

RESOLUTION No. 10/2014
OF THE SUPERVISORY BOARD OF INPRO SA with its registered office in Gdańsk
of 14 May 2014

on the evaluation of the situation of INPRO S.A.

Acting on the basis of the provision of § 10 item 9 point g) of the Statutes of INPRO SA, having become familiar with the contents of the financial statements for the period 01/01/2013 - 31/12/2013, and of the report of the Management Board of the Company's activity in the period 01/01/2013 - 31/12/2013, and with the opinion of 21 March 2014 of the independent statutory auditor, Audytorium Biegli Rewidenci Grabowski, Pigoń Spółka Partnerska with its registered office in Gdańsk, ul. Świętopelka 9, and on the basis of current information provided by the members of the Management Board, the Supervisory Board ascertains as follows:

1. The sale of products was the main source of the Company's revenue in the period under evaluation. That revenue accounted for approximately 76% of the turnover achieved. The revenue from the sale of products is, first of all, the revenue from the sale of living quarters, business premises and residential buildings as part of property development projects. The majority of sales were targeted at retail customers. The significant share in the Company's turnover in 2013 was constituted by the revenues from the sale of services, goods and materials (ca. 24%), comprising first of all the works on the main contracting basis done upon order from related companies: Hotel Mikołajki Sp. z o.o. and Dom Zdrojowy Sp. z o.o.
2. The Company's activity in the period under review was characterised by sufficient profitability, namely the gross profit from sales was 31,442,591.88 zlotys, and the net profit 15,543,284.25 zlotys. Profitability ratios corresponded to the financial results – the net return reached the level of 8%, the return on sales 17%, and the return on assets 5%. Whereas the current ratio of 4.31 remained within the limits of the standard, the cash to liabilities ratio is 0.65 against the recommended figure of 1.0 – 1.2. The lower cash to liabilities ratio is linked to the nature of the development activity as the land value and construction expenditure related to the property development projects in progress are booked as part of inventory. The trade receivables turnover ratio is 41 days, and the trade liabilities turnover ratio indicates that those liabilities are paid within 38 days.
3. The asset financing structure has improved against the previous year. In the entire period under evaluation, the rule stipulating that fixed assets should be financed in their entirety with equity increased by long-term liabilities has been complied with.
4. The Supervisory Board shares the view of the Management Board contained in its report that the following should be counted among the most important risk factors in the activity of INPRO SA:
 - a) Poland's general macroeconomic situation – the demand for the Company's products is directly linked to the condition of households and their capacity to obtain housing credit,

b) the nature of the property development cycle – the threats arising from the failure to obtain building permits, delays to the adoption of and changes in the spatial development plans, delays at construction sites,

c) competition on the property developer market,

d) restrictions in the crediting of developers by the banks.

5. In accordance with the opinion expressed by the independent statutory auditor, which opinion is fully accepted by the Supervisory Board, in the period under assessment the Company achieved profit on all kinds of activity and satisfactory profitability ratios. The financial analysis confirms the stable economic and financial situation of the Company. There are no threats to the continuation of the activity in the nearest future.

The resolution was adopted unanimously.

Jerzy Glanc _____

Krzysztof Gąsak _____

Szymon Lewiński _____

Robert Maraszek _____

Wojciech Stefaniak _____