

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THREE MONTHS ENDED ON 31 MARCH 2017,
MADE IN CONFORMITY WITH THE INTERNATIONAL
ACCOUNTING STANDARD 34 INTERIM FINANCIAL
REPORTING**



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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, 12/05/2017

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

SELECTED FINANCIAL DATA – CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Selected data concerning the consolidated financial statements of the INPRO SA Capital Group				
	01/01/2017	01/01/2016	01/01/2017	01/01/2016
	-	-	-	-
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	PLN '000		EUR '000	
Net sales revenues	44 538	41 578	10 384	9 545
Gross profit (loss) on sales	14 675	9 899	3 421	2 273
Profit (loss) on operating activities	8 462	3 959	1 973	909
Gross profit (loss)	8 152	3 652	1 901	838
Net profit (loss)	6 651	2 802	1 551	643
- attributable to non-controlling shareholders	424	95	99	22
Earnings (loss) per share in the parent entity (PLN/EUR)	0,1555	0,0676	0,0363	0,0155
Net cash flows from operating activities	(5 102)	(2 206)	(1 190)	(506)
Net cash flows from investing activities	947	(1 153)	221	(265)
Net cash flows from financing activities	10 189	1 814	2 376	416
Net cash flows	6 034	(1 545)	1 407	(355)
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
	PLN '000		EUR '000	
Total assets	368 650	358 121	87 362	80 949
Liabilities and provisions for liabilities	116 362	112 485	27 575	25 426
Provisions for liabilities	7 577	8 716	1 796	1 970
Long-term liabilities	39 750	40 682	9 420	9 196
Short-term liabilities	69 035	63 087	16 360	14 260
Equity	252 288	245 636	59 787	55 524
- attributable to non-controlling shareholders	12 543	12 119	2 972	2 739
Number of shares (pcs)	40 040 000	40 040 000	40 040 000	40 040 000
Book value per share (in PLN/EUR)	6.3009	6.1348	1.4932	1.3867
ZLOTY TO EURO CONVERSION RATE	average euro rate in the period 01/01/2017-31/03/2017		average euro rate as at 31/03/2017	
	4.2891		4.2198	
	average euro rate in the period 01/01/2016-31/03/2016		average euro rate as at 31/12/2016	
	4.3559		4.4240	

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

SELECTED FINANCIAL DATA – CONDENSED INTERIM SEPARATE FINANCIAL STATEMENTS

Selected data concerning the financial statements of the INPRO SA				
	01/01/2017	01/01/2016	01/01/2017	01/01/2016
	-	-	-	-
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	PLN '000		EUR '000	
Net sales revenues	31 109	34 416	7 253	7 901
Gross profit (loss) on sales	11 278	8 278	2 629	1 901
Profit (loss) on operating activities	8 049	4 959	1 877	1 138
Gross profit (loss)	8 078	4 926	1 883	1 131
Net profit (loss)	6 518	3 971	1 520	912
- attributable to non-controlling shareholders	0.1628	0.0992	0.0380	0.0228
Net cash flows from operating activities	(5 151)	(2 048)	(1 201)	(470)
Net cash flows from investing activities	1 777	1 396	414	321
Net cash flows from financing activities	7 989	2 727	1 863	626
Net cash flows	4 615	2 075	1 076	476
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
	PLN '000		EUR '000	
Total assets	318 523	309 581	75 483	69 978
Liabilities and provisions for liabilities	71 994	69 570	17 061	15 726
Provisions for liabilities	6 790	7 476	1 609	1 690
Long-term liabilities	12 939	14 790	3 066	3 343
Short-term liabilities	52 265	47 304	12 386	10 693
Equity	246 529	240 011	58 422	54 252
Number of shares (pcs)	40 040 000	40 040 000	40 040 000	40 040 000
Book value per share (in PLN/EUR)	6.1571	5.9943	1.4591	1.3549
ZLOTY TO EURO CONVERSION RATE	average euro rate in the period 01/01/2017-31/03/2017		average euro rate as at 31/03/2017	
	4.2891		4.2198	
	average euro rate in the period 01/01/2016-31/03/2016		average euro rate as at 31/12/2016	
	4.3559		4.4240	

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

CONSOLIDATED STATEMENT OF TOTAL INCOME FOR THREE MONTHS ENDED ON 31 MARCH 2017

	Note	01/01/2017 -31/03/2017 (unaudited) PLN '000	01/01/2016 -31/03/2016 (unaudited) PLN '000
Continuing operations			
Sales revenues	17.1	44 538	41 578
Cost of sales	17.2	(29 863)	(31 679)
Gross profit (loss) on sales		14 675	9 899
Selling costs	17.2	(1 927)	(1 408)
Administrative expenses	17.2	(4 801)	(4 635)
Other operating revenues		560	209
Other operating costs		(45)	(106)
Profit (loss) on operating activities		8 462	3 959
Financial income		41	96
Financial costs		(351)	(403)
Gross profit (loss)		8 152	3 652
Income tax	18	(1 501)	(850)
Net profit (loss) from continuing operations		6 651	2 802
TOTAL INCOME		6 651	2 802
Net profit (loss) attributable to:		6 651	2 802
- the parent entity's shareholders		6 227	2 707
- non-controlling shareholders		424	95
Total income attributable to:		6 651	2 802
- the parent entity's shareholders		6 227	2 707
- non-controlling shareholders		424	95
Earnings (loss) per share in the parent entity (PLN)			
- basic		0.1555	0.0676
- diluted		0.1555	0.0676

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

CONSOLIDATED STATEMENTS OF THE FINANCIAL POSITION AS AT 31 MARCH 2017

ASSETS	Note	31/03/2017	31/12/2016
		(unaudited)	(audited)
Fixed (long-term) assets		113 098	115 383
Property, plant and equipment	21	103 319	103 873
Goodwill		6 708	6 708
Other intangibles		95	111
Long-term receivables		20	20
Investment properties		808	2 853
Long term financial assets		201	201
Other long-term prepayments		7	7
Deferred tax assets		1 940	1 610
Current (short-term) assets		255 552	242 738
Inventory	22	211 208	210 110
Trade and other receivables	23	9 839	10 697
Current tax assets		225	447
Other financial assets	24	10 737	3 975
Cash and cash equivalents	25	23 543	17 509
TOTAL ASSETS		368 650	358 121

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

**CONSOLIDATED STATEMENT OF THE FINANCIAL POSITION AS AT 31/03/2017
(CONTINUED)**

EQUITY AND LIABILITIES	Note	31/03/2017	31/12/2016
		(unaudited)	(audited)
Equity (attributable to the parent entity's shareholders)		239 745	233 517
Issued share capital	27	4 004	4 004
Reserves		51	51
Retained profit		235 690	229 462
Capital attributable to non-controlling shareholders	28	12 543	12 119
Total equity		252 288	245 636
Long-term liabilities		44 734	46 167
Retirement benefit liabilities (a provision)		4 689	5 189
Deferred income tax provision	29	296	296
Long-term credits and bank borrowings	30	34 552	35 257
Other financial liabilities (lease)	31	3 506	3 775
Trade and other liabilities	32	1 691	1 650
Short-term liabilities		71 628	66 318
Short-term provisions	29	2 593	3 231
Short-term credits and bank borrowings	30	20 892	9 398
Other liabilities (financial lease)	31	1 080	1 058
Current income tax liabilities		823	154
Trade and other liabilities	32	46 240	52 477
Total liabilities		116 362	112 485
TOTAL EQUITY AND LIABILITIES		368 650	358 121

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31 MARCH 2017

	01/01/2017 -31/03/2017	01/01/2016 -31/03/2016
Cash flows from operating activities	(unaudited)	(unaudited)
	PLN '000	PLN '000
Gross profit/(loss)	8 152	3 652
Adjustments:	(13 254)	(5 858)
Depreciation	915	865
Income tax paid	(1 440)	(2 142)
Interest and dividends	328	386
Profit/(loss) on investing activities	(475)	(102)
(Increase)/ decrease of receivables	5 287	(117)
(Increase)/ decrease of inventory	(1 099)	3 884
Increase/ (decrease) of liabilities	(15 200)	(7 797)
Increase/ (decrease) of accrued/prepaid expenses	(962)	(905)
Increase/ (decrease) of deferred income	29	-
Change in provisions	(637)	69
Other	-	1
Net cash flows from operating activities	(5 102)	(2 206)
	01/01/2017 -31/03/2017	01/01/2016 -31/03/2016
Cash flows from investing activities	(unaudited)	(unaudited)
	PLN '000	PLN '000
Sale of property, plant, equipment and intangibles	10	-
Interest received	5	-
Acquisition of property, plant, equipment and intangibles	(1 010)	(1 153)
Disposal of property, plant, equipment and intangibles	1 942	-
Net cash flows from investing activities	947	(1 153)

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

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

	01/01/2017 -31/03/2017	01/01/2016 -31/03/2016
	(unaudited)	(unaudited)
	PLN '000	PLN '000
Cash flow from financing activities		
Proceeds in relation to loans/credits obtained	18 199	14 863
Payments in relation to finance lease agreements	(267)	(103)
Repayment of loans/credits	(7 409)	(12 552)
Interest paid	(334)	(396)
Other financial proceeds	-	2
Net cash flows from financing activities	10 189	1 814
Net change in cash and cash equivalents	6 034	(1 545)
Cash at the beginning of the period	17 509	27 228
Cash at the end of the period	23 543	25 683

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

CONSOLIDATED STATEMENT OF THE CHANGES IN EQUITY FOR THREE MONTHS ENDED ON 31 MARCH 2017

	Share capital	Share premium capital	Revaluation reserve	Retained profit	Attributable to non-controlling shareholders	Total
As at 01/01/2017	4 004	62 237	51	167 225	12 119	245 637
Net profit (loss) for the financial year	-	-	-	6 227	424	6 651
As at 31/03/2017	4 004	62 237	51	173 452	12 543	252 288

	Share capital	Share premium capital	Revaluation reserve	Retained profit	Attributable to non-controlling shareholders	Total
As at 01/01/2016	4 004	62 237	51	151 645	10 880	228 817
Net profit (loss) for the financial year	-	-	-	2 707	95	2 802
As at 31/03/2016	4 004	62 237	51	154 352	10 975	231 619

COMMENTARY BY THE MANAGEMENT BOARD ON THE CAPITAL GROUP'S ACTIVITY IN THE PERIOD OF THREE MONTHS OF 2017

The current situation on the property development market is still very good – new sales records have been set in the first quarter of 2017. Despite higher requirements imposed on flat buyers with regard to their equity contribution when obtaining credit, the persons using the Flat for Young People Programme (a tranche for 2017 was unlocked) and those buying flats as an investment allowed a high level of sales to be maintained. Flat buyers were also encouraged by low interest rates and by the growth of real wages.

On a year-to-date basis, for the first three months of 2017, the INPRO Group sold 134 premises in total (in the meaning of preliminary agreements net), which is nearly 8% more than in the comparable period (the Group having sold 124 premises over the first three months of the last year). After three quarters of 2016 when sales were lower than in comparative period of 2015, the INPRO Group finally improved the results.

In the reporting period, INPRO SA signed 83 preliminary agreements net. For comparison, the Company concluded 87 agreements net in the same period of 2016. The greatest interest was aroused by the Harmonia Oliwska stage I and Kwartał Uniwersytecki because of an attractive location and by the Optima stage I because of availability in the Flat for Young People programme.

A subsidiary, Przedsiębiorstwo Budowlane DOMESTA Sp. z o.o., concluded 51 preliminary agreements net in the first quarter of 2017 (increase by 38 % against the comparable period of the previous year).

For the first three months of 2017 the INPRO Group noted an increase of sales revenues to the level of PLN 44,538 k that is by 7% against the comparable period of the previous year. Gross profit from sales increased by 48 % to PLN 14,675 k in the same period. The net profit increased by 137 % to PLN 6,651 k. The net return increased from 7 % to 15 % with the growth of the profit level. The gross return on sales in 2017 increased from 24 % to 33%.

In the first quarter this year the INPRO Capital Group handed over the total of 104 premises (including 79 by INPRO SA); that number being 5% lower than in the 1st quarter 2016, in which the Group delivered 110 flats.

In the period from January to March 2017, the INPRO SA Group did not place any multi-family buildings in service, but placed 5 single-family houses in Golf Park. Premises were delivered first of all at projects completed last year: Kwartał Uniwersytecki and building C in Chmielna Park estate.

The vast majority of the turnover of INPRO and DOMESTA companies will fall to the second half of 2017, when the following projects will be completed given no delays to administrative procedures relating to occupancy permits:

- Leszczynowe estate - buildings Nos. 20,21,
- Leszczynowy Staw estate – building No. 1,
- Harmonia Oliwska stage I,
- Optima estate stage I,
- Single-family houses in the Golf Park estate.

By the end of the year, the Group is planning to launch the sales in both the new attractive locations and the further stages of already realised projects:

- stage II of Harmonia Oliwska estate in Gdańsk (84 premises),
- stage II of Kwartał Uniwersytecki estate in Gdańsk (96 premises),
- stage I of Debiut Estate in Pruszcz Gdański (105 premises),
- Azymut estate in Gdynia (200 premises),
- stage D of Golf Park (22 single-family houses),
- Nowa Niepołomicka estate in Gdańsk – building No. 2 (37 premises), building No. 3 (47 premises),
- Leszczynowy Staw estate in Gdańsk – building No. 3 (31 premises), building No. 5 (31 premises),
- Jaśkowa Dolina estate in Gdańsk (65 premises).

In total the INPRO Group is planning to launch 718 new premises.

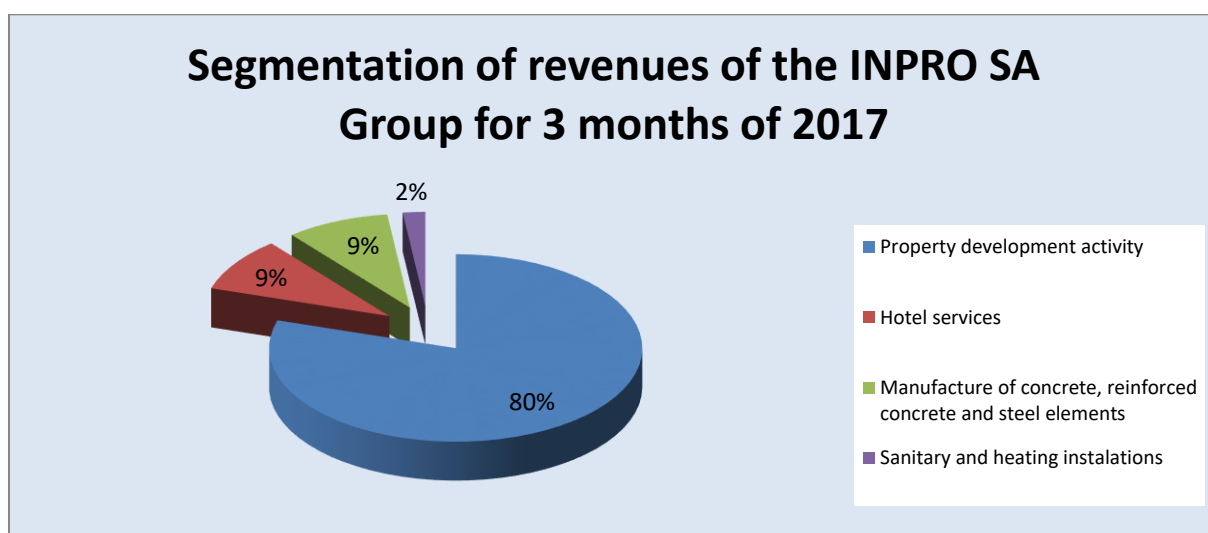
INPRO Group

In the first three months of the financial year 2017 the Group achieved higher revenues than in the same period of the previous year, the revenues being approximately PLN 44,5 m, a figure higher by ca. PLN 3 m (i.e. 7%). Although the Group handed over less premises than in comparative period, the realised margin was significantly higher: the gross return on sales increased from 24 % to 33% and net return increased from 7 % to 15 %. An important impact on the increase of the income and profitability ratios was made by the improvement of the results generated by the hotel companies and by inBet Sp. z o.o.

The cost of sales and the costs of general administration increased by 11 %.

In the cash flow statement for the three months of 2017 the Group noted negative cash flows only in operating activity that arise mainly from a change in advance payments towards the purchase of the premises. Positive cash flows from the investing activity are the result of INPRO SA sales of investment properties (commercial premises in Trzy Żagle estate and Kwartał Kamienic estate). Positive cash flows on the financing activity arise, however, from the launch of credit instalments.

The share of the various segments of the activity in the Capital Group's revenues for the first quarter of 2017 is presented in the graph below:



INPRO SA

INPRO as a company noted a decrease in sales revenues for the first quarter of 2017 compared to the same period of the previous year (PLN 31.1 m against PLN 34.4 m, a decrease by 10 %), but also noted the improvement of profitability.

Gross profit from sales for the first quarter of 2017 was approximately PLN 11.3 m and was therefore 36% higher than in the same period of 2016. Net profit reached the level of nearly PLN 6.5 m (in comparison to PLN 4 m in the first quarter of 2016). The return on sales for the period of 01/01/-31/03/2017 was 36%, and net return 21% (for comparison, those ratios in the first quarter of 2016 were 24% and 12% respectively). During the analyzed period INPRO SA placed less premises than in the comparison 3 months, but the margin was better – a significant part of the placed premises was bought for investment purposes.

The cost of sales and the costs of general administration remained at a similar level.

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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The net debt ratio as at 31/03/2017, calculated as the quotient of the total financial debt less cash and cash equivalents (including advances paid to escrow accounts) to equity, was 0.05.

The cash flow statement of INPRO SA for the first quarter of 2017 is as follows: only the principal activity generates negative cash flows. The operating activity negative cash flows are the result of the change in advance payments towards purchase of the premises and the result of the unpaid liabilities for new shares in inBet Sp. z o.o. The investing activity generates positive cash flows because of sales of investment properties (commercial premises in Trzy Zagle estate and Kwartal Kamienic estate). Cash flows on the financing activity are positive in relation to the launch of credit instalments.

ADDITIONAL INFORMATION AND EXPLANATIONS

1. General information

The INPRO SA capital group (the "Group") consists of the parent entity, i.e. INPRO SA, and its subsidiaries (see item 2). The condensed interim consolidated financial statements of the Group comprise financial data for three months ended on 31 March 2017 with comparatives for three months ended on 31 March 2016 and as at 31 December 2016.

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

In addition, other companies within the Group are involved in the following:

- hotel services (Dom Zdrojowy Sp. z o. o. and Hotel Mikołajki Sp. z o.o.),
- 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.),
- sanitary and heating installations (Przedsiębiorstwo Instalacyjne ISA Sp. z o.o.

INPRO SA (the "Parent Company," "Company") was established by way of the notarised deed of 6 April 1987 as INPRO Spółka z ograniczoną odpowiedzialnością. On 29 May 2008 the legal status was changed from a limited liability company to a joint-stock company. The registered office of the Parent Company is in Gdańsk at ul. Opata Jacka Rybińskiego 8.

The Parent Company is recorded in the register of entrepreneurs of the National Court Register kept by the District Court in Gdańsk, 7th Business Division of the National Court Register, under number KRS 306071.

The Parent Company was given the REGON business registry number 008141071 and the tax identification number: 589-000-85-40.

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

The Group did not discontinue any of the kinds of its activity in the first three months ended on 31 March 2017.

The share capital of INPRO SA did not change in the three months of 2017. As at 31 March 2017, the share capital of INPRO was PLN 4,004,000.00 and was divided into 40,040,000 ordinary bearer shares of the nominal value of 10 groszes each.

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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As at the 12/05/2017, 31/03/2017 and 31/12/2016 the shareholding structure of the parent entity is as follows:

SHAREHOLDING STRUCTURE						
Nominal value in PLN	Nominal value in PLN	Nominal value in PLN	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 %
ING 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 %
TOTAL		40 040 000	4 004 000	100 %	40 040 000	100 %

In the period from 31/12/2016 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.

As at 31/03/2017, the shares of INPRO SA were quoted on the parallel market of the Warsaw Stock Exchange.

Auditor

Deloitte Polska Spółka z ograniczoną odpowiedzialnością spółka komandytowa,
Al. Jana Pawła II 19,
00-854 Warszawa

This entity is recorded on the list of entities authorised to audit financial statements, kept by the Polish National Chamber of Statutory Auditors under number 73.

2. Information concerning related entities

2.1 Composition of the INPRO SA Capital Group

INPRO SA's subsidiaries covered by consolidation as at 31 March 2017 and as at 31 December 2016:

No.	Entity's name	Registered office	Object	Share in the share capital (%)	Share in voting rights (%)	Acquisition price of the shares
1.	inBet Sp. z o.o.	Kolbudy, ul. Przemysłowa 10	Manufacture of reinforced concrete, concrete and steel elements	74.85 %	74.85 %	7 907
2.	Dom Zdrojowy Sp. z o.o.	Jastarnia, ul. Tadeusza Kościuszki 2A	Hotel services	100.00 %	100.00 %	19 120

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

3.	P.B. Domesta Sp. z o.o.	Gdańsk, ul. Cementowa 5-9	Property development activity, main contracting for multi-family residential buildings	59.57 %	59.57 %	13 926
4.	Hotel Mikołajki Sp. z o.o.	Mikołajki, Aleja Spacerowa 11	Hotel services	100.00 %	100.00 %	15 784*
5.	PI ISA Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8/6	Sanitary and heating installations	76.92 %	76.92 %	2 183
6.	SML Sp. z o.o.	Gdańsk, ul. Opata Jacka Rybińskiego 8	Interior fit-out, construction finishing services	100.00 %	100.00 %	201
						59 121

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

Companies excluded from consolidation as at 31/03/2017 and 31/12/2016

SML Sp. z o.o. was excluded from consolidation both as at 31/03/2017 and 31/12/2016. The company was established on 01/07/2016 (the registration in the National Court Register took place on 14/07/2016). The financial data of that entity for the period ended 31/03/2017 was insignificant in relation to the whole of the consolidated financial statements. Apart from SML Sp. z o.o. all the companies within the Capital Group were comprised by the full method consolidation.

The subsidiaries do not hold shares in entities not controlled.

In the first three months of 2017, the composition of the INPRO SA Capital 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 10k each (100% of the shares in that entity's capital-PLN 1,620k).

2.2 Share capital of the various entities comprised by the INPRO group as at 31/03/2017:

Entity's name	Share capital as at 31/03/2017
INPRO SA	4,004
Przedsiębiorstwo Budowlane DOMESTA Sp. z o.o.	301
inBet Sp. z o.o.	10,791
Dom Zdrojowy Sp. z o.o.	19,140
Hotel Mikołajki Sp. z o.o.	15,780

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Przedsiębiorstwo Instalacyjne ISA Sp. z o.o.	80
SML Sp. z o.o.	201

Changes in the composition of the Group between 01/01/2017-31/03/2017

In the first three months of 2017, the composition of the INPRO SA Capital Group did not change. Although the following resolution was passed:

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

2.3 Securities on shares in subsidiaries

	31/03/2017	31/12/2016
Securities on shares in subsidiaries	15 780	15 780
Total	15 780	15 780

I Registered pledge of 05 September 2011 on the shares in Hotel Mikołajki Sp. z o.o. in the amount of PLN 15,582 k for the following credit agreements:

- investment credit of 5 September 2011 in the amount of PLN 36,214 k granted to Hotel Mikołajki Sp. z o.o. by PKO BP SA; the highest security amount fixed in the pledge agreement being PLN 137,617 k;

Claim satisfaction conditions: in the event of a failure to repay the whole or part of the secured claim, the following may take place:

1. The satisfaction of the Pledge's claims, as its discretion, in the procedure prescribed by the provisions of law on enforcement proceedings, by taking over the ownership of the object of the pledge (at the price of the market value of the shares as determined in the valuation) or through the sale in a public tender held by a bailiff or notary public

2. Waiver by the Pledge of the possibility of exercise of the so-called corporate rights (including the exercise of the voting right) in relation to Hotel Mikołajki Sp. z o.o.

II Registered pledge of 23 May 2013 on the shares in Hotel Mikołajki Sp. z o.o. in the amount of PLN 198 k for the following credit agreements:

- investment credit of 5 September 2011 in the amount of PLN 36,214 k granted to Hotel Mikołajki Sp. z o.o. by PKO BP SA; the highest security amount fixed in the pledge agreement being PLN 72,428 k;

Claim satisfaction conditions: in the event of a failure to repay the whole or part of the secured claim, the following may take place:

1. The satisfaction of the Pledge's claims, as its discretion, in the procedure prescribed by the provisions of law on enforcement proceedings, by taking over the ownership of the object of the

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pledge (at the price of the market value of the shares as determined in the valuation) or through the sale in a public tender held by a bailiff or notary public

2. Waiver by the Pledge of the possibility of exercise of the so-called corporate rights (including the exercise of the voting right) in relation to Hotel Mikołajki Sp. z o.o.

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
- Krzysztof Maraszek - Vice-President of the Management Board
- Zbigniew Lewiński - 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
- Szymon Lewiński - Member of the Supervisory Board
- Łukasz Maraszek - Member of the Supervisory Board
- Wojciech Stefaniak - Member of the Supervisory Board

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

4. Approval of the financial statements

These interim condensed consolidated financial statements for the period of three months ended on 31 March 2017 were approved for publication by the Management Board on 12 May 2017.

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 Capital Group prepared in conformity with the International Financial Reporting Standards ("IFRSs") for the year ended on 31 December 2016.

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.

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

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

5.2 New and revised standards and interpretations used by the Group

These interim condensed consolidated financial statements are prepared based on the same accounting policies as for the consolidated financial statements of the Group for the year ended 31 December 2016, except for the following amendments to existing standards and new interpretations that are effective for annual periods beginning on 1 January 2017:

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IFRS 11 "Joint Arrangements"** - Accounting for Acquisitions of Interests in Joint Operations - adopted by the EU on 24 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure Initiative - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation - adopted by the EU on 2 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Bearer Plants - adopted by the EU on 23 November 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),
- **Amendments to IAS 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements - adopted by the EU on 18 December 2015 (effective for annual periods beginning on or after 1 January 2016),
- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),
- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 15 December 2015 (amendments are to be applied for annual periods beginning on or after 1 January 2016).

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

5.3 New and revised standards and interpretations, which were approved for use in the EU, but have not become effective yet

While approving these condensed interim consolidated financial statements there were new standards and interpretations, which were published by the IASC and approved for use in the EU, but have not become effective yet:

- **IFRS 9 "Financial Instruments"** - adopted by the EU on 22 November 2016 (effective for annual periods beginning on or after 1 January 2018),
- **IFRS 15 "Revenue from Contracts with Customers"** and amendments to IFRS 15 "Effective date of IFRS 15" - adopted by the EU on 22 September 2016 (effective for annual periods beginning on or after 1 January 2018).

5.4 New and revised standards and interpretations, which have not been approved for use in the EU yet

IFRSs as approved by the EU do not vary considerably from the regulations adopted by the International Accounting Standards Committee (IASC) except the standards below, changes thereto and the interpretation thereof which, as at 16/05/2016, were not adopted for use in the EU (the effective dates below refer to the standards in their full version):

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016) - the European Commission has decided not to launch the endorsement process of this interim standard and to wait for the final standard,
- **IFRS 16 "Leases"** (effective for annual periods beginning on or after 1 January 2019),
- **Amendments to IFRS 2 "Share-based Payment"** - Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IFRS 4 "Insurance Contracts"** - Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective for annual periods beginning on or after 1 January 2018 or when IFRS 9 "Financial Instruments" is applied first time),
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture and further amendments (effective date deferred indefinitely until the research project on the equity method has been concluded),
- **Amendments to IFRS 15 "Revenue from Contracts with Customers"** - Clarifications to IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to IAS 7 "Statement of Cash Flows"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 12 "Income Taxes"** - Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after 1 January 2017),
- **Amendments to IAS 40 "Investment Property"** - Transfers of Investment Property (effective for annual periods beginning on or after 1 January 2018),
- **Amendments to various standards "Improvements to IFRSs (cycle 2014-2016)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 12 and IAS 28) primarily with a view to removing inconsistencies and clarifying wording (amendments to IFRS 12 are to be applied for annual periods beginning on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 are to be applied for annual periods beginning on or after 1 January 2018),
- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration"** (effective for annual periods beginning on or after 1 January 2018).

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Hedge accounting regarding the portfolio of financial assets and liabilities, whose rules were not approved for application in the EU, remains outside the regulations approved by the EU.

According to the Group's estimates, the application of hedge accounting with regard to the portfolio of financial assets or liabilities as per IAS 39 "Financial Instruments: Recognition and Measurement" would not have a significant influence on the financial statements if it was accepted for application as at the balance sheet date.

The Management Board of the parent entity reviews the impact of new standards, i.e. IFRS 9 and IFRS 15, on consolidated and separate financial statements.

In the Group's initial opinion, the implementation of the standards and interpretations approved and published by the EU which have or will become effective after the balance sheet date or those awaiting approval by the EU will not have a material effect on the Company's financial statements. However, the Management Board additionally conducts a detailed analysis of the influence of the above amendments on the Company's financial standing and profits from business operations as well as on the scope of information presented in financial statements.

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	31/03/2017	31/12/2016
EURO	4.2198	4.4240

The average rate, calculated as the arithmetic mean of the rates binding on the last day of each month in a period	01/01/2017 -31/03/2017	01/01/2016 -31/03/2016
EURO	4.2891	4.3559

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.

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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 31 March 2016 may be revised in the future. The main estimates have been described in the following notes:

Note		Kind of disclosure
22	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.
23	Trade receivable valuation allowances	Given the grounds, the Group verifies the recovery of various trade receivables and estimates the valuation allowances on that basis.
18	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.
29	Employee benefits	Provisions for retirement benefits and unused vacation leaves.
29	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 reviewed at least at the end of each financial year.

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.

9. Events with significant influence on the Capital Group's activity and financial results

Key factors influencing the Group's financial performance for the first quarter of 2017:

- the Group's advanced sales in the first quarter of 2017, understood as the number of the signed preliminary agreements net, were 8 % higher than in the comparable period of the previous year (134 agreements in 2017 and 124 agreements in 2016). Such a high level of

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the sales was related to general tendencies on the property development market. Premises earmarked for lease were very popular, as well as premises bought with the aid of Flat for Young People Programme,

- 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 March 2017 the INPRO SA Capital Group did not place in service any multi-family buildings, but placed 5 single-family buildings in Golf Park estate. It noted a 5% decrease of the level of premises deliveries to the buyers (the Group delivered 104 premises in the first quarter of 2017 and 110 premises in the first quarter of 2016). The deliveries were effected, first of all, at projects completed last year: Kwartal Uniwersytecki and building C in Chmielna Park estate. The increase of profitability in the first quarter of 2017 against the previous year was influenced by the structure of the premises being delivered, with a high percentage of them being the premises at projects arousing keen interest at which a satisfactory margin was realised,
- improvement of the profitability of the Dom Zdrojowy company and the Hotel Mikołajki company due to economic upturn at hotel services market,
- activities taken in previous years by persons managing inBet Sp. z o.o. (cost cutting, focus on the most profitable areas of activity, plant modernisation) yielded still good results – for the first three months of 2017 the company noted net profit in the amount of approximately PLN 776 k.

10. Factors affecting the Group's performance in the subsequent quarters

In the subsequent quarters, 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 growing number of flats on offer),
- regulatory activities of the government, in particular the endorsement of the act concerning the Flat for Young People Programme and of the Agricultural Land Sales Act, the adoption of the 500+ Programme and the activities in the amendment of Flat Acquirers' Right Protection Act,
- possibility of obtaining different decisions and administrative permissions,
- the policy of National Bank of Poland regarding interest rates,
- the policy pursued by the banks financing the developers and flat buyers,
- the situation in hotel industry.

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.

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. Assessment of the ability to achieve previously published projections of results for a given year

The Company has not published the projected financial results for the financial year 2017 so far.

14. 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 03/01/2017 PB DOMESTA Sp. z o.o. signed with Polska Kasa Opieki SA in Warsaw an amendment No. 6 to the working capital credit agreement for PLN 1,000 k. Based on the amendment the agreement was prolonged up to 31/12/2017,
- b) On 03/01/2017 the Gdańsk-North District Court in Gdańsk, 3rd Land and Mortgage Register Division, recorded in division IV of land and mortgage register No. GD1G/00049979/3 the contractual real estate mortgage up to the sum of PLN 22,500 k, contractual real estate mortgage up to the sum of PLN 9,000 k and contractual real estate mortgage up to the sum of PLN 2,250 k set up as equal priority rights on INPRO SA's assets, constituting a legal security for the repayment of the credit in the amount of PLN 22,500 k granted by the Consortium SGB Bank SA and Bank Spółdzielczy in Pruszcz Gdański and Bank Spółdzielczy in Tczew financing the stage I of Optima estate,
- c) On 11/01/2017 inBet Sp. z o.o. signed with PEKAO Leasing Sp. z o.o. appendix No. 1 to the lease agreement dated 28/11/2016. The lease agreement concerns four single-girder overhead cranes and based on the appendix the acquisition cost was changed from PLN 355 k to PLN 385 k,
- d) On 31/01/2017 PI ISA Sp. z o.o. signed with Bank Millenium SA in Warsaw an appendix No. 24 to the overdraft agreement for PLN 300 k. Based on the appendix No. 24 termination date was set on 04/02/2018,
- e) On 15/02/2017 INPRO SA effected the full repayment of the working capital credit for the refinancing of the purchase of part of the land in Gdańsk, City Park estate in amount of PLN 4,300 k granted by Alior Bank SA,
- f) On 15/02/2017 INPRO SA obtained a building permit regarding stages II, III, IV of the Harmonia Oliwska residential estate in Gdańsk, Opacka Street,
- g) On 15/02/2017 the Gdańsk-North District Court in Gdańsk, 3rd Land and Mortgage Register Division, recorded in division IV of land and mortgage register No. GD1G/00068140/0, GD1G/00261401/1, GD1G/00036115/3 and GD1G/00083407/1 the contractual real estate mortgage up to the sum of PLN 25,075 k, constituting a legal security for the repayment of the credit in the amount of PLN 16,000 k granted by Alior Bank SA,
- h) On 24/02/2017 INPRO SA obtained a building permit regarding stage II of Kwartal Uniwersytecki residential estate in Gdańsk, Szczecińska Street,
- i) On 15/03/2017 INPRO SA signed an agreement for purchase of land in Gdańsk, Szczecińska Street, for the price not exceeding 10 % of the Issuer's equity.

In the reporting period there occurred no other events, which have not been described above, material for the assessment of the personnel, economic or financial position and of the financial result.

15. Material events after the balance sheet date

- a) On 07/04/2017 the Company's Management Board decided to recommend the Company's General Assembly the payment of the dividend in the amount of PLN 0.25 per share,
- b) On 25/04/2017 PB Domesta Sp. z o.o. signed with Consortium SGB – Bank SA in Poznań and Bank Spółdzielczy w Tczewie a credit agreement for PLN 6,650 k, partly financing and refinancing the purchase of land in Gdańsk, Dąbrówki Street. The agreement was described in details in current report no 10/2017 dated 26/04/2017,

- c) On 06/04/2016 the Extraordinary General Meeting of Hotel Mikołajki Sp. z o.o. adopted a resolution on the increase of the share capital from PLN 15,780 k to PLN 17,980 k, that is by the sum of PLN 2,200, by way of creation of 2,200 new shares of the nominal value of PLN 1,000 each, which were subscribed for by INPRO SA by cash. After the registration of the capital increase, the number of shares held by INPRO SA in Hotel Mikołajki Sp. z o.o will be 17,980, which constitutes 100 % of the share capital,
- d) On 27/04/2017 INPRO SA obtained a building permit regarding stage I of the Debiut estate in Pruszcz Gdański,
- e) On 28/04/2017 the Company effected the full repayment of the working capital credit in the amount of PLN 8,200 k signed in 2014 with Alior Bank SA. The credit have been allocated for refinancing the building costs of 6 commercial premises and 3 apartments located in Kwartał Kamienic estate,
- f) On 28/04/2017 PB Domesta Sp. z o.o. signed with an individual a purchase agreement for land located in Gdańsk, Dąbrówki Street, for the price not exceeding 10 % of the Issuer's equity. The area is equal to 18,722 m².

16. 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., 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 (inBet Sp. z o.o.).

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 31 March 2017, 31 March 2016 and 31 December 2016.

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Figures for the period 01/01/2017-31/03/2017	Continuing activities					Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total		
Revenues							
Sales to external customers	37 010	4 250	3 038	240	44 538	-	44 538
Sales between segments	127	78	1 137	661	2 003	(2 003)	-
Total revenues of the segment	37 137	4 328	4 175	901	46 541	(2 003)	44 538
Profit (loss) of the segment	13 307	188	1 511	42	15 048	(373)	14 675
Selling costs	(1 273)	(249)	(405)	-	(1 927)	-	(1 927)
Administrative expenses	(3 204)	(1 140)	(236)	(221)	(4 801)	-	(4 801)
Other operating revenues/costs	334	11	(1)	-	344	171	515
Profit (loss) on operating activities	9 164	(1 190)	869	(179)	8 664	(202)	8 462
Interest revenue	50	2	3	-	55	(14)	41
Interest cost	(73)	(237)	(40)	-	(350)	14	(336)
Other net revenues /financial costs	-	(2)	(10)	(3)	(15)	-	(15)
Profit (loss) before tax	9 141	(1 427)	822	(182)	8 354	(202)	8 152
Income tax	(1 777)	283	(45)	-	(1 539)	38	(1 501)
Net profit (loss) for the financial period	7 364	(1 144)	777	(182)	6 815	(164)	6 651
<i>- including attributable to non-controlling shareholders</i>							424

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Figures as at 31/03/2017	Continuing activities					Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total		
Assets and liabilities							
Segment assets	355 316	95 944	20 844	1 366	473 470	(104 820)	368 650
Total assets	355 316	95 944	20 844	1 366	473 470	(104 820)	368 650
Segment liabilities	270 751	63 061	13 342	777	347 931	(95 643)	252 288
Total equity	84 565	32 883	7 502	589	125 539	(9 177)	116 362
Total liabilities and capital	355 316	95 944	20 844	1 366	473 470	(104 820)	368 650
Other information concerning segments for three months of 2017							
Increase of fixed assets in the period	222	-	60	-	282	(261)	21
Depreciation of property, plant, equipment and intangibles	(274)	(495)	(166)	(5)	(940)	25	(915)
Total impairment loss as at 31/03/2017	(2 016)	(82)	(97)	-	(2 195)	21	(2 174)

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COMPARATIVE DATA:

Figures for the period 01/01/2016-31/03/2016	Continuing activities					Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total		
Revenues							
Sales to external customers	35 030	4 341	1 487	720	41 578	-	41 578
Sales between segments	1 955	62	701	1 586	4 304	(4 304)	-
Total revenues of the segment	36 985	4 403	2 188	2 306	45 882	(4 304)	41 578
Profit (loss) of the segment	9 057	301	337	197	9 892	7	9 899
Selling costs	(1 241)	(107)	(60)	-	(1 408)	-	(1 408)
Administrative expenses	(2 832)	(1 332)	(184)	(287)	(4 635)	-	(4 635)
Other operating revenues/costs	117	4	(18)	-	103	-	103
Profit (loss) on operating activities	5 101	(1 134)	75	(90)	3 952	7	3 959
Interest revenue	107	12	2	-	121	(35)	86
Interest cost	(138)	(288)	(5)	(3)	(434)	35	(399)
Other net revenues /financial costs	-	6	-	-	6	-	6
Profit (loss) before tax	5 070	(1 404)	72	(93)	3 645	7	3 652
Income tax	(992)	148	(5)	-	(849)	(1)	(850)
Net profit (loss) for the financial period	4 078	(1 256)	67	(93)	2 796	6	2 802
<i>- including attributable to non-controlling shareholders</i>							95

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Figures as at 31/03/2016	Continuing activities					Exclusions	Total activities
	Property development activity	Hotel services	Manufacture of precast units	Sanitary and heating installations	Total		
Assets and liabilities							
Segment assets	358 562	98 931	10 529	2 741	470 763	(99 557)	371 206
Total assets	358 562	98 931	10 529	2 741	470 763	(99 557)	371 206
Segment liabilities	251 264	61 508	8 237	1 451	322 460	(90 841)	231 619
Total equity	107 298	37 423	2 292	1 290	148 303	(8 716)	139 587
Total liabilities and capital	358 562	98 931	10 529	2 741	470 763	(99 557)	371 206
Other information concerning segments for three months of 2016							
Purchase of fixed assets and intangibles in the period (net expenditures)	19	2 694	299	-	3 012	(1 859)	1 153
Change of fixed assets in the period	79	108	28	-	215	-	215
Depreciation of property, plant, equipment and intangibles	(284)	(504)	(87)	(6)	(881)	16	(865)
Total impairment loss as at 31/03/2016	(284)	(75)	(254)	-	(613)	21	(592)

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17. Costs and revenues

17.1 Sales revenues

Sales revenues	01/01/2017 -31/03/2017	01/01/2016 -31/03/2016
Revenues from the sale of products	39 657	33 970
Revenues from the sale of services	4 873	5 388
Revenues from the sale of goods for resale and materials	8	2 220
Total sales revenues	44 538	41 578

17.2 Costs by category

Costs by category	01/01/2017 -31/03/2017	01/01/2016 -31/03/2016
Depreciation	915	865
Consumption of materials and energy	9 260	11 040
External services	15 324	14 174
Taxes and charges	974	926
<i>Costs of employee benefits, including:</i>	7 742	7 739
- payroll	6 293	6 383
- costs of social insurances and other benefits	1 449	1 356
Other	677	648
Total costs by category	34 892	35 392
Change in products, work in progress and accruals (+/-)	1 699	2 171
Costs of products for the entity's own needs (-)	(8)	(1 857)
Selling costs (-)	(1 927)	(1 408)
Administrative expenses (-)	(4 801)	(4 635)
Value of goods for resale and materials sold	8	2 016
Cost of sales	29 863	31 679
Total costs of products, goods for resale and materials sold, cost of sales and administrative expenses	36 591	37 722

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18. Income tax

The main components of the tax burden for the period ended on 31 March 2017 and 31 March 2016 are as follows:

Income tax	01/01/2017 -31/03/2017	01/01/2016 -31/03/2016
Consolidated statement of total income		
Current income tax	2 161	2 236
Current income tax liability	2 336	2 236
Adjustments concerning current income tax from previous years	(175)	-
Deferred income tax	(660)	(1 386)
Relating to the establishment and reversal of temporary differences	(660)	(1 386)
Tax liability shown in the consolidated statement of total income	1 501	850

19. Earnings per share

Earnings per share	01/01/2017 -31/03/2017	01/01/2016 -31/03/2016
Net profit (loss) from continuing operations	6 227	2 707
Net profit from discontinued operations	-	-
Net profit attributable to shareholders in the parent entity	6 227	2 707
Weighted average number of ordinary shares	40 040	40 040

Basic earnings per share	01/01/2017 -31/03/2017	01/01/2016 -31/03/2016
Net profit	6 227	2 707
Weighted average number of ordinary shares	40 040	40 040
Basic earnings per share (PLN/share)	0.1555	0.0676

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Diluted earnings per share	01/01/2017 -31/03/2017	01/01/2016 -31/03/2016
Net profit attributable to shareholders for diluted earnings per share calculation	6 227	2 707
Adjusted weighted average number of ordinary shares for diluted earnings per share calculation	40 040	40 040
Diluted earnings per share (PLN/share)	0.1555	0.0676
Basic earnings per share from continuing operations	01/01/2017 -31/03/2017	01/01/2016 -31/03/2016
Net profit from continuing operations	6 227	2 707
Weighted average number of ordinary shares	40 040	40 040
Basic earnings per share (PLN/share)	0.1555	0.0676
Diluted earnings per share from continuing operations	01/01/2017 -31/03/2017	01/01/2016 -31/03/2016
Net profit attributable to Shareholders for the calculation of diluted earnings per share from continuing operations	6 227	2 707
Adjusted weighted average number of ordinary shares for diluted earnings per share calculation	40 040	40 040
Diluted earnings per share (PLN/share)	0.1555	0.0676

20. Dividends paid and proposed

The Company did not pay any dividend in the current and comparative period.

On 7 April 2017 the Management Board of INPRO SA made a decision on the payment of the dividend for 2016. The Ordinary General Assembly of the Company will be proposed the payment of the dividend of PLN 0.25 per share (total PLN: 10,010 k). The recommendation of the Management Board regarding the proposed dividend was presented in the resolution of the Management Board of 20/04/2017. It was suggested that 13 June 2017 should be the dividend date and 27 June 2017 should be the dividend payment date.

The recommendation by the Management Board was reviewed and accepted by way of the resolution of the Supervisory Board of 21 April 2017. The final decision on the division of profits for 2016 will be made by the Company's Ordinary General Assembly, which was convened for 2 June 2017.

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21. Property, plant and equipment

	31/03/2017	31/12/2016	Change from 01/01/2017 to 31/03/2017
1. Fixed assets	102 163	102 708	(545)
a) land (including the perpetual usufruct right)	4 990	4 991	(1)
b) buildings, premises and civil and hydraulic engineering structures	75 581	75 748	(167)
c) machinery and equipment	16 359	16 607	(248)
d) motor vehicles	2 586	2 551	35
e) other fixed assets	2 647	2 812	(165)
2. Fixed assets under construction	1 156	1 165	(9)
Total property, plant and equipment	103 319	103 873	(554)

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

22. Inventory

Inventory	31/03/2017	31/12/2016
Materials (at the acquisition price)	1 191	984
Commodities (at the acquisition price)	65 900	51 316
Work in progress (at cost of manufacture)	26 639	43 406
Finished goods (at the acquisition price/ cost of manufacture)	117 478	114 404
Total inventory at the lower of two values: the acquisition price (cost of manufacture) and net realisable value	211 208	210 110

Obsolescence allowances on inventory	01/01/2017 -31/03/2017	01/01/2016- 31/12/2016
Obsolescence allowances on inventory as at the beginning of the period	2 054	322
Obsolescence allowance made	-	1 732
Obsolescence allowance reversed	-	-
Obsolescence allowances on inventory as at the end of the period	2 054	2 054

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 (land in perpetual usufruct recorded in goods for resale). Details of securities: see note 30 in additional information.

In 2016 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 included also revaluation deduction concerning the dispossession of Chmielna Park land. The

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amount is PLN 1,592 k and was calculated as a difference between acquisition value and the estimated value of compensation.

23. Trade and other receivables

	31/03/2017	31/12/2016
Receivables from related entities	18	16
Trade receivables	18	16
Other receivables	-	-
Receivables from other entities	8 633	10 460
Gross trade receivables	2 780	4 363
State budget receivables other than current income tax	3 374	3 090
Advances on inventory	1 617	2 882
Advances on fixed assets	189	71
Advances on intangibles	42	42
Other non-financial liabilities	631	12
Gross receivables	8 651	10 477
Valuation allowance for receivables	(82)	(87)
Short-term prepayments, including:	1 270	307
- subscription cost	6	4
- software, domains, licences	64	52
- cost of insurances	163	136
- payments under the remaining lease agreements	24	34
- rent	37	8
- advertisements	23	32
- payments for perpetual usufruct	887	-
- other prepaid expenses	66	41
Total receivables (net)	9 839	10 697

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24. Other financial assets

Other financial assets	31/03/2017	31/12/2016
advances on separate revenue accounts (escrow accounts)*	10 737	3 975
Shares in SML Sp. z o.o.	201	201
Total	10 938	4 177

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

25. 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 as at 31 March 2017:

Cash	31/03/2017	31/12/2016
Cash at bank and in hand	12 464	11 068
Cash on long-term bank	11 079	6 441
Total cash and cash equivalents	23 543	17 509

	31/03/2017	31/12/2016
Cash in PLN	21 881	17 004
Cash in foreign currency	1 662	505
Total cash and cash equivalents	23 543	17 509

The fair value of cash and cash equivalents as at 31 March 2017 is 23,543 k zlotys (31 December 2016: 17,509 k zlotys).

As at 31 March 2017 the Group had unused credit (working capital credits for property development projects and overdraft facilities) in the amount of 52,760 k zlotys (31 December 2016: 60,059 k zlotys, including open credit line up to PLN 16,000 k), which funds will be used as the construction works progress.

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25.1 Explanation to the cash flow statement for the period 01/01/2017 – 31/03/2017

No.	Item	Change in the period 01/01/2017 -31/03/2017
1.	Balance sheet change in provisions	(1 139)
2.	Change in provisions in the cash flow statement	(637)
3.	Difference	502
4.	Explanation of the difference:	502
-	change in provisions in relation to CIT	502
1.	Balance sheet change in prepayments	(1 292)
2.	Change in prepayments in the cash flow statement	(962)
3.	Difference	330
4.	Explanation of the difference:	330
-	change in assets in relation to CIT	330
-	other prepayments – settlement of interest on lease	-
1.	Balance sheet change in net long and short-term receivables	2 040
2.	Change in receivables in the cash flow statement	5 287
3.	Difference	3 247
4.	Explanation of the difference:	3 247
-	change in receivables in relation to the sale of shares	3 000
-	change in receivables in relation to the sale of fixed assets, fixed assets under construction and intangibles	469
-	change in receivables in relation to CIT	(222)
1.	Balance sheet change in short and long-term liabilities	5 016
2.	Change in short-term liabilities in the cash flow statement	(15 200)
3.	Difference	(20 216)
4.	Explanation of the difference:	(20 216)
-	change in short and long-term loans and credits	(10 790)
-	change in liabilities in relation to CIT	(669)
-	change in liabilities in relation to finance lease	249
-	change in liabilities in relation to the acquisition of fixed assets, fixed assets under construction and intangibles	809
-	change in payables in relation to the purchase of shares	(3 000)

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-	change of advances on separate revenue accounts	(6 761)
-	change in deferred income	(20)
-	other	(34)
1.	Balance sheet change in inventory	(1 099)
2.	Change in inventory in the cash flow statement	(1 099)
3.	Difference	-
4.	Explanation of the difference:	-
1.	Balance sheet change in cash	6 034
2.	Change in cash in the cash flow statement	6 034

26. Establishing asset revaluation deductions and their reversal

01/01/2017-31/03/2017	Property, plant and equipment	Value of receivables	Value of inventory	Total revaluation deductions
Status as at the beginning of the period	38	87	2 054	2 179
Establishment of revaluation deductions	-	-	-	-
Reversal of revaluation deductions	-	(5)	-	(5)
Status as at the end of the period	38	82	2 054	2 174

01/01/2016-31/12/2016	Property, plant and equipment	Value of receivables	Value of inventory	Total revaluation deductions
Status as at the beginning of the period	38	265	322	625
Establishment of revaluation deductions	-	39	1 732	1 771
Reversal of revaluation deductions	-	(217)	-	(217)
Status as at the end of the period	38	87	2 054	2 179

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27. Share capital

As at:	31/03/2017	31/12/2016
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Registered share capital	4 004	4 004
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SHARE CAPITAL AS AT 31/03/2017 AND 31/12/2016 IN PLN						
Series	Kind of shares	Kind of privilege on the shares	Kind of restriction of the right to shares	Number of shares	Nominal value of one share in PLN	Value of the series/issue with reference to the nominal value in PLN
A	ordinary	none	none	30 030 000	0.10	3 003 000
B	ordinary	none	none	10 010 000	0.10	1 001 000
Total				40 040 000		4 004 000

28. Non-controlling shares

Non-controlling shares	01/01/2017 -31/03/2017	01/01/2016- 31/12/2016
At the beginning of the period	12 119	10 880
Dividend payment	-	(437)
Share in the current period's profit or loss	424	1 630
Increase of the share capital in subsidiary- inBet Sp. z o.o.	-	46
At the end of the period	12 543	12 119

29. Provisions

01/01/2017 -31/03/2017	Benefits after the employment period	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties given	Other provisions	Total provisions
Status as at the beginning of the period	296	190	201	2 840	3 527
Increase (+)	-	-	-	-	-
Decrease (-)	-	(32)	(8)	(598)	(638)
Status as at the end of the period	296	158	193	2 242	2 889

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01/01/2016 -31/12/2016	Benefits after the employment period	Provision for contentious issues, penalties, fines and damages	Provision for guarantees and sureties given	Other provisions	Total provisions
Status as at the beginning of the period	290	508	423	1 459	2 680
Increase (+)	73	82	201	2 829	3 186
Decrease (-)	(68)	(400)	(423)	(1 448)	(2 339)
Status as at the end of the period	296	190	201	2 840	3 527

Time structure of provisions	31/03/2017	31/12/2016
Long-term part	296	296
Short-term part	2 593	3 231
Total provisions	2 889	3 527

	31/03/2017	31/12/2016
Discount rate (%)	2.70	2.70
Estimated remuneration growth rate (%)	0.00	0.00

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

Long-term financial liabilities	31/03/2017	31/12/2016
Loans and credits	34 552	35 257
Liabilities relating to finance lease and lease agreements with a purchase option	3 506	3 775
Total	38 058	39 032

Short-term financial liabilities	31/03/2017	31/12/2016
Loans and credits	20 892	9 0398
Liabilities relating to finance lease and lease agreements with a purchase option	1 080	1 058
Total	21 972	10 456

As at 31 March 2017 and 31 December 2016, the Group had the following credits:

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Value of liabilities in relation to credits as at 31/03/2017

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	8 200	48	28/04/2017	Mortgage up to the sum of PLN 12,300 k	GD1G/00084697/7 (on the share in the perpetual usufruct right and ownership of the building)	Gdańsk, ul. Tandeta 1	transfer of monetary claims in relation to the sale of premises, power of attorney to accounts, transfer of claims under insurance, notarised power of attorney to sell the premises credited in the case of the lack of payment
Alior Bank SA	PLN	7 500	5 625	31/12/2018	Mortgage up to the sum of PLN 11,250 k	GD1G/00285339/9	Gdańsk, ul. Opacka	power of attorney to accounts
Consortium SGB Bank SA Kaszubski Bank Spółdzielczy in Wejherowo	PLN	8 000	1 412	30/09/2017	Two mortgages- up to the sum of 7,200 k and up to the sum of 4,800 k	GD1Y/00114340/5	Gdańsk, ul. Wielkopolska	two blank promissory notes, power of attorney to accounts, assignment of claims from the current account
Consortium SGB Bank SA Bank Spółdzielczy in Tczew	PLN	6 000	1 143	30/11/2018	Two mortgages up to the sum of PLN 4,500 k each	GD1G/00264763/7, GD1G/00278657/2	Gdańsk, ul. Chmielna	assignment of rights resulting from the insurance policy, two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
Consortium SGB Bank SA, Bank Spółdzielczy in Tczew, Bank Spółdzielczy in Pruszcz Gdański	PLN	22 500	8 487	30/12/2018	Mortgages up to the sum of PLN 22,500 k –SGB – Bank SA, up to the sum of PLN 2,250k – BS in Tczew and up to the sum of PLN 9,000 k – BS in Pruszcz Gdański	GD1G/00049979/1	Gdańsk, ul. Stężycka	assignment of rights resulting from the insurance policy, three blank promissory notes, a power of attorney to accounts, assignment of claims from the current account

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Consortium SGB Bank SA Bank Spółdzielczy in Tczew	PLN	7 000	6 300	28/09/2018	Two mortgages up to the sum of PLN 7,875 k, up to the sum of PLN 2,625 k	GD1Y/00103465/7, GD1Y/00109619/4	Gdynia ul. Fleszarowa - Muskat	two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
mBank SA	PLN	31 000	5 044	28/09/2018	Mortgage up to the sum of PLN 46,500 k	GD1G/000261213/6	Gdańsk, ul. Opacka	assignment of rights under an insurance policy, blank promissory note
PKO BP	PLN	36 214	22 838	31/12/2027	Mortgage up to the sum of PLN 54,321 k	OL1M/00025679/2*, OL1M/00026392/3 District Court in Mrągowo	The island and peninsula at Lake Mikołajskie	Inpro's sponsor statement, power of attorney to accounts, transfer of claims under apartment lease agreements, registered pledge on the shares in Hotel Mikołajki, blank promissory note, security assignment, INPRO's civil law surety, INPRO's statement on submission to enforcement in conformity with Article 777 of the Code of Civil Procedure, a statement by Hotel Mikołajki on the submission to enforcement in conformity with Article 777 of the Code of Civil Procedure
Consortium SGB Bank SA Bank Spółdzielczy in Tczew	PLN	3 900	3 835	31/12/2017	Mortgage in the amount of PLN 7,800 k	GD1G/00047052/3, GD1G/00047941/2, GD1G/00049614/5	Gdańsk ul. Kruczkowskiego	-
Total credit liabilities			54 732					

*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

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Value of liabilities in relation to loans as at 31/03/2017

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	41	31/08/2021	-	-	-	Registered pledge on the electronic vehicle scales up to PLN 66 k
Total loan liabilities			41					

Open credit lines as at 31/03/2017

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities			
					Mortgage	Object	Location	Other securities
Alior Bank SA	PLN	16 000	-	21/09/2017	mortgage up to the sum of PLN 25,075 k	GD1G/00036115/3, GD1G/00068140/0 i GD1G/00083407/1, GD1G/00261401/1	Gdańsk, ul. Myśliwska, Opata Jacka Rybińskiego 8, ul. Jana Pawła II	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	-	04/02/2017	mortgage up to the sum of PLN 425 k	GD1G/00082949/5	Gdańsk, ul. Opata Jacka Rybińskiego 8	blank promissory note
PEKAO S.A.	PLN	1 000	671	31/12/2017	mortgage up to the sum of PLN 2,000 k	GD1G/00072944/7	Gdańsk ul. Cementowa	-
Total credit liabilities			671					

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

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities – mortgage			Other securities
					Mortgage	Object	Location	
Alior Bank SA	PLN	4 300	240	06/02/2017	Mortgage up to the sum of PLN 25,075 k	GD1G/00036115/3, GD1G/00068140/0, GD1G/00083407/1 GD1G/00261401/1	Gdańsk, ul. Myśliwska, Gdańsk, ul. Opata Jacka Rybińskiego 8 Gdańsk, al. Jana Pawła II	power of attorney to accounts, silent assignment of claims from the sale agreements regarding single-family houses, stages D and H
Alior Bank SA	PLN	8 200	754	28/04/2017	Mortgage up to the sum of PLN 12,300 k	GD1G/00084697/7 (on the share in the perpetual usufruct right and ownership of the building)	Gdańsk, ul. Tandeta 1	transfer of monetary claims in relation to the sale of premises, power of attorney to accounts, transfer of claims under insurance, notarised power of attorney to sell the premises credited in the case of the lack of payment
Alior Bank SA CDF Gdańsk	PLN	7 500	6 450	31/12/2018	Mortgage up to the sum of PLN 11,250 k	GD1G/00285339/9 (on the share in the perpetual usufruct right and ownership of the building)	Gdańsk, ul. Opacka	power of attorney to accounts
Consortium SGB Bank SA Kaszubski Bank Spółdzielczy in Wejherowo	PLN	8 000	2 118	30/09/2017	Two mortgages- up to the sum of 7,200 k and up to the sum of 4,800 k	GD1Y/00114340/5	Gdańsk, ul. Wielkopolska	two blank promissory notes, power of attorney to accounts, assignment of claims from the current account
Consortium SGB Bank SA Bank Spółdzielczy in Tczew Bank Spółdzielczy in Pruszcz Gdański	PLN	6 000	1 818	31/11/2018	Two mortgages up to the sum of PLN 4,500 k each	GD1G/00264763/7, GD1G/00278657/2	Gdańsk, ul. Chmielna	assignment of rights resulting from the insurance policy, two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account

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

Consortium SGB Bank SA Bank Spółdzielczy in Tczew Bank Spółdzielczy in Pruszcz Gdański	PLN	22 000	5 548	31/12/2018	Three mortgages up to the sum of PLN 22,500 k, up to the sum of PLN 2,250 k and up to the sum of PLN 9,000 k	GD1G/00049979/1	Gdańsk, ul. Stężycka	assignment of rights resulting from the insurance policy, three blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
Consortium SGB Bank SA Bank Spółdzielczy in Tczew	PLN	7 000	-	28/09/2018	Two mortgages up to the sum of PLN 7,875 k, up to the sum of PLN 2,625 k	GD1Y/00103465/7, GD1Y/00109619/4	Gdynia ul. Fleszarowa - Muskat	two blank promissory notes, a power of attorney to accounts, assignment of claims from the current account
mBank SA	PLN	31 000	3 107	28/09/2018	Mortgage up to the sum of PLN 46,500 k	GD1G/000261213/6	Gdańsk, ul. Opacka	assignment of rights under an insurance policy, blank promissory note
PKO BP	PLN	36 214	24 577	31/12/2027	Mortgage up to the sum of PLN 54,321 k	OL1M/00025679/2*, OL1M/00026392/3 District Court in Mrągowo	The island and peninsula at Lake Mikołajskie	Inpro's sponsor statement, power of attorney to accounts, transfer of claims under apartment lease agreements, registered pledge on the shares in Hotel Mikołajki, blank promissory note, security assignment, INPRO's civil law surety, INPRO's statement on submission to enforcement in conformity with Article 777 of the Code of Civil Procedure, a statement by Hotel Mikołajki on the submission to enforcement in conformity with Article 777 of the Code of Civil Procedure
Total credit liabilities			44 612					

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

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Value of liabilities in relation to loans as at 31/12/2016

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	43	31/08/2021	-	-	-	Registered pledge on the electronic vehicle scales up to PLN 66 k
Total loan liabilities			43					

Open credit lines as at 31/12/2016

Financing party	Credit currency	Credit/limit amount	Credit value as at the balance sheet date	Deadline for repayment	Securities			Other securities
					Mortgage	Object	Location	
Alior Bank SA	PLN	16 000	-	21/09/2017	mortgage up to the sum of PLN 25,075 k	GD1G/00036115/3, GD1G/00068140/0 i GD1G/00083407/1, GD1G/00261401/1	Gdańsk, ul. Opata Jacka Rybińskiego 8, ul. Jana Pawła II	blank promissory note, assignment of rights under the construction site insurance agreement, claim deduction from bank accounts
BANK MILLENNIUM SA	PLN	250	-	04/02/2017	mortgage up to the sum of PLN 425 k	GD1G/00082949/5	Gdańsk, ul. Opata Jacka Rybińskiego 8	blank promissory note
PEKAO S.A.	PLN	1 000	-	31/12/2017	mortgage up to the sum of PLN 2,000 k	GD1G/00072944/7	Gdańsk, ul. Cementowa	blank promissory note
Total credit liabilities			-					

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

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

Nominal value of minimum lease payments	31/03/2017	31/12/2016
Within 1 year	1 080	1 058
Within 1 to 3 years	2 315	2 264
Within 3 to 5 years	1 149	1 457
More than 5 years	42	54
Total liabilities relating to finance lease - minimum total lease payments	4 586	4 833

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

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

Capital Group in relation to lease agreements as at 31/03/2017

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
Inpro SA							
Caterpillar Financial Service Poland Sp. z o.o.	428 F digger-loader	OL-026954	294	2019/03/05	131	67	64
Domesta Sp. z o.o.							
Raiffeisen Leasing Polska S.A.	SUBARU	15/011787(UL)	104	2018/05/31	40	33	7
VOLKSWAGEN LEASING GMBH SP. Z O.O.	SKODA	6706907-1216-06621	47	2019/05/31	31	14	17
mLeasing Sp. z o.o.	intermodal containers	0131172016/GD/236559	411	2021/12/15	271	41	230
mLeasing Sp. z o.o.	POTAIN tower crane	0131172016/GD/236559	462	2021/12/15	250	38	212
Hotel Mikołajki Sp. z o.o.							
PKO leasing SA	Recycling machine	B/O/WA/2014/11/46	157	2018/11/15	78	21	57
Dom Zdrojowy Sp. z o.o.							
VOLKSWAGEN	Skoda Superb	6922827-1215-5480	100	2018/04/30	30	28	2
PSA Finance	CITROEN C4 Cactus	9400876372.	48	2018/05/25	17	15	2
PSA Finance	CITROEN Berlingo VAN	9400876382.	45	2018/05/25	16	14	2

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inBet Sp. z o.o.							
RCI Leasing Polska Spółka z o.o.	Nissan Micra ACENTA	9000002616	33	2019/02/05	14	7	7
SG Equipment Leasing Polska Sp.z o.o.	JCB 411HT front-end loader	50399	251	2022/05/01	179	28	151
SG Equipment Leasing Polska Sp.z o.o.	JCB SC240 sweeper	20449	23	2018/05/05	8	7	1
SG Equipment Leasing Polska Sp.z o.o.	Aggregate transport line	50448	98	2022/08/05	73	11	62
RCI Leasing Polska Spółka z o.o.	Nissan Micra ACENTA	9000003077	32	2019/08/17	16	6	10
BGŻ NP Paribas Spółka Akcyjna	ALUP compressor + drier	62597/12/2015	55	2019/11/30	40	9	31
Idea Leasing Spółka z o.o. Sp.k.	EURA 16/9 bending machine	19398/SK	841	2020/11/13	378	63	315
Pekao Leasing Sp.z o.o.	Production line	38/0211/15	5 178	2021/04/12	2 767	627	2 140
Idea Leasing S.A.	Flight of stairs production form	116377	114	2021/05/31	76	18	58
Idea Leasing S.A.	Flight of stairs production form	116378	114	2021/05/31	76	18	58
Pekao Leasing Sp.z o.o.	Toyota Avensis	38/0514/16	103	2021/09/12	96	16	80
					4 586	1 080	3 506

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

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

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

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

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

32. Trade and other liabilities

Long-term liabilities	31/03/2017	31/12/2016
Towards related entities	-	-
trade liabilities	-	-
Towards other entities	1 691	1 650
trade liabilities	1 658	1 637
other liabilities	33	13
Total trade and other long-term liabilities	1 691	1 650

Short-term liabilities	31/03/2017	31/12/2016
Towards related entities	21	55
trade liabilities	21	55
other liabilities	-	-
Towards other entities	46 219	52 421
trade liabilities	14 546	13 257
payroll payable	876	893
state budget liabilities other than current income tax	2 097	1 628
advances received	28 587	36 027
other liabilities	113	618
Total trade and other short -term liabilities	46 240	52 477

Total trade and other liabilities	47 931	54 127
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Unless otherwise indicated, all sums have been given in thousands of zlotys

33. Contingent and other off-balance sheet items

Contingent receivables	31/03/2017	31/12/2016
Guarantees received	408	381
Total contingent receivables	408	381

There are no contingent payables as at 31/03/2017 as well as at 31/12/2016.

34. Securities established by Group companies

Securities established on Group's assets as at 31/03/2017 and as at 31/12/2016

	31/03/2017	31/12/2016
- on fixed assets*	86 906	86 906
- on current assets**	168 175	155 275
Total	255 081	242 181

Securities established by Group companies as at 31/03/2017

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

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

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

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

****Securities established on current assets:**

This concerns legal securities established on current assets.

The schedule of mortgages established on current assets as at 31 March 2017 in the total amount of PLN 168,175 k is included in note No. 30 of additional information.

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

Securities established on fixed assets:

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

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

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

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

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

Securities established on current assets:

This concerns legal securities established on current assets

The schedule of mortgages established on current assets as at 31 December 2016 in the total amount of PLN 203,300 k is included in note No. 27 of additional information.

35. Significant court cases

As at 31/03/2017, none of the following occurred:

a) a single case of proceedings before a court, a body competent for arbitration proceedings or a public administrative body, such proceedings concerning the Company's or subsidiaries' claims or liabilities, whose value would be at least 10% of the Company's equity;

b) two or more cases of proceedings before a court, a body competent for arbitration proceedings or a public administrative body, such proceedings concerning the claims and liabilities, whose total value would be at least 10% of the Company's equity.

The proceedings to which the Parent Company or its subsidiaries are a party do not have significant influence on the Group's activity.

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

36. Financial instruments

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

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

Financial assets	Category	31/03/2017	31/12/2016
Trade and other receivables	loans and receivables	2 716	4 292
Short term financial assets	as above	10 737	3 975
Cash and cash equivalents	as above	23 543	17 509
		36 996	25 776

Financial liabilities	Category	31/03/2017	31/12/2016
Long-term loans and bank credits	financial liabilities valued as at the amortised cost	34 552	35 257
Short-term loans and bank credits	as above	20 892	9 398
Trade and other liabilities	as above	16 225	14 949
Payroll payable	as above	876	893
Other liabilities	as above	146	631
Other long-term financial liabilities (lease)	as above	3 506	3 775
Other short-term financial liabilities (lease)	as above	1 080	1 058
Total financial liabilities valued at the amortised cost		77 277	65 962

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37. Transactions with related entities

SHORT-TERM RECEIVABLES/LIABILITIES at 31/03/2017		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.	Hotel Oliwski Sp. z o.o.	SML Sp. z o.o.	Members of the Management Board					
CREDITOR	related entities (full consolidation)	Excluded in the process of consolidation													
	Inpro SA												-	2	-
	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.												-	-	-
	Isa Sp. z o.o.						-	-	-						
	TOTAL for related entities	-						18							
CREDITOR	other related entities														
	Hotel Oliwski Sp. z o.o.	-	-	-	-	-	-	-	-						
	SML Sp. z o.o.	-	-	-	-	-	-	-	-						
	Members of the Management Board	-	-	-	-	-	-	-	-						
	TOTAL for other related entities	-						-							

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LONG-TERM RECEIVABLES/LIABILITIES at 31/03/2017		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.	Hotel Oliwski Sp. z o.o.	SML Sp. z o.o.	Members of the Management Board
CREDITOR	related entities (full consolidation)	Excluded in the process of consolidation						-	-	-
	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.							-	-	-
	TOTAL for related entities	-								-
other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-	-	-	-	-	
	SML Sp. z o.o.	-	-	-	-	-	-	-	-	
	Members of the Management Board	-	-	-	-	-	-	-	-	
	TOTAL for other related entities	-								-

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REVENUES / COSTS 01/01/2017-31/03/2017		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.	Members of the Management Board				
SELLER	related entities (full consolidation)	Transactions excluded in the process of consolidation						-	4	-				
	Inpro SA							-	-	-	-	-	-	-
	inBet Sp. z o.o.							-	-	-	-	-	-	-
	Dom Zdrojowy Sp. z o.o.							-	-	-	-	-	-	24
	P. B. Domesta Sp. z o.o.							-	-	-	-	-	-	-
	Hotel Mikołajki Sp. z o.o.							-	-	-	-	-	-	-
	Isa Sp. z o.o.	-	-	-	-	-	-	-						
TOTAL for related entities							-	28						
other related entities	Hotel Oliwski Sp. z o.o.	-	-	-	-	-	-	-	-					
	SML Sp. z o.o.	-	-	-	-	-	-	-	-					
	Members of the Management Board	-	-	12	-	6	-	-	-					
TOTAL for other related entities							18	-						

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COMPARATIVE DATA:

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

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

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

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

CONDENSED FINANCIAL DATA OF INPRO SA

STATEMENT OF TOTAL INCOME FOR THREE MONTHS ENDED ON 31 MARCH 2017

Statement of total income	Note	01/01/2017 -31/03/2017 (unaudited)	01/01/2016 -31/03/2016 (unaudited)
Continuing operations			
Sales revenues	4	31 109	34 416
Cost of sales	4	(19 831)	(26 138)
Gross profit (loss) on sales		11 278	8 278
Selling costs	4	(1 036)	(1 137)
Administrative expenses	4	(2 524)	(2 299)
Other operating revenues		357	174
Other operating costs		(26)	(57)
Profit (loss) on operating activities		8 049	4 959
Financial revenues		49	100
Financial costs		(20)	(133)
Gross profit (loss)		8 078	4 926
Income tax		(1 560)	(955)
Net profit (loss) from continuing operations		6 518	3 971
TOTAL INCOME		6 518	3 971

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

STATEMENT OF THE FINANCIAL POSITION FOR THE PERIOD ENDED ON 31 MARCH 2017

ASSETS	Note	31/03/2017 (unaudited)	31/12/2016 (audited)
Fixed (long-term) assets		104 334	103 952
Property, plant and equipment		4 281	4 256
Other intangibles		22	26
Investment properties		1 110	3 326
Shares in subsidiaries		62 121	59 121
Other financial assets	5	36 793	37 216
Other assets		7	7
Current (short-term) assets		214 189	205 629
Inventory	6	182 196	181 736
Trade and other receivables	7	7 704	9 276
Current tax assets		-	222
Other financial assets	5	8 562	3 283
Cash and cash equivalents		15 727	11 112
TOTAL ASSETS		318 523	309 581

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

STATEMENT OF THE FINANCIAL POSITION AS AT 31/03/2017 (CONTINUED)

EQUITY AND LIABILITIES	Note	31/03/2017 (unaudited)	31/12/2016 (audited)
Equity		246 529	240 011
Issued share capital		4 004	4 004
Reserves		531	531
Retained profits		241 994	235 476
Long-term liabilities		17 554	19 789
Retirement benefit liabilities (a provision)		201	201
Deferred income tax provision		4 414	4 798
Long-term credits and bank borrowings		11 038	12 910
Other financial liabilities (lease)		64	81
Trade and other liabilities	9	1 837	1 799
Short-term liabilities		54 440	49 781
Short-term provisions		2 175	2 477
Credits and borrowings	8	17 021	7 124
Other financial liabilities (lease)	8	67	67
Current income tax liabilities		723	-
Trade and other liabilities	9	34 454	40 113
Total liabilities		71 994	69 570
TOTAL EQUITY AND LIABILITIES		318 523	309 581

CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 31 MARCH 2017

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

Cash flows from operating activities	01/01/2017 -31/03/2017 (unaudited)	01/01/2016 -31/03/2016 (unaudited)
Gross profit/(loss)	8 078	4 926
Adjustments:	(13 230)	(6 974)
Depreciation	196	233
Income tax paid	(1 000)	(1 898)
Net interest and dividends	5	97
Profit/(loss) on investing activities	(305)	(101)
(Increase)/ decrease of receivables	2 305	(352)
(Increase)/ decrease of inventory	(461)	5 679
Increase/ (decrease) of liabilities	(13 406)	(10 797)
Increase/ (decrease) of accrued/prepaid expenses	(263)	(272)
(Increase)/decrease of accruals/prepayments in relation to long-term contracts	-	191
Change in provisions	(301)	246
Net cash flows from operating activities	(5 152)	(2 048)
Cash flows from investing activities	01/01/2017 -31/03/2017 (unaudited)	01/01/2016 -31/03/2016 (unaudited)
Sale of property, plant, equipment and intangibles	10	3
Interest received	88	1 090
Repayment of loans allowed	350	312
Disposal of real estate investment and intangible assets	1 942	-
Acquisition of property, plant, equipment and intangibles	(613)	(9)
Net cash flows from investing activities	1 777	1 396

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

CASH FLOW STATEMENT OF THE FINANCIAL POSITION FOR THE PERIOD ENDED ON 31 MARCH 2017 (CONTINUED)

Cash flow from financing activities	01/01/2017 -31/03/2017 (unaudited)	01/01/2016 -31/03/2016 (unaudited)
Proceeds in relation to loans/credits obtained	13 628	14 863
Payments in relation to finance lease agreements	(16)	(18)
Repayment of loans/credits	(5 603)	(11 986)
Interest paid	(20)	(132)
Net cash flows from financing activities	7 989	2 727
Net change in cash and cash equivalents	4 615	2 075
Cash at the beginning of the period	11 112	17 916
Cash at the end of the period	15 727	19 991

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

STATEMENT OF THE CHANGES IN EQUITY FOR THE PERIOD ENDED ON 31 MARCH 2017

	Share capital	Share premium capital	Revaluation reserve	Retained profit	Total
As at 01/01/2017	4 004	62 237	531	173 239	240 011
Net profit (loss) for the financial year	-	-	-	6 518	6 518
As at 31/03/2017	4 004	62 237	531	179 757	246 529

	Share capital	Share premium capital	Revaluation reserve	Retained profit	Total
As at 01/01/2016	4 004	62 237	531	159 883	226 655
Net profit (loss) for the financial year	-	-	-	3 971	3 971
As at 31/03/2016	4 004	62 237	531	163 854	230 626

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 and 15 (material events after the balance sheet date) 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 three months ended on 31 March 2017 were approved for publication by the Management Board on 12 May 2017.

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

These interim condensed separate financial statements 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 2016.

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

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

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 2016, apart from exceptions described in Note 5.2 of the Group's condensed additional information to the interim condensed consolidated financial statements.

4. Costs and revenues

Sales revenues	01/01/2017 -31/03/2017	01/01/2016 -31/03/2016
Revenues from the sale of products	30 698	32 193
Revenues from the sale of services	411	243
Revenues from the sale of goods for resale and materials	-	1 980
Total sales revenues	31 109	34 416

Costs by category	01/01/2017 -31/03/2017	01/01/2016 -31/03/2016
Depreciation	196	233
Consumption of materials and energy	5 414	5 772
External services	10 887	12 092
Taxes and charges	573	629
Costs of employee benefits, including:	3 576	3 542
- <i>payroll</i>	2 895	2 890
- <i>costs of social insurances and other benefits</i>	681	652
Other costs:	628	643
- <i>costs of credit</i>	218	296
- <i>entertainment and advertising</i>	330	245
- <i>property and personal insurances</i>	47	66
- <i>business trips</i>	4	10
- <i>other operating costs</i>	29	26
Total costs by category	21 274	22 911
Change in products, work in progress and accruals (+/-)	2 116	4 863
Costs of products for the entity's own needs (-)	-	(3)
Selling costs (-)	(1 036)	(1 137)
Administrative expenses (-)	(2 523)	(2 299)
Value of goods for resale and materials sold	-	1 803
Cost of sales	19 831	26 138
Total costs of products, goods for resale and materials sold, cost of sales and administrative expenses	23 390	29 574

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

5. Other financial assets

Other financial assets (short-term)	31/03/2017	31/12/2016
Short-term deposits – funds on trust accounts*	8 562	3 283
Loans allowed	-	-
Total	8 562	3 283

Other financial assets (long-term)	31/03/2017	31/12/2016
Returnable additional contribution to equity of subsidiary	35 150	35 150
Loans allowed	1 643	2 066
Total	36 793	37 216

* applicable to payments made by the customers on the basis of property development agreements

6. Inventory

Inventory	31/03/2017	31/12/2016
Materials at the price of acquisition	58	37
Work in progress at the cost of manufacture	54 907	44 661
Finished products at the cost of manufacture	24 630	37 512
Goods for resale at the price of acquisition	102 601	99 526
Total	182 196	181 736

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

7. Trade and other receivables

	31/03/2017	31/12/2016
Receivables from related entities	3 376	3 372
Gross value of trade receivables	3 258	3 244
Other receivables	118	128
Receivables from other entities	3 941	5 782
Gross value of trade receivables	355	1 544
Receivables from the budget other than current income tax	2 469	2 426
Advances on fixed assets	67	1 800
Advances on inventory	454	9
Other non-financial liabilities	596	3
Gross receivables	7 317	9 154
Valuation allowance for receivables	-	-
Short-term prepayments, including:	386	123
- subscription cost	5	4
- software, domains, licences	15	16
- cost of insurances	88	67
- advertisements	10	19
- payments for perpetual usufruct	230	-
- other prepaid expenses	38	17
Total receivables (net)	7 703	9 277

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

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

Long-term financial liabilities	31/03/2017	31/12/2016
Liabilities in relation to finance lease and lease agreements with a purchase option	64	81
Loans and credits	11 038	12 910
Total	11 102	12 991

Short-term financial liabilities	31/03/2017	31/12/2016
Liabilities in relation to finance lease and lease agreements with a purchase option	67	67
Loans and credits	17 021	7 124
Total	17 088	7 191

Nominal value of minimum lease payments	31/03/2017	31/12/2016
Within 1 year	67	66
Within 1 to 3 years	64	81
Total liabilities related to finance lease - total minimum lease payments	131	147

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

9. Trade and other liabilities

Long-term liabilities	31/03/2017	31/12/2016
Long-term liabilities in relation to related entities	179	172
Trade liabilities	179	172
Long-term liabilities in relation to other entities	1 658	1 627
Trade liabilities	1 658	1 627
Other liabilities	-	-
Total trade and other long-term liabilities	1 837	1 799
Short-term liabilities	31/03/2017	31/12/2016
Short-term liabilities in relation to related entities	3 737	746
Trade liabilities	737	746
Other liabilities	3 000	-
Short-term liabilities in relation to other entities	21 506	39 366
Trade and other liabilities	9 517	8 626
Payroll payable	205	333
Liabilities towards the state budget other than current income tax	570	713
Advances received	11 175	29 163
Other liabilities	39	531
Total short term trade and other liabilities	25 243	40 112
Total trade and other liabilities	27 080	41 911

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

10. Transactions with related entities

Revenues from sales to a related entity (products, services, goods for resale, materials and other revenues)	01/01/2017 31/03/2017	01/01/2016 31/03/2016
inBet Sp. z o.o.	15	13
Dom Zdrojowy Sp. z o.o.	63	42
Hotel Mikołajki Sp. z o.o.	53	1 881
PI Isa Sp z o.o.	10	19
SML Sp. z o.o.	4	-
Total	145	1 955

Purchase from a related entity	01/01/2017 31/03/2017	01/01/2016 31/03/2016
inBet Sp. z o.o.	745	448
Dom Zdrojowy Sp. z o.o.	73	67
Hotel Mikołajki Sp. z o.o.	1	1
Isa Sp z o.o.	614	1 551
Total	1 433	2 067

The data in the table concerning the sales by INPRO SA to Hotel Mikołajki Sp. z o.o. were presented by long-term contracts.

Sales of INPRO SA as per invoices	01/01/2017 31/03/2017	01/01/2016 31/03/2016
Buyer: Hotel Mikołajki	53	2 072

Loans granted by Inpro SA	31/03/2017	31/12/2016
To related entities:		
Dom Zdrojowy Sp. z o.o.	1 643	2 066
Total loans granted to related entities	1 643	2 066

Condensed interim consolidated financial statements of the INPRO SA Capital Group for three months ended on 31 March 2017

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

Receivables from related entities

	31/03/2017	31/12/2016
Trade receivables - up to 12 months	2 801	2 787
inBet Sp. z o.o.	8	7
Dom Zdrojowy Sp. z o.o.	26	26
Hotel Mikołajki Sp. z o.o.	2 763	2 752
Isa Sp. z o.o.	4	1
SML Sp. z o.o.	1	1
Trade receivables - over 12 months	457	457
Hotel Mikołajki Sp. z o.o.	457	457
Other receivables- up to 12 months	118	128
inBet Sp. z o.o.	-	10
Hotel Mikołajki Sp. z o.o.	10	118
Total short-term receivables	3 376	3 372
inBet Sp. z o.o.	8	17
Dom Zdrojowy Sp. z o.o.	26	26
Hotel Mikołajki Sp. z o.o.	3 338	3 327
Isa Sp. z o.o.	4	1
SML Sp. z o.o.	1	1

Liabilities towards related entities

	31/03/2017	31/12/2016
Trade liabilities - up to 12 months	738	747
inBet Sp. z o.o.	415	359
Dom Zdrojowy Sp. z o.o.	4	-
Hotel Mikołajki Sp. z o.o.	-	2
Isa Sp. z o.o.	319	386
Trade liabilities - over 12 months	178	172
inBet Sp. z o.o.	30	28
Isa Sp. z o.o.	148	144
Other liabilities up to 12 months	3 000	-
inBet Sp. z o.o.	3 000	-
Total short-term liabilities	3 916	919
inBet Sp. z o.o.	3 445	387
Dom Zdrojowy Sp. z o.o.	4	-
Hotel Mikołajki Sp. z o.o.	-	2
Isa Sp. z o.o.	467	530

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

11. Contingent liabilities and receivables

Contingent liabilities

Continent liabilities	31/03/2017	31/12/2016
Surety for a bill of exchange	5 348	5 348
Other contingent liabilities	36 214	36 214
Total contingent liabilities	41 562	41 562

Contingent liabilities as at 31/03/2017 and as at 31/12/2016:

1. Unconditional subordinate loan enhancement agreement 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	31/03/2017	31/12/2016
Guarantees received	408	381
Total contingent receivables	408	381