sup>th</sup> of November 2017.

#### Receipt of a permit for the construction of the third stage of multi-family housing estate as part of the "Młoda Morena"

On 2<sup>nd</sup> of August 2017, the Company received the final decision issued by President of the City of Gdańsk concerning construction permit for a multi-family residential building along with the built-in garage in Gdańsk at Dolne Migowo Street (3<sup>rd</sup> stage of the investment Młoda Morena).

Within the third stage of the investment, the Company plans to build 48 flats with a total usable floor area of approximately 3111 square meters. Estimated value of revenues

obtained by the Company from the implementation of the third stage of the investment amounts approximately net PLN 19 million. The first premises will be put into use in the second quarter of 2019, and the entire stage will be completed in the second quarter of 2019.

The project will be implemented entirely by the Company, and the investment outlays will be financed with the Company's own funds, however partial funding is not excluded.

About receipt of the permit, the Company announces in current report no. 38/2017 dated 2<sup>nd</sup> of August 2017.

#### Withdrawal from the preliminary agreement concerning purchase of perpetual usufruct on a ground located at Prądyńskiego Street in Warsaw

On 9<sup>th</sup> of August 2017, taking advantage of the feasibility enclosed in the Agreement concerning purchase of perpetual usufruct on a ground located at Prądyńskiego Street in Warsaw, Dekpol S.A. made declaration concerning refusal of signing of the promised purchase agreement and withdrawal from the above mentioned Agreement due to, in the opinion of the Company, inconsistencies with the facts of the seller's declarations included in the Agreement, as well as relatively concerning avoidance of legal consequences of declaration of intention issued at signing of the Agreement, on the basis of article 84 of Civil Code and due to above mentioned reason.

Preliminary agreement concerning purchase of perpetual usufruct right of the above mentioned property has been concluded on 20<sup>th</sup> of June 2017 and obliged contractual parties to conclusion until 20<sup>th</sup> of July 2017 the promised sales agreement of perpetual usufruct of a ground (0,6 ha) and separately buildings constructed on this ground. Net sales price should have amount about 9% of equity of Dekpol S.A. at the end of the year 2016. On 19<sup>th</sup> of July and on 4<sup>th</sup> of August 2017, Dekpol S.A. concluded annexes to the preliminary agreement, based on which the parties prolonged the deadline for conclusion of the promised agreement until 4<sup>th</sup> of August 2017, and then until 10<sup>th</sup> of August 2017.

On 3<sup>rd</sup> of November 2017 (event after balance sheet date), the parties concluded the new preliminary agreement concerning purchase of the above mentioned property of conditional nature, which has been widely described in point 3.3.3. of this report.

About the above mentioned events, the Company announced in current reports no. 34/2017 dated 19<sup>th</sup> of July 2017, 39/2017 dated 4<sup>th</sup> of August 2017, as well as 40/2017 dated 9<sup>th</sup> of August 2017.

#### Receipt of a permit for construction of the 4th stage of multifamily residential buildings as a part of the project "Nowe Rokitki"

On the 1st of September 2017 the Company received issued by Starosty Office in Tczew, the final permit for construction of the 4th stage of multifamily residential buildings "Nowe Rokitki" along with necessary technical infrastructure in Rokitki near Tczew. As a part of the 4th stage of the investment, the Company aims to construct 68 flats together with cellars of

a total usable floor area of 3982 m<sup>2</sup> as well as 85 car parks. Estimated value of the project amounts approximately PLN 14 million. The project will be performed in the 4th quarter of 2018, the first premises will also be handed over for use in the 4th quarter of 2018. The project will be performed comprehensively by the Company, and the investment expenditures will be covered with the Company's own funds, however the partial foreign financing is not excluded.

About the receipt of the above mentioned permit, the Company announced in current report no. 43/2017 dated 1st of September 2017.

#### Conclusion of agreement on general contracting services with OPUS Investment Sp. z o.o. Sp. k.

On the 4<sup>th</sup> of September 2017, the Company concluded with OPUS INVESTMENT Sp. z o.o. sp. k. an agreement concerning general contracting of an investment covering construction of the multifamily building, and the land development at the Streets Kamienna Grobla, Śluza and Jałmużnicza in Gdańsk, as well as performance of construction-montage works enabling obtainment of the use permit and acquisition of such permit in the name of the Investor.

For the execution of the Agreement, the Company will receive fixed net remuneration in the amount of approximately 7% of sales revenues of the Dekpol Capital Group for the year 2016. In accordance with provisions of the Agreement, completion in performance of the investment shall be followed until 31<sup>st</sup> of January 2019.

The Agreement has been concluded under suspensive conditions concerning acquisition by the Investor of final permit for construction, as well as granting to the Investor within the term until 10<sup>th</sup> of October 2017 of investment financing by the financial institution, unless the Investor will not take advantage of foreign financing and will inform the Issuer about this fact.

The Agreement contains provisions concerning contractual penalties payable in case of e.g. delays in execution of the Agreement or deletion of defects. In addition, the Company is obliged to pay contractual penalty in the amount of 10% of Remuneration value in case of withdrawal from the Agreement performed by Investor due to reasons attributable to the Issuer. Maximal value of contractual penalties to be covered by the Issuer has been limited to 20% of Remuneration value, however the Investor may claim for supplementary compensation in the amount of substantive damage.

On 10<sup>th</sup> and on 27<sup>th</sup> of October 2017 (events after balance sheet date) Dekpol S.A. concluded with the Investor annexes to Agreement, which prolongs the period for granting to Investor of financing of the investment, which is to be granted by financial institution until 27<sup>th</sup> of October 2017, and next also until 30<sup>th</sup> of November 2017.

About conclusion of the above mentioned agreement, the Company announced in current report no. 44/2017 dated 4<sup>th</sup> of September 2017, 51/2017 dated 10<sup>th</sup> of October 2017 roku as well as 56/2017 dated 27<sup>th</sup> of October 2017.

### Receipt of a permit for construction of multifamily building within the project „Jaworowe Wzgórze”

On 7<sup>th</sup> of September 2017 the Company received issued by President of the City of Gdańsk the final decision transferring on the Company the permit for construction of multifamily residential building along with underground garage in Gdańsk at Świętokrzyska Street.

As a part of an investment, the Company aims to construct 27 flats of a total usable floor area of approximately 1400 m<sup>2</sup>. Estimated value of revenues to be received by the Company from execution of the investment amounts about PLN 6,2 million. Hand-over of the first flats, as well as performance of the whole investment has been scheduled to be completed in the 1<sup>st</sup> quarter 2018.

The project will be performed comprehensively by the Company and the investment expenditures will be covered with the Company's own funds, however the partial foreign financing is not excluded.

About the receipt of the above mentioned permit, the Company announced in current report no. 45/2017 dated 7<sup>th</sup> of September 2017.

### Conclusion of agreement on construction works in CH Atrium Targówek in Warsaw

On 25<sup>th</sup> of September 2017, Dekpol S.A. concluded with Atrium Poland 1 Sp. z o.o. Targówek 2 sk. (“Investor”) an agreement on construction works relating to reconstruction and extension of the shopping mall CH Atrium Targówek in Warsaw, including, in particular, finishing and handing over of a 2-storey commercial building with 2-level car park and accompanying infrastructure (“Agreement”).

The Agreement has been concluded under stipulation of fulfillment of all suspensive conditions within deadline set on 31<sup>st</sup> of March 2018, which consist of signing by the Investor of the specified in the Agreement contracts with third parties, about conclusion of which the Investor will inform the Company. Stipulation of the above mentioned conditions does not involve initial stages of works, with respect to which the Agreement starts to be valid as of the day of its signing. In accordance with the Agreement, Contractor will complete all works within approximately 23 months starting with the date of handing over of the site.

For the appropriate and on-time performance of all obligations set in the Agreement, the Company will receive net remuneration equal to c.a. 33% of revenues of the Dekpol Capital Group as of the end of the year 2016. The above remuneration may be changed due to the fact, that the Investor is entitled for adoption of some additional works, other similar works or for exclusion from works of a some specified range of works and to their omission or delegation to any other Contractor. The Investor is entitled to withdraw from the Agreement anytime until the 1<sup>st</sup> of December 2018 with 1-month withdrawal period. The Agreement includes provisions concerning contractual penalties in case of, among other things, delays in completion of works and removal of defects, however the Investor may claim compensation in the amount exceeding contractual penalties.



Dekpol S.A. received from the Investor notification about fulfillment of all suspensive conditions of the above mentioned agreement.

About the above mentioned events, the Company announced in current reports no. 46/2017 dated 25<sup>th</sup> of September 2017, as well as 53/2017 dated 17<sup>th</sup> of October 2017.

#### Conclusion of an annex to the agreement on working capital loan with SGB-Bank S.A.

On 29<sup>th</sup> of September 2017, Dekpol S.A. concluded with SGB-Bank S.A. an annex to the Agreement dated 8<sup>th</sup> of May 2017 concerning working capital loan in the amount of PLN 20 million. On the basis of the Annex, the Bank prolonged the term of provision of the Loan and the deadline of its repayment until 10<sup>th</sup> of October 2017, but not later than to 7<sup>th</sup> day after fulfillment of the last condition for launching of DB series bonds (allocation of DB series bonds took place on 4<sup>th</sup> of October 2017).

About conclusion of the above mentioned annex, the Company announced in current report no. 47/2017 dated 29<sup>th</sup> of September 2017.

### **3.3.2 Factors and events, including those of untypical nature, which have significant impact on condensed consolidated financial statement**

In 3<sup>rd</sup> quarter 2017, there were no other than described in other points of this quarterly report factors and events, including those of untypical nature, which could have significant impact on condensed consolidated financial statement.

### **3.3.3 Events after balance sheet date**

#### Conclusion of agreement on general contracting of the service-hall in Rusocin

On 2<sup>nd</sup> of October 2017, Dekpol S.A. concluded with Transport Ciężarowy Mariusz Kulczyk and Trans-Wyrzeże Mateusz Kulczyk (jointly as "Investor") the general contracting agreement on the investment including construction of the service-hall with office premises and installations, as well as accompanying infrastructure in Rusocin ("Agreement").

For the execution of the Agreement, the Company will receive fixed net remuneration in the amount of approximately 4% of sales revenues of Dekpol Capital Group for the year 2016. Performance of works shall be completed until 31<sup>st</sup> of July 2018.

The Agreement includes provisions concerning contractual penalties due to Investor in case of, among other things, delays in performance of the Agreement or removal of defects and faults, as well as withdrawal by the Investor from the Agreement due to reasons attributable to the Issuer. The maximal amount of contractual penalties cannot exceed 10% of net remuneration value. The parties may claim supplementary compensation exceeding the limit of contractual penalties.

About conclusion of the above mentioned agreement, the Company announced in current report no. 48/2017 dated 2<sup>nd</sup> of October 2017.



### Allocation of DB series bonds

On 4<sup>th</sup> of October 2017, Management Board of Dekpol S.A. adopted resolution on allocation of 20.000 pieces of DB-series bearer bonds of a total nominal value equal to PLN 20 million ("Bonds") for SGB-Bank S.A.. The nominal value of one Bond amounts PLN 1.000. The issue price of Bonds is equal to its nominal value.

The purpose of bonds issue programme is financing of property development investments, including spending funds from bonds issue on financing or refinancing of purchase of properties or acquisition of perpetual usufruct right. The bonds issue was of a non-public nature in the meaning of the Polish Act on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies dated July 29<sup>th</sup> 2005. Redemption date has been set on 30<sup>th</sup> of April 2021. The Issuer is entitled to earlier redemption of all or some part of Bonds. Prior to the final redemption date, each Bondholder may demand repurchasing of all or some part of Bonds in case of occurrence and endurance of violation case defined in Bonds Issue Conditions. The Bonds bear variable interests, based on WIBOR 6M rate plus margin, the payment is performed half-yearly.

The Bonds are covered by contractual mortgage to the amount of PLN 52,5 million for the mortgage administrator on a perpetual usufruct of the plot and building as a separate property, attributable to Almond Sp. z o.o., located in Gdańsk at Toruńska Street, as well as conditional cession of liabilities from contracts concluded by the Issuer of a remaining value to be settled in the amount not less than net PLN 22 million.

About allocation of DB series bonds, the Company announced in current report no. 49/2017 dated 4<sup>th</sup> of October 2017.

### Receipt of a permit for construction of the commercial-touristic building along with residential part within the project called "Verano Residence"

On 17<sup>th</sup> of October 2017 the Company received issued by Starosty Office in Puck the final decision transferring on the Company permit for construction of the commercial-touristic building along with residential part in Jurata.

As a part of the investment, the Company aims to build 11 premises of a total usable area of about 524 m<sup>2</sup>. Estimated value of revenues to be received by the Company from the performance of the investment amounts approximately net PLN 12 million. Hand-over of the first premises, as well as execution of the whole investment have been scheduled on the Q1 2018.

The project will be implemented entirely by the Company, and the investment outlays will be financed with the Company's own funds, however partial funding is not excluded.

About reception of permit, the Company announced in current report no. 54/2017 dated 17<sup>th</sup> of October 2017.

### Resolution concerning G series bonds issue

On 24<sup>th</sup> of October 2017, Management Board of Dekpol S.A. adopted resolution concerning the issue of non-secured, coupon and of a non-document form G series bearer bonds (Bonds) of a total nominal value not exceeding PLN 50 million. The Bonds will be the securities with 3-year redemption date and will cover exclusively cash benefits, which will be paid not more often than within 6-months periods and not rarely than within 12-months periods.

The Bonds will be issued as a private offer pursuant to Article 33 Item 2 of the Bond Act of 15 January 2015. The aim of the Issuer is to put Bonds to alternative trading venue on the Catalyst Market maintained by Giełda Papierów Wartościowych w Warszawie S.A. (Warsaw Stock Exchange) and BondSpot S.A.

About adoption of resolution, the Company announced in current report no. 55/2017 dated 24<sup>th</sup> of October 2017.

### Conclusion of an annex to the construction agreement with HE 7R Gdańsk 1 sp. z o.o.

On 31<sup>st</sup> of October 2017, Dekpol S.A. concluded with 7R Gdańsk 1 sp. z o. o. ("Ordering Party") an annex to the Agreement from 19<sup>th</sup> of June 2017 on construction works, which prolongs the deadline for the execution of the last part of works until 30<sup>th</sup> of April 2018. For the execution of works, the Company will receive net remuneration in the amount of 10% of sales revenues of Dekpol Capital Group for the year 2016.

About conclusion of the above mentioned annex, the Company announced in current report no. 58/2017 dated 31<sup>st</sup> of October 2017.

### Conclusion of the preliminary agreement concerning purchase of perpetual usufruct on a plot in Warsaw

On 3<sup>rd</sup> of November 2017, Dekpol S.A. concluded a preliminary agreement concerning purchase of the Property (Agreement), based on which, the parties decided to conclude the promised agreement of sales of perpetual usufruct on a plot of a size equal to 0,6 ha, as well as sales of buildings (separate estate) established on this plot, under stipulation of the positive conclusion of the administrative proceedings concerning the Property and the fulfillment of other formal and legal conditions.

The promised sales agreement shall be concluded until 28<sup>th</sup> of February 2018. The above conditions are reserved in favor of the Issuer, which means that the Issuer is entitled to demand the conclusion of the promised sales agreement at any time before the agreed date, also without fulfillment of any of the above mentioned conditions.

The parties agreed, that the net sales price will amount approximately 9% of the equity of Dekpol S.A. at the end of the year 2016. The Issuer aims to perform real-estate development project assuming construction of circa 300 premises on the Property.

About conclusion of the above mentioned agreement, the Company announced in current report no. 59/2017 dated 3<sup>rd</sup> of November 2017.

#### Conclusion of the agreement concerning purchase of rights to the property located in Gdańsk

On 10<sup>th</sup> of November 2017, Dekpol S.A. concluded with the natural person an agreement concerning transfer on the Company of rights and liabilities resulting from concluded by this person with third party in September 2017 of the preliminary agreement on purchase of the property in Gdańsk.

The subject of the preliminary agreement on purchase of the property is the property of a total area of approximately 13 ha. Conclusion of the promised agreement has been scheduled on 15<sup>th</sup> of December 2017. Net sales price of the property amounts about 12% of the equity of Dekpol S.A. as of the end of the year 2016, and the purchase price of the above mentioned rights and liabilities is not significant from the Company's equity point of view.

The Company aims to perform on the property a real-estate development project providing construction of premises of a total area of over 60 000 m<sup>2</sup>.

About conclusion of the above mentioned agreement, the Company announced in current report no. 60/2017 dated 10<sup>th</sup> of November 2017.

#### Purchase of shares in company and conclusion of investment agreement relating to execution of the real-estate development project in Wrocław

On 15<sup>th</sup> of November 2017, the Issuer concluded with present shareholders an agreement of purchase of shares consisting jointly 61,9% of shares in the company Smartex Sp. z o.o.. The above mentioned shares have been purchased for the value of PLN 4,8 million in total. Smartex is the owner of the land property of an area of 0,6 ha located in Wrocław at Braniborska Street.

In addition, on 15<sup>th</sup> of November 2017, the Issuer concluded with the natural person (the owner of 37,7% of shares in Smartex company ("Shareholder")) an investment agreement, as a part of which the parties aim to perform together real-estate development project consisting in construction on the Property of an object with residential-commercial functions of a targeted area of a dozen thousands or so m<sup>2</sup>, as well as sales or rental of constructed in this object apartments and commercial premises. The investment will be performed by established for this purpose by parties limited partnership ("SPV"), which shall obtain construction permit for the object. The Issuer will be the general contractor for this investment. In accordance with provisions of the investment agreement, until 30<sup>th</sup> of September 2023, the Issuer will purchase from the Shareholder 37,7% of shares in Smartex Company, while the right to real-estate property will be transferred on the established SPV. As a target, the Company will own approximately 90% of shares in profits and losses generated by SPV.

In addition, on the same day, the Company concluded with the Shareholder a preliminary agreement, based on which, the Parties are obliged to conclude the promised sales agreement for the benefit of the Company of 37,7% of shares in Smartex company owned by the Shareholder for gross amount of PLN 11 million in total. Preliminary Agreement has been concluded under suspensive conditions, which consist, among other things, in conclusion by parties of preliminary limited partnership agreement (“SPV”) and reception of the final decision concerning land development conditions for the property, as well as construction permit. Suspensive conditions have been reserved for the benefit of the Company. The promised agreement will be concluded within 1 month since the date of fulfillment of the last suspensive condition, however in case of lack of fulfillment of conditions until 30<sup>th</sup> of June 2023, the Company will be entitled to withdraw from the Agreement within next 6 months

About conclusion of the above mentioned agreement, the Company announced in current report no. 62/2017 dated 15<sup>th</sup> of November 2017.

### 3.3.4 Transactions with affiliates

Neither the Issuer nor its subsidiaries did not conclude in the reporting period of any transactions with affiliates on other than market terms.

### 3.3.5 Sureties and guarantees granted and received

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 30<sup>th</sup> of September 2017 the total balance of received and granted by Companies from Dekpol Capital Group sureties and guarantees presents the below table:

Description	01.01.-30.09.2017	01.01.-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
<b>Conditional liabilities against subsidiaries</b>	<b>0</b>	<b>0</b>
Granted guarantees of sound agreements execution- insurance	24 224	22 509
Granted guarantees of sound agreements execution - banking	2 403	2 504
Guarantees and sureties for repayment of credits and loans granted	0	0
Court issues	0	0
Other conditional liabilities	0	0
<b>Conditional liabilities against non-affiliates</b>	<b>26 627</b>	<b>25 013</b>
<b>Conditional liabilities</b>	<b>26 627</b>	<b>25 013</b>
Received guarantees and sureties of sound agreements execution from affiliates	0	0

Received guarantees and sureties of debt repayment from affiliates	0	0
Other conditional assets	0	0
<b>Conditional assets from affiliates</b>	<b>0</b>	<b>0</b>
Received guarantees of sound agreements execution from non-affiliates- insurance	1 147	954
Received guarantees of sound agreements execution from non-affiliates- banking	1 555	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
<b>Conditional assets from non-affiliates</b>	<b>2 702</b>	<b>1 956</b>
<b>Conditional assets</b>	<b>2 702</b>	<b>1 956</b>

### 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' Capital Group.

Sales revenues of Dekpol Capital Group for the 3<sup>rd</sup> quarter of 2017 reached the value of PLN 358,7 million, which consists 72% of projection's implementation of revenues for 2017. Having in mind the value of sales revenues of Dekpol Capital Group for the 3<sup>rd</sup> 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,
- execution of the general contracting agreement in Lithuania,
- extension of production plant for accessories to construction machines,
- on-time delivery of products and its high quality keeping,
- identification in revenues of PLN 200 million from sales of about 600 premises, which will mainly happen in 4<sup>th</sup> quarter of 2017,
- 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.
- performance of current projects.

To the factors, which appeared in 3<sup>rd</sup> 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 3.3.1 and 3.3.2 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

### **3.6 Identification of proceedings before a court, arbitration body or public administration authority**

Within the period of the 3<sup>rd</sup> quarter of 2017 there were no proceedings were pending before government authorities, courts, or arbitration bodies that could have a substantial effect on the financial position or the profitability of the Issuer and Dekpol Capital Group, in particular in terms of receivables or liabilities of Dekpol S.A. or subsidiaries with a value constituting at least 10% of Company'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**

There are no other information, which are essential for evaluation of the staff position, property (asset) position, financial position, financial result position and its changes, as well as any other information, which are essential for evaluation of possibility of fulfillment of obligations by Dekpol S.A.

### 3.8 Contact details

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

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

Mariusz Tuchlin - President of Management Board

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