WIKANA Group

Extended consolidated quarterly report

for the period 01.01.2016-31.03.2016

Lublin, 13 May 2016

wikana

Contents

1. Selected financial data from the condensed consolidated interim financial statements

Selected financial data is translated into EUR in accordance with the following principles:

Selected asset and equity and liability items - using the average exchange rate on 31 March 2016: EURPLN 4.2684 (31 December 2015: EURPLN 4.2615).

Items in the statement of comprehensive income - using the arithmetic mean of average exchange rates established by the National Bank of Poland as at the last day of each month in 2016: EURPLN 4.3559 (2015: EURPLN 4.1489).

Selected items from the condensed consolidated interim balance sheet

Balance sheet item	**31 Mar 2016**		**31 Dec 2015**	
in 000s	**PLN**	**EUR**	**PLN**	**EUR**
Total assets	**201 371**	**47 177**	**200 368**	**47 018**
Non-current assets	103 582	24 267	104 267	24 467
Current assets	97 789	22 910	96 101	22 551
Total equity and liabilities	**201 371**	**47 177**	**200 368**	**47 018**
Equity	41 120	9 634	42 305	9 927
Non-current liabilities	71 242	16 690	85 091	19 967
Current liabilities	89 009	20 853	72 972	17 124

Selected items from the condensed consolidated interim statement of comprehensive income

Item in the Group's condensed consolidated statement of comprehensive income	**1 Jan 2016 31 Mar 2016**		**1 Jan 2015 31 Mar 2015 (adjusted data)***	
in 000s	**PLN**	**EUR**	**PLN**	**EUR**
Revenue from sales	13 277	3 048	10 956	2 641
Cost of sales	(10 928)	(2 509)	(8 942)	(2 155)
Gross profit (loss) on sales	**2 349**	**539**	**2 014**	**486**
Selling costs	(497)	(114)	(729)	(176)
Administrative expenses	(1 558)	(358)	(1 704)	(411)
Other operating revenue	822	189	761	184
Other operating expenses	(422)	(97)	(1 141)	(275)
Gain on investments	8	2	852	205
Operating profit (loss)	**702**	**161**	**54**	**13**
Net finance costs	(1 527)	(351)	(2 111)	(509)
Profit (loss) before tax	**(825)**	**(190)**	**(2 057)**	**(496)**
Income tax	(368)	(84)	(158)	(38)
Net profit (loss)	**(1 193)**	**(274)**	**(2 215)**	**(534)**

* adjustment of comparative data, presented in point 4.2.

Robert Pydzik
/President of the Management Board/

Agnieszka Maliszewska
/Member of the Management Board/

Bożena Wincentowicz
/Person responsible for bookkeeping/

Lublin, 13 May 2016

2. Selected financial data from the separate interim financial statements

Selected financial data is translated into EUR in accordance with the following principles:

Selected asset and equity and liability items - using the average exchange rate on 31 March 2016: EURPLN 4.2684 (31 December 2015: EURPLN 4.2615).

Items in the statement of comprehensive income - using the arithmetic mean of average exchange rates established by the National Bank of Poland as at the last day of each month in 2016: EURPLN 4.3559 (2015: EURPLN 4.1489).

Selected items from the condensed separate interim balance sheet

Balance sheet item	**31 Mar 2016**		**31 Dec 2015**	
in 000s	**PLN**	**EUR**	**PLN**	**EUR**
Total assets	**82 728**	**19 382**	**83 961**	**19 702**
Non-current assets	40 323	9 447	41 016	9 625
Current assets	42 405	9 935	42 945	10 077
Total equity and liabilities	**82 728**	**19 382**	**83 961**	**19 702**
Equity	37 255	8 728	38 051	8 929
Non-current liabilities	18 757	4 395	23 739	5 571
Current liabilities	26 716	6 259	22 171	5 203

Selected items from the condensed separate interim statement of comprehensive income

Item in the condensed separate interim statement of comprehensive income	**1 Jan 2016 31 Mar 2016**		**1 Jan 2015 31 Mar 2015**	
in 000s	**PLN**	**EUR**	**PLN**	**EUR**
Revenue from sales	438	100	4 644	1 119
Cost of sales	(445)	(102)	(4 624)	(1 114)
Gross profit (loss) on sales	**(7)**	**(2)**	**20**	**5**
Selling costs	(43)	(10)	(258)	(62)
Administrative expenses	(344)	(79)	(502)	(121)
Other operating revenue	36	8	480	116
Other operating expenses	(35)	(8)	(64)	(15)
Gain on investments	291	67	198	48
Operating profit (loss)	**(102)**	**(24)**	**(125)**	**(30)**
Net finance costs	(694)	(159)	(650)	(156)
Profit (loss) before tax	**(796)**	**(183)**	**(775)**	**(186)**
Income tax	-	-	-	-
Net profit (loss)	**(796)**	**(183)**	**(775)**	**(186)**

Robert Pydzik
/President of the Management Board/

Agnieszka Maliszewska
/Member of the Management Board/

Bożena Wincentowicz
/Person responsible for bookkeeping/

Lublin, 13 May 2016

3. Information about the Parent and its subsidiaries included in the consolidated financial statements

3.1. Data about the Parent

Wikana S.A. ("Company," "Parent," "Issuer") is a public limited company registered in Poland. The Company's registered office is located in Lublin. Company address: ul. Cisowa 11, 20-703 Lublin.

According to the articles of association / founding agreements of the Parent and its subsidiaries, their economic activities in the period covered by this report were as follows:

- Property development
- Renting of real estate
- Management of real estate on a fee or contract basis
- Production of energy from renewable sources
- Activities of head offices and holdings, except for financial holdings

The condensed consolidated interim financial statements for the period ended 31 March 2016 cover the financial statements of the Parent and its subsidiaries (together the "Group").

3.2. Group entities (subject to consolidation in the condensed consolidated financial statements)

Parent

WIKANA S.A.

Subsidiaries	**% share**	
	31 Mar 2016	**31 Dec 2015**
BIOENERGIA PLUS Sp. z o.o. (formerly WIKANA BIOENERGIA Sp. z o.o.)(1)	100%	100%
WIKANA PROJECT Sp. z o.o.	100%	100%
WIKANA NIERUCHOMOŚCI Sp. z o.o. w likwidacji	100%	100%
Multiserwis S.A.(2)	94%	94%
WIKANA PROPERTY Sp. z o.o. KROSNO S.K.A. (formerly Wikana Nieruchomości Sp. z o.o. KROSNO S.K.A.)(3)	100%	100%
WIKANA PROPERTY Sp. z o.o. LEGNICA S.K.A. (formerly Wikana Nieruchomości Sp. z o.o. LEGNICA S.K.A.)(3)	100%	100%
ZIELONE TARASY S.A.	100%	100%
WIKANA PROPERTY Sp. z o.o. KOMERC S.K.A. (formerly Wikana Nieruchomości Sp. z o.o. KOMERC S.K.A.) (3)	100%	100%
WIKANA NIERUCHOMOŚCI Sp. z o.o. w likwidacji 02 S.K.A. (formerly WIKANA PROPERTY Sp. z o.o. 02 S.K.A. (4)	100%	100%
WIKANA PROPERTY Sp. z o.o. 03 MIASTECZKO S.K.A. (d. Wikana Nieruchomości Sp. z o.o. 03 MIASTECZKO S.K.A.)(3)	100%	100%
WIKANA PROPERTY Sp. z o.o. 04 OSIEDLE S.K.A. (d. Wikana Nieruchomości Sp. z o.o. 04 OSIEDLE S.K.A.)(3)	100%	100%
WIKANA BIOENERGIA Sp. z o.o. 01 S.K.A.(5)	100%	100%
WIKANA NIERUCHOMOŚCI Sp. z o.o. w likwidacji 05 MARINA S.K.A. (formerly WIKANA PROPERTY Sp. z o.o. 05 MARINA S.K.A.) (6)	100%	100%
WIKANA PROPERTY Sp. z o.o. ALBA S.K.A. (formerly Wikana Nieruchomości Sp. z o.o. ALFA S.K.A.)(3)	100%	100%
WIKANA PRIM Sp. z o.o. BETA S.K.A.(7) (formerly WIKANA PROPERTY Sp. z o.o. BETA S.K.A.)	100%	100%
WIKANA PROPERTY Sp. z o.o. DELTA S.K.A.(8)	100%	100%
Towarzystwo Budownictwa Społecznego „Nasz Dom” Sp. z o.o. (formerly Towarzystwo Budownictwa Społecznego „Wikana” Sp. z o.o.)	100%	100%

WIKANA PROPERTY Sp. z o.o.[(9)]	100%	100%
WIKANA MERITUM Sp. z o.o. PANORAMA S.K. (formerly WIKANA MERITUM Sp. z o.o. PANORAMA S.K.A.) [(10)]	100%	100%
WIKANA PROPERTY Sp. z o.o. PODPROMIE S.K.A.[(3)]	100%	100%
WIKANA PROPERTY Sp. z o.o. ZIELONE TARASY S.K.A.[(3)]	100%	100%
WIKANA PROPERTY Sp. z o.o. SALIX S.K.A. (formerly WIKANA PROPERTY Sp. z o.o. KROSNO S.K.A.)[(3)]	100%	100%
WIKANA PROPERTY Sp. z o.o. ACER S.K.[(17)]	100%	100%
WIKANA MERITUM Sp. z o.o. ALFA S.K. (formerly WIKANA PROPERTY Sp. z o.o. ALFA S.K.A.)[(11)]	100%	100%
WIKANA PROPERTY Sp. z o.o. BETULA S.K.A.[(3)]	100%	100%
WIKANA MERITUM Sp. z o.o. CORYLUS S.K.A. (formerly WIKANA PROPERTY Sp. z o.o. CORYLUS S.K.A.)[(12)]	100%	100%
WIKANA PROPERTY Sp. z o.o. GAMMA S.K.A.[(3)]	100%	100%
WIKANA PROPERTY Sp. z o.o. JOTA S.K.A.[(3)]	100%	100%
WIKANA PROPERTY Sp. z o.o. KAPPA S.K.A.[(3)]	100%	100%
WIKANA MERITUM Sp. z o.o. LAMDA S.K.A. (formerly WIKANA PROPERTY Sp. z o.o. LAMDA S.K.A.)[(12)]	100%	100%
WIKANA MERITUM Sp. z o.o. LARIX S.K.A. (formerly WIKANA PROPERTY Sp. z o.o. LARIX S.K.A.)[(12)]	100%	100%
WIKANA MERITUM Sp. z o.o. MAGNOLIA S.K. (formerly WIKANA MERITUM Sp. z o.o. MAGNOLIA S.K.A.) [(14)]	100%	100%
WIKANA PROPERTY Sp. z o.o. OMEGA S.K.A.[(3)]	100%	100%
WIKANA PROPERTY Sp. z o.o. OMIKRON S.K.A.[(3)]	100%	100%
WIKANA PROPERTY Sp. z o.o. ROSA S.K.[(15)]	100%	100%
WIKANA MERITUM Sp. z o.o. SIGMA S.K. (formerly WIKANA PROPERTY Sp. z o.o. SIGMA S.K.A.)[(18)]	100%	100%
WIKANA MANAGEMENT Sp. z o.o.[(15)]	100%	100%
WIKANA MERITUM Sp. z o.o.	100%	100%
WIKANA PRIM Sp. z o.o.	100%	100%
WIKANA FORTEM Sp. z o.o. w organizacji[(16)]	100%	0%

[(1)] Change of the company name was registered by the relevant register court on 5 May 2016.

[(2)] The Company holds a total of 94.38% of shares in Multiserwis S.A., including 86.80% directly and 7.58% through WIKANA PROPERTY Sp. z o.o. DELTA S.K.A., an entity wholly owned by WIKANA PROJECT Sp. z o.o., which is wholly owned by WIKANA S.A.

[(3)] The company's general partner is WIKANA PROPERTY Sp. z o.o., a wholly owned subsidiary of the Company.

[(4)] On 6 November 2015, the general partner changed from WIKANA PROPERTY Sp. z o.o., based in Lublin, to WIKANA NIERUCHOMOŚCI Sp. z o.o. w likwidacji. Along with the above, the company's name was also changed, and the change was registered by the relevant register court on 22 January 2016.

[(5)] The company's general partner is WIKANA BIOENERGIA Sp. z o.o., a wholly owned subsidiary of the Company.

[(6)] The company's general partner is Wikana Nieruchomości Sp. z o.o., an entity 100% owned by Wikana S.A.

[(7)] The company's general partner is WIKANA PRIM Sp. z o.o., a wholly owned subsidiary of the Company.

[(8)] Indirect stake held by the Company via WIKANA PROJECT Sp. z o.o., a wholly owned subsidiary of the Company. The company's general partner is WIKANA PROPERTY Sp. z o.o., a wholly owned subsidiary of the Company.

[(9)] Entity wholly owned by the Company, of which 24.94% is held directly by the Company, while 75.06% through subsidiary WIKANA PROPERTY Sp. z o.o. LEGNICA S.K.A. (formerly Wikana Nieruchomości Sp. z o.o. LEGNICA S.K.A.)

[(10)] On 11 April 2016, the company was transformed into a limited partnership. The company's general partner is WIKANA MERITUM Sp. z o.o., a wholly owned subsidiary of the Company.

[(11)] On 26 February 2016, the company was transformed into a limited partnership. The company's general partner is WIKANA MERITUM Sp. z o.o., a wholly owned subsidiary of the Company.

[(12)] 50% of shares provided as security for bondholder claims in connection with the issue of series B bonds by WIKANA MERITUM Sp. z o.o. CORYLUS S.K.A. The general partner is WIKANA MERITUM Sp. z o.o., a wholly owned subsidiary.

[(13)] The company's general partner is WIKANA MERITUM Sp. z o.o., a wholly owned subsidiary of the Company.

[(14)] On 9 May 2016, the company was transformed into a limited partnership. The company's general partner is WIKANA MERITUM Sp. z o.o., a wholly owned subsidiary of the Company.

(15) Entity in which 100% of shares, held by the Company, were assigned as collateral for a subsidiary - WIKANA PROPERTY Sp. z o.o. 04 OSIEDLE S.K.A.
(16) Established on 22 March 2016, 100% of shares held by the Company.
(17) On 12 May 2016, the company was transformed into a limited partnership. The company's general partner is WIKANA PROPERTY Sp. z o.o., a wholly owned subsidiary of the Company.
(18) On 6 May 2016, the company was transformed into a limited partnership. The company's general partner is WIKANA MERITUM Sp. z o.o., a wholly owned subsidiary of the Company.

The above subsidiaries are subject to consolidation, except for WIKANA FORTEM Sp. z o.o. Subsidiaries subject to consolidation are fully consolidated.

Furthermore, on 31 March 2016, the Parent held 100% of investment certificates (treated as equivalent of shares in subsidiaries subject to consolidation) in WIKANA FIZ, based in Warsaw ("WIKANA FIZ"), represented by Copernicus Capital TFI S.A., based in Warsaw, the results of which are not subject to consolidation. As of the date on which this report was prepared, WIKANA FIZ was subject to liquidation proceedings.

4. Basis for presenting and preparing the condensed interim financial statements

4.1. Statement of compliance with IFRS

The condensed consolidated interim financial statements of the Group and the condensed separate interim financial statements of Wikana S.A. (the "condensed interim financial statements") are prepared for the three-month period ended 31 March 2016.

The presented condensed interim financial statements are in compliance with IAS 34 Interim Financial Reporting, a standard relating to interim financial statements, and do not contain all of the information that is applicable to annual financial statements. The condensed interim financial statements should be read in conjunction with the annual financial statements (consolidated and separate, respectively).

The condensed consolidated interim financial statements of the Group are published together with the condensed separate interim financial statements. To obtain a complete understanding of the issuer's results and financial situation, Wikana S.A.'s condensed separate interim financial statements should be read in conjunction with the Group's condensed consolidated interim financial statements.

Preparing financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the Company's Management Board to apply own judgement in using the Group's adopted accounting principles. Matters that require a higher dose of judgement, more complex matters or those involving assumptions and estimates that are significant from the viewpoint of the financial statements did not change in relation to the previous year-end.

4.2. Adjustment of prior-period comparative data

In the course of preparing the consolidated financial statements for the first three months of 2016, the Management Board analysed consolidated adjustments in the Q1 2015 consolidated financial statements in the part concerning reclassification of costs pertaining to related parties. Analysis showed that the Q1 2015 condensed consolidated interim financial statements incorrectly reclassified consolidation exclusions. The inconsistencies mentioned in the preceding sentence concerned the statement of comprehensive income (statement of profit and loss) and consisted of overstating the item 'cost of sales' and understating by that same amount the item 'administrative expenses.' It should be noted that the above adjustments have no impact on the Group's net profit presented in the respective periods.

In connection with the above, the Group made presentation adjustments to the comparative data presented in the consolidated financial statements for the first three months of 2015.

Before adjustment

Item in the Group's condensed consolidated statement of comprehensive income *in 000s*	**1 Jan 2015**	
	31 Mar 2015	
	PLN	**EUR**
Revenue from sales	10 956	2 641
Cost of sales	(9 055)	(2 183)
Gross profit (loss) on sales	**1 901**	**458**
Selling costs	(729)	(176)
Administrative expenses	(1 591)	(383)
Other operating revenue	761	184
Other operating expenses	(1 141)	(275)
Gain on investments	852	205
Operating profit (loss)	**54**	**13**
Net finance costs	(2 111)	(509)
Profit (loss) before tax	**(2 057)**	**(496)**
Income tax	(158)	(38)
Net profit / (loss) on continuing operations	**(2 215)**	**(534)**
Net profit (loss) on discontinued operations	-	-
Net profit / (loss) on continuing operations	**(2 215)**	**(534)**

Adjustments

Item in the Group's condensed consolidated statement of comprehensive income *in 000s*	**1 Jan 2015 31 Mar 2015**	
	PLN	**EUR**
Cost of sales	113	28
Gross profit (loss) on sales	**113**	**28**
Administrative expenses	(113)	(28)

After adjustment

Item in the Group's condensed consolidated statement of comprehensive income *in 000s*	**1 Jan 2015 31 Mar 2015**	
	PLN	**EUR**
Revenue from sales	10 956	2 641
Cost of sales	(8 942)	(2 155)
Gross profit (loss) on sales	**2 014**	**486**
Selling costs	(729)	(176)
Administrative expenses	(1 704)	(411)
Other operating revenue	761	184
Other operating expenses	(1 141)	(275)
Gain on investments	852	205
Operating profit (loss)	**54**	**13**
Net finance costs	(2 111)	(509)
Profit (loss) before tax	**(2 057)**	**(496)**
Income tax	(158)	(38)
Net profit / (loss) on continuing operations	**(2 215)**	**(534)**
Net profit (loss) on discontinued operations	-	-
Net profit / (loss) on continuing operations	**(2 215)**	**(534)**

4.3. Basis for preparing the condensed interim financial statements

The condensed consolidated interim financial statements are prepared on the assumption that Wikana Group will continue operating as a going concern for at least 12 months from the end of the reporting period. During the reporting period and until the date on which the financial statements were prepared, there were no indications of a threat to continuing operations.

During the report period, no infringement of credit or loan agreement provisions were recorded such as would require corrective actions either before or on the balance sheet date.

The condensed separate interim financial statements are prepared on the assumption that the Company will continue operating as a going concern for at least 12 months from the end of the reporting period. During the reporting period and until the date on which the financial statements were prepared, there were no indications of a threat to continuing operations.

The condensed consolidated interim financial statements of the Group and the condensed separate interim financial statements of Wikana S.A. were approved by the Management Board for publication on 13 May 2016.

The enclosed condensed interim financial statements are prepared using the same accounting principles as in the case of the annual financial statements for the year ended 31 December 2015, except for the changes described in point 4.7.

All amounts presented in the condensed interim financial statements are presented in PLN 000s, unless otherwise stated. The data presented in this report is rounded. Because of this, the sum totals of rows and columns in tables may slightly differ from the total values stated for each row or column.

4.4. Significant judgements and estimates

Preparing EU IFRS-compliant condensed interim financial statements requires the Company's management to apply judgements and estimates that have an impact on the adopted accounting policy and the presented assets, liabilities, revenues and costs. Judgements and estimates are verified on an on-going basis. Changes in estimates are recognised in profit or loss for the period in which they occurred.

4.5. Other atypical events in the reporting period having impact on the financial statements

According to the Company's Management Board, no atypical events took place such as could have an impact on the Group's financial statements.

4.6. Seasonality

The Group is exposed to sales revenue seasonality throughout the financial year, mainly determined by seasonality in the property development segment, connected with weather conditions, which have an impact on the capacity and speed of construction works.

4.7. Changes in accounting principles

No changes were recorded since the annual financial statements were published, other than those described in point 4.8.

4.8. Standards and interpretations endorsed by the EU and pending endorsement

Effect of new accounting standards and changes in accounting policy

The accounting principles (policy) used in preparing these consolidated financial statements for Q1 2016 are consistent with those used to prepare the entity's annual consolidated financial statements for 2015, except for the amendments described below.

The same principles are used for the current and comparative period. A detailed description of the accounting principles adopted by WIKANA Group is presented in the 2015 annual consolidated financial statements, published on 21 March 2016.

Changes resulting from IFRS amendments

The following new or amended standards and interpretations issued by the IASB are effective from 1 January 2016:

- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to IAS 16 and IAS 38 *Acceptable Methods of Depreciation and Amortisation*
- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*
- Amendments to IAS 27: *Equity Method in Separate Financial Statements*
- Amendments to various standards resulting from *Annual Improvements 2012-2014*
- Amendments to IAS 1: *Disclosure Initiative*

Application of the above amendments to standards did not have an impact on the Group's results and financial situation, and only resulted in changes to the adopted accounting principles or expansion of the scope of mandatory disclosures or change in terminology.

The main consequences of applying the new regulations are as follows:

- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to IFRS 11 were published on 6 May 2014 and are effective for annual periods beginning on or after 1 January 2016. The amendments aim to clarify the approach to account for the acquisition of an interest in a joint operation that is a business. The amendments require application of the same principles as in the case of business combinations.

The application of the amended standard has had no material impact on the Group's financial statements.

- Amendments to IAS 16 and IAS 38 *Acceptable methods of depreciation and amortisation*

The amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets were published on 12 May 2014 and are effective for annual periods beginning on or after 1 January 2016. The amendment provides further explanation as to the permitted amortisation methods. The aim of the amendment is to show that a revenue-based method is not considered to be appropriate for property, plant and equipment, but for intangible assets it can be appropriate under certain circumstances.

The application of the amended standard has had no material impact on the Group's financial statements.

- Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*

The amendments to IAS 16 and IAS 41 were published on 30 June 2014 and are effective for annual periods beginning on or after 1 January 2016. The change clarifies that bearer plants should be recognised as property, plant and equipment under IAS 16. Therefore, bearer plants should be incorporated into IAS 16 instead of IAS 41. Agricultural produce from bearer plants remain subject to IAS 41.

The application of the amended standard has had no material impact on the Group's financial statements.

- Amendments to IAS 27: *Equity Method in Separate Financial Statements*

The amendments to IAS 27 were published on 12 August 2014 and are effective for annual periods beginning on or after 1 January 2016. The amendments reinstate to the IFRS the choice of using the equity method for the measurement of investments in subsidiaries, joint ventures and associates. If this method is chosen, it must be applied for each investment within a given category.

The application of the amended standard has had no material impact on the Group's financial statements.

- Amendments to various standards resulting from *Annual Improvements 2012-2014*

The following small amendments to four standards were introduced on 25 September 2014 as a result of the IFRS review:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, as regards reclassification of an asset or group for disposal from held for sale to held for distribution or vice versa;
- IFRS 7 Financial Instruments: Disclosures, clarifies the applicability of the amendments to IFRS 7 on offsetting disclosures to condensed interim financial statements;
- IAS 19 Employee Benefits, as regards the currency of "high quality corporate bonds" used in estimating the discount rate;
- IAS 34 Interim Financial Reporting, clarifies means for presenting that the disclosures required by par. 16A IAS 34 were presented elsewhere in the interim report.

The amendments are usually effective for annual periods beginning on or after 1 January 2016. The Group considers that the application of the amended standards will not have material impact on its financial statements, except for the amendment to IAS 34, which might result in additional disclosures in the Group's interim financial statements.

- Amendments to IAS 1: *Disclosure Initiative*

Amendments to IAS 1 were published on 18 December 2014 as part of an overall disclosure initiative aimed at improving presentation and disclosures in financial reports. These amendments are aimed at further encouraging entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments clarify that materiality applies to the whole financial statements and that irrelevant information can obscure relevant financial disclosures. Furthermore, they make it clear that preparers should exercise judgement in determining where and in what order to present information in disclosures.

The amendments are accompanied by a draft amendment to IAS 7 Statement of Cash Flows, which increases the disclosure obligations concerning the entity's cash flows from financing activities and cash and cash equivalents.

The application of the amended standard has had no material impact on the Group's financial statements.

Standards not in effect (new standards and interpretations)

In these financial statements, the Group did not decide on the early application of any published standards or interpretations before their entry into force.

The following standards and interpretations were published by the IASB or the IFRIC but were not yet in force as of the balance sheet date:

- IFRS 9 *Financial Instruments*

The new standard was published on 24 July 2014 and is effective for annual periods beginning on or after 1 January 2018. The standard aims to clarify the classification of financial assets and introduce a new impairment model for all financial instruments. The standard also introduces a new general hedge accounting model in order to streamline rules for presenting information on risk management in financial statements.

The Group will apply the new standard from 1 January 2018.

At the date on which these financial statements were prepared, a reliable assessment of the impact of this new standard was not possible. The Group is analysing the effects of introducing the new standard.

- IFRS 14 *Regulatory Deferral Accounts*

The new standard was published on 30 January 2014 and is effective for annual periods beginning on or after 1 January 2016. The new standard is temporary, given the IASB's work on means of accounting when prices are subject to rate regulation. . The standard introduces rules for recognising assets and liabilities arising on transactions at a price that is subject to rate regulation when the entity decides to adopt IFRSs.

The Group will apply the new standard not sooner than on the date set by the European Union as the effective date for the standard. Given the temporary nature of the standard, the European Commission decided not to launch a formal approval procedure for the standard, opting instead to wait for the final standard.

The application of the amended standard will have no material impact on the Group's financial statements.

- IFRS 15 *Revenue from Contracts with Customers*

The new harmonised standard was published on 28 May 2014 and is effective for annual periods beginning on or after 1 January 2018, and early application is permitted. The standard sets out a framework for recognising revenue and contains rules that will supersede most of the detailed revenue recognition guidance currently found in IFRS, particularly in IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. On 11 September 2015, the IASB published draft changes in the adopted standard, deferring the standard's entry into force by one year.

At the date on which these financial statements were prepared, a reliable assessment of the impact of this new standard was not possible. The Group is analysing the effects of introducing the new standard.

- IFRS 16 *Leases*

The new standard was published on 13 January 2016 and is effective for annual periods beginning on or after 1 January 2019, and early application is permitted (on the condition that IFRS 15 is also applied). The standard supersedes existing regulations regarding leases (including IAS 17) and substantially changes the approach to lease contracts of different types, requiring lessees to recognise assets and liabilities from lease contracts on their balance sheets, regardless of their type.

At the date on which these financial statements were prepared, a reliable assessment of the impact of this new standard was not possible. The Group is analysing the effects of introducing the new standard.

- Amendments to IFRS 10, IFRS 12 and IAS 28: *Investment Entities: Applying the Consolidation Exception*

The amendments to IFRS 10, IFRS 12 and IAS 28 were published on 18 December 2014 and are effective for annual periods beginning on or after 1 January 2016. Their aim is to clarify the accounting requirements for investment entities.

The Group will apply the amendments to standards not sooner than on the date set by the European Union as the effective date for the standard.

The Group considers that the application of the amended standards will have no material impact on its financial statements.

- Amendments to IFRS 10 and IAS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 and IAS 28 were published on 11 September 2014 and are effective for annual periods beginning on or after 1 January 2016 (deferred, with no effective date provided). The amendments clarify recognition for transactions where the parent loses control over a subsidiary that does not constitute a business as defined in IFRS 3 Business Combinations through the sale of all or some shares in that subsidiary to an equity-accounted associate or joint venture.

The Group will apply the amendments to standards not sooner than on the date set by the European Union as the effective date for the standard. Currently, the European Commission decided to defer a formal procedure to approve the standard.

At the date on which these financial statements were prepared, a reliable assessment of the impact of this new standard was not possible.

- Amendments to IAS 12: *Recognition of Deferred Tax Assets for Unrealised Losses*

The amendments to IAS 12 were published on 19 January 2016 and are effective for annual periods beginning on or after 1 January 2017. Their aim is to clarify requirements for recognising deferred tax assets that are related to debt instruments measured at fair value.

The application of the amended standard will have no material impact on the Group's financial statements.

- Amendments to IAS 7: *Disclosure Initiative*

The amendments to IAS 7 were published on 29 January 2016 and are effective for annual periods beginning on or after 1 January 2017. The aim of the amendments was to increase the scope of information provided to the readers of financial statements concerning the entity's financing activities through additional disclosures of changes in the balance sheet value of liabilities connected with the entity's financing.

The application of the amended standard will have no material impact on the Group's financial statements, other than a change in the scope of disclosures presented in financial statements.

- Clarifications to IFRS 15: *Revenue from Contracts with Customers*

Clarifications to IFRS 15 were published on 12 April 2015 and apply to annual periods beginning on or after 1 January 2018 (date on which the entire standard enters into force). The amendments aim to clarify doubts arising in pre-adoption analyses regarding how to: identify a performance obligation, determine whether a company is a principal or an agent and revenue from licensing regarding intellectual property as well as transitional relief provisions for first-time adoption of the new standard.

The application of the amended standard will have no material impact on the Group's financial statements.

IFRSs as approved by the EU do not meaningfully differ from the regulations adopted by the IASB, except for the following standards, interpretations and amendments, which were not yet adopted by the EU as of the date on which these financial statements were approved:

- IFRS 9 Financial Instruments, published on 24 July 2014;
- IFRS 14 Regulatory Deferral Accounts, published on 30 January 2014;
- IFRS 15 Revenue from Contracts with Customers, published on 28 May 2014;
- IFRS 16 Leases, published on 13 January 2016;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, published on 11 September 2014;
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception, published on 18 December 2014;
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses, published on 19 January 2016.
- Amendments to IAS 7: Disclosure Initiative, published on 29 January 2016,
- Clarifications to IFRS 15: Revenue from Contracts with Customers, published on 12 April 2016.

5. Condensed consolidated interim financial statements

Condensed consolidated statement of comprehensive income

for the period 1 January - 31 March 2016 *in PLN 000s*	**Note**	**1 Jan 2016 31 Mar 2016**	***adjusted data** **1 Jan 2015 31 Mar 2015**
Continuing operations			
Revenue from sales	*6.2*	13 277	10 956
Cost of sales		(10 928)	(8 942)
Gross profit (loss) on sales		**2 349**	**2 014**
Selling costs		(497)	(729)
Administrative expenses		(1 558)	(1 704)
Other operating revenue		822	761
Other operating expenses		(422)	(1 141)
Gain (loss) on investments		8	852
Operating profit (loss)		**702**	**54**
Finance costs		(1 527)	(2 111)
Profit (loss) before tax		**(825)**	**(2 057)**
Income tax		(368)	(158)
Net profit (loss) on continuing operations for the year		**(1 193)**	**(2 215)**
including attributable to:			
Owners of the parent		(1 187)	(2 201)
Non-controlling interests		(6)	(14)
Net profit (loss)		**(1 193)**	**(2 215)**
Other comprehensive income (net)		**-**	**-**
Total comprehensive income		**(1 193)**	**(2 215)**
including attributable to:			
Owners of the parent		(1 187)	(2 201)
Non-controlling interests		(6)	(14)
Profit (loss) per share			
Basic (PLN)	*6.7*	**(0.06)**	**(0.11)**
Diluted (PLN)	*6.7*	**(0.06)**	**(0.11)**

* adjustment of comparative data, presented in point 4.2.

Robert Pydzik
/President of the Management Board/

Agnieszka Maliszewska
/Member of the Management Board/

Bożena Wincentowicz
/Person responsible for bookkeeping/

Lublin, 13 May 2016

Condensed consolidated interim balance sheet

At 31 March 2016			
in PLN 000s	**Note**	**31 Mar 2016**	**31 Dec 2015**
Assets			
Non-current assets			
Property, plant and equipment		17 127	17 633
Intangible assets		8 740	8 919
Investment properties	*6.3*	76 539	76 552
Other non-current assets		334	334
Deferred income tax assets		842	829
Total non-current assets		**103 582**	**104 267**
Current assets			
Inventory	*6.4*	75 413	75 696
Income tax receivables		40	26
Trade and other receivables	*6.5*	9 555	7 823
Cash and cash equivalents		12 781	12 556
Total current assets		**97 789**	**96 101**
Total assets		**201 371**	**200 368**

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/Member of the Management Board/

Bożena Wincentowicz
/Person responsible for bookkeeping/

Lublin, 13 May 2016

Condensed consolidated interim balance sheet

At 31 March 2016 *in PLN 000s*	**Note**	**31 Mar 2016**	**31 Dec 2015**
Equity and liabilities			
Equity			
Share capital	*6.6*	40 030	40 030
Supplementary capital		112 966	104 604
Retained earnings		(111 736)	(102 194)
Equity attributable to owners of the parent		**41 260**	**42 440**
Non-controlling interests		**(140)**	**(135)**
Total equity		**41 120**	**42 305**
Liabilities			
Credit and loan liabilities	*6.8*	22 520	23 335
Bond liabilities	*6.9*	5 000	17 604
Finance lease liabilities		18 706	18 880
Provisions	*6.12*	7	7
including employee benefit provision	*6.12*	*7*	*7*
Deferred income tax provision		889	853
Other liabilities	*6.10*	15 972	15 902
Grants		8 148	8 510
Total non-current liabilities		**71 242**	**85 091**
Credit and loan liabilities	*6.8*	13 653	13 210
Bond liabilities	*6.9*	48 256	33 257
Finance lease liabilities		855	963
Income tax liabilities		521	667
Trade and other payables	*6.10*	16 398	18 487
Provisions	*6.12*	806	617
including employee benefit provision	*6.12*	*130*	*130*
Deferred revenue	*6.13*	8 520	5 771
including grants	*6.13*	*1 161*	*1 104*
Total current liabilities		**89 009**	**72 972**
Total liabilities		**160 251**	**158 063**
Total equity and liabilities		**201 371**	**200 368**

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/Person responsible for bookkeeping/

Lublin, 13 May 2016

Condensed consolidated interim statement of cash flows

for the period 1 January - 31 March 2016 *in PLN 000s*	**1 Jan 2016** **31 Mar 2016**	**1 Jan 2015** **31 Mar 2015**
Cash flows from operating activities		
Net loss for the period	**(1 193)**	**(2 215)**
Adjustments		
Depreciation	746	640
Interest income	(8)	(19)
Finance costs	1 488	2 111
Gain (loss) on exchange differences	44	(833)
Gain (loss) on investing activities	(110)	(68)
Change in inventories	283	(5 903)
Change in trade and other receivables	(1 732)	904
Change in provisions and related assets	189	298
Change in current and other liabilities, excluding borrowings	(2 527)	(985)
Change in deferred revenue	2 749	5 519
Net cash from operating activities	**(71)**	**(553)**
Cash flows from investing activities		
Proceeds from sale of intangible assets and property, plant and equipment	155	25
Purchase of intangible assets and property, plant and equipment	(45)	(1 094)
Net cash from investing activities	**110**	**(1 069)**
Cash flows from financing activities		
Purchase of own shares	-	(46)
Net proceeds from bond issues	5 000	6 500
Borrowings incurred	3	681
Outflows on repayment of borrowings	(458)	(854)
Repayment of finance lease liabilities	(312)	(160)
Interest paid	(1 994)	(2 798)
Bond buyback	(2 053)	(4 106)
Other finance outflows	-	(14)
Net cash from financing activities	**186**	**(797)**
Total net cash flows	**225**	**(2 419)**
Cash and cash equivalents as at the beginning of period	12 556	13 482
Effect of changes in exchange differences on cash and cash equivalents	-	-
Cash and cash equivalents as at the end of period	**12 781**	**11 063**
Restricted cash and cash equivalents at the end of period	**6 531**	**9 709**

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Lublin, 13 May 2016

Condensed consolidated interim statement of changes in equity

for the period 1 January - 31 March 2016

in PLN 000s	Share capital	Own shares	Supplementary capital	Retained earnings (losses)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity as at 1 January 2015	**40 030**	**(1)**	**103 626**	**(101 337)**	**42 318**	**(90)**	**42 228**
Comprehensive income	-	-	15	(2 201)	-	(14)	(2 200)
– *Result for the period*	-	-	-	*(2 201)*	(2 201)	*(14)*	(2 215)
– *Other income*	-	-	*15*	-	*15*	-	*15*
Changes in shares of subsidiaries	-	-	-	-	-	-	-
Disposal of own shares	-	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-	-
Equity as at 31 March 2015	**40 030**	**(1)**	**103 641**	**(103 538)**	**40 132**	**(104)**	**40 028**
Equity as at 1 January 2016	**40 030**	**-**	**104 604**	**(102 194)**	**42 440**	**(135)**	**42 305**
Comprehensive income	-	-	-	(1 180)	(1 180)	(6)	(1 186)
– *Result for the period*	-	-	-	*(1 188)*	*(1 188)*	*(6)*	*(1 194)*
– *Other income*	-	-	-	*8*	*8*	-	*8*
Changes in shares of subsidiaries	-	-	-	-	-	-	-
Disposal of own shares	-	-	-	-	-	-	-
Profit distribution	-	-	8 362	(8 362)	-	-	-
Equity as at 31 March 2016	**40 030**	**-**	**112 966**	**(111 736)**	**41 260**	**(140)**	**41 120**

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6. Additional information to the condensed consolidated interim financial statements

6.1. Segment reporting

The Group's reporting is presented by operating segments. The Group operates mainly in south-eastern Poland (except for the property rent segment - the retail and service facilities rented to tenants are located in the following provinces: Lubelskie, Małopolskie, Łódzkie, Kujawsko-Pomorskie, Wielkopolskie, Lubuskie). The main reporting pattern is operating segments and results from the Group's management structure and internal reporting.

Prices used in settlements between segments are based on market prices.

Segment results, assets and liabilities include the items that are directly related, as well as those that are used jointly, which can be attributed to specific segments based on rational indications. Items not allocated to segments cover mainly: loans issued and cash, credit and loans incurred, together with related costs, as well as income tax assets and liabilities.

Capital expenditure within a segment constitutes the entire cost incurred to purchase property, plant and equipment and intangible assets, excluding goodwill.

Operating segments

In the first quarter of 2016, the Group reported the following operating segments:

• Property development,

• Renting of real estate,

• Production of energy from renewable sources,

Segment combination criteria

• Property development - the segment comprises companies executing property development projects. The characteristics of the entities in this segment allow it to combine them in one segment based on the following criteria: sales (key revenue category is sales of residential units, service units, parking spaces and underground parking lots), assets (key asset items are land and expenditure on property development projects).

• Renting of real estate - this segment includes companies holding commercial properties for rent as well as a company operated pursuant to the Act of 26 October 1995 on certain forms of support for residential construction, whose activities include construction of residential homes and their management via renting, provision of management and administration services as well as activities relating to residential construction and accompanying infrastructure. The characteristics of the entities in this segment allow it to combine them in one segment based on the following criteria: sales (key revenue category is revenue from rental of real estate), assets (key asset items are investment properties for rent).

• Production of energy from renewable sources - this segment includes companies involved in renewable energy. The characteristics of the entities in this segment allow it to combine them in one segment based on the following criteria: sales (key revenue category is sales of electricity, heat and other products manufactured from renewable sources), assets (key asset items are buildings and installations used for manufacturing products from renewable sources, land and expenditure on construction of such installations).

Following a decision to initiate a dissolution process for Multiserwis S.A. at the beginning of 2016, the Group no longer reports the retail segment. The Parent's Management Board notes that revenue from this activity will not constitute a significant share in future reporting periods. The Parent's Management Board expects that non-current assets held by Multiserwis S.A. will be used in the Group's other segments. In segment reporting, the revenue, results, assets and equity and liabilities of Multiserwis S.A. are presented as 'other.'

Segment reporting (continued)

in PLN 000s	**Property development**		**Renting of real estate**		**Production of energy from renewable sources**		**Other (*)**		**Eliminations**		**Consolidated**	
Continuing operations	**31 Mar 2016**	**31 Mar 2015**	**31 Mar 2016**	**31 Mar 2015**	**31 Mar 2016**	**31 Mar 2015**	**31 Mar 2016**	**31 Mar 2015**	**31 Mar 2016**	**31 Mar 2015**	**31 Mar 2016**	**31 Mar 2015**
External revenue	10 254	7 828	2 050	1 998	352	989	620	141	-	-	13 277	10 956
Inter-segment revenue	7 497	3 180	17	17	66	73	-	-	(7 580)	(3 270)	-	-
Total revenue	**17 751**	**11 008**	**2 068**	**2 015**	**418**	**1 062**	**620**	**141**	**(7 580)**	**(3 270)**	**13 277**	**10 956**
Segment result	1 650	(166)	1 312	1 247	(1 144)	229	35	(23)	-	-	**1 853**	**1 286**
Other operating revenue	449	576	36	38	316	139	20	8	-	-	**822**	**761**
Unallocated costs	(1 428)	(2 183)	(177)	(188)	(255)	(262)	(121)	(213)	-	-	(1 981)	(2 845)
Gain on investments	7	15	2	837	-	-	-	-	-	-	8	852
Operating profit	**678**	**(1 758)**	**1 173**	**1 934**	**(1 083)**	**106**	**(66)**	**(228)**	**-**	**-**	**702**	**54**
Finance costs	(1 090)	(1 586)	(391)	(390)	(45)	(71)	-	(64)	-	-	(1 527)	(2 111)
Income tax	(331)	(128)	(37)	(31)	-	-	-	-	-	-	(368)	(158)
Net profit (loss) on continuing operations	**(744)**	**(3 471)**	**744**	**1 513**	**(1 128)**	**35**	**(66)**	**(292)**	**-**	**-**	**(1 193)**	**(2 215)**
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (net)	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	**(744)**	**(3 471)**	**744**	**1 513**	**(1 128)**	**35**	**(66)**	**(292)**	**-**	**-**	**(1 193)**	**(2 215)**

* presented as Retail until 31 December 2015.

Segment reporting (continued)

	Property development		Renting of real estate		Production of energy from renewable sources		Other (*)		Eliminations		Consolidated	
	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015	31 Mar 2016	31 Dec 2015
Segment assets	246 340	223 534	72 007	71 492	28 120	29 034	1 448	1 368	(160 226)	(138 465)	187 689	186 963
Unallocated assets											13 682	13 405
Total assets											**201 371**	**200 368**
Segment liabilities	207 367	184 427	22 100	21 699	25 606	25 013	3 926	3 899	(157 893)	(136 482)	101 106	98 556
Unallocated liabilities											59 145	59 506
Total liabilities											**160 251**	**158 062**

* presented as Retail until 31 December 2015.

6.2. Revenue from sales

in PLN 000s	1 Jan 2016 31 Mar 2016	1 Jan 2015 31 Mar 2015
Revenue from sale of apartments	10 227	3 594
Revenue from sale of land	-	4 200
Rent income	1 968	1 941
Revenue from sale of energy and renewables	224	816
Revenue from retail sale of goods (footwear)	595	94
Revenue from provision of other services	263	311
	13 277	**10 956**

6.3. Investment properties

The fair value of investment properties is classified as level 3 in the fair value hierarchy under a cyclical measurement. Presented below are the opening and closing balances of fair value:

in PLN 000s	Fair value
Net value at the beginning of 2016	**76 552**
Transfer from inventory	-
Disposal of investment property	-
Transfer to inventory	-
Change in fair value	(13)
Net value at 31 March 2016	**76 539**
Net value at the beginning of 2015	**79 985**
Transfer from inventory	(5)
Disposal of investment property	(4 116)
Change in fair value	953
Return of land under perpetual usufruct to municipality	(265)
Net value at the end of 2015	**76 552**

in PLN 000s	1 Jan 2016 31 Mar 2016	1 Jan 2015 31 Mar 2015
Recognised in comprehensive income		
Rent income on investment properties	1 961	1 910
Direct operating expenses (together with the cost of construction, repairs and maintenance) concerning investment properties that yielded rent income during the reporting period	278	224
Total	**2 239**	**2 134**

Investment properties cover:

- Land located in Lublin, ul. Łukasza Rodakiewicza (land parcels 32/6, 33/6, 34/6 and 35/6) and in Tarnobrzeg, ul. Targowa 11 (parcels 1998/3, 2000, 2002/5);
- Two apartments located in Lublin, ul. Przyjaźni and ul. Nowy Świat;
- Commercial properties located in: Kalisz, ul. W. Polskiego 135 (plots 18/2, 20/3, 21/2, 38/6, 38/7, 38/9), and in Łódź, ul. Włókniarzy 236 (plot 13/2), Gorzów Wielkopolski, ul. Piłsudskiego 57 (plot 662/1), Krakow, ul. Wadowicka 9 (plots 157/5,157/6, 155, 156, 317), Inowrocław, ul. Górnicza 21 (plot 125/2), Milejów, ul. Partyzancka 11A (plot 515/40);
- Land properties with residential multi-family buildings (TBS buildings) located in Lublin, ul. Kaskadowa 7, ul. Nowy Świat 34A, ul. Pergolowa 2 and ul. Relaksowa 4, and located in Kraśnik, ul. Piaskowa 30 and ul. Rumiankowa 9.

6.4. Inventory

in PLN 000s	**31 Mar 2016**	**31 Dec 2015**
Materials	903	1 119
Production in progress	59 494	50 964
Finished products	14 601	23 198
Goods	415	415
	75 413	**75 696**

Inventories at 31 March 2016, by category

in PLN 000s	**Materials**	**Production in progress**	**Finished products**	**Goods**
Osiedle Marina investment, Lublin	-	9 455	1 999	-
Kamienica Misjonarska investment, Lublin	-	2 274	-	-
Miasteczko Wikana investment, Lublin	-	2 748	1 463	-
Niecała investment, Lublin	-	3 208	-	-
Sky House investment, Lublin	-	9 874	314	-
Osiedle Cetnarskiego investment, Łańcut	-	-	489	-
Tęczowe Osiedle investment, Rzeszów	-	-	784	-
Zielone Tarasy investment, Rzeszów	-	9 701	2 422	-
Podpromie investment, Rzeszów	-	4 349	-	-
Osiedle Panorama investment, Rzeszów	-	3 538	14	-
Klonowy Park investment, Janów Lubelski	-	1 836	11	-
Commercial investment in Janów Lubelski	-	-	-	233
Investment in Przemyśl	-	2 881	-	-
Świerkowa Aleja investment, Zamość	-	2 571	771	-
Investment at Al. Kraśnickie	-	5 882	-	-
Nowy Świat (Oranżeria) investment	-	-	1 578	-
Osiedle Generalskie investment, Krosno	-	-	4 428	-
Osiedle Olimpijskie investment	-	-	207	-
Apartamenty Godebskiego investment	-	-	18	-
Renewables	902	-	-	-
Other	1	1 177	103	182
	903	**59 494**	**14 601**	**415**

Write-downs of inventories did not change in comparison with 31 December 2015.

6.5. Trade and other receivables

in PLN 000s	**31 Mar 2016**	**31 Dec 2015**
Trade receivables	2 166	1 939
Other receivables	2 303	2 557
Tax receivables	4 005	2 996
Prepayments	1 081	331
	9 555	**7 823**

Impairment losses on trade and other receivables did not substantially change from 31 December 2015.

6.6. Shares and shareholders

Shareholding structure at date on which report was prepared / published

Shareholder	Number of shares	Number of votes at GM	Nominal value per share	Stake in share capital	Stake in GM votes
Sarmira Limited*	6 880 260	6 880 260	13 760 520	34.38%	34.38%
MWM Investments Limited*	6 320 124	6 320 124	12 640 248	31.58%	31.58%
Palametra Holdings Limited**	1 612 000	1 612 000	3 224 000	8.05%	8.05%
Other entities	5 202 413	5 202 413	10 404 826	25.99%	25.99%
TOTAL:	**20 014 797**	**20 014 797**	**40 029 594**	**100.00%**	**100.00%**

(*) as per shareholder information dated 25 April 2016, a subsidiary of VALUE FIZ z Wydzielonym Subfunduszem 1, based in Warsaw. The total shareholding of VALUE FIZ z Wydzielonym Subfunduszem 1 is 13 200 384 shares, constituting 65.95% of the Company's share capital.

(**) as per shareholder information dated 25 April 2016

The Company's share capital amounts to PLN 40 029 594.00 and is divided into 20 014 797 ordinary bearer shares series G and H, with a nominal value of PLN 2.00 each.

Changes in WIKANA S.A.'s shareholding structure during and after the reporting period

In the period from the publication of the preceding quarterly report, i.e. 13 November 2015, to the date on which this report was published, the Company's shareholding structure was subject to the following changes:

- On 31 March 2016, Ipnihome Limited, based in Larnaca, a subsidiary of Adam Buchajski, sold pursuant to an agreement 4 935 222 shares in the Company to another subsidiary of Adam Buchajski, which constituted 24.66% of the Company's share capital and entitled to 4 935 222 votes at the Company's general meeting, i.e. 24.66% of total votes.
- According to a notification received by the Company on 7 April 2016, Agnieszka Buchajska sold 317 322 shares in the Company, which constituted 1.58% of the Company's share capital and entitled to 317 322 votes at the Company's general meeting, i.e. 1.58% of total votes, while a related party of hers sold 212 680 shares in the Company, which constituted 1.06% of the Company's share capital and entitled to 212 680 votes at the Company's general meeting, i.e. 1.06% of total votes.
- On 31 March 2016, RDI LLC, based in Dover, a subsidiary of Adam Buchajski, purchased, by way of a non-cash contribution in the form of the Company's shares, 530 012 shares of the Company, which constituted 2.65% of the Company's share capital and 530 012 votes at the Company's general meeting, i.e. 2.65% of total votes. On the same day, RDI LLC, based in Dover, purchased from Ipnihome Limited, based in Larnaca, 4 935 222 shares in the Company, which constituted 24.66% of the Company's share capital and entitled to 4 935 222 votes at the Company's general meeting, i.e. 24.66% of total votes. As a result of the above transactions, RDI LLC, based in Dover, directly purchased 5 465 234 shares in the Company, which constituted 27.31% of the Company's share capital and entitled to 5 465 234 votes at the Company's general meeting, i.e. 27.31% of total votes. As a result of the above transactions, Adam Buchajski's shareholding changed. Prior to the transactions, Adam Buchajski held 5 460 037 shares in the Company (including 524 815 directly and 4 935 222 indirectly through Ipnihome Limited, based in Larnaca), which constituted 27.28% of the Company's share capital and entitled to 5 460 037 votes at the Company's general meeting, i.e. 27.28% of total votes. Following the above transactions, Adam Buchajski held 5 990 049 shares in the Company (including 524 815 directly and 5 465 234 indirectly through RDI LLC, based in Dover), which constituted 29.93% of the Company's share capital and entitled to 5 990 049 votes at the Company's general meeting, i.e. 29.93% of total votes.
- On 19 April 2016, Dekra Holdings Limited, based in Larnaca, sold 3 027 026 shares in the Company, which constituted 15.12% of the Company's share capital and entitled to 3 027 026 votes at the Company's general meeting, i.e. 15.12% of total votes. Following the transaction, this entity held no shares of the Company.
- On 19 April 2016, Palametra Holdings Limited, based in Mriehel, purchased 1 612 000 shares in the Company, which constituted 8.05% of the Company's share capital and entitled to 1 612 000 votes at the Company's general meeting, i.e. 8.05% of total votes.
- On 19 April 2016, RDI LLC, based in Dover, sold to subsidiary Sarmira Limited, based in Mriehel, 5 465 235 shares in the Company, which constituted 27.31% of the Company's share capital and entitled to 5 465 234 votes at the Company's general meeting, i.e. 27.31% of total votes. This subsidiary on that same day directly purchased 6 880 260 shares in the Company, which constituted 34.38% of the Company's share capital and entitled to 6 880 260 votes at the Company's general meeting, i.e. 34.38% of total votes. As a result of the above, the stake in the Company held by RDI LLC, based in Dover, changed from a direct to an indirect shareholding. As a result of the above, Adam Buchajski's stake in the Company changed from 5 990 049 shares (including 524 815 held directly and 5 465 234 held indirectly through RDI LLC, based in Dover), which constituted 29.93% of the Company's share capital and entitled to 5 990 049 votes at the Company's general meeting, i.e. 29.93% of total votes, to 7 405 075 shares in the Company (including 524 815 held directly and 6 880 260 indirectly), which constituted 37.00% of the Company's share capital and entitled to 7 405 075 votes at the Company's general meeting, i.e. 37% of total votes.
- On 19 April 2016, AGIO RB FIZ, based in Warsaw, sold to subsidiary MWM Investments Limited, based in Mriehel, purchased 6 320 124 shares in the Company, which constituted 31.58% of the Company's share capital and entitled to 6 320 124 votes at the Company's general meeting, i.e. 31.58% of total votes.
- On 20 April 2016, pursuant to a share sale agreement between MWM Investments Limited, based in Mriehel, and AGIO RB FIZ, based in Warsaw, the stake held by RDI LLC, based in Dover, changed (from 6 880 260 shares in the Company, which constituted 34.38% of the Company's share capital and entitled to 34.38% of votes at the Company's general meeting, i.e. 34.38% of total votes, to 13 200 384 shares in the Company, which constituted 65.95% of the Company's share capital and entitled to 13 200 384 votes at the Company's

general meeting, i.e. 65.95% of total votes), as did Adam Buchajski's stake (from 7 405 075 shares in the Company, including 524 815 held directly and 6 880 260 held indirectly, which constituted 37.00% of the Company's share capital and entitled to 7 405 075 of votes at the Company's general meeting, to 13 725 199 shares of the Company, including 524 815 held directly and 13 200 384 indirectly, which constituted 68.58% of the Company's share capital and entitled to 13 725 199 votes at the Company's general meeting, i.e. 68.58% of total votes).

- On 28 April 2016, under payments for investment certificates of VALUE FIZ z Wydzielonym Subfunduszem 1, based in Warsaw, RDI LLC, based in Dover, contributed, among other things, participation units in subsidiaries, i.e. MWM Investments Limited, based in Mriehel, Malta, and Sarmira Limited, based in Mriehel, Malta, as a result of which it sold all of its shares in the Company to an independent entity. As a result of the above, Adam Buchajski's stake in the Company changed from 13 725 199 shares (including 524 815 held directly and 13 200 384 held indirectly), which constituted 68.58% of the Company's share capital and entitled to 13 725 199 votes at the Company's general meeting, i.e. 68.58% of total votes, to 524 815 shares in the Company, which constituted 2.62% of the Company's share capital and entitled to 524 815 votes at the Company's general meeting, i.e. 2.62% of total votes.

Dividends paid

During the period 1 January - 31 March 2016 and until this report was published, none of the Group's companies, including the Parent, paid a dividend.

6.7. Earnings per share

Earnings per share for the period ended 31 March 2016

Basic earnings per share as at 31 March 2016 were calculated based on net profit for the year attributable to the Company's common shareholders in the following amounts:

	1 Jan 2016 31 Mar 2016	**1 Jan 2015 31 Mar 2015**
Profit / (loss) per share	(1 193)	(2 215)

and the weighted average number of shares as at the date on which the consolidated financial statements were prepared, as below:

Weighted average number of ordinary shares

	31 Mar 2016	**31 Mar 2015**
Number of ordinary shares as at the beginning of period	20 014 797	20 014 797
Capital increase	-	-
Share cancellation	-	-
Number of shares before share consolidation	-	-
Number of shares at the end of period (fully paid-in)	**20 014 797**	**20 014 797**

	31 Mar 2016	**31 Mar 2015**
Weighted average number of ordinary shares during the period	20 014 797	20 014 797
Weighted average (diluted) number of ordinary shares at the end of period	**20 014 797**	**20 014 797**

Basic loss per share	**(0.06)**	**(0.11)**
Diluted loss per share	**(0.06)**	**(0.11)**

6.8. Credit and loan liabilities

Breaches of deadlines for principal and interest payments as well as other credit agreement terms did not occur during the period covered by this report.

Borrowings by type	**31 Mar 2016**	**31 Dec 2015**
in PLN 000s		
Credit facilities	**22 396**	**22 825**
Loans	**13 777**	**13 719**
including:		
Long-term part	22 520	23 335
Short-term part	13 653	13 210

Borrowings with repayment period from the balance sheet date	**31 Mar 2016**	**31 Dec 2015**
in PLN 000s		
up to 12 months	13 653	13 210
from 1 to 3 years	6 399	6 882
from 3 to 5 years	3 191	3 230
over 5 years	12 930	13 222
Total borrowings	**36 173**	**36 544**

Borrowings (currency structure)	**31 Mar 2016**	**31 Dec 2015**
in PLN 000s		
in PLN	31 701	31 945
in foreign currencies	4 472	4 599
Total borrowings	**36 173**	**36 544**

List of credit facilities, including credit limits

Lender	Agreement date	Issued amount in PLN 000s	Amount of liability in PLN 000s	Repayment date	Interest	Collateral
Deutsche Bank PBC S.A.	KNK/1207991 26.04.2012	4 515	3 312	30.04.2027	Variable	EUR 31 000 cash deposit; mortgage up to EUR 1 575 000 on a property; assignment of rights to insurance policy; court-ordered registered pledge on the general partner's shares; power of attorney to other bank accounts; in-blanco promissory note; declaration on submission to enforcement proceedings, surety by Wikana SA; assignment of rights to a bank guarantee
Deutsche Bank PBC S.A.	KNK/1300999 17.01.2013	1 868	1 160	01.02.2021	Variable	mortgage up to EUR 675 000 on a property owned by the borrower; assignment of rights to a property insurance policy, an amount no lower than PLN 5 060 000; court-ordered registered pledge on shares in Wikana Nieruchomości Sp. z o.o.; in-blanco promissory note guaranteed by Wikana S.A.; declaration on submission to enforcement proceedings; irrevocable power of attorney to current account and other accounts maintained by the bank; indefinite surety by Wikana S.A. pursuant to civil law up to EUR 675 000; assignment of rights to a bank guarantee issued as collateral for repayment of lease agreements, a cash deposit of at least EUR 21 000
BGK	12001745/233/2000 15.12.2000	1 719	1 630	20.08.2045	Variable	deposit mortgage up to PLN 2 579 000 on property belonging to borrower, assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 56 000 per year that are sent to any of the bank accounts, insurance agreement for up to PLN 150 000
BGK	12001745/83/2002 24.07.2002	2 900	2 135	25.01.2037	Variable	deposit mortgage up to PLN 4 380 000 on property belonging to borrower, assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 124 000 per year that are sent to any of the bank accounts,
BGK	12001745/152/2002 27.09.2002	4 000	3 730	25.12.2038	Variable	deposit mortgage up to PLN 6 000 000 on property belonging to borrower, assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 171 000 per year that are sent to any of the bank accounts,
BGK	12001745/64/2003 27.05.2003	7 300	4 647	25.08.2030	Variable	deposit mortgage up to PLN 10 950 000 on property belonging to borrower, assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 335 000 per year that are sent to any of the bank accounts,
BGK	12001745/1058/2006 05.09.2006	2 454	1 601	25.04.2030	Variable	deposit mortgage up to PLN 3 681 000 on property belonging to borrower, assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 120 000 per year that are sent to any of the bank accounts,

BGK	12001745/10 59/2006 05.09.2006	4 164	2 754	25.07.2030	Variable	deposit mortgage up to PLN 6 246 000 on property belonging to borrower, assignment of rights to insurance policy for the property being financed assignment of receivables from rent payments, up to a total of PLN 196 000 per year that are sent to any of the bank accounts,
BOŚ S.A.	S/94/07/2012 /1144/K/IN W/EKO/EK O 13.09.2012	7 420	1 427	16.08.2019	Variable	mortgage up to PLN 11 130 000 on a property owned by a natural person; consent was given for a fee, a mortgage of up to PLN 11 130 000 was established on a property owned by the borrower; assignment of rights to the insurance policy for the property that the mortgage was established on; power of attorney to the borrower's current account maintained by the lender; in-blanco promissory note guaranteed by Wikana S.A.
Total		**36 340**	**22 396**			

List of loans

Lender	Agreement date	Issued amount in PLN 000s	Amount of liability in PLN 000s	Repayment date	Interest	Collateral
Agnieszka Buchajska	05.07.2013	300	366	31.12.2016	Variable	Own promissory note issued by borrower
	22.05.2013	70	80	31.12.2016	Variable	Own promissory note issued by borrower
	31.12.2015	95	96	31.12.2016	Variable	
Renale Management Limited	13.09.2013	3 530	3 247	31.12.2016	Variable	Own promissory note issued by borrower
	04.03.2014	150	167	31.03.2017	Variable	Own promissory note issued by borrower
Ipnihome Limited	30.10.2012	1 300	1 164	31.12.2016	Variable	In-blanco own promissory note issued by borrower
	04.03.2014	100	112	31.03.2017	Variable	In-blanco own promissory note issued by borrower
	31.12.2015	110	110	31.12.2016	Variable	
National Fund for Environmental Protection and Water Management	231/2011/Wn 03/OA-MO-KU/P 14.06.2011 as amended	4 062	2 520	20.12.2020	Variable	Promissory note, mortgage on properties, assignment of rights, court-ordered pledge
Sanwil Holding S.A.	21.11.2013	700	807	31.01.2017	Variable	Own promissory note issued by the borrower
	03.07.2013	357	420	31.12.2016	Variable	Own promissory note issued by the borrower
Sanwil Holding S.A.	30.12.2013	1 000	1 147	31.01.2017	Variable	Own promissory note issued by borrower
Sanwil Holding S.A.	03.07.2012	2 000	2 581	31.12.2016	Variable	Own promissory note issued by borrower
AGIO RB FIZ	13.09.2014	6 040	458	30.06.2016	Variable	Own promissory note issued by borrower
BIOWAT	02.02.2015 08.05.2015	275	283	31.12.2016	Variable	Own promissory note issued by borrower

Other		219	n/a
Total	**20 089**	**13 777**	

6.9. Bond liabilities

in PLN 000s	**1 Jan 2016 31 Mar 2016**	**1 Jan 2015 31 Dec 2015**
Bond liabilities at the beginning of period	**50 861**	**49 085**
Issuance costs at the beginning of period	115	569
Proceeds from bond issues	*5 000*	*11 216*
Issuance costs in the period		-
Net proceeds from bond issues	5 000	11 216
Cost of bond issues settled over time	(115)	(115)
Discount (adjusted purchase price)	-	784
Accrued interest in the period	1 113	4 248
Repayment of interest accrued in previous periods	(1 099)	(1 558)
Repayment of interest accrued in current period	(566)	(3 103)
Bond buyback	(2 053)	(10 265)
Total	**53 256**	**50 861**
Short-term part	48 256	33 257
Long-term part	5 000	17 604
Bond liabilities at the end of period	**53 256**	**50 861**

Debt instruments by type

	Nominal amount	Terms of interest	Guarantees / collateral	Maturity date
Series A ordinary bonds issued by Wikana S.A.	8 212	WIBOR 6M + margin	Contractual mortgage up to PLN 46 800 000	18.07.2016
Series B ordinary bonds issued by Wikana S.A.	7 612	WIBOR 6M + margin	Unsecured	18.01.2017
Series A ordinary bonds issued by WIKANA PROPERTY Sp. z o.o. OMEGA S.K.A.	4 000	WIBOR 6M + margin	Contractual mortgage up to PLN 6 000 000, registered pledge up to 6 000 000 on company shares, surety issued by Wikana S.A.	20.01.2017
Series B ordinary bonds issued by WIKANA PROPERTY Sp. z o.o. OMEGA S.K.A.	6 000	WIBOR 6M + margin	Contractual mortgage up to PLN 9 000 000, registered pledge up to 9 000 000 on company shares, surety issued by Wikana S.A.	20.01.2017
Series B ordinary bonds issued by WIKANA MERITUM Sp. z o.o. CORYLUS S.K.A. (formerly WIKANA PROPERTY Sp. z o.o. CORYLUS S.K.A.)	22 000	Fixed interest	Declaration on submission to enforcement proceedings, surety issued by select WIKANA Group companies, including WIKANA S.A., assignment of parts of shares in select WIKANA Group companies owned by WIKANA S.A.	16.12.2016
Series A ordinary bonds issued by WIKANA PROPERTY Sp. z o.o. ROSA S.K.	5 000	Fixed interest	Declaration on submission to enforcement proceedings	24.08.2017

Bond liabilities by maturity

in PLN 000s	**31 Mar 2016**	**31 Dec 2015**
up to 12 months	48 256	33 257
from 1 to 3 years	5 000	17 604
from 3 to 5 years	-	-
over 5 years	-	-
Bond liabilities	**53 256**	**50 861**

6.10. Trade and other payables

in PLN 000s	**31 Mar 2016**	**31 Dec 2015**
Other non-current liabilities	**15 972**	**15 902**
Retained deposits - long-term part	2 261	2 158
Accounting of credit write-off and participation - long-term part	8 959	8 992
Long-term participation contributions provided	4 752	4 752
Other non-current liabilities		-
Current trade and other payables	**16 398**	**18 487**
Trade payables	6 625	7 541
Retained deposits - short-term part	1 502	1 570
Liabilities towards public authorities	1 148	1 728
Other liabilities	7 023	7 548
Prepayments	-	-
Accounting of credit write-off and participation - short-term part	100	100
Total	**32 370**	**34 389**

6.11. Contingent liabilities

Group companies have mutual contingent liabilities concerning credit, loans and bonds. Information regarding contingent liabilities is presented in notes 6.8 and 6.9.

6.12. Provisions

in PLN 000s	Legal	Liabilities	Employee	Total
Value at 1 January 2016	74	413	137	624
Increases / recognition	-	214	-	214
Decreases / use	-	(25)	-	(25)
Value at 31 March 2016	**74**	**602**	**137**	**813**
Long-term part	-	-	7	7
Short-term part	74	602	130	806
Value at 31 December 2015	**74**	**413**	**137**	**624**
Long-term part	-	-	7	7
Short-term part	74	413	130	617

6.13. Deferred revenue

Deferred revenue comprises mainly advances from customers for apartment purchases and interest charged on overdue payments. Advances received from customers are presented by project, as below. In addition, this item includes grants in the amount of PLN 9 309 000 and other items of PLN 47 000.

in PLN 000s	31 Mar 2016	31 Dec 2015
Sky House investment	1 118	37
Zielone Tarasy investment	899	389
Osiedle Marina investment	823	501
Świerkowa Aleja investment	1 674	758
Miasteczko Wikana investment	-	1 002
Osiedle Panorama investment	1 886	846
Osiedle Generalskie investment	400	289
Osiedle Cetnarskiego investment	-	224
Oranżeria investment	493	320
Tęczowe Osiedle investment	18	-
Grants	9 309	9 614
including long-term	*8 147*	*8 510*
including short-term	*1 162*	*1 104*
Advance on sale of land	-	125
Other	47	176
	16 667	**14 281**

6.14. Remuneration for Management Board and Supervisory Board members

Aside from base salaries and social security contributions to ZUS (pension benefit contributions), the Group pays out remuneration to the management pursuant to agreements for provision of services and remuneration for serving on the Management Board.

in PLN 000s	**1 Jan 2016 31 Mar 2016**	**1 Jan 2015 31 Mar 2015**
Management Board remuneration	**54**	**55**

in PLN 000s	**1 Jan 2016 31 Mar 2016**	**1 Jan 2015 31 Mar 2015**
Supervisory Board remuneration	**43**	**48**

6.15. Related-party transactions

Other related-party transactions

Related parties include entities controlled by shareholders, Management Board members and Supervisory Board members.

in PLN 000s	Transaction value during the period:		Outstanding balance as at	
	1 Jan 2016 31 Mar 2016	1 Jan 2015 31 Mar 2015	31 Mar 2016	31 Mar 2015
Sale of products and services	729	2	97	7

	Transaction value during the period:		Outstanding balance as at	
	1 Jan 2016 31 Mar 2016	1 Jan 2015 31 Mar 2015	31 Mar 2016	31 Mar 2015
Purchase of products and services	1 002	230	183	475

in PLN 000s	Outstanding balance as at	Transaction value during the period				Outstanding balance as at
	31 Dec 2015	Issue	Repayment of principal	Accrual of interest	Repayment of interest	31 Mar 2016
Loans received (principal and interest)	10 678	-	-	176	-	10 854

in PLN 000s	Transaction value during the period:		Outstanding balance as at	
	1 Jan 2016 31 Mar 2016	1 Jan 2015 31 Mar 2015	31 Mar 2016	31 Dec 2015
Other liabilities	(345)	-	6 427	6 772

6.16. Impairment of property, plant and equipment and intangible assets

The value of impairment of property, plant and equipment and intangible assets did not change from 31 December 2015.

Robert Pydzik
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Agnieszka Maliszewska
/Member of the Management Board/

Bożena Wincentowicz
/Person responsible for bookkeeping/

Lublin, 13 May 2016

7. Condensed separate interim financial statements

Condensed separate statement of comprehensive income

for the period 1 January - 31 March 2016

in PLN 000s	Note	1 Jan 2016	1 Jan 2015
Continuing operations		**31 Mar 2016**	**31 Mar 2015**
Revenue from sales		438	4 644
Cost of sales		(445)	(4 624)
Gross profit (loss) on sales		**(7)**	**20**
Selling costs		(43)	(258)
Administrative expenses		(344)	(502)
Other operating revenue		36	480
Other operating expenses		(35)	(64)
Gain on investments		291	198
Operating profit (loss)		**(102)**	**(125)**
Share of the profit of jointly controlled entities and associates		-	-
Finance costs		(694)	(650)
Profit (loss) before tax		**(796)**	**(775)**
Income tax			-
Net profit / (loss) on continuing operations		**(796)**	**(775)**
Discontinued operations		-	-
Net profit (loss) on discontinued operations		-	-
Net profit (loss)		**(796)**	**(775)**
Other comprehensive income (net)		-	-
Total comprehensive income		**(796)**	**(775)**
Basic (PLN)		(0.04)	(0.04)
Diluted (PLN)		(0.04)	(0.04)

Robert Pydzik
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Agnieszka Maliszewska
/Member of the Management Board/

Bożena Wincentowicz
/Person responsible for bookkeeping/

Lublin, 13 May 2016

Condensed separate interim balance sheet

At 31 March 2016			
in PLN 000s	**Note**	**31 Mar 2016**	**31 Dec 2015**
Assets			
Non-current assets			
Property, plant and equipment		98	110
Intangible assets		60	82
Investment properties		5 331	5 332
Loans issued		21 361	22 020
Other non-current investments		10 032	10 031
Other non-current assets		3 441	3 441
Total non-current assets		**40 323**	**41 016**
Current assets			
Inventory	*8.1*	23 185	23 564
Trade and other receivables		19 217	19 227
Cash and cash equivalents		3	154
Total current assets		**42 405**	**42 945**
Total assets		**82 728**	**83 961**

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/Member of the Management Board/

Bożena Wincentowicz
/Person responsible for bookkeeping/

Lublin, 13 May 2016

Condensed separate interim balance sheet

At 31 March 2016			
in PLN 000s	**Note**	**31 Mar 2016**	**31 Dec 2015**
Equity and liabilities			
Equity			
Share capital		40 030	40 030
Revaluation reserve		358	358
Supplementary capital		67 067	67 067
Retained earnings (losses)		(70 200)	(69 404)
Total equity		**37 255**	**38 051**
Liabilities			
Credit and loan liabilities		16 612	13 982
Provisions	*8.2*	7	7
including employee benefit provision		*7*	*7*
Bond liabilities		-	7 612
Other non-current liabilities		2 138	2 138
Total non-current liabilities		**18 757**	**23 739**
Credit and loan liabilities		6 960	6 067
Bond liabilities		16 010	10 857
Trade and other payables		2 622	4 111
Provisions	*8.2*	1 066	1 066
including employee benefit provision	*8.2*	*106*	*106*
Deferred revenue	*8.3*	58	70
including grants	*8.3*	58	*70*
Total current liabilities		**26 716**	**22 171**
Total liabilities		**45 473**	**45 910**
Total equity and liabilities		**82 728**	**83 961**

Robert Pydzik
/President of the Management Board/

Agnieszka Maliszewska
/Member of the Management Board/

Lublin, 13 May 2016

Bożena Wincentowicz
/Person responsible for bookkeeping/

Condensed separate interim statement of cash flows

in PLN 000s	**1 Jan 2016 31 Mar 2016**	**1 Jan 2015 31 Mar 2015**
Cash flows from operating activities		
Net loss for the period	**(796)**	**(775)**
Adjustments		
Depreciation	35	89
Interest income and shares of profit (dividends)	(171)	(852)
Finance costs	686	630
Gain on investing activities	-	(66)
Change in inventories	379	(294)
Change in trade and other receivables	(124)	2 663
Change in provisions and related assets	-	-
Change in current and other liabilities, except borrowings and leasing	(1 489)	826
Change in deferred revenue	(12)	(631)
Net cash from operating activities	**(1 492)**	**1 590**
Cash flows from investing activities		
Interest received	53	-
Proceeds from sale of investment properties	-	20
Sale of financial assets	101	-
Loans issued	-	(83)
Repayment of issued loans	777	4 929
Net cash from investing activities	**931**	**4 866**
Cash flows from financing activities		
Purchase of own shares	-	(46)
Net proceeds from bond issues	-	(376)
Bond buyback	(2 053)	(4 106)
Borrowings incurred	4 179	185
Outflows on repayment of borrowings	(987)	(731)
Interest paid	(729)	(1 390)
Net cash from financing activities	**410**	**(6 464)**
Total net cash flows	**(151)**	**(7)**
Cash and cash equivalents as at the beginning of period	154	81
Cash and cash equivalents as at the end of period	**3**	**74**
Restricted cash and cash equivalents at the end of period		

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/Member of the Management Board/

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/Person responsible for bookkeeping/

Lublin, 13 May 2016

Condensed separate interim statement of changes in equity

for the period 1 January - 31 March 2016

in PLN 000s	Share capital	Own shares	Supplementary capital	Revaluation reserve	Retained earnings (losses)	Total equity
Equity as at 1 January 2015	**40 030**	**(1)**	**67 068**	**-**	**(66 245)**	**40 852**
Comprehensive income	-	-	-	-	(774)	(774)
– *Result for the period*	-	-	-	-	*(774)*	*(774)*
– *Other income*	-	-	-	-	-	-
Changes in shares of subsidiaries	-	-	-	-	-	-
Disposal of own shares	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-
Equity as at 31 March 2015	**40 030**	**(1)**	**67 068**	**-**	**(67 019)**	**40 078**
Equity as at 1 January 2016	**40 030**	**-**	**67 067**	**358**	**(69 404)**	**38 051**
Comprehensive income	-	-	-	-	(796)	(796)
– *Result for the period*	-	-	-	-	*(796)*	*(796)*
– *Other income*	-	-	-	-	-	-
Changes in shares of subsidiaries	-	-	-	-	-	-
Disposal of own shares	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-
Equity as at 31 March 2016	**40 030**	**-**	**67 067**	**358**	**(70 200)**	**37 255**

Robert Pydzik
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/Member of the Management Board/

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Lublin, 13 May 2016

8. Additional information to the condensed separate interim financial statements

8.1. Inventory

in PLN 000s	**31 Mar 2016**	**31 Dec 2015**
Production in progress	22 866	22 948
Finished products	319	616
	23 185	**23 564**

Inventories at 31 March 2016, by category

in PLN 000s	**Production in progress**	**Finished products**
Osiedle Marina investment, Lublin	4 265	243
Apartamenty Godebskiego investment	-	18
Osiedle Cetnarskiego investment, Łańcut	-	28
Zielone Tarasy investment, Rzeszów	1 930	-
Niecała investment, Lublin	3 208	-
Investment in Przemyśl	2 881	-
Kraśnicka investment, Lublin	5 881	-
Sky House investment, Lublin	293	315
Podpromie investment, Rzeszow	4 346	-
Osiedle Panorama investment, Rzeszów	-	9
Other	62	(294)
including: provision for finished products	-	*(294)*
	22 866	**319**

Write-downs of inventories did not change in comparison with 31 December 2015.

8.2. Provisions

in PLN 000s	**Legal**	**Liabilities**	**Employee**	**Total**
Value at 1 January 2016	**74**	**886**	**113**	**1 073**
Increases / recognition	-	-	-	-
Decreases / use	-	-	-	-
Value at 31 March 2016	**74**	**886**	**113**	**1 073**
Long-term part	-	-	7	7
Short-term part	74	886	106	1 066
Value at 31 December 2015	**74**	**886**	**113**	**1 073**
Long-term part	-	-	7	7
Short-term part	74	886	106	1 066

8.3. Deferred revenue

in PLN 000s	**31 Mar 2016**	**31 Dec 2015**
Grants	58	70
	58	**70**

8.4. Related-party transactions

Other related-party transactions

Related parties include entities controlled by shareholders, Management Board members and Supervisory Board members.

in PLN 000s	Transaction value during the period:		Outstanding balance as at	
	1 Jan 2016 31 Mar 2016	1 Jan 2015 31 Mar 2015	31 Mar 2016	31 Dec 2015
Sale of products and services	558	652	16 794	16 902

in PLN 000s	Transaction value during the period:		Outstanding balance as at	
	1 Jan 2016 31 Mar 2016	1 Jan 2015 31 Mar 2015	31 Mar 2016	31 Dec 2015
Purchase of products and services	128	160	1 133	2 238

in PLN 000s	Outstanding balance as at	Transaction value during the period				Outstanding balance as at
	31 Dec 2015	Issue	Repayment of principal	Accrual of interest	Repayment of interest	31 Mar 2016
Loans issued (principal and interest)	22 020	-	(777)	171	(53)	21 361

in PLN 000s	Outstanding balance as at	Transaction value during the period				Outstanding balance as at
	31 Dec 2015	Issue	Repayment of principal	Accrual of interest	Repayment of interest	31 Mar 2016
Loans received (principal and interest)	19 874	4 179	(1 020)	363	0	23 396

Robert Pydzik
/President of the Management Board/

Agnieszka Maliszewska
/Member of the Management Board/

Bożena Wincentowicz
/Person responsible for bookkeeping/

Lublin, 13 May 2016

9. Description of the Issuer's group

The Group comprises the parent company, Wikana S.A., and its subsidiaries. Detailed information about the Group is presented in point III of the consolidated quarterly report for the period 1 January 2015 - 31 March 2016.

10. Changes in Group structure and impact on Group operations

Changes in Group structure that took place in Q1 2016 and until the date on which this report was prepared are as follows:
- return transfer of ownership of shares in selected Group companies, which were assigned as collateral for a bondholder in connection with the series B bond issued by WIKANA MERITUM Sp. z o.o. CORYLUS S.K.A., based in Lublin.
- transfer to the Company of 100% of shares in 3 entities from the Group, which had been subsidiaries of the Company via WIKANA FIZ,
- dissolution of WIKANA FIZ,
- change in legal form of certain Group companies,

The Company's Management Board notes that the above changes were of a purely organisational nature, connected with the Group's restructuring, initiated in 2014 and aimed at streamlining and improving the Group's effectiveness in accordance with best practices for property developers.

The Company's Management Board also notes that both in the reporting periods as well as until the date on which this report was prepared, the Group was not subject to any of the following changes: business combinations, acquisitions or disposals or loss of control over subsidiaries, except as described above. Moreover, in the period being discussed, no control was lost or gained over long-term investments.

11. Significant events during the reporting period and until this report was published

Aside from the material agreements referred to in point 15 of this report, the Company's Management Board considers as a material event taking place in Q1 2016 a resolution passed on 18 February 2016 regarding the issue by WIKANA PROPERTY Sp. z o.o. ROSA S.K.A. (currently: WIKANA PROPERTY Sp. z o.o. ROSA S.K.) of up to 5 000 secured de-materialised bearer bonds series A, with total par value of up to PLN 5 000 000; allocation of the bonds took place on 24 February 2016 (details: current reports 6/2016 and 7/2016).

12. Management's views on previously published guidance for Q1 2016

The Company does not release guidance.

13. Shareholding by Management Board and Supervisory Board members

The following table presents the number of shares in WIKANA S.A. held by members of the Management Board and Supervisory Board.

Shareholding by Management Board and Supervisory Board members

	NUMBER OF SHARES/VOTES	NOMINAL VALUE	SHARE IN CAPITAL/VOTES (%)
MANAGEMENT BOARD	**0**	**0**	**0**
SUPERVISORY BOARD, including:	**590 088**	**1 180 196**	**2.95**
BUCHAJSKI ADAM	524 815	1 049 630	2.62
BUCHAJSKA AGNIESZKA	65 273	130 546	0.33
TOTAL:	**590 088**	**1 180 176**	**2.95**

Members of the Management Board and Supervisory Board hold no special rights to the Issuer's shares.

The following changes in Management Board and Supervisory Board shareholdings took place in the period from the date on which the previous quarterly report was published, i.e. 13 November 2015:

- On 31 March 2016, Ipnihome Limited, based in Larnaca, a subsidiary of Adam Buchajski, sold pursuant to an agreement 4 935 222 shares in the Company to another subsidiary of Adam Buchajski, which constituted 24.66% of the Company's share capital and entitled to 4 935 222 votes at the Company's general meeting, i.e. 24.66% of total votes.
- According to a notification received by the Company on 7 April 2016, Agnieszka Buchajska sold 317 322 shares in the Company, which constituted 1.58% of the Company's share capital and entitled to 317 322 votes at the Company's general meeting, i.e. 1.58% of total votes, while a related party of hers sold 212 680 shares in the Company, which constituted 1.06% of the Company's share capital and entitled to 212 680 votes at the Company's general meeting, i.e. 1.06% of total votes.
- On 31 March 2016, RDI LLC, based in Dover, a subsidiary of Adam Buchajski, purchased, by way of a non-cash contribution in the form of the Company's shares, 530 012 shares of the Company, which constituted 2.65% of the Company's share capital and 530 012 votes at the Company's general meeting, i.e. 2.65% of total votes. On the same day, RDI LLC, based in Dover, purchased from Ipnihome Limited, based in Larnaca, 4 935 222 shares in the Company, which constituted 24.66% of the Company's share capital and entitled to 4 935 222 votes at the Company's general meeting, i.e. 24.66% of total votes. As a result of the above transactions, RDI LLC, based in

Dover, directly purchased 5 465 234 shares in the Company, which constituted 27.31% of the Company's share capital and entitled to 5 465 234 votes at the Company's general meeting, i.e. 27.31% of total votes. As a result of the above transactions, Adam Buchajski's shareholding changed. Prior to the transactions, Adam Buchajski held 5 460 037 shares in the Company (including 524 815 directly and 4 935 222 indirectly through Ipnihome Limited, based in Larnaca), which constituted 27.28% of the Company's share capital and entitled to 5 460 037 votes at the Company's general meeting, i.e. 27.28% of total votes. Following the above transactions, Adam Buchajski held 5 990 049 shares in the Company (including 524 815 directly and 5 465 234 indirectly through RDI LLC, based in Dover), which constituted 29.93% of the Company's share capital and entitled to 5 990 049 votes at the Company's general meeting, i.e. 29.93% of total votes.

- On 19 April 2016, RDI LLC, based in Dover, sold to subsidiary Sarmira Limited, based in Mriehel, 5 465 235 shares in the Company, which constituted 27.31% of the Company's share capital and entitled to 5 465 234 votes at the Company's general meeting, i.e. 27.31% of total votes. This subsidiary on that same day directly purchased 6 880 260 shares in the Company, which constituted 34.38% of the Company's share capital and entitled to 6 880 260 votes at the Company's general meeting, i.e. 34.38% of total votes. As a result of the above, the stake in the Company held by RDI LLC, based in Dover, changed from a direct to an indirect shareholding. As a result of the above, Adam Buchajski's stake in the Company changed from 5 990 049 shares (including 524 815 held directly and 5 465 234 held indirectly through RDI LLC, based in Dover), which constituted 29.93% of the Company's share capital and entitled to 5 990 049 votes at the Company's general meeting, i.e. 29.93% of total votes, to 7 405 075 shares in the Company (including 524 815 held directly and 6 880 260 indirectly), which constituted 37.00% of the Company's share capital and entitled to 7 405 075 votes at the Company's general meeting, i.e. 37% of total votes.
- On 20 April 2016, pursuant to a share sale agreement between MWM Investments Limited, based in Mriehel, and AGIO RB FIZ, based in Warsaw, the stake held by RDI LLC, based in Dover, changed (from 6 880 260 shares in the Company, which constituted 34.38% of the Company's share capital and entitled to 34.38% of votes at the Company's general meeting, i.e. 34.38% of total votes, to 13 200 384 shares in the Company, which constituted 65.95% of the Company's share capital and entitled to 13 200 384 votes at the Company's general meeting, i.e. 65.95% of total votes), as did Adam Buchajski's stake (from 7 405 075 shares in the Company, including 524 815 held directly and 6 880 260 held indirectly, which constituted 37.00% of the Company's share capital and entitled to 7 405 075 of votes at the Company's general meeting, to 13 725 199 shares of the Company, including 524 815 held directly and 13 200 384 indirectly, which constituted 68.58% of the Company's share capital and entitled to 13 725 199 votes at the Company's general meeting, i.e. 68.58% of total votes).
- On 28 April 2016, under payments for investment certificates of VALUE FIZ z Wydzielonym Subfunduszem 1, based in Warsaw, RDI LLC, based in Dover, contributed, among other things, participation units in subsidiaries, i.e. MWM Investments Limited, based in Mriehel, Malta, and Sarmira Limited, based in Mriehel, Malta, as a result of which it sold all of its shares in the Company to an independent entity. As a result of the above, Adam Buchajski's stake in the Company changed from 13 725 199 shares (including 524 815 held directly and 13 200 384 held indirectly), which constituted 68.58% of the Company's share capital and entitled to 13 725 199 votes at the Company's general meeting, i.e. 68.58% of total votes, to 524 815 shares in the Company, which constituted 2.62% of the Company's share capital and entitled to 524 815 votes at the Company's general meeting, i.e. 2.62% of total votes.

14. On-going proceedings in courts, arbitration bodies or public administration authorities

According to the Issuer's best knowledge, on the date on which these financial statements were prepared, the Issuer and its subsidiaries were parties to on-going proceedings in court, arbitration body or public administration authority in aggregate worth PLN 12 039 672, of which:

- PLN 4 296 741.89 constituted the total value of proceedings concerning receivables due to the Issuer and its subsidiaries. The highest-value proceeding was instigated by Wikana S.A. on 17 March 2014 against ABM Greiffenberger Polska Sp. z o.o., based in Lublin. On 23 December 2014, the Company modified the suit's legal basis, demanding a refund from the suit company of PLN 4 188 951.45. The claim is viewed as justified.
- PLN 7 742 929.90 constituted the total value of proceedings concerning the Issuer's and its subsidiaries' liabilities. The largest item in this group is a lawsuit received on 30 January 2015 by WIKANA PROPERTY Sp. z o.o. 02 SKA, based in Lublin, and WIKANA NIERUCHOMOŚCI Sp. z o.o. w likwidacji, based in Lublin, for payment of the following amount: PLN 2 544 994.00 to a natural person carrying out economic activities (the Issuer is not disclosing details of the claimant due to personal data protection regulations). The claim is viewed as unjustified.

15. Information on WIKANA Group's significant agreements

In Q1 2016, Group companies were parties to the following commercial agreements, other than agreements transferring ownership of residential units:

- On 14 January 2016, WIKANA PROPERTY Sp. o.o. ROSA S.K.A. (currently: WIKANA PROPERTY Sp. z o.o. ROSA S.K. executed a construction works agreement with Przedsiębiorstwo Wielobranżowe DOM PLUS Michał Duda, Jacek Całka S.C. ("Contractor"), regarding development of three multi-family residential buildings, together with installations, connections and land development, at ul. Misjonarska 12a in Lublin (details: current report 2/2016),
- On 28 January 2016, WIKANA PROPERTY Sp. z o.o. ACER S.K.A. executed a construction works agreement with INVEST PARTNER ARKADIUSZ MATUŁA - SPÓŁKA KOMANDYTOWA, concerning development of a subsequent phase of the MIASTECZKO WIKANA investment in Lublin, ul. Kasztelańska, i.e. three sets of residential single-family townhouses, together with installations and land development (details: current report 4/2016),
- On 10 February 2016, WIKANA MERITUM Sp. z o.o. MAGNOLIA S.K.A. (currently: WIKANA PROPERTY Sp. z o.o. MAGNOLIA S.K.), executed an agreement with SKANSKA S.A. regarding construction work consisting of the development of B3 multi-family residential building with underground carpark, installations and land development, as part of the Sky House investment in Lublin (details: current report 5/2016),

Given the above, on 31 March 2016, WIKANA PROPERTY Sp. z o.o. KROSNO S.K.A. executed an annex to an agreement pursuant to which it incurred a promissory note obligation of PLN 4 200 000, changing the promissory note redemption date from 31 March 2016, to 31 December 2016.

16. Significant related-party transactions executed by Group companies on terms other than market terms

No transactions with related parties were executed during the reporting period and until the publication of this report, other than transactions on market terms.

17. Information on credit or loan sureties and guarantees issued

Information regarding significant events concerning loans and credit is presented in point 6.8 of additional information to the condensed consolidated interim financial statements, in the 'insurance' column.

18. Significant information

During the period ended 31 March 2016, Group companies continued their statutory activities. In the first quarter of 2016, the Group generated a loss of PLN 1 193 000, with PLN 13 277 000 in revenue from operating activities.

As at 31 March 2016, total Group liabilities due and payable within the next 12 months (i.e. current liabilities) and current provisions amounted to PLN 88 203 000. This item mainly consists of credit facilities, financial leases, bonds, trade payables and deferred revenue (the PLN 8 520 000 in deferred revenue corresponds to the amounts paid by clients based on apartment purchase agreements in completed and on-going development projects). Within the total of PLN 89 009 000 in current liabilities, the company will actually have to repay up to PLN 80 489 000, i.e. after subtracting the amount of provisions and deferred revenue, which according to the accounting methodology for development projects (as specified in IAS 18), will be recognised in revenue from the sale of apartments after delivery to clients. The repayment of these liabilities towards apartment buyers would be necessary in the event of non-performance of the executed apartment sales agreements, e.g. as a result of discontinuing or major delays in construction, which according to the management board should definitely be excluded.

In the first quarter of 2016 and until the date on which this document was drafted, the Group achieved the following tasks related to property development projects:

- launch development of the following property projects: building B3 at Sky House investment in Lublin, building Misjonarska 12 in Lublin, task 13 (MW B13) at Miasteczko Wikana in Lublin;
- preparations for commencement of further development projects located in the Lublin and Sub-Carpathian voivodships.

As at 31 March 2016, the Group's offering included property development projects totalling 292 flats, of which 252 were under construction.

Rent income (rent segment) in the first quarter of 2016 reached PLN 2 050 000.

From 1 January to 31 March 2016, the Group's renewables segment generated PLN 352 000 in revenue.

The Company's Management Board intends to continue activities aimed at improving the Group's financial standing, including through focusing on the key property-development segment.

According to the Company's Management Board, there are no significant threats to the Group's continuing operations over the 12 months from the date on which this report was prepared. The Company's Management Board is convinced that it is capable of providing the Group with sufficient capital to service its financial and trade liabilities and to continue operations uninterrupted, including property development projects.

19. Factors that might have an effect on results over at least the next three months

The Parent's Management Board assessed the Group's expected liquidity situation for the 12 months from the date of the consolidated financial statements. The main objective of this analysis was specifying the sources for repayment of the Group's current liabilities, resulting mainly from issued bonds, credit facilities and trade payables (including liabilities resulting from property projects).

As a result of the analysis, the Company's Management Board outlined the main repayment sources for current liabilities:

- Proceeds from new sale agreements concerning apartments, parking spaces, storage spaces and service facilities, which either are or will be introduced to the Group's portfolio in 2016.
- Proceeds from payments under sales agreements concerning apartments, parking spaces, storage spaces and service facilities in on-going development projects, which were executed prior to 31 March 2016 - and which will be made by clients in accordance with the timetables specified in such contracts.
- Proceeds from lease of space in the Group's commercial properties.
- A divestment process that covers the sale of certain assets that are not being used in the Group's core business.

In addition, the Company's Management Board is analysing a number of solutions aimed at raising additional capital to ensure the Group's liquidity, to be used to repay financial and trade payables. As such, the following activities are currently at an advanced stage: new credit facilities, both to re-finance the existing liabilities and to finance property development projects.

The above list is not comprehensive, and the results of the above activities will be dependent on financial-market conditions and the potential benefits for the Group.

According to the Company's Management Board, a visible improvement on the residential property market will make it possible to fulfil apartment sales plans at a level ensuring uninterrupted operations, including repayment liabilities.

The Group expects to continue its present activities in subsequent reporting periods. The majority of property development projects will be executed via special purpose vehicles, therefore the Group's consolidated results will play a key role.

For at least the next 12 months, the growth strategy of the Group's development companies will focus on the following directions:

- Intensification of activities aimed at a substantial increase in operating scale, re-commencement or commencement of investments on the Group's land.
- Reinforcement of leading position on the property development market, further operational expansion and reinforcement in markets where the Company is present,
- Consistent increase in apartment sales volumes, alongside margin growth,
- Adaptation of the project schedule to current and foreseeable conditions on the property market, with the assumption that optimisation will be continued as regards the Company's expenditures and inflows, as well as the current ratio levels.
- Seeking to ensure an optimal financing structure for the on-going property development projects.

With regard to the retail segment, in which the Group operated until the end of 2015, a decision was made in the first quarter of 2016 to initiate a process to dissolve the one company that operated in this segment.

As regards the renewables segment, the Company's Management Board cannot exclude divestments within an economically justified time-frame. Until the date on which the financial statements were published, no decisions in this regard were made.

Robert Pydzik
/President of the Management Board/

Agnieszka Maliszewska
/Member of the Management Board/

Bożena Wincentowicz
/Person responsible for bookkeeping/

Lublin, 13 May 2016