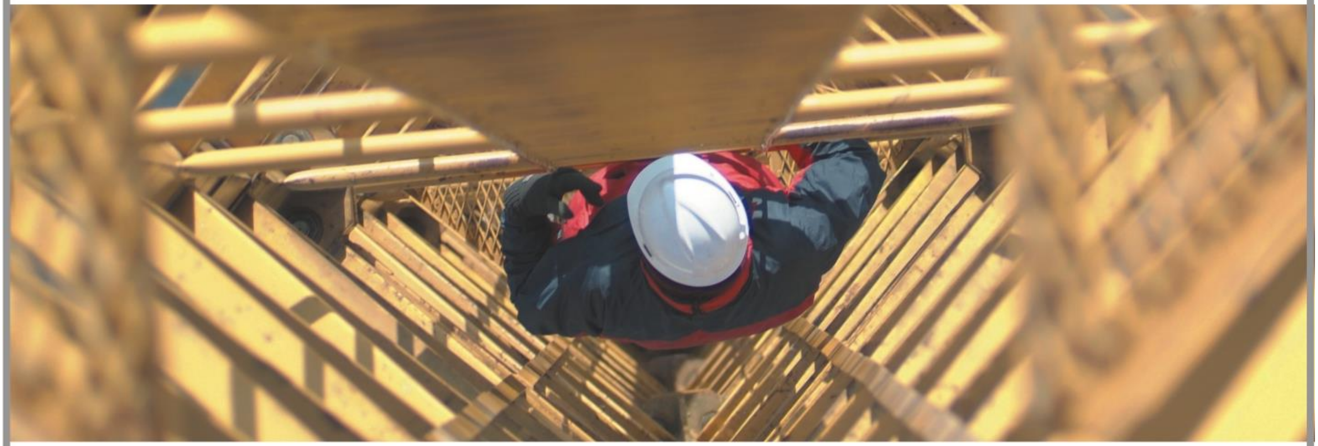

Consolidated financial statements made in conformity with the International Financial Reporting Standards as at 31 December 2017

inpro.com.pl

spółka notowana na GPW

CONTENTS

Gdańsk, 04 April 2018

Full name and function	signature
Piotr Stefaniak President of the Management Board	
Zbigniew Lewiński Vice-President of the Management Board	
Krzysztof Maraszek Vice-President of the Management Board	
Elżbieta Marks The person responsible for keeping the books	

Unless indicated otherwise, all amounts were given in thousands of PLN

SELECTED FINANCIAL DATA CONCERNING THE CONSOLIDATED FINANCIAL STATEMENTS OF THE INPRO SA CAPITAL GROUP

Selected data concerning the condensed consolidated financial statements of the INPRO SA Capital Group				
	01/01/2017 - 31/12/2017	**01/01/2016 - 31/12/2016**	**01/01/2017 - 31/12/2017**	**01/01/2016 - 31/12/2016**
	PLN '000		**EUR '000**	
Net sales revenues	202 891	204 631	47 799	46 765
Gross profit (loss) on sales	70 306	63 453	16 563	14 501
Profit (loss) on operating activities	38 783	38 132	9 137	8 715
Gross profit (loss)	37 082	36 805	8 736	8 411
Net profit (loss)	30 309	29 339	7 140	6 705
- attributable to non-controlling shareholders	2 180	1 630	514	372
Earnings (loss) per share in the Parent Entity (PLN/EUR)	0,7025	0,6920	0,1655	0,1582
Net cash flows from operating activities	(8 020)	21 583	(1 889)	4 933
Net cash flows from investing activities	(1 351)	(8 321)	(318)	(1 902)
Net cash flows from financing activities	5 726	(22 981)	1 349	(5 252)
Net cash flows	(3 645)	(9 719)	(859)	(2 221)
	31/12/2017	**31/12/2016**	**31/12/2017**	**31/12/2016**
	PLN '000		**EUR '000**	
Total assets	425 701	358 121	102 065	80 949
Liabilities and provisions for liabilities	160 255	112 485	38 422	25 426
Provisions for liabilities	9 925	8 716	2 379	1 970
Long-term liabilities	36 592	40 682	8 773	9 196
Short-term liabilities	113 738	63 087	27 269	14 260
Equity	265 446	245 636	63 642	55 524
- attributable to non-controlling shareholders	13 927	12 119	3 339	2 739
Number of shares (pcs)	40 040 000	40 040 000	40 040 000	40 040 000
Book value per share (in PLN/EUR)	6,6295	6,1348	1,5895	1,3867

PLNTO EURO CONVERSION RATES	average PLNrate in the period 01/01/2017 -31/12/2017	average PLNrate as at 31/12/2017
	4,2447	4,1709
	average PLNrate in the period 01/01/2016 -31/12/2016	average PLNrate as at 31/12/2016
	4,3757	4,4240

Unless indicated otherwise, all amounts were given in thousands of PLN

CONSOLIDATED STATEMENT OF TOTAL INCOME FOR THE PERIOD ENDED ON 31/12/2017

	Note	01/01/2017 -31/12/2017 (audited) PLN '000	01/01/2016 -31/12/2016 (audited) PLN'000
Continuing operations			
Sales revenues	12.1	202 891	204 631
Cost of sales	12.2	(132 585)	(141 178)
Gross profit (loss) on sales		**70 306**	**63 453**
Selling costs	12.2	(10 565)	(5 473)
Administrative expenses	12.2	(21 232)	(20 492)
Other operating revenues	12.3	1 164	1 205
Other operating costs	12.4	(890)	(561)
Profit (loss) on operating activities		**38 783**	**38 132**
Financial revenues	12.5	190	370
Financial costs	12.6	(1 891)	(1 697)
Gross profit (loss)		**37 082**	**36 805**
Income tax	13.1	(6 773)	(7 466)
Net profit (loss) from continuing operations		**30 309**	**29 339**
TOTAL INCOME		**30 309**	**29 339**
Net profit (loss) attributable to:		**30 309**	**29 339**
- the parent entity's shareholders		28 129	27 709
- non-controlling shareholders		2 180	1 630
Total income attributable to:		**30 309**	**29 339**
- the parent entity's shareholders		28 129	27 709
- non-controlling shareholders		2 180	1 630
Earnings (loss) per share in the parent entity (PLN)		**31/12/2017**	**31/12/2016**
- basic		0,7025	0,6920
- diluted		0,7025	0,6920

Unless indicated otherwise, all amounts were given in thousands of PLN

CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION AS AT 31/12/2017

ASSETS	Note	31/12/2017 (audited)	31/12/2016 (audited)
Fixed (long-term) assets		**117 164**	**115 383**
Property, plant and equipment	17	105 942	103 873
Goodwill	20.1	6 708	6 708
Other intangibles	19	77	111
Long-term receivables		-	20
Investment properties	18	2 819	2 853
Long-term financial assets			201
Other long-term prepayments		20	7
Deferred tax assets	13.4	1 598	1 610
Current (short-term) assets		**308 537**	**242 738**
Inventory	21	241 838	210 110
Trade and other receivables	22	22 910	10 697
Current tax assets		1 286	447
Other financial assets	23	28 674	3 975
Cash and cash equivalents	24	13 829	17 509
TOTAL ASSETS		**425 701**	**358 121**

Unless indicated otherwise, all amounts were given in thousands of PLN

CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION AS AT 31/12/2017 (CONTINUED)

EQUITY AND LIABILITIES	Note	31/12/2017 (audited)	31/12/2016 (audited)
Equity (attributable to the parent entity's shareholders)	25	**251 519**	**233 517**
Issued share capital		4 004	4 004
Reserves		51	51
Retained profit		247 464	229 462
Capital attributable to non-controlling shareholders	25.5	**13 927**	**12 119**
Total equity		**265 446**	**245 636**
Long-term liabilities		**41 953**	**46 167**
Retirement benefit liabilities (a provision)	13.4	4 968	5 189
Deferred income tax provision	26	393	296
Long-term credits and bank borrowings	27	31 373	35 257
Other financial liabilities (lease)	27	3 643	3 775
Trade and other liabilities	28	1 576	1 650
Short-term liabilities		**118 302**	**66 318**
Short-term provisions	26	4 564	3 231
Short-term credits and bank borrowings	27	32 461	9 398
Other liabilities (financial lease)	27	1 344	1 058
Current income tax liabilities		80	154
Trade and other liabilities	28	79 853	52 477
Total liabilities		**160 255**	**112 485**
TOTAL EQUITY AND LIABILITIES		**425 701**	**358 121**

Unless indicated otherwise, all amounts were given in thousands of PLN

CONSOLIDATED STATEMENT OF THE CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31/12/2017

	Share capital	Share premium capital	Revaluation reserve	Retained profit	Attributable to non-controlling shareholders	Total
As at 01/01/2017	**4 004**	**62 237**	**51**	**167 225**	**12 119**	**245 636**
Dividend payment to the parent entity's shareholders	-	-	-	(10 010)	-	**(10 010)**
Dividend payment - non-controlling shareholders	-		-	(50)	(439)	**(489)**
Net profit (loss) for the financial year	-	-	-	28 129	2 180	**30 309**
Increase of the share capital in inBet Sp. z o.o.	-	-	-	(67)	67	**-**
As at 31/12/2017	**4 004**	**62 237**	**51**	**185 227**	**13 927**	**265 446**

CONSOLIDATED STATEMENT OF THE CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31/12/2016

	Share capital	Share premium capital	Revaluation reserve	Retained profit	Attributable to non-controlling shareholders	Total
As at 01/01/2016	**4 004**	**62 237**	**51**	**151 645**	**10 880**	**228 817**
Dividend payment to the parent entity's shareholders	-	-	-	(12 012)	-	**(12 012)**
Dividend payment - non-controlling shareholders	-		-	(71)	(437)	**(508)**
Net profit (loss) for the financial year	-	-	-	27 709	1 630	**29 339**
Increase of the share capital in inBet Sp. z o.o.	-	-	-	(46)	46	**-**
As at 31/12/2016	**4 004**	**62 237**	**51**	**167 225**	**12 119**	**245 636**

Unless indicated otherwise, all amounts were given in thousands of PLN

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31/12/2017

Cash flows from operating activities	01/01/2017 -31/12/2017 (audited) PLN '000	01/01/2016 -31/12/2016 (audited) PLN '000
Gross profit/(loss)	**37 083**	**36 805**
Adjustments:	(45 103)	(15 222)
Depreciation	3 847	3 785
Income tax paid	(7 863)	(6 397)
Exchange gains (losses)	27	1
Interest and dividends	1 627	1 577
Profit/(loss) on investing activities	(2)	150
(Increase)/ decrease of receivables	(12 258)	2 509
(Increase)/ decrease of inventory	(34 609)	2 161
Increase/ (decrease) of liabilities	2 621	(19 903)
Increase/ (decrease) of accrued/prepaid expenses	(11)	49
Increase/ (decrease) of deferred income	87	-
Change in provisions	1 431	846
Other	-	-
Net cash flows from operating activities	**(8 020)**	**21 583**

Cash flows from investing activities	01/01/2017 -31/12/2017 (audited) PLN '000	01/01/2016 -31/12/2016 (audited) PLN '000
Sale of property, plant, equipment and intangibles	181	142
Sale of financial assets	18	14
Interest received	(3 961)	(8 276)
Acquisition of property, plant, equipment and intangibles	2 411	-
Net cash flows from investing activities	**(1 351)**	**(8 321)**

Unless indicated otherwise, all amounts were given in thousands of PLN

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31/12/2017 (CONTINUED)

Cash flow from financing activities	**01/01/2017 -31/12/2017 (audited) PLN '000**	**01/01/2016 -31/12/2016 (audited) PLN '000**
Net proceeds from the issue of shares or stock	59 984	58 456
Proceeds in relation to loans/credits obtained	(1 568)	(1 706)
Payments in relation to finance lease agreements	(40 860)	(66 312)
Interest paid	(1 274)	(839)
Dividends paid to:	(10 499)	(12 520)
- the parent entity's shareholders	*(10 010)*	*(12 012)*
- non-controlling shareholders	*(489)*	*(508)*
Other financial proceeds	(57)	(60)
Net cash flows from financing activities	**5 726**	**(22 981)**
Net increase in cash and cash equivalents	**(3 645)**	**(9 719)**
Cash at the beginning of the period	**17 509**	**27 228**
Cash at the end of the period	**13 829**	**17 509**

Net cash flows from financing activities	**(3 645)**	**(9 719)**
Change in cash in result of balance sheet valuation	**(35)**	**-**
Cash at the beginning of the period	**17 509**	**27 228**
Cash at the end of the period	**13 829**	**17 509**

Unless indicated otherwise, all amounts were given in thousands of PLN

ADDITIONAL INFORMATION AND EXPLANATIONS

1. General information

The INPRO SA Capital Group (the "Group") consists of the parent entity, i.e. INPRO SA, and its subsidiaries (see Note 2). The consolidated financial statements of the Group cover the year ended on 31 December 2017 and comprise comparatives for the year ended on 31 December 2016.

The basic object of the Capital Group is the property development activity that is the construction and sale of residential and commercial premises (Inpro SA, PB Domesta Sp. z o.o.).

In addition, other companies within the Group are involved in the following:
- manufacture of precast concrete elements, manufacture and erection of steel structures for the civil engineering, industrial and municipal construction industry (inBet Sp. z o.o)
- hotel services (Dom Zdrojowy Sp. z o. o. and Hotel Mikołajki Sp. z o.o.),
- sanitary and heating installations (Przedsiębiorstwo Instalacyjne ISA Sp. z o.o)
- interior fit-out and construction finishing services (SML Sp. z o.o.)

INPRO SA (the "Parent Company," "Company") was established by way of the notarised deed of 6 April 1987 as INPRO Spółka z ograniczoną odpowiedzialnością. On 29 May 2008 the legal status was changed from a limited liability company to a joint-stock company. The registered office of the Parent Company is in Gdańsk at ul. Opata Jacka Rybińskiego 8.
The Parent Company is recorded in the register of entrepreneurs of the National Court Register kept by the District Court in Gdańsk, 7th Business Division of the National Court Register, under number KRS 306071.
The Parent Company was given the REGON business registry number 008141071 and the tax identification number: 589-000-85-40.
The duration of the Parent Company and entities in the Capital Group is unspecified.

The Group did not discontinue any of the kinds of its activity in the reporting period ended on 31 December 2017.

The share capital of INPRO SA did not change in the reporting period ended on 31 December 2017. As at 31 December 2017, the share capital of INPRO was PLN 4,004,000.00 and was divided into 40,040,000 ordinary bearer shares of the nominal value of 10 grosses each.

As at the balance sheet date and 31/12/2017, the shareholding structure of the parent entity is as follows:

SHAREHOLDING STRUCTURE AS AT 31/12/2017						
Entity (full name)	Series	Number of shares	Nominal value in PLN	Share in the share capital	Number of votes	Share in the number of votes
Piotr Stefaniak	A	8 460 000	846 000	21,13%	8 460 000	21,13%
Zbigniew Lewiński	A	9 460 000	946 000	23,63%	9 460 000	23,63%
Krzysztof Maraszek	A	10 010 000	1 001 000	25,00%	10 010 000	25,00%
NATIONALE NEDERLANDEN - PTE S.A.	A	2 100 000	210 000	17,93%	7 177 704	17,93%
	B	5 077 704	507 770			
Shareholders with less than 5% of votes	B	4 932 296	493 230	12,31%	4 932 296	12,31%
TOTAL		**40 040 000**	**40 040 000**	**4 004 000**	**100%**	**40 040 000**

As at the balance sheet date and 31/12/2016, the shareholding structure of the parent entity is as follows:

Unless indicated otherwise, all amounts were given in thousands of PLN

SHAREHOLDING STRUCTURE AS AT 31/12/2016						
Entity (full name)	Series	Number of shares	Nominal value in PLN	Share in the share capital	Number of votes	Share in the number of votes
Piotr Stefaniak	A	8 460 000	846 000	21.13%	8 460 000	21.13%
Zbigniew Lewiński	A	9 460 000	946 000	23.63%	9 460 000	23.63%
Krzysztof Maraszek	A	10 010 000	1 001 000	25.00%	10 010 000	25.00%
ING OFE	A	2 100 000	210 000	17.93%	7 177 704	17.93%
	B	5 077 704	507 770			
Shareholders with less than 5% of votes	B	4 932 296	493 230	12.31%	4 932 296	12.31%
TOTAL		**40 040 000**	**4 004 000**	**100%**	**40 040 000**	**100%**

To the Company's best knowledge, no significant changes in the shareholding structure occurred as at 31 December 2017 against the status as at 31 December 2016.

In the period from 31 December 2016 until the submission of this report, the shareholders did not advise of any change in the shareholdings in INPRO SA.

The members of the supervising body of INPRO SA do not hold the Company's shares.

2. Information concerning related entities

2.1 Capital Group composition and its changes

As at 31/12/2017, the Group consists of INPRO SA and the following subsidiaries:

No.	Entity's name	Registered office	Object	Share in the share capital (%)	Share in voting rights (%)	Acquisition price of the shares
1.	inBet Sp. z o.o.	Kolbudy, ul. Przemysłowa 10	Manufacture of reinforced concrete, concrete and steel elements	80,32%	80,32%	10 907
2.	Dom Zdrojowy Sp. z o.o.	Jastarnia, ul. Tadeusza Kościuszki 2A	Hotel services	100,00%	100,00%	19 120
3.	P.B. Domesta Sp. z o.o.	Gdańsk, ul. Cementowa 5-9	Property development activity, main contracting for multi-family residential buildings	59,57%	59,57%	13 926
4.	Hotel Mikołajki Sp. z o.o.	Mikołajki, Aleja Spacerowa 11	Hotel services	100,00%	100,00%	17 984
5.	PI ISA Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8/6	Sanitary and heating installations	76,92%	76,92%	2 183
6.	SML Sp. z o.o.	Gdańsk,ul. Opata Jacka Rybińskiego 8	Interior fit-out, construction finishing services	100,00%	100,00%	201

Unless indicated otherwise, all amounts were given in thousands of PLN

	64 321

As at 31/12/2016, the Group consists of INPRO SA and the following subsidiaries:

No.	Entity's name	Registered office	Object	Share in the share capital (%)	Share in voting rights (%)	Acquisition price of the shares
1.	inBet Sp. z o.o.	Kolbudy, ul. Przemysłowa 10	Manufacture of reinforced concrete, concrete and steel elements	74,85%	74,85%	7 907
2.	Dom Zdrojowy Sp. z o.o.	Jastarnia, ul. Tadeusza Kościuszki 2A	Hotel services	100.00%	100.00%	19 120
3.	P.B. Domesta Sp. z o.o.	Gdańsk, ul. Cementowa 5-9	Property development activity, main contracting for multi-family residential buildings	59.57%	59.57%	13 926
4.	Hotel Mikołajki Sp. z o.o.	Mikołajki, Aleja Spacerowa 11	Hotel services	100.00%	100.00%	15 784*
5.	PI ISA Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8/6	Sanitary and heating installations	76.92%	76.92%	2 183
6.	SML Sp. z o.o.	Gdańsk,ul. Opata Jacka Rybińskiego 8	Interior fit-out, construction finishing services	100.00%	100.00%	201
						59 121

In addition to the above, INPRO SA is related to Hotel Oliwski Sp. z o.o., a company personally related through Mr Piotr Stefaniak – 162 shares of the nominal value of PLN 10k each (100% of the shares in that entity's capital-PLN 1,620k).

As at 31 December 2017, the share in the total number of votes held by the Group in subsidiaries equals the Group's share in the capital of those entities.

As at 31 December 2016, SML Sp. z o.o. was excluded from consolidation. The company was established on 1 July 2016 (the registration in the National Court Register took place on 14/07/2016).The financial data of that entity for the period ended 31 December 2016 was insignificant in relation to the whole of the consolidated financial statements.

As at the balance sheet date and 31/12/2016, all the companies within the Capital Group were comprised by the full method consolidation.

The subsidiaries do not hold shares in entities not controlled.

Changes in the Group's composition in 2017:

On 30/03/2017 the Extraordinary General Meeting of inBet Sp. z o.o. adopted a resolution on the increase of the share capital from PLN 10,790,864 to PLN 13,790,840; that is by the sum of PLN 2,999,976, by way of creation of 53,571 new shares of the nominal value of PLN 56 each, which were subscribed for by INPRO SA by cash. After the registration of the capital increase (12/05/2017), the number of shares held by INPRO SA in inBet Sp. z o.o is 197,795, which constitutes 80.32% of the share capital.

Unless indicated otherwise, all amounts were given in thousands of PLN

On 26/04/2017 the Extraordinary General Meeting of Hotel Mikołajki Sp. z o.o. adopted a resolution on the increase of the share capital from PLN 15,780,000 to PLN 17,980,000; that is by the sum of PLN 2,200,000; by way of creation of 2,200 new shares of the nominal value of PLN 1,000 each, which were subscribed for by INPRO SA by cash. After the registration of the capital increase (19/07/2017), the number of shares held by INPRO SA in Hotel Mikołajki Sp. z o.o is 17,980, which constitutes 100% of the share capital.

Changes in the Group's composition in 2016:
In 2016 the composition of the INPRO SA Corporate Group was extended to include SML Sp. z o.o.

On 01/07/2016, on the basis of a notarised deed, Register A No. 5802/2016, the Company subscribed for 4,000 shares of the nominal value of PLN 50.00 each, of the total value of PLN 200,000.00, in the newly created company, SML Sp. z o.o. INPRO S.A. covered the whole of the shares by cash. INPRO S.A is the sole shareholder in the above company and is entitled to all the shares in the share capital.
The object of the new company in the INPRO S.A. Group will be the "turn-key" finish of flats at selected property development projects. The Gdańsk-North District Court in Gdańsk issued a ruling on the company registration in the National Court Register on 14/07/2016 under number KRS 0000628286.

Moreover, the following events took place:

a) On 06/04/2016 the Extraordinary General Meeting of inBet Sp. z o.o. adopted a resolution on the increase of the share capital from PLN 9,695,672 to PLN 10,790,864, that is by the sum of PLN 1,095,192, by way of creation of 19,557 new shares of the nominal value of PLN 56 each, which were subscribed for by INPRO SA by cash. After the registration of the capital increase (11/05/2016), the number of shares held by INPRO SA in inBet Sp. z o.o is 144,224, which constitutes 74.85% of the share capital. The increase of the capital was registered by the National Court Register on 11/05/2016.

2.2 Share capital of the various entities comprised by the INPRO group as at 31/12/2017:

Entity's name	Share capital as at 31/12/2017
INPRO SA	4.004
DOMESTA Sp. z o.o.	301
inBet Sp. z o.o. (previous name- RUGBY Prefabrykaty Sp. z o.o.)	13.791
Dom Zdrojowy Sp. z o.o.	19.140
Hotel Mikołajki Sp. z o.o.	17.980
PI ISA Sp. z o.o.	80
SML Sp. z o.o.	200

2.3 Securities on shares in subsidiaries

	01/01/2017 -31/12/2017	01/01/2016 -31/12/2016
Securities on shares in subsidiaries	17 980	15 780
Total	**17 980**	**15 780**

Unless indicated otherwise, all amounts were given in thousands of PLN

In 2017 there were the hedging on shares in subsidiaries:

I Registered pledge of 04th October 2017 on the shares in Hotel Mikołajki Sp. z o.o. in the amount of PLN 15,582 k for the following credit agreements:
- investment credit of 5th September 2011 in the amount of PLN 36,214 k granted to Hotel Mikołajki Sp. z o.o. by PKO BP SA; the highest security amount fixed in the pledge agreement being PLN 54,321 k;
Claim satisfaction conditions:
1. The satisfaction of the Pledgee's claims, as its discretion, in the procedure prescribed by the provisions of law on enforcement proceedings, by taking over the ownership of the object of the pledge or through the sale in a public tender held by a bailiff or notary public.

When the National Court Register, Distric Court in Gdańsk (IX Business Division – Pledge Register) , had registered the above pledge (that is 16th November 2017), the agreements of pledge dated 5th September 2011 and 23rd May 2013 were cancelled.

In 2016 there were the hedging on shares in subsidiaries:

I Registered pledge of 05 September 2011 on the shares in Hotel Mikołajki Sp. z o.o. in the amount of PLN 15,582 k for the following credit agreements:
- investment credit of 5 September 2011 in the amount of PLN 36,214 k granted to Hotel Mikołajki Sp. z o.o. by PKO BP SA; the highest security amount fixed in the pledge agreement being PLN 137,617 k;
Claim satisfaction conditions: in the event of a failure to repay the whole or part of the secured claim, the following may take place:
1. The satisfaction of the Pledge's claims, as its discretion, in the procedure prescribed by the provisions of law on enforcement proceedings, by taking over the ownership of the object of the pledge (at the price of the market value of the shares as determined in the valuation) or through the sale in a public tender held by a bailiff or notary public
2. Waiver by the Pledge of the possibility of exercise of the so-called corporate rights (including the exercise of the voting right) in relation to Hotel Mikołajki Sp. z o.o.

II Registered pledge of 23 May 2013 on the shares in Hotel Mikołajki Sp. z o.o. in the amount of PLN 198 k for the following credit agreements:
- investment credit of 5 September 2011 in the amount of PLN 36,214 k granted to Hotel Mikołajki Sp. z o.o. by PKO BP SA; the highest security amount fixed in the pledge agreement being PLN 72,428 k;
Claim satisfaction conditions: in the event of a failure to repay the whole or part of the secured claim, the following may take place:
1. The satisfaction of the Pledge's claims, as its discretion, in the procedure prescribed by the provisions of law on enforcement proceedings, by taking over the ownership of the object of the pledge (at the price of the market value of the shares as determined in the valuation) or through the sale in a public tender held by a bailiff or notary public
2. Waiver by the Pledge of the possibility of exercise of the so-called corporate rights (including the exercise of the voting right) in relation to Hotel Mikołajki Sp. z o.o.

2.4 Details concerning subsidiaries with non-controlling shares

Entity	**Share in the share capital assigned to non-controlling shareholders**		**Net profit (loss) attributable to non-controlling shareholders**	**Cumulated value of non-controlling shares**	
	31/12/2017	**31/12/2016**	**2017**	**31/12/2017**	**31/12/2016**
inBet Sp. z o.o.	19,68%	25,15%	614	3 193	2 512
PB Domesta Sp. z o.o.	40,43%	40,43%	1 607	10 550	9 382
PI ISA Sp. z o.o.	23,08%	23,08%	(41)	185	226
Total			**1 630**	**12 119**	**2 180**

Unless indicated otherwise, all amounts were given in thousands of PLN

Selected financial information concerning subsidiaries holding non-controlling shares:

Item in the financial statement	inBet Sp. z o.o.		PB Domesta Sp. z o.o.		PI ISA Sp. z o.o.	
	2017	2016	2017	2016	2017	2016
Current (short-term) assets	11 284	4 277	54 676	31 537	1 688	1 335
Fixed (long-term) assets	13 234	11 520	1 856	1 148	123	138
Short-term liabilities	5 465	2 902	23 024	8 316	743	512
Long-term liabilities	2 727	3 202	6 434	994	2	2
Sales revenues	21 281	11 553	29 299	22 854	6 780	6 665
Other revenues	139	57	54	72	24	6
Net profit (loss)	3 426	302	3 975	3 755	106	(286)
Net profit (loss) attributable to the parent entity's shareholders	2 860	100	3 976	2 238	64	(195)
Net profit (loss) attributable to non-controlling shareholders	566	202	1 607	1 519	42	(91)
Dividend paid to non-controlling shareholders	-	-	(368)	(368)	(69)	(69)

3. Composition of the Parent Company's Management Board and Supervisory Board

As at the date of preparation of these consolidated financial statements, the composition of the Management Board of the Parent Entity was as follows:

- Piotr Stefaniak - President of the Management Board
- Zbigniew Lewiński - Vice-President of the Management Board
- Krzysztof Maraszek - Vice-President of the Management Board

No changes in the composition of the body occurred in the period in question.

For the shareholdings of the members of the Management Board, see the shareholding structure in note 1.

As at the date of preparation of these consolidated financial statements, the composition of the Supervisory Board of the Parent Entity was as follows:

- Jerzy Glanc - Chairman of the Supervisory Board
- Krzysztof Gąsak - Deputy Chairman of the Supervisory Board
- Szymon Lewiński - Member of the Supervisory Board
- Łukasz Maraszek - Member of the Supervisory Board
- Wojciech Stefaniak - Member of the Supervisory Board

No changes in the composition of the body occurred in the period in question.

4. Approval of the financial statements

These consolidated financial statements were approved by the Management Board for publication on 04 April 2018.

5. Grounds for the preparation of the consolidated financial statements

The consolidated financial statements were prepared in conformity with the historical cost principle.

The consolidated financial statements were prepared on the assumption that the Group companies will be able to continue as a going concern in the foreseeable future. As at the date of approval of these financial statements, no circumstances are found to exist which indicate a threat to the Group companies to continue as a going concern.

These consolidated financial statements were prepared in Polish zlotys (PLN). The Polish PLN is the functional and reporting currency of the Capital Group. Unless indicated otherwise, the data in the consolidated financial statements have been presented in thousands of PLN.

6. The platform of the applied International Financial Reporting Standards

6.1 Statement on compliance

Polish legal provisions impose the obligation on the Group to draw up consolidated financial statements in conformity with the IFRS endorsed by the EU. In view of the ongoing IFRS implementation process in the EU and the Group's operations, as regards the accounting principles used by the Group, there is no difference between the IFRS to have come into force and those approved by the EU for the reporting period ended on 31 December 2017.

These consolidated financial statements were made in conformity with the International Financial Reporting Standards approved by the EU. The IFRS cover the standards and interpretations approved by the International Accounting Standards Committee ("IASC") and the International Financial Reporting Interpretations Committee ("IFRIC").

The Group's subsidiaries keep their books of accounts in conformity with the accounting policy (principles) specified by the Accounting Act of 29 September 1994 (the "Act") and the regulations issued on its basis (the "Polish accounting standards"). The consolidated financial statements contain adjustments not included in the accounting books of the Group' entities in order to bring the financial statements of those entities to compliance with the IFRS.

6.2 Standards used for the first time

These consolidated financial statements are prepared based on the same accounting policies as for the consolidated financial statements of the Group for the year ended 31 December 2016, except for:

applying the following new or amended standards and interpretations issued by the International Accounting Standards Committee or the International Financial Reporting Interpretations Committee have been in force since 1 January 2017:

- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),

- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017),

- **Amendments to IFRS 12 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017).

The above amendments do not have significant influence on the Group's financial standing and profits from business operations as well as on the scope of information presented in these financial statements.

6.3 Standards and interpretations published but not adopted

While approving these consolidated financial statements, the Group did not apply the following standards, amendments to and interpretations of the standards, which were published by the IASC and approved for use in the EU, but have not become effective yet:

- **IFRS 9 "Financial Instruments"** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 15 "Revenue from Contracts with Customers"** and amendments to IFRS 15 "Effective date of IFRS 15" - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 16 "Leases"** – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 2 "Share-based Payment"** – Classification and Measurement of Share-based Payment Transactions – adopted by the EU on 27 February 2018 (effective for annual periods beginning on or after 1 January 2018)
- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – adopted by the EU on 3 November 2017 (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),
- **Amendments to IFRS 15 "Revenue from Contracts with Customers"** - Clarifications to IFRS 15 Revenue from Contracts with Customers – adopted by the EU on 31 October 2017 (effective for annual periods beginning on or after 1 January 2018).
- **Amendments to IFRS 1 and IAS 28 due to "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording – adopted by the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018).

IFRSs as approved by the EU do not vary considerably from the regulations adopted by the International Accounting Standards Committee (IASC) except the standards below, changes thereto and the interpretation thereof which, as at 21/03/2017, were not adopted for use in the EU (the effective dates below refer to the standards in their full version):

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **IFRS 17 "Insurance Contracts"** (effective for annual periods beginning on or after 1 January 2021),
- **Amendments to IFRS 9 "Financial Instruments"** - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IAS 19 "Employee Benefits"** - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** - Long-term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019),

- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to various standards due to "Improvements to IFRSs (cycle 2015-2017)"** resulting from the annual improvement project of IFRS (IFRS 3, IFRS 11, IAS 12 and IAS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2019),
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (effective for annual periods beginning on or after 1 January 2018),
- **IFRIC 23 "Uncertainty over Income Tax Treatments"** (effective for annual periods beginning on or after 1 January 2019).

In the Group's initial opinion, the implementation of the standards and interpretations approved and published by the EU which have or will become effective after the balance sheet date or those awaiting approval by the EU will not have a material effect on the Company's financial statements.

With reference to the changes concerning IFRS 15 „Revenue from contracts with customers", the Group carried out a general analysis of the impact of the above standard on the Group's results of operations and the scope of information presented in the financial statements. The above analysis included mainly the moment of recognizing the revenue from the sale of products in individual segments of the Group, including the development segment, in particular the sale of apartments or parking spaces, as well as the prefabrication segment. The Group's current approach to recognizing revenue in the date of the protocols for the transfer of products to the client is in line with the changes introduced in IFRS 15, hence the Group does not expect significant changes due to the existing standard in the development segment. The application of the new IFRS 15 standard may affect the valuation of sales revenues in the prefabrication segment in connection with the production of products without an alternative application. The analysis carried out showed that the impact of this change on the results presented in 2017. it will not be significant. The potential application of IFRS 15 for the reporting period ended December 31, 2017 would result in an increase in sales revenue by an amount not higher than PLN 200,000. PLN and gross result by no more than PLN 75,000 PLN. The Group will apply this standard from January 1, 2018, adopting an approach without adjusting the comparative data.

With reference to the amendments concerning IFRS 9 Financial Instruments, the Group estimates that the application of the amended standard will not have a material impact on the financial statements, however it is at the stage of verification and assessment of the previously used model of measurement and measurement of assets and their impairment. Most assets currently recognized as loans and receivables (including trade receivables and cash) will continue to be measured at amortized cost.
In terms of impairment, the Group plans to apply simplifications and practical solutions permitted by IFRS 9 in this respect and does not expect significant impact of these changes on the financial position, results of the Group's operations and the scope of information presented in the financial statements.
Based on the overall analysis, the Group expects that the application of the amended standard will not have a material impact on the financial statements, however, this is at the stage of verification and assessment of the impairment model used so far.

7. Early adoption of standards and interpretations

The Group did not take advantage of the opportunity of early adoption of any standards, amendments thereto, or interpretations.

8. Amendments to accounting principles in use

The Group did not make significant changes in the accounting principles in use in the reporting period except changes described in point 6.2.

Unless indicated otherwise, all amounts were given in thousands of PLN

9. Material values based on professional judgement and estimates

9.1 Professional judgement

In the event that a transaction is not regulated in any standard or interpretation, the Management Board, while being guided by a subjective judgement, specifies and applies accounting policies, which will ensure that the financial statements contain appropriate and credible information and will:
– present a true, clear and fair view of the economic and financial position of the Group, the results of its activity and cash flows,
– reflect the commercial substance of transactions,
– be objective,
– be prepared in conformity with the conservative valuation principle,
– be complete in all essential aspects.

Recognition of sales revenues
Revenues from the sale of real estate (mainly residential units) are recognised upon the transfer to the buyer of the real estate of the control of the real estate being acquired and of the significant risks and benefits typical of the ownership title. In the opinion of the parent company's managers, this takes place upon the delivery of the real estate to the buyer on the basis of an acceptance report signed by the parties, on condition that all the payments towards the price of the acquisition of the real estate were made by the buyer.
Discount rate
The discount rate taken influences the figures presented in the consolidated report of the financial situation. This concerns, for example, the value of the provisions for employee benefits. That rate is also used during goodwill testing for permanent impairment. The discount rate taken by the Management Board of the parent entity is based on the interest rate on 10-year treasury bonds.

9.2 Uncertainty of estimates

The preparation of consolidated financial statements requires the Company's Management Board to make estimates because much information in the financial statements cannot be valued precisely. The Management Board reviews the estimates on the basis of the changes of factors taken into consideration when the estimates were made, of new information or of previous experience. It is for that reason that the estimates as at 31 December 2017 may be revised in the future. The main estimates have been described in the following notes:

Note		Kind of disclosure
21	Impairment of fixed assets and the analysis of the realisable net selling price of inventories	The Group tests fixed assets and inventories for impairment test in case factors indicating possible impairment occur. Impairment tests regarding goodwill acquired by merging business entities are conducted at the end of each financial year. The analysis of the net realisable selling price of inventories in the case of finished products (completed residential premises) is conducted by comparing their book value with current market selling prices of premises for a given stage of a project implemented by the Group.
22	Trade receivable valuation allowances	Given the grounds, the Group verifies the recovery of various trade receivables and estimates the valuation allowances on that basis.
13	Income tax	The Group recognises deferred tax assets on the basis of the assumption that a tax profit allowing the use of deferred tax will be achieved in the future. The deterioration of the tax results obtained in the future could make that assumption groundless.
26	Employee benefits	Provisions for retirement benefits and unused vacation leaves.
26	Provisions	Provisions for guarantees and sureties given and provisions for claims and court cases
10.6	Useful life of fixed assets and intangibles	The useful life of assets and their depreciation method is reviewed at least at the end of each financial year.

10. Accounting principles applied

10.1 Consolidation principles

The condensed consolidated financial statements comprise those of *INPRO SA* and its subsidiaries, such statements having been prepared for the year ended on 31 December 2017. The financial statements of the subsidiaries are prepared for the same reporting period as the financial statements of the parent entity, with the application of consistent accounting principles, on the basis of uniform accounting principles applied to the transactions and economic events of a similar character. Adjustments are introduced to eliminate any differences in the accounting principles applied.
All the significant balances and transactions between the entities within the Group, including unrealised gains arising out of the transactions within the Group have been entirely eliminated. Unrealised losses are eliminated unless they demonstrate impairment.

10.2 Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:
• the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
• potential voting rights held by the Company, other vote holders or other parties;
• rights arising from other contractual arrangements; and
• any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

10.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.
At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

• deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
• liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see note 3.16.2); and
• assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.
Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.
Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.
When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.
The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.
When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.
If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

10.4 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Unless indicated otherwise, all amounts were given in thousands of PLN

10.5 Conversion of items denominated in foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The following rates have been taken for the purposes of the balance sheet valuation:

Rate binding on the last day of the period	**31/12/2017**	**31/12/2016**
EURO	4.1709	4,4240

The average rate, calculated as the arithmetic mean of the rates binding on the last day of each month in a period	**01.01.2017 -31.12.2017**	**01.01.2016 -31.12.2016**
EURO	4,2447	4,3757

10.6 Property, plant and equipment

Property, plant and equipment are reported at the price of acquisition / cost of manufacture less depreciation and all impairment losses. The initial value of fixed assets comprises their acquisition price increased by all the costs directly related to the purchase and to making an asset suitable for use. The cost also includes the cost of replacement of components of machinery and equipment when such cost is incurred, if the recognition criteria have been met. The costs arising after the date of placing a fixed asset in service, such as maintenance and repair costs, are charged to the income statement when they are incurred.
Upon acquisition, fixed assets are disaggregated into components of a considerable value, to which relevant useful life may be allocated.

Important spare and service parts reported as property, plant and equipment are amortised in conformity with the estimated period of use, but not longer than the useful life of fixed assets which they service.

The balance sheet value of a fixed asset comprises the costs of regular significant inspections, which are necessary to prevent faults, and whose value in various reporting periods varies considerably. The value of an inspection is depreciated until the next inspection or until the end of useful life of a fixed asset, whichever is sooner. Any residual balance sheet value of the costs of the previous inspection is derecognised.

Depreciation is computed on a straight-line basis throughout the estimated useful life of an asset, that period being:

Type	**Period**
Land	
Buildings and constructions	22 – 67 years
Machinery and equipment	5 – 22 years
Office equipment	5 years
Motor vehicles	5 – 20 years
Computers	3 years
Other fixed assets	4 – 15 years

If during the preparation of financial statements any circumstances have occurred which indicate that the balance sheet value of property, plant and equipment may not be recoverable, an inspection of those assets is performed from the point of view of their impairment. If there are factors indicating that impairment may have occurred, and the balance sheet value exceeds the estimated recoverable amount, then the value of those assets or cash generating units, to which those assets belong, is brought down to the level of the recoverable amount. The recoverable amount corresponds to the lower of the following two values: the fair value less the cost of sales or the value in use. When determining the value in use, the projected future cash flows are discounted to the current value with the use of the gross discount rate reflecting the current market assessments of the time value of money and any risk related to an asset. In the case of an asset which does not generate cash flows in a significantly separate way, the recoverable amount is determined for a cash generating unit, to which that asset belongs. Impairment losses are recognised in the income statement under other operating costs.
An item of property, plant and equipment may be derecognised upon its disposal or when no economic benefits following from the further use of such an asset are expected. Any profits or losses following from the derecognition of an asset (calculated as the difference between any net proceeds from the sale and the balance sheet value of an item) are recognised in the income statement in the period in which such derecognition was effected.
Commenced investments concern fixed assets in the process of construction or erection and are reported at the cost of acquisition or manufacture. Fixed assets under construction are not depreciated until the end of construction and placing them in service.
The residual value, useful life and depreciation method of fixed assets are reviewed and revised if necessary at the end of each financial year.

10.7 Borrowing costs

The borrowing costs directly relating to the acquisition or manufacture of assets requiring an extended period to bring them into use are capitalised as a part of the cost of acquisition or manufacture until those assets are ready for use or sale. Borrowing costs comprise interest and exchange gains or losses up to the amount corresponding to the interest cost adjustment.
Other borrowing costs are recognised as costs when they are incurred.

10.8 Investment property

Investment property is recognised at the acquisition price or the cost of manufacture with the transactions costs taken into consideration. After initial recognition the value of investment property is decreased by depreciation and impairment losses.
Investment property is derecognised on disposal or when permanently withdrawn from use, and no future benefits are expected from its disposal. Any profits or losses following from the derecognition of investment property are recognised in the income statement in the period in which such derecognition was effected.
Assets are transferred to investment property only when a change in their use takes place as confirmed by the end of the use of an asset by its owner or the conclusion of an operating lease agreement.

If investment property is transferred to assets used by the owner or to inventory, the deemed cost of such an asset, which will be taken for its recognition in another category, is equal to the fair value of property determined as at the date of the change in use. If an asset used by the owner (the Group) becomes investment property, the Group applies the principles described under *Property, plant and equipment* until a change in use of that property. If assets are transferred from inventory to investment property, the difference between its fair value as at the date of transfer and the previous balance sheet value is recognised in profit or loss.

10.9 Lease and the right of perpetual usufruct of land

Finance lease agreements which basically transfer the whole risk and all the benefits following from the possession of an object of the lease to the Group are recognised in the balance sheet as at the date of commencement of lease at the lower of the following: the fair value of a fixed asset being the object of the lease or the current value of minimum lease payments. Lease payments are disaggregated between financial costs and the decrease of the lease liability in a way permitting a fixed interest rate on the liability remaining to be paid. Financial costs are recognised directly as an expense.
Fixed assets used on the basis of finance lease agreements are amortised over the shorter of the following two periods: estimated useful life or the lease period.
Lease agreements in conformity with which the lessor basically retains the whole risk and all the benefits following from the possession of the object of the lease are classified as operating lease agreements. Operating lease payments are recognised in the income statement as costs on a straight-line basis throughout the lease.

If the lease agreement covers both land and buildings, an entity classifies each of those elements separately as a finance or operating lease. In determining whether land should be classified into an operating or finance lease, the fact that land usually has an unrestricted useful life is taken into account.

The right of perpetual usufruct of land received by the Group companies free of charge on the basis of an administrative decision is excluded from assets. If such rights are acquired on the secondary market, they are recognised as intangibles and amortised over their estimated useful life.

10.10 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

10.11 Intangibles

Intangibles acquired separately are valued at the price of acquisition or the cost of manufacture. The price of acquisition of intangibles acquired in the merger of business entities is equal to their fair value as at the merger date. After initial recognition, intangibles are reported at the price of acquisition or cost of manufacture less depreciation and/or impairment losses. Expenses on intangibles manufactured on one's own account, except the recognised costs of development work, are not capitalised but recognised in the costs of the period in which they were incurred.
The Group decides on whether the useful life of intangibles is limited or indefinite. Intangibles of limited useful life are amortised over that life and tested for impairment each time when there are factors indicating impairment of such assets. The period and method of depreciation of intangibles with limited useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or in the pattern in

which economic benefits from an asset are expected to be consumed are recognised by changing, as appropriate, the period or method of depreciation, and treated as the changes of estimates. A depreciation charge on intangibles with a limited useful life is recognised in the income statement in the category which corresponds to the function of a given intangible asset.
Intangibles with an indefinite useful life and those which are not used are reviewed every year for impairment with reference to the various assets or at the cash generating unit level. Other intangibles are assessed every year from the point of view of the factors which may signify their impairment.

The costs of research work are written to the income statement when they are incurred. The costs of development work carried out as part of a given project are transferred to the next period if it may be assumed that they will be recovered in the future. After initial recognition of the costs of development work, applied is the historical cost convention, which requires that assets are recognised at the price of acquisition less accumulated depreciation and accumulated impairment losses. Any costs transferred to the next period are amortised over the period when proceeds from the sale of a given project are expected.
Costs of development work are assessed for possible impairment on an annual basis if an asset has not been placed in use yet or, more frequently, when in the reporting period there occurs an impairment factor indicating that their balance sheet value may not be recoverable.

Profits or losses following from the derecognition of intangibles are measured as the difference between net proceeds from the sale and the balance sheet value of an asset and recognised in the income statement when such asset is derecognised.

10.12 Recoverable amount of long-term assets

As at each balance sheet date, the Group evaluates assets for factors indicating their impairment. If such factors exit, the Group performs a formal assessment of the recoverable amount. When the balance sheet value of an asset or cash generating unit exceeds its recoverable amount, the impairment of such an asset is recognised and its value written down to the recoverable amount level. The recoverable amount is the higher of the following two amounts: the fair value less the costs of disposal or the value in use of an asset or cash generating unit.

10.13 Financial instruments

Financial instruments
A financial instrument is any agreement which causes a financial asset to come into being on the one part and a financial liability or equity instrument on the other.

The Group classifies financial instruments in a hierarchical way, in conformity with the three main levels of valuation with reference to the fair value, which reflect the base taken for the valuation of each of the instruments.

The fair value hierarchy is as follows:

Level 1 **-** the prices of market quotations from active markets for identical assets and liabilities (e.g. shares and bonds quoted);
Level 2 **-** the prices from active markets, but other than the prices of market quotations – fixed directly (by comparison with actual transactions) or indirectly (through valuation techniques based on actual transactions), e.g. the majority of derivative instruments;
Level 3 **-** prices not originating from active markets.

The position of a financial instrument in the fair value hierarchy depends on the lowest valuation base affecting the determination of the fair value of such a financial instrument.

The Company classifies financial assets into the following categories:
- financial assets measured at the fair value through profit or loss,
- loans and receivables,
- held-to-maturity financial assets,

- available-for-sale financial assets.

Financial liabilities are divided into:

- financial liabilities measured at the fair value through profit or loss,
- financial liabilities valued at the amortised cost.

The purpose of the acquisition of financial assets and their nature is the basis for classification. The Company determines the classification of their financial assets at their initial recognition, and then reviewed that classification as at each reporting date.

Financial assets

Financial assets are measured upon their recognition in the books at the fair value. The initial valuation is increased by transaction costs except for financial assets classified into the categories measured at the fair value through profit or loss. The transaction costs of a possible disposal of an asset are not taken into account in the subsequent valuation of financial assets. A financial asset is recognised in the balance sheet when the Group becomes a party to an agreement (contract), from which such a financial asset follows.

The Company measures as at the balance sheet date whether there are factors indicating the impairment of a financial asset (of a group of such assets). In the case of instruments classified as available for sale, in determining whether an impairment has taken place the significant or extended decrease of the fair value of a security below cost is taken into consideration.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

• it has been acquired principally for the purpose of selling it in the near term; or

• on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

• the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

• it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Financial assets measured at the fair value through profit or loss are measured with the use of stock exchange quotations and, if there are none, with appropriate valuation techniques which comprise the use of the prices from recent transactions or of tender prices, a comparison with similar instruments, and option valuation models. The fair value of debt instruments is constituted by future cash flows discounted with the current market interest rate appropriate for similar instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market. Depending on their maturity date, they are classified as fixed assets (mature more than 1 year from the reporting date) or current assets (mature within up to 1 year from the reporting date). Loans and receivables are valued as at the balance sheet date at the amortised cost. The Company includes in that group mainly trade receivables, bank deposits, other cash as well as loans and acquired unquoted debt instruments not included into other categories of financial assets.

Held-to-maturity financial assets
Held-to-maturity financial assets are investments with fixed or determinable payments and a fixed maturity date, as to which assets the Company intends and is able to hold them to maturity. The Company includes in that category only quoted debt instruments if not previously categorised as financial assets measured at the fair value through profit or loss or as available-for-sale financial assets. Held-to-maturity financial assets are valued as at each reporting date at the amortised cost with the application of the effective interest rate.

Available-for-sale financial assets
Available-for-sale financial assets are those non-derivative financial assets that are designated as "available for sale" or are not classified into any other category. The Company includes in available-for-sale assets mainly debt instruments acquired to invest cash surpluses, if those instruments were not categorised as financial assets measured at the fair value through profit or loss in view of the Company's intention to hold them for a short time. Moreover, the Company classifies equity investments not covered by the consolidation obligation into that category.
Available-for-sale financial assets are classified as fixed assets if there is no intention to dispose of investments within 1 year from the balance sheet date or otherwise as current assets. Available-for-sale financial assets are measured at the fair value as at each reporting date, and profits and losses (except impairment losses) are recognised in equity.

Financial liabilities
Financial liabilities are measured upon their recognition in the books at the fair value. The initial valuation includes transaction costs except for financial liabilities classified into the categories measured at the fair value through profit or loss. The transaction costs of a possible disposal of a financial liability are not taken into account in the subsequent valuation of those liabilities. A financial liability is recognised in the balance sheet when the Company becomes a party to an agreement (contract), from which such a financial liability follows.

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.
A financial liability is classified as held for trading if:

• it has been incurred principally for the purpose of repurchasing it in the near term;

• on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

• it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

• such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

• the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

• it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

The fair value of debt instruments is constituted by future cash flows discounted with the current market interest rate appropriate for similar instruments.

Financial liabilities valued at the amortised cost
Other financial liabilities, not classified as financial liabilities measured at the fair value through profit or loss, are classified as financial liabilities measured at the amortised cost. The Company includes in that category primarily trade liabilities, loans and credits taken out and debt instrument liabilities. Liabilities included in that category are measured at the amortised cost with the application of the effective interest rate.

10.14 Inventory

Inventory is valued at the lower of two values: the acquisition price / cost of manufacture and net realisable selling price.
The costs incurred in bringing each asset to its present location and condition, both in relation to the current and previous year, are recognised in the following way:

Materials	- at the acquisition price determined by way of the first in – first out method,
Finished products and work in progress	- the cost of direct materials and labour and an appropriate indirect labour determined on the assumption of the normal utilisation of production capacity,
Commodities	- at the price of acquisition determined by way of the specific identification (land) or by means of the FIFO method (other commodities)

The price of acquisition or cost of manufacture of inventory comprises all the purchase, processing and other costs incurred in bringing inventory to its present location and condition.
The costs of purchase of inventory comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

The net realisable price is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Inventory is reported at the net value (less revaluation deductions). Inventory revaluation deductions are created in relation to the loss of inventory value, with a view to bringing the value of inventory to the realisable net value level. Revaluation deductions are recognised directly as an expense. The value of a revaluation deduction reduces the balance sheet value of inventory comprised by such a deduction.

10.15 Trade and other receivables

Trade and other receivables are valued as at the balance sheet date at the amortised cost (i.e. discounted with the application of the effective interest rate) less impairment losses. In the case of short-term receivables with the term of payment up to 360 days, that valuation corresponds to the sum due.

When the influence of the time value of money is significant, the receivable is determined by discounting the projected future cash flows to the current value with the use of the gross discount rate reflecting the current market assessments of the time value of money and credit risk of customer. If discounting has been used, an increase of the receivable in relation to the passage of time is recognised as financial revenues.

Non-financial receivables are initially recognised at their nominal value and measured at the payable amount as at the balance sheet date.

Receivables are revalued with the probability of their payment taken into consideration, by way of a revaluation deduction. Impairment of trade receivables is deducted when there is objective evidence that it will not be possible to re receive all the sums due following from the original contract conditions. An assessment whether objective evidence of impairment of receivables exists is performed on an ongoing basis, on receipt of information on the occurrence of objective evidence, which may determine impairment, at least as at the balance sheet date.

If there is objective evidence of impairment of receivables reported as at the amortised cost, the impairment loss is fixed as the difference between the balance sheet value of an asset and the current value of the future cash flows discounted on the basis of the effective interest rate. The probability of the future cash flows is determined on the basis of the analysis of historical data. The probability of losing the receivables was determined as a result of estimates based on the analysis of historical data - the deductions may be decreased if the Management Board has credible documents from which it follows that the receivables were secured and their payment is highly probable.

In particular, a 100% valuation allowance is made with regard to the receivables:

- from debtors in liquidation or bankruptcy, up to the amount not covered by a guarantee or another security,
- from debtors in the case of dismissal of a bankruptcy petition if the debtor's assets are not sufficient to cover the costs of bankruptcy proceedings to the full claim amount,
- challenged by the debtors and those outstanding to the amount not covered by a guarantee or other securities, if the assessment of the debtor's economic and financial position indicates that the repayment of the receivable in the agreed amount in the nearest semi-annual period is not possible,
- equivalent to the amounts increasing the receivables in relation to those against which a valuation allowance was previously made up to those amounts before they were received or reduced,
- overdue or not overdue receivables with a high probability of uncollectibility, in a credibly estimated allowance for uncollectible receivables,
- due interest for late payment.
- receivables whose maturity as at the balance sheet date exceeded 180 days.

Valuation allowances on receivables are recognised as selling costs. The reversal of valuation allowances on receivables is recognised if in the next periods impairment was decreased, and the increase in the value of a financial asset may be attributed to events occurring after the allowance was recognised. As a result of the reversal of the allowance, the balance sheet value of financial assets may not exceed the amortised cost, which would have been determined if the impairment loss had not been recognised previously. The reversal of the allowance is recognised in the income statement as the reduction of selling costs.

10.16 Cash and cash equivalents

Cash and short-term deposits reported in the balance sheet comprise cash at bank and at hand as well as short-term deposits with original maturity not exceeding three months.
The balance of cash and cash equivalents reported in the consolidated cash flow statement consists of the above-specified cash and cash equivalents.

10.17 Fixed assets for disposal

Fixed assets (or their groups) for disposal are classified as held for sale if their balance sheet value will be recovered through sale transactions rather than through continued use provided that they are available for sale immediately in their present condition, subject to the conditions customarily used in the sale of those assets (or disposal groups) and that their sale is highly probable.
Immediately before the qualification of an asset (or a disposal group) as held for sale, those assets are measured i.e. their balance sheet value is determined in conformity with the provisions of relevant standards. Property, plant and equipment as well as intangibles are amortised to the reclassification date, and if factors indicating possible impairment occur, an impairment test is conducted and, consequently, an allowance is recognised, in conformity with IAS 36 "Impairment of Assets."
Fixed assets (or disposal groups), whose value was fixed in the above way are reclassified to assets held for sale. On reclassification, those assets are measured at the lower of the following two: the balance sheet value or the fair value less the costs of disposal. The difference from the measurement at the fair value is recognised in other operating costs. Upon subsequent valuation, any reversal of the fair value is recognised in other operating revenues.

A fixed asset is not depreciated if it is classified as held for sale or is included in a disposal group that is classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

If an entity no longer meets the criteria for the classification of an asset as held for sale, an asset is recognised in that balance sheet item from which it had been reclassified previously and measured at the lower of the following two amounts:

- the balance sheet value as at the date preceding the classification of an asset as held for sale, adjusted by amortisation or revaluation, which would have been recognised had the asset not been classified as held for sale, or
- the recoverable amount at the date of the decision not to sell.

10.18 Equity

Equity is recognised in accounting books with a division into its kinds and with reference to the principles set out in the provisions of law and the Company's Statutes.

Share capital is reported in the amount shown in the Statutes and the National Court Register. Declared but not paid-in capital contributions are recognised as capital not paid-in. Own shares and share capital not paid in decrease the Company's equity.

Share premium capital – that capital constitutes surpluses achieved at the issue of shares less the costs of such an issue of shares.

Other capital is constituted by the revaluation reserve from the measurement of the fair value of financial assets included in the category of available-for-sale financial assets.

Retained profits are constituted by: supplementary capital and reserves from profit for subsequent years, retained profit or non-financed loss from previous years (accumulated profits/losses from previous years), and the profit or loss for a current financial year.

10.19 Interest bearing credits, loans and debt securities

On initial recognition, all credits, loans and debt securities are recognised at the price of acquisition corresponding to the fair value of cash received less credit or loan costs.

After initial recognition, interest-bearing credits, loans and debt securities are subsequently valued at the amortised cost with the application of the effective interest rate method.

The costs related to a loan or credit and the discounts or bonuses obtained upon the settlement of a liability are taken into account in the determination of the amortised cost.

Profits and losses are recognised in the income statement on the derecognition of a liability from the balance sheet, and also as a result of the calculation of an allowance.

10.20 Trade and other liabilities

Liabilities are a present obligation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits.

Financial and non-financial liabilities measured at the fair value through profit or loss are measured as at the balance sheet date at the amortised cost (i.e. discounted with the application of the effective interest rate). In the case of short-term liabilities with the term of payment up to 360 days, that valuation corresponds to the sum due.

Liabilities not classified as financial liabilities are measured at the amount required to be paid.

10.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

The amount of provisions is updated twice a year – after six months and at the end of a financial year.

10.22 Revenues

Revenues are recognised in the amount in which the Group will probably obtain economic benefits related to a given transaction and when the revenue may be measured in a reliable way. Revenues are recognised after tax on goods and services (VAT), other taxes (except excise) and rebates (discounts and bonuses) have been deducted.

Revenues are measured at the fair value of the consideration received or receivable. Revenues are measured at the discounted value when the impact of the time value of money is significant (the significant impact being considered when the period over which the payment was obtained was longer than 360 days).

The criteria presented below also pertain to revenue recognition.

Sale of products and commodities
Revenues are recognised if the significant risk and benefits following from the ownership right of products or commodities were transferred to the acquirer and when the revenue may be reliably measured.

Performance of services
Revenues in relation to the performance of services, which may be reliably estimated and for which the level of performance may be specified, are recognised on the percentage of completion basis.
When the agreement value cannot be estimated in a reliable way, the revenues related to that agreement are recognised to the degree to which it is likely that the costs incurred in relation to that agreement will be covered by those revenues. If the costs of the agreement are likely to exceed the relevant revenues, the forecast loss is recognised as a cost immediately.

Interest
Interest revenue is recognised gradually as it accrues (with the effective interest rate method taken into account, that rate being the discounting rate for future cash proceeds over the estimated period of use of financial instruments) in relation to the net balance sheet value of a financial asset.

Dividends
Dividends are recognised when the shareholders' right to receive payment is established.

Rent-related revenues
Revenues related to the rental of investment property are recognised on a straight-line basis over the period of rental in relation to open agreements.

10.23 Income tax

Current tax
Current tax expense is calculated on the basis of taxable income (the taxable base) in a given financial year. The tax profit (loss) differs from the accounting profit (loss) in connection with the exclusion of revenues which are not subject to tax and of the non-allowable costs. Tax expenses are calculated on the basis of tax rates in force in a given financial year.

Deferred tax

For the requirements of financial reporting, the income tax reserve is created by way of the balance sheet liability method in relation to all temporary differences occurring as at the balance sheet date between the positive value of assets and liabilities and their balance sheet value shown in the financial statements.

The deferred tax liability is recognised in relation to all taxable temporary differences:

- except when the deferred tax liability arises as a result of the initial recognition of goodwill or of the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither gross accounting profit nor taxable income or loss, and
- in the case of taxable temporary differences following from investments in subsidiaries or associates and interests in joint ventures – except when the timing of the reversal of temporary differences is controlled by the investor and when it is probable that temporary differences will not be reversed in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unused tax assets and unused tax losses carried forward to next years, in the amount in which it is probable that taxable income will be available, which will permit the above-mentioned differences, assets and losses to be utilised:

- except when the deferred tax assets pertaining to deductible temporary differences arise as a result of the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither gross accounting profit nor taxable income or loss, and
- in the case of deductible temporary differences following from investments in subsidiaries or associates and interests in joint ventures, a deferred tax asset is recognised in the balance sheet only in the amount in which it is probable that the above temporary differences will be reversed in the foreseeable future and that taxable income will be available, which will permit the deductible temporary differences to be deducted.

The balance sheet value of the deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Income tax on items recognised directly in equity is recognised in equity, and not in the income statement.

10.24 Net earnings per share

Net earnings per share for each period is calculated by dividing net profit for a given period by the weighted average number of shares in the given reporting period.

11. Information on operating segments

Operating segments were created at the level of various companies in the Group with differences in products and services taken into consideration. The data regarding the sale of homogeneous products and services by various Group companies were aggregated for reporting purposes. Aggregation for reporting purposes was based on the kind of activity i.e. the kind of products and services sold.

The Group carries activity within the following operating segments:

1) property development activity (INPRO SA, SML Sp. z o.o., PB Domesta Sp. z o.o., the sale of apartments at Hotel Mikołajki Sp. z o.o.),
2) hotel services (Dom Zdrojowy Sp. z o.o. and Hotel Mikołajki Sp. z o.o. but without the activity of selling apartments),
3) manufacture of concrete, reinforced concrete and steel elements (inBet Sp. z o.o.),
4) sanitary and heating installations (PI ISA Sp. z o.o.)

Activities in the above-mentioned segments are pursued in the territory of Poland.

Unless indicated otherwise, all amounts were given in thousands of PLN

Figures for the period 01/01/2017-31/12/2017	Continuing activities					Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total		
Revenues							
Sales to external customers	154 405	30 827	15 916	1 743	202 891	0	202 891
Sales between segments	661	81	5 365	5 037	11 144	(11 144)	0
Total revenues of the segment	**155 066**	**30 908**	**21 281**	**6 780**	**214 035**	**(11 144)**	**202 891**
Profit (loss) of the segment	**54 343**	**7 425**	**8 267**	**1 034**	**71 069**	**(763)**	**70 306**
Selling costs	(7 139)	(955)	(2 471)	0	(10 565)	**0**	(10 565)
Administrative expenses	(14 575)	(4 207)	(1 519)	(931)	(21 232)	0	(21 232)
Other operating revenues/costs	223	(224)	74	14	87	187	274
Profit (loss) on operating activities	**32 852**	**2 039**	**4 351**	**117**	**39 359**	**(576)**	**38 783**
Interest revenue	120	11	18		149	(36)	113
Interest cost	(599)	(944)	(156)	0	(1 699)	36	(1 663)
Other net revenues /financial costs	611	(65)	(93)	(7)	446	(596)	(150)
Profit (loss) before tax	**32 984**	**1 041**	**4 120**	**110**	**38 255**	**(1 173)**	**37 082**
Income tax	(5 862)	(364)	(694)	(4)	(6 924)	151	(6 773)
Net profit (loss) for the financial period	**27 122**	**677**	**3 426**	**106**	**31 331**	**(1 022)**	**30 309**
- including attributable to non-controlling shareholders							***2 180***

Unless indicated otherwise, all amounts were given in thousands of PLN

Figures as at 31/12/2017	Continuing activities					Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total		
Assets and liabilities							
Segment assets	408 747	93 226	24 518	1 811	528 302	(102 601)	425 701
Total assets	**408 747**	**93 226**	**24 518**	**1 811**	**528 302**	**(102 601)**	**425 701**
Total equity	278 864	67 828	15 993	1 066	363 751	(98 305)	265 446
Segment liabilities	129 883	25 398	8 525	745	164 551	(4 296)	160 255
Total liabilities and capital	**408 747**	**93 226**	**24 518**	**1 811**	**528 302**	**(102 601)**	**425 701**

Other information concerning segments for 2017	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total	Exclusions	Total activities
Change of fixed assets in the period	2 406	538	1 892	3	4 839	(261)	4 578
Depreciation of fixed assets	(1 265)	(1 957)	(700)	(19)	(3 941)	94	(3 847)
Total impairment loss as at 31/12/2017	(2 299)	(86)	(37)	0	(2 422)	0	(2 422)

Unless indicated otherwise, all amounts were given in thousands of PLN

Figures for the period 01/01/2016-31/12/2016	**Continuing activities**					**Exclusions**	**Total activities**
	Property development activity	**Hotel services**	**Manufacture of precast units**	**Sanitary and heating installations**	**Total**		
Revenues							
Sales to external customers	168 113	28 444	7 053	1 021	204 631		204 631
Sales between segments	4 066	1 800	4 500	5 644	16 009	(16 009)	-
Total revenues of the segment	**172 179**	**30 245**	**11 552**	**6 665**	**220 640**	**(16 009)**	**204 631**
Profit (loss) of the segment	**52 235**	**8 704**	**2 329**	**743**	**64 011**	**(558)**	**63 453**
Selling costs	(4 392)	(631)	(450)	-	(5 473)	**-**	(5 474)
Administrative expenses	(13 045)	(5 455)	(976)	(1 017)	(20 492)	**-**	(20 492)
Other operating revenues/costs	864	(101)	(122)	(2)	640	4	644
Profit (loss) on operating activities	**35 662**	**2 518**	**782**	**(276)**	**38 686**	**(554)**	**38 131**
Interest revenue	317	20	6	1	344	(97)	246
Interest cost	(432)	(1 132)	(124)	(7)	(1 695)	97	(1 597)
Other net revenues /financial costs	813	(73)	(14)		727	(702)	24
Profit (loss) before tax	**36 361**	**1 333**	**650**	**(282)**	**38 061**	**(1 256)**	**36 805**
Income tax	(6 762)	(368)	(349)	(5)	(7 483)	17	(7 466)
Net profit (loss) for the financial period	**29 599**	**966**	**301**	**(287)**	**30 579**	**(1 240)**	**29 339**
- including attributable to non-controlling shareholders							***1 630***

Unless indicated otherwise, all amounts were given in thousands of PLN

Figures as at 31/12/2016	Continuing activities					Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total		
Assets and liabilities							
Segment assets	342 169	97 992	15 797	1 473	457 432	(99 310)	358 121
Total assets	**342 169**	**97 992**	**15 797**	**1 473**	**457 432**	**(99 310)**	**358 121**
Total equity	263 387	64 203	9 567	959	338 115	(92 479)	245 636
Segment liabilities	78 782	33 789	6 231	514	119 316	(6 831)	112 485
Total liabilities and capital	**342 169**	**97 992**	**15 797**	**1 473**	**457 432**	**(99 310)**	**358 121**

Other information concerning segments for 2016	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total	Exclusions	Total activities
Change of fixed assets in the period	977	3 643	-	-	4 620	(261)	4 359
Depreciation of fixed assets	(1 262)	(2 025)	(544)	(24)	(3 855)	70	(3 785)
Total impairment loss as at 31/12/2016	(2 016)	(87)	(97)	-	(2 200)	21	(2 179)

0

Unless indicated otherwise, all amounts were given in thousands of PLN

12. Costs and revenues

12.1 Sales revenues

Sales revenues	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
Revenues from the sale of products	165 510	163 894
Revenues from the sale of services	36 944	34 121
Proceeds from the sale of commodities and materials	437	6 616
Total sales revenues	**202 891**	**204 631**

12.2 Costs by category, including employee benefits

Costs by category	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
Depreciation	3 847	3 785
Consumption of materials and energy	46 572	47 863
External services	89 307	69 108
Taxes and charges	4 325	2 676
Costs of employee benefits, including:	37 393	33 659
- payroll	*30 916*	*28 347*
- costs of social insurances and other benefits	*6 477*	*5 312*
Other costs	4 563	2 950
Total costs by category	**186 007**	**160 041**
Change in products, work in progress and accruals (+/-)	(18 854)	5 883
Costs of products for the entity's own needs (-)	(3 039)	(5 355)
Selling costs (-)	(10 565)	(5 473)
Administrative expenses (-)	(21 232)	(20 492)
Value of commodities and materials sold	266	6 574
Cost of sales	**132 585**	**141 178**
Total costs of products, commodities and materials sold, cost of sales and administrative expenses	**164 382**	**167 143**

Unless indicated otherwise, all amounts were given in thousands of PLN

12.3 Other operating revenues

Other operating revenues	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
Net profit from the disposal of non-financial fixed assets	533	-
Revenue from the liquidation of property, plant and equipment and intangible assets	6	-
Cancelled and time-barred liabilities	25	632
Penalties and damages received	242	309
Reimbursement of court costs by the recipient and claims recovered by enforcement	13	11
Reimbursement of taxes	188	-
Tax interest received	2	-
Settlement of other provisions	75	183
Other	80	70
Total other operating revenues	**1 164**	**1 205**

12.4 Other operating costs

Other operating costs	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
Net loss from the disposal of non-financial fixed assets	-	20
Valuation allowance for trade receivables	5	39
Other valuation allowance	1	-
Valuation allowance for time-barred, cancelled receivables and bad debts	4	10
Provision for the loss of profit in relation to price reduction	284	82
Donations given	85	129
Penalties, fines and damages	48	58
Costs of court proceedings	17	15
Tax interests	7	-
Valuation allowance for expenditure on fixed assets under construction	-	111
Other	439	97
Total other operating costs	**890**	**561**

Unless indicated otherwise, all amounts were given in thousands of PLN

12.5 Financial revenues

Financial revenues	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
Interest revenue, including:	112	246
- interest on bank deposits	18	224
-interest on loans		-
- interest on cash and cash equivalents	94	18
- other interest		4
Other financial revenues	78	124
Total financial revenues	**190**	**370**

12.6 Financial costs

Financial costs	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
Interest costs, including:	1 669	1 597
- in relation to loans and credits	1 452	1 396
- in relation to finance lease	204	147
-interest on debt instrument liabilities	13	1
- other	-	53
Provisions		11
Exchange losses	84	4
- exchange losses concerning cash and cash equivalents	29	1
- exchange losses concerning loans and lease agreements	7	-
- exchange losses concerning other financial assets	48	3
Other financial costs	138	85
Total financial costs	**1 891**	**1 697**
Net financial revenues and costs	**(1 701)**	**(1 327)**

Unless indicated otherwise, all amounts were given in thousands of PLN

13. Income tax

13.1 Income tax disclosed in the statement of total income

Income tax	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
Consolidated statement of total income		
Current income tax	**6 983**	**5 594**
Current income tax liability	7 340	5 628
Adjustments concerning current income tax from previous years	(357)	(34)
Deferred income tax	**(210)**	**1 872**
Relating to the establishment and reversal of temporary differences	(210)	1 872
Tax liability shown in the consolidated statement of total income	**6 773**	**7 466**

As regards income tax, the Group is subject to the general provisions of law. The Group is not a capital tax group, neither does it conduct activity in a special economic zone, which would make a difference in the determination of tax burdens in relation to the general provisions of law. The tax and balance sheet year coincides with the calendar year.

13.2 Income tax recognised in equity – not applicable

13.3 Reconciliation of income tax on gross accounting profit

The reconciliation of income tax on gross accounting profit before tax as per the statutory tax rate with income tax calculated with reference to the Group's effective tax rate for the year ended on 31 December 2017 and 31 December 2016 is as follows:

	01.01.2017 -31.12.2017	**01/01/2016 -31/12/2016**
Gross profit / (loss) from continuing operations before tax	37 082	36 805
Gross profit / (loss) before tax	**37 082**	**36 805**
Income tax with reference to the tax rate binding in Poland, 19%	**7 046**	**6 993**
Effect of differences between accounting value and tax value of revenues	764	3 750
Effect of differences between accounting and tax value of costs	240	(4 420)
Effect concerning operating lease settlements	(490)	905
Negative exchange losses	(2)	0
Others	1	(11)
Effect of tax losses in subsidiaries	8	297
Effect of used tax losses from previous years	(437)	(51)
	7 130	**7 463**

Unless indicated otherwise, all amounts were given in thousands of PLN

Adjustments concerning previous years	(357)	3
Income tax disclosed in the statement of total income	**6 773**	**7 466**
effective interest rate	**18,26%**	**20,28%**

Unrecognised deferred income tax assets and unused tax allowances:

	As at 31/12/2017	**As at 31/12/2016**
	PLN'000	**PLN'000**
As at the balance sheet date, the following deferred tax assets were not reported:		
- Unused tax losses	-	1 112
- Unused income tax relief	-	-
- Temporary differences	-	-
Total	**-**	**1 112**

Unused tax losses expire in the following years:

2018 - 1 427 k PLN, 2019 – 2 007 k PLN, 2020 – 1 755 k PLN, 2021 – 641 k PLN

Unless indicated otherwise, all amounts were given in thousands of PLN

13.4 Deferred income tax

01/01/2017-31/12/2017	Status as at the beginning of the period	(Increases) charged to accounting profit	(Decreases) charged to accounting profit	Status as at the end of the period
Temporary differences concerning deferred income tax assets:				
Provision for repairs under the guarantee	**39**	188	(38)	**189**
Provision for unused annual leave and retirement severance pay	**203**	218	(196)	**225**
Provision for outstanding payroll payable	**129**	210	(129)	**210**
Provision for doubtful debts	**16**	45	(1)	**60**
Provision for the audit	**6**	12	(7)	**11**
Provision for the additional salaries	**76**		(76)	**-**
Provision for the result between related companies	**1 703**	3 340	(1 819)	**3 224**
Tax losses in subsidiary	**863**	170	(471)	**562**
Provision for write off the stocks	**383**	84	-	**467**
Other	**89**	63	(80)	**72**
Compensation assets and liabilities	**(1 896)**	(1 526)		**(3 422)**
	1 611	**2 804**	**(2 817)**	**1 598**
Temporary differences concerning the deferred income tax provision:				
Result on the sale of premises on the basis of the handover and receipt report	**6 298**	9 244	(7 946)	**7 596**
Interest on cash deposits and loans allowed	**71**	-	(54)	**17**
Fixed assets valuation	**746**	573	(517)	**802**
Provision for the result between related companies	**(29)**	4	-	**(25)**
Compensation assets and liabilities	**(1 897)**	(1 525)		**(3 422)**
	5 189	**8 296**	**(8 517)**	**4 968**

Unless indicated otherwise, all amounts were given in thousands of PLN

01/01/2016-31/12/2016	Status as at the beginning of the period	(Increases) charged to accounting profit	(Decreases) charged to accounting profit	Status as at the end of the period
Temporary differences concerning deferred income tax assets:				
Provision for repairs under the guarantee	**81**	38	(80)	**39**
Provision for unused annual leave and retirement severance pay	**175**	202	(174)	**203**
Provision for outstanding payroll payable	**139**	129	(139)	**129**
Provision for doubtful debts	**15**	80	(12)	**83**
Provision for the audit	**1 002**	1 884	(1 183)	**1 703**
Provision for the additional salaries	**856**	341	(334)	**863**
Provision for the result between related companies	**4**	7	(5)	**6**
Tax losses in subsidiary	**54**	329	-	**383**
Provision for write off the stocks	**60**	-	(26)	**34**
Other	**287**	22	(244)	**65**
Compensation assets and liabilities	**(685)**	-	(1 212)	**(1 897)**
	1 988	**3 032**	**(3 409)**	**1 611**
Temporary differences concerning the deferred income tax provision:				
Result on the sale of premises on the basis of the handover and receipt report	**3 838**	4 209	(1 749)	**6 298**
Interest on cash deposits and loans allowed	**187**		(116)	**71**
Fixed assets valuation	**351**	497	(102)	**746**
Provision for the result between related companies	**3**	29	(61)	**(29)**
Compensation assets and liabilities	**(685)**	-	(1 212)	**(1 897)**
	3 694	**4 735**	**(3 240)**	**5 189**

Unless indicated otherwise, all amounts were given in thousands of PLN

14. Assets and liabilities relating to the Company's Welfare Fund

The Group creates the fund and makes periodical deductions in the amount of the deduction from pay. The Fund's objective is to subsidise the Company's welfare activity, grants allowed to its employees and other welfare costs.
The Group companies compensated the Fund's assets with the Company's liabilities towards the Fund as those assets do not constitute the Group's separate assets. The surplus of the Fund's assets over its liabilities adjusted the other receivables of the companies.

The table below presents the analysis of the Fund's assets, liabilities and costs.

	31/12/2017	31/12/2016
Cash	115	124
Loans given to employees	-	4
Total assets of the Company's Welfare Fund	115	128
Liabilities in relation to the Company's Welfare Fund	115	128
Assets/liabilities of the Company's Welfare Fund	**0**	**0**
Contributions to the Fund in the turnover period	**59**	**66**

On the basis of annexe No. 6 to the Remuneration Rules, INPRO SA stopped the creation of the Company's Welfare Fund on 1 January 2016. The money at the account of the Company's Welfare Fund will be spent and settled in conformity with previous rules until it has been used up. Unreconciled benefits awarded to the employees from the Company's Welfare Fund will be settled in conformity with the agreements signed.

15. Earnings per share

The basic earnings per share are calculated by dividing net profit for a period, such profit falling to ordinary shareholders of the Parent Company, by the average weighted number of the issued ordinary shares occurring in the period.

The diluted earnings per share are calculated by dividing net profit for a period, such profit falling to ordinary shareholders (following the deduction of interest on redeemable privileged shares convertible into ordinary shares) by the average weighted number of the issued ordinary shares occurring in the period (such number having been adjusted by the impact of diluting options and diluting privileged shares convertible into ordinary ones).

The figures concerning profit and shares used for the calculation of the basic and diluted earnings per share have been presented below:

Earnings per share	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
Net profit (loss) from continuing operations	28 129	27 709
Net profit from discontinued operations	-	-
Net profit attributable to shareholders in the parent entity	**28 129**	**27 709**
Weighted average number of ordinary shares	**40 040**	**40 040**

Unless indicated otherwise, all amounts were given in thousands of PLN

Basic earnings per share	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
Net profit	28 129	27 709
Weighted average number of ordinary shares	40 040	40 040
Basic earnings per share (PLN/share)	0,7025	0,6920

Diluted earnings per share	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
Net profit attributable to the parent entity's shareholders used for diluted earnings per share calculation	28 129	27 709
Adjusted weighted average number of ordinary shares used for diluted earnings per share calculation	40 040	40 040
Diluted earnings per share (PLN/share)	0,7025	0,6920

Basic earnings per share from continuing operations	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
Net profit from continuing operations	28 129	27 709
Weighted average number of ordinary shares	40 040	40 040
Basic earnings per share (PLN/share)	0,7025	0,6920

Diluted earnings per share from continuing operations	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
Net profit attributable to Shareholders used for the calculation of diluted earnings per share from continuing operations	28 129	27 709
Adjusted weighted average number of ordinary shares used for diluted earnings per share calculation	40 040	40 040
Diluted earnings per share (PLN/share)	0,7025	0,6920

16. Dividends paid and proposed

Dividends paid and proposed	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
Declared and paid dividends for ordinary shares:	**10 060**	**12 083**
- dividend paid to the parent entity's shareholders from profit for 2016	10 010	
- dividend paid to non-controlling shareholders from profit for 2016	50	
- dividend paid to the parent entity's shareholders from profit for 2015	-	*12 012*
- dividend paid to the non-controlling shareholders from profit for 2015	-	*71*
Total dividends reducing the Group’s profit	**10 060**	**12 083**
Dividend paid to non-controlling shareholders		
Total dividends and other payments to owners	439	437

Dividend payment in 2017:

In conformity with the resolution No. 11/2017 Ordinary General Assembly of Inpro SA on the division of the Company's net profit for the period from 1 January 2016 to 31 December 2016, the part of the profit in the amount of PLN 10,010 k i.e. PLN 0.25 per share was paid as a dividend to the shareholders of Inpro. The General Assembly set out 13/06/2017 as the dividend date and 27/06/2016 as the dividend payment date.

Based on resolution No. 7/2017 the General Meeting of a subsidiary, PB Domesta Sp. z o.o., made a decision on the payment of the dividend in the amount of PLN 1,085 k from profit for 2015.

Dividend payment in 2016:

In conformity with the resolution No. 12/2016 Ordinary General Assembly of Inpro SA on the division of the Company's net profit for the period from 1 January 2015 to 31 December 2015, the part of the profit in the amount of PLN 12,012 k i.e. PLN 0.30 per share was paid as a dividend to the shareholders of Inpro. The General Assembly set out 27/05/2016 as the dividend date and 10/06/2016 as the dividend payment date.

Based on resolution No. 6/2016 the General Meeting of a subsidiary, PB Domesta Sp. z o.o., made a decision on the payment of the dividend in the amount of PLN 910 k from profit for 2015.

Based on resolution No. 4 of 29/06/2015 r. the General Meeting of a subsidiary, PI ISA Sp. z o.o., made a decision on the payment of the dividend in the amount of PLN 300 k from profit for 2015.

Unless indicated otherwise, all amounts were given in thousands of PLN

17. Property, plant and equipment

01/01/2017-31/12/2017	**Land**	**Buildings, premises and civil and hydraulic engineering structures**	**Machinery and equipment**	**Motor vehicles**	**Other fixed assets**	**Fixed assets under construction**	**TOTAL**
a) gross value of fixed assets as at the beginning of the period	**5 134**	**85 545**	**25 595**	**7 379**	**10 837**	**1 165**	**135 655**
b) increases (in relation to)	**4**	**2583**	**1150**	**1488**	**1247**	**2336**	**8 808**
- purchase	-	231	968	1 335	1 122	378	4 034
- receipt from investments	-	2 320	107	-	-	-	2 427
- modernisation	-	-	75	-	113	-	188
- expenditures on fixed assets under construction	4	32	-	-	-	1 958	1 994
- assets taken over on the basis of lease agreements	-	-	-	153	-	-	153
- other	-	-	-	-	12	-	12
c) decreases (in relation to)	**(2)**	**(479)**	**(69)**	**(423)**	**(260)**	**(2 501)**	**(3 734)**
- sale	(2)	-	(3)	(423)	(8)	-	**(436)**
- liquidation	-	(479)	(66)	-	(252)	(74)	**(871)**
- reclassification to another category	-	-	-	-	-	(2 427)	**(2 427)**
d) gross value of fixed assets as at the end of the period	**5 136**	**87 649**	**26 676**	**8 444**	**11 824**	**1 000**	**140 729**
e) accumulated amortisation (depreciation) as at the beginning of the period	**(143)**	**(9 759)**	**(8 988)**	**(4 828)**	**(8 024)**	**-**	**(31 742)**
f) depreciation for the period (in relation to)	**(5)**	**(712)**	**(1 245)**	**(130)**	**(953)**	**-**	**(3 045)**
- annual depreciation charge	(5)	(747)	(1 312)	(543)	(1 160)	-	**(3 767)**
- sale of a fixed asset	-	-	3	413	1	-	**417**
- liquidation of a fixed asset	-	35	64	-	222	-	**311**
- other	-	-	-	-	(6)	-	**(6)**
g) accumulated amortisation (depreciation) as at the end of the period	**(147)**	**(10 473)**	**(10 234)**	**(4 956)**	**(8 977)**	**-**	**(34 787)**

Unless indicated otherwise, all amounts were given in thousands of PLN

h) write-offs related to the permanent impairment as at the beginning of the period	**-**	**(38)**	**-**	**-**	**-**	**-**	**(38)**
i) write-offs related to the permanent impairment as at the end of the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**
j) net value as at the beginning of the period	**4 991**	**75 748**	**16 607**	**2 551**	**2 812**	**1 165**	**103 874**
k) net value as at the end of the period	**4 989**	**77 176**	**16 442**	**3 488**	**2 847**	**1 000**	**105 942**

COMPARATIVE DATA

01/01/2016-31/12/2016	**Land**	**Buildings, premises and civil and hydraulic engineering structures**	**Machinery and equipment**	**Motor vehicles**	**Other fixed assets**	**Fixed assets under construction**	**TOTAL**
a) gross value of fixed assets as at the beginning of the period	**5 139**	**81 115**	**18 981**	**7 105**	**9 477**	**2 348**	**124 165**
b) increases (in relation to)	**-**	**4 549**	**6 915**	**422**	**1 558**	**3 878**	**17 322**
- purchase	-	-	776	279	792	-	**1 846**
- receipt from investments	-	4 278	562	-	32	-	**4 872**
- modernisation	-	292	107	-	-	-	**399**
- expenditures on fixed assets under construction	-	-	-	-	-	3 878	**3 878**
- assets taken over on the basis of lease agreements	-	-	5 548	149	635	-	**6 332**
- other	-	(21)	(77)	(7)	99		**(6)**
c) decreases (in relation to)	**(5)**	**(119)**	**(301)**	**(148)**	**(198)**	**(5 061)**	**(5 833)**
- sale	(5)	(23)	(20)	(119)	(88)	(57)	**(314)**
- liquidation	-	(96)	(281)	(29)	(110)	(111)	**(625)**
- reclassification to another category	-	-	-	-	-	(4 894)	**(4 894)**
d) gross value of fixed assets as at the end of the period	**5 134**	**85 545**	**25 595**	**7 379**	**10 837**	**1 165**	**135 653**
e) accumulated amortisation (depreciation) as at the beginning of the period	**(138)**	**(9 037)**	**(8 022)**	**(4 483)**	**(6 896)**	**-**	**(28 576)**
f) depreciation for the period (in relation to)	**(5)**	**(724)**	**(967)**	**(345)**	**(1 128)**	**-**	**(3 169)**

Unless indicated otherwise, all amounts were given in thousands of PLN

- annual depreciation charge	(5)	(779)	(1 201)	(492)	(1 229)	-	**(3 705)**
- sale of a fixed asset	-	5	20	119		-	**144**
- liquidation of a fixed asset	-	49	193	28	123	-	**393**
- other	-	1	21	-	(22)	-	**-**
g) accumulated amortisation (depreciation) as at the end of the period	**(143)**	**(9 759)**	**(8 989)**	**(4 828)**	**(8 024)**	**-**	**(31 744)**
h) write-offs related to the permanent impairment as at the beginning of the period	**-**	**(38)**	**-**	**-**	**-**	**-**	**(38)**
i) write-offs related to the permanent impairment as at the end of the period	**-**	**(38)**	**-**	**-**	**-**	**-**	**(38)**
j) net value as at the beginning of the period	**5 001**	**72 041**	**10 960**	**2 621**	**2 581**	**2 348**	**95 551**
k) net value as at the end of the period	**4 991**	**75 748**	**16 607**	**2 551**	**2 812**	**1 165**	**103 873**

Unless indicated otherwise, all amounts were given in thousands of PLN

The balance sheet value of property, plant and equipment in the reporting period increased by PLN 2.069 k. There was no material liquidation of fixed assets in the reporting period.

The increase of fix assets was connected mostly with the improvement of the buildings in Inpro S.A. and inBet Sp. z o.o.

The balance sheet value of all the fixed assets used as at 31 December 2017 on the basis of finance lease agreements and lease agreements with a purchase option was PLN 8.495 k, (31 December 2015: PLN 6.854 k).

The securities on fixed assets as at 31/12/2017 were described in detail in note No. 30.

18. Investment property

In 2016 the value of Investment property increased in amount of 1 123 k. PLN because of reclassification of apartment from Stocks to Investment property, which is going to be hired.

	31/12/2017	31/12/2016
Investment property	2 819	2 853
Total	**2 819**	**2 853**

Unless indicated otherwise, all amounts were given in thousands of PLN

19. Intangibles

CHANGES IN THE VALUE OF INTANGIBLES (BY CATEGORY) 01/01/2017 - 31/12/2017	Cost of completed development work	Goodwill	Software	Other intangibles	TOTAL
a) gross value of intangibles as at the beginning of the period	**-**	**6 708**	**620**	**242**	**7 570**
b) increases (in relation to)	**-**	**-**	**47**	**-**	**47**
- purchase	-	-	47	-	47
c) decreases (in relation to)		**-**	**(18)**	**(4)**	**(22)**
- liquidation	-	-	(18)	(4)	(22)
d) gross value of intangibles as at the end of the period	**-**	**6 708**	**649**	**238**	**7 595**
e) accumulated depreciation as at the beginning of the period	**-**	**-**	**(583)**	**(168)**	**(751)**
f) depreciation for the period (in relation to)	**-**	**-**	**(20)**	**(38)**	**(58)**
- depreciation (the annual charge)	-	-	(38)	(42)	(80)
- liquidation	-	-	18	4	22
g) accumulated amortisation (depreciation) as at the end of the period	**-**	**-**	**(604)**	**(206)**	**(810)**
h) net value of intangibles as at the beginning of the period	**-**	**6 708**	**37**	**74**	**6 819**
i) net value of intangibles as at the end of the period	**-**	**6 708**	**45**	**32**	**6 785**

Unless indicated otherwise, all amounts were given in thousands of PLN

CHANGES IN THE VALUE OF INTANGIBLES (BY CATEGORY) 01/01/2016 - 31/12/2016	**Cost of completed development work**	**Goodwill**	**Software**	**Other intangibles**	**TOTAL**
a) gross value of intangibles as at the beginning of the period	**-**	**6 708**	**577**	**242**	**7 527**
b) increases (in relation to)	**-**	**-**	**46**	**-**	**46**
- purchase	-	-	46	-	46
c) decreases (in relation to)		**-**	**(3)**	**-**	**(3)**
- liquidation	-	-	(3)	-	(3)
d) gross value of intangibles as at the end of the period	**-**	**6 708**	**620**	**242**	**7 570**
e) accumulated depreciation as at the beginning of the period	**-**	**-**	**(548)**	**(126)**	**(674)**
f) depreciation for the period (in relation to)	**-**	**-**	**(35)**	**(42)**	**(77)**
- depreciation (the annual charge)	-	-	(38)	(42)	(80)
- liquidation	-	-	3	-	3
g) accumulated amortisation (depreciation) as at the end of the period	**-**	**-**	**(583)**	**(168)**	**(751)**
h) net value of intangibles as at the beginning of the period	**-**	**6 708**	**29**	**116**	**6 853**
i) net value of intangibles as at the end of the period	**-**	**6**	**37**	**74**	**6 819**

Unless indicated otherwise, all amounts were given in thousands of PLN

19.1 Goodwill

As a result of the purchase of 51% of shares in P.B. Domesta Sp. z o.o. on 12 August 2010, goodwill was disclosed in the amount of PLN 5,624 k.
As a result of the purchase of 76.92% of shares in PI ISA Sp. z o.o. on 01 July 2015, goodwill was disclosed in the amount of PLN 1,084 k.

20. Business combinations

20.1 Goodwill on consolidation

Goodwill on consolidation	31/12/2017	31/12/2016
Balance sheet value of goodwill on consolidation		
P.B. Domesta Sp. z o.o.	5 624	5 624
PI ISA Sp. z o.o.	1 084	1 084
Total balance sheet value	**6 708**	**6 708**

During 2017 and 2016 the following changes in goodwill on consolidation occurred:

	01/01/2017 -31/12/2017	01/01/2016 -31/12/2016
Goodwill on consolidation as at the beginning of the period	**6 708**	**6 708**
Changes of goodwill on consolidation in the period (acquisition of shares in PI ISA Sp. z o.o.)	-	-
Total balance sheet value as at the end of the period	**6 708**	**6 708**

As a result of the purchase of 51% of shares in P.B. Domesta Sp. z o.o. on 12 August 2010, goodwill was disclosed in the amount of PLN 5,624 k.

The price of purchase of 51% of shares in P.B. Domesta Sp. z o.o. on 12 August 2010 was fixed on the basis of the valuation of P.B. Domesta Sp. z o.o. at its fair value measured by the income method. Goodwill was determined as the difference between the value of the purchased share in the net assets of the company and the purchase price.
Goodwill increased by PLN 1,084 k in the current reporting period.
As a result of the purchase of 76.92% of shares in Przedsiębiorstwo Instalacyjne ISA Sp. z o.o. on 01/07/2015, goodwill was shown in the amount of PLN 1,084 k.
The price for the purchase of 76.92 % shares in PI ISA Sp. z o.o. on 1/07/2015 was fixed on the basis of the valuation of PI ISA Sp. z o.o. in conformity with the fair value determined by means of the comparable data method with data from the active market in relation to similar trades and those affecting the company under valuation.
The valuation date is 31 March 2015. Goodwill was determined as the difference between the value of the purchased share in the net assets of the company and the purchase price.

An impairment test conducted as at 31 December 2017 confirmed that the value shown in the statements is realistic.

Unless indicated otherwise, all amounts were given in thousands of PLN

The recoverable value of PB Domesta Sp. z o.o. and PI ISA Sp. z o.o. as at 31/12/2016 was determined by calculating the value in use on the basis of estimated cash flows in a 5-year period. The discount rate applied to the cash flows is 9,20%.

Key assumptions used in the calculation of the value in use of entities:

The calculation of the value in use is the most susceptible to assumptions pertaining to:
- gross profit margin,
- discount rate,
- discount rate taken for the extrapolation of cash flows beyond the forecast period.

PB Domesta Sp. z o.o., Hotel Mikołajki Sp. z o.o. and PI ISA Sp. z o.o. calculated gross margins for the period covered by the forecast on the basis of the average gross margin achieved in the period directly preceding the start of the period covered by the forecast (the average actual margin from the last 3 years i.e. 2015-2017). The values taken for key assumptions therefore reflect the previous experience.
PB Domesta Sp. z o.o., Hotel Mikołajki and PI ISA Sp. z o.o. took the assumption that the weighted average cost of capital is equal to the equity cost because those companies did not use and, as at the date of the forecast, do not intend to use significant external finance. The cost of equity was determined as the total interest on 10-year treasury bonds (3,2%) and a risk premium (6%).
The estimated growth rate is based on sectoral analyses and estimates made by the Management Board.

20.3 Establishment of new business entities

On 01/07/2016 INPRO SA established a new subsidiary under the business name of SML Sp. z o.o. INPRO SA subscribed for 4,000 shares in the share capital at the nominal value of PLN 50 per share, totalling PLN 200,000 (100%), which were covered by that amount in cash.

SML Sp. z o.o. was registered in the National Court Register on 14/07/2016 under number 0000628286. The main object of that entity is interior fit-out and construction finishing services.

Financial data of SML Sp. z o.o. were included for the first time in the consolidated financial statements of Inpro S.A. prepared at the end of 2017.

21. Inventory

Inventory	**31/12/2017**	**31/12/2016**
Materials (at the acquisition price)	1 372	984
Commodities (at the acquisition price)	72 139	51 316
Work in progress (at the cost of manufacture)	42 459	43 406
Finished goods (at the acquisition price / cost of manufacture)	125 868	114 404
Total inventory at the lower of two values: the acquisition price (cost of manufacture) and net realisable value	**241 838**	**210 110**

Mortgages to secure existing and future claims and ordinary mortgages to secure credit repayment are established on inventory (land in perpetual usufruct recorded in commodities). Details of securities: see note 27 in additional information.

In 2017 the Company made a revaluation deduction on the value of stocks in amount of 283 k PLN in result of leading to net sales prices.
In 2016 the Company made a revaluation deduction on the value of stocks in amount of 1.732 k PLN in result of expropriation of land in Chmielna Park.

Unless indicated otherwise, all amounts were given in thousands of PLN

Obsolescence allowances on inventory	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
Obsolescence allowances on inventory as at the beginning of the period	**2 054**	**322**
Obsolescence allowance made	283	1 732
Obsolescence allowance reversed	-	-
Obsolescence allowances on inventory as at the end of the period	**2 337**	**2 054**

22. Trade and other receivables

	31/12/2017	**31/12/2016**
Receivables from related entities	**9**	**16**
Trade receivables	9	16
Other receivables	-	-
Receivables from other entities	**22 682**	**10 460**
Gross trade receivables	13 327	4 363
State budget receivables other than current income tax	2 442	3 090
Advances on inventory	2 758	2 882
Advances on fixed assets	2 028	71
Advances on intangibles	42	42
Other non-financial liabilities	2 085	12
Total gross receivables	**22 691**	**10 477**
Valuation allowances for receivables	**(87)**	**(87)**
Short-term prepayments, including:	**306**	**307**
- subscription cost	6	4
- software, domains, licences	55	52
- cost of insurances	172	136
- payments under the remaining lease agreements	22	34
- rent	4	8
- advertisements	22	32
- other prepaid expenses	25	41
Total receivables (net)	**22 910**	**10 697**

The conditions of transactions with related entities are presented in item 31 of additional information.

Trade accounts receivable are not interest-bearing and their time-limit for payment is usually 30 days.

Unless indicated otherwise, all amounts were given in thousands of PLN

Trade and other receivables are valued as at the amortised cost with the application of the effective interest rate, with valuation allowances on receivables taken into account. The book value of receivables is close to their fair value. Trade receivables with the maturity date below 360 days from the date on which they arise are not subject to discounting.

The description of risks relating to trade and other receivables and the Group's policy concerning the management of those risks was presented in item 32.5 of additional information.

23. Other financial assets

Other financial assets	31/12/2017	31/12/2016
advances on separate revenue accounts (escrow accounts)	28 674	3 975
Shares in SML Sp. z o.o.		201
Total	**28 674**	**4 177**

24. Total cash and cash equivalents

The balance of cash and cash equivalents shown in the consolidated statement of the financial position and in the consolidated cash flow statement consisted of the following items:

Cash	31/12/2017	31/12/2016
Cash at bank and in hand	13 826	11 068
Cash at bank deposits (without overnight deposits)	3	6 441
Total cash and cash equivalents	**13 829**	**17 509**

	31/12/2017	31/12/2016
Cash in PLN	9 620	17 004
Cash in foreign currency	4 209	505
Total cash and cash equivalents	**13 829**	**17 509**

Free cash is accumulated at bank accounts and invested in fixed-time and overnight (o/n) deposits. The Group obtains both variable and fixed interest rates on cash.

Cash at bank accounts bears interest in accordance with variable interest rates, which depend on the interest rate on one day bank deposits. Short-term deposits are made for various periods depending on the current Group's demand for cash. Deposits bear interest in accordance with interest rates fixed for them. The fair value of cash and cash equivalents as at 31 December 2017 is 13.829 k PLN (31 December 2016: 17,509 k PLN).

As at 31 December 2017 the Group had unused credit (working capital credits for property development projects and overdraft facilities) in the amount of 91.296 k PLN (31 December 2016: 60.059 k PLN), which funds will be used as the construction works progress.

Unless indicated otherwise, all amounts were given in thousands of PLN

24.1 Explanation to the cash flow statement for the period 01/01/2017 – 31/12/2017

No.	Item	Change in the period 01/01/2017-31/12/2017
1.	Balance sheet change in provisions	1 208
2.	Change in provisions in the cash flow statement	1 431
3.	Difference	223
4.	Explanation of the difference:	223
-	change in provisions in relation to CIT	223
1.	Balance sheet change in prepayments	1
2.	Change in prepayments in the cash flow statement	(11)
3.	Difference	(11)
4.	Explanation of the difference:	(12)
-	change in deferred tax assets	(12)
-	other prepayments – settlement of interest on lease	-
1.	Balance sheet change in net long and short-term receivables	(13 034)
2.	Change in receivables in the cash flow statement	(12 258)
3.	Difference	776
4.	Explanation of the difference:	776
-	change in receivables in relation to the sale of fixed assets, fixed assets under construction and intangibles	(68)
-	change in receivables in relation to CIT	844
1.	Balance sheet change in short and long-term liabilities	46 562
2.	Change in short-term liabilities in the cash flow statement	2 621
3.	Difference	(43 941)
4.	Explanation of the difference:	(43 941)
-	change in short and long-term loans and credits	(19 641)
-	change in liabilities in relation to CIT	36
-	change in liabilities in relation to finance lease	(152)
-	change in liabilities in relation to the acquisition of fixed assets, fixed assets under construction and intangibles	625
-	change of advances on separate revenue accounts	(24 699)
-	change in deferred income	(101)
-	other corrections	(9)

Unless indicated otherwise, all amounts were given in thousands of PLN

Explanation to the cash flow statement for the period 01/01/2017 – 31/12/2017 (continued)

1.	Balance sheet change in inventory	(31 728)
2.	Change in inventory in the cash flow statement	(34 609)
3.	Difference	(2 881)
4.	Explanation of the difference:	(2 881)
-	transfer of inventory to fixed assets	(2 881)
1.	Balance sheet change in cash	(3 680)
2.	Change in cash in the cash flow statement	(3 645)
-	change in cash due to exchange differences	35

25. Share and other capital

25.1 Share capital

As at:	31/12/2017	31/12/2016
Registered share capital	4 004	4 004

SHARE CAPITAL AS AT 31/12/2017 IN PLN						
Series	Kind of shares	Kind of privilege on the shares	Kind of restriction of the right to shares	Number of shares	Nominal value of one share in PLN	Value of the series/issue with reference to the nominal value in PLN
A	ordinary	none	none	30 030 000	0.10	3 003 000
B	ordinary	none	none	10 010 000	0.10	1 001 000
Total				**40 040 000**		**4 004 000**

SHARE CAPITAL AS AT 31/12/2016 IN PLN						
Series	Kind of shares	Kind of privilege on the shares	Kind of restriction of the right to shares	Number of shares	Nominal value of one share in PLN	Value of the series/issue with reference to the nominal value in PLN
A	ordinary	none	none	30 030 000	0.10	3 003 000
B	ordinary	none	none	10 010 000	0.10	1 001 000
Total				**40 040 000**		**4 004 000**

Unless indicated otherwise, all amounts were given in thousands of PLN

Nominal share value
All the issued shares have the nominal value of PLN 0.10 and were fully paid for.

Shareholders' rights
Series A and B shares have one vote per share. The shares are equally preferred as to the dividend and return from equity.

No changes in the Group's share capital occurred in the financial year.
Changes in the share capital of subsidiaries and the current shareholding structure as at the date of signing these consolidated financial statements were described in detail in note 2 of additional information.

25.2 Supplementary capital

Supplementary capital was created from profits from previous years in conformity with resolutions adopted by the shareholders. Supplementary capital is included in the "retained profit" line item.

25.3 Other capital

The revaluation reserve from financial assets available for sale – not applicable.

The reserve related to exchange gains/losses from the conversion of subordinate units – not applicable.

25.4 Retained profits and restrictions on capital

The statutory financial statements of inBet Sp. z o.o., Dom Zdrojowy Sp. z o.o., P.B. Domesta Sp. z o.o., Hotel Mikołajki Sp. z o.o., PI ISA Sp. z o.o. and SML are prepared in conformity with Polish accounting standards. A dividend may be paid on the basis of profit fixed in the annual separate financial statements prepared for statutory purposes.

On the basis of § 396 of the Commercial Companies Code, the Parent Entity is obliged to maintain retained profit (the so-called supplementary capital) up to 1/3 of the share capital only for the financing of possible financial losses.

As at 31/12/2017 retained profits exceeded many times the value of that company's share capital while amounting to PLN 248 k.

25.5 Non-controlling shares

Non-controlling shares	**01/01/2017 -31/12/2017**	**01/01/2016 -31/12/2016**
As at the beginning of the period	**12 119**	**10 880**
Dividend payment	(439)	(437)
Share in the current period's profit or loss	2 180	1630
Extension of the Capital Group- acquisition of shares in subsidiary (PI ISA Sp. z o.o.)	-	-
Increase of the share capital in subsidiary- inBet Sp. z o.o.	67	46
Acquisition of new shares in subsidiary- PB Domesta Sp. z o.o.	-	-
At the end of the period	**13 927**	**12 119**

Selected financial information concerning subsidiaries with non-controlling shares as at 31/12/2017 and for the period 1/01/2017-31/12/2017 as well as comparative data was presented in note No. 2.4.

Unless indicated otherwise, all amounts were given in thousands of PLN

26. Provisions

26.1 Change in provisions

01/01/2017 -31/12/2017	Benefits after the employment period	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties given	Other provisions	Total provisions
Status as at the beginning of the period	**296**	**190**	**201**	**2 840**	**3 527**
Increase (+)	356	230	983	3 250	**4 819**
Decrease (-)	(259)	(102)	(194)	(2 834)	**(3 389)**
Status as at the end of the period	**393**	**318**	**990**	**3 256**	**4 957**

01/01/2016 -31/12/2016	Benefits after the employment period	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties given	Other provisions	Total provisions
Status as at the beginning of the period	**290**	**508**	**423**	**1 459**	**2 680**
Increase (+)	73	82	201	2 828	**3 185**
Decrease (-)	(68)	(400)	(423)	(1 448)	**(2 339)**
Status as at the end of the period	**296**	**190**	**201**	**2 839**	**3 526**

Time structure of provisions	31/12/2017	31/12/2016
Long-term part	393	296
Short-term part	4 564	3 231
Total provisions	**4 957**	**3 527**

26.2 Provision for guarantees and sureties given

The balance of relevant provisions as at 31 December 2017 was as follows: PLN 990 k (as at 31 December 2016: PLN 201 k).

26.3 Retirement severance pay

The Group companies pay retiring employees retirement severance pay in the amount set out by the Labour Code.
The companies do not separate assets which could be used to settle the retirement severance pay in the future.
The Group companies create a provision for future retirement severance pay liabilities to allocate the costs to the periods concerned.
The provision is revised two times a year- at half-year and at the end of a financial year.
The main assumptions taken by the Group as at the balance sheet date and for the years ended on 31 December 2017 and 31 December 2016 for the calculation of the liability are as follows:

Unless indicated otherwise, all amounts were given in thousands of PLN

	31/12/2017	31/12/2016
Discount rate	2.7	2.5
Estimated salary growth rate	10	0.00

There is no employee share ownership plan at the Group companies.

26.4 Other provisions

That item is composed of, among other things, the following provisions:

- for unused vacation leave,
- for the audit of the financial statements,
- for the construction costs invoiced in 2017, concerning premises delivered in 2016.

27. Interest bearing credits, leases and bonds issue

Long-term financial liabilities	31/12/2017	31/12/2016
Loans and credits	31 373	35 257
Liabilities relating to finance lease and lease agreements with a purchase option	3 643	3 775
Total	**35 016**	**39 032**

Short-term financial liabilities	31/12/2017	31/12/2016
Loans and credits	32 461	9 398
Liabilities relating to finance lease and lease agreements with a purchase option	1 344	1 058
Total	**33 805**	**10 456**

As at 31 December 2017 and 31 December 2016, the Group had the following credits and liabilities in relation to lease agreements:

Unless indicated otherwise, all amounts were given in thousands of PLN

Liabilities of the INPRO SA Capital Group in relation to credits as at 31/12/2017

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities – mortgage			Other securities
					Mortgage	Object	Location	
Alior Bank SA	PLN	6 500	4 290	31.12.2019	Mortgage up to the sum of PLN 9.750 k	GD1G/00278657/2 GD1G/00064314/3	Gdańsk, Street Chmielna	power of attorney to accounts, transfer of claims under insurance, notarised power of attorney to sell the premises credited in the case of the lack of payment
Alior Bank SA	PLN	6 850	6 868	31.12.2019	Mortgage up to the sum of PLN 10,275 k	GD1G/00243821/9	Gdańsk, Street Stężycka	power of attorney to accounts, transfer of claims under insurance, notarised power of attorney to sell the premises credited in the case of the lack of payment
Alior Bank SA	PLN	14 800	-	30.11.2019	Mortgage up to the sum of PLN 22.200 k	GD1G/00287858/0	Pruszcz Gdański	power of attorney to accounts, transfer of claims under insurance, notarised power of attorney to sell the premises credited in the case of the lack of payment
Consortium SGB Bank SA Kaszubski Bank Spółdzielczy in Wejherowo	PLN	22 500	15 589	30.12.2018	Three mortgages up to the sum of PLN 22,500 k, up to the sum of PLN 2,250k and up to the sum of PLN 9,000 k	GD1G//00049979/1	Gdańsk, Street Stężycka	assignment of rights resulting from the insurance policy, three blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
Consortium SGB Bank SA Bank Spółdzielczy in Tczew Bank Spółdzielczy in Pruszcz Gdański	PLN	7 000	3 510	28.09.2018	Two mortgages up to the sum of PLN 7,875 k, up to the sum of PLN 2,625 k	GD1Y/00103465/7, GD1Y/00109619/4	Gdynia Street Fleszarowa - Muskat	two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account

Unless indicated otherwise, all amounts were given in thousands of PLN

SGB Bank SA Bank Spółdzielczy w Tczewie	PLN	4 200	4 042	31.10.2019	Mortgage up to the sum of PLN 3.150 k Mortgage up to the sum of PLN 3.150 k	GD1G/00040518/9	Pruszcz Gdański	assignment of rights resulting from the insurance policy, three blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
SBG Bank S.A. i Bank Spółdzielczy w Tczewie	PLN	6 650	6 490	31.03.2020	Mortgage up to the sum of PLN 10.000 k. Mortgage up to the sum of PLN 3.300 k.	plot nr 359/10 and plot.359/11 and plot 359/12- GD1G/0001758/8	Gdańsk, Street Dąbrówki	two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
SBG Bank S.A. i Bank Spółdzielczy w Tczewie	PLN	3 900	3 360	02.12.2019	Mortgage up to the sum of PLN 3.900 tys. zł, hipoteka do kwoty 3.900 tys. zł	GD1G/00047052/3, GD1G/00047941/2, GD1G/00049614/5	Gdańsk Street Kruczkowskiego	two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
mBank SA	PLN	16 700	-	29.03.2019	Mortgage up to the sum of PLN 25.050 k.	GD1G/00285339/9	Gdańsk, Street Opacka	two blank promissory notes, power of attorney to accounts, assignment of claims from the current account
mBank S.A.	PLN	42 500	-	31.08.2020	Mortgage up to the sum of PLN 63.750 k	GD1Y/00114340/5	Gdynia, ul. Wielkopolska	assignment of rights under an insurance policy, blank promissory note
PKO BP	PLN	36 214	19 646	31.12.2027	Mortgage up to the sum of PLN 54,321 k	OL1M/00025679/2*, OL1M/00026392/3 SR Mrągowo	The island and peninsula at Lake Mikołajskie	Inpro's sponsor statement, power of attorney to accounts, transfer of claims under apartment lease agreements, registered pledge on the shares in Hotel Mikołajki, blank promissory note, security assignment, INPRO's civil law surety, INPRO's statement on submission to enforcement in conformity with Article 777 of the Code of Civil Procedure, a statement by Hotel Mikołajki on the submission to enforcement in conformity with Article 777 of the Code of Civil Procedure
Total credit liabilities			**63 795**					

Unless indicated otherwise, all amounts were given in thousands of PLN

*this mortgage also comprises land and mortgage registers of the premises segregated from land and mortgage register No. OL1M/00025679/2, that is registers with the following numbers: OL1M/00037334/9, OL1M/00037335/6, OL1M/00037336/3, OL1M/00037337/0, OL1M/00037481/4, OL1M/00037338/7, OL1M/00037339/4

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities			Other securities
					Mortgage	Object	Location	
Idea Lesing SA	PLN	55	35	31.08.2021				Registered pledge on the electronic vechicle scales up to PLN 66 k
Total loan liabilities			**35**					

Open credit lines as at 31/12/2017

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities			
					Mortgage	Object	Location	Other securities
PKO BP	PLN	16 000	-	21/09/2017	mortgage up to the sum of PLN 25,075 k	GD1G/00068140/0 SR Gdańsk Pn	Gdańsk, ul. Opata Jacka Rybińskiego 8	blank promissory note**,** assignment of rights under the construction site insurance agreement, claim deduction from bank accounts
BANK MILLENNIUM SA	PLN	300	-	04/02/2017	mortgage up to the sum of PLN 510 k	GD1G/00082949/5	Gdańsk, ul. Opata Jacka Rybińskiego 8	blank promissory note
PEKAO S.A.	PLN	1 000	-	31/12/2017	mortgage up to the sum of PLN 2,000 k	KW nr GD1G/00215282/3	Gdańsk Jasień, 251/6	blank promissory note
Total credit liabilities			**-**					

Liabilities of the INPRO SA Capital Group in relation to credits as at 31/12/2016

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities – mortgage			Other securities
					Mortgage	Object	Location	
Alior Bank SA	PLN	4 300	240	06/02/2017	Mortgage up to the sum of PLN 25,075 k	GD1G/00036115/3, GD1G/00068140/0, GD1G/00083407/1 GD1G/00261401/1	Gdańsk, ul. Myśliwska, Gdańsk, ul. Opata Jacka Rybińskiego 8 Gdańsk, al. Jana Pawła II	power of attorney to accounts, silent assignment of claims from the sale agreements regarding single-family houses, stages D and H

Unless indicated otherwise, all amounts were given in thousands of PLN

Alior Bank SA	PLN	8 200	754	28/04/2017	Mortgage up to the sum of PLN 12,300 k	GD1G/00084697/7 (on the share in the perpetual usufruct right and ownership of the building)	Gdańsk, ul. Tandeta 1	transfer of monetary claims in relation to the sale of premises, power of attorney to accounts, transfer of claims under insurance, notarised power of attorney to sell the premises credited in the case of the lack of payment
Alior Bank SA CDF Gdańsk	PLN	7 500	6 450	31/12/2018	Mortgage up to the sum of PLN 11,250 k	GD1G/00285339/9 (on the share in the perpetual usufruct right and ownership of the building)	Gdańsk, ul. Opacka	power of attorney to accountS
Consortium SGB Bank SA Kaszubski Bank Spółdzielczy in Wejherowo	PLN	8 000	2 118	30/09/2017	Two mortgages- up to the sum of 7,200 k and up to the sum of 4,800 k	GD1Y/00114340/5	Gdańsk, ul. Wielkopolska	two blank promissory notes, power of attorney to accounts, assignment of claims from the current account
Consortium SGB Bank SA Bank Spółdzielczy in Tczew Bank Spółdzielczy in Pruszcz Gdański	PLN	6 000	1 818	31/11/2018	Two mortgages up to the sum of PLN 4,500 k each	GD1G/00264763/7, GD1G/00278657/2	Gdańsk, ul. Chmielna	assignment of rights resulting from the insurance policy, two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
Consortium SGB Bank SA Bank Spółdzielczy in Tczew Bank Spółdzielczy in Pruszcz Gdański	PLN	22 000	5 548	31/12/2018	Three mortgages up to the sum of PLN 22,500 k, up to the sum of PLN 2,250k and up to the sum of PLN 9,000 k	GD1G/00049979/1	Gdańsk, ul. Stężycka	assignment of rights resulting from the insurance policy, three blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
Consortium SGB Bank SA Bank Spółdzielczy in Tczew	PLN	7 000	-	28/09/2018	Two mortgages up to the sum of PLN 7,875 k, up to the sum of PLN 2,625 k	GD1Y/00103465/7, GD1Y/00109619/4	Gdynia ul. Fleszarowa - Muskat	two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account

Unless indicated otherwise, all amounts were given in thousands of PLN

mBank SA	PLN	31 000	3 107	28/09/2018	Mortgage up to the sum of PLN 46,500 k	GD1G/000261213/6	Gdańsk, ul. Opacka	assignment of rights under an insurance policy, blank promissory note
PKO BP	PLN	36 214	24 577	31/12/2027	Mortgage up to the sum of PLN 54,321 k	OL1M/00025679/2*, OL1M/00026392/3 District Court in Mrągowo	The island and peninsula at Lake Mikołajskie	Inpro's sponsor statement, power of attorney to accounts, transfer of claims under apartment lease agreements, registered pledge on the shares in Hotel Mikołajki, blank promissory note, security assignment, INPRO's civil law surety, INPRO's statement on submission to enforcement in conformity with Article 777 of the Code of Civil Procedure, a statement by Hotel Mikołajki on the submission to enforcement in conformity with Article 777 of the Code of Civil Procedure
Total credit liabilities			**44 612**					

*this mortgage also comprises land and mortgage registers of the premises segregated from land and mortgage register No. OL1M/00025679/2, that is registers with the following numbers: OL1M/00037334/9, OL1M/00037335/6, OL1M/00037336/3, OL1M/00037337/0, OL1M/00037481/4, OL1M/00037338/7, OL1M/00037339/4

Open credit lines as at 31/12/2016

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities			
					Mortgage	Object	Location	Other securities
PKO BP	PLN	16 000	-	21/09/2017	mortgage up to the sum of PLN 15,000 k	GD1G/00068140/0 SR Gdańsk Pn	Gdańsk, ul. Opata Jacka Rybińskiego 8	blank promissory note, assignment of rights under the construction site insurance agreement, claim deduction from bank accounts
BANK MILLENNIUM SA	PLN	250	-	04/02/2017	mortgage up to the sum of PLN 425 k	GD1G/00082949/5	Gdańsk, ul. Opata Jacka Rybińskiego 8	blank promissory note
PEKAO S.A.	PLN	1 000	-	31/12/2017	mortgage up to the sum of PLN 2,000 k	KW nr GD1G/00215282/3	Gdańsk Jasień, 251/6	blank promissory note
Total credit liabilities			**-**					

Capital Group in relation to lease agreements as at 31/12/2017

Unless indicated otherwise, all amounts were given in thousands of PLN

Finansujący	przedmiot umowy	numer umowy	wartość początkowa	termin zakończenia umowy	wartość zobowiązania na koniec okresu	część krótkoterminowa	część długoterminowa
Inpro SA							
Caterpillar Financial Service Poland	428 F digger-loader	OL-028331	294	05.03.2019	86	68	18
SML							
Toyta Leasing Polska Sp. z o.o.	Toyota Yaris	68972016	49	20.11.2019	28	14	14
Domesta Sp. z o.o.							
Raiffeisen Leasing Polska S.A.	SUBARU	15/011787(UL)	104	31.05.2018	15	15	-
VOLKSWAGEN LEASING GMBH SP. Z O.O.	SKODA	6706907-1216-06621	47	31.05.2019	21	14	7
mLeasing Sp. z o.o. z Siedzibą w Warszawie	intermodal conainers	0131172016/GD/236559	411	15.12.2021	241	43	198
mLeasing Sp. z o.o. z Siedzibą w Warszawie	POTAIN tower crane	0338592016/GD/248696	462	15.12.2021	221	39	182
mLeasing Sp. z o.o. z Siedzibą w Warszawie	Zestaw Kontenerów – sanitarne	0981482017/GD/282110 oraz 0981482017/GD/282486	71	15.10.2020	47	8	39
mLeasing Sp. z o.o. z Siedzibą w Warszawie	Zestaw Kontenerów – biurowe, sanitarne	0953152017/GD/280972	235	15.10.2020	158	25	133

Unless indicated otherwise, all amounts were given in thousands of PLN

VOLKSWAGEN LEASING GMBH SP. Z O.O.	SKODA	Nr 6706907-1217-12639, nr 6706907-1217-12641, nr 6706907-1217-12641.	151	15.10.2020	125	46	79
NBP Paribas Lease Group Sp. z o.o.	Digger-loader	K 06680	281	16.10.2021	248	61	187
Hotel Mikołajki Sp. z o.o.							
PKO Leasing SA	Recycling machine	B/O/WA/2014/11/46	157	15.11.2018	63	63	-
PKO Leasing SA	Toyota Auris	Umowa B/DU/O/WW/2017/10/0005	61	30.10.2020	49	3	46
PKO Leasing SA	VW Passat	Umowa B/DU/O/WW/2017/10/0005	113	30.09.2021	111	16	95
Dom Zdrojowy Sp. z o.o.							
VOLKSWAGEN	Skoda Superb	6922827-1215-5480	100	30.04.2018	9	9	-
PSA Finance	CITROEN C4 Cactus	9400876372.	48	25.05.2018	6	6	-
PSA Finance	CITROEN Berlingo VAN	9400876382.	45	25.05.2018	6	6	-
inBet Sp. z o.o.							
RCI Leasing Polska Spółka z o.o.	Nissan Nowa Micra ACENTA	9000002616	33	05.02.2019	8	7	1
SG Equipment Leasing Polska Sp.z o.o.	Loader JCB 411HT	50399	251	01.05.2022	158	28	130

Unless indicated otherwise, all amounts were given in thousands of PLN

SG Equipment Leasing Polska Sp.z o.o.	Zamiatarka JCB SC240	20449	23	05.05.2018	3	3	-
SG Equipment Leasing Polska Sp.z o.o.	Aggregate transport line	50448	98	05.08.2022	64	10	54
RCI Leasing Polska Spółka z o.o.	Nissan Nowa Micra ACENTA	9000003077	32	17.08.2019	12	7	5
BGŻ BNP Paribas Spółka Akcyjna	Sprężarka ALUP+osuszacz	62597/12/2015	55	30.11.2019	33	9	24
Idea Leasing Spółka z o.o. sp.k.	Giętarka EURA 16/9	19398/SK	841	13.11.2020	331	63	268
Pekao Leasing Sp.z o.o.	EURA 16/9 bending machine	38/0211/15	5 178	12.04.2021	2 301	655	1 646
Idea Leasing S.A.	Flight of stairs production form	116377	114	31.05.2021	59	17	42
Idea Leasing S.A.	Flight of stairs production form	116378	114	31.05.2021	59	17	42
Pekao Leasing Sp.z o.o.	Toyota Avensis	38/0514/16	103	12.09.2021	84	18	66
FCA Leasing Polska Sp. z o.o.	Fiat Transporter Ducato	50285/08/2017	105	20.07.2022	89	18	71
Pekao Leasing Sp.z o.o.	4 Suwnice GH Cranes	38/0575/16	405	12.09.2022	352	56	296
					4 987	**1 344**	**3 643**

Capital Group in relation to lease agreements as at 31/12/2016

Financing party	Object of the agreement	Agreement number	Initial value in thousands of PLN	Date of termination of the agreement	Liability as at the end of the period	Short-term part	Long-term part
Inpro SA							
Caterpillar Financial Service Poland Sp. z o.o.	428 F digger-loader	OL-026954	294	2019/03/05	147	66	81
Domesta Sp. z o.o.							
Raiffeisen Leasing Polska S.A.	SUBARU	15/011787(UL)	104	2018/05/31	48	33	16
VOLKSWAGEN LEASING GMBH SP. Z O.O.	SKODA	6706907-1216-06621	47	2019/05/31	35	14	21
mLeasing Sp. z o.o.	intermodal conainers	0131172016/GD/236559	411	2021/12/15	281	40	241
mLeasing Sp. z o.o.	POTAIN tower crane	0131172016/GD/236559	462	2021/12/15	259	36	222
Hotel Mikołajki Sp. z o.o.							
PKO leasing SA	Recycling machine	B/O/WA/2014/11/46	157	2018/11/15	83	20	63
Dom Zdrojowy Sp. z o.o.							
VOLKSWAGEN	Skoda Superb	6922827-1215-5480	100	2018/04/30	31	28	3
PSA Finance	CITROEN C4 Cactus	9400876372.	48	2018/05/25	18	15	3
PSA Finance	CITROEN Berlingo VAN	9400876382.	45	2018/05/25	20	14	6

Unless indicated otherwise, all amounts were given in thousands of PLN

inBet Sp. z o.o.							
RCI Leasing Polska Spółka z o.o.	Nissan Micra ACENTA	9000002616	33	2019/02/05	15	7	8
SG Equipment Leasing Polska Sp.z o.o.	JCB 411HT front-end loader	50399	251	2022/05/01	185	27	158
SG Equipment Leasing Polska Sp.z o.o.	JCB SC240 sweeper	20449	23	2018/05/05	10	7	3
SG Equipment Leasing Polska Sp.z o.o.	Aggregate transport line	50448	98	2022/08/05	75	10	65
RCI Leasing Polska Spółka z o.o.	Nissan Micra ACENTA	9000003077	32	2019/08/17	17	6	11
BGŻ NP Paribas Spółka Akcyjna	ALUP compressor + drier	62597/12/2015	55	2019/11/30	42	9	33
Idea Leasing Spółka z o.o. Sp.k.	EURA 16/9 bending machine	19398/SK	841	2020/11/13	394	63	331
Pekao Leasing Sp.z o.o.	Production line	38/0211/15	5 178	2021/04/12	2 912	611	2 301
Idea Leasing S.A.	Flight of stairs production form	116377	114	2021/05/31	81	18	63
Idea Leasing S.A.	Flight of stairs production form	116378	114	2021/05/31	81	18	63
Pekao Leasing Sp.z o.o.	Toyota Avensis	38/0514/16	103	2021/09/12	99	16	84
					4 833	**1 058**	**3 774**

Unless indicated otherwise, all amounts were given in thousands of PLN

Minimum future lease payments in relation to those agreements are as follows:

Nominal value of minimum lease payments	31/12/2017	31/12/2016
Within 1 year	1 344	1 058
Within 1 to 3 years	2 993	2 264
Within 3 to 5 years	650	1 457
More than 5 years	-	54
Total liabilities relating to finance lease - minimum total lease payments	**4 833**	**4 987**

28. Trade and other liabilities

Long-term liabilities	31/12/2017	31/12/2016
Towards related entities	**-**	**-**
trade liabilities	-	-
Towards other entities	**1 576**	**1 650**
trade liabilities	1 481	1 637
other liabilities	95	13
Total trade and other long-term liabilities	**1 576**	**1 650**

Short-term liabilities	31/12/2017	31/12/2016
Towards related entities	**53**	**55**
trade liabilities	53	55
Towards other entities	-	-
trade liabilities	**79 800**	**52 421**
payroll payable	19 154	13 257
state budget liabilities other than current income tax	1 032	893
advances received	1 663	1 628
other liabilities	57 552	36 027
Total trade and other short -term liabilities	**79 853**	**52 477**
		-
Total trade and other liabilities	**81 429**	**54 127**

Unless indicated otherwise, all amounts were given in thousands of PLN

The conditions of transactions with related entities are presented in item 31 of additional information.
Trade liabilities are not interest-bearing and are usually settled within 30-day periods.
Other liabilities are not interest-bearing and their average payment term is usually 1 month.
The amount following from the difference between value added tax receivable and payable is paid to the competent tax authorities in the required periods.

29. Contingent liabilities and receivables

29.1 Contingent liabilities

Continent liabilities	31/12/2017	31/12/2016
Liabilities in relation to bank guarantees granted mainly as a security on the performance of trade agreements	**0**	**0**
Total contingent liabilities	**0**	**0**

Contingent liabilities within the Group were excluded in the consolidation process. Their schedule with description is included in the separate financial statements of INPRO SA.

29.2 Contingent receivables

Contingent receivables	31/12/2017	31/12/2016
Guarantees received	67	381
Total contingent receivables	**67**	**381**

29.3 Planned capital expenditure

The Group's capital expenditure planned for 2018 is approximately PLN 15,800 k and are mainly related to the planned extension and modernisation of plant in inBet Sp. z o.o in amount of PLN 7.779 k. and hotel development of Dom Zdrojowy in amount of PLN 4.800 k.

29.4 Court cases

The Group was not a party to significant court proceedings as at 31 December 2017.

29.5 Tax settlements

Tax settlements and other areas of activity subject to the regulations (e.g. customs or foreign currency matters) may be inspected by administrative bodies authorised to impose high penalties and other sanctions. The lack of reference to established legal provisions in Poland causes ambiguities and inconsistencies in the binding legal provisions. Frequent differences in opinions about the legal interpretation of tax provisions both within state bodies and between them and enterprises cause the rise of uncertainty and conflict areas. Those phenomena cause the tax risk in Poland to be significantly higher than that existing in countries with a more developed tax system.
Tax settlements may be the subject to inspection for a five year period from the end of a year in which tax was paid. As a result of inspections, the Group's previous tax settlements may be increased by additional tax liabilities.

30. Securities established on Group's assets

Securities established on Group's assets as at 31/12/2017 and as at 31/12/2016:

Unless indicated otherwise, all amounts were given in thousands of PLN

	31/12/2017	31/12/2016
- on fixed assets	93 886	86 906
- on current assets	164 000	155 275
Total	**250 906**	**242 181**

Securities established by Group companies as at 31/12/2017

Securities established on fixed assets:

1. A joint contractual real estate mortgage in the amount of PLN 54,321 k established on real estate situated in Mikołajki (land and mortgage registers No. OL1M/00026392/3 and KW OL1M/00025679/2) for Powszechna Kasa Oszczędności Bank Polski S.A. the Regional Corporate Branch Office in Gdańsk, in relation to credit granted to Hotel Mikołajki Sp. z o.o.

2. Inbet Sp.z o.o.– a joint contractual real estate mortgage up to 5 million PLN on real estate covered by land and mortgage registers Nos. GD1G/00099866/1, GD1G/00093764/4, GD1G/00089506/7, GD1G/00090982, GD1G/00091255/9, GD1G/00091429/0 for PEKAO Leasing Sp. z o.o. as a security of operating lease agreement No. 38/0211/15 of 24 June 2015.

3. A mortgage up to PLN 2,000 k established on plot No. 186/2 located in Gdańsk Jasień ul. Cementowa 5-9– land and mortgage register No. GD1G/00072944/7, for PEKAO SA to secure overdraft facility granted to PB DOMESTA Sp. z o.o.

4. Mortgage up to PLN 510 k on real estate located in Gdańsk, ul. Opata Jacka Rybińskiego 8, land and mortgage register No. GD1G/00082949/5, constituting security for an overdraft facility obtained by PI ISA Sp. z o.o.

5. Registered pledges on the shares of INPRO in Hotel Mikołajki Sp. z o.o. described in detail in note No. 2.3

6. Contractual mortgage up to PLN 25,075 k in favour of PKO BP on the share of INPRO S.A. in the amount of 5799/10000 parts in the perpetual usufruct right to the real estate situated in Gdańsk, Opata Jacka Rybińskiego street

Securities established on current assets:

This concerns legal securities established on current assets.

The schedule of mortgages established on current assets as at 31 December 2017 in the total amount of PLN 164,000 k is included in note No. 27 of additional information.

Securities established by Group companies as at 31/12/2016

Securities established on fixed assets:

1. A joint contractual real estate mortgage in the amount of PLN 54,321 k established on real estate situated in Mikołajki (land and mortgage registers No. OL1M/00026392/3 and KW OL1M/00025679/2) for Powszechna Kasa Oszczędności Bank Polski S.A. the Regional Corporate Branch Office in Gdańsk, in relation to credit granted to Hotel Mikołajki Sp. z o.o.

2. Inbet Sp.z o.o.– a joint contractual real estate mortgage up to 5 million PLN on real estate covered by land and mortgage registers Nos. GD1G/00099866/1, GD1G/00093764/4, GD1G/00089506/7, GD1G/00090982, GD1G/00091255/9, GD1G/00091429/0 for PEKAO Leasing Sp. z o.o. as a security of operating lease agreement No. 38/0211/15 of 24 June 2015.

3. A mortgage up to PLN 2,000 k established on plot No. 186/2 located in Gdańsk Jasień ul. Cementowa 5-9– land and mortgage register No. GD1G/00072944/7, for PEKAO SA to secure overdraft facility granted to PB DOMESTA Sp. z o.o.

4. Mortgage up to PLN 510 k on real estate located in Gdańsk, ul. Opata Jacka Rybińskiego 8, land and mortgage register No. GD1G/00082949/5, constituting security for an overdraft facility obtained by PI ISA Sp. z o.o.

5. Registered pledges on the shares of INPRO in Hotel Mikołajki Sp. z o.o. described in detail in note No. 2.3

6. Contractual mortgage up to PLN 25,075 k in favour of PKO BP on the share of INPRO S.A. in the amount of 5799/10000 parts in the perpetual usufruct right to the real estate situated in Gdańsk, Opata Jacka Rybińskiego street

Securities established on current assets:

This concerns legal securities established on current assets.

The schedule of mortgages established on current assets as at 31 December 2016 in the total amount of PLN 155.275 k is included in note No. 27 of additional information.

31. Information on transactions between related entities

31.1 Transactions with related entities

Transactions between the Company (INPRO SA) and its subsidiaries and between subsidiaries which are related entities were excluded in the process of consolidation, so they are not presented in this note.
Information about transactions between the Parent Entity and its subsidiaries was presented in selected financial statements of INPRO SA.

Information about transactions between the Group and other related entities is presented below.

SHORT-TERM RECEIVABLES/LIABILITIES at 31.12.2017			DEBTOR								
			related entities (full consolidation)							other related entities	
			Inpro SA	inBet Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Isa Sp. z o.o.	SML Sp. z o.o.	Hotel Oliwski Sp. z o.o.	Board Management
CREDITOR	related entities (full consolidation)	Inpro SA	Transactions excluded in the process of consolidation							-	-
		inBet Sp. z o.o.								-	-
		Dom Zdrojowy Sp. z o.o.								-	9
		P.B. Domesta Sp. z o.o.								-	-
		Hotel Mikołajki Sp. z o.o.								-	-
		Isa Sp z o.o.								-	-
		SML Sp. z o.o.								-	-
	TOTAL related entities		**-**							**9**	
	other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-		-	-		
		Board Management	-	-	25	-	28	-	-		
	TOTAL for other related entities		**53**							**-**	

SHORT-TERM RECEIVABLES/LIABILITIES at 31.12.2017			DEBTOR								
			related entities (full consolidation)							other related entities	
			Inpro SA	inBet Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Isa Sp. z o.o.	SML Sp. z o.o.	Hotel Oliwski Sp. z o.o.	Board Management
CREDITOR	related entities (full consolidation)	Inpro SA	rozrachunki wyeliminowane w procesie konsolidacji							-	-
		inBet Sp. z o.o.								-	-
		Dom Zdrojowy Sp. z o.o.								-	-
		P.B. Domesta Sp. z o.o.								-	-
		Hotel Mikołajki Sp. z o.o.								-	-
		Isa Sp. z o.o.								-	-
		SML Sp. z o.o.								-	-
	TOTAL related entities								-		-
	pozostałe other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-	-	-	-		
		Board Management	-	-	-	-	-	-	-		
	TOTAL for other related entities								-		-

REVENUES / COSTS 01.01.2017-31.12.2017			BUYER								
			related entities (full consolidation)							other related entities	
			Inpro SA	inBet Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Isa Sp. z o.o.	SML Sp. z o.o.	Hotel Oliwski Sp. z o.o.	Board Management
SELLER	related entities	Inpro SA	rozrachunki wyeliminowane w procesie konsolidacji							-	-
		inBet Sp. z o.o.								-	-
		Dom Zdrojowy Sp. z o.o.								-	106
		P.B. Domesta Sp. z o.o.								-	-
		Hotel Mikołajki Sp. z o.o.								-	10
		Isa Sp. z o.o.								-	-
		SML Sp. z o.o.								-	-
	TOTAL for related entities										**116**
	other related entities	Hotel Oliwski Sp. z o.o.		-	-	-		-	-		
		Board Management	-	-	262	-	138	-	-		
	TOTAL for other related entities								**400**		**-**

COMPARATIVE DATA:

SHORT-TERM RECEIVABLES/LIABILITIES at 31/12/2016			DEBTOR								
			related entities (full consolidation)						other related entities		
			Inpro SA	inBet Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Isa Sp. z o.o.	Hotel Oliwski Sp. z o.o.	SML Sp. z o.o.	Członkowie Zarządu
CREDITOR	related entities (full consolidation)	Inpro SA	Excluded in the process of consolidation						-	1	-
		inBet Sp. z o.o.							-	-	-
		Dom Zdrojowy Sp. z o.o.							-	-	15
		P.B. Domesta Sp. z o.o.							-	-	-
		Hotel Mikołajki Sp. z o.o.							-	-	-
		Isa Sp. z o.o.							-	-	-
	TOTAL for related entities							**-**			**16**
	other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-	-	-			
		SML Sp. z o.o.									
		Członkowie Zarządu	-	-	28	-	27	-			
	TOTAL for other related entities							**55**			**-**

LONG-TERM RECEIVABLES/LIABILITIES at 31/12/2016			DEBTOR								
			related entities (full consolidation)						other related entities		
			Inpro SA	inBet Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Isa Sp. z o.o.	Hotel Oliwski Sp. z o.o.	SML Sp. z o.o.	Członkowie Zarządu
CREDITOR	related entities (full consolidation)	Inpro SA	Excluded in the process of consolidation						-	-	-
		inBet Sp. z o.o.							-	-	-
		Dom Zdrojowy Sp. z o.o.							-	-	-
		P.B. Domesta Sp. z o.o.							-	-	-
		Hotel Mikołajki Sp. z o.o.							-	-	-
		Isa Sp. z o.o.							-	-	-
	TOTAL for related entities		-						-		
	other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-	-	-			
		SML Sp. z o.o.									
		Członkowie Zarządu	-	-	-	-	-	-			
	TOTAL for other related entities		-						-		

Unless indicated otherwise, all amounts were given in thousands of PLN

REVENUES / COSTS 01/01/2016-31/12/2016		BUYER								
		related entities (full consolidation)						other related entities		
		Inpro SA	inBet Sp. z o.o.	Dom Zdrojowy Sp. z o.o.	P.B. Domesta Sp. z o.o.	Hotel Mikołajki Sp. z o.o.	Isa Sp. z o.o.	Hotel Oliwski Sp. z o.o.	SML Sp. z o.o.	Członkowie Zarządu
SELLER – related entities	Inpro SA	Transactions excluded in the process of consolidation						-	5	324
	inBet Sp. z o.o.							-	-	-
	Dom Zdrojowy Sp. z o.o.							-	-	286
	P.B. Domesta Sp. z o.o.							-	-	-
	Hotel Mikołajki Sp. z o.o.							-	-	5
	Isa Sp. z o.o.							-	-	-
	TOTAL for related entities						**-**			**620**
SELLER – other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-		-			
	SML Sp. z o.o.									
	Członkowie Zarządu	-	-	258	-	156	-			
	TOTAL for other related entities						**414**			**-**

31.2 Conditions of transactions with related entities

Transactions with related entities are effected on terms and conditions equivalent to those binding in transactions with other entities.

Unless indicated otherwise, all amounts were given in thousands of PLN

31.3 Remuneration of the Group's senior management

The remuneration of the senior management comprises:

The remuneration paid to the senior management (with surcharges) comprises:	**01/01/2017-31/12/2017**	**01/01/2016 - 31/12/2016**
The Management Board of the Parent Entity*	**2 937**	**2 050**
Short-term employee benefits	2 937	2 050
Retirement severance pay	-	-
Benefits related to employment relationship termination	-	-
The Management Board of subsidiaries	**1 909**	**1 736**
Short-term employee benefits	1 909	1 736
Retirement severance pay		
Benefits related to employment relationship termination		
The Supervisory Board of the Parent Entity	**140**	**93**
Short-term employee benefits	140	93
Retirement severance pay	-	-
Benefits related to employment relationship termination	-	-
The Supervisory Board of subsidiaries	**213**	**287**
Short-term employee benefits	213	287
Retirement severance pay		
Benefits related to employment relationship termination		
Other senior management	**2 623**	**3 063**
Short-term employee benefits	2 609	3 061
Retirement severance pay	6	-
Benefits related to employment relationship termination	7	2
Total	**7 822**	**7 229**

32. Purposes and objectives of financial risk management

The main financial instruments used by the Group include bank loans, finance lease agreements, lease agreements with a purchase option, issued bonds, cash and short-term deposits. The main purpose of those financial instruments is to obtain funds for the Group's activity. The Group also has other financial instruments such as trade receivables and liabilities which arise directly in the course of its activity.

The main kinds of risk arising from the Group's financial instruments comprise the interest rate, liquidity and credit risks. The Management Board reviews and agrees the principles of managing each of those kinds of risk. Those principles were briefly discussed below.

32.1 Interest rate risk

The Group has credit liabilities for which interest is computed on the basis of a variable interest rate, in relation to which there is a risk of the increase of those rates against the time when the agreement was entered into. Moreover, the Group invests free cash in investments bearing variable interest, in which case the profits from

Unless indicated otherwise, all amounts were given in thousands of PLN

investments decrease if interest rates fall down. Information on assets and liabilities exposed to the interest rate risk was presented in the notes below.
In view of the fact that the Group had both assets and liabilities bearing variable interest (a fact which balanced the risk) in the reporting period and of insignificant fluctuations of interest rates in the past periods, as well as in view of no foreseeable sudden interest rate changes in the next reporting periods, the Group did not use interest rate hedging because it considered the interest rate risk not to be significant.
Irrespective of the present situation, the Group monitors the interest rate risk exposure and the forecast interest rates and does not exclude hedging activities in the future.

The table below shows the balance sheet value of the Group's financial instruments exposed to the interest rate risk broken down to various age categories.

01/01/2017-31/12/2017					
Fixed interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	3	-	-	-	3
Liabilities relating to finance lease and lease agreements with a purchase option	(1 344)	(2 993)	(650)	-	(4 987)
Total	**(1 341)**	**(2 993)**	**(650)**	**-**	**(4 984)**
Variable interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	13 826	-	-	-	13 826
Short term financial assets	28 674	-	-	-	28 674
Bank credits	(32 461)	(17 699)	(3 999)	(9 675)	(63 834)
Total	**10 039**	**(17 699)**	**(3 999)**	**(9 675)**	**(21 334)**

01/01/2016 - 31/12/2016					
Fixed interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	6 441	-	-	-	6 441
Liabilities relating to finance lease and lease agreements with a purchase option	(1 058)	(2 264)	(1 457)	(54)	(4 833)
Total	**5 383**	**(2 264)**	**(1 457)**	**(54)**	**1 608**
Variable interest rate	**<1 year**	**1-3 years**	**3-5 years**	**>5 years**	**Total**
Cash assets	11 068	-	-	-	11 068
Short term financial assets	3 975	-	-	-	3 975
Bank credits	(9 398)	(17 467)	(4 543)	(13 246)	(44 654)
Total	**5 645**	**(17 467)**	**(4 543)**	**(13 246)**	**(29 611)**

The interest rate on variable interest rate financial instruments is updated in periods below one year. Interest on fixed interest financial instruments is fixed throughout the period to the maturity of those instruments. The

Unless indicated otherwise, all amounts were given in thousands of PLN

Group's other financial instruments not covered in the tables above do not bear interest and are therefore not subject to the interest rate risk.

32.2 Foreign currency risk

The Group is not exposed to the currency conversion rate risk because of insignificant sales of products in a foreign currency and because of the coverage of the majority of the costs of production in the national currency. Moreover, all the Group's credits, loans and deposits are denominated in the national currency. The currency risk is insignificant.

As at the balance sheet date receivables in foreign currency were PLN 532 k. As at 31/12/2016 receivables in foreign currencies amounted to PLN 156 k.

As at the balance sheet date payables in foreign currency were PLN 195 k. As at 31/12/2016 foreign currency liabilities amounted to PLN 288 k.

32.3 Other price risk

The Company is not exposed to another significant price risk related to financial instruments, there is, however, a price risk related to the prices of both the Company's products and of the materials. The Company's products and raw materials are not commonly offered on commodity exchanges, a fact which prevents the implementation of hedging strategies.

32.4 Market risk sensitivity analysis

The potentially possible changes concerning the market risk were assessed by the Company as follows:
1.0% change of the PLN interest rate (an increase or decrease of that rate),
The above figures were determined on the annual basis.

The sensitivity analysis conducted by the Group does not take the impact of taxation into account.

The influence of potentially possible changes on the Company's accounting profit and capital is presented in the table below:

31/12/2017

Item in the financial statements	value of the item	Interest rate risk				Foreign currency risk	
		impact on the result		impact on the capital		impact on the result	
		+ 100 base points	- 100 base points	+ 100 base points	- 100 base points	+ 100 base points	- 100 base points
Bank deposits	28 674	287	(287)	-	-	-	-
Credits incurred	63 834	(638)	638	-	-	-	-
Total increase / (decrease) before income tax		(352)	352	-	-	-	-
Income tax		67	(67)				
Total increase / (decrease) after income tax		(285)	285				

Unless indicated otherwise, all amounts were given in thousands of PLN

31/12/2016

Item in the financial statements	value of the item	Interest rate risk				Foreign currency risk	
		impact on the result		impact on the capital		impact on the result	
		+ 100 base points	- 100 base points	+ 100 base points	- 100 base points	+ 100 base points	- 100 base points
Bank deposits	9 379	94	(94)	-	-	-	-
Credits incurred	44 654	(447)	447	-	-	-	-
Total increase / (decrease) before income tax		(353)	353	-	-	-	-
Income tax		67	(67)				
Total increase / (decrease) after income tax		(286)	286				

1. Bank deposits

31/12/2017

These comprise short-term deposits (with variable interest - overnight, deposits on escrow accounts) in the amount of PLN 28.674 k.

Sensitivity to change by +/- 100 base points of market percentage rates in PLN
+/-[PLN 28.674 k x 100pb]= PLN 287 k

31/12/2016

These comprise short-term deposits (with variable interest - overnight, deposits on escrow accounts) in the amount of PLN 9,379 k.

Sensitivity to change by +/- 100 base points of market percentage rates in PLN
+/-[PLN 9,379 k x 100pb]= PLN 94 k

2. Bonds

31/12/2017

None

31/12/2016

None

3. Bank Loans

31/12/2017

Variable interest credit in the amount of PLN 63.834 k

Sensitivity to change by +/- 100 base points of market percentage rates in PLN
+/-[PLN 63.834 k x 100 base points/] = PLN 638 k

31/12/2016

Variable interest credit in the amount of PLN 44,654 k

Sensitivity to change by +/- 100 base points of market percentage rates in PLN
+/-[PLN 52,458 k x 100 base points/] = PLN 447 k

Unless indicated otherwise, all amounts were given in thousands of PLN

32.5 Credit risk

The Company is exposed to credit risk understood as the risk of the creditors failing to meet their obligations and thus causing the Group to suffer losses. The maximum exposure to credit risk as at the balance sheet date is PLN 4,292 k (as at 31 December 2015: PLN 8,271 k) and was estimated as the balance sheet value of receivables (note 22 – gross trade receivables adjusted with revaluation deductions)

01/01/2017-31/12/2017			**Unimpaired overdue receivables**				
Age structure of financial receivables	Nominal value of receivables	Unimpaired overdue receivables	<30 days	31-90 days	91-180 days	181-360 days	>365 days
Trade receivables	15 277	13 214	884	270	13	430	466

01/01/2016-31/12/2016			**Unimpaired overdue receivables**				
Age structure of financial receivables	Nominal value of receivables	Unimpaired overdue receivables	<30 days	31-90 days	91-180 days	181-360 days	>365 days
Trade receivables	4 292	957	508	450	1 186	1 161	30

In the opinion of the Company's Management Board, no significant concentration of the credit risk occurs because the Company has many customers. The Company takes steps aiming the limitation of the credit risk, such steps consisting in: checking the customers' credit rating, fixing credit limits, monitoring the customers' situation, obtaining securities (promissory notes, letters of credit, sureties and securities on movable property and real estate). Receivables were not secured as at 31/12/2017.

In view of the above, in the opinion of the Company's Management Board, the credit risk was covered in the financial statements by way of creation of valuation allowances.

Revaluation deductions in relation to credit losses	**01.01.2017 -31.12.2017**	**01.01.2016 -31.12.2016**
Status as at 1 January	**87**	**265**
Increases	5	39
Decrease	(5)	(217)
Status as at 31 December	**87**	**265**

Credit risk related to bank deposits, derivative instruments and other investments is considered insignificant because the Company effected transactions with companies with an established financial position.

There is no significant concentration of the credit risk in the Group.

32.6 Liquidity risk

The Group is exposed to liquidity loss risk understood as the risk of losing the capacity to pay liabilities within the specified time limits. The risk stems from the potential restriction of access to financial markets, which may result in the lack of an opportunity to obtain new finance or to refinance its debt. In the opinion of the Company's Management Board, the safe amount of cash as at the balance sheet date (note 24) available credit lines (note 27) and the Company's good financial condition cause that the liquidity loss risk should be assessed as slight.

Unless indicated otherwise, all amounts were given in thousands of PLN

Cash at bank and in hand (rating grade by EuroRating):

Item in the financial statements	31/12/2017	31/12/2016
cash at bank and in hand	13 829	17 509
Other short-term financial assets (advances on separate revenue accounts)	28 674	3 975
Total	**42 503**	**21 484**

Rating grade	31/12/2017	31/12/2016
Bank with rating grade A-	3 794	7 722
Bank with rating grade BBB	27 952	1 676
Bank with rating grade BB+	3 941	10 398
Bank with rating grade BB-	84	372
Bank with rating grade BB	6 576	1 163
Cash	156	153
Total	**42 503**	**21 484**

The analysis of financial liabilities in time intervals was presented below. The figures constitute non-discounted cash flows, which are the Company's maximum risk exposure.

01/01/2017-31/12/2017		Liabilities mature in the period			
Age structure of financial liabilities	**Total liabilities**	**up to 30 days**	**from 31 to 90 days**	**from 91 to 365 days**	**above 365 days (see note below)**
Trade liabilities	19 207	13 735	3 330	661	1 481
Loans and credits	63 834	1 286	7 979	23 196	31 373
Other financial liabilities	4 988	115	232	998	3 643
Payroll payable	1 032	1 032	-	-	-
Other liabilities	494	399	-	-	95
Total	**89 555**	**16 567**	**11 541**	**24 855**	**36 592**

Liabilities mature above 365 days	1-3 years	3-5 years	>5 years	Total
Trade liabilities	354	1 118	-	1 472
Loans and credits	17 699	3 999	9 675	31 373
Other financial liabilities	2 993	650	-	3 643
Other liabilities	95	-	-	95
Total	**21 141**	**5 767**	**9 675**	**36 583**

Unless indicated otherwise, all amounts were given in thousands of PLN

01/01/2016-31/12/2016		Liabilities mature in the period			
Age structure of financial liabilities	**Total liabilities**	**up to 30 days**	**from 31 to 90 days**	**from 91 to 365 days**	**above 365 days (see note below)**
Trade liabilities	16 100	10 293	1 967	2 205	1 636
Loans and credits	44 654	1 223	2 374	5 801	35 257
Other financial liabilities	4 834	89	179	793	3 774
Payroll payable	893	893			
Other liabilities	631	618			13
Total	**67 112**	**13 115**	**4 519**	**8 799**	**40 680**

Liabilities mature above 365 days	1-3 years	3-5 years	>5 years	Total
Trade liabilities	759	872	5	1 636
Loans and credits	17 467	4 543	13 246	35 257
Other financial liabilities	2 059	1 661	54	3 774
Other liabilities	13	-	-	13
Total	**20 298**	**7 077**	**13 305**	**40 680**

33. Capital management

The Group manages its capital to retain the capacity to continue as a going concern with the implementation of the planned investments taken into account to be able to generate a return to the shareholders and yield benefits to the other stakeholders.
In accordance with the market practice, the Group monitors capital on the basis of, among other things, the net worth ratio and the credit, loan and other sources of finance to EBITDA ratio.

The ratio concerning the financing of assets with equity is calculated as the equity to total assets ratio. In relation to the previous year, that ratio increased by 0.07.

The debt to equity ratio calculated as the relationship of liabilities to equity increased from 0.46 as at 31/12/2016 to 0.70 as at 31/12/2017).

The net worth ratio is calculated as the net value of property, plant and equipment (equity less intangibles) to the balance sheet total.

The credits, loans and other sources of finance to EBITDA ratio is calculated as the ratio of credits, loans and other sources of finance to EBITDA. Credits, loans and other sources of finance means the total liability in relation to credits, loans and leases, and EBITDA is the profit from operating activities plus depreciation.

To maintain financial liquidity and credit capacity enabling borrowing at a reasonable cost level, the Company assumes that it will maintain the net worth ratio at the level not lower than 0.3, and of the credits, loans and other sources of finance to EBITDA ratio at the level of up to 10.

Equity to total assets ratio	31/12/2017	31/12/2016
Equity	265 446	245 636
Total assets	425 701	358 121
	0,62	**0,69**

Unless indicated otherwise, all amounts were given in thousands of PLN

Relationship between liabilities and equity	31/12/2017	31/12/2016
Total liabilities	160 255	112 485
Equity	265 446	245 636
	0,60	**0,46**

Ratio: Credits, loans and other sources of finance/EBITDA	31/12/2017	31/12/2016
Profit from operating activities	38 783	38 131
Plus: depreciation	3 847	3 785
EBITDA	**42 630**	**41 917**
Credits, loans and other sources of finance	**68 821**	**49 488**
	1,61	**1,18**

Net worth ratio	31/12/2017	31/12/2016
Total equity less intangibles	258 661	238 817
Balance sheet total	425 701	358 121
	0,61	**0,67**

34. Financial instruments

The fair value of the financial instruments held by the Group as at 31 December 2017 and 31 December 2016 did not differ considerably from the figures presented in the consolidated financial statements for the particular periods for the following reasons:

• a discounting effect, if any, in relation to short-term instruments is not significant;
• those instruments concern the transactions effected on market conditions.

Financial assets	Category	31/12/2017	31/12/2016
Trade and other receivables	loans and receivables	13 249	4 292
Short-term financial assets	as above	28 674	3 975
Cash and cash equivalents	as above	13 829	17 509
		55 752	**25 776**

Financial liabilities	Category	31/12/2017	31/12/2016
Long-term loans and bank credits	financial liabilities valued as at the amortised cost	31 373	35 257

Unless indicated otherwise, all amounts were given in thousands of PLN

Short-term loans and bank credits	as above	32 461	9 398
Trade and other liabilities	as above	20 688	14 948
Payroll payable	as above	1 032	893
Other liabilities	as above	494	631
Other long-term financial liabilities (lease)	as above	3 643	3 774
Other short-term financial liabilities (lease)	as above	1 344	1 058
		91 035	**65 962**

Revenue, cost, profit and loss items included in the statement of total income divided into financial instrument categories

01/01/2017-31/12/2017	Loans and receivables	financial assets held for sale	Financial liabilities valued at the amortised cost	Total
Interest revenues/costs	94	18	(1 669)	**(1 557)**
Reversal/creation of revaluation deductions			-	
Changes in liabilities in relation to the issue of debt securities, following from the time for meeting the liability getting closer	-		-	**-**
Total	**94**	**18**	**(1 669)**	**(1 557)**

01/01/2016-31/12/2016	Loans and receivables	financial assets held for sale	Financial liabilities valued at the amortised cost	Total
Interest revenues/costs	4	224	(1 597)	**(1 370)**
Reversal/creation of revaluation deductions	178		-	**178**
Changes in liabilities in relation to the issue of debt securities, following from the time for meeting the liability getting closer	-		-	**-**
Total	**182**	**224**	**(1 597)**	**(1 192)**

Unless indicated otherwise, all amounts were given in thousands of PLN

35. Employment structure

The average employment level in the Group in the period from January to December 2017 and January to December 2016 respectively was as follows:

	01/01/2017-31/12/2017	01/01/2016-31/12/2016
Management Board of the Parent Entity*	3	3
Management Board of Group entities*	4	5
Administration	62	53
Sales Department	28	16
Production Division	156	158
Other	147	143
Total	**400**	**378**

*) Including the Management Board performing its tasks on the basis of the company management agreement (until July 2015), and on the basis of the rules detailed in the Report of the Activity of the Management Board since August 2015.

36. Remuneration of the statutory auditor or entity authorised to audit financial statements

1. For 2017:

a) audit of the annual consolidated financial statements and of annual separate financial statements of the INPRO SA Group companies PLN 79 k
b) review of the interim consolidated financial statements and of interim separate financial statements of the INPRO SA Group companies PLN 26 k

1. For 2016:

a) audit of the annual consolidated financial statements and of annual separate financial statements of the INPRO SA Group companies PLN 79 k
b) review of the interim consolidated financial statements and of interim separate financial statements of the INPRO SA Group companies PLN 26 k

37. Events after the balance sheet date

a) On 05/01/2018, INPRO SA signed a land purchase agreement in Gdańsk, at Street Jesienna. The land purchase price does not exceed 10% of the Issuer's equity.

b) On 16/01/2018, inBet Sp. z o.o. has signed a credit agreement with PEKAO SA on the current account in the amount of PLN 1,000,000. The term of the contract is 31/01/2019 The legal security for the loan repayment is the statement of INPRO SA about the borrower's support in the letter of comfort formula, blank promissory note, power of attorney.

c) On 16/01/2018, INPRO SA signed an annex to the working capital credit agreement with mBank SA in the amount of PLN 300 k. Based to the agreement the period of the loan was prolonged till 04/02/2019.

d) On 17/01/2018, INPRO SA signed a land purchase agreement in Gdańsk, at Street Szczecińska 39, 37 (University Quarter Stage III). The land purchase price does not exceed 10% of the Issuer's equity.

e) On 24/01/2018, INPRO SA signed a preliminary purchase agreement for the land in Rumia. The land purchase price does not exceed 10% of the Issuer's equity.

f) On 15/02/2018, INPRO SA signed a contract for the perpetual usufruct of a plot of land in Gdańsk, at ul. Opacka. The price of the fee does not exceed 10% of the Issuer's equity.

g) On 20/02/2018, INPRO SA obtained a building permit for the Brawo housing estate in Pruszcz Gdański.

h) On 22/02/2018, INPRO SA obtained a building permit for the construction of the second and third stage of the Debiut housing estate in Pruszcz Gdański.

i) On 01/03/2018, PB Domesta Sp. z o.o. signed a land purchase agreement in Gdańsk, at Vaclava Havla Street. The land purchase price does not exceed 10% of the Issuer's equity.

j) On 08/03/2018, the District Court Gdańsk - Północ in Gdańsk, III Division of Land and Mortgage Registers, entered the fourth branch of land and mortgage register no. GD1G / 00287857/0, contractual mortgage up to PLN 22,200 k on the assets of INPRO SA, constituting legal security for the repayment of the working capital credit for the financing project, Debut stage I in the amount of PLN 14,800 k. granted by Alior Bank SA.

k) On 09/03/2018, PB Domesta Sp. z o.o. signed a land purchase agreement in Gdańsk, at Struga Street. The land purchase price does not exceed 10% of the Issuer's equity.

l) On 16/03/2018, INPRO SA signed a working capital credit agreement with mBank SA in the amount of PLN 34,200,000 intended to finance the construction of stage III of the Harmony Oliwa. The contract has been described in Current Report No. 3/2018 of 16/03/2018.

m) On 19/03/2018, Dom Zdrojowy Sp. z o.o. made a partial repayment (in the amount of PLN 200,000 k) of a loan granted by INPRO SA. The outstanding debt is PLN 180 k.

n) At the end of March 2018, inBet Sp. z o.o. has completed the essential work related to the investment started in 2017 involving the change of the use of part of the administrative building (adaptation to a hotel for workers)

o) On 29/03/2018, INPRO SA signed a preliminary purchase agreement for the land in Gdańsk (Siedlce district). The land purchase price does not exceed 10% of the Issuer's equity.