



MLP
GROUP



MLP Group S.A. Capital Group

CONSOLIDATED HALF-YEAR REPORT
FOR THE 6 MONTH PERIOD ENDED 30 JUNE 2016

This document is a translation.
Polish version prevails.

published pursuant to § 82 sec. 1 point 1 of the Decree of the Ministry of Finance date February 19, 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal No 33 item 259, with amendments)

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Contents of Consolidated half-year report:

| | |
|---|-----------|
| I. Selected financial data of MLP Group S.A. Capital Group | 6 |
| II. The interim condensed consolidated financial statements of the MLP Group S.A. Capital Group for the 6 month period ended 30 June 2016 | 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 structure</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 and rights to shares of the Parent Company owned by members of management and supervisory bodies</i> | 17 |
| 2. Basis for the preparation of the interim condensed consolidated financial statements | 17 |
| 2.1 <i>Statement of compliance</i> | 17 |
| 2.2 <i>Status of Standards Approval in the European Union</i> | 17 |
| 2.3 <i>Basis for preparation of the interim condensed consolidated financial statements</i> | 18 |
| 2.4 <i>Functional and presentation currency and methods applied to translation of financial data</i> | 18 |
| 2.4.1 <i>Functional and presentation currency</i> | 18 |
| 2.4.2 <i>Basis of financial data valuation</i> | 18 |
| 2.5 <i>Use of estimates and judgments</i> | 18 |
| 3. Segment reporting | 18 |
| 4. Revenues | 19 |
| 5. Selling and administrative expenses | 19 |
| 6. Financial income and costs | 19 |
| 7. Income tax | 20 |
| 8. Investment property | 21 |
| 8.1 <i>The Fair value of the Group's investment property</i> | 22 |
| 9. Deferred tax | 29 |

| | |
|---|-----------|
| 10. Other investments | 31 |
| 11. Trade and other receivables | 31 |
| 12. Cash and cash equivalents | 32 |
| 13. Explanatory information to consolidated statement of cash flows | 33 |
| 13.1 Cash flow related to loans granted and received | 33 |
| 13.2 Changes in trade and other receivables | 34 |
| 13.3 Changes in short-term and other liabilities | 34 |
| 14. Equity | 35 |
| 14.1 Share capital | 35 |
| 15. Earnings per share | 35 |
| 16. Credits, loans, other debt instruments and other liabilities | 36 |
| 16.1 Long-term liabilities | 36 |
| 16.2 Short-term liabilities | 36 |
| 16.3 Credits, loans secured and unsecured on the Group's assets | 37 |
| 17. Payroll liabilities | 39 |
| 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 | 43 |
| 21.1 Trade and other receivables and payables | 43 |
| 21.2 Loans granted and received | 43 |
| 21.3 Revenues and expenses | 43 |
| 22. Significant events during the financial year and subsequent events | 44 |
| 23. Remuneration paid or due to members of management and supervisory bodies | 44 |
| 24. Employment structure | 45 |
| 25. Change in accounting policy | 45 |
| III. Interim condensed separate financial statements | 47 |
| Approval of 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 MLP Group S.A. | 53 |
| 1.2 Information on the Capital Group | 53 |
| 1.3 Composition of the Management Board | 54 |
| 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 |
| 2.3 Basis for preparation of the financial statements | 54 |
| 2.4 Functional and presentation currency | 55 |
| 2.5 Use of estimates and judgments | 55 |
| 3. Segment reporting | 55 |
| 3.1 Information on the key customers of the Company | 55 |
| 4. Revenues | 56 |
| 5. Other operating income | 56 |
| 6. Selling and administrative expenses | 56 |
| 7. Financial income and costs | 57 |
| 8. Income tax | 57 |
| 9. Long-term investments in related parties | 58 |
| 10. Long-term investments | 59 |
| 11. Short-term investments | 59 |
| 12. Deferred tax | 60 |
| 13. Trade and other receivables | 61 |
| 14. Cash and cash equivalents | 61 |
| 15. Equity | 62 |
| 15.1 Share capital | 62 |
| 16. Earnings per share | 63 |
| 17. Loans and other debt instruments | 63 |
| 17.1 Long term liabilities | 63 |
| 17.2 Short term liabilities | 63 |
| 17.3 Loans unsecured on the Company's assets | 64 |
| 18. Payroll liabilities | 65 |
| 19. Trade and other liabilities | 65 |
| 20. Financial instruments | 66 |
| 20.1 Valuation of financial instruments | 66 |
| 20.1.1. Financial assets | 66 |
| 20.1.2. Financial liabilities | 66 |
| 21. Contingent liabilities and pledges | 67 |
| 22. Related party transactions | 67 |
| 22.1 Trade and other receivables and payables | 67 |
| 22.2 Loans granted and received | 68 |
| 22.3 Revenues and expenses | 69 |
| 23. Significant litigation and disputes | 70 |
| 24. Significant events during the period and subsequent events | 70 |
| 25. Remuneration paid or due to members of management and supervisory bodies of the Company | 70 |
| 26. Employment structure | 71 |

IV. MLP Group S.A. Capital Group Management Board's report on activities for the 6 month period ended 30 June 2016 72

| | |
|--|------------|
| V. Report of the independent auditor from the review of interim condensed consolidated financial statements for the 6 month period ended 30 June 2016 | 108 |
| VI. Report of the independent auditor from the review of interim condensed separate financial statements for the 6 month period ended 30 June 2016 | 110 |

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 consolidated financial statements:

| | 30 June 2016 | 31 December 2015 | 30 June 2015 |
|---|-----------------|---------------------|-----------------|
| Average exchange rate during the period * | 4,3805 | 4,1848 | 4,1341 |
| Exchange rate at the last day of the period | 4,4255 | 4,2615 | 4,1944 |

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

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

| | as at 30 June 2016 | | 31 December 2015 | |
|---|-----------------------------|-----------------------------|----------------------------|----------------------------|
| | PLN thousand (unaudited) | EUR thousand (unaudited) | PLN thousand (restated) | EUR thousand (restated) |
| Non-current assets | 963 906 | 217 807 | 934 348 | 219 253 |
| Current assets | 109 046 | 24 641 | 191 821 | 45 013 |
| Total assets | 1 072 952 | 242 448 | 1 126 169 | 264 266 |
| Long term liabilities | 402 421 | 90 932 | 403 689 | 94 729 |
| Short term liabilities | 37 650 | 8 508 | 75 112 | 17 626 |
| Equity, including: | 632 881 | 143 008 | 647 368 | 151 911 |
| Share capital | 4 529 | 1 023 | 4 529 | 1 063 |
| Total equity and liabilities | 1 072 952 | 242 448 | 1 126 169 | 264 266 |
| 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 (in PLN) | 34.94 | 7.90 | 35.74 | 8.39 |

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

The main positions of the consolidated statement of profit or loss and other comprehensive income converted into euro:

| | for 6 months ended 30 June 2016 | | 30 June 2015 | |
|---|---------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | PLN thousand (unaudited) | EUR thousand (unaudited) | PLN thousand (unaudited) | EUR thousand (unaudited) |
| Revenues | 43 420 | 9 912 | 54 153 | 13 099 |
| Other operating income | 1 386 | 316 | 283 | 68 |
| Gain/(loss) on revaluation of investment property | 27 381 | 6 251 | (3 192) | (772) |
| Selling and administrative expenses | (21 362) | (4 877) | (19 302) | (4 669) |
| Operating profit | 49 163 | 11 223 | 31 824 | 7 698 |
| Profit before taxation | 37 333 | 8 523 | 31 964 | 7 732 |
| Net profit from continuing operations | 26 216 | 5 985 | 29 627 | 7 166 |
| Total comprehensive income | 27 173 | 6 203 | 33 665 | 8 143 |
| Net profit attributable to the owners of the Parent Company | 26 216 | 5 985 | 29 627 | 7 166 |
| Net profit and diluted net profit per share attributable to the owners of the Parent Company (in PLN) | 1.45 | 0.33 | 1.64 | 0.40 |

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

The main positions of the consolidated statement of cash flows converted into Euro:

| | <i>for 6 months ended</i> | | 30 June 2016 | | 30 June 2015 | |
|---|---------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | PLN thousand | EUR thousand | PLN thousand | EUR thousand | PLN thousand | EUR thousand |
| | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Net cash flow from operating activities | 9 226 | 2 106 | 34 170 | 8 265 | | |
| Cash flow from investing activities | (28 621) | (6 534) | (25 554) | (6 181) | | |
| Cash flow from financing activities | (48 479) | (11 067) | (7 744) | (1 873) | | |
| Total net cash flows | (67 874) | (15 495) | 872 | 211 | | |

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

| | <i>as at</i> | | 30 June 2016 | | 31 December 2015 | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------------|---------------------|
| | PLN thousand | EUR thousand | PLN thousand | EUR thousand | PLN thousand | EUR thousand |
| | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(restated)</i> | <i>(restated)</i> | | |
| Cash at the beginning of the period | 122 978 | 28 858 | 35 530 | 8 336 | | |
| Cash at the end of the period | 55 104 | 12 451 | 122 978 | 28 858 | | |

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

for the position "Cash at the end of the period" the average exchange rate published by the National Bank of Poland (NBP) on the last day of the reporting period was used,

for the position "Cash at the beginning of the period" the average exchange rate published by the National Bank of Poland (NBP) 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 2014 was 4.2623 PLN/EUR.



MLP Group S.A. **Capital Group**

**Condensed semi-annual
consolidated financial statements**

**for the 6 month period
ended 30 June 2016**

prepared in accordance with the IFRS EU

II. The interim condensed consolidated financial statements

Approval of the interim condensed consolidated financial statements

On 22 August 2016 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 2016 to 30 June 2016.

The interim condensed consolidated financial statements for the period from 1 January 2016 to 30 June 2016 have been prepared in accordance with 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 2016 to 30 June 2016, with a net profit of PLN 26,216 thousand.
2. Condensed consolidated statement of financial position as at 30 June 2016, with total assets and total liabilities and equity of PLN 1,072,952 thousand.
3. Condensed consolidated statement of cash flows for the period from 1 January 2016 to 30 June 2016, with a net cash decrease of PLN 67,874 thousand.
4. Condensed statement of changes in consolidated equity for the period from 1 January 2016 to 30 June 2016, with an equity decrease of PLN 14,487 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.

Radosław T. Krochta
*President of the
Management Board*

Michael Shapiro
*Vice-President of the
Management Board*

Tomasz Zabost
*Member of the
Management Board*

Condensed consolidated statement of profit or loss and other comprehensive income

| | <i>for 6 months ended 30 June</i> | Note | 2016 <i>(unaudited)</i> | 2015 <i>(unaudited)</i> |
|--|-----------------------------------|-------------|-----------------------------------|-----------------------------------|
| Revenues | | 4 | 43 420 | 54 153 |
| Other operating income | | | 1 386 | 283 |
| Gain/(loss) on revaluation of investment properties | | | 27 381 | (3 192) |
| Selling and administrative expenses | | 5 | (21 362) | (19 302) |
| Other operating costs | | | (1 662) | (118) |
| Operating profit | | | 49 163 | 31 824 |
| Financial income | | 6 | 1 682 | 10 721 |
| Financial cost | | 6 | (13 512) | (10 581) |
| Net financial income/ (cost) | | | (11 830) | 140 |
| Profit before taxation | | | 37 333 | 31 964 |
| Corporate income tax | | 7 | (11 117) | (2 337) |
| Net profit from continuing operations | | | 26 216 | 29 627 |
| Other comprehensive income | | | | |
| The effective part of changes in the fair value of cash flow hedges | | | 1 182 | 6 069 |
| Valuation of financial instruments | | | - | (1 084) |
| Corporate income tax on other comprehensive income | | | (225) | (947) |
| Other comprehensive income (net of tax) | | | 957 | 4 038 |
| Total comprehensive income | | | 27 173 | 33 665 |
| Net profit attributable to: | | | | |
| Owners of the Parent Company | | | 26 216 | 29 627 |
| Net profit | | | 26 216 | 29 627 |
| Comprehensive income attributable to: | | | | |
| Owners of the Parent Company | | | 27 173 | 33 665 |
| Total comprehensive income | | | 27 173 | 33 665 |
| Profit per share | | 15 | | |
| - Basic and diluted profit for the period attributable to ordinary shareholders of the parent company (in PLN) | | | 1.45 | 1.64 |

Condensed consolidated statement of financial position

| | <i>as at</i> Note | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 <i>(unaudited, restated)</i> |
|---|-----------------------------|---|---|
| Non-current assets | | | |
| Tangible fixed assets | | 831 | 919 |
| Intangible assets | | 3 | 5 |
| Investment property | 8 | 892 027 | 845 153 |
| Other long-term investments | 10, 25 | 64 003 | 76 265 |
| Other long-term assets | | 30 | 48 |
| Deferred tax assets | 9 | 7 012 | 11 958 |
| Total non-current assets | | 963 906 | 934 348 |
| Current assets | | | |
| Inventories | | - | 40 |
| Short-term investments | 10 | 25 907 | 31 096 |
| Corporate income tax receivables | 11 | 770 | 784 |
| Trade and other receivables | 11 | 11 296 | 19 333 |
| Other short-term investments | 10, 25 | 15 969 | 17 590 |
| Cash and cash equivalents | 12, 25 | 55 104 | 122 978 |
| Total current assets | | 109 046 | 191 821 |
| TOTAL ASSETS | | 1 072 952 | 1 126 169 |
| Equity | | | |
| | 14 | | |
| 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 | | (7 032) | (7 989) |
| Retained earnings | | 328 916 | 344 360 |
| Total equity | | 632 881 | 647 368 |
| Long-term liabilities | | | |
| Credits, loans and other debt instruments | 16.1 | 295 379 | 303 650 |
| Deferred tax liabilities | 9 | 84 772 | 79 896 |
| Other long-term liabilities | 16.1 | 22 270 | 20 143 |
| Total long-term liabilities | | 402 421 | 403 689 |
| Short-term liabilities | | | |
| Credits, loans and other debt instruments | 16.2 | 20 191 | 19 696 |
| Other short-term liabilities | 16.2 | 45 | 164 |
| Payroll liabilities | 17 | 157 | 1 917 |
| Corporate income tax liabilities | 18 | 606 | 1 594 |
| Trade and other liabilities | 18 | 16 651 | 51 741 |
| Total short-term liabilities | | 37 650 | 75 112 |
| Total liabilities | | 440 071 | 478 801 |
| TOTAL EQUITY AND LIABILITIES | | 1 072 952 | 1 126 169 |

Condensed consolidated statement of cash flows

| | for 6 months ended 30 June | Note | 2016 (unaudited) | 2015 (unaudited, restated) |
|--|----------------------------|--------|---------------------|----------------------------------|
| Cash flows from operating activities | | | | |
| Profit before taxation | | | 37 333 | 31 964 |
| <i>Adjustments for:</i> | | | | |
| Depreciation | | | 107 | 92 |
| Change in fair value of investment properties | | | (27 381) | 3 192 |
| Net interest | | | 5 559 | 8 354 |
| Foreign exchange differences | | | 9 272 | (6 749) |
| Other | | | 51 | 104 |
| Changes in trade and other receivables | | 13.2 | 8 077 | (594) |
| Changes in short-term and other liabilities | | 13.3 | (21 298) | 1 730 |
| Partial remission of bank credit | | | - | (2 302) |
| Cash generated from operating activities | | | | |
| Income tax paid | | | (2 494) | (1 621) |
| Net cash from operating activities | | | 9 226 | 34 170 |
| Cash flows from investing activities | | | | |
| Interest received | | | 366 | - |
| Repayment of loans granted | | | 6 | - |
| Purchase of investment property, tangible fixed assets and intangible assets | | | (31 572) | (25 977) |
| Disposal of intangible assets and tangible fixed assets | | | 1 | 36 |
| Other investment proceeds | | | 2 578 | 387 |
| Cash from investing activities | | | (28 621) | (25 554) |
| Cash flows from financing activities | | | | |
| Proceeds from credits and loans | | 13.1 | 9 081 | 29 351 |
| Repayment of credits and loans | | 13.1 | (9 430) | (26 012) |
| Dividends and other payments to shareholders | | | (41 660) | - |
| Interest paid | | | (6 470) | (11 083) |
| Cash from financing activities | | | (48 479) | (7 744) |
| Total cash flow | | | (67 874) | 872 |
| Cash and cash equivalents at the beginning of the period | | 12, 25 | 122 978 | 35 530 |
| Foreign exchange losses/gains on cash and cash equivalents | | | - | 5 |
| Cash and cash equivalents at the end of the period | | 12, 25 | 55 104 | 36 407 |

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 | Retained earnings | Total equity |
| Equity as at 1 January 2015 | 4 529 | 81 384 | 71 121 | 153 963 | (22 847) | 269 732 | 557 882 |
| <u>Comprehensive income:</u> | | | | | | | |
| Profit for the period* | - | - | - | - | - | 29 627 | 29 627 |
| Total other comprehensive income* | - | - | - | - | 4 038 | - | 4 038 |
| Total comprehensive income for 6 months ended 30 June 2015* | - | - | - | - | 4 038 | 29 627 | 33 665 |
| Equity as at 30 June 2015* | 4 529 | 81 384 | 71 121 | 153 963 | (18 809) | 299 359 | 591 547 |
| Equity as at 1 January 2016 roku | 4 529 | 81 384 | 71 121 | 153 963 | (7 989) | 344 360 | 647 368 |
| <u>Comprehensive income:</u> | | | | | | | |
| Profit for the period* | - | - | - | - | - | 26 216 | 26 216 |
| Total other comprehensive income* | - | - | - | - | 957 | - | 957 |
| Total comprehensive income for 6 months 30 June 2016* | - | - | - | - | 957 | 26 216 | 27 173 |
| Dividend disbursement | - | - | - | - | - | (41 660) | (41 660) |
| Equity as at 30 June 2016* | 4 529 | 81 384 | 71 121 | 153 963 | (7 032) | 328 916 | 632 881 |

* *unaudited*

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 headquarters is seated in Pruszków, 3-go Maja 8 Street.

The Parent Company was established as a result of a transformation of the state company Zakłady Naprawcze Taboru Kolejowego im. Bohaterów Warszawy seated in Pruszków into a joint stock company fully owned by the state. The 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 these 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:

- Radosław T. Krochta - President of the Management Board
- Michael Shapiro - Vice-President of the Management Board
- Tomasz Zabost - Member of the Management Board

On 9 June 2016 pursuant to the resolution of Supervisory Board, Mr Radosław Krochta was appointed for President of the Management Board of the Company and Mr Michael Shapiro was appointed for Vice President of the Management Board of the 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
- Guy Shapira - Member of the Supervisory Board
- Jacek Tucharz - Member of the Supervisory Board
- Maciej Matusiak - Member of the Supervisory Board

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 24 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 of 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 2016, MLP Group S.A. Capital Group consisted of the following entities:

| 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 voting rights | |
|---|---------------------|---|------------------|--|------------------|
| | | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| 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 Pruszków III Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Pruszków IV Sp. zo.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Moszna I Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Poznań Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Lublin Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Poznań II Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Spółka z ograniczoną odpowiedzialnością SKA | Poland | 100% | 100% | 100% | 100% |
| MLP Energy 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% | 100% | 100% |
| MLP Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Teresin Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Poznań West Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP FIN Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| LOKAFOP 201 Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA | Poland | 100% | 100% | 100% | 100% |
| MLP Wrocław Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Gliwice Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Łódź Sp. z o.o. ¹⁾ | Poland | 100% | - | 100% | - |
| MLP Czeladź Sp z o.o. ²⁾ | Poland | 100% | - | 100% | - |
| MLP Temp Sp. z o.o. ³⁾ | Poland | 100% | - | 100% | - |

1. 3 Changes in the Group structure

¹⁾ On 4 March 2016 MLP Group S.A. acquired 50 shares of total value of PLN 5,000 in MLP Łódź Sp. z o.o. and acquired directly 100% of the share capital and voting rights in the above mentioned company. The shares were paid fully in cash. On 16 May 2016 MLP Łódź Sp. z o.o. has been registered in the National Court Register.

²⁾ On 4 March 2016 MLP Group S.A. acquired 50 shares of total value of PLN 5,000 in MLP Czeladź Sp. z o.o. and acquired directly 100% of the share capital and voting rights in the above mentioned company. The shares were paid fully in cash. On 31 May 2016 MLP Czeladź Sp. z o.o. has been registered in the National Court Register.

³⁾ On 20 May 2016 MLP Group S.A. acquired 100 shares of total value of PLN 5,000 in MLP Temp Sp. z o.o. and acquired directly 100% of the share capital and voting rights in the above mentioned company.

On 31 May 2016 share capital of the company MLP Temp Sp. o.o. has been increased by the amount of PLN 1,001,000, by creating 20,020 new shares with a nominal value of PLN 50, which were covered as follows: MLP Group S.A. acquired 20,000 new shares with a total value of PLN 1,000,000 and entirely covered them with a cash contribution and MLP Spółka z ograniczoną odpowiedzialnością SKA acquired the remaining 20 new shares, which were covered by contribution in kind in the form of the enterprise MLP Spółka z ograniczoną odpowiedzialnością SKA.

In the 6 month period ended 30 June 2016 there were no other changes in the structure of MLP Group S.A. Capital Group.

The interim condensed consolidated financial statements for the period ended 30 June 2016 include financial statements of the Parent Company and 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 period 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 changed and is 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. | 452 955 | 2.50% |
| MIRO LTD. | 99 170 | 0.55% |
| GRACECUP TRADING LIMITED | 641 558 | 3.54% |
| MetLife OFE | 948 387 | 5.24% |
| THESINGER LIMITED | 1 920 475 | 10.60% |
| Other shareholders | 3 730 868 | 20.59% |
| CAJAMARCA Holland BV | 10 319 842 | 56.98% |
| Total | 18 113 255 | 100.00% |

The number of shares held by MIRO B.V. has decreased as a result of the settlement of the transaction dated 19 April 2016 which took place in Warsaw. The transaction was a contribution in kind of 552,000 shares, representing 3.05% of the share capital of the Company made by MIRO B.V. seated in Delft, Netherlands to the company MIRO Ltd. seated in Limassol, Cyprus in exchange for the shares in the Cypriot company.

The company Miro B.V. seated in Delft, Netherlands is the parent company of MIRO Ltd. seated in Limassol, Cyprus, holding 100 % of shares in its share capital.

As a result of the settlement of the package transaction which took place on 26 April 2016, which was concluded through Pekao Investment Banking S.A. seated in Warsaw, Gracecup Trading Ltd. seated in Nicosia, Cyprus and MIRO Ltd. seated in Limassol, Cyprus, disposed of a total of 905,660 shares representing 5% of the share capital of the Company, whereas Gracecup Trading Ltd. seated in Nicosia, Cyprus, sold 452,830 shares representing 2.5% of the share capital entitling to 452,830 voting rights on the General Meeting of Shareholders.

As a result of purchase of the Company's shares on 4 August 2016, MetLife Otwarty Fundusz Emerytalny increased its share in total voting rights on the General Meeting of Shareholders and in Company's share capital above 5%. Before the change MetLife OFE had 870,706 shares representing 4.81% the share capital entitling to 870,706 voting rights on the General Meeting of Shareholders.

As a result of above described transaction MetLife OFE has 948,387 shares representing 5.24% of the share capital entitling to 948,387 voting rights on the General Meeting of Shareholders, which constitutes 5.24% of the total number of votes.

1. 4. 2 Shares and rights to shares of the Parent Company owned by members of management and supervisory bodies

Michael Shapiro holds indirectly, through controlled by himself in 100% MIRO B.V. and MIRO Ltd., 3.05% 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 17.30% in MLP Group S.A.

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 interim condensed consolidated financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union ("IAS 34"). The Group has applied all Standards and Interpretations adopted by the European Union except for the Standards and Interpretations 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 Group plans to adopt new Standards and amendments to Standards and Interpretations, which are not yet mandatorily effective at the date of the approval of the consolidated financial statements, according the their date of entry into force.

Assesment of the possible impact of amendments to IFRS and new IFRS on future consolidated financial statement of the Group was presented in the Consolidated Financial Statement for 2015 in note 2.2.

2. 3 **Basis for preparation of the interim condensed consolidated financial statements**

The interim condensed consolidated financial statements have been prepared assuming that the Group will continue to operate as a going concern in the foreseeable future and in conviction that there is no evidence indicating that the Group 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 2015.

2. 4 **Functional and presentation currency and methods applied to translation of financial data**

2. 4. 1 **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. 4. 2 **Basis of financial data valuation**

For the measurement of the positions of the condensed consolidated statement of financial position denominated in foreign currencies, the following exchange rates have been used (PLN):

Consolidated statement of financial position:

| | 30 June 2016 | 31 December 2015 | 30 June 2015 |
|-----|-------------------------|-----------------------------|-------------------------|
| EUR | 4.4255 | 4.2615 | 4.1944 |
| USD | 3.9803 | 3.9011 | 3.7645 |

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 note 2 to the Consolidated Financial Statements for the year 2015.

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.

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 activities are carried out in Poland. The location of assets coincides with the location of customers. The operational segments coincide with geographical segments. Due to the fact that the Company operates solely in one segment, all information concerning the segment have been presented in the consolidated statement of profit or loss and other comprehensive income and in the consolidated statement of financial position.

As at 30 June 2016 and for the reporting period ended this day the Group has one operating segment - Poland.

4. Revenues

| <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|------------------------------------|--------------------|--------------------|
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Revenue from rental of properties | 33 059 | 45 930 |
| Other revenues | 10 361 | 8 223 |
| Total revenues | 43 420 | 54 153 |
| Reinvoicing of utilities | 8 946 | 7 762 |
| Revenues from rental of apartments | 16 | 18 |
| Services provided to tenants | 1 399 | 443 |
| Other revenues | 10 361 | 8 223 |

5. Selling and administrative expenses

| <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|--|--------------------|--------------------|
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Depreciation and amortization | (107) | (92) |
| Materials and energy | (7 651) | (6 882) |
| External services | (6 788) | (4 927) |
| Taxes and charges | (4 979) | (5 895) |
| Payroll | (1 365) | (964) |
| Social security and other employee benefits | (200) | (168) |
| Other expenditures by kind | (272) | (374) |
| Total selling and administrative expenses | (21 362) | (19 302) |

Selling and administrative expenses for the 6 month period ended 30 June 2016 of PLN 21,362 thousand were related mostly to costs of the maintenance of revenue-generating investment properties. Costs that are not directly related to those properties are depreciation of tangible fixed assets used for operating activity and not generating lease revenue and property tax on undeveloped land.

6. Financial income and costs

| <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|-----------------------------------|--------------------|--------------------|
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Interest on loans granted | 1 265 | 1 261 |
| Interest income on bank deposits | 402 | 398 |
| Foreign exchange differences net | - | 6 749 |
| Interest on receivables | 15 | 11 |
| Partial credit redemption | - | 2 302 |
| Total financial income | 1 682 | 10 721 |

| <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|---|--------------------|--------------------|
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Interest expenses on credits and loans | (3 267) | (5 937) |
| Other interest | (2) | (3) |
| Interest paid on SWAP | (3 846) | (5 987) |
| Interest results on cash flow hedges | 735 | 1 331 |
| Ineffective part of valuation of cash flow hedges | (446) | 978 |
| Foreign exchange differences net | (6 320) | - |
| Other financial expenses | (17) | (963) |
| Debt related costs | (349) | - |
| Total financial costs | (13 512) | (10 581) |

On 4 January 2016 MLP Moszna I Sp. z o.o. and MLP Pruszków III Sp. z o.o. entered into a new floating-to-fixed interest rate agreement. All future interest payments calculated on the basis of a floating interest rate will be effectively replaced with a fixed interest rate according to the schedule attached in the above mentioned agreement.

In the 6 month period ended 30 June 2016 the Group recognized the cost of swap transaction as financial expenses i.e. ineffective part of swap valuation and interest resulting from this valuation. Foreign exchange differences are mainly a result of valuation of credits and loans denominated in EUR and USD at the end of the reporting period.

7. Income tax

| <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|--|--------------------|--------------------|
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Current income tax for the period | 1 520 | 2 423 |
| Origination/ reversal of temporary differences | 9 597 | (86) |
| Income tax | 11 117 | 2 337 |

Effective tax rate

| <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|--|--------------------|--------------------|
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Profit before taxation | 37 333 | 31 964 |
| <i>Current income tax on the basis of the enacted tax rate (19%)</i> | <i>(7 093)</i> | <i>(6 073)</i> |
| Recognition of previously unrecognised deferred tax asset | - | 3 176 |
| Difference resulting from the lack of taxation in MLP Spółka z ograniczoną odpowiedzialnością SKA and Lokafoop 201 Spółka z ograniczoną odpowiedzialnością SKA | - | 647 |
| Unrecognized deferred tax asset created on the tax loss | (3 948) | - |
| Non-tax deductible costs | (76) | (87) |
| Income tax | (11 117) | (2 337) |

8. Investment property

| <i>as at</i> | 30 June 2016 | 31 December 2015 |
|---|-------------------------|-----------------------------|
| | <i>(unaudited)</i> | |
| Gross value at the beginning of the period | 845 153 | 1 046 337 |
| Additions | 19 493 | 111 109 |
| Sale of investment property | - | (331 993) |
| Change in the fair value | 27 381 | 19 700 |
| Gross value at the end of the period | 892 027 | 845 153 |

Investment property includes warehouses and undeveloped land. The Group's revenues relate mainly to rental of warehouses.

Investment property divided into Parks:

| <i>as at</i> | 30 June 2016 | 31 December 2015 |
|---|-------------------------|-----------------------------|
| | <i>(unaudited)</i> | |
| MLP Pruszków I Park | | |
| Fair value of property - MLP Pruszków I | 356 296 | 343 519 |
| Perpetual usufruct - MLP Pruszków I | 2 641 | 2 641 |
| | 358 937 | 346 160 |
| MLP Pruszków II Park | | |
| Fair value of property - MLP Pruszków II | 296 964 | 291 141 |
| Perpetual usufruct - MLP Pruszków II | 2 619 | 2 619 |
| | 299 583 | 293 760 |
| MLP Poznań Park | | |
| Fair value of property - MLP Poznań | 110 434 | 98 539 |
| | 110 434 | 98 539 |
| MLP Lublin Park | | |
| Fair value of property - MLP Lublin | 50 367 | 47 281 |
| | 50 367 | 47 281 |
| MLP Teresin Park | | |
| Fair value of property - MLP Teresin | 29 739 | 16 407 |
| | 29 739 | 16 407 |
| MLP Gliwice Park | | |
| Fair value of property - MLP Gliwice | 17 879 | 17 890 |
| | 17 879 | 17 890 |
| MLP Wrocław Park | | |
| Fair value of property - MLP Wrocław | 25 048 | 25 041 |
| | 25 048 | 25 041 |
| MLP Energy - apartments | 40 | 75 |
| Gross value at the end of the period | 892 027 | 845 153 |

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

In accordance with the adopted accounting policy interest expense on investment loans attributable to the construction in progress are capitalized and increase the value of the property. Details are presented in the following table.

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|-------------------------------|---|-----------------------------|
| Capitalized interest expenses | 181 | 97 |

Investment liabilities are presented in the following table.

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|------------------------|---|-----------------------------|
| Investment liabilities | 9 673 | 24 528 |

8. 1 The Fair value of the Group's 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 inputs 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 consistent with International Valuation Standards (IVS) published by the International Valuation Standards Committee (IVSC).

Valuations were prepared based on the income approach method for the existing warehouses and for land with building permission and comparable method for undeveloped land.

Because of different localizations and characteristics of investment properties, assumptions used by experts concerning yield rates are in the range 7.25%-8.50%.

The Group prepares investment property (fair) valuation two times a year (as at 30 June and 31 December). The surplus land valuation based on the comparative approach at the end of the current reporting period has been maintained in PLN. The value of other investment properties has been presented in EUR and recalculated to PLN using the average exchange rate of the National Bank of Poland on the last day of the reporting period.

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

In the 6 month period ended 30 June 2016, there were no reclassifications between the levels.

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

| | Fair value as at 30 June 2016 | Approach to the valuation | Unobservable data | Range of unobservable data (probabilities weighted average) | Relations between the unobservable inputs on the data and the fair value |
|---|----------------------------------|------------------------------|---------------------------|---|---|
| MLP Pruszków I Logistics Park | | | | | |
| (i) warehouse and office buildings | 80 510 thousand EUR | Income approach | Monthly rent per 1 sqm | 2.78-7.60 EUR/sqm, (5.19 EUR/sqm) | The higher rent, the higher fair value |
| | | | Capitalization rate | 7.50% - 8.50 %, (8.00%) | The lower capitalization rate, the higher fair value |
| 80 510 thousand EUR | | | | | |
| MLP Pruszków II Logistics Park | | | | | |
| (i) warehouse and office buildings | 37 363 thousand EUR | Income approach | Monthly rent per 1 sqm | 2.28 - 3.69 EUR/sqm, (3.03 EUR/sqm) | The higher rent, the higher fair value |
| | | | Capitalization rate | 7.25% - 8.50 %, (7.53%) | The lower capitalization rate, the higher fair value |
| (ii) chimney | 5 671 thousand EUR | Income approach | Monthly rent | 40.9 thousand EUR - 41.0 thousand EUR, (40.9 thousand EUR) | The higher rent, the higher fair value |
| | | | Capitalization rate | (8.50%) | The lower capitalization rate, the higher fair value |
| (iii) parking | 1 119 thousand EUR | Income approach | Monthly rent | 7.9 thousand EUR - 10.4 thousand EUR, (9.2 thousand EUR) | The higher rent, the higher fair value |
| | | | Capitalization rate | (8.50%) | The lower capitalization rate, the higher fair value |
| (iv) surplus land | 16 510 thousand EUR | Comparable approach | Price for 1 sqm | 43.88 EUR/sqm | The higher price for 1 sqm, the higher fair value |
| (v) land with construction permission | 6 440 thousand EUR | Residual approach | Capitalized net income | (a) | The lower capitalized net income, the lower fair value |
| | | | Construction costs | (b) | The higher construction costs, the lower fair value |
| 67 103 thousand EUR | | | | | |

| | Fair value as at 30 June 2016 | Approach to the valuation | Unobservable data | Range of unobservable data (probabilities weighted average) | Relations between the unobservable inputs on the data and the fair value |
|---|----------------------------------|------------------------------|---------------------------|---|---|
| MLP Poznań Logistics Park | | | | | |
| (i) warehouse and office buildings | 17 714 thousand EUR | Income approach | Monthly rent per 1 sqm | 3.3 - 4.6 EUR/sqm, (3.9 EUR/sqm) | The higher rent, the higher fair value |
| | | | Capitalization rate | 7.25%-7.51% (7.51%) | The lower capitalization rate, the higher fair value |
| (ii) surplus land | 1 720 thousand EUR | Comparable approach | Price for 1 sqm | 33.89 EUR/sqm | The higher price for 1 sqm, the higher fair value |
| (iii) land with construction permission | 5 520 thousand EUR | Residual approach | Capitalized net income | (a) | The lower capitalized net income, the lower fair value |
| | | | Construction costs | (b) | The higher construction costs, the lower fair value |
| 24 954 thousand EUR | | | | | |
| MLP Lublin Logistics Park | | | | | |
| (i) warehouse and office buildings | 8 601 thousand EUR | Income approach | Monthly rent per 1 sqm | 3.1 - 3.7 EUR/sqm., (3.4 EUR/sqm) | The higher rent, the higher fair value |
| | | | Capitalization rate | (7.76%) | The lower capitalization rate, the higher fair value |
| (ii) land with construction permission | 2 780 thousand EUR | Residual approach | Capitalized net income | (a) | The lower capitalized net income, the lower fair value |
| | | | Construction costs | (b) | The higher construction costs, the lower fair value |
| 11 381 thousand EUR | | | | | |

| | Fair value as at 30 June 2016 | Approach to the valuation | Unobservable data | Range of unobservable data (probabilities weighted average) | Relations between the unobservable inputs on the data and the fair value |
|---|----------------------------------|------------------------------|---------------------------|---|---|
| MLP Teresin Logistics Park | | | | | |
| (i) land with construction permission | 6 720 thousand EUR | Residual approach | Capitalized net income | (a) | The lower capitalized net income, the lower fair value |
| | | | Construction costs | (b) | The higher construction costs, the lower fair value |
| | 6 720 thousand EUR | | | | |
| MLP Gliwice Logistics Park | | | | | |
| (i) surplus land | 4 040 thousand EUR | Comparable approach | Price for 1 sqm | 27.12 EUR/sqm | The higher price for 1 sqm, the higher fair value |
| | 4 040 thousand EUR | | | | |
| MLP Wrocław Logistics Park | | | | | |
| (i) surplus land | 5 660 thousand EUR | Comparable approach | Price for 1 sqm | 43.38 | The higher price for 1 sqm, the higher fair value |
| | 5 660 thousand EUR | | | | |
| | 200 368 thousand EUR | | | | |

(a) Capitalized net income: calculation based on market rents and capitalization rates

(b) Construction costs: the construction costs based on estimated budgets for this kind of projects.

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

| | Fair value as at 31 December 2015 | Approach to the valuation | Unobservable data | Range of unobservable data (probabilities weighted average) | Relations between the unobservable inputs on the data and the fair value |
|---|--------------------------------------|------------------------------|---------------------------|---|---|
| MLP Pruszków I Logistics Park | | | | | |
| (i) warehouse and office buildings | 80 610 thousand EUR | Income approach | Monthly rent per 1 sqm | 2.83 - 7.11 EUR/sqm, (4.97 EUR/sqm) | The higher rent, the higher fair value |
| | | | Capitalization rate | 7.50% - 8.50 %, (8.00%) | The lower capitalization rate, the higher fair value |
| 80 610 thousand EUR | | | | | |
| MLP Pruszków II Logistics Park | | | | | |
| (i) warehouse and office buildings | 37 667 thousand EUR | Income approach | Monthly rent per 1 sqm | 2.28 - 3.69 EUR/sqm, (3.09 EUR/sqm) | The higher rent, the higher fair value |
| | | | Capitalization rate | 7.50% - 8.50 %, (7.63%) | The lower capitalization rate, the higher fair value |
| (ii) chimney | 5 930 thousand EUR | Income approach | Monthly rent | 42.7 thousand EUR - 43.0 thousand EUR, (42.8 thousand EUR) | The higher rent, the higher fair value |
| | | | Capitalization rate | (8.50%) | The lower capitalization rate, the higher fair value |
| (iii) parking | 1 132 thousand EUR | Income approach | Monthly rent | 7.9 thousand EUR - 10.4 thousand EUR, (9.1 thousand EUR) | The higher rent, the higher fair value |
| | | | Capitalization rate | (8.50%) | The lower capitalization rate, the higher fair value |
| (iv) surplus land | 17 150 thousand EUR | Comparable approach | Price for 1 sqm | 43.88 EUR/sqm | The higher price for 1 sqm, the higher fair value |
| (v) land with construction permission | 6 440 thousand EUR | Residual approach | Capitalized net income | (a) | The lower capitalized net income, the lower fair value |
| | | | Construction costs | (b) | The higher construction costs, the lower fair value |
| 68 319 thousand EUR | | | | | |

| | Fair value as at 31 December 2015 | Approach to the valuation | Unobservable data | Range of unobservable data (probabilities weighted average) | Relations between the unobservable inputs on the data and the fair value |
|---|--------------------------------------|------------------------------|---------------------------|---|---|
| MLP Poznań Logistics Park | | | | | |
| (i) warehouse and office buildings | 17 642 thousand EUR | Income approach | Monthly rent per 1 sqm | 3.7 - 4.66 EUR/sqm., (4.32 EUR/sqm) | The higher rent, the higher fair value |
| | | | Capitalization rate | (7.51%) | The lower capitalization rate, the higher fair value |
| (ii) surplus land | 1 791 thousand EUR | Comparable approach | Price for 1 sqm | 35.20 EUR/sqm | The higher price for 1 sqm, the higher fair value |
| (iii) land with construction permission | 3 690 thousand EUR | Residual approach | Capitalized net income | (a) | The lower capitalized net income, the lower fair value |
| | | | Construction costs | (b) | The higher construction costs, the lower fair value |
| 23 123 thousand EUR | | | | | |
| MLP Lublin Logistics Park | | | | | |
| (i) warehouse and office buildings | 8 315 thousand EUR | Income approach | Monthly rent per 1 sqm | 3.10 - 3.66 EUR/sqm, (3.38 EUR/sqm) | The higher rent, the higher fair value |
| | | | Capitalization rate | (7.76%) | The lower capitalization rate, the higher fair value |
| (ii) land with construction permission | 2 780 thousand EUR | Residual approach | Capitalized net income | (a) | The lower capitalized net income, the lower fair value |
| | | | Construction costs | (b) | The higher construction costs, the lower fair value |
| 11 095 thousand EUR | | | | | |

| | Fair value as at 31 December 2015 | Approach to the valuation | Unobservable data | Range of unobservable data (probabilities weighted average) | Relations between the unobservable inputs on the data and the fair value |
|---|--------------------------------------|------------------------------|---------------------------|---|---|
| MLP Teresin Logistics Park | | | | | |
| (i) land with construction permission | 3 850 thousand EUR | Residual approach | Capitalized net income | (a) | The lower capitalized net income, the lower fair value |
| | | | Construction costs | (b) | The higher construction costs, the lower fair value |
| 3 850 thousand EUR | | | | | |
| MLP Gliwice Logistics Park | | | | | |
| (i) surplus land | 4 198 thousand EUR | Comparable approach | Price for 1 sqm | 28.16 EUR/sqm | The higher price for 1 sqm, the higher fair value |
| 4 198 thousand EUR | | | | | |
| MLP Wrocław Logistics Park | | | | | |
| (i) surplus land | 5 876 thousand EUR | Comparable approach | Price for 1 sqm | 45.05 EUR/sqm | The higher price for 1 sqm, the higher fair value |
| 5 876 thousand EUR | | | | | |
| 197 071 thousand EUR | | | | | |

(a) Capitalized net income: calculation based on market rents and capitalization rates

(b) Construction costs: the construction costs based on estimated budgets for this kind of projects.

9. 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> 2016 (unaudited) | 2015 | 2016 (unaudited) | 2015 | 2016 (unaudited) | 2015 |
| Investment property | - | - | 88 520 | 82 058 | 88 520 | 82 058 |
| Credits, loans granted and received | 3 792 | 1 919 | - | - | (3 792) | (1 919) |
| Derivatives | 2 333 | 2 612 | - | - | (2 333) | (2 612) |
| Other | 226 | 900 | - | - | (226) | (900) |
| Tax losses deductible in future periods | 4 409 | 8 689 | - | - | (4 409) | (8 689) |
| Deferred tax assets / liabilities | 10 760 | 14 120 | 88 520 | 82 058 | 77 760 | 67 938 |

| | <i>as at</i> | 30 June 2016 (unaudited) | 31 December 2015 |
|--------------------------|--------------|--------------------------------|---------------------|
| Including: | | | |
| Deferred tax assets | | (7 012) | (11 958) |
| Deferred tax liabilities | | 84 772 | 79 896 |
| | | 77 760 | 67 938 |

As at 30 June 2016 unrecognized deferred tax asset created on the tax loss amounted to 3,948 thousand PLN.

| | 1 January 2015 | changes recorded in profit or loss | changes recorded in other comprehensive income | 31 December 2015 |
|---|---------------------------|---|---|-----------------------------|
| Investment property | 105 047 | (22 989) | - | 82 058 |
| Credits, loans granted and received | (1 335) | (584) | - | (1 919) |
| Derivatives | (7 336) | 1 239 | 3 485 | (2 612) |
| Other | (3 503) | 2 603 | - | (900) |
| Tax losses deductible in the future periods | (246) | (8 443) | - | (8 689) |
| | 92 627 | (28 174) | 3 485 | 67 938 |

| | 1 January 2015 | changes recorded in profit or loss | changes recorded in other comprehensive income | 30 June 2016 |
|---|---------------------------|---|---|-------------------------|
| | | <i>(unaudited)</i> | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Investment property | 82 058 | 6 462 | - | 88 520 |
| Credits, loans granted and received | (1 919) | (1 873) | - | (3 792) |
| Derivatives | (2 612) | 54 | 225 | (2 333) |
| Other | (900) | 674 | - | (226) |
| Tax losses deductible in the future periods | (8 689) | 4 280 | - | (4 409) |
| | 67 938 | 9 597 | 225 | 77 760 |

10. Other investments

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 <i>(restated)</i> |
|---|---|--|
| Other long-term investments | 6 093 | 7 050 |
| Long-term loans granted to related parties | 57 910 | 69 215 |
| Other long-term investments | 64 003 | 76 265 |
| Short-term loans granted to related parties | 3 768 | 9 282 |
| Short-term loans granted to third parties | 22 139 | 21 814 |
| Short-term investments | 25 907 | 31 096 |
| Escrow account | 10 312 | 11 162 |
| Restricted cash | 5 657 | 6 428 |
| Other short-term investments | 15 969 | 17 590 |

Other long-term investments comprise restricted cash of PLN 6,093 thousand. The amount contains: PLN 5,552 thousand, which was separated in accordance with the credit agreements to secure payment of principal and interest instalments, PLN 377 thousand of deposits retained from tenants and other deposits of PLN 164 thousand.

The Group has short-term restricted cash of PLN 5,657 thousand. Restricted cash consists of: PLN 5,466 thousand of guarantees given by MLP Pruszków I Sp. z o.o. in favour of Hapoalim Bank and short-term part of cash separated in accordance with credit agreements of PLN 191 thousand.

Other short-term investments also comprise funds on Escrow account, retained in connection with the sale of investment properties. These funds will be released when the Group's obligations under the contract of sale of investment properties are met. The Group expects that these obligations will be met within 1 year period from the conclusion of these agreements.

11. Trade and other receivables

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|--|---|-----------------------------|
| Trade receivables | 6 165 | 6 014 |
| Investment settlements | 486 | 425 |
| Prepayments | 859 | 230 |
| Taxation and social security receivables | 3 786 | 12 664 |
| Trade and other receivables | 11 296 | 19 333 |
| Corporate income tax receivables | 770 | 784 |
| Short-term receivables | 12 066 | 20 117 |

Receivables due from related parties are set out 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 2016* | | 31 December 2015 | |
|--------------------------|--------------|-------------------|----------------|-------------------|----------------|
| | | Gross receivables | Write-downs | Gross receivables | Write-downs |
| Not past due: | | 2 538 | (1) | 2 880 | (1) |
| Past due: | | | | | |
| 0 to 90 days | | 3 057 | (394) | 2 348 | (2) |
| 91 to 180 days | | 506 | (112) | 232 | (4) |
| over 180 days | | 4 687 | (4 116) | 4 644 | (4 083) |
| Total receivables | | 10 788 | (4 623) | 10 104 | (4 090) |

* Unaudited

12. Cash and cash equivalents

| | <i>as at</i> | 30 June | 31 December |
|--|--------------|----------------------------|---------------------------|
| | | 2016 <i>(unaudited)</i> | 2015 <i>(restated)</i> |
| Cash on hand | | 58 | 47 |
| Cash in bank | | 23 019 | 54 485 |
| Short-term deposits | | 31 725 | 68 446 |
| Cash in transit | | 302 | - |
| Cash and cash equivalents in the condensed consolidated statement of financial position | | 55 104 | 122 978 |
| Cash and cash equivalents in the condensed consolidated statement of cash flows | | 55 104 | 122 978 |

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 varying periods, depending on the current Group demand for cash and earn interest at individually set interest rates.

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

13. Explanatory information to consolidated statement of cash flows

13. 1 Cash flow related to loans granted and received

In the reporting period ended 30 June 2016 MLP Group S.A. and its subsidiary MLP Pruszków I Sp. z o.o. did not grant or receive any loans from Fenix Polska Sp. z o.o.

In the reporting period ended 30 June 2015 MLP Group S.A. and its subsidiary MLP Pruszków I Sp. z o.o. granted loans in the amount of PLN 150 thousand to Fenix Polska Sp. z o.o, while Fenix Polska Sp. z o.o. granted loans in the same amount to the companies from the Capital Group. In the condensed consolidated statement of cash flows, the Group presented cash flows related to the abovementioned proceeds and repayments at net value due to lack of cash flows as loans were granted by MLP Group S.A. and MLP Pruszków I Sp. z o. o. on behalf of Fenix Sp. z o. o.

| | <i>for 6 months ended 30 June</i> | |
|---|-----------------------------------|--------------------|
| | 2016 | 2015 |
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Cash flows from bank credits received | 9 081 | 29 351 |
| Cash flows from loans received | - | 150 |
| Total cash flows from bank credits and loans received | 9 081 | 29 501 |
| Elimination of loans received from Fenix Polska Sp. z o.o. | - | (150) |
| Total cash flows from bank credit and loans received | 9 081 | 29 351 |
| Total cash flows from bank credit and loans received presented in the condensed consolidated statement of cash flows | 9 081 | 29 351 |

| | <i>for 6 months ended 30 June</i> | |
|---|-----------------------------------|--------------------|
| | 2016 | 2015 |
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Cash flows from bank credits repaid | (8 066) | (24 745) |
| Cash flows from loans repaid | (19 583) | (12 341) |
| Total cash flows from bank credits and loans repaid | (27 649) | (37 086) |
| Elimination of loans repaid to Fenix Polska Sp. z o.o. | 18 219 | 11 074 |
| Total cash flows from bank credit and loans repaid | (9 430) | (26 012) |
| Total cash flows from bank credit and loans repaid presented in the condensed consolidated statement of cash flows | (9 430) | (26 012) |

| <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|--|--------------------|--------------------|
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Cash flows from loans granted | - | (150) |
| Elimination of loans granted to Fenix Polska Sp. z o.o. | - | 150 |
| Total cash flows from loans granted | - | - |
| Total cash flows from loans granted presented in the condensed consolidated statement of cash flows | - | - |

13. 2 Changes in trade and other receivables

| <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|---|--------------------|--------------------|
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Changes in trade and other receivables | 8 037 | (684) |
| Other adjustments | 40 | 90 |
| Changes in trade and other receivables | 8 077 | (594) |
| Changes in trade and other receivables presented in the condensed consolidated statement of cash flows | 8 077 | (594) |

13. 3 Changes in short-term and other liabilities

| <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|--|--------------------|--------------------|
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Change in trade and other liabilities | (35 090) | (13 540) |
| Changes in payroll liabilities | (1 760) | (143) |
| Change in investment deposits and guarantees from tenants and others | 3 475 | 1 042 |
| Exclusion of change in investment liabilities | 12 077 | 14 058 |
| Other adjustments | - | 313 |
| Changes in short-term and other liabilities | (21 298) | 1 730 |
| Changes in short-term and other liabilities presented in the condensed consolidated statement of cash flows | (21 298) | 1 730 |

14. Equity

14. 1 Share capital

| | <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|--------------------------|--------------|---|-----------------------------|
| Share capital | | | |
| Ordinary A series shares | | 11 440 000 | 11 440 000 |
| Ordinary B series shares | | 3 654 379 | 3 654 379 |
| Ordinary C series shares | | 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 2016 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 the General Meeting. The par value of all shares is PLN 0.25 and was fully paid.

In the 6 month period ended 30 June 2016 there were no changes in share capital.

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

15. Earnings per share

Profit 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 potential dilutive shares.

| | <i>for 6 months ended 30 June</i> | 2016 <i>(unaudited)</i> | 2015 <i>(unaudited)</i> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Net profit for the year | | 26 216 | 29 627 |
| Number of shares issued (in units) | | 18 113 255 | 18 113 255 |
| Weighted average number of shares issued (in units) | | 18 113 255 | 18 113 255 |

Earnings per share attributable to shareholders of the Parent Company for the period (in PLN per share):

| | | |
|-----------|------|------|
| - basic | 1.45 | 1.64 |
| - diluted | 1.45 | 1.64 |

In presented periods there were no dilutive factors.

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

16. 1 Long-term liabilities

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|---|---|-----------------------------|
| Bank credits pledged on the Group's assets | 232 146 | 222 889 |
| Loans | 63 233 | 80 761 |
| Total long-term credits, loans, other debt instruments and other liabilities | 295 379 | 303 650 |

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|--|---|-----------------------------|
| Finance lease liabilities | 5 260 | 5 260 |
| Liabilities concerning SWAP transactions | 12 231 | 13 579 |
| Investment deposits | 3 579 | 309 |
| Guarantees from tenants and others | 1 200 | 995 |
| Total other long-term liabilities | 22 270 | 20 143 |

16. 2 Short-term liabilities

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|---|---|-----------------------------|
| Short-term credits and short-term part of long term credits pledged on the Group's assets | 16 711 | 15 730 |
| Loans | 3 480 | 3 966 |
| Total short-term credits, loans and other debt instruments | 20 191 | 19 696 |

Secured and unsecured loan and bank credit liabilities result from transactions with both related and third parties.

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|--|---|-----------------------------|
| Liabilities concerning SWAP transactions | 45 | 164 |
| Other short-term liabilities | 45 | 164 |

16. 3 Credits, loans secured and unsecured on the Group's assets

| | | | <i>as at</i> | 30 June 2016* | | <i>as at</i> | 31 December 2015 | |
|---|-----------------|---------------------------|----------------------|----------------------|----------------|--------------|-------------------------|----------------|
| | currency | effective rate (%) | maturity date | in currency | in PLN | | in currency | in PLN |
| Loans secured on the Group's assets: | | | | | | | | |
| Investment loan mBank S.A. | EUR | EURIBOR 1M+margin | 2018 | 2 240 | 9 915 | 2018 | 2 297 | 9 790 |
| Investment loan mBank S.A. | EUR | EURIBOR 1M+margin | 2021 | 2 595 | 11 485 | 2021 | 2 662 | 11 346 |
| Construction loan mBank S.A. | EUR | EURIBOR 1M+margin | 2021 | 1 599 | 7 075 | 2021 | 1 640 | 6 987 |
| Investment loan Raiffeisen Bank Polska S.A | EUR | EURIBOR 1M +margin | 2017 | 30 931 | 136 839 | 2017 | 32 113 | 136 787 |
| Investment loan BGŻ BNP Paribas | EUR | EURIBOR 3M+margin | 2022 | 5 449 | 23 969 | 2022 | 5 594 | 23 682 |
| Investment loan BGŻ BNP Paribas | EUR | EURIBOR 3M+margin | 2022 | 2 813 | 12 448 | 2022 | 2 888 | 12 305 |
| Working capital loan (VAT) PKO BP S.A. | PLN | Wibor 1M+1.7% | 2017 | - | 239 | - | - | - |
| Investment loan ING Bank Śląski S.A. | EUR | EURIBOR 3M+margin | 2030 | 5 104 | 22 589 | 2030 | 3 147 | 13 410 |
| Investment loan ING Bank Śląski S.A. | EUR | EURIBOR 1M+margin | 2020 | 3 893 | 17 186 | 2020 | 4 109 | 17 463 |
| Investment loan ING Bank Śląski S.A. | EUR | EURIBOR 3M+margin | 2020 | 1 607 | 7 112 | 2020 | 1 607 | 6 849 |
| Total loans: | | | | | 248 857 | | | 238 619 |

* Unaudited

16. 3 Credits, loans secured and unsecured on the Group's assets

| | | | as at | 30 June 2016* | | as at | 31 December 2015 | |
|---|----------|---------------------|---------------|---------------|----------------|---------------|------------------|----------------|
| | currency | effective rate (%) | maturity date | in currency | in PLN | maturity date | in currency | in PLN |
| Loans unsecured on the Group's assets: | | | | | | | | |
| Fenix Polska S.A. | PLN | WIBOR 3M+margin | 2016 | - | 2 732 | 2016 | - | 2 699 |
| Fenix Polska S.A. | PLN | WIBOR 3M+margin | 2020 | - | 7 826 | 2020 | - | 8 989 |
| Fenix Polska S.A. | PLN | WIBOR 3M+margin | 2026 | - | 3 373 | 2026 | - | 5 966 |
| Fenix Polska S.A. | PLN | WIBOR 3M+margin | 2024 | - | 1 282 | - | - | - |
| Fenix Polska S.A. | PLN | WIBOR 3M+margin | 2029 | - | 253 | 2029 | - | 5 202 |
| Fenix Polska S.A. | PLN | WIBOR 3M+margin | 2016 | - | - | 2016 | - | 42 |
| Fenix Polska S.A. | PLN | WIBOR 3M+margin | 2016 | - | 168 | 2016 | - | 1 225 |
| Fenix Polska S.A. | PLN | WIBOR 3M+margin | 2020 | - | 20 740 | 2020 | - | 29 175 |
| Fenix Polska S.A. | PLN | WIBOR 3M+margin | 2017 | - | 580 | 2017 | - | 15 |
| Fenix Polska S.A. | PLN | WIBOR 3M+margin | 2024 | - | 3 045 | 2024 | - | 3 025 |
| Fenix Polska S.A. | PLN | WIBOR 3M+margin | 2024 | - | 157 | 2024 | - | 155 |
| Fenix Polska S.A. | EUR | EURIBOR 3M+margin | 2020 | 3 010 | 13 322 | 2020 | 2 990 | 12 741 |
| Fenix Polska S.A. | EUR | EURIBOR 3M+margin | 2029 | 1 884 | 8 338 | 2029 | 2 209 | 9 414 |
| Fenix Polska S.A. | USD | LIBOR R USD +margin | 2018 | 1 230 | 4 897 | 2018 | 1 558 | 6 079 |
| Total loans: | | | | | 66 713 | | | 84 727 |
| Total credits, loans secured and unsecured on the Group's assets | | | | | 315 570 | | | 323 346 |

* Unaudited

17. Payroll liabilities

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|----------------------------------|---|-----------------------------|
| Special funds | 157 | 157 |
| Cash settled share based payment | - | 1 760 |
| Payroll liabilities | 157 | 1 917 |

According to the resolution of the Supervisory Board of MLP Group S.A. employees are covered by phantom shares program for the period 2014 - 2017.

Each entitled employee is granted a fixed number of phantom shares, that is dependent on the Group achieving the established financial goals.

Upon approval of the financial statements by the General Meeting of Shareholders, the Supervisory Board will authorize a list of employees, with the number of phantom shares assigned to each employee. Equivalent of phantom shares will be paid in cash.

Phantom shares for the previous financial year have been disbursed in the amount of PLN 1,308 thousand.

Value of a single phantom share is based on the current stock price of MLP Group S.A.

18. Trade and other liabilities

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|---|---|-----------------------------|
| Trade liabilities | 4 670 | 3 664 |
| Deferred income | 336 | 327 |
| Taxation and social security liabilities | 2 186 | 17 789 |
| Uninvoiced costs | 382 | 1 578 |
| Investment liabilities, guarantees and others | 6 871 | 25 286 |
| Provision for repairs | 2 206 | 3 097 |
| Trade and other liabilities | 16 651 | 51 741 |
| Income tax liabilities | 606 | 1 594 |
| Short-term liabilities | 17 257 | 53 335 |

Liabilities to related parties were disclosed in note 21.

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

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|--|---|-----------------------------|
| Current liabilities | 15 661 | 30 447 |
| Liabilities overdue from 0 to 90 days | 335 | 639 |
| Liabilities overdue from 91 to 180 days | 81 | 103 |
| Liabilities overdue over 180 days | 625 | 643 |
| Total trade and other liabilities | 16 702 | 31 832 |

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

Trade liabilities are not subject to interest and are usually settled within 30 to 60 days. Other payables are non-interest bearing and have an average maturity of one month. The amount stemming from the difference between the liabilities and VAT receivables is paid to the appropriate tax authorities in the periods regulated in 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 2016 and 31 December 2015 is equal to the value presented in the consolidated statement of financial position.

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

- **cash and cash equivalents:** the carrying amount of these financial instruments corresponds to fair value because of the short 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,
- **Swap valuation liabilities:** 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 2016 <i>(unaudited)</i> | 31 December 2015 <i>(restated)</i> |
|-----------------------------------|---|--|
| Loans and receivables: | | |
| Cash and cash equivalents | 55 104 | 122 978 |
| Loans and receivables, including: | | |
| • Trade and other receivables | 6 651 | 6 439 |
| • Loans granted | 83 817 | 100 311 |
| • Other long-term investments | 6 093 | 7 050 |
| • Other short-term investments | 15 969 | 17 590 |
| | 167 634 | 254 368 |
| Total financial assets | 167 634 | 254 368 |

19. 1. 2 Financial liabilities

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|--|---|-----------------------------|
| Hedging financial instruments: | | |
| Liabilities concerning SWAP transactions | 12 276 | 13 743 |
| | 12 276 | 13 743 |
| Liabilities valued at amortized cost: | | |
| Bank credits | 248 857 | 238 619 |
| Loans received | 66 713 | 84 727 |
| Trade and other payables | 16 702 | 31 832 |
| Finance lease liabilities | 5 260 | 5 260 |
| | 337 532 | 360 438 |
| Total financial liabilities | 349 808 | 374 181 |

The fair value of hedging financial instruments as at 30 June 2016 amounted to PLN 12,276 thousand and is based on inputs other than quoted price that are either directly or indirectly observable (level 2). The information is provided by banks and is based on reference to instruments quoted in an active market.

In the 6 month period ended 30 June 2016 there were no reclassifications between the levels.

19. 2 Other disclosures relating to financial instruments

Established collaterals

Information concerning established collaterals is disclosed in note 20.

Hedge accounting

On 4 January 2016 MLP Moszna I Sp. z o.o. and MLP Pruszków III Sp. z o.o. signed an agreement which changes the interest rate from floating to fixed with BGŻ BNP Paribas S.A. bank. On 17 April 2016 MLP Lublin Sp. z o.o. signed an agreement which changes interest rate from floating to fixed with PKO BP S.A. bank. All future interest payments calculated on the basis of a floating interest rate will be effectively replaced with fixed interest according to the schedule from the above mentioned agreements.

Monthly payments are expected until 1 May 2021.

20. Contingent liabilities and pledges

Contingent liabilities and pledges presented in the financial statements for 2015 did not change in the 6 month period ended 30 June 2016 and are still valid as at the end of the reporting period.

As per credit agreement concluded with PEKAO S.A. bank by MLP Teresin Sp. z o.o., the following registered and financial pledges were established on MLP Property Sp. z o.o. shares in MLP Teresin Sp. z o.o.: (i) up to EUR 10,795 thousand in connection with construction loan and up to PLN 6,000 thousand in connection with working capital loan (VAT). The subject of security is the claim of PEKAO S.A. under the credit agreement.

Other collateral established in favor of Pekao S.A. bank:

- Mortgage on real estate up to EUR 10,795.5 thousand (for construction loan),
- Mortgage on real estate up to PLN 6,000 thousand (for working capital loan),
- Registered pledges on the set of property and rights belonging to MLP Teresin Sp. z o.o.,
- Registered and financial pledges established on cash receivables,
- The power of attorney to administer all bank accounts,
- Blocking of bank accounts,
- Transfer to collateral under the transfer agreement,
- Declaration of submission to enforcement,
- The subordination of claims based on the subordination agreement,
- Deposit accumulated on debt servicing account,
- Support agreement granted by the MLP Group SA in case of cost overruns - MLP Group S.A. provides unsecured loans whose repayment is subordinated to the repayments of secured debt pursuant to the provisions of the subordination agreement.

As per credit agreement concluded on 29 April 2016 between MLP Pruszków IV Sp. z o.o. and mBank S.A. bank, registered and financial pledges were established on MLP Property Sp. z o.o. shares in MLP Pruszków IV Sp. z o.o. up to EUR 18,106.5 thousand.

In addition, in July 2016 the Company applied for increasing the value of the mortgage from PLN 3,660 thousand to PLN 7,600 thousand (on the property with land register number WA1P / 00111450/7 and WA1P / 00116780/4), and to set up a mortgage on real estate with land register numbers: WA1P / 00111450/7 and WA1P / 00116780/4 for a total amount of EUR 6,708 thousand and a total contractual mortgage to the amount of PLN 3,750 thousand.

Other collateral established in favor of mBank S.A. remain in force.

Administrative proceedings were initiated against a subsidiary - MLP Energy Sp. o.o. in respect of imposing by the President of the Energy Regulatory Office penalty for failing to restrictions on the consumption of electricity in August 2015. The proceedings are pending. The maximum amount of the penalty that can be imposed on MLP Energy Sp. z o.o. is 15% of the revenue of the entity generated in 2015, i.e. PLN 527 thousand penalty.

The Group has not created any additional provisions for potential claims arising from the President of ERO penalty due to substantial uncertainty associated with the ultimate result of the described procedure.

21. Related party transactions

21. 1 Trade and other receivables and payables

Related party balances related to trade and other receivables and payables as at 30 June 2016* are as follows:

| <i>* Unaudited</i> | | |
|-------------------------------------|-----------------------------|---------------------------|
| | Trade and other receivables | Trade and other payables* |
| Key management personnel | | |
| ROMI CONSULTING, Michael Shapiro | - | 41 |
| RTK CONSULTING, Radosław T. Krochta | - | 18 |
| Other key management personnel | - | 22 |
| Total | - | 81 |

* "Trade and other payables" do not include key management personnel remuneration and share-based payments that were disclosed in Note 23.

21. 2 Loans granted and received

Related party balances related to loans granted and received as at 30 June 2016* are as follows:

| <i>* Unaudited</i> | | |
|---|---------------|----------------|
| | Loans granted | Loans received |
| Other related parties | | |
| Fenix Polska Sp. z o.o. | 61 647 | 66 713 |
| MLP FIN Spółka z ograniczoną odpowiedzialnością Sp.k. | 31 | - |
| Total | 61 678 | 66 713 |

21. 3 Revenues and expenses

Related party transactions related to revenues and expenses for the 6 month period ended 30 June 2016* are as follows:

| <i>* Unaudited</i> | | | |
|-------------------------------------|--------------------------------------|-----------------|----------------|
| | Purchase of services and salary cost | Interest income | Interest cost |
| Other related parties | | | |
| Fenix Polska Sp. z o.o. | - | 903 | (1 090) |
| | | 903 | (1 090) |
| Key management personnel | | | |
| ROMI CONSULTING, Michael Shapiro | (209) | - | - |
| RTK CONSULTING, Radosław T. Krochta | (532) | - | - |
| PROFART, Tomasz Zabost | (284) | - | - |
| PEOB, Marcin Dobieszewski | (110) | - | - |
| Other key management personnel | (271) | - | - |
| | (1 406) | - | - |
| Total | (1 406) | 903 | (1 090) |

In the 6 month period ended 30 June 2016 there were no sales revenues from related parties.

Fenix Polska Sp. z o.o. is a related party through Cajamarca Holland B.V. which, as at 30 June 2016, owns 100% of shares in Fenix Polska Sp. z o.o. and 56.98% in the share capital of the Group.

22. Significant events during the financial year and subsequent events

- On 25 May 2016 a dividend in the amount of PLN 41,660 thousand has been disbursed. The number of shares entitled to dividend was 18,113,255, and the dividend amounted to PLN 2.30 per share.
- As a result of the settlement of package transactions in April 2016, Miro B.V., Gracecup Trading Ltd changed the number of shares owned in the Company.

Details of the above described transactions were disclosed in note 1.4.1 to this condensed consolidated financial statement.

- On 29 April 2016 MLP Pruszków IV Sp. z o.o. concluded a new credit agreement with mBank S.A.

Disbursement of funds from the credit of EUR 12,071 thousand took place in August 2016.

- On 31 May 2016 MLP Teresin Sp. z o.o. concluded credit agreement with PEKAO S.A. bank.

Disbursement of funds from construction loan of EUR 2,929 thousand and working capital loan of PLN 633 thousand took place in August 2016.

- As a result of purchase of the Company's shares on 4 August 2016, MetLife Otwarty Fundusz Emerytalny increased its share in total voting rights on the General Meeting of Shareholders and in Company's share capital to above 5%. Details are disclosed in Note 1.4. 1 to this interim condensed consolidated financial statement.

Following the end of the reporting period, until the date of approval for publication of these consolidated financial statements, no other events occurred which were not, but should have been, included both in the accounting books of the reporting period or the consolidated financial statements of the Group.

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

| <i>for 6 months ended 30 June</i> | 2016 <i>(unaudited)</i> | 2015 <i>(unaudited)</i> |
|--|-----------------------------------|-----------------------------------|
| Remuneration of Management Board: | | |
| • Remuneration and other benefits: | | |
| Michael Shapiro | 209 | 198 |
| Radosław T. Krochta | 532 | 296 |
| Tomasz Zabost | 284 | 204 |
| Marcin Dobieszewski | 110 | 110 |
| | 1 135 | 808 |
| • Cash settled share based payment paid in the period | 510 | 432 |
| | 1 645 | 1 240 |

| | <i>for 6 months ended 30 June</i> | 2016 <i>(unaudited)</i> | 2015 <i>(unaudited)</i> |
|---|-----------------------------------|-----------------------------------|-----------------------------------|
| Remuneration of Supervisory Board: | | | |
| • Remuneration and other benefits | | | |
| Maciej Matusiak | | 15 | 15 |
| Jacek Tucharz | | 15 | 15 |
| Eytan Levy | | 15 | 15 |
| Shimshon Marfogel | | 15 | 15 |
| Yosef Zvi Meir | | 15 | 15 |
| Baruch Yehezkelov | | - | 5 |
| Guy Shapira | | 15 | 10 |
| | | 90 | 90 |
| Total remuneration paid or due to the Management Board and Supervisory Board members | | | |
| | | 1 735 | 1 330 |
| Other Key Management Personnel: | | | |
| • Remuneration and other benefits | | | |
| | | 271 | 263 |
| • Cash settled share based payment paid in the period | | | |
| | | 405 | 195 |
| | | 676 | 458 |
| Total remuneration paid or due to Management Board, Supervisory Board and Key Management Personnel | | | |
| | | 2 411 | 1 788 |

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

24. Employment structure

| | <i>for 6 months ended 30 June</i> | 2016 <i>(unaudited)</i> | 2015 <i>(unaudited)</i> |
|-----------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| Average number of employees | | 17 | 23 |

25. Change in accounting policy

The Group changed the presentation of restricted cash. These funds are presented in 'other short-term investments' and 'other long-term investments' (in the consolidated financial statements as at December 31, 2015 and the condensed consolidated financial statements as at 30 June 2015 they were presented in 'cash and cash equivalents'). The Management Board believes the current presentation better reflects the nature of the resources.

As a result of above described reclassifications, the following changes were made:

| | Cash and cash equivalents | Other short-term investments | Other long-term investments |
|---|------------------------------|---------------------------------|--------------------------------|
| Approved consolidated financial statement as at 31 December 2015 | 136 456 | 11 162 | 69 215 |
| • reclassification of restricted cash | (13 478) | 6 428 | 7 050 |
| Comparative data presented in current condensed consolidated financial statement | 122 978 | 17 590 | 76 265 |

| | Data as per approved condensed consolidated financial statement for the period ended 30 June 2015 | Reclassification | Data reclassified for period ended 30 June 2015 |
|---|---|------------------|---|
| Net cash from operating activities | 34 170 | - | 34 170 |
| Cash flows from investing activities | (25 941) | 387 | (25 554) |
| Including: | | | |
| • Other investing inflows | - | 387 | 387 |
| Cash flows from financing activities | (7 744) | - | (7 744) |
| Total cash flow | 485 | 387 | 872 |
| Cash and cash equivalents at the beginning of the period | 51 801 | (16 271) | 35 530 |
| Cash and cash equivalents at the end of the period | 52 291 | (15 884) | 36 407 |

Radosław T. Krochta
President of the Management Board

Michael Shapiro
Vice-President of the Management Board

Tomasz Zabost
Member of the Management Board

Pruszków, 22 August 2016



MLP Group S.A.

Interim condensed separate financial statements

for the 6 month period ended 30 June 2016
prepared in accordance with IAS 34 EU

Approval of interim condensed separate financial statements

On 22 August 2016, the Management Board of MLP Group S.A. approved the interim condensed separate financial statements of MLP Group S.A. ("Financial Statements") for the period from 1 January 2016 to 30 June 2016.

The interim condensed separate financial statements for the period from 1 January 2016 to 31 December 2016 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union ("IAS 34"). Information is presented in this report in the following sequence:

1. Condensed separate statement of profit or loss and other comprehensive income for the period from 1 January 2016 to 30 June 2016, with a net profit of PLN 1,079 thousand.
2. Condensed separate statement of financial position as at 30 June 2016, with total assets and total liabilities and equity of PLN 213,018 thousand.
3. Condensed separate statement of cash flows for the period from 1 January 2016 to 30 June 2016, with a net cash decrease of PLN 8,792 thousand.
4. Condensed separate statement of changes in equity for the period from 1 January 2016 to 30 June 2016, with an equity decrease of PLN 40,581 thousand.
5. Explanatory information to the condensed separate financial statements.

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

Radosław T. Krochta
*President of the Management
Board*

Michael Shapiro
*Vice-President of the
Management Board*

Tomasz Zabost
*Member of the Management
Board*

Pruszków, 22 August 2016

Condensed separate statement of profit or loss and other comprehensive income

| | <i>for 6 months ended 30 June</i> | Note | 2016 <i>(unaudited)</i> | 2015 <i>(unaudited)</i> |
|---|-----------------------------------|-------------|-----------------------------------|-----------------------------------|
| Continuing operations | | | | |
| Revenues | | 4 | 4 119 | 4 142 |
| Other operating income | | 5 | 538 | 213 |
| Other operating costs | | | (46) | (44) |
| Selling and administrative expenses | | 6 | (3 446) | (2 598) |
| Operating profit | | | 1 165 | 1 713 |
| Financial income | | 7 | 1 354 | 2 212 |
| Financial costs | | 7 | (833) | (392) |
| Net financial income | | | 521 | 1 820 |
| Profit before taxation | | | 1 686 | 3 533 |
| Corporate income tax | | 8 | (607) | 3 391 |
| Net profit from continuing operations | | | 1 079 | 6 924 |
| Total comprehensive income | | | 1 079 | 6 924 |
| Profit per share | | | | |
| - Basic and diluted profit for the year attributable to the ordinary shareholders of the Parent Company | | 16 | 0.06 | 0.38 |

Condensed separate statement of financial position

| | <i>as at</i> | Note | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|---|--------------|-------------|---|-------------------------|
| Non-current assets | | | | |
| Intangible assets | | | 3 | 5 |
| Tangible fixed assets | | | 22 | 13 |
| Long-term financial assets in related parties | | 9 | 123 224 | 122 209 |
| Long-term investments | | 10 | 72 906 | 82 674 |
| Deferred tax assets | | 12 | 5 398 | 6 005 |
| Other long-term investments | | | 30 | 48 |
| Total non-current assets | | | 201 583 | 210 954 |
| Current assets | | | | |
| Short-term investments | | 11 | 7 990 | 19 132 |
| Corporate income tax receivables | | 13 | 337 | 13 |
| Trade and other receivables | | 13 | 1 648 | 2 619 |
| Cash and cash equivalents | | 14 | 1 460 | 10 252 |
| Total current assets | | | 11 435 | 32 016 |
| TOTAL ASSETS | | | 213 018 | 242 970 |
| Equity | | | | |
| | | 15 | | |
| Share capital | | | 4 529 | 4 529 |
| Other capital reserve | | | 4 194 | 4 194 |
| Share premium | | | 71 121 | 71 121 |
| Reserve capital | | | 64 485 | 64 485 |
| Retained earnings | | | 4 010 | 44 591 |
| Total equity | | | 148 339 | 188 920 |
| Long-term liabilities | | | | |
| Loans and other debt instruments | | 17 | 62 102 | 40 285 |
| Total long-term liabilities | | | 62 102 | 40 285 |
| Short-term liabilities | | | | |
| Loans and other debt instruments | | 17 | 1 483 | 11 096 |
| Payroll liabilities | | 18 | 157 | 1 917 |
| Trade and other liabilities | | 19 | 937 | 752 |
| Total short-term liabilities | | | 2 577 | 13 765 |
| Total liabilities | | | 64 679 | 54 050 |
| TOTAL EQUITY AND LIABILITIES | | | 213 018 | 242 970 |

Condensed separate statement of cash flows

| | <i>for 6 months ended 30 June</i> | Note | 2016 <i>(unaudited)</i> | 2015 <i>(unaudited)</i> |
|--|-----------------------------------|-------------|-----------------------------------|-----------------------------------|
| Cash flows from operating activities | | | | |
| Profit before taxation | | | 1 686 | 3 533 |
| <i>Adjustments for:</i> | | | | |
| Depreciation and amortization | | | 10 | 22 |
| Net interest | | | (714) | (800) |
| Foreign exchange differences | | | 477 | (561) |
| Other | | | 16 | (193) |
| Changes in trade and other receivables | | | 971 | (1 000) |
| Changes in short-term trade and other liabilities | | | (1 575) | (2 709) |
| Cash flow from operating activities | | | 872 | (1 708) |
| Income tax paid | | | (324) | (342) |
| Net cash flow from operating activities | | | 548 | (2 050) |
| Cash flows from investing activities | | | | |
| Repayments of loans granted | | | 23 187 | 10 574 |
| Interest received | | | 366 | - |
| Purchase of shares | | 9 | (1 015) | - |
| Purchase of investment property, tangible fixed assets and intangible assets | | | (17) | (27) |
| Loans granted | | | (200) | (20 181) |
| Cash flow from investing activities | | | 22 321 | (9 634) |
| Cash flows from financing activities | | | | |
| Proceeds from loans received | | | 10 000 | 9 470 |
| Repayment of loans | | | - | (2 415) |
| Dividends and other payments to shareholders | | | (41 660) | - |
| Interest paid | | | (1) | - |
| Cash flow from financing activities | | | (31 661) | 7 055 |
| Total cash flow | | | (8 792) | (4 629) |
| Cash and cash equivalents at the beginning of the period | | | | |
| Foreign exchange losses/gains on cash and cash equivalents | | | - | (186) |
| Cash and cash equivalents at the end of the period | | 14 | 1 460 | 15 396 |

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 2015 | 4 529 | 4 194 | 71 121 | 64 485 | 37 789 | 182 118 |
| <u>Comprehensive income</u> | | | | | | |
| Financial result* | - | - | - | - | 6 924 | 6 924 |
| Total comprehensive income for 6 months ended 30 June 2016* | - | - | - | - | 6 924 | 6 924 |
| Equity as at 30 June 2015 | 4 529 | 4 194 | 71 121 | 64 485 | 44 713 | 189 042 |
| Equity as at 1 January 2016 | 4 529 | 4 194 | 71 121 | 64 485 | 44 591 | 188 920 |
| <u>Comprehensive income</u> | | | | | | |
| Financial result* | - | - | - | - | 1 079 | 1 079 |
| Total comprehensive income for 6 months ended 30 June 2016* | - | - | - | - | 1 079 | 1 079 |
| Dividend disbursement | - | - | - | - | (41 660) | (41 660) |
| Equity as at 30 June 2016* | 4 529 | 4 194 | 71 121 | 64 485 | 4 010 | 148 339 |

* Unaudited

Explanatory information to the interim condensed separate financial statements

1. General information

1. 1 Information on MLP Group S.A.

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

The Company was established as a result of a transformation of the state 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 duration of the Company is unlimited.

1. 2 Information on the Capital Group

The parent company of the Company is CAJAMARCA HOLLAND B.V. that is 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 end of the reporting period, MLP Group S.A. is the parent company of 24 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 Spółka z ograniczoną odpowiedzialnością SKA, MLP Energy Sp. z o.o., MLP Poznań Sp. z o.o., MLP Lublin 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., MLP Teresin Sp. z o.o., MLP Poznań West Sp. z o.o., MLP Fin Sp. z o.o., Lokafor 201 Sp. z o.o. SKA, Lokafor 201 Sp. z o.o., MLP Wrocław Sp. z o.o., MLP Gliwice Sp. z o.o., MLP Łódź Sp. z o.o., MLP Czeladź Sp. z o.o., MLP Temp Sp. z o.o.

Additional information on the subsidiaries is included in note 9.

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:

- Radosław T. Krochta - President of the Management Board
- Michael Shapiro - Vice-President of the Management Board
- Tomasz Zabost - Member of the Management Board

On 9 June 2016 according to the resolution of the Supervisory Board Mr. Radosław Krochta was appointed to the position of President of the Management Board and Mr. Michael Shapiro was appointed to the position of Vice-President 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
- Guy Shapira - Member of the Supervisory Board
- Jacek Tucharz - Member of the Supervisory Board
- Maciej Matusiak - Member of the Supervisory Board

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

2. 1 Statement of compliance

MLP Group S.A. prepared interim condensed separate financial statements in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union ("IAS 34"). The Company has applied all Standards and Interpretations adopted by the European Union except for the Standards and Interpretations 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 Company plans to adopt new Standards and amendments to Standards and Interpretations, which are not yet mandatorily effective at the date of the approval of the interim condensed separate financial statements, according to their date of entry into force.

Impact of new standards on the separate financial statements was presented in Separate Financial Statements for the year ended 31 December 2015 in the note 2.2.

2. 3 Basis for preparation of the financial statements

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 2015.

2. 4 **Functional and presentation currency**

These interim 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 condensed interim 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 these interim condensed separate financial statements were the same as described in note 3 of the Separate Financial Statements for the year 2015.

The preparation of interim condensed 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, revenues and expenses.

Estimates and assumptions are based on experience and other reasonable factors and their results provide the basis for the carrying amount 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 that the estimates are revised and in any future periods affected. Significant estimates are based on valuation performed by independent experts.

3. **Segment reporting**

Segment of business activity is the isolated part of the company, which role is to provide specific products and services (line of business) or delivering products or services in defined business environment (geographical segmentation), which is a subject to other risks and draws other profits than the rest of segments.

The primary and sole business of MLP Group S.A. is the management of the logistic properties. The company operates in Poland. In accordance to property location criteria, the Company distinguishes one operating segment - Poland. The criteria of assets location correspond with the criteria of clients' location. Operating segments are the same as the geographical segments. Because the Company operates only in one segment, all information concerning operations in this segment have been included in statement of profit and loss and other comprehensive income and in statement of financial position.

3. 1. **Information on the key customers of the Company**

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

| | <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|---|-----------------------------------|--------------------|--------------------|
| | | <i>(unaudited)</i> | <i>(unaudited)</i> |
| MLP Pruszków I Sp. z o.o. | | 75% | 72% |
| MLP Spółka z ograniczoną odpowiedzialnością SKA | | 0% | 8% |

4. Revenues

| | <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|--|-----------------------------------|--------------------|--------------------|
| | | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Real estate management | | 1 680 | 1 633 |
| Project management | | 148 | - |
| Consulting services | | 1 915 | 2 212 |
| Reinvoiced services | | 222 | 278 |
| Other revenues | | 154 | 19 |
| Total revenues | | 4 119 | 4 142 |
| <i>including revenues from related parties</i> | | <i>3 969</i> | <i>4 124</i> |

Details of revenues from related parties are disclosed in note 22.3.

5. Other operating income

| | <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|--|-----------------------------------|--------------------|--------------------|
| | | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Release of provisions for future costs | | 535 | 166 |
| Revenues from fixed assets sale | | 3 | - |
| Other | | - | 47 |
| Total other operating income | | 538 | 213 |

6. Selling and administrative expenses

| | <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|--|-----------------------------------|--------------------|--------------------|
| | | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Depreciation and amortization | | (10) | (22) |
| Materials and energy | | (54) | (43) |
| External services | | (1 937) | (1 582) |
| Taxes and charges | | (16) | (29) |
| Payroll | | (1 157) | (691) |
| Social security and other employee benefits | | (167) | (119) |
| Other expenditures | | (105) | (112) |
| Total selling and administrative expenses | | (3 446) | (2 598) |

Selling and administrative expenses for the 6 month period ended 30 June 2016 amounted to PLN 3,446 thousand. The above mentioned costs incurred by the Company relate to expenses related to the service and maintenance of revenue-generating investment property, owned by subsidiaries and consulting services. The Company recovers the specified amounts by charging these companies for property management.

7. Financial income and costs

| | <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|---|-----------------------------------|--------------------|--------------------|
| | | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Interest on loans granted to the related entities | | 1 235 | 1 192 |
| Interest income on bank deposits | | 119 | 309 |
| Foreign exchange differences net | | - | 561 |
| Other financial income | | - | 150 |
| Total financial income | | 1 354 | 2 212 |
| Interest expenses on loans from related companies | | (521) | (392) |
| Foreign exchange differences net | | (311) | - |
| Total financial costs | | (833) | (392) |

Exchange differences mainly result from the balance sheet date valuation of loans 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.

8. Income tax

| | <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|---|-----------------------------------|--------------------|--------------------|
| | | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Current income tax | | - | 204 |
| Origination / reversal of temporary differences | | 607 | (3 595) |
| Income tax | | 607 | (3 391) |

Effective tax rate

| | <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|--|-----------------------------------|--------------------|--------------------|
| | | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Profit before taxation | | 1 686 | 3 533 |
| <i>Current income tax on the basis of the enacted tax rate (19%)</i> | | <i>(320)</i> | <i>(671)</i> |
| Unrecognized deferred tax asset on tax loss | | (249) | - |
| Reversal of deferred tax asset on shares | | - | 4 035 |
| Non-taxable income | | (34) | 50 |
| Non- tax deductible costs | | (4) | (23) |
| Current income tax | | (607) | 3 391 |

9. Long-term investments in related parties

| <i>as at</i> | 30 June 2016 | 31 December 2015 |
|--|-------------------------|-----------------------------|
| | <i>(unaudited)</i> | |
| Gross value at the beginning of the period | 122 209 | 121 142 |
| Acquisition of shares in LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA | - | 50 |
| Acquisition of shares in LOKAFOP 201 Sp. z o.o. | - | 7 |
| Acquisition of shares in MLP Wrocław Sp. z o.o. | - | 5 |
| Acquisition of shares in MLP Gliwice Sp. z o.o. | - | 5 |
| Acquisition of additional shares in MLP Property Sp. z o.o. | | 1 000 |
| Acquisition of MLP Temp Sp. z o.o. | 1 005 | - |
| Acquisition of MLP Czeladź Sp. z o.o. | 5 | - |
| Acquisition of MLP Łódź Sp. z o.o. | 5 | - |
| Gross value at the end of the period | 123 224 | 122 209 |
| Net value at the end of the period | 123 224 | 122 209 |

As at 30 June 2016 the Company holds directly and indirectly shares in the following entities:

| Entity | Country of registry | Direct and indirect share in the share capital | | Direct and indirect share in voting rights | |
|---|--------------------------------|---|-----------------------------|---|-----------------------------|
| | | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| 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 Pruszków III Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Pruszków IV Sp. zo.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Moszna I Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Poznań Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Lublin Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Poznań II Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Spółka z ograniczoną odpowiedzialnością SKA | Poland | 100% | 100% | 100% | 100% |
| MLP Energy 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% | 100% | 100% |
| MLP Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Teresin Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Poznań West Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP FIN Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| LOKAFOP 201 Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA | Poland | 100% | 100% | 100% | 100% |
| MLP Wrocław Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Gliwice Sp. z o.o. | Poland | 100% | 100% | 100% | 100% |
| MLP Łódź Sp. z o.o. ¹⁾ | Poland | 100% | - | 100% | - |
| MLP Czeladź Sp z o.o. ²⁾ | Poland | 100% | - | 100% | - |
| MLP Temp Sp. z o.o. ³⁾ | Poland | 100% | - | 100% | - |

¹⁾ On 4 March 2016 MLP Group S.A. acquired 50 shares of total value of PLN 5,000 in MLP Łódź Sp. z o.o. and acquired directly 100% of the share capital and voting rights in the above mentioned company and paid them fully in cash. On 16 May 2016 MLP Łódź Sp. z o.o. has been registered in the National Court Register.

²⁾ On 4 March 2016 MLP Group S.A. acquired 50 shares of total value of PLN 5,000 in MLP Czeladź Sp. z o.o. and acquired directly 100% of the share capital and voting rights in the above mentioned company and paid them fully in cash. On 31 May 2016 MLP Czeladź Sp. z o.o. has been registered in the National Court Register.

³⁾ On 20 May 2016 MLP Group S.A. acquired 100 shares of total value of PLN 5,000 in MLP Temp Sp. z o.o. and acquired directly 100% of the share capital and voting rights in the above mentioned company.

On 31 May 2016 share capital of the company MLP Temp Sp. o.o. has been increased by the amount of PLN 1,001,000, by creating 20,020 new shares with a nominal value of PLN 50, which were covered as follows: MLP Group S.A. acquired 20,000 new shares with a total value of PLN 1,000,000 and entirely covered them with a cash contribution and MLP Spółka z ograniczoną odpowiedzialnością SKA acquired the remaining 20 new shares, which were covered by contribution in kind in the form of the enterprise MLP Spółka z ograniczoną odpowiedzialnością SKA.

In the 6 month period ended 30 June 2016 there have been no other changes in the structure of MLP Group S.A. Capital Group.

10. Long-term investments

| <i>as at</i> | 30 June 2016 | 31 December 2015 |
|--|-------------------------|-----------------------------|
| | <i>(unaudited)</i> | |
| Long-term loans granted to related parties | 72 906 | 82 674 |
| | 72 906 | 82 674 |

11. Short-term investments

| <i>as at</i> | 30 June 2016 | 31 December 2015 |
|---|-------------------------|-----------------------------|
| | <i>(unaudited)</i> | |
| Short-term loans granted to related parties | 7 990 | 19 095 |
| Short-term loans granted to other entities | - | 37 |
| Short term investments | 7 990 | 19 132 |

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

12. Deferred tax

| | Deferred tax assets | | Deferred tax liabilities | | Net value | |
|--|---------------------|---------------------|--------------------------|---------------------|-----------------|---------------------|
| | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 | 30 June 2016 | 31 December 2015 |
| <i>as at</i> | | | | | | |
| Loans granted and received | (1 384) | (1 349) | - | - | (1 384) | (1 349) |
| Tax loss | (3 991) | (4 277) | - | - | (3 991) | (4 277) |
| Other | (23) | (379) | - | - | (23) | (379) |
| Deferred tax assets / liabilities | (5 398) | (6 005) | - | - | (5 398) | (6 005) |

| | 1 January 2015 | changes recorded in the statement of profit or loss | 31 December 2015 | changes recorded in the statement of profit or loss | 30 June 2016 |
|----------------------------|-------------------|--|---------------------|--|-----------------|
| Loans granted and received | (2 491) | 1 142 | (1 349) | (35) | (1 384) |
| Tax loss | - | (4 277) | (4 277) | 286 | (3 991) |
| Other | (160) | (219) | (379) | 356 | (23) |
| | (2 651) | (3 354) | (6 005) | 607 | (5 398) |

MLP Group S.A. does not recognize deferred tax arising from shares held in subsidiaries, as the Company has full control over its subsidiaries and in the foreseeable future does not plan to sell those shares.

13. Trade and other receivables

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|--|---|-----------------------------|
| Trade receivables from related parties | 1 164 | 2 340 |
| Trade receivables from third parties | 4 | 8 |
| State and social security receivables | - | 1 |
| Prepayments | 183 | 108 |
| Other | 297 | 162 |
| Trade and other receivables | 1 648 | 2 619 |
| Income tax receivables | 337 | 13 |
| Short-term receivables | 1 985 | 2 632 |

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 2016* | | 31 December 2015 | |
|-----------------------------|----------------------|------------|-------------------------|------------|
| | Receivables Gross | Write-offs | Receivables Gross | Write-offs |
| Current receivables | 1 175 | - | 960 | - |
| Overdue from 1 to 90 days | 172 | - | 1 436 | - |
| Overdue from 91 to 180 days | 33 | - | 61 | - |
| Overdue over 180 days | 85 | - | 53 | - |
| Total receivables | 1 465 | - | 2 510 | - |

* Unaudited

14. Cash and cash equivalents

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|--|---|-----------------------------|
| Cash on hand | 11 | 10 |
| Cash in bank | 1 | 13 |
| Short-term deposits | 1 448 | 10 229 |
| Cash and cash equivalents in the condensed separate statement of financial position | 1 460 | 10 252 |
| Cash and cash equivalents in the condensed separate statement of cash flows | 1 460 | 10 252 |

The Company does not have any restricted cash.

15. Equity

15. 1 Share capital

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|--------------------------|---|-----------------------------|
| Share capital | | |
| Ordinary series A shares | 11 440 000 | 11 440 000 |
| Ordinary series B shares | 3 654 379 | 3 654 379 |
| Ordinary series C shares | 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 2016 the share capital of MLP Group S.A. amounted to PLN 4,528,313.75 and was divided into 18,113,255 shares entitling to 18,113,225 votes on the General Meeting. All shares have the par value of PLN 0.25 and have been fully paid.

To the knowledge of the Management Board of the Company, the Shareholders holding, as at the day of preparation of the interim condensed separate financial statements, either directly or through related entities, at least 5% of the overall number of votes during the General Shareholders' Meeting, are:

| Shareholder | Number of shares and votes at the GSM | % of capital and votes at the GSM |
|--------------------------|--|--|
| MIRO B.V. | 452 955 | 2.50% |
| MIRO LTD. | 99 170 | 0.55% |
| GRACECUP TRADING LIMITED | 641 558 | 3.54% |
| MetLife OFE | 948 389 | 5.24% |
| THESINGER LIMITED | 1 920 475 | 10.60% |
| Other shareholders | 3 730 866 | 20.59% |
| CAJAMARCA Holland BV | 10 319 842 | 56.98% |
| Total | 18 113 255 | 100.00% |

The number of shares held by MIRO B.V. has decreased as a result of the settlement of the transaction dated 19 April 2016 which took place in Warsaw. The transaction was a contribution in kind of 552,000 shares, representing 3.05% of the share capital of the Company made by MIRO B.V. seated in Delft, Netherlands to the company MIRO Ltd. seated in Limassol, Cyprus in exchange for the shares in the Cypriot company.

The company Miro B.V. seated in Delft, Netherlands is the parent company of MIRO Ltd. seated in Limassol, Cyprus, holding 100 % of shares in its share capital.

As a result of the settlement of the package transaction which took place on 26 April 2016, which was concluded through Pekao Investment Banking S.A. seated in Warsaw, Gracecup Trading Ltd. seated in Nicosia, Cyprus and MIRO Ltd. seated in Limassol, Cyprus, disposed of a total of 905,660 shares representing 5% of the share capital of the Company, whereas Gracecup Trading Ltd. seated in Nicosia, Cyprus, sold 452,830 shares representing 2.5% of the share capital entitling to 452,830 voting rights on the General Meeting of Shareholders.

As a result of purchase of the Company's shares on 4 August 2016, MetLife Otwarty Fundusz Emerytalny increased its share in total voting rights on the General Meeting of Shareholders and in Company's share capital above 5%. Before the change MetLife OFE had 870,706 shares representing 4.81% the share capital entitling to 870,706 voting rights on the General Meeting of Shareholders.

As a result of above described transaction MetLife OFE has 948,387 shares representing 5.24% of the share capital entitling to 948,387 voting rights on the General Meeting of Shareholders, which constitutes 5.24% of the total number of votes.

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

16. Earnings per share

Earnings per share for each period are calculated by dividing the net result 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 are calculated by dividing the net result 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 6 months ended 30 June</i> | |
|--|-----------------------------------|--------------------|
| | 2016 | 2015 |
| | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Net profit for the period | 1 079 | 6 924 |
| Weighted average number of issued shares (in units) | 18 113 255 | 18 113 255 |
| Net profit per share for the period (in PLN per share): | | |
| - basic | 0.06 | 0.38 |
| - diluted | 0.06 | 0.38 |

There were no dilutive factors in the presented periods.

17. Loans and other debt instruments

17. 1 Long term liabilities

| | 30 June | 31 December |
|---|----------------|--------------------|
| <i>as at</i> | 2016 | 2015 |
| Loans received from related parties | 62 102 | 40 285 |
| Total long-term loans and other debt instruments | 62 102 | 40 285 |

17. 2 Short term liabilities

| | 30 June | 31 December |
|--|--------------------|--------------------|
| <i>as at</i> | 2016 | 2015 |
| | <i>(unaudited)</i> | |
| Loans received from related parties | 1 483 | 11 096 |
| Total short-term loans and other debt instruments | 1 483 | 11 096 |

Details on the loans received from related parties are disclosed in note 22.2.

17. 3 Loans unsecured on the Company's assets

| Loan received from | currency | effective rate (%) | as at maturity date | 30 June 2016* | | maturity date | 31 December 2015 | |
|---|----------|---------------------|------------------------|---------------|---------------|---------------|------------------|---------------|
| | | | | in currency | in PLN | | in currency | in PLN |
| MLP Pruszków I Sp. z o.o. | EUR | Euribor 3M + margin | 2016 | 335 | 1 483 | 2016 | 333 | 1 420 |
| MLP Pruszków I Sp. z o.o. | EUR | Euribor 3M + margin | 2020 | 611 | 2 702 | 2020 | 607 | 2 586 |
| MLP Pruszków I Sp. z o.o. | PLN | Wibor 3M + margin | 2020 | - | 1 046 | 2016 | - | 1 029 |
| MLP Pruszków I Sp. z o.o. | PLN | Wibor 3M + margin | 2020 | - | 6 748 | 2020 | - | 6 648 |
| MLP Pruszków I Sp. z o.o. | EUR | Euribor 1M + margin | 2020 | 6 939 | 30 707 | 2020 | 6 903 | 29 419 |
| MLP Spółka z ograniczoną odpowiedzialnością SKA ¹⁾ | EUR | Euribor 3M + margin | - | - | - | 2016 | 2 029 | 8 646 |
| MLP Spółka z ograniczoną odpowiedzialnością SKA ¹⁾ | EUR | Euribor 3M + margin | - | - | - | 2020 | 383 | 1 632 |
| MLP Temp Sp. z o.o. ¹⁾ | EUR | Euribor 3M + margin | 2019 | 2 043 | 9 039 | - | - | - |
| MLP Temp Sp. z o.o. ¹⁾ | EUR | Euribor 3M + margin | 2020 | 386 | 1 706 | - | - | - |
| LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA | PLN | Wibor 3M + margin | 2020 | - | 10 154 | - | - | - |
| MLP Energy Sp. z o.o. | PLN | Wibor 3M + margin | - | - | - | 2016 | - | 1 |
| Total | | | | 10 314 | 63 585 | | 10 255 | 51 381 |

* Unaudited

1) Loans received from MLP Spółka z ograniczoną odpowiedzialnością SKA were contributed in kind to MLP Temp Sp. z o.o. MLP Spółka z ograniczoną odpowiedzialnością SKA covered by contribution in kind in the form of an enterprise of MLP Spółka z ograniczoną odpowiedzialnością SKA shares acquired in May 2016 in the company MLP Temp Sp. o.o.

18. Payroll liabilities

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|-----------------------------------|---|-----------------------------|
| Special funds | 157 | 157 |
| Cash settled share based payments | | 1 760 |
| Payroll liabilities | 157 | 1 917 |

According to the resolution of the Supervisory Board of MLP Group S.A. employees are covered by phantom shares program for the period from 2014 to 2017.

Each entitled employee is granted a fixed number of phantom shares, that is dependent on achieving the established financial goals by the Group.

Upon approval of the financial statements by General Meeting of Shareholders, the Supervisory Board will authorize a list of employees, with the number of phantom shares assigned to each employee. Equivalent of phantom shares will be paid in cash.

Phantom shares for the previous financial year have been disbursed in the amount of PLN 1,308 thousand.

19. Trade and other liabilities

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|--|---|-----------------------------|
| Trade liabilities to related companies | 41 | 48 |
| Trade liabilities to third parties | 528 | 186 |
| State and social security liabilities | 116 | 118 |
| Provisions and accruals | 33 | 146 |
| Investment liabilities and other | 219 | 254 |
| Trade and other liabilities | 937 | 752 |
| Short-term liabilities | 937 | 752 |

Liabilities to related parties were disclosed in note 22.

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

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|--|---|-----------------------------|
| Current liabilities | 557 | 605 |
| Liabilities overdue from 0 to 90 days | 177 | 4 |
| Liabilities overdue over 180 days | 87 | 25 |
| Total trade and other liabilities | 821 | 634 |

Trade liabilities are not subject to interest and are usually settled within 30 to 60 days. The difference between VAT liabilities and receivables is paid to the appropriate tax authorities in the periods regulated in 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 2016 and 31 December 2015 is equal to the value presented in the separate statement of financial position.

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

- **cash and cash equivalents:** the carrying amount of these financial instruments corresponds to fair value because of the short 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 of these instruments 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 2016 <i>(unaudited)</i> | 31 December 2015 |
|-----------------------------------|---|-----------------------------|
| Loans and receivables: | | |
| Cash and cash equivalents | 1 460 | 10 252 |
| Loans and receivables, including: | | |
| • Trade and other receivables | 1 465 | 2 510 |
| • Loans granted | 80 896 | 101 806 |
| | 83 821 | 114 568 |
| Total financial assets | 83 821 | 114 568 |

20. 1. 2 Financial liabilities

| <i>as at</i> | 30 June 2016 <i>(unaudited)</i> | 31 December 2015 |
|--|---|-----------------------------|
| Liabilities valued at amortized cost: | | |
| Loans received | 63 585 | 51 381 |
| Trade and other payables | 821 | 634 |
| | 64 406 | 52 015 |
| Total financial liabilities | 64 406 | 52 015 |

21. Contingent liabilities and pledges

Contingent liabilities and pledges disclosed in the separate financial statements for the year 2015 did not change during the period of 6 months ended 30 June 2016 and remain effective on 30 June 2016.

In 2016 MLP Group S.A. gave a guarantee for the liabilities of the subsidiary MLP Teresin Sp. z o.o., in case of cost overruns - MLP Group S.A. provides unsecured loans whose repayment is subordinated to the repayments of secured debt pursuant to the provisions of the subordination agreement.

22. Related party transactions

22. 1 Trade and other receivables and payables

Related party transactions related to trade and other receivables and payables as at 30 June 2016* are as follows:

* Unaudited

| | Trade receivables and other | Trade liabilities and other* |
|---|--------------------------------|---------------------------------|
| Parent company | | |
| The Israel Land Development Company Ltd., Tel-Aviv | 97 | - |
| | 97 | - |
| Other related parties | | |
| MLP Pruszków I Sp. z o.o. | 602 | - |
| MLP Pruszków II Sp. z o.o. | 14 | - |
| MLP Pruszków III Sp. z o.o. | 22 | - |
| MLP Pruszków IV Sp. z o.o. | 44 | - |
| MLP Moszna I Sp. z o.o. | 48 | - |
| MLP Poznań Sp. z o.o. | 25 | - |
| MLP Lublin Sp. z o.o. | 16 | - |
| MLP Poznań II Sp. z o.o. | 19 | - |
| MLP Bieruń I Sp. z o.o. | 2 | - |
| MLP Poznań West Sp.z o.o. | 37 | - |
| MLP Teresin Sp.z o.o. | 20 | - |
| LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA | 111 | - |
| MLP Wrocław Sp. z o.o. | 70 | - |
| MLP Gliwice Sp. z o.o. | 16 | - |
| MLP Łódź Sp z o.o. | 7 | - |
| MLP Czeladź Sp. z o.o. | 14 | - |
| | 1 067 | - |
| Key management personnel | | |
| ROMI CONSULTING Michael Shapiro | - | 41 |
| | - | 41 |
| Total | 1 164 | 41 |

* Position "trade liabilities and other" does not include the remuneration of key management personnel and share-based payments, which have been disclosed in Note 25.

22. 2 Loans granted and received

Related party balances related to loans granted and received as at 30 June 2016* are as follows:

* Unaudited

| | Loans granted | Loans received |
|---|---------------|----------------|
| Other related parties | | |
| Fenix Polska Sp. z o.o. | 46 357 | - |
| MLP Pruszków I Sp. z o.o. | - | 42 686 |
| MLP Pruszków III Sp. z o.o. | 1 318 | - |
| MLP Moszna I Sp. z o.o. | 104 | - |
| MLP Property Sp. z o.o. | 286 | - |
| MLP Poznań Sp. z o.o. | 1 170 | - |
| MLP Lublin Sp. z o.o. | 9 033 | - |
| MLP Poznań II Sp. z o.o. | 155 | - |
| MLP Bieruń I Sp. z o.o. | 1 128 | - |
| MLP Poznań West Sp. z o.o. | 680 | - |
| MLP Teresin Sp. z o.o. | 7 350 | - |
| MLP Gliwice Sp. z o.o. | 13 232 | - |
| MLP FIN Sp z o.o. | 52 | - |
| MLP Fin Spółka z ograniczoną odpowiedzialnością Sp.k. | 31 | - |
| MLP Temp Sp. z o.o. | - | 10 745 |
| LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA | - | 10 154 |
| Total | 80 896 | 63 585 |

22. 3 Revenues and expenses

Related party transactions related to revenues and expenses for the 6 month period ended 30 June 2016* are as follows:

* Unaudited

| | Revenues from sale of services | Interest income |
|---|--|--------------------------|
| Parent company | | |
| Fenix Polska Sp. z o.o. | - | 684 |
| The Israel Land Development Company Ltd., Tel-Aviv | 47 | - |
| | 47 | 684 |
| Other related parties | | |
| MLP Pruszków I Sp. z o.o. | 2 976 | - |
| MLP Pruszków II Sp. z o.o. | 166 | - |
| MLP Pruszków III Sp. z o.o. | 107 | 20 |
| MLP Pruszków IV Sp. z o.o. | 108 | - |
| MLP Moszna I Sp. z o.o. | 59 | - |
| MLP Spółka z ograniczoną odpowiedzialnością SKA | 1 | - |
| MLP Property Sp. z o.o. | - | 4 |
| MLP Poznań Sp. z o.o. | 74 | 55 |
| MLP Lublin Sp. z o.o. | 98 | 60 |
| MLP Poznań II Sp. z o.o. | 100 | 2 |
| MLP Bieruń I Sp. z o.o. | 13 | 18 |
| MLP Poznań Zachód Sp.z o.o. | 1 | 10 |
| MLP Teresin Sp. z o.o. | 41 | 124 |
| LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA | 90 | - |
| MLP Wrocław Sp. z o.o. | 57 | - |
| MLP Gliwice Sp. z o.o. | 14 | 257 |
| MLP Łódź Sp z o.o. | 6 | - |
| MLP Czeladź Sp. z o.o. | 11 | - |
| MLP FIN Sp z o.o. | - | 1 |
| | 3 922 | 551 |
| Total revenues | 3 969 | 1 235 |
| | Purchase of services and remuneration | Interest expenses |
| Other related parties | | |
| MLP Pruszków I Sp. z o.o. | (27) | (296) |
| MLP Teresin Sp. z o.o. | (3) | (154) |
| MLP Gliwice Sp. z o.o. | (2) | (71) |
| | (32) | (521) |
| Key Management Personnel | | |
| ROMI CONSULTING, Michael Shapiro | <i>see note 25.</i> | (196) |
| RTK CONSULTING, Radosław T. Krochta | <i>see note 25.</i> | (345) |
| PROFART, Tomasz Zabost | <i>see note 25.</i> | (116) |
| Other Key Management Personnel | <i>see note 25.</i> | (272) |
| | (929) | - |
| Total expenses | (961) | (521) |

23. Significant litigation and disputes

Since the publication of the Report for the year ended 31 December 2015, there have been no changes in the significant litigations and disputes described in Financial Statements of MLP Group S.A. for the year 2015.

24. Significant events during the period and subsequent events

- On 9 June 2016 according to the resolution of the Supervisory Board Mr. Radosław Krochta was appointed to the position of President of the Management Board and Mr. Michael Shapiro was appointed to the position of Vice-President of the Management Board.
- On 25 May 2016 a dividend in the amount of PLN 41,660 thousand was paid. The number of shares entitled to dividend was 18,113,255, and the dividend amounted to PLN 2.30 per share.
- As a result of the settlement of transaction from April 2016, the ownership structures of Miro B.V. and Gracecup Trading Ltd. have changed.

Details of the above transactions on the shares of the Company are disclosed in note 15.1 to this condensed separate financial statements.

Following the end of the reporting period, until the date of approval for publication of these interim 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 the separate condensed financial statements of the Company.

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

| | <i>for 6 months ended 30 June</i> | 2016 | 2015 |
|---|-----------------------------------|--------------------|--------------------|
| | | <i>(unaudited)</i> | <i>(unaudited)</i> |
| Remuneration of Management Board | | | |
| • Remuneration and other benefits | | | |
| Michael Shapiro | | 196 | 186 |
| Radosław T. Krochta | | 345 | 106 |
| Tomasz Zabost | | 116 | 11 |
| | <i>see note 22.3</i> | 657 | 303 |
| • Cash settled share based payment paid in the period | | | |
| | | 510 | 432 |
| | | 1 167 | 735 |
| Remuneration of Supervisory Board | | | |
| • Remuneration and other benefits | | | |
| Matusiak Maciej | | 15 | 15 |
| Tucharz Jacek | | 15 | 15 |
| Levy Eytan | | 15 | 15 |
| Marfogel Shimshon | | 15 | 15 |
| Meir Yosef Zvi | | 15 | 15 |
| Guy Shapira | | 15 | 10 |
| Yehezkelov Baruch | | - | 5 |
| | | 90 | 90 |
| Other Key Management Personnel | | | |
| • Remuneration and other benefits. <i>see note 22.3</i> | | | |
| | | 272 | 263 |
| • Cash settled share based payment paid in the period | | | |
| | | 405 | 195 |
| | | 677 | 458 |
| Total remuneration (paid or due) to the to members of the management and supervisory boards and key management personnel | | 1 934 | 1 283 |

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

26. Employment structure

| | <i>as at</i> | 30 June 2016 (unaudited) | 31 December 2015 |
|---------------------|--------------|---|-----------------------------|
| Number of employees | | 14 | 15 |

Radosław T. Krochta
*President of the Management
Board*

Michael Shapiro
*Vice-President of the
Management Board*

Tomasz Zabost
*Member of the Management
Board*

Pruszków, 22 August 2016



**Management Board
report
on the activities of
MLP Group S.A.
Capital group**

for the 6 month period
ended 30 June 2016

The Management Board's report on the activities of MLP Group S.A. Capital Group for the 6 month period ended 30 June 2016 was prepared in accordance with paragraph 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 No. 33 item 259 with amendments).

Pruszków, 22 August 2016

Table of contents

| | |
|--|------------|
| MLP Group S.A. Management Board approval of the Report on the MLP Group S.A. Capital Group activities for the 6 month period ended 30 June 2016 | 76 |
| Introduction | 77 |
| 1. Basic information on MLP Group S.A. Capital Group and MLP Group S.A. | 78 |
| 1.1 Group structure | 78 |
| 1.2 Scope of activities of the Company and the Group | 80 |
| 1.3 Information about the Capital Group real estate portfolio | 81 |
| 1.4 Information about the market, customers and suppliers | 83 |
| 1.4.1 <i>The structure of the Group's sales</i> | 83 |
| 1.4.2 <i>The largest counterparties</i> | 83 |
| 2. MLP Group S.A. Capital Group activities | 84 |
| 2.1 Activities of MLP Group S.A. Capital Group in 2016 | 84 |
| 2.1.1 <i>Investment projects started and completed</i> | 84 |
| 2.1.2 <i>Development projects currently underway and in preparation</i> | 85 |
| 2.1.3 <i>Agreements significant for the Group's activities</i> | 85 |
| 2.1.4 <i>Agreements between the shareholders</i> | 85 |
| 2.1.5 <i>Cooperation and collaboration agreements</i> | 85 |
| 2.1.6 <i>Transactions with related parties</i> | 85 |
| 2.1.7 <i>Litigation</i> | 86 |
| 2.2 Development of the MLP Group S.A. Capital Group, risk factors | 87 |
| 2.2.1 <i>Key risk factors relevant to the development of the Group</i> | 87 |
| 2.2.2 <i>Business prospects</i> | 92 |
| 3. Capital Group's financial position, financial resources management | 93 |
| 3.1 Key economic and financial data disclosed in the interim condensed consolidated financial statements of the Group for the 6 month period ended 30 June 2016 | 93 |
| 3.1.1 <i>Selected financial data from the consolidated statement of financial position</i> | 93 |
| 3.1.2 <i>Selected financial data from the consolidated statement of profit or loss</i> | 98 |
| 3.1.3 <i>Selected information from the consolidated statement of cash flows</i> | 100 |
| 3.2 Forecasts | 100 |
| 3.3 Group's financial management | 101 |
| 3.3.1 <i>Profitability ratios</i> | 102 |
| 3.3.2 <i>Liquidity ratios</i> | 103 |
| 3.3.3 <i>Debt ratios</i> | 104 |
| 3.4 Information on bank credits, bonds, loans, securities and guarantees | 105 |

| | | |
|------------|--|------------|
| 3.4.1 | <i>Concluded and terminated loan agreements</i> | 105 |
| 3.4.2 | <i>Concluded and terminated bank credit agreements</i> | 106 |
| 3.4.3 | <i>Bonds</i> | 106 |
| 3.4.4 | <i>Loans granted</i> | 106 |
| 3.4.5 | <i>Granted and received securities</i> | 106 |
| 3.4.6 | <i>Granted and received guarantees</i> | 106 |
| 3.5 | Assessment of the feasibility of the investment plans | 106 |
| 3.6 | Evaluation of factors and unusual events affecting consolidated financial result for the current period | 106 |
| 3.7 | Information about issuing, repurchasing and repaying non-equity and equity securities | 107 |
| 3.8 | Concise description of significant successes achieved or failures occurred in the 6 month period ended 30 June 2016 | 107 |
| 3.9 | Seasonal or cyclical nature of operations | 107 |

MLP Group S.A. Management Board approval of the Report on the MLP Group S.A. Capital Group activities for the 6 month period ended 30 June 2016

The Management Report on the MLP Group S.A. Capital Group activities for the 6 month period ended 30 June 2016 was prepared and approved by the Management Board on 22 August 2016.

Radosław T. Krochta
President of the Management Board

Michael Shapiro
Vice-President of the Management Board

Tomasz Zabost
Member of the Management Board

Pruszków, 22 August 2016

Introduction

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

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

The core business of the Parent Company and its subsidiaries is 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 predominant type of activity is PKD symbol: 7032Z property management services.

The higher level parent company for the Group is CAJAMARCA HOLLAND B.V. that 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 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 2016, MLP Group S.A. Capital Group consisted of following entities:

| 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 voting rights |
|---|---------------------|---|--|
| MLP Pruszków I Sp. z o.o. | Poland | 100% | 100% |
| MLP Pruszków II Sp. z o.o. | Poland | 100% | 100% |
| MLP Pruszków III Sp. z o.o. | Poland | 100% | 100% |
| MLP Pruszków IV Sp. zo.o. | Poland | 100% | 100% |
| MLP Moszna I Sp. z o.o. | Poland | 100% | 100% |
| MLP Poznań Sp. z o.o. | Poland | 100% | 100% |
| MLP Lublin Sp. z o.o. | Poland | 100% | 100% |
| MLP Poznań II Sp. z o.o. | Poland | 100% | 100% |
| MLP Spółka z ograniczoną odpowiedzialnością SKA | Poland | 100% | 100% |
| MLP Energy 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 Teresin Sp. z o.o. | Poland | 100% | 100% |
| MLP Poznań West Sp. z o.o. | Poland | 100% | 100% |
| MLP FIN Sp. z o.o. | Poland | 100% | 100% |
| LOKAFOP 201 Sp. z o.o. | Poland | 100% | 100% |
| LOKAFOP 201 Spółka z ograniczoną odpowiedzialnością SKA | Poland | 100% | 100% |
| MLP Wrocław Sp. z o.o. | Poland | 100% | 100% |
| MLP Gliwice Sp. z o.o. | Poland | 100% | 100% |
| MLP Łódź Sp. z o.o. ¹⁾ | Poland | 100% | 100% |
| MLP Czeladź Sp z o.o. ²⁾ | Poland | 100% | 100% |
| MLP Temp Sp. z o.o. ³⁾ | Poland | 100% | 100% |

Changes in the Group

¹⁾ On 4 March 2016 MLP Group S.A. acquired 50 shares of total value of PLN 5,000 in MLP Łódź Sp. z o.o. and acquired directly 100% of the share capital and voting rights in the above mentioned company. The shares were paid fully in cash. On 16 May 2016 MLP Łódź Sp. z o.o. has been registered in the National Court Register.

²⁾ On 4 March 2016 MLP Group S.A. acquired 50 shares of total value of PLN 5,000 in MLP Czeladź Sp. z o.o. and acquired directly 100% of the share capital and voting rights in the above mentioned company. The shares were paid fully in cash. On 31 May 2016 MLP Czeladź Sp. z o.o. has been registered in the National Court Register.

³⁾ On 20 May 2016 MLP Group S.A. acquired 100 shares of total value of PLN 5,000 in MLP Temp Sp. z o.o. and acquired 100% of the share capital and voting rights in the above mentioned company.

On 31 May 2016 share capital of the company MLP Temp Sp. o.o. has been increased by the amount of PLN 1,001,000, by creating 20,020 new shares with a nominal value of PLN 50, which were covered as follows: MLP Group S.A. acquired 20,000 new shares with a total value of PLN 1,000,000 and entirely covered them with a cash contribution and MLP Spółka z ograniczoną odpowiedzialnością SKA acquired the remaining 20 new shares, which were covered by contribution in kind in the form of the enterprise MLP Spółka z ograniczoną odpowiedzialnością SKA.

In the 6 month period ended 30 June 2016 there were no other changes in structure of MLP Group S.A. Capital Group.

The interim condensed consolidated financial statements for the period ended 30 June 2016 include financial statements of the Parent Company and its subsidiaries controlled by the Parent Company ("the Group").

1. 2 Scope of activities of the Company and the Group

Since 1998, MLP Group has operated in the market of commercial real estate, specializing in the construction of modern warehouse and manufacturing centers, offering its tenants both storage space and production space, adapted 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 term. 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 parks near large metropolitan areas,
- location of logistics parks near road communication nodes,
- easy access to public transportation to and from the logistics parks.

The Group is currently operating five logistics parks located in Poland: MLP Pruszków I, MLP Pruszków II, MLP Poznań, MLP Lublin and MLP Teresin, and bought land for construction of two new logistics parks - MLP Gliwice and MLP Wrocław. The total size of surplus land in Poland is 93.9 hectares.

1. 3 Information about the Capital Group real estate portfolio

The investment portfolio of the Capital Group as at 30 June 2016 is comprised of four operating logistics parks located in Poland: MLP Pruszków I, MLP Pruszków II, MLP Poznań and MLP Lublin, and a logistics park under construction: MLP Teresin.

Moreover, in December 2015 the Group bought land for construction of two new logistics parks - MLP Wrocław and MLP Gliwice.

The Group classifies its investment portfolio under two categories:

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

The following table shows the structure of the investment portfolio by category of the Group's parks as at 30 June 2016:

| Logistics parks in Poland | Location | Target area (sqm) | Developed space (sqm) | Space under construction (sqm) | Surplus land (sqm) |
|---------------------------|----------|-------------------|-----------------------|--------------------------------|--------------------|
| MLP Pruszków I | Pruszków | 167 033 | 165 454 | - | - |
| MLP Pruszków II | Brwinów | 280 000 | 81 216 | - | 503 865 |
| MLP Poznań | Poznań | 90 825 | 28 252 | 17 353 | 90 311 |
| MLP Lublin | Lublin | 49 889 | 15 750 | - | 64 879 |
| MLP Teresin | Teresin | 37 601 | - | 37 601 | - |
| MLP Gliwice ¹⁾ | Szałsza | 78 000 | ¹⁾ | ¹⁾ | 149 097 |
| MLP Wrocław ²⁾ | Mirków | 64 000 | ²⁾ | ²⁾ | 130 416 |
| Total | | 767 348 | 290 672 | 54 954 | 938 568 |

¹⁾ In December 2015 the Group acquired land located in Szałsza of 14.9 ha. This investment is related to construction of the new logistics park - MLP Gliwice.

²⁾ In December 2015 the Group acquired land located in Mirków of 13.0 ha. This investment is related to construction of the new logistics park - MLP Wrocław.

Summary of leasable area owned by the Group in Poland as at 30 June 2016 (sqm):

| Total developed space upon completion (sqm) | Developed space (sqm) | Space under construction (sqm) | Space built and leased (sqm) | Space under construction leased on the basis of signed agreements (sqm) | Developed space not yet leased (sqm) |
|---|-----------------------|--------------------------------|------------------------------|---|--------------------------------------|
| 767 348 | 290 672 | 54 954 | 274 905 | 37 601 | 15 767 |

Types of rental space offered:

The Company offers its tenants two types of space:

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

Additionally, the Group provides its tenants with office space, in connection with their core 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 2016 is:

Breakdown of the Group's developed space by type as at 30 June 2016



The fair value of the Group's property portfolio at 30 June 2016:

| Logistics Park | Fair Value in EUR thousand | Fair Value in PLN thousand |
|-----------------|----------------------------|----------------------------|
| MLP Pruszków I | 80 510 | 356 296 |
| MLP Pruszków II | 67 103 | 296 964 |
| MLP Poznań | 24 954 | 110 434 |
| MLP Lublin | 11 381 | 50 367 |
| MLP Teresin | 6 720 | 29 739 |
| MLP Gliwice | 4 040 | 17 879 |
| MLP Wrocław | 5 660 | 25 048 |
| Total | 200 368 | 886 727 |

Value of the investment property portfolio presented in the consolidated financial statements as at 30 June 2016 is comprised of: (i) fair value of investment property of PLN 886,727 thousand, (ii) perpetual usufruct of land of PLN 5,260 thousand.

1. 4 Information about the market, customers and suppliers

In the first half of 2016, the Group operated in Poland. As at 30 June 2016 the Group runs four logistics parks located in Poland: MLP Pruszków I, MLP Pruszków II, MLP Poznań and MLP Lublin, and a logistics park under construction: MLP Teresin, and bought land for construction of two new logistics parks - MLP Gliwice and MLP Wrocław.

1. 4.1 The structure of the Group's sales

The Group's revenue is generated from rental of investment property (logistics parks) in Poland. The following table presents the types of rental revenue:

| Revenue from sales for the 6 month period ended 30 June | 2016 | 2015 | change (%) |
|--|---------------|---------------|---------------|
| External customer sales: | | | |
| Investment property rental | 25 756 | 36 728 | -29,9% |
| Parks: MLP Tychy and MLP Bieruń | - | 14 102 | -100,0% |
| Other Parks | 25 756 | 22 626 | 13,8% |
| Re-invoicing of operating costs | 7 303 | 9 203 | -20,6% |
| Parks: MLP Tychy and MLP Bieruń | - | 2 699 | -100,0% |
| Other Parks | 7 303 | 6 504 | 12,3% |
| Re-invoicing of utilities | 8 946 | 7 762 | 15,3% |
| Parks: MLP Tychy and MLP Bieruń | - | 231 | -100,0% |
| Other Parks | 8 946 | 7 531 | 18,8% |
| Other | 1 415 | 461 | 206,9% |
| Parks: MLP Tychy and MLP Bieruń | - | 76 | -100,0% |
| Other Parks | 1 415 | 385 | 267,5% |
| Total | 43 420 | 54 154 | -19,8% |

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 2016, the average space rented to one tenant was approximately 4.9 thousand sqm. (as at 30 June 2015 average space rented to one tenant was 5.0 thousand sqm).

As at 30 June 2016 about 57% of the total leased space was occupied by the 10 largest tenants in logistics parks belonging to the Group (as at 30 June 2015 it was 40%).

1. 4.2 The largest counterparties

In the reporting period the Group's 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 2016 the Group cooperated with three construction companies, with purchase turnover exceeding 10% of the Group's revenue, that were acting as general contractors:

- JOKA Sp.z o.o.,
- Bremer Sp. z o.o.
- Antczak Marek Spółka z o.o.

In case of purchase of other services, due to a broad base of suppliers, the Group is not dependent on a single supplier. In 2016 purchase turnover with any of the Group's other suppliers did not exceed 10% of the Group's revenues.

2. MLP Group S.A. Capital Group activities

2. 1 Activities of MLP Group S.A. Capital Group in 2016

In the first half of 2016 the Group continued its activities of construction and property management in relation to warehouse and office space. Construction was carried out mainly using general contractors, delivered by specialized external entities.

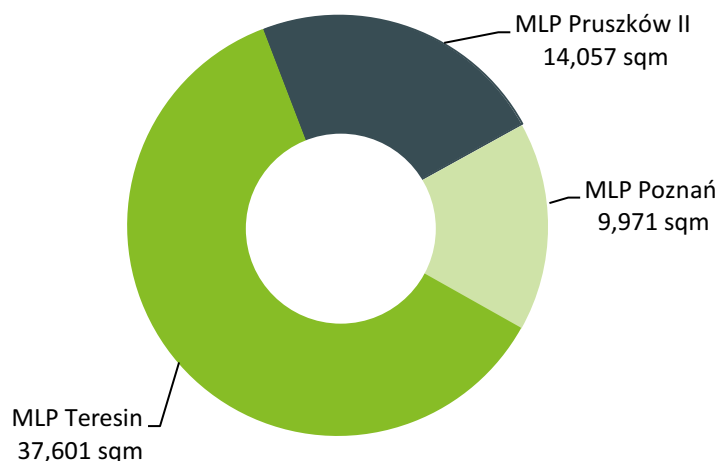
In the analyzed period, the Group simultaneously operated several development projects and rented more than 274 thousand sqm of existing warehouse and office space. The Company's Management Board reviewed and evaluated:

- current projects in development for the progress of the construction work,
- earned and expected revenue from sales,
- the best possible use of existing land resources of the Group and adjustment of the sale offers to the expectations and demand of the market,
- possibilities to purchase land for new projects to be implemented in subsequent years,
- optimization of financing of the Group's investments.

2. 1.1 Investment projects started and completed

In the first half of 2016 the Group carried out investment projects with a total area of 61,629 sqm.

Area of investment projects carried out in the first half of 2016 (sqm)



Out of the total area of projects with construction activity in the first half of 2016, 51,658 sqm of investment projects were started before 2016. Additionally in the first half of 2016, the Group commenced the construction of warehouse and office buildings with a total area of 9,971 sqm.

Among projects under construction of 61,629 sqm in the first half of 2016, the Group finalized projects of 14,057 sqm.

As at 30 June 2016, the Group is preparing an investment project of 7,382 sqm. in MLP Poznań Logistics Park, construction of which will begin at the end of 2016.

2. 1.2 Development projects currently underway and in preparation

In 2016 the Group has finished all projects under construction at 31 December 2015. Additionally, 7,382 sqm of space in the MLP Poznań logistic park is to be built.

In 2015, the Group acquired land for construction of two new logistics parks - MLP Gliwice and MLP Wrocław, where it plans to build a total of 142,000 sqm.

The Group's strategy is to focus on expanding the existing industrial parks (i.e. construction of warehouses on land belonging to the Group), and development of BTS projects outside existing parks. The Group realizes BTS projects, i.e. a lease agreement with a prospective tenant must be signed prior to the initiation of the investment process.

Together with the agreement regarding sale of properties in the logistics park MLP Bieruń, the Group signed a developer agreement. According to this agreement, the Group is obligated to complete construction of logistics park MLP Bieruń and commercialize it.

In the course of execution of the above mentioned agreement, the Group leased approximately 50% of the targeted space as a result of concluding a lease agreement with Auto Partner S.A. in July 2016.

Currently, the Group has not entered into any binding commitments for realization of new investment projects. Future investments will be financed, among other sources, from proceeds from sale of investment properties comprising two logistics parks: MLP Tychy and MLP Bieruń.

2. 1.3 Agreements significant for the Group's activities

Significant suppliers with whom the Group entered into agreements in 2016 with a total value exceeding 10% of Group's equity.

In the 6 month period ended 30 June 2016, the Group has not entered into a trade agreement with a single supplier the total value of which exceeded 10% of the Group's equity.

2. 1.4 Agreements between the shareholders

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

Additionally, MLP Group S.A. Capital Group has no information on 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 2016 MLP Group S.A. Capital Group has not signed any significant agreement related to the cooperation or collaboration with other entities.

2. 1.6 Transactions with related parties

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

All transactions with related parties are presented in Note 22 to the interim condensed consolidated financial statements for the 6 month period ended 30 June 2016.

2. 1.7 *Litigation*

Ongoing proceedings in court, arbitration and public administration proceedings.

As at 30 June 2016 there was no individual proceeding in court, arbitration or public administration related to liabilities or receivables of the Company or its subsidiaries, which would exceed 10% of the Group's equity.

As at 30 June 2016 there were no combined proceedings in court, arbitration or public administration related to liabilities or receivables, that together would exceed 10% of the Group's equity.

As at 30 June 2016, the Group was a party to proceedings related to liabilities and receivables of approximately PLN 30,824 thousand, including the total value of proceedings relating to liabilities of approximately PLN 5,486 thousand (out of which PLN 5,406 thousand relates to a court case with OLPIZ Sp. z o.o.). The total value of proceedings concerning receivables amounted to approximately PLN 25,338 thousand (out of which PLN 21,888.7 thousand relates to the court case with Czerwona Torebka S.A.).

Proceedings involving the Group have no material impact on the Group's operations.

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's operations are exposed to the following risks arising from financial instruments held by the Group:

- 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 a risk of financial loss to the Company and companies from the Group 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

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial instrument. The Group'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 Group's reputation. For this purpose, the Group 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 Group'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 activities of the Group 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 occasionally in PLN 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 currency risk (i.e. Currency hedging), the Group's companies mainly use 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 the use of derivatives, and entering into agreements with contractors (investment agreement with general constructor), which are denominated in EUR. Due to the short currency position of the Group, the depreciation of the Polish currency against the EUR 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 with respect to 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 banks 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 the abovementioned 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 the 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 are dependent indirectly 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 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 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 or in case of absence of tenants, 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 the Group's 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, not due to 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, financial position and results of the Group.

Risks associated with a failure to finalize profitable investments and the nature of property development activities of the Group:

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 appropriate tenants.

The following factors, over which the Group has limited or no control, 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 a project to be unprofitable;
- actions taken by public authorities and local governments resulting in unexpected changes in the 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 performance 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 a 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 project to be abandoned.

Risk associated with 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 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 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 construction 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 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 fulfilment 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 change in use 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 included 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 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 construction 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.

The first half of 2016 was the best first-half year for the warehouse market in its history. In the analyzed period, market participants signed agreements related to the lease of 1.312 million sqm. Most of the warehouse space was leased in the Warsaw area (346 thousand sqm), Poznań area (223 thousand sqm.) and Wrocław area (181 thousand sqm). At the end of the first half of 2016, 742 thousand sqm of warehouse space was under construction, out of which 51% is built for speculative purposes. High demand on the warehouse market had an impact on reaching the lowest vacancy rate in history. At the end of the first half of 2016, the vacancy rate accounted for 6.1% of the warehouse space available in Poland.

The most active tenants are logistics operators and chain stores. They leased 728 thousand sqm of warehouse space in the first half of 2016. Their share in the net demand accounted for 37% and 22%, respectively.

¹⁾ Source: www.propertynews.pl

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 6 month period ended 30 June 2016

3.1.1 Selected financial data from the consolidated statement of financial position

Structure of the consolidated statement of financial position of the Group (selected, significant items):

| | <i>as at</i> | 30 June 2016 | Share % | 31 December 2015* | Share % | Change % |
|------------------------------|--------------|------------------|-------------|----------------------|-------------|-------------|
| ASSETS | | 1 072 952 | 100% | 1 126 169 | 100% | -5% |
| Non-current assets | | 963 906 | 90% | 934 348 | 83% | 3% |
| Including: | | | | | | |
| Investment property | | 892 027 | 83% | 845 153 | 75% | 6% |
| Other long-term investments | | 64 003 | 7% | 76 265 | 7% | -16% |
| Current Assets | | 109 046 | 10% | 191 821 | 17% | -43% |
| Including: | | | | | | |
| Short-term investments | | 25 907 | 2% | 31 096 | 3% | -17% |
| Trade receivables and other | | 11 296 | 1% | 19 333 | 2% | -42% |
| Other short-term investments | | 15 969 | 1% | 17 590 | 2% | -9% |
| Cash and cash equivalents | | 55 104 | 5% | 122 978 | 11% | -55% |

*Restated

| | <i>as at</i> | 30 June 2016 | Share % | 31 December 2015 | Share % | Change % |
|--|--------------|------------------|-------------|---------------------|-------------|-------------|
| EQUITY AND LIABILITIES | | 1 072 952 | 100% | 1 126 169 | 100% | -5% |
| Equity | | 632 881 | 59% | 647 368 | 57% | -2% |
| Long-term liabilities | | 402 421 | 37% | 403 689 | 36% | 0% |
| Including: | | | | | | |
| Credits, loans, other debt instruments and other long-term liabilities | | 317 649 | 30% | 323 793 | 29% | -2% |
| Short-term liabilities | | 37 650 | 4% | 75 112 | 7% | -50% |
| Including: | | | | | | |
| Credits, loans and other debt instruments | | 20 191 | 2% | 19 696 | 2% | 3% |
| Trade and other liabilities | | 16 651 | 2% | 51 741 | 5% | -68% |

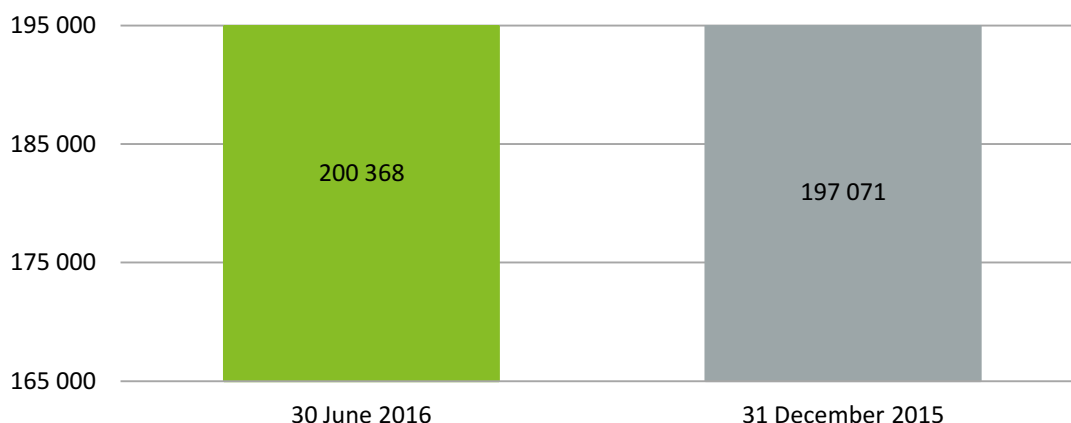
As at 30 June 2016 investment properties, including logistics parks belonging to the Group, constituted the main part of the Group's assets, i.e. 83 % of total assets (75% in 2015). The main items of equity and liabilities were: credits, loans, perpetual usufruct, other debt instruments, equity and trade and other liabilities, which as at 30 June 2016 respectively accounted for: long term credits, loans, other debt instruments and other long term liabilities 30%, short term credits, loans and other debt instruments 2% and trade and other liabilities 2%. Decreased credit, loans, other debt instruments and other long term liabilities result mainly from partial repayment of loans granted by Fenix Polska Sp. z o.o. The decrease was partially offset by a new credit tranche taken by MLP Lublin Sp z o.o. from PKO BP S.A.

Investment property

| <i>as at</i> | 30 June 2016 | 30 June 2016 | 31 December 2015 | 31 December 2015 | Change |
|---|--------------------|--------------------|---------------------|---------------------|--------------------|
| | in EUR thousand | in PLN thousand | in EUR thousand | in PLN thousand | in PLN thousand |
| MLP Pruszków I | 80 510 | 356 296 | 80 610 | 343 519 | 12 777 |
| MLP Pruszków II | 67 103 | 296 964 | 68 319 | 291 141 | 5 823 |
| MLP Poznań | 24 954 | 110 434 | 23 123 | 98 539 | 11 895 |
| MLP Lublin | 11 381 | 50 367 | 11 095 | 47 281 | 3 086 |
| MLP Teresin | 6 720 | 29 739 | 3 850 | 16 407 | 13 332 |
| MLP Gliwice | 4 040 | 17 879 | 4 198 | 17 890 | (11) |
| MLP Wrocław | 5 660 | 25 048 | 5 876 | 25 041 | 7 |
| Value of investment property according to valuations | 200 368 | 886 727 | 197 071 | 839 818 | 46 909 |

According to the valuations as at 30 June 2016, the total value of the investment property portfolio of the Group amounted to EUR 200,368 thousand (PLN 886,727 thousand) and increased by EUR 3,297 thousand in comparison to the value of the properties according to the valuations as at 31 December 2015. The change in the value of the investment property portfolio resulted mainly from a highly advanced stage of completion of MLP Teresin, which was finally completed in August 2016, and completion of project in MLP Poznań (related to warehouse space of 9.9 thousand sqm). The decrease in the value of MLP Pruszków II investment property resulted from decrease in leased warehouse space of 6.4 thousand sqm. As at 30 June 2016 the total area under lease agreements managed by the Group decreased by 7.7 thousand sqm as compared to 2015.

The value of the investment properties (in EUR thousand)



Other Investments

| | <i>as at</i> | 30 June 2016 | 31 December 2015 |
|--------------------------------|--------------|-------------------------|-----------------------------|
| | | | <i>(restated)</i> |
| Other long-term investments | | 6 093 | 7 050 |
| Long-term loans | | 57 910 | 69 215 |
| Short-term loans | | 25 907 | 31 096 |
| Other short-term investments | | 15 969 | 17 590 |
| Total other investments | | 105 879 | 124 951 |

As at 30 June 2016, the amount of outstanding loans granted decreased by PLN 16,494 thousand in comparison to the end of 2015. This decrease results from repayments of loans of PLN 18,219 thousand, partially offset by an accrued interest and foreign exchange differences on valuation.

Other long-term investments comprise restricted cash of PLN 6,093 thousand. The amount contains: PLN 5,552 thousand, which was separated in accordance with the credit agreements to secure payment of principal and interest instalments, PLN 377 thousand of deposits retained from tenants and other deposits of PLN 164 thousand.

The Group has short-term restricted cash of PLN 5,657 thousand. Restricted cash consists of: PLN 5,466 thousand for guarantees given by MLP Pruszków I Sp. z o.o. in favour of Hapoalim Bank and short-term part of cash separated in accordance with credit agreements of PLN 191 thousand.

Other short-term financial assets also comprise funds on Escrow account in the amount of PLN 10,312 thousand, retained in connection with the sale of investment properties. These funds will be released when the Group's obligations under the contract of sale of investment properties are met. The Group expects that these obligations will be met within a 1 year period from the conclusion of these agreements.

Cash

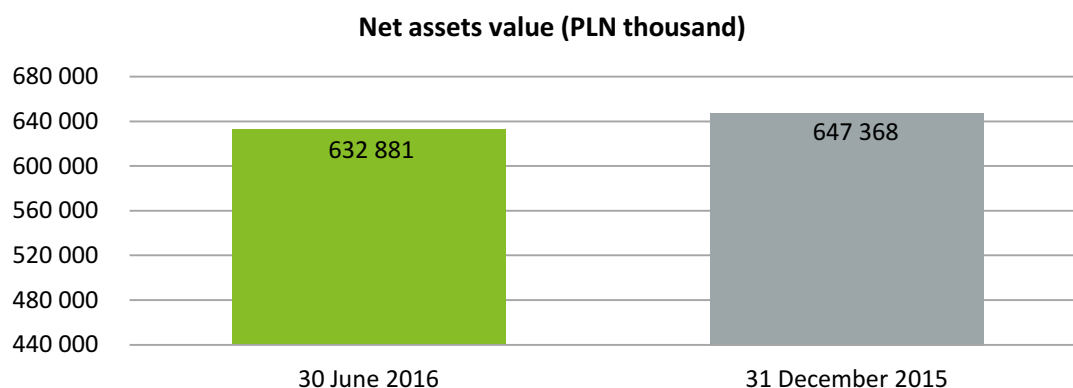
| | <i>as at</i> | 30 June 2016 | 31 December 2015 <i>(restated)</i> |
|--|--------------|-------------------------|--|
| Cash on hand | | 58 | 47 |
| Cash in bank | | 23 019 | 54 485 |
| Short-term deposits | | 31 725 | 68 446 |
| Cash in transit | | 302 | - |
| Cash and cash equivalents presented in the consolidated statement of financial position | | 55 104 | 122 978 |
| Cash and cash equivalents, presented in the consolidated statement of cash flows | | 55 104 | 122 978 |

Cash and cash equivalents in the annual consolidated statement of financial position includes cash in hand and bank deposits with an initial maturity of up to 3 months.

The balance of cash as at 30 June 2016 amounted to PLN 55,104 thousand and decreased compared to PLN 122,978 thousand as at the end of the prior year. The decrease results mainly from the dividend payment of PLN 41,660 thousand made by MLP Group S.A. on 25 May 2016.

Equity

- **Net assets value (NAV)**



Net assets value as at 30 June 2016 amounted to PLN 632,881 thousand, and decreased by PLN 14,487 thousand (-2.2%). The decrease is related mainly to the dividend payment of PLN 41,660 thousand, partially offset by the net profit for the first half of 2016 in the amount of PLN 26,216 thousand and valuation of the hedging instruments recognized in equity.

Share capital

| | <i>as at</i> | 30 June 2016 | 31 December 2015 |
|----------------------|--------------|-------------------------|-----------------------------|
| Series A shares | | 11 440 000 | 11 440 000 |
| Series B shares | | 3 654 379 | 3 654 379 |
| Series C shares | | 3 018 876 | 3 018 876 |
| Total | | 18 113 255 | 18 113 255 |
| Par value of 1 share | | 0.25 | 0.25 |

As at 30 June 2016, share capital of the Parent Company amounted to PLN 4,528,313.75 and was divided into 18,113,255 shares entitling shareholders to 18,113,225 votes at the General Meeting. All shares have a par value of PLN 0.25 and have been fully paid.

Credits, loans, other debt instruments and other liabilities

| | 30 June | 31 December |
|---|----------------|--------------------|
| <i>as at</i> | 2016 | 2015 |
| Credits secured on the Group's assets | 232 146 | 222 889 |
| Loan liabilities | 63 233 | 80 761 |
| Total long-term credits, loans and other debt instruments | 295 379 | 303 650 |
| Finance lease liabilities | 5 260 | 5 260 |
| Liabilities concerning SWAP transactions | 12 231 | 13 579 |
| Investment guarantees, guarantees from tenants and other | 4 779 | 1 304 |
| Total other long-term liabilities | 22 270 | 20 143 |
| Short-term credits and short term part of credits secured on the Group's assets | 16 711 | 15 730 |
| Loan liabilities | 3 480 | 3 966 |
| Liabilities concerning SWAP transactions | 45 | 164 |
| Total short-term liabilities | 20 236 | 19 860 |
| Credits, loans, other debt instruments and other liabilities | 337 885 | 343 653 |

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

Value of long and short term credits increased as compared to the end of 2015. It is related to the new credit tranche taken by MLP Lublin Sp z o.o. from PKO BP S.A.

Value of long and short term loans decreased as compared to the end of 2015 due to a partial repayment of loans in the first half of 2016.

3. 1.2 Selected financial data from the consolidated statement of profit or loss

Consolidated statement of profit or loss of the MLP Group S.A. Capital Group for the 6 month period ended 30 June 2016 compared to the first half of 2015:

| | <i>for the 6 month period ended 30 June</i> | <i>2016</i> | <i>% of revenues</i> | <i>2015</i> | <i>% of revenues</i> | <i>Change %</i> |
|---|---|---------------|--------------------------|---------------|--------------------------|-----------------|
| Revenues | | 43 420 | 100% | 54 153 | 100% | -20% |
| Other operating income | | 1 386 | 3% | 283 | 1% | 390% |
| Selling and administrative expenses | | (21 362) | 49% | (19 302) | 36% | 11% |
| Other operating costs | | (1 662) | 4% | (118) | 0% | 1308% |
| Operating profit before gain on revaluation of investment property | | 21 782 | 50% | 35 016 | 65% | -38% |
| Gain/(Loss) on revaluation of investment property | | 27 381 | 63% | (3 192) | -6% | -958% |
| Operating profit | | 49 163 | 113% | 31 824 | 59% | 54% |
| Net financial income/(cost) | | (11 830) | 27% | 140 | 0% | -8550% |
| Profit before taxation | | 37 333 | 86% | 31 964 | 59% | 17% |
| Corporate income tax | | (11 117) | 26% | (2 337) | 4% | 376% |
| Profit from continuing operations | | 26 216 | 60% | 29 627 | 55% | -12% |

| | <i>for the 6 month period ended 30 June</i> | <i>2016</i> | <i>2015</i> |
|--|---|-------------|-------------|
| Earnings per share: | | | |
| - Basic earnings for the year attributable to the ordinary shareholders of the Parent Company (in PLN) | | 1.45 | 1.64 |
| - Diluted earnings for the year attributable to the ordinary shareholders of the Parent Company (in PLN) | | 1.45 | 1.64 |

The main source of revenue of the Group's core activities includes rental revenues. The decrease in revenue generated in the 6 month period of 2016 as compared to the analogous period of 2015 resulted from the fact that prior year results include revenues generated by logistics park MLP Tychy and MLP Bieruń, which were sold in the second half of 2015. Excluding these parks, the Group's revenues for the 6 month period ended 30 June 2016 increased as compared to the analogous period of 2015. This reflects the average leased space of 323,998.7 sqm in the first half of 2016, while the average leased space in the analogous period of 2015 amounted to 266,409.6 sqm (excluding sold parks), i.e. it increased by 22% as compared to the first half of 2015.

Selling and administrative expenses for the first half of 2016 amounted to PLN 21,362 thousand and increased by PLN 2,060 thousand compared to the analogous period of 2015.

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 in the first half of 2016 amounted to PLN 7,651 thousand, PLN 6,788 thousand, and PLN 4,979 thousand, respectively. These costs are closely correlated to 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 related to the leased area to its tenants.

In the first half of 2016, the Group's net financial loss increased significantly (amounting to PLN 11,830 thousand) as compared to the analogous period of the previous year (net financial profit amounting to PLN 140 thousand). This change is mainly due to foreign exchange differences.

In the first half of 2016, the Group achieved a gain of PLN 27,381 thousand on the valuation of investment properties, while the Group reported a loss of PLN 3,192 thousand in the analogous period of 2015. This change was primarily affected by the highly advanced stage of completion of MLP Teresin and completion of the project related to the space of 9.9 thousand sqm in MLP Poznań in August 2016.

3. 1.3 Selected information from the consolidated statement of cash flows

| | <i>for the 6 month period ended 30 June</i> | 2016 | 2015 <i>(restated)</i> |
|---|---|----------------|---------------------------|
| Net cash flows from operating activities | | 9 226 | 34 170 |
| Net cash flows from investing activities | | -28 621 | -25 554 |
| Net cash flows from financing activities | | -48 479 | -7 744 |
| Total net cash flow | | -67 874 | 872 |
| Cash at the beginning of the period | | 122 978 | 35 530 |
| Foreign exchange differences on cash | | 0 | 5 |
| Cash and cash equivalents at the end of the period | | 55 104 | 36 407 |

In the first half of 2016, the Group recorded positive cash flows from operating activities of PLN 9,226 thousand. Compared to the analogous period of the previous year, there was a decrease of PLN 24,944 thousand.

In the first half of 2016 the Group recorded negative cash flows from investing activities of PLN 28,621 thousand. In the analogous period of the previous year negative cash flows from investing activities amounted to PLN 25,554 thousand. Negative cash flows from investing activities are associated with the Group's investment program. Main expenses incurred by the Group in the first half of 2016 were investments in developing existing logistics parks.

Negative cash flows from financing activities in the first half of 2016 of PLN 48,479 thousand were higher as compared to the analogous period of 2015, mainly due to the dividend payment made by MLP Group S.A.

Cash inflows from credits and loans received in the first half of 2016 were lower as compared to the analogous period of the previous year. During this period, the Group took the next credit tranche of PLN 9,081 thousand (credit taken by MLP Lublin Sp. z o.o.). Cash from credit received was intended for refinancing expenditures for construction of warehouse and office space in the Group's parks.

3. 2 Forecasts

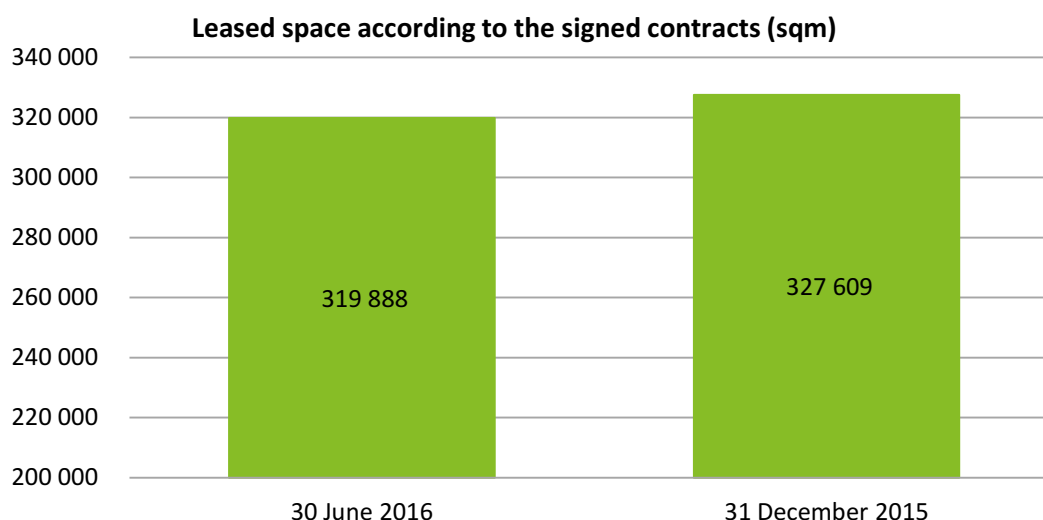
MLP Group S.A. Capital Group as well as MLP Group S.A. has not published forecasts of consolidated or individual financial results for 2016.

3.3 Group's financial management

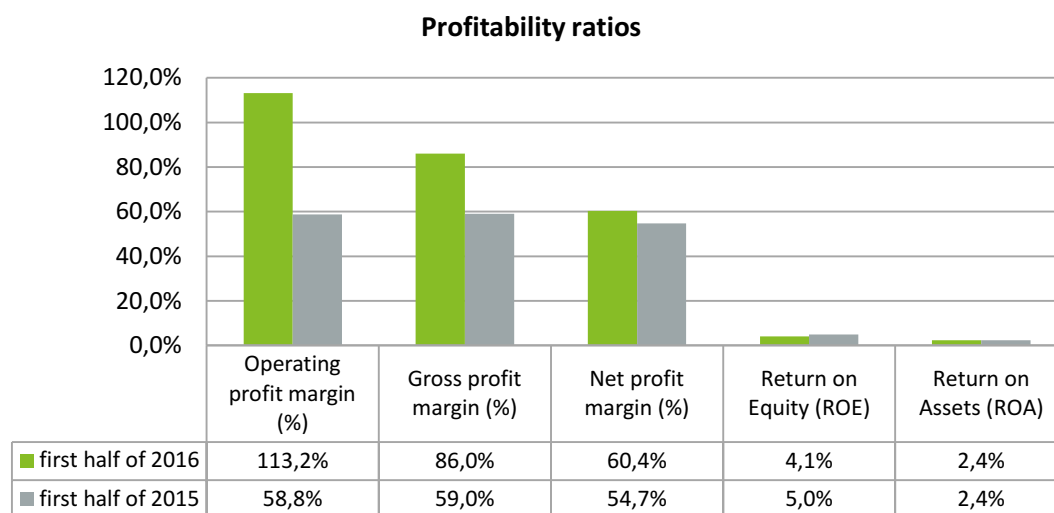
Management of financial resources of the MLP Group S.A. Capital Group in the first half of 2016, in connection with the ongoing investment projects for the development of warehouse and office space, focused primarily on acquiring and structuring appropriate financing sources, as well as maintaining safe 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 of the Group and the wider financial security.

According to the Management Board, the Group's financial position and its performance as at 30 June 2016 proves a stable situation of the Group. This is achieved by the established position of the Group on the warehouse market, 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 2016 are to be considered positive. As at 30 June 2016, the Group leased a total area of 319,888 sqm, in comparison to 327,609 sqm as at 31 December 2015.



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 tax / revenue;
- **net profit margin:** net profit (loss) / revenue;
- **return on equity (ROE):** net profit (loss) / equity;
- **return on assets (ROA):** net profit (loss) / total assets.

In the first half of 2016, operating profit margin increased significantly in comparison to the first half of 2015. The level of operating profit margin in the first half of 2016 was mainly affected by recognition of gain on revaluation of investment property of PLN 27,381 thousand (in the first half of 2015 the Group recognized a loss on revaluation of investment property of PLN 3,192 thousand).

Gross profit margin ratio increased in the first half of 2016 by 27 p.p. and amounted to 86% as a result of an increase in profit before tax (17% as compared to the first half of 2015) and lower revenues by 19.8%.

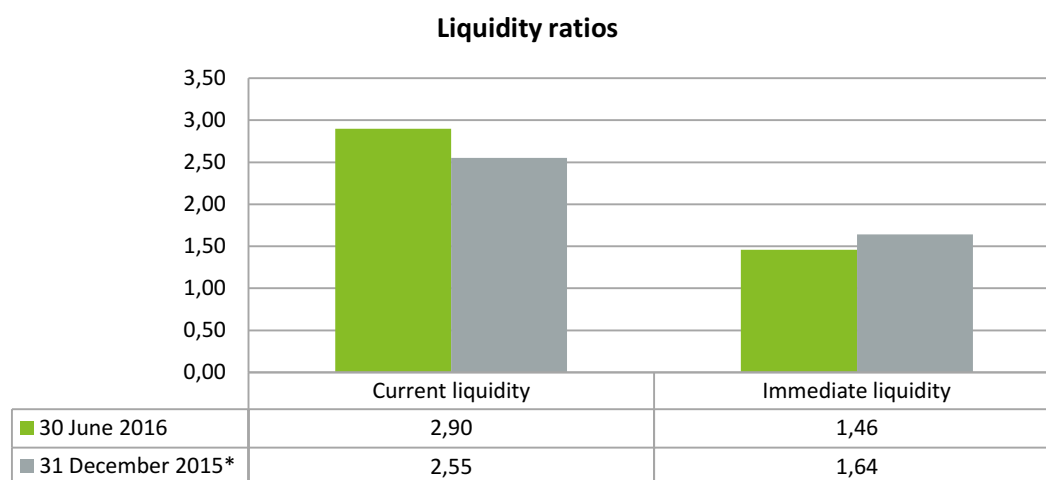
Net profit margin increased as compared to the first half of 2015 by 5.7 p.p. and amounted to 60.4% in the first half of 2016. This change was affected by a decrease of revenues by 19.8% as compared to the first half of 2015.

Return on equity in the first half of 2016 decreased slightly as compared to the analogous period in 2015 (change of 0.9 p.p.). Lower net profit (by 11.5%) as compared to the first half of 2015 had significant impact on return on equity.

Return on assets remained at a stable level.

On 31 May 2016 share capital of the company MLP Temp Sp. o.o. has been increased by the amount of PLN 1,001,000, by creating 20,020 new shares with a nominal value of PLN 50, which were covered as follows: MLP Group S.A. acquired 20,000 new shares with a total value of PLN 1,000,000 and entirely covered them with a cash contribution and MLP Spółka z ograniczoną odpowiedzialnością SKA acquired the remaining 20 new shares, which were covered by contribution in kind in the form of the enterprise MLP Spółka z ograniczoną odpowiedzialnością SKA.

3. 3.2 Liquidity ratios



*Restated

Liquidity analysis was based on the below defined indicators:

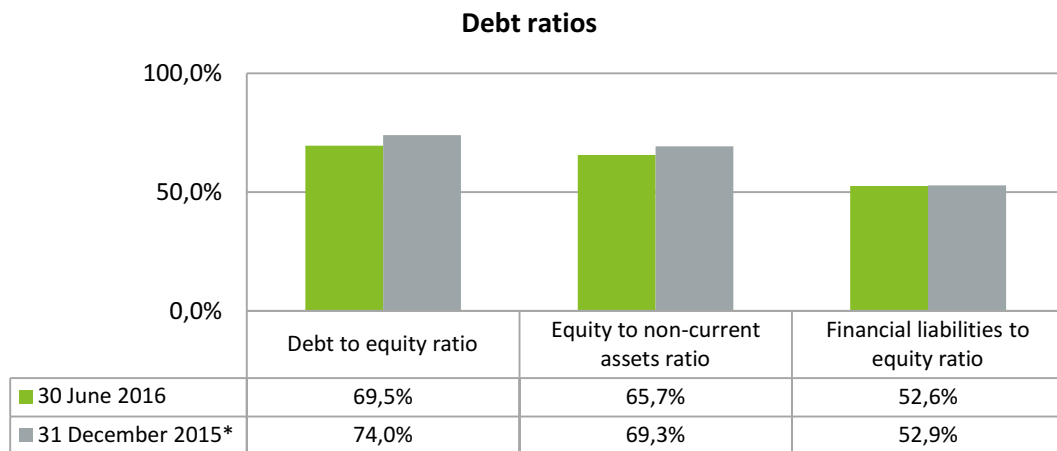
- **current ratio:** current assets / current liabilities;
- **immediate liquidity ratio:** cash and cash equivalents / current liabilities.

Current liquidity ratio as at 30 June 2016 increased as compared to the end of 2015 (increase of 0.35).

Cash and cash equivalents as at 30 June 2016 decreased significantly as compared to 31 December 2015 due to the dividend payment made in May 2016, which resulted in a lower value of current assets as at 30 June 2016.

Immediate liquidity ratio also decreased.

3. 3.3 Debt ratios



*Restated

Debt analysis was performed based on the following ratios presented:

- **debt to equity ratio:** total liabilities / total equity;
- **assets to equity ratio:** total equity / non-current assets;
- **financial liabilities to equity ratio:** financial liabilities ¹⁾ / total equity.

¹⁾ Financial liabilities include: long and short term liabilities from credits, loans and other debt instruments, finance lease liabilities and liabilities related to SWAP valuation.

Debt to equity ratio decreased as at 30 June 2016 as a result of decreased liabilities mainly due to repayment of credits and loans taken to finance expansion of existing, and development of new, logistics parks.

3. 4 Information on bank credits, bonds, loans, securities and guarantees

3. 4.1 Concluded and terminated loan agreements

In the first half of 2016 the Group did not take any new loans.

In the first half of 2016 the Group repaid the following loans and interest on loans:

| Borrower | Lender | Date of loan agreement | Amount of loan repaid | The amount of interest repaid |
|----------------------------|-------------------------|------------------------|-----------------------|-------------------------------|
| MLP Pruszków I Sp. z o.o. | Fenix Polska Sp. z o.o. | 1998-05-22 | 337 582 USD | 34 660 USD |
| MLP Pruszków I Sp. z o.o. | Cajamarca Holland B.V. | 1998-12-23 | 0 USD | 104 USD |
| MLP Pruszków IV Sp. z o.o. | Fenix Polska Sp. z o.o. | 2013-11-07 | 0 PLN | 12 489 PLN |
| MLP Pruszków IV Sp. z o.o. | Fenix Polska Sp. z o.o. | 2013-11-18 | 0 PLN | 6 532 PLN |
| MLP Pruszków IV Sp. z o.o. | Fenix Polska Sp. z o.o. | 2013-12-10 | 0 PLN | 7 428 PLN |
| MLP Moszna I Sp. z o.o. | Fenix Polska Sp. z o.o. | 2009-12-21 | 2 666 700 PLN | 0 PLN |
| MLP Pruszków II Sp. z o.o. | Fenix Polska Sp. z o.o. | 2013-11-07 | 818 550 PLN | 155 211 PLN |
| MLP Pruszków II Sp. z o.o. | Fenix Polska Sp. z o.o. | 2013-11-18 | 620 549 PLN | 97 147 PLN |
| MLP Pruszków II Sp. z o.o. | Fenix Polska Sp. z o.o. | 2013-12-10 | 0 PLN | 42 244 PLN |
| MLP Pruszków II Sp. z o.o. | Fenix Polska Sp. z o.o. | 2013-12-24 | 743 221 PLN | 0 PLN |
| MLP Poznań Sp. z o.o. | Fenix Polska Sp. z o.o. | 2013-11-08 | 427 916 PLN | 0 PLN |
| MLP Poznań Sp. z o.o. | Fenix Polska Sp. z o.o. | 2013-11-21 | 49 000 PLN | 0 PLN |
| MLP Poznań Sp. z o.o. | Fenix Polska Sp. z o.o. | 2014-09-26 | 500 000 PLN | 0 PLN |
| MLP Poznań Sp. z o.o. | Fenix Polska Sp. z o.o. | 2014-11-26 | 500 000 PLN | 0 PLN |
| MLP Poznań West Sp. z o.o. | Fenix Polska Sp. z o.o. | 2014-10-30 | 5 200 000 PLN | 0 PLN |
| MLP Poznań West Sp. z o.o. | Fenix Polska Sp. z o.o. | 2014-12-16 | 100 000 PLN | 0 PLN |
| MLP Teresin Sp. z o.o. | Fenix Polska Sp. z o.o. | 2014-05-15 | 150 000 PLN | 0 PLN |
| Lokafof 201 Sp. z o.o. SKA | Fenix Polska Sp. z o.o. | 2013-03-28 | 339 400 EUR | 0 EUR |
| Lokafof 201 Sp. z o.o. SKA | Fenix Polska Sp. z o.o. | 2014-05-05 | 2 814 112,50 PLN | 0,00 PLN |
| Lokafof 201 Sp. z o.o. SKA | Fenix Polska Sp. z o.o. | 2014-07-03 | 2 197 404,22 PLN | 0,00 PLN |

In the first half of 2016 no loan agreements were terminated.

3. 4.2 Concluded and terminated bank credit agreements

- **New credit agreements in the first half of 2016**

In March 2016 the next credit tranche was disbursed according to the agreement between MLP Lublin Sp. z o.o. and PKO BP S.A dated 13 April 2015.

On 29 April 2016, a new credit agreement between MLP Pruszków IV Sp. z o.o. and mBank S.A was signed (details were described in note 23 to the interim condensed consolidated financial statements).

Funds of EUR 12,071 thousand were transferred in August 2016.

On 31 May 2016, the credit agreement between MLP Teresin Sp. z o.o. and PEKAO S.A. was signed (details were described in note 23 to the interim condensed consolidated financial statements).

Funds of EUR 2,929 thousand from construction credit and funds of PLN 633 thousand from working capital credit were disbursed in August 2016.

- **Credits repaid in the first half of 2016**

MLP Group S.A. Capital Group paid all credit instalments according to the agreed schedules in the first half of 2016.

In the first half of 2016 no credit agreements were terminated.

3. 4.3 Bonds

The Group does not hold or issue bonds.

3. 4.4 Loans granted

In the first half of 2016 no loans were granted.

3. 4.5 Granted and received securities

As at 30 June 2016 the Group neither received nor granted securities.

3. 4.6 Granted and received guarantees

All guarantees granted by the Group and described in the Management Board's report on the activities of MLP Group S.A. Capital Group in 2015 are valid.

3. 5 Assessment of the feasibility of the investment plans

The Group is in possession of appropriate capital resources to meet its strategic objectives and to finance current operations.

The Group finances the investments, both those connected with the acquisition of new properties, as well as those connected with expanding currently held logistics parks from its own resources and through long-term debt financing in the form of bank credits and loans.

The Group assumes that the share of debt financing in the financing of the planned investment projects will be approximately 70%.

3. 6 Evaluation of factors and unusual events affecting consolidated financial result for the current period

In the first half of 2016 there were no factors and unusual events affecting consolidated financial result for the current period.

3.7 Information about issuing, repurchasing and repaying non-equity and equity securities

In the 6 month period ended 30 June 2016 the Group did not issue, repurchase or repay non-equity and equity securities.

3.8 Concise description of significant successes achieved or failures occurred in the 6 month period ended 30 June 2016

There were no significant successes achieved or failures occurred other than described in the condensed consolidated financial statements.

3.9 Seasonal or cyclical nature of operations

The Group's operations have neither seasonal nor cyclical nature.

Radosław T. Krochta
*President of the Management
Board*

Michael Shapiro
*Vice-President of the
Management Board*

Tomasz Zabost
*Member of the
Management Board*

Pruszków, 22 August 2016

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

**INDEPENDENT AUDITORS' REPORT
ON REVIEW OF THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE PERIOD
FROM 1 JANUARY 2016 TO 30 JUNE 2016**

To the Shareholders of MLP Group S.A.

Introduction

We have reviewed the interim condensed consolidated financial statements of MLP Group S.A. Group, with its parent company's registered office in Pruszków, 3 Maja 8 Street ("the interim condensed consolidated interim financial statements"), which comprise:

- the condensed consolidated statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2016,
- the condensed consolidated statement of financial position as at 30 June 2016,
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2016,
- the condensed statement of changes in consolidated equity for the six-month period ended 30 June 2016, and
- explanatory information to the interim condensed consolidated financial statements.

Management of the parent company is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements, based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as adopted by the National Council of Certified Auditors as the National Standard on Assurance 2410. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with National Standards on Assurance or International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements as at 30 June 2016 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
registration number 3546
ul. Inflancka 4A, 00-189 Warsaw

Signed on the Polish original

.....
Anna Wziętek-Cybartowska
Key Certified Auditor
Registration No. 312786

Signed on the Polish original

.....
Steven Baxted
Limited Liability Partner with power of
attorney

22 August 2016

This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.

**INDEPENDENT AUDITORS' REPORT
ON REVIEW OF THE INTERIM CONDENSED SEPARATE
FINANCIAL STATEMENTS
FOR THE PERIOD
FROM 1 JANUARY 2016 TO 30 JUNE 2016**

To the Shareholders of MLP Group S.A.

Introduction

We have reviewed the accompanying 30 June 2016 interim condensed separate financial statements of MLP Group S.A., with its registered office in Pruszków, 3 Maja 8 Street ("the interim condensed separate financial statements"), which comprise:

- the condensed separate statement of profit or loss and other comprehensive income for the six-month period ended 30 June 2016,
- the condensed separate statement of financial position as at 30 June 2016,
- the condensed separate statement of cash flows for the six-month period ended 30 June 2016,
- the condensed separate statement of changes in equity for the six-month period ended 30 June 2016, and
- explanatory information to the interim condensed separate financial statements.

Management of the company is responsible for the preparation and presentation of these interim condensed separate financial statements in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed separate interim financial statements, based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as adopted by the National Council of Certified Auditors as the National Standard on Assurance 2410. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with National Standards on Assurance or International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed separate financial statements as at 30 June 2016 are not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
registration number 3546
ul. Inflancka 4A, 00-189 Warsaw

Signed on the Polish original

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Anna Wziętek-Cybartowska
Key Certified Auditor
Registration No. 12786

Signed on the Polish original

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Steven Baxted
Limited Liability Partner with power of
attorney

22 August 2016