

WIKANA Group
Extended consolidated quarterly report
for the period 01.01.2017-30.09.2017



Lublin, 16 November 2017

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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 30 September 2017: EURPLN 4.3091 (31 December 2016: EURPLN 4.4240)

Items in the statement of comprehensive income and statement of cash flows - using the arithmetic mean of average exchange rates established by the National Bank of Poland as at the last day of each month in the first three quarters of 2017: EURPLN 4.2566 (after Q1-Q3 2016: EURPLN 4.3688).

Balance sheet item	30.09.2017		31.12.2016	
	PLN	EUR	PLN	EUR
<i>in 000s</i>				
Total assets	199 464	46 289	203 731	46 051
Non-current assets	97 478	22 622	98 088	22 171
Current assets	101 986	23 667	105 643	23 880
Total equity and liabilities	199 464	46 289	203 731	46 051
Equity	47 428	11 006	45 336	10 248
Non-current liabilities	57 780	13 409	62 089	14 034
Current liabilities	94 256	21 874	96 306	21 769

Item in the Group's condensed consolidated statement of comprehensive income	01.01.2017 30.09.2017		01.07.2017 30.09.2017		01.01.2016 30.09.2016		01.07.2016 30.09.2016	
	PLN	EUR	PLN	EUR	PLN	EUR	PLN	EUR
<i>in 000s</i>								
Revenue from sales	47 183	11 084	10 886	2 557	31 804	7 280	9 341	2 138
Gross profit (loss) on sales	12 408	2 915	2 589	608	5 539	1 268	1 772	408
Operating profit (loss)	7 547	1 773	367	86	2 358	540	1 979	453
Profit (loss) before tax	2 505	588	(1 223)	(288)	(3 944)	(903)	1 236	283
Net profit / (loss) on continuing operations	2 168	509	(1 308)	(307)	(4 647)	(1 064)	888	203
Net profit (loss) on discontinued operations	(73)	(17)	-	-	86	20	230	53
Total comprehensive income	2 095	492	(1 308)	(307)	(4 380)	(1 003)	1 299	297
Profit (loss) per share:								
Basic profit (loss) per share	0.11	0.02	(0.06)	(0.02)	(0.23)	(0.05)	0.05	0.01
Diluted profit (loss) (PLN)	0.11	0.02	(0.06)	(0.02)	(0.23)	(0.05)	0.05	0.01

Item in the condensed consolidated interim statement of cash flows	01.01.2017 30.09.2017		01.01.2016 30.09.2016	
	PLN	EUR	PLN	EUR
<i>in 000s</i>				
Net cash from operating activities	12 412	2 916	2 564	587
Net cash from investing activities	805	189	(1 095)	(251)
Net cash from financing activities	(18 038)	(4 238)	(3 065)	(701)
Total cash flows	(4 821)	(1 133)	(1 596)	(365)

Agnieszka Maliszewska
/Vice-President of the Management Board/

Pawel Cholota
Member of the Management Board

Bożena Wincentowicz
Person responsible for
book-keeping/

Lublin, 16 November 2017

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 30 September 2017: EURPLN 4.3091 (31 December 2016: EURPLN 4.4240)

Items in the statement of comprehensive income and statement of cash flows - using the arithmetic mean of average exchange rates established by the National Bank of Poland as at the last day of each month in the first three quarters of 2017: EURPLN 4.2566 (after Q1-Q3 2016: EURPLN 4.3688).

Balance sheet item	30.09.2017		31.12.2016	
	PLN	EUR	PLN	EUR
<i>in 000s</i>				
Total assets	53 581	12 434	80 751	18 253
Non-current assets	25 786	5 984	39 369	8 899
Current assets	27 795	6 450	41 382	9 354
Total equity and liabilities	53 581	12 434	80 751	18 253
Equity	34 191	7 934	35 149	7 945
Non-current liabilities	7 808	1 812	28 435	6 428
Current liabilities	11 582	2 688	17 167	3 880

Item in the Issuer's condensed separate interim statement of comprehensive income	01.01.2017 30.09.2017		01.07.2017 30.09.2017		01.01.2016 30.09.2016		01.07.2016 30.09.2016	
	PLN	EUR	PLN	EUR	PLN	EUR	PLN	EUR
<i>in 000s</i>								
Revenue from sales	6 435	1 512	3 741	878	6 683	1 530	454	104
Gross profit (loss) on sales	1 180	277	314	73	189	43	29	7
Operating profit (loss)	781	184	154	36	(262)	(60)	(130)	(30)
Profit (loss) before tax	(958)	(225)	(13)	(3)	(2 786)	(638)	(767)	(176)
Net profit / (loss) on continuing operations	(958)	(225)	(13)	(3)	(2 786)	(638)	(767)	(176)
Total comprehensive income	(958)	(225)	(13)	(3)	(2 640)	(604)	(767)	(176)
Profit (loss) per share:								
Basic profit (loss) per share	(0.05)	(0.01)	-	-	(0.14)	(0.03)	(0.04)	(0.01)
Diluted profit (loss) (PLN)	(0.05)	(0.01)	-	-	(0.14)	(0.03)	(0.04)	(0.01)

Item in the condensed interim statement of cash flows	01.01.2017 30.09.2017		01.01.2016 30.09.2016	
	PLN	EUR	PLN	EUR
<i>in 000s</i>				
Net cash from operating activities	(5 779)	(1 358)	(1 143)	(262)
Net cash from investing activities	(11 438)	(2 687)	6 015	1 377
Net cash from financing activities	17 185	4 037	(5 024)	(1 150)
Total cash flows	(32)	(8)	(152)	(35)

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Cholota
Member of the Management Board

Bożena Wincentowicz
Person responsible for
book-keeping/

Lublin, 16 November 2017

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

3.1. Parent company data

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 30 September 2017 cover the financial statements of the Parent and its subsidiaries (together the "Group").

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

Parent

WIKANA S.A.

Subsidiaries	% share	
	30.09.2017	31.12.2016
WIKANA FORTEM Sp. z o.o.	100%	100%
WIKANA FORTEM Sp. z o.o. ACER Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. ACER Sp.k., prior to that: WIKANA PROPERTY Sp. z o.o. ACER S.K.A.) ⁽¹⁾	100%	100%
WIKANA MERITUM Sp. z o.o.	100%	100%
WIKANA MERITUM Sp. z o.o. ALFA Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. ALFA S.K.A., formerly: WIKANA PROPERTY Sp. z o.o. ALFA S.K.A.) ⁽¹⁾	100%	100%
WIKANA MERITUM Sp. z o.o. CORYLUS S.K.A. (formerly: WIKANA PROPERTY Sp. z o.o. CORYLUS 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.) ⁽³⁾	100%	100%
WIKANA MERITUM Sp. z o.o. LARIX S.K.A. (formerly: WIKANA PROPERTY Sp. z o.o. LARIX S.K.A.) ⁽³⁾	100%	100%
WIKANA MERITUM Sp. z o.o. MAGNOLIA Sp.k. (formerly: WIKANA MERITUM Sp. z o.o. MAGNOLIA S.K.A. previously: WIKANA PROPERTY Sp. z o.o. MAGNOLIA S.K.A.) ⁽²⁾	100%	100%
WIKANA MERITUM Sp. z o.o. PANORAMA Sp.k. (formerly: WIKANA MERITUM Sp. z o.o. PANORAMA S.K.A., previously: WIKANA PROPERTY Sp. z o.o. PANORAMA S.K.A.) ⁽²⁾	100%	100%
WIKANA PROPERTY Sp. z o.o. ⁽⁴⁾	100%	100%
WIKANA PROPERTY Sp. z o.o. 03 MIASTECZKO S.K.A. (formerly: Wikana Nieruchomości Sp. z o.o. 03 MIASTECZKO S.K.A.) ⁽⁵⁾	100%	100%
WIKANA PROPERTY Sp. z o.o. 04 OSIEDLE S.K.A. (formerly: Wikana Nieruchomości Sp. z o.o. 04 OSIEDLE S.K.A.) ⁽⁵⁾	100%	100%
WIKANA PROPERTY Sp. z o.o. ALBA S.K.A. (formerly: Wikana Nieruchomości Sp. z o.o. ALFA S.K.A.) ⁽⁵⁾	100%	100%
WIKANA PROPERTY Sp. z o.o. DELTA S.K.A. ⁽⁶⁾	100%	100%

WIKANA PROPERTY Sp. z o.o. BETULA Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. BETULA S.K.A.) ⁽⁵⁾	100%	100%
WIKANA PROPERTY Sp. z o.o. JOTA Sp.k., formerly: WIKANA PROPERTY Sp. z o.o. JOTA S.K.A.) ⁽⁵⁾	100%	100%
WIKANA PROPERTY Sp. z o.o. KAPPA S.K.A.) ⁽⁵⁾	100%	100%
WIKANA PROPERTY Sp. z o.o. KOMERC Sp.k. ⁽⁵⁾ (previously: WIKANA PROPERTY Sp. z o.o. KOMERC S.K.A.; formerly: Wikana Nieruchomości Sp. z o.o. KOMERC S.K.A.)	100%	100%
WIKANA PROPERTY Sp. z o.o. KROSNO S.K.A.) ⁽⁵⁾ (formerly: Wikana Nieruchomości Sp. z o.o. KROSNO S.K.A.)	100%	100%
WIKANA PROPERTY Sp. z o.o. LEGNICA S.K.A. (formerly: Wikana Nieruchomości Sp. z o.o. LEGNICA S.K.A.) ⁽⁵⁾	100%	100%
WIKANA PROPERTY Sp. z o.o. OMEGA S.K.A.) ⁽⁵⁾	100%	100%
WIKANA PROPERTY Sp. z o.o. OMIKRON S.K.A.) ⁽⁵⁾	100%	100%
WIKANA PROPERTY Sp. z o.o. PODPROMIE Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. PODPROMIE S.K.A.) ⁽⁷⁾	100%	100%
WIKANA PROPERTY Sp. z o.o. ROSA Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. ROSA S.K.A.) ⁽⁵⁾	100%	100%
WIKANA PROPERTY Sp. z o.o. SALIX Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. SALIX S.K.A., previously: WIKANA PROPERTY Sp. z o.o. KROSNO S.K.A.) ⁽⁵⁾	100%	100%
WIKANA PRIM Sp. z o.o. (formerly: PRIM Sp. z o.o.)	100%	100%
WIKANA PRIM Sp. z o.o. BETA Sp.k. (formerly: WIKANA PRIM Sp. z o.o. BETA S.K.A., previously: WIKANA PROPERTY Sp. z o.o. BETA S.K.A.) ⁽⁹⁾	100%	100%
WIKANA PRIM Sp. z o.o. GAMMA Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. GAMMA Sp.k., prior to that: WIKANA PROPERTY Sp. z o.o. GAMMA S.K.A.) ⁽¹⁰⁾	100%	100%
WIKANA MERITUM Sp. z o.o. SIGMA Sp.k. (formerly: WIKANA MERITUM Sp. z o.o. SIGMA S.K.A., previously: WIKANA PROPERTY Sp. z o.o. SIGMA S.K.A.) ⁽¹¹⁾	100%	100%
WIKANA PRIM Sp. z o.o. ZIELONE TARASY Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. ZIELONE TARASY Sp.k., prior to that: WIKANA PROPERTY Sp. z o.o. ZIELONE TARASY S.K.A.) ⁽¹²⁾	100%	100%
WIKANA NIERUCHOMOŚCI Sp. z o.o. w likwidacji	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., prior to that: Wikana Nieruchomości Sp. z o.o. 02 S.K.A.) ⁽¹³⁾	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., prior to that: Wikana Nieruchomości Sp. z o.o. 05 MARINA S.K.A.) ⁽¹³⁾	100%	100%
WIKANA PROJECT Sp. z o.o.	100%	100%
WIKANA MANAGEMENT Sp. z o.o.	100%	100%
Towarzystwo Budownictwa Społecznego „Nasz Dom” Sp. z o.o. (formerly: Towarzystwo Budownictwa Społecznego „Wikana” Sp. z o.o.)	100%	100%
BIOENERGIA PLUS Sp. z o.o. (formerly: WIKANA BIOENERGIA Sp. z o.o.)	100%	100%
BIOENERGIA PLUS Sp. z o.o. 01 S.K.A. (formerly: WIKANA BIOENERGIA Sp. z o.o. 01 S.K.A.) ⁽¹⁴⁾	100%	100%

ZIELONE TARASY S.A.	100%	100%
Multiserwis S.A. w likwidacji ⁽¹⁵⁾	94%	94%
WIKANA SOBA Sp. z o.o. (formerly: SOBA Sp. z o.o.) ⁽¹⁶⁾	100%	0%
WIKANA AGO Sp. z o.o. ⁽¹⁷⁾	100%	0%
WIKANA ERGO Sp. z o.o. ⁽¹⁸⁾	100%	0%

⁽¹⁾ The company's general partner is WIKANA FORTEM Sp. z o.o., a wholly owned subsidiary of the Company.

⁽²⁾ The company's general partner is WIKANA MERITUM Sp. z o.o., a wholly owned subsidiary of the Company.

⁽³⁾ 50% of shares was 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 of the Company.

⁽⁴⁾ 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.)

⁽⁵⁾ The company's general partner is WIKANA PROPERTY Sp. z o.o., a wholly owned subsidiary of the Company, including directly and indirectly.

⁽⁶⁾ 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.

⁽⁷⁾ On 17 May 2017, the company's general meeting adopted a resolution on change of this company's legal form to a limited partnership.

⁽⁸⁾ On 23 May 2017, the company's general meeting adopted a resolution on change of this company's legal form to a limited partnership.

On 13 April 2017, all of the rights and obligations of this company's general partner were transferred from WIKANA PROPERTY Sp. z o.o. to WIKANA PRIM (formerly PRIM Sp. z o.o.); in connection with this, on the resolution adoption date, the company's name also changed to: WIKANA PRIM Sp. z o.o. GAMMA Sp.k. (9) The company's general partner is WIKANA PRIM Sp. z o.o., (formerly PRIM Sp. z o.o.) - a wholly owned subsidiary of the Company.

⁽¹⁰⁾ On 13 April 2017, all of the rights and obligations of this company's general partner were transferred from WIKANA PROPERTY Sp. z o.o. to WIKANA PRIM (formerly PRIM Sp. z o.o.); in connection with this, on the resolution adoption date, the company's name also changed to: WIKANA PRIM Sp. z o.o. GAMMA Sp.k.

⁽¹¹⁾ On 17 August 2017, all of the rights and obligations of this company's general partner were transferred from WIKANA MERITUM Sp. z o.o. to WIKANA PRIM (formerly PRIM Sp. z o.o.);

⁽¹²⁾ On 28 September 2017, all of the rights and obligations of this company's general partner were transferred from WIKANA PROPERTY Sp. z o.o. to WIKANA PRIM (formerly PRIM Sp. z o.o.);

⁽¹³⁾ The company's general partner is Wikana Nieruchomości Sp. z o.o. w likwidacji, an entity 100% owned by Wikana S.A.

⁽¹⁴⁾ The company's general partner is BIOENERGIA PLUS Sp. z o.o. (formerly WIKANA BIOENERGIA Sp. z o.o.) - a wholly owned subsidiary of the Company. On 30 June 2017, the company's General Meeting adopted a resolution on change of legal form from a partnership limited by shares to a limited liability company: ENERGY PLUS Sp. z o.o.

⁽¹⁵⁾ The entity was removed from the register of companies maintained by the National Court Register on 5 October 2017.

⁽¹⁶⁾ On 10 March 2017, the Company purchased 100% of shares in this entity, with a total value of PLN 5000.00. On 17 May 2017, the company's general meeting adopted a resolution on a change of the company's name to: WIKANA SOBA Sp. o.o.

⁽¹⁷⁾ Formed on 8 May 2017. 100% of shares, with a total value of PLN 5000.00., were acquired by the Company.

⁽¹⁸⁾ Formed on 10 May 2017. 100% of shares, with a total value of PLN 5000.00., were acquired by the Company.

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

4.1. Statement of compliance with IFRS

The condensed consolidated financial statements of the Group and the condensed separate financial statements of Wikana S.A. ("condensed interim financial statements") are prepared for the nine-month period ended 30 September 2017.

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 for 2016 (consolidated and separate, respectively), published on 31 March 2017.

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 nine months of 2017, the Management Board analysed in detail the accounting policy applied in the condensed consolidated financial statements for the first nine months of 2016 as regards the recognition of costs related to property tax. The analysis showed that the condensed consolidated interim financial statements for the first three months of 2016 contained an incorrect allocation of property-tax costs related to the bio-gas plant in Piaski. The inconsistencies mentioned in the preceding sentence concerned the statement of comprehensive income (statement of profit and loss) and consisted of understating the item "cost of sales" and overstating the item "administrative expenses" by the same amount. 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 nine months of 2016.

Before adjustment

Item in the Group's condensed consolidated statement of comprehensive income <i>in 000s</i>	01.01.2016	
	30.09.2016	
	PLN	EUR
Revenue from sales	31 804	7 280
Cost of sales	(26 044)	(5 961)
Gross profit (loss) on sales	5 760	1 318
Selling costs	(1 823)	(417)
Administrative expenses	(4 221)	(966)
Other operating revenue	4 089	936
Other operating expenses	(1 502)	(344)
Gain on investments	55	13
Operating profit (loss)	2 358	540
Net finance costs	(6 302)	(1 443)
Profit (loss) before tax	(3 944)	(903)
Income tax	(703)	(161)
Net profit / (loss) on continuing operations	(4 647)	(1 064)
Net profit (loss) on discontinued operations	86	20
Net profit / (loss) on continuing operations	(4 561)	(1 044)

Adjustments

Item in the Group's condensed consolidated statement of comprehensive income in 000s	01.01.2016	
	30.09.2016	
	PLN	EUR
Cost of sales	(221)	(51)
Gross profit (loss) on sales	(221)	(51)
Administrative expenses	221	51

After adjustment

Item in the Group's condensed consolidated statement of comprehensive income in 000s	01.01.2016	
	30.09.2016	
	PLN	EUR
Revenue from sales	31 804	7 280
Cost of sales	(26 265)	(6 012)
Gross profit (loss) on sales	5 539	1 268
Selling costs	(1 823)	(417)
Administrative expenses	(4 000)	(916)
Other operating revenue	4 089	936
Other operating expenses	(1 502)	(344)
Gain on investments	55	13
Operating profit (loss)	2 358	540
Net finance costs	(6 302)	(1 443)
Profit (loss) before tax	(3 944)	(903)
Income tax	(703)	(161)
Net profit / (loss) on continuing operations	(4 647)	(1 064)
Net profit (loss) on discontinued operations	86	20
Net profit / (loss) on continuing operations	(4 561)	(1 044)

4.3. Basis for preparing 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.

Condensed consolidated interim financial statements and condensed separate interim financial statements are subject to approval by an approving body pursuant to art. 53 of the Accounting Act of 29 September 1994. Condensed interim financial statements are signed by the entity's managing body, i.e. the Management Board of Wikana S.A. and - if designated - a person in charge of book-keeping. These condensed consolidated and separate interim financial statements were signed on 16 November 2017.

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

In preparing condensed consolidated and separate interim financial statements, the Parent's Management Board uses its judgement in making numerous estimates and assumptions that have an impact on the applied accounting rules and presented amounts of assets, liabilities, revenue and costs. Actual values may differ from those estimated by the Management Board.

In these condensed consolidated and separate interim financial statements, the Management Board's significant judgements as regards the accounting rules applied by the Group and the Company and the key sources of estimating uncertainty are the same as those presented in the consolidated and financial statements for 2016 in notes 5.5, 5.6 and 5.4 and 5.5, respectively.

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 during the presented period such as could have an impact on the condensed consolidated interim financial statements of the Group and the condensed separate interim financial statements of WIKANA S.A.

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 the first three quarters of 2017 are consistent with those used to prepare the entity's annual consolidated financial statements for 2016, except for the amendments described below.

The same principles are used for the current and comparative period.

Changes resulting from IFRS amendments

No new or amended standards and interpretations issued by the IASB or International Financial Reporting Interpretations Committee (IFRIC) went into effect from 1 January 2017. Two instances are indicated below in which amendments to standards published by the IASB and intended to enter into force from 1 January 2017 have not yet been approved by the European Commission.

Changes introduced independently by the Group

The Group introduced a presentation adjustment to comparative data for the first three quarters of 2016. Details of the adjustment are presented in point 4.2 of these 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 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 Company began 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 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 concerning leases (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.

- IFRS 17 *Insurance Contracts*

The new standard was published on 18 May 2017 and is effective for annual periods beginning on or after 1 January 2021. Early adoption is permitted (on the condition that IFRS 15 and IFRS 9 are also applied). The standard supersedes existing regulations regarding insurance contracts (IFRS 4).

The Group does not enter into insurance contracts therefore this standard will have no impact on its financial statements. The Group is analysing the effects of introducing the new standard.

- 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 the amended standards 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 Group will apply the amendments to standards not sooner than on the date set by the European Union as the effective date for the amended standard. Currently, the European Commission is in the course of a formal procedure to approve the amendment.

- 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 Group will apply the amendments to standards not sooner than on the date set by the European Union as the effective date for the amended standard. Currently, the European Commission is in the course of a formal procedure to approve the amendment.

- 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.

- Amendments to IFRS 2: *Classification and measurement of share-based payment transactions*

The amendments to IFRS 2 were published on 20 June 2016 and are effective for annual periods beginning on or after 1 January 2018.

The aim of the changes in the standard is to clarify the method of recognition for certain types of share-based payment transactions.

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

- Amendments to IFRS 4: Use of IFRS 9 *Financial Instruments* in IFRS 4 *Insurance Contracts* published on 12 September 2016.

The amendments are usually effective for annual periods beginning on or after 1 January 2018.

According to the Group, the application of the amended standard will have no impact on its financial statements.

- Amendments to various standards resulting from Annual Improvements 2014-2016

The following small amendments to three standards were introduced on 8 December 2016 as a result of the IFRS review:

- IFRS 1 Interim Financial Reporting, as regards the removal of several exemptions that are no longer applicable,
- IFRS 12 Disclosure of Interests in Other Entities, as regards clarification of the scope of disclosure requirements related to interests irrespective of whether they are classified as held for sale, as held for distribution or as discontinued operations,
- IAS 28 Investments in Associates and Joint Ventures, as regards the moment when a venture capital organisation may decide to elect to measure at fair value through profit or loss an investment in an associate or a joint venture rather than using the equity method.

The amendments are usually effective for annual periods beginning on or after 1 January 2018. (some of the amendments are effective for annual periods beginning on or after 1 January 2017).

According to the Group, the application of the amended standard will have no impact on its financial statements.

- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

The new standard was published on 8 December 2016 and is effective for annual periods beginning on or after 1 January 2018. The aim of the interpretation is to indicate how to specify the transaction date for the purpose of determining the exchange rate for transactions in a foreign currency in a situation when the entity pays or receives an advance in a foreign currency.

The Group applies the new interpretation since 1 January 2018.

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

- Amendments to IAS 40 *Transfers of Investment Property*

The amendments were published on 8 December 2016 and is effective for annual periods beginning on or after 1 January 2018. Their aim is to clarify that the transfer a property to, or from, investment property when, and only when, there is evidence of a change in use.

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

According to the Group, the application of the amended standard will have no impact on its financial statements.

- IFRIC 23 *Uncertainty over Income Tax Treatments*

The new interpretation was published on 7 June 2017 and is effective for annual periods beginning on or after 1 January 2019. The interpretation is intended to indicate how to recognise income tax in financial statements when there is uncertainty over existing tax regulations and differences of opinion between the entity and tax authorities.

The Group will apply the new interpretation from 1 January 2019.

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

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 14 Regulatory Deferral Accounts, published on 30 January 2014;
- IFRS 16 Leases, published on 13 January 2016;
- IFRS 17 Insurance Contracts, published on 18 May 2017;
- 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 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,
- Amendments to IFRS 2: Classification and measurement of share-based payment transactions, published on 20 June 2016,
- Amendments to IFRS 4: Use of IFRS 9 Financial Instruments in IFRS 4 Insurance Contracts published on 12 September 2016,
- Amendments to various standards resulting from Annual Improvements 2014-2016, published on 8 December 2016,
- IFRIC 22 Foreign Currency Transactions and Advance Consideration, published on 8 December 2016
- Amendments to IAS 40 Transfers of Investment Property, published on 8 December 2016,
- IFRIC 23 Uncertainty over Income Tax Treatments, published on 7 June 2017.

5. Condensed consolidated interim financial statements

Condensed consolidated statement of comprehensive income

for the period 01.01.2016-30.09.2017

in PLN 000s	Note	01.01.2017	01.07.2017	01.01.2016	01.07.2016
		30.09.2017 (unaudited data)	30.09.2017 (unaudited data)	30.09.2016 (unaudited data)	30.09.2016 (unaudited data)
Continuing operations					
Revenue from sales	6.2	47 183	10 886	31 804	9 341
Cost of sales		(34 775)	(8 297)	(26 265)	(7 569)
Gross profit (loss) on sales		12 408	2 589	5 539	1 772
Selling costs		(2 011)	(660)	(1 823)	(673)
Administrative expenses		(3 898)	(1 178)	(4 000)	(1 225)
Other operating revenue		1 279	92	4 089	2 761
Other operating expenses		(716)	(134)	(1 502)	(696)
Gain (loss) on investments		485	(343)	55	40
Operating profit (loss)		7 547	367	2 358	1 979
Finance costs		(5 042)	(1 590)	(6 302)	(743)
Profit (loss) before tax		2 505	(1 223)	(3 944)	1 236
Income tax		(337)	(85)	(703)	(348)
Net profit (loss) on continuing operations for the year		2 168	(1 308)	(4 647)	888
Net profit (loss) on discontinued operations for the year		(73)	-	86	230
Net profit (loss)		2 095	(1 308)	(4 561)	1 118
Other comprehensive income (net)		-	-	181	181
Total comprehensive income		2 095	(1 308)	(4 380)	1 299

Net profit (loss) attributable to:

Owners of the parent		2 100	(1 308)	(4 702)	965
Non-controlling interests		(5)	-	141	153

Total comprehensive income attributable to:

Owners of the parent		2 100	(1 308)	(4 521)	1 146
Non-controlling interests		(5)	-	141	153

Net profit (loss) per share

Basic profit (loss) per share	6.7	0,11	(0.06)	(0.23)	0,05
Diluted profit (loss) (PLN)	6.7	0,11	(0.06)	(0.23)	0,05

Net profit / (loss) on continuing operations per share

Basic profit (loss) per share		0,11	(0.06)	(0.23)	0,05
Diluted profit (loss) (PLN)		0,11	(0.06)	(0.23)	0,05

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Cholota
Member of the Management Board

Bożena Wincentowicz
Person responsible for
book-keeping/

Lublin, 16 November 2017

Condensed consolidated interim balance sheet

At 30.09.2017			
<i>in PLN 000s</i>			
	Note	30.09.2017 (unaudited data)	31.12.2016
Assets			
Non-current assets			
Property, plant and equipment		13 745	14 710
Intangible assets		2 761	2 815
Investment properties	6.3	71 337	79 133
Loans issued		44	40
Other non-current assets		1 381	887
Deferred income tax assets		616	503
Non-current assets held for sale		7 594	-
Total non-current assets		97 478	98 088
Current assets			
Inventory	6.4	86 640	85 650
Income tax receivables		-	16
Trade and other receivables	6.5	8 843	7 790
Current financial assets		27	890
Cash and cash equivalents		6 476	11 297
Total current assets		101 986	105 643
Total assets		199 464	203 731

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/Vice-President of the Management Board/

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Member of the Management Board

Bożena Wincentowicz
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Lublin, 16 November 2017

Condensed consolidated interim balance sheet

At 30.09.2017 in PLN 000s	Note	30.09.2017 (unaudited data)	31.12.2016
Equity and liabilities			
Equity			
Share capital	6.6	40 030	40 030
Revaluation reserve		181	181
Supplementary capital		116 229	112 229
Retained earnings		(109 012)	(107 112)
Equity attributable to owners of the parent		47 428	45 328
Non-controlling interests		-	9
Total equity		47 428	45 336
Liabilities			
Credit and loan liabilities	6.8	20 232	23 104
Bond liabilities	6.9	-	-
Finance lease liabilities		17 845	18 683
Provisions	6.12	9	9
<i>including employee benefit provision</i>	6.12	9	9
Deferred income tax provision		748	608
Other liabilities	6.10	16 605	16 944
Grants	6.13	2 342	2 741
Total non-current liabilities		57 781	62 089
Credit and loan liabilities	6.8	18 810	17 655
Bond liabilities	6.9	33 654	39 256
Finance lease liabilities		904	815
Income tax liabilities		35	223
Trade and other payables	6.10	20 691	25 813
Provisions	6.12	1 420	2 870
<i>including employee benefit provision</i>	6.12	113	80
Deferred revenue	6.13	18 741	9 674
<i>including grants</i>	6.13	532	532
Total current liabilities		94 255	96 306
Total liabilities		152 036	158 395
Total equity and liabilities		199 464	203 731

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Lublin, 16 November 2017

Condensed consolidated interim statement of cash flows

for the period 01.01.2016-30.09.2017

in PLN 000s

	01.01.2017	01.01.2016
	30.09.2017	30.09.2016
	(unaudited data)	(unaudited data)
Cash flows from operating activities		
Net profit (loss) for the period	2 095	(4 561)
<i>Adjustments</i>		
Depreciation	1 517	2 203
Interest income	(27)	(55)
Change in fair value of investment properties	-	(2 324)
Finance costs	4 932	4 660
Costs connected with liquidation of Wikana FIZ	-	1 256
Gain (loss) on exchange differences	(458)	276
Gain (loss) on investing activities	(34)	(144)
Change in inventories	(990)	(22 681)
Change in trade and other receivables	(1 053)	447
Change in provisions and related assets	(1 310)	474
Change in current and other liabilities, excluding borrowings	(619)	7 407
Change in deferred revenue	8 359	15 606
Net cash from operating activities	12 412	2 564
Cash flows from investing activities		
Proceeds from sale of intangible assets and property, plant and equipment	100	244
Other finance inflows	4	2
Purchase of intangible assets and property, plant and equipment	(131)	(110)
Costs connected with purchasing subsidiaries from Wikana FIZ	-	(356)
Loans repaid	875	-
Loans issued	(43)	(875)
Net cash from investing activities	805	(1 095)
Cash flows from financing activities		
Net proceeds from bond issues	6 516	5 000
Net proceeds from promissory note liabilities	-	7 300
Borrowings incurred	15 494	2 890
Outflows on repayment of borrowings	(16 968)	(1 713)
Repayment of finance lease liabilities	(753)	(711)
Interest paid	(5 515)	(5 459)
Bond buyback	(11 612)	(10 265)
Other financial inflows (mainly proceeds from grants)	-	310
Repayment of promissory notes	(5 200)	-
One-off payments of income tax in connection with transformation of subsidiaries from partnership limited by shares (S.K.A.) to limited partnership (sp.k.)	-	(417)
Net cash from financing activities	(18 038)	(3 065)
Total net cash flows	(4 821)	(1 596)
Cash and cash equivalents as at the beginning of period	11 297	12 556
Effect of changes in exchange differences on cash and cash equivalents	-	-
Cash and cash equivalents as at the end of period	6 476	10 960
Restricted cash and cash equivalents at the end of period	4 834	7 579

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Condensed consolidated interim statement of changes in equity

for the period 01.01.2016-30.09.2017

Equity attributable to owners of the parent

<i>in PLN 000s</i> <i>(unaudited data)</i>	Share capital	Own shares	Supplementary capital	Revaluation reserve	Retained earnings (losses)	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Equity as at 01.01.2016	40 030	-	104 604	-	(102 194)	42 440	(135)	42 305
Comprehensive income	-	-	-	181	(4 688)	(4 507)	141	(4 366)
– <i>Result for the period</i>	-	-	-	-	(4 702)	(4 702)	141	(4 561)
– <i>Other equity adjustments</i>	-	-	-	181	14	195	-	195
Profit distribution	-	-	7 625	-	(7 625)	-	-	-
Equity as at 30.09.2016	40 030	-	112 229	181	(114 507)	37 933	7	37 939
Equity as at 01.01.2017	40 030	-	112 229	181	(107 112)	45 328	9	45 336
Comprehensive income	-	-	-	-	2 100	2 100	(5)	2 095
– <i>Result for the period</i>	-	-	-	-	2 100	2 100	(5)	2 095
– <i>Other income</i>	-	-	-	-	-	-	-	-
Profit distribution	-	-	4 000	-	(4 000)	-	(4)	(4)
Equity as at 30.09.2017	40 030	-	116 229	181	(109 012)	47 428	-	47 428

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6. Additional information to the condensed consolidated interim financial statements

6.1. Segment reporting

Segment 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. Other revenue recognised in the segment cover items that are included in other operating revenue and gains on investments subordinated to the given segment. Other costs recognised in the segment cover administrative expenses and other operating costs that are assigned to the given segment.

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 three quarters of 2017, 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., the Group no longer reports the retail segment from the beginning of 2016. The Parent's Management Board notes that in connection with the removal on 5 October 2017 of Multiserwis S.A. w likwidacji from the register of companies maintained by the National Court Register no revenue from this activity will be generated in future reporting periods. In segment reporting, the revenue, results, assets and equity and liabilities of Multiserwis S.A. w likwidacji are presented as 'other.'

Segment reporting (continued)

<i>in PLN 000s</i>	Property development		Renting of real estate		Production of energy from renewable sources		Other		Eliminations		Consolidated	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.09.2016	30.09.2017	30.09.2016
Continuing operations												
External revenue	37 109	23 955	6 059	6 064	4 015	1 784	-	-	-	-	47 183	31 803
Inter-segment revenue	11 854	16 410	75	57	182	433	-	-	(12 110)	(16 900)	-	-
Total revenue	48 962	40 364	6 134	6 121	4 197	2 218	-	-	-	(16 900)	47 183	31 803
Segment result	5 940	2 260	3 938	3 815	518	(2 138)	-	-	-	-	10 397	3 937
Other revenue assigned to the segment	673	3 058	597	155	474	931	-	-	-	-	1 764	4 144
Other costs assigned to the segment	(3 732)	(4 188)	(454)	(591)	(407)	(943)	-	-	-	-	(4 612)	(5 723)
Operating profit for the segment	2 881	1 130	4 081	3 379	586	(2 150)	-	-	-	-	7 549	2 358
Finance costs	(3 750)	(4 697)	(1 156)	(1 452)	(137)	(152)	-	-	-	-	(5 042)	(6 302)
Income tax	(208)	(754)	(123)	51	(6)	-	-	-	-	-	(337)	(703)
Net profit (loss) on continuing operations for the segment	(1 076)	(4 322)	2 802	1 978	443	(2 303)	-	-	-	-	2 169	(4 647)
Result on discontinued operations	-	-	-	-	-	-	(74)	86	-	-	(74)	86
Other comprehensive income	-	181	-	-	-	-	-	-	-	-	-	181
Other comprehensive income (net)	-	181	-	-	-	-	-	-	-	-	-	181
Total comprehensive income	(1 076)	(4 141)	2 802	1 978	443	(2 303)	(74)	86	-	-	2 095	(4 380)

Segment reporting (continued)

	Property development		Renting of real estate		Production of energy from renewable sources		Other		Eliminations		Consolidated	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016	30.09.2017	31.12.2016	30.09.2017	31.12.2016	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Segment assets	275 847	271 836	72 703	71 899	20 116	20 876	-	208	(176 294)	(172 904)	192 372	191 915
Unallocated assets		-		-		-	-	-		-	7 092	11 817
Total assets		-		-		-	-	-		-	199 464	203 731
Segment liabilities	222 498	222 049	22 657	21 730	20 260	20 588	-	29	(174 267)	(171 057)	91 148	93 339
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	60 889	65 056
Total liabilities	-	-	-	-	-	-	-	-	-	-	152 037	158 395

6.2. Revenue from sales

<i>in PLN 000s</i>	01.01.2017 30.09.2017	01.01.2016 30.09.2016
Revenue from sale of property development products*	36 841	23 812
Rent income	5 999	5 952
Revenue from sale of energy and renewables	3 984	1 482
Revenue from provision of other services	359	558
Revenue from continuing operations	47 183	31 804
Revenue from discontinued operations	-	675
Total revenue	47 183	32 479

* i.e. residential units, service units, storage units, garage spaces, parking lot spaces, technical facilities

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:

<i>in PLN 000s</i>	Fair value
Net value at the beginning of 2017	79 133
Transfer to available-for-sale non-current assets*	(7 594)
Change in fair value	(202)
Net value at 30.09.2017	71 337
Net value at the beginning of 2016	76 552
Transfer from inventory	741
Reclassification from tangible assets	1 243
Transfer to inventory	(1 607)
Change in fair value	2 204
Net value at the end of 2016	79 133
Net value at the beginning of 2016	76 552
Change in fair value	1 250
Transfer to inventory	(1 607)
Change in fair value	2 383
Net value at 30.09.2016	78 578

* A preliminary agreement to sell a property in Kraków, ul. Wadowicka 9 (plots 157/5, 157/6, 155, 156, 317) was signed on 2 October 2017, as referred to in note 14.

<i>in PLN 000s</i>	01.01.2017 30.09.2017	01.01.2016 30.09.2016
Recognised in comprehensive income		
Rent income on investment properties	5 834	5 835
Direct operating expenses (together with the cost of construction, repairs and maintenance) concerning investment properties that yielded rent income during the reporting period	679	891

Investment properties cover:

- Land located in Lublin, ul. Łukasza Rodakiewicza (land parcels 32/6, 33/6, 34/6, 35/6),
- Two apartments located in Lublin, ul. Przyjaźni and ul. Nowy Świat,
- Three service units located in Lublin, ul. Kasztelańska 29,
- 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), 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,
- Land property with commercial buildings located in Zamość, ul. Fabryczna 1.

6.4. Inventory

<i>in PLN 000s</i>	30.09.2017	31.12.2016
Materials	319	581
Production in progress	66 152	48 054
Finished products	19 513	36 596
Goods	657	419
	86 640	85 650

Inventories by category, at 30.09.2017

<i>in PLN 000s</i>	Materials	Production in progress	Finished products	Goods
Osiedle Marina investment, Lublin	-	24 979	520	-
Misjonarska investment, Lublin	-	-	2 257	-
Miasteczko Wikana investment, Lublin	-	-	7 306	-
Niecała investment, Lublin	-	3 380	-	-
Sky House investment, Lublin	-	3 882	760	-
Osiedle Cetnarskiego investment, Łańcut	-	-	-	-
Tęczowe Osiedle investment, Rzeszów	-	-	-	-
Zielone Tarasy investment, Rzeszów	-	9 552	2 875	-
Podpromie investment, Rzeszów	-	5 525	-	-
Osiedle Panorama investment, Rzeszów	-	-	53	-
Klonowy Park investment, Janów Lubelski	-	499	4 705	-
Osiedle Leszczyńskiego investment, Przemyśl	-	3 650	-	-
Świerkowa Aleja investment, Zamość	-	5 987	195	-
Al. Kraśnickie investment, Lublin	-	-	-	-
Orzechowa investment, Lublin	-	1 226	-	-
Nova Targowa investment, Tarnobrzeg	-	7 472	-	-
Renewables	319	-	826	-
Other	-	-	16	657
	319	66 152	19 513	657

Impairment of inventories as of 30 September 2017 was PLN 591 000 (as at 31 December 2016: PLN 1 009 000). The Group did not reverse any impairment losses on account of growth in the value of inventory. The year-on-year change in the value of inventory results only from sales by the Group of inventory covered by impairment.

6.5. Trade and other receivables

<i>in PLN 000s</i>	30.09.2017	31.12.2016
Trade receivables	2 886	3 377
Other receivables	594	643
Tax receivables	4 712	3 450
Prepayments	650	320
	8 842	7 790

During the reporting period, the Group's companies recognised PLN 48 000 in impairment losses and reversed PLN 290 000 in impairment losses. Impairment of trade and other receivables as at 30 September 2017 was as follows: PLN 3 779 000 (31 December 2016: PLN 4 021 000), including PLN 1 102 000 concerning trade receivables (31 December 2016: PLN 1 125 000).

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
VALUE FIZ z wydzielonym Subfunduszem 1*	13 209 766	13 209 766	26 419 532	66.00%	66.00%
Palametra Holdings Limited**	1 612 000	1 612 000	3 224 000	8.05%	8.05%
Other entities	5 193 031	5 193 031	10 386 062	25.95%	25.95%
TOTAL:	20 014 797	20 014 797	40 029 594	100.00%	100.00%

(*) as per shareholder information dated 29 December 2016

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

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. 30 May 2017, to the date on which this report was published, the Company's major shareholdings structure did not change.

Dividends paid

During the period 1 January - 30 September 2017 and until this report was published, Group companies paid out a dividend of PLN 61 000, including PLN 58 000 to related parties. During the period 1 January - 30 September 2016 and until this report was published, none of the Group's companies, including the Parent, paid a dividend.

6.7. Earnings per share

Basic earnings per share for the period ended 30 September 2017

Basic earnings per share as at 30 September 2017 and 30 September 2016 were based on the net profit for the period attributable to the Company's common shareholders in the following amounts:

	01.01.2017 30.09.2017	01.01.2016 30.09.2016
Profit / (loss) per share	2 095	(4 561)

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

	30.09.2017	30.06.2016
Number of ordinary shares as at the beginning of period	20 014 797	20 014 797
Number of shares at the end of period (fully paid-in)	20 014 797	20 014 797
	30.09.2017	30.06.2016
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
	0.11	(0.23)
Basic profit (loss) per share	0.11	(0.23)
Diluted profit (loss) per share	0.11	(0.23)

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	30.09.2017	31.12.2016
<i>in PLN 000s</i>		
Credit facilities	24 863	27 570
Loans	14 180	13 189
<i>including:</i>		
Long-term part	20 233	23 104
Short-term part	18 810	17 655
Borrowings with repayment period from the balance sheet date	30.09.2017	31.12.2016
<i>in PLN 000s</i>		
up to 12 months	18 810	17 655
from 1 to 3 years	6 074	7 244
from 3 to 5 years	2 878	3 683
over 5 years	11 281	12 177
Total borrowings	39 043	40 759
Borrowings (currency structure)	30.09.2017	31.12.2016
<i>in PLN 000s</i>		
in PLN	35 299	36 496
in foreign currencies	3 744	4 263
Total borrowings	39 043	40 759

List of credit facilities, including credit limits

Lender	Agreement number, 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	2 916	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	828	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 contracts, a cash deposit of at least EUR 21 000
BGK	12001745/233/2000 15.12.2000	1 719	1 570	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	1 994	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	3 537	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	4 198	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	1 453	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	2 504	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	864	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-blanc promissory note guaranteed by Wikana S.A.
Raiffeisen Polska S.A.	CRD/46948/ 16 27.07.2016	9 000*	3 747	30.03.2018	Variable	Joint contractual mortgage up to PLN 13 500 000 on properties and pledge contracts up to the same amount on the company's assets, equity rights at Wikana S.A. and the company's general partner, submission for enforcement, power of attorney for bank accounts, assignment of receivables under contract with general contractor, assignment of rights under subordinated loans, assignment of rights under the project's insurance policy, guarantee from Wikana S.A., accession into debt by Wikana S.A.
mBank Hipoteczny S.A.	15/0105 23.09.2016	17 569	923	28.08.2021	Variable	Joint contractual mortgage up to PLN 35 137 000 on the properties that are to be used for the investment, statement submission for enforcement by the company, general partner and Wikana S.A., as well as registered pledge contracts up to the loan amount on the company's assets and the general partner's shares, assignment of rights under the project's insurance policy, assignment of rights under contract with general contractor, power of attorney for bank accounts
Nadsański Bank Spółdzielczy	473051/03/K /OBD/16 10.11.2016	5 335	329	30.09.2018	Variable	Joint contractual mortgage for up to PLN 9 069 000 on the properties that are to be used for the investment, global assignment of future receivables resulting from apartment sales contracts, assignment of rights to construction documentation with condition precedent, own blank promissory note secured by Wikana SA, power of attorney for bank accounts, declaration on submission to enforcement for borrower and surety issuer
mBank Hipoteczny S.A.	17/0015 20.04.2017	11 329	0	28.04.2021	Variable	Joint contractual mortgage up to PLN 22 658 000 on the properties that are to be used for the investment, statement submission for enforcement by the company, general partner and Wikana S.A., as well as registered pledge contracts up to the loan amount on the company's assets and the general partner's shares, assignment of rights under the project's insurance policy, assignment of rights under contract with general contractor, power of attorney for bank accounts

mBank Hipoteczny S.A.	NR 17/0051 24.08.2017	31 495	0	28.08.2021	Variable	Contractual mortgage, unconditional bank transfer, pledges registered in accordance with the agreement, financial pledge, assignment of rights to the Bank from agreements with general contractor and other construction counterparties, project support agreement, subordination agreement, sureties, unconditional bank transfer.
mBank Hipoteczny S.A.	NR 17/0055 05.10.2017	18 710	0	28.09.2021	Variable	Contractual mortgage, unconditional bank transfer, pledges registered in accordance with the agreement, financial pledge, assignment of rights to the Bank from agreements with general contractor and other construction counterparties, project support agreement, declaration on submission for enforcement by the Company, General Partner and WIKANA S.A., power of attorney for the Bank to bank accounts, subordination agreement, sureties, unconditional bank transfer.
Total		129 778	24 863			

* the limit amount was changed via an annex, as referred to in note 14.

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	403	31.12.2017	Variable	Own promissory note issued by borrower
	22.05.2013	70	87	31.12.2017	Variable	Own promissory note issued by borrower
	31.12.2015	95	106	31.12.2017	Variable	
Palametra Holdings Limited (formerly: Renale Management Limited)	13.09.2013	3 530	3 555	31.12.2017	Variable	Own promissory note issued by borrower
	04.03.2014	150	183	31.03.2018	Variable	Own promissory note issued by borrower
Palametra Holdings Limited (formerly: Ipnihome Limited)	30.10.2012	1 300	1 266	31.12.2017	Variable	In-blanco own promissory note issued by borrower
	04.03.2014	100	122	31.03.2018	Variable	In-blanco own promissory note issued by borrower
	31.12.2015	110	123	31.12.2017	Variable	
National Fund for Environmental Protection and Water Management	231/2011/Wn 03/OA-MO-KU/P 14.06.2011 as amended	4 062	2 108	20.12.2020	Variable	Promissory note, mortgage on properties, assignment of rights, court-ordered pledge
Sanwil Holding S.A.	21.11.2013	700	786	31.01.2018	Variable	Own promissory note issued by the borrower
	03.07.2013	357	407	31.12.2017	Variable	Own promissory note issued by the borrower
Sanwil Holding S.A.	30.12.2013	1 000	1 118	31.01.2018	Variable	Own promissory note issued by borrower
Sanwil Holding S.A.	03.07.2012	2 000	2 502	31.12.2017	Variable	Own promissory note issued by borrower
Value Fiz	31.08.2017	1 300	1 311	31.12.2018	Fixed	Own promissory note issued by borrower
Other		-	103			None

Total	15 074	14 180
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6.9. Bond liabilities

<i>in PLN 000s</i>	01.01.2017 30.09.2017	01.01.2016 31.12.2016
Bond liabilities at the beginning of period	39 256	50 861
Issuance costs at the beginning of period	24	66
<i>Proceeds from bond issues</i>	<i>6 516</i>	<i>5 000</i>
<i>Issuance costs in the period</i>	<i>-</i>	<i>-</i>
Net proceeds from bond issues	6 516	5 000
Cost of bond issues settled over time	(7)	-
Discount (adjusted purchase price)	-	-
Accrued interest in the period	2 417	4 062
Repayment of interest accrued in previous periods	(669)	(961)
Repayment of interest accrued in current period	(2 271)	(3 532)
Bond buyback	(11 612)	(16 240)
Total	33 654	39 256
Short-term part	33 654	39 256
Long-term part	-	-
Bond liabilities at the end of period	33 654	39 256

Debt instruments by type

	Nominal amount	Terms of interest	Guarantees / collateral	Maturity date
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.	31.12.2017
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	31.12.2017
Series A ordinary bonds issued by WIKANA PROPERTY Sp. z o.o. KROSNO S.K.A.	6 516	WIBOR 6M + margin	Declaration on submission to enforcement proceedings, surety provided by the Company	23.01.2018

Bond liabilities by maturity

<i>in PLN 000s</i>	30.09.2017	31.12.2016
up to 12 months	33 654	39 256
from 1 to 3 years	-	-
from 3 to 5 years	-	-
over 5 years	-	-
Bond liabilities	33 654	39 256

6.10. Trade and other payables and other liabilities

<i>in PLN 000s</i>	30.09.2017	31.12.2016
Other non-current liabilities	16 605	16 945
Retained deposits - long-term part	2 958	3 204
Accounting of credit write-off and participation - long-term part	8 769	8 869
Long-term participation contributions provided	4 758	4 752
Other non-current liabilities	120	120
Trade and other payables and other current liabilities	20 691	25 813
Trade payables	10 153	9 869
Retained deposits - short-term part	1 407	998
Liabilities towards public authorities	1 461	1 900
Other liabilities	7 470	12 669
Accrued expenses	-	145
Accounting of credit write-off and participation - short-term part	100	100
Liabilities due to purchase of PP&E	100	132
Total	37 296	42 758

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.

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

According to the Company's best knowledge, on the date on which this report was prepared, the Company and its subsidiaries were parties to on-going proceedings in court, arbitration body or public administration authority in aggregate worth PLN 9 263 000, of which:

- PLN 5 317 000 constituted the total value of proceedings concerning receivables due to the Company and its subsidiaries. The highest-value proceeding was instigated by the Company 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 sued company of PLN 4 398 000. The claim is viewed as justified.
- PLN 3 163 000 constituted the total value of proceedings concerning the Company's and its subsidiaries' liabilities. The highest-value item in this group is a lawsuit received on 23 November 2011 by the Company for the payment of PLN 874 000 towards a commercial law company which the Company is not disclosing in order not to deteriorate the Company's lawsuit situation. The claim is viewed as unjustified.

According to the Management Board, the risk of an unfavourable outcome of the above disputes is lower than 50%, and therefore no provisions were recognised.

6.12. Provisions

in PLN 000s	Legal	Liabilities	Employee	Total
Value as at 1 January 2017	174	2 592	113	2 879
Increases / recognition	-	610	34	644
Decreases / use	-	(2 070)	(24)	(2 094)
Value at 30.09.2017	174	1 132	123	1 429
Long-term part	-	-	9	9
Short-term part	174	1 132	113	1 420
Value as at 31.12.2016	174	2 592	113	2 879
Long-term part	-	-	9	9
Short-term part	174	2 592	104	2 870

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. This item also includes grants amounting to PLN 2 874 000.

in PLN 000s	30.09.2017	31.12.2016
Sky House investment	589	3 528
Zielone Tarasy investment	979	2 330
Osiedle Marina investment	9 693	707
Świerkowa Aleja investment	133	516
Miasteczko Wikana investment	489	1 033
Osiedle Panorama investment	-	5
Klonowy Park investment	3 013	-
Nova Targowa investment	3 313	174
Tęczowe Osiedle investment	-	517
Misjonarska 12 investment	-	331
Grants	2 874	3 273
<i>including long-term</i>	<i>2 342</i>	<i>2 741</i>
<i>including short-term</i>	<i>532</i>	<i>532</i>
	21 083	12 414

6.14. Remuneration for Management Board and Supervisory Board members

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

	01.01.2017	01.01.2016
<i>in PLN 000s</i>	30.09.2017	30.09.2016
Management Board remuneration	325	154
	01.01.2017	01.01.2016
<i>in PLN 000s</i>	30.09.2017	30.09.2016
Supervisory Board remuneration	113	122

6.15. Related-party transactions

Other related-party transactions

Other related-party transactions as defined in IAS 24

<i>in PLN 000s</i>	Transaction value during the period:		Outstanding balance as at	
	01.01.2017	01.01.2016	30.09.2017	31.12.2016
	30.09.2017	30.09.2016		
<i>Agnieszka Buchajska</i>	8	6	4	3
<i>Draszcza</i>	-	735	9	44
<i>Zambud</i>	-	31	4	6
<i>Related parties of Management Board members</i>	2	-	-	-
Sale of products and services	10	772	17	53

<i>in PLN 000s</i>	Transaction value during the period:		Outstanding balance as at	
	01.01.2017	01.01.2016	30.09.2017	31.12.2016
	30.09.2017	30.09.2016		
<i>Agnieszka Buchajska</i>	332	325	53	72
<i>Adam Buchajski</i>	1 200	-	-	-
<i>Draszba</i>	-	720	-	-
<i>Zambud</i>	-	8	-	-
<i>Related parties of Management Board members</i>	479	514	15	12
Purchase of products and services	2 011	1 567	68	84

<i>in PLN 000s</i>	Outstanding balance as at 31.12.2016	Transaction value during the period			Outstanding balance as at 30.09.2017	
		Issue	Repayment of principal	Accrual of interest		Repayment of interest
<i>Agnieszka Buchajska</i>	630	45	-	28	(45)	658
<i>Adam Buchajski</i>	43	-	-	-	-	43
<i>Sanwil Holding S.A.</i>	5 188	-	-	231	(605)	4 814
<i>Palametra Holdings Limited</i>	5 008	292	(14)	19	(59)	5 246
<i>VALUE FIZ</i>	-	1 300	-	11	-	1 311
Loans received (principal and interest)	10 869	1 637	(14)	289	(709)	12 072

<i>in PLN 000s</i>	Transaction value during the period:		Outstanding balance as at	
	01.01.2017	01.01.2016	30.09.2017	31.12.2016
	30.09.2017	30.09.2016		
<i>Ipnihome Limited</i>	-	-	270	270
<i>Adam Buchajski</i>	-	(179)	-	-
<i>Robert Buchajski</i>	-	14	-	-
<i>Krzysztof Misiak</i>	-	(210)	-	-
<i>Agnieszka Buchajska</i>	-	(50)	-	-
<i>FIZ WIKANA</i>	-	(7)	-	-
<i>Zambud</i>	8	(55)	1 770	1 770
<i>VALUE FIZ</i>	(5 658)	7 666	5 075	10 271
Other liabilities	(5 650)	7 179	7 115	12 311

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 2016.

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Cholota
Member of the Management Board

Bożena Wincentowicz
Person responsible for
book-keeping/

Lublin, 16 November 2017

7. Condensed separate interim financial statements

Condensed separate interim statement of comprehensive income

for the period 01.01.2016-30.09.2017					
	Note	01.01.2016 30.09.2017 (unaudited data)	01.07.2016 30.09.2017 (unaudited data)	01.01.2016 30.09.2016 (unaudited data)	01.07.2016 30.09.2016 (unaudited data)
<i>in PLN 000s</i>					
Continuing operations					
Revenue from sales	6.2	6 435	3 741	6 683	454
Cost of sales		(5 255)	(3 428)	(6 494)	(425)
Gross profit (loss) on sales		1 180	313	189	29
Selling costs		(98)	(20)	(133)	(46)
Administrative expenses		(815)	(215)	(1 019)	(301)
Other operating revenue		139	14	93	19
Other operating expenses		(64)	(17)	(54)	(14)
Gain (loss) on investments		439	81	661	182
Operating profit (loss)		781	154	(262)	(130)
Finance costs		(1 739)	(167)	(2 524)	(637)
Profit (loss) before tax		(958)	(13)	(2 786)	(767)
Income tax		-	-	-	-
Net profit (loss) on continuing operations for the year		(958)	(13)	(2 786)	(767)
Discontinued operations					
Net profit (loss) on discontinued operations		-	-	-	-
Net profit (loss)		(958)	(13)	(2 786)	(767)
Other comprehensive income (net)					
Revaluation of available-for-sale assets		-	-	146	-
Total comprehensive income		(958)	(13)	(2 640)	(767)
Net profit (loss) per share					
Basic profit (loss) per share		(0.05)	-	(0.14)	(0.04)
Diluted profit (loss) (PLN)		(0.05)	-	(0.14)	(0.04)
Net profit / (loss) on continuing operations per share					
Basic profit (loss) per share		(0.05)	-	(0.14)	(0.04)
Diluted profit (loss) (PLN)		(0.05)	-	(0.14)	(0.04)

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Cholota
Member of the Management Board

Bożena Wincentowicz
Person responsible for
book-keeping/

Lublin, 16 November 2017

Condensed separate interim balance sheet

At 30.09.2017			
<i>in PLN 000s</i>	Note	30.09.2017 (unaudited data)	31.12.2016
Assets			
Non-current assets			
Property, plant and equipment		40	63
Intangible assets		12	18
Investment properties		5 314	5 317
Loans issued*		7 661	19 618
Other non-current investments		10 937	10 911
Other non-current assets		1 822	3 442
Total non-current assets		25 786	39 369
Current assets			
Inventory	8.1	17 892	19 115
Trade and other receivables*		9 894	22 225
Cash and cash equivalents		10	42
Total current assets		27 795	41 382
Total assets		53 581	80 751

* detailed information regarding the significant change in value compared to 31 December 2016 is presented in note 8.4.

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Chołota
Member of the Management Board

Bożena Wincentowicz
Person responsible for
book-keeping/

Lublin, 16 November 2017

Condensed separate interim balance sheet

At 30.09.2017			
<i>in PLN 000s</i>	Note	30.09.2017 (unaudited data)	31.12.2016
Equity and liabilities			
Equity			
Share capital		40 030	40 030
Revaluation reserve		504	504
Supplementary capital		67 067	67 067
Retained earnings (losses)		(73 410)	(72 452)
Total equity		34 191	35 149
Liabilities			
Credit and loan liabilities*		5 674	26 296
Provisions	8.2	9	9
<i>including employee benefit provisions</i>	8.2	9	9
Other non-current liabilities		2 125	2 130
Total non-current liabilities		7 808	28 435
Credit and loan liabilities		8 137	5 819
Bond liabilities		-	7 880
Trade and other payables		2 242	2 329
Provisions	8.2	1 173	1 139
<i>including employee benefit provisions</i>	8.2	113	80
Deferred revenue		30	-
Total current liabilities		11 582	17 167
Total liabilities		19 390	45 602
Total equity and liabilities		53 581	80 751

* detailed information regarding the significant change in value compared to 31 December 2016 is presented in note 8.4.

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Condensed separate interim statement of cash flows

<i>in PLN 000s</i>	01.01.2016 30.09.2017 <small>(unaudited data)</small>	01.01.2016 30.09.2016 <small>(unaudited data)</small>
Cash flows from operating activities		
Net loss for the period	(958)	(2 786)
<i>Adjustments</i>		
Depreciation	32	89
Interest income and shares of profit (dividends)	(372)	(481)
Change in fair value of investment properties	3	3
Finance costs	1 723	1 806
Change in inventories	1 223	5 251
Change in trade and other receivables	(31 140)	(3 795)
Change in provisions and related assets	34	44
Change in current and other liabilities, except for borrowings and leasing	23 646	(1 241)
Change in deferred revenue	30	(33)
Net cash from operating activities	(5 779)	(1 143)
Cash flows from investing activities		
Purchase of intangible assets and property, plant and equipment	(4)	(3)
Interest received	2 897	706
Purchase of financial assets	(25)	(382)
Sale of financial assets	-	101
Loans issued	(15 391)	(573)
Repayment of issued loans	1 085	6 166
Net cash from investing activities	(11 438)	6 015
Cash flows from financing activities		
Bond buyback	(7 612)	(10 265)
Borrowings incurred	28 613	10 267
Outflows on repayment of borrowings	(2 697)	(3 332)
Interest paid	(1 119)	(1 694)
Net cash from financing activities	17 185	(5 024)
Total net cash flows	(32)	(152)
Cash and cash equivalents as at the beginning of period	42	154
Cash and cash equivalents as at the end of period	10	2
Restricted cash and cash equivalents at the end of period	-	-

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Condensed separate interim statement of changes in equity

for the period 01.01.2016-30.09.2017

<i>in PLN 000s</i> <i>(unaudited data)</i>	Share capital	Own shares	Supplementary capital	Revaluation reserve	Retained earnings (losses)	Total equity
Equity as at 01.01.2016	40 030	-	67 067	358	(69 404)	38 051
Comprehensive income	-	-	-	146	(2 786)	(2 640)
– <i>Result for the period</i>	-	-	-	-	(2 786)	(2 786)
– <i>Other income</i>	-	-	-	146	-	146
Profit distribution	-	-	-	-	-	-
Equity as at 30.09.2016	40 030	-	67 067	504	(72 190)	35 411
Equity as at 01.01.2017	40 030	-	67 067	504	(72 452)	35 149
Comprehensive income	-	-	-	-	(958)	(958)
– <i>Result for the period</i>	-	-	-	-	(958)	(958)
– <i>Other income</i>	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-
Equity as at 30.09.2017	40 030	-	67 067	504	(73 410)	34 191

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8. Additional information to the condensed separate interim financial statements

8.1. Inventory

<i>in PLN 000s</i>	30.09.2017	31.12.2016
Production in progress	17 771	18 823
Finished products	121	292
	17 892	19 115

Inventories by category, at 30.09.2017

<i>in PLN 000s</i>	Production in progress	Finished products
Osiedle Marina investment, Lublin	2 955	(51)
Zielone Tarasy investment, Rzeszów	210	-
Niecała investment, Lublin	3 395	-
Osiedle Leszczyńskiego investment, Przemysł	3 666	-
Al. Kraśnickie investment, Lublin Kraśnicka	6 013	-
Sky House investment, Lublin	-	172
Podpromie investment, Rzeszów	239	-
Orzechowa investment	1 231	-
Other	62	-
	17 771	121

Impairment losses on inventories amounted to PLN 106 000 as of 30 September 2017 (PLN 123 000 on 31 December 2016). The y/y change resulted from the sale of impaired inventories by the Company. The Company did not recognise impairment losses during the period covered by the statements.

8.2. Provisions

<i>in PLN 000s</i>	Legal	Liabilities	Employee	Total
Value as at 1 January 2017	174	886	89	1 149
Increases / recognition	-	26	33	59
Decreases / use	-	(26)	-	(26)
Value at 30.09.2017	174	886	122	1 182
Long-term part	-	-	9	9
Short-term part	174	886	113	1 173
Value as at 31.12.2016	174	886	89	1 149
Long-term part	-	-	9	9
Short-term part	174	886	80	1 140

8.3. Related-party transactions

Other related-party transactions as defined in IAS 24

<i>in PLN 000s</i>	Transaction value during the period:		Outstanding balance as at	
	01.01.2017 30.09.2017	01.01.2016 30.09.2016	30.09.2017	31.12.2016
Sale of products and services				
Sale of products and services	7 861	8 238	6 546	21 132

<i>in PLN 000s</i>	Transaction value during the period		Outstanding balance as at	
	01.01.2017 30.09.2017	01.01.2016 30.09.2016	30.09.2017	31.12.2016
Purchase of products and services				
Purchase of products and services	1 703	225	982	888

	Outstanding balance as at	Transaction value during the period				Outstanding balance as at
	31.12.2016	Issue	Repayment of principal	Accrual of interest	Repayment of interest	30.09.2017
Loans issued (principal and interest)						
Loans issued (principal and interest)	19 578	15 391	(24 783)	372	(2 897)	7 661

<i>in PLN 000s</i>	Outstanding balance as at	Transaction value during the period				Outstanding balance as at
	31.12.2016	Incurred	Repayment of principal	Accrual of interest	Repayment of interest	30.09.2017
Loans received (principal and interest)						
Loans received (principal and interest)	32 117	28 627	(47 804)	1 401	(530)	13 811

8.4. Significant events in Q1-Q3 2017

On 31 May 2017, WIKANA S.A. sold its receivables from subsidiaries to Wikana Meritum Sp. z o.o. Corylus S.K.A. The sale price for these receivables was equal to the amount due to be paid.

The following table presents the type and amount of the sold receivables.

Type	Amount
Trade receivables	20 483
Loans	18 601
Total	39 084

On the same day, the Company and Wikana Meritum Sp. z o.o. Corylus S.K.A. carried out an offsetting transaction worth PLN 38 191 000. The Company presented for offsetting a receivable from Wikana Meritum Sp. z o.o. Corylus S.K.A. concerning sold receivables worth PLN 38 191 000, while Wikana Meritum Sp. z o.o. Corylus S.K.A. presented for offsetting a loan issued to the Company amounting to PLN 38 191 000.

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9. Description of the Issuer's group

The Group comprises the parent entity and its subsidiaries. Detailed information about the Group is presented in point 3 of the consolidated quarterly report for the period 01.01.2017-30.09.2017.

10. Changes in Group structure and their impact on the Group's operations

Changes in Group structure that took place in Q1-Q3 2017 and until the date on which this report was prepared are as follows:

- change in legal form of certain Group companies,
- acquisition of shares in an external entity, of immaterial value.

Details in point 3.2 of this report.

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 carried out in successive quarters, aimed at streamlining and improving the Group's effectiveness in accordance with best practices for property developers. Also for this purpose adopted and signed on 25 July 2017 was the "Plan of merger between a limited liability company and partnerships limited by shares," i.e. WIKANA PROJECT Sp. z o.o., as the "Acquiring Company," and: WIKANA PROPERTY Sp. z o.o. LEGNICA S.K.A., WIKANA PROPERTY Sp. z o.o. DELTA S.K.A., WIKANA PROPERTY Sp. z o.o. 03 MIASTECZKO S.K.A., WIKANA NIERUCHOMOŚCI Sp. z o.o. w likwidacji 02 S.K.A., WIKANA NIERUCHOMOŚCI Sp. z o.o. w likwidacji 05 MARINA S.K.A., as the "Acquired Companies." A resolution on the merger was adopted on 2 October 2017.

The Company's Management Board also notes that both in the reporting period 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. Moreover, in the period being discussed, no control was lost or gained over long-term investments, no de-mergers, restructurings or discontinuations took place, except as listed in this report.

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

Aside from the agreements of significance to the Group's operating activities referred to in point 15 of this report, the following events taking place in Q1-Q3 2017 are deemed by the Company's Management Board as significant:

- On 17 January 2017, WIKANA PROPERTY Sp. z o.o. ROSA S.K.A. passed a resolution on the issue of up to 6 515 secured dematerialised bearer bonds series A, with total par value of up to PLN 6 516 000; allocation of the bonds took place on 23 January 2017 (details: current reports 2/2017 and 4/2017);
- On 27 April 2017, Robert Pydzik tendered his resignation as President of the Company's Management, effective from 30 April 2017;
- On 27 April 2017, the Company's Supervisory Board adopted a resolution on the appointment of Agnieszka Maliszewska as Vice-President of the Company's Management Board, effective from 1 May 2017, and appointment of Marta Kruk and Paweł Chołota as Members of the Company's Management Board, effective from the same date.
- On 13 June 2017, a change of the issue terms for series B bonds of WIKANA MERITUM Sp. z o.o. CORYLUS S.K.A. was agreed with the sole bondholder, which included especially a change in the buy-back deadline from 30 June 2017 to 31 December 2017 (details: current report 22/2017).
- On 27 June 2017, Marta Kruk submitted her resignation as member of the Company's Management Board effective from the end of 30 June 2017;
- On 22 August 2017 a change of issue terms was agreed with the sole bondholder of the series A bonds of WIKANA PROPERTY Sp. z o.o. ROSA Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. ROSA S.K.A.), in particular a change of the buy-back deadline from 24 August 2017 to 31 December 2017 (details: current report 31/2017).
- On 19 October 2017, the Company's Supervisory Board adopted a resolution on the appointment of Patrycja Wojtczyk as member of the Supervisory Board;
- On 19 October 2017, Maciej Węgorkiewicz resigned as a member of the Supervisory Board.

12. Management's views on previously published guidance for Q1-Q3 2017

The Company does not release guidance.

13. Shareholding by Management Board and Supervisory Board members

The following table presents shareholdings by Management Board and Supervisory Board members at the date on which this report was published:

Table: **The following table presents shares of WIKANA S.A. held by members of the Management Board and Supervisory Board.**

	NUMBER OF SHARES/VOTES	NOMINAL VALUE	SHARE IN CAPITAL/VOTES (%)
MANAGEMENT BOARD	0	0	0
	524 815	1 049 630	2.62

SUPERVISORY BOARD, including:

BUHAJSKI ADAM	524 815	1 049 630	2.62
TOTAL:	524 815	1 049 630	2.62

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

During the period from when the last quarterly report was published, i.e. 30 May 2017, no changes in shares and rights to shares held by Management Board and Supervisory Board members took place.

14. Information on WIKANA Group's significant agreements

In Q1-Q3 2017, Group companies were parties to the following commercial agreements, other than agreements transferring ownership of residential units:

- On 6 February 2017, WIKANA PROPERTY Sp. z o.o. BETULA Sp.k., based in Lublin, executed an agreement with Nadsański Bank Spółdzielczy, based in Stalowa Wola, concerning a non-revolving current capital and property development credit facility of PLN 3.7 million for a property development project consisting of the construction of residential multi-family building B together with an underground carpark and land development under the second phase of the Klonowy Park investment in Janów Lubelski (details: current report 6/2017);
- on 10 February 2017 WIKANA PROPERTY Sp. z o.o. GAMMA Sp.k. (currently: WIKANA PRIM Sp. z o.o. GAMMA Sp.k.) executed a construction services agreement with INVEST PARTNER ARKADIUSZ MATUŁA - SPÓŁKA KOMANDYTOWA ("Contractor"), consisting of the development (in two phases) of three residential multifamily buildings (A, B, C), together with underground parking lots, installations and land management, under the fourth stage (B4) of the "Sky House" investment in Lublin; the agreement was subject to a condition precedent consisting of compliance with formalities connected with the provision by the above-mentioned company to the Contractor of a written declaration by 31 March 2017 confirming a lack of barriers to completing a power connection to the subject of the Agreement; the condition was met on 29 March 2017 (details: current reports 7/2017 and 9/2017);
- On 20 April 2017, WIKANA PRIM Sp. z o.o. GAMMA Sp.k. (formerly: WIKANA PROPERTY Sp. z o.o. GAMMA Sp.k.), based in Lublin, executed a construction and mortgage credit agreement with mBank Hipoteczny S.A., based in Warsaw ("Bank"), amounting to PLN 11 329 000 for the purpose of developing residential multi-family buildings A, B-C, together with underground carpark, installations and land development, as a subsequent stage (B4) of the Sky House investment in Lublin; in connection with this credit agreement, on 9 June 2017 the Parent, WIKANA PRIM Sp. z o.o. GAMMA Sp.k. and WIKANA PRIM Sp. z o.o. executed a project support agreement pursuant to which the Parent and WIKANA PRIM Sp. z o.o. confirmed to the Bank their financial support for WIKANA PRIM Sp. z o.o. GAMMA Sp.k. for up to PLN 1 143 000 if the investment costs were exceeded, and to support the activities of WIKANA PRIM Sp. z o.o. GAMMA Sp.k. (details: current reports 12/2017 and 20/2017);
- On 9 May 2017, WIKANA MERITUM Sp. z o.o. SIGMA Sp.k. executed an agreement with DESERTO Sp. z o.o., based in Przeworsk ("Contractor"), concerning construction works consisting of the development of two residential multi-family buildings (C, D), together with an underground parking lot and associated infrastructure, and an agreement for the performance of construction works consisting of the development of four residential multi-family buildings (O, P, R, S), connected by two underground parking lots, together with internal installations and associated infrastructure, under two subsequent phases of the Osiedle Zielone Tarasy investment in Rzeszów; pursuant to the provisions of the agreement, each of the parties had the right to terminate the agreement, in its unfinished parts, by 10 June 2017: For Contractor: if WIKANA MERITUM Sp. z o.o. SIGMA Sp.k. failed to submit a declaration within the above deadline on having secured financing from an institution providing financing for the subject of the agreements, and for WIKANA MERITUM Sp. z o.o. SIGMA Sp.k.: only after submitting the above declaration; the parties mutually agreed to extend this deadline until such time as WIKANA MERITUM Sp. z o.o. SIGMA Sp.k. secures the aforementioned financing; this financing was obtained by WIKANA MERITUM Sp. z o.o. SIGMA Sp.k. (after a change of name to: WIKANA PRIM Sp. z o.o. SIGMA Sp.k.) by executing a PLN 31.5 million construction and mortgage credit agreement on 24 August 2017 with mBank Hipoteczny S.A., based in Warsaw (details: current reports 16/2017, 17/2017, 21/2017 and 32/2017);
- on 30 June 2017, WIKANA PROPERTY Sp. z o.o. ZIELONE TARASY Sp.k., based in Lublin executed an agreement with HEN-BUD Sp. z o.o., based in Lublin, concerning comprehensive performance of construction work consisting of the development of three residential multi-family buildings (B1, B7 and B8) with services and a multi-space underground parking lot, together with internal installations and associated infrastructure as well as three residential multi-family buildings (B2, B3 and B6) with a multi-space underground parking lot, together with internal installations and associated infrastructure, as the first and second phase of the Osiedle Marina B investment in Lublin (details: current reports 26/2017 and 27/2017).
- on 2 October 2017, WIKANA PROPERTY Sp. z o.o. KOMERC Sp.k. - as entity using a developed property in Kraków, ul. Wadowicka 9 in the Podgórze district ("Property"), which is currently owned by PKO Leasing S.A. - executed a preliminary conditional sale agreement with an entity without equity or personal ties ("Agreement"); the Agreement was executed on that condition that WIKANA PROPERTY Sp. z o.o. KOMERC buys the Property from PKO Leasing, however not earlier than eight weeks from the date on which the last mortgage currently encumbering the Property and not later than 30 June 2018, with the stipulation that if the last mortgage is removed after 7 May 2018 then the agreement will be executed within 56 days from this date; the value of the Agreement is PLN 8 million net (details: current report 35/2017);
- on 5 October 2017, the Company executed an annex to a loan agreement of 31 August 2017 with its majority shareholder, i.e. Value FIZ, based in Warsaw, pursuant to which the amount of the loan was increased from PLN 1.3 million to PLN 4.3 million (details: current report 37/2017).
- on 5 October 2017, WIKANA PRIM Sp. z o.o. ZIELONE TARASY Sp.k. signed a PLN 18.7 million construction and mortgage agreement with mBank Hipoteczny, intended for the development of six multi-apartment buildings B1, B2, B3, B6, B7 and B8, being developed as part of two stages of the Osiedle Marina B investment in Lublin (details: current report 38/2017).

Furthermore, on 31 March 2017, WIKANA MERITUM Sp. z o.o. LAMDA S.K.A. executed an annex to an agreement pursuant to which it incurred a promissory note obligation of PLN 7 300 000, changing the promissory note redemption date from 31 March 2016, to 30 June 2017 and subsequently an annex changing this date from 30 June 2017 to 31 December 2017 (details: current reports 10/2017 and 28/2017); on 31 August 2017 WIKANA FORTEM Sp. z o.o. ACER Sp.k. executed an annex to a construction credit agreement of 27 July 2016 with RAIFFEISEN BANK POLSKA S.A. in order to secure financing for the Miasteczko Wikana B13 investment in Lublin, changing the credit amount and repayment deadline, among other things (details: current report 33/2017).

15. 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.

16. 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.

Aside from the above, neither the Company nor its subsidiaries issued any sureties for credit facilities or loans nor issued guarantees the value of which would constitute the equivalent of at least 10% of the Issuer's equity.

17. Significant information

During the period ended 30 September 2017, Group companies continued their statutory activities.

As at 30 September 2017, total Group liabilities due and payable within the next 12 months (i.e. current liabilities) and current provisions amounted to PLN 92 836 000. This item mainly consists of credit facilities, financial leases, bonds, trade payables and deferred revenue (the PLN 18 741 000 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 94 256 000 in current liabilities, the company will actually have to repay up to PLN 75 515 000, 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 once clients sign notarial deeds. 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 nine months of 2017 and until the date on which this document was drafted, the Group achieved the following tasks related to property development projects:

executed contracts for the following property development projects: buildings A, B, C at the Sky House B4 investment and buildings B1, B7, B8, B2, B3 and B6 at the Osiedle Marina B investment in Lublin, as well as buildings C, D and O, P, R, S at the Osiedle Zielone Tarasy investment in Rzeszów;

preparations for commencement of further development projects located in the Lublin and Sub-Carpathian voivodships.

As at 30 September 2017, the Group's offering included property development projects totalling 282 flats, of which 241 were under construction.

Rent income (rent segment) in the first nine months of 2017 reached PLN 6 059 000.

From 1 January to 30 September 2016, the Group's renewables segment generated PLN 4 015 000 in revenue.

As a result of the above, the Group generated PLN 47 183 000 in revenue during the reporting period, compared to PLN 32 479 000 in the comparative period. At the same time, cost of sales increased from PLN 26 265 000 (Q1-Q3 2016) to PLN 34 775 000 in the reporting period; consolidated gross profit on sales reached PLN 12 408 000 (PLN 5 539 000 in Q1-Q3 2016). The Group ended the third quarter of 2017 with a net profit of PLN 2 095 000 (vs a net loss of PLN 4 380 000 after the first three quarters of 2016).

At the same time, the Issuer announces that the value of preliminary and development agreements signed by 30 September 2017, for which units have not yet been delivered to clients, i.e. from which no revenue has yet been recognised, amounted to PLN 33 019 000, including in investments being carried out in: Lublin - PLN 21 221 000, Zamość - PLN 142 000, Rzeszów - PLN 4 911 000, Janów Lubelski - PLN 3 188 000, and Tarnobrzeg - PLN 3 557 000.

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.

18. Factors that might impact 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 after 30 September 2017,
- 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 30 September 2017 - 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,
- Divestment process, which covers sale of selected assets under a plan adopted by the Company's Management Board for optimisation of the asset structure by sale of certain non-current assets of substantial market value (e.g. existing properties or certain non-residential projects).

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. Works are also under-way to obtain bank credit to finance property developments and bond issues from which proceeds will be used to refinance existing liabilities and 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:

- activities aimed at a substantial increase in operating scale, including commencement of new investments on the Company'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.

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.

As regards commercial properties, the Company's Management Board plans divestments in an economically justified period of time. Prior to the date on which this report was prepared, WIKANA PROPERTY Sp. z o.o. KOMERC Sp.k. - as entity using a developed property in Kraków, ul. Wadowicka 9, in the Podgórze district ("Property"), currently owned by PKO Leasing S.A. - executed a preliminary conditional agreement with an entity without equity or personal ties to WIKANA Group to sell the Property (details: current report 35/2017).

Agnieszka Maliszewska
/Vice-President of the Management Board/

Paweł Cholota
Member of the Management Board

Bożena Wincentowicz
**Person responsible for
book-keeping/**

Lublin, 16 November 2017