



POLNORD SA

CAPITAL GROUP

CONSOLIDATED REPORT FOR THE FIRST QUARTER OF 2015

CONTAINING
CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE PERIOD FROM 01.01.2015 TO 31.03.2015
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

GDYNIA, 15 MAY 2015

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I GENERAL INFORMATION

Unless the context indicates otherwise, the terms “Company”, “Polnord SA”, “Polnord”, “Parent Company” or other terms with similar meanings and their grammatical forms shall mean Polnord SA, while the terms: “Group”, “Capital Group”, “Polnord Capital Group” or other terms with similar meanings and their grammatical forms shall mean the Capital Group composed of Polnord SA and entities subject to consolidation. The term “Report” shall refer to this Consolidated report for the first quarter of 2015.

1. INTRODUCTION – COMPANY INFORMATION

Polnord SA is one of the most experienced companies on the construction and real estate development market in Poland. It was established in 1977 as a general contractor of exported construction services. In 1988, it assumed the name of Polnord. In 1999, the Company's shares were floated on the Warsaw Stock Exchange's main market. Currently, the Company is listed in sWIG 80 and WIG-Deweloperzy indices.

Since 2007, the core business of Polnord Group has been the implementation of development projects through special purpose vehicles established by Polnord with or without partners. Polnord Group operates mainly on the Polish market (in Warsaw, Tricity, Olsztyn, Szczecin, Łódź and Wrocław), and to an increasingly smaller extent on the Russian market.

The Company's objective is to maximize the value of the Company, in the interest of its Shareholders, by building a leadership position on the housing market. In line with the adopted strategy, Polnord Group is firmly committed to increasing the volume of housing sales, focusing on the segment of residential real estate (mainly in Warsaw and Tricity), while reducing general and administrative expenses, sales expenses and the debt level.

Polnord SA is a founding member of the Polish Association of Developers whose purpose is to promote a code of good practices in the customer – developer relations. Year after year since 2000, Polnord SA has held the Developer's Certificate which is awarded by the Polish Association of Developers and confirms the Company's professionalism and guarantees its integrity in acting for the benefit of the customer.

Polnord Group has one of the largest land reserves among Polish developers, consisting of attractive real properties located in the largest Polish cities (inter alia, Warsaw, Tricity, Łódź and Szczecin). By 31.03.2015, employing the experience gained over the years, Polnord, through the wholly owned subsidiaries, has completed its residential projects in the following locations:

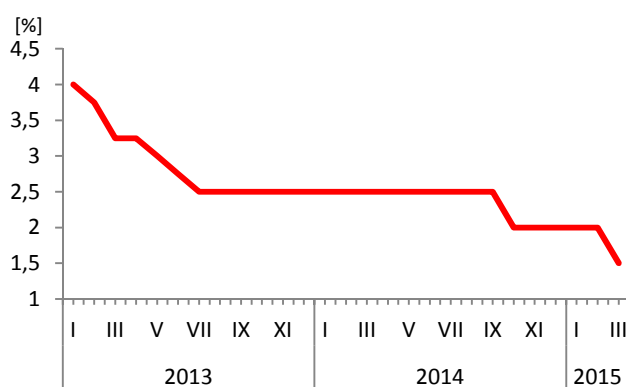
- Warsaw: Polnord Group is one of the developers implementing construction of a new district of Warsaw (“Miasteczko Wilanów”), where approximately 35-50 thousand residents are expected to settle. This is one of the most prestigious and demanding investment projects executed in Poland, recognised by the Urban Land Institute in 2010 as one of the five best investments in the world. So far, Polnord Group has implemented on the area of Miasteczko Wilanów, among others, the following residential projects: “Królewskie Przedmieście” in Aleja Rzeczypospolitej (443 units), “Kryształ Wilanowa” in Klimczaka St (95 units), “Śródmieście Wilanów” build. A and C in Kazachska St (331 units in total);
- Sopot: 162 apartments built within the housing estate “Sopocka Rezydencja”;
- Gdańsk: „Ostoja Myśliwska” (242 units); „2 Potoki Stage I-III” (480 units); „Dwa Tarasy” Stage I (162 units);
- Olsztyn: „Osiedle Tęczowy Las” build. 1-5 (436 units);
- Łódź: “City Park” Stage I-III (235 units);

- Szczecin: “Ku Słońcu” Stage I,II (build. 1,2) (539 units);
- Polnord is also responsible for the implementation of the office complex “Wilanów Office Park”, within which two modern office buildings of the total area of 17,290 sq m have been built.

2. MARKET ENVIRONMENT

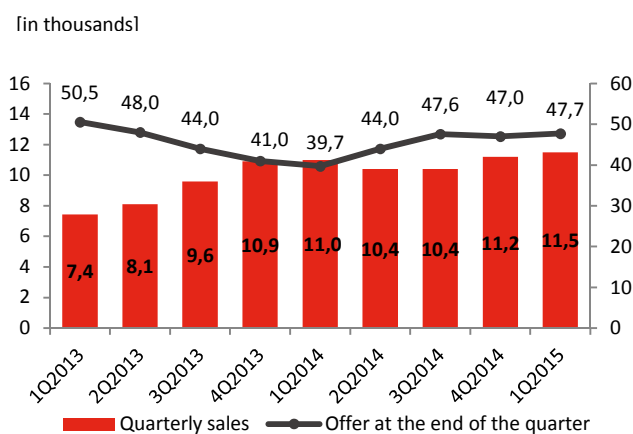
The results of the first quarter of 2015 on primary markets in Warsaw, Tricity, Cracow, Wrocław, Poznań and Łódź, in terms of sales volume and premises introduced in the market, in comparison with previous quarters, can be considered as very good. Apartment sales have increased by 2.2% in comparison with the last quarter, and the number of premises put on the market have been comparable to the level reached in the previous quarter. Additionally, according to preliminary data by Poland’s Central Statistical Office (GUS), in the first quarter of 2015, developers launched the construction of 16.4 thousand units in Poland, which is 7.8% more than last year. Low interest rates, stable prices and a broad range of offered premises are the factors that stimulate demand. The price change index for all cities shows that the prices of apartments offered have

Figure 2. NBP reference rate in 2013-2015



Source: NBP

Figure 1. Number of flats sold on the primary market in Warsaw, Tricity, Cracow, Wrocław, Poznań, and Łódź in the period from 2013 to the first quarter of 2015



Source: REAS

stabilised. However, the increase in prices of apartments introduced in the market have been observed during a few previous quarters. Apartment sales on primary markets in Warsaw, Tricity, Cracow, Wrocław, Poznań and Łódź, in the period from 01.01.2015 to 31.03.2015 was 11.5 thousand premises. Since 2014, under the Recommendation S III mortgage loans for 100% of the real estate value were withdrawn from the banks’ offers. Starting from 2014, the customers’ obligatory down payment was at least 5% of the real estate value and since 2015 the amount of the down payment has increased to 10%. The requirements concerning the increased down payment have not turned out to be an impediment to the purchase of apartments. In the first quarter of 2015, the MdM Programme, which eliminated the consequences of the Recommendation S III, has had a significant impact on the real estate market. The number of applications for subsidies under the MdM Programme has not decreased and a growing interest in the government subsidy has been observed in Warsaw, Wrocław and Poznań. In those three cities in the first quarter of 2015, the greatest number of applications have been submitted from the moment of introduction of the MdM Programme. In Cracow, Gdańsk and Łódź the increase has been quite small in comparison to the previous quarter.

The second programme of significant importance for the real estate market will be “Fundusz Mieszkań na Wynajem” (“FMW Programme”). The FMW Programme, prepared by the government together with Bank Gospodarstwa Krajowego (“BGK”), will provide an investment of PLN 5 billion in the purchase of real estate properties designated for rent. Ultimately, the fund’s portfolio is to cover 20 thousand premises, including

whole buildings which are planned to be purchased by the fund from developers. At the end of 2014, BGK bought the first residential building under the FMW Programme in Poznań. The lease of apartments began in March 2015. Another investment of the FMW Programme is located in Gdańsk in Kilińskiego St.

3. POLNORD SA CAPITAL GROUP STRATEGY

Polnord's objective is to maximise the value of the Company, in the interests of its Shareholders, by building a leadership position on the housing market and optimising its operating activities. The Company has consequently implemented its strategy adopted at the end of 2012 which is based on the following four pillars:

Significant increase in the volume of units sold

The Group's strategic objective is to achieve annual sales level of 1,500 units. To achieve this goal a dynamic expansion of the offer is necessary. Polnord is constantly looking for new investment opportunities that will enable an increase in sales. The Company is interested in buying land in prime locations, e.g. in Warsaw and Tricity, and is starting new, high-margin investments in cooperation with its business partners.

Focus of activities on the housing market

Polnord focuses its activities on housing projects on the Polish market, particularly in Warsaw and Tricity and their suburbs. These are very absorbent and fast-growing markets which enable profitable development investments. The vast experience of the Company and its knowledge of local markets are the competitive advantages of Polnord.

Optimisation of selling, general and administrative expenses

After a period of significant cost reduction, the Company focuses on further optimisation of operating costs, in particular selling, general and administrative expenses. The Group's objective in 2014 was to reduce the selling, general and administrative expenses to PLN 28 million annually, and the current objective is to stabilize them at the fixed level in relation to the number of apartments sold.

Debt reduction

The strategic objective of the Polnord Management Board is to considerably reduce the Group's debt. Funds for debt reduction will come primarily from accelerated apartment sales, the sale of non-operating assets that are not used in the principal operations of the Company and from compensations received. The Management Board of the Company planned to reduce the net debt of the Group to PLN 425 million by the end of 2014, and this objective was achieved. In 2015, the Management Board plans to reduce the debt by another PLN 50 million.



4. SUMMARY OF THE FIRST QUARTER OF 2015

Focus on the housing market and increase in the volume of units sold

At the end of the first quarter of 2015, Polnord, through the wholly owned subsidiaries and jointly controlled companies, was implementing 17 real estate projects, presented in table 9, within which 2,373 units of the total usable area of 131 thousand sq m are to be built. By the end of 2015, the Group plans to have commenced the execution of another 17 new real estate investments, indicated in Chapter II, clause 1.3, or subsequent stages of the currently implemented ones, of the total area of over 115 thousand sq m, which translate into 2,197 units.

Under IFRS, sales revenues are recognised as profit or loss at the time of the handover of premises, which does not fully reflect the Group's activity in the reporting period. Table 1 below presents the Group's activity in the reporting period given that the impact of contracts signed in the period from 01.01.2015 to 31.03.2015 on the result and operating cash flows will only be recognized in financial statements when the premises are actually delivered.

Table 1. Expected operating income and planned direct margin on sales from units sold in the first quarter of 2015

INVESTMENT	number ¹⁾ of concluded/terminated agreements	from 01.01.2015 to 31.03.2015			
		revenues ²⁾	direct margin ²⁾ on sales*	value of land in the direct cost ²⁾ **	net operating income ²⁾ ***
		[PLN '000]	[PLN '000]	[PLN '000]	[PLN '000]
Part I - projects implemented by the wholly owned subsidiaries of Polnord SA					
Warsaw					
Śródmieście Wilanów (build. C)	2	1 252	449	187	636
Śródmieście Wilanów (build. E)	27	11 938	3 165	2 059	5 224
Śródmieście Wilanów (build. F)	14	5 626	1 111	1 220	2 331
Neptun I	13	3 497	583	424	1 007
Neptun II	9	2 324	449	279	728
Tricity					
Ostoja Myśliwska II	1	630	223	55	278
2 Potoki II	10	1 977	422	223	645
2 Potoki III (build. 1-5)	12	1 895	230	275	505
Dwa Tarasy I	7	1 397	375	144	519
Dwa Tarasy II	42	10 877	3 035	792	3 827
Brama Sopotcka I	2	767	93	180	273
Olsztyn					
Osiedle Tęczowy Las (build. 5)	2	555	124	21	145
Osiedle Tęczowy Las (build. 6)	19	4 170	960	241	1 201
Szczecin					
Ku Stońcu I	3	1 136	187	222	409
Ku Stońcu II (build. 2)	-1	-259	-49	-36	-85
Ku Stońcu II (build. 1)	27	6 077	860	832	1 692
Łódź					
City Park IV	19	3 831	516	147	663
Total Part I	208	57 690	12 733	7 265	19 998

Part II - projects implemented by the companies jointly controlled by Polnord SA					
Warsaw					
Ostoja Wilanów VI-VII	18	5 286	1 256	1 359	2 615
Stacja Kazimierz Stage I	39	8 087	2 859	960	3 819
Wrocław					
Osiedle Innova VI-VII	6	1 009	321	185	506
Apartamenty Innova	5	636	140	117	257
Osiedle Moderno	44	5 700	1 721	611	2 332
Tricity					
Aquasfera (Pacific)	18	2 080	461	334	795
Aquasfera build. Indian, staircases A and B	8	752	69	129	198
Total Part II	138	23 550	6 827	3 695	10 522
Total Part I and II	346	81 240	19 560	10 960	30 520

¹⁾ Data not weighted with Polnord's share (refers to preliminary and reservation agreements)

²⁾ Data weighted with Polnord's share

* direct margin on sales calculated as revenue from sales reduced by costs of land, design and workmanship (the margin does not include financial costs and consolidation adjustments)

** as at the balance sheet date, the land is owned by the Group; the investment implementation allows the return of expenditures incurred; the value of land in the direct cost does not include financial costs and consolidation adjustments

*** net income calculated as revenue from sales agreements, reduced by direct costs and increased by the value of the land

The above figures represent estimates to the Management Board's best knowledge as at the date of this Report.

Optimisation of selling, general and administrative expenses

Notwithstanding the intensification of sales activities, efforts aimed at further optimization of the selling, general and administrative expenses of the Group are being continued.

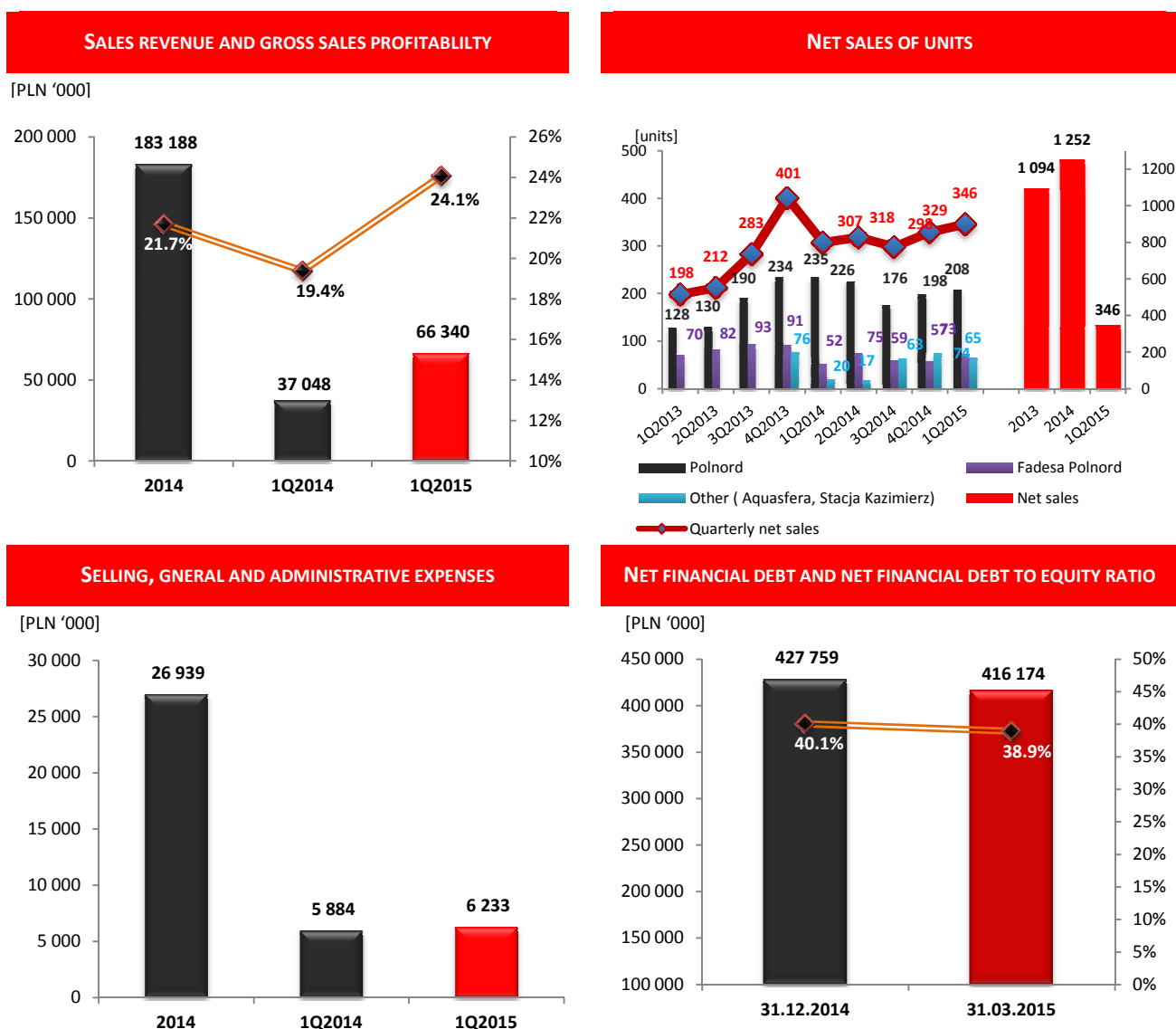
The selling, general and administrative costs in the first quarter of 2015 amounted to PLN 6,233 thousand, i.e. grew nominally by 5.9% in comparison to the first quarter of 2014 (PLN 5,884 thousand). Slight variations in costs among particular quarters are natural for the industry in which Polnord Group operates.

Debt reduction

As at 31.03.2015, the net financial debt of the Group (Polnord SA and wholly owned subsidiaries) shown in the consolidated balance sheet amounted to PLN 416,174 thousand, which shows a decrease of PLN 11,585 thousand over the first quarter of 2015. As at 31.12.2014, the net debt amounted to PLN 427,759 thousand.

The charts below show the dynamics of selected financial and operational data.

Figure 3. Selected financial and operational data



5. DIVIDEND POLICY

As far as the dividend policy is concerned, the Management Board applies the principle of making payments that take account of the Company's earnings and financial position. The Company intends to pay regular dividends in the future. When making proposals concerning the possibility of dividend payout, the Management Board takes into account the need to ensure that the Company has the liquidity and capital necessary for business development. As at the date of the Report, the Company's Management Board does not plan to recommend dividend payments for the years 2014-2016.

For the financial years 2011-2013, the Company did not pay dividends due to the decision to keep funds for investments and business development in the Company and to secure financial liquidity.

In the presented period Polnord did not declare or pay the dividend.

6. SELECTED FINANCIAL DATA

Table 2. Selected consolidated financial data

PROFIT AND LOSS ACCOUNT	PLN '000		EUR '000	
	01.01.2015 - 31.03.2015	01.01.2014 - 31.03.2014	01.01.2015 - 31.03.2015	01.01.2014 - 31.03.2014
Revenue on sales	66 340	37 048	15 990	8 843
Gross profit (loss) on sales	15 967	7 181	3 849	1 714
Gross operating profit (loss)	8 878	1 562	2 140	373
Gross profit (loss)	3 815	315	919	75
Net profit (loss) on continued operations	1 340	1 819	323	434
Net profit (loss) for the financial year	1 294	424	312	101
BALANCE SHEET	31.03.2015	31.12.2014	31.03.2015	31.12.2014
Equity	1 069 512	1 067 382	261 558	250 424
Long-term liabilities	382 619	406 824	93 573	95 447
Short-term liabilities	304 853	298 898	74 554	70 126
Fixed assets	969 535	970 808	237 108	227 766
Current assets	778 249	793 096	190 327	186 072
Assets classified as held for sale	9 200	9 200	2 250	2 158
Total assets	1 756 984	1 773 104	429 685	415 997

Table 3. Selected individual financial data

PROFIT AND LOSS ACCOUNT	PLN '000		EUR '000	
	01.01.2015 - 31.03.2015	01.01.2014 - 31.03.2014	01.01.2015 - 31.03.2015	01.01.2014 - 31.03.2014
Revenue on sales	11 583	9 938	2 792	2 372
Gross profit (loss) on sales	11 583	7 675	2 792	1 832
Gross operating profit (loss)	3 394	(535)	818	(128)
Gross profit (loss)	3 506	(2 888)	845	(689)
Net profit (loss) on continued operations	2 355	(1 373)	568	(328)
Net profit (loss) for the financial year	2 309	(2 768)	557	(661)
BALANCE SHEET	31.03.2015	31.12.2014	31.03.2015	31.12.2014
Equity	1 088 250	1 083 028	266 141	254 095
Long-term liabilities	662 363	684 042	161 986	160 487
Short-term liabilities	188 161	179 903	46 016	42 208
Fixed assets	1 473 787	1 482 364	360 427	347 785
Current assets	455 787	455 409	111 467	106 846
Assets classified as held for sale	9 200	9 200	2 250	2 158
Total assets	1 938 774	1 946 973	474 144	456 789

7. COMPOSITION OF THE POLNORD CAPITAL GROUP SA

Composition of the Polnord Capital Group includes Polnord SA as the parent company and companies subject to consolidation.

The Group's condensed consolidated financial statements were prepared as at 31.03.2015 and cover the period from 01.01.2015 to 31.03.2015, and they contain relevant comparative data as at 31.12.2014 and for the period from 01.01.2014 to 31.03.2014.

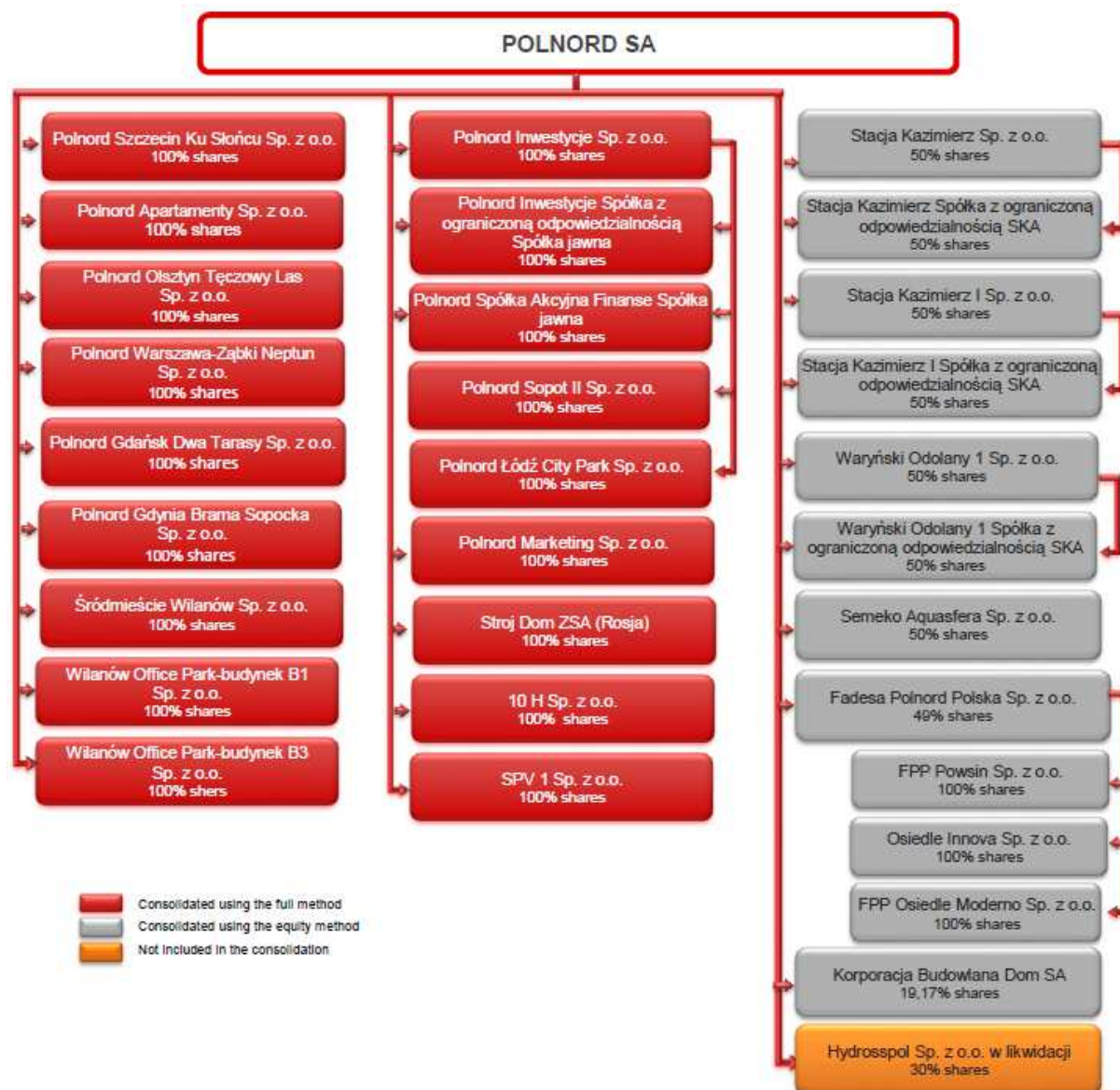
The duration of the Company and companies comprising the Group as at 31.03.2015 is indefinite.

Table 4. Basic Parent Company data

Full name (company name)	POLNORD Spółka Akcyjna
Registered office	81-310 Gdynia, ul. Śląska 35/37
Number in the National Court Registered (KRS)	0000041271
Tax identification Number (NIP)	583-000-67-67
Statistical Identification Number (REGON)	000742457
Registered share capital	65.266.054 PLN (paid in full)
PKD (Polish Classification of Business Activities)	6810 Z – buying and selling of own real estate
Website	www.polnord.pl

The diagram presented below illustrates the structure of organizational and capital links of Polnord SA as at 31.03.2015.

Structure of Polnord SA Capital Group



A detailed description of the rules used for the preparation of the Consolidated statement is included in the Consolidated Annual Report for 2014 in Chapter VI, clause 5 of the Consolidated financial statements.

7.1 IDENTIFICATION OF THE EFFECTS OF CHANGES IN THE STRUCTURE OF THE CAPITAL GROUP, INCLUDING THOSE RESULTING FROM MERGERS OF BUSINESSES, ACQUISITIONS OR DISPOSALS OF THE COMPANY'S CAPITAL GROUP ENTITIES, LONG-TERM INVESTMENTS, DIVISION, RESTRUCTURING AND DISCONTINUATION OF ACTIVITY

In the first quarter of 2015 and after the balance sheet date, the following changes occurred the structure of organizational and capital links:

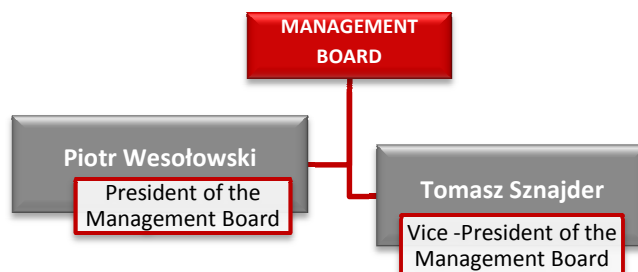
Entity name	Description of the event
	<i>Share capital decrease</i>
Polnord Sopot II Sp. z o.o.	On 18.03.2015, Polnord Sopot II Sp. z o.o. purchased from its sole shareholder, i.e. Polnord Inwestycje Sp. z o.o., 252,235 own shares with the nominal value of PLN 100.00 each, with the total nominal value of PLN 25,223,500.00 for redemption. On 10.04.2015, the Extraordinary Meeting of Shareholders of Polnord Sopot II Sp. z o.o. adopted a resolution on voluntary redemption of 252,235 own shares and a resolution on reduction of the share capital to PLN 100,000.00.
	<i>Share capital decrease</i>
Polnord Łódź City Park Sp. z o.o.	On 18.03.2015, Polnord Łódź City Park Sp. z o.o. purchased from its sole shareholder, i.e. Polnord Inwestycje Sp. z o.o., 10,000 own shares with the nominal value of PLN 100.00 each, with the total nominal value of PLN 1,000,000.00 for redemption. On 10.04.2015, the Extraordinary Meeting of Shareholders of Polnord Łódź City Park Sp. z o.o. adopted a resolution on voluntary redemption of 10,000 own shares and a resolution on reduction of the share capital to PLN 100,000.00.
	<i>Purchase of shares</i>
Waryński Odolany 1 Sp. z o.o.	On 24.03.2015, Polnord SA concluded an agreement for the sale of shares by and between MS Waryński Development SA with its registered office in Warsaw; on the basis of the agreement Polnord SA purchased from MS Waryński Development SA 50 shares in the company Waryński Odolany 1 Sp. z o.o. with its registered office in Warsaw, which constitute 50% of the share capital of this company.
	<i>Purchase of shares</i>
Waryński Odolany 1 Spółka z ograniczoną odpowiedzialnością SKA	On 24.03.2015, Polnord SA concluded an agreement for the sale of shares by and between MS Waryński Development SA with its registered office in Warsaw; on the basis of the agreement Polnord SA purchased from MS Waryński Development SA 25,000 shares of the company Waryński Odolany 1 Spółka z ograniczoną odpowiedzialnością SKA with its registered office in Warsaw, which constitute 50% of all shares of this company.
	<i>Purchase of shares</i>
Korporacja Budowlana Dom SA	As a result of purchasing the shares of Korporacja Budowlana Dom SA on the WSE and implementing the settlements and civil-law contracts, concluded on 27.04.-29.04.2015, Polnord increased its capital involvement in Korporacja Budowlana Dom SA to the level of 26.84%. Before the change, the Company held 1,902,656 shares constituting 19.17% of the share capital and in the total number of votes. After the transaction, Polnord holds 2,664,550 shares constituting 26.84% of the share capital of Korporacja Budowlana Dom SA and in the total number of votes.

As at 31.03.2015, the percentage of voting rights held by Polnord in the subsidiaries, jointly controlled entities and in associates corresponds to the percentage held by Polnord in the share capital of those entities.

8. GOVERNING BODIES OF THE COMPANY

Management Board

As at 31.03.2015, the Company's Management Board was composed of:



According to the Company's Articles of Association, the Company's Management Board may be composed of 2 to 6 members, appointed for a joint three-year term of office. The current three-year term of office of the Management Board commenced on 14.05.2014.

During the period from the balance sheet date till the date of the present Report, no changes have been introduced in the composition of the Company's Management Board.

Supervisory Board

As at 31.03.2015, the Company's Supervisory Board was composed of:



**a member of the Supervisory Board who meets the independence criteria indicated in Annex II to the Recommendation of the European Commission of 15 February 2005 on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board and referred to in Article 13(5) of the Company's Articles of Association*

After the balance sheet date, the composition of the Supervisory Board did not change.

8.1 INFORMATION ON SHARES OR RIGHTS FOR SHARES (OPTIONS) OF POLNORD SA HELD BY MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES OF POLNORD SA

According to the Company's knowledge the members of the management and supervisory bodies of Polnord listed below held the following numbers of the Company's shares:

Table 5. Company shares held by members of the Management Board and Supervisory Board at 31.03.2015 and as at 15.05.2015

Name	Function	Number of shares
Piotr Wesołowski	President of the Management Board	38,227
Tomasz Sznajder	Vice-President of the Management Board	26,877
Marcin Dukaczewski	Member of the Supervisory Board	7,115

Under the Company's Management Options Programme, the following Members of the Management Board hold subscription warrants convertible to series S shares of Polnord:

Table 6. Subscription warrants held by members of the Management Board as at 31.03.2015 and as at 15.05.2015

Name	Number of warrants held	Issue price of S series shares (change price)	The deadline for the exercise of rights of warrants
		[PLN]	
Piotr Wesolowski - President of the Management Board	100,000	9.00	31.12.2016 r.
Tomasz Sznajder - Vice-President of the Management Board	66,534	9.00	31.12.2016 r.

Each subscription warrant entitles to the acquisition of one series S share.

The first tranche of 116,667 series A warrants was issued and delivered on 20.12.2013, including a total of 83,267 acquired by the Members of the Company's Management Board.

The second tranche of 110,067 series B subscription warrants was issued and delivered on 09.12.2014, including a total of 83,267 acquired by the Members of the Company's Management Board.

In the first quarter of 2015 and in the period until the date of publication of this Report, no changes in the holdings of Company's shares of the above-mentioned members of the Management Board and Supervisory Board occurred.

9. SHAREHOLDERS HOLDING AT LEAST 5% OF THE TOTAL NUMBER OF VOTES AT THE GENERAL MEETING OF THE COMPANY

According to the Company's knowledge, at 31.03.2015, the following shareholders held shares of Polnord SA vested with at least 5% of votes at the General Meeting:

Table 7. Shareholding of Polnord SA as at 31.03.2015

Shareholders	Number of shares/votes	Nominal value of shares [PLN]	% of share capital/votes
Prokom Investments SA in Gdynia*	7,047,039	14,094,078	21.59%
Pioneer Pekao Investment Management SA in Warsaw (all customers of PPIM)**	3,119,628	6,239,256	9.56%
SEB Asset Management SA	1,752,593	3,505,186	5.37%
Other shareholders in total	20,713,767	41,427,534	63.48%
Total	32,633,027	65,266,054	100.00%

* jointly with Osiedle Wilanowskie Sp. z o.o. in Gdynia (a subsidiary of Prokom Investments SA)

** of which Pioneer Fundusz Inwestycyjny Otwarty holds 2,858,188 shares in the share capital of the Company, corresponding to 2,858,188 votes, representing 8.76% of the total number of votes and in the capital.

After the balance sheet date, the following changes in the Company's Shareholding took place:

Date of notification to the Company	Name of the notifier	Description of the event
22.04.2015	Briarwood Capital Partners LP with its registered office in the State of Delaware, United States	<p><i>Exceeding the threshold of 5% in the overall number of votes in Polnord</i></p> <p>The above change resulted from acquiring 14,000 shares of the Company within the regulated trading market of Warsaw Stock Exchange on 21.04.2015.</p> <p>Before the change of share Briarwood Capital Partners LP has owned 1,623,600 shares of Polnord, which constituted 4.98% of share in the share capital and was entitled to 4.98% share in Polnord's voting rights.</p> <p>As a result of the acquisition of Polnord's shares Briarwood Capital Partners LP owns 1,637,600 shares, which constitute 5.02% of share in the share capital and is entitled to 5.02% share in Polnord's voting rights.</p>

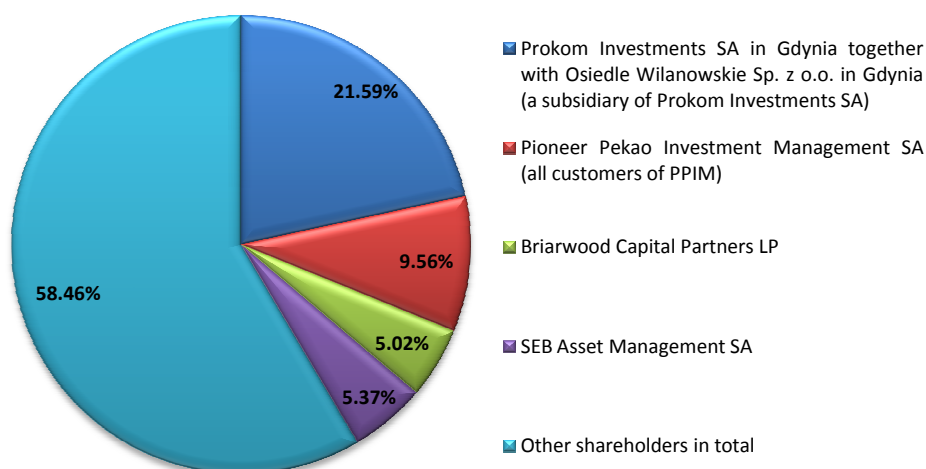
Table 8. Shareholding of Polnord SA as at 15.05.2015

Shareholders	Number of shares/votes	Nominal value of shares [PLN]	% of share capital/votes
Prokom Investments SA in Gdynia*	7,047,039	14,094,078	21.59%
Pioneer Pekao Investment Management SA in Warsaw (all customers of PPIM)**	3,119,628	6,239,256	9.56%
SEB Asset Management SA	1,752,593	3,505,186	5.37%
Briarwood Capital Partners LP	1,637,600	3,275,200	5.02%
Other shareholders in total	19,076,167	38,152,334	58.46%
Total	32,633,027	65,266,054	100.00%

* jointly with Osiedle Wilanowskie Sp. z o.o. in Gdynia (a subsidiary of Prokom Investments SA)

** of which Pioneer Fundusz Inwestycyjny Otwarty holds 2,858,188 shares in the share capital of the Company, corresponding to 2,858,188 votes, representing 8.76% of the total number of votes and in the capital.

Shareholding of Polnord SA at 15.05.2015



II ACTIVITIES OF THE CAPITAL GROUP

1. OPERATIONAL ACTIVITIES OF THE CAPITAL GROUP

1.1 INFORMATION ON THE NUMBER OF UNITS SOLD

The table below presents information on the number of premises sold by the Polnord Group within particular projects as well as the Group's offer as at 31.03.2015. In the period from 01.01.2015 to 31.03.2015, the Polnord Capital Group companies sold net 346 premises (on the basis of the preliminary and reservation agreements).

Table 9. Sales and offer as at 31.03.2015

Project	General information				Premises sold (net-including cancellations)		Offer as at 31.03.2015
	Usable area (sq m)	Number of premises	Date of the handing over for use	Company implementing the project	until 31.12.2014	including IQ 2015	
Part I - projects implemented by the wholly owned subsidiaries of Polnord SA							
WARSAW							
Projects handed over for use							
Śródmieście Wilanów (build. C)	10 564	161	IIIQ 2014	Śródmieście Wilanów	157	2	2
Projects under development							
Śródmieście Wilanów (build. D)	9 533	189	IIIQ 2015*	Śródmieście Wilanów	183	-	6
Śródmieście Wilanów (build. E)	8 768	146	IVQ 2016*	Śródmieście Wilanów	11	27	108
Śródmieście Wilanów (build. F)	6 691	125	IIQ 2016*	Śródmieście Wilanów	70	14	41
Neptun I	6 204	109	II/IIIQ 2015*	Polnord Warszawa Ząbki Neptun	91	13	5
Neptun II	5 623	105	IVQ 2015*	Polnord Warszawa Ząbki Neptun	17	9	79
TRICITY							
Projects handed over for use							
Ostoja Myśliwska I-II	13 715	242	2011-2012	Polnord Apartamenty	235	1	6
2 Potoki I	7 475	162	IVQ 2012	Polnord Apartamenty	156	-	6
2 Potoki II	7 142	162	IVQ 2013	Polnord Apartamenty	135	10	17
2 Potoki III (build. 1-5)	7 239	156	2012-2013	Polnord Apartamenty	44	12	100
Sopocka Rezydencja	9 672	162	IQ 2012	Polnord Sopot II	160	-	2
Dwa Tarasy I	7 315	162	IVQ 2014	Polnord Gdańsk Dwa Tarasy	148	7	7
Projects under development							
Dwa Tarasy II	8 386	172	IVQ 2015*	Polnord Gdańsk Dwa Tarasy	31	42	99
Brama Sopocka I	3 375	54	IIIQ 2015*	Polnord Gdynia Brama Sopocka	7	2	45
OLSZTYN							
Projects handed over for use							
Osiedle Tęczowy Las (build. 4)	4 590	91	IIIQ 2012	Polnord Olsztyn Tęczowy Las	89	-	2
Osiedle Tęczowy Las (build. 5)	5 839	103	IVQ 2013	Polnord Olsztyn Tęczowy Las	95	2	6
Projects under development							
Osiedle Tęczowy Las (build. 6)	6 965	149	IIIQ 2015 *	Polnord Olsztyn Tęczowy Las	64	19	66

SZCZECIN							
Projects handed over for use							
Ku Słońcu I	12 203	223	IVQ 2011	Polnord Szczecin Ku Słońcu	215	3	5
Ku Słońcu II (build. 2)	7 657	158	IVQ 2012	Polnord Szczecin Ku Słońcu	157	-1	2
Ku Słońcu II (build. 1)	7 675	158	IVQ 2014	Polnord Szczecin Ku Słońcu	123	27	8
ŁÓDŹ							
Projects handed over for use							
City Park II	5 832	87	IQ 2011	Polnord Łódź City Park	84	-	3
Projects under development							
City Park IV (build. EA 5)	3 816	94	IIQ 2015*	Polnord Łódź City Park	28	19	47
Projects launched in 2015							
City Park IV (build. EA 3)	7 149	115	IVQ 2016*	Polnord Łódź City Park	-	-	115
Projects handed over for use - total	106 918	2 027			1 798	63	166
Projects under development - total	66 510	1 258			502	145	611
<i>including projects launched in 2015</i>	<i>7 149</i>	<i>115</i>			<i>-</i>	<i>-</i>	<i>115</i>
Total Part I	173 428	3 285			2 300	208	777
Part II - projects implemented by the companies jointly controlled by Polnord SA							
WARSAW							
Projects handed over for use							
Ostoja Wilanów V-VII	55 431	786	2009-2013	Fadesa Polnord	763	5	18
Projects under development							
Ostoja Wilanów VIA (B4)	9 272	137	IVQ 2015*	Fadesa Polnord	55	13	69
Stacja Kazimierz Phase I	9 406	184	IQ 2016*	Stacja Kazimierz	97	39	48
Projects launched in 2015							
Ostoja Wilanów (Stage VI build. C2)	12 847	126	IQ 2017*	Fadesa Polnord	-	-	126
TRICITY							
Projects under development							
Aquasfera (Pacific)	11 114	213	IIQ 2015*	Semeko Aquasfera	153	18	42
Projects launched in 2015							
Aquasfera (build. Indian, staircases A and B)	4 265	87	IIIQ 2016*	Semeko Aquasfera	-	8	79
WROCŁAW							
Projects handed over for use							
Osiedla Innova VI-VII	6 497	112	2012-2014	Osiedle Innova	106	6	-
Projects under development							
Osiedle Moderno	7 243	158	IVQ 2015*	Osiedle Moderno	45	44	69
Apartamenty Innova I	10 272	210	IVQ 2016*	Osiedle Innova	-	5	205
Projects handed over for use - total	61 928	898			869	11	18
Projects under development - total	64 419	1 115			350	127	638
<i>including projects launched in 2015</i>	<i>17 112</i>	<i>213</i>			<i>-</i>	<i>8</i>	<i>205</i>
Total Part II	126 347	2 013			1 219	138	656
Total Part I and Part II							
Projects handed over for use - total	168 846	2 925			2 667	74	184
Projects under development - total	130 929	2 373			852	272	1 249
<i>including projects launched in 2015</i>	<i>24 261</i>	<i>328</i>			<i>-</i>	<i>8</i>	<i>320</i>
Total Part I and Part II	299 775	5 298			3 519	346	1 433

* Planned date of the handing over for use

Data not weighted with Polnord's share in the project

1.2 PROJECTS LAUNCHED

In the first quarter of 2015, the Group commenced the execution of three projects, which constitute successive stages of the projects already implemented, within which 328 flats are to be built in Warsaw, Tricity and Łódź, of a total surface area of 24,261 sq m.

Projects launched in the first quarter of 2015



— Investments launched independently (by wholly owned subsidiaries of Polnord)

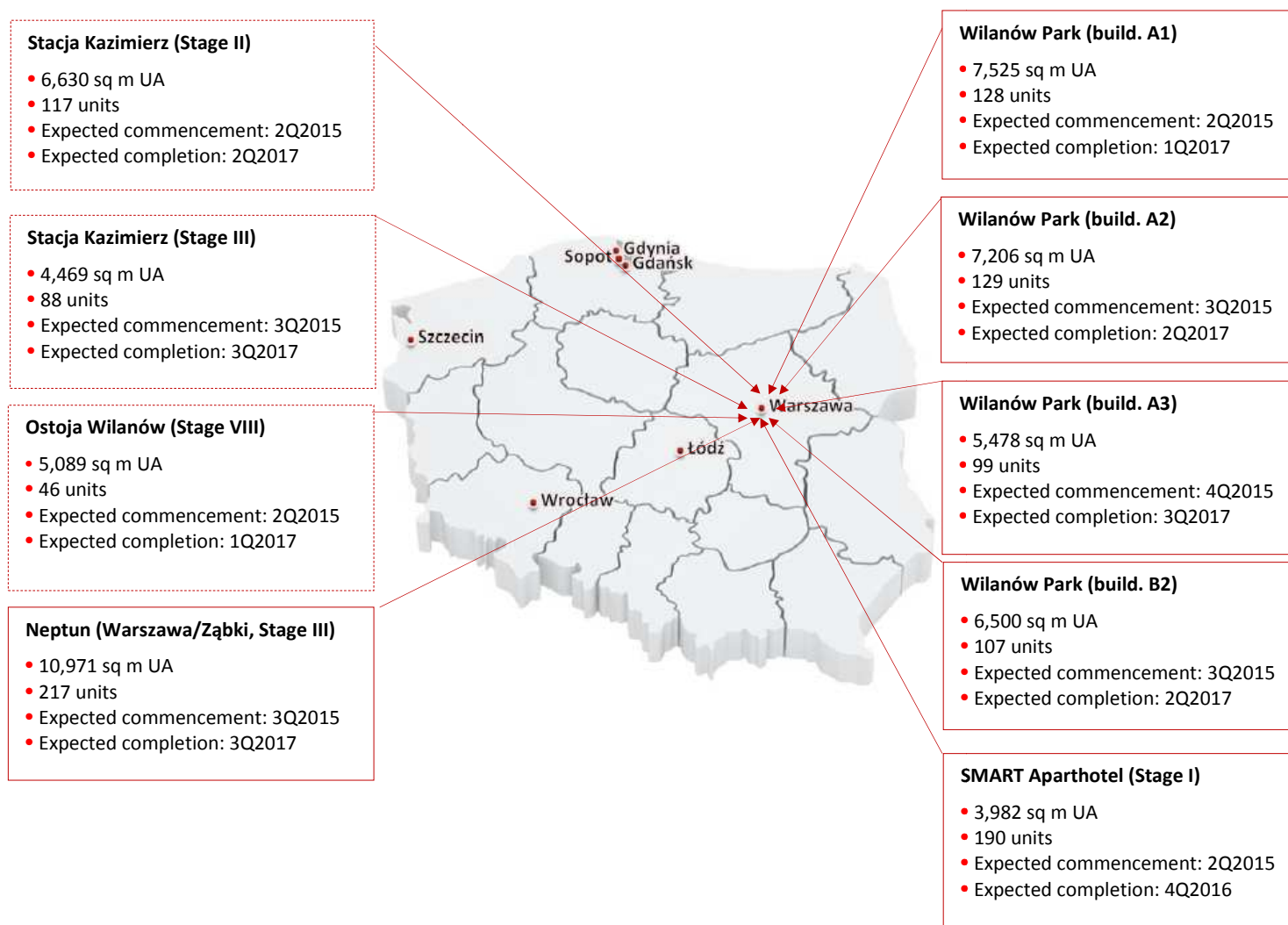
- - - Investments launched by companies jointly controlled by Polnord

1.3 PROJECTS TO BE LAUNCHED

Before the end of 2015, the Group plans to launch 17 investments, of which 10 constitute successive stages of the projects already implemented. The remaining seven are the new investments.

New projects will be executed in attractive locations in Warsaw, Tricity, Szczecin, Olsztyn and Wrocław. The planned projects create the potential to expand the offer by 2,197 premises of a total usable area of over 115 thousand sq m.

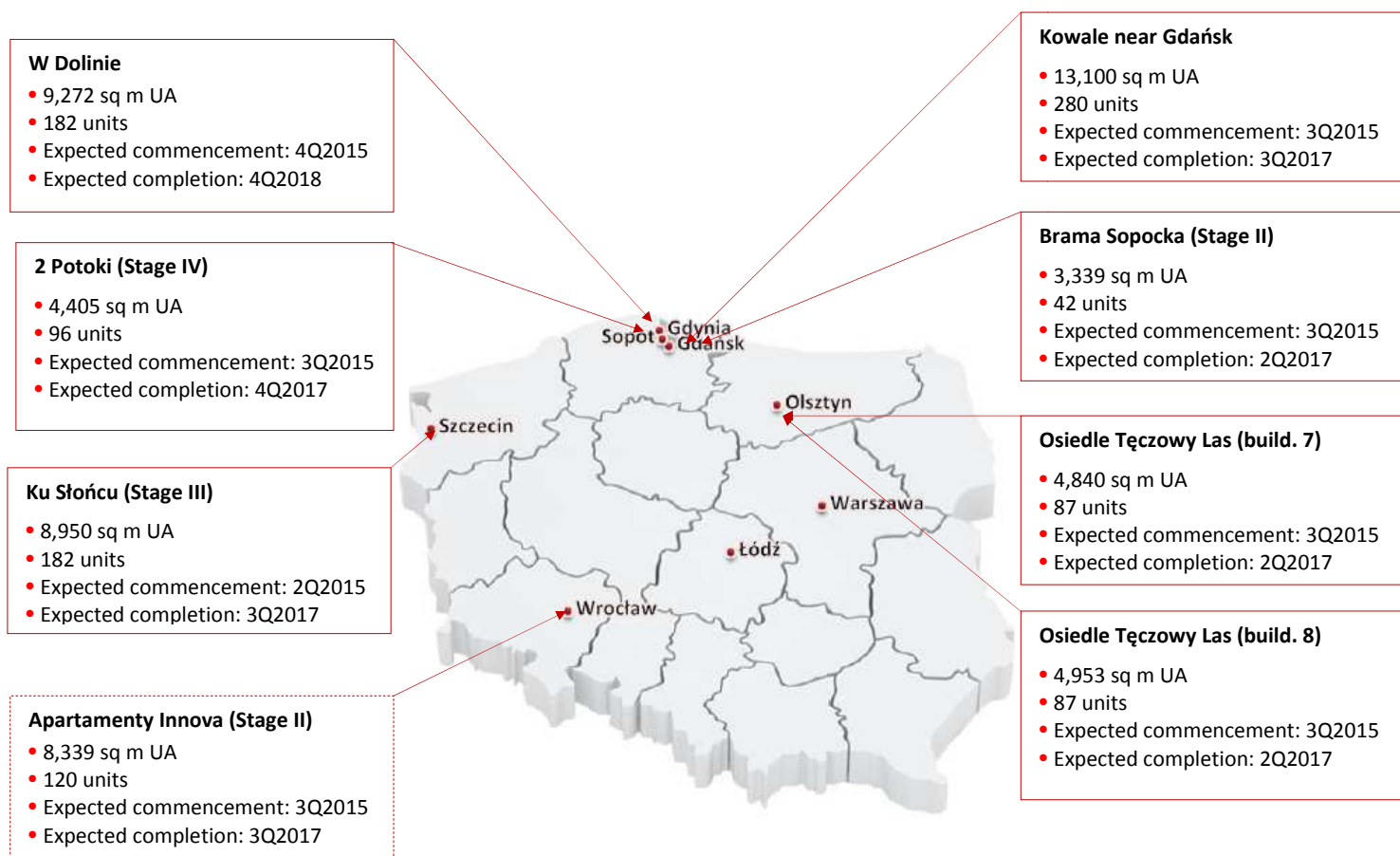
Projects to be launched in Warsaw



— Investments planned to be launched independently (by wholly owned subsidiaries of Polnord)

- - - Investments planned to be launched by companies jointly controlled by Polnord

Projects to be launched in other locations



—— Investments planned to be launched independently (by the wholly owned subsidiaries of Polnord)

- - - Investments planned to be launched by companies jointly controlled by Polnord

1.4 LAND PURCHASE

In the first quarter of 2015, the Group did not purchase any land.

1.5 LIST OF PLOTS OF THE HIGHEST VALUE

Plots of land owned by Polnord and the wholly owned subsidiaries are classified either as investment property or as inventory. On some of the plots, shown in the consolidated balance sheet in the item Inventory, investment projects have been implemented, while some are being prepared for new projects.

Table 10. Plots of land of the highest value and their purpose

Location	Owner/ Perpetual usufructuary	Classification*	Plot No./Land and Mortgage Register	Surface area [sq m]	Value in the Consolidated financial statement [PLN '000]	Investment plans
Warsaw Wilanów	Polnord SA	IP	2/70	93,581	147,671	The area adjacent to the planned S2 Warsaw Southern bypass. The plot available for commercial and residential purposes. Possibility to construct about about 95 thousand sq m of usable area. The Company does not expect to implement an investment on this plot in the next three years.
Dopiewiec near Poznań	Polnord SA	IP	188/1 184/6 184/7 184/8	497,447	128,133	The land is covered by the local master plan. According to its provisions, the development area capacity is approximately 346 thousand sq m, but the Company plans approx. 173 thousand sq m of the residential and 34 thousand sq m of commercial space, so as to preserve the natural landscape of the plots.
Warsaw (Powsin)	Polnord SA	IP	WA2M/00205837/4, WA2M/00205827/1	98,036	84,017	The plot located in the district of southern Wilanów and covered by the valid master plans. The maximum area capacity is estimated at over 22,000 sq m of sales area in single-family houses and small residential buildings.
Warsaw Wilanów	Polnord SA	IP	2/48	72,421	79,576	The plot designated for residential buildings and facilities for public services as well as sports and recreational facilities. The Company does not expect to start an investment on this plot in the next three years. The Company considers applying for a change in the master plan for this land property.
Sopot	Polnord SA	Inventory	38	28,047	59,683	The estimated development area capacity makes it possible to construct multi-family houses with approximately 7 thousand sq m of living space, an office building with the area of approximately 7.9 thousand sq m and a hotel building with 140-150 rooms. The Company expects to obtain a building permit for residential development of the usable area of approx. 6.3 thousand sq m, at the turn of 2015 and 2016.
Warszawa Wilanów	Polnord SA	IP	2/96, 2/228	30,899	54,666	The plots constitute a single area in the vicinity of the planned S2 Warsaw Southern bypass. In 2015, a housing estate with the total usable area of approximately 30 thousand sq m is planned to be designed.

Warszawa Wilanów	Polnord SA działki 9/2, 9/3 Śródmieście Wilanów Sp. z o.o. działka 9/1	Inventory	9/1, 9/2 and 9/3 (9 before subdivision)	21,627	38,605	<p>On 19.12.2014, President of the capital city of Warsaw issued a permit for the construction of a multi-apartment building on <u>the plot of land No. 9/1</u>. The usable area of residential and commercial premises on the ground floor in the construction design is 7,525 sq m (project Wilanów Park building A1).</p> <p>On 14.01.2015 the authorities issued a permit for the construction of a multi-apartment building on <u>the plot of land No. 9/3</u>. The usable area of residential and commercial premises on the ground floor in the construction design is 7,206 sq m (project Wilanów Park building A2).</p> <p>On 12.03.2015, the authorities issued a permit for the construction of a multi-apartment residential building on the plot of land <u>No. 9/2</u>. The useful area of residential and commercial premises will be approximately 5,478 sq m (project Wilanów Park building A3).</p>
Łódź	Polnord SA	Inventory	568/30 568/32 568/33	19,474	33,503	<p>Possibility of implementing multi-family residential development with approximately 40 thousand sq m of living space, with services on the ground floors of approximately 2.5 thousand sq m of commercial space.</p>
Warsaw Wilanów	Polnord Sopot II Sp. z o.o.	Inventory	2/244-2/248	29,023	32,462	<p>Planned implementation of the project Smart Aparthotel consisting in the construction of up to 8 residential multi-apartment buildings with multi-storey garage. On February 2015, the building permit was granted for the first two buildings consisting of 190 premises. Work on the detailed design has been carried out.</p>
Warsaw Wilanów	Polnord SA	IP	8/1	6,298	15,644	<p>Planned implementation of a residential project for 107 premises and 6,500 sq m UA. Design work is currently taking place.</p>
Dobrzewino	Polnord SA	IP	224/6 224/8	145,194	13,000	<p>The land is covered by the local master plan. According to its provisions, the land may be divided into approximately 150 plots of approximately 1,000 sq m each on which four-family houses may be built.</p>
Łódź Górna	Polnord SA	Inventory	24/1	7,941	12,628	<p>The land is undeveloped, lack of master plan, outline planning decision was issued – possibility of implementation of a multi-family residential development project or a combined residential and commercial project.</p>
Kowale near Gdańsk	Polnord SA	Inventory	343/1-3 (109/53 109/54 before subdivision)	44,014	11,286	<p>The land is designated for residential and commercial development. A residential project of 13,100 sq m UA for 296 premises is being prepared on a part of the plot of 31,711 sq m.</p>
Głusków near Piaseczno	Polnord SA	IP	18/3-18/18 (18/2-18/14 before subdivision)	42,468	6,855	<p>30 single-family houses may be built on the plot. Outline planning permissions were obtained for 18 planned houses. A procedure aimed at obtaining outline planning permissions for other houses was started.</p>
Total				1,136,470	717,729	

* Classification of the plot in the balance sheet: IP – Investment property, or Inventory

2. DEVELOPMENT PROJECTS INCLUDED IN THE CONSOLIDATED INCOME AND LOSS ACCOUNT

Table 11 presents development projects that are included in the financial result of the Group.

In the period from 01.01.2015 to 31.03.2015, the Group (wholly owned subsidiaries of Polnord and jointly controlled companies) delivered to their Customers in Poland 254 premises.

Table 11. Financial result per project in the period from 01.01.2015 to 31.03.2015

Project	1Q 2015					
	Premises delivered to customers		Revenue		Gross profit on sales	
	Units	Area of premises	[PLN'000]	Share %	[PLN'000]	Gross sales profitability
Part I - projects implemented by the wholly owned subsidiaries of Polnord SA						
Warsaw						
Śródmieście Wilanów (build. A)	1	41	254	-	1	1%
Śródmieście Wilanów (build.C)	13	1 594	13 751	22%	6 061	44%
Tricity						
2 Potoki I	2	99	370	1%	43	12%
2 Potoki II	15	814	3 125	5%	537	17%
2 Potoki III (build. 1-5)	13	553	2 193	4%	342	16%
Dwa Tarasy I	109	4 996	23 765	38%	4 711	20%
Olsztyn						
Osiedle Tęczowy Las (build. 5)	3	163	692	1%	98	14%
Szczecin						
Ku Słońcu I	7	527	2 591	4%	-46	-2%
Ku Słońcu II (build.2)	1	58	284	-	3	1%
Ku Słońcu II (build.1)	65	3 386	15 383	25%	-482	-3%
Total Part I	229	12 231	62 408	100%	11 268	18%
Part II - projects implemented by the companies jointly controlled by Polnord SA						
Warsaw						
Ostoja Wilanów VII	6	389	2 902	30%	619	21%
Wrocław						
Osiedle Innova VI-VII	19	1 144	6 693	70%	2 181	33%
Total Part II	25	1 533	9 595	100%	2 800	29%
Total Part I and Part II						
Total Part I and Part II	254	13 764	72 003	100%	14 068	20%

Data not weighted with Polnord's share in the project

3. CONSOLIDATED PROFIT AND LOSS ACCOUNT – COMMENT

Table 12. Consolidated Profit and Loss Account

Specification [PLN '000]	For the period from 01.01.2015 to 31.03.2015	For the period from 01.01.2014 to 31.03.2014	For the period from 01.01.2014 to 31.03.2014
		<i>restated data</i>	<i>published data</i>
Sales revenue	66 340	37 048	37 048
Revenue from sales of products, goods and materials	62 420	33 274	33 274
Revenue from sale of services	631	208	208
from related parties	325	120	120
Rent revenue	3 289	3 566	3 566
from related parties	33	22	22
Cost of product sold	(50 373)	(29 867)	(29 867)
Gross profit (loss) on sales	15 967	7 181	7 181
Revaluation of investment property	(200)	(189)	(189)
Selling costs	(1 699)	(1 308)	(1 308)
General administrative expenses	(4 534)	(4 576)	(5 091)
Other operating revenue	230	2 234	2 234
Other operating expenses	(887)	(1 780)	(1 080)
Gross operating profit (loss)	8 878	1 562	1 747
Financial revenue	1 975	896	961
Financial expenses	(6 583)	(7 929)	(7 535)
Result on sale / occasional acquisition of subsidiary	(391)		
Share in profit of associate measured with equity method	(63)	5 786	5 786
Gross profit (loss)	3 815	315	959
Income tax	(2 474)	1 504	1 457
Net profit (loss) on continued operations	1 340	1 819	2 416
Net profit (loss) on discontinued operations	(46)	(1 395)	(111)
Net profit (loss) for the financial year	1 294	424	2 305

In the first quarter of 2015, the Polnord Capital Group achieved revenue from sales at the level of PLN 66,340 thousand and generated net profit of PLN 1,294 thousand. The most significant impact on the revenue came from the value of 229 premises delivered within the residential projects located in Warsaw, Tricity, Olsztyn and Szczecin, recognised in the item "Revenue from sales of products, goods and materials". The gross profitability of sales in the period under consideration in 2015 amounted to 24.1%, whereas in the same period last year it amounted to 19.4%. When analysing revenue from sales and gross result on sale, it should be taken into consideration that these items do not comprise real estate development activities of the jointly controlled companies (the results of their performance are recognised in the item "Share in profit of associate measured with equity method"). In the first quarter of 2015, Fadesa Polnord Polska Sp. z o.o., in which Polnord holds 49% of shares, delivered 25 premises with the value of PLN 9,595 thousand, generating on this sale gross profit on sales in the amount of PLN 2,800 thousand.

According to IAS 18, income and cost from real estate development activity are recorded in the profit and loss account upon delivery of premises to buyers; the gross result on sales does not reflect the sales activities carried out within a given period (a sale agreement of premises may be concluded much earlier than the delivery of the premises, i.e. on every stage of an investment, and not only upon its completion). On the basis of the foregoing, the estimated result of sales activities (of wholly-owned subsidiaries and jointly controlled companies) in the first quarter of 2015 was shown in table 1, Chapter I, clause 4 of the Report.

The selling and general administrative expenses in the first quarter of 2015 amounted to PLN 6,233 thousand, in comparison to PLN 5,884 thousand in the corresponding period of the previous year. Slight variations in costs among particular quarters are natural for the industry in which Polnord Group operates.

Other operating income in the period under consideration amounted to PLN 230 thousand, consisting mainly of the result on sale, as part of activities related to the construction of office buildings, of energy infrastructure in the amount of PLN 143 thousand.

Other operating costs amounted to PLN 887 thousand. These consist mostly of the provisions for liabilities in the amount of PLN 657 thousand, mainly under the right of perpetual usufruct of land.

Financial income in the amount of PLN 1,975 thousand consists mainly of accrued interest on loans granted to jointly controlled entities in the amount of PLN 906 thousand, including interest from Fadesa Polnord Polska Sp. z o.o. in the amount of PLN 759 thousand. The second highest item in the category is foreign exchange gains amounting to PLN 664 thousand.

Financial costs in the period considered amounted to PLN 6,583 thousand, PLN 5,692 thousand of which are interest on bank loans and bonds.

The amount shown in the item "Result on sale/occasional purchase of a subsidiary" of (- PLN 391 thousand) arose as a result of the final settlement, with Skarbiec – Rynku Nieruchomości Fundusz Inwestycyjny Zamknięty, of the residential project "Królewskie Przedmieście" jointly implemented in Wilanów district.

Net profit of the Group in the period under consideration was slightly influenced by operations of jointly controlled entities; its results are presented in the item "Share in profit of associate measured with equity method". Positive results were achieved by Korporacja Budowlana Dom Group and Fadesa Polnord Polska Group, whereas results of other entities were negative due to the lack of premises delivered in the first quarter of 2015.

Implementation of new projects and continuation of the existing ones, along with activities aimed at further optimisation of the business costs of the Polnord Group, shall have positive impact on the activity results in the next reporting periods.

4. NOTES ON SEASONAL AND CYCLICAL NATURE OF THE POLNORD SA CAPITAL GROUP'S OPERATIONS

The Capital Group recognizes revenue from apartment sales in accordance with IAS 18 (accounting for real estate projects with the completed contract method). The Group recognizes revenue from apartment sales only after the premises have been delivered to customers, which always takes place after a particular residential project has been handed over for use, i.e. after the completion of the construction. The deadlines for handing over particular residential projects for use follow from the construction cycle, whose completion is usually in the second half of the year.

5. ISSUE OF SECURITIES

Issue of shares

In the first quarter of 2015, the Company issued no shares.

Issue of bonds

In the period from 01.01.2015 to 31.03.2015, Polnord issued bonds with their total nominal value of PLN 44,500 thousand.

Table 13. Bonds issued by the Company in the first quarter of 2015

Bond issue in 1Q2015			
Date of the issue	Date of maturity	Overall nominal value of bonds [PLN'000]	Issuing agent
27.01.2015	27.01.2018	10,500	Noble Securities SA
13.02.2015	13.02.2018	34,000	Noble Securities SA
Total		44,500	

Redemption of bonds

In the period from 01.01.2015 to 31.03.2015, the Company redeemed bonds with the total nominal value of PLN 56,600 thousand.

Table 14. Bonds redeemed by the Company in the first quarter 2015

Redemption of bonds in 1Q2015			
redemption date	Date of maturity	Overall nominal value of bonds [PLN'000]	Issuing agent
04.02.2015*	16.01.2016	5,000	DM Banku BPS SA
16.02.2015*	22.01.2016	26,500	DM Banku BPS SA
05.03.2015*	18.01.2016	20,000	DM Banku BPS SA
19.03.2015*	16.01.2016	5,100	DM Banku BPS SA
Total		56,600	

*early redemption

6. INDEBTEDNESS OF THE POLNORD SA CAPITAL GROUP

As at 31.03.2015, the amount of the Group's liabilities:

- under issued bonds together with the repayment schedule was as follows:

Table 15. Indebtedness of the Group under issued bonds

Issue date	Underwriter	Debt as at 31.12.2014	Redemption/ issuance in 1Q2015	Debt as at 31.03.2015	Bonds redemption schedule (nominal value) [mPLN]						Maturity
		nominal value [mPLN]			2Q2015	3Q2015	4Q2015	2016	2017	2018	
22.01.2013	DM Banku BPS	26.5	-26.5	0.0							16.02.2015
18.01.2013	DM Banku BPS	20.0	-20.0	0.0							05.03.2015
28.06.2012	mBank	30.0		30.0	30.0						26.06.2015
12.07.2012	mBank	10.0		10.0	10.0						26.06.2015
05.09.2012	mBank	10.0		10.0	10.0						26.06.2015
26.09.2012	mBank	10.9		10.9		10.9					28.09.2015
24.10.2012	DM Banku BPS	24.0		24.0			24.0				24.10.2015
16.01.2013	DM Banku BPS	19.0	-10.1	8.9				8.9			16.01.2016
13.05.2013	SGB Bank	29.0		29.0				29.0			13.05.2016
12.06.2014	mBank	13.5		13.5				13.5			10.06.2016
20.08.2012	SGB Bank	60.0		60.0				60.0			20.08.2016
21.09.2012	SGB Bank	8.5		8.5				8.5			21.09.2016
11.12.2014	mBank	10.5		10.5				10.5			12.12.2016
11.02.2014	Noble	50.0		50.0					50.0		11.02.2017
12.06.2014	mBank	20.0		20.0					20.0		12.06.2017
11.12.2014	mBank	18.5		18.5					18.5		11.12.2017
27.01.2015	Noble	0.0	10.5	10.5						10.5	27.01.2018
13.02.2015	Noble	0.0	34.0	34.0						34.0	13.02.2018
Total		360.3	-12.1	348.2*	50.0	10.9	24.0	130.4	88.5	44.5	

*the amount does not include interest on bonds which amounted to (+ PLN 4.3 million) and accrued commission expenses (- PLN 4.5 million)

- under loans taken out (excluding interest) together with the repayment schedule was as follows:

Table 16. Specification of loans taken out by Polnord SA and its wholly owned subsidiaries

Borrower	Bank	Type	Current limit [mPLN]	Debt as at 31.03.2015 without interest [mPLN]	Schedule of capital repayment (current debt) [mPLN]								Final repayment date	
					2Q2015	3Q2015	4Q2015	1Q2016	2Q2016	3Q2016	4Q2016	2017		after 2017
Loans of Polnord SA and wholly owned subsidiaries of Polnord SA														
Polnord SA	Getin Noble	investment	35.0	35.0			12.0			23.0				20.12.2016
Wilanów Office Park - Building B1 Sp. z o.o.	PKO BP SA	refinancing	62.8	62.8			0.3	0.4	0.4	0.4	0.3	1.8	59.2	31.12.2030
Wilanów Office Park - Building B3 Sp. z o.o.	PKO BP SA	development (B3)	34.2	34.2	0.6	0.6	0.6	0.6	0.6	0.6	0.6	2.8	27.2	30.04.2025
Polnord Warszawa-Ząbki Neptun Sp. z o.o.	Bank BPS SA	investment (land)	15.4	15.4	0.8	0.8	0.8	0.8	0.8	0.8	0.8	3.2	6.6	31.12.2019
		Debt		147.4	1.4	1.4	13.7	1.8	1.8	1.8	24.7	7.8	93.0	

The gross debt indicated in a balance sheet prepared as at 31.03.2015 amounted to PLN 495.4 million, while the net debt amounted to PLN 416.2 million.

III FINANCIAL DATA

1. PRELIMINARY INFORMATION FOR THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

The condensed consolidated financial statements of the Group were prepared as at 31.03.2015 and cover the period from 01.01.2015 to 31.03.2015 ("Consolidated statements") and they contain relevant comparative data as at 31.12.2014 and for the period from 01.01.2014 to 31.03.2014.

The duration of the Parent Company and companies comprising the Group as at 31.03.2015 is indefinite.

1.1 BASIS FOR PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated statements have been prepared in line with the historical cost principle, except for investment property, financial assets available for sale and warrants granted (Management Options) which are measured at fair value. Except for the above items, the consolidated statements do not contain any items which, according to the principles adopted by the Group, are measured with another method.

The Consolidated statements are presented in thousands of Polish zloty, unless indicated otherwise.

Certain information and disclosures, that in accordance with International Financial Reporting Standards as adopted by the European Union ("EU") are normally included in annual consolidated financial statements, have been condensed or omitted in accordance with IAS 34 "Interim Financial Reporting" (IAS 34).

These Consolidated statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's Consolidated financial statements prepared in accordance with IFRS for the year ended 31.12.2014.

The Consolidated statements have been prepared based on the going concern assumption of the Group companies in foreseeable future. Therefore, as at the day of approving these Consolidated statements for publication, there are no circumstances threatening the Group companies' going concern status.

1.2 COMPLIANCE DECLARATION

These Consolidated statements have been prepared in compliance with the applicable International Financial Reporting Standards (IFRS). The IFRS include standards and interpretations approved by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC).

The financial statements of most subsidiaries have been prepared according to the accounting principles (policy) resulting from the International Financial Reporting Standards and the related interpretations published as Regulations of the European Commission, and to the extent not regulated by these Standards, as per the requirements of the Polish Accounting Act and secondary legislation based on the Act. The remaining financial statements of subsidiaries have been prepared according to the provisions of the Accounting Act, and for the purpose of the consolidation of the Capital Group, the Consolidated statements include suitable adjustments and restatements pursuant to the accounting principles in line with the IAS/IFRS.

In these Consolidated statements, the Group has applied all International Financial Reporting Standards effective as of 01.01.2015 as well as standards which came into effect before 31.03.2015.

The Group has analysed new standards and interpretations and amendments to the existing standards and interpretations.

As estimated by the Company, the above-mentioned standards, interpretations and the amendments to the standards would not have a significant impact on the financial statements, if they were applied by the Company as at the balance sheet date, except for the introduction of amendments to IFRS 15 whose analysis was recognised by the Company to be time-consuming and not commensurate with informative benefits resulting from its outcome.

1.3 IMPORTANT ESTIMATES AND ASSUMPTIONS

Estimates and judgements are constantly verified. They result from previous experience and other factors, including forecasts related to future events which seem justified in a given situation. Compared to 31.12.2014, the Capital Group did not change significantly estimates and assumptions.

In accordance with the accounting policy, investment properties are valued at fair value. In order to estimate this value, the Group uses the services of experts registered in the Central Register of Property Valuers. The Management Board verifies property valuations by comparing them with the information on similar transactions on the market and with other information on possible prices of the verified investment properties.

Deferred tax is another estimated item. Group companies create deferred tax asset only if a subsequent use of the asset created is probable. The bases of the created deferred tax asset are, among others, tax losses. Given the high volatility of the trades, there may be a situation in which actual results and income could differ from the expected ones.

1.4 MEASUREMENT CURRENCY AND REPORTING CURRENCY

Items disclosed in the financial statements of the individual Group companies are measured in the currency of the primary economic environment in which the given company operates (functional currency).

The functional currency and the presentation currency of the parent company is Polish zloty (PLN).

The reporting currency of the Group's financial statements is Polish zloty (PLN).

The functional currency of some of the Group companies is a currency other than Polish zloty (PLN). Financial statements of such companies, prepared in their functional currencies, are included in these Consolidated statements following their translation into PLN in accordance with IAS 21.

Financial statements of foreign entities are translated into the Polish currency as follows:

- relevant balance sheet items at the average exchange rate, determined by the National Bank of Poland as at the balance sheet date;
- relevant items of the profit and loss account at the exchange rate being the arithmetic mean of the average exchange rates determined by the National Bank of Poland as at each day ending a financial month. Foreign exchange differences arising from such translation are recognised directly in equity as a separate component. Upon a disposal of a foreign entity, the aggregate deferred foreign exchange differences recognised in equity, concerning a particular foreign entity, are recognised in the profit and loss account.

Table 17. Foreign exchange rates

Exchange rates used for the balance sheet valuation purposes		
Currency	31.03.2015	31.03.2014
USD	3,8125	3,5072
EUR	4,0890	4,2623
RUB	0,0661	0,0602

Exchange rates used for the purposes of valuation of income statement items		
Currency	01.01.2015 - 31.03.2015	01.01.2014 - 31.03.2014
USD	3,7436	3,0629
EUR	4,1489	4,1894
RUB	0,0599	0,0860

1.5 SIGNIFICANT ACCOUNTING POLICIES

The Group's financial year is a calendar year, i.e. the period from 1 January till 31 December.

Books of account of the Parent Company are kept in the registered office of Polnord SA in Gdynia, at Śląska 35/37 St.

The Group continues the accounting policies described in detail in the Consolidated Annual Report for 2014, in section Consolidated financial statements.

1.6 NUMERICAL DATA WHICH ENSURE COMPARABILITY OF FINANCIAL DATA

Following the recommendations of the new Auditor, the Management Board of the Company, in 2014, undertook a comprehensive review of the financial statements and, in result, identified corrections of comparative data for the period 01.01.2014 – 31.03.2014, presented in the table below.

Table 18. Presentation changes and data adjustments for the period from 01.01.2014 to 31.03.2014

Specification [PLN '000]	For the period from 01.01.2014 to 31.01.2014	Presentation changes and adjustments	For the period from 01.01.2014 to 31.01.2014
	<i>published data</i>		<i>restated data</i>
Sales revenue	37 048		37 048
Revenue from sales of products, goods and materials	33 274		33 274
Revenue from sale of services	208		208
from related parties	120		120
Lease revenue	3 566		3 566
from related parties	22		22
Cost of product sold	(29 867)		(29 867)
Gross profit (loss) on sales	7 181		7 181
Revaluation of investment property	(189)		(189)
Selling costs	(1 308)		(1 308)
General administrative expenses	(5 091)	515	(4 576)
Other operating revenue	2 234		2 234
Other operating expenses	(1 080)	(700)	(1 780)
Gross operating profit (loss)	1 747	(185)	1 562
Financial revenue	961	(65)	896

Financial expenses	(7 535)	(394)	(7 929)
Share in profit of associate measured with equity method	5 786		5 786
Gross profit (loss)	959	(644)	315
Income tax	1 457	47	1 504
Net profit (loss) on continued operations	2 416	(597)	1 819
Net profit (loss) on discontinued operations	(111)	(1 284)	(1 395)
Net profit (loss) for the financial year	2 305	(1 881)	424

1.7 DIFFERENCES BETWEEN FINANCIAL RESULTS AND A RECENTLY PUBLISHED FORECAST

The Capital Group did not publish a forecast of its 2015 results.

1.8 BALANCE OF PROVISIONS

Provisions in the Consolidated statement drawn up as at 31.03.2015 amount to PLN 55,200 thousand, which shows a decrease of PLN 2,519 thousand compared to the figures as at 31.12.2014. The amount of provisions does not include provisions for deferred tax, due to the presentation change of deferred tax as per account balance - the provision reduces the deferred tax assets.

The deferred tax assets as at 31.03.2015 decreased by PLN 2,128 thousand as compared with 31.12.2014.

2. FACTORS AND EVENTS, ESPECIALLY UNTYPICAL ONES, HAVING SIGNIFICANT IMPACT ON THE FINANCIAL RESULTS GENERATED

In the first quarter of 2015, in the Polnord Capital Group no factors or events occurred (especially untypical ones) that would have significant impact on the presented financial results.

3. CONSOLIDATED PROFIT AND LOSS ACCOUNT

Table 19. Consolidated Profit and Loss Account

Specification [PLN '000]	For the period	For the period	For the period
	from 01.01.2015 to 31.03.2015	from 01.01.2014 to 31.03.2014	from 01.01.2014 to 31.03.2014
		<i>restated data</i>	<i>published data</i>
Sales revenue	66 340	37 048	37 048
Revenue from sales of products, goods and materials	62 420	33 274	33 274
Revenue from sale of services	631	208	208
from related parties	325	120	120
Lease revenue	3 289	3 566	3 566
from related parties	33	22	22
Cost of product sold	(50 373)	(29 867)	(29 867)
Gross profit (loss) on sales	15 967	7 181	7 181
Revaluation of investment property	(200)	(189)	(189)
Selling costs	(1 699)	(1 308)	(1 308)
General administrative expenses	(4 534)	(4 576)	(5 091)
Other operating revenue	230	2 234	2 234
Other operating expenses	(887)	(1 780)	(1 080)
Gross operating profit (loss)	8 878	1 562	1 747
Financial revenue	1 975	896	961
Financial expenses	(6 583)	(7 929)	(7 535)
Result on sale/occasional purchase of a subsidiary	(391)		
Share in profit of associate measured with equity method	(63)	5 786	5 786
Gross profit (loss)	3 815	315	959
Income tax	(2 474)	1 504	1 457
Net profit (loss) on continued operations	1 340	1 819	2 416
Net profit (loss) on discontinued operations	(46)	(1 395)	(111)
Net profit (loss) for the financial year	1 294	424	2 305
Attributable to:			
Shareholders of the parent company	1 294	424	2 305
Minority shareholders			

Table 20. Earnings per share

Earnings per share - basic	For the period from 01.01.2015 to 31.03.2015	For the period from 01.01.2014 to 31.03.2014	For the period from 01.01.2014 to 31.03.2014
Specification [PLN '000]		<i>restated data</i>	<i>published data</i>
Net profit (loss) for the period	1 294	424	2 305
Net profit (loss) on discontinued operations for the period	(46)	(1 395)	(111)
Net profit (loss) on continued operations for the period	1 340	1 819	2 416
Average weighted number of ordinary shares for the period	32 633 027	32 633 027	32 633 027
Net earnings (losses) per ordinary share (PLN)	0,04	0,01	0,07
Net profit (loss) on discontinued operations, per ordinary share (PLN)	(0,00)	(0,04)	(0,00)
Net profit (loss) on continued operations, per ordinary share (PLN)	0,04	0,06	0,07

Earnings per share - diluted	For the period from 01.01.2015 to 31.03.2015	For the period from 01.01.2014 to 31.03.2014	For the period from 01.01.2014 to 31.03.2014
Specification [PLN '000]		<i>restated data</i>	<i>published data</i>
Net profit (loss) for the period	1 294	424	2 305
Net profit (loss) on discontinued operations for the period	(46)	(1 395)	(111)
Net profit (loss) on continued operations for the period	1 340	1 819	2 416
Net profit (loss) for the period used to calculate diluted earnings per share	1 294	424	2 305
Net profit (loss) on discontinued operations for the period used to calculate diluted earnings per share	(46)	(1 395)	(111)
Net profit (loss) on continued operations for the period used to calculate diluted earnings per share	1 340	1 819	2 416
Dilution effect:			
Share options	226 734	116 667	116 667
Average weighted diluted number of ordinary shares for the period	32 859 761	32 749 694	32 749 694
Net diluted earnings (losses) per ordinary share (PLN)	0,04	0,01	0,07
Net diluted profit (loss) on discontinued operations, per ordinary share (PLN)	(0,00)	(0,04)	(0,00)
Net diluted profit (loss) on continued operations, per ordinary share (PLN)	0,04	0,06	0,07

4. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Table 21. Consolidated Statement of comprehensive income

Specification [PLN '000]	For the period from 01.01.2015 to 31.03.2015	For the period from 01.01.2014 to 31.03.2014	For the period from 01.01.2014 to 31.03.2014
		<i>restated data</i>	<i>published data</i>
Net profit (loss) on continued operations for the period	1 340	1 819	2 416
Net profit (loss) on discontinued operations for the period	(46)	(1 395)	(111)
Net profit / (loss) for the financial year	1 294	424	2 305
Other comprehensive income:	1 849	(1 256)	(1 256)
Items that may be reclassified to profit or loss in the future:			
Valuation of financial assets available for sale			
Foreign exchange gains/losses on translation of a foreign operation	1 849	(1 256)	(1 256)
Other			
Income tax on components of other comprehensive income			
Comprehensive income for the period	3 143	(832)	1 049
Average weighted number of ordinary shares for the period	32 633 027	32 633 027	32 633 027
Other comprehensive income per ordinary share (PLN)	0,10	(0,03)	0,03
Other comprehensive income on discontinued operations, per ordinary share (PLN)	(0,00)	(0,04)	(0,00)
Other comprehensive income on continued operations, per ordinary share (PLN)	0,10	0,02	0,04

5. CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Table 22. Consolidated statement of financial position

Specification [PLN '000]	As at 31.03.2015	As at 31.12.2014
ASSETS		
Fixed assets	969 535	970 808
Tangible fixed assets	1 544	1 596
Investment property	758 373	758 022
Intangible assets	431	495
Investments in associates measured with equity method	73 828	73 867
Financial assets	1 222	553
Deferred tax assets	26 428	28 556
Long-term receivables	107 695	107 703
Goodwill	14	16
Current assets	778 249	793 096
Inventories	572 691	590 160
Trade and other receivables	47 339	37 430
Other short-term financial assets	68 508	74 821
Receivables due to VAT, other taxes, customs duties, insurance and other	6 967	6 803
Income tax liabilities	684	767
Prepayments	2 822	2 714
Cash and cash equivalents	79 238	80 400
Assets classified as held for sale	9 200	9 200
TOTAL ASSETS	1 756 984	1 773 104

Specification [PLN '000]	As at 31.03.2015	As at 31.12.2014
LIABILITIES		
Equity (attributable to shareholders of the parent company)	1 069 512	1 067 382
Share capital	65 266	65 266
Share premium	1 059 755	1 059 755
Foreign exchange gains/losses on translation of a foreign operation	(9 762)	(11 611)
Other reserve capitals	296 610	296 610
Retained profits/Uncovered losses	(342 357)	(342 638)
Total equity	1 069 512	1 067 382
Long-term liabilities	382 619	406 824
Interest-bearing bank loans and borrowings	381 588	405 256
Provisions	1 031	1 031
Other liabilities		536
Short-term liabilities	304 853	298 898
Trade and other liabilities	30 227	30 286
Current long-term portion of bank loans and borrowings	18 320	17 473
Other short-term loans and borrowings	95 504	85 430
Liabilities due to VAT, other taxes, customs duties, insurance and other	4 503	7 305
Accruals	4 508	3 613
Advance payments received	97 622	98 105
Provisions	54 169	56 688
Total liabilities	687 472	705 722
TOTAL EQUITY AND LIABILITIES	1 756 984	1 773 104

6. OFF-BALANCE SHEET ITEMS

Table 23. Off-balance sheet items

Contingent liabilities and assets	As at 31.03.2015	As at 31.12.2014
Specification [PLN '000]		
Contingent liabilities		
Repayment of loans guarantees*		
Total contingent liabilities		
Contingent assets		
Claims related to the infrastructure	182 227	182 227
Tort claims from the Capital City of Warsaw	123 036	123 036
Other contingent receivables	46 400	46 400
Total contingent assets	351 663	351 663

*Polnord provides Group companies with guarantees securing the repayment of credit obligations related to financing development projects. However, due to the low likelihood of the outflow of funds resulting from the need to meet the commitment, the Company pursuant to IAS 37 does not reveal such contingent liabilities in off-balance sheet items.

7. CONSOLIDATED CASH FLOW STATEMENT

Table 24. Consolidated Cash flow statement

Specification [PLN '000]	For the period from 01.01.2015 to 31.03.2015	For the period from 01.01.2014 to 31.03.2014 <i>restated data</i>	For the period from 01.01.2014 to 31.03.2014 <i>restated data</i>
Cash flows from operating activities			
Gross profit (loss)	3 769	(1 080)	848
Adjustments:	11 147	7 222	5 294
Share in profit of associate measured with equity method	63	(5 786)	(5 786)
Depreciation and amortisation	180	195	195
Net interest and dividends	6 171	6 601	6 536
Profit/(loss) on investing activities	(1 087)	(641)	(641)
(Increase)/decrease in receivables	(9 494)	(10 794)	(11 187)
(Increase)/decrease in inventories	21 534	8 918	8 733
Increase/(decrease) in liabilities excluding loans and borrowings	(3 878)	10 794	9 509
Change in prepayments and accruals	786	52	52
Change in provisions	(2 519)	(1 935)	(1 935)
Income tax	42	(185)	(185)
Other	(650)	3	3
Net cash generated by operating activities	14 916	6 142	6 142
Cash flows from investing activities			
Inflows	8 369	612	612
Sale of tangible fixed assets and intangible assets		48	48
Sale of investment properties	1 496		
Dividends received		1	1
Interest received	5 370	63	63
Repayment of loans granted	1 502	500	500
Outflows	(3 044)	(4 447)	(4 447)
Purchase of tangible fixed assets and intangible assets	(64)	(28)	(28)
Purchase of investment properties	(1 940)	(278)	(278)
Purchase of financial assets	(390)	(25)	(25)
Borrowings granted	(650)	(4 116)	(4 116)
Net cash used in investing activities	5 325	(3 835)	(3 835)
Cash flows from financing activities			
Inflows	44 500	50 000	50 000
Inflows from issuance of shares			
Inflows from loans/borrowings taken out			
Inflows from issuance of bonds	44 500	50 000	50 000
Outflows	(65 903)	(76 754)	(76 754)
Repayment of finance lease liabilities		(15)	(15)
Repayment of loans/borrowings	(979)	(41 469)	(41 469)
Interest paid	(8 263)	(8 754)	(8 754)
Redemption of bonds	(56 600)	(26 516)	(26 516)
Other	(61)		
Net cash generated by financing activities	(21 403)	(26 754)	(26 754)
Net increase (decrease) in cash and cash equivalents	(1 162)	(24 447)	(24 447)
Net foreign exchange gains/losses			
Cash and cash equivalents at the beginning of the period	80 400	34 271	34 271
Cash and cash equivalents at the end of the period, of which	79 238	9 824	9 824
Restricted cash*	6 138	29	29

*cash in as escrow account and the Social Benefits Fund (ZFSS)

8. STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Table 25. Statement of changes in consolidated equity

Specification [PLN '000]	Attributable to shareholders of the parent company						Non-controlling shares	Total equity
	Share capital	Share premium	Foreign exchange gains/losses on translation of a foreign operation	Other reserve capitals	Retained profits/uncovered (losses)	Total		
As at 01.01.2014	65 266	1 059 755	(1 660)	274 300	(345 385)	1 052 276	1 052 276	
Total comprehensive income			(1 256)		425	(831)	(831)	
As at 31.03.2014	65 266	1 059 755	(2 916)	274 300	(344 960)	1 051 445	1 051 445	
Retained profits				(3 523)	8 119	4 596	4 596	
Result carried forward from previous period				25 829	(25 829)			
Management Option scheme				4		4	4	
Total comprehensive income			(8 695)		20 033	11 338	11 338	
As at 31.12.2014	65 266	1 059 755	(11 611)	296 610	(342 638)	1 067 382	1 067 382	
As at 01.01.2015	65 266	1 059 755	(11 611)	296 610	(342 638)	1 067 382	1 067 382	
Total comprehensive income			1 849		1 294	3 143	3 143	
Other changes					(1 014)	(1 014)	(1 014)	
As at 31.03.2015	65 266	1 059 755	(9 762)	296 610	(342 357)	1 069 512	1 069 512	

9. SEGMENT REPORTING

The basic model of classifying the Group's reporting is based on industry segments and the supplementary model is based on geographical segments.

The Group settles the transactions between the segments in the same way as for non-related entities, using the current market prices.

The tables below present the data on revenues and profits as well as some of the assets and liabilities of the Group's individual industry segments. An operating segment is a segment of the Group that is involved in a business which may generate revenues and incur expenses, such as revenues and expenses related to transactions with other segments of the Group. The operating result of each operating segment is regularly reviewed by the Group's main decision-making body for operating activities, which decides on the allocation of resources to a segment and evaluates the segment's business results. There is separate financial information about every segment.

The operating result of each segment which is reported to the Group's decision-making bodies for operating activities includes items which may be directly allocated to a given segment as well as items which may be allocated indirectly, based on reasonable grounds. Unallocated items mainly involve joint (corporate) assets (mainly related to the company's management), costs related to the company's registered office as well as income tax assets and liabilities.

The Group operates mainly in Poland. In the first quarter of 2015, the Group has not achieved significant revenue from continued and discontinued operations outside Poland.

The Group presents the following operating segments:

- a. Property development activities including the sale of land and apartments,
- b. Commercial projects including the lease of office space,
- c. Discontinued operations: revenues, costs and related assets concerning the liquidated branch in Eschborn (Germany),
- d. Unassigned operations:
 - assets, revenues and costs related to raising external capital (other than directly obtained in the segments described above),
 - project management and administrative costs not assigned to the segments directly presented above,
 - other assets, revenues and costs not recognized above.

Table 26. Operating segments

For the period from 01.01.2015 to 31.03.2015	Continued operations				Discontinued operations	Total of operations
	(Residential) Property development	Commercial projects	Unallocated items	Total	Other	
	POLNORD Group					
Total segment revenues	62 408	3 231	701	66 340		66 340
Gross profit (loss) on segment sales	11 268	2 763	1 937	15 967	(2)	15 966
Result on sale of investment property						
Revaluation of investment property			(200)	(200)		(200)
General administrative and selling expenses	(1 402)	(313)	(4 518)	(6 233)		(6 233)
Other operational revenues and expenses	(260)	143	(540)	(657)		(657)
Profit (loss) on continued operations before tax and financial costs	9 607	2 592	(3 321)	8 878		8 878
Financial revenues due to interest			412	412		412
Other financial revenues			1 563	1 563		1 563
Financial costs	(1 984)	(2 107)	(2 492)	(6 583)	(44)	(6 627)
Result on sale/occasional purchase of a subsidiary			(391)	(391)		(391)
Share in profit of associate measured with equity method			(63)	(63)		(63)
Profit (loss) before tax and minority interest	7 622	485	(4 293)	3 815	(46)	3 769
Income tax	(694)	(10)	(1 770)	(2 474)		(2 474)
Net profit (loss) for the financial year	6 929	475	(6 063)	1 340	(46)	1 294

As at 31.03.2015	Continued operations				Discontinued operations	Total of operations
	Property development (residential)	Commercial projects	Unallocated items	Total	Other	
	POLNORD Group					
Assets and liabilities						
Segment assets	416 014	191 549	1 075 592	1 683 155		1 683 155
including cash	19 804	2 503	56 931	79 238		79 238
Investments in associates measured with equity method			73 828	73 828		73 828
Total assets	416 014	191 549	1 149 421	1 756 984		1 756 984
Segment liabilities and provisions	52 996	166 043	466 456	685 494	1 977	687 471
including credit commitments and bonds	15 390	97 047	382 974	495 411		495 411
Equity			1 069 512	1 069 512		1 069 512
Total liabilities and equity	52 996	166 043	1 535 968	1 755 006	1 977	1 756 984

IV OTHER NOTES AND EXPLANATIONS

1. THE INFORMATION ON THE CONCLUSION BY POLNORD SA OR ITS SUBSIDIARY OF ONE OR MORE TRANSACTIONS WITH RELATED PARTIES, IF THEY ARE INDIVIDUALLY OR JOINTLY SIGNIFICANT, AND IF THEY ARE NOT ARM'S-LENGTH TRANSACTIONS

In the reporting period, there were no significant transactions other than arm's-length transactions.

2. INFORMATION ON LOAN OR BORROWING GUARANTEES OR SURETIES GRANTED BY POLNORD SA AND ITS SUBSIDIARIES TO ONE ENTITY IF THE TOTAL VALUE OF THE EXISTING GUARANTEES OR SURETIES REACHES AT LEAST 10% OF THE EQUITY OF POLNORD SA

In the first quarter of 2015, neither Polnord nor any of its subsidiaries granted a surety or guarantee in the amount exceeding 10% of the Company's equity. As at 31.03.2015, the total value of active sureties granted by Polnord for the loan commitments of subsidiaries and jointly controlled companies concerning their operational activity amounted to PLN 121,805 thousand. The amount of active sureties sanctioned by a Group company, i.e. Śródmieście Wilanów Sp. z o. o. for the credit obligations of Polnord SA totalled PLN 55,500 thousand.

Polnord provides Group companies with guarantees securing the repayment of credit obligations related to financing development projects. However, due to the low likelihood of the outflow of funds resulting from the need to meet the commitment, the Company pursuant to IAS 37 does not reveal such contingent liabilities in off-balance sheet items.

3. INFORMATION ON DISTRIBUTED (OR DECLARED) DIVIDENDS

In the presented period, Polnord did not declare or pay the dividend.

4. ACHIEVEMENTS IN THE FIELD OF RESEARCH AND DEVELOPMENT

The Group companies do not carry out research and development activities.

5. INFORMATION CONCERNING THE PURCHASE OF COMPANY SHARES

In the first quarter of 2015, the Company did not purchase any own shares, nor does it hold any own shares.

6. INFORMATION ON DEPARTMENTS

The companies from the Group do not have departments.

7. LITIGATIONS PENDING BEFORE COURT, RELEVANT ARBITRATION AUTHORITIES, OR PUBLIC ADMINISTRATIONAL AUTHORITIES

The following are the most important proceedings related to the receivables, conducted by Polnord SA or its subsidiaries. A detailed description of the proceedings is presented in the Consolidated Annual Report for 2014. In the reporting period, i.e. from 01.01.2015 to 31.03.2015 there were no material changes in the proceedings, whose total value constituted at least 10% of the Company's equity. In the first quarter of 2015, there were no new relevant proceedings.

Table 27. Claims filed to the Court

Road compensatory receivables from the Capital City of Warsaw	Date of submission	Claim amount	Case status	Value of assets in Consolidated financial statement
Tort damages from the Capital City of Warsaw and State Treasury	16.09.2013	PLN 123.0 million	Case pending (value of the claim increases over time)	PLN 123.0 million (recognised in Contingent assets)
Compensation for 10 hectares of land allocated for public roads*	28.06.2013	PLN 182.2 million	Administrative proceedings pending	PLN 182.2 million (recognised in Contingent assets)
Compensation for water and sewage infrastructure from MPWiK	Date of submission	Claim amount	Case status	Value of assets in Consolidated financial statement
Claim for compensation for non-contractual use of the water and sewage infrastructure in Miasteczko Wilanów (2004-2011)	25.04.2012	PLN 20.1 million**	Case pending (value of the claim increases over time)	-
Claim for take-over, for remuneration, of the water and sewage infrastructure in Miasteczko Wilanów	05.03.2013	PLN 57.3 million**	Case pending	} PLN 109 million, including: PLN 74.4 million – receivables PLN 34.6 million – inventories
Claim for take-over, for remuneration, of the rain water sewage system in Miasteczko Wilanów		Approx PLN 55 million	In preparation	

* Claim is pursued by Polnord through the special purpose vehicle 10 H Sp. z o.o. with its registered office in Gdynia.

** The amount of the principal claim does not include statutory interest

8. INFORMATION ON FINANCIAL INSTRUMENTS

The main financial instruments used by the Group include bank loans and bonds. The main objective of these financial instruments is to obtain funds for the Group's operations. The Group has also other financial instruments, such as trade receivables and liabilities which arise directly in the course of its business operations, and cash. The Group does not enter into transactions involving derivatives.

Table 28. Revenue, cost, profit and loss items recognised in the profit and loss account divided into categories of financial instruments for the period from 01.01.2015 to 31.03.2015

Specification [PLN '000]	Financial assets available for sale	Financial assets measured at fair value through Profit and Loss account	Borrowings and receivables	Financial liabilities measured at fair value through Profit and Loss account	Financial liabilities measured at amortised cost	Total
Interest revenue/(costs)			1 310		(5 693)	(4 383)
Foreign exchange profits/(losses)			665			665
Release/(establishment) of revaluation allowances			(246)			(246)
Dividends received						
Revaluation profits/(losses)						
Profits/(losses) on sale/realisation of financial instruments						
Total			1 729		(5 693)	(3 964)

Table 29. Revenue, cost, profit and loss items recognised in the profit and loss account divided into categories of financial instruments for the period from 01.01.2014 to 31.03.2014

Specification [PLN '000]	Financial assets available for sale	Financial assets measured at fair value through Profit and Loss account	Borrowings and receivables	Financial liabilities measured at fair value through Profit and Loss account	Financial liabilities measured at amortised cost	Total
Interest revenue/(costs)			937		(6 531)	(5 593)
Foreign exchange profits/(losses)			(916)			(916)
Release/(establishment) of revaluation allowances			(394)			(394)
Dividends received						
Revaluation profits/(losses)						
Profits/(losses) on sale/realisation of financial instruments						
Total			(373)		(6 531)	(6 903)

Table 30. Items of assets and liabilities divided into categories of financial instruments as at 31.03.2015

Types of financial instruments	Financial assets available for sale	Financial assets measured at fair value through Profit and Loss account	Borrowings and receivables	Financial liabilities measured at fair value through Profit and Loss account	Financial liabilities measured at amortised cost	Outside IAS 39	Total
Specification [PLN '000]							
Financial assets			1 222				1 222
Long-term receivables			107 695				107 695
Trade and other receivables			45 721			1 618	47 339
Other short-term financial assets			68 508				68 508
Cash and cash equivalents			79 238				79 238
Total financial assets			302 384			1 618	304 002
Interest-bearing bank loans and borrowings					381 588		381 588
Trade and other liabilities					30 227		30 227
Current long-term portion of bank loans and borrowings					18 320		18 320
Other short-term loans and borrowings					95 504		95 504
Total financial liabilities					525 639		525 639

Table 31. Items of assets and liabilities divided into categories of financial instruments as at 31.12.2014

Types of financial instruments	Financial assets available for sale	Financial assets measured at fair value through Profit and Loss account	Borrowings and receivables	Financial liabilities measured at fair value through Profit and Loss account	Financial liabilities measured at amortised cost	Outside IAS 39	Total
Specification [PLN 000']							
Financial assets			553				553
Long-term receivables			107 703				107 703
Trade and other receivables			35 482			1 948	37 430
Other short-term financial assets			74 821				74 821
Cash and cash equivalents			80 400				80 400
Total financial assets			298 960			1 948	300 908
Interest-bearing bank loans and borrowings					405 256		405 256
Trade and other liabilities					30 285		30 285
Current long-term portion of bank loans and borrowings					17 473		17 473
Other short-term loans and borrowings					85 430		85 430
Total financial liabilities					538 444		538 444

9. OTHER INFORMATION SIGNIFICANT FOR THE ASSESSMENT OF THE PERSONNEL, ECONOMIC AND FINANCIAL STANDING, FINANCIAL RESULT AND ANY CHANGES IN THESE ASPECTS OF BUSINESS RELEVANT TO ASSESS THE CAPITAL GROUP'S CAPACITY TO MEET ITS OBLIGATIONS

In the Company's opinion, there is no significant information for the assessment of the above-mentioned factors other than indicated in this Report.

10. SELECTED FINANCIAL DATA (NOTES) FOR THE CONSOLIDATED STATEMENT

The following notes present detailed information and data regarding selected balance sheet items, that are relevant for the proper assessment of the Group's economic and financial position.

Table 32. Investment properties

Specification [PLN '000]	As at 31.03.2015	As at 31.12.2014
Opening balance	758 022	957 410
Increases		11 554
Decreases (sales)	(1 500)	(63 921)
Reclassification		(139 406)
Revaluation of investment property - FX	2 052	(9 638)
Revaluation of investment property	(200)	2 022
Closing balance	758 373	758 022

The balance sheet valuation of investment property at fair value is repetitive and is performed at level 3 of the fair value hierarchy. No transfers between hierarchy levels occurred during the reporting period.

Table 33. Investment properties – geographical division

Specification [PLN '000]	Level 3	Fair value as at 31.03.2015
Commercial properties - Domestic	170 415	170 415
Investment properties - Domestic	568 271	568 271
Investment properties - Russia	19 687	19 687
Total		758 373

Specification [PLN '000]	Level 3	Fair value as at 31.12.2014
Commercial properties - Domestic	170 415	170 415
Investment properties - Domestic	569 971	569 971
Investment properties - Russia	17 635	17 635
Total		758 022

Mortgages are established on some of the Company's and its subsidiaries' Investment properties, securing the repayment of loans and bonds. The carrying value of Investment properties on which mortgages are established, as at the balance sheet date 31.03.2015, amounts to PLN 725,636 thousand, while as at 31.12.2014 it was PLN 700,103 thousand.

Table 34. Inventory

Specification [PLN '000]	As at 31.03.2015	As at 31.12.2014
Materials (at purchase price)	454	649
Work in progress (at manufacturing cost)	209 428	167 069
Finished products:	82 890	135 780
<i>At purchase price/manufacturing cost</i>	117 213	136 808
<i>At net realisable value</i>	82 890	135 841
Goods	279 920	286 663
<i>At purchase price/manufacturing cost</i>	281 199	314 767
<i>At net realisable value</i>	274 324	281 389
Total inventory, at the lower of the two values: purchase price (manufacturing cost) and net realisable value	572 691	590 160

In the first quarter of 2015, revaluation allowances were made in the amount of PLN 221 thousand, while in 2014 - in the amount of PLN 4,430 thousand.

The repayment of bonds issued by Polnord and loans received by the wholly owned companies of Polnord to fund development projects is secured by collaterals, such as real property on which these projects are implemented. The carrying value of Inventory on which mortgages are established, as at the balance sheet date 31.03.2015, amounts to PLN 240,680 thousand, while as at 31.12.2014 it amounted to PLN 266,393 thousand.

Table 35. Bank loans and interest-bearing borrowings

SHORT-TERM	As at 31.03.2015	As at 31.12.2014
Liabilities due to finance lease and agreements on lease with an option to buy		
Bonds and debt notes	95 504	85 430
Overdrafts		
Current portion of long-term loans	18 320	17 473
Revolving loans		
Other loans and borrowings		
Total short-term loans and borrowings	113 824	102 903
LONG-TERM	As at 31.03.2015	As at 31.12.2014
Liabilities due to finance lease and agreements on lease with an option to buy		
Bonds	252 412	274 254
Bank loans and borrowings	129 176	131 002
Total long-term loans and borrowings	381 588	405 256

Table 36. List of bonds as at 31.03.2015

Type of bonds	Amount of the issued bonds [PLN '000]	Outstanding amount as at the balance sheet date [PLN '000]	Current (short-term) outstanding portion (interest) [PLN '000]	Interest rate	Maturity	Securities
Ordinary bonds, series F	24 000	24 298	24 298	WIBOR 3M + margin	24.10.2015 principal amount, interest every quarter	Mortgage
Ordinary bonds	30 000	30 478	30 478	WIBOR 6M + margin	26.06.2015 - principal amount, interest every six months	Mortgage
Ordinary bonds	10 000	10 159	10 159	WIBOR 6M + margin	26.06.2015 - principal amount, interest every six months	Mortgage
Ordinary bonds	10 000	10 159	10 159	WIBOR 6M + margin	26.06.2015 - principal amount, interest every six months	Mortgage
Ordinary bonds	40 000	11 759	11 759	WIBOR 6M + margin	28.09.2015 principal amount, interest every six months	Mortgage
Ordinary bonds, series A	60 000	60 322	322	WIBOR 6M + margin	20.08.2016 - principal amount, interest every six months	Mortgage
Ordinary bonds, series B	8 500	8 512	12	WIBOR 6M + margin	21.09.2016 - principal amount, interest every six months	Mortgage
Ordinary bonds, series J	19 000	9 024	9 024	WIBOR 3M + margin	16.01.2016 - principal amount, interest every quarter	Mortgage
Ordinary bonds, series C	46 000	29 760	760	WIBOR 6M + margin	13.05.2016 - principal amount, interest every six months	Mortgage
Ordinary bonds NS1	50 000	50 416	416	WIBOR 3M + margin	11.02.2017 - principal amount, interest every quarter	Mortgage
Ordinary bonds NS2	34 000	34 259	259	WIBOR 3M + margin	13.02.2018 - principal amount, interest every quarter	Mortgage
Ordinary bonds NS3	10 500	10 610	110	WIBOR 6M + margin	27.01.2018 - principal amount, interest every six months	Mortgage
Ordinary bonds	13 450	13 698	248	WIBOR 6M + margin	10.06.2016 - principal amount, interest every six months	Mortgage
Ordinary bonds	19 950	20 335	385	WIBOR 6M + margin	12.06.2017 - principal amount, interest every six months	Mortgage
Ordinary bonds	10 500	10 690	190	WIBOR 6M + margin	12.12.2016 - principal amount, interest every six months	Mortgage
Ordinary bonds	18 500	18 846	346	WIBOR 6M + margin	11.12.2017 - principal amount, interest every six months	Mortgage
Deferred costs		(4 519)	(2 531)			
Bonds held by a Group's Company	(3 000)	(890)	(890)	WIBOR 6M + margin	28.09.2015 - principal amount, interest every six months	Mortgage
Total		347 916	95 504			

Table 37. List of loans as at 31.03.2015

Company	Lending institution	Currency loan amount [PLN '000]	Outstanding amount as at the balance sheet date [PLN '000]	Current (short-term) portion of loans/borrowings [PLN '000]	Interest rate	Maturity	Securities
Polnord SA	GETIN NOBLE BANK SA	37 000	35 058	12 058	WIBOR 3M + margin	2016-12-20	- mortgage - blank bill of exchange - surety
Wilanów Office Park - Budynek B1 Sp. z o.o.	PKO BP SA	66 100	62 848	674	WIBOR 3M + margin	2030-12-31	- mortgage - debt collection clause - registered pledge on capital share - transfer of amounts due under sale and insurance agreements
Wilanów Office Park - Budynek B3 Sp. z o.o.	PKO BP SA	47 433	34 199	2 348	WIBOR 3M + margin	2025-04-30	- mortgage - transfer of amounts due under construction insurance agreement - blank bill of exchange and partner's endorsement - registered pledge on capital share - cause of transfer of amounts due from the current account of the company - transfer of outstanding amounts under promised rent agreement - reservation of funds in account
Polnord Warszawa-Ząbki Neptun Sp. z o.o.	Bank Polskiej Spółdzielczości SA	16 200	15 390	3 240	WIBOR 3M + margin	2019-12-31	- mortgage - registered pledge on capital share - surety - bill of exchange
Total		166 733	147 496	18 320			

Table 38. List of bonds as at 31.12.2014

Type of bonds	Amount of the issued bonds [PLN '000]	Outstanding amount as at the balance sheet date [PLN '000]	Current (short-term) outstanding portion (interest) [PLN '000]	Interest rate	Maturity	Securities
Ordinary bonds, series F	24 000	24 307	24 307	WIBOR 3M + margin	24.10.2015 – principal amount, interest every quarter	Mortgage
Ordinary bonds	30 000	30 030	30 030	WIBOR 6M + margin	26.06.2015 - principal amount, interest every six months	Mortgage
Ordinary bonds	10 000	10 010	10 010	WIBOR 6M + margin	26.06.2015 - principal amount, interest every six months	Mortgage
Ordinary bonds	10 000	10 010	10 010	WIBOR 6M + margin	26.06.2015 - principal amount, interest every six months	Mortgage
Ordinary bonds	40 000	11 949	11 949	WIBOR 6M + margin	28.09.2015 - principal amount, interest every six months	Mortgage
Ordinary bonds, series A	60 000	61 251	1 251	WIBOR 6M + margin	20.08.2016 - principal amount, interest every six months	Mortgage
Ordinary bonds, series B	8 500	8 629	129	WIBOR 6M + margin	21.09.2016 - principal amount, interest every six months	Mortgage
Ordinary bonds, series I	20 000	20 279	279	WIBOR 3M + margin	18.01.2016 - principal amount, interest every quarter	Mortgage
Ordinary bonds, series J	19 000	19 273	273	WIBOR 3M + margin	16.01.2016 - principal amount, interest every quarter	Mortgage
Ordinary bonds, series H	26 500	26 849	349	WIBOR 3M + margin	22.01.2016 - principal amount, interest every quarter	Mortgage
Ordinary bonds, series C	46 000	29 266	266	WIBOR 6M + margin	13.05.2016 - principal amount, interest every six months	Mortgage
Ordinary bonds NS1	50 000	50 431	431	WIBOR 3M + margin	11.02.2017 - principal amount, interest every quarter	Mortgage
Ordinary bonds	13 450	13 497	47	WIBOR 6M + margin	10.06.2016 - principal amount, interest every six months	Mortgage
Ordinary bonds	19 950	20 023	73	WIBOR 6M + margin	12.06.2017 - principal amount, interest every six months	Mortgage
Ordinary bonds	10 500	10 536	36	WIBOR 6M + margin	12.12.2016 - principal amount, interest every six months	Mortgage
Ordinary bonds	18 500	18 565	65	WIBOR 6M + margin	11.12.2017 - principal amount, interest every six months	Mortgage
Deferred costs		(4 316)	(3 170)			
Bonds held by a Group's Company	(3 000)	(905)	(905)	WIBOR 6M + margin	28.09.2015 - principal amount, interest every six months	Mortgage
Total		359 684	85 430			

Table 39. List of loans as at 31.12.2014

Company	Lending institution	Currency loan amount [PLN '000]	Outstanding amount as at the balance sheet date [PLN '000]	Current (short-term) portion of loans/borrowings [PLN '000]	Interest rate	Maturity	Securities
Polnord SA	GETIN NOBLE BANK SA	37 000	35 058	12 058	WIBOR 3M + margin	2016-12-20	- mortgage - blank bill of exchange - surety
Wilanów Office Park - Budynek B1 Sp. z o.o.	PKO BP SA	66 100	62 848	297	WIBOR 3M + margin	2030-12-31	- mortgage - debt collection clause - registered pledge on capital share - transfer of amounts due under sale and insurance agreements
Wilanów Office Park - Budynek B3 Sp. z o.o.	PKO BP SA	47 433	34 768	2 277	WIBOR 3M + margin	2025-04-30	- mortgage - transfer of amounts due under construction insurance agreement - blank bill of exchange and partner's endorsement - registered pledge on capital share - cause of transfer of amounts due from the current account of the company - transfer of outstanding amounts under promised rent agreement - reservation of funds in account
Polnord Warszawa-Ząbki Neptun Sp. z o.o.	Bank Polskiej Spółdzielczości SA	16 200	15 800	2 840	WIBOR 3M + margin	2019-12-31	- mortgage - registered pledge on capital share - surety - bill of exchange
Total		166 733	148 474	17 473			

11. FACTORS WHICH WILL INFLUENCE GROUP'S FINANCIAL RESULTS FOR AT LEAST THE UPCOMING QUARTER

The key factors which may affect the Group's financial standing include:

- success of the strategy adopted by the Group;
- the economic condition of the residential market, including prices of residential units;
- availability of external sources of financing for development companies;
- banks' policies on granting mortgage loans to natural persons and the level of interest rates;
- the Act on the protection of the rights of buyers of residential units or single-family houses – "Property Development Act";
- timely, in line with the schedule and budget, completion of development projects and timely hand-over for use;
- amendments to legal provisions which may affect the demand on the market of products offered by the Company;
- obtaining required administrative decisions within statutory time limits;
- objectives and price limits of the government programme "Mieszkanie dla Młodych";
- macro-economic factors.

12. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE NOT INCLUDED IN THIS REPORT, THAT MAY HAVE A SIGNIFICANT IMPACT ON THE FUTURE FINANCIAL RESULTS

After the balance sheet date, i.e. on 14.04.2015 the Management Board of the Company adopted a resolution on establishment of the public bond issue programme with a total nominal value of up to PLN 100 million ("Programme"). The Programme assumes the issuance of unsecured bonds in one or a few series. The issues of bonds shall be carried out by way of public offering. The bonds shall be issued on the basis of the basic prospectus drawn up by the Company.

More details are presented in the current report No. 14/2015 as of 14.04.2015.

V CONDENSED INDIVIDUAL INTERIM FINANCIAL STATEMENTS OF THE PARENT COMPANY- POLNORD SA

1. INDIVIDUAL PROFIT AND LOSS ACCOUNT

Table 40. Individual Profit and Loss Account

Specification [PLN '000]	For the period from 01.01.2015 to 31.03.2015	For the period from 01.01.2014 to 31.03.2014	For the period from 01.01.2014 to 31.03.2014
		<i>restated data</i>	<i>published data</i>
Sales revenue	11 583	9 938	9 948
Revenue from sales of products, goods and materials		2 261	2 261
Revenue from sale of services	11 483	7 534	7 541
from related parties	11 241	7 523	7 530
Lease revenue	100	143	146
from related parties	75	51	54
Cost of product sold		(2 263)	(2 263)
Gross profit (loss) on sales	11 583	7 675	7 685
Result on sale of investment property			(21 071)
Revaluation of investment property	(200)		
Selling costs	(2 527)	(2 951)	(2 950)
General administrative expenses	(4 925)	(4 706)	(5 399)
Other operating revenue	1	451	451
Other operating expenses	(538)	(1 004)	(304)
Gross operating profit (loss)	3 394	(535)	(21 588)
Financial revenue	8 227	5 849	68
Financial expenses	(8 115)	(8 202)	(7 782)
Gross profit (loss)	3 506	(2 888)	(29 302)
Income tax	(1 151)	1 515	5 518
Net profit (loss) on continued operations	2 355	(1 373)	(23 784)
Net profit (loss) on discontinued operations	(46)	(1 395)	(111)
Net profit (loss) for the financial year	2 309	(2 768)	(23 895)

2. INDIVIDUAL STATEMENT OF COMPREHENSIVE INCOME

Table 41. Individual statement of comprehensive income

Specification [PLN '000]	For the period from 01.01.2015 to 31.03.2015	For the period from 01.01.2014 to 31.03.2014
		<i>restated data</i>
Net profit (loss) on continued operations for the period	2 355	(1 373)
Net profit (loss) on discontinued operations for the period	(46)	(1 395)
Net profit (loss) for the financial year	2 309	(2 768)
Other comprehensive income:	2 913	
Items that may be reclassified to profit or loss in the future:		
Valuation of financial assets available for sale	3 596	
Foreign exchange gains/losses on translation		
Other		
Income tax on components of other comprehensive income	(683)	
Comprehensive income for the period	5 222	(2 768)
Weighted average number of ordinary shares for the period	32 633 027	32 633 027
Comprehensive income per ordinary share (PLN)	0,16	(0,08)
Comprehensive income on discontinued operations, per ordinary share (PLN)	0,09	(0,04)
Comprehensive income on continued operations, per ordinary share (PLN)	0,16	(0,04)

3. INDIVIDUAL STATEMENT OF FINANCIAL POSITION (BALANCE SHEET)

Table 42. Individual statement of financial position

Specification [PLN '000]	As at 31.03.2015	As at 31.12.2014
ASSETS		
Fixed assets	1 473 787	1 482 364
Tangible fixed assets	1 509	1 583
Investment property	568 271	569 971
Intangible assets	423	486
Investments in subsidiaries, jointly-controlled subsidiaries and associates	490 246	490 218
Financial assets	291 381	285 869
Deferred tax assets	14 262	16 096
Long-term receivables	107 695	118 142
Current assets	455 787	455 409
Inventories	214 952	214 871
Trade and other receivables	64 442	66 697
Other short-term financial assets	118 334	122 331
Receivables due to VAT, other taxes, customs duties, insurance and other	321	297
Income tax receivables	421	421
Prepayments	503	415
Cash and cash equivalents	56 814	50 377
Assets classified as held for sale	9 200	9 200
TOTAL ASSETS	1 938 774	1 946 973

Specification [PLN '000]	As at 31.03.2015	As at 31.12.2014
EQUITY AND LIABILITIES		
Equity	1 088 250	1 083 028
Share capital	65 266	65 266
Share premium	1 059 721	1 059 721
Other reserve capitals	257 371	254 458
Retained profits/Uncovered losses	(294 108)	(296 417)
Total equity	1 088 250	1 083 028
Long-term liabilities	662 363	684 042
Interest-bearing bank loans and borrowings	275 191	297 254
Provisions	1 031	1 031
Other liabilities	385 757	385 757
Accruals	384	
Short-term liabilities	188 161	179 903
Trade and other liabilities	22 524	24 686
Current long-term portion of bank loans and borrowings	12 279	12 058
Other short-term loans and borrowings	95 503	85 430
Liabilities due to VAT, other taxes, customs duties, insurance and other	1 952	4 985
Accruals	2 603	931
Advance payments received	2 055	1 634
Provisions	51 245	50 178
Total liabilities	850 524	863 945
TOTAL EQUITY AND LIABILITIES	1 938 774	1 946 973

4. OFF - BALANCE SHEET ITEMS

Table 43. Off - balance sheet items

Contingent liabilities and assets	As at 31.03.2015	As at 31.12.2014
Contingent liabilities		
Repayment of loans guarantees*		
Total contingent liabilities		
Contingent assets		
Tort claims from the Capital City of Warsaw	123 036	123 036
Other contingent receivables	46 400	46 400
Total contingent assets	169 436	169 436

*Polnord provides Group companies with guarantees securing the repayment of credit obligations related to financing development projects. However, due to the low likelihood of the outflow of funds resulting from the need to meet the commitment, the Company pursuant to IAS 37 does not reveal such contingent liabilities in off-balance sheet items.

5. INDIVIDUAL CASH FLOW STATEMENT

Table 44. Individual cash flow statement

Specification [PLN '000]	For the period from 01.01.2015 to 31.03.2015	For the period from 01.01.2014 to 31.03.2014 <i>restated data</i>	For the period from 01.01.2014 to 31.03.2014 <i>published data</i>
Cash flows from operating activities			
Gross profit (loss)	3 460	(4 283)	(29 413)
Adjustments:	(7 699)	(9 415)	15 744
Depreciation and amortisation	177	194	194
Net interest and dividends	7 055	6 798	6 798
Profit/(loss) on investing activities	(6 942)	(5 707)	21 119
(Increase)/decrease in receivables	(5 437)	(4 735)	(5 128)
(Increase)/decrease in inventories	(82)	2 217	2 217
Increase/(decrease) in short-term liabilities excluding loans and borrowings	(2 835)	(6 836)	(8 108)
Change in prepayments and accruals	1 221	51	51
Change in provisions	1 067	(1 398)	(1 399)
Income tax paid			
Other	(1 925)		
Net cash generated by operating activities	(4 240)	(13 697)	(13 669)
Cash flows from investing activities			
Inflows	47 969	14 943	98
Sale of tangible fixed assets and intangible assets		48	48
Sale of investment properties	5 561		
Sale of financial assets			
Dividends received			
Interest received	5 286	146	50
Repayment of loans granted	37 121	14 749	
Outflows	(18 313)	(18 137)	(116)
Purchase of tangible fixed assets and intangible assets	(45)	(28)	(28)
Purchase of investment properties	(1 940)	(25)	(25)
Purchase of financial assets	(28)		
Repayment of loans granted		(63)	(63)
Loans granted	(16 300)	(18 022)	
Net cash generated by investing activities	29 656	(3 195)	(18)
Cash flows from financing activities			
Inflows	44 500	50 000	53 820
Inflows from issuance of shares			
Inflows from loans/borrowings taken out			3 820
Inflows from issuance of bonds	44 500	50 000	50 000
Outflows	(63 479)	(54 991)	(62 097)
Repayment of finance lease liabilities		(15)	(15)
Repayment of loans/borrowings		(21 780)	(28 860)
Interest paid	(6 879)	(6 680)	(6 706)
Redemption of bonds	(56 600)	(26 516)	(26 516)
Other			
Net cash generated by financing activities	(18 979)	(4 991)	(8 277)
Net increase in cash and cash equivalents	6 437	(21 883)	(21 964)
Net foreign exchange gains/losses			
Cash at the beginning of the period	50 377	22 564	22 529
Cash at the end of the period, of which	56 814	681	565
Restricted cash	12	29	29

6. STATEMENT OF CHANGES IN EQUITY

Table 45. Statement of changes in equity

Specification [PLN '000]	Share capital	Share premium	Other reserve capitals	Retained profits/uncovered (losses)	Total
As at 01.01.2014 published data	65 266	1 059 721	245 018	(296 426)	1 073 580
Total comprehensive income				(2 768)	(2 768)
As at 31.03.2014	65 266	1 059 721	245 018	(299 194)	1 070 812
Share issue					
Share issue costs					
Result carried forward from previous period			13 805	(13 805)	
Error adjustments from previous years					
Management Option scheme			(4)		(4)
Total comprehensive income			(4 361)	16 582	12 221
As at 31.12.2014	65 266	1 059 721	254 458	(296 417)	1 083 028
As at 01.01.2015	65 266	1 059 721	254 458	(296 417)	1 083 028
Result carried forward from previous period					
Management Option scheme					
Total comprehensive income			2 913	2 309	5 222
As at 31.03.2015	65 266	1 059 721	257 371	(294 108)	1 088 250

7. PRESENTATION CHANGES

In 2014, the presentation change occurred in the individual financial statements of Polnord SA.

According to the analysis of the contribution in kind in the form of assets (loans granted) by Polnord SA to Polnord SA Finanse SJ (formerly Surplus Sp. z o.o. Domitus SJ) in terms of their recognition pursuant to IAS 39 (20), at the time of transferring the assets Polnord SA did not lose control of those assets. Therefore, those loans and rewards attached to them should continue to be presented in the financial statements of Polnord SA.

The individual statements of Polnord SA include financial data of Polnord SA as well as financial assets, revenues and costs of Polnord SA Finanse SJ for the financial year ended 31.12.2014 and the period from 01.03.2015 to 31.03.2015 and contain relevant data for the period from 01.01.2014 to 31.03.2014.

7.1 NUMERICAL DATA WHICH ENSURE COMPARABILITY OF FINANCIAL DATA

Following the recommendations of the new Auditor, the Management Board of the Company, in 2014, undertook a comprehensive review of the financial statements and, in result, identified corrections of comparative data for the period 01.01.2014 – 31.03.2014, which are presented in the table below.

Table 46. Presentation changes and adjustments for the period from 01.01.2014 to 31.03.2014

Specification [PLN '000]	For the period from 01.01.2014 to 31.01.2014	Presentation changes and adjustments	For the period from 01.01.2014 to 31.01.2014
	<i>published data</i>		<i>restated data</i>
Sales revenue	9 948	(10)	9 938
Revenue from sales of products, goods and materials	2 261		2 261
Revenue from sale of services	7 541	(7)	7 534
from related parties	7 530	(7)	7 523
Lease revenue	146	(3)	143
from related parties	54	(3)	51
Cost of product sold	(2 263)		(2 263)
Gross profit (loss) on sales	7 685	(10)	7 675
Result on sale of investment property	(21 071)	21 071	
Selling costs	(2 950)	(1)	(2 951)
General administrative expenses	(5 399)	693	(4 706)
Other operating revenue	451		451
Other operating expenses	(304)	(700)	(1 004)
Gross operating profit (loss)	(21 588)	21 053	(535)
Financial revenue	68	5 781	5 849
Financial expenses	(7 782)	(420)	(8 202)
Gross profit (loss)	(29 302)	26 414	(2 888)
Income tax	5 518	(4 003)	1 515
Net profit (loss) on continued operations	(23 784)	22 411	(1 373)
Net profit (loss) on discontinued operations	(111)	(1 284)	(1 395)
Net profit (loss) for the financial year	(23 895)	21 127	(2 768)

Gdynia, 15.05.2015

Piotr Wesołowski

Tomasz Sznajder

Katarzyna Brzózka

President of the
Management BoardVice-president
of the Management Board

Chief Accountant