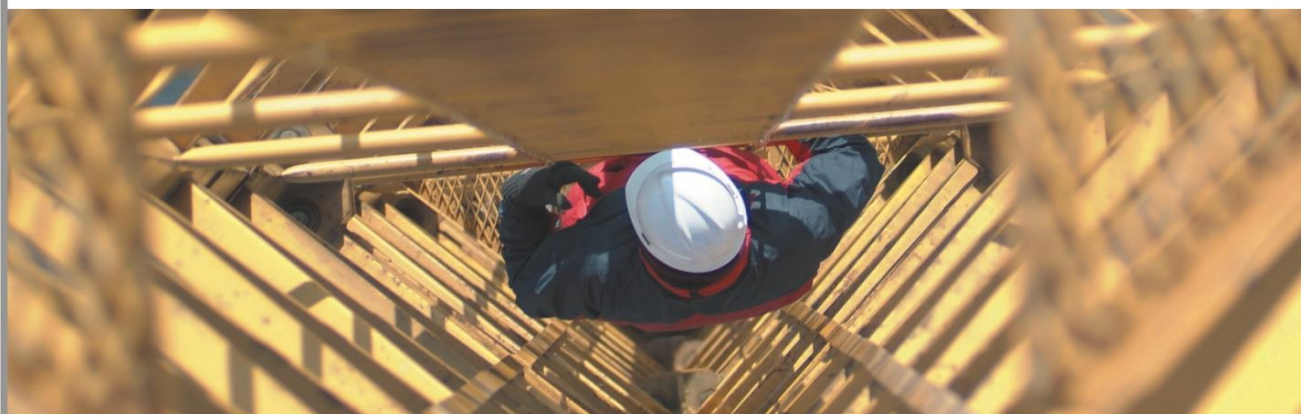


**inpro**



**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR SIX MONTHS ENDED ON 30 JUNE 2018,  
MADE IN CONFORMITY WITH THE INTERNATIONAL  
ACCOUNTING STANDARD 34 INTERIM FINANCIAL  
REPORTING**



**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

**SELECTED FINANCIAL DATA – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

<b>Selected data concerning the consolidated financial statements of the INPRO SA Corporate Group</b>				
	<b>01/01/2018</b>	<b>01/01/2017</b>	<b>01/01/2018</b>	<b>01/01/2017</b>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>30/06/2018</b>	<b>30/06/2017</b>	<b>30/06/2018</b>	<b>30/06/2017</b>
	<b>PLN '000</b>		<b>EUR '000</b>	
Net sales revenues	106 533	81 855	25 129	19 272
Gross profit (loss) on sales	31 650	29 078	7 466	6 846
Profit (loss) on operating activities	15 533	13 656	3 664	3 215
Gross profit (loss)	14 902	12 962	3 515	3 052
Net profit (loss)	12 058	10 451	2 844	2 461
- attributable to non-controlling shareholders	1 039	822	245	194
Earnings (loss) per share in the parent entity	0.2752	0.2405	0.0649	0.0566
Net cash flows from operating activities	15 110	(14 971)	3 564	(3 525)
Net cash flows from investing activities	(2 182)	(702)	(515)	(165)
Net cash flows from financing activities	(13 547)	6 461	(3 195)	1 521
Net cash flows	(619)	(9 212)	(146)	(2 169)
	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
	<b>PLN '000</b>		<b>EUR '000</b>	
Total assets	476 690	425 701	109 292	102 065
Liabilities and provisions for liabilities	209 828	160 255	48 108	38 422
Provisions for liabilities	6 277	9 925	1 439	2 379
Long-term liabilities	36 805	36 592	8 438	8 773
Short-term liabilities	166 746	113 738	38 230	27 269
Equity	266 862	265 446	61 184	63 642
- attributable to non-controlling shareholders	14 269	13 927	3 272	3 339
Number of shares (pcs)	40 040 000	40 040 000	40 040 000	40 040 000
Book value per share (in PLN/EUR)	6.6649	6.6295	1.5281	1.5895
<b>ZLOTY TO EURO CONVERSION RATE</b>	average euro rate in the period 01/01/2018-30/06/2018		average euro rate as at 30/06/2018	
	4.2395		4.3616	
	average euro rate in the period 01/01/2017-30/06/2017		average euro rate as at 31/12/2017	
	4.2474		4.1709	

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

**SELECTED FINANCIAL DATA – CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS**

<b>Selected data concerning the financial statements of the INPRO SA</b>				
	<b>01/01/2018</b>	<b>01/01/2017</b>	<b>01/01/2018</b>	<b>01/01/2017</b>
	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>30/06/2018</b>	<b>30/06/2017</b>	<b>30/06/2018</b>	<b>30/06/2017</b>
	<b>PLN '000</b>		<b>EUR '000</b>	
Net sales revenues	58 339	49 262	13 761	11 598
Gross profit (loss) on sales	18 015	18 549	4 249	4 367
Profit (loss) on operating activities	10 107	10 577	2 384	2 490
Gross profit (loss)	10 952	11 229	2 583	2 644
Net profit (loss)	9 025	9 102	2 129	2 143
Earnings (loss) per share in the parent entity	0.2254	0.2273	0.0532	0.0535
Net cash flows from operating activities	11 929	(6 094)	2 814	(1 435)
Net cash flows from investing activities	279	(3 512)	66	(829)
Net cash flows from financing activities	(16 690)	(351)	(3 937)	(83)
Net cash flows	(4 482)	(9 955)	(1 057)	(2 346)
	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
	<b>PLN '000</b>		<b>EUR '000</b>	
Total assets	375 679	351 505	86 133	84 276
Liabilities and provisions for liabilities	124 238	99 079	28 485	23 755
Provisions for liabilities	4 076	7 623	935	1 828
Long-term liabilities	6 130	9 914	1 405	2 377
Short-term liabilities	114 032	81 542	26 145	19 550
Equity	251 441	252 426	57 649	60 521
Number of shares (pcs)	40 040 000	40 040 000	40 040 000	40 040 000
Book value per share (in PLN/EUR)	6.2797	6.3043	1.4398	1.5115
<b>ZLOTY TO EURO CONVERSION RATE</b>	average euro rate in the period 01/01/2018-30/06/2018		average euro rate as at 30/06/2018	
	4.2395		4.3616	
	average euro rate in the period 01/01/2017-30/06/2017		average euro rate as at 31/12/2017	
	4.2474		4.1709	

**REPORT OF THE MANAGEMENT BOARD  
ON THE CORPORATE GROUP'S ACTIVITY  
IN THE FIRST SIX MONTHS OF 2018**

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

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

**GDAŃSK, 07/09/2018**

**Information below contains both the consolidated financial data of INPRO SA and the separate results of INPRO SA**

## **1. Commentary by the management board on the corporate group's activity in the first six months of 2018**

In the first six months of 2018 Polish economy maintained the upward trend, i.e. the high average employment, inflation at a stable level, low interest rates and growing salaries.

A drop in sales with the increase of apartment prices was noted on the property development market in mid-2018. Between April and June 2018, a total of 15.6 k flats were sold in six biggest Polish agglomerations (18.4 k in the first quarter of the year). The total of 15.4 k flats were placed on the market (a slight increase compared to the beginning of the year), and the level of the offer as at the end of June remained at a level which was very similar to March this year. It seems that in 2018 it will be difficult for the developers to get close to the record sales level of 2017.<sup>1</sup>

The advance net sales of the INPRO Corporate Group (calculated as the number of preliminary sale agreements concerning completed projects, agreements with entities other than customers who are natural persons, and agreements concerning commercial premises, and documents issued to customers with information concerning the conditions of the conclusion of property development agreements, such documents enabling the customers to file an application for funds for the financing of the property development agreement, and with customer resignation from the conclusion of such agreements or resignation from the concluded agreements) in the period from April to June 2018 was 200 agreements net compared to 131 agreements in the in the same period in the previous year (an increase by 53%). In that period, INPRO alone signed 144 agreements net i.e. 44 % more than in 2017. The high level of advance sales followed from the general trend at the property development market. As observed by the Company, the most popular project was the Harmonia Oliwska (stages II and III).

In the first six months of 2018, INPRO SA and PB Domesta Sp. z o.o. signed a total of 445 preliminary agreements net, i.e. 68 % more than in the first six months of 2017.

In January to June 2018, the INPRO Group noted a 30 % increase of the sales revenues against the comparable period in 2017 (an increase to the level of PLN 106,533 k). The net profit growth rate was, however, lower than the growth of the revenues as net profit increased by 15 % to approximately PLN 12.1 m. The decrease of profitability in the six months of 2018 against the previous year was influenced by, among other things, the structure of the premises being delivered by INPRO SA, with a high percentage of them being the premises at the Optima I project covered by the Flats for Young People (MDM) programme. In addition, the total of the costs of sales and administrative expenses remained at a high level comparable to that of the first six months of 2017 (the high level of the costs of sales in relation to the costs of maintenance of unsold premises and the commissions of sales agents).

In the period under review, the INPRO Corporate Group handed over the total of 277 residential premises; that number being 71 % bigger than in the first six months of 2017, in which the Group delivered 162 flats.

In the reporting period, INPRO SA delivered 166 premises, compared to 113 in the previous year. In the period in question, INPRO SA did not place any multi-family buildings in service, but it completed the works on 9 single-family houses at the Golf Park estate. PB Domesta finished the works on buildings Nos. 2 and 4 at the Leszczykowy Staw estate (the total of 62 flats), however, and in buildings Nos. 1 and 2 at the Nowa Niepołomicka estate (the total of 84 flats).

The vast majority of the turnover of INPRO and DOMESTA companies will fall to the second half of 2018, when the following projects will be completed given no delays to administrative procedures relating to occupancy permits:

- Nowa Niepołomicka estate – building 3,
- Leszczykowy Staw estate – buildings Nos. 3 and 5,
- Harmonia Oliwska estate, stage II (the Rotta),

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<sup>1</sup> Data based on the report titled the Housing Market in Poland by REAS for the 2<sup>nd</sup> quarter 2018, the reports of the Main Statistical Office and on the company's sources.

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

- Kwartal Uniwersytecki estate, stage II,
- Debiut estate, stage I,
- single-family houses at the Golf Park.

In April 2018, INPRO SA started selling 72 flats on stage III of the Kwartal Uniwersytecki estate, in July 4 single-family houses at the Golf Park, and in August 89 premises at stage II of the Debiut estate in Pruszcz Gdański. PB DOMESTA launched buildings Nos. 6 and 7 at the Leszczynowy Staw estate (34 flats each), buildings Nos. 4 and 5 at the Nowa Niepołomicka estate (36 flats each) and buildings Nos. 3 and 6 at the Havlove estate (46 flats each).

By the end of the year, the Group is planning to launch the sales in the following locations:

- Optima estate II in Gdańsk (200 premises),
- Harmonia Oliwska estate IV in Gdańsk (174 premises),
- Wróbla Staw estate II (4 single family houses),
- Havlove estate in Gdańsk, building no. 1 (10 premises), no. 4 (23 premises), no. 5 (23 premises).

In total the Group is planning to launch the sales of 831 new flats and houses.

## **2. General information**

INPRO SA (the "Company," "Parent Entity") is the parent entity of the INPRO SA Corporate Group:

**Table 1. Basic information on INPRO SA**

<b>Full name (business name)</b>	INPRO Spółka Akcyjna
<b>Registered office</b>	80-320 Gdańsk, ul. Opata Jacka Rybińskiego 8
<b>Business registry number (REGON)</b>	008141071
<b>Tax ID (NIP)</b>	589-000-85-40
<b>Court registration number (KRS)</b>	0000306071
<b>Polish Classification of Activity (PKD) 2007</b>	4120Z - construction works relating to the erection of residential and non-residential buildings

The main object of the INPRO SA Corporate Group is the construction and sale of residential and commercial real estate (INPRO SA and Przedsiębiorstwo Budowlane 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 design, finishing flats (SML Sp. z o.o.)

As at 30/06/2018 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.

The Company's Supervisory Board, at its session on 14/06/2018, while acting on the basis of Article 201 § 4 of the Commercial Companies Code, in connection with § 7 par. 4 and 5 of the Company's Statutes, adopted resolutions Nos. 13, 14 and 15 on the appointment of the Members of the Management Board for the next 5-year term of office i.e. for 2018 - 2023, in the bench consisting of three persons (the President and two Vice-Presidents of the Management Board), that is:

- appointment of Mr Piotr Stefaniak a member of the Management Board and giving him the function of the President of the Management Board,
- appointment of Mr Krzysztof Maraszek a member of the Management Board and giving him the function of the Vice-President of the Management Board,

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- appointment of Mr Zbigniew Lewiński a member of the Management Board and giving him the function of the Vice-President of the Management Board.

As at 30.06.2018 the composition of the Supervisory Board of the parent entity was as follows:

- Jerzy Glanc - Chairman of the Supervisory Board
- Krzysztof Gąsak - Vice-Chairman of the Supervisory Board
- Łukasz Maraszek - Secretary of the Supervisory Board
- Szymon Lewiński - 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.

**Statutory Auditor**

Deloitte Audyt Spółka z ograniczoną odpowiedzialnością spółka komandytowa,  
Al. Jana Pawła II 22,  
00-133 Warszawa  
Registration No. 73.

### **3. Structure of the INPRO SA Corporate Group**

The structure of the Corporate Group, and the Company's contribution as at 30/06/2018 to the share capital of subsidiaries covered by full consolidation in the financial statements is presented in the table below:

**Table 2. Structure of the INPRO SA Corporate Group as at 30/06/2018 – entities comprised by full consolidation**

<b>Entity</b>	<b>Registered office</b>	<b>Share in the share capital</b>	<b>Share capital</b>	<b>Object</b>
INPRO SA	Gdańsk	not applicable	4,004,000 PLN	Property development activity (increased standard and popular flats)
Przedsiębiorstwo Budowlane DOMESTA Sp. z o.o.	Gdańsk	59.57%	300,800 PLN	Property development activity (popular flats)
inBet Sp. z o.o.	Kolbudy	80.32 %	13,790,840 PLN	Manufacture of concrete, reinforced concrete and steel elements
Dom Zdrojowy Sp. z o.o.	Jastarnia	100 %	19,140,385 PLN	Hotel services
Hotel Mikołajki Sp. z o.o.	Mikołajki*	100 %	15,780,000 PLN	Hotel services
PI ISA Sp. z o.o.	Gdańsk	76.92%	80,000 PLN	Sanitary and heating installations
SML Sp. z o.o.	Gdańsk	100 %	200,000 PLN	interior design, finishing flats

\*since 13/08/2018 r. the new address of the registered office is: Gdańsk, Opata Jacka Rybińskiego street 8

In the first six months of 2018, the composition of the INPRO SA Corporate Group did not change.

### **4. Structure of the share capital of INPRO SA**

As at 30/06/2018, the share capital of INPRO was PLN 4,004 k and was divided into 40,040,000 ordinary bearer shares of the nominal value of 10 groszes each.



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Unless otherwise indicated, all sums have been given in thousands of zlotys

**Table 3. Structure of the share capital of INPRO SA as at 07/09/2018 and as at 31/12/2017:**

Shareholder	Series	Number of shares	Nominal value	Share in the capital	Number of votes	Share in 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 OFE	A	2 100 000	210 000	17.93%	2 100 000	17.93%
	B	5 077 704	507 770		5 077 704	
Shareholders with less than 5% of votes	B	4 932 296	493 230	12.31%	4 932 296	12.31%
<b>TOTAL</b>		<b>40 040 000</b>	<b>4 004 000</b>	<b>100%</b>	<b>40 040 000</b>	<b>100%</b>

In the period from 31/12/2017 until the submission of this report, the shareholders did not advise of any change in the shareholdings in INPRO SA. No change in the shareholdings by executives took place in that period, either.

## **5. Condensed Interim Consolidated financial statements and rules for their preparation**

The condensed interim 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.

The interim condensed consolidated financial statements for six months ended on 30 June 2018 were made in conformity with International Financial Reporting Standards ("IFRS") as endorsed by the European Union.

The Parent Company prepares its financial statements in accordance with IFRS, while 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"), regulation of the Minister of Finance of 25 September 2009 on detailed rules for drawing up, by entities other than banks, insurance and reinsurance undertakings, consolidated financial statements of corporate groups and the Code of Commercial Companies.

### **Consolidated statement of total income**

In the first six months of 2018 the INPRO Corporate Group achieved sales revenues of PLN 106.5 m or 30 % more than in the first six months of the last year. The net return on sales remained at a similar level (11 % in 2018 and 13 % in 2017). Profitability based on gross profit from sales was decreased from 36 % to 30 %. Total overall income increased by PLN 1.6 m, i.e. 15 % in relation to total income achieved in the first six months of the previous year.

### **Consolidated statement of the financial position**

In the period presented, the share of fixed assets in the balance sheet total decreased slightly against the comparable period, namely to 25 % (the figure being 28 % as at 31/12/2017). This was mainly due to the increase of the level of current assets i.e. inventory and cash at escrow accounts. Equity was a slightly smaller percentage of the balance sheet total than at the end of 2017 (56 % compared to 62 %). Equity and long-term liabilities together constituted 64 % of the balance sheet total.

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

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The most significant item among short-term assets is inventory (land with construction expenditure on projects under way); in terms of short-term liabilities, those are trade and other liabilities (advances paid towards the purchase of premises).

Key ratios showing the financial and economic position of the INPRO SA Corporate Group for six months of 2018 and in 2017 are presented below.

**Table 4. Ratios characterising the financial position of the INPRO SA Corporate Group for the first six months of 2018 and 2017**

<b>Ratio</b>	<b>Way of calculation</b>	<b>06/2018</b>	<b>06/2017</b>
Net profitability	Net profit (loss) * 100 % / Sales revenues	11%	13 %
Return on sales	Gross profit (loss) on sales * 100 % / Sales revenues	30 %	36 %
Net return on assets (ROA)	Net profit (loss) * 100 % / Total assets	3 %	3 %
Return on equity (ROE)	Net profit (loss) * 100 % / Equity	5 %	4 %
Current liquidity	Current assets / Short-term liabilities	2.1	2.8
Cash to liability ratio	(Current assets - inventory) / Short-term liabilities	0.5	0.4
Trade receivables turnover in days	Final state of trade receivables * 180 / Sales revenues	30	13
Trade liabilities turnover in days	Final state of trade liabilities * 180 / Cost of sales	69	61
Inventory turnover in days	Final state of inventory * 180 / Cost of sales	655	787
Asset structure	Fixed assets * 100 % / Current assets	33 %	43 %
Asset financing structure	Equity * 100 % / Total assets	56 %	65 %
Sustainability of financing	(Equity + long-term liabilities) / Total assets	64 %	75 %
Net debt ratio	(Financial debt - cash and cash equivalents - other financial assets) / Equity	0 %	17 %

As it follows from the figures presented for the first six months of 2018, the return on sales and net profitability ratio decreased against the first six months of 2017. 2018 saw the drop of the net debt ratio because of the repayment of credit by INPRO and the increase of the level of advances at escrow accounts. The inventory turnover ratio improved, and the receivables and liabilities turnover ratios became longer, however. Liquidity ratios remained at a similar level. All the ratios are at a safe level.

The Group's cash flow statement for the first six months of 2018 shows positive cash flows only at the operating activity level (an increase of the level of advances paid towards the purchase of premises). Negative cash flows from the financing activity are mainly related to the repayment of credit liabilities. Negative cash flows from the investing activity follow mainly from the expenditure on fixed assets (inBet).

## **6. Condensed Interim Separate financial statement**

### **Separate statement of total income INPRO SA**

In the first six months of 2018, INPRO SA achieved sales revenues of approximately PLN 58.3 m, i.e. 18 % more than last year, with the drop of net profitability (from 18 % to 15 %). Profitability based on gross profit from sales was at the level of 31 % (compared to 38 % for the first six months of 2017). The increase trend of the cost of sales was 31 %. Although more premises were delivered in the period in question, a lower margin was achieved on them; delivery in 2017 concerned mainly two locations: Kwartal Uniwersytecki, stage I, and building C at the Chmielna Park estate, in which purchases for investment purchases were mainly effected. In 2018, however, the Optima I estate at which a low margin was realised (that estate is covered by the Flat for Young People programme) has a large share in the sales. In addition, the total of the costs of sales and administrative expenses remained at a high level comparable to that of the first six months of 2017 (the high level of the

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

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costs of sales in relation to the costs of maintenance of unsold premises and the commissions of sales agents).

Total overall income reached the level comparable to that for June 2017 i.e. a decrease by 1 %.

### **Separate statement of the financial position INPRO SA**

The balance sheet structure did not change significantly in the period being presented.

The contribution of fixed assets in the balance sheet total remained at a similar level compared to 31/12/2017 (29 % at the end of June 2018 against 31 % at the end of 2017). In the liabilities structure, the contribution of long-term sources of finance (equity and long-term liabilities) decreased against the end of 2017 (from 76 % to 69 %) because of the decrease of the level of long-term financial debt.

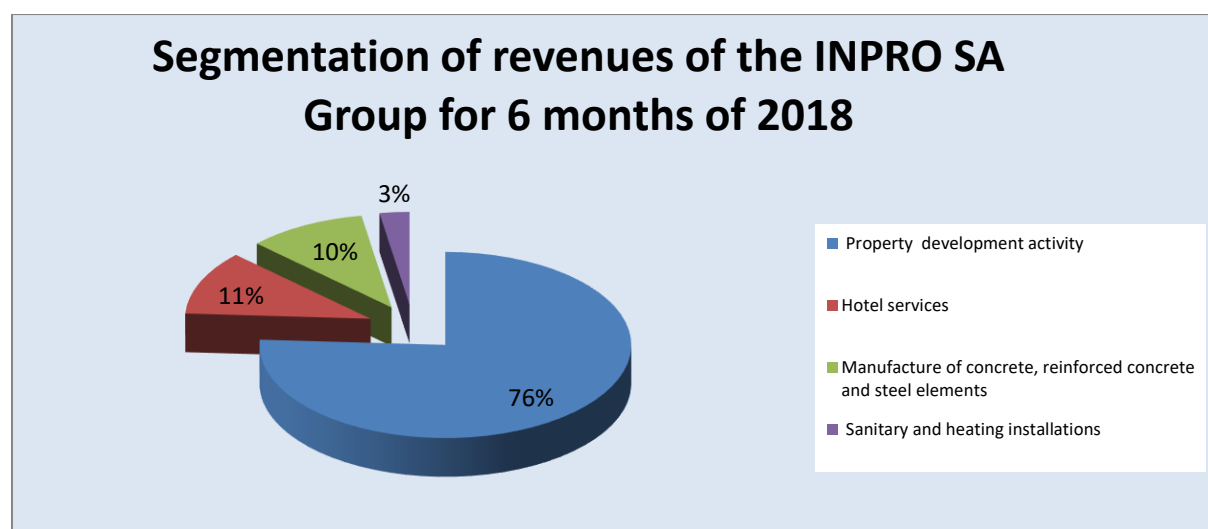
The most significant item among short-term assets is inventory (land with construction expenditure on projects under way); in terms of short-term liabilities, those are trade and other liabilities (advances paid towards the purchase of premises).

The cash flow statement of INPRO SA for the first six months of 2018 shows negative cash flows only on financing activity (the repayment of credit debt). The operating activity generates positive cash flows because of the high level of advances towards the purchase of premises. The investing activity generates small positive cash (due to an insignificant volume of transactions in the investment segment).

### **7. Information on basic products of the INPRO SA Corporate Group**

In the first six months of 2018, the main source of income for the Group was income from the sale of residential and commercial premises and residential buildings as part of property development projects in modern technology available on the domestic market, in line with profitability principle in using new solutions. The remaining sources of income from the sale of the Group's products are as follows: hotel services, manufacture of precast units and sanitary and heating installations.

The sales revenue structure is presented in the following diagram:



## **8. Significant risk factors and threats**

### **Risk relating to the implementation of property development projects**

The property development project cycle is a long-term one (over 24 months) and characterised by considerable financial expenditure and its full return after as long as minimum 2 years. In particular, the following events may have a significant influence on the developer's financial results: (i) the need to incur additional costs, (ii) change of the time for completion of construction (iii) delay to the procurement of an occupancy permit; (iv) delays to the completion of the documentation necessary for signing notarised deeds of sale.

### **Risk of failure to obtain credit finance**

Banks directly influence the end customer's apartment purchase capacity as the vast majority of new premises are bought on credit. The banks' expansive sales policy combined with less restrictive credit worthiness testing has an impact on easier credit availability to prospective apartment buyers. Conversely, the banks' restrictive sales policy combined with more restrictive credit worthiness testing by financial institutions or more conservative recommendations used by the regulators, causes the limited availability of finance which, in turn, results in the reduced number of apartments sold. Experience from the last few years indicates that both the former situation, created by the banks' uncontrolled fight for the customer, which results in a rapid increase of apartment prices, and the latter, caused by the worldwide crisis, which in turn caused the banks' aversion to risk and a serious slowdown on the apartment market, are not advantageous to both the customers and developers.

Similar reactions may be observed in the case of corporate credit granted directly to the developers for projects under way. Restrictions in credit finance contribute to projects being suspended, be it at the stage of construction commencement or as early as land purchase, with the resulting fall of apartment supply. That situation may bring about sharper apartment price fluctuations and the reduction of the range of apartments on offer.

The Group has had positive financial results for many years and has a very good credit history and very good relations with financial institutions.

### **Competition risk**

Entities in the trade in question compete with one another, in particular in the following areas: (i) real estate location; (ii) prices of the premises; (iii) structure of the offering; (iv) progress of construction; (v) the architectural layout of the premises; (vi) credits on offer by the banks working with the developer. A more pessimistic business outlook in the residential construction industry segment recent years influenced the growth of competition on the property development market. If competition continues to become more severe, this may influence the following: the need to adjust the offer to market conditions (including price reduction), more intense implementation of projects, acquisition of skilled workers and, possibly, moving the business off the Tri-City. The above factors may cause a cost increase and thus to the deterioration of the Group's financial results. The Group watches and analyses the competitors' activity and makes relevant steps to minimise that risks on an ongoing basis.

### **Risk of concentration of the Group's property development activity on the local market**

The Tri-City market is the main market in the Group's activity. Revenues from sales as well as profits depend on the situation on that market. The lower level of investment, of household income and of consumer's demand on the Tri-City markets may have an adverse influence on the Group's financial result and development prospects.

### **Risk relating to the lack of the possibility of acquiring a sufficient amount of land in the future**

The possibility of implementation of the Group's strategy in the area of the property development activity depends, to a considerable extent, on the possibility of acquiring appropriate land necessary for the implementation of property development projects both in the Tri-City and the surroundings, as well as in other attractive locations within the Group's interest.

Land acquisition for residential development depends on the Group's efficiency of operation on one hand and on objective external factors on the other. External factors which may adversely affect the Group's efficiency of land acquisition are, first of all, the following: competition on the real estate

market, the lack of local area development plans, limited resources of land with appropriate infrastructure, limitations due to Agricultural Land Trade Act and lengthy procedures relating to the procurement of necessary decisions.

The Group is unable to guarantee that no problems will occur in the future with land acquisition for property development projects even though the Group has no problems with the acquisition of appropriate amount of land at present. Any disturbance of the acquisition process of an appropriate amount of land would slow down the Group's development in the area of residential property development projects.

#### **Risk relating to Poland's macroeconomic situation**

The macroeconomic situation in Polish economy, the pace of its development and the economic situation in the region, the European Union and on the world's market have a significant influence on the construction market. The factors directly affecting the Group's financial results include: the GDP growth pace, inflation, the unemployment rate, monetary and fiscal policy of the state, level of investment of enterprises, household income level and consumer demand. Both the factors mentioned above and the direction and level of their changes influence the accomplishment of the objectives established by the Group. If the pace of economic development in Poland and on other markets slackens or instruments of shaping the economic policy of the state are used which adversely affect the Group's market position, the demand level may fall down and the Group's costs increase and, therefore, the financial results may deteriorate.

#### **Risk relating to administrative decisions**

The Issuer cannot guarantee that administrative decisions (permits, permissions, licences, concessions and consents) such as a building permit, zoning approval, occupancy permit and environmental decision required in relation to property development projects will be obtained by the Group and that any existing or new decisions will not be challenged. Whilst the Issuer exercises due diligence in applying for relevant administrative decisions, the Issuer cannot guarantee that the risk of failure to obtain the above decisions or of their challenging will be eliminated. Consequently, that risk may adversely affect the Group's activity, financial situation, results or development prospects.

### **9. Directions of development of the INPRO SA Corporate Group**

In the second half of 2018 the Group is planning to focus on the following areas:

- the continuation of the current strategy (the Tri-City market and the areas of Pruszcz Gdański and Rumia), in the upper-end apartment segment) and further development of activity in the popular segment,
- seeking land for new property development projects – an attractive location at the land purchase price enabling a satisfactory margin,
- following the completion of stage II of the extension of the Dom Zdrojowy in Jastarnia (to include a large conference and banquet hall for 200 persons and the refurbishment of some single rooms and the hotel reception) the Group does not plan other hotel projects in the near future. Since 01/07/2018, Hotel Mikołajki Sp. z o.o. has been leased for a fee by a third party company running a hotel activity in the facility (see current report No. 19/2018 of 22/06/2018).
- the modernisation strategy of the production facility of inBet Sp. z o. o. will continue. The extended strategy now includes the start-up of the second precast concrete component production line. The first changes introduced in 2015 - 2017 produced good results, which are clearly seen in the level of profit of that subsidiary.
- the Group also considers stronger involvement in the implementation of commercial projects.

The Management Board of INPRO SA is of the opinion that the continuation of the Group's activity is not threatened.

## **10. Events with significant influence on the Corporate Group's activity and financial results**

Key factors influencing the Group's financial performance in the first six months of 2018:

- the Group's advance sales in the first six months of 2018, understood as the number of signed preliminary sale agreements net (i.e. preliminary sale agreements concerning completed projects, agreements with entities other than customers who are natural persons, and agreements concerning commercial premises, and documents issued to customers with information concerning the conditions of the conclusion of property development agreements, such documents enabling the customers to file an application for funds for the financing of the property development agreement, and with customer resignation from the conclusion of such agreements or resignation from the concluded agreements) was higher than in the comparable period of the last year (a 68 % increase up to 445 agreements net). The high level of advance sales followed from the general trend at the property development market. As observed by the Company, the most popular project was the Harmonia Oliwska (stages II and III).
- in relation to the specific nature of the property development cycle, the revenues from operations are posted after approximately 2 years from the commencement of a property development project, following receipt of the occupancy permit and delivery of the premises to the buyers. In the period from January to June 2018 INPRO SA did not place any multi-family building in service, but only 9 single-family houses at the Golf Park estate. PB Domesta finished the works on buildings Nos. 2 and 4 at the Leszczykowy Staw estate and on buildings Nos. 1 and 2 at the Nowa Niepołomicka estate. The total number of delivery procedures in the period in question was 277 compared to 162 in the previous year (an increase by 71 %). The deliveries were effected, first of all, at projects completed last year: Harmonia Oliwska stage I and Optima stage I. Despite the growth of the level of revenues achieved in the reporting period against the comparable period, the return on sales dropped down because a lower margin was realised on the premises sold. A high percentage of the delivered flats were the flats at the Optima estate, stage I, which is covered by the Flat for Young People Programme.
- activities taken in previous years by persons managing inBet Sp. z o.o. (cost cutting, focus on the most profitable areas of activity including sales to Scandinavian companies, and plant modernisation) continue to be produce effects – for the first six months of 2018 the company noted net profit in the amount of approximately PLN 2 m.

In the subsequent periods, the Group's financial performance will be affected, first of all, by the following:

- the macroeconomic situation in Poland and in the world,
- the development of the property development market with special consideration for its competitiveness (a shrinking number of flats on the market, and the growth of workmanship costs),
- government regulatory activities, in particular work on the amendment to the Property Development Act, on the Town Planning and Construction Code abandoning planning permissions, the development of the National Housing Programme and the special housing act,
- the possibility of procurement of various administrative decisions and permits,
- the policy of the National Bank of Poland concerning interest rates on the banking market,
- the policy pursued by the banks financing the developers and flat buyers.

## **11. Information on significant transactions effected by INPRO SA or a subsidiary with related entities on conditions other than market conditions**

All the transactions by the Company or its subsidiaries with related entities were entered into on market conditions.

The description of transactions with related entities was presented in note 13 of this condensed interim consolidated financial statements for six months ended on 30/06/2018.

Unless otherwise indicated, all sums have been given in thousands of zlotys

**12. Information on credit/loan sureties given by the Parent Entity or by subsidiaries or on guarantees given to an entity or its subsidiary, where the total value of sureties or guarantees is at least 10% of the Issuer's equity**

In the period in question, INPRO SA and its subsidiaries did not grant credit sureties, loans or guarantees.

**13. Information on pending proceedings concerning the liabilities or receivables of INPRO SA or its subsidiaries**

In the reporting period, none of the following proceedings were pending before a court, competent arbitration authority or public administration authority.

**14. Difference between the financial performance indicated in the annual report and forecasts for a given year published previously**

The Company has not published the projected financial results for the financial year 2018 so far.

**15. Total number and nominal value of all stock (shares) in the Company and of stock and shares in related entities, held by persons managing and supervising the Company**

The shareholdings of the members of the Management Board and Supervisory Board of INPRO SA as at 30/06/2018 were as follows:

**Table 5. Members of the Management Board holding shares of INPRO SA as at 30/06/2018**

	Number of shares	Shares Nominal value in PLN
<b>Management Board</b>		
Piotr Stefaniak - President of the Management Board	8 460 000	846 000.00
Zbigniew Lewiński - Vice-President of the Management Board	9 460 000	946 000.00
Krzysztof Maraszek - Vice-President of the Management Board	10 010 000	1 001 000.00
<b>Total</b>	<b>27 930 000</b>	<b>2 793 000.00</b>

The members of the Management Board did not hold stock (shares) in other entities of the Group. To the best of the Company's knowledge, the members of the Supervisory Board did not hold stock (shares) in any entity of the Group.

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 10 k each (100% of the shares in that entity's capital-PLN 1,620 k).

No changes in the Company's shareholdings by executives/supervising persons took place in the reporting period.

## 16. Other material information for the assessment of the personnel, economic and financial position and of the financial result as well as their changes and the payment of liabilities

- a) On 05/01/2018 PB Domesta Sp. z o.o. signed a purchase agreement for land at Jesienna Street in Gdańsk. The purchase price of the land does not exceed 10 % of equity.
- b) On 16/01/2018 inBet Sp. z o.o. signed an overdraft agreement for PLN 1,000,000 with PEKAO SA. The term of the agreement is until 31/01/2019, and the legal security of credit repayment is the statement by INPRO SA on the support of the borrower in the letter of comfort formula, a promissory note and power of attorney to the account.
- c) On 16/01/2018 PI ISA Sp. z o.o. signed an annexe to the overdraft agreement for PLN 300 k with Bank Millennium SA. Based on the annexe, the credit use period was extended until 04/02/2019.
- d) On 17/01/2018 INPRO SA signed a purchase agreement for land at 39 and 37 Szczecińska Street in Gdańsk (Kwartał Uniwersytecki, stage III). The purchase price of the land does not exceed 10 % of the Issuer's equity.
- e) On 24/01/2018 INPRO SA signed a preliminary purchase agreement for land in Rumia. The purchase price of the land does not exceed 10 % of the Issuer's equity.
- f) On 15/02/2018 INPRO SA signed a perpetual usufruct agreement for a plot of land at Opacka Street in Gdańsk. The fee does not exceed 10 % of the Issuer's equity.
- g) On 20/02/2018 INPRO SA obtained a building permit for the construction of the Brawo estate in Pruszcz Gdański.
- h) On 22/02/2018 INPRO SA obtained a building permit for the construction of stages II and III of the Debiut estate in Pruszcz Gdański.
- i) On 01/03/2018 PB DOMESTA Sp. z o.o. signed a purchase agreement for land at Vaclava Havla Street in Gdańsk. The purchase price of the land does not exceed 10 % of the Issuer's equity.
- j) On 08/03/2018 the Gdańsk-North District Court in Gdańsk, 3<sup>rd</sup> Land and Mortgage Register Division, recorded in division IV of land and mortgage register No. GD1G/00287857/0 the contractual real estate mortgage up to the sum of PLN 22,200 k on INPRO SA's assets, such mortgage constituting a legal security for the repayment of the working capital credit financing the Debiut project, 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 preliminary purchase agreement for land at Struga Street in Gdańsk. The purchase price of the land does not exceed 10 % of the Issuer's equity.
- l) On 16/03/2018 INPRO SA signed with mBank SA a working capital credit agreement for PLN 34,200,000 for the financing of the costs of construction of the stage III of the Harmonia Oliwska. The agreement was described in current report No. 3/2018 of 16/03/2018.
- m) As the end of March 2018 inBet Sp. z o.o. finished the main works related to a project commenced in 2017 consisting in a change of the occupancy of a part of an administration building (conversion to a workers' hotel).
- n) On 29/03/2018 INPRO SA signed a preliminary purchase agreement for land in Gdańsk (the Siedlce district). The purchase price of the land does not exceed 10 % of the Issuer's equity.
- o) On 11/04/2018 the Gdańsk-North District Court in Gdańsk, 3<sup>rd</sup> Land and Mortgage Register Division, recorded in division IV of land and mortgage register No. GD1G/00285339/9 the contractual real estate mortgage up to the sum of PLN 25,050 k on INPRO SA's assets, such mortgage constituting a legal security for the repayment of the working capital credit financing the Harmonia Oliwska project, stage II, in the amount of PLN 16,700 k granted by mBank SA.
- p) On 17/04/2018 PB DOMESTA Sp. z o.o. obtained an occupancy permit for building No. 1 at the Nowa Niepołomska estate.
- q) On 19/04/2018 PB DOMESTA Sp. z o.o. signed a working capital credit agreement for PLN 8,000 k for the partial financing of the costs of purchase of land located in Gdańsk, Struga Street, with the consortium of Bank Spółdzielczy in Tczew and SGB Bank SA. The legal securities of credit repayment are: mortgages up to the sums of PLN 1,500 k and 10,500 k, blank promissory note, statement on submission to enforcement, power of attorney to the current account, transfer of claims from the current account, bridging insurance at Concordia Polska TUV for the credit amount until mortgage establishment has become valid in law.



**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

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- r) On 19/04/2018 INPRO SA signed three operating lease agreements for 48 months with Toyota Leasing Polska Sp. z o.o. for the purchase of three Toyotas. The total net value of the objects of lease is PLN 145 k.
- s) On 24/04/2018 PB Domesta Sp. z o.o. signed an operating lease agreement for 48 months with mLeasing Sp. z o.o. for the purchase of 13 office cabins, a welfare cabin and a security guard cabin. The net value of the objects of lease is PLN 273.5 k. The security for the agreement is a blank promissory note.
- t) On 25/04/2018 INPRO SA obtained a building permit for the construction of four small terraced houses in Gdańsk, the Wróbla Staw II estate.
- u) On 26/04/2018 the Management Board of INPRO SA decided to recommend the payment of the dividend in the amount of PLN 0.25 per share to the Company's General Assembly.
- v) On 30/04/2018 the Gdańsk-North District Court in Gdańsk, 3<sup>rd</sup> Land and Mortgage Register Division, recorded a joint contractual mortgage up to EUR 1,674 k on the assets of inBet Sp. z o.o. in division IV of land and mortgage register No. GD1G/00099866/1, GD1G/00093764/4, GD1G/00089506/7, GD1G/00091255/9, GD1G/00090982/7, GD1G/00091429/0, such mortgage constituting a legal security for the repayment of an import documentary letter of credit up to EUR 1,395 k issued upon instruction from inBet Sp. z o.o. by Polska Kasa Opieki SA.
- w) On 08/05/2018 Dom Zdrojowy Sp. z o.o. effected the total repayment of the loan extended by INPRO SA.
- x) On 09/05/2018 the Management Board of INPRO adopted a resolution in which the Board recommends the payment of the dividend of PLN 0.25 per share, fixing the record day for 16/08/2018 and the dividend payment day for 30/08/2018.
- y) On 09/05/2018 PB DOMESTA Sp. z o.o. signed an operating lease agreement for 24 months with Volkswagen Leasing GmbH for the purchase of an AUDI Q5. The net value of the object of lease is PLN 213 k.
- z) On 14/05/2018 PB DOMESTA Sp. z o.o. signed an operating lease agreement for 36 months with Volkswagen Leasing GmbH for the purchase of a SKODA Rapid. The net value of the object of lease is PLN 46 k.
- aa) On 17/05/2018 INPRO SA signed an operating lease agreement for 60 months with Toyota Leasing Polska Sp. z o.o. for the purchase of a Toyota Rav4. The net value of the object of lease is PLN 98 k.
- bb) On 18/05/2018 INPRO SA obtained a building permit for the construction of stage II of the City Park estate in Gdańsk. In relation to an appeal to the Head of the Pomorskie Region by the parties to the administrative proceedings, the decision is not final.
- cc) On 23/05/2018 inBet Sp. z o.o. signed with PEKAO SA an annexe to the overdraft agreement described in item b) above increasing the limit level from PLN 1,000,000 to PLN 1,500,000.
- dd) On 24/05/2018 INPRO SA signed with mBank SA an annexe to the working capital credit in the amount of PLN 16,700,000 for the financing of stage II of the Harmonia Oliwska; based on that annexe, in relation to a financial surplus on the project, the credit was prematurely fully closed on 28/05/2018.
- ee) On 24/05/2018 the Company effected the full early repayment of the working capital credit in the amount of PLN 22,500 k signed in 2016 with the consortium of banks: SGB – Bank SA and Bank Spółdzielczy in Tczew, for financing the costs of construction of the Optima estate, stage I.
- ff) On 07/06/2018 INPRO SA signed a preliminary purchase agreement for land in Rumia. The purchase price of the land does not exceed 10 % of the Issuer's equity.
- gg) On 22/06/2018 Hotel Mikołajki Sp. z o.o. signed with Dobry Hotel Mięczkowski Sp. komandytowa a lease agreement under which Dobry Hotel Mięczkowski Spółka komandytowa with its registered office in Sopot has leased the hotel facility in Mikołajki belonging to Hotel Mikołajki Sp. z o.o. as from 01/07/2018 (for 10 years). Dobry Hotel Mięczkowski Spółka komandytowa also took over the rights and obligations under lease agreements for apartments located in the same building as the hotel, but constituting separate units of real property, owned by third parties, as well as stepped into other obligation relations concerning the running of that hotel facility. The lease agreement was described in current reports Nos. 13/2018 of 12/06/2018, 18/2018 of 18/06/2018, 19/2018 of 22/06/2018, and 20/2018 of 29/06/2018.
- hh) On 27/06/2018 the Extraordinary General Meeting of Hotel Mikołajki Sp. z o.o. adopted a resolution on the change of the company's registered office from 11-730 Mikołajki, 11 Spacerowa Street to 80-320 Gdańsk, 8 Opata Jacka Rybińskiego Street. The resolution was adopted in relation to signing the lease agreement described in item gg) above.

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

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- ii) On 28/06/2018 PB Domesta Sp. z o.o. signed a working capital credit agreement for PLN 2,310 k for the partial financing of the purchase of land located in Gdańsk, the Łostowice district, with the consortium of Bank Spółdzielczy in Tczew and Bank Spółdzielczy in Skórcz. The legal securities of credit repayment are: mortgages up to the sums of PLN 2.079 k and 1.386 k, blank promissory note, statement on submission to enforcement, power of attorney to the current account, and a transfer of claims from the current account.
- jj) On 29/06/2018 PB Domesta Sp. z o.o. signed a purchase agreement for land in Gdańsk, the Łostowice district. The purchase price of the land does not exceed 10% of the Issuer's equity.

### **17. Information on the issue, buyout and repayment of non-equity and equity securities**

In the reporting period the Group did not issue, buy out or repay any securities.

### **18. Material events after the balance sheet date**

- a) On 13/07/2018 INPRO SA signed with Alior Bank SA annex No. 1 to the working capital credit agreement for PLN 14,800 k financing the construction of stage I of the Debiut estate. The annexe to the agreement was described in current report No. 22/2018 of 13/07/2018.
- b) On 24/07/2018 INPRO SA obtained a building permit for the construction of stage II of the Optima estate in Gdańsk.
- c) On 26/07/2018 Hotel Mikołajki Sp. z o.o signed an annexe to credit agreement No. 59 1020 1811 0000 0796 0048 7611 of 05/09/2011, as amended, with the bank financing the construction of the hotel facility in Mikołajki i.e. with Powszechna Kasa Oszczędności Bank Polski SA with its registered office in Warsaw. The annex was signed in relation to the conclusion on 22 June 2018 of the lease agreement by Hotel Mikołajki with Dobry Hotel Mięczkowski Spółka komandytowa under which agreement Dobry Hotel Mięczkowski Spółka komandytowa has leased the hotel facility belonging to Hotel Mikołajki Sp. z o.o. The annexe to the credit agreement was described in current report No. 23/2018 of 26/07/2018.
- d) On 27/07/2018 INPRO SA signed a purchase agreement for land in Gdańsk (the Siedlce district). The purchase price of the land does not exceed 10 % of the Issuer's equity.
- e) On 27/07/2018 INPRO SA granted Hotel Mikołajki Sp. z o.o. a long-term subsidiary loan in the amount of PLN 1,000,000 for the financing of current liabilities. Loan repayment is subjected to the repayment of the long-term investment credit granted to Hotel Mikołajki by PKO BP SA, as described in item c).
- f) On 10/08/2018 INPRO SA signed a working capital credit agreement for PLN 16,300 k for the partial financing of the construction of the Debiut estate, stage II, in Pruszcz Gdański with the consortium of banks: Kaszubski Bank Spółdzielczy in Wejherowo and SGB Bank SA. The agreement was described in current report No. 24/2018 of 10/08/2018.
- g) On 16/08/2018 INPRO SA signed a purchase agreement for land in Pruszcz Gdański (Brawo II). The purchase price of the land does not exceed 10% of the Issuer's equity.
- h) On 21/08/2018 INPRO SA signed with Alior Bank SA a working capital credit agreement for PLN 8,250 k for the partial refinancing of the costs of the purchase of land in Gdańsk, Opacka Street (designated for an office building). The agreement was described in current report No. 27/2018 of 21/08/2018.
- i) On 23/08/2018 INPRO SA signed a bond issue organisation agreement up to PLN 20,000,000 for 3 years with Michael / Ström Dom Maklerski SA. The technical agency agreement was also signed with the same entity. The agreement was described in current report No. 28/2018 of 23/08/2018.
- j) On 23/08/2018 INPRO SA signed with mBank SA a working capital credit agreement for PLN 34,200 k financing the construction of stage III of the Harmonia Oliwska estate. Based on the annexe, in relation to the release of cash from the residential escrow account kept for the project being credited, the credit amount was lowered to the level of PLN 29,280 k.
- k) On 05/09/2018 INPRO SA signed with Alior Bank SA an annexe to the overdraft agreement for PLN 16,000 extending the term of the agreement until 19/09/2019. The agreement was described in current report No. 29/2018 of 05/09/2018.

Gdańsk, 07/09/2018

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS OF THE  
INPRO SA CORPORATE GROUP  
FOR SIX MONTHS ENDED ON 30 JUNE 2018**

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**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

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

Gdańsk, 07/09/2018

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

**CONSOLIDATED STATEMENT OF TOTAL INCOME FOR SIX MONTHS ENDED ON 30 JUNE 2018**

		01/01/2018 30/06/2018 (unaudited) PLN '000	01/01/2017 30/06/2017 (unaudited) PLN '000	01/04/2018 30/06/2018 (unaudited) PLN '000	01/04/2017 30/06/2017 (unaudited) PLN '000
Continuing operations					
Sales revenues	10.1	106 533	81 855	58 198	37 317
Cost of sales	10.2	(74 883)	(52 777)	(42 527)	(22 914)
<b>Gross profit (loss) on sales</b>		<b>31 650</b>	<b>29 078</b>	<b>15 671</b>	<b>14 403</b>
Selling costs	10.2	(5 185)	(4 538)	(2 677)	(2 612)
Administrative expenses	10.2	(11 002)	(11 331)	(5 915)	(6 530)
Other operating revenues		378	708	220	149
Other operating costs		(308)	(261)	(118)	(216)
<b>Profit (loss) on operating activities</b>		<b>15 533</b>	<b>13 656</b>	<b>7 181</b>	<b>5 194</b>
Financial income		300	83	240	42
Financial costs		(931)	(777)	(561)	(426)
<b>Gross profit (loss)</b>		<b>14 902</b>	<b>12 962</b>	<b>6 860</b>	<b>4 810</b>
Income tax	11	(2 844)	(2 511)	(1 283)	(1 009)
<b>Net profit (loss) from continuing operations</b>		<b>12 058</b>	<b>10 451</b>	<b>5 577</b>	<b>3 801</b>
<b>TOTAL INCOME</b>		<b>12 058</b>	<b>10 451</b>	<b>5 577</b>	<b>3 801</b>
<b>Net profit (loss) attributable to:</b>		<b>12 058</b>	<b>10 451</b>	<b>5 577</b>	<b>3 801</b>
- the parent entity's shareholders		11 019	9 629	4 744	3 402
- non-controlling shareholders		1 039	822	833	399
<b>Total income attributable to:</b>		<b>12 058</b>	<b>10 451</b>	<b>5 577</b>	<b>3 801</b>
- the parent entity's shareholders		11 019	9 629	4 744	3 402
- non-controlling shareholders		1 039	822	833	399
<b>Earnings (loss) per share in the parent entity (PLN)</b>					
- basic		0.2752	0.2405	0.1185	0.0850
- diluted		0.2752	0.2405	0.1185	0.0850

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

**CONSOLIDATED STATEMENTS OF THE FINANCIAL POSITION AS AT 30 JUNE 2018**

ASSETS	Note	30/06/2018 (unaudited)	31/12/2017 (audited)
<b>Fixed (long-term) assets</b>		<b>117 740</b>	<b>117 164</b>
Property, plant and equipment	15	106 430	105 942
Goodwill		6 708	6 708
Other intangibles		142	77
Long-term receivables		-	-
Investment properties	16	2 782	2 819
Long term financial assets		-	-
Other long-term prepayments		13	20
Deferred tax assets	11.2	1 665	1 598
<b>Current (short-term) assets</b>		<b>358 950</b>	<b>308 537</b>
Inventory	17	272 596	241 838
Trade and other receivables	18	25 612	22 910
Current tax assets		530	1 286
Other financial assets	19	46 766	28 674
Cash and cash equivalents	20	13 446	13 829
<b>TOTAL ASSETS</b>		<b>476 690</b>	<b>425 701</b>



**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

**CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION AS AT 30 JUNE 2018  
(CONTINUED)**

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>Equity (attributable to the parent entity's shareholders)</b>		<b>252 593</b>	<b>251 519</b>
Issued share capital	22	4 004	4 004
Reserves		51	51
Retained profit		248 538	247 464
<b>Capital attributable to non-controlling shareholders</b>	23	<b>14 269</b>	<b>13 927</b>
<b>Total equity</b>		<b>266 862</b>	<b>265 446</b>
<b>Long-term liabilities</b>		<b>40 363</b>	<b>41 953</b>
Retirement benefit liabilities (a provision)	11.2	3 185	4 968
Deferred income tax provision	24	373	393
Long-term credits and bank borrowings	25	30 058	31 373
Other financial liabilities (lease)	26	3 495	3 643
Trade and other liabilities	27	3 252	1 576
<b>Short-term liabilities</b>		<b>169 465</b>	<b>118 302</b>
Short-term provisions	24	2 719	4 564
Short-term credits and bank borrowings	25	21 889	32 461
Other liabilities (financial lease)	26	1 455	1 344
Current income tax liabilities		413	80
Trade and other liabilities	27	142 989	79 853
<b>Total liabilities</b>		<b>209 828</b>	<b>160 255</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>476 690</b>	<b>425 701</b>

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 30 JUNE 2018**

	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>PLN '000</b>	<b>PLN '000</b>
<b>Cash flows from operating activities</b>		
<b>Gross profit/(loss)</b>	<b>14 902</b>	<b>12 962</b>
Adjustments:		
Depreciation	2 245	(27 933)
Income tax paid	(3 654)	(5 831)
Gains (losses) from foreign exchange differences	(232)	(6)
Interest and dividends	814	686
Profit/(loss) on investing activities	4	(323)
(Increase)/ decrease of receivables	(1 744)	2 381
(Increase)/ decrease of inventory	(30 962)	(20 690)
Increase/ (decrease) of liabilities	36 261	(4 083)
Increase/ (decrease) of accrued/prepaid expenses	(660)	(672)
Increase/ (decrease) of deferred income	-	45
Change in provisions	(1 864)	(1 280)
<b>Net cash flows from operating activities</b>	<b>15 110</b>	<b>(14 971)</b>
<b>Cash flows from investing activities</b>		
Sale of property, plant, equipment and intangibles	2	1 951
Interest received	-	15
Acquisition of property, plant, equipment and intangibles	(2 184)	(2 678)
Disposal of property, plant, equipment and intangibles	-	10
<b>Net cash flows from investing activities</b>	<b>(2 182)</b>	<b>(702)</b>

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

**CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 30 JUNE 2018 (CONTINUED)**

	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>
<b>Cash flow from financing activities</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
	<b>PLN '000</b>	<b>PLN '000</b>
Net proceeds from issue of shares, issue of shares	-	-
Proceeds in relation to loans/credits obtained	19 071	36 345
Payments in relation to finance lease agreements	(847)	(517)
Repayment of loans/credits	(30 957)	(18 528)
Interest paid	(814)	(681)
Dividends paid to:	-	(10 159)
- the parent entity's shareholders	-	(10 010)
- non-controlling shareholders	-	(149)
Other financial expenditure	-	(1)
Other financial proceeds	-	-
<b>Net cash flows from financing activities</b>	<b>(13 547)</b>	<b>6 461</b>
<b>Net change in cash and cash equivalents</b>	<b>(619)</b>	<b>(9 212)</b>
<b>Cash at the beginning of the period</b>	<b>13 863</b>	<b>17 509</b>
<b>Cash at the end of the period</b>	<b>13 244</b>	<b>8 297</b>

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

**CONSOLIDATED STATEMENT OF THE CHANGES IN EQUITY FOR SIX MONTHS ENDED ON 30 JUNE 2018**

	Share capital	Share premium capital	Revaluation reserve	Retained profit	Attributable to non-controlling shareholders	Total
<b>As at 01/01/2018</b>	<b>4 004</b>	<b>62 237</b>	<b>51</b>	<b>185 227</b>	<b>13 927</b>	<b>265 446</b>
Dividend payment to the parent' entity's shareholders	-	-	-	(10 010)	-	<b>(10 010)</b>
Dividend payment - non-controlling shareholders	-	-	-	(10)	(697)	<b>(707)</b>
Net profit (loss) for the financial year	-	-	-	11 019	1 039	<b>12 058</b>
Impact of changes in the accounting policy - IFRS 15	-	-	-	75	-	<b>75</b>
<b>As at 30/06/2018</b>	<b>4 004</b>	<b>62 237</b>	<b>51</b>	<b>186 301</b>	<b>14 269</b>	<b>266 862</b>

	Share capital	Share premium capital	Revaluation reserve	Retained profit	Attributable to non-controlling shareholders	Total
<b>As at 01/01/2017</b>	<b>4 004</b>	<b>62 237</b>	<b>51</b>	<b>167 225</b>	<b>12 119</b>	<b>245 636</b>
Dividend payment to the parent' entity's shareholders	-	-	-	(10 010)	-	<b>(10 010)</b>
Dividend payment - non-controlling shareholders	-	-	-	-	(489)	<b>(489)</b>
Net profit (loss) for the financial year	-	-	-	9 629	823	<b>10 452</b>
Increase of the share capital in inBet Sp. z o.o.	-	-	-	67	(67)	-
<b>As at 30/06/2017</b>	<b>4 004</b>	<b>62 237</b>	<b>51</b>	<b>166 911</b>	<b>12 386</b>	<b>245 589</b>

## **ADDITIONAL INFORMATION AND EXPLANATIONS**

### **1. General information**

The INPRO SA Corporate Group (the "Group") consists of the parent entity, i.e. INPRO SA, and its subsidiaries (see item 2). The condensed interim consolidated financial statements of the Group comprise financial data for six months ended on 30 June 2018 with comparatives for six months ended on 30 June 2017 and as at 31 December 2017.

The basic object of the Corporate Group is the property development activity that is the construction and sale of residential and commercial premises (INPRO SA and 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. – from 01/07/2018 the hotel facility in Mikołajki is leased to a third party which is providing hotel services),
- sanitary and heating installations (Przedsiębiorstwo Instalacyjne ISA Sp. z o.o.,
- interior design, building completion and finishing (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 8 Opata Jacka Rybińskiego Street.

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.

The duration of the Parent Company and entities in the Corporate Group is unspecified.

The Group did not discontinue any of the kinds of its activity in the first six months ended on 30 June 2018.

The share capital of INPRO SA did not change in the six months of 2018. As at 30 June 2018, 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 groszes each.

**As at the balance sheet date and as at 07/09/2018, 30/06/2018 and 31/12/2017, the shareholding structure of the parent entity is as follows:**

<b>SHAREHOLDING STRUCTURE</b>						
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- President of the Management Board	A	8,460,000	846,000	21.13 %	8,460,000	21.13 %
Zbigniew Lewiński- Vice - President of the Management Board	A	9,460,000	946,000	23.63 %	9,460,000	23.63 %
Krzysztof Maraszek- Vice - President of the Management Board	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 %
<b>TOTAL</b>		<b>40 040 000</b>	<b>4 004 000</b>	<b>100 %</b>	<b>40 040 000</b>	<b>100 %</b>

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

Compared to the status as at 31/12/2017, no significant changes in the shareholding structure occurred by 30/06/2018.

In the period from 30 June 2018 until the submission of this report, the shareholders did not advise of any change in the shareholdings in INPRO SA. No change in the shareholdings by executives took place in that period, either.

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

## **2. Information concerning related entities**

### **2.1 Composition of the INPRO SA Corporate Group**

INPRO SA's subsidiaries covered by consolidation as at 30 June 2018 and at 31 December 2017.

<b>No.</b>	<b>Entity's name</b>	<b>Registered office</b>	<b>Object</b>	<b>Share in the share capital (%)</b>	<b>Share in voting rights (%)</b>	<b>Acquisition price of the shares</b>
1.	inBet Sp. z o.o.	Kolbudy, Przemysłowa Street 10	Manufacture of reinforced concrete, concrete and steel elements	80.32%	80.32%	10 907
2.	Dom Zdrojowy Sp. z o.o.	Jastarnia, Tadeusza Kościuszki Street 2A	Hotel services	100.00 %	100.00 %	19 120
3.	P.B. Domesta Sp. z o.o.	Gdańsk, Cementowa Street 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, Opata Jacka Rybińskiego Street 8/6	Sanitary and heating installations	76.92 %	76.92 %	2 183
6.	SML Sp. z o.o.	Gdańsk, Opata Jacka Rybińskiego Street 8	Interior fit-out, construction finishing services	100 %	100 %	201
						<b>64 321</b>

\* From 13/08/2018 the new address of the registered office is Gdańsk, Opata Jacka Rybińskiego Street 8

\*\* The total capital employment of INPRO SA in a subsidiary, Hotel Mikołajki Sp. z o.o., comprises, in addition to the shares specified above, returnable additional contributions provided in 2015 in the amount of PLN 35 150 k

As at 30 June 2018, 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.

### **Companies excluded from consolidation as at 30/06/2018 and 31/12/2017.**

All the companies within the Corporate Group were comprised by the full method consolidation.

The subsidiaries do not hold shares in entities not controlled.

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

In the first six months of 2018, the composition of the INPRO SA Corporate Group did not change.

**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 10 k each (100% of the shares in that entity's capital-PLN 1,620 k ).

**2.2 Share capital of the various entities comprised by the INPRO group as at 30/06/2018:**

<b>Entity's name</b>	<b>Share capital as at 30/06/2018</b>
INPRO SA	4,004
Przedsiębiorstwo Budowlane DOMESTA Sp. z o.o.	301
inBet Sp. z o.o.	13,791
Dom Zdrojowy Sp. z o.o.	19,140
Hotel Mikołajki Sp. z o.o.	17,980
Przedsiębiorstwo Instalacyjne ISA Sp. z o.o.	80
SML Sp. z o.o.	200

**2.3 Securities on shares in subsidiaries**

	<b>30/06/2018</b>	<b>31/12/2017</b>
Securities on shares in subsidiaries	17 980	17 980
<b>Total</b>	<b>17 980</b>	<b>17 980</b>

Pledges on shares in subsidiaries as at 30/06/2018 and 31/12/2017 concerned the registered pledge of 04th October 2017 on the shares in Hotel Mikołajki Sp. z o.o. in the amount of PLN 17,980 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 54,321 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: 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, District 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.

### **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 condensed interim 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
- Łukasz Maraszek - Member of the Supervisory Board
- Szymon Lewiński - 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 interim condensed consolidated financial statements for the period of six months ended on 30 June 2018 were approved for publication by the Management Board on 07 September 2018.

### **5. Grounds for the preparation of condensed interim consolidated financial statements and accounting principles**

#### **5.1 Grounds for the preparation**

These interim condensed consolidated financial statements were prepared in conformity with the International Accounting Standard 34 Interim Financial Reporting.

These interim condensed consolidated financial statements do not comprise all information and disclosures required in annual financial statements and should be read together with the audited Consolidated Financial Statements of the Inpro SA Corporate Group for the year ended on 31 December 2017.

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

These interim condensed consolidated financial statements were prepared in Polish zlotys (PLN). The Polish zloty is the functional and reporting currency of the Corporate Group. The data in financial statements have been presented in thousands of zlotys, if not marked otherwise.



## 5.2 Accounting policy and standards used for the first time

Accounting principles used for the preparation of these interim condensed consolidated financial statements are coherent with those used for the preparation of the Group's consolidated financial statements for the year ended on 31 December 2017 except the application of principles on the basis of new IFRS 9 and IFRS 15 introduced on 1 January 2018.

The consolidated financial statements for six months from 1 January to 30 June 2018 were drawn up pursuant to IAS 34 Interim Financial Reporting in the wording approved by the European Union. To understand the report fully, it should be read with the annual report of the Inpro SA Corporate Group for 2017.

The impact of the application of the new principles on these interim condensed consolidated financial statements was presented in this note. The Group has used new standards IFRS 9 and IFRS 15 since 1 January 2018 by taking the approach without the adjustment of comparative data.

- **IFRS 15 "Revenue from Contracts with Customers"** and amendments to IFRS 15 "Effective Date of IFRS 15" – approved in the EU on 22 September 2016 (effective for annual periods commencing on 1 January 2018 or after that date); IFRS 15 was issued by the IASC on 28 May 2014 (on 11 September 2015 the IASC deferred the effective date of IFRS 15 to 1 January 2018, and specified the standard on 12 April 2016). The standard specifies how and when to recognise the revenues, and requires more detailed disclosures. The standard replaces IAS 18 "Revenues," IAS 11 "Construction Contracts" and many interpretations related to revenue recognition. The standard applies to nearly all contracts with customers (the main exceptions concern lease agreements, financial instruments and insurance contracts). The fundamental principle of the new standard is to recognise revenues so as to reflect the transfer of goods and services to customers and in an amount which reflects the remuneration (i.e. the payment) to which the company expects to acquire the right in exchange for goods or services. The standard also provides guidelines for the recognition of transactions which were not addressed in detail by the previous standards (e.g. revenues from services or contract modifications) and more detailed explanations on the recognition of multiple-element arrangements.
- **Amendments to IFRS 2 "Share Based Payments"** – Classification and Measurement of Share-based Payment Transactions – approved in the EU on 27 February 2018 (effective for annual periods commencing on or after 1 January 2018),
- **IFRS 9 "Financial Instruments"** – approved in the EU on 22 November 2016 (effective for annual periods commencing on or after 1 January 2018).

The standard was issued by the IASC on 24 July 2014 and replaces IAS 39 "Financial Instruments: Recognition and Measurement."

IFRS 9 sets out the requirements regarding the recognition, measurement, impairment, cessation of recognition and hedge accounting.

**Classification and measurement** – IFRS 9 introduces a new approach to the classification of financial assets, which is based on the characteristics of cash flows and of a business model related to particular assets. Such a uniform approach based on the principles replaces the existing requirements based on the rules pursuant to IAS 39. The new model also results in the unification of the impairment model in relation to all financial instruments.

**Impairment** – IFRS 9 introduces a new impairment model based on expected losses, which requires the current recognition of expected credit losses. In particular, the new standard requires entities to recognise expected credit losses when financial instruments are first recognised, and to recognise all expected losses throughout the life of the instruments more quickly than in the current method.

As for **hedge accounting**, IFRS 9 introduces a reformed hedge accounting model with extended disclosure requirements to include risk management activities. The new model means a considerable change in hedge accounting, which aims at the adaptation of accounting principles to the practical risk management activity.

**Own credit risk** – IFRS 9 eliminates financial result variability caused by credit risk changes of liabilities designated for fair value measurement. That change means that profits on liabilities caused by the deterioration of the entity's own credit risk are not recognised in the profit and loss account.

IFRS 9 did not have a significant impact on the consolidated financial statements, therefore the adjustment as at the day of the first application on 1 January 2018 was not made.

- **Amendments to IFRS 4 "Insurance Agreements"** – the application of IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Instruments" approved in the EU on 3 November 2017 (effective for annual periods commencing on or after 1 January 2018 or upon the application of IFRS 9 "Financial Instruments" for the first time),
- **Amendments to IAS 40 "Investment Property"** – Transfers of Investment Property – approved in the EU on 14 March 2018 (effective for annual periods commencing on or after 1 January 2018),
- **Amendments to IFRS 1 and IAS 28 following the "Improvements to the IFRS (the 2014-2016 cycle)"** – amendments made within the procedure for the introduction of annual improvements to the IFRS (IFRS 1, IFRS 12 and IAS 28) mainly aiming at minimising inconvenience and specifying the vocabulary – approved in the EU on 7 February 2018 (amendments to IFRS 1 and IAS 28 effective for annual periods commencing on or after 1 January 2018),
- **Interpretation of IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** – approved in the EU on 28 March 2018 (effective for annual periods commencing on or after 1 January 2018).

As for amendments to **IFRS 15 "Revenue from Contracts with Customers,"** the Group made changes to its accounting policy with regard to the measurement of sales revenues from precast production in relation to the manufacture of products without an alternative use. The revenues from the sales of that asset for the entity are reported as liabilities to execute a performance, which are fulfilled over time. The entity recognises revenues with the passage of time on the basis of the degree to which the liabilities under a contract have been met.

The impact of that amendment on the selected results presented in the first six months of 2018 is as follows:

- increase of sales revenues: + PLN 19 k,
- increase of the cost of sales: + PLN 31 k,
- increase of gross profit: + PLN 49 k,
- increase of income tax: + PLN 9 k,
- increase of net profit: + PLN 40 k,
- increase of retained profit: + PLN 75 k,
- decrease of inventory: - PLN 173 k,
- increase of the balance sheet total: + PLN 143 k,
- increase of total equity: + PLN 115 k.

The implementation of amendments to **IFRS 9 "Financial Instruments"** in the accounting policy influences three areas related to financial instruments i.e. classification and measurement, impairment and hedge accounting. As from 1 January 2018, financial assets and liabilities are classified into the following categories depending on the type of measurement i.e. they are measured at the amortised cost and fair value through other total income and through profit or loss.

### **Measurement of financial assets and liabilities**

The Group classifies the following as financial assets **measured at the amortised cost**: trade receivables, cash and cash equivalents, investment security deposits and other receivables. Financial liabilities measured at the amortised cost include credits, loans, trade liabilities and other liabilities

Assets measured at the **fair value through other total income** are as follows:

- asset components, if two conditions are met: the asset is maintained in the business model which aims at obtaining agreed cash flows in relation to financial assets held and in relation to the sale of financial assets, and contractual conditions give the right to obtain cash flows constituting only the principal and interest on the principal at specific dates;
- equity instruments which were, at the point of initial recognition, classified into that category, with the omission of instruments for trading, for which such a choice is unavailable.

The category of assets measured at **a fair value through profit or loss** includes those financial instruments which were not allocated to the groups of assets measured at the amortised cost or fair value through other total income and those instruments about which the Group made a decision on such classification.

### **Impairment of financial assets**

To estimate the impairment of financial assets, the Group uses the expected loss model based on the calculation of expected losses irrespective of any reasons for that. So far, the Group has used a model based in the incurred loss concept. As regards the creation of revaluation deductions, based on IAS 39, the Group was under the obligation to evaluate the occurrence of impairment conditions and, if they were noted, to specify the estimated impairment loss.

The amendments to the other standards mentioned above do not have significant influence on the Group's financial standing and profits from its business operations as well as on the scope of information presented in these quarterly condensed interim financial statements.

### **5.3 New standards and amendments to the existing standards issued by the IASC and approved by the EU, but not effective yet**

When these financial statements were being approved, the following new standards were issued by the IASC and approved for use in the EU, but have not become effective yet:

- **IFRS 16 "Lease"** – approved in the EU on 31 October 2017 (effective for annual periods commencing on or after 1 January 2019),
- **Amendments to IFRS 9 "Financial Instruments"** – Prepayment Features with Negative Compensation – approved in the EU on 22 March 2018 (effective for annual periods commencing on or after 1 January 2019).

The Group decided not to take advantage of the opportunity of early adoption of the above-mentioned new standards and amendments to the existing standards. According to the Group's estimates, the new standards mentioned above and amendments to the existing standards would not have significant impact on the financial statements if applied by the Group as at the balance sheet date.

### **5.4 New standards and amendments to the existing standards issued by the IASC, but not approved for application in the EU**

IFRSs as approved by the EU do not vary considerably from the regulations adopted by the International Accounting Standards Committee (IASC) except the new standards below and amendments to those standards which, as at 7 September 2018, were not approved for use in the EU (the effective dates below refer to the standards in their full version):

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- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods commencing on or after 1 January 2016) – the European Commission decided not to commence the approval process for this temporary standard for use in the EU until the issue of the final version of IFRS 14.
- **IFRS 17 "Insurance Contracts"** (effective for annual periods commencing on or after 1 January 2021).
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** – Sales or Contributions of Assets between an Investor and its Associate/Joint Venture or Joint Ventures, as amended (the effective date was postponed until the completion of research work on the equity method).
- **Amendments to IAS 19 "Employee Benefits"** – Plan Amendments, Curtailments or Settlements (effective for annual periods commencing on or after 1 January 2019).
- **Amendments to IAS 28 "Investments in Associates and Joint Ventures"** – Long-term shares in associates and joint ventures (effective for annual periods commencing on or after 1 January 2019).
- **Amendments to various standards "Improvements to IFRS Standards (the 2015–2017 Cycle)"** were issued by the IASC on 12 December 2017. Amendments were made to various standards as part of the procedure for the implementation of annual improvements to the standards (IFRS 3, IFRS 11, IAS 12 and IAS 23) mainly aiming at minimising inconvenience and specifying the vocabulary. The amendments specify that when an entity takes over the control of an arrangement, previously held interests in a joint operation are subject to remeasurement (IFRS 3); when an entity gains joint control over an arrangement, the entity does not remeasure the previously held interest in a joint operation (IFRS 11); the entity reconciles all tax consequences of dividends in the same way (IAS 12); any borrowings taken to upgrade an asset are treated as general purpose borrowings if an asset is ready for the intended use or sale (IAS 23).
- **Interpretation of IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** was issued by the IASC on 8 December 2016. The interpretation specifies that for the purposes of fixing the exchange rate, the transaction date is the date of the initial recognition of the advance consideration as a non-monetary asset or of a deferred tax liability. If there are many advance considerations or receipts, the transaction date is fixed with regard to each consideration or receipt.
- **Interpretation of IFRIC 23 "Uncertainty over Income Tax Treatments"** was issued by the IASC on 7 June 2017. It may be unclear how taxation law refers to a specific transaction or circumstance, or if tax authority accepts the entity's taxation. IAS 12 "Income Taxes" specifies current and deferred tax treatments, but does not reflect the consequences of uncertainty. IFRIC 23 contains guidelines which supplement the requirements of IAS 12, while specifying the method of reflecting the consequences of uncertainty in income tax recognition.

In the Group's preliminary opinion, the implementation of the other above-mentioned 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 Group's consolidated financial statements.

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

## 6. Conversion of items denominated in a foreign currency

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

Rate binding on the last day of the period	30/06/2018	31/12/2017
EURO	4,3616	4,1709

The average rate, calculated as the arithmetic mean of the rates binding on the last day of each month in a period	01/01/2018 -30/06/2018	01/01/2017 -30/06/2017
EURO	4,2395	4,2474

## 7. Material values based on professional judgement and estimates

### 7.1 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.

### 7.2 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 30 June 201 may be revised in the future. The main estimates have been described in the following notes:

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Note		Kind of disclosure
17	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.
18	Trade receivable valuation allowances	Given the grounds, the Group verifies the recovery of various trade receivables and estimates the valuation allowances on that basis.
11	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.
24	Employee benefits	Provisions for retirement benefits and unused vacation leaves.
24	Provisions	Provisions for guarantees and sureties given and provisions for claims and court cases
	Useful life of fixed assets and intangibles	The useful life of assets and their depreciation method is estimated based on economic period of use these assets.

## **8. Seasonality of INPRO SA Group's activity in the period under discussion**

The Group's property development activity is not characterised by seasonality, and the revenues depend directly on the length and character of the property development cycle.

The hotel activity of the companies within the Group is characterised by the seasonality of the revenues from sales. No significant deviations were noted in the reporting period compared to other periods in relation to seasonality.

The activity of the companies PI ISA Sp. z o.o. and inBet Sp. z o.o. is not characterised by seasonality.

## **9. 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, PB Domesta Sp. z o.o., SML 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., excluding the sale of 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 as well as abroad (part of inBet Sp. z o.o. activity).

The tables below present the data concerning revenues and profits as well as certain assets and liabilities of the Group's various operating segments for the accounting period ended on 30 June 2018, 30 June 2017 and 31 December 2017.

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Figures for the period 01/01/2018-30/06/2018	Continuing activities					Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total		
<b>Revenues</b>							
Sales to external customers	85 459	12 521	8 370	183	106 533	-	106 533
Sales between segments	326	92	3 313	2 754	6 485	(6 845)	-
<b>Total revenues of the segment</b>	<b>85 785</b>	<b>12 613</b>	<b>11 683</b>	<b>2 937</b>	<b>113 018</b>	<b>(6 485)</b>	<b>106 533</b>
<b>Profit (loss) of the segment</b>	<b>24 247</b>	<b>2 501</b>	<b>4 115</b>	<b>500</b>	<b>31 363</b>	<b>287</b>	<b>31 650</b>
Selling costs	(3 387)	(609)	(1 189)	-	(5 185)	-	(5 185)
Administrative expenses	(7 912)	(2 042)	(635)	(413)	(11 002)	-	(11 002)
Other operating revenues/costs	83	33	(44)	(2)	70	-	70
<b>Profit (loss) on operating activities</b>	<b>13 031</b>	<b>(117)</b>	<b>2 247</b>	<b>85</b>	<b>15 246</b>	<b>287</b>	<b>15 533</b>
Interest revenue	12	5	-	-	17	(4)	13
Interest cost	(441)	(314)	(74)	-	(829)	4	(825)
Other net revenues /financial costs	933	(1)	287	(5)	1 214	(1 033)	181
<b>Profit (loss) before tax</b>	<b>13 535</b>	<b>(427)</b>	<b>2 460</b>	<b>80</b>	<b>15 648</b>	<b>(746)</b>	<b>14 902</b>
Income tax	(2 424)	54	(415)	(5)	(2 790)	(54)	(2 844)
<b>Net profit (loss) for the financial period</b>	<b>11 111</b>	<b>(373)</b>	<b>2 045</b>	<b>75</b>	<b>12 858</b>	<b>(800)</b>	<b>12 058</b>
<i>- including attributable to non-controlling shareholders</i>							<b>1 039</b>

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Figures for the period  01/04/2018-30/06/2018	Continuing activities					Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total		
<b>Revenues</b>							
Sales to external customers	44 711	8 307	5 142	63	58 223	(25)	58 198
Sales between segments	322	-	1 206	1 601	3 129	(3 129)	-
<b>Total revenues of the segment</b>	<b>45 033</b>	<b>8 307</b>	<b>6 348</b>	<b>1 664</b>	<b>61 352</b>	<b>(3 154)</b>	<b>58 198</b>
<b>Profit (loss) of the segment</b>	<b>11 469</b>	<b>2 422</b>	<b>2 574</b>	<b>315</b>	<b>16 780</b>	<b>(1 109)</b>	<b>15 671</b>
Selling costs	(1 548)	(388)	(741)	-	(2 677)	-	(2 677)
Administrative expenses	(4 323)	(1 052)	(353)	(187)	(5 915)	-	(5 915)
Other operating revenues/costs	48	149	(53)	(2)	142	(40)	102
<b>Profit (loss) on operating activities</b>	<b>5 646</b>	<b>1 131</b>	<b>1 427</b>	<b>126</b>	<b>8 330</b>	<b>(1 149)</b>	<b>7 181</b>
Interest revenue	3	2	-	-	5	(2)	3
Interest cost	(241)	(186)	(36)	3	(460)	4	(456)
Other net revenues /financial costs	933	(51)	287	(4)	1 165	(1 033)	132
<b>Profit (loss) before tax</b>	<b>6 341</b>	<b>896</b>	<b>1 678</b>	<b>125</b>	<b>9 040</b>	<b>(2 180)</b>	<b>6 860</b>
Income tax	(1 033)	(199)	(264)	(50)	(1 546)	263	(1 283)
<b>Net profit (loss) for the financial period</b>	<b>5 308</b>	<b>697</b>	<b>1 414</b>	<b>75</b>	<b>7 494</b>	<b>(1 917)</b>	<b>5 577</b>
<i>- including attributable to non-controlling shareholders</i>							<b>833</b>



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Figures as at 30/06/2018	Continuing activities					Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total		
<b>Assets and liabilities</b>							
Segment assets	455 888	95 136	26 334	2 039	579 397	(102 707)	476 690
<b>Total assets</b>	<b>455 888</b>	<b>95 136</b>	<b>26 334</b>	<b>2 039</b>	<b>579 397</b>	<b>(102 707)</b>	<b>467 690</b>
Total equity	278 266	67 455	18 172	1 101	364 994	(98 132)	266 862
Segment liabilities	177 622	27 681	8 162	938	214 403	(4 575)	209 828
<b>Total liabilities and capital</b>	<b>455 888</b>	<b>95 136</b>	<b>26 334</b>	<b>2 039</b>	<b>579 397</b>	<b>(102 707)</b>	<b>476 690</b>
<b>Other information concerning segments for six months of 2018</b>							
Increase of fixed assets in the period	1 590	147	874	-	2 612	(261)	2 351
Depreciation of property, plant, equipment and intangibles	(877)	(966)	(409)	(6)	(2 257)	12	(2 245)
Total impairment loss as at 30/06/2018	(2 299)	(76)	(88)	-	(2 463)	-	(2 463)

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**COMPARATIVE DATA:**

Figures for the period 01/01/2017-30/06/2017	Continuing activities					Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total		
<b>Revenues</b>							
Sales to external customers	60 808	12 621	7 475	951	81 855	-	81 855
Sales between segments	354	79	1 968	1 885	4 286	(4 286)	-
<b>Total revenues of the segment</b>	<b>61 162</b>	<b>12 700</b>	<b>9 443</b>	<b>2 836</b>	<b>86 141</b>	<b>(4 286)</b>	<b>81 855</b>
<b>Profit (loss) of the segment</b>	<b>22 810</b>	<b>2 346</b>	<b>3 640</b>	<b>356</b>	<b>29 152</b>	<b>(74)</b>	<b>29 078</b>
Selling costs	(2 905)	(534)	(1 099)	-	(4 538)	-	(4 538)
Administrative expenses	(7 689)	(2 377)	(807)	(458)	(11 331)	-	(11 331)
Other operating revenues/costs	298	14	(52)	-	260	187	447
<b>Profit (loss) on operating activities</b>	<b>12 514</b>	<b>(551)</b>	<b>1 682</b>	<b>(102)</b>	<b>13 543</b>	<b>113</b>	<b>13 656</b>
Interest revenue	96	3	11	-	110	(27)	83
Interest cost	(169)	(491)	(78)	-	(738)	27	(711)
Other net revenues /financial costs	549	(2)	(13)	(4)	530	(596)	(66)
<b>Profit (loss) before tax</b>	<b>12 990</b>	<b>(1 041)</b>	<b>1 602</b>	<b>(106)</b>	<b>13 445</b>	<b>(483)</b>	<b>12 962</b>
Income tax	(2 483)	142	(195)	-	(2 536)	25	(2 511)
<b>Net profit (loss) for the financial period</b>	<b>10 507</b>	<b>(899)</b>	<b>1 407</b>	<b>(106)</b>	<b>10 909</b>	<b>(458)</b>	<b>10 451</b>
<i>- including attributable to non-controlling shareholders</i>							<b>822</b>

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Figures for the period  01/04/2017-30/06/2017	Continuing activities					Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total		
<b>Revenues</b>							
Sales to external customers	23 798	8 371	4 437	711	37 317	-	37 317
Sales between segments	227	1	831	1 224	2 283	(2 283)	-
<b>Total revenues of the segment</b>	<b>24 025</b>	<b>8 372</b>	<b>5 268</b>	<b>1 935</b>	<b>39 600</b>	<b>(2 283)</b>	<b>37 317</b>
<b>Profit (loss) of the segment</b>	<b>9 502</b>	<b>2 158</b>	<b>2 129</b>	<b>315</b>	<b>14 104</b>	<b>299</b>	<b>14 403</b>
Selling costs	(1 633)	(285)	(695)	-	(2 613)	-	(2 613)
Administrative expenses	(4 484)	(1 237)	(572)	(237)	(6 530)	-	(6 530)
Other operating revenues/costs	(36)	3	(50)	-	(83)	17	(66)
<b>Profit (loss) on operating activities</b>	<b>3 349</b>	<b>639</b>	<b>812</b>	<b>78</b>	<b>4 878</b>	<b>316</b>	<b>5 194</b>
Interest revenue	46	1	8	-	55	(12)	43
Interest cost	(95)	(253)	(38)	-	(386)	11	(375)
Other net revenues /financial costs	549	-	(3)	(1)	545	(596)	(51)
<b>Profit (loss) before tax</b>	<b>3 849</b>	<b>387</b>	<b>779</b>	<b>77</b>	<b>5 092</b>	<b>(281)</b>	<b>4 810</b>
Income tax	(706)	(141)	(150)	-	(997)	(12)	(1 009)
<b>Net profit (loss) for the financial period</b>	<b>3 143</b>	<b>246</b>	<b>629</b>	<b>77</b>	<b>4 095</b>	<b>(294)</b>	<b>3 801</b>
<i>- including attributable to non-controlling shareholders</i>							<b>399</b>

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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		
<b>Assets and liabilities</b>							
Segment assets	408 747	93 226	24 518	1 811	528 302	(102 601)	425 701
<b>Total assets</b>	<b>408 747</b>	<b>93 226</b>	<b>24 518</b>	<b>1 811</b>	<b>528 302</b>	<b>(102 601)</b>	<b>425 701</b>
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
<b>Total liabilities and capital</b>	<b>408 747</b>	<b>93 226</b>	<b>24 518</b>	<b>1 811</b>	<b>528 302</b>	<b>(102 601)</b>	<b>425 701</b>
<b>Other information concerning segments for 2017</b>							
Increase of fixed assets in the period	2 406	538	1 892	3	4 839	(261)	4 578
Depreciation of property, plant, equipment and intangibles	(1 265)	(1 957)	(700)	(19)	(3 941)	94	(3 847)
Total impairment loss as at 31/12/2017	(2 299)	(86)	(37)	-	(2 422)	-	(2 422)

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## 10. Costs and revenues

### 10.1 Sales revenues

<b>Sales revenues</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>	<b>01/04/2018 -30/06/2018</b>	<b>01/04/2017 -30/06/2017</b>
Revenues from the sale of products	92 580	67 696	49 694	28 039
Revenues from the sale of services	13 897	14 122	8 491	9 249
Revenues from the sale of goods for resale and materials	56	37	13	29
<b>Total sales revenues</b>	<b>106 533</b>	<b>81 855</b>	<b>58 198</b>	<b>37 317</b>

### 10.2 Costs by category

<b>Costs by category</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>	<b>01/04/2018 -30/06/2018</b>	<b>01/04/2017 -30/06/2017</b>
Depreciation	2 245	1 840	1 152	926
Consumption of materials and energy	28 585	18 101	15 164	8 840
External services	50 331	36 305	30 654	20 980
Taxes and charges	1 889	2 118	800	1 144
Costs of employee benefits, including:	20 154	17 605	10 949	9 863
- payroll	16 818	14 463	9 260	8 170
- costs of social insurances and other benefits	3 336	3 142	1 689	1 693
Other	1 809	2 222	823	1 545
<b>Total costs by category</b>	<b>105 013</b>	<b>78 191</b>	<b>59 542</b>	<b>43 298</b>
Change in products, work in progress and accruals (+/-)	(13 883)	(9 515)	(8 378)	(11 214)
Costs of products for the entity's own needs (-)	(117)	(63)	(59)	(55)
Selling costs (-)	(5 185)	(4 538)	(2 677)	(2 612)
Administrative expenses (-)	(11 002)	(11 331)	(5 915)	(6 530)
Value of goods for resale and materials sold	57	33	14	26
<b>Cost of sales</b>	<b>74 883</b>	<b>52 777</b>	<b>42 527</b>	<b>22 914</b>
<b>Total costs of products, goods for resale and materials sold, cost of sales and administrative expenses</b>	<b>91 070</b>	<b>68 646</b>	<b>51 119</b>	<b>32 054</b>

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Unless otherwise indicated, all sums have been given in thousands of zlotys

## 11. Income tax

### 11. 1 Income tax included in the statement of comprehensive income

The main components of the tax burden for the period ended on 30 June 2018 and 30 June 2017 are as follows:

<b>Income tax</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>
<b>Consolidated statement of total income</b>		
<b>Current income tax</b>	<b>4 711</b>	<b>6 699</b>
Current income tax liability	4 709	6 770
Adjustments concerning current income tax from previous years	2	(71)
<b>Deferred income tax</b>	<b>(1 867)</b>	<b>(4 188)</b>
Relating to the establishment and reversal of temporary differences	(1 867)	(4 188)
<b>Tax liability shown in the consolidated statement of total income</b>	<b>2 844</b>	<b>2 511</b>

### 11. 2 Deferred income tax

<b>30/06/2018</b>	Status as at the beginning of the period	(Increases) charged to accounting profit	(Decreases) charged to accounting profit	<b>Status as at the end of the period</b>
<b>Temporary differences concerning deferred income tax assets:</b>				
Provision for repairs under the guarantee	<b>189</b>	-	(42)	<b>147</b>
Provision for unused vacation leave and retirement severance pay	<b>225</b>	174	(199)	<b>200</b>
Unpaid payroll	<b>210</b>	129	(210)	<b>129</b>
Doubtful receivables	<b>60</b>	-	(2)	<b>58</b>
Unrealised profits in the Group	<b>3 224</b>	3 885	(1 977)	<b>5 132</b>
Tax loss in a subsidiary	<b>562</b>	16	(170)	<b>408</b>
Provision for a balance sheet audit	<b>11</b>	11	(11)	<b>11</b>
Write-downs of inventory	<b>467</b>	-	(30)	<b>437</b>
Provision for disputable court cases	-	-	10	<b>10</b>
Others	<b>72</b>	104	(41)	<b>135</b>

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Effect of asset offset against deferred CIT provision at the level of separate financial statements of Inpro Group entities	<b>(3 421)</b>	(1 581)	-	<b>(5 002)</b>
	<b>1 599</b>	<b>2 738</b>	<b>(2 672)</b>	<b>1 665</b>
<b>Temporary differences concerning the deferred income tax provision:</b>				
Result on the sale of premises on the basis of the handover and receipt report	<b>7 596</b>	4 872	(5 189)	<b>7 279</b>
Interest on deposits and loans allowed	<b>17</b>	-	(17)	-
Property, plant and equipment	<b>802</b>	611	(573)	<b>840</b>
Differences in the valuation of fixed assets	<b>(25)</b>	-	66	<b>41</b>
Impact of changes in the accounting policy – IFRS 15	-	27	-	<b>27</b>
Effect of asset offset against deferred CIT provision at the level of separate financial statements of Inpro Group entities	<b>(3 421)</b>	(1 581)	-	<b>(5 002)</b>
	<b>4 969</b>	<b>3 929</b>	<b>(5 713)</b>	<b>3 185</b>

## 12. Earnings per share

<b>Earnings per share</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>	<b>01/04/2018 -30/06/2018</b>	<b>01/04/2017 -30/06/2017</b>
Net profit (loss) from continuing operations	11 019	9 629	4 744	3 402
Net profit from discontinued operations	-	-	-	-
<b>Net profit attributable to shareholders in the parent entity</b>	<b>11 019</b>	<b>9 629</b>	<b>4 744</b>	<b>3 402</b>
<b>Weighted average number of ordinary shares</b>	<b>40 040</b>	<b>40 040</b>	<b>40 040</b>	<b>40 040</b>

<b>Basic earnings per share</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>	<b>01/04/2018 -30/06/2018</b>	<b>01/04/2017 -30/06/2017</b>
Net profit	11 019	9 629	4 744	3 402
Weighted average number of ordinary shares	40 040	40 040	40 040	40 040
Basic earnings per share (PLN/share)	0.2752	0.2405	0.1185	0.0850

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<b>Diluted earnings per share</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>	<b>01/04/2018 -30/06/2018</b>	<b>01/04/2017 -30/06/2017</b>
Net profit attributable to shareholders for diluted earnings per share calculation	11 019	9 629	4 744	3 402
Adjusted weighted average number of ordinary shares for diluted earnings per share calculation	40 040	40 040	40 040	40 040
Diluted earnings per share (PLN/share)	0.2752	0.2405	0.1185	0.0850
<b>Basic earnings per share from continuing operations</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>	<b>01/04/2018 -30/06/2018</b>	<b>01/04/2017 -30/06/2017</b>
Net profit from continuing operations	11 019	9 629	4 744	3 402
Weighted average number of ordinary shares	40 040	40 040	40 040	40 040
Basic earnings per share (PLN/share)	0.2752	0.2405	0.1185	0.0850
<b>Diluted earnings per share from continuing operations</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>	<b>01/04/2018 -30/06/2018</b>	<b>01/04/2017 -30/06/2017</b>
Net profit attributable to Shareholders for the calculation of diluted earnings per share from continuing operations	11 019	9 629	4 744	3 402
Adjusted weighted average number of ordinary shares for diluted earnings per share calculation	40 040	40 040	40 040	40 040
Diluted earnings per share (PLN/share)	0.2752	0.2405	0.1185	0.0850

### 13. Dividends paid and proposed

<b>Dividends paid and proposed</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>
<b>Declared and paid dividends for ordinary shares::</b>	<b>-</b>	<b>10 159</b>
- dividend proposed to the parent entity's shareholders from profit for 2017	-	-
- dividend proposed to the non-controlling shareholders from profit for 2017	-	-
- dividend proposed and paid to the parent entity's shareholders from profit for 2016	-	10 010
- dividend proposed and paid to the non-controlling shareholders from profit for 2016	-	149
<b>Total</b>	<b>-</b>	<b>10 159</b>



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In conformity with the resolution No. 11/2018 of 14/06/2018 Ordinary General Assembly of Inpro SA on the division of the Company's net profit for the period from 1 January 2017 to 31 December 2017, 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 16/08/2018 as the dividend date and 30/08/2018 as the dividend payment date.

Based on resolution No. 6/2018 of 24/05/2018 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 1,700 k from profit for 2017, including PLN 1,013 k to INPRO SA.

Based on resolution No. 4/2018 of 18/06/2018 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 40 k from profit for 2017, including PLN 20 k to INPRO SA.

#### **14. Goodwill on consolidation**

<b>Goodwill on consolidation</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
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
<b>Total balance sheet value</b>	<b>6 708</b>	<b>6 708</b>

No changes on goodwill occurred in the first six months of 2018 and in 2017.

	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -31/12/2017</b>
<b>Goodwill on consolidation as at the beginning of the period</b>	6 708	6 708
<b>Total balance sheet value as at the end of the period</b>	<b>6 708</b>	<b>6 708</b>

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. 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.

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. The price for the purchase of 76.92 % shares in PI ISA Sp. z o.o. 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 30 June 2018 confirmed that the value shown in the statements is realistic.

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## 15. Property, plant and equipment

	30/06/2018	31/12/2017	Change from 01/01/2018 to 30/06/2018
<b>1. Fixed assets</b>	<b>105 358</b>	<b>104 942</b>	<b>416</b>
a) land (including the perpetual usufruct right)	4 985	4 989	(4)
b) buildings, premises and civil and hydraulic engineering structures	78 082	77 176	906
c) machinery and equipment	15 731	16 442	(711)
d) motor vehicles	3 922	3 488	434
e) other fixed assets	2 638	2 847	(209)
<b>2. Fixed assets under construction</b>	<b>1 072</b>	<b>1 000</b>	<b>72</b>
<b>Total property, plant and equipment</b>	<b>106 430</b>	<b>105 942</b>	<b>488</b>

There was no material liquidation of fixed assets in the reporting period.

## 16. Investment property

The Investment property represents property rented by INPRO S.A. to external entities (valuation according to purchase price)

The change of the valuation of this position is a result of accrued depreciation.

## 17. Inventory

Inventory	30/06/2018	31/12/2017
Materials (at the acquisition price)	1 307	1 372
Work in progress (at cost of manufacture)	114 062	72 139
Finished goods (at the acquisition price/ cost of manufacture)	12 437	42 459
Commodities (at the acquisition price)	144 790	125 868
<b>Total inventory at the lower of two values: the acquisition price (cost of manufacture) and net realisable value</b>	<b>272 596</b>	<b>241 838</b>

Obsolescence allowances on inventory	01/01/2018 -30/06/2018	01/01/2017 -31/12/2017
<b>Obsolescence allowances on inventory as at the beginning of the period</b>	<b>2 337</b>	<b>2 054</b>
Obsolescence allowance made	-	283
Obsolescence allowance reversed	-	-
<b>Obsolescence allowances on inventory as at the end of the period</b>	<b>2 337</b>	<b>2 337</b>

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**Unless otherwise indicated, all sums have been given in thousands of zlotys**

In the reporting period the Company did not reverse or create the inventory revaluation deduction. Mortgages to secure existing and future claims and ordinary mortgages to secure credit repayment are established on inventory. Details of securities: see note 31 in additional information.

In 2017 the Group made a revaluation deduction on the value of parking spaces in buildings A and B at the City Park project in relation to bringing them down to the net selling prices. The Group also recognised a PLN 1,592 k deduction following from the expropriation of land at the Chmielna Park project by the City of Gdańsk.

## **18. Trade and other receivables**

	<b>30/06/2018</b>	<b>31/12/2017</b>
<b>Receivables from related entities</b>	<b>20</b>	<b>9</b>
Trade receivables	20	9
Other receivables	-	-
<b>Receivables from other entities</b>	<b>24 694</b>	<b>22 682</b>
Gross trade receivables	4 488	13 327
State budget receivables other than current income tax	5 031	2 442
Advances on inventory	10 958	2 758
Advances on fixed assets	2 109	2 028
Advances on intangibles	-	42
Other non-financial liabilities	2 108	2 085
<b>Gross receivables</b>	<b>24 714</b>	<b>22 691</b>
<b>Valuation allowance for receivables</b>	<b>(76)</b>	<b>(87)</b>
<b>Short-term prepayments, including:</b>	<b>974</b>	<b>306</b>
- subscription cost	2	6
- software, domains, licences	46	55
- cost of insurances	234	172
- payments under the remaining lease agreements	16	22
- rent	18	4
- advertisements	33	22
- payments to GPW (Warsaw Stock Exchange) and KDPW (National Depository for Securities)	4	-
- payments for perpetual usufruct	577	-
- other prepaid expenses	44	25
<b>Total receivables (net)</b>	<b>25 612</b>	<b>22 910</b>

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## 19. Other financial assets

<b>Other financial assets</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
advances on separate revenue accounts (escrow accounts)*	46 766	28 674
<b>Total</b>	<b>46 766</b>	<b>28 674</b>

\* applicable to payments made by the customers of INPRO SA and PB Domesta Sp. z o.o on the basis of property development agreements

## 20. Cash

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:

<b>Cash</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
Cash at bank and in hand	13 446	13 826
Cash at bank deposits (without overnight)	-	3
<b>Total cash and cash equivalents</b>	<b>13 446</b>	<b>13 829</b>

	<b>30/06/2018</b>	<b>31/12/2017</b>
Cash in PLN	7 471	9 620
Cash in EUR	5 975	4 209
<b>Total cash and cash equivalents</b>	<b>13 446</b>	<b>13 829</b>

As at 30 June 2018 the Group had unused credit (working capital credits for property development projects and overdraft facilities) in the amount of 103,527 k zlotys (31 December 2017: 91,296 k zlotys), which funds will be used as the construction works progress.

## 21. Establishing asset revaluation deductions and their reversal

<b>01/01/2018-30/06/2018</b>	Property, plant and equipment	Value of receivables	Value of inventory	<b>Total revaluation deductions</b>
<b>Status as at the beginning of the period</b>	-	<b>87</b>	<b>2 337</b>	<b>2 424</b>
Establishment of revaluation deductions	50	2	-	<b>52</b>
Reversal of revaluation deductions	-	(13)	-	<b>(13)</b>
<b>Status as at the end of the period</b>	<b>50</b>	<b>76</b>	<b>2 337</b>	<b>2 463</b>

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<b>01/01/2017-31/12/2017</b>	Property, plant and equipment	Value of receivables	Value of inventory	<b>Total revaluation deductions</b>
<b>Status as at the beginning of the period</b>	<b>38</b>	<b>87</b>	<b>2 054</b>	<b>2 179</b>
Establishment of revaluation deductions	-	5	283	<b>288</b>
Reversal of revaluation deductions	(38)	(5)	-	<b>(43)</b>
<b>Status as at the end of the period</b>	<b>-</b>	<b>87</b>	<b>2 337</b>	<b>2 424</b>

## 22. Share capital

<b>As at:</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
<b>Registered share capital</b>	4 004	4 004

<b>SHARE CAPITAL AS AT 30/06/2018 AND 31/12/2017 IN PLN</b>						
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
<b>Total</b>				<b>40 040 000</b>		<b>4 004 000</b>

## 23. Non-controlling shares

<b>Non-controlling shares</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -31/12/2017</b>
<b>At the beginning of the period</b>	<b>13 927</b>	<b>12 119</b>
Dividend payment	(697)	(439)
Share in the current period's profit or loss	1 039	2 180
Increase of the share capital in subsidiary-inBet Sp. z o.o.	-	67
<b>At the end of the period</b>	<b>14 269</b>	<b>13 927</b>

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**24. Provisions**

<b>01/01/2018 -30/06/2018</b>	Benefits after the employment period	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties given	Other provisions	<b>Total provisions</b>
<b>Status as at the beginning of the period</b>	<b>393</b>	<b>318</b>	<b>990</b>	<b>3 256</b>	<b>4 957</b>
Increase (+)	45	-	-	215	<b>260</b>
Decrease (-)	(65)	(94)	(219)	(1 747)	<b>(2 125)</b>
<b>Status as at the end of the period</b>	<b>373</b>	<b>224</b>	<b>771</b>	<b>1 724</b>	<b>3 092</b>

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

<b>Time structure of provisions</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
Long-term part	373	393
Short-term part	2 719	4 564
<b>Total provisions</b>	<b>3 092</b>	<b>4 957</b>

	<b>30/06/2018</b>	<b>31/12/2017</b>
Discount rate (%)	2.70	2.70
Estimated remuneration growth rate (%)	0.00	0.00

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**25. Interest-bearing bank credits, loans, issued bonds and liabilities relating to finance lease**

<b>Long-term financial liabilities</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
Loans and credits	30 058	31 373
Liabilities relating to finance lease and lease agreements with a purchase option	3 495	3 643
Other long-term financial liabilities	1 163	-
<b>Total</b>	<b>34 716</b>	<b>35 016</b>

<b>Short-term financial liabilities</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
Loans and credits	21 889	32 461
Liabilities relating to finance lease and lease agreements with a purchase option	1 455	1 344
<b>Total</b>	<b>23 344</b>	<b>33 805</b>

As at 30 June 2018 and 31 December 2017, the Group had the following credits:

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**Value of liabilities in relation to credits as at 30/06/2018**

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	2 153	31/12/2019	Mortgage up to the sum of PLN 9,750 k	GD1G/00278657/2, GD1G/00064314/3	Gdańsk, Chmielna Street	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	5 137	31/12/2019	Mortgage up to the sum of PLN 10,275 k	GD1G/00243821/9	Gdańsk, Stężycka Street	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	Debiut I, 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 Bank Spółdzielczy in Tczew	PLN	7 000	1 400	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, Fleszarowa – Muskat Street	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	PLN	4 200	2 975	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
mBank SA	PLN	34 200	-	30/09/2020	Mortgage up to the sum of PLN 51,300 k	land property no 223/21 - GD1G/00285339/9	Gdańsk, Opacka Street	assignment of rights under an insurance policy, blank promissory note



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**Unless otherwise indicated, all sums have been given in thousands of zlotys**

mBank SA	PLN	42 500	-	31/08/2020	Mortgage up to the sum of PLN 63,750 k	GD1Y/00114340/5	Gdańsk, Wielkopolska Street	assignment of rights under an insurance policy, blank promissory note
PKO BP	PLN	36 214	18 815	31/12/2027	Mortgage up to the sum of PLN 54,321 k	OL1M/00025679/2*, OL1M/00026392/3 District Court in Mragowo	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
Consortium SGB Bank SA and Bank Spółdzielczy in Tczew	PLN	6 650	5 742	31/03/2020	Two mortgages up to the sum of PLN 3,300 k, up to the sum of PLN 10,000 k	land property no 359/10 and land property no 359/11 and land property no 359/12- GD1G/0001758/8	Gdańsk, Dąbrówki Street	two blank promissory notes, power of attorney to accounts, assignment of claims from the current account
Consortium SGB Bank SA and Bank Spółdzielczy in Tczew	PLN	3 900	2 520	02/12/2019	Two mortgages up to the sum of PLN 3,900 k, up to the sum of PLN 3,900 k	GD1G/00047052/3, GD1G/00047941/2, GD1G/00049614/5	Gdańsk Kruczkowskiego Street	two blank promissory notes, power of attorney to accounts, assignment of claims from the current account
Consortium SGB Bank SA and Bank Spółdzielczy in Tczew	PLN	8 000	6 400	18/04/2021	Two mortgages up to the sum of PLN 1,500 k, up to the sum of PLN 10,500 k	land property no 16/3- GD1G/00064755/6	Gdańsk, Struga Street	blank promissory note, statement on submission to enforcement, power of attorney to accounts, assignment of claims from the current account from the current account, bridging insurance
<b>Total credit liabilities</b>			<b>45 142</b>					

\*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

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

**Open credit lines as at 30/06/2018**

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities			
					Mortgage	Object	Location	Other securities
Alior Bank SA	PLN	16 000	6 213	20/09/2018	mortgage up to the sum of PLN 25,075 k	GD1G/00036115/3, GD1G/00068140/0 i GD1G/00083407/1, GD1G/00261401/1	Gdańsk, Myśliwska Street, Opata Jacka Rybińskiego Street 8, Jana Pawła II Street	assignment of rights under the construction site insurance agreement, claim deduction from bank accounts, submission to execution of art. 777 Code of Civil Procedure
BANK MILLENNIUM SA	PLN	300	-	04/02/2019	mortgage up to the sum of PLN 510 k	GD1G/00082949/5	Gdańsk, Opata Jacka Rybińskiego Street 8	blank promissory note
PEKAO S.A.	PLN	1 000	-	31/12/2018	mortgage up to the sum of PLN 2,000 k	GD1G/00072944/7	Gdańsk Cementowa Street	
PEKAO S.A.	PLN	1 500	560	31/01/2019				blank promissory note, power of attorney to accounts, Inpro's statement on support of Inbet Sp. z o.o. in the letter of comfort formula
<b>Total credit liabilities</b>			<b>6 773</b>					

**Value of liabilities in relation to loans as at 30/06/2018**

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	32	31/08/2021	-	-	-	Registered pledge on the electronic vehicle scales up to PLN 66 k
<b>Total loan liabilities</b>			<b>32</b>					

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

**Liabilities of the INPRO SA Corporate 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, Chmielna Street	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, Stężycka Street	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 Bank Spółdzielczy in Tczew Bank Spółdzielczy in Pruszcz Gdański	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 2,250 k and up to the sum of PLN 9,000 k	GD1G//00049979/1	Gdańsk, Stężycka Street	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	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, Fleszarowa – Muskat Street	two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
SGB Bank SA Bank Spółdzielczy in Tczew	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. and Bank Spółdzielczy in Tczew	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, Dąbrówki Street	two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

SBG Bank S.A. and Bank Spółdzielczy in Tczew	PLN	3 900	3 360	02/12/2019	Mortgage up to the sum of PLN 3,900 k, mortgage up to the sum of PLN 3,900 k	GD1G/00047052/3, GD1G/00047941/2, GD1G/00049614/5	Gdańsk, Kruczkowskiego Street	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, Opacka Street	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, Wielkopolska Street	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 Mragowo	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
<b>Total credit liabilities</b>		<b>63 795</b>						

\*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

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

**Value of liabilities in relation to loans as at 31/12/2017**

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 vehicle scales up to PLN 66 k
<b>Total loan liabilities</b>			<b>35</b>					

**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			Other securities
					Mortgage	Object	Location	
Alior Bank S.A.	PLN	16 000	-	20/09/2018	mortgage up to the sum of PLN 25,075 k	GD1G/00036115/3, GD1G/00068140/0 and GD1G/00083407/1, GD1G/00261401/1	Gdańsk, Myśliwska Street, Opata Jacka Rybińskiego Street 8, Jana Pawła II Street	power of attorney to accounts, assignment of rights resulting from the insurance policy, statement on submission to enforcement in conformity with Article 777 of the Code of Civil Procedure
BANK MILLENNIUM SA	PLN	300	-	04/02/2018	mortgage up to the sum of PLN 510 k	GD1G/00082949/5	Gdańsk, Opata Jacka Rybińskiego Street 8	blank promissory note
PEKAO S.A.	PLN	1 000	4	31/12/2018	mortgage up to the sum of PLN 2,000 k	GD1G/00072944/7	Gdańsk, Cementowa Street	
<b>Total credit liabilities</b>			<b>4</b>					

Unless otherwise indicated, all sums have been given in thousands of zlotys

## 26. Liabilities relating to finance lease agreements and lease agreement with a purchase option

Nominal value of minimum lease payments	30/06/2018	31/12/2017
Within 1 year	1 455	1 344
Within 1 to 3 years	3 151	2 993
Within 3 to 5 years	344	650
More than 5 years	-	-
<b>Total liabilities relating to finance lease - minimum total lease payments</b>	<b>4 950</b>	<b>4 987</b>

As at the balance sheet date, the Group had the following liabilities relating to lease agreements:

Corporate Group in relation to lease agreements as at 30/06/2018

Financing party	Object of the agreement	Agreement number	Initial value in PLN	Date of termination of the agreement	Liability as at the end of the period	Short-term part	Long-term part
<b>Inpro SA</b>							
Caterpillar Financial Service Poland	428 F digger-loader	OL-028331	294	05/03/2019	52	52	-
Toyota Leasing Polska Sp. z o.o.	Toyota Auris	27582018	59	10/03/2021	50	17	33
Toyota Leasing Polska Sp. z o.o.	Toyota Auris	27592018	59	10/03/2021	50	17	33
Toyota Leasing Polska Sp. z o.o.	Toyota Yaris	27572018	43	10/03/2021	37	13	24
Toyota Leasing Polska Sp. z o.o.	Toyota Rav 4	37972018	110	10/05/2023	98	19	79
<b>SML Sp. z o.o.</b>							
Toyota Leasing Polska Sp. z o.o.	Toyota Yaris	68972016	49	20/11/2019	21	14	7
<b>Domesta Sp. z o.o.</b>							
Raiffeisen Leasing Polska S.A.	SUBARU	15/011787(UL)	104	31/05/2018	-	-	-
Volkswagen Leasing GMBH Sp. z o.o.	SKODA	6706907-1216-06621	47	31/05/2019	14	14	-
mLeasing Sp. z o.o. with registered office in Warszawa	intermodal containers	0131172016/GD/236559	411	15/12/2021	220	44	176
mLeasing Sp. z o.o. with registered office in Warszawa	POTAIN tower crane	0338592016/GD/248696	462	15/12/2021	202	40	162
mLeasing Sp. z o.o. with registered office in Warszawa	Set of sanitary containers	0981482017/GD/282110 and 0981482017/GD/282486	71	15/10/2020	43	8	35
mLeasing Sp. z o.o. with registered office in Warszawa	Set of sanitary and office containers	0953152017/GD/280972	235	15/10/2020	147	26	121

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

Volkswagen Leasing GMBH Sp. z o.o.	SKODA	No 6706907-1217-12639, no 6706907-1217-12641, no 6706907-1217-12641.	151	15/10/2020	102	46	56
NBP Paribas Lease Group Sp.z o.o.	Digger-loader	K 06680	281	16/10/2021	218	62	156
mLeasing Sp. z o.o. with registered office in Warszawa	Set of sanitary containers	160672018/GD/318178	274	30/06/2022	191	28	163
Volkswagen Leasing GMBH Sp. z o.o.	SKODA	6706907-1216-06621	46	30/04/2021	44	16	28
Volkswagen Leasing GMBH Sp. z o.o.	AUDI Q5	6706907-1418-07114	238	31/05/2020	185	76	109
<b>Hotel Mikołajki Sp. z o.o.</b>							
PKO Leasing SA	Recycling machine	B/O/WA/2014/11/46	157	15/11/2018	19	19	-
PKO Leasing SA	Toyota Auris	B/DU/O/WW/2017/10/0005	61	30/10/2020	47	3	44
PKO Leasing SA	VW Passat	B/DU/O/WW/2017/10/0005	113	30/09/2021	103	16	87
<b>Dom Zdrojowy Sp. z o.o.</b>							
VOLKSWAGEN	Skoda Superb	6922827-1215-5480	100	30/04/2018	-	-	-
PSA Finance	CITROEN C4 Cactus	9400876372	48	25/05/2018	-	-	-
PSA Finance	CITROEN Berlingo VAN	9400876382	45	25/05/2018	-	-	-
<b>inBet Sp. z o.o.</b>							
RCI Leasing Polska Spółka z o.o.	Nissan Nowa Micra ACENTA	9000002616	33	05/02/2019	5	5	-
SG Equipment Leasing Polska Sp.z o.o.	Loader JCB 411HT	50399	251	01/05/2022	144	29	115



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**Unless otherwise indicated, all sums have been given in thousands of zlotys**

SG Equipment Leasing Polska Sp.z o.o.	Sweeper JCB SC240	20449	23	05/05/2018	-	-	-
SG Equipment Leasing Polska Sp.z o.o.	Aggregate transport line	50448	98	05/08/2022	59	11	48
RCI Leasing Polska Spółka z o.o.	Nissan Nowa Micra ACENTA	9000003077	32	17/08/2019	8	7	1
BGŻ BNP Paribas Spółka Akcyjna	Compressor ALUP+dryer	62597/12/2015	55	30/11/2019	29	9	20
Idea Leasing Spółka z o.o. sp.k.	Bending machine EURA 16/9	19398/SK	841	13/11/2020	300	63	237
Pekao Leasing Sp.z o.o.	precast component production line	38/0211/15	5 178	12/04/2021	1 977	669	1 308
Idea Leasing S.A.	Flight of stairs production form	116377	114	31/05/2021	53	18	35
Idea Leasing S.A.	Flight of stairs production form	116378	114	31/05/2021	53	18	35
Pekao Leasing Sp.z o.o.	Toyota Avensis	38/0514/16	103	12/09/2021	75	20	55
FCA Leasing Polska Sp. z o.o.	Fiat Transporter Ducato	50285/08/2017	105	20/07/2022	80	18	62
Pekao Leasing Sp.z o.o.	4 gantries GH Cranes	38/0575/16	405	12/09/2022	324	58	266
					<b>4 950</b>	<b>1 455</b>	<b>3 495</b>

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

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
<b>Inpro SA</b>							
Caterpillar Financial Service Poland	428 F digger-loader	OL-028331	294	05/03/2019	86	68	18
<b>SML Sp. z o.o.</b>							
Toyota Leasing Polska Sp. z o.o.	Toyota Yaris	68972016	49	20/11/2019	28	14	14
<b>Domesta Sp. z o.o.</b>							
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. with registered office in Warszawa	intermodal containers	0131172016/GD/236559	411	15/12/2021	241	43	198
mLeasing Sp. z o.o. with registered office in Warszawa	POTAIN tower crane	0338592016/GD/248696	462	15/12/2021	221	39	182
mLeasing Sp. z o.o. with registered office in Warszawa	Set of sanitary containers	0981482017/GD/282110 and 0981482017/GD/282486	71	15/10/2020	47	8	39
mLeasing Sp. z o.o. with registered office in Warszawa	Set of sanitary and office containers	0953152017/GD/280972	235	15/10/2020	158	25	133
Volkswagen Leasing GMBH Sp. z o.o.	SKODA	No 6706907-1217-12639, no 6706907-1217-12641, no 6706907-1217-12641.	151	15/10/2020	125	46	79

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**Unless otherwise indicated, all sums have been given in thousands of zlotys**

NBP Paribas Lease Group Sp.z o.o.	Digger-loader	K 06680	281	16/10/2021	248	61	187
<b>Hotel Mikołajki Sp. z o.o.</b>							
PKO Leasing SA	.Recycling machine	B/O/WA/2014/11/46	157	15/11/2018	63	63	-
PKO Leasing SA	Toyota Auris	B/DU/O/WW/2017/10/0005	61	30/10/2020	49	3	46
PKO Leasing SA	VW Passat	B/DU/O/WW/2017/10/0005	113	30/09/2021	111	16	95
<b>Dom Zdrojowy Sp. z o.o.</b>							
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	-
<b>inBet Sp. z o.o.</b>							
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
SG Equipment Leasing Polska Sp.z o.o.	Sweeper 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	10	7	5
BGŻ BNP Paribas Spółka Akcyjna	Compressor ALUP+dryer	62597/12/2015	55	30/11/2019	33	9	24
Idea Leasing Spółka z o.o. sp.k.	Bending machine EURA 16/9	19398/SK	841	13/11/2020	331	63	268

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

Pekao Leasing Sp.z o.o.	precast component production line	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 gantries GH Cranes	38/0575/16	405	12/09/2022	352	56	296
					<b>4 987</b>	<b>1 344</b>	<b>3 643</b>

Unless otherwise indicated, all sums have been given in thousands of zlotys

## 27. Trade and other liabilities

<b>Long-term liabilities</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
<b>Towards related entities</b>	-	-
trade liabilities	-	-
<b>Towards other entities</b>	<b>3 252</b>	<b>1 576</b>
trade liabilities	2 089	1 481
other liabilities	1 163	95
<b>Total trade and other long-term liabilities</b>	<b>3 252</b>	<b>1 576</b>
<b>Short-term liabilities</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
<b>Towards related entities</b>	<b>7 059</b>	<b>53</b>
trade liabilities	77	53
other liabilities	6 982	-
<b>Towards other entities</b>	<b>135 930</b>	<b>79 800</b>
trade liabilities	26 527	19 154
payroll payable	1 240	1 032
state budget liabilities other than current income tax	2 272	1 663
advances received	102 038	57 552
other liabilities	3 853	399
<b>Total trade and other short -term liabilities</b>	<b>142 989</b>	<b>79 853</b>
<b>Total trade and other liabilities</b>	<b>146 241</b>	<b>81 429</b>

Unless otherwise indicated, all sums have been given in thousands of zlotys

## 28. Contingent and other off-balance sheet items

<b>Contingent receivables</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
Guarantees received	328	67
<b>Total contingent receivables</b>	<b>328</b>	<b>67</b>

There are no contingent payables as at 30/06/2018 as well as at 31/12/2017.

## 29. Securities established by Group companies

**Securities established on Group's assets as at 30/06/2018 and as at 31/12/2017**

	<b>30/06/2018</b>	<b>31/12/2017</b>
- on fixed assets*	94 274	93 886
- on current assets**	117 200	164 000
<b>Total</b>	<b>211 474</b>	<b>250 906</b>

### Securities established by Group companies as at 30/06/2018

#### \* 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, Cementowa street 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.** Inbet Sp.z o.o. – a joint contractual real estate mortgage up to EUR 1,674 k 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 letter of credit agreement dated 22 December 2017.

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

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

**7.** 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 30 June 2017 in the total amount of PLN 117,200 k is included in note No. 31 of additional information.

**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 zlotys 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.** Inbet Sp.z o.o. – a joint contractual real estate mortgage up to EUR 1,674 k 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 letter of credit agreement dated 22 December 2017.

**4.** A mortgage up to PLN 2,000 k established on plot No. 186/2 located in Gdańsk Jasień, Cementowa street 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.

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

**6.** Registered pledges on the shares of INPRO in Hotel Mikołajki Sp. z o.o. described in detail in note No. 2.3 to financial statements for 2017.

**7.** 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 to consolidated financial statements for 2017.

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

### 30. Significant court cases

As at 30/06/2018 there were no proceedings concerning liabilities or receivables of INPRO SA or its subsidiaries, being in court, a body competent for arbitration proceedings or a public administrative body.

### 31. Financial instruments

The fair value of the financial instruments held by the Group as at 30 June 2018 and 31 December 2017 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.

<b>Financial assets</b>	<b>Category</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
Trade and other receivables	financial assets valued as at the amortised cost	4 432	13 249
Short term financial assets		46 766	28 674
Cash and cash equivalents		13 446	13 829
		<b>64 644</b>	<b>55 752</b>

<b>Financial liabilities</b>	<b>Category</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
Long-term loans and bank credits	financial liabilities valued as at the amortised cost	30 058	31 373
Short-term loans and bank credits	as above	21 889	32 461
Trade and other liabilities	as above	28 693	20 688
Payroll payable	as above	1 240	1 032
Other liabilities	as above	5 016	494
Other long-term financial liabilities (lease)	as above	3 495	3 643
Other short-term financial liabilities (lease)	as above	1 455	1 344
<b>Total financial liabilities valued at the amortised cost</b>		<b>91 846</b>	<b>91 035</b>



Unless otherwise indicated, all sums have been given in thousands of zlotys

### 32. Transactions with related entities

SHORT-TERM RECEIVABLES/ LIABILITIES 30/06/2018		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	Inpro SA	Transactions excluded in the consolidation process						-	-
		inBet Sp. z o.o.							-	-
		Dom Zdrojowy Sp. z o.o.							-	16
		P.B. Domesta Sp. z o.o.							-	-
		Hotel Mikołajki Sp. z o.o.							-	4
		Isa Sp z o.o.							-	-
		SML Sp. z o.o.							-	-
	TOTAL related entities							<b>20</b>		
	other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-	-	-	-	
		Board Management	-	-	43	-	34	-	-	
TOTAL for other related entities							<b>77</b>	-		

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

LONG-TERM RECEIVABLES/ LIABILITIES 30/06/2018		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	Inpro SA	Transactions excluded in the consolidation process							-	-
		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								-	
	other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-	-	-	-	-	
		Board Management	-	-	-	-	-	-	-	-	
	TOTAL for other related entities								-		

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

REVENUES / COSTS 01/01/2018-30/06/2018		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	Transactions excluded in the consolidation process						-	513
		inBet Sp. z o.o.							-	-
		Dom Zdrojowy Sp. z o.o.							-	43
		P.B. Domesta Sp. z o.o.							-	-
		Hotel Mikołajki Sp. z o.o.							-	8
		Isa Sp. z o.o.							-	-
		SML Sp. z o.o.							-	-
		<b>TOTAL for related entities</b>							<b>564</b>	
	other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-	-	-	-	
		Board Management	-	-	51	-	30	-	-	
	<b>TOTAL for other related entities</b>							<b>81</b>	<b>-</b>	

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

**DANE PORÓWNAWCZE:**

SHORT-TERM RECEIVABLES/ LIABILITIES 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	Inpro SA	Transactions excluded in the consolidation process						-	-
		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.							-	-
		<b>TOTAL related entities</b>							<b>9</b>	
other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-	-	-	-	-	
	Board Management	-	-	25	-	28	-	-	-	
	<b>TOTAL for other related entities</b>							<b>53</b>	<b>-</b>	

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

LONG-TERM RECEIVABLES/ LIABILITIES 30/06/2017		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	Inpro SA	Transactions excluded in the consolidation process							-	-
		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								-	-
other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-	-	-	-	-		
	Board Management	-	-	-	-	-	-	-	-		
	TOTAL for other related entities								-	-	

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

REVENUES / COSTS 01/01/2017-30/06/2017		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.	Hotel Oliwski Sp. z o.o.	SML Sp. z o.o.	Board Management				
SELLER	related entities	Inpro SA	Transactions excluded in the consolidation process						-	7	-			
		inBet Sp. z o.o.							-	-	-	-	-	-
		Dom Zdrojowy Sp. z o.o.							-	-	-	-	-	-
		P.B. Domesta Sp. z o.o.							-	-	-	-	-	67
		Hotel Mikołajki Sp. z o.o.							-	-	-	-	-	7
		Isa Sp. z o.o.							-	-	-	-	-	-
		<b>TOTAL related entities</b>	<b>-</b>						<b>81</b>					
other related entities		Hotel Oliwski Sp. z o.o.	-	-	-	-	-	-	-					
		SML Sp. z o.o.	-	-	-	-	-	-	-					
		Board Management	-	-	85	-	52	-	-					
	<b>TOTAL for other related entities</b>	<b>137</b>						<b>-</b>						

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended on 30 June 2018**

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

**33. Transactions with the participation of the members of the Management Board**

In the first six months of 2018 and in the first six months of 2017 there were no significant transactions in the Group with the participation of the members of the Management Board of the companies comprised by the Group.

In the first six months of 2018 and in the first six months of 2017 no loans were granted to the members of the Management Board.

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

The Auditor of the Group is Deloitte Audyt Sp. z o.o. Sp. K. with its registered office in Warsaw.

Remuneration of the statutory auditor will amount to:

a) audit of the annual consolidated financial statements and of annual separate financial statements of the INPRO SA Group companies	PLN 88 k
b) review of the interim consolidated financial statements and of interim separate financial statements of the INPRO SA Group companies	PLN 31 k

**35. Employment structure**

The employment level in the Group as at 30/06/2018 and as at 31/12/2017 was as follows:

	<b>30/06/2018</b>	<b>31/12/2017</b>
Management Board of the Parent Entity*	3	3
Management Board of Group entities	4	4
Administration	65	62
Sales Department	28	28
Production Division	172	156
Other	154	147
<b>Total</b>	<b>426</b>	<b>400</b>

\*) 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).

Unless otherwise indicated, all sums have been given in thousands of zlotys

## CONDENSED FINANCIAL DATA OF INPRO SA

### STATEMENT OF TOTAL INCOME FOR SIX MONTHS ENDED ON 30 June 2018

Statement of total income	Note	Six months period ended		Three months period ended	
		30/06/2018 (unaudited)	30/06/2017 (unaudited)	30/06/2018 (unaudited)	30/06/2017 (unaudited)
<b>Continuing operations</b>					
Sales revenues	4	58 339	49 262	20 509	18 154
Cost of sales	4	(40 324)	(30 713)	(14 392)	(10 882)
<b>Gross profit (loss) on sales</b>		<b>18 015</b>	<b>18 549</b>	<b>6 117</b>	<b>7 272</b>
Selling costs	4	(2 513)	(2 475)	(1 142)	(1 439)
Administrative expenses	4	(5 423)	(5 778)	(2 777)	(3 255)
Other operating revenues		144	507	66	150
Other operating costs		(116)	(226)	(70)	(201)
<b>Profit (loss) on operating activities</b>		<b>10 107</b>	<b>10 577</b>	<b>2 194</b>	<b>2 527</b>
Financial revenues		1 045	683	1 036	634
Financial costs		(200)	(31)	(99)	(11)
<b>Gross profit (loss)</b>		<b>10 952</b>	<b>11 229</b>	<b>3 131</b>	<b>3 150</b>
Income tax		(1 927)	(2 127)	(415)	(566)
<b>Net profit (loss) from continuing operations</b>		<b>9 025</b>	<b>9 102</b>	<b>2 715</b>	<b>2 584</b>
<b>TOTAL INCOME</b>		<b>9 025</b>	<b>9 102</b>	<b>2 715</b>	<b>2 584</b>



**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended  
on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

**STATEMENT OF THE FINANCIAL POSITION FOR THE PERIOD ENDED ON 30 June 2018**

<b>ASSETS</b>	<b>Note</b>	<b>30/06/2018 (unaudited)</b>	<b>31/12/2017 (audited)</b>
<b>Fixed (long-term) assets</b>		<b>107 833</b>	<b>108 032</b>
Property, plant and equipment		5 256	5 403
Other intangibles		10	19
Investment properties		3 085	3 122
Shares in subsidiaries	11	64 321	64 321
Other financial assets	11	35 150	35 150
Other assets		11	17
<b>Current (short-term) assets</b>		<b>267 846</b>	<b>243 473</b>
Inventory	9	205 835	192 145
Trade and other receivables	10	16 919	16 145
Current tax assets		-	1 014
Other financial assets	11	42 042	26 637
Cash and cash equivalents		3 050	7 532
<b>TOTAL ASSETS</b>		<b>375 679</b>	<b>351 505</b>

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended  
on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

**STATEMENT OF THE FINANCIAL POSITION AS AT 30/06/2018 (CONTINUED)**

<b>EQUITY AND LIABILITIES</b>	<b>Note</b>	<b>30/06/2018 (unaudited)</b>	<b>31/12/2017 (audited)</b>
<b>Equity</b>		<b>251 441</b>	<b>252 426</b>
Issued share capital		4 004	4 004
Reserves		531	531
Retained profits		246 906	247 891
<b>Long-term liabilities</b>		<b>7 989</b>	<b>14 151</b>
Retirement benefit liabilities (a provision)		275	285
Deferred income tax provision		1 584	3 952
Long-term credits and bank borrowings	11	4 032	8 239
Other financial liabilities (lease)	11	169	18
Trade and other liabilities	12	1 929	1 657
<b>Short-term liabilities</b>		<b>116 249</b>	<b>84 928</b>
Short-term provisions		2 217	3 386
Credits and borrowings	11	13 847	26 060
Other financial liabilities (lease)	11	118	69
Current income tax liabilities		408	-
Trade and other liabilities	12	99 659	55 413
<b>Total liabilities</b>		<b>124 238</b>	<b>99 079</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>375 679</b>	<b>351 505</b>

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended  
on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

**CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 30 JUNE 2018**

<b>Cash flows from operating activities</b>	<b>01/01/2018 -31/06/2018 (unaudited)</b>	<b>01/01/2017 -30/06/2017 (unaudited)</b>
<b>Gross profit/(loss)</b>	10 952	11 229
<b>Adjustments:</b>	<b>977</b>	<b>(17 323)</b>
Depreciation	562	385
Income tax paid	(2 874)	(5 291)
Net interest and dividends	(837)	(595)
Profit/(loss) on investing activities	5	(329)
(Increase)/ decrease of receivables	453	5 729
(Increase)/ decrease of inventory	(13 689)	(7 348)
Increase/ (decrease) of liabilities	18 724	(8 355)
Increase/ (decrease) of accrued/prepaid expenses	(188)	(184)
(Increase)/decrease of accruals/prepayments in relation to long-term contracts	-	-
Change in provisions	(1 179)	(1 335)
<b>Net cash flows from operating activities</b>	<b>11 929</b>	<b>(6 094)</b>

<b>Cash flows from investing activities</b>	<b>01/01/2018 -30/06/2018 (unaudited)</b>	<b>01/01/2017 -30/06/2017 (unaudited)</b>
Sale of property, plant, equipment and intangibles	-	1 952
Interest received	85	160
Repayment of loans allowed	380	650
Disposal of real estate investment and intangible assets	-	(5 200)
Acquisition of property, plant, equipment and intangibles	(186)	(1 074)
<b>Net cash flows from investing activities</b>	<b>279</b>	<b>(3 512)</b>

Unless otherwise indicated, all sums have been given in thousands of zlotys

**CASH FLOW STATEMENT OF THE FINANCIAL POSITION FOR THE PERIOD ENDED ON  
30 JUNE 2018 (CONTINUED)**

<b>Cash flow from financing activities</b>	<b>01/01/2018 -30/06/2018 (unaudited)</b>	<b>01/01/2017 -30/06/2017 (unaudited)</b>
Proceeds in relation to loans/credits obtained	12 111	25 794
Payments in relation to finance lease agreements	(71)	(33)
Repayment of loans/credits	(28 531)	(16 074)
Interest paid	(199)	(28)
Dividends paid	-	(10 010)
<b>Net cash flows from financing activities</b>	<b>(16 690)</b>	<b>(351)</b>
<b>Net change in cash and cash equivalents</b>	<b>(4 482)</b>	<b>(9 955)</b>
<b>Cash at the beginning of the period</b>	<b>7 532</b>	<b>11 112</b>
<b>Cash at the end of the period</b>	<b>3 050</b>	<b>1 157</b>

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended  
on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

**STATEMENT OF THE CHANGES IN EQUITY FOR THE PERIOD ENDED ON 30 JUNE 2018**

	Share capital	Share premium capital	Revaluation reserve	Retained profit	Total
<b>As at 01/01/2018</b>	<b>4 004</b>	<b>62 237</b>	<b>531</b>	<b>185 654</b>	<b>252 426</b>
Dividends paid	-	-	-	(10 010)	<b>(10 010)</b>
Net profit (loss) for the financial year	-	-	-	9 025	<b>9 025</b>
<b>As at 30/06/2018</b>	<b>4 004</b>	<b>62 237</b>	<b>531</b>	<b>184 669</b>	<b>251 441</b>

	Share capital	Share premium capital	Revaluation reserve	Retained profit	Total
<b>As at 01/01/2017</b>	<b>4 004</b>	<b>62 237</b>	<b>531</b>	<b>173 239</b>	<b>240 011</b>
Dividends paid	-	-	-	(10 010)	<b>(10 010)</b>
Net profit (loss) for the financial year	-	-	-	9 102	<b>9 102</b>
<b>As at 30/06/2017</b>	<b>4 004</b>	<b>62 237</b>	<b>531</b>	<b>172 331</b>	<b>239 103</b>

## **1. Reference to the Group's interim condensed consolidated financial statements**

In the condensed additional information to the interim condensed separate financial statements, the Company only presented those notes which are significant to the correct assessment of the economic and financial position and of the Company's financial result, and those which were not included in the interim condensed consolidated financial statements. Notes Nos. 5-8 included in the condensed additional information to the interim condensed consolidated financial statements also pertain to these statements.

## **2. Approval of the financial statements**

These interim condensed separate financial statements for the period of six months ended on 30 June 2018 were approved for publication by the Management Board on 7 September 2018.

## **3. Grounds for the preparation of condensed interim separate financial statements and accounting principles**

These interim condensed separate financial statements for the period of six months ended on 30 June 2018 were prepared in conformity with the International Accounting Standard 34 Interim Financial Reporting.

These interim condensed separate financial statements do not comprise all information and disclosures required in annual financial statements and should be read together with the audited Separate Financial Statements of Inpro SA prepared in conformity with the International Financial Reporting Standards ("IFRSs") for the year ended on 31 December 2017.

These interim condensed separate financial statements were prepared on the assumption that the company will be able to continue as the going concern in the foreseeable future. As at the date of signing these financial statements, no circumstances are found to exist which indicate a threat to the company to continue as a going concern.

These interim condensed separate financial statements were prepared in Polish zlotys (PLN). The Polish zloty is the functional and reporting currency of the parent entity. Unless indicated otherwise, the data in financial statements have been presented in thousands of zlotys.

These interim condensed separate 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 2017, apart from exceptions described in Note 5.2 of the Group's condensed additional information to the interim condensed consolidated financial statements.

**Condensed interim consolidated financial statements of the INPRO SA Capital Group for six months ended  
on 30 June 2018**

Unless otherwise indicated, all sums have been given in thousands of zlotys

#### 4. Costs and revenues

<b>Sales revenues</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>
Revenues from the sale of products	57 177	48 302
Revenues from the sale of services	1 162	959
Revenues from the sale of goods for resale and materials	-	1
<b>Total sales revenues</b>	<b>58 339</b>	<b>49 262</b>

<b>Costs by category</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>
Depreciation of tangibles	509	377
Depreciation of intangibles	11	8
Depreciation of investment properties	42	-
Consumption of materials and energy	15 578	8 675
External services	32 594	25 024
Taxes and charges	989	1 159
Costs of employee benefits, including:	8 282	8 104
- <i>payroll</i>	6 854	6 577
- <i>costs of social insurances and other benefits</i>	1 428	1 527
Other costs:	1 321	1 921
- <i>costs of credit</i>	209	458
- <i>entertainment and advertising</i>	630	1 262
- <i>property and personal insurances</i>	118	103
- <i>business trips</i>	22	5
- <i>other operating costs</i>	342	93

<b>Total costs by category</b>	<b>59 326</b>	<b>45 268</b>
Change in products, work in progress and accruals (+/-)	(11 065)	(6 303)
Costs of products for the entity's own needs (-)	-	-
Selling costs (-)	(2 514)	(2 475)
Administrative expenses (-)	(5 423)	(5 778)
Value of goods for resale and materials sold	-	1
<b>Cost of sales</b>	<b>40 324</b>	<b>30 713</b>
<b>Total costs of products, goods for resale and materials sold, cost of sales and administrative expenses</b>	<b>48 261</b>	<b>38 966</b>

**Unless otherwise indicated, all sums have been given in thousands of zlotys**

## 5. Earnings per share

The basic earnings per share are calculated by dividing net profit for a period, such profit falling to the Company's ordinary shareholders, 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:

<b>Earnings per share</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2016 -30/06/2016</b>
Net profit from continuing operations	9 025	9 102
Net profit from discontinued operations	-	-
<b>Net profit attributable to ordinary shareholders for diluted earnings per share calculation</b>	<b>9 025</b>	<b>9 102</b>

The weighted average number of issued ordinary shares used for the calculation of the earnings per share from continuing operations is presented below.

<b>Basic earnings per share from continuing operations</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>
Net profit from continuing operations	9 025	9 102
Weighted average number of ordinary shares	40 040	40 040
Basic earnings per share (PLN/share)	0.2254	0.2273

<b>Diluted earnings per share</b>	<b>01/01/2018 -30/06/2018</b>	<b>01/01/2017 -30/06/2017</b>
Net profit attributable to the shareholders used for diluted earnings per share calculation	9 025	9 102
Adjusted weighted average number of ordinary shares used for diluted earnings per share calculation	40 040	40 040
Diluted earnings per share (PLN/share)	0.2254	0.2273

## 6. Information on operating segments

In relation to the specific nature of the activity of Inpro SA (property development activity), the Company does not delineate separate operating segments in separate financial statements. Separate information on operating segments is presented for the Inpro SA Corporate Group in the consolidated statements.



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Unless otherwise indicated, all sums have been given in thousands of zlotys

**7. Financial instruments**

<b>Financial assets</b>	<b>30/06/2018</b>
Trade and other receivables	2 702
Loans given – long term	-
Loans given – short term	-
Short term financial assets	42 042
Cash and cash equivalents	3 050
	<b>47 794</b>

<b>Financial liabilities</b>	<b>30/06/2018</b>
Long-term loans and bank credits	4 032
Short-term loans and bank credits	13 847
Trade and other liabilities	16 727
Debt instrument liabilities	-
Other long-term financial liabilities (lease)	169
Other short-term financial liabilities (lease)	118
	<b>34 893</b>

**8. Other financial assets**

<b>Other financial assets (short-term)</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
Short-term deposits – funds on trust accounts	42 042	26 176
Loans allowed to related entities	-	461
<b>Total</b>	<b>42 042</b>	<b>26 637</b>

<b>Other financial assets (long-term)</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
Returnable additional contribution to equity of subsidiary	35 150	35 150
Loans allowed to related entities	-	-
<b>Total</b>	<b>35 150</b>	<b>35 150</b>

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## 9. Inventory

<b>Inventory</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
Materials at the price of acquisition	65	49
Work in progress at the cost of manufacture	88 186	49 093
Finished products at the cost of manufacture	11 096	40 387
Goods for resale at the price of acquisition	106 488	102 616
<b>Total inventory at the lower of the two amounts: the price of acquisition (cost of manufacture) and net realisable value</b>	<b>205 835</b>	<b>192 145</b>

## 10. Trade and other receivables

	<b>30/06/2018</b>	<b>31/12/2017</b>
<b>Receivables from related entities</b>	<b>2 745</b>	<b>1 132</b>
Gross value of trade receivables	1 652	1 063
Other receivables	1 093	69
<b>Receivables from other entities</b>	<b>13 879</b>	<b>14 913</b>
Gross value of trade receivables	1 050	11 494
Receivables from the budget other than current income tax	2 602	1 184
Advances on fixed assets	43	-
Advances on inventory	10 181	2 214
Other non-financial liabilities	3	21
<b>Gross receivables</b>	<b>16 624</b>	<b>16 045</b>
<b>Valuation allowance for receivables</b>	<b>-</b>	<b>-</b>
<b>Short-term prepayments, including:</b>	<b>295</b>	<b>100</b>
- subscription cost	2	4
- software, domains, licences	9	19
- cost of insurances	94	65
- advertisements	6	8
- payments to GPW (Warsaw Stock Exchange) and KDPW (National Depository for Securities)	4	-
- payments for perpetual usufruct	162	-
- other prepaid expenses	18	4
<b>Total receivables (net)</b>	<b>16 919</b>	<b>16 145</b>

Unless otherwise indicated, all sums have been given in thousands of zlotys

## 11. Interest-bearing bank credits, loans, issued bonds and liabilities relating to finance lease

<b>Long-term financial liabilities</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
Liabilities in relation to finance lease and lease agreements with a purchase option	169	18
Loans and credits	4 032	8 239
<b>Total</b>	<b>4 201</b>	<b>8 257</b>

<b>Short-term financial liabilities</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
Liabilities in relation to finance lease and lease agreements with a purchase option	118	69
Loans and credits	13 847	26 060
<b>Total</b>	<b>13 965</b>	<b>26 129</b>

<b>Nominal value of minimum lease payments</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
Within 1 year	118	69
Within 1 to 3 years	128	18
Within 3 to 5 years	41	-
<b>Total liabilities related to finance lease - total minimum lease payments</b>	<b>287</b>	<b>87</b>

## 12. Trade and other liabilities

<b>Long-term liabilities</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
<b>Long-term liabilities in relation to related entities</b>	<b>137</b>	<b>187</b>
Trade liabilities	137	187
<b>Long-term liabilities in relation to other entities</b>	<b>1 792</b>	<b>1 470</b>
Trade liabilities	1 792	1 470
Other liabilities	-	-
<b>Total trade and other long-term liabilities</b>	<b>1 929</b>	<b>1 657</b>

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Unless otherwise indicated, all sums have been given in thousands of zlotys

<b>Short-term liabilities</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
<b>Short-term liabilities in relation to related entities</b>	<b>8 285</b>	<b>1 098</b>
Trade liabilities	1 302	1 098
Other liabilities	6 983	-
<b>Short-term liabilities in relation to other entities</b>	<b>91 374</b>	<b>54 315</b>
Trade and other liabilities	13 496	10 318
Payroll payable	273	367
Liabilities towards the state budget other than current income tax	683	805
Advances received	73 861	42 694
Other liabilities	3 061	132
<b>Total short term trade and other liabilities</b>	<b>99 659</b>	<b>55 413</b>
<b>Total trade and other liabilities</b>	<b>101 588</b>	<b>57 070</b>

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Unless otherwise indicated, all sums have been given in thousands of zlotys

**13. Transactions with related entities**

<b>Revenues from sales to a related entity (products, services, goods for resale, materials and other revenues)</b>	<b>01/01/2018 - 30/06/2018</b>	<b>01/01/2017 - 30/06/2017</b>	<b>01/04/2018 - 30/06/2018</b>	<b>01/04/2017 - 30/06/2017</b>
inBet Sp. z o.o.	69	42	30	27
Dom Zdrojowy Sp. z o.o.	92	91	43	28
Hotel Mikołajki Sp. z o.o.	117	179	64	126
PI Isa Sp z o.o.	27	23	15	13
SML Sp. z o.o.	8	7	4	3
<b>Total</b>	<b>313</b>	<b>342</b>	<b>156</b>	<b>197</b>

<b>Purchase from a related entity</b>	<b>01/01/2018 - 30/06/2018</b>	<b>01/01/2017 - 30/06/2017</b>	<b>01/04/2018 - 30/06/2018</b>	<b>01/04/2017 - 30/06/2017</b>
inBet Sp. z o.o.	2 048	1 224	951	479
Dom Zdrojowy Sp. z o.o.	80	75	-	2
Hotel Mikołajki Sp. z o.o.	-	1	-	-
Isa Sp z o.o.	2 023	1 718	1 171	1 104
<b>Total</b>	<b>4 151</b>	<b>3 018</b>	<b>2 122</b>	<b>1 585</b>

<b>Loans granted by Inpro SA</b>	<b>30/06/2018</b>	<b>31/12/2017</b>
<b>To related entities:</b>		
Dom Zdrojowy Sp. z o.o.	-	461
<b>Total loans granted to related entities</b>	<b>-</b>	<b>461</b>

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Unless otherwise indicated, all sums have been given in thousands of zlotys

**Receivables from related entities**

	<b>30/06/2018</b>	<b>31/12/2017</b>
<b>Trade receivables - up to 12 months</b>	<b>1 650</b>	<b>1 034</b>
inBet Sp. z o.o.	12	26
Dom Zdrojowy Sp. z o.o.	18	17
Hotel Mikołajki Sp. z o.o.	1 613	986
Isa Sp. z o.o.	6	4
SML Sp. z o.o.	1	1
<b>Trade receivables - over 12 months</b>	<b>2</b>	<b>29</b>
Hotel Mikołajki Sp. z o.o.	2	29
<b>Other receivables- up to 12 months</b>	<b>1 093</b>	<b>69</b>
inBet Sp. z o.o.	-	9
Hotel Mikołajki Sp. z o.o.	60	60
Isa Sp. z o.o.	20	-
Domesta Sp. z o.o.	1 013	-
<b>Total short-term receivables</b>	<b>2 745</b>	<b>1 132</b>
inBet Sp. z o.o.	12	36
Dom Zdrojowy Sp. z o.o.	18	17
Hotel Mikołajki Sp. z o.o.	1 675	1 074
Isa Sp. z o.o.	26	4
Domesta Sp. z o.o.	1 013	-
SML Sp. z o.o.	1	1

**Liabilities towards related entities**

	<b>30/06/2018</b>	<b>31/12/2017</b>
<b>Trade liabilities - up to 12 months</b>	<b>1 302</b>	<b>1 098</b>
inBet Sp. z o.o.	323	526
Isa Sp. z o.o.	979	572
<b>Trade liabilities - over 12 months</b>	<b>137</b>	<b>187</b>
inBet Sp. z o.o.	36	34
Isa Sp. z o.o.	101	153
<b>Other liabilities up to 12 months</b>	<b>6 983</b>	<b>-</b>
Board Members	6 983	-
<b>Total short-term liabilities</b>	<b>8 422</b>	<b>1 285</b>
inBet Sp. z o.o.	359	559
Isa Sp. z o.o.	1 080	726
Board Members	6 983	-

Unless otherwise indicated, all sums have been given in thousands of zlotys

## 14. Contingent liabilities and receivables

### Contingent liabilities

Continent liabilities	30/06/2018	31/12/2017
Surety for a bill of exchange	5 348	5 348
Other contingent liabilities	36 214	36 214
<b>Total contingent liabilities</b>	<b>41 562</b>	<b>41 562</b>

### Contingent liabilities as at 30/06/2018 and as at 31/12/2017:

1. Unconditional subordinate loan enhancement agreement by INPRO S.A. for Hotel Mikołajki sp. z o.o. to cover additional costs, if any, of the project in excess of those specified in the business plan submitted to PKO BP and to repay credits awarded by that Bank. Surety for the non-revolving working capital credit under agreement No. 59 1020 1811 0000 0796 0048 7611 in the amount of PLN 36,214 k of 5 September 2011.

2. Joint and severable civil law surety given by INPRO S.A. for the liabilities of Hotel Mikołajki Sp. z o.o. in relation to investment credit agreement No. 59 1020 1811 0000 0796 0048 7611 of 05/09/2011, as amended, such a surety granted on the basis of Annexe No. 4 of 25/06/2015. Total value as at the day of surety is PLN 28,517 k.

3. Surety for a bill of exchange granted by INPRO S.A. for the liabilities of inBet Sp. z o.o. under operating lease agreement No. 38/0211/15 of 10/07/2015 of PLN 5,348 k signed with PEKAO Leasing Sp. z o.o

### Contingent receivables

Contingent receivables	30/06/2018	31/12/2017
Guarantees received	328	67
<b>Total contingent receivables</b>	<b>328</b>	<b>67</b>

## 15. Securities established on Company's assets

Securities established on the Company's assets - the fair value	30/06/2018	31/12/2017
- on fixed assets	25 075	25 075
- on current assets	84 100	142 900
<b>Total</b>	<b>109 175</b>	<b>167 975</b>

### Securities on fixed assets

1. Contractual mortgage up to PLN 25,075 k in favour of Alior Bank 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, register No. GD1G/00068140/0 and on the ownership of non-residential premises No. 2 situated in Gdańsk, Opata Jacka Rybińskiego street 8, register No. GD1G/00083407/1. (legal security for the repayment of the revolving working capital overdraft, details in report No. 24/2016 of 22/09/2016).

### Securities on current assets

This item concerns legal securities established on current assets.

A schedule of mortgages established on current assets as at 30/06/2017 totalling PLN 148,075 k and as at 31 December 2016 totalling PLN 155,275 k is in note No. 24 of consolidated financial statements of the INPRO S.A. Corporate Group

## **16. Shares in related entities**

The structure of the Company's shares in related entities was presented in Note 2 of this condensed interim consolidated financial statements of the Group.

Due to a change in the type of business of Hotel Mikołajki Sp. z o.o. from 1 July 2018, as a result of signing the lease agreement which was described in notes 16 and 18 of the Management Report on the Group's operations, the value of shares in this company was verified in terms of impairment as at 30/06/2018. The analysis was based on the current financial and property situation of the Company, future development prospects with a view to the operational change in the operations and the analysis of macroeconomic factors and the characteristics of the market at which the Company operates. The basis for the cash flow forecast was the contract concluded with the Leaseholder and financial plans. The assumptions regarding income from the lease reflecting previous experience related to the business as well as development prospects for the hotel market in Poland were adopted.

The impairment test was carried out with a 10-year time horizon, consistent with the duration of the contract with the Leaseholder. The applied discount rate was 9.18 % and the growth rate after the forecast period was 2.5 %.

As a result of the test, no need to create an impairment write-down of shares was identified.