

millennium logistic parks

MLP GROUP



MLP Group S.A. Capital Group

**CONSOLIDATED HALF-YEAR REPORT
FOR THE PERIOD OF 6 MONTHS ENDED 30 JUNE 2014**

*This document is a translation.
Polish version prevails.*

Contents of Consolidated half-year report:

I. Selected financial data of MLP Group S.A. Capital Group	5
II. The interim condensed consolidated financial statements	8
Approval of the interim condensed consolidated financial statements	9
Condensed consolidated statement of profit or loss and other comprehensive income	10
Condensed consolidated statement of financial position	11
Condensed consolidated statement of cash flows	12
Condensed statement of changes in consolidated equity	13
Explanatory information to the interim condensed consolidated financial statements	14
1. General information	14
1.1 <i>Information on the Parent Company</i>	14
1.2 <i>Information about the Group</i>	14
1.3 <i>Changes in the Group</i>	15
1.4 <i>The shareholding structure of the Parent Company</i>	16
1.4.1 <i>Structure of shareholders holding, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of Shareholders</i>	16
1.4.2 <i>Shares or rights to shares of the Parent Company owned by members of management and supervisory bodies</i>	16
2. Basis for the preparation of the interim condensed consolidated financial statements	16
2.1 <i>Statement of compliance</i>	16
2.2 <i>Status of Standards Approval in the European Union</i>	16
2.2.1 <i>Standards and Interpretations approved by the EU that are not yet in force for the balance sheet date</i>	17
2.2.2 <i>Standards and interpretations not yet endorsed by the EU</i>	17
2.3 <i>Basis of valuation</i>	21
2.4 <i>Functional and presentation currency</i>	21
2.5 <i>Use of estimates and judgments</i>	21
3. Segment reporting	21
4. Revenues	23
5. Other operating income	23
6. Other operating costs	23
7. Selling and administrative expenses	24
8. Financial income and costs	24
9. Income tax	25
10. Investments property	26
10.1 <i>The fair value of the Group investment property</i>	27
11. Deferred tax	31
12. Other investments	33
13. Trade and other receivables	33
14. Cash and cash equivalents	34
15. Equity	34
15.1 <i>Share capital</i>	34
15.2 <i>Share premium</i>	35
16. Earnings per share	36
17. Credits, loans and other debt instruments and other liabilities	36
17.1 <i>Long-term liabilities</i>	36
17.2 <i>Short-term liabilities</i>	37
17.3 <i>Credits, loans secured and unsecured on the Group's assets</i>	38

18. Trade and other liabilities	39
19. Financial instruments	40
19.1 Valuation of financial instruments	40
19.1.1 Financial assets	40
19.1.2 Financial liabilities	41
19.2 Other disclosures relating to financial instruments	41
20. Contingent liabilities and pledges	42
21. Related party transactions	42
21.1 Trade and other receivables and liabilities	42
21.2 Loans granted and received	43
21.3 Revenues and expenses	43
22. Significant litigation and disputes	44
23. Significant events during the financial year and subsequent events	44
23.1 Significant events in the first half of 2014	44
23.2 Subsequent events	45
24. Remuneration paid or due to members of management and supervisory bodies	45
25. Employment structure	46
26. Information regarding the issuance, redemption and repayment of debt and equity securities	46
27. The Management Board's statement on published financial forecasts	46
28. A brief description of achievements and failures in the period ended 30 June 2014	46
29. Seasonality and cyclicity	46
30. Information relevant to the assessment of human resources, financial result of the Group and their changes and information, which are significant for assessing the possibility of achievement of commitments by the MLP Group S.A. Capital Group	46

III. The interim condensed separate financial statements **47**

Approval of the interim condensed separate financial statements	48
Condensed separate statement of profit or loss and other comprehensive income	49
Condensed separate statement of financial position	50
Condensed separate statement of cash flows	51
Condensed separate statement of changes in equity	52
Explanatory information to the interim condensed separate financial statements	53
1. General information	53
1.1 Information on the Company MLP Group S.A.	53
1.2 Information on the Capital Group	53
1.3 Composition of the Management Board	53
1.4 Composition of the Supervisory Board	54
2. Basis for the preparation of the interim condensed separate financial statements	54
2.1 Statement of compliance	54
2.2 Status of Standards Approval in the European Union	54
2.2.1 Standards and Interpretations approved by the EU that are not yet in force for the balance sheet date	54
2.2.2 Standards and interpretations not yet endorsed by the EU	55
2.3 Basis of valuation	58
2.4 Functional and presentation currency	59
2.5 Use of estimates and judgments	59
3. Segment reporting activity	59
3.1 Information on the key customers of the Company	59
4. Revenues	60
5. Other operating income	60
6. Other operating costs	60

7. Selling and administrative expenses	60
8. Financial income and costs	61
9. Income tax	61
10. Long-term investments in related parties	62
11. Long-term investments	63
12. Short-term investments	63
13. Deferred tax	64
14. Trade and other receivables	65
15. Cash and cash equivalents	65
16. Equity	66
16.1 Share capital	66
16.2 Share premium	67
17. Profit/(Loss) per share	68
18. Credits, loans and other debt instruments and other liabilities	68
18.1 Short-term liabilities	68
18.2 Loans unsecured on the Company's assets	69
19. Trade and other liabilities	70
20. Financial instruments	71
20.1 Valuation of financial instruments	71
20.1.1 Financial assets	71
20.1.2 Financial liabilities	71
21. Contingent liabilities and pledges	72
22. Related party transactions	72
22.1 Trade and other receivables and liabilities	72
22.2 Loans granted and received	73
22.3 Revenues and expenses	73
23. Significant litigation and disputes	74
24. Significant events during the financial year and subsequent events	74
24.1 Significant events in the first half of 2014	74
24.2 Subsequent events	75
25. Remuneration paid or due to members of management and supervisory bodies	75
26. Employment structure	75

IV. Management Board's report on the activities of MLP Group S.A. Capital Group for the period of six months ended 30 June 2014 **76**

I. Selected financial data of MLP Group S.A. Capital Group

Average exchange rates of Polish zloty against euro in the period covered by the interim condensed consolidated financial statements:

	30 June 2014	31 December 2013	30 June 2013
Average exchange rate during the period *	4,1784	4,2110	4,2140
Exchange rate at the last day of the period	4,1609	4,1472	4,3292

* Arithmetic average of exchange rates published on the last day of each month in the reporting period.

Main positions of the interim condensed consolidated statement of financial position converted into euro:

as at	30 June 2014		31 December 2013	
	PLN thousand (unaudited)	EUR thousand (unaudited)	PLN thousand	EUR thousand
Non-current assets	1 007 724	242 189	943 817	227 579
Current assets	146 853	35 294	151 578	36 549
Total assets	1 154 577	277 483	1 095 395	264 128
Long-term liabilities	495 760	119 147	475 678	114 698
Short-term liabilities	123 473	29 675	110 850	26 729
Equity, including:	535 344	128 661	508 867	122 701
Share capital	4 529	1 088	4 529	1 092
Total equity and liabilities	1 154 577	277 483	1 095 395	264 128
Number of shares (in units)	18 113 255	18 113 255	18 113 255	18 113 255
The book value and diluted book value per share attributable to the owners of the Parent Company	29,56	7,10	28,09	6,77

To translate the interim condensed consolidated statement of financial position the average exchange rate published by the Polish National Bank (NBP) on the last day of the reporting period was used.

Main positions of the interim condensed consolidated statement of profit or loss and other comprehensive income converted into euro:

<i>for the period ended</i>	30 June 2014		30 June 2013	
	PLN	EUR	PLN	EUR
	thousand <i>(unaudited)</i>	thousand <i>(unaudited)</i>	thousand <i>(unaudited)</i>	thousand <i>(unaudited)</i>
Revenues	48 182	11 531	45 456	10 787
Other operating income	85	20	50 840	12 065
Gain on revaluation of investment properties	29 088	6 962	53 107	12 603
Selling and administrative expenses	(19 391)	(4 641)	(17 914)	(4 251)
Operating profit	56 867	13 610	130 599	30 992
Profit before taxation	45 232	10 825	60 149	14 274
Net profit from continuing operations	30 041	7 190	57 182	13 570
Total comprehensive income	26 477	6 337	61 600	14 618
Net profit attributable to the owners of the Parent Company	30 041	7 190	57 182	13 570
Net profit and diluted net profit per share attributable to the owners of the Parent Company	1,66	0,40	3,79	0,90

To translate the interim condensed consolidated statement of profit or loss and other comprehensive income an average euro exchange rate (calculated as the arithmetic average of the average exchange rates published on the last day of each month in the reporting period by the Polish National Bank on that day) was used.

Main positions of the interim condensed consolidated statement of cash flows converted into euro:

<i>for the period ended</i>	30 June 2014		30 June 2013	
	PLN	EUR	PLN	EUR
	thousand <i>(unaudited)</i>	thousand <i>(unaudited)</i>	thousand <i>(unaudited)</i>	thousand <i>(unaudited)</i>
Net cash flows from operating activities	32 298	7 730	26 660	6 327
Cash flows from investing activities	(46 203)	(11 058)	(43 051)	(10 216)
Cash flows from financing activities	(19 302)	(4 619)	35 359	8 391
Total net cash flows	(33 207)	(7 947)	18 968	4 501

To translate the interim condensed consolidated statement of cash flows an average euro exchange rate (calculated as the arithmetic average of the average exchange rates published on the last day of each month in the reporting period by the Polish National Bank on that day) was used.

	<i>as at</i>	30 June 2014		31 December 2013	
		<u>PLN thousand</u> <i>(unaudited)</i>	<u>EUR thousand</u> <i>(unaudited)</i>	<u>PLN thousand</u>	<u>EUR thousand</u>
Cash at the beginning of the period		83 787	20 203	12 257	2 998
Cash at the end of the period		50 598	12 160	83 787	20 203

To translate the above data of the interim condensed consolidated statement of cash flows the following exchange rates were used:

- for the position "Cash at the beginning of the period" an average exchange rate published by the Polish National Bank on the last day of the reporting period was used,
- for the position "Cash at the end of the period" an average exchange rate published by the Polish National Bank on the last day of the period preceding the reporting period was used.

Euro exchange rate on the last day of the reporting period ended 31 December 2012 was 4.0882 EUR/PLN.

MLP Group S.A. Capital Group

THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*for the period of 6 months ended 30 June 2014
prepared in accordance with the IFRS EU*

II. The interim condensed consolidated financial statements

Approval of the interim condensed consolidated financial statements

On 21 August 2014 the Management Board of the Parent Company MLP Group S.A. approved for publication the interim condensed consolidated financial statements ("Consolidated Financial Statements", "Condensed Consolidated Financial Statements") of MLP Group S.A. Capital Group ("Group") for the period from 1 January 2014 to 30 June 2014.

The interim condensed consolidated financial statements for the period from 1 January 2014 to 30 June 2014 have been prepared in accordance with the International Financial Reporting Standards ("IFRS EU") as approved by the European Union, applicable to the interim financial reporting (IAS 34). Information in this report is presented in the following sequence:

1. Condensed consolidated statement of profit or loss and other comprehensive income for the period from 1 January 2014 to 30 June 2014, with a net profit of PLN 30,041 thousand.
2. Condensed consolidated statement of financial position as at 30 June 2014, with total assets and total liabilities and equity of PLN 1,154,577 thousand.
3. Condensed consolidated statement of cash flows for the period from 1 January 2014 to 30 June 2014, with a net cash decrease of PLN 33,189 thousand.
4. Condensed statement of changes in consolidated equity for the period from 1 January 2014 to 30 June 2014, with an equity increase of PLN 26,477 thousand.
5. Explanatory information to the interim condensed consolidated financial statements.

The interim condensed consolidated financial statements have been prepared in PLN thousand, unless otherwise stated.

Michael Shapiro
*President of the Management
Board*

**Dorota Magdalena
Jagodzińska-Sasson**
*Member of the Management
Board*

Radosław T. Krochta
*Vice-President of the
Management Board*

Condensed consolidated statement of profit or loss and other comprehensive income

	<i>for the period ended 30 June</i>	Note	2014 <i>(unaudited)</i>	2013 <i>(unaudited)</i>
Continuing operations				
Revenues		4	48 182	45 456
Other operating income		5	85	50 840
Gain on revaluation of investment properties			29 088	53 107
Selling and administrative expenses		7	(19 391)	(17 914)
Other operating costs		6	(1 097)	(890)
Operating profit			56 867	130 599
Financial income		8	1 756	1 577
Financial costs		8	(13 391)	(72 027)
Net financial costs			(11 635)	(70 450)
Profit before taxation			45 232	60 149
Corporate income tax		9	(15 191)	(2 967)
Net profit from continuing operations			30 041	57 182
Other comprehensive income				
Exchange rate differences arising from the activities of entities operating abroad			-	(3 422)
The effective portion of changes in the fair value of cash flow hedges		19.2	(3 407)	6 558
Valuation of financial instruments			(992)	3 120
Corporate income tax on other comprehensive income			835	(1 838)
Other comprehensive income (net of tax)			(3 564)	4 418
Total comprehensive income			26 477	61 600
Net profit attributable to:				
Owners of the Parent Company			30 041	57 182
Net profit			30 041	57 182
Comprehensive income attributable to:				
Owners of the Parent Company			26 477	61 600
Total comprehensive income			26 477	61 600
Profit per share				
- Basic and diluted (in PLN) profit for the six month period attributable to ordinary shareholders of the parent company		16	1,66	3,79

Condensed consolidated statement of financial position

	<i>as at</i>	30 June	31 December
	<u>Note</u>	<u>2014</u>	<u>2013</u>
		<i>(unaudited)</i>	
Non-current assets			
Tangible fixed assets		575	497
Intangible assets		19	23
Investment property	10	993 960	930 708
Other long-term investments	12	10 663	5 966
Other long-term assets		8	17
Deferred tax assets	11	2 499	6 606
Total non-current assets		<u>1 007 724</u>	<u>943 817</u>
Current assets			
Inventories		36	285
Short-term investments	12	85 524	52 870
Corporate income tax receivables	13	611	1 491
Trade and other receivables	13	10 084	13 145
Cash and cash equivalents	14	50 598	83 787
Total current assets		<u>146 853</u>	<u>151 578</u>
TOTAL ASSETS		<u>1 154 577</u>	<u>1 095 395</u>
Equity			
	15		
Share capital		4 529	4 529
Other capital reserve		81 384	81 384
Share premium		71 121	71 121
Reserve capital		153 963	153 963
Capital reserve from valuation of hedging instruments		(20 657)	(17 093)
Retained earnings		245 004	214 963
Total equity		<u>535 344</u>	<u>508 867</u>
Long-term liabilities			
Credits, loans and other debt instruments	17.1	354 609	345 705
Deferred tax liabilities	11	91 988	83 033
Other long-term liabilities	17.1	49 163	46 940
Total long-term liabilities		<u>495 760</u>	<u>475 678</u>
Short-term liabilities			
Credits, loans and other debt instruments	17.2	106 532	81 740
Payroll liabilities		157	157
Corporate income tax liabilities	18	187	125
Trade and other liabilities	18	16 597	28 828
Total short-term liabilities		<u>123 473</u>	<u>110 850</u>
Total liabilities		<u>619 233</u>	<u>586 528</u>
TOTAL EQUITY AND LIABILITIES		<u>1 154 577</u>	<u>1 095 395</u>

Condensed consolidated statement of cash flows

	<i>for the period ended 30 June</i>	<u>Note</u>	<u>2014</u> <i>(unaudited)</i>	<u>2013</u> <i>(unaudited)</i>
Cash flows from operating activities				
Profit before taxation			45 232	60 149
<i>Adjustments for:</i>				
Depreciation			78	446
Change in fair value of investment properties			(29 088)	(53 107)
Net interest			10 135	11 513
Foreign exchange differences			1 458	15 643
Cessation of consolidation of MLP Bucharest			-	(10 228)
Other			75	-
			27 890	24 416
Changes in trade and other receivables			3 310	5 412
Changes in short-term trade and other liabilities			1 450	(953)
Cash generated from operating activities			32 650	28 875
Income tax paid			(352)	(2 215)
Net cash from operating activities			32 298	26 660
Cash flows from investing activities				
Interest received			1 986	-
Loans granted			-	(25 790)
Repayments of loans granted			-	3 889
Purchase of investment properties, tangible fixed assets and intangible assets			(48 189)	(21 150)
Cash from investing activities			(46 203)	(43 051)
Cash flows from financing activities				
Proceeds from credits and loans			8 668	72 269
Repayment of credits and loans			(16 842)	(22 668)
Interest paid			(11 128)	(14 242)
Cash from financing activities			(19 302)	35 359
Total cash flow			(33 207)	18 968
Cash and cash equivalents at the beginning of the period		14	83 787	12 257
The change of maturity date of a long-term deposit to short-term			-	6 198
Foreign exchange differences on cash and cash equivalents			18	-
Cash and cash equivalents at the end of the period		14	50 598	37 423
<i>- including restricted cash and cash equivalents</i>		14	<i>(9 346)</i>	<i>(6 304)</i>

During the period of six months ended 30 June 2014, MLP Group S.A. and its subsidiary MLP Pruszkow I Sp. z o.o. granted loans to Fenix Polska Sp. z o.o. in total amount of PLN 39,010 thousand, while Fenix Polska Sp. z o.o. granted loans in the same amount to entities from MLP Group S.A. Capital Group. In the condensed consolidated statement of cash flows, cash flows from obtaining borrowings and repayment of the above loans were netted, due to lack of cash flows, because the loans were granted by MLP Group S.A. and MLP Pruszkow I Sp. z o.o. on behalf of Fenix Sp. z o.o.

Condensed statement of changes in consolidated equity

Equity attributable to shareholders of the Parent Company

	Share capital	Other capital reserve	Share premium	Reserve capital	Capital reserve from valuation of hedging instruments	Foreign exchange differences on subsidiaries	Retained earnings	Total equity
Equity as at 1 January 2013	3 774	78 660	-	132 611	(26 662)	3 422	182 431	374 236
<u>Comprehensive income:</u>								
Profit for the period*	-	-	-	-	-	-	57 182	57 182
Total other comprehensive income*	-	-	-	-	7 840	(3 422)	-	4 418
Total comprehensive income for the period ended 30 June 2013*	-	-	-	-	7 840	(3 422)	57 182	61 600
Net profit distribution*	-	2 724	-	21 352	-	-	(24 076)	-
Equity as at 30 June 2013*	3 774	81 384	-	153 963	(18 822)	-	215 537	435 836
Equity as at 1 January 2014	4 529	81 384	71 121	153 963	(17 093)	-	214 963	508 867
<u>Comprehensive income:</u>								
Profit for the period*	-	-	-	-	-	-	30 041	30 041
Total other comprehensive income*	-	-	-	-	(3 564)	-	-	(3 564)
Total comprehensive income for the period ended 30 June 2014*	-	-	-	-	(3 564)	-	30 041	26 477
Equity as at 30 June 2014*	4 529	81 384	71 121	153 963	(20 657)	-	245 004	535 344

*unaudited data

Explanatory information to the interim condensed consolidated financial statements

1. General information

1.1 Information on the Parent Company

The Parent Company of the Group is MLP Group S.A. ("Company", "Parent Company", "Parent Entity", "Issuer"), which is a joint-stock company registered in Poland, shares of which are publicly traded. The Company's headquarters is seated in Pruszków, 3-go Maja 8 Street.

The Parent Company was established as a result of a transformation of the state owned company - Zakłady Naprawcze Taboru Kolejowego im. Bohaterów Warszawy seated in Pruszków into the joint-stock company fully owned by the state. Notarial deed on transformation was drawn up on 18 February 1995. The company operates under the name of MLP Group S.A. by virtue of resolution of the Company's General Meeting of 27 June 2007.

Currently, the Company is registered in the National Court Register in the District Court for the Capital City of Warsaw, XIV Commercial Department under the National Court Register number of 0000053299.

As at the date of preparation of the interim condensed consolidated financial statements, the composition of the Parent Company Management and Supervisory Board is as follows:

The Management Board of the Parent Company:

- Michael Shapiro - President of the Management Board,
- Radosław T. Krochta - Vice-President of the Management Board,
- Dorota Jagodzińska-Sasson - Member of the Management Board.

After the end of the reporting period there were no changes in the composition of the Management Board of the Parent Company.

The Supervisory Board of the Parent Company:

- Shimshon Marfogel - President of the Supervisory Board,
- Yosef Zvi Meir - Member of the Supervisory Board,
- Eytan Levy - Vice-President of the Supervisory Board,
- Baruch Yehezkelov - Member of the Supervisory Board,
- Jacek Tucharz - Member of the Supervisory Board,
- Maciej Matusiak - Member of the Supervisory Board.

On 15 January 2014, according to the resolution of the Extraordinary Shareholders' Meeting, Mr. Jacek Tucharz and Mr. Maciej Matusiak were appointed as Supervisory Board Members.

1.2 Information about the Group

As at the end of the reporting period MLP Group S.A. Capital Group ("Capital Group", "Group") consists of MLP Group S.A. as the Parent Company and 14 subsidiaries.

The higher level Parent Company for the Capital Group is CAJAMARCA HOLLAND B.V. which is registered in the Netherlands, 2 Martinus Nijhofflaan, 2624 ES Delft.

The ultimate Parent Company for the Group is Israel Land Development Company Ltd., registered in Tel Aviv, Israel ("ILDC"). ILDC shares are listed on the Stock Exchange in Tel Aviv.

The core business of the Parent Company and its subsidiaries are: management, buying and selling of real estate, rental of real estate, the management of residential and non-residential properties, works related to the construction of buildings and other construction (see note 3.).

As at 30 June 2014, MLP Group S.A. Capital Group consists of the following subsidiaries:

Entity	Country of registry	Direct and indirect share of the Parent Company in the equity		Direct and indirect share of the Parent Company in the rights	
		30 June	31 December	30 June	31 December
		2014	2013	2014	2013
		<i>(unaudited)</i>		<i>(unaudited)</i>	
MLP Pruszków I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Sp. z o.o. SKA (dawniej MLP Tychy Sp. z o.o.)	Poland	100%	100%	100%	100%
MLP Energy Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Moszna I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bucharest Sud S.R.L.*	Romania	50%	50%	-	-
MLP Poznań II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Property Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bieruń Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bieruń I Sp. z o.o.	Poland	100%	-	100%	-
MLP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków IV Sp. zo.o.	Poland	100%	100%	100%	100%
MLP Pruszków III Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań I Sp. z o.o.	Poland	100%	100%	100%	100%

* Group lost control over MLP Bucharest Sud S.R.L. in the second quarter of 2013.

1.3 Changes in the Group

On 30 April 2014 a new entity MLP Bieruń I Sp. z o.o. was established in the Capital Group.

Shares in the newly established entity were acquired in the following manner: 49 shares with a total nominal value of PLN 4,900 were acquired by MLP Property Sp. z o.o.; 1 share with a total nominal value of PLN 100 was acquired by MLP Group S.A.

In the period of six months ended 30 June 2014 there were no other changes in the structure of the MLP Group S.A. Capital Group.

The interim condensed consolidated financial statements for the period of six months ended 30 June 2014 includes financial statements of the Parent Company and its subsidiaries controlled by the Parent Company ("the Group").

1.4 The shareholding structure of the Parent Company

1.4.1 Structure of shareholders holding, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of Shareholders

Since the publication of the last interim report, the structure of Shareholders who hold, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of Shareholders has not changed and presents as follows:

Shareholder	Number of shares and votes at the General Meeting of Shareholders	% share in the capital and votes at the General Meeting of Shareholders
MIRO B.V.	1 004 955	5,55%
GRACECUP TRADING LIMITED	1 094 388	6,04%
THESINGER LIMITED	1 920 475	10,60%
Pozostałe	3 773 595	20,83%
CAJAMARCA Holland BV	10 319 842	56,98%
Total	18 113 255	100,00%

1.4.2 Shares or rights to shares of the Parent Company owned by members of management and supervisory bodies

Michael Shapiro holds indirectly, by controlled by himself in 100% MIRO B.V., 5.55% in share capital of MLP Group S.A. and by 25% shares in share capital held by MIRO B.V. in Cajamarca Holland B.V. economically participates in 14.24% of MLP Group S.A. share capital, what results in effective economic share of 19.80% in MLP Group S.A. share capital.

Members of the Supervisory Board do not directly hold shares of the Company.

2. Basis for the preparation of the interim condensed consolidated financial statements

2.1 Statement of compliance

MLP Group S.A. Capital Group prepared the condensed consolidated financial statements in accordance with IAS 34 - Interim Financial Reporting, approved by the European Union. The Group has applied all Standards and Interpretations adopted by the European Union except for the Standards and Interpretations listed below that are awaiting approval of the European Union and the Standards and Interpretations that have been approved by the European Union, but not yet effective.

2.2 Status of Standards Approval in the European Union

A number of new Standards, amendments to Standards and Interpretations are not yet mandatorily effective for annual periods ended 31 December 2014 and have not been applied in preparing these interim condensed consolidated financial statements. The Group plans to adopt these pronouncements when they become effective.

2. 2. 1 Standards and Interpretations approved by the EU that are not yet in force for the balance sheet date

- **IFRIC Interpretation 21 Levies**

The Interpretation provides guidance as to the identification of the obligating event giving rise to a liability, and to the timing of recognising a liability to pay a levy imposed by government.

In accordance with the Interpretation, the obligating event is the activity that triggers the payment of that levy, as identified in the relevant legislation and as a consequence, the liability for paying the levy is recognised when this event occurs.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time.

If the obligating event is the reaching of a minimum activity threshold, the corresponding liability is recognised when that minimum activity threshold is reached.

The Interpretation sets out that an entity cannot have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period.

The changes are effective for annual periods beginning on 17 June 2014 or later (the IASB effective date is 1 January 2014).

The Group does not expect IFRIC 21 to have a material impact on the condensed consolidated financial statements.

2. 2. 2 Standards and interpretations not yet endorsed by the EU

- **IFRS 9 Financial Instruments (2014)**

This Standard replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement, about classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivable.

Financial assets will be classified into one of two categories on initial recognition:

- financial assets measured at amortized cost; or
- financial assets measured at fair value.

A financial asset is measured at amortized cost if the following two conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Gains and losses on remeasurement of financial assets measured at fair value are recognised in profit or loss, except that for an investment in an equity instrument which is not held for trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). The election is available on an individual share-by-share basis. No amount recognised in OCI is ever reclassified to profit or loss at a later date.

The Standard retains almost all of the existing requirements from IAS 39 on the classification and measurement of financial liabilities and for derecognition of financial assets and financial liabilities.

The Standard requires that the amount of change in fair value attributable to changes in the credit risk of a financial liability designated at initial recognition as fair value through profit or loss, be presented in other comprehensive income (OCI), with only the remaining amount of the total gain or loss included in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss.

IFRS 9 replaces the “incurred loss” impairment model in IAS 39 with an “expected loss” model, which means that a loss event will no longer need to occur before an impairment allowance is recognized. The standard aims to address concerns about “too little, too late” provisioning for loan losses, and will accelerate recognition of losses.

In general, the expected credit loss model uses a dual measurement approach:

- 12-month expected credit losses, and
- lifetime expected credit losses.

If the credit risk of a financial asset has not increased significantly since its initial recognition, the financial asset will attract a loss allowance equal to 12-month expected credit loss. If its credit risk has increased significantly, it will attract an allowance equal to lifetime expected credit losses, thereby increasing the amount of impairment recognized.

The changes are effective for periods beginning on 1 January 2018 or later.

The Group does not expect the new Standard to have material impact on the consolidated financial statements. The classification and measurement of the Group’s consolidated financial assets are not expected to change under IFRS 9 because of the nature of the Group’s operations and the types of financial assets that it holds.

- **Amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions**

The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

The changes are effective for annual periods beginning on 1 July 2014 or later.

It is expected that the Amendments, when initially applied, will not have a material impact on the Group’s consolidated financial statements. The Group has no such contributions to defined benefit plans.

- **Improvements to IFRS (2010-2012)**

The Improvements to IFRSs (2010-2012) contains 8 amendments to 7 standards, with consequential amendments to other standards and interpretations. The main changes were to:

- clarify the definition of 'vesting conditions' in Appendix A of IFRS 2 Share-based Payment by separately defining a 'performance condition' and a 'service condition';
- clarify certain aspects of accounting for contingent consideration in a business combination;
- amend paragraph 22 of IFRS 8 to require entities to disclose those factors that are used to identify the entity’s reportable segments when operating segments have been aggregated. This is to supplement the current disclosure requirements in paragraph 22(a) of IFRS 8;
- amend paragraph 28(c) of IFRS 8 Operating Segments to clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should be disclosed, if that amount is regularly provided to the chief operating decision maker. This proposed amendment is consistent with the requirements in paragraphs 23 and 28(d) in IFRS 8;

- clarify the IASB's rationale for removing paragraph B5.4.12 of IFRS 9 Financial Instruments and paragraph AG79 of IAS 39 Financial Instruments: Recognition and Measurement as consequential amendments from IFRS 13 Fair Value Measurement;
- clarify the requirements for the revaluation method in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to address concerns about the calculation of the accumulated depreciation or amortisation at the date of the revaluation;
- make an entity providing management personnel services to the reporting entity a related party of the reporting entity.

The changes are effective for annual periods beginning on 1 July 2014 or later.

None of these changes are expected to have a significant impact on the consolidated financial statements of the Group.

- **IFRS 14 Regulatory Deferral Accounts**

The interim Standard:

- permits first time adopters of IFRS to continue to use its previous GAAP to account for regulatory deferral account balances both on initial adoption of IFRS and in subsequent financial statements;
- requires entities to present regulatory deferral account balances and movements therein as separate line items on the face of the financial statements; and
- requires specific disclosures to identify clearly the nature of, and risks associated with, the rate regulation that has resulted in the recognition of regulatory deferral account balances in accordance with this interim Standard.

The standard is effective for annual periods beginning on 1 January 2016 or later.

It is expected that the interim Standard will not have a material impact on the Group's consolidated financial statements of the Group as only first time adopters of IFRS are within the scope of the standard.

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

The Amendments provide guidance on the accounting for the acquisition of an interest in a joint operation that constitutes a business.

The acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in IFRS 11. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations.

The changes are effective for periods beginning on 1 January 2016 or later.

The Group does not expect the Amendments to have material impact on the consolidated financial statements.

- **Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets)**

The Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The changes are effective for periods beginning on 1 January 2016 or later.

The Group does not expect the Amendments to have a material impact on its consolidated financial statements once applied. The Group does not use revenue-based depreciation and amortisation methods.

- **IFRS 15 Revenue from Contracts with Customers**

The Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Specifically, it replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

Under the new standard, entities will apply a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognized:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

Included in the Standard are new qualitative and quantitative disclosure requirements to enable financial statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The changes are effective for periods beginning on 1 January 2017 or later.

The Group does not expect the new Standard to have material impact on the consolidated financial statements.

- **Agriculture: Bearer Plants (Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture)**

The Amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less cost to sell. Under the new requirements, bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

The changes are effective for periods beginning on 1 January 2016 or later.

The Group does not expect the Amendments to have a material impact on the consolidated financial statements once applied as it does not conduct business activities involving bearer plants.

2.3 Basis of valuation

The interim condensed consolidated financial statements have been prepared assuming that the Company will continue to operate as a going concern in the foreseeable future and in conviction that there is no evidence indicating that the Company will not be able to continue its operations as a going concern.

These interim condensed consolidated financial statements have been prepared in accordance with accounting policies described in the Consolidated Financial Statements for the year 2013.

2.4 Functional and presentation currency

These condensed consolidated financial statements are presented in Polish zloty, rounded to the nearest thousand. Polish zloty is the Parent Company's functional currency and the presentation currency of the condensed consolidated financial statements.

2.5 Use of estimates and judgments

Significant judgments in applying the Group's accounting policies and the key sources of estimation uncertainty made by the Management Board in these condensed consolidated financial statements were the same as described in the note 2 of the Consolidated Financial Statements for the year 2013.

The preparation of interim condensed consolidated financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and assumptions are based on experience and other reasonable factors which provide the basis for the estimate of book value of assets and liabilities and which does not result directly from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period, in which the estimates are revised and in any future periods affected. Significant estimates are based on valuation performed by independent experts.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the condensed consolidated financial statements is included in the note 10 „Investment Property”.

3. Segment reporting

The primary and sole activity of the MLP Group S.A. Capital Group is the construction and property management of logistics areas. Revenues of the Group comprise rental income and revaluation of investment property.

Group operates in Poland. Until the loss of control over a subsidiary MLP Bucharest Sud S.R.L. the Group also operated in Romania. Based on the location of investment property the Group used to identify two operating segments: Poland and abroad. The criteria of assets location are the same as criteria of customers location. The operating segments are the same as the geographical segments.

As at 30 June 2014, the Group has one operating segment - Poland.

Segment operations of the Group

	<i>for the period ended 30 June</i>		2013*		
	Poland	Total	Poland	Foreign countries	Total
Revenues					
Revenues from third parties	48 182	48 182	44 735	721	45 456
Revenues from revaluation of investment properties	29 088	29 088	55 542	(2 435)	53 107
Total revenues of the segment	77 270	77 270	100 277	(1 714)	98 563
Operating profit of the segment	57 879	57 879	82 964	(2 315)	80 649
Result on other operating activities of the segment	(1 012)	(1 012)	49 733	217	49 950
Profit/(Loss) from continuing operations of the segment before tax and financial expenses	56 867	56 867	132 697	(2 098)	130 599
Net result on financial activities of the segment	(11 635)	(11 635)	(71 321)	871	(70 450)
Profit/(Loss) before taxation	45 232	45 232	61 376	(1 227)	60 149
Income tax	(15 191)	(15 191)	(2 967)	-	(2 967)
Net profit/(loss)	30 041	30 041	58 409	(1 227)	57 182

	<i>as at</i>		30 June 2014*			31 December 2013		
	Poland	Total	Poland	Foreign countries	Total	Poland	Foreign countries	Total
Assets, equity and liabilities								
Assets of the segment	1 154 577	1 154 577	1 095 395	-	1 095 395			
Total assets	1 154 577	1 154 577	1 095 395	-	1 095 395			
Liabilities of the segment	619 233	619 233	586 528	-	586 528			
Equity	535 344	535 344	508 867	-	508 867			
Total equity and liabilities	1 154 577	1 154 577	1 095 395	-	1 095 395			
Additions to investment property	34 164	34 164	58 610	-	58 610			

* unaudited data

4. Revenues

	<i>for the period ended 30 June</i>	2014	2013
		<u>(unaudited)</u>	<u>(unaudited)</u>
Revenue from rental of properties		41 339	39 034
Other revenues		6 843	6 422
Total revenues		48 182	45 456
<i>Including revenues from related entities</i>		81	35
Reinvoicing of utilities		6 541	6 129
Revenues from rental of apartments		16	21
Services provided to tenants		286	272
Other revenues		6 843	6 422

5. Other operating income

	<i>for the period ended 30 June</i>	2014	2013
		<u>(unaudited)</u>	<u>(unaudited)</u>
Ceasation of consolidation of MLP Bucharest Sud SRL		-	50 123
Reversal of impairment of receivables		51	-
Received compensation for contractual penalties		13	-
Other		21	717
Total other operating income		85	50 840

In the second quarter of 2013, the Group ceased consolidation of MLP Bucharest Sud because of the loss of control over this entity. As a consequence of cessation of consolidation of MLP Bucharest Sud, the Group recorded gain of PLN 50,123 thousands that was presented as other operating income. As a result of loss of control, the Group recognized in its financial statements the loans granted to the company (not included in the consolidated financial statements in the prior periods) and impairment of this loan of PLN 39,870 thousands because of bankruptcy proceeding concerning MLP Bucharest Sud.

6. Other operating costs

	<i>for the period ended 30 June</i>	2014	2013
		<u>(unaudited)</u>	<u>(unaudited)</u>
Loss on disposal of fixed assets		(18)	(14)
Court costs		(39)	-
Costs associated with the acquisition of the investment areas		(30)	(18)
Costs of insurance policies		(13)	-
Other		(997)	(858)
Total other operating costs		(1 097)	(890)

7. Selling and administrative expenses

	<i>for the period ended 30 June</i>	
	2014	2013
	<i>(unaudited)</i>	<i>(unaudited)</i>
Depreciation and amortization	(78)	(446)
Materials and energy	(5 873)	(6 153)
External services	(6 581)	(5 766)
Tax and charges	(5 502)	(4 348)
Payroll	(818)	(690)
Social security and other employee benefits	(153)	(151)
Other costs by kind	(386)	(360)
Total selling and administrative expenses	(19 391)	(17 914)

Selling and administrative expenses for the period ended 30 June 2014 amounted to PLN 19,391 thousand, out of which the vast majority relates to the maintenance of revenue-generating investment properties. Costs that are not directly connected with those properties include depreciation of tangible fixed assets used for operating activity and not generating revenue from lease and property tax on undeveloped land.

8. Financial income and costs

	<i>for the period ended 30 June</i>	
	2014	2013
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on loans granted	1 252	1 356
Interest income on bank deposits	498	188
Interest on receivables	6	33
Total financial income	1 756	1 577

	<i>for the period ended 30 June</i>	
	2014	2013
	<i>(unaudited)</i>	<i>(unaudited)</i>
Interest expenses on credits and loans	(5 919)	(6 823)
Other interest	(3)	(7)
Interest paid on SWAP	(5 873)	(6 161)
Interest results on cash flow hedges	128	543
Ineffective part of valuation of cash flow hedges	277	(652)
Foreign exchange differences net	(1 458)	(17 709)
Impairment of loans granted to MLP Bucharest	-	(39 895)
Other financial costs	(543)	(1 323)
Total financial costs	(13 391)	(72 027)

In January and April 2014, MLP Poznan II Sp.z o.o. signed a new interest rate swap agreements. In the six month period ended 30 June 2014, the Group recognized costs of Swap transactions as financial costs, including ineffective part of valuation of Swap and interest resulting from this valuation. Foreign exchange differences are mainly the result of valuation of credits and loans denominated in EUR and USD as at the balance sheet date.

9. Income tax

	<i>for the period ended 30 June</i>	2014	2013
		<u>(unaudited)</u>	<u>(unaudited)</u>
Current income tax		1 294	1 383
Origination/reversal of temporary differences		13 897	1 584
Income tax		15 191	2 967

Effective tax rate

	<i>for the period ended 30 June</i>	2014	2013
		<u>(unaudited)</u>	<u>(unaudited)</u>
Profit before taxation		45 232	60 149
<i>Current income tax on the basis of the enacted tax rate (19%)</i>		<i>(8 594)</i>	<i>(11 428)</i>
Adjustment of deferred tax assets recognized on allowance for doubtful accounts		(4 031)	-
Non-taxable revenues		-	8 461
Unrecognised deferred tax assets		(728)	-
Non-deductible costs		(1 838)	-
Income tax		(15 191)	(2 967)

10. Investments property

	<i>as at</i>	30 June 2014	31 December 2013
		<i>(unaudited)</i>	
Gross value at the beginning of the period		930 708	936 452
Additions		34 164	58 610
Cessation of consolidation of MLP Bucharest Sud SRL		-	(83 210)
Foreign exchange differences		-	2 330
Change in the fair value		29 088	16 526
Gross value at the end of the period		993 960	930 708

Investment property includes warehouses and undeveloped land. The revenues from rental of warehouses are the main source of Group revenues.

Investment property divided into parks:

	<i>as at</i>	30 June 2014	31 December 2013
		<i>(unaudited)</i>	
MLP Pruszków I Park			
Fair value of the investment property - MLP Pruszków I		339 613	337 914
Perpetual usufruct - MLP Pruszków I		2 642	2 642
		342 255	340 556
MLP Pruszków II Park			
Fair value of the investment property - MLP Pruszków II		242 797	227 258
Perpetual usufruct - MLP Pruszków II		2 620	2 620
		245 417	229 878
MLP Poznań Park			
Fair value of the investment property - MLP Poznań		72 333	69 739
		72 333	69 739
Park MLP Lublin			
Fair value of the investment property - MLP Lublin		9 199	-
		9 199	-
MLP Tychy Park			
Fair value of the investment property - MLP Tychy		255 633	251 577
Perpetual usufruct - MLP Tychy		16	16
		255 649	251 593
MLP Bieruń Park			
Fair value of the investment property - MLP Bieruń		69 096	38 942
		69 096	38 942
MLP Energy - apartments		11	-
Gross value at the end of the period		993 960	930 708

Information regarding collateral on investment property is disclosed in note 20.

Investment liabilities are presented in the following table.

	<i>as at</i>	30 June 2014	31 December 2013
		<u>(unaudited)</u>	
Investment liabilities		11 540	26 002

10.1 The fair value of the Group investment property

The fair value of investment property is based on reports of independent and qualified experts, who possess renowned professional qualifications, as well as, expertise in property valuation (based on input that are unobservable - level 3).

Property valuations have been prepared in accordance with Standards of Professional Appraisals Royal Institution of Chartered Surveyors (RICS). They are in accordance with International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC).

Valuations were prepared based on discounted cash flow method for the existing warehouses and for land with building permit and comparable method for undeveloped lands.

Because of different locations and characteristics of investment properties, assumptions used by experts concerning yield rates are in the range 7.75% - 8.75%.

The Group measures the fair value of the investment property portfolio twice a year, i.e. on 30 June and 31 December. The fair value of the investment property in valuation reports is denominated in euro, and then is converted at the average exchange rates quoted by the NBP at the balance sheet date.

There was no change in the method of valuation in comparison with previous periods.

In the period of six months ended 30 June 2014, there were no reclassifications between the levels.

Information on fair value valuation using significant unobservable inputs (Level 3)

	Fair value as at 30 June 2014	Approach to the valuation	Unobservable data	Range of unobservable data (probabilities weighted average)	Relations between the unobservable data and the fair value
MLP Pruszków I Logistics Park					
(i) warehouse and office buildings	81 620 000 EUR	Income approach	Monthly rent per 1 sqm	3,35 - 3,69 EUR/sqm, (3,52 EUR/sqm)	The higher rent, the higher fair value
			Capitalization rate	8,25% - 9,00 %, (8,43%)	The lower capitalization rate, the higher fair value
81 620 000 EUR					
MLP Pruszków II Logistics Park					
(i) warehouse and office buildings	27 297 000 EUR	Income approach	Monthly rent per 1 sqm	2,22 - 4,05 EUR/sqm, (3,45 EUR/sqm)	The higher rent, the higher fair value
			Capitalization rate	8,25% - 8,25 %, (8,33%)	The lower capitalization rate, the higher fair value
(ii) chimney	5 848 000 EUR	Income approach	Monthly rent	EUR 43,5 thousand - EUR 43,7 thousand, (EUR 43,6 thousand)	The higher rent, the higher fair value
			Capitalization rate	(8,75%)	The lower capitalization rate, the higher fair value
(iii) parking	1 089 000 EUR	Income approach	Monthly rent	EUR 7,9 thousand - EUR 10,4 thousand, (EUR 9,1 thousand)	The higher rent, the higher fair value
			Capitalization rate	(8,75%)	The lower capitalization rate, the higher fair value
(iv) surplus land	20 758 000 EUR	Comparable approach	Price for 1 sqm	41,30 EUR/sqm	The higher price for 1 sqm, the higher fair value
(v) warehouse and office buildings under construction	3 360 000 EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher estimated construction costs, the lower fair value
58 352 000 EUR					

	Fair value as at 30 June 2014	Approach to the valuation	Unobservable data	Range of unobservable data (probabilities weighted average)	Relations between the unobservable data and the fair value
MLP Poznań Logistics Park					
(i) warehouse and office buildings	11 899 000 EUR	Income approach	Monthly rent per 1 sqm	3,76 - 4,60 EUR/sqm, (4,25 EUR/sqm)	The higher rent, the higher fair value
			Capitalization rate	(8,25%)	The lower capitalization rate, the higher fair value
(ii) surplus land	4 545 000 EUR	Comparable approach	Price for 1 sqm	34,10 EUR/sqm	The higher price for 1 sqm, the higher fair value
(iii) land with building permit	940 000 EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher estimated construction costs, the lower fair value
17 384 000 EUR					
MLP Tychy Logistics Park					
(i) warehouse and office buildings	60 620 000 EUR	Income approach	Monthly rent per 1 sqm	4,18 - 5,03 EUR/sqm, (4,61 EUR/sqm)	The higher rent, the higher fair value
			Capitalization rate	(8,00%)	The lower capitalization rate, the higher fair value
(ii) surplus land	467 000 EUR	Comparable approach	Price for 1 sqm	32,20 EUR/sqm	The higher price for 1 sqm, the higher fair value
(iii) land with building permit	350 000 EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher estimated construction costs, the lower fair value
61 437 000 EUR					

	Fair value as at 30 June 2014	Approach to the valuation	Unobservable data	Range of unobservable data (probabilities weighted average)	Relations between the unobservable data and the fair value
MLP Bieroń Logistics Park					
(i) warehouse and office buildings	12 596 000 EUR	Income approach	Monthly rent per 1 sqm	3,36 - 4,45 EUR/sqm, (3,91 EUR/sqm)	The higher rent, the higher fair value
			Capitalization rate	(7,75%)	The lower capitalization rate, the higher fair value
(ii) land with building permit	4 010 000 EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher estimated construction costs, the lower fair value
16 606 000 EUR					
MLP Lublin Logistics Park					
(i) surplus land	1 731 000 EUR	Comparable approach	Price for 1 sqm	20,43 EUR/sqm	The higher price for 1 sqm, the higher fair value
(ii) land with building permit	480 000 EUR	Residual approach	Capitalized net income	(a)	The lower capitalized net income, the lower fair value
			Construction costs	(b)	The higher estimated construction costs, the lower fair value
2 211 000 EUR					

(a) Estimated capitalized net income: calculated on the basis of the estimated rents and capitalization rates

(b) Estimated cost of construction: the construction costs of the project estimated for this type of project

11. Deferred tax

	Deferred tax assets		Deferred tax liabilities		Net value	
	30 June	31 December	30 June	31 December	30 June	31 December
	<i>as at</i> 2014 <i>(unaudited)</i>	2013	2014 <i>(unaudited)</i>	2013	2014 <i>(unaudited)</i>	2013
Investment property	-	-	99 890	91 097	99 890	91 097
Credits, loans granted and received	-	-	345	500	345	500
Derivates	6 959	6 201	-	-	(6 959)	(6 201)
Other	3 603	8 043	-	-	(3 603)	(8 043)
Tax losses carried forward	184	926	-	-	(184)	(926)
Deferred tax assets / liabilities	10 746	15 170	100 235	91 597	89 489	76 427

	1 January 2013	changes recorded in profit or loss	changes recorded in other comprehensive income	cessation of consolidation of MLP Bucharest	31 December 2013
Investment property	84 891	4 209	-	1 997	91 097
Credits, loans granted and received	(2 284)	2 784	-	-	500
Derivatives	(9 061)	615	2 245	-	(6 201)
Other	(523)	(7 520)	-	-	(8 043)
Tax losses carried forward	(226)	(700)	-	-	(926)
	72 797	(612)	2 245	1 997	76 427

	1 January 2014	changes recorded in profit or loss	changes recorded in other comprehensive income	30 June 2014 <i>(unaudited)</i>
Investment property	91 097	8 793	-	99 890
Credits, loans granted and received	500	(155)	-	345
Derivatives	(6 201)	77	(835)	(6 959)
Other	(8 043)	4 440	-	(3 603)
Tax losses carried forward	(926)	742	-	(184)
	76 427	13 897	(835)	89 489

12. Other investments

	<i>as at</i>	30 June 2014 <i>(unaudited)</i>	31 December 2013
Other long-term financial assets		3 757	4 749
Long-term loans		6 906	1 217
Other long-term investments		10 663	5 966
Short-term loans		85 524	52 870
Short-term investments		85 524	52 870

13. Trade and other receivables

	<i>as at</i>	30 June 2014 <i>(unaudited)</i>	31 December 2013
Trade receivables		4 933	4 152
Investment related settlements		302	305
Prepayments		1 653	2 846
Tax and social security receivables		3 196	5 842
Trade and other receivables		10 084	13 145
Income tax receivables		611	1 491
Short-term receivables		10 695	14 636

Receivables from related parties are disclosed in note 21.

The aging of trade and other receivables, as well as the amount of write-downs are presented in the below table.

	<i>as at</i>	30 June 2014*		31 December 2013	
		Gross receivables	Write-downs	Gross receivables	Write-downs
Not due		1 958	-	731	-
Past due:					
0 to 90 days		2 699	-	3 279	274
91 to 180 days		155	121	262	173
over 181 days		4 216	3 974	4 000	3 673
Total receivables		9 028	4 095	8 272	4 120

*unaudited data

14. Cash and cash equivalents

	<i>as at</i>	30 June 2014	31 December 2013
		<u>(unaudited)</u>	<u></u>
Cash in hand		46	50
Cash at bank		6 930	1 540
Short-term deposits		43 622	82 197
Cash and cash equivalents in the condensed consolidated statement of financial position		50 598	83 787
Cash and cash equivalents in the condensed consolidated statement of cash flows		50 598	83 787
<i>Restricted cash and cash equivalents</i>		<i>(9 346)</i>	<i>(7 225)</i>

Cash at bank bears interest at variable interest rates, the amount of which depends on the interest rate of overnight bank deposits. Short-term deposits are concluded for varied periods, depending on the current Group demand for cash and earn interest at individually set interest rates.

Cash and cash equivalents in the condensed consolidated statement of financial position include cash in hand and bank deposits with maturity up to 3 months from the end of the balance sheet date.

Balance of cash and cash equivalents presented in the condensed consolidated statement of cash flows consists of the above defined cash and cash equivalents, less unpaid overdrafts being an integral part of cash management system in the Group.

The Group has restricted cash in the amount of PLN 9,346 thousand. This is restricted cash, distinguished in accordance with bank loan agreements, used to secure principal and interest payments.

15. Equity

15.1 Share capital

	<i>as at</i>	30 June 2014	31 December 2013
		<u>(unaudited)</u>	<u></u>
Share capital			
Ordinary shares of A series		11 440 000	11 440 000
Ordinary shares of B series		3 654 379	3 654 379
Ordinary shares of C series		3 018 876	3 018 876
		18 113 255	18 113 255
Par value of 1 share		0,25	0,25

As at 30 June 2014 the share capital of the Parent Company amounted to PLN 4,528,313.75 and was divided into 18,113,255 shares entitling to 18,113,225 votes on general meeting. The par value of one share is PLN 0.25 and all shares have been fully paid.

In 2013, the Issuer increased its share capital by PLN 754,719 by an issuance of new shares of C series. District Court for the Capital City Warsaw registered the capital increase on 29 October 2013.

Changes in share capital during the period covered by the interim condensed consolidated financial statements:

as at	30 June 2014*		31 December 2013	
	number of shares	Value	number of shares	Value
Quantity/Value of shares at the beginning of the period	18 113 255	4 529	15 094 379	3 774
Shares issuance	-	-	3 018 876	755
Quantity/Value of shares at the end of the period	18 113 255	4 529	18 113 255	4 529

*unaudited data

List of shareholders holding, directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of Shareholders as at the date of approval of the report is presented in note 1.4.1.

Share capital and reserve capital were formed by dividing funds of a state-owned enterprise ZNTK in the moment of transformation into a joint stock company in 1995. According to the then-applicable law 15% of funds were allocated to share capital, while the rest, after covering the losses from previous years, was allocated to reserve capital. On 9 December 2009 the Meeting of Shareholders adopted a resolution to convert registered A and B series shares to A and B bearer shares. Moreover, in 2013 share capital was raised by PLN 755 thousand by issuance of shares.

15.2 Share premium

Changes in equity presented under the position "Share premium" are as follows:

	Value at the beginning of the period	Issuance of shares of C series in connection with the IPO	Expenses incurred in connection with issuance of shares	Value at the end of the period
Financial year ended 31 December 2013	-	71 698	(577)	71 121
Period of 6 months ended 30 June 2014*	71 121	-	-	71 121

*unaudited data

16. Earnings per share

Earnings per share for each period is calculated by dividing the net profit attributable to shareholders of the Parent Company for the period by the weighted average number of shares during the reporting period. Diluted earnings per share for each period is calculated by dividing the net profit for the period by the sum of the weighted average number of ordinary shares during the reporting period and all dilutive potential shares.

	<i>for the period ended 30 June</i>	2014	2013
		<i>(unaudited)</i>	<i>(unaudited)</i>
Net profit for the period		30 041	57 182
Number of shares issued		18 113 255	15 094 379
Weighted average number of shares issued		18 113 255	15 094 379
Earnings per share attributable to the shareholders of the Parent Company for the period (in PLN per share):			
- basic		1,66	3,79
- diluted		1,66	3,79

In presented periods there were no dilutive factors.

17. Credits, loans and other debt instruments and other liabilities

17.1 Long-term liabilities

	<i>as at</i>	30 June	31 December
		2014	2013
		<i>(unaudited)</i>	
Credits pledged on the Group's assets		339 152	344 495
Loans		15 457	1 210
Total long-term credits, loans and other debt instruments		354 609	345 705

	<i>as at</i>	30 June	31 December
		2014	2013
		<i>(unaudited)</i>	
Finance lease liabilities		5 278	5 278
Liabilities from valuation of SWAP transactions		40 386	37 382
Investment deposits		2 093	2 909
Guarantees from tenants and other		1 406	1 371
Total other long-term liabilities		49 163	46 940

The Group classifies perpetual usufruct of land as finance lease. The amount of liability has been recognized using effective interest method.

	<i>as at</i>	30 June 2014 <i>(unaudited)</i>	31 December 2013
Finance lease liabilities		5 278	5 278

17.2 Short-term liabilities

	<i>as at</i>	30 June 2014 <i>(unaudited)</i>	31 December 2013
Short-term credits and short-term part of long-term credits pledged on the Group's assets		21 760	20 218
Loans		84 772	61 522
Total short-term credits, loans and other debt instruments		106 532	81 740

Presented as the Group's assets, the secured and unsecured loans constitute liabilities from related and third parties.

Loans received from related parties unsecured and secured on the assets of the Group:

	<i>as at</i>	30 June 2014 <i>(unaudited)</i>	31 December 2013
Fenix Polska Sp. z o.o.		97 596	59 172
CAJAMARCA HOLLAND B.V.		2 633	3 560
		100 229	62 732

17.3 Credits, loans secured and unsecured on the Group's assets

	currency	effective rate (%)	as at maturity date	30 June 2014*		as at maturity date	31 December 2013	
				in currency	in PLN		in currency	in PLN
Investment loan BRE 17/001/13/D/IN	EUR	Euribor 1M + margin	2018	2 463	10 247	2018	2 515	10 429
Investment loan 39165/13 dated 05.03.2013	EUR	Euribor 1M + margin	2021	33 145	137 421	2021	34 270	141 596
Loan CRD/25846/07	EUR	Euribor 1M + margin	2017	35 659	148 265	2017	36 841	152 663
Loan KNK/1212752	EUR	Euribor 3M + margin	2027	6 128	25 410	2027	6 404	26 469
Loan 2010/KI/0092	EUR	Euribor 3M + margin	2020	3 033	12 542	2020	3 115	12 831
Loan ING 11/0002	EUR	Euribor 1M + margin	2020	4 789	19 844	2020	5 018	20 725
Construction loan ING	EUR	Euribor 1M + margin	2020	1 726	7 183	-	-	-
Unsecured loans	PLN	Wibor 3M + margin	2014	-	11 196	2014	-	11 008
Unsecured loans	USD	Libor R USD+margin	2016	864	2 633	2013	1 182	3 560
Unsecured loans	USD	Libor R USD+margin	2014	1 677	5 110	2014	1 678	5 056
Unsecured loans	PLN	Wibor 3M + margin	2015	-	9 787	-	-	-
Unsecured loans	PLN	Wibor 3M + margin	2014	-	17 881	2014	-	15 233
Unsecured loans	PLN	Wibor 3M + margin	2021	-	1 235	2021	-	1 210
Unsecured loans	EUR	Euribor 3M + margin	2014	5 074	21 113	2014	5 027	20 846
Unsecured loans	PLN	Wibor 3M + margin	2015	-	19 685	-	-	-
Unsecured loans	PLN	Wibor 3M + margin	2017	-	5 665	-	-	-
Unsecured loans	PLN	Wibor 3M + margin	2020	-	5 924	2014	-	5 819
					461 141			427 445

*unaudited data

The balances of loans and credits received in foreign currency were translated by the following average exchange rates quoted by the NBP as at:

	30 June 2014	31 December 2013
exchange rate EUR/PLN	4,1609	4,1472
exchange rate USD/PLN	3,0473	3,0120

In the period of six months ended 30 June 2014 the Group concluded the following significant loan agreements:

	currency	effective rate (%)	maturity date	loans balance as at 30 June 2014* in PLN thousand
<u>Loans granted:</u>				
• Fenix Polska Sp. z o.o.				
	PLN	WIBOR 3M+margin	2014	2 758
	PLN	WIBOR 3M+margin	2015	29 361
	PLN	WIBOR 3M+margin	2017	5 664
<u>Loans received:</u>				
• Fenix Polska Sp. z o.o.				
	PLN	WIBOR 3M+margin	2014	2 651
	PLN	WIBOR 3M+margin	2015	29 472
	PLN	WIBOR 3M+margin	2017	5 665

*unaudited data

18. Trade and other liabilities

	as at	30 June 2014 (unaudited)	31 December 2013
Trade liabilities		3 500	3 277
Deferred income		1 053	-
Tax and social security liabilities		706	115
Uninvoiced deliveries		319	831
Investment liabilities, guarantees and others		11 019	24 605
Trade and other liabilities		16 597	28 828
Income tax liabilities		187	125
Short-term liabilities		16 784	28 953

Liabilities to related entities were disclosed in note 21.

The below table presents the aging structure of trade and other liabilities:

	as at	30 June 2014 (unaudited)	31 December 2013
Current liabilities		16 633	25 329
Overdue from 0 to 90 days		1 253	1 981
Overdue from 91 to 180 days		55	328
Overdue over 181 days		396	4 695
Total trade and other liabilities		18 337	32 333

The above aging structure of liabilities also comprises of long-term liabilities.

Trade liabilities are not subject to interest and are usually settled within 30 to 60 days. Liabilities over 181 days relate mainly to the amounts retained as guarantee deposits associated with investment (construction works) in order to ensure correct and on time contract execution. Other payables are non-interest bearing and have an average maturity of one month. The amount stemming from the difference between the liabilities and receivables related to VAT is paid to the appropriate tax authorities in the periods regulated by tax law. Interest liabilities are usually settled based on approved interest notes.

19. Financial instruments

19.1 Valuation of financial instruments

The fair value of financial assets and financial liabilities as at 30 June 2014 and 31 December 2013 is equal to the value presented in the consolidated statement of financial position.

The following assumptions have been adopted in the fair value measurement:

- **cash and cash equivalents:** the carrying amount of these financial instruments corresponds to fair value because of the short time maturity,
- **trade receivables, other receivables, trade liabilities and accruals:** the carrying amount is comparable with fair value because of the short-term character of these instruments,
- **loans granted:** the carrying amount corresponds to fair value because of the floating rate which is comparable with market interest rates,
- **bank credit and loans received:** the carrying amount of these instruments is comparable with fair value because of the floating rate, based on market rates,
- **Liabilities from valuation of SWAP transactions:** fair value determined on the basis of references to instruments quoted in an active market.

19.1.1 Financial assets

	<i>as at</i>	30 June 2014	31 December 2013
		<u>(unaudited)</u>	
Available for sale financial assets:			
Other financial instruments (level 3)		3 757	4 749
		3 757	4 749
Loans and receivables:			
Cash and cash equivalents (level 3)		50 598	83 787
Loans and receivables, including:			
• Trade and other receivables (level 3)		5 235	4 457
• Loans granted (level 3)		92 430	54 087
		148 263	142 331
Total financial assets		152 020	147 080

19.1.2 Financial liabilities

<i>as at</i>	30 June 2014	31 December 2013
	<i>(unaudited)</i>	
Derivative hedging instruments:		
Liabilities from valuation of SWAP transactions (level 2)	40 386	37 382
	40 386	37 382
Liabilities valued at amortized cost		
Bank credits (level 3)	360 912	364 713
Loans received (level 3)	100 229	62 732
Trade and other payables (level 3)	18 337	32 333
Finance lease liabilities (level 2)	5 278	5 278
	484 756	465 056
Total financial liabilities	525 142	502 438

The fair value of hedging financial instruments as at 30 June 2014 amounted to PLN 40,386 thousand and is determined based on inputs other than quoted prices that are either directly or indirectly observable (level 2). The information is provided by banks and is based on references to instruments quoted in an active market.

In the period of six months ended 30 June 2014 there were no reclassifications between the levels.

19.2 Other disclosures relating to financial instruments

Pledges

Information concerning pledges has been disclosed in note 20.

Hedge accounting

IRS agreements (hedge instrument) presented in the consolidated financial statements for 2013 did not change during the six months period ended 30 June 2014.

Additionally, on 2 January 2014 and on 4 June 2014 MLP Poznań II Sp. z o.o. entered into new interest rate swap agreements. In accordance with the concluded agreement future debt interest payments that are based on variable interest rates are effectively converted into fixed interest based on the schedule from the swap agreement.

Monthly cash flows are expected until 31 January 2020.

20. Contingent liabilities and pledges

During the six month period ended 30 June 2014, the following collaterals were established on the Group's assets (related to bank credit received by MLP Poznań II Sp. z o.o.):

- An application was filled to change the entry in the land registers numbered PO1D/00041540/8, PO1D/00050728/6, PO1D/00051882/0 - the range of protection will be increased from EUR 1,050 thousand to EUR 1,415 thousand.
- An agreement was signed for the establishment of the deposit to the bank ING Bank Śląski S.A. in order to secure the repayment of the bank's credit granted to MLP Poznań II Sp. z o.o. and interest, commissions, charges and expenses arising from the credit agreement.
- An annex was signed to the agreement related to establishment of a financial and registered pledge on shares in MLP Poznań II Sp. z o.o.

The remaining contingent liabilities and pledges disclosed in the consolidated financial statements for 2013 did not change during the six month period ended 30 June 2014 and remain effective on 30 June 2014.

21. Related party transactions

21.1 Trade and other receivables and liabilities

Trade and other receivables and liabilities from related parties as at 30 June 2014* were as follows:

**unaudited data*

	Trade and other receivables	Trade and other liabilities
Parent company		
The Israel Land Development Company Ltd., Tel Aviv	35	-
	<u>35</u>	<u>-</u>
Key management personnel		
ROMI CONSULTING, Michael Shapiro	-	76
MARDOR, Dorota Jagodzińska-Sasson	-	18
RTK CONSULTING, Radosław T. Krochta	-	37
Total	<u>35</u>	<u>131</u>

21.2 Loans granted and received

Loans received from and granted to related parties as at 30 June 2014* were as follows:

*unaudited data

	Loans granted	Loans received
Parent company		
CAJAMARCA HOLLAND B.V., Delft	-	2 633
Other related parties		
Fenix Polska Sp. z o.o.	92 409	97 596
Key management personnel		
MARDOR, Dorota Jagodzińska-Sasson	6	-
Total	92 415	100 229

21.3 Revenues and expenses

Related party transactions related to revenues and expenses for the six months period ended 30 June 2014* are as follows:

*unaudited data

	Other sales	Purchase of services	Interest income	Interest expenses
Parent company				
CAJAMARCA HOLLAND B.V., Delft	-	-	-	(87)
The Israel Land Development Company Ltd., Tel Aviv	80	-	-	-
	80	-	-	(87)
Other related parties				
Fenix Polska Sp. z o.o.	-	-	1 252	(925)
	-	-	1 252	(925)
Key management personnel				
ROMI CONSULTING, Michael Shapiro	-	(188)	-	-
MARDOR, Dorota Jagodzińska-Sasson	1	(132)	-	-
RTK CONSULTING, Radosław T. Krochta	-	(180)	-	-
	1	(500)	-	-
Total	81	(500)	1 252	(1 012)

Fenix Polska Sp. z o.o. is related to the Capital Group through Cajamarca Holland B.V., which as at 30 June 2014 owns 100% of the shares of Fenix Polska Sp. z o.o., and holds 56,98% shares in the MLP Group S.A. Capital Group.

22. Significant litigation and disputes

Since the publication of the Consolidated Report for the year ended 31 December 2013, there has been no significant change to litigation and disputes, described in the consolidated financial statements of MLP Group S.A. Capital Group for the year 2013.

23. Significant events during the financial year and subsequent events

23.1 Significant events in the first half of 2014

- On 14 January 2014 MLP Group S.A. and its subsidiary MLP Poznań II Sp. z o.o. concluded with ING Bank Śląski S.A. Project Support Agreement.

Under the above mentioned agreement, the Parent Company is committed to provide its subsidiary MLP Poznań II Sp. z o.o. with financial means in the event of cost overruns that may occur during implementation of A3 Building project in one of the forms: as unsecured subordinated loans, as reserve capital contribution to MLP Poznań II Sp. z o.o. or as an increase of the share capital of the subsidiary.

- During the meeting of the Supervisory Board dated 15 January 2014 the Audit Committee was constituted with the following members appointed:
 - Shimshon Marfogel,
 - Eytan Levy,
 - Maciej Matusiak.

- In January 2014, a construction credit tranche was disbursed in a subsidiary of the Issuer, MLP Poznań II Sp. z o.o., in the amount of EUR 1,726 thousand (details in note 17.3).

- On 28 April 2014, the Issuer's subsidiary - MLP Poznań I Sp. z o.o. purchased a property from Lublin Municipality. The area of the purchased property is 10.5141 ha and the purchase price amounted to PLN 9,648,180 gross.

Company MLP Poznan I Sp. z o.o purchased the above-mentioned property in order to implement a new investment project - the construction of a complex of warehouse, production and office objects along with the common technical infrastructure, joint surfaces and a common communication system intended for rent with a total area of approx. 54,000 sqm located in the special economic zone EURO-PARK MIELEC.

- On 30 April 2014 a new company was established and incorporated in the Group, under the name of MLP Bieruń I Sp. z o.o.

Shares in the newly established entity were acquired in the following manner: 49 shares with a total nominal value of PLN 4,900 were acquired by MLP Property Sp. z o.o.; 1 share with a total nominal value of PLN 100 was acquired by MLP Group S.A.

23.2 Subsequent events

On July 7, 2014, the Company MLP Group S.A. joined the Liquidity Support Programme. The issuer's market maker function is performed by mBank S.A. Brokerage House.

On 11 August 2014 MLP Bieruń Sp. z o.o. signed credit agreements with Bank PKO BP S.A. According to the agreements the Bank granted to the Company:

- investment credit in convertible currency for a total amount not exceeding the lower of the following amounts:
 - EUR 16,633,548.00,
 - 80% of the value of investment held by the company,
- revolving credit in Polish currency to finance the ongoing obligations relating to the payment of VAT in the amount of PLN 3,000,000.00.

The interest rate on the investment credit will be based on 3M EURIBOR plus a margin specified in the investment credit agreement and will be payable in monthly interest periods.

The interest rate on the revolving credit will be based on 1M WIBOR rate plus a margin specified in the revolving credit agreement and will be payable in monthly interest periods.

MLP Bieruń Sp. z o.o will allocate amounts received under the investment credit to financing and refinancing the building costs of the warehouse-logistics centre in Bieruń and to payment of other related costs. The amounts received under the revolving credit will be allocated to finance the VAT relating to the above-mentioned investments.

The final repayment date of the revolving credit will be on 31 December 2016, and investment credit on 31 December 2029. The security of the credits repayment will be, among others:

- Bill of exchange issued by the borrower, together with a bill declaration,
- Mortgage up to EUR 27,645,739.00 on the ownership right to property,
- Registered pledge on all shares in the share capital of MLP Bieruń Sp. z o.o,
- Transfer of cash receivables from lease contracts,
- The guarantee granted by MLP Group S.A. for the full amount of the loan granted, until the validation of the above mentioned mortgage,
- Financial and registered pledge on the bank accounts of MLP Bieruń Sp. z o.o held at bank PKO BP S.A.,
- The support agreement concluded between MLP Group S.A. and MLP Bieruń Sp. z o.o in the amount of 10% of the cost of each phase of stage II of the investment, in the event those costs are exceeded.

Subsequent to the balance sheet date, until the date of preparation of these condensed consolidated financial statements, no other events occurred which were not but should have been included both in the accounting books of the reporting period and in the interim consolidated financial statements of the Group.

24. Remuneration paid or due to members of management and supervisory bodies

	<i>for the period ended 30 June</i>	2014	2013
		<i>(unaudited)</i>	<i>(unaudited)</i>
Michael Shapiro		201	202
Radosław T. Krochta		193	192
Dorota Jagodzińska-Sasson		145	144
		539	538

Except for the transactions presented in note 21 and above, the Members of the Management Board and the Supervisory Board did not receive any other benefits from any of the entities of the Group.

Members of the Supervisory Board did not receive any remuneration for their function.

25. Employment structure

	<i>for the period ended 30 June</i>	
	2014 <i>(unaudited)</i>	2013 <i>(unaudited)</i>
Average employment in the period	24	22

26. Information regarding the issuance, redemption and repayment of debt and equity securities

In the period of six months ended 30 June 2014, there were no events related to the issue, redemption and repayment of debt and equity securities.

27. The Management Board's statement on published financial forecasts

The Management Board of MLP Group S.A. has not published any financial forecasts for 2014.

28. A brief description of achievements and failures in the period ended 30 June 2014

There were no significant achievements and failures other than those described in these condensed consolidated financial statements.

29. Seasonality and cyclicity

Group activities are not subjected to seasonality or cyclicity.

30. Information relevant to the assessment of human resources, financial result of the Group and their changes and information, which are significant for assessing the possibility of achievement of commitments by the MLP Group S.A. Capital Group

Except for the information presented in this condensed consolidated financial statements for the six month period ended 30 June 2014, there is no other information relevant for the assessment of the human resources, financial result of the Group and their changes and information, which are significant for assessing the possibility of achievement of commitments by the MLP Group S.A. Capital Group.

Michael Shapiro

President of the Management Board

Dorota Magdalena Jagodzińska-Sasson

Member of the Management Board

Radosław T. Krochta
Vice-President of the Management Board

Pruszków, 21 August 2014

MLP Group S.A.

THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

for the period of six months ended 30 June 2014
prepared in accordance with the IFRS EU

III. The interim condensed separate financial statements

Approval of the interim condensed separate financial statements

On 21 August 2014 the Management Board of MLP Group S.A. approved the interim condensed separate financial statements ("Financial Statements", "Condensed Financial Statements") of MLP Group S.A. for the period from 1 January 2014 to 30 June 2014 for publication.

The interim condensed separate financial statements for the period from 1 January 2014 to 30 June 2014 have been prepared in accordance with the International Financial Reporting Standards ("IFRS EU") as approved by the European Union, applicable to the interim financial reporting (IAS 34). Information in this report is presented in the following sequence:

1. Condensed separate statement of profit or loss and other comprehensive income for the period from 1 January 2014 to 30 June 2014, with a net loss of PLN 2,274 thousand.
2. Condensed separate statement of financial position as at 30 June 2014, with total assets and total liabilities and equity in the amount of PLN 226.916 thousand.
3. Condensed separate statement of cash flows for the period from 1 January 2014 to 30 June 2014, with a net cash decrease of PLN 33,188 thousand.
4. Condensed separate statement of changes in equity for the period from 1 January 2014 to 30 June 2014, with an equity decrease of PLN 2,274 thousand.
5. Explanatory information to the interim condensed separate financial statements.

The interim condensed separate financial statements have been prepared in PLN thousand, unless otherwise stated.

Michael Shapiro
*President of the Management
 Board*

**Dorota Magdalena
 Jagodzińska-Sasson**
*Member of the Management
 Board*

Radosław T. Krochta
*Vice-President of the
 Management Board*

Condensed separate statement of profit or loss and other comprehensive income

	<i>for the period ended 30 June</i>	Note	2014 <i>(unaudited)</i>	2013 <i>(unaudited)</i>
Continuing operations				
Revenues		4	3 998	3 670
Other operating income		5	90	-
Selling and administrative expenses		7	(2 692)	(2 585)
Other operating costs		6	(105)	(767)
Operating profit			1 291	318
Financial income		8	1 351	23 971
Financial costs		8	(457)	(40 173)
Net financial income/(costs)			894	(16 202)
Profit/(Loss) before taxation			2 185	(15 884)
Corporate income tax		9	(4 459)	7 050
Loss from continuing operations			(2 274)	(8 834)
Total comprehensive income			(2 274)	(8 834)
Loss attributable to:				
Owners of the Parent Company			(2 274)	(8 834)
Net loss			(2 274)	(8 834)
Comprehensive income attributable to:				
Owners of the Parent Company			(2 274)	(8 834)
Total comprehensive income			(2 274)	(8 834)
Loss per share				
Basic (PLN)			(0,13)	(0,59)

Condensed separate statement of financial position

	<i>as at</i>	Note	30 June 2014 (unaudited)	31 December 2013
Non-current assets				
Intangible assets			19	23
Tangible fixed assets			29	26
Long-term financial assets in related parties		10.	121 142	121 142
Long-term investments		11.	6 547	1 217
Deferred tax assets		13.	2 492	6 593
Other long-term investments			8	17
Total non-current assets			130 237	129 018
Current assets				
Short-term investments		12.	68 228	38 049
Corporate income tax receivables		14.	-	67
Trade and other receivables		14.	3 078	1 147
Cash and cash equivalents		15.	25 373	58 561
Total current assets			96 679	97 824
TOTAL ASSETS			226 916	226 842
Equity				
Share capital		16.1	4 529	4 529
Other capital reserve			4 194	4 194
Share premium		16.2	71 121	71 121
Reserve capital			64 485	64 485
Retained earnings			39 206	41 480
Total equity			183 535	185 809
Short-term liabilities				
Credit, loans and other debt instruments		18.	42 294	39 677
Payroll liabilities			157	157
Corporate income tax liabilities		19.	69	-
Trade and other liabilities		19.	861	1 199
Total short-term liabilities			43 381	41 033
Total liabilities			43 381	41 033
TOTAL EQUITY AND LIABILITIES			226 916	226 842

Condensed separate statement of cash flows

<i>for the period ended 30 June</i>	<u>Note</u>	<u>2014</u> <i>(unaudited)</i>	<u>2013</u> <i>(unaudited)</i>
Cash flows from operating activities			
Profit/(Loss) before taxation		2 185	(15 884)
<i>Adjustments for:</i>			
Depreciation		24	7
Interests and share in profits (dividends)		(554)	(22 775)
Foreign exchange		54	(917)
Impairment of loans granted to MLP Bucharest		-	39 895
Other		5	(8)
		<u>1 714</u>	<u>318</u>
Changes in trade and other receivables		(1 931)	682
Changes in short-term trade and other liabilities		(338)	(260)
Cash generated from operating activities		<u>(555)</u>	<u>740</u>
Income tax paid		(222)	(406)
Net cash from operating activities		<u>(777)</u>	<u>334</u>
Cash flows from investing activities			
Loans granted		(36 160)	(23 220)
Repayments of loans granted		1 676	1 263
Dividends and share of profits		-	21 921
Purchase of investment properties, tangible fixed assets and intangible assets		(23)	(20)
Cash from investing activities		<u>(34 507)</u>	<u>(56)</u>
Cash flows from financing activities			
Proceeds from credits and loans		2 700	-
Repayment of credits and loans		(601)	-
Interest paid		(1)	-
Cash from financing activities		<u>2 098</u>	<u>-</u>
Total cash flow		<u>(33 186)</u>	<u>278</u>
Cash and cash equivalents at the beginning of the period		58 561	189
Foreign exchange differences on cash and cash equivalents		(2)	(1)
Cash and cash equivalents at the end of the period	15	<u>25 373</u>	<u>466</u>

Condensed separate statement of changes in equity

	Share capital	Other capital reserve	Share premium	Reserve capital	Retained earnings	Total equity
Equity as at 1 January 2013	3 774	1 470	-	64 485	54 254	123 983
Comprehensive income:						
Financial result*	-	-	-	-	(8 834)	(8 834)
Total comprehensive income for the period ended 30 June 2013*	-	-	-	-	(8 834)	(8 834)
Transfer of the profit for year 2012 to other capital reserve.		2 724			(2 724)	-
Equity as at 30 June 2013*	3 774	4 194	-	64 485	42 696	115 149
Equity as at 1 January 2014	4 529	4 194	71 121	64 485	41 480	185 809
Comprehensive income:						
Financial result*	-	-	-	-	(2 274)	(2 274)
Total comprehensive income for the period ended 30 June 2014*	-	-	-	-	(2 274)	(2 274)
Equity as at 30 June 2014*	4 529	4 194	71 121	64 485	39 206	183 535

* unaudited data

Explanatory information to the interim condensed separate financial statements

1. General information

1.1 Information on the Company MLP Group S.A.

MLP Group S.A. ("Company", "Entity", "Issuer") is a joint-stock publicly-traded company registered in Poland. The Company headquarters is seated in Pruszkow, 3-go Maja 8 Street.

The company was established as a result of a transformation of the state owned company Zakłady Naprawcze Taboru Kolejowego im. Bohaterów Warszawy seated in Pruszków into the joint-stock company fully owned by the state. The notarial deed of transformation was drawn up on 18 February 1995. The company operates under the name of MLP Group S.A. by virtue of resolution of the Company's General Meeting of 27 June 2007.

Currently, the Company is registered in the National Court Register in the District Court for the Capital City of Warsaw, XIV Commercial Department under the National Court Register number of 0000053299.

The core business activities of the Company include: management, acquisition and sale of real estate, rental of real estate, management of residential and non-residential properties, construction works related to construction of buildings and other construction (see note 3.). The prevailing type of the Company's business is characterized by the 7032Z symbol of the Statistical Classification of Products by Activity of the European Economic Community, which refers to property management services.

The Company's financial year is defined as the calendar year.

The Company has been established for an indefinite period of time.

1.2 Information on the Capital Group

The parent company of the Company is CAJAMARCA HOLLAND B.V., registered in the Netherlands, 2 Martinus Nijhofflaan, 2624 ES Delft.

The ultimate parent company is Israel Land Development Company Ltd., registered in Tel Aviv, Israel ("ILDC"). ILDC shares are listed on the Stock Exchange in Tel Aviv.

As at the balance sheet date, MLP Group S.A. is the parent company of 14 subsidiaries: MLP Pruszków I Sp. z o.o., MLP Pruszków II Sp. z o.o., MLP Pruszków III Sp. z o.o., MLP Pruszków IV Sp. z o.o., MLP Moszna I Sp. z o.o., MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.), MLP Energy Sp. z o.o., MLP Poznań Sp. z o.o., MLP Poznań I Sp. z o.o., MLP Poznań II Sp. z o.o., MLP Bieruń Sp. z o.o., MLP Bieruń I Sp. z o.o., MLP Sp. z o.o., MLP Property Sp. z o.o.

Additional information on the subsidiaries is included in note 10.

1.3 Composition of the Management Board

As at the date of preparation of the interim condensed separate financial statements, the composition of the Management Board is as follows:

- Michael Shapiro - President of the Management Board
- Radosław T. Krochta - Vice-President of the Management Board
- Dorota Jagodzińska-Sasson - Member of the Management Board

After the balance sheet date there were no changes in the composition of the Management Board.

1.4 **Composition of the Supervisory Board**

As at the date of preparation of the interim condensed separate financial statements, the composition of the Supervisory Board is as follows:

- Shimshon Marfogel - President of the Supervisory Board
- Yosef Zvi Meir - Member of the Supervisory Board
- Eytan Levy - Vice-President of the Supervisory Board
- Baruch Yehezkelov - Member of the Supervisory Board
- Jacek Tucharz - Member of the Supervisory Board
- Maciej Matusiak - Member of the Supervisory Board

On 15 January 2014, according to the resolution of the Extraordinary Shareholders' Meeting, Mr. Jacek Tucharz and Maciej Matusiak were appointed as Supervisory Board Members.

2. **Basis for the preparation of the interim condensed separate financial statements**

2.1 **Statement of compliance**

MLP Group S.A. prepared the condensed separate financial statements in accordance with IAS 34 - Interim Financial Reporting, approved by the European Union. The Company has applied all Standards and Interpretations adopted by the European Union except for the Standards and Interpretations listed below that are awaiting approval of the European Union and the Standards and Interpretations that have been approved by the European Union, but not yet effective.

2.2 **Status of Standards Approval in the European Union**

The following new standards, amendments to standards and interpretations are not yet effective for annual periods ending on 31 December 2014, and have not been applied in this interim condensed separate financial statements. The Company intends to use them for the periods for which they are applicable for the first time.

2.2.1 **Standards and Interpretations approved by the EU that are not yet in force for the balance sheet date**

- **IFRIC Interpretation 21 Levies**

The Interpretation provides guidance as to the identification of the obligating event giving rise to a liability, and to the timing of recognising a liability to pay a levy imposed by government.

In accordance with the Interpretation, the obligating event is the activity that triggers the payment of that levy, as identified in the relevant legislation and as a consequence, the liability for paying the levy is recognised when this event occurs.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time.

If the obligating event is the reaching of a minimum activity threshold, the corresponding liability is recognised when that minimum activity threshold is reached.

The Interpretation sets out that an entity cannot have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period.

The changes are effective for annual periods beginning on 17 June 2014 or later (the IASB effective date is 1 January 2014).

The Company does not expect IFRIC 21 to have a material impact on the financial statements.

2.2.2 Standards and interpretations not yet endorsed by the EU

- **IFRS 9 Financial Instruments (2014)**

This Standard replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement, about classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available for sale and loans and receivable.

Financial assets will be classified into one of two categories on initial recognition:

- financial assets measured at amortized cost; or
- financial assets measured at fair value.

A financial asset is measured at amortized cost if the following two conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Gains and losses on remeasurement of financial assets measured at fair value are recognised in profit or loss, except that for an investment in an equity instrument which is not held for trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). The election is available on an individual share-by-share basis. No amount recognised in OCI is ever reclassified to profit or loss at a later date.

The Standard retains almost all of the existing requirements from IAS 39 on the classification and measurement of financial liabilities and for derecognition of financial assets and financial liabilities.

The Standard requires that the amount of change in fair value attributable to changes in the credit risk of a financial liability designated at initial recognition as fair value through profit or loss, be presented in other comprehensive income (OCI), with only the remaining amount of the total gain or loss included in profit or loss. However, if this requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss.

IFRS 9 replaces the “incurred loss” impairment model in IAS 39 with an “expected loss” model, which means that a loss event will no longer need to occur before an impairment allowance is recognized. The standard aims to address concerns about “too little, too late” provisioning for loan losses, and will accelerate recognition of losses.

In general, the expected credit loss model uses a dual measurement approach:

- 12-month expected credit losses, and
- lifetime expected credit losses.

If the credit risk of a financial asset has not increased significantly since its initial recognition, the financial asset will attract a loss allowance equal to 12-month expected credit loss. If its credit risk has increased significantly, it will attract an allowance equal to lifetime expected credit losses, thereby increasing the amount of impairment recognized.

The changes are effective for periods beginning on 1 January 2018 or later.

The Company does not expect the new Standard to have material impact on the financial statements. The classification and measurement of the Company's financial assets are not expected to change under IFRS 9 because of the nature of the Company's operations and the types of financial assets that it holds.

- **Amendments to IAS 19 Employee Benefits entitled Defined Benefit Plans: Employee Contributions**

The amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary.

The changes are effective for annual periods beginning on 1 July 2014 or later.

It is expected that the Amendments, when initially applied, will not have a material impact on the Company's financial statements. The Company has no such contributions to defined benefit plans.

- **Improvements to IFRS (2010-2012)**

The Improvements to IFRSs (2010-2012) contains 8 amendments to 7 standards, with consequential amendments to other standards and interpretations. The main changes were to:

- clarify the definition of 'vesting conditions' in Appendix A of IFRS 2 Share-based Payment by separately defining a 'performance condition' and a 'service condition';
- clarify certain aspects of accounting for contingent consideration in a business combination;
- amend paragraph 22 of IFRS 8 to require entities to disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated. This is to supplement the current disclosure requirements in paragraph 22(a) of IFRS 8;
- amend paragraph 28(c) of IFRS 8 Operating Segments to clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should be disclosed, if that amount is regularly provided to the chief operating decision maker. This proposed amendment is consistent with the requirements in paragraphs 23 and 28(d) in IFRS 8;
- clarify the IASB's rationale for removing paragraph B5.4.12 of IFRS 9 Financial Instruments and paragraph AG79 of IAS 39 Financial Instruments: Recognition and Measurement as consequential amendments from IFRS 13 Fair Value Measurement;
- clarify the requirements for the revaluation method in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to address concerns about the calculation of the accumulated depreciation or amortisation at the date of the revaluation;
- make an entity providing management personnel services to the reporting entity a related party of the reporting entity.

The changes are effective for annual periods beginning on 1 July 2014 or later.

None of these changes are expected to have a significant impact on the financial statements of the Company.

- **IFRS 14 Regulatory Deferral Accounts**

The interim Standard:

- permits first time adopters of IFRS to continue to use its previous GAAP to account for regulatory deferral account balances both on initial adoption of IFRS and in subsequent financial statements;
- requires entities to present regulatory deferral account balances and movements therein as separate line items on the face of the financial statements; and
- requires specific disclosures to identify clearly the nature of, and risks associated with, the rate regulation that has resulted in the recognition of regulatory deferral account balances in accordance with this interim Standard.

The standard is effective for annual periods beginning on 1 January 2016 or later.

It is expected that the interim Standard will not have a material impact on the Company's financial statements as only first time adopters of IFRS are within the scope of the standard.

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

The Amendments provide guidance on the accounting for the acquisition of an interest in a joint operation that constitutes a business.

The acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3 Business Combinations, is required to apply all of the principles on business combinations accounting in IFRS 3 and other IFRSs except for those principles that conflict with the guidance in IFRS 11. In addition, the acquirer shall disclose the information required by IFRS 3 and other IFRSs for business combinations.

The changes are effective for periods beginning on 1 January 2016 or later.

The Company does not expect the Amendments to have material impact on the financial statements.

- **Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets)**

The Amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The Amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The changes are effective for periods beginning on 1 January 2016 or later.

The Company does not expect the Amendments to have a material impact on its financial statements once applied. The Company does not use revenue-based depreciation and amortisation methods.

- **IFRS 15 Revenue from Contracts with Customers**

The Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Specifically, it replaces IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

Under the new standard, entities will apply a five-step model to determine when to recognize revenue, and at what amount. The model specifies that revenue should be recognized when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognized:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

Included in the Standard are new qualitative and quantitative disclosure requirements to enable financial statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The changes are effective for periods beginning on 1 January 2017 or later.

The Company does not expect the new Standard to have material impact on the financial statements.

- **Agriculture: Bearer Plants (Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture)**

The Amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms. IAS 41 Agriculture currently requires all biological assets related to agricultural activity to be measured at fair value less cost to sell. Under the new requirements, bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16, because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

The changes are effective for periods beginning on 1 January 2016 or later.

The Company does not expect the Amendments to have a material impact on the financial statements once applied as it does not conduct business activities involving bearer plants.

2.3 Basis of valuation

The interim condensed separate financial statements have been prepared assuming that the Company will continue to operate as a going concern in the foreseeable future and in conviction that there is no evidence indicating that the Company will not be able to continue its operations as a going concern.

These interim condensed separate financial statements have been prepared in accordance with accounting policies described in the Separate Financial Statements for the year 2013.

2.4 **Functional and presentation currency**

These condensed separate financial statements are presented in Polish zloty, rounded to the nearest thousand. Polish zloty is the Company's functional currency and the presentation currency of the interim condensed separate financial statements.

2.5 **Use of estimates and judgments**

Significant judgments in applying the Company's accounting policies and the key sources of estimation uncertainty made by the Management Board in the interim condensed separate financial statements were the same as described in the note 2 of the Separate Financial Statements for the year 2013.

The preparation of interim condensed separate financial statements in conformity with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and assumptions are based on experience and other reasonable factors which provide the basis for the estimate of book value of assets and liabilities and which does not result directly from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period, in which the estimates are revised and in any future periods affected. Significant estimates are based on valuation performed by independent experts.

3. **Segment reporting activity**

The primary and sole activity of MLP Group S.A. is management of logistic properties. The Company generates profit from real estate management and consulting services.

The Company operates in Poland. The operating segments are the same as the geographical segments. Because the Company identifies one operating segment, all information regarding business activity in the segment is presented in the condensed separate statement of profit or loss and other comprehensive income, as well as in the condensed separate statement of financial position.

3.1 **Information on the key customers of the Company**

The share of the key customers in the Company's revenues are as follows:

	<i>for the period ended 30 June</i>	
	2014	2013
	<i>(unaudited)</i>	<i>(unaudited)</i>
MLP Pruszków I Sp. z o.o.	75%	81%
MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	8%	8%

4. Revenues

	<i>for the period ended 30 June</i>	2014	2013
		<u>(unaudited)</u>	<u>(unaudited)</u>
Revenue from management of properties		1 621	1 824
Advisory services		2 113	1 710
Reinvoiced services		226	121
Other revenues		38	15
Total revenues		3 998	3 670
<i>Including revenues from related entities</i>		<i>3 960</i>	<i>3 656</i>

The information regarding revenues from related entities is disclosed in note 22.3.

5. Other operating income

	<i>for the period ended 30 June</i>	2014	2013
		<u>(unaudited)</u>	<u>(unaudited)</u>
Reinvoicing of insurance costs		86	-
Other		4	-
Total other operating income		90	-

6. Other operating costs

	<i>for the period ended 30 June</i>	2014	2013
		<u>(unaudited)</u>	<u>(unaudited)</u>
IPO related costs		-	(105)
Planned investments		(6)	(10)
Allowance for receivables overdue		-	(63)
Allowance for receivables from MLP Bucharest		-	(573)
Other operating costs		(99)	(16)
Total other operating costs		(105)	(767)

7. Selling and administrative expenses

	<i>for the period ended 30 June</i>	2014	2013
		<u>(unaudited)</u>	<u>(unaudited)</u>
Depreciation and amortization		(24)	(7)
Materials and energy		(56)	(33)
External services		(1 766)	(1 857)
Tax and charges		(22)	(11)
Payroll		(632)	(530)
Social security and other employee benefits		(109)	(106)
Other costs by kind		(83)	(41)
Total selling and administrative expenses		(2 692)	(2 585)

The above mentioned costs incurred by the Company relate to expenses related to the service and maintenance of revenue-generating investment property, owned by the subsidiaries of the Company. The Company recovers the specified amounts by charging these companies for property management.

8. Financial income and costs

	<i>for the period ended 30 June</i>	2014	2013
		<i>(unaudited)</i>	<i>(unaudited)</i>
Interest on loans granted to the related entities		957	1 132
Interest income on bank deposits		394	1
Income from dividends received		-	21 921
Foreign exchange differences net		-	917
Total financial income		1 351	23 971
Interest on loans received from related entities		(403)	(278)
Allowance for loans granted to MLP Bucharest		-	(39 895)
Foreign exchange differences net		(54)	-
Total financial costs		(457)	(40 173)

Exchange differences are mainly a result of the balance sheet date valuation of liabilities and receivables of loans, which are denominated in euro.

Details of financial income and costs from related parties are disclosed in note 22.3.

9. Income tax

	<i>for the period ended 30 June</i>	2014	2013
		<i>(unaudited)</i>	<i>(unaudited)</i>
Current income tax		358	230
Origination / reversal of temporary differences		4 101	(7 280)
Income tax		4 459	(7 050)

Effective tax rate

	<i>for the period ended 30 June</i>	2014	2013
		<i>(unaudited)</i>	<i>(unaudited)</i>
Profit/(loss) before taxation		2 185	(15 884)
Current income tax on the basis of the enacted tax rate (19%)		(415)	3 018
Income from dividend received		-	4 165
Adjustment of deferred tax assets recognized on allowance for doubtful accounts		(4 031)	-
Non-deductible costs		(13)	(133)
Income tax		(4 459)	7 050

10. Long-term investments in related parties

	30 June	31 December
	<i>as at</i> 2014 <i>(unaudited)</i>	2013
Gross value at beginning of the period	121 142	121 137
Acquisition of shares in MLP Sp. z o.o.	-	5
Gross value at end of the period	121 142	121 142
Net value at end of the period	121 142	121 142

As at 30 June 2014 the Company holds shares in the following subsidiaries:

Entity	Country of registry	Direct and indirect share in the share capital		Direct and indirect share of the Company's rights	
		30 June	31 December	30 June	31 December
		2014	2013	2014	2013
		<i>(unaudited)</i>		<i>(unaudited)</i>	
MLP Pruszków I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	Poland	100%	100%	100%	100%
MLP Energy Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Moszna I Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bucharest Sud S.R.L.*	Romania	50%	50%	-	-
MLP Poznań II Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Property Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bieruń Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Bieruń I Sp. z o.o.	Poland	100%	-	100%	-
MLP Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Pruszków IV Sp. zo.o.	Poland	100%	100%	100%	100%
MLP Pruszków III Sp. z o.o.	Poland	100%	100%	100%	100%
MLP Poznań I Sp. z o.o.	Poland	100%	100%	100%	100%

* The Company lost control over MLP Bucharest Sud S.R.L. in the second quarter of 2013.

Shares owned in subsidiaries presented in the interim condensed separate financial statements, have been valued on the basis of the purchase price less allowance for impairment.

On 30 April 2014 a new company was established and incorporated in the Group, under the name of MLP Bieruń I Sp. z o.o. The Company was registered on 12 August 2014 by the District Court for the Capital City Warsaw in Warsaw in the National Court Register under the number 0000519381.

Shares in the new company were acquired as follows: 49 shares with a total nominal value of 4,900 zł were acquired by MLP Property Sp. z o.o. ; 1 share with a total nominal value of 100 zł was acquired MLP Group S.A.

11. Long-term investments

	<i>as at</i>	30 June 2014	31 December 2013
		<u>(unaudited)</u>	<u></u>
Long-term loans granted to related parties		6 540	1 210
Long-term loans granted to other entities		7	7
		<u>6 547</u>	<u>1 217</u>

12. Short-term investments

	<i>as at</i>	30 June 2014	31 December 2013
		<u>(unaudited)</u>	<u></u>
Short-term loans granted to related parties		68 228	38 049
Short-term investments		<u>68 228</u>	<u>38 049</u>

Details of the loans granted to related parties are disclosed in note 22.2.

13. Deferred tax

	Deferred tax assets		Deferred tax liabilities		Net value	
	30 June	31 December	30 June	31 December	30 June	31 December
	2014	2013	2014	2013	2014	2013
<i>as at</i>	<i>(unaudited)</i>		<i>(unaudited)</i>		<i>(unaudited)</i>	
Credits, loans granted and received	(2 439)	(6 566)	-	-	(2 439)	(6 566)
Other	(53)	(27)	-	-	(53)	(27)
Deferred tax assets / liabilities	(2 492)	(6 593)	-	-	(2 492)	(6 593)

	1 January	changes	31 December	changes	30 June
	2013	recorded in the statement of profit or loss	2013	recorded in the statement of profit or loss	2014
	<i>(unaudited)</i>				
Loans granted and received	564	(7 130)	(6 566)	4 127	(2 439)
Other	(20)	(7)	(27)	(26)	(53)
	544	(7 137)	(6 593)	4 101	(2 492)

14. Trade and other receivables

	<i>as at</i>	30 June 2014	31 December 2013
		<u>(unaudited)</u>	<u></u>
Trade receivables from related parties		2 898	1 032
Trade receivables from third parties		65	7
Tax and social security receivables		1	1
Prepayments		110	105
Other		4	2
Trade and other receivables		3 078	1 147
Income tax receivables		-	67
Short-term receivables		3 078	1 214

Receivables from related parties were disclosed in note 22.

The aging structure of trade and other receivables, and the amount of allowance for receivables are presented in the table below:

	<i>as at</i>	30 June 2014*		31 December 2013	
		Gross receivables	Write-downs	Gross receivables	Write-downs
Not due		608	-	466	-
Past due 0 to 90 days		2 189	-	346	-
Past due 91 to 180 days		113	-	136	-
Past due over 181 days		630	(573)	666	(573)
Total receivables		3 540	(573)	1 614	(573)

* *unaudited data*

15. Cash and cash equivalents

	<i>as at</i>	30 June 2014	31 December 2013
		<u>(unaudited)</u>	<u></u>
Cash in hand		4	4
Cash at bank		5 116	1
Short-term deposits		20 253	58 556
Cash and cash equivalents in the condensed separate statement of financial position		25 373	58 561
Cash and cash equivalents in the condensed separate statement of cash flows		25 373	58 561

The Company does not have any restricted cash.

16. Equity**16.1 Share capital**

	<i>as at</i>	<u>30 June 2014</u>	<u>31 December 2013</u>
		<i>(unaudited)</i>	
Share capital			
ordinary shares of A series		11 440 000	11 440 000
ordinary shares of B series		3 654 379	3 654 379
ordinary shares of C series		3 018 876	3 018 876
		<u>18 113 255</u>	<u>18 113 255</u>
Par value of 1 share		0,25	0,25

As at 30 June 2014 the share capital of the Company amounted to PLN 4.528.313,75 and was divided into 18.113.255 shares entitling to 18.113.225 votes on general meeting. The par value of all shares is PLN 0,25 and has been fully paid.

The Company increased its share capital by PLN 754.719 through issuance of new C series shares. District Court for the Capital City of Warsaw registered the capital increase on 29 October 2013.

Changes in share capital during the period covered by the separate financial statements:

	<i>as at</i>	<u>30 June 2014*</u>		<u>31 December 2013</u>	
		number of shares	Value of shares	number of shares	Value of shares
Quantity/Value of shares at the beginning of the period		18 113 255	4 529	15 094 379	3 774
Shares issuance		-	-	3 018 876	755
Quantity/Value of shares at the end of the period		18 113 255	4 529	18 113 255	4 529

* *unaudited data*

According to the knowledge of the Management Board of the Company, the Shareholders holding, as of the date of preparation of the financial statement, either directly or through subsidiaries, at least 5% of the total number of votes at the General Meeting of Shareholders, presents as follows:

Shareholder	Number of shares and votes at the General Meeting of Shareholders	% share in the capital and votes at the General Meeting of Shareholders
MIRO B.V.	1 004 955	5,56%
GRACECUP TRADING LIMITED	1 094 388	6,04%
THESINGER LIMITED	1 920 475	10,60%
Other	3 773 595	20,83%
CAJAMARCA Holland BV	10 319 842	56,97%
Total	18 113 255	100,00%

Share capital and reserve capital were formed by dividing funds of a state-owned enterprise ZNTK funds in the moment of transformation into a joint stock company in 1995. According to the then-applicable law 15% of funds were allocated to share capital, while the rest, after covering the losses from previous years, was allocated to reserve capital. On 9 December 2009 the Meeting of Shareholders adopted a resolution to convert registered A and B series shares to A and B bearer shares. Moreover, in 2013 share capital was raised by PLN 755 thousand by issuance of shares.

16.2 Share premium

Changes in equity presented under the position "Share premium" are as follows:

	Value at the beginning of the period	Issuance of shares of C series in connection with the IPO	Expenses incurred in connection with issuance of shares	Value at the end of the period
Financial year ended 31 December 2013	-	71 698	(577)	71 121
Period of 6 months ended 30 June 2014*	71 121	-	-	71 121

*unaudited data

17. Profit/(Loss) per share

Profit/(Loss) per share for each period is calculated by dividing the net profit/(loss) attributable to shareholders of the Parent Company for the period by the weighted average number of shares during the reporting period. Diluted profit/(loss) per share for each period is calculated by dividing the net profit/(loss) for the period by the sum of the weighted average number of ordinary shares during the reporting period and all dilutive potential shares.

	<i>for the period ended 30 June</i>	2014	2013
Net loss for the period		(2 274)	(8 834)
Loss used to calculate the basic profit per share		(2 274)	(8 834)
Number of shares issued		18 113 255	15 094 379
Weighted average number of shares issued		18 113 255	15 094 379
Loss per share for the period (in PLN per share):			
- basic		(0,13)	(0,59)
- diluted		(0,13)	(0,59)

In presented periods there were no dilutive factors.

18. Credits, loans and other debt instruments and other liabilities

18.1 Short-term liabilities

	<i>as at</i>	30 June	31 December
		2014	2013
		<i>(unaudited)</i>	
Loans received from related entities		42 294	39 677
Total short-term credits, loans and other debt instruments		42 294	39 677

Information regarding loans received from related entities is disclosed in note 22.2.

18.2 Loans unsecured on the Company's assets

	currency	effective rate (%)	as at	30 June 2014*		as at	31 December 2013	
			maturity date	in currency	in PLN	maturity date	in currency	in PLN
Loan from MLP Pruszków I Sp. z o.o.	EUR	Euribor 3M + margin	2014	919	3 824	2014	911	3 778
Loan from MLP Pruszków I Sp. z o.o.	PLN	Wibor 3M + margin	2014	-	798	2014	-	783
Loan from MLP Pruszków I Sp. z o.o.	EUR	Euribor 1M + margin	2014	7 351	30 587	2014	7 297	30 261
Loan from MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	EUR	Euribor 3M + margin	2014	374	1 557	2014	371	1 538
Loan from MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	PLN	Wibor 3M + margin	-	-	-	2014	-	1
Loan from MLP Pruszków I Sp. z o.o.	PLN	Euribor 3M + margin	2014	-	2 775	2014	-	3 315
Loan from MLP Energy Sp. z o.o.	PLN	Euribor 3M + margin	-	-	-	2014	-	1
Loan from MLP Pruszków I Sp. z o.o.	PLN	Euribor 3M + margin	2015	-	2 753	-	-	-
Total				8 644	42 294		8 579	39 677

*unaudited data

The balances of loans received in foreign currency were translated by the following average exchange rates quoted by the NBP as at:

	30 June 2014	31 December 2013
exchange rate EUR/PLN	4,1609	4,1472
exchange rate USD/PLN	3,0473	3,0120

19. Trade and other liabilities

	<i>as at</i>	30 June 2014	31 December 2013
		<i>(unaudited)</i>	
Trade liabilities to related entities		78	31
Trade liabilities to other entities		362	879
Tax and social security liabilities		151	142
Uninvoiced deliveries		269	-
Deferred income		-	145
Other liabilities		1	2
Trade and other liabilities		861	1 199
Income tax liabilities		69	-
Short-term liabilities		930	1 199

Liabilities to related entities were disclosed in note 22.

The below table presents the aging structure of trade and other liabilities:

	<i>as at</i>	30 June 2014	31 December 2013
		<i>(unaudited)</i>	
Current liabilities		560	430
Overdue from 0 to 90 days		69	415
Overdue over 181 days		81	67
Total trade and other liabilities		710	912

Trade liabilities/payables are not subject to interest and are usually settled within 30 to 60 days. The amount stemming from the difference between the liabilities and VAT receivables is paid to the appropriate tax authorities in the periods regulated by tax law. Interest liabilities are usually settled based on approved interest notes.

20. Financial instruments

20.1 Valuation of financial instruments

The fair value of financial assets and financial liabilities as at 30 June 2014 and 31 December 2013 is equal to the value presented in the interim condensed separate statement of financial position.

The following assumptions have been adopted for the fair value of the financial instruments:

- **cash and cash equivalents:** the carrying amount of these financial instruments corresponds to fair value because of the short time maturity,
- **trade receivables, other receivables, trade liabilities and accruals:** the carrying amount is comparable with fair value because of the short-term character of these instruments,
- **loans granted:** the carrying amount corresponds to fair value because of the floating rate which is comparable with market interest rates,
- **loans received:** the carrying amount is comparable with fair value because of the floating rate, based on market rates,

20.1.1 Financial assets

<i>as at</i>	30 June 2014	31 December 2013
	<i>(unaudited)</i>	
Loans and receivables:		
Cash and cash equivalents (level 3)	25 373	58 561
Loans and receivables, including:		
• Trade and other receivables (level 3)	2 967	1 041
• Loans granted (level 3)	74 775	39 266
	103 115	98 868
Total financial assets	103 115	98 868

20.1.2 Financial liabilities

<i>as at</i>	30 June 2014	31 December 2013
	<i>(unaudited)</i>	
Liabilities valued at amortized cost		
Loans received (level 3)	42 294	39 677
Trade and other payables (level 3)	710	912
	43 004	40 589
Total financial liabilities	43 004	40 589

21. Contingent liabilities and pledges

Contingent liabilities and pledges disclosed in the separate financial statements for 2013 did not change during the six month period of 2014 and remain effective as at 30 June 2014.

22. Related party transactions**22.1 Trade and other receivables and liabilities**

Related party transactions related to the trade and other receivables and liabilities as at 30 June 2014* are as follows:

**unaudited data*

	Trade and other receivables	Trade and other liabilities
Parent company		
The Israel Land Development Company Ltd., Tel Aviv	35	-
	35	-
Other related parties		
MLP Pruszków I Sp. z o.o.	2 127	-
MLP Pruszków II Sp. z o.o.	209	-
MLP Pruszków III Sp. z o.o.	46	-
MLP Pruszków IV Sp. z o.o.	8	-
MLP Moszna I Sp. z o.o.	12	-
MLP Sp. z o.o. SKA (dawniej MLP Tychy Sp. z o.o.)	124	-
MLP Poznań Sp. z o.o.	62	-
MLP Poznań I Sp. z o.o.	32	1
MLP Poznań II Sp. z o.o.	24	-
MLP Bieruń Sp. z o.o.	219	-
	2 863	1
Key management personnel		
ROMI CONSULTING Michael Shapiro	-	77
	-	77
Total	2 898	78

22.2 Loans granted and received

Loans received from and granted to related parties as at 30 June 2014* were as follows:

*unaudited data

	Loans granted	Loans received
Other related parties		
Fenix Polska Sp. z o.o.	72 703	-
MLP Pruszków I Sp. z o.o.	-	40 737
MLP Pruszków III Sp. z o.o.	1 234	-
MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	-	1 557
MLP Property Sp. z o.o.	171	-
MLP Poznań I Sp. z o.o.	146	-
MLP Bieruń Sp. z o.o.	514	-
Total	74 768	42 294

22.3 Revenues and expenses

Related party transactions related to revenues and expenses for the six months period ended 30 June 2014* were as follows:

*unaudited data

	Sales of services	Other sales	Interest income
Parent company			
The Israel Land Development Company Ltd., Tel Aviv	80	-	-
	80	-	-
Other related parties			
Fenix Polska Sp. z o.o.	-	-	915
MLP Pruszków I Sp. z o.o.	2 987	-	-
MLP Pruszków II Sp. z o.o.	147	-	-
MLP Pruszków III Sp. z o.o.	104	-	26
MLP Pruszków IV Sp. z o.o.	38	-	-
MLP Moszna I Sp. z o.o.	58	-	-
MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	316	-	-
MLP Property Sp. z o.o.	-	-	3
MLP Poznań Sp. z o.o.	27	-	-
MLP Poznań I Sp. z o.o.	26	-	3
MLP Poznań II Sp. z o.o.	98	-	-
MLP Bieruń Sp. z o.o.	79	86	10
	3 880	86	957
Total revenues	3 960	86	957

	Purchase of services	Interest expenses
Other related parties		
MLP Pruszków I Sp. z o.o.	(18)	(389)
MLP Sp. z o.o. SKA (previously MLP Tychy Sp. z o.o.)	-	(14)
MLP Poznań I Sp. z o.o.	(1)	-
	(19)	(403)
Key management personnel		
ROMI CONSULTING Michael Shapiro	(188)	-
	(188)	-
Total costs	(207)	(403)

23. Significant litigation and disputes

Since the publication of the Report for the year ended 31 December 2013, there was no significant change in litigation and disputes, as described in the financial statements of MLP Group S.A. for the year 2013.

24. Significant events during the financial year and subsequent events

24.1 Significant events in the first half of 2014

On 14 January 2014 MLP Group S.A. and its subsidiary MLP Poznań II Sp. z o.o. concluded with ING Bank Śląski S.A. Project Support Agreement.

Under the above mentioned agreement, the Company is committed to provide its subsidiary MLP Poznań II Sp. z o.o. with financial means in the event of cost overruns that may occur during implementation of A3 Building project in one of the forms: as unsecured subordinated loans, as reserve capital contribution to MLP Poznań II Sp. z o.o. or as an increase of the share capital of the subsidiary.

During the meeting of the Supervisory Board dated 15 January 2014 the Audit Committee was constituted with the following members appointed:

- Shimshon Marfogel,
- Eytan Levy
- Maciej Matusiak.

On 3 April 2014 MLP Group SA and its subsidiary MLP Poznań I Sp. z o.o. concluded an Support Agreement.

Under the above mentioned agreement, the Company is committed to provide its subsidiary MLP Poznań II Sp. z o.o. financial means for covering the acquisition costs of the property, as well as for covering the building costs related to investment in city Lublin (Logistics Park MLP Lublin), until the subsidiary concludes an agreement on loan for financing/refinancing the construction costs of the investment.

24.2 Subsequent events

On July 7, 2014, the Company MLP Group S.A. joined the Liquidity Support Programme. The issuer's market maker function is performed by mBank S.A. Brokerage House.

Subsequent to the balance sheet date, until the date of preparation of these condensed separate financial statements, no other events occurred which were not but should have been included both in the accounting books of the reporting period and in the interim separate financial statements of the Group.

25. Remuneration paid or due to members of management and supervisory bodies

	<i>for the period ended 30 June</i>	2014	2013
		<i>(unaudited)</i>	<i>(unaudited)</i>
Michael Shapiro		188	190
Radosław T. Krochta		13	12
Dorota Jagodzińska-Sasson		13	12
		214	214

Except for the transactions presented in note 22 and above, the Members of the Management Board and the Supervisory Board did not receive any other benefits from the Company.

26. Employment structure

	<i>as at</i>	30 June	31 December
		2014	2013
		<i>(unaudited)</i>	
Average employment in the period		18	17

Michael Shapiro
President of the Management Board

Dorota Magdalena Jagodzińska-Sasson
Member of the Management Board

Radosław T. Krochta
Vice-President of the Management Board

Pruszków, 21 August 2014

MLP Group S.A. Capital Group

MANAGEMENT BOARD'S REPORT ON THE ACTIVITIES OF MLP GROUP S.A. CAPITAL GROUP

for the period of 6 months ended 30 June 2014

The Management Board's report on the activities of MLP Group S.A. Capital Group for the period of 6 months ended 30 June 2014 was prepared in accordance with § 91 of the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by law of non-Member States (Official Journal from 2009, No. 33, item 259 with amendments).

Pruszków, 21 August 2014

Table of contents

MLP Group S.A. Management Board approval of report on the MLP Group S.A. Capital Group activities for the period of 6 months ended 30 June 2014	80
Introduction	81
1. Basic information on MLP Group S.A. Capital Group and MLP Group S.A.	82
1.1 Group structure	82
1.2 Scope of activities of the Company and the Group	83
1.3 Information about the real estate portfolio	84
1.4 Information about the market, customers and suppliers	86
1.4.1 The structure of the Group's sales	86
1.4.2 The largest counterparties	87
2. Activities of MLP Group S.A. Capital Group	88
2.1 Activities of MLP Group S.A. Capital Group in the first half of 2014	88
2.1.1 Development projects started and completed	88
2.1.2 Development projects currently underway and in preparation	90
2.1.3 Agreements significant for the Group's activities	90
2.1.4 Agreements between shareholders	90
2.1.5 Cooperation and collaboration agreements	91
2.1.6 Transactions with related parties	91
2.1.7 Litigation	91
2.2 Development of the MLP Group S.A. Capital Group, risk factors	92
2.2.1 Key risk factors relevant to the development of the Group	92
2.2.2 Business prospects	97
3. Capital Group's financial position, financial resources management	98
3.1 Key economic and financial data disclosed in the interim condensed consolidated financial statements of the Group for the period ended 30 June 2014	98
3.1.1 Selected financial data from the condensed consolidated statement of financial position	98
3.1.2 Selected financial data from the condensed consolidated statement of profit or loss	103
3.1.3 Selected information from the consolidated statement of cash flows	105
3.2 Forecasts	105

3.3	Group's financial management	106
3.3.1	Profitability ratios	107
3.3.2	Liquidity ratios	107
3.3.3	Debt ratios	108
3.4	Information on bank credits, bonds, loans, securities and guarantees	109
3.4.1	Concluded and terminated loans agreements	109
3.4.2	Concluded and terminated bank credit agreements	110
3.4.3	Bonds	110
3.4.4	Loans granted	110
3.4.5	Granted and received guarantees and warranties	110
3.5	Use of proceeds from shares issued	111
3.6	Assessment of the feasibility of the investment plans	111
3.7	Evaluation of factors and unusual events affecting consolidated profit for the period	111

MLP Group S.A. Management Board approval of report on the MLP Group S.A. Capital Group activities for the period of 6 months ended 30 June 2014

The Management Board's report of the MLP Group S.A. Capital Group activities for the period of six months ended 30 June 2014 was prepared and approved by the Management Board on 21 August 2014.

Michael Shapiro
President of the Management Board

Dorota Magdalena Jagodzińska-Sasson
Member of the Management Board

Radosław T. Krochta
Vice-President of the Management Board

Pruszków, 21 August 2014

Introduction

MLP Group S.A. ("The Company", "The Issuer", or "The Parent Company") is the Parent Company of MLP Group S.A. Capital Group ("The Group"). The Company is registered in the National Court Register under registration number 0000053299, District Court for the Capital City of Warsaw, XIV Department of the National Court Register. The Company's headquarters is located in Pruszków (05-800 Pruszków, 3 Maja 8 street).

The Company was founded on 18 February 1995 (the act of transformation), the Company was established for an indefinite period.

The core business of the Parent Company and its subsidiaries are: management, buying and selling of real estate, rental of real estate, the management of residential and non-residential properties, construction works related to the construction of buildings and other construction. The prevailing type of the Company's business is characterized by the 7032Z symbol of the Statistical Classification of Products by Activity of the European Economic Community, which refers to property management services.

The higher level parent company for the Capital Group is CAJAMARCA HOLLAND B.V. which is registered in the Netherlands, 2 Martinus Nijhofflaan, 2624 ES Delft.

The ultimate parent company for the Capital Group is Israel Land Development Company Ltd., registered in Tel-Aviv, Israel ("ILDC"). ILDC shares are listed on the Tel Aviv Stock Exchange.

1. Basic information on MLP Group S.A. Capital Group and MLP Group S.A.

1.1 Group structure

As at 30 June 2014, MLP Group S.A. Capital Group consisted of following subsidiaries:

Entity	Country of registry	Direct and indirect share of the Parent Company in the equity	Direct and indirect share of the Parent Company in the rights
MLP Pruszków I Sp. z o.o.	Poland	100%	100%
MLP Pruszków II Sp. z o.o.	Poland	100%	100%
MLP Poznań Sp. z o.o.	Poland	100%	100%
MLP Sp. z o.o. S.K.A. (previously: MLP Tychy Sp. z o.o.)	Poland	100%	100%
MLP Energy Sp. z o.o.	Poland	100%	100%
MLP Moszna I Sp. z o.o.	Poland	100%	100%
MLP Bucharest Sud S.R.L.*	Romania	50%	-
MLP Poznań II Sp. z o.o.	Poland	100%	100%
MLP Property Sp. z o.o.	Poland	100%	100%
MLP Bieruń Sp. z o.o.	Poland	100%	100%
MLP Bieruń I Sp. z o.o.	Poland	100%	100%
MLP Sp. z o.o.	Poland	100%	100%
MLP Pruszków IV Sp. zo.o.	Poland	100%	100%
MLP Pruszków III Sp. z o.o.	Poland	100%	100%
MLP Poznań I Sp. z o.o.	Poland	100%	100%

*The Group ceased to consolidate MLP Bucharest Sud S.R.L. in the second quarter of 2013.

Changes in the Group:

On 30 April 2014 a new entity MLP Bieruń I Sp. z o.o. was established in the Capital Group.

Shares in the newly established entity were acquired in the following manner: 49 shares with a total nominal value of PLN 4,900 were acquired by MLP Property Sp. z o.o.; 1 share with a total nominal value of PLN 100 was acquired by MLP Group S.A.

1.2 Scope of activities of the Company and the Group

Since 1998, the MLP Group operates in the market of commercial real estate, specializing in the construction of modern warehouse and manufacturing centers, offering its tenants both storage space and product space, adopted to carry light industrial production. Acting on the market as a developer, consultant and manager of real estate, the Group provides comprehensive solutions to many national and international manufacturing and distribution companies, for the optimization of warehouse and production space.

In order to provide high quality services, all projects undertaken by the Group are distinguished by an attractive location of the logistics parks, application of built-to-suite type solutions and support given to tenants during the lease. The Management believes that the attractiveness of the location of the logistics parks operated by the Group is reflected in the following criteria:

- location of logistics park near large metropolitan area,
- location of logistics park near road communication nodes,
- easy access to public transportation to and from the logistics park.

MLP Group is currently operating five logistics parks located in Poland: MLP Pruszków I, MLP Pruszków II, MLP Tychy, MLP Poznań, MLP Bieruń and a logistics park under development - MLP Lublin.

The property with an area of 10.5141 hectares located in Lublin was purchased by MLP Poznan I Sp. z o.o. on 28 April 2014. The above-mentioned property was purchased in order to implement a new investment project - the construction of a complex of warehouse, production and office objects along with the common technical infrastructure, joint surfaces and a common communication system intended for rent with a total area of approx. 54,000 sqm (MLP Lublin Logistics Park) located in the special economic zone EURO-PARK MIELEC.

The total size of surplus land in Poland is 98.1 hectares.

1.3 Information about the real estate portfolio

The real estate portfolio of the Group is comprised of five operating logistics parks located in Poland (MLP Pruszków I, MLP Pruszków II, MLP Tychy, MLP Poznań, MLP Bieruń) and a logistics park under development - MLP Lublin.

The Group classifies its real estate portfolio under two categories:

- properties generating rental income,
- investment projects and land bank.

The following table shows the structure of the real estate portfolio by category of the Group's parks as at 30 June 2014:

Industrial parks in Poland	Location	Target area (sqm)	Developed space (sqm)	Space under construction (sqm)	Land bank (sqm)
MLP Pruszków I	Pruszków	167 033	165 034	-	-
MLP Pruszków II	Brwinów	302 000	58 971	-	544 387
MLP Poznań	Poznań	103 000	19 685	-	143 954
MLP Tychy	Tychy	92 588	90 371	450	-*
MLP Bieruń	Bieruń	55 000	23 043	9 563	43 098
MLP Lublin	Lublin	54 000	-	9 807	76 334
Razem		773 621	357 104	19 820	807 773

*In MLP Tychy there is land bank with an area of approximately 14.5 thousand sqm. The Management Board does not include this area in land bank as a base for further lease expansion.

Summary of leasable area owned by the Group in Poland as at 30 June 2014 (sqm):

Total developed space upon completion (sqm)	Developed space (sqm)	Space under construction (sqm)	Space built and leased (sqm)	Space under development leased on the basis of signed agreements (sqm)	Space under development not yet leased (sqm)
773 621	357 104	19 820	345 856	17 008	11 248

Types of rental space offered:

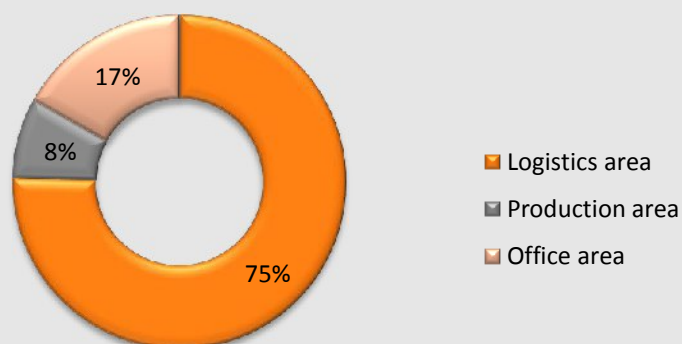
The Company offers its tenants two types of space:

- warehouse space for storage of goods, and
- production space designed for light industrial production.

Additionally, the Group provides its tenants with office space, related to their type of business. The final allocation of the gross leasable area is dependent on the requirements of the tenants.

The completed area of the Group's parks as at 30 June 2014 is:

Breakdown of the Group's developed space based on type as at 30 June 2014



The fair value of the Group's property portfolio as at 30 June 2014:

Industrial Park	Fair Value in EUR thousand	Fair Value in PLN thousand
MLP Pruszków I	81 620	339 613
MLP Pruszków II	58 352	242 797
MLP Poznań	17 384	72 333
MLP Tychy	61 437	255 633
MLP Bieruń	16 606	69 096
MLP Lublin	2 211	9 199
Total	237 610	988 671

The fair value of the investment property portfolio presented in the interim condensed consolidated financial statements as at 30 June 2014 is comprised of: (i) fair value of investment property of PLN 988,671 thousand, (ii) perpetual usufruct of land of PLN 5,278 thousand.

1.4 Information about the market, customers and suppliers

In the first half of 2014, the Group operated in Poland. The Group has five operating logistics parks located in Poland (MLP Pruszków I, MLP Pruszków II, MLP Tychy, MLP Poznań, MLP Bieruń) and a logistics park under development - MLP Lublin.

The Group holds also shares in MLP Bucharest Sud SRL, operating logistics park MLP Bucharest in Romania, however in 2013 the Group ceased to consolidate MLP Bucharest Sud SRL, due to the loss of control over the entity. On 9 April 2013, following the application of one of the company's creditors - Alpha Bank AE - under the order of the bankruptcy court in Bucharest, bankruptcy proceedings against MLP Bucharest Sud S.R.L. were initiated. On 28 May 2013 the court issued an order to disqualify the existing Management Board of MLP Bucharest Sud S.R.L. from managing the affairs of the company and to establish a judicial administrator, whose task is to run the company and represent it in relations with third parties. As a consequence of the bankruptcy proceedings initiated against MLP Bucharest Sud S.R.L., and the establishment of the judicial administrator, the existing Management Board appointed by the Shareholders lost control over the management of the company.

1.4.1 The structure of the Group's sales

In the first half of 2014 the Group's revenue is generated from the rental of investment property in Poland. However, in the first half of 2013 Group revenues also included revenues generated in Romania (in the amount of PLN 721 thousand), until the loss of control over MLP Bucharest. The following table presents the types of rental revenues:

Revenue from sales for the period of 6 months ended 30 June	2014	2013	change (%)
External customer sales:			
Property rental	32 846	30 508	7,7%
Re-invoicing of operating costs	8 493	8 526	-0,4%
Reinvoicing of utilities	6 541	6 129	6,7%
Other	302	293	3,1%
Total	48 182	45 456	6,0%

The structure of the Group's tenants is diversified, and therefore the Group is not exposed to significant risk arising from contracts signed with a single tenant or group of tenants. As at 30 June 2014, the average rented space for one tenant was approximately 4.6 thousand sqm.

As at 30 June 2014, about 38% of the total leased space in all Group's logistics parks was occupied by the 10 largest tenants.

1.4.2 The largest counterparties

In the reporting period the Group companies cooperated mainly with suppliers providing the following services:

- construction (cooperation in investment and development projects),
- media delivery,
- consulting - business and legal advisory,
- maintenance of properties,
- security.

In case of construction, general contractors are chosen through the process of internally organized tender procedures. In the first half of 2014 the Group cooperated with one construction company, with purchase turnover in that period exceeding 10% of the Group's revenue, that was acting as general contractor with:

- JOKA Sp. z o.o.

In case of the purchase of other services, due to a broad base of suppliers, the Group is not dependent on a single supplier. In the first half of 2014 there were no purchases from a single supplier exceeding 10% of the Group's revenue.

2. Activities of MLP Group S.A. Capital Group

2.1 Activities of MLP Group S.A. Capital Group in the first half of 2014

In the first half of 2014, the Group continued its activities involving the construction and lease of warehouse and office space. The development was carried out primarily by general contractors - specialized external entities.

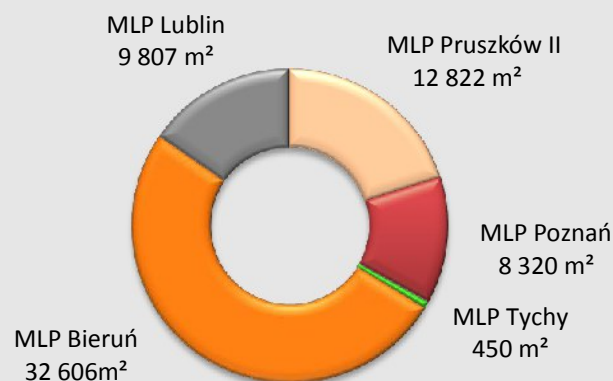
During the period, the Group simultaneously run several development projects and rented more than 345 thousand sqm of warehouse and office space. The Company's Management Board reviews and evaluates on an ongoing basis:

- progress of the development works,
- earned and expected revenue from sales,
- the best possible use of existing land resources of the Group and adoption of sales offers to meet the expectations and anticipations of market demand,
- possibilities of building up a land bank for future projects,
- optimization of financing of the Group's investments.

2.1.1 Development projects started and completed

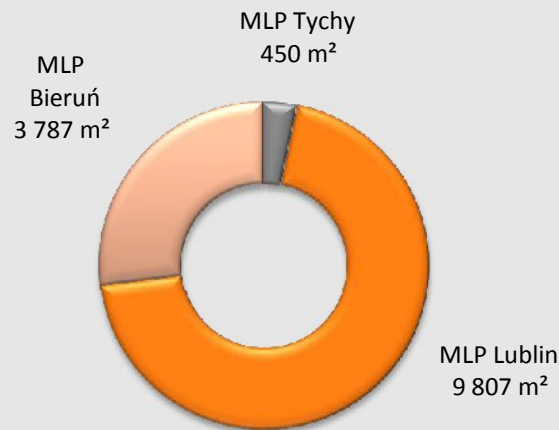
In the first half of 2014, the Group was developing investment projects with a total area of 64,005 sqm.

Area of investment projects carried out in the first half of 2014



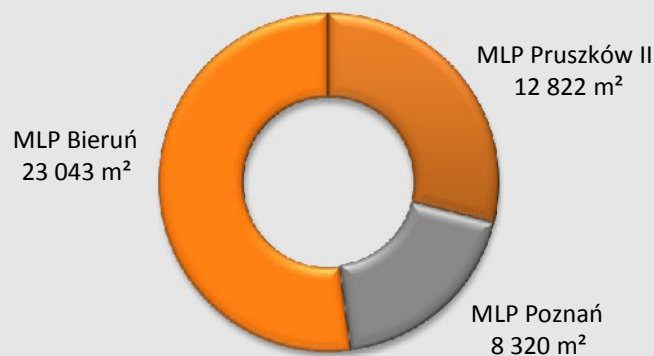
Out of the total area of the projects that were realized in the first half of 2014, 49,961 sqm of investment projects were started before 2014. In turn, in the first half of 2014, the Group started the construction of warehouse and office buildings with a total area of 14,044 sqm. The following graph shows the area of commenced investment projects in various parks of Group:

Area of investment projects started in the first half of 2014



Among the projects being developed in the first half of 2014, with a total area of 64,005 sqm, the Group has completed development projects with an area of 44,185 sqm (those were the development projects started before 2014).

Area of investments projects completed in the first half of 2014



2.1.2 Development projects currently underway and in preparation

Currently, the Group realizes investment projects with a total area of 13,594 sqm: in the Logistics Park MLP Bieruń with an area of 3,787 sqm and in the new Logistics Park MLP Lublin - 9,807 sqm. Among the investment projects, whose development was carried out as at 30 June 2014, until the date of this report, the construction of 5,776 sqm in the Logistics Park MLP Bieruń and 450 sqm in the Logistics Park MLP Tychy was finished.

According to the adopted strategy, the Group will focus its efforts on expanding existing logistics parks (i.e. construction of warehouses on owned land) and the construction of BTS projects outside existing parks.

Projects realized by the Group are in the BTS system, i.e. a lease agreement with a perspective tenant must be signed prior to the initiation of the investment process.

On the date of this report on the Management activities, the Group committed to following binding commitments regarding the realization of new investment projects:

- The company MLP Pruszkow II Sp. z o.o. signed in July 2014 an agreement under which it undertook to build, get occupancy permit and rent warehouse a service and technical area of about 3,780 sqm, as well as office and social space with an area of approximately 473 sqm in building A3.
- Company MLP Pruszkow II Sp. z o.o signed in August 2014 an annex to the agreement under which it has committed to build and rent additional storage space with an area of approximately 1,890 sqm.

2.1.3 Agreements significant for the Group's activities

Significant suppliers with whom the Group entered into agreements in 2014 with a total value exceeding 10% of Group's equity.

In the six month period ended 30 June 2014, the Group has not entered into any trade agreement with a single supplier whose total value exceeded 10% of the Group's equity.

2.1.4 Agreements between shareholders

MLP Group S.A. Capital Group has no information regarding possible agreements between the shareholders of the Company.

Additionally, MLP Group S.A. Capital Group has no information regarding possible agreements (including those concluded after the balance sheet date), which may result in future changes in the proportion of shares held by existing shareholders.

2.1.5 Cooperation and collaboration agreements

In the first half of 2014, MLP Group S.A. Capital Group has not entered into any significant agreements concerning collaboration or cooperation with other entities.

2.1.6 Transactions with related parties

All transactions of the Company or its subsidiaries with related parties were concluded on market terms.

All transactions with related parties are presented in Note 21 of the Interim Condensed Consolidated Financial Statements of the Group for the first half of 2014.

2.1.7 Litigation

Proceedings before court, competent arbitration authority or public administration

As at 30 June 2014 there were no proceedings in court, arbitration proceedings or public administration related to liabilities or receivables of the Company or its subsidiaries, which value would exceed 10% of the Group's equity.

As at 30 June 2014 there were no two or more proceedings in court, arbitration proceedings or public administration related to liabilities or receivables, the cumulated value of which would exceed 10% of the Group's equity.

As at 30 June 2014, the Group was a party to proceedings relating to liabilities or receivables which total value amounted to approx. PLN 6,090 thousand, including the total value of proceedings relating to liabilities amounted to approx. PLN 3,180 thousand (of which EUR 667 thousand refers to a court case related to the judgment of the arbitration court and to the claim of Accursius Limited seated in Limassol), while the total value of proceedings concerning receivables of approx. PLN 2,910 thousand.

Proceedings involving the Group have no material impact on the Group activities.

2.2 Development of the MLP Group S.A. Capital Group, risk factors

2.2.1 Key risk factors relevant to the development of the Group

The Group operations are exposed to the following risks arising from holding financial instruments:

- Credit risk,
- Liquidity risk,
- Market risk.

The Management Board is responsible for the establishment and oversight of the Group's risk management, including the identification and analysis of risks to which the Group is exposed, the terms of their respective limits and controls and for monitoring risks and adherence to limits of the respective risks. Rules and risk management procedures are regularly reviewed to reflect changes in the market conditions and changes in the Group's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from debt instruments. The objective of risk management is to maintain, in terms of quality and value, a stable and sustainable portfolio of loans granted and other investments in debt instruments, achieved by the policy of setting credit limits for contract parties.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial instrument. The Company's approach to managing liquidity is to ensure, to the extent possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses, or risking damage to the Company's reputation. For this purpose, the Company monitors its cash flows, maintains lines of credit and keeps sufficient cash to cover anticipated operating expenses and expected cash outflows for current financial liabilities, and maintains anticipated liquidity ratios.

Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and equity prices will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. The Company buys and sells derivatives, and also incurs financial liabilities, in order to manage market risks. The activities of the Company in this respect include applying hedge accounting to minimize volatility in the profit or loss for the current period.

Foreign exchange risk

The consolidated financial statements of the Group are prepared in PLN, which is the functional currency of the Group. The majority of the Group's revenue from rent is denominated in EUR and USD. A portion of the Group's costs, such as certain construction costs, labor costs and wages are denominated in PLN.

In order to hedge the currency risk (i.e. Currency hedging), the Group's companies mainly use the natural hedging by obtaining debt financing in EUR. To reduce the volatility of return of investment caused by exchange rate fluctuations, the Group Companies may also conclude hedging contracts against such risks, including use of derivative transactions, and entering into agreements with contractors, which are denominated in EUR. Due to the short currency position of the Group, the depreciation of the Polish currency against the EUR and USD adversely affects the Group's performance, resulting in increased debt service costs.

Interest rate risk

The Group's credit agreements are based on floating interest rates. The level of interest rates is highly dependent on many factors, including governmental monetary policies and both domestic and international economic and political conditions, and other factors beyond the Group's control. Changes in interest rates may increase the financing cost of the Group in respect of existing loans, and thus affect its profitability. A need to hedge the risk of interest rates is considered by the Group in each case. In order to reduce the impact of the interest rate risk, the Companies enter into interest rate swap transactions with the bank financing their activities. Changes in interest rates may have a material adverse effect on the financial position and results of the Group.

In addition to these risks, the Group's activities are also exposed to the following risk factors:

Risks associated with the Group's dependence on the macroeconomic situation

The development of commercial real estate market, where the Group operates, is dependent on the changes taking place in the construction and real estate sector, trends in the sectors of manufacturing, commerce, industry, services, transport and the development of the economy, which is influenced by many macroeconomic factors, such as economic growth, inflation, interest rates, the situation on the labor market and the value of foreign direct investment. The Group's operations indirectly depends on changes in the world economy. The Group's business is affected in particular by: the level of GDP, the inflation rate, exchange rates, interest rates, the unemployment rate, the amount of the average wage, fiscal policy and monetary policy. The pace of growth in the domestic economy, and thus also, on the business and results of operations may be affected by a downturn and the slowdown of the world economy. Adverse changes in the macroeconomic situation in Poland and other countries economic monetary policy are likely to adversely affect the Group's financial results materially and the ability to implement its plans.

Risks associated with factors specific to the real estate sector

The Group is exposed to risks related to: real estate development, acquisition, ownership and management of commercial real estate.

Revenue and value of the property held by the Group may be affected by numerous factors, including: (i) changes in laws and administrative regulations concerning real estate, including obtaining of licenses or permits, determining zoning, taxes and other public charges, (ii) the cyclical changes in the real estate market in which the Group operates; (iii) the Group's ability to obtain appropriate services for construction, management, maintenance, and insurance services. Although the Group undertakes certain actions to protect its business from the negative impact of these risks, it is impossible to eliminate them entirely. Occurrence of any of of these risks will have a significant negative impact on the Group's business, financial condition, results and prospects.

Risk associated with the downturn in the real estate market and the general deterioration of the economic situation

The downturn in the real estate market may have a negative impact on the Group's performance in terms of profits from rental of warehouse space. In case of tenant's default to meet its obligation, the Group will not receive rental income while incurring the costs associated with the property. These costs may include legal costs and valuation expenses, maintenance costs, insurance and property taxes. The level of rent and the market price of the property are, in principle, dependent on the economic situation. Consequently, the decline in market prices may result in the determination of other than expected rent levels and lead to losses in relation to the respective projects or may result in a need to find an alternative use of land purchased for investment. The occurrence of these events could have a material adverse effect on its business, financial condition and results.

Insurance risk

The Group's properties may be destroyed or damaged due to many foreseeable or unforeseeable circumstances. It is also possible that third parties may suffer damages as a result of an event, which the Group is responsible for. Due to the scope of insurance coverage currently held by the Group, there is a risk that such damages or claims will not be covered by insurance or that they will only be partially covered by insurance. Some risks are not subject to insurance, in the case of other types of risks insurance premium costs are disproportionately high in relation to risk occurrence likelihood. The Group's insurance coverage may not protect the Group against all losses that the Group may incur in connection with its activities, and some types of insurance may not be available on commercially reasonable terms or at all. Accordingly, the Group's insurance coverage may not be sufficient to fully compensate for losses incurred in connection with its real estate.

Risks associated with the development activities of the Group

The development of the Group's business is related to the risks arising from the nature of the process of construction of warehouses and manufacturing centers. During the construction of warehouses and manufacturing centers there may occur, independent from the developer, delays or technical problems resulting in a failure to meet deadlines and to obtain appropriate permits required by law or administrative approvals, which may have an adverse effect on the business and the financial position and performance of the Group.

Risk of default of profitable investment, particularly in the conducted development activity

The Group's ability to start and complete a development, reconstruction or modernization of its property depends on a number of factors, some of which are beyond its control. These factors include, in particular, the Group's ability to receive all of the necessary administrative decisions, obtaining external financing on satisfactory terms or at all, the involvement of reliable contractors and obtaining the necessary tenants.

The following factors, over which the Group has limited or no control, which may result in a delay or otherwise adversely affect the development or modernization of the Group's properties include:

- increase in the cost of materials, labor costs or other expenses that may cause the completion of the project to be unprofitable;
actions taken by public authorities and local governments resulting in unexpected changes in land use planning and development plan;
disadvantages or limitations on legal title to land or buildings acquired by the Group or defects, restrictions or conditions related to management decisions on land owned by the Group;
- changes in applicable laws, regulations or standards, which come into force after the start of the planning or construction of the project, resulting in the Group incurring additional costs or causing delays in the project or its interpretation or application;
violations of building standards, incorrect methods of construction or faulty construction materials;
- industrial accidents, previously undisclosed existing soil contamination and potential liability related to environmental regulations and other applicable laws, for example, related to archaeological finds, un-exploded bombs or building materials that are deemed harmful to health;
- forces of nature, such as bad weather, earthquakes and floods, which can damage or delay the completion of projects;
- acts of terrorism or riot, revolts, strikes or civil unrest.

Investment projects of the Group may be carried out only if the land on which they are carried out is provided with appropriate technical infrastructure as required by law, (e.g. access to internal roads, the possibility of connections to the media or certain procedures for fire protection and adequate facilities to ensure this protection). The relevant authorities may require the Group to create additional infrastructure required by law in the exercise of its construction work, before making appropriate administrative decisions. Such additional work can significantly affect the cost of construction. In addition, the implementation of some projects may become uneconomic or impracticable for reasons that are beyond the Group's control, such as the slowdown in the real estate market. The Group may not be able to complete these projects on time, within budget or at all, due to any of the above or other factors, which may increase the costs, delay the implementation of the project or cause the company to abandon the project.

Risks relating to general contractors

In a significant number of cases, the Group commissions their projects to general contractors or other third parties. The successful completion of construction projects depends on the ability of the Group to employ general contractors who carry out realized projects in accordance with established standards of quality and safety, at commercially reasonable terms, within the agreed deadlines and within the approved budget. Inability to employ general contractors on commercially reasonable terms and the failure of general contractors to meet accepted standards of quality and safety, or non-completion of construction or repairs on time or within the agreed budget may increase the cost of the project, delays in its completion, as well as result in claims against the Group. In addition, the above-mentioned events may adversely affect the Group's image and the ability to sell the completed projects.

The financial strength and liquidity of the general contractors of the Group may not be sufficient in the event of a severe economic downturn in the property market, which in turn could lead to their bankruptcy, adversely affecting the execution of the Group's strategy. Any security which are usually established by general contractors in order to secure the performance of obligations under the respective agreements with the Group, may not cover the total costs and damages incurred by the Group in these circumstances.

The Group's dependency on general contractors also exposes the Group to all risks associated with poor quality of work of such general contractors, their subcontractors and employees and of design flaws. In particular, the Group may incur losses due to the need to engage other contractors to correct defective work done or because of the need to pay compensation to people who have suffered losses as a result of defective work carried out. In addition, there is a risk that such losses or expenses will not be covered by insurers of the Group, by the contractor or by the appropriate subcontractor.

Risks associated with obtaining administrative decisions

As part of its activities and in the course of management of its assets, the Group is obligated to obtain multiple licenses, approvals or other decisions of public administration bodies, in particular for the execution construction and use of its property. The Group can not guarantee that any of such permits, consents or other decisions in relation to the existing property or new investments will be obtained in time or that it will be obtained at all, or that currently held or acquired in the future permits, consent or other decisions will not be withdrawn or that their term of validity will not be extended. In addition, public administrations may issue a decision based on the fulfillment of certain additional terms and conditions (including, for example ensuring adequate infrastructure) or impose on the Group in such decisions additional conditions and obligations, which may involve additional costs and the extension of the procedures.

In addition, the Group may seek changes of certain projects or facilities of the Group, as well as the reassignment of the property, so as to utilize them more effectively and in accordance with the current trends in the real estate market. The introduction of such changes may not be possible due to the difficulty in obtaining or changing required permits or change, approvals and decisions, in particular in the case of real estate registered in the register of monuments.

In addition, social organizations and organizations dealing with the protection of the environment, as well as adjacent property owners and local residents can take action to prevent the Group from obtaining the required permits, approvals or other decisions, including participation in administrative and judicial proceedings involving the Group, challenging decisions, regulations and rulings issued in the course of such proceedings, as well as disseminating negative and defamatory information about the Group and its investments. These actions may, in particular, significantly extend the realization of its investment activities by the Group, as well as result in additional costs incurred by the Group in connection with the ongoing investments.

2.2.2 Business prospects

The strategic goal of the Group is to permanently increase the owned warehouse space on the Polish market. The effect of this will be strengthening the Company's position as a long-term partner of customers developing operations in the area.

The strategic objective of the Group is the realization of buildings in the Build to Suit (BTS) System on the current surplus land and realization of buildings in the BTS system beyond the current parks for resale. According to many forecasts, Poland is facing a period of increasingly rapid GDP growth. As the general state of the economy and trends in the industrial market are highly correlated, we expect that it will be reflected in the demand for storage.

In the first half of 2014, 326 thousand sqm of modern warehouse space was delivered (compared to 198 thousand sqm in the similar period of 2013). Also, the number of lease agreements signed was higher in the first half of 2014 (more than 1 mln sqm) compared to the first half of 2013 (about 870 sqm). In addition, during the six month period ended 30 June 2014, the vacancy rate fell by 2 p.p. compared to 31 December 2013 and amounted to 8.8%.

Currently in Poland, there is about 754 thousand sqm of modern warehouse space under construction. In the second half of 2014 contracts BTS will be still popular, especially among the tenants of the manufacturing industry. A gradual return of speculative investments is expected in the regions, which are characterized by low levels of available storage space (Wroclaw, Poznan, some locations in the Górny Śląsk). The second half of 2014 will also bring the market development of so-called Small Business Units (SBU) providing tenants with smaller areas (starting from 600 sqm). The variation of rental rates will be observed depending on the attractiveness of the space.

3. Capital Group's financial position, financial resources management

3.1 Key economic and financial data disclosed in the interim condensed consolidated financial statements of the Group for the period ended 30 June 2014

3.1.1 Selected financial data from the condensed consolidated statement of financial position

The structure of the condensed consolidated statement of financial position (selected, significant items)

As at	30 June 2014	Share %	31 December 2013	Share %	Change %
Assets	1 154 577	100%	1 095 395	100%	5%
Non-current assets	1 007 724	87%	943 817	86%	7%
Investment property	993 960	86%	930 708	85%	7%
Other long-term investments	10 663	1%	5 966	1%	79%
Current Assets	146 853	13%	151 578	14%	-3%
Short-term investments	85 524	8%	52 870	5%	62%
Trade receivables and other	10 084	1%	13 145	1%	-23%
Cash and cash equivalents	50 598	4%	83 787	8%	-40%

As at	30 June 2014	Share %	31 December 2013	Share %	Change %
Equity and liabilities	1 154 577	100%	1 095 395	100%	5%
Equity	535 344	47%	508 867	47%	5%
Long-term liabilities	495 760	43%	475 678	43%	4%
Credits, loans, other debt instruments and other liabilities	403 772	35%	392 645	36%	3%
Short-term liabilities	123 473	10%	110 850	10%	11%
Credits, loans, other debt instruments and other liabilities	106 532	9%	81 740	7%	30%

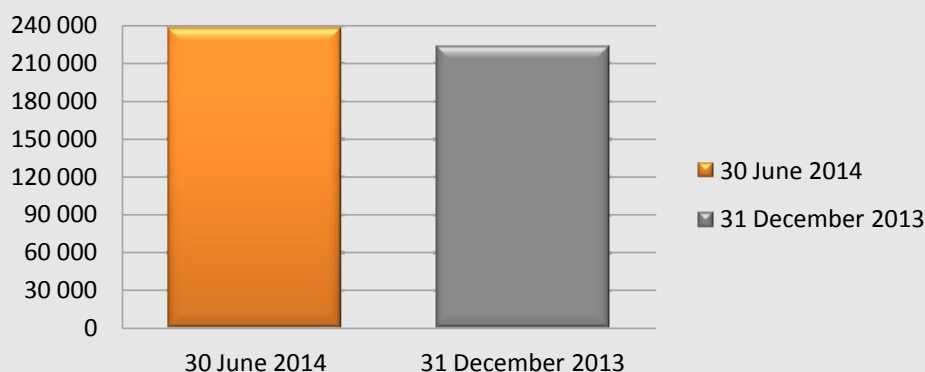
As at 30 June 2014, investment property including industrial parks belonging to the Group, were a key asset of the Group constituting 86% of total assets. The observed increase in relation to the share at the end of 2013 (85%) resulted among others from the start of the construction of new Lublin Logistics Park as well as from development of Bieroń Logistics Park. As for liabilities, the largest items were liabilities from credits, loans, other debt instruments and other liabilities and equity. As at 30 June 2014, liabilities consisted of: Long-term credits, loans, other debt instruments and other liabilities (35%) and short-term credits, loans, other debt instruments and other liabilities (9%). The reported increase in current liabilities from credits (by 30% compared to the previous year), loans, other debt instruments and other liabilities resulted from the payment of a new tranche of the credit, and raising new loans.

Investment property

As at	30 June 2014 [EUR thousand]	30 June 2014 [PLN thousand]	31 December 2013 [EUR thousand]	31 December 2013 [PLN thousand]	Change [PLN thousand]
MLP Pruszków I	81 620	339 613	81 480	337 914	1 699
MLP Pruszków II	58 352	242 797	54 798	227 258	15 539
MLP Poznań	17 384	72 333	16 816	69 739	2 594
MLP Tychy	61 437	255 633	60 662	251 577	4 056
MLP Bieroń	16 606	69 096	9 390	38 942	30 154
MLP Lublin	2 211	9 199	-	-	9 199
Value of investment property according to valuations	237 610	988 671	223 146	925 430	63 241

According to valuations as at 30 June 2014, the total value of the investment property portfolio of the Group is EUR 237,610 thousand (PLN 988,671 thousand) and increased by EUR 14,464 thousand in comparison to the value of the property according to the valuation as at 31 December 2013. The change in the value of property resulted from: (i) the start of construction of a new logistics park MLP Lublin (valued at EUR 2,211 thousand) (ii) and increase in the value of the Group's portfolio due to a higher valuation of the Group's properties owned before in Poland - increased by EUR 12,253 thousand.

The value of investment properties in Poland, according to valuation reports



Other Investments

	<i>As at</i>	30 June 2014	31 December 2013
Other long-term financial assets		3 757	4 749
Long-term loans		6 906	1 217
Short-term loans		85 524	52 870
Total other investments		96 187	58 836

As at 30 June 2014, the amount of outstanding loans granted increased by PLN 38,343 thousand in comparison to the end of 2013. This increase results from new loans granted with a value at the balance sheet date of PLN 37,783 thousand. The beneficiary of these loans was a related company, Fenix Poland Sp.z o.o.

Cash

	<i>As at</i>	30 June 2014	31 December 2013
Cash in hand		46	50
Cash at bank		6 930	1 540
Short-term deposits		43 622	82 197
Cash and cash equivalents in the condensed consolidated statement of financial position		50 598	83 787
Cash and cash equivalents in the condensed consolidated statement of cash flows		50 598	83 787
<i>Restricted cash and cash equivalents</i>		<i>(9 346)</i>	<i>(7 225)</i>

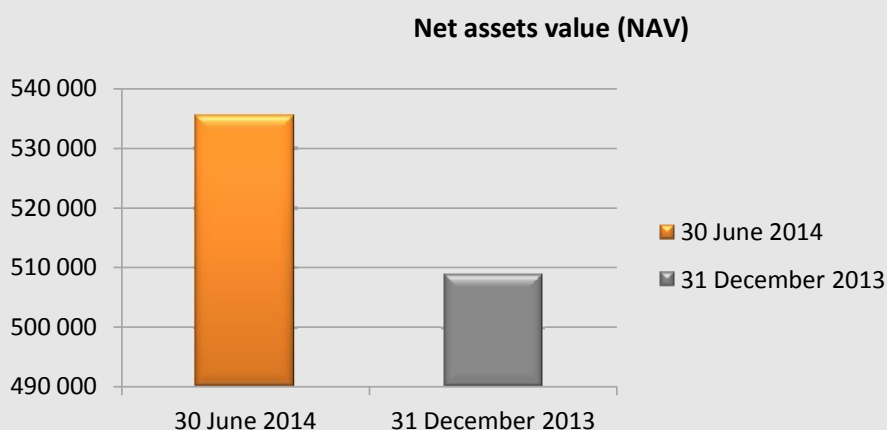
Cash and cash equivalents in the interim condensed consolidated statement of financial position include cash in hand and bank deposits with a maturity of up to 3 months from the balance sheet date.

The cash balance as at 30 June 2014 amounted to PLN 50,598 thousand and decreased from the level of PLN 83,787 thousand at the end of year 2013. The decrease in cash resulted primarily from the use of funds obtained in 2013 from the issuance of shares of series C of MLP Group S.A. the expansion of existing logistics parks and investment in new parks.

Unused funds from the issuance of shares have been deposited in short-term deposits.

Equity

- **Net assets value (NAV)**



The net asset value as at 30 June 2014 amounted to PLN 535,344 thousand, an increased by PLN 26,477 thousand. This increase resulted from the net profit in the first half of 2014, from recognized in equity valuation of hedging instruments and from valuation of financial assets.

- **Share capital**

	As at	30 June 2014	31 December 2013
Ordinary shares of A series		11 440 000	11 440 000
Ordinary shares of B series		3 654 379	3 654 379
Ordinary shares of C series		3 018 876	3 018 876
Total		18 113 255	18 113 255
Par value of 1 share		0,25 PLN	0,25 PLN

As at 30 June 2014 the share capital of the Parent Company amounted to PLN 4,528,313.75 and was divided into 18,113,255 shares entitling to 18,113,225 votes on general meeting. The par value of one share is PLN 0.25 and all shares have been fully paid.

Credits, loans, other debt instruments and other liabilities

	As at	30 June 2014	31 December 2013
Credits pledged on the Group's assets		339 152	344 495
Loans		15 457	1 210
Total long-term credits, loans and other debt instrument liabilities		354 609	345 705
Finance lease liabilities		5 278	5 278
Liabilities from valuation of SWAP transactions		40 386	37 382
Tenant's deposits and other		3 499	4 280
Total other long-term liabilities		49 163	46 940
Short-term credits and short-term part of long-term credits pledged on the Group's assets		21 760	20 218
Loans		84 772	61 522
Total short-term credits, loans and other debt instruments		106 532	81 740
Credits, loans, other debt instruments and other liabilities		510 304	474 385

Credits, loans, other debt instruments and other liabilities constitute a major part of the Group's liabilities. Credits and loans finance the expansion of industrial parks.

The value of long-term and short-term borrowings increased compared to the end of 2013. This results from new loans taken by the Group - their value (including accrued interest) as at the balance sheet date amounts to PLN 37,783 thousand. The lender of the loans received is the related company Fenix Polska Sp. z o.o.

3.1.2 Selected financial data from the condensed consolidated statement of profit or loss

Consolidated statement of profit or loss of the MLP Group S.A. Capital Group for the six month period ended 30 June 2014 compared to first half year of 2013:

	<i>for the six month period ended 30 June 2014</i>	<i>2014</i>	<i>% sales</i>	<i>2013</i>	<i>% sales</i>	<i>Change %</i>
Revenues	48 182		100%	45 456	100%	6%
Other operating income, including:	85		0%	50 840	112%	-100%
- Deconsolidation of MLP Bucharest Sud SRL (one-off revenue)	-		-	50 123	110%	-
Selling and administrative expenses	(19 391)		40%	(17 914)	39%	8%
Other operating costs	(1 097)		2%	(890)	2%	23%
Operating profit before investment property revaluation	27 779		58%	77 492	170%	-64%
Profit on revaluation of investment property	29 088		60%	53 107	117%	-45%
Operating profit	56 867		118%	130 599	287%	-56%
Net financial costs	(11 635)		24%	(70 450)	155%	-83%
Profit before taxation	45 232		94%	60 149	132%	-25%
Corporate income tax	(15 191)		32%	(2 967)	7%	412%
Profit from continuing operations	30 041		62%	57 182	126%	-47%

	<i>for the six month period ended 30 June</i>		2014	2013
Earnings per share				
- Basic (in PLN) earnings for the year attributable to ordinary shareholders of the parent company			1,66	3,79
- Diluted (in PLN) earnings for the year attributable to ordinary shareholders of the parent company			1,66	3,79

The main source of revenue of the Group's core activities includes rental revenues. In the first half of 2014, rental revenues of MLP Group increased steadily, amounted to PLN 48,182 thousand and increased by PLN 2,726 thousand compared to the same period of the previous year (PLN 45,456 thousand). The increase in rental revenue resulted primarily from the expansion of existing warehouse and production space in parks operated by the Group. In the first half of 2014, the average area of the leased space was 327,877.19 sqm, i.e. 12% increase compared to similar period in 2013.

In the first half of 2013, the Group recognized a significant level of other income, i.e. amount of PLN 50,840 thousand, which related to the accounting recognition of the cessation of consolidation of MLP Bucharest Sud SRL - the amount of other income from this source amounted to PLN 50,123 thousand.

Selling and administrative expenses in the first half of 2014 amounted to PLN 19,391 thousand and increased by PLN 1,477 thousand compared to similar period in 2013. The reported increase of the costs resulted primarily from an increase of warehouses and office space built in parks of the Group. In the first half of 2014 the built area increased by 14%, while in the similar period of 2013, only by 4%. In 2014, the property tax fee also increased.

Due to the nature of the Group's operations, the largest position of selling and administrative expenses were costs of materials and energy consumption, external services and tax charges, which amounted in the first half of 2014 to PLN 5,873 thousand, PLN 6,581 thousand, and PLN 5,502 thousand respectively - these costs were closely correlated with the volume of space in warehouses and manufacturing parks owned by the Group and their development and maintenance costs. The Group re-invoices all utilities and maintenance costs to its tenants related to the leased area.

In the first half of 2014, the Group recognized a gain on revaluation of investment properties, which resulted from an increase of the valuation of investment properties at the balance sheet date.

In the first half of 2014 there was a significant decrease in the Group's net financial expenses (which for six months 2014 amounted to PLN 11,635 thousand) in comparison to the similar period in the previous year (which then amounted to PLN 70,450 thousand). This change is primarily due to the recognition of foreign exchange losses in the first half of 2013 which resulted from a significant increase in the EUR exchange rate in that period (in the first half of 2014 a change was much smaller), and due to recognition in the six month period of 2013 of an impairment on loans granted to MLP Bucharest Sud SRL (in amount of PLN 39,870 thousand), which was related to the bankruptcy proceedings of the company MLP SRL Bucharest Sud, and the cessation of its consolidation.

3.1.3 Selected information from the consolidated statement of cash flows

	<i>for the six month period ended 30 June</i>	2014	2013
Net cash from operating activities		32 298	26 660
Cash from investing activities		(46 203)	(43 051)
Cash from financing activities		(19 302)	35 359
Total cash flow		(33 207)	18 968
Cash and cash equivalents at the beginning of the period		83 787	12 257
The change of maturity date of a long-term deposit to short-term		-	6 198
Foreign exchange differences on cash and cash equivalents		18	-
Cash and cash equivalents at the end of the period		50 598	37 423
<i>- including restricted cash and cash equivalents</i>		<i>(9 346)</i>	<i>(6 304)</i>

In the six month period ended 30 June 2014, the Group had positive cash flows from operating activities in amount of PLN 32,298 thousand. Compared to similar period of 2013, there was an increase of PLN 5,638 thousand.

Negative cash flows from investing activities are associated with the Group's investment program. The most significant positions are investments connected with the development of logistics parks.

Negative cash flows from financing activities in the first half of 2014 relate to the fact, that in this period, the Group repaid borrowings from the previous period. Inflows from credits and loans were significantly lower compared to the similar period of 2013.

In the first half of 2014 the Group has allocated cash obtained from a loan from ING Bank Śląski to refinance investments in Logistics Park MLP Poznań.

3.2 Forecasts

Both the MLP Group S.A. Capital Group and the Company MLP Group S.A. did not publish forecasts of consolidated and standalone financial results for 2014.

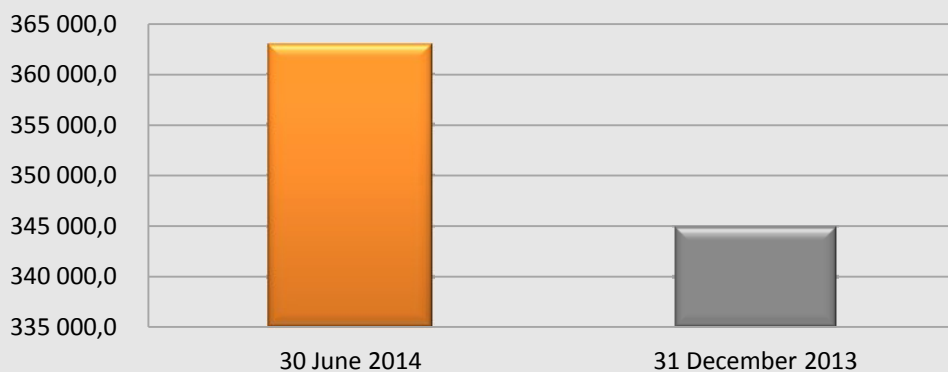
3.3 Group's financial management

Management of financial resources of the MLP Group S.A. Capital Group in the first half of 2014, in connection with the ongoing investment projects for the development of warehouse and office space, focused primarily on acquiring and structuring appropriate financing sources, as well as maintaining safe liquidity ratios. The Management Board conducts regular analysis of the existing and future optimal financing structure in order to achieve the ratios and financial results while ensuring the liquidity and financial security of the Group.

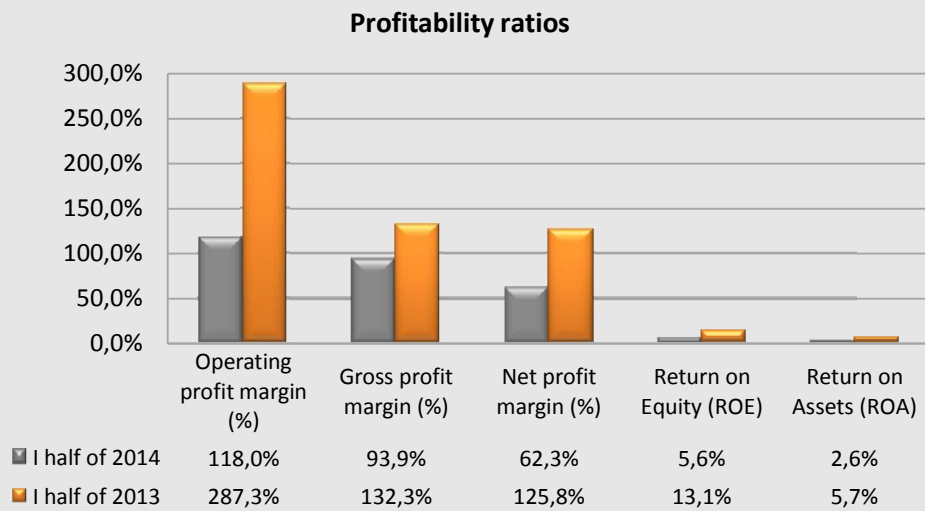
According to the Management Board, the Group's financial position and its performance as at 30 June 2014 proves a stable situation of the Group. This is achieved due to the established position in the warehousing market of the Group, the accumulation of experience and operational capacity both in terms of implementation of investment projects as well as in the process of renting the facilities. The financial position and the performance of the Group is described by liquidity and debt ratios further in the report.

Taking into account the situation in the real estate market in Poland in recent years, the financial results achieved by the Group in the first half of 2014 are to be considered positive. As at 30 June 2014, the Group leased a total area of 362,864 sqm in comparison to 344,753 sqm at the end of 2013.

Leased space by signed contracts as at the balance sheet date (sqm)



3.3.1 Profitability ratios

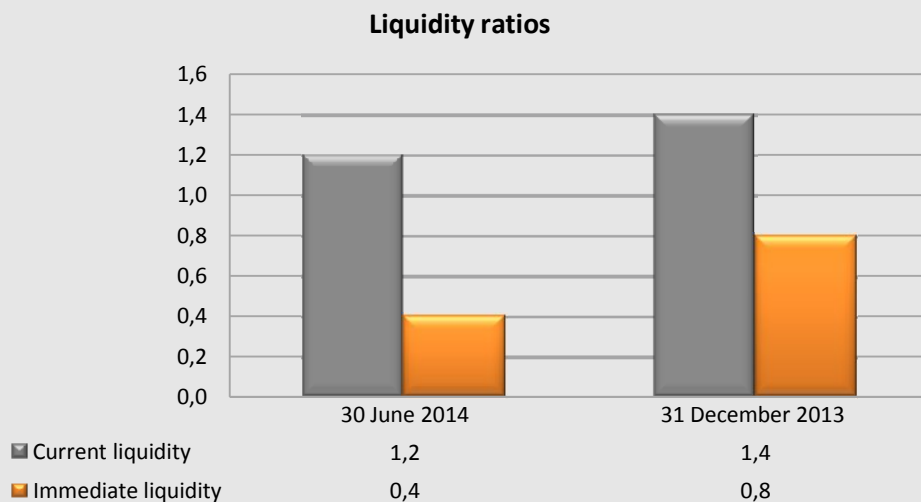


Profitability analysis was based on the below defined indicators:

- operating profit margin: profit (loss) from operating activities / revenue;
- gross profit margin: profit (loss) before taxation / revenue;
- net profit margin: net profit (loss) / income from revenue;
- return on equity (ROE): net profit (loss) / equity;
- return on assets (ROA): net profits (loss) / total assets.

In the first half of 2014, all indicators recorded a decrease compared to the similar period in 2013. This change resulted primarily from higher, in the first half of 2013, other operating income due to recognition of the amount of PLN 50,123 thousand - as a result of the cessation of consolidation of MLP Bucharest Sud SRL.

3.3.2 Liquidity ratios

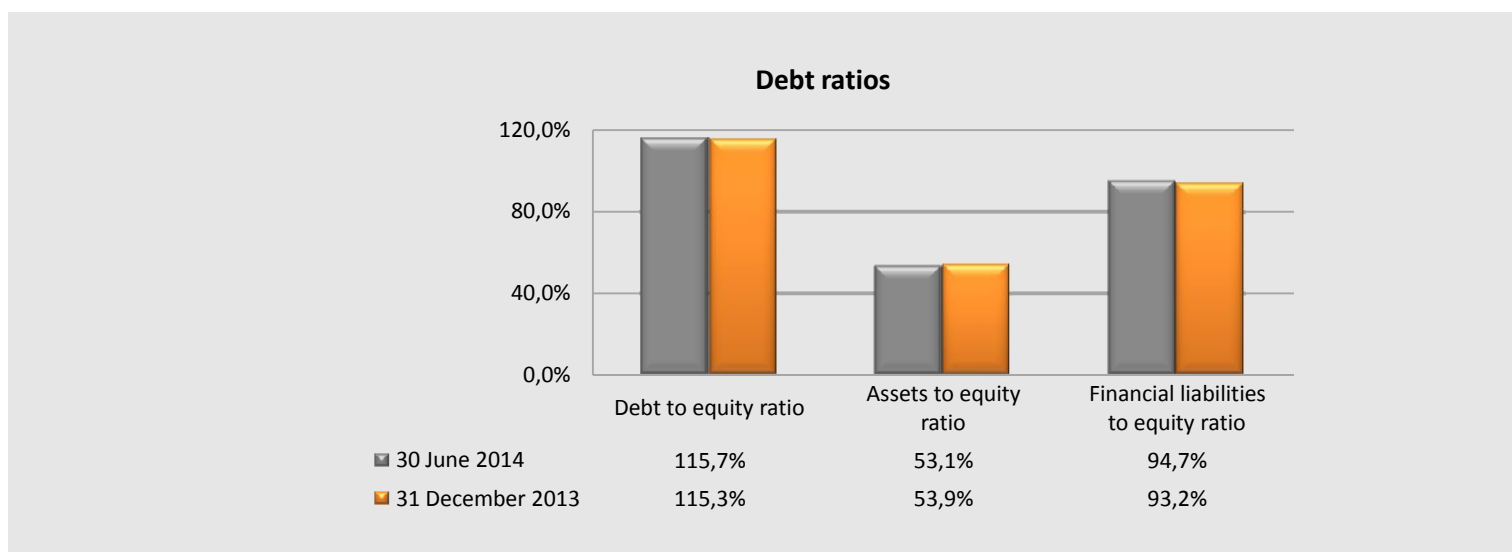


Liquidity analysis was based on the below defined indicators:

- current liquidity: current assets / current liabilities;
- immediate liquidity: cash and cash equivalents / current liabilities.

Liquidity ratios at 30 June 2014 recorded a decrease compared to the value as at the end of 2013. The decrease of the value is correlated with (i) usage, in the current period, of the financial resources obtained from the issuance of C series shares in 2013 and (ii) increase of the value of short-term liabilities mainly due to new loans taken by the Group in the first half of 2014.

3.3.3 Debt ratios



Debt analysis was performed based on the following ratios presented:

- debt to equity ratio: total liabilities / total equity;
- equity to non-current assets ratio: total equity / non-current assets;
- financial liabilities to equity ratio: financial liabilities / total equity.

¹⁾ Financial liabilities include long-term liabilities and short-term liabilities from credits, loans and other debt instruments, as well as obligations from finance leases and liabilities from valuation of swap.

As at 30 June 2014 the above-mentioned ratios were at a similar level as compared to 31 December 2013.

3.4 Information on bank credits, bonds, loans, securities and guarantees

3.4.1 Concluded and terminated loans agreements

As at 30 June 2014 the Group recognized liabilities due to loans received in the first half of 2014:

Borrower	Lender	Date of loan agreement	Amount of loan granted	The amount of outstanding loan
MLP Pruszków II Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-03-31	500 000,00 PLN	500 000,00 PLN
MLP Pruszków II Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-04-05	4 000 000,00 PLN	4 000 000,00 PLN
MLP Poznań I Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-04-07	9 648 180,00 PLN	9 648 180,00 PLN
MLP Poznań I Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-05-08	60 000,00 PLN	60 000,00 PLN
MLP Bieruń Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-01-13	2 702 355,85 PLN	2 702 355,85 PLN
MLP Bieruń Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-01-20	2 000 000,00 PLN	2 000 000,00 PLN
MLP Bieruń Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-01-23	2 600 000,00 PLN	2 600 000,00 PLN
MLP Bieruń Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-02-06	150 000,00 PLN	150 000,00 PLN
MLP Bieruń Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-02-25	4 500 000,00 PLN	4 500 000,00 PLN
MLP Bieruń Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-03-24	5 100 000,00 PLN	5 100 000,00 PLN
MLP Bieruń Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-04-16	400 000,00 PLN	100 000,00 PLN
MLP Bieruń Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-05-14	6 000 000,00 PLN	6 000 000,00 PLN
MLP Bieruń I Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-05-15	1 349 000,00 PLN	-

In the first half of 2014, the Group repaid the following loans and interest on loans:

Borrower	Lender	Date of loan agreement	Amount of loan paid	The amount of interest paid
MLP Pruszków I Sp. z o.o.	Cajamarca Holland B.V.	1998-12-23	312 862,13 USD	33 578,95 USD
MLP Pruszków I Sp. z o.o.	Fenix Polska Sp. z o.o.	1998-05-22	-	51 079,79 USD
MLP Pruszków II Sp. z o.o.	Fenix Polska Sp. z o.o.	2009-01-13	-	8 000,00 PLN
MLP Poznań II Sp. z o.o.	Fenix Polska Sp. z o.o.	2013-11-08	72 084,27 PLN	369,96 PLN
MLP Poznań II Sp. z o.o.	Fenix Polska Sp. z o.o.	2013-11-21	251 000,00 PLN	1 288,22 PLN
MLP Bieruń Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-04-16	300 000,00 PLN	-
MLP Bieruń I Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-05-15	1 349 000,00 PLN	-

In the first half of 2014, there were no loan contracts terminated.

3.4.2 Concluded and terminated bank credit agreements

- **New credit agreements in the first half of 2014**

Pursuant to Annex No. 2 to the Credit Agreement dated 8 August 2011, concluded on 29 November 2013, ING Bank Śląski S.A. granted the company MLP Poznań II Sp. z o.o a construction credit up to the amount of EUR 1,923,457 for the financing / refinancing of the net value of the project of the construction of building B3. The funds were disbursed in 2014.

In the first half of 2014, the Group did not enter into any new agreements and annexes to credit agreements under which payment of funds would occur.

- **Repayment of credits in first half of 2014**

On 15 May 2014 the Group repaid the credit received under Annex No. 2 dated 29 November 2013 to the credit agreement dated 8 August 2011, concluded between the MLP Poznań II Sp. z o.o. and ING Bank Śląski S.A. for financing the VAT on the cost of the investment project A3 and A4 in the amount of PLN 1,589,516.82.

In the first half of 2014 there were no terminated credit agreements.

3.4.3 Bonds

The group does neither hold nor issue bonds.

3.4.4 Loans granted

As at 30 June 2014, the Group recognized receivables from loans, which were granted in the first half of 2014:

Lender	Borrower	Date of loan agreement	Amount of loan granted	The amount of outstanding loan
MLP Group S.A.	Fenix Polska Sp. z o.o.	2014-01-13	2 702 355,85 PLN	2 702 355,85 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	2014-01-23	2 600 000,00 PLN	2 600 000,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	2014-02-06	150 000,00 PLN	150 000,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	2014-02-25	4 500 000,00 PLN	4 500 000,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	2014-03-24	5 100 000,00 PLN	5 100 000,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	2014-04-07	9 648 180,00 PLN	9 648 180,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	2014-05-05	6 000 000,00 PLN	6 000 000,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	2014-05-05	4 000 000,00 PLN	4 000 000,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	2014-05-08	60 000,00 PLN	60 000,00 PLN
MLP Group S.A.	Fenix Polska Sp. z o.o.	2014-05-15	1 349 000,00 PLN	-
MLP Pruszków I Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-01-20	2 000 000,00 PLN	2 000 000,00 PLN
MLP Pruszków I Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-03-31	500 000,00 PLN	500 000,00 PLN
MLP Pruszków I Sp. z o.o.	Fenix Polska Sp. z o.o.	2014-04-16	400 000,00 PLN	100 000,00 PLN

3.4.5 Granted and received guarantees and warranties

In the first half of 2014 the Group companies did not grant any credit or loan warranties and did not grant any guarantees, which total value would be equivalent to 10% of the equity of the Group.

3.5 Use of proceeds from shares issued

Proceeds from the issuance of shares as at the date of the report were used for the realization of investment plans of the Group, involving the expansion of the following existing logistics parks and construction of the new park:

- PLN 22,9 mln for the expansion of logistics park MLP Bieruń,
- PLN 12,1 mln for the expansion of logistics park MLP Pruszków II,
- PLN 9,7 mln for the purchase of the land for the construction of logistics park MLP Lublin.

The remaining proceeds from the issue of shares are deposited on market conditions.

3.6 Assessment of the feasibility of the investment plans

The Group has adequate capital resources to enable the realization of strategic objectives and the financing of current operations.

The Group finances the investments, both, those that involve the acquisition of new properties, as well as those that rely on the expansion of existing logistics parks from its own resources and through long-term debt financing in the form of credits and loans.

The Group assumes, that the part of debt financing in the financing of assumed investments will be about 70%.

3.7 Evaluation of factors and unusual events affecting consolidated profit for the period

In the first half of 2014, there were no unusual events and factors that would affect the consolidated result for the current financial period.

Michael Shapiro

President of the Management

**Dorota Magdalena
Jagodzińska-Sasson**

*Member of the Management
Board*

Radosław T. Krochta
*Vice-President of the
Management Board*

Pruszków, 21 August 2014