

**INTERIM CONDENSED  
CONSOLIDATED FINANCIAL  
STATEMENTS  
of the Relpol Capital Group  
for the 1st quarter of 2018**



Żary, 17 May 2018

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## I. Consolidated statements of the Relpol Capital Group

### 1. Introduction to the financial statements

#### 1.1 General information about the parent company

**Company name:** “RELPOL” Spółka Akcyjna

**Registered office of the company:** 68-200 Żary, ul. 11-Listopada 37, Lubuskie Voivodeship, Poland.

**Registering authority:** District Court in Zielona Góra, 8th Commercial Division of the National Court Register.

**KRS Number:** 0000088688

**The life of the Company** shall be perpetual.

#### 1.2 Primary business activity of the Company

Relpol S.A. has been manufacturing industrial automation components for 60 years, in particular, electromagnetic relays for various industries, electronics, photovoltaics, railways, electric vehicle charging stations, relays for control and monitoring as well as plug-in sockets for relays. Since 2000, Relpol S.A. has been manufacturing, installing and servicing stationary gamma-neutron radiation monitors and CZIP digital protection systems used in medium-voltage switchgears.

The business model, product groups and their possible applications are described in the report on the Company's and the Capital Group's activities for 2017, in the part concerning non-financial information.

Relpol Elektronik and DP Relpol Altera has also been dealing with the manufacture of relays and sockets. Those companies perform production activities for Relpol S.A. Other subsidiaries are distributors of Relpol S.A. products in Russia, Belarus and Ukraine.

**Core business activity:**

27.12.Z Manufacture of electricity distribution and control apparatus,

#### 1.3 Company's Management

##### Management Board of the Company

Sławomir Bialik - President of the Management Board

Krzysztof Pałgan - Vice-President of the Management Board

On 6 February 2018, the Supervisory Board appointed Sławomir Bialik President of the Company's Management Board (previously he was Vice-President of the Management Board) and Krzysztof Pałgan Vice-President of the Company's Management Board.

Until 6 February 2018, the duties of the President of the Company's Management Board were performed by Adam Ambroziak – temporarily assigned Member of the Supervisory Board.

## Supervisory Board

1. Zbigniew Derdziuk – Chairman of the Supervisory Board
2. Piotr Osiński - Vice-Chairman of the Supervisory Board
3. Adam Ambroziak
4. Agnieszka Trompka
5. Dariusz Daniluk

### 1.4 Share capital

The share capital amounts to PLN 48,045,965 and consists of 9,609,193 bearer shares of nominal value PLN 5 each. All issued shares are available on the stock market.

The share capital is divided into:

360,300 A series bearer shares
240,200 B series bearer shares
254,605 C series bearer shares
18,458 D series bearer shares
8,735,630 E series bearer shares

Number of shares and number of votes at the GSM is the same.

All shares confer the same rights to dividend.

### 1.5 Statement of compliance

The present condensed interim consolidated financial statements have been prepared in accordance with the requirements of the International Financial Reporting Standards approved by the European Union (EU IFRS), IAS 34 Interim Financial Reporting, and have been approved by the Management Board of Relpol S.A.

The Management Board of the Parent Company used its best knowledge to apply the standards and interpretations, as well as methods and principles of valuation regarding individual items of the condensed interim consolidated financial statements of the Relpol Capital Group in accordance with EU IFRS as at 31/03/2018. The presented summaries and explanations have been determined with due diligence.

These condensed interim consolidated financial statements consist of:

- interim condensed statement of financial position,
- condensed profit and loss account,
- condensed statement of comprehensive income,
- condensed statement of changes in equity,
- condensed cash flow statement and
- selected notes to the financial statements.

The Group has applied the same accounting principles, data presentation and valuation, which it applied with respect to the annual financial statements ended on 31 December 2017. The statements are available on the website of the Company [WWW.relpol.pl](http://WWW.relpol.pl)

The financial data presented on 31/12/2017 have been examined by an auditor, while the quarterly data have not been audited.

## 2. Applied accounting principles

### 2.1 General information on the statements

**Period covered by these statements:** from 01/01/2018 to 31/03/2018

**Comparable data** for the period from 01/01/2017 to 31.03.2017

**Currency:** unless indicated otherwise, all financial data in the statements have been provided in PLN thousand.

#### **Format of the financial statements**

These financial statements have been drawn up on the basis of the historical cost principle, except for the revaluation of buildings, to the valuation of which fair value has been applied.

#### **Approval of the financial statements**

The financial statements for the 1st quarter of 2018 have been approved by the Management Board and will be published on 17/05/2018.

#### **Significance**

For the purposes of the present financial statements we adopted a significance of 1% of the balance sheet total.

#### **Financial year**

The Company's financial year shall be a calendar year.

#### **Reporting period**

The reporting periods are quarterly periods (at the end of the 1st, 3rd and 4th quarters of the year), a semi-annual period (at the end of a half-year) and an annual period (at the end of each calendar year).

#### **Place of keeping the account books**

The account books are kept at the registered office of the company in Żary.

#### **Functional and presentation currency**

The functional currency of the parent company and the subsidiary Relpol Elektronik is the Polish zloty.

The functional currency of Relpol Eltim in Russia is the Russian rouble. The statements of that company for the purpose of preparation of consolidated statements are translated into PLN.

The functional currency of Relpol Altera and DP Relpol Altera is the Ukrainian hryvnia. The statements of DP Relpol Altera for the purpose of preparation of consolidated statements are translated into PLN. Relpol Altera is excluded from consolidation.

The functional currency of Relpol M in Belarus is the Belarusian rouble. The company is excluded from consolidation.

The presentation currency of the consolidated financial statements is the Polish zloty. All values in the statements are given in PLN thousand, unless provided otherwise.

## 2.2 Adopted principles of preparation of the statements.

The present interim condensed consolidated financial statements have been prepared in accordance with the requirements of the International Accounting Standard 34 “Interim Financial Reporting”, approved by the European Union.

The information scope of the interim condensed consolidated financial statements is narrower than that of the full financial statements, therefore, it is recommended that they be read in conjunction with the annual consolidated financial statements of the Relpol Capital Group for the financial year 2017, available on the Company’s website [www.relpol.pl](http://www.relpol.pl). Relpol has applied the same accounting principles, as in the case of the preparation of the Consolidated Annual Statements of the Relpol Capital Group for 2017.

The same accounting principles have been applied to all the consolidated companies, except for the adopted new and amended accounting standards. The Capital Group intends to adopt published, but not applicable until the date of publication of these interim condensed consolidated financial statements amendments to IFRS, in accordance with their effective date.

The Group has disclosed detailed information concerning the impact of applying the new and amended IAS/IFRS standards in the consolidated and separate financial statements for the financial year ended 31/12/2017.

The Group has applied IFRS 9 retrospectively, but made use of the possibility of not restating the data for the comparative periods. As a result, the presented comparative data are still based on the accounting principles previously applied by the Group and described in the consolidated financial statements for the year ended 31/12/2017.

The Group decided to implement IFRS 9 as of 01/01/2018 without adjusting comparative data, which means that the data for 2017 and 2018 will not be comparable, while adjustments related to the adjustment of IFRS were introduced as at 01/01/2018 with the reference to equity. The impact of the changes on the consolidated financial statements as at 01/01/2018 is presented below, these changes are not material.

in PLN thousand			
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>Balance as at 31/12/2017</b>	<b>Changes</b>	<b>Balance as at 01/01/2018</b>
<b>ASSETS</b>			
<b>(Short-term) current assets of which:</b>	<b>57,342</b>	<b>-8</b>	<b>57,334</b>
Total amounts due on account of deliveries and services	24,916	-8	24,908
<b><u>TOTAL ASSETS</u></b>	<b><u>97,210</u></b>	<b><u>-8</u></b>	<b><u>97,202</u></b>
<b>LIABILITIES</b>			
<b>Equity attributable to parent company’s shareholders</b>	<b>74,922</b>	<b>-7</b>	<b>74,915</b>
Retained profit of which:	26,876	-7	26,869
-Revaluation reserve	329	-7	322
<b>Equity attributable to non-controlling interests</b>	<b>1,247</b>		<b>1,247</b>
<b>Total equity</b>	<b>76,169</b>	<b>-7</b>	<b>76,162</b>
<b>Long-term liabilities of which:</b>	<b>3,941</b>	<b>-1</b>	<b>3,940</b>

Reserves for deferred income tax	1,646	-1	1,645
<b>TOTAL LIABILITIES</b>	<b>97,210</b>	<b>-8</b>	<b>97,202</b>

### Comparison of financial assets and liabilities according to IAS 39 and IFRS 9 as at 01/01/2018

Balance sheet item as at 01/01/2018	IAS 39	IFRS 9			Impact of the change	
	Depreciated cost	Depreciated cost	Fair value through profit or loss		Total	Increase (decrease)
			Result	Other total revenues		
Trade receivables	24,916	24,908	0	0	24,905	-8
- gross value	25,237	25,237	0	0	24,237	0
- revaluation write-off	-321	-329	0	0	-329	-8
Cash	1,533	1,533	0	0	1,533	0
<b>Financial assets</b>	<b>26,449</b>	<b>26,441</b>	<b>0</b>	<b>0</b>	<b>26,441</b>	<b>-8</b>

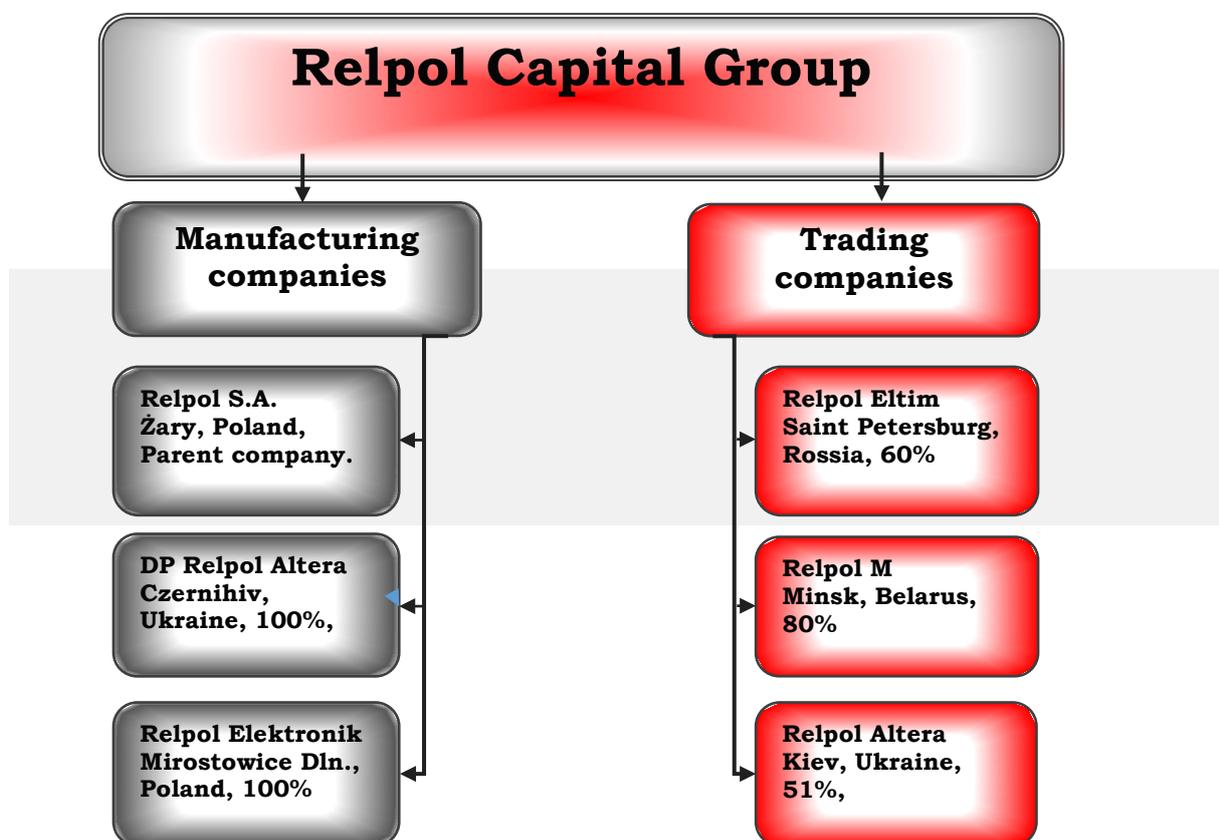
Balance sheet item as at 01/01/2018	IAS 39	IFRS 9		Impact of the change	
	Depreciated cost	Depreciated cost		Total	Increase (decrease)
Bank loans	2,798	2,798		2,798	0
Trade liabilities	7,977	7,977		7,977	0
<b>Financial liabilities</b>	<b>10,775</b>	<b>10,775</b>		<b>0</b>	<b>0</b>

### Impact of the implementation of IFRS 9 on equity

Adjustment of revaluation write-offs for assets measured at amortised cost:	Retained profit	Equity in total
Trade receivables	-8	-8
Adjustments to deferred tax	1	1
<b>Total</b>	<b>-7</b>	<b>-7</b>

### 3. Capital group structure as at 31/03/2018

Relpol is the parent company in the capital group and prepares consolidated financial statements.



#### 3.1 List of companies included in the financial statements

1. **Relpol S.A.** parent company - full consolidation method.
2. **Relpol Eltim Sp. z o.o.** - full consolidation method. Relpol holds 60% of shares in the company. Relpol Eltim is a distributor of Relpol products in Russia. In the 1st quarter of 2018, the Company achieved sales revenues of PLN 1,929 thousand and generated a net profit of PLN 78 thousand. The Company regularly pays a dividend.
3. **Relpol Elektronik Sp. z o.o.** - full consolidation method. A subsidiary with its registered office in Miostowice Dolne, with its share capital in the amount of PLN 50 thousand. In the 1st quarter of 2018, it achieved sales revenues amounting to PLN 955 thousand, with net losses of PLN 123 thousand. The Company renders cooperation services for Relpol S.A.
4. **DP Relpol Altera Sp. z o.o.** - full consolidation method. A subsidiary with its registered office in Chernihiv. The object of the company's business is production

only for the needs of Relpol S.A. In the 1st quarter of 2018, the company generated PLN 958 thousand of sales revenue, with net losses of PLN 167 thousand.

### **3.2 Companies excluded from consolidation**

1. **Relpol M Sp. z o.o.** A subsidiary with its registered office in Minsk. The company's share capital amounts to PLN 0.3 thousand, sales revenue in the 1st quarter of 2018 amounted to PLN 98.4 thousand and the net loss PLN 1.7 thousand. The company is a distributor of Relpol on the Belarussian market.
2. **Relpol Altera Sp. z o.o.** - a subsidiary with its registered office in Kiev. Share capital amounts to PLN 410 thousand. Relpol S.A. holds 51% shares in that company. This company has not provide data for the 1st quarter of 2018.

Companies excluded from consolidation are foreign, small companies not having a significant impact on the consolidated results. Additionally, including those companies in the consolidation and obtaining information necessary for proper and reliable preparation of consolidated statements compliant with IAS/IFRS and the requirements of the capital market would be connected with disproportionately high costs with regard to the financial situation of those companies.

Relpol has implemented unified accounting and reporting principles in the companies of the capital group covered by consolidation.

### **3.3 List of internal organisational units preparing their financial statements independently.**

Relpol does not have any internal organisational units preparing their financial statements independently.

### **3.4 The consolidated financial statements have been prepared with the assumption that the entities of the capital group, with certain exceptions, will continue their operations in the future.**

These financial statements were drawn up with the assumption that the company and the capital group will continue its operations as a going concern in the foreseeable future and there are no circumstances indicating a threat to the continuation of its operations. The duration of the capital group shall be unlimited.

#### 4. Consolidated financial statements of the Capital Group

SELECTED FINANCIAL DATA FROM THE FINANCIAL STATEMENTS	in PLN thousand	in PLN thousand	in EUR thousand	in EUR thousand
	For the 1st quarter period from 01/01/2018 to 31/03/2018	For the 1st quarter period from 01/01/2017 to 31/03/2017	For the 1st quarter period from 01/01/2018 to 31/03/2018	For the 1st quarter period from 01/01/2017 to 31/03/2017
<b>PROFIT AND LOSS ACCOUNT</b>				
Net revenues from sales of products, goods and materials	34,365	30,571	8,224	7,128
Profit (loss) on operating activities	2,898	1,999	694	466
Gross profit (loss)	3,001	1,456	718	339
Net profit (loss)	2,252	1,078	539	251
<b>CASH FLOW STATEMENT</b>				
Net cash flows from operating activities	3,515	-2,314	841	-540
Net cash flows from investment activities	-1,519	-1,632	-364	-380
Net cash flows from financial activities	-1,566	-77	-375	-18
Total net cash flows	430	-4,023	102	-938
<b>STATEMENT OF FINANCIAL POSITION</b>				
	Balance as at 31/03/2018	Balance as at 31/12/2017	Balance as at 31/03/2018	Balance as at 31/12/2017
Total assets	100,269	97,210	23,825	23,307
Long-term liabilities	3,693	3,941	878	945
Short-term liabilities	18,168	17,100	4,317	4,100
Equity	78,408	76,169	18,630	18,262
Initial capital	48,046	48,046	11,416	11,519
<b>OTHER</b>				
Number of shares	9,609,193	9,609,193	9,609,193	9,609,193
Number of shares adopted to determine diluted profit	9,609,193	9,609,193	9,609,193	9,609,193
Annualised profit (loss) per one ordinary share (in PLN/EUR)	0.73	0.54	0.17	0.12
Profit (loss) for the reporting period per one ordinary share (in PLN/EUR)	0.23	0.11	0.06	0.03
Book value per share (in PLN/EUR)	8.16	7.93	1.94	1.90
Dividend declared or paid per one share (in PLN/EUR)	0.40	0.00	0.09	0.00

#### Manner of conversion of the amounts included in the table “Selected financial data” into Euro

In order to convert the above amounts we applied an average exchange rate of the National Bank of Poland for Euro applicable for individual balance sheet dates and time frames:

	Average exchange rate for the period from 01/01/2018 to 31/03/2018	Average exchange rate for the period from 01.01.2017 to 31/03/2017	Exchange rate as at 31/03/2018	Exchange rate as at 31.12.2017
EUR/PLN exchange rate	4.1784	4.2891	4.2085	4.1709

<b>CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT</b>	in PLN thousand	
	<b>from 01/01/2018 to 31/03/2018 1 quarter</b>	<b>from 01.01.2017 to 31/03/2017 1 quarter</b>
Net revenues from sales of products, goods and materials	34,365	30,571
Manufacturing cost of products, goods and materials sold	25,816	23,570
<b>Gross profit (loss) on sales</b>	<b>8,549</b>	<b>7,001</b>
Costs of sales	252	229
General and administrative costs	4,504	4,297
<b>Profit (loss) on sales</b>	<b>3,793</b>	<b>2,475</b>
Other operating income	86	43
Other operating costs	981	519
<b>Profit (loss) on operating activities</b>	<b>2,898</b>	<b>1,999</b>
Financial income	137	45
Financial costs	34	588
<b>Gross profit (loss)</b>	<b>3,001</b>	<b>1,456</b>
Taxes	749	378
Other charges on profit	0	0
<b>Net profit (loss) on continued operations</b>	<b>2,252</b>	<b>1,078</b>
Net profit (loss) on discontinued operations	0	0
Net result attributable to non-controlling interests	31	5
<b>Net profit attributable to shareholders of the parent company of which per 1 share (PLN/piece):</b>	<b>2,221</b>	<b>1,073</b>
- ordinary	0.23	0.11
- diluted	0.23	0.11

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	in PLN thousand	
	<b>from 01/01/2018 to 31/03/2018 1 quarter</b>	<b>from 01.01.2017 to 31/03/2017 1 quarter</b>
<b>Net profit (loss) on continued operations</b>	<b>2,252</b>	<b>1,078</b>
including net profit/loss on discontinued operations	0	0
<b>Components of other comprehensive income,</b>	<b>191</b>	<b>-341</b>
<b>a) which will not be subsequently reclassified to profit or loss</b>	<b>-7</b>	<b>0</b>
Measurement of investment property at fair value	0	0
Actuarial gains and losses	0	0
Adjustment for the application of IFRS 9 as at 01/01/2018	-8	0
Deferred tax	1	0
<b>b) which will be reclassified subsequently to profit or loss when specific conditions are met</b>	<b>198</b>	<b>-341</b>
Valuation of hedging instruments	0	0
Exchange differences from the translation of subsidiaries	198	-341
Income tax on other comprehensive income	0	0
<b>Overall total income</b>	<b>2,443</b>	<b>737</b>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	in PLN thousand		
	31/03/2018 (current year)	31/12/2017 (previous year)	31/03/2017 (previous year)
<b>ASSETS</b>			
<b>(Long-term) fixed assets</b>	<b>39,091</b>	<b>39,868</b>	<b>40,876</b>
Tangible fixed assets	31,019	31,385	31,873
Investment property	0	0	0
Intangible assets	7,617	8,020	8,479
Financial assets	376	376	376
Long-term receivables	79	87	148
Deferred tax assets	0	0	0
<b>(Short-term) current assets</b>	<b>61,178</b>	<b>57,342</b>	<b>57,429</b>
Stock	27,120	28,482	27,633
Total amounts due on account of deliveries and services	29,935	24,916	25,442
Other amounts due	1,479	2,007	2,024
Short-term investments	0	0	0
Cash and cash equivalents	1,947	1,533	1,634
Prepayments and accruals	697	404	696
<b>Long-term assets classified as held for sale</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL ASSETS</b>	<b>100,269</b>	<b>97,210</b>	<b>98,305</b>
<b>LIABILITIES</b>			
<b>Equity attributable to parent company's shareholders</b>	<b>77,151</b>	<b>74,922</b>	<b>74,964</b>
Initial capital	48,046	48,046	48,046
Retained profit	29,105	26,876	26,918
-Supplementary capital	19,055	19,055	16,732
-Revaluation reserve	322	329	699
-Reserve capital	0	0	0
-Exchange differences from the translation of subsidiaries	-1,679	-1,877	-1,438
-Profit/ loss brought forward	9,186	3,628	9,852
-Result of the current year	2,221	5,741	1,073
<b>Equity attributable to non-controlling interests</b>	<b>1,257</b>	<b>1,247</b>	<b>1,444</b>
<b>Total equity</b>	<b>78,408</b>	<b>76,169</b>	<b>76,408</b>
<b>Long-term liabilities</b>	<b>3,693</b>	<b>3,941</b>	<b>4,146</b>
Interest-bearing bank loans and non-bank loans	140	282	706
Leasing liabilities	293	371	556
Other liabilities	25	29	0
Reserves for deferred income tax	1,622	1,646	1,534
Provision for other liabilities	1,613	1,613	1,350
<b>Short-term liabilities</b>	<b>18,168</b>	<b>17,100</b>	<b>17,751</b>
Trade and similar liabilities	9,661	7,977	7,985
Leasing liabilities	325	347	465
Other liabilities	4,750	4,844	5,086
Current portion of interest-bearing loans and borrowings	1,215	2,516	2,464
Deferred revenue	14	85	0
Provision for other liabilities	2,203	1,331	1,751
<b>TOTAL LIABILITIES</b>	<b>100,269</b>	<b>97,210</b>	<b>98,305</b>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in PLN thousand

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Retained profit						Equity attributable to parent company's shareholders	Equity attributable to non-controlling interests	Equity total
	Initial capital	Supplementary capital	Revaluation reserve	Profit/loss from previous years	Result of the current year	Exchange differences from the translation of subsidiaries			
<b><i>Balance as at 1 January 2018</i></b>	<b>48,046</b>	<b>19,055</b>	<b>329</b>	<b>9,369</b>	<b>0</b>	<b>-1,877</b>	<b>74,915</b>	<b>1,247</b>	<b>76,169</b>
Coverage of loss		0	0	0	0	0	0	0	0
Share premium	0	0	0	0	0	0	0	0	0
Dividend payout	0	0	0	0	0	0	0	0	0
Revaluation reserve differences	0	0	0	0	0	0	0	0	0
Profit/loss brought forward	0	0	0	0	0	0	0	0	0
Overall total income of which:	0	0	-7	-183	2,221	198	2,236	10	2,239
profit/loss for the period	0	0	0	0	2,221	31	2,252	31	2,283
exchange differences on revaluation of FS	0	0	0	0	0	167	167	-21	146
adjustment for the application of IFRS 9 as at 01/01/2018	0	0	-7	0	0	0	0	0	-7
other total revenues	0	0	0	-183	0	0	-183	0	-183
<b><i>Balance as at 31 March 2018</i></b>	<b>48,046</b>	<b>19,055</b>	<b>322</b>	<b>9,186</b>	<b>2,221</b>	<b>-1,679</b>	<b>77,151</b>	<b>1,257</b>	<b>78,408</b>
<b><i>Balance as at 1 January 2017</i></b>	<b>48,046</b>	<b>16,790</b>	<b>699</b>	<b>9,447</b>	<b>0</b>	<b>-1,097</b>	<b>73,885</b>	<b>1,390</b>	<b>75,275</b>
Coverage of loss	0	-58	0	0	0	0	0	0	0
Share premium	0	0	0	0	0	0	0	0	0
Dividend payout	0	0	0	-3,843	0	0	-3,843	-53	-3,896
Revaluation reserve differences	0	0	0	0	0	0	0	0	0
Profit/loss brought forward	0	2,265	0	-2,265	0	0	0	0	0
Overall total income of which:	0	0	-370	289	5,741	-780	4,880	132	5,012
Profit/loss for the period	0	0	0	0	5,741	-18	5,723	-11	5,712
exchange differences on revaluation of FS	0	0	0	0	0	-762	-762	-211	-973
other total revenues	0	0	0	289	0	0	-81	0	-81
<b><i>Balance as at 31 December 2017</i></b>	<b>48,046</b>	<b>19,055</b>	<b>329</b>	<b>3,628</b>	<b>5,741</b>	<b>-1,877</b>	<b>74,922</b>	<b>1,247</b>	<b>76,169</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Retained profit						Equity attributable to parent company's shareholders	Equity attributable to non-controlling interests	Equity total
	Initial capital	Supplementar y capital	Revaluation reserve	Profit/loss from previous years	Result of the current year	Exchange differences from the translation of subsidiaries			
<b><i>Balance as at 01 January 2017</i></b>	<b>48,046</b>	<b>16,790</b>	<b>699</b>	<b>9,447</b>	<b>0</b>	<b>-1,097</b>	<b>73,885</b>	<b>1,390</b>	<b>75,275</b>
Coverage of loss		-58	0	58	0	0	0	0	0
Share premium	0	0	0	0	0	0	0	0	0
Dividend payout	0	0	0	0	0	0	0	0	0
Revaluation reserve differences	0	0	0	0	0	0	0	0	0
Profit/loss brought forward	0	0	0	0	0	0	0	0	0
Overall total income of which:	0	0	0	347	1,073	-341	1,079	54	1,133
Profit/loss for the period	0	0	0	0	1,073	0	1,073	0	1,073
Other total revenues	0	0	0	347	0	-341	6	54	60
<b><i>Balance as at 31 March 2017</i></b>	<b>48,046</b>	<b>16,732</b>	<b>699</b>	<b>9,852</b>	<b>1,073</b>	<b>-1,438</b>	<b>74,964</b>	<b>1,444</b>	<b>76,408</b>

CONSOLIDATED STATEMENT OF CASH FLOWS	in PLN thousand	
	from 01/01/2018 to 31/03/2018 1 quarter	from 01.01.2017 to 31/03/2017 1 quarter
<b>A. Cash flows from operating activities (indirect method)</b>	<b>3,515</b>	<b>-2,314</b>
<b>I. Gross profit (loss)</b>	<b>3,001</b>	<b>1,456</b>
<b>II. Total adjustments</b>	<b>514</b>	<b>-3,770</b>
1. Share in net loss (profit) of undertakings measured under the equity method		0
2. Amortisation and depreciation	1,460	1,481
3. Foreign exchange gains (losses)	29	51
4. Interest and profit sharing (dividend)	24	27
5. Profit (loss) on investment activities	208	0
6. Change in provisions	843	391
7. Change in inventory	1,350	-221
8. Change in receivables	-4,813	-6,165
9. Change in short-term liabilities excluding loans and credits	1,943	1,462
10. Change in prepayments and accruals	-293	-345
11. Income tax paid/refunded	-237	-450
12. Other adjustments	0	-1
<b>B. Cash flows from investment activities</b>	<b>-1,519</b>	<b>-1,632</b>
<b>I. Inflows</b>	<b>9</b>	<b>0</b>
1. Sale of intangible assets and tangible fixed assets	9	0
2. Disposal of investments in real property and in intangible assets	0	0
3. From financial assets including:	0	0
- sale of financial assets	0	0
- dividend and profit sharing	0	0
- interest	0	0
4. Other inflows from investment activities, including:	0	0
<b>II. Outflows</b>	<b>-1,528</b>	<b>-1,632</b>
1. Purchase of intangible assets and tangible fixed assets	-1,528	-1,632
2. Investments in real property and intangible assets	0	0
3. For financial assets	0	0
4. Other outflows from investment activities	0	0
<b>C. Cash flows from financial activities</b>	<b>-1,566</b>	<b>-77</b>
<b>I. Inflows</b>	<b>473</b>	<b>483</b>
1. Net inflows from issuance of shares and other capital instruments and from capital contributions	0	0
2. Credits and loans	473	478
3. Other inflows from financial activities	0	5
<b>II. Outflows</b>	<b>-2,039</b>	<b>-560</b>
1. Purchase of own shares	0	0
2. Dividend and other payments to shareholders	0	0
3. Profit distribution liabilities other than profit distribution payments to shareholders	0	0
4. Repayment of credits and loans	-1,915	-512
5. Redemption of debt securities	0	0
6. Payment of other financial liabilities	0	0

7. Payment of liabilities arising from financial leases	-100	-21
8. Interest	-24	-27
9. Other outflows from financial activities factoring	0	0
<b>D. Total net cash flows</b>	<b>430</b>	<b>-4,023</b>
<b>E. Balance sheet change in cash</b>	<b>414</b>	<b>-4,106</b>
- change in cash due to exchange differences	16	83
<b>F. Cash opening balance</b>	<b>1,533</b>	<b>5,740</b>
- foreign exchange gains and losses	21	-105
<b>G. Closing balance of cash</b>	<b>1,947</b>	<b>1,634</b>
- foreign exchange gains and losses	37	-22

## 5. Discussion of consolidated results

### 5.1 Summary

SPECIFICATION	from 01/01/2018 to 31/03/2018	from 01.01.2017 to 31/03/2017	Change
Sales revenues in PLN thousand	34,365	30,571	+12.4%
Gross profit on sales in PLN '000	8,549	7,001	+22.1%
Gross margin on sales (%)	24.9%	22.9 %	+2.0 p.p.
EBIDTA in PLN '000	4,358	3,480	+25.2%
EBIDTA margin (%)	12.7%	11.4 %	+1.3 p.p.
EBIT in PLN '000	2,898	1,999	+45.0%
EBIT margin (%)	8.4%	6.5 %	1.9 p.p.
Consolidated net profit	2,252	1,078	+108.9%
Net profit margin	6.6%	3.5 %	+3.1 p.p.
Net profit attributable to shareholders of the parent company in PLN thousand	2,221	1,073	+107.0%

In the 1st quarter of 2018, the Capital Group generated very high sales revenues. They were 12% higher than in the first quarter of 2017.

The increase in sales was accompanied by an increase in costs. This was due to the scale of production, an increase in the price of raw materials, an increase in salaries and other current costs, as well as a change in the sales structure. The dynamics of the increase in costs were higher than the dynamics of the increase in revenues which improved the margin and net result.

Sales on the domestic market amounted to PLN 10,730 thousand and were the highest for a number of quarters. This shows an improvement in the situation on the domestic market. Demand for the company's products increased significantly. The situation was also good in exports. Sales to foreign markets amounted to PLN 23,635 thousand and were record-breaking.

In the 1st quarter of 2018, the Capital Group generated a net profit of PLN 2,252 thousand. It is 100% higher than in the first quarter of 2017. This is mainly due to the increase in sales and more favourable than in the first quarter of 2017 results on foreign exchange differences in financing activities.

As compared with the balance as at 30/09/2016, the Capital Group increased the current assets by PLN 3,836 thousand. As production and sales have increased in recent quarters, trade receivables from customers increased. Inventories were at a relatively high level, although by PLN 1,362 thousand lower than at the end of 2017.

The Capital Group, compared to 31/12/2017, increased equity by PLN 2,239 thousand, which results from the profit from previous years. The plan is to pay out dividend. The Management Board will recommend to the General Meeting the payment of dividend from the profit for 2017, in the amount of PLN 3.844 thousand. As compared with the balance as at 31/12/2017, the liabilities of the Capital Group increased by PLN 820 thousand, in particular short-term liabilities. As a result of the repayment of credit instalments, the balance of credits and loans decreased by PLN 1,301 thousand. On the other hand, trade liabilities (by PLN 1,684 thousand) and provisions for other liabilities (by PLN 872 thousand) increased.

## 5.2 Share of the parent company in the results of the group

Relpol S.A. has the greatest impact on the results of the capital group. The share of sales of the parent company in consolidated sales for the 1st quarter of 2018 was 96%. In case of net results it is even more. Net profit of the parent company was PLN 2,318 thousand and it exceeded the consolidated net profit attributed to the shareholders of the parent company (PLN 2,221 thousand). This has influenced the results of subsidiaries and the performed adjustments and exclusions from consolidation.

## 5.3 Adjustments and exclusions from consolidation

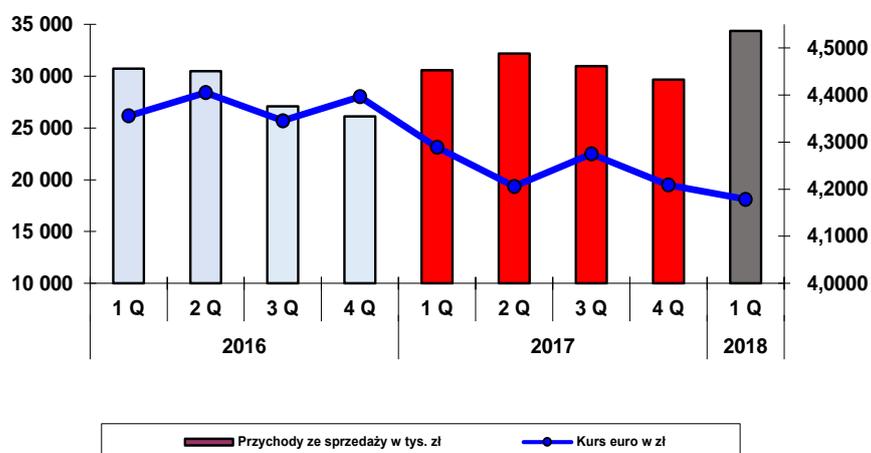
In connection with the mutual trading between the parent company and subsidiaries included in the consolidation, revenues from sales were decreased by PLN 2,429 thousand, and the costs of products and materials sold by PLN 2,577 thousand. Exclusions from consolidation were also performed as regards margin on provisions. The balance sheet does not include mutual, reciprocal receivables and liabilities.

## 5.4 Sales revenues

The capital group generated sales revenues amounting to PLN 34,365 thousand, which constitutes 12.4% growth as compared with the 1st quarter of 2017

Sales revenues and exchange rates	from 01/01/2018 to 31/03/2018	from 01.01.2017 to 31/03/2017	Change I Q 2018/ I Q 2017
Sales revenues in PLN thousand	34,365	30,571	+12.4%
Average EUR exchange rate in PLN	4.1784	4.2891	-2.58%
Average USD exchange rate in PLN	3.3882	4.0224	-15.77%
Average RUB exchange rate in PLN	0.0598	0.0694	-12.83%
Average UAH exchange rate in PLN	0.1257	0.1484	-15.30%

Sales revenues in PLN thousand in individual quarters and the average foreign exchange rate for EUR.



The diagram presents the level of sales revenues in individual quarters starting from the first quarter of 2016. The level of sales revenues achieved in the first quarter of 2018 was the highest in the presented period.

This was due to the high sales of the parent company, in particular, higher sales volume both in Poland and in exports.

Such high dynamics of sales was achieved despite unfavourable foreign exchange rates. The average exchange rate of all major currencies of the Capital Group was lower than in the 1st quarter of 2017

## 5.5 Sales structure

in PLN thousand

Description	I Q 2018	Share %	I Q 2017	Share %
<b>Poland</b>	<b>10,730</b>	<b>31.22%</b>	<b>8,638</b>	<b>28.26%</b>
<b>Sales on foreign markets, including among others:</b>	<b>23,635</b>	<b>68.78%</b>	<b>21,933</b>	<b>71.74%</b>
Europe, including	20,980	61.05%	19,141	62.61%
<i>Germany</i>	<i>13,320</i>	<i>38.76%</i>	<i>10,123</i>	<i>33.11%</i>
<i>Russia</i>	<i>1,957</i>	<i>5.69%</i>	<i>2,059</i>	<i>6.74%</i>
<i>Italy</i>	<i>933</i>	<i>2.71%</i>	<i>1,321</i>	<i>4.32%</i>
Asia	1,846	5.37%	2,134	6.98%
North America	281	0.82%	220	0.72%
South America	295	0.86%	323	1.06%
Australia and other	233	0.68%	115	0.38%
<b>Total</b>	<b>34,365</b>	<b>100.00%</b>	<b>30,571</b>	<b>100.00%</b>

The Capital Group achieved record high sales both on foreign and domestic markets. The biggest share in the sales structure of 39% has the German market. Domestic sales are ranked second with a share of 31%.

In the 1st quarter of 2018, sales to Germany were by PLN 3,197 thousand higher than in the first quarter of 2017. Sales to Germany have been successively growing for many years.

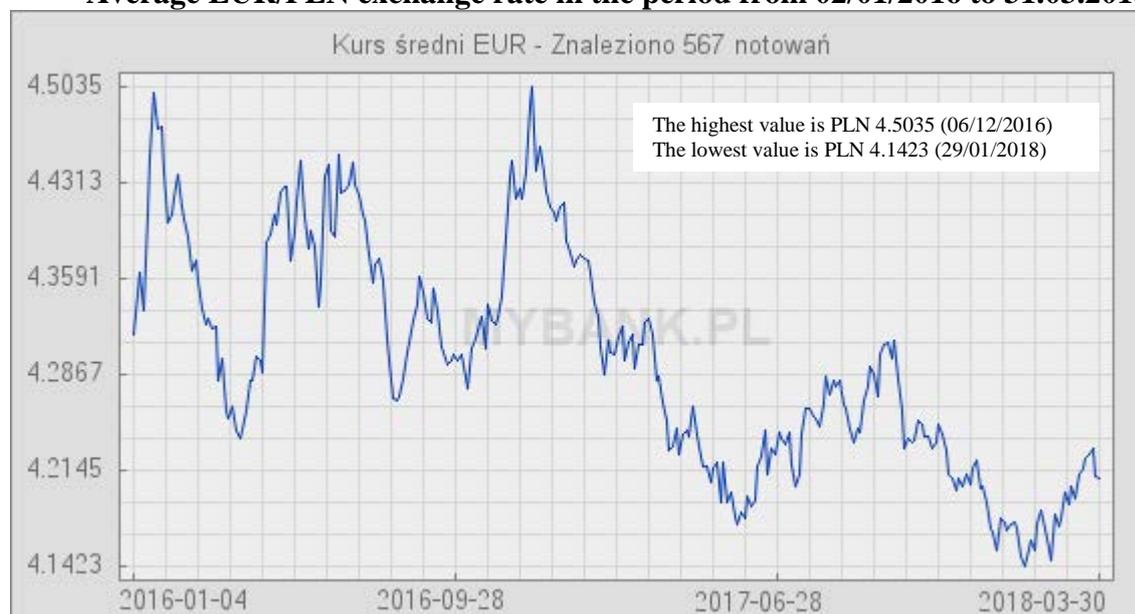
Sales to other continents are irregular (these include rare, but relatively large shipments during the year).

On the domestic market, sales were by PLN 2,092 thousand higher than in the first quarter of 2017, as a result of the growing demand for industrial automation components.

### Currency exchange rates and sales revenues

The situation on the currency market is constantly changing. All exchange rates significant for the Capital Group, i.e. the Euro, the dollar, the rouble and the Hryvnia were in the 1st quarter of 2018 lower than in the 1st quarter of 2017. Due to the high share of exports in the sales structure, the level and fluctuations in currency exchange rates have an impact on sales volumes, and ultimately also the entire financial result. The European market has the largest share in sales, and therefore the level and fluctuations of the Euro exchange rate are important. The Euro rate, as shown in the chart below, was subject to considerable fluctuations. After increases in early 2016 and 2017, the Euro began to depreciate. In the 1st quarter of 2018, the average EUR exchange rate was 2.6% lower than the average rate in the 1st quarter of 2017.

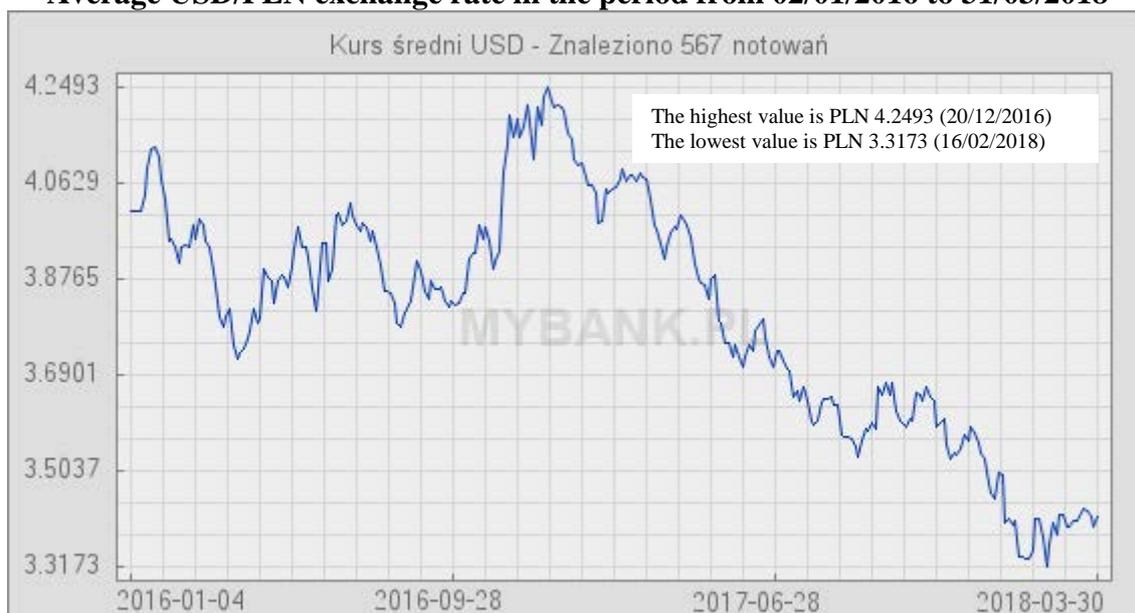
#### Average EUR/PLN exchange rate in the period from 02/01/2016 to 31.03.2018



Source: <http://kursy-walut-wykresy.mybank.pl/>

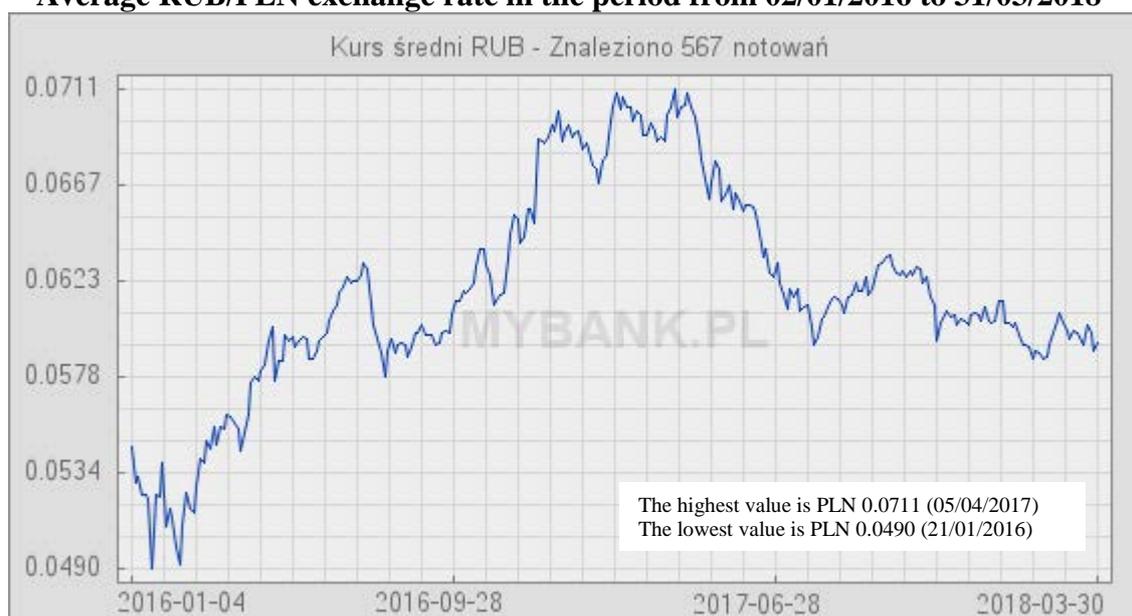
The USD exchange rate has been on a downward trend since the end of December 2016. Ultimately, the average USD exchange rate in the 1st quarter of 2018 was 15.8% lower than in the first quarter of 2017. The Capital Group generates approx. 9% of its sales in USD.

### Average USD/PLN exchange rate in the period from 02/01/2016 to 31/03/2018



Source: <http://kursy-walut-wykresy.mybank.pl/>

### Average RUB/PLN exchange rate in the period from 02/01/2016 to 31/03/2018



Source: <http://kursy-walut-wykresy.mybank.pl/>

The exchange rate of the rouble was slightly different than in the case of the Euro and the dollar. This currency, after falling sharply in 2015 throughout 2016 and until April 2017, was making up for losses. The maximum rouble rate was recorded in the 1st quarter of 2017, which caused that the average rouble exchange rate in the 1st quarter of 2017 was 15.8% higher than the average rouble rate in the 1st quarter of 2018. Revenues in RUB are generated by the Russian company, and then, in the consolidated financial statements, they are converted into PLN.

### Average UAH/PLN exchange rate in the period from 02/01/2016 to 31/03/2018



Source: <http://kursy-walut-wykresy.mybank.pl/>

The Hryvnia rate was in a downward trend throughout 2017, reaching the minimum rate on 25 January 2018. Then the currency bounced back, but it is still well below the 2016 and 2017 rates. Ultimately, the average UAH exchange rate in the 1st quarter of 2018 was 15.3% lower than the average exchange rate in the 1st quarter of 2017.

## 5.6 Result on sales

### 5.6.1 Gross result on sales

In the 1st quarter of 2018, the gross result on sales was PLN 8,549 thousand and it exceeded the level achieved in the 1st quarter of 2017 (PLN 7,001 thousand) by 22%. The main factor influencing the result was higher sales and higher sales dynamics in relation to the dynamics of production costs. The sales structure has also been subject to a change. More products with lower margin are sold.

The production process involves the use of steel and metal details containing among others copper, silver, gold and details made of plastic. Therefore the level of gross result on sales and the level of margins is largely influenced by the prices of raw materials, especially those containing copper and precious metals. The prices of raw materials are determined at the stock exchange in London and the company has no impact on them. The prices of the basic raw materials used for the production of Relpol products were subject to great fluctuations. The prices of copper and gold were higher than in the 1st quarter of 2017. However, silver was at a slightly lower level than in the first quarter of 2017.

### Copper prices in USD/t in the period from 11/04/2016 to 10/04/2018



Source: <http://www.inwestinfo.pl/surowce/notowania-surowcow/wykres/Miedz.htm>

### Silver prices in USD/oz in the period from 11/04/2016 to 10/04/2018



Source: <http://www.inwestinfo.pl/surowce/notowania-surowcow/wykres/Srebro.htm>

### Gold prices in USD/oz in the period from 11/04/2016 to 10/04/2018



Source: <http://www.inwestinfo.pl/surowce/notowania-surowcow/wykres/Zloto.htm>

### 5.6.2 Net result on sales

Net result on sales in the 1st quarter of 2018 amounted to PLN 3.793 thousand, what in relation to the first quarter of 2017 (PLN 2.475 thousand) means an increase of 53.3%. As above, this was due to higher sales and higher sales dynamics in relation to the dynamics of production costs.

### 5.7 Other operating activities

Other operating activities in the 1st quarter of 2018 decreased the result of the capital group by PLN 895 thousand. In the 1st quarter of 2017 the result of other operating activities was also positive and amounted to PLN -476 thousand. The largest cost item are provisions for leave and revaluation write-offs for research and development works and inventories. The items of revenues and costs of other operating activity are presented in the table below.

	in PLN thousand	
Other operating income	1Q 2018	1Q 2017
Profit on disposal of tangible fixed assets	7	0
Decrease of inventory write-offs	62	7
Decrease of liability write-offs	1	0
Other (including consolidation adjustments)	16	36
<b>Total other operating income</b>	<b>86</b>	<b>43</b>

Other operating costs	1Q 2018	1Q 2017
Receivables revaluation write-off	6	12
Inventory revaluation write-off	169	0
Revaluation write-off for research and development	215	0
Creation of a provision for unused holidays	353	397
Donations	17	55
Scrapped inventory	21	21
Other (including consolidation adjustments)	200	34
<b>Total other operating costs</b>	<b>981</b>	<b>519</b>

### 5.8 Financial activity

Financial activities in the 1st quarter of 2018 increased the result of the capital group by PLN 103 thousand, mainly due to foreign exchange gains. In the same period of 2017 the result of financial activity was negative and amounted to PLN -543 thousand. The items of revenues and costs of financial activity are presented in the table below.

	in PLN thousand	
	1Q 2018	1Q 2017
Interest	1	2
Reversal of foreign exchange write-offs	0	17
Net foreign exchange gains	127	0
Other (including consolidation adjustments)	9	26
<b>Total financial revenues</b>	<b>137</b>	<b>45</b>

	1Q 2018	1Q 2017
Interest	27	22
Net foreign exchange losses	0	553
Financial costs on account of financial lease agreements	3	5
Other (including consolidation adjustments)	4	8
<b>Total financial costs</b>	<b>34</b>	<b>588</b>

## 5.9 Net result

In the 1st quarter of 2018, the gross result on sales of the capital group was PLN 2,252 thousand and it exceeded the level achieved in the 1st quarter of 2017 (PLN 1,078 thousand) by 110%. Net profit attributable to the shareholders of the parent company amounted to PLN 2,221 thousand as compared with PLN 1,073 for the previous year. This was influenced by the factors described in section 5.6 above, as well as by other operating and financial activities.

## 6. Ratio analysis

### Profitability ratios

Ratio	Calculation method	Size	
		1Q 2018	1Q 2017
Gross return on sales	Gross result on sales/ sales * 100%	24.9%	22.9%
Return on sales	Result on sales/ sales *100%	11.0%	8.1%
Net return on sales	Net result/ sales *100%	6.6%	3.5%
ROE	Net result for 12 months/ average value of equity *100%	9.2%	6.9%
ROA	Net result for 12 months/ average value of assets *100%	7.1%	5.3%

Gross return on sales is by 2 percentage points higher than in the 1st quarter of 2017, which results from an increase in sales. Return on sales increased by 2,9 percentage point. Due to higher net profit for the period of 12 months, ROA and ROE improved.

### Level of debt

Ratio	Calculation method	Size	
		1Q 2018	1Q 2017
Overall level of debt	Liabilities + provisions/assets * 100%	21.8*	22.3%
Financing with fixed capital	(equity+ long-term liabilities+ long-term provisions)/assets *100%	81.9%	81.9%
Equity-to-fixed-assets ratio	Equity/ Fixed assets*100%	200.6%	186.9%

The debt of the Capital Group is comparable to the balance as at the end of the 1st quarter of 2017

### Liquidity ratios

Ratio	Calculation method	Size	
		1Q 2018	1Q 2017
Current liquidity	Current assets / short-term liabilities	3.37	3.24
Quick liquidity	Current assets - inventories / short-term liabilities	1.87	1.68
Level of working capital	Current assets - short-term liabilities/sales) * 90	113	117

Liquidity ratios remain at a high, stable level. The group has no problems with the discharge of liabilities.

### Efficiency ratios

Ratio	Calculation method	Size	
		1Q 2018	1Q 2017
Asset turnover ratio	Sales for 12 months/average asset level	1.3	1.2
Inventory cycle	Average level of inventories/cost of products and goods sold) * number of days in the period	96	98
Receivables cycle	Average level of trade receivables/sales) * number of days in the period	71	70
Liabilities cycle	Average level of trade liabilities/cost of products and goods sold) * number of days in the period	30	29

A long cycle of stock turnover results from the nature of the industry in which the group operates. This cycle decreased by 2 days. The receivables rotation cycle and the liabilities rotation cycle increased by 1 day.

## II. Notes and additional explanatory notes to the consolidated statements

### 1. Business segments

Operating segment is a component of an entity:

- who engages in an economic activity, from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- for which discrete financial information is available.

According to the requirements of IFRS 8, operating segments should be identified on the basis of internal reports on these elements, which are regularly verified by persons deciding about the allocation of resources to a given segment and evaluating its financial results.

In view of the above, it has to be concluded, that the capital group operates on the market of components of industrial automatics and it is its main operating segment.

Segment revenues and profits/losses	Revenues		Profit/loss in the segment	
	from 01/01/2018 to 31/03/2018	from 01/01/2017 to 31/03/2017	from 01/01/2018 to 31/03/2018	from 01/01/2017 to 31/03/2017
Components of industrial automatics	33,137	30,005	7,894	6,867
Other segments	1,228	566	655	134
<b>Total from continued operations</b>	<b>34,365</b>	<b>30,571</b>	<b>8,549</b>	<b>7,001</b>

<b>Unallocated items</b>	Costs of sales	252	229
	Costs of management and administration	4,504	4,297
	<b>Profit (loss) on sales</b>	<b>3,793</b>	<b>2,475</b>
	Other operating income	86	43
	Other operating costs	981	519
	<b>Profit (loss) on operating activities</b>	<b>2,898</b>	<b>1,999</b>
	Financial income	137	45
	Financial costs	34	588
	<b>Profit (loss) on continued operations</b>	<b>3,001</b>	<b>1,456</b>
	Taxes	749	378
	Other charges on profit	0	0
	<b>Net profit (loss) on continued operations</b>	<b>2,252</b>	<b>1,078</b>
	Net result on discontinued operations	0	0
	Net result on sold activities	0	0
	<b>Net result</b>	<b>2,252</b>	<b>1,078</b>
Net result attributable to non-controlling interests	31	5	

<b>Net profit attributable to shareholders of the parent company</b>	<b>2,221</b>	<b>1,073</b>
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<b>Assets and liabilities of the segments</b>	<b>from 01/01/2018 to 31/03/2018</b>	<b>from 01/01/2017 to 31/03/2017</b>
Components of industrial automatics	96,333	93,879
Other segments	3,560	4,050
<b>Total assets of the segments</b>	<b>99,893</b>	<b>97,929</b>

In order to monitor the results achieved in the operating segment and for the purposes of allocating resources to reportable segments, the Group assigns all its assets, except for investments in associates and assets in virtue of current and deferred income tax.

The Group has no possibility of separating liabilities regarding individual segments.

The geographic structure of revenues was presented above in point 5.5

## **2. The management board's position on feasibility of the previously published forecasts for the year.**

Forecasts for the capital group of Relpol for 2018 were not published.

## **3. Shareholders holding at least 5% of the total number of votes at the General Meeting of Shareholders, directly or indirectly through subsidiaries.**

The ownership structure of the share capital of Relpol S.A., as at 17 May 2018, that is as at the date of submission of the quarterly consolidated statements for the thirteenth quarter of 2018:

Shareholder	Number of shares held (pcs)	Number of votes at the General Shareholders' Meeting	Share in total number of votes at the General Shareholders' Meeting	Nominal value of shares held (in PLN thousand)	Percentage in the share capital	<i>Change with regard the statements for 2017 (25/04/2018)</i>
Ambroziak Adam	3.171.000	3.171.000	33.00%	15,855	33.00%	0
Altus TFI S.A.	2,027,358	2,027,358	21.10%	10,137	21.10%	0
Rockbridge TFI S.A.	959,772	959,772	9.99%	4,799	9.99%	0
Osiński Piotr	608,943	608,943	6.34%	3,045	6.34%	0
Raiffeisen TFI S.A.	569,467	569,467	5.93%	2,847	5.93%	0

## **4. Statement of changes in the number of the company's shares held or the rights to them (options) by managing and supervising persons, according to the information held by the company.**

According to the information held by the company, the number of the company's shares held by the Members of the Management Board and the Supervisory Board as at 17/05/2018 is as follows:

<b>Management Board of Relpol S.A</b>	Number of shares held (pcs)	Share in total number of votes at the General Meeting	Nominal value of shares held (in PLN thousand)
Sławomir Bialik	0	0%	0
Krzysztof Pałgan	0	0%	0

<b>Supervisory Board of Relpol S.A</b>	Number of shares held (pcs)	Share in total number of votes at the General Meeting	Nominal value of shares held (in PLN thousand)
Ambroziak Adam	3.171.000	33.00%	15,855
Osiński Piotr	608,943	6.34%	3,045

Other members of the Supervisory Board do not hold any shares of Relpol S.A.

**5. Proceedings pending before a court, a competent arbitration authority or a public administration authority.**

In the period from 1/01/2018 to 31/03/2018 no proceedings regarding liabilities or receivables of the issuer the value of which amounts to at least 10% of equity were initiated before a court or a public administration body.

**6. Information on the parent company or its subsidiary entering into one or more transactions with related parties, if individually or jointly they are significant and have been concluded on non-arm's length conditions.**

From 01/01/2018 to the date of publication of the financial statements Relpol S.A. and its subsidiaries did not enter into any transactions with related parties which would be significant and would be concluded pursuant to the terms and conditions other than market terms. Transactions of Relpol S.A. with related entities were presented in the table after separate statements of the company.

**7. Information on credit or loan sureties or guarantees granted by the parent company or its subsidiary to a single entity or its subsidiary, if the total value of existing sureties or guarantees is equivalent to at least 10% of the Company's equity.**

No guarantees constituting an equivalent of at least 10% of equity capitals were granted.

**8. Information relevant for the assessment of the staffing, property, financial situation, the Group's financial result and their changes, as well as information that is material for assessing the ability of the parent company to discharge its liabilities.**

There were no other situations or events, other than those described in these statements which would be of significant importance for the assessment of the staffing, property, financial situation of the group and would be material for the assessment of the parent company's ability to discharge its liabilities.

## **9. Indication of the factors, that, in the issuer's view, will affect its financial performance in the perspective of at least the next quarter.**

The greatest impact on the Group's financial performance, at least in the perspective of the next quarter, will have macroeconomic factors, independent of companies and internal factors.

External factors include:

- values and fluctuations of exchange rates,
- domestic and foreign economic situation,
- prices of raw materials (copper, silver, gold, crude oil),
- expenditure for domestic and foreign investments,
- development of renewable energy sources,
- development of the photovoltaic industry,
- demand for the systems of radiological protection.

Internal factors dependent on the company include mainly:

- realisation of the planned sales,
- realisation of the concluded commercial contracts,
- occupancy of production lines,
- adjustment of costs to the current economic situation on the market,
- increase of market share based on the offered products,
- obtaining new customers on the existing and new markets,
- rationalisation of the commercial product offer,
- obtaining new customers for CZIP Pro,
- promotion and obtaining contractors for a transmitter for solar inverters,
- obtaining new customers and area for systems of radiological protection,
- improvement of profitability of the products,
- finalisation of changes in the structure of the capital group.

## **10. Other information regarding events from previous years.**

All significant events were described in the statements.

## **11. Other significant events.**

All other significant events were included in these financial statements.

## **12. Contingent liabilities.**

As at 31/03/2018 there were no contingent liabilities.

## **13. Financial risk management.**

The Parent Company, while conducting its business activity, analyses monitors and assesses the risk factors which may affect the current and future financial situation of the

capital group. As a result of the performed monitoring there are action taken to minimize the effect of individual risk factors on the activity of the company and capital group.

The parent company identified the following risk factors:

1. Interest rate risk.
2. Credit risk.
3. Liquidity risk.
4. Foreign exchange risk.
5. Macroeconomic risk.
6. Risk of dependency on a large recipient.
7. Capital management risk and other risks.

The description of the above risks and their impact on the activity of the company was presented in the annual statements of the company and the capital group for 2017. The statements were published on 25/04/2018 and are available on the website of the company at [https://www.repol.pl/pl/Relacje-Inwestorskie/Raporty/Raporty-okresowe/\(param\\_0\)/option\\_17](https://www.repol.pl/pl/Relacje-Inwestorskie/Raporty/Raporty-okresowe/(param_0)/option_17)

#### 14. Events after the balance sheet date not included in the consolidated financial statements.

All events have been included in the financial statements.

#### 15. Employment at the Capital Group.

Employees employed on the basis of employment contracts	31/03/2018	31/03/2017
Relpol S.A.	467	476
Relpol Eltim	11	11
DP Relpol Altera	267	238
Relpol Elektronik	63	75
Other companies	6	6
<b>Total Group</b>	<b>814</b>	<b>806</b>

Employment at the capital group increased by 8 persons. The increase occurred in the production company in Ukraine and decreases in domestic companies. In addition to employees with a contract of employment, the parent company and Relpol Elektronik use employee outsourcing services. In the 1st quarter of 2018 on average 77 persons performed work in such a manner, and in the 1st quarter of 2017 - 66 persons.

#### 16. Description of significant achievements and failures of the issuer in the period covered by the statements.

In the period covered by the statements there were no key achievements or failures.

**17. Description of factors and events, and in particular of an unusual nature, having a significant impact on the achieved financial results of the Company.**

There were no atypical factors or events, which would have a significant effect on the achieved financial results and which would have not been described in these statements.

**18. Explanations regarding seasonal or cyclic nature of the Company's business.**

While analysing the level of sales in individual quarters and the orders placed by the customers, it may be concluded that there is no visible seasonality. There are periods in which turnover is lower than in other months, i.e. during summer months or in the period around Christmas or New Year's Day, but these are not very significant differences to be described as seasonal nature of the business.

**19. Information on the issue, redemption and repayment of debt and equity securities in the period covered by the statements.**

In the 1st quarter of 2018, the parent company did not issue any shares, redeem or repay any debt and equity securities.

**20. Information on the paid or declared dividend.**

On 10/05/2018 the Management Board of the Company decided to recommend to the General Meeting the adoption of a resolution on the payment of a dividend in net profit for 2017 in the amount of 0,40 PLN gross per 1 share, which gives the amount of PLN 3,844 thousand.

In 2017, the company paid a dividend from the profit for 2016 in the gross amount of PLN 0.40 per 1 share.

Among the subsidiaries, Relpol Eltim paid a dividend from the profit for 2016 to Relpol S.A. in the amount of PLN 72 thousand.

Amounts of dividends paid by subsidiaries to Relpol S.A, are excluded as part of consolidation adjustments.

**21. Events that occurred after the balance sheet date which may have a significant impact on the future financial results of Relpol S.A.**

Apart from the information presented in these quarterly consolidated report there are no other significant events.

**22. Effects of changes in the structure of the Company, including as a results of business entities combination, takeover or sale of capital group entities, long-term investments, division, restructuring and discontinuation of operations.**

In 2018, there were no changes in the structure of the company or the capital group. There were no takeovers, acquisitions, sales, combinations or divisions of entities. None of the activities was discontinued.

### 23. Information on changes in contingent liabilities or assets of the Company, which took place after the end of the quarter.

After 31/03/2018 there were no significant changes regarding contingent liabilities or assets.

### 24. Information on adjustments on account of provisions and the company's asset revaluation write-offs.

Balance of asset revaluation write-offs	Balance as at 01/01/2018	Turnover in I-III 2018			Balance as at 31/03/2018
		Reversed	Used	Created	
I. Revaluation write-off on fixed assets and intangible assets	2,567	0	0	0	2,567
II. Long-term receivables revaluation write-off	0	0	0	0	0
III. Long-term asset revaluation write-off - shares in related entities	1,040	0	0	0	1,040
IV. Stock revaluation write-off	1,724	62	0	170	1,832
V. Trade receivable revaluation write-off	321	0	0	9	330
VI. Other receivables revaluation write-off	8	0	0	0	8
VII. Revaluation write-off on receivables claimed in court	0	0	0	0	0
VIII. Revaluation write-off on short-term financial assets	97	4	0	2	95
<b>Total</b>	<b>5,757</b>	<b>66</b>	<b>0</b>	<b>181</b>	<b>5,872</b>

Provisions	Balance as at 01/01/2018	Turnover in I-III 2018			Balance as at 31/03/2018
		Reversed	Used	Created	
I. Provisions for pensions and similar benefits	2,015	0	0	0	2,015
II. Other provisions, including for future liabilities:	929	0	32	904	1,801
- for holiday leaves	631	0	0	533	1,164
- other	298	0	32	371	637
<b>Total</b>	<b>2,944</b>	<b>0</b>	<b>32</b>	<b>904</b>	<b>3,816</b>

## 25. Information on assets and provisions for deferred income tax in the capital group

	31/03/2018	31/03/2017
Deferred income tax asset	1,570	1,531
Deferred income tax provision	3,192	3,065
Excess of provision over asset	-1,622	-1,534

In the consolidated statement of financial position the asset and provision for deferred income tax is presented per account balance.

## 26. Reversal of any provisions for restructuring costs.

In the period from 01/01/2018 to 31/03/2018 no provisions for restructuring costs were reversed.

## 27. Assets classified as held for sale.

As at 31/03/2018 the group did not have tangible fixed assets held for sale.

## 28. Liabilities made for the purpose of purchasing tangible fixed assets.

The Capital Group did not make any liabilities for the purpose of purchasing tangible fixed assets.

## 29. Litigation settlements.

The Capital Group does not run any cases at law, the loss of which would have a significant impact on future financial results.

## 30. Unpaid loans or breach of a loan agreement, for which no corrective action had been taken by the end of the reporting period.

Credits and loans taken out by Relpol are repaid in accordance with the terms and conditions of the bank agreements.

Relpol, as the parent company, granted a loan to its subsidiary Relpol Altera, the loan as principal was repaid. There is interest to be repaid in the amount of PLN 95 thousand. The amount is subject to revaluation write-off.

Loans granted to the subsidiary	Amount of the loan granted in foreign currency	Amount of the loan granted in PLN	Interest rate	Date of conclusion of the loan agreement	Date of repayment of the loan in accordance with the agreement	Interest calculated on the loans granted in PLN	Status of loans in PLN
Relpol Altera	0 USD	0	5.50%	12.12.2005	31.12.2016	95	95
<b>Total amount of granted loans</b>							95
revaluation write-off							95
<b>Net loan value</b>							<b>0</b>

The parent company in the 1st quarter of 2018 did not have any loans granted to it by the subsidiaries.

**31. Transfers between different levels of the fair value hierarchy, which is used to measure the fair value of financial instruments.**

None.

**32. Reclassification of financial assets as a result of changing the purpose of or use of such assets.**

None.

**33. Change of contingent liabilities and contingent assets.**

None.

### III. Condensed separate statements of Relpol S.A.

#### 1. Selected financial data from the separate statements of Relpol S.A.

SELECTED FINANCIAL DATA FROM THE SEPARATE STATEMENTS	in PLN thousand	in PLN thousand	in EUR thousand	in EUR thousand
	For 1 quarter period from 01/01/2018 to 31/03/2018	For 1 quarter period from 01.01.2017 to 31/03/2017	For 1 quarter period from 01/01/2018 to 31/03/2018	For 1 quarter period from 01.01.2017 to 31/03/2017
<b>PROFIT AND LOSS ACCOUNT</b>				
Net revenues from sales of products, goods and materials	32,952	29,004	7,886	6,762
Profit (loss) on operating activities	2,919	2,648	699	617
Gross profit (loss)	3,018	1,585	722	370
Net profit (loss)	2,318	1,201	555	280
<b>CASH FLOW STATEMENT</b>				
Net cash flows from operating activities	3,111	-1,824	745	-425
Net cash flows from investment activities	-1,516	-1,193	-363	-278
Net cash flows from financial activities	-1,566	-82	-375	-19
Total net cash flows	29	-3,099	7	-723
<b>STATEMENT OF FINANCIAL POSITION</b>				
	Balance as at 31/03/2018	Balance as at 31/12/2017	Balance as at 31/03/2018	Balance as at 31.12.2017
Total assets	94,363	92,381	22,422	22,149
Long-term liabilities	3,726	4,006	885	960
Short-term liabilities	15,908	15,957	3,780	3,826
Equity	74,729	72,418	17,757	17,363
Initial capital	48,046	48,046	11,416	11,519
<b>OTHER</b>				
Number of shares	9,609,193	9,609,193	9,609,193	9,609,193
Number of shares adopted to determine diluted profit	9,609,193	9,609,193	9,609,193	9,609,193
Annualised profit (loss) per one ordinary share (in PLN/EUR)	0.75	0.57	0.18	0.13
Profit (loss) for the reporting period per one ordinary share (in PLN/EUR)	0.24	0.12	0.06	0.03
Book value per share (in PLN/EUR)	7.78	7.54	1.85	1.81
Dividend declared or paid per one share (in PLN/EUR)	0.40	0.00	0.09	0.00

#### Manner of conversion of the amounts included in the table "Selected financial data" into Euro

In order to convert the above amounts we applied an average exchange rate of the National Bank of Poland for Euro applicable for individual balance sheet dates and time frames:

	Average exchange rate for the period from 01/01/2018 to 31/03/2018	Average exchange rate for the period from 01.01.2017 to 31/03/2017	Exchange rate as at 31/03/2018	Exchange rate as at 31.12.2017
EUR/PLN exchange rate	4.1784	4.2891	4.2085	4.1709

## 2. Financial statements of Relpol S.A. for the first quarter of 2018 r.

in PLN thousand according to IAS

CONDENSED PROFIT AND LOSS ACCOUNT	from 01/01/2018 to 31/03/2018 1 quarter	from 01.01.2017 to 31/03/2017 1 quarter
Net revenues from sales of products, goods and materials	32,952	29,004
Manufacturing cost of products, goods and materials	24,961	22,294
<b>Gross profit (loss) on sales</b>	<b>7,991</b>	<b>6,710</b>
Costs of sales	240	217
General and administrative costs	4,126	3,845
<b>Profit (loss) on sales</b>	<b>3,625</b>	<b>2,648</b>
Other operating income	86	19
Other operating costs	792	513
<b>Profit (loss) on operating activities</b>	<b>2,919</b>	<b>2,154</b>
Financial income	133	19
Financial costs	34	588
<b>Net profit (loss) on continued operations</b>	<b>3,018</b>	<b>1,585</b>
Taxes	700	384
Other charges on profit	0	0
<b>Net profit (loss) on continued operations</b>	<b>2,318</b>	<b>1,201</b>
Net profit (loss) on discontinued operations	0	0
<b>Net profit (loss) of which per 1 share (PLN/piece):</b>	<b>2,318</b>	<b>1,201</b>
- ordinary	0.24	0.12
- diluted	0.24	0.12

in PLN thousand

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	from 01/01/2018 to 31/03/2018 1 quarter	from 01.01.2017 to 31/03/2017 1 quarter
<b>Net profit (loss) on continued operations</b>	<b>2,318</b>	<b>1,201</b>
including net profit/loss on discontinued operations	0	0
<b>Components of other comprehensive income, including:</b>	<b>-7</b>	<b>0</b>
<b>a) which will not be subsequently reclassified to profit or loss,</b>	<b>-7</b>	<b>0</b>
Measurement of investment property at fair value	0	0
Actuarial gains and losses	0	0
Adjustment for the application of IFRS 9 as at 01/01/2018	-8	0
Deferred tax	1	0
<b>b) which will be reclassified subsequently to profit or loss when specific conditions are met,</b>	<b>0</b>	<b>0</b>
Valuation of hedging instruments	0	0
Exchange differences from the translation of subsidiaries	0	0
Deferred tax	0	0
<b>Overall total income</b>	<b>2,311</b>	<b>1,201</b>

CONDENSED STATEMENT OF FINANCIAL POSITION	in PLN thousand according to IAS		
	31/03/2018 (current year)	31/12/2017 (previous year)	31/03/2017 (previous year)
<b>ASSETS</b>			
<b>(Long-term) fixed assets</b>	<b>37,995</b>	<b>38,788</b>	<b>39,650</b>
Tangible fixed assets	29,914	30,296	30,638
Investment property	0	0	0
Intangible assets	7,617	8,020	8,479
Financial assets	385	385	385
Long-term receivables	79	87	148
Deferred tax assets	0	0	0
<b>(Short-term) current assets</b>	<b>56,368</b>	<b>53,593</b>	<b>52,311</b>
Stock	25,959	27,508	26,484
Total amounts due on account of deliveries and services	28,153	23,362	23,061
Other amounts due	1,048	1,835	1,383
Short-term investments	0	0	0
Cash and cash equivalents	511	484	687
Prepayments and accruals	697	404	696
<b>Long-term assets classified as held for sale</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current assets in total</b>	<b>56,368</b>	<b>53,593</b>	<b>52,311</b>
<b>TOTAL ASSETS</b>	<b>94,363</b>	<b>92,381</b>	<b>91,961</b>
<b>LIABILITIES</b>			
<b>Equity</b>	<b>74,729</b>	<b>72,418</b>	<b>71,778</b>
Initial capital	48,046	48,046	48,046
Retained profit:	26,683	24,372	23,732
-Supplementary capital	17,982	17,982	15,659
-Revaluation reserve	331	338	706
- Profit/ loss brought forward	6,052	0	6,166
- Result of the current year	2,318	6,052	1,201
<b>Long-term liabilities</b>	<b>3,726</b>	<b>4,006</b>	<b>4,259</b>
Interest-bearing bank loans and non-bank loans	140	282	706
Leasing liabilities	293	371	556
Other liabilities	25	29	0
Deferred revenue	0	0	0
Reserves for deferred income tax	1,680	1,736	1,667
Reserves for other liabilities and other charges	1,588	1,588	1,330
<b>Short-term liabilities</b>	<b>15,908</b>	<b>15,957</b>	<b>15,924</b>
Trade and similar liabilities	8,310	7,394	6,829
Leasing liabilities	325	347	465
Other liabilities	4,033	4,296	4,437
Short-term part of interest-bearing long-term bank loans and non-bank loans	1,215	2,516	2,464
Deferred revenue	14	85	0
Reserves for other liabilities and other charges	2,011	1,319	1,729
<b>TOTAL LIABILITIES</b>	<b>94,363</b>	<b>92,381</b>	<b>91,961</b>

in PLN thousand according to IAS

CONDENSED STATEMENT OF CHANGES IN EQUITY	Initial capital	Retained profit			Equity total	
		Supplementary capital	Revaluation reserve	Profit/loss from previous years		Result of the current year
<b><u>Balance as at 01/01/2018</u></b>	<b>48,046</b>	<b>17,982</b>	<b>338</b>	<b>6,052</b>	<b>0</b>	<b>72,418</b>
Coverage of loss	0	0	0	0	0	0
Share premium	0	0	0	0	0	0
Dividend payout	0	0	0	0	0	0
Adjustment of a fundamental error	0	0	0	0	0	0
Revaluation reserve differences	0	0	0	0	0	0
Valuation of shares	0	0	0	0	0	0
Profit/loss brought forward	0	0	0	0	0	0
Overall total income including:	0	0	-7	0	2,318	2,311
- Profit/loss for the period	0	0	0	0	2,318	2,318
- Adjustment for the application of IFRS 9 as at 01/01/2018	0	0	-7	0	0	-7
<b><u>Balance as at 31/03/2018</u></b>	<b>48,046</b>	<b>17,982</b>	<b>331</b>	<b>6,052</b>	<b>2,318</b>	<b>74,729</b>

<b><u>Balance as at 01/01/2017</u></b>	<b>48,046</b>	<b>15,659</b>	<b>706</b>	<b>6,166</b>	<b>0</b>	<b>70,577</b>
Coverage of loss	0	0	0	0	0	0
Share premium	0	0	0	0	0	0
Dividend payout	0	0	0	-3,843	0	-3,843
Adjustment of a fundamental error	0	0	0	0	0	0
Revaluation reserve differences	0	0	0	0	0	0
Valuation of shares	0	0	0	0	0	0
Profit/loss brought forward	0	2,323	0	-2,323	0	0
Overall total income including:	0	0	-368	0	6,052	5,684
Profit/loss for the period	0	0	0	0	6,052	6,052
<b><u>Balance as at 31/12/2017</u></b>	<b>48,046</b>	<b>17,982</b>	<b>338</b>	<b>0</b>	<b>6,052</b>	<b>72,418</b>

<b><u>Balance as at 01/01/2017</u></b>	<b>48,046</b>	<b>15,659</b>	<b>706</b>	<b>6,166</b>	<b>0</b>	<b>70,577</b>
Coverage of loss	0	0	0	0	0	0
Share premium	0	0	0	0	0	0
Dividend payout	0	0	0	0	0	0
Adjustment of a fundamental error	0	0	0	0	0	0
Revaluation reserve differences	0	0	0	0	0	0
Valuation of shares	0	0	0	0	0	0
Profit/loss brought forward	0	0	0	0	0	0
Overall total income including:	0	0	0	0	1,201	1,201
Profit/loss for the period	0	0	0	0	1,201	1,201
<b><u>Balance as at 31/03/2017</u></b>	<b>48,046</b>	<b>15,659</b>	<b>706</b>	<b>6,166</b>	<b>1,201</b>	<b>71,778</b>

CONDENSED STATEMENT OF CASH FLOWS	in PLN thousand according to IAS	
	from 01/01/2018 to 31/03/2018 1 quarter	from 01.01.2017 to 31/03/2017 1 quarter
<b>A. Cash flows from operating activities (indirect method)</b>	<b>3,111</b>	<b>-1,824</b>
<b>I. Gross profit (loss)</b>	<b>3,018</b>	<b>1,585</b>
<b>II. Total adjustments</b>	<b>93</b>	<b>-3,409</b>
1. Share in net loss (profit) of undertakings measured under the equity method	0	0
2. Amortisation and depreciation	1,430	1,451
3. Foreign exchange gains (losses)	2	83
4. Interest and profit sharing (dividend)	24	-412
5. Profit (loss) on investment activities	208	0
6. Change in provisions	691	391
7. Change in stock	1,549	-271
8. Change in receivables	-4,004	-4,723
9. Change in short-term liabilities excluding loans and credits	699	718
10. Change in prepayments and accruals	-293	-345
11. Income tax paid/refunded	-213	-301
12. Other adjustments	0	0
<b>B. Cash flows from investment activities</b>	<b>-1,516</b>	<b>-1,193</b>
<b>I. Inflows</b>	<b>9</b>	<b>439</b>
1. Sale of intangible assets and tangible fixed assets	9	0
2. Disposal of investments in real property and in intangible assets	0	0
3. From financial assets including:	0	439
- sale of financial assets	0	0
- dividend and profit sharing	0	439
- interest	0	0
- other inflows from financial assets - repaid loans	0	0
4. Other inflows from investment activities, including:	0	0
<b>II. Outflows</b>	<b>-1,525</b>	<b>-1,632</b>
1. Purchase of intangible assets and tangible fixed assets	-1,525	-1,632
2. Investments in real property and intangible assets	0	0
3. For financial assets including:	0	0
4. Other outflows from investment activities - investment advances	0	0
<b>C. Cash flows from financial activities</b>	<b>-1,566</b>	<b>-82</b>
<b>I. Inflows</b>	<b>473</b>	<b>478</b>
1. Net inflows from issuance of shares and other capital instruments and from capital contributions	0	0
2. Credits and loans	473	478
3. Other inflows from financial activities	0	0
<b>II. Outflows</b>	<b>-2,039</b>	<b>-560</b>
1. Purchase of own shares	0	0
2. Dividend and other payments to shareholders	0	0
3. Profit distribution liabilities other than profit distribution payments to shareholders	0	0
4. Repayment of credits and loans	-1,915	-512
6. Payment of other financial liabilities	0	0
7. Payment of liabilities arising from financial leases	-100	-21
8. Interest	-24	-27

9. Other outflows from financial activities factoring	0	0
<b>D. Total net cash flows</b>	<b>29</b>	<b>-3,099</b>
<b>E. Balance sheet change in cash</b>	<b>27</b>	<b>-3,182</b>
- change in cash due to exchange differences	2	83
<b>F. Cash opening balance</b>	<b>484</b>	<b>3,869</b>
- foreign exchange gains and losses	21	-105
<b>G. Closing balance of cash</b>	<b>511</b>	<b>687</b>
- foreign exchange gains and losses	23	-22

### 3. Summary of the Company's activity in the 1st quarter of 2018

#### Selected individual financial data

SPECIFICATION	from 01/01/2018 to 31/03/2018	from 01.01.2017 to 31/03/2017	Change
Sales revenues in PLN thousand	32,952	29,004	+13.6%
Gross profit on sales in PLN '000	7,991	6,710	+19.1%
Gross margin on sales (%)	24.3%	23.1 %	+1.2 p.p.
EBIDTA in PLN '000	4,349	3,605	+20.6%
EBIDTA margin (%)	13.2%	12.4 %	+0.8 p.p.
EBIT in PLN '000	2,919	2,154	+35.5%
EBIT margin (%)	8.9%	7.4 %	+1.5 p.p.
Net profit	2,318	1,201	+93.0%
Net profit margin	7.0%	4.1%	+2.9 p.p.

Sales revenues generated by the Company in the 1st quarter of 2018 were again the highest in its history. They were 13.6% higher as compared to the 1st quarter of 2017. The dynamics results from an increase in domestic sales as well as exports. The situation on the domestic market has clearly improved. The dynamics in the country for the first time in a long time were so high and amounted to 24%.

Production costs also increased, which resulted from the scale of production - an increase in the quantity of purchased materials, raw materials and services, as well as an increase in raw material prices, remuneration increase, current operating costs and other factors such as exchange rates, price pressure, growing distribution costs and a change in the sales structure.

The higher dynamics of revenues than the costs of production improved the company's margins. Gross margin on sales increased by 1.2 percentage points and net profit margin by 2.9 percentage points. Net profit of the company in the 1st quarter of 2018 amounted to PLN 2,318 thousand, compared to PLN 1,201 thousand in the corresponding period of the previous year.

Liquidity ratios still remain at a high, stable level.

The equity of the company increased both in relation to 31/12/2017 and to the 1st quarter of 2017. In comparison to the balance as of 31/03/2017, credit and leasing liabilities decreased by half, as a result of successive repayments of monthly instalments. On the other hand, trade liabilities and provisions for other liabilities increased by 21.7%.

#### 4. Notes to the separate statements.

##### 4.1 Operating segments for the parent company Relpol S.A.

Operating segment is a component of an entity:

- (a) who engages in an economic activity, from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity)
- b) whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and
- c) for which discrete financial information is available.

According to the requirements of IFRS 8, operating segments should be identified on the basis of internal reports on these elements, which are regularly verified by persons deciding about the allocation of resources to a given segment and evaluating its financial results.

In view of the above, it has to be concluded, that Relpol operates on the market of components of industrial automatics and it is its main operating segment.

Segment revenues and profits/losses	Revenues		Profit/loss in the segment	
	from 01/01/2018 to 31/03/2018	from 01/01/2017 to 31/03/2017	from 01/01/2018 to 31/03/2018	from 01/01/2017 to 31/03/2017
Components of industrial automatics	31,724	28,438	7,336	6,576
Other segments	1,228	566	655	134
<b>Total from continued operations</b>	<b>32,952</b>	<b>29,004</b>	<b>7,991</b>	<b>6,710</b>
<b>Unallocated items</b>				
Costs of sales			240	217
Costs of management and administration			4,126	3,845
<b>Profit (loss) on sales</b>			<b>3,625</b>	<b>2,648</b>
Other operating income			86	19
Other operating costs			792	513
<b>Profit (loss) on operating activities</b>			<b>2,919</b>	<b>2,154</b>
Financial income			133	19
Financial costs			34	588
<b>Profit (loss) on continued operations</b>			<b>3,018</b>	<b>1,585</b>
Taxes			700	384
Other charges on profit			0	0
<b>Net profit (loss) on continued operations</b>			<b>2,318</b>	<b>1,201</b>
Net result on discontinued operations			0	0
Net result on sold activities			0	0
<b>Net result</b>			<b>2,318</b>	<b>1,201</b>

Assets and liabilities of the segments	from 01/01/2018 to 31/03/2018	from 01/01/2017 to 31/03/2017
Components of industrial automatics	90,418	87,526
Other segments	3,560	4,050
<b>Total assets of the segments</b>	<b>93,978</b>	<b>91,576</b>

Other information on segments	Amortisation and depreciation		Increase of fixed assets	
	from 01/01/2018 to 31/03/2018	from 01/01/2017 to 31/03/2017	from 01/01/2018 to 31/03/2018	from 01/01/2017 to 31/03/2017
Components of industrial automatics	1,349	1,361	763	904
Other segments	81	90	0	5
<b>Total continued operations</b>	<b>1,430</b>	<b>1,451</b>	<b>763</b>	<b>909</b>

#### 4.2 Information on adjustments on account of provisions and the company's asset revaluation write-offs.

Balance of asset revaluation write-offs	Balance as at 01/01/2018	Turnover in I-III 2018			Balance as at 31/03/2018
		Reversed	Used	Created	
I. Revaluation write-off on fixed assets and similar	2,567	0	0	0	2,567
II. Long-term receivables revaluation write-off	0	0	0	0	0
III. Long-term asset revaluation write-off - shares in related entities	1,040	0	0	0	1,040
IV. Stock revaluation write-off	1,386	62	0	170	1,494
V. Trade receivable revaluation write-off	321	0	0	9	330
VI. Other receivables revaluation write-off	8	0	0	0	8
VII. Revaluation write-off on receivables claimed in court	0	0	0	0	0
VIII. Revaluation write-off on short-term financial assets	97	4	0	2	95
<b>Total</b>	<b>5,419</b>	<b>66</b>	<b>0</b>	<b>181</b>	<b>5,534</b>

Provisions	Balance as at 01/01/2018	Turnover in I-III 2018			Balance as at 31/03/2018
		Reversed	Used	Created	
I. Provisions for pensions and similar benefits	1,995	0	0	0	1,995
II. Other provisions (including for future liabilities)	912	0	32	724	1,604
- for holiday leaves	620	0	0	353	973
- other	292	0	32	371	631
<b>Total</b>	<b>2,907</b>	<b>0</b>	<b>32</b>	<b>724</b>	<b>3,599</b>

#### 4.3 Information on assets and provisions for deferred income tax at the company.

	31/03/2018	31/03/2017
Deferred income tax asset	1,512	1,398
Deferred income tax provision	3,192	3,065
Excess of provision over asset	-1,680	-1,667

In the statement of financial position the asset and provision for deferred income tax is presented per account balance.

#### 4.4 Transactions of Relpol S.A. with related parties

Name of the entity	Sales to related parties		Purchases from related parties		Dividends		Total amounts due on account of deliveries and services		Other receivables		Amounts due on account of deliveries and services		Other liabilities	
	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017	31/03/2018	31/03/2017
Relpol-Altera Sp. z o.o.	0	0	0	0	0	0	0	0	98	252	0	0	0	0
DP Relpol Altera *	0	0	1,062	774	0	0	0	0	0	0	175	524	0	0
Relpol-M j.v	47	119	0	0	0	0	65	63	0	0	0	0	0	0
Relpol-Eltim Sp. z o.o.*	412	385	0	0	0	0	313	372	0	0	0	0	0	0
Relpol Elektronik*	0	0	955	813	0	0	0	0	0	0	349	384	0	0
<b>Total</b>	<b>459</b>	<b>504</b>	<b>2,017</b>	<b>1,587</b>	<b>0</b>	<b>0</b>	<b>378</b>	<b>435</b>	<b>98</b>	<b>252</b>	<b>524</b>	<b>908</b>	<b>0</b>	<b>0</b>

\* consolidated companies. The table shows transactions with these companies, but in the consolidated statements the mutual turnover of these companies was excluded through consolidation adjustments.

#### 4.5 Changes in the accounting principles applied in the separate statements

A description of changes resulting from the adoption of new standards has been presented in section 2.2 above of these statements.

		in PLN thousand	
STATEMENT OF FINANCIAL POSITION	Balance as at 31/12/2017	Changes	Balance as at 01/01/2018
<b>ASSETS</b>			
<b>(Short-term) current assets including:</b>	<b>53,593</b>	<b>-8</b>	<b>53,585</b>
Total amounts due on account of deliveries and services	23,362	-8	23,354
<b>TOTAL ASSETS</b>	<b>92,381</b>	<b>-8</b>	<b>92,373</b>
<b>LIABILITIES</b>			
<b>Equity</b>	<b>72,418</b>	<b>-7</b>	<b>72,411</b>
Retained profit including:	24,372	-7	24,365
-Revaluation reserve	338	-7	331
<b>Long-term liabilities including:</b>	<b>4,006</b>	<b>-1</b>	<b>4,005</b>
Reserves for deferred income tax	1,736	-1	1,735
<b>TOTAL LIABILITIES</b>	<b>92,381</b>	<b>-8</b>	<b>92,373</b>

#### Comparison of financial assets and liabilities according to IAS 39 and IFRS 9 as at 01/01/2018

Balance sheet item as at 01/01/2018	IAS 39	IFRS 9			Impact of the change	
	Depreciated cost	Depreciated cost	Fair value through profit or loss		Total	Increase (decrease)
			Result	Other total revenues		
Trade receivables	23,362	23,354	0	0	23,354	-8
- gross value	23,683	23,683	0	0	23,683	0
- revaluation write-off	-321	-329	0	0	-329	-8
Cash	484	484	0	0	484	0
<b>Financial assets</b>	<b>23,846</b>	<b>28,838</b>	<b>0</b>	<b>0</b>	<b>28,838</b>	<b>-8</b>

Balance sheet item as at 01/01/2018	IAS 39	IFRS 9		Impact of the change
	Depreciated cost	Depreciated cost	Total	Increase (decrease)
Bank loans	2,798	2,798	2,798	0
Trade liabilities	7,394	7,394	7,394	0
<b>Financial liabilities</b>	<b>10,192</b>	<b>10,192</b>	<b>10,192</b>	<b>0</b>

### Impact of the implementation of IFRS 9 on equity

<b>Adjustment of revaluation write-offs for assets measured at amortised cost:</b>	<b>Retained profit</b>	<b>Equity in total</b>
Trade receivables	-8	-8
Adjustments to deferred tax	1	1
<b>Total</b>	<b>-7</b>	<b>-7</b>

Signatures of the Members of the Management Board:

.....  
Krzysztof Pałgan

Vice-President of the Management Board

.....  
Sławomir Bialik

President of the Management Board

Żary, dated 17 May 2018