

HOTBLOK SPÓŁKA AKCYJNA

**FINANCIAL STATEMENT
FOR THE FINANCIAL YEAR
FROM 1 JANUARY 2017 TO 31 DECEMBER 2017**

HOTBLOK SPÓŁKA AKCYJNA

ul. Emilii Plater 49, 00-125 Warsaw

Financial statements for the financial year from 1 January 2017 to 31 December 2017

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HOTBLOK SPÓŁKA AKCYJNA

ul. Emilii Plater 49, 00-125 Warsaw

Financial statements for the financial year from 1 January 2017 to 31 December 2017

MANAGEMENT BOARD REPRESENTATION

In accordance with the requirements resulting from Article 52 Section 2 of the Accounting Act dated 29 September 1994 (Journal of Laws of 2016, item 1047, as amended), the Management Board of HOTBLOK SPÓŁKA AKCYJNA hereby presents the financial statements that constitute of the following:

- 1) Introduction to the financial statement;
- 2) Balance sheet drafted as at 31 December 2017 with the total of PLN 2,249,710.54 recognized on the side of assets and liabilities;
- 3) Profit and loss account for the period from 1 January 2017 to 31 December 2017 with the amount of PLN 177,640.28 recognized as a net loss;
- 4) Statement of changes in consolidated equity for the period from 1 January 2017 until 31 December 2017 recognizing an increase of equity by PLN 177,640.28;
- 5) Cash flows statement for the period from 1 January 2017 until 31 December 2017 recognizing an increase in cash inflows to the net amount of PLN 22,969.32.
- 6) Additional information and notes.

Piotr Tyranowski
President of the Management Board

Person responsible for bookkeeping
Anna Jędrzejewska

Warsaw, 21 May 2018

HOTBLOK SPÓŁKA AKCYJNA

ul. Emilii Plater 49, 00-125 Warsaw

Introduction to the financial statement

1. Details of the Company

1. 1 Company name

Hotblok S.A.

1. 2 Company's registered office

ul. Emilii Plater 49
00-125 Warsaw

1. 3 Registration in the National Court Register

Seat of the court: District Court in Warsaw, 12th Business Division of the National Court Register

Date: 24.01.2003

Registration number: 0000148769

1. 4 Core business and duration of the Company

As per the Company's articles of association, the business activities of the Company shall be, among others:

- MANUFACTURE OF CONCRETE PRODUCTS FOR CONSTRUCTION PURPOSES,
- REALIZATION OF BUILDING PROJECTS RELATED TO ERECTION OF BUILDINGS,
- CONSTRUCTION WORKS RELATED TO CONSTRUCTION OF RESIDENTIAL AND NON-RESIDENTIAL BUILDINGS,
- OTHER SPECIALIZED CONSTRUCTION ACTIVITIES,
- WHOLESALE ON COMMISSION,
- WHOLESALE OF MACHINERY, EQUIPMENT, AND SUPPLIES
- OTHER FINANCIAL SERVICE ACTIVITIES, EXCEPT INSURANCE AND PENSION FUNDING,
- ACTIVITY AUXILIARY TO FINANCIAL SERVICES EXCLUDING INSURANCE AND PENSION FUNDS,
- BUYING AND SELLING REAL ESTATE ON OWN ACCOUNT,
- ACTIVITIES RELATED TO HANDLING REAL ESTATE MARKET PERFORMED ON COMMISSION

The Company was established for an indefinite time.

1. 5 Financial year

Financial statements was drafted for the financial year from 1 January 2017 to 31 December 2017. The comparative data cover the period from 1 January 2016 to 31 December 2016.

HOTBLOK SPÓŁKA AKCYJNA

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Introduction to the financial statement

1. 6 *Going concern assumption*

The financial statements have been prepared based on the assumption that the company will operate as a going concern in foreseeable future.

2. **Key accounting principles**

The financial statements was drafted with application of the below accounting principles.

2. 1 *Basis for preparation of the financial statements*

The financial statements have been drafted in accordance with policies applied by the entities operating in Poland, based on the accounting principles resulting from the Accounting Act of 29 September 1994 (Journal of Laws of 2016, item 1047, as amended) and subsequent implementing provisions issued on the basis thereof.

2. 2 *Revenues and costs*

Revenues and costs are recognized with application of accruals principle, i.e. in the periods to which they apply, regardless of the date of receiving or making the payment.

Sales revenues

Revenues from sale of products, goods and materials is recognized in the profit and loss account when the Company has transferred on the buyer significant risk and benefits resulting from ownership right to products, goods and materials. Revenues from the sale of services with a period of implementation shorter than 6 months are recognized at the end of the service.

The Company keeps register of costs by type and drafts consolidated profit and loss account.

2. 3 *Intangible assets*

Intangible assets are valued in the books at acquisition price or cost borne for their manufacturing, less depreciation and impairment losses.

Intangible assets are redeemed using straight-line method with application of the following depreciation rates:

Material copyrights	20%
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Introduction to the financial statement

2. 4 *Tangible assets*

Tangible assets are valued in the books at acquisition price or cost borne for their manufacturing, including the effects of revaluation (remeasurement), less depreciation and impairment losses.

Acquisition price and production cost of tangible assets covers the total cost incurred by the entity during construction, installation, adaptation and improvement to the date of adopting for use, including also the cost of servicing debts incurred in order to finance them and related foreign exchange differences, less the relevant revenues.

The initial value that constitutes acquisition price and production cost of tangible asset is increased by its improvement costs that constitutes redevelopment, extension, modernization, or reconstruction that results in a fact that usable value of such asset following the improvement process exceeds the initial value of the asset upon the acquisition.

Fixed assets are amortized using straight-line method, at the rates provided in the relevant tax regulations. The amortization begins in the month following the month in which a given tangible asset was adopted for use.

2. 5 *Investments*

Investments include all assets acquired for economic gains that arise from increase in their value, generating income in a form of interests, dividends (share in profits) or other benefits, including also from commercial transaction, in particular financial assets and such properties and intangible assets that are no longer used by the entity, but have been acquired for economic gains.

2. 6 *Impairment of assets*

As at each balance sheet date, it is assessed if there exist any objective evidence to impairment of asset or a group of assets. If such evidence exists, an estimated, recoverable value of an asset is established and an impairment loss is made in the amount equal to the difference between recoverable value and balance sheet value. Less resulting from the impairment is recognized in the profit or loss account. If the effects of a previous revaluation of such assets have been recognised as revaluation reserve, the loss is decreased by the amount of such a reserve and the remaining portion of loss is recognised in the profit and loss account.

HOTBLOK SPÓŁKA AKCYJNA

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Introduction to the financial statement

2. 7 *Receivables, claims, and liabilities*

Receivables are recognized with the application of prudent valuation principle, at the amount of due payment. The receivables are remeasured taking into consideration the probability of their payment by making an impairment loss that is recognised as other operating costs or financial costs respectively - depending on the type of liability to which such an impairment loss refers.

Liabilities are recognized in the books at payable amount.

Receivables and liabilities expressed in foreign currencies are recognized as at the day of the relevant operation at average exchange rate of the National Bank of Poland published for a given currency as at the day preceding the operation.

As at the balance sheet date, the receivables and liabilities expressed in foreign currencies are measured at average exchange rate effective as at this day published for a given currency by the National Bank of Poland.

2. 8 *Accruals*

The Company settles deferred expenses if they are related with future reporting periods. Accrued expenses are settled at the amount of probable liabilities from the current reporting period.

2. 9 *Provisions for liabilities*

The provisions constitute liabilities whose maturity date or value is not certain.

2. 10 *Income tax*

Income tax recognized in the profit and loss account includes the current portion calculated in accordance with the tax regulations.

2. 11 *Foreign exchange differences*

Foreign exchange differences that result from valuation as at the balance sheet date of assets and liabilities expressed in foreign currencies, except for long-term investments, as well as the ones that arise due to payment of liabilities and receivables in foreign currencies, as well as during sales of currencies, are recognized as financial revenues or cost, or – in justified cases – as product manufacturing costs or goods purchase price, as well as purchase price and manufacturing cost of fixed assets, fixed assets under construction or intangible assets.

To measure balance sheet items expressed in foreign currencies the following foreign exchange rates were adopted (in PLN):

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Introduction to the financial statement

	31.12.2017	31.12.2016
EUR	4.1709	4.4240

Piotr Tyranowski
President of the Management Board

Person responsible for bookkeeping
Anna Jędrzejewska

Warsaw, 21 May 2018

HOTBLOK SPÓŁKA AKCYJNA

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Balance sheet

ASSETS	Note	31.12.2017	31.12.2016
		PLN	PLN
A. Non-current assets		1,788,650.97	2,075,015.98
I. Intangible assets	1	1,290,633.63	1,415,533.61
3. Other intangible assets		1,290,633.63	1,415,533.61
II. Fixed tangible assets	2	274,095.34	376,726.37
c) technical equipment and machines		274,095.34	373,507.22
b) vehicles		-	3,219.15
III. Long-term receivables		-	-
IV. Long-term investments		-	-
V. Long-term accruals		223,922.00	282,756.00
1. Deferred tax assets		223,922.00	282,756.00
B. Current assets		461,059.57	731,922.28
I. Inventories	3.	42,705.74	186,123.00
4. Goods		42,705.74	186,123.00
II. Short-term receivables	4	357,156.15	512,002.20
3. Receivables from other entities		357,156.15	512,002.20
a) trade receivables	4.1	354,241.41	457,985.28
b) tax receivables	4.2	1,533.82	52,636.00
c) other	4.3	1,380.92	1,380.92
III. Short-term investments	5.	55,740.52	32,771.20
1. Short-term financial assets		55,740.52	32,771.20
c) cash and other cash assets		55,740.52	32,771.20
- cash in hand and at bank		55,740.52	32,771.20
IV. Short-term accruals	6.	5,457.16	1,025.88
C. Called up initial capital (fund)		-	-
D. Own shares (stocks)		-	-
TOTAL ASSETS		2,249,710.54	2,806,938.26

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Warsaw, 21 May 2018

HOTBLOK SPÓŁKA AKCYJNA

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Balance sheet

LIABILITIES	Note	31.12.2017	31.12.2016
		PLN	PLN
A. Equity	7.	(485,682.81)	(663,323.09)
I. Share capital	7.1	10,781,666.61	10,781,666.61
II. Supplementary capital, including:	7.2	379,588.00	379,588.00
- surplus of the share issue value over their par value		-	-
IV. Other reserve capital		733,405.02	733,405.02
- established as per the company's articles of association		733,405.02	733,405.02
V. Previous year profit (loss)		(12,557,982.72)	(11,958,255.38)
VI. Net loss	7.3	177,640.28	(599,727.34)
VII. Appropriations on net profit during the financial year		-	-
B. Liabilities and provisions for liabilities		2,735,393.35	3,470,261.35
I. Provisions for liabilities	8	882,198.06	621,956.51
3. Other provisions		882,198.06	621,956.51
- long-term			-
- short-term	8.1	882,198.06	621,956.51
II. Long-term liabilities		-	-
III. Short-term liabilities	9.	1,853,195.29	2,426,694.84
1. To related entities		-	-
3. To related entities		1,853,195.29	2,426,694.84
a) credits and loans	9.1	1,765,856.10	2,167,163.27
d) trade receivables	9.2	56,526.75	174,786.89
e) received advance payments towards deliveries		-	50,000.00
g) tax liabilities		6,651.48	7,171.00
h) from remunerations		21,724.48	21,770.83
i) other		2,436.48	5,802.85
IV. Accruals		-	421,610.00
2. Other prepayments		-	421,610.00
- short-term		-	421,610.00
TOTAL LIABILITIES		2,249,710.54	2,806,938.26

Piotr Tyranowski
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Warsaw, 21 May 2018

Balance sheet should be analysed along with additional information and notes that constitute an integral part of the financial statements.

HOTBLOK SPÓŁKA AKCYJNA

ul. Emilii Plater 49, 00-125 Warsaw

Profit and loss account

	Note	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
		PLN	PLN
A. Net revenues from sale and equivalent		907,557.40	329,101.45
- including from related entities		-	-
I. Net revenues from sales of products	10.	665,000.00	1,000.00
IV. Net revenues from sales of goods and materials		242,557.40	328,101.45
B. Operating expenses		(916,273.76)	(869,750.14)
I. Depreciation and amortization		(195,670.16)	(201,372.27)
II. Consumption of materials and energy		(50,791.04)	(7,036.84)
III. External services		(66,111.72)	(66,726.31)
IV. Taxes and charges		(7,674.49)	(10,841.63)
V. Wages and salaries		(328,802.00)	(210,887.92)
VI. Social insurance and other charges		(14,653.80)	(11,013.24)
- including retirement benefits		(9,650.62)	(9,650.62)
VII. Other expenses by type		(58,563.72)	(77,707.25)
VIII. Value of sold goods and materials		(194,006.83)	(284,164.68)
Profit – loss from sale		<u>(8,716.36)</u>	<u>(540,648.69)</u>
D. Other operating revenues		461,026.99	19,789.88
IV. Other operating revenues		461,026.99	19,789.88
E. Other operating expenses		(49,412.79)	(22,735.01)
II. Remeasurement of non-financial tangible assets		-	(13,162.24)
III. Other operating expenses		(49,412.79)	(9,572.77)
F. Operating profit		<u>402,897.84</u>	<u>(543,593.82)</u>
G. Financial revenues		-	18,582.76
II. Interest:		-	414.68
V. Other		-	18,168.08
H. Financing costs		(166,423.56)	(131,941.28)
I. Interest	11.	(145,804.35)	(131,941.28)
- including from related entities		-	-
IV. Other		(20,619.21)	-
I. Gross loss		<u>236,474.28</u>	<u>(656,952.34)</u>
J. Income tax	12.	<u>(58,834.00)</u>	<u>57,225.00</u>
K. Gross loss		<u>177,640.28</u>	<u>(599,727.34)</u>

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Warsaw, 21 May 2018

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HOTBLOK SPÓŁKA AKCYJNA

ul. Emilii Plater 49, 00-125 Warsaw

Statement of changes in equity

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
	PLN	PLN
I. Equity at the beginning of the period	<u>(663,323.09)</u>	<u>(63,595.75)</u>
I.a. Equity at the beginning of the period after adjustments	<u>(663,323.09)</u>	<u>(63,595.75)</u>
1. Share capital at the beginning of the period	10,781,666.61	10,781,666.61
1.1 Changes in share capital		
a) increases due to issue of shares	-	-
1.2 Share capital at the end of the period	<u>10,781,666.61</u>	<u>10,781,666.61</u>
2. Supplementary capital at the beginning of the period	379,588.00	379,588.00
2.2 Supplementary capital at the end of the period	<u>379,588.00</u>	<u>379,588.00</u>
3. Revaluation reserve at the beginning of the period	-	-
3.2 Revaluation reserve at the end of the period	<u>-</u>	<u>-</u>
4. Other reserve capital at the beginning of the period	733,405.02	733,405.02
4.2 Other reserve capital at the end of the period	<u>733,405.02</u>	<u>733,405.02</u>
5. Retained profits/(losses) at the beginning of the period	(11,958,255.38)	(11,035,904.63)
5.4 Retained loss at the beginning of the period	-	-
5.5 Retained loss at the beginning of the period after adjustments	(11,958,255.38)	(11,035,904.63)
a) transfer of accumulated loss	(599,727.34)	(922,350.75)
- accumulated net loss	(599,727.34)	(922,350.75)
5.6 Retained losses at the end of the period	<u>(12,557,982.72)</u>	<u>(11,958,255.38)</u>
5.7 Retained profits/(losses) at the end of the period	<u>(12,557,982.72)</u>	<u>(11,958,255.38)</u>
6. Net result		
a) net loss	177,640.28	(599,727.34)
II. Equity at the end of the period	<u>(485,682.81)</u>	<u>(663,323.09)</u>
III. Equity after recognition of proposed loss coverage	<u>(485,682.81)</u>	<u>(663,323.09)</u>

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Warsaw, 21 May 2018

Statement of changes in equity should be analysed along with additional information and notes that constitute an integral part of the financial statements.

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Cash flow statement

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
A. Cash flow from operating activities		
I. Net profit/(loss)	177,640.28	(599,727.34)
II. Total adjustments:		
1. Depreciation and amortization	195,670.16	201,372.27
3. Interest and shares in profits (dividends)	144,324.83	126,345.73
4. Net (profit)/loss of investment result	31,860.85	-
5. Change in provisions	260,241.55	117,004.23
6. Change in provisions	143,417.26	9,765.98
7. Change in receivables	154,846.05	(504,466.02)
8. Change in short-term liabilities, except for loans and credits	(172,192.38)	68,017.97
9. Change in accruals	(367,207.28)	363,884.12
10. Other adjustments	-	-
	<u>390,961.04</u>	<u>381,924.28</u>
III. Net cash flows from operating activities	<u>568,601.32</u>	<u>(217,803.06)</u>
B. Cash flows from investment activities		
I. Inflows	-	-
1. Disposal of intangible assets and fixed tangible assets	-	-
II. Outflows	-	-
III. Net cash flow from investment activities	<u>-</u>	<u>-</u>
C. Cash flows from financial activities		
I. Inflows	64,368.00	224,630.35
2. Credits and loans	64,368.00	224,630.35
II. Outflows	(610,000.00)	-
4. Repayment of loans and borrowings	(610,000.00)	-
III. Net cash flows from financial activities	<u>(545,632.00)</u>	<u>224,630.35</u>
D. Total net cash flows	<u>22,969.32</u>	<u>6,827.29</u>
E. Balance sheet change in cash	22,969.32	6,827.29
F. Cash at the beginning of the period	32,771.20	25,943.91
G. Cash at the end of the period	<u>55,740.52</u>	<u>32,771.20</u>
- including restricted cash	<u>-</u>	<u>-</u>

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President of the Management Board

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Warsaw, 21 May 2018

Cash flow statement should be analysed along with additional information and notes that constitute an integral part of the financial statements.

HOTBLOK SPÓŁKA AKCYJNA

ul. Emilii Plater 49, 00-125 Warsaw

Supplementary information and explanations

1. Intangible assets

Changes in intangible assets

	Costs of completed development works	License	Other intangible assets	Advance payments for assets	Total
Gross value					
OB 01.01.2017	598,267.71	2,500,880.00	8,040.40	-	3,107,188.11
Increases	-	-	-	-	-
CB 31.12.2017	598,267.71	2,500,880.00	8,040.40	-	3,107,188.11
Depreciation					
OB 01.01.2017	(598,267.71)	(1,085,346.39)	(8,040.40)	-	(1,691,654.50)
Increases	-	(124,899.98)	-	-	(124,899.98)
CB 31.12.2017	(598,267.71)	(1,210,246.37)	(8,040.40)	-	(1,816,554.48)
Net value					
OB 01.01.2017	-	1,415,533.61	-	-	1,415,533.61
CB 31.12.2017	-	1,290,633.63	-	-	1,290,633.63

In 2008, the company acquired the right to license the production of blocks. The company has determined the period of use of the license to be 20 years, 10 years remain to full write-off.

2. Fixed tangible assets

Change in fixed assets

	Lands	Buildings and structures	Technical equipment and machines	Other tangible assets	Total
Gross value					
OB 01.01.2017	-	-	1,179,134.22	17,559.35	1,196,693.57
Increases	-	-	-	-	-
Decreases	-	-	(31,100.00)	(17,559.35)	(48,659.35)
CB 31.12.2017	-	-	1,148,034.22	-	1,148,034.22
Depreciation					
OB 01.01.2017	-	-	(805,627.00)	(14,340.20)	(819,967.20)
Increases	-	-	(68,311.88)	(2,458.30)	(70,770.18)
Decreases	-	-	-	16,798.50	16,798.50
CB 31.12.2017	-	-	(873,938.88)	-	(873,938.88)
Net value					
OB 01.01.2017	-	-	373,507.22	3,219.15	376,726.37
CB 31.12.2017	-	-	274,095.34	-	274,095.34

HOTBLOK SPÓŁKA AKCYJNA

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Supplementary information and explanations

3. Inventories

In the current financial year, the Company did not make write-offs on the value of inventories. The value of inventory is PLN 42,705.74.

4. Short-term receivables

4.1 Age analysis of short-term trade receivables from other entities

	<u>31.12.2017</u>	<u>31.12.2016</u>
<i>With maturity period:</i>		
Up to 12 months	381,242.22	469,986.09
Over 12 months	-	-
	<u>381,242.22</u>	<u>469,986.09</u>
Gross receivables	381,242.22	469,986.09
Increases during the financial year	(15,000.00)	-
Impairment loss of receivables in total	(27,000.81)	(12,000.81)
Net receivables	<u>(354,241.41)</u>	<u>457,985.28</u>

5. Short-term investments

Cash and other cash assets

	<u>31.12.2017</u>	<u>31.12.2016</u>
Cash in hand and at bank	55,740.52	32,771.20
	<u>55,740.52</u>	<u>32,771.20</u>

6. Short-term accruals

	<u>31.12.2017</u>	<u>31.12.2016</u>
Patent renewal	525.83	555.00
Domain name	-	400.00
Anti-virus protection license	-	70.88
Trademark protection	4,931.33	-
	<u>(5,457.16)</u>	<u>1,025.88</u>

7. Equity

7.1 Share capital ownership structure

Shareholder	type of share	Num ber of shares/stocks	Nominal value of shares/stocks	% share
Carlson Ventures International Limite	A	12,440,385	1,617,250.05	15.00%
Carlson Opportunity Fund		8,000,000	1,040,000.00	9.65%
Rainbow Central and Eastern	A	6,965,426	905,505.38	8.40%
Jacek Ładny	A	4,759,684	618,758.92	5.74%
Małgorzata Trzaskoma	A	6,375,000	828,750.00	7.69%
Tugeb Polbud	A	4,787,500	622,375.00	5.77%
Other investors	A	39,607,902	5,149,027.26	47.76%
Total		82,935,897	10,781,666.61	100.00%

HOTBLOK SPÓŁKA AKCYJNA

ul. Emilii Plater 49, 00-125 Warsaw

Supplementary information and explanations

7. 2 Changes in equity structure

In the current financial year, the changes in the Company's capital structure result from a decrease in loss from previous years.

7. 3 Proposed manner of profit distribution for the financial year

The Company's Management Board proposes to transfer the achieved net profit of PLN 177,640.28 to cover losses from previous years.

8. Provisions

8. 1 Other short-term provisions

	<i>Remuneration of the supervisory board</i>	<i>Remuneration of the management board</i>	<i>Audit</i>	<i>Other provisions</i>	Total
OB 01.01.2015	205,805.62	323,941.37	5,500.00	86,709.52	621,956.51
Increases	8,250.00	247,000.00	5,500.00	85,753.80	346,503.80
Use	-	(15,780.00)	(5,500.00)	(64,982.3)	(86,262.25)
Release			-		-
CB 31.12.2015	214,055.62	555,161.37	5,500.00	107,481.07	882,198.06

9. Short-term liabilities, pledge over the Company's assets

9. 1 Credits and loans

The loans granted to the Company in the amount of PLN 1,764,856.10 have been secured with a pledge over the patent owned by the Company

9. 2 The short-term trade liabilities towards other entities in the amount of PLN 56,526.75 are payable within up to 12 months following the balance sheet date.

10. Structure of sales revenues

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
<i>Regional structure</i>		
Revenue from sale of services		
Country	665,000.00	1,000.00
Export	-	-
	<u>665,000.00</u>	<u>1,000.00</u>
Revenue from sale of goods and materials		
Country	151,843.80	171,239.30
Export	90,713.60	156,862.15
	<u>242,557.40</u>	<u>328,101.45</u>

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11. Interest expense (including incurred financial liabilities)

from 1 January 2017 to 31 December 2017

	Unrealised interests of payment period				Total
	Realised interests	3 months	of 3 to 12 months	over 12 months	
Othershort-term financial liabilities	48,571.93	-	(96,269.43)	-	144,841.36
Other liabilities	962.99	-	-	-	962.99
Total	49,534.92	-	(96,269.43)	-	145,804.35

from 1 January 2016 to 31 December 2016

	Unrealised interests of payment period				Total
	Realised interests	up to 3 months	of 3 to 12 months	over 12 months	
Othershort-term financial liabilities		-	129,396.36	-	129,396.36
Other liabilities	2,544.92	-	-	-	2,544.92
Total	2,544.92	-	129,396.36	-	131,941.28

12. Corporate income tax

12.1 Structure of corporate income tax

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Current income tax	-	-
Additional tax payable for previous years	-	-
Changes in deferred income tax	58,834.00	(57,225.00)
	58,834.00	(57,225.00)

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12. 2 Calculation of corporate income tax

	01.01.2017 - 31.12.2017	01.01.2016 - 31.12.2016
Gross profit/(loss)	236,474.28	(656,952.34)
I. Non-tax deductible expenses		
Non-tax deductible depreciation	124,899.98	124,899.96
Unpaid interest	99,284.28	129,396.36
Provision for audits	-	5,500.00
Provision for remunerations	85,753.80	174,468.55
Remeasurement of goods	-	13,162.24
Other non-tax deductible costs of operating activities	656.90	296.93
Other non-tax deductible operating costs	-	9,569.70
Social security contributions (ZUS) from remuneration	4,251.48	360.00
Total	<u>314,846.44</u>	<u>457,653.74</u>
II. Amounts that reduce taxable profit		
Paid remuneration	-	4,360.51
Social security contributions (ZUS) from remuneration	360.00	9,641.73
Interest paid	561,428.07	
Audit costs	5,500.00	5,500.00
Total	<u>567,288.07</u>	<u>19,502.24</u>
III. Amounts that increase taxable profit		
Non-balance sheet tax revenues		421,610.00
Total	-	421,610.00
IV. Revenues other than tax revenues		
Other operating revenues	465,086.64	-
Total	<u>465,086.64</u>	<u>-</u>
Taxable profit	(481,053.99)	202,809.16
Accumulated losses	-	(202,809.16)
Tax base	<u>(481,053.99)</u>	<u>-</u>
Income tax	<u>-</u>	<u>-</u>

12. 3 Deferred income tax

	31.12.2017	31.12.2016
Negative temporary differences:		
• Unpaid interest	296,338.38	857,766.45
• Provisions	882,198.06	630,421.02
• Unpaid remuneration	-	-
Total negative temporary differences	<u>1,178,536.44</u>	<u>1,488,187.47</u>
Gross deferred tax assets	<u>223,921.92</u>	<u>282,755.62</u>
Impairment loss	-	-
Net deferred tax assets	<u>223,921.92</u>	<u>282,755.62</u>

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Deferred tax assets recognised in balance sheet	<u>223,922.00</u>	<u>282,756.00</u>
Deferred tax liabilities recognised in balance sheet	-	-
Balance sheet difference arising from net deferred tax assets/liabilities	<u>(58,834.00)</u>	<u>57,225.00</u>
Deferred tax recognised in reverses in the period	-	-
Deferred tax difference recognised in the profit and loss account	<u>(58,834.00)</u>	<u>57,225.00</u>

13. Events following the financial statements date

Absent

14. Previous year events included in financial statements for the financial period

Absent

15. Employment

	<u>Women</u>	<u>Men</u>	<u>Total</u>
Employees for full time positions	1	-	1
Employees for part-time time positions	1	-	1
	<u>2</u>	<u>-</u>	<u>2</u>

16. Remunerations and loans and equivalent performances to the benefit of members of the company's management and supervisory bodies

In the financial year, remuneration of members of the Supervisory Board amounted to PLN 8.250. In the financial year, remuneration of members of the Management Board amounted to PLN 15780.

17. Related party transactions

Absent

18. Discontinued operations

Absent

19. Remuneration of the audit company

Remuneration of the audit company for the financial year amounted to net PLN 5.600 and was fully allocated towards the audit of the annual financial statements.

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- 20. Other items listed in Appendix 1 to the Accounting Act do not refer to the company or are not relevant to its operations.**

Piotr Tyranowski
President of the Management Board

Person responsible for bookkeeping
Anna Jędrzejewska

Warsaw, 21 May 2018