DEKPOL S.A.

CONSOLIDATED FINANCIAL STATEMENT

PREPARED IN ACCORDANCE WITH INTERNATIONAL REPORTING STANDARDS

**FOR THE PERIOD
01.01.2017 – 31.12.2017**

Pinczyn, 28th of April 2018

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For the period 01.01.2017 - 31.12.2017 in thousand PLN

SELECTED FINANCIAL DATA

Selected financial data – consolidated financial statements	thousand PLN		thousand EUR	
	01.01.2017-31.12.2017	01.01.2016-31.12.2016	01.01.2017-31.12.2017	01.01.2016-31.12.2016
I. Net revenue from sales of products, goods and materials	578 992	258 713	136 404	59 125
II. Profit (loss) on operation activity	47 083	30 759	11 092	7 030
III. Profit (loss) before tax	41 276	25 328	9 724	5 788
IV. Net profit (loss)	32 979	22 905	7 769	5 235
V. Earnings (loss) per ordinary share (in PLN/EUR)	3,94	2,74	0,93	0,62
VI. Net cash flows from operating activity	30 772	33 185	7 250	7 584
VII. Net cash flows from investment activity	(32 764)	(19 654)	(7 719)	(4 492)
VIII. Net cash flows from financial activity	(6 468)	12 811	(1 524)	2 928
IX. Total net cash flows	(8 460)	26 342	(1 993)	6 020
	31.12.2017	**31.12.2016**	**31.12.2017**	**31.12.2016**
X. Total assets	550 881	466 795	132 077	105 514
XI. Liabilities and provisions for liabilities	383 438	327 881	91 932	74 114
XII. Long-term liabilities	108 276	122 615	25 960	27 716
XIII. Short-term liabilities	275 162	205 266	65 972	46 398
XIV. Equity	167 443	138 914	40 146	31 400
XV. Share capital	8 363	8 363	2 005	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)	20	17	5	4

The above financial data for 2017 and the corresponding financial year 2016 have been converted into EUR according to the following principles:

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

- 31st of December 2017 – 4,1709 PLN / EUR
- 31st of December 2016 – 4,4240 PLN / EUR.

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

- from 1st of January till 31st of December 2017 – 4,2447 PLN / EUR,
- from 1st of January till 31st of December 2016 – 4,3757 PLN / EUR.

For the period 01.01.2017 - 31.12.2017 in thousand PLN

INTRODUCTION TO FINANCIAL STATEMENTS

- **General information**

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

DEKPOL S.A.

Ul. Gajowa 31, 83-251 Pinczyn

Registration Court, register number:

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

The main shareholder of the Company (77,13% of share capital) is Mr. Mariusz Tuchlin, who came into the possession of shares of the DEKPOL Company on 18th of December 2006, as a result of the transformation of legal form (led by him since 1993) of the business (previously under the name Productive-Service Plant "DEKPOL" - Mariusz Tuchlin) in a limited liability company.

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

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

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

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

Duration of the company:

The Company's duration is not determined.

The principal activities:

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

Name of activity	Polish NACE (PKD)
Manufacture of machinery for mining, quarrying and construction	PKD - 28.92.Z
Execution of construction projects related to buildings	PKD-41.1
Construction of residential and non-residential buildings	PKD-41.20
Construction of other civil engineering and water objects	PKD-42.9

For the period 01.01.2017 - 31.12.2017 in thousand PLN

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

Reporting periods presented:

The financial statement is presented for the period from 1st of January 2017 till 31st of December 2017. Comparative financial data are presented for the period from 1st of January 2016 till 31st of December 2016.

- **Composition of the Management Board and the Supervisory Board of the Issuer**

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

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

Name and Surname	Function:
Mariusz Tuchlin	President of the Management Board
Krzysztof Łukowski	Vice President of the Management Board
Michał Skowron	Member of the Management Board
Andrzej Kuchtyk	Member of the Management Board
Rafał Dietrich	Member of the Management Board
Sebastian Barandziak	Member of the Management Board

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

On 21st of February 2017, the Supervisory Board of the Company adopted a resolution to dismiss Mr. Rafał Głaza from the position of a Member of the Company's Management Board as of 28.02.2017.

On 21st of February.2017, the Supervisory Board of the Company adopted a resolution appointing Mr. Sebastian Barandziak as a Member of the Company's Management Board as of 01.03.2017.

On 13th of December 2017, the Supervisory Board of the Company adopted a resolution to dismiss Mr. Adam Olżyński from the position of a Member of the Company's Management Board as of 31.12.2017.

On 13th of December 2017, the Supervisory Board of the Company adopted a resolution appointing Mr. Michał Skowron as a Vice President of the Company's Management Board as of 01.01.2017.

The Articles of Association of Dekpol S.A. provide that the Supervisory Board is composed of between three and five Members, and in the event of the Issuer becoming a public company, between five and seven Members. The appointment and removal from office of the Members of the Supervisory Board takes place by means of a resolution of the General Meeting. The General Meeting also appoints the

Chairman of the Supervisory Board and may entrust the function of a Deputy Chairman to another Member of the Supervisory Board. The term of office of the Members of the Supervisory Board is five years and is not joint.

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

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

<u>Zmiany w składzie Rady Nadzorczej Dekpol S.A. w 2016 roku oraz do dnia publikacji sprawozdania</u>

On January 27, 2017 Mr. Krzysztof Czerkas resigned from the position of Member of the Supervisory Board of the Company as of March 1, 2017.

On March 7, 2017, the Extraordinary General Meeting of Shareholders of the Company appointed Mr. Grzegorz Wąsacz as the Member of the Supervisory Board. The resolution on the appointment came into force on the day of its adoption.

Jacek Kędzierski and Grzegorz Wąsacz meet the requirements for being independent of the Issuer and his affiliates, as specified in the Articles of Association.

- **Composition of the Capital Group and related parties:**

Poza jednostką dominującą w skład Grupy Kapitałowej wchodzą:

Subordinated entities as at the balance sheet date			
Name	Consolidation method	Name	Consolidation method
Subsidiaries			
Dekpol 1 Sp. z o.o.	Directly dependent	Dekpol Royalties Sp. z o.o.,	Indirectly dependent
Dekpol 1 Sp. z o.o S.K.A.	Directly dependent	Almond Sp. z o.o.	Indirectly dependent
Dekpol Inwestycje Sp. z o.o.	Directly dependent	Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k. (dawniej Dekpol Inwestycje Sp. z o.o. Na Fali Sp.k.)	Indirectly dependent
Dekpol Pszenna Sp. z o.o.	Directly dependent	Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k.	Indirectly dependent
UAB DEK LT Statyba (Litwa)	Directly dependent	Dekpol Inwestycje Sp. z o.o. Development Sp. k.	Indirectly dependent
Smartex Sp. z o. o	Directly dependent	Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k	Indirectly dependent
		Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k.	Indirectly dependent
		Dekpol Pszenna Sp. z o.o. Sp.k	Indirectly dependent

For the period 01.01.2017 - 31.12.2017 in thousand PLN

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

Dekpol 1 Sp. z o.o. S.K.A. holds 100% of shares in w entities Dekpol Royalties Sp. z o.o. and Almond Sp. z o.o.

Dekpol Inwestycje Sp. z o.o is a general partner of Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k.; Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k.; Dekpol Inwestycje Sp. z o.o. Development Sp. k., Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k., holding in these entities 0,5% shares in profits, and 99,5% shares in profits has Dekpol S.A. being a limited partner of these companies.

Dekpol Inwestycje Sp. z o.o. is a general partner of the Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k., holding in this entity 0,1% shares in profits, and 49,9% shares in profits has Dekpol S.A. being a limited partner of these companies.

Dekpol Pszenna Sp. z o.o. is a general partner of Dekpol Pszenna Sp. z o.o. Sp.k. holding in this company 0,5% shares in profits, Dekpol S.A. being the limited partner of this company owns 99.5% share in profits, with the proviso that the profit to be divided among companies from the Dekpol Group will be reduced by PLN 500, attributable to the other limited partner of the company.

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

Company name	**NRC**	**Nature of connection**	**Information about the company**
City Apart Management Sp. z o.o. (former Hotel Almond Sp. z o.o.)	0000300191	- 100% of the shares belong to Mariusz Tuchlin (proxy in the Company), 100% of the votes	The company operates in the hotel industry
Dekpol Serwis Sp. z o.o. (general partner RentalCar24 Sp. z o.o. Sp. k.) (former RentalCar24 Sp. z o.o.)	0000629533	- 90% of the shares belong to Mariusz Tuchlin (President of the Management Board in the Company)	The company operates in the car and lorry rental industry
Dekpol Serwis Sp. z o.o. Sp. k. (former RentalCar24 Sp. z o.o. Sp. k.)	0000630076	- 98% of the shares belong to Mariusz Tuchlin	The company operates in the car and lorry rental industry
City Apart Management Jaglana Sp. z o.o.	0000711010	- 90% of shares belong to Mariusz Tuchlin (proxy in the Company), 90% of votes	The company operates in the hotel industry
City Apart Management Pszenna Sp. z o.o.	0000710859	- 90% of shares belong to Mariusz Tuchlin (proxy in the Company), 90% of votes	The company operates in the hotel industry
City Apart Management Pszenna Sp. z o.o. Sp. K.	0000711812	-99% of shares belong to Mariusz Tuchlin	The company operates in the hotel industry

Personal relationships with other companies in which Dekpol S.A. owns shares as at the date of publication of this report:

Company name	NRC	Nature of connection	Information about the company
Nordic Milan Sp. z o.o.	0000558206	- 50% of shares belong to Dekpol S.A. (Member of the Board of Dekpol S.A. Sebastian Barandziak is the President of the Management Board of the Company)	The company operates in the development industry

- **Legal basis of preparation of financial statements**

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

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

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

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

The financial statements are prepared in thousand PLN.

- **Date of approval of the financial statement for publication:**

The financial statement has been approved for publication on 28th of April 2018.

- **Functional and reporting currency**

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

- **Continued operation**

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

- **Events after the balance sheet date**

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

- **Rules for the valuation of assets and liabilities and financial results, adopted in the preparation of the financial statement**

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

Property, plant and equipment

- Principles of evaluation of property, plant and equipment are mainly included in IAS 16 "Property, plant and equipment".
- Property, plant and equipment are subject to initial recognition at the acquisition price or production cost.
- The acquisition price or production costs are subject to an increase by costs of disassembly and removal of an item of property, plant and equipment and renovation of the place of using it, if the Company is obliged to do so.
- The acquisition price or production costs are not subject to adjustment by foreign exchange differences related to liabilities financing the acquisition of an asset accrued up to the date of putting an asset into use, unless it results from the policy adopted in the scope of hedge accounting.
- The acquisition price or production costs are subject to an increase by costs of interest on liabilities financing the acquisition of an asset accrued up to the date on which an asset is ready for use.
- After the initial recognition, the Company evaluates property, plant and equipment at the acquisition price or production cost less depreciation write-offs, pursuant to the model specified in § 30 of IAS 16.
- With regard to each item of property, plant and equipment, the Company determines a period of economic useful life. If it is justified in relation to significant component parts of property, plant and equipment to apply various periods of economic useful life and depreciation rates/methods, the Company applies various depreciation rates/methods in relation to each significant component part of property, plant and equipment.
- Property, plant and equipment are subject to depreciation in a period of economic useful life from the day on which an asset is ready for use until the date on which it is excluded from recognition or it is intended for sale.
- The Company accepts that the final (residual) value of used property, plant and equipment is usually insignificant and will not be determined, unless the residual value is significant in relation to a given item of property, plant and equipment. The residual value constituting at least 20.0% of the initial value of an item of property, plant and equipment is deemed significant.
- The Entity applies a straight-line deprecation method of property, plant and equipment, unless other methods (degressive method, method based on production units) better reflect the consumption of economic benefits. The Company may apply other methods and rates in order to establish tax income.
- A depreciation period, depreciation method and residual value (if determined) are subject to periodic verification at least at the end of each financial year. If a significant change is found as compared to previous estimates, the entity changes amortization rates and/or method starting from the first day of the reporting period.
- Property, plant and equipment of the initial value not exceeding PLN 3,500.00 are written off in the month in which they are put into use. Property, plant and equipment of the initial value below PLN 1,000.00 are recognized exclusively in off-balance sheet records and are charged as a single entry to costs of "purchase of tools and equipment" recorded on account 411-09.
- Costs of improvement of property, plant and equipment increase their initial value, provided that improvement consists in extending a period of economic useful life or improving parameters of property, plant and equipment measured by means of costs of operation, productivity, quality of manufactured products or scope of functionality.
- Costs of current renovations and inspections of property, plant and equipment are recognized as costs of the period in which they are incurred, unless they result in extending a period of economic useful life as compared to the initially assumed period.

- If property, plant and equipment are excluded from use, the Company does not discontinue depreciation, unless an item of property, plant and equipment is held for sale within 12 months. In such a case, property, plant and equipment are evaluated at the initial value less revaluation write-offs or at the fair value less selling costs, whichever is lower, and are not subject to depreciation - according to IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

Lease

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

Intangible assets (IA)

- A definition of IA has been specified in §12 of IAS 38 "Intangible Assets" and criteria for their recognition in §21 of IAS 38.
- The Company initially recognizes IA acquired in separate transactions at acquisition prices, while IA produced by the Company at a production cost.
- If software licenses or similar assets are acquired, costs of implementation of software incurred until the date of bringing it to the assumed fitness for purpose specified by the Company's Management Board should be recognized under the IA initial value. The implementation costs do not include costs of employee trainings which encumber profit or loss on the date they are incurred.
- Only IA meeting the criteria specified for development works in §57 of IAS 38 may be classified as IA produced by the Company. Goodwill, trademarks etc. are not classified as IA, if produced by the Company.
- After the initial recognition, the Company evaluates IA at the purchase price or cost of production less amortization write-offs, pursuant to the model specified in § 74 of IAS 38.
- With regard to each IA, the Company determines a period of economic useful life. A period of economic useful life may be unlimited. A period of economic useful life resulting from legal titles may not be longer than a period of validity of such titles.
- IA is subject to amortization in a period of economic useful life from the day on which an asset is ready for use until the date on which it is excluded from recognition or it is intended for sale.
- The Entity applies a straight-line amortization method of IA, unless other methods (degressive method, method based on production units) better reflect the consumption of

economic benefits. The Company may apply other methods and rates in order to establish tax income.

- An amortization period and method are subject to periodic verification, at least at the end of each financial year. If a significant change is found as compared to previous estimates, the entity changes amortization rates and/or method starting from the first day of the reporting period.
- IA with an indefinite period of economic useful life and goodwill are not subject to amortization, but they are tested for impairment loss at the end of each financial year and when there are premises that impairment loss of IA has occurred. Moreover, the correctness of the assumption that IA has an indefinite period of useful life is verified on an annual basis and, if needed, IA is reclassified to amortized IA. Goodwill is not subject to reclassification.
- IA of the initial value not exceeding PLN 1,000.00 are charged as a single entry to costs of "purchase of tools and equipment" recorded on account 411-09 and recognized under off-balance sheet records. IA of the initial value from PLN 1,000.00 to PLN 3,500.00 are recognized in IA itemized records and amortized as a single entry in the month following the month in which IA are ready for use as expected by the management.

Investment property

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

Shares in subsidiaries

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

Direct subsidiaries of Dekpol S.A.:
1) Dekpol 1 Sp. z o.o.
2) Dekpol 1 Sp. z o.o. S.K.A.
3) Dekpol Inwestycje Sp. z o.o.
4) Dekpol Pszenna Sp. z o.o.
5) UAB DEK LT Statyba
6) Smartex Sp. z o. o.

Indirect subsidiaries of Dekpol S.A. :
1) Dekpol Royalties Sp. z o.o.
2) Almond Sp. z o.o.
3) Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k. (former Dekpol Inwestycje Sp. z o.o. Na Fali Sp.k.)
4) Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k.
5) Dekpol Inwestycje Sp. z o.o. Development Sp. k.
6) Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k.
7) Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k.

8) Dekpol Pszenna Sp. z o.o. Sp.k.

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

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 the DEKPOL Group for the management of subsidiaries appointed to perform specialized tasks as well as intangible and intellectual values in the DEKPOL Group,
3) Dekpol Inwestycje Sp. z o.o. – general partner in special purpose entities implementing individual development projects in the Dekpol Capital Group (Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k.; Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k.; Dekpol Inwestycje Sp. z o.o. Development Sp. k., Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k., Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k.),
4) Dekpol Pszenna Sp. z o.o. – the general partnership of the special purpose entity for the implementation of the development investment on Pszenna street in Gdańsk
5) UAB DEK LT Statyba – company established to support the Company's operations in Lithuania, as well as to manage future contracts in the General Contractor implemented in Lithuania,
6) Smartex Sp. z o. o. - owner of a plot of land in Wrocław at Braniborska street, where the Company, together with a privat person who owns 37.7% of shares in Smartex, intends to jointly implement a development project. Dekpol S.A. holds a 62.3% stake in Smartex and the right to acquire a 37.7% stake in Smartex, as discussed in more detail in section 2.3 of this report. A special purpose entity was established for the implementation of the project - Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k.

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

1) Dekpol Royalties Sp. z o.o. - a company responsible in the DEKPOL Group for brand service in the context of image and product promotion,
2) Almond Sp. z o.o. – company owning the property in Gdańsk at Toruńska street 12 (Hotel Almond).

Indirect subsidiaries of Dekpol S.A. (via Dekpol Inwestycje Sp. z o.o.):

1) Dekpol Inwestycje Sp. z o.o. Pastelowa Sp.k. (former Dekpol Inwestycje Sp. z o.o. Na Fali Sp.k.) – a special purpose entity for the implementation of a development investment under the name Pastelowa in Gdańsk,
2) Dekpol Inwestycje Sp. z o.o. Rokitki Sp.k. – special purpose entity for the implementation of development investments in Rokitki and Śliwiny near Tczew,
3) Dekpol Inwestycje Sp. z o.o. Development Sp. k. – special purpose entity to carry out smaller development investments, including in Jurata and Hel.
4) Dekpol Inwestycje Sp. z o.o. Braniborska Sp. k. – a special purpose entity for the implementation of a development investment in Wrocław.
5) Dekpol Inwestycje Sp. z o.o. Myśliwska Sp. k. – a special purpose entity for the implementation of a development investment named Forest in Gdańsk.

Indirect subsidiaries of Dekpol S.A. (via Dekpol Pszenna Sp. z o.o.):

1) Dekpol Pszenna Sp. z o.o. Sp.k. – a special purpose entity for the implementation of a development investment named Grano Residence in Gdańsk at Pszenna street.

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

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

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

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

Financial assets

- In order to evaluate financial assets, the Company applies the principles specified in IAS 27 "Separate Financial Statements" and IAS 39 "Financial Instruments: Recognition and Measurement".
- In separate financial statements the Company evaluates investments in subsidiaries and affiliates at acquisition prices pursuant to § 37 of IAS 27.
- The Company classifies financial assets other than investments in subsidiaries and affiliates pursuant to the definitions specified in § 9 of IAS 39, with the initial recognition under the following categories:
  - Assets evaluated at fair value through profit and loss are classified here:
    - Held for trading - evaluated at fair value, but effects of evaluation are recognized under profit or loss of the period. The Company classifies the following items in this sub-category:
      - Derivative instruments which are not hedge instruments covered by hedge accounting, including embedded derivative instruments subject to separation and recognition,
      - Instruments held for sale within 3 months of the acquisition date, if it is possible to reliably determine fair value for them.
  - Assigned to this category at the initial recognition.
    - The Company classifies financial assets in this sub-category, if such recognition results in decreasing the inconsistency in the scope of evaluation or recognition (e.g. a financing liability is evaluated at fair value through profit or loss) or
    - a group of financial assets, financial liabilities or both such categories is appropriately managed and its results are assessed based on fair value in accordance with documented risk management rules or investment strategy, while information on the group are provided on this basis within the entity to key members of the management (Company's Management Board). As a matter of principle, stocks and shares in affiliates are classified in this group in the Company.
  - Assets held to maturity - assets with fixed or determinable payments which the entity intends to hold to maturity with determination. They are subject to evaluation at the depreciated acquisition price (cost) with the application of the effective interest rate, but depreciation is recognized under profit or loss of the period.
  - Loans and receivables – assets with fixed or determinable payments that are not quoted on an active market and have not been classified in other groups in the initial recognition. They are subject to evaluation at the depreciated acquisition price (cost) with the application of the effective interest rate, but depreciation is recognized under profit or loss of the period.
    - The Company evaluates trade receivables and other receivables at the acquisition price (does not discount), if their maturity date does not exceed 180 days from the date of their recognition.
  - Assets available for sales - evaluated at fair values, but effects of changes in the balance sheet value are recognized under revaluation reserve. Assets available for sale include:

- ♦ Assets assigned to this category at the initial recognition,
- ♦ Assets not classified in other categories.

- Financial assets evaluated at the acquisition price - assets which have not been classified in the category of assets held to maturity or receivables and loans and for which it is not possible to reliably determine a fair value.

- The Company identifies and separates embedded derivative instruments, if they meet the criteria specified in § 11 of IAS 39. The Company does not separate currency derivatives embedded in contracts concluded in a currency other than the Company's functional currency, if the contract currency is the functional currency of the other party to the contract.
- Principles of recognition and exclusion of financial assets are regulated in § 14-42 of IAS 39.
- Principles of recognition of revaluation write-offs of financial assets are included in § 58-70 of IAS 39.
- The Company accepts the following principles of creating revaluation write-offs of receivables (which may be ignored in exceptional cases after obtaining the approval of the Company's Supervisory Board):
  - Receivables past due for more than 180 days of 50% of the principal and interest,
  - Receivables past due for more than 360 days of 100% of the principal and interest,
  - Receivables from recipients in respect of which legal or settlement activities have been commenced are treated as doubtful from the moment of commencing the above-mentioned activities, covering them by a write-off of 100% of the principal and interest.
  - Accrued interest on overdue receivables are covered by a revaluation write-off in the full amount.
  - Revaluation write-offs are reduced by the value of received, existing collaterals related to doubtful receivables.

Derivative financial instruments

None.

Inventory

- Principles of recognition and evaluation of inventories are included in IAS 2 "Inventories".
- Inventories are evaluated at the acquisition prices or production costs not higher than the net realizable value.
- The Company classifies all direct costs and variable indirect costs of production of an item of inventory and that part of fixed indirect costs which has been incurred as part of using standard production capacities as costs of work in progress or costs of finished goods.
- The Company establishes a production plan for each month for a production department (in terms of volume - weight of produced finished products) on an annual basis. If implementation of the plan does not exceed 90%, the part of fixed indirect costs of production - proportionate to the part which has not been implemented - is not included in costs of production of inventories. Moreover, cost of production of inventories does not include fixed indirect costs of production for downtime of a plant or departments, if downtime exceeds one business day.
- Costs of unused production capacities are recognized under costs of basic operating activity in the month in which they are incurred.

- Cost of production of inventories does not include exchange rate differences or interest related to liabilities financing inventories.
- Costs of purchase are recognized as an increase in the value of materials, if it is possible to assign them in a direct manner.
- Consumption of inventories is evaluated according to the first-in, first-out method (FIFO).
- Inventory of finished products of the steel structure and equipment production department is evaluated at fixed prices corresponding to the planned costs of production. Differences between the actual cost of production and the cost at fixed prices are recognized under deviations and assigned to profit or loss of the period, in proportion to the value of finished goods recognized under profit or loss of the period at fixed prices.
- At the end of the reporting period, the Company compares evaluation of inventories at the acquisition price or production costs with the net realizable value. For items for which the net realizable value is lower than the balance sheet value, the Company makes the write-off to the net realizable value.
- The Company classifies contracts in which a period between the commencement of implementation of the contract and the final completion of the subject matter of the contract is at least 6 months as construction contracts which would be subject to settlement in accordance with IAS 11 "Construction contracts". It does not include contracts as part of which the Company performs a greater part of products delivered and accounted for on an ongoing manner, i.e. in periods shorter than 6 months.
- The Company determines the progress of works of construction contracts on the basis of the share of costs incurred in respect of the contract in the planned costs of the contract. The measurement of the progress of works does not include costs which have not been covered by the plan. The incurred costs include costs of materials, if they refer to materials embedded according to the plan. Not embedded materials are assigned to inventory of materials.

Equity

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

Provisions

- The Company recognizes provisions for liabilities pursuant to IAS 19 "Employee Benefits" in the scope of provisions for employee benefits and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" in the scope of other provisions.
  - The Company establishes provisions for the following employee benefits:

- Retirement severance pays - using actuarial methods. The average profitability of 10-year treasury bonds from the last 12 months before the balance sheet date is considered by the Company to be a discount rate. The Company accepts the estimated growth of remuneration above the inflation of 1% per year. The Company assesses the provision once per 3 years, unless significant changes in the scope of volume and structure of employment and a discount rate have occurred;
    - ♦ The Company does not use an "actuarial corridor".
- Unused employee holiday - evaluated as the product of the average remuneration in the Company which constitutes the basis for the payment of equivalent for unused holiday (taking into account charges to be borne by the employer) as of the balance sheet day and the number of days of unused holiday;
- Other short-term employee benefits related to a reporting period - bonuses, remuneration etc. - treated as liabilities, if their value is specified and unconditional. Otherwise, they are recognised as provisions.

▪ The Company establishes the following provisions for other titles:

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

Provisions for liabilities

▪ The Company recognizes provisions for liabilities pursuant to IAS 19 "Employee Benefits" in the scope of provisions for employee benefits and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" in the scope of other provisions.

- The Company establishes provisions for the following employee benefits:
- Retirement severance pays - using actuarial methods. The average profitability of 10-year treasury bonds from the last 12 months before the balance sheet date is considered by the Company to be a discount rate. The Company accepts the estimated growth of remuneration above the inflation of 1% per year. The Company assesses the provision once per 3 years, unless significant changes in the scope of volume and structure of employment and a discount rate have occurred;
    - ♦ The Company does not use an "actuarial corridor".
- Unused employee holiday - evaluated as the product of the average remuneration in the Company which constitutes the basis for the payment of equivalent for unused holiday (taking into account charges to be borne by the employer) as of the balance sheet day and the number of days of unused holiday;
- Other short-term employee benefits related to a reporting period - bonuses, remuneration etc. - treated as liabilities, if their value is specified and unconditional. Otherwise, they are recognised as provisions.

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

Prepayments

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

Deffered income

Grants and state assistance

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

Income tax

- Principles of evaluation and recognition of income tax are regulated in IAS 12 "Income Tax".
- Taxable income (tax loss) of the Company is the income (loss) for a given period established in compliance with principles set forth by Polish tax authorities which form the basis on which the income tax is payable (reimbursable).
- Current tax is the amount of income tax payable (reimbursable) from the taxable income (tax loss) for a given period.

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

Transactions denominated in foreign currencies:

- Principles of valuation and recognition of foreign currency transactions are regulated in IAS 21 "The Effects of Changes in Foreign Exchange Rates".
- The Polish zloty (PLN) is the functional currency of the Company. The Company prepares financial statements in the functional currency.
- The Company evaluates foreign currency transactions using the spot exchange rate as of the date of the transaction. It is assumed that the spot exchange rate as of the date of the transaction is the average rate of exchange of the National Bank of Poland as of the date prior to the date of the transaction.

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

Revenue

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

  - The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.
- Dividends are recognized when the shareholders' right arises to receive them.

Costs

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

The rules for settling construction contracts

- For the construction contracts that are not part of the development activity, the Company applies IAS 11 “Contracts for construction services”,
- The progress of work, if it is possible, is determined on the basis of the share of costs incurred to budgeted costs for the project. The costs incurred do not take into account the value of materials transferred for construction, but not built as intended.
- The margin is recognized on the basis of a comparison of the contract value to the planned costs (budget).
- The total difference between estimated revenues and invoiced revenues is recognized as receivables under construction contracts (positive difference) or liabilities under construction contracts (negative difference).

Principles of accounting for construction contracts

Accounting for costs of property development activity

- Costs of production of facilities as part of the conducted property development activity include costs meeting the criteria of technical production cost, including:
  - Direct production costs,
  - Indirect costs related to production of facilities, in particular:
    - ♦ Logistics department costs (fuel, maintenance of vehicles, logistics management, drivers' remuneration when vehicles are used in various projects) - accounted for under property development projects and general contracting according to the criterion of direct production costs.
    - ♦ Costs of the purchasing department of general contracting and property development activity - accounted for under property development projects and general contracting according to the criterion of direct production costs.
- The Company distinguishes accounts for each property development project (Order). The criterion of separation of the Order is the estimated time of completion of construction of all facilities (buildings and structures) covered by a given order and the similarity of facilities covered by the Order. Expenditure on the production of facilities, the planned completion of use of which differs by more than 6 months (i.e. the earliest completed facility as part of the order will be completed earlier than 6 months before the last

completed facility as part of the order) should not be recognized as part of one order. Facilities for which the estimated cost of production of usable area (PU) of a facility differs by more than 20% should not be recognized as part of one order. Once the order has been completed, costs are accounted for per square meter of PU according to the following algorithm:

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

  Where:

  TKW - technical cost of production

  PKZR – incurred costs of the order in total

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

  CPOPS – expected sales price of square meter of auxiliary facilities

  PUO – usable area of facilities in total

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

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

  Where:

  TKW - estimated technical cost of production

  FKZR - estimated future costs necessary to complete the order

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

Financial risk management

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

- interest rate risk – while operating on the market, the Company is exposed to interest rate risk. The Company has financial liabilities, whose financial cost is calculated based on the underlying variable interest rate WIBOR and a fixed margin. Increasing the base rate by 0.5 percentage point, would increase financial expenses by 768 thousand PLN, assuming that the balance of liabilities with a fixed interest rate remain unchanged throughout the year.
- foreign exchange risk and the risk of changes in raw material prices - due to small scale of operations in foreign currencies exchange rate risk is not significant for the Company.
- credit risk - the possible economic crisis may cause financial instability of the Company's customers and hence periodic impediments to the recovery and the formation of payment

gridlock. The Company minimizes credit risk through diversification of the portfolio of customers and consistent using of procedures for monitoring and collection of overdue receivables.

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

Critical assessments and judgements

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

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

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

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

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

The platform of used International Financial Reporting Standards

a. Statement of compliance

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

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

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

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

The aforementioned amendments to standards had no significant impact on the financial statements of the Company for 2017.

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c. Prior application of standards and interpretations

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

d. Implementation of new IFRS rules

The following standards and interpretations to published standards, which have been published by the International Accounting Standards Board (IASB) and Committee for the Interpretation of International Financial Reporting have not yet entered into force as at the balance sheet date:

- IFRS 9 Financial Instruments

The new standard was published on July 24, 2014 and applies to annual periods beginning on January 1, 2018 or later. The purpose of the standard is to organize the classification of financial assets and introduce the uniform principles of the approach to the assessment of impairment for all financial instruments. The standard also introduces a new model of hedge accounting in order to unify the rules for recognizing information on risk management in financial statements.

- IFRS 15 Revenue from contracts with customers

The new unified standard was published on May 28, 2014 and applies to annual periods beginning on January 1, 2018 (originally in 2017) or later and its earlier adoption is permitted. The standard establishes a uniform revenue recognition framework and contains principles that will replace most of the detailed guidelines for the recognition of currently existing revenue in IFRS, in particular, in IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. On 11 September 2016, the International Reporting Standards Board published a draft amendment to the adopted standard postponing the date of entry into force of the standard by one year.

- IFRS 16 *Lease*

The new standard was published on January 13, 2016 and applies to annual periods beginning on January 1, 2019 or later, and its earlier application is permitted (but subject to the simultaneous application of IFRS 15). The standard replaces the existing regulations regarding lease (including IAS 17) and radically changes the approach to leasing agreements of various nature, requiring the lessee to show assets and liabilities in the balance sheets under concluded leasing agreements, regardless of their type.

- Clarification of the entries of IFRS 15: Revenues from contracts with customers

Clarification of the entries of IFRS 15 was published on April 12, 2017 and applies to annual periods beginning on January 1, 2018 or later (in accordance with the effective date of the entire standard). The purpose of the changes in the standard was to clarify doubts arising during the pre-implementation analyzes regarding: identification of performance obligations, guidelines for applying the standard to the identification of the client / agent and revenues from intellectual property licenses, or transition periods when the first application of the new standard.

- Amendments to IFRS 2: Classification and valuation of share-based payment transactions

Amendments to IFRS 2 were published on June 20, 2016 and they apply to annual periods beginning on January 1, 2018 or later.

The purpose of the changes in the standard was to clarify the manner of recognizing certain types of payment transactions based on shares.

- Amendments to IFRS 4: Application of IFRS 9 "Financial Instruments" in IFRS 4 "Insurance Contracts" published on September 12, 2016.

They apply to annual periods beginning on 1 January 2018 or later.

- Changes to various standards resulting from the annual review of International Financial Reporting Standards (Annual Improvements 2014-2017)

- IFRIC 22 Transactions in Foreign Currency and Advance Fees

The new interpretation was published on December 8, 2016 and applies to annual periods beginning on January 1, 2018 or later. The purpose of the interpretation is to indicate how to determine the date of the transaction for the purpose of determining the appropriate exchange rate (for recalculation) of a transaction contained in a foreign currency when the entity pays or receives an advance in a foreign currency.

The company will apply the new interpretation from January 1, 2018.

As of the day of preparing these financial statements, the influence of applying the new interpretation was estimated and it was found to be insignificant.

- Amendment to IAS 40 Transfer of investment property

The change in IAS 40 was published on December 8, 2016 and applies to annual periods beginning on January 1, 2018 or later. Its purpose is to clarify that the transfer of real estate from or to investment property may take place then, and only if the way of usage of the property has been exchanged.

IFRS in the form approved by the EU does not differ significantly from the regulations adopted by the International Accounting Standards Board (IASB), with the exception of the following standards, interpretations and amendments thereto, as at the date of approval of these financial statements for publication have not yet been adopted to use by the EU:

- IFRS 14 Regulatory Deferral Accounts published on January 30, 2014,
- IFRS 16 Leasing published on January 13, 2016,
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its affiliate or joint venture published on 11 September 2014,
- Amendments to IAS 12: Recognition of deferred income tax assets from unrealized losses published on January 19, 2016,
- Amendments to IAS 7: Initiative on disclosures published on January 29, 2016,
- Clarification of the entities of IFRS 15: Revenues from contracts with customers published on April 12, 2016,
- Amendments to IFRS 2: Classification and valuation of share-based payment transactions published on June 20, 2016,
- Amendments to IFRS 4: Application of IFRS 9 "Financial Instruments" in IFRS 4 "Insurance Contracts" published on September 12, 2016,
- Amendments to various standards resulting from the annual review of International Financial Reporting Standards (Annual Improvements 2014-2016) published on December 8, 2016,

- IFRIC 22 Transactions in Foreign Currencies and Advance Earnings, published on December 8, 2016,
- Amendment to IAS 40 Transfer of investment property, published on December 8, 2016.

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

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

Date of preparation: 28*th* of April 2018

Signatures of all Members of the Management Board:

Mariusz Tuchlin – President of the Management Board

Krzysztof Łukowski – Vice-President of the Management Board

Michał Skowron – Vice-President of the Management Board

Sebastian Barandziak – Member of the Management Board

Andrzej Kuchtyk – Member of the Management Board

Rafał Dietrich – Member of the Management Board

Signature of person responsible for bookkeeping

Anna Miksza – Chief Accountant Officer

For the period 01.01.2017 - 31.12.2017 in thousand PLN

STATEMENT OF FINANCIAL POSITION

Item	Note	2017	2016
Fixed Assets		**162 646**	**116 128**
Property, plant and equipment	1	53 462	36 145
Intangible assets	3	195	182
Goodwill		0	0
Investment properties	2	98 941	73 710
Stocks and shares	4	0	0
Receivables	7	3 912	4 037
Other long-term financial assets	5	1 260	754
Long-term prepayments	9	0	0
Deffered income tax assets	19	4 875	1 300
Current assets		**388 235**	**350 667**
Inventory	6	242 320	212 865
Receivebles due to	23	91	10 460
Trade receivebles and others	7	113 965	85 839
Other long-term financial assets	5	0	0
Short-term prepayments	9	2 121	3 306
Cash and cash equivalents	8	29 738	38 198
Assets classified as held for sale	15	0	0
Total assets:		**550 881**	**466 795**

Date of preparation: 28th of April 2018

Signatures of all Members of the Management Board:

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Michał Skowron – Vice-President of the Management Board

Sebastian Barandziak – Member of the Management Board

Andrzej Kuchtyk – Member of the Management Board

Rafał Dietrich – Member of the Management Board

Signature of person responsible for bookkeeping

Anna Miksza – Chief Accountant Officer

For the period 01.01.2017 - 31.12.2017 in thousand PLN

STATEMENT OF FINANCIAL POSITION

Item	Note	2017	2016
Equity	**10**	**167 443**	**138 914**
Share capital		8 363	8 363
Capital from the sale of shares above their nominal value		26 309	26 309
Other capitals		141 070	136 599
Own shares (-)		0	0
Exchange differences on translation		-17	0
Retained earnings:		-8 282	-32 357
Equity attributable to shareholders of the parent		**167 443**	**138 914**
Non-controlling shares		**1**	**0**
Long-term liabilities		**108 276**	**122 615**
Deffered income tax provision	19	4 830	1 424
Liabilities and provisions for employee benefits	11	59	44
Other long-term reserves	11	0	0
Loans and long-term debt instruments	12	78 849	112 749
Other long-term financial liabilities	12	6 690	1 712
Other long-term liabilities	13	17 847	6 685
Shor-term liabilities		**275 162**	**205 266**
Liabilities and provisions for employee benefits	11	4	5
Other short-term provisions	11	9 572	1 653
Loans and short-term debt instruments	12	67 070	26 322
Other short-term financial liabilities	12	4 707	1 043
Liabilities from construction contracts	23	183	0
Trade liabilities and other liabilities	13	186 402	168 523
Revenues for future periods	14	7 226	7 719
Liabilities related to assets held for sale	**15**	**0**	**0**
Total liabilities		**550 881**	**466 795**

Date of preparation: 28*th* of April 2018

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Andrzej Kuchtyk – Member of the Management Board

Rafał Dietrich – Member of the Management Board

Signature of person responsible for bookkeeping

Anna Miksza – Chief Accountant Officer

For the period 01.01.2017 - 31.12.2017 in thousand PLN

STATEMENT OF COMPREHENSIVE INCOME

Calculation variant

Item	Note	2017	2016
Revenue from sales	22	578 992	258 713
Costs of goods sold	16	491 271	213 515
Gross profit (loss) from sales		**87 721**	**45 198**
Selling costs	16	26 393	17 719
General administrative expenses	16	10 881	6 086
Profit (loss) on sales of subsidiaries (+/-)		0	0
Other operating income	16	3 648	15 002
Other operating expenses	16	7 012	5 636
Operating profit (loss)		**47 083**	**30 759**
Financial revenue	17	223	112
Financial expenses	17	6 030	5 544
Share in profit (loss) of entities accounted using the equity method		0	0
Profit (loss) before tax		**41 276**	**25 328**
Income tax	18	8 297	2 423
Profit (loss) from continuing operations		**32 979**	**22 905**
Net profit (loss)		32 979	22 905
Other net comprehensive income		-17	0
Total income attributable to non-controlling shareholders		0	0
Total income attributable to equity holders of the parent		**32 961**	**22 905**

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For the period 01.01.2017 - 31.12.2017 in thousand PLN

CASH FLOW STATEMENT

(intermediate method)

Item	2017	2016
Profit (loss) before tax	**41 276**	**25 328**
Adjustments:	**9 968**	**-2 742**
Depreciation	5 902	3 906
Change in the fair value of investment property	100	-11 944
Profit (loss) on sale of non-financial fixed assets	-1 040	-4
Profits (losses) due to foreign exchange differences	-300	0
Interest and shares in profits	5 306	5 296
Other adjustments:	0	4
Change in working capital	**-17 985**	**9 635**
Change In inventory	-26 414	-94 307
Change In receivables	-16 496	17 755
Change In liabilities	19 635	89 131
Change in provisions and accruals	5 290	-2 944
Other adjustments	0	0
Income tax on profit before tax	**-8 020**	**-2 422**
Income tax paid	**5 533**	**3 386**
Net cash from operating activity	**30 772**	**33 185**
Expenses related to acquisition of intangible assets	-440	-49
Inflows from sales of intangible assets	0	0
Expenses related to acquisition of property, plant and equipment	-20 026	-20 603
Inflows from sales of property, plant and equipment	1 500	2 724
Expenses related to acquisition of investment real estate	-8 504	-1 502
Inflows from sales of investment real estate	0	0
Received repayments of loans granted	13	0
Loans granted	-18	0
Expenses for the purchase of other financial assets	0	-224
Net cash from investing activities	**-32 764**	**-19 654**
Net inflows from issue of shares	1	0
Acquisition of own shares	0	0
Inflows from issue of debt securities	42 000	39 500
Redemption of debt securities	-82 340	-27 660
Inflows from loans and borrowings taken out	114 075	42 895
Repayment of loans and borrowings	-66 960	-35 644
Repayment of liabilities under finance lease	-2 869	-614
Interest paid	-5 942	-7 131
Dividends paid	-4 432	0
Inflows from grants received	0	1 465
Other inflows (expenses) from financial activities	0	0
Net cash flows from financial activity	**-6 468**	**12 811**
Net change in cash and cash equivalents without foreign exchange differences	-8 460	26 342
Change in cash and cash equivalents due to foreign exchange differences	0	0
Net change in cash and cash equivalents	-8 460	26 342
Cash and cash equivalents at the beginning of the period	**38 198**	**11 857**
Cash and cash equivalents at the end of the period	**29 738**	**38 199**
Including restricted cash	18	24 075

Date of preparation: 28th of April 2018

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For the period 01.01.2017 - 31.12.2017 in thousand PLN

STATEMENT OF CHANGES IN EQUITY IN REPORTING PERIOD

Item	Share capital	Capital from the sale of shares above their nominal value	Reserve capital from retained earnings	Other capitals	Unallocated retained earnings	The capital of non-controlling shareholders	Exchange differences on the conversion of subordinated entities	Total
Balance at the beginning of the period	**8 363**	**26 309**	**136 599**	**0**	**-32 357**	**0**	**0**	**138 914**
Error corrections of previous years	0	0	0	0	0	0	0	0
Balance at the beginning of the period after the change	8 363	26 309	136 599	0	-32 357	0	0	138 914
Issue of shares	0	0	0	0	0	1	0	1
Dividends	0	0	0	0	-4 432	0	0	-4 432
Transfer of financial result to capital	0	0	4 472	0	-4 472	0	0	0
Total transactions with the owners	**0**	**0**	**4 472**	**0**	**-8 904**	**1**	**0**	**-4 432**
Other total net income	0	0	0	0	0	0	-17	-17
Net profit (loss)	0	0	0	0	32 979	0	0	32 979
Total income	**0**	**0**	**0**	**0**	**32 979**	**0**	**-17**	**32 961**
Balance at the end of the period	**8 363**	**26 309**	**141 070**	**0**	**-8 282**	**1**	**-17**	**167 443**

STATEMENT OF CHANGES IN EQITY IN PREVIOUS REPORTING PERIOD

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

For the period 01.01.2017 - 31.12.2017 in thousand PLN

Total income	**0**	**0**	**0**	**0**	**22 905**	**0**	**0**	**22 905**
Balance at the end of the period	**8 363**	**26 309**	**136 599**	**0**	**-32 357**	**0**	**0**	**138 914**

Date of preparation: 28th of April 2018

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ADDITIONAL EXPLANATORY NOTES

1. Property, plant and equipment

1.1. Property, plant and equipment

Item	2017	2016
Land	6 084	6 795
Buildings and structures	11 504	11 975
Maschines and technical devices	22 030	14 319
Vehicles	3 673	1 891
Other fixed assets	1 176	961
Fixed assets under construction	8 900	0
Advances in respect of tangible fixed assets	96	203
Net value of property, plant and equipment	**53 462**	**36 145**

1.2. Property, plant and equipment in the reporting period

Item	Land	Buildings and structures	Machines and technical devices	Vehicles	Other fixed assets	Fixed assets under constructio n	Advances for fixed assets	Total
Gross carrying amount at the beginning of the period	**6 891**	**12 656**	**19 991**	**5 161**	**1 901**	**0**	**203**	**46 802**
Direct aquisitions	0	0	11 584	2 728	281	9 425	0	24 019
Adoption of fixed assets under construction	0	138	24	0	146	0	0	307
Increases due to business combinations	0	2 117	324	0	36	0	0	2 477
Reclassifications	0	-289	105	0	184	-525	-107	-632
Decreases due to sales	0	0	-1 199	-981	0	0	0	-2 180

For the period 01.01.2017 - 31.12.2017 in thousand PLN

Decreases due to liquidation	0	0	-34	-29	0	0	0	-63
Gross carrying amount at the end of the period	**6 891**	**14 621**	**30 796**	**6 879**	**2 548**	**8 900**	**96**	**70 730**
Accumulated amortization at the beginning of period	**-96**	**-680**	**-5 672**	**-3 270**	**-939**	**0**	**0**	**-10 657**
Increase in depreciation for the period	-711	-348	-3 209	-834	-385	0	0	-5 487
Reclassifications	0	24	-5	414	-19	0	0	413
Decreases due to sales	0	0	390	485	0	0	0	874
Decreases due to liquidation	0	0	23	0	0	0	0	23
Accumulated amortization at the end of period	**-807**	**-3 118**	**-8 766**	**-3 205**	**-1 372**	**0**	**0**	**-17 268**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Additions during the period	0	0	0	0	0	0	0	0
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net value at end of period	**6 084**	**11 504**	**22 030**	**3 673**	**1 176**	**8 900**	**96**	53 462

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

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

For the period 01.01.2017 - 31.12.2017 in thousand PLN

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

For the period 01.01.2017 - 31.12.2017 in thousand PLN

2. Investment properties

2.1. Investment properties

Item	2017	2016
Land not leased	8 504	0
Real estate leased	90 437	72 200
Advances for investment properties	0	1 510
Net carrying amount	**98 941**	**73 710**

The rented property consists of Almond Hotel property valued at fair value by an independent valuer.

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

- a lease agreement is valid until 31.12.2032 and provides for rental income as well as additional rental income from hotel and catering activities,
- assumed steady increase in occupancy and stabilization in the fourth year,
- assumed ADR increase and its stabilization in the fourth year,
- expected reduction in departmental costs and their stabilization in the fourth year,
- expected reduction in general costs not directly related to the activities of individual departments in total sales and their stabilization in the fourth year,
- Adequate provision for repairs and replacement of equipment,
- 8.00% capitalization rate.

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

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

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

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

For the period 01.01.2017 - 31.12.2017 in thousand PLN

2.2. Investment properties in reporting period

Item	Land leased	Investment properties leased	Advances for investment properties	Total
Investment properties at the beginning of the period	0	72 200	1 510	73 710
Property purchase	8 504	0	0	8 504
Other changes (reclassifications, transfers, etc.) (+/-)	0	0	-1 510	-1 510
Revaluation to fair value (+/-)	0	-100	0	-100
Investment properties at the end of the period	**8 504**	**90 437**	**0**	**98 941**

2.3. Investment properties in previous reporting period

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

3. Goodwill and other intangible assets

3.1. Intangible assets

Item	2017	2016
Goodwill	0	0
Patents and licenses	150	93
Development costs	45	89
Other intangible assets	0	0
Intangible assets total:	**195**	**182**

For the period 01.01.2017 - 31.12.2017 in thousand PLN

3.2. Intangible assets in reporting period

Description	Goodwill	Patents and licenses	Development costs	Other intangible assets	Total
Gross carrying amount at beginning of period	1 141	549	224	0	1 913
Aquisition	0	427	0	0	427
Decreases due to liquidation	0	0	0	0	0
Gross carrying amount at end of period	**1 141**	**976**	**224**	**0**	**2 340**
Accumulated amortization at beginning of period	-1 141	-456	-134	0	-1 731
Increase in depreciation for the period	0	-369	-45	0	-414
Decreases due to liquidation	0	0	0	0	0
Accumulated amortization at end of period	**-1 141**	**-826**	**-179**	**0**	**-2 145**
Impairment allowances at the beginning of the period	**0**	**0**	**0**	**0**	**0**
Impairment allowances at the end of the period	**0**	**0**	**0**	**0**	**0**
Net value at the end of period	**0**	**150**	**45**	**0**	**195**

3.3. Intangible assets in previous reporting period

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

4. Stocks and shares

None.

5. Other financial assets

5.1. Other financial assets

Item	2017	2016

Derivatives	0	0
Other long-term financial assets	1 256	724
Long-term granted loans	4	30
Other long-term financial assets	**1 260**	**754**
Short-term loans	0	0
Other short-term financial assets	**0**	**0**

6. Inventories

6.1. Structure of inventories

Item	2017	2016
Materials balance values	21 959	11 798
Goods balance values	1 084	841
Finished products balance values	26	1 685
Semi-finished products and work in progress	2 226	1 936
Premises under construction balance value	139 002	181 668
Finished premises balance value	78 024	14 939
Inventories	**242 320**	**212 865**

6.2. Inventory write-offs

Item	2017	2016
Inventory write-offs reversal in period (-)	33	309
Inventory write-offs at the beginning of period	1 524	554
Inventory write-offs created in period	821	1 278
Inventory write-offs other changes	31	0
Inventory write-offs at the end of period	**2 342**	**1 524**

7. Long-term receivables

7.1. Long-term receivables

Item	2017	2016
Deposits from construction services	3 908	4 033
Deposits from other titles	4	3
Other receivables	0	0
Receivables write-offs (-)	0	0
Long-term receivables	**3 912**	**4 037**

7.2. Long-term receivables write-offs

Item	2017	2016
Status at the beginning of period	0	0
Write-offs as cost in period	0	0
Write-offs used (-)	0	0
Write-off terminated addend as income in period (-)	0	0
Other changes (net FX differences from settlement)	0	0
Status at the end of period	**0**	**0**

7.3. Short-term receivables

Item	2017	2016
Net trade receivables	70 721	64 849

For the period 01.01.2017 - 31.12.2017 in thousand PLN

Current income tax receivables	4	525
Receivables due to other taxes, duties and social security	14 581	5 593
Deposits from construction services balance value	16 695	9 647
Deposits from other titles	0	0
Prepay and advance payment balance value	10 692	4 464
Other receivables balance value	1 272	760
Trade receivables and other receivables	**113 965**	**85 839**

7.4. Short-term receivables write-offs

Item	2017	2016
Status at the beginning of period	2 376	988
Write-offs terminated added as income in period (-)	-615	-242
Write-offs used (-)	-35	-418
Write-offs as cost in period	1 690	2 048
Other changes (net FX differences from settlement)	0	0
Status at the end of period	**3 416**	**2 376**

For the period 01.01.2017 - 31.12.2017 in thousand PLN

7.5. Payables by payment terms

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 year to 2 years	From 2 to 5 years	Over 5 years	Total
Long-term receivables	**0**	**0**	**0**	**0**	**0**	**3 597**	**313**	**2**	**3 912**
Trade receivables	33 468	29 730	5 937	1 206	380	0	0	0	70 721
Prepayments and payables	0	0	10 692	0	0	0	0	0	10 692
Deposits from construction services	2 418	6 187	6	14	4 159	3 911	0	0	16 695
Deposits from other titles	0	0	0	0	0	0	0	0	0
Receivables due to taxes	0	3	0	0	0	0	0	0	4
Receivables due to other taxes	0	14 581	0	0	0	0	0	0	14 581
Other receivables	0	6	1 266	0	0	0	0	0	1 272
Receivables in total	**35 885**	**50 507**	**17 902**	**1 220**	**4 540**	**7 508**	**313**	**2**	**117 877**

7.5. Payables by payment terms in previous reporting period

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

For the period 01.01.2017 - 31.12.2017 in thousand PLN

7.6. Overdue receivables structure in reporting period

Item	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade receivables	37 253	17 149	11 787	2 939	1 592	0	70 721
Prepayments and payables	10 692	0	0	0	0	0	10 692
Deposits from construction services	14 277	1 143	1 274	0	0	0	16 695
Deposits from other titles	0	0	0	0	0	0	0
Receivables due to taxes	4	0	0	0	0	0	4
Receivables due to other taxes	14 581	0	0	0	0	0	14 581
Other receivables	1 272	0	0	0	0	0	1 272
Overdue receivables	**78 080**	**18 293**	**13 062**	**2 939**	**1 592**	**0**	**113 965**

7.6. Overdue receivables structure in previous reporting period

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

For the period 01.01.2017 - 31.12.2017 in thousand PLN

8. Cash

8.1. Cash specifics

Item	2017	2016
Banking deposits a Vista	17 369	9 168
Cash of limited disposal rights	18	24 075
Cash in deposit	276	70
Short-term deposits	12 075	4 884
Other cash and cash equivalent	0	0
Cash and cash equivalents	**29 738**	**38 198**

9. Deferred charges

9.1. Active deferred charges

Opis	2017	2016
Insurance	220	255
Guarantees	163	102
Provisions from sale of premises	1 403	2 821
Other	335	127
Deferred charges in total	**2 121**	**3 306**

10. Equities

10.1. Share capital

Share capital	As of 31.12.2017	As of 31.12.2016
Share capital	8 363	8 363
Total:	**8 363**	**8 363**

Equity	The number of shares issued as of 31.12.2017	The number of shares issued as of 31.12.2016	The number of shares authorized for issue as of 31.12.2017	The number of shares authorized for issue as of 31.12.2016
Series A	6 410 000	6 410 000	0	0
Series B	1 952 549	1 952 549	0	0
Total:	**8 326 549**	**8 326 549**	**0**	**0**

10.2. Changes in number of shares

Major shareholders	Number of shares	Number of votes	Nominal value of shares	Proportion of ownership interest
Mariusz Tuchlin	6 448 860	6 448 860	6 449 860	77,13%
Trigon TFI S.A.	606 535	606 535	606 535	7,25%
Familiar S.A. SICAV-SIF	580 666	580 666	580 666	6,94%
Total:	**7 637 061**	**7 637 061**	**7 637 061**	**91,32%**

For the period 01.01.2017 - 31.12.2017 in thousand PLN

11. Provisions

11.1. Provisions specification

Item	2017	2016
Provisions for unused holidays	823	474
Provisions for court litigations	1 708	200
Provisions for guarantee repairs	2 000	940
Other short-term provisions	9 572	1 653
Provisions for employee benefits – short-term	4	5
Provisions for employee benefits – long-term	59	44
Other long-term provisions	0	0
Provisions	**9 634**	**1 703**

For the period 01.01.2017 - 31.12.2017 in thousand PLN

11.2. Changes of provisions in reporting period

Item	For retirement benefits	For unused holidays	For court litigations	For guarantee repairs	For losses from contracts	Other	Total
Status at the beginning of period	50	474	200	940	0	39	1 703
Increase of provisions accounted as cost in period	63	823	310	1 060	1 199	5 040	8 494
Utilization of provisions accounted as revenue in period (-)	0	0	0	0	0	0	0
Utilization of provisions (-)	-50	-474	0	0	0	-39	-563
Increase by merger of entities	0	0	0	0	0	0	0
Reclassifications and other changes	0	0	0	0	0	0	0
Status as of the end of period	**63**	**823**	**510**	**2 000**	**1 199**	**5 040**	**9 634**

11.2. Changes of provisions in precious reporting period

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

12. Financial liabilities

12.1. Specification of financial liabilities

Item	2017	2016
Other long-term financial liabilities	6 690	1 712
Loans, borrowings and long-term debt-instruments	78 849	112 749
Long-term financial liabilities	**85 539**	**114 462**
Other short-term financial liabilities	4 707	1 043
Loans, borrowings and short-term debt-instruments	67 070	26 322
Short-term financial liabilities	**71 776**	**27 366**
Financial liabilities in total	**157 315**	**141 827**

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

Loans and borrowings as of 31.12.2017	Loan value	Balance	Currency	Interest rate	Date of repayment
Long-term					
Loan mBank um.10/020/17/Z/VV	14 000	13 955	PLN	WIBOR O/N + margin	03.04.2019
Loan SGB-Bank um. OBRKK/12/2017/63280	30 000	30 000	PLN	WIBOR 3M + margin	31.12.2020
Long-term loans and borrowings in total		**43 955**	-	-	-
Short-term					
Loan Millennium um.10536/17/475/04	5 000	4 532	PLN	WIBOR 3M + margin	18.05.2018
Loan ING Bank Śląski um. 891/2017/00000901/00	5 000	3 409	PLN	WIBOR 3M + margin	16.01.2018
Loan Bank Zachodni WBK um.K01263/17	6 000	5 690	PLN	WIBOR 1M + margin	21.12.2018
borrowing	6 530	6 530	PLN	Fixed rate	31.12.2018
Loan BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	3 000	2 952	PLN	WIBOR 3M + margin	08.12.2018
Loan BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	14 000	8 477	PLN	WIBOR 3M + margin	08.12.2018
Other	83	83			
Short-term loans and borrowings in total		**31 673**	-	-	-

Violations of provisions of loan agreements: none.

Loans – detailed information:

	Collateral
Loan mBank um.10/020/17/Z/VV	assignment of receivables from GW contracts
Loan BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	joint mortgage up to PLN 42,000,000.00 on a property located in Rokitki belonging to Dekpol No. GD1T/00049849/3 and GD1T/00050468/8

For the period 01.01.2017 - 31.12.2017 in thousand PLN

	joint mortgage up to PLN 42,000,000.00 on a property located in Pinczyn, belonging to Dekpol No. GD1A/00008779/4 and GD1A/00061343/8
Loan SGB-Bank um. OBRKK/12/2017/63280	assignment of receivables from GW contracts
Loan Millennium um.10536/17/475/04	assignment of receivables from GW contracts
Loan ING Bank Śląski um. 891/2017/00000901/00	bill of exchange
Loan Bank Zachodni WBK um.K01263/17	assignment of receivables from GW contracts
Borrowing	none

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

Violations of provisions of loan agreements: none.

Loans – detailed information:

	Collateral
Loan Z/73/Dz/2014	mortgage up to PLN 1 500 000.00 on a property located in Gdańsk at ul. Potęgowska belonging to DEKPOL KW GD1G / 00048339/6, mortgage up to PLN 3,000,000.00 on real estate located in Gdańsk, ul. Potęgowska belonging to DEKPOL KW GD1G / 00048339/6,

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Loan KRI\1534355	mortgage up to PLN 33,000,000.00 on a property located in Gdańsk Morenie, belonging to Dekpol No. GD1G / 00227145/8
Loan KRI\1535766	mortgage up to PLN 60,000,000.00 on a property located in Gdańsk Morena, belonging to Dekpol No. GD1G / 00227145/8
Loan KRI\1535781	mortgage up to the amount of PLN 72,000,000.00 on a property located in Gdańsk Morena belonging to Dekpol No. GD1G / 00227145/8
Loan 8363/15/400/04	assignment of receivables from contracts from at least two Contractors
Loan BGŻ BNP PARIBAS um. WAR/4100/15/348/CB	joint mortgage up to PLN 42,000,000.00 on a property located in Rokitki, belonging to Dekpol No. GD1T / 00049849/3 and GD1T / 00050468/8 joint mortgage up to PLN 42,000,000.00 on a property located in Pinczyn, belonging to Dekpol No. GD1A / 00008779/4 and GD1A / 00061343/8
Borrowing	none

Bonds (nominal value):

Bonds as of reporting period 31.12.2017	Value	Balance	Currency	Interest rate	Date of repayment
Long-term					
Bonds series DA	15 000	15 000	PLN	WIBOR 6M+ margin	30.04.2021
Bonds series DB	20 000	20 000	PLN	WIBOR 6M+ margin	30.04.2021
Long-term bonds in total		**35 000**	-	-	-
Short-term					
Bonds series D	35 000	35 000	PLN	WIBOR 3M+ margin	16.10.2018
Short-term bonds in total		**35 000**	-	-	-

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

Bonds – detailed information:

	Collateral
Bonds series B	none
Bonds series C1	mortgage up to the amount of PLN 18 750 000.00 on the right of perpetual usufruct of a real property located in Gdańsk at ul. Jaglanej belonging to DEKPOL

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	KW GD1G / 00059360/2
Bonds series C2	mortgage up to PLN 18,000,000.00 on the right of perpetual usufruct of real estate located in Gdańsk at ul. Jaglanej belonging to DEKPOL KW GD1G/00059360/2
Bonds series C3	mortgage up to PLN 13,500,000.00 on the right of perpetual usufruct of a real property located in Gdańsk at ul. Jaglanej belonging to DEKPOL KW GD1G / 00059360/
Bonds series C4	mortgage up to PLN 14 250 000.00 on the right of perpetual usufruct of real estate located in Gdańsk at ul. Jaglana belonging to DEKPOL KW GD1G/00059360//8
Bonds series D	mortgage up to PLN 52,500,000.00 on the right of perpetual usufruct of real estate located in Gdańsk at ul. Toruńska, belonging to Almond Sp. z o.o. KW No. GD1G / 00047844/2
Bonds series DA and DB	mortgage up to PLN 52,500,000.00 on the right of perpetual usufruct of real estate located in Gdańsk at ul. Toruńska, belonging to Almond Sp. z o.o. KW No. GD1G / 00047844/2, assignment of receivables from GW contracts
Bonds series E1	mortgage up to the amount of PLN 15,000,000.00 on the right of perpetual usufruct of real estate located in Gdańsk at ul. Jaglana belonging to DEKPOL KW GD1G/00059360/8
Bonds series E2	mortgage up to the amount of PLN 15,000,000.00 on the right of perpetual usufruct of real estate located in Gdańsk at ul. Jaglana belonging to DEKPOL KW GD1G/00059360/8
Bonds series E3	mortgage up to the amount of PLN 15,000,000.00 on the right of perpetual usufruct of real estate located in Gdańsk at ul. Jaglana belonging to DEKPOL KW GD1G/00059360/8
Bonds series E4	mortgage up to the amount of PLN 15,000,000.00 on the right of perpetual usufruct of real estate located in Gdańsk at ul. Jaglana belonging to DEKPOL KW GD1G/00059360/8

Issue of bonds series C5

On 1st of February 2017, the Management Board of the Company adopted a resolution to allocate 7,000 units of negotiable, bearer bonds series C5 that do not have the form of a document with a total nominal value of PLN 7 million for the Pioneer Open Investment Fund. The bonds were issued as part of the bond issue program adopted in 2015.

The purpose of the bond issue is to raise funds for the Issuer's implementation of an investment consisting of the construction on a plot on Jaglana street in Gdańsk a residential building with service parts. The bonds were issued at the issue price equal to the nominal value. The bonds bear interest at a floating interest rate based on the WIBOR3M rate plus a margin. Interest on bonds will be paid quarterly. The redemption date is 19th of June 2019.

Bonds are secured by:

- contractual mortgage up to the maximum amount of PLN 10.5 million established on December 12, 2015 for the mortgage administrator on the Issuer's right to perpetual usufruct of real estate located in Gdańsk at Jaglana street, which the Issuer reported in the current report No. 37/2015.

- a reservation of a reserved account ensuring control of cash flows of the Company as part of the investment, including funds raised from the issue of bonds and the sale of premises under the investment in such a way that the funds on the escrow account can only be used for purposes related to the investment and for the redemption of bonds and E-series bonds with interest payable and yet unpaid.

- statements of the Issuer on submission to enforcement pursuant to art. 777 § 1 point 5 of the Code of Civil Procedure regarding the Issuer's monetary obligations resulting from bonds submitted to individual funds up to the amount of bonds subscribed by a given subscriber and 150% of the nominal value of one bond and entitling to apply for a declaration of enforceability by 31st of December 2019.

- the Issuer's statement to the administrator of the above mortgages on submission to enforcement pursuant to art. 777 § 1 point 5 of the Code of Civil Procedure from encumbered real estate to satisfy claims arising from bonds authorizing to apply for a declaration of enforceability by 31st of December 2019.

About the above the Company informed about in Current Report No. 6/2017 of 1st of February 2017.

Issue of bonds series DA and DB

On May 8, 2017, Dekpol S.A. concluded with SGB-Bank S.A. a contract for the organization and servicing of dematerialized secured bearer bonds with a nominal value of PLN 1,000 each, with a total nominal value of no more than PLN 35 million. Under the agreement, the issue of bonds was to take place in two tranches with a total nominal value of PLN 15 and 20 million, respectively, no later than on December 31, 2017. Under the terms and conditions set out in the contract with the bank, the bank undertook to take up the bonds upon a written request of the Company or at the date of issue specified at the Company, at the price equal to the nominal value, subject to formal requirements and delivery of the required documents by the Company before the issue date.

The issue of the first tranche of bonds took place on July 18, 2017, when the Company's Management Board adopted a resolution to allocate 15,000 bearer bonds series DA with a total nominal value of PLN 15 million to the bank. The date of the final redemption of the bonds was determined on April 30, 2021.

The issue of the second tranche of bonds took place on 4 October 2017, when the Issuer's Management Board adopted a resolution to allocate 20,000 bearer bonds series DB with a total nominal value of PLN 20 million to the bank. The date of the final redemption of the bonds was determined on April 30, 2021.

The purpose of the issue of bonds was to finance development investments, including the allocation of funds from the issue for financing or refinancing the purchase of real estate or the acquisition of the right of perpetual usufruct. The issue of each bond tranche was non-public in the meaning of the Public Offering Act (...). The issue price of the bonds was equal to the nominal value. The interest rate on the bonds is variable, based on the WIBOR 6M rate increased by the margin and paid in half-year periods. The bonds will be bought at a price equal to the nominal value. The Issuer is entitled to earlier redemption of all or part of the Bonds. Each bondholder may request redemption in whole or in part of the Bonds prior to the date of the final redemption in the situation of the occurrence and duration of the violation specified in the issue terms. The legal security of liabilities from the issue of bonds is, among others, mortgage up to PLN 52.5 million established for the mortgage administrator on the perpetual usufruct right to the land and building constituting a separate property, owned by Almond Sp. z o.o. located in Gdańsk at Toruńska street and the assignment of receivables from contracts concluded by the Company with a value not less than PLN 22 million net.

About the conclusion of the above agreements and allotment of DA and DB series bonds the Company informed in a current report No. 19/2017 of May 8, 2017, No. 33/2017 of July 18, 2017 and No. 49/2017 of October 4, 2017.

Change in the terms of the series F bonds issue program

On 20th of December 2017, the Company's Management Board adopted a resolution amending the resolution of December 23, 2016 regarding the issue of series F bonds and concluding with investment funds: Pioneer Open Investment Fund and Pioneer Bonds - Dynamic Allocation

Investment Fund (further: Funds) agreements on the bond issue program and concluded with the Funds an appropriate annex to the aforementioned agreement.

Pursuant to the adopted resolution and in accordance with the annex it was decided that series F bonds will be issued in seven series corresponding to seven stages of investment consisting in the construction of a complex of two residential and service buildings as part of the "Grano Residence" project in Gdańsk at Pszenna, Chmielna and Żytnia streets. Funds from the issue of bonds will be acquired directly by the Issuer and then transferred to Dekpol Pszenna Sp. z o. o. Sp. K. - the company implementing the investment - as a contribution as a limited partner. The Issuer is obliged not to propose the purchase of bonds to any other entities than the abovementioned funds.

The total nominal value of all issued bond tranches will be equal to PLN 80 million, and the interest rate will be the sum of the WIBOR 3M rate plus a margin. The maturity date for each bond tranche will be on the day on which it will be 48 months from the date of the first tranche of the bond.

The rules for proposing the purchase of the aforementioned bonds were also changed to the funds in such a way that, from the conditions set out so far, the condition regarding the occurrence of the base of earlier redemption for any tranche of series C bonds or series C program bonds or E series bonds has been omitted from the foregoing. The Issuer is authorized and obliged to propose the purchase of individual tranches of bonds only and exclusively to the Funds, on strictly specified terms in the agreement, i.e. in particular as at the date of submitting the proposal for the purchase of a given tranche and as at the date of submitting by the Funds a statement on acceptance of such a proposal: mortgages for individual tranches of bonds they will have the highest and equal priority among themselves; in a mortgage register no other mortgage will be inscribed, apart from the above-mentioned mortgages, or any mention of mortgages other than the aforementioned mortgages; mortgages; a reserved account contract will be in force to provide the Funds with the control of SPV cash flows under the Investment; Funds will be presented to the Funds, which will result in the Issuer's right to make full use of the project documentation related to the investment, as well as to the extent enabling the conclusion of the contract of transfer of all rights and obligations of the SPV's limited partner.

Bond hedges have not changed, except for a declaration to the subscriber of bonds on submission to enforcement pursuant to art. 777 § 1 point 5 of the Code of Civil Procedure, as to the Issuer's monetary obligations resulting from the bonds will be submitted by the Issuer (originally SPV).

The Company informed about the change in terms of the series F bonds issue program in the current report No. 74/2017 of 20 December 2017.

Issue of bonds series F1
On January 4, 2018 (event after the balance sheet date) the Management Board of the Company adopted a resolution to allocate 17,000 F1 series bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 17 million to Pioneer Open Investment Fund and Pioneer Bonds - Dynamic Allocation Open Investment Fund.

The bonds were issued at the issue price equal to the nominal value of the Bonds. The bonds are bearer securities, without the form of a document, bearing interest at the WIBOR 3M interest rate plus a margin with interest paid quarterly. The Bonds are limited to cash benefits only. The redemption date is 4 January 2022. The issuer is entitled to earlier redemption of all or part of the bonds. In the cases specified in the Bond Issue Conditions, the Issuer is obliged to make obligatory early redemption of bonds. In addition, the bondholder is entitled to submit to the Issuer in certain cases the demand for early redemption of bonds.

The purpose of the bond issue is to raise funds for the implementation of an investment consisting in the construction of a complex of two residential and service buildings as part of the "Grano Residence" project in Gdańsk at Pszenna, Chmielna and Żytnia streets. The Issuer will transfer funds from the issue of bonds to Dekpol Pszenna Sp. z o. o. Sp. K. (The company realizing the investment - "SPV").

Securities of the Bonds will be: i) contractual mortgage up to the amount of PLN 25.5 million on the perpetual usufruct right to the real estate on which the investment is carried out; (ii) a reserved account contract that provides cash flow control under the investment; iii) surety granted by SPV up to the amount of PLN 25.5 million; iv) transferring as security for all shares in the share capital of the general partner of the SPV to the security administrator; v) irrevocable offer to transfer all the rights and obligations of the limited partner SPV to the security administrator; vi) power of attorney for protection, under which the Issuer, and then the SPV, will authorize the proxy to submit a declaration of will expressed by the Issuer and SPV respectively, pursuant to art. 40 paragraph 1 of the Construction Law, the consent for the transfer to the other entity of the decision on the construction permit regarding the investment and to grant a further power of attorney, to the entity that will act as a mortgage administrator in place of the current administrator; vii) a contract under which the mortgage administrator will obtain a legal title (eg copyrights or license) to fully use the project documentation related to the investment and the option of freely disposing of this legal title for other entities; viii) declaration on submission to enforcement pursuant to art. 777 § 1 point 5 of the Code of Civil Procedure submitted by the Issuer to the Bondholders and by the SPV to the administrator

The Company informed about the issue of the F1 series bonds in the current report No. 1/2018 dated 4 January 2018.

Issue of bonds series G
On October 24, 2017, the Issuer's Management Board adopted a resolution regarding the issue of three-year unsecured, coupon and non-bond G series bearer bonds with a total nominal value of no more than PLN 50 million. The Issuer's intention was to issue bonds under private placement pursuant to art. 33 point 2 of the Act of 15 January 2015 on bonds to allocate funds for the current operations of the Company, in particular for financing the purchase of land and refinancing part or all of series D bonds.

On February 19, 2018 (an event after the balance sheet date), the Management Board of the Company adopted a resolution amending the abovementioned resolution in such a way that it decided to issue series G bonds with a total nominal value of up to PLN 85 million.

On March 7, 2018 (event after the balance sheet date), the Management Board of Dekpol S.A. adopted a resolution to make a conditional allotment of 76,880 series G bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 76.88 million. The assignment was made subject to the final settlement of bonds by the National Deposit of Securities SA, which took place on March 8, 2018.

The bonds were issued at the issue price equal to the nominal value. The bonds are unsecured bearer securities with no documentary form, bearing interest at an interest rate equal to 6M WIBOR and margin. Interest will be payable in six-month periods. The Bonds are limited to cash benefits only. The Bonds will be redeemed on March 8, 2021, with the reservation that the Company is obliged to forcibly depreciate 25% of the Bonds on the day of payment of interest for the 6th interest period. In addition, the Company may demand early redemption of the Bonds on each day of interest payment starting from the second interest period, paying out a specific premium in this case (0-1% of the value of the Bonds purchased). A bondholder may demand an earlier redemption of the Bonds in the case of the Capital Group of the Company exceeded certain debt ratios. Funds from the issue of the Bonds will be used for the current operations of the Company, in particular for financing the purchase of land and refinancing part or all of series D bonds.

The Company informed of the above events in current reports no. 55/2017 of October 24, 2017, No. 11/2018 of March 7 and December 12, 2018 of March 8, 2018.

Early redemption and redemption of part of series D bonds
On March 12, 2018 (event after the balance sheet date), the Management Board of Dekpol S.A. adopted a resolution on early partial redemption of series D bonds. The subject of early redemption was 223,751 series D bonds with a total nominal value of PLN 22,375,100 denoted with the ISIN code PLDEKPL00065. Early redemption of the Bonds was based on point 18 of Bond Terms and Conditions for redemption.

The Issuer made early redemption of series D bonds on the day of interest payment for the 10th interest period, i.e. on 16 April 2018, paying bondholders for each Bond with the amount corresponding to the nominal value of bonds subject to early redemption (i.e. PLN 100.00 per one bond), accrued interest for the X full interest period, and a premium of 0.25% of the face value of bonds subject to early redemption. In connection with the above, in the period from April 4, 2018 to April 16, 2018, trading in bonds on ASO BondSpot and ASO of the WSE was suspended, and on April 6, 2018, it was designated as the date of determination of those entitled to the abovementioned shares to redemption.

On March 12, 2018, the Issuer's Management Board also adopted a resolution to redeem 45,049 D-series bonds marked with the ISIN code PLDEKPL00065 acquired by the Company under a bond sale agreement concluded outside the organized market with a bondholder pursuant to art. 76 of the Act on Bonds. The total nominal value of the redeemed Bonds was PLN 4,544,900, and the average unit purchase price was PLN 101.05.

The purpose of early redemption of the Bonds was to refinance the Company's debt with G series bonds.

About the above event the Company informed in the current report No. 14/2018 of 12 March 2018.

For the period 01.01.2017 - 31.12.2017 in thousand PLN

12.2. Maturity of financial liabilities in reporting period

Item	Overdue	Until 1 year	From 1 to 2 years	From 2 to 5 years	Above 5 years	Total
Long-term derivative liabilities	0	0	0	0	0	0
Long-term bonds	0	0	0	34 894	0	34 894
Long-term borrowings	0	0	0	0	0	0
Long-term loans	0	0	13 955	30 000	0	43 955
Long-term leases	0	0	6 690	0	0	6 690
Short-term derivative liabilities	0	0	0	0	0	0
Short-term leases	0	4 707	0	0	0	4 707
Short-term bonds	0	35 396	0	0	0	35 396
Short-term borrowings	0	6 530	0	0	0	6 530
Short-term loans	0	25 143	0	0	0	25 143
Financial liabilities - maturity	**0**	**71 776**	**20 645**	**64 894**	**0**	**157 315**

12.2. Maturity of financial liabilities in reporting period

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

in thousand PLN

13. Trade liabilities

13.1. Long-term liabilities

Item	2017	2016
Deposits received	8 079	6 685
Other liabilities (long-term)	9 768	0
Other long-term liabilities	**17 847**	**6 685**

13.2. Short-term liabilities

Item	2017	2016
Trade liabilities	97 536	66 435
Liabilities due to remunerations	973	931
Liabilities due to current income tax	5 502	197
Liabilities due to other taxes, duties and social securities	2 747	1 275
Short-term received bails	8 032	5 422
Prepayments and deposits received for supplies	71 181	94 258
Other short-term liabilities	432	5
Trade and other liabilities	**186 402**	**168 523**

For the period 01.01.2017 - 31.12.2017 in thousand PLN

13.3. Liabilities by payment terms in reporting period

Item	Overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Other long-term deposits	0	0	0	0	0	0	8 079	0	8 079
Other long-term liabilities – other titles	0	0	0	0	0	295	9 326	147	9 768
Long-term liabilities	**0**	**0**	**0**	**0**	**0**	**295**	**17 405**	**147**	**17 847**
Trade liabilities	42 814	25 000	27 549	2 185	0	0	0	0	97 548
Prepayments and deposits received for supplies	0	10 470	34 521	13 907	12 282	0	0	0	71 181
Short-term recieved bails	3 017	1 256	1 357	1 525	876	0	0	0	8 032
Liabilities due to current income tax	0	5 502	0	0	0	0	0	0	5 502
Liabilities due to other taxes	0	2 719	0	0	0	0	0	0	2 719
Liabilities due to remunerations	0	973	0	0	0	0	0	0	973
Other short-term liabilities	0	31	0	416	0	0	0	0	447
Short-term liabilities	**45 832**	**45 952**	**63 427**	**18 033**	**13 158**	**0**	**0**	**0**	**186 402**

13.3 Liabilities by payment terms in previous reporting period

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

For the period 01.01.2017 - 31.12.2017 in thousand PLN

13.4. Overdue liabilities in reporting period

Item	Non-overdue	Up to 1 month	From 1 to 3 months	From 3 to 6 months	From 6 months to 1 year	Over 1 year	Total
Trade liabilities	54 730	33 759	7 534	1 177	348	0	97 548
Prepayments and deposits received for supplies	71 181	0	0	0	0	0	71 181
Short-term recieved bails	5 014	560	551	661	1 246	0	8 032
Liabilities due to current income tax	5 502	0	0	0	0	0	5 502
Liabilities due to other taxes	2 719	0	0	0	0	0	2 719
Liabilities due to remunerations	973	0	0	0	0	0	973
Other short-term liabilities	442	5	0	0	0	0	447
Short-term liabilities	**140 561**	**34 324**	**8 085**	**1 837**	**1 594**	**0**	**186 402**

13.4. Overdue liabilities in previous reporting period

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

For the period 01.01.2017 - 31.12.2017 in thousand PLN

74 Deferred income balance

a. Specification of deferred income

Item	Short-term	Long-term	Total
Grants received	505	6 697	7 202
Deferred charges	24	0	24
Other charged	0	0	0
Liabilities – deferred charges in total	**529**	**6 697**	**7 226**

75 Current assets held for sale and discontinued operations

None.

76 Operating revenues and costs

a. Revenues from sales

Item	2017	2016
Revenues from sales of products	543 732	249 195
Revenues from sales of services	9 614	-497
Revenues from sales of goods and materials	25 646	10 015
Sales revenues	**578 992**	**258 713**

b. Costs by type

Item	2017	2016
Administrative expenses	-10 881	-6 086
Selling costs	-26 393	-17 719
Own work capitalized	-10 760	-30 025
Remuneration	20 134	13 870
Cost of goods and materials sold	25 280	9 331
Depreciation	5 902	4 796
Employee benefits	4 547	2 892
Consumption of materials and energy	138 830	81 246
Outsourced services	297 726	212 516
Taxes and fees	1 496	847
Other costs by type	5 761	4 388
Costs by type	499 675	329 886
Movements in the balance of products	39 629	-62 540
Own selling cost	**491 271**	**213 515**

c. Own selling cost

Item	2017	2016
Cost of product sold	464 862	208 671
Cost of services sold	1 129	-4 486
Cost of goods and materials sold	25 280	9 331
Own selling cost	**491 271**	**213 515**

For the period 01.01.2017 - 31.12.2017 in thousand PLN

d. Other operating revenues

Item	2017	2016
Profit on disposal of non-financial fixed assets	568	4
Re-invoices	0	0
Pricing of investment properties to its fair value	0	11 938
Release of provisions	0	0
Fines and compensations	1 107	1 018
Grants	618	1 076
Overdue liabilities	0	0
Scrap yield	0	0
Bonus from turnover	0	0
Surplus stock	472	155
Other titles	233	259
Provisions write-offs reversal in period (-)	33	309
Profit on disposal write-offs reversal in period (-)	615	242
Other operating revenues	**3 648**	**15 002**

e. Other operating costs

Item	2017	2016
Loss on disposal of non-financial fixed assets	0	0
Pricing of investment properties to its fair value	100	0
Establishment of provisions	2 657	1 179
Cost related to acquisition of subsidiaries	0	0
Cost of defects repairs and scrap page	3	8
Donations	448	69
Bonus from turnover	0	0
Inventory deficits	0	0
Receivables	0	0
Contractual penalties	0	0
Other titles	955	678
Material losses	99	44
Court litigation costs	0	0
Re-invoicing costs	0	0
Compensations	239	330
Provision write-offs reversal in period	821	1 278
Receivables write-offs reversal in period	1 690	2 048
Other operating costs	**7 012**	**5 636**

77 Financial revenues and expenses

a. Financial revenues

Item	2017	2016
Dividends	0	0
Interests	223	81
Profit from sale of financial assets	0	0
Reversal of write-offs	0	0
Other financial revenues	0	0
Surplus of positive exchange differences over the negative ones	0	32
Financial revenues	**223**	**112**

For the period 01.01.2017 - 31.12.2017 in thousand PLN

b. Financial expenses

Item	2017	2016
Interests	5 925	5 544
Other financial costs	0	0
Write-offs	0	0
Loss from sale of financial assets	0	0
Surplus of negative exchange differences over the positive ones	105	0
Financial expenses	**6 030**	**5 544**

78 Income tax

a. Income tax

Item	2017	2016
Current income tax	11 555	2 634
Deferred income tax	-3 258	-211
Income tax	**8 297**	**2 423**

b. Effective taxation rate

Item	2017	2016
Current income tax for previous periods included in financial result	-36	0
Profit (loss) before tax	**41 623**	**25 328**
Probable income tax	7 971	4 809
PFRON	21	9
Dividends	0	0
Representation costs	77	72
Costs of penalties and mandates	2	62
Other costs	349	-2 525
Stipulation of differences constantly non-establishing of estimated tax deduction	448	-2 382
Tax on temporary differences non included in the taxation of deferred income tax	-70	0
Deduction of income tax	-16	-4
Income tax recognized in financial result	**8 297**	**2 423**

79 Deferred income tax

a. Deferred tax

Item	2017	2016
Deferred income tax assets	**4 875**	**1 300**
Deferred income tax provisions	**4 830**	**1 424**

b. Deferred income tax in reporting period

Item	Balance at the beginning of period	Financial result	Other comprehensive income	Total
Pricing of liabilities in revised purchase price	111	32	0	144
Assets write-offs	759	329	0	1 088
Other titles as a basis for establishment of assets for deferred income tax	113	1 698	0	1 811
Provisions for employee benefits	9	3	0	12
Other provisions	307	1 513	0	1 820

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Other liabilities	0	0	0	0
Deferred income tax assets	**1 300**	**3 575**	**0**	**4 875**

19.2. Deferred income tax assets in previous reporting period

Item	Balance at the beginning of period	Financial result	Other comprehensive income	Total
Pricing of liabilities in revised purchase price	117	-5	0	111
Assets write-offs	258	501	0	759
Other titles as a basis for establishment of assets for deferred income tax	344	-231	0	113
Provisions for employee benefits	9	0	0	9
Other provisions	90	216	0	307
Other liabilities	0	0	0	0
Deferred income tax assets	**818**	**482**	**0**	**1 300**

19.3. Deferred income tax provisions in reporting period

Item	Balance at the beginning of period	Financial result	Other comprehensive income	Settlement of the connection	Total
Deferred tax from pricing of investment property	60	329	0	3 163	3 552
Overestimation of financial assets (positive differences)	0	0	0	0	0
Depreciation of fixed assets	678	10	0	0	688
Receivables from supply and services	242	-22	0	0	219
Construction contracts	332	-332	0	0	0
Other titles as a basis for establishment of assets for deferred income tax	-12	294	0	0	282
Pricing of liabilities in revised purchase price	123	-34	0	0	89
Deferred income tax provisions	**1 424**	**244**	**0**	**3 163**	**4 830**

19.3. Deferred income tax provisions in previous reporting period

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

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20. Financial instruments

20.1. Financial instruments – assets

Item	2017	2016
Receivables evaluated at nominal value	117 877	89 876
Loans and receivables	1 260	754
Stocks and shares in subsidiaries	0	0
Assets evaluated at fair value through financial result	0	0
Cash and cash equivalents	29 738	38 198
Financial assets available for sale	0	0
Financial assets held to maturity	0	0
Financial assets	**148 875**	**128 827**

20.2. Financial instruments – liabilities

Item	2017	2016
Liabilities evaluated at fair value through financial value	0	0
Liabilities evaluated at nominal value	204 249	175 208
Liabilities evaluated at depreciated cost	157 315	141 827
Financial liabilities	**361 564**	**317 035**

21. Risks of financial instruments

21.1. Exposure on FX risk in reporting period

Item	PLN	EUR	Other	Total
Loans and own receivables priced in SCN	1 260	0	0	1 260
Trade receivables and other financial receivables	108 147	9 730	0	117 877
Other financial assets	0	0	0	0
Cash and cash equivalents	19 315	10 421	2	29 738
Derivatives	0	0	0	0
Financial assets (+):	**128 722**	**20 151**	**2**	**148 875**
Loans, borrowings and other debt instruments	157 392	0	0	157 392
Financial lease	1 799	9 597	0	11 397
Trade liabilities and other financial liabilities	274 022	16 384	143	290 549
Derivatives	0	0	0	0
Financial liabilities (-):	**433 213**	**25 981**	**143**	**459 338**

21.1. Exposure on FX risk in previous reporting period

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

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21.2. Exposure on interest rates risk in reporting period

Item	Floating interest rate	Fixed interest rate	Total
Long-term financial liabilities (priced in SCN)	85 539	0	85 539
Short-term financial liabilities (priced in SCN)	71 776	0	71 776
Loans and own receivables (priced in SCN)	1 260	0	1 260

21.2. Exposure on interest rates risk in previous reporting period

Item	Floating interest rate	Fixed interest rate	Total
Long-term financial liabilities (priced in SCN)	107 895	6 562	114 457
Short-term financial liabilities (priced in SCN)	27 366	0	27 366
Loans and own receivables (priced in SCN)	0	754	754

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

- interest rate risk – while operating on the market, the Group is exposed to interest rate risk. The Group has financial liabilities, whose financial cost is calculated based on the underlying variable interest rate WIBOR and a fixed margin. Increasing the base rate by 0.5 percentage point, would increase financial expenses for the year 2017 by 768 thousand PLN, assuming that the balance of liabilities with a fixed interest rate remains unchanged throughout the year.
- foreign exchange risk and the risk of changes in raw material prices - due to a small scale of operations in foreign currencies exchange rate risk is not significant for the Group.
- credit risk - the possible economic crisis may cause financial instability of the Group’s customers and hence periodic impediments to the recovery and the formation of payment gridlock. The Group minimizes credit risk through diversification of the portfolio of customers and consistent using of procedures for monitoring and collection of overdue receivables. Receivables are diversified, as at the balance sheet date there is no contractor from whom the balance of receivables would account for more than 10% of total receivables balance.
- Liquidity risk - the Company manages liquidity risk by financial planning, operational activities in order to be completely matched and by the surplus of available financing sources over the current needs of the Group. Relevant data on the maturity dates of financial assets and financial liabilities are presented in the previous part of the report.
- The Group has no hedging instruments designated financial risks and does not apply hedge accounting. The Group aims to minimize these risks by using ongoing monitoring of specific risk areas through the implemented control procedures and regular analysis of risk exposure.

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22. Operating segments

22.1. Revenues, result and other in reporting period

Item	General contracting	Property developement	Production of steel structures and accessories	Other	Exclusions	Total
Revenues from external clients	302 289	199 843	51 590	34 696	0	588 418
Revenues from other segments	-9 426	0	0	0	0	-9 426
Sales revenues in total	292 863	199 843	51 590	34 696	0	578 992
Operating expenses in total	268 700	170 176	45 911	43 858	0	528 644
Other operating revenues	0	0	0	3 648	0	3 648
Other operating expenses	1 199	0	0	5 714	0	6 912
Operating result	**22 964**	**29 667**	**5 679**	**-11 228**	**0**	**47 083**
Financial revenues	**0**	**0**	**0**	**226**	**0**	**226**
Financial expenses	**0**	**0**	**1**	**6 032**	**0**	**6 033**
Income tax	**0**	**0**	**0**	**8 297**	**0**	**8 297**
Net result	**22 964**	**29 667**	**5 679**	**-25 332**	**0**	**32 979**

22.1. Revenues, result and other in previous reporting period

Item	General contracting	Property developement	Production of steel structures and accessories	Other	Exclusions	Total
Revenues from external clients	189 600	35 608	27 386	6 119	0	258 713
Revenues from other segments	0	0	0	0	0	0
Sales revenues in total	189 600	35 608	27 386	6 119	0	258 713
Operating expenses in total	172 633	32 113	24 001	8 572	0	237 320
Other operating revenues	0	0	0	15 002	0	15 002
Other operating expenses	0	0	0	5 636	0	5 636
Operating result	**16 966**	**3 495**	**3 385**	**6 913**	**0**	**30 760**
Financial revenues	**0**	**0**	**0**	**112**	**0**	**112**
Financial expenses	**0**	**0**	**0**	**5 544**	**0**	**5 544**
Income tax	**0**	**0**	**0**	**2 423**	**0**	**2 423**

Net result	**16 966**	**3 495**	**3 385**	**-942**	**0**	**22 905**

For the period 01.01.2017 - 31.12.2017 in thousand PLN

22.2. Geographical structure

Item	2017	2016
Poland	538 999	236 943
European Union	35 946	20 002
Other countires	4 047	1 768
Sales revenues	**578 992**	**258 713**
Poland	549 581	466 795
European Union	1 300	0
Other countires	0	0
Assets	**550 881**	**466 795**

23. Construction services

23.1. Agreements on construction services

Item	2017	2016
Estimated revenues from agreements on construction services	298 278	95 101
Invoiced revenues from agreements on construction services	269 764	84 362
Costs due to loss provisions	1 199	0
Result set in agreements on construction services in a period	**29 712**	**10 739**
Bail stopped by contractors	**20 733**	**5 745**
Advances received for construction contracts	**235 424**	**97 275**
Receivables from construction contracts	**0**	**10 460**
Liabilities due to construction contracts	**91**	**0**

24. Cash reconciliation

24.1 Explanation of differences between balance changes and values presented in cash flow statement	For period ended 31.12.2017	For period ended 31.12.2016
Balance change of provisions	**11 339**	**1 417**
Provision for deferred income tax	(3 063)	
Change in provisions in subsidiaries	(182)	
Change in provisions in subsidiaries	80	
Change of provisions in RPP	**8 174**	**1 417**
Balance change of inventories	**(29 455)**	**(96 890)**
Interests from bonds increasing cost of premises construction	759	2 583
Transfer of land to construction expenditures	1 510	
Exclusion of margin on in-kind contributions	772	
Change of inventories in RPP	**(26 414)**	**(94 307)**
Balance change of receivables	**(17 633)**	**17 505**
Balances concerning fixed assets	(300)	250
Change of receivables in subsidiaries	1 336	
Receivables of a subsidiary	101	

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Change of receivables in RPP	**(28 638)**	**17 755**
Change of short-term liabilities, excluding financial liabilities	**29 221**	**92 517**
Initial value of lease agreements	8 390	
Value of regulated liabilities from purchase of fixed assets	(250)	
Change in liabilities and investment receivables	(10 129)	
Change in liabilities in subsidiaries	(4 508)	(3 386)
Paid income tax	(3 089)	
Change of short-term liabilities, excluding financial liabilities in RPP	**19 635**	**89 131**
Balance change of deferred charges	**(2 884)**	**(2 896)**
grants	-	(1 465)
Change of deferred charges in RPP	**(2 884)**	**(4 361)**

25. Transactions with affiliates

25.1. Benefits for managerial staff

Item	2017	2016
Short-term employee benefits	1 588	1 561
Benefits from termination of work agreements	0	0
Payments in form of own shares	0	0
Other benefits	0	0
Benefits for managerial staff	**1 588**	**1 561**

For the period 01.01.2017 - 31.12.2017 in thousand PLN

25.2. Transactions and balances with affiliates in reporting period

Item	Consolidated	Subsidiary not consolidated	Associated and interdependent	Other affiliated	Total
Short-term liabilities	0	0	0	1 127	1 127
Long-term liabilities	0	0	0	0	0
Short-term receivables	0	0	0	1	1
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 interest	0	0	0	457	457
Revenue from interest	0	0	0	0	0
Net purchases (without VAT)	0	0	0	1 562	1 562
Net sales (without VAT)	0	0	0	0	0
Dividends paid	0	0	0	3 419	3 419
Dividends granted	0	0	0	0	0
Total	**0**	**0**	**0**	**13 096**	**13 096**

25.2. Transactions and balances with affiliates in previous reporting period

Item	Consolidated	Subsidiary not consolidated	Associated and interdependent	Other affiliated	Total
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 interest	0	0	0	458	458
Revenue from interest	0	0	0	0	0
Net purchases (without VAT)	0	0	0	0	0
Net sales (without VAT)	0	0	0	0	0
Dividends paid	0	0	0	0	0
Dividends granted	0	0	0	0	0

Total	**0**	**0**	**0**	**6 988**	**6 988**

For the period 01.01.2017 - 31.12.2017 in thousand PLN

26. Other information

26.1. Average number of FTE's

Item	2017	2016
White-collar employees	143	129
Blue-collar employees	117	83
Average number of FTE's	**260**	**212**

26.2. Auditor's remuneration

Item	2017	2016
Audit of annual financial statements	40	39
Review of financial statements	20	20
Tax advisory	0	3
Other services	0	0
Auditor's remuneration in total	**60**	**62**

27. Events after balance sheet date

On January 4, 2018, the Company issued series F1 bonds with a total nominal value of PLN 17 million. On March 7, 2018, the Issuer allocated 76 880 series G bonds with a nominal value of PLN 1,000 each and a total nominal value of PLN 76.88 million. On March 12, 2018, the Company made an early partial redemption of series D bonds in the amount of PLN 22,375,100. On March 12, 2018, the Issuer redeemed 45,049 series D bonds with a nominal value of PLN 4,504,900.

28. Liabilities and conditional assets

28.1. Specification of liabilities and conditional assets

Item	2017	2016
Conditional liabilities towards affiliates - guarantees of satisfactory performance of contracts	0	0
Conditional liabilities towards affiliates – guarantees and sureties of repayment of financial liabilities	0	0
Other conditional liabilities	0	0
Conditional liabilities towards affiliates	0	0
Granted guarantees of satisfactory performance of contracts - insurance	28 205	22 509
Granted guarantees of satisfactory performance of contracts - banking	19 082	2 504
Granted guarantees and sureties of repayment of financial liabilities	0	0
Court litigations	0	0
Other conditional liabilities	0	0
Conditional liabilities towards non-affiliates	47 287	25 013
Conditional liabilities	**47 287**	**25 013**
Received guarantees of satisfactory performance of contracts from affiliates	0	0
Received guarantees and sureties of repayment of liabilities from affiliates	0	0
Other conditional assets	0	0
Conditional assets from affiliates	0	0
Received guarantees of satisfactory performance of contracts from non-affiliates - insurance	1 747	954
Received guarantees of satisfactory performance of contracts from non-affiliates - banking	1 478	1 002

For the period 01.01.2017 - 31.12.2017 in thousand PLN

Received guarantees and sureties of repayment of liabilities from non-affiliates	0	0
Conditional receivables - Court litigations	0	0
Other conditional assets from non-affiliates	0	0
Conditional assets from non-affiliates	3 225	1 956
Conditional assets	**3 225**	**1 956**

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

29. Earnings per share

Item	2017	2016
Net profit (loss) attributable to shareholders of parent entity	32 979	22 905
Weighted average number of ordinary shares (w thousands)	8 363	8 363
Major earning per share (in PLN)	**3,94**	**2,74**
Net profit (loss) attributable to shareholders of parent entity	32 979	22 905
Weighted diluted average number of ordinary shares (w thousands)	**8 363**	**8 363**
Diluted learning per share (in PLN)	3,94	2,74
Net profit (loss) from continued operations attributable to shareholders of parent entity	3,94	2,74
Weighted average number of ordinary shares (w thousands)	**8 363**	**8 363**
Major learning per share from continued operations (in PLN)	3,94	2,74
Net profit (loss) from continued operations attributable to shareholders of parent entity	22 905	22 905
Weighted diluted average number of ordinary shares (w thousands)	8 363	8 363
Diluted earnings per share in PLN from continued operations	**3,94**	**2,74**

30. Acquisition of Smartex Sp. z o.o.

On November 15, 2017, the Company entered into share purchase agreements with existing shareholders, taking into account the fact that part of the shares was redeemed without reducing the company's share capital, 62.3% shares in Smartex Sp. z o. o. The above mentioned shares were purchased for a total price of PLN 4.8 million. Smartex owns a plot of land with an area of approx. 0.6 ha located in Wrocław at Braniborska street, where the Company, together with a natural person who owns 37.7% of shares in Smartex, intends to jointly implement a development project. The investment will be carried out by Dekpol Inwestycje Sp. z o. o. Braniborska Sp. k., established for this purpose by the parties, which will obtain a building permit. By 30 September 2023, the Issuer will acquire 37.7% of shares in Smartex from the Shareholder, and the ownership of the property will be transferred to SPV. Ultimately, the Company together with its subsidiary - Dekpol Inwestycje Sp. z o.o. will have approximately 90% share in SPV profits and losses.

In connection with the above, on November 15, 2017, the Company concluded a preliminary agreement under which the parties agreed to conclude a promised sale agreement for the Company of 37.7% of shares in Smartex held by the shareholder for a total gross price of approx. PLN 11 million. The preliminary agreement was concluded under suspensive conditions, including on obtaining by the aforementioned limited partnership established by the parties of the final decision regarding the settlement of the building conditions and the building permit for the property. The final agreement will be concluded within 1 month from the date of fulfillment of the last of the conditions precedent, however, if the conditions are not met by 30 June 2023, the Company will be entitled to withdraw from the contract within the next 6 months.

However the conditions precedent were reserved for the Company, which means that in the above-mentioned period it may request the conclusion of the final agreement, despite the fact that they have not been met.

Considering the above, it was considered that on November 15 the control was taken by Dekpol S.A. over Smartex Sp. z o.o.. For accounting purposes, the following was adopted:

- Takeover day as of November 30, 2017;
- The purchase price as the value of cash transferred for shares and conditional payment regarding a minority share package in the total amount of PLN 13,721 thousand PLN. A liability for conditional payment in the amount of PLN 8,884 thousand was recognized (after discounting);
- In accordance with the principle of materiality, the price of admission was assigned to assets and liabilities other than the property according to the book value and the entire difference to the value of the property. A relevant provision for deferred income tax was recognized. No goodwill was recognized, for aim for the acquisition of Smartex Sp. z o.o. was taking control over the property it owned;
- Due to the principle of the superiority of economic content over the form and the obligation under the investment agreement to acquire 100% of shares, non-controlling interests were not recognized, instead recognizing a liability for a contingent consideration of a minority shareholder.

Signatures of all Members of the Management Board:

Mariusz Tuchlin – President of the Management Board

Krzysztof Łukowski – Vice-President of the Management Board

Michał Skowron – Vice-President of the Management Board

Sebastian Barandziak – Member of the Management Board

Andrzej Kuchtyk – Member of the Management Board

Rafał Dietrich – Member of the Management Board

Signature of person responsible for bookkeeping

Anna Miksza – Chief Accountant Officer