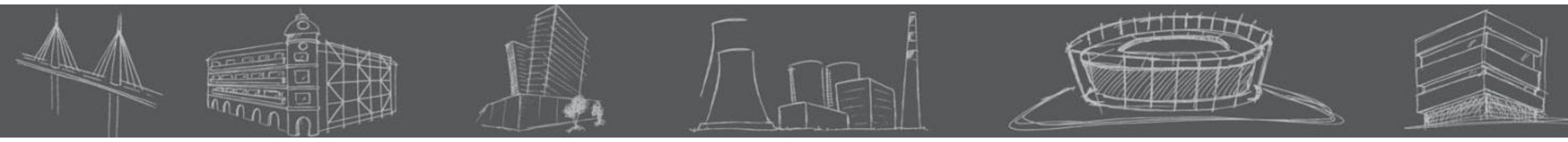
ULMA

## EXTENDED CONSOLIDATED STATEMENT

# OF THE ULMA Construccion Polska S.A. CAPITAL GROUP

## FOR THE 3RD QUARTER OF 2014

From the beginning of your projects



# ULMA Construccion Polska S.A.
# CAPITAL GROUP

## GENERAL INFORMATION

## Subject of activity

Subject of activity of the ULMA Construccion Polska S.A. Capital Group
(hereafter referred to as the Group) includes:

- lease and sale of building scaffolding and formwork,
- execution of designs for applications of formwork and scaffolding on commission,
- export of construction services provided by the Group's companies,
- sale of construction materials and raw materials and accessories for concrete,
- transport, equipment and repair activities, including sale and lease of building equipment.

The parent entity ULMA Construccion Polska S.A. is a joint stock company (the Company). The Company commenced its activities on 14 February 1989 under the name Bauma Sp. z o.o., as a limited liability company (Ltd.) and was registered in Rep. No. A.II – 2791. On 15 September 1995, it was transformed into a joint stock company established through a notarial deed in front of the Notary Public Robert Dor in a Notarial Office in Warsaw, and registered in Rep. No. A 5500/95. On 29 October 2001, the District Court in Warsaw, XX Commercial Department of the National Court Register, entered the Company in the Register of Enterprises under the number KRS 0000055818. On 6 November 2006, the Extraordinary General Shareholder Meeting in Resolution No. 1 decided to change the Company's name from the name BAUMA S.A. to ULMA Construccion Polska S.A. The appropriate entry to the National Court Register was made on 14 November 2006.

## Registered office

**ULMA Construccion Polska S.A.**
(parent entity of the ULMA Construccion Polska S.A. Capital Group)
Koszajec 50
05-840 Brwinów

## Supervisory Board and Management Board of the Company

| | |
|---|---|
| Aitor Ayastuy Ayastuy | President of the Supervisory Board |
| Lourdes Urzelai Ugarte | Vice-President of the Supervisory Board |
| Ander Ollo Odriozola | Member of the Supervisory Board |
| Iñaki Irizar Moyua | Member of the Supervisory Board |
| Félix Esperesate Gutiérrez | Member of the Supervisory Board |
| Rafał Alwasiak | Member of the Supervisory Board |

## Audit Committee

| | |
|---|---|
| Rafał Alwasiak | President of the Committee |
| Aitor Ayastuy Ayastuy | Member of the Committee |
| Lourdes Urzelai Ugarte | Member of the Committee |

## Management Board

| | |
|---|---|
| Andrzej Kozłowski | President of the Management Board |
| Krzysztof Orzełowski | Member of the Management Board |
| José Ramón Anduaga Aguirre | Member of the Management Board |
| José Irizar Lasa | Member of the Management Board |
| Andrzej Sterczyński | Member of the Management Board |

## Chartered Auditor

KPMG Audyt Sp. z o.o, limited liability partnership
ul. Chłodna 51
00-867 Warszawa
The company is registered in the list of entities authorized to audit financial statements under the number 3546.

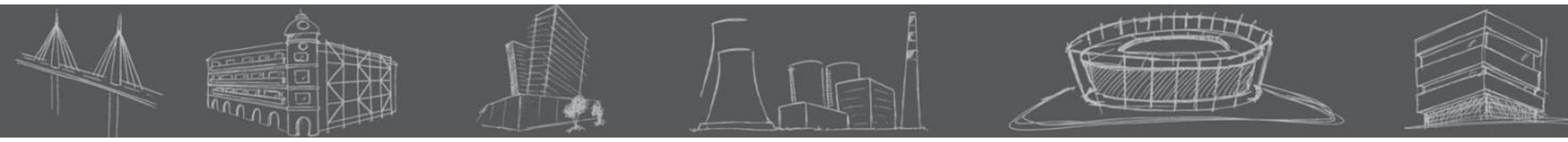
## Banks

mBank S.A.,
PEKAO S.A.,
BNP PARIBAS Bank Polska S.A.
PKO Bank Polski S.A.

## Stock exchange quotations

The company is quoted at the Stock Exchange in Warsaw ("WSE").
Symbol at the WSE: ULM.

All amounts expressed in PLN thou., unless indicated otherwise



# ULMA Construccion Polska S.A.
# CAPITAL GROUP

# CONSOLIDATED FINANCIAL STATEMENT FOR THE 3RD QUARTER OF 2014

## Consolidated statement of financial position

As at:

| | 30.09.2014 | 30.06.2014 | 31.12.2013 | 30.09.2013 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **I. Fixed (long-term) assets** | | | | |
| 1. Tangible fixed assets | 232 461 | 242 756 | 271 427 | 287 325 |
| 2. Intangible assets | 311 | 373 | 578 | 696 |
| 3. Shares in associated entities | 29 | 94 | 280 | 309 |
| 4. Other fixed assets | 4 137 | 4 150 | 4 179 | 4 192 |
| 5. Long-term receivables | 926 | 924 | 921 | 1 021 |
| **Total fixed (long-term) assets** | **237 864** | **248 297** | **277 385** | **293 543** |
| **II. Current (short-term) assets** | | | | |
| 1. Stocks | 9 213 | 7 828 | 6 807 | 6 430 |
| 2. Trade receivables and other receivables | 74 764 | 77 421 | 70 780 | 82 874 |
| 3. Income tax receivables | 92 | 88 | 492 | 82 |
| 4. Derivatives | - | - | 42 | 163 |
| 5. Cash and equivalents | 23 314 | 26 235 | 29 748 | 17 072 |
| **Total (short-term) current assets** | **107 383** | **111 572** | **107 869** | **106 621** |
| **Total assets** | **345 247** | **359 869** | **385 254** | **400 164** |
| **EQUITY AND LIABILITIES** | | | | |
| **I. Equity** | | | | |
| 1. Share capital | 10 511 | 10 511 | 10 511 | 10 511 |
| 2. Reserve capital – surplus from sale of shares over nominal value | 114 990 | 114 990 | 114 990 | 114 990 |
| 3. Exchange differences from consolidation | (9 087) | (9 207) | (4 498) | (4 051) |
| 4. Retained profit, including: | 169 975 | 169 802 | 178 125 | 178 085 |
| a) Net profit (loss) of the accounting period | *(8 150)* | *(8 323)* | *93* | *53* |
| **Total equity** | **286 389** | **286 096** | **299 128** | **299 535** |
| **II. Liabilities** | | | | |
| **1. Long-term liabilities** | | | | |
| a. Credits and loans | - | - | 10 604 | 17 428 |
| b. Deferred income tax liabilities | 5 410 | 6 412 | 9 228 | 9 544 |
| c. Long-term pension benefit liabilities | 136 | 136 | 136 | 102 |
| d. Long-term financial leasing liabilities | - | - | - | 26 |
| **Total long-term liabilities** | **5 546** | **6 548** | **19 968** | **27 100** |
| **2. Short-term liabilities** | | | | |
| a. Credits and loans | 17 463 | 24 299 | 33 243 | 35 673 |
| b. Short-term pension benefit liabilities | 3 | 3 | 3 | 14 |
| c. Short-term financial leasing liabilities | 30 | 67 | 139 | 148 |
| d. Current income tax liabilities | 1 467 | 1 012 | 1 439 | 1 303 |
| e. Derivatives | 66 | 8 | - | - |
| f. Trade liabilities and other liabilities | 34 283 | 41 836 | 31 334 | 36 391 |
| **Total short-term liabilities** | **53 312** | **67 225** | **66 158** | **73 529** |
| **Total liabilities** | **58 858** | **73 773** | **86 126** | **100 629** |
| **Total equity and liabilities** | **345 247** | **359 869** | **385 254** | **400 164** |

## Consolidated profit and loss account and other total income

| | 3rd quarter of 2014 | 3 quarters of 2014 | 3rd quarter of 2013 | 3 quarters of 2013 |
|---|---|---|---|---|
| Sales revenues | 47 052 | 143 752 | 58 111 | 157 144 |
| Costs of products, goods and materials sold | (41 008) | (130 791) | (48 284) | (136 442) |
| **I. Gross sales profit** | **6 044** | **12 961** | **9 827** | **20 702** |
| Sales and marketing costs | (1 811) | (10 043) | (1 690) | (5 675) |
| General administrative costs | (3 974) | (11 804) | (3 950) | (10 835) |
| Other operating expenditure | (250) | 725 | (63) | (852) |
| **II. Profit (loss) on operating level** | **9** | **(8 161)** | **4 124** | **3 340** |
| Financial revenues | 145 | 405 | 92 | 407 |
| Financial expenses | (47) | (1 965) | (879) | (2 789) |
| *Net financial expenses* | 98 | *(1 560)* | (787) | *(2 382)* |
| Share in profit (loss) in associated companies | (66) | (57) | (128) | (480) |
| **III. Profit (loss) before tax** | **41** | **(9 778)** | **3 209** | **478** |
| Current income tax | (958) | (2 292) | (1 401) | (2 059) |
| Deferred income tax | 1 090 | 3920 | 753 | 1 634 |
| **IV. Profit (loss) of the accounting period** | **173** | **(8 150)** | **2 561** | **53** |
| | | | | |
| Other total income: | | | | |
| Exchange differences from conversion of foreign subsidiaries | 199 | (4 486) | (1 035) | (98) |
| Income tax referring to the total other income items | (79) | (103) | 54 | (65) |
| **Total income of the accounting period** | **293** | **(12 739)** | **1 580** | **(110)** |
| | | | | |
| Profit (loss) of the accounting period falling to owners from the parent entity | 173 | (8 150) | 2 561 | 53 |
| Average weighted number of ordinary shares | 5 255 632 | 5 255 632 | 5 255 632 | 5 255 632 |
| Basic and diluted profit (loss) per share in the accounting period (in PLN per share) | 0.03 | (1.55) | 0.49 | 0.01 |

All amounts expressed in PLN thou., unless indicated otherwise

## Statement of changes in consolidated equity

| Details | Share capital in nominal value | Surplus from sale of shares over nominal value | Exchange differences from consolidation | Retained profit | Total equity |
|---|---|---|---|---|---|
| **As at 31.12.2012** | **10 511** | **114 990** | **(3 888)** | **188 543** | **310 156** |
| Total income in 2013 | - | - | (610) | 93 | (517) |
| Dividend – distribution of profit for 2012 | - | - | - | (10 511) | (10 511) |
| **As at 31.12.2013** | **10 511** | **114 990** | **(4 498)** | **178 125** | **299 128** |
| Total income in the period of 3 quarters of 2014 | - | - | (4 589) | (8 150) | (12 739) |
| **As at 30.09.2014** | **10 511** | **114 990** | **(9 087)** | **169 975** | **286 389** |

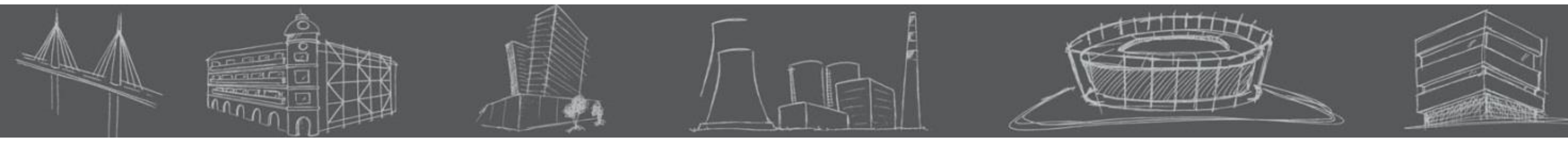
| Details | Share capital in nominal value | Surplus from sale of shares over nominal value | Exchange differences from consolidation | Retained profit | Total equity |
|---|---|---|---|---|---|
| **As at 31.12.2012** | **10 511** | **114 990** | **(3 888)** | **188 543** | **310 156** |
| Total income in the period of 3 quarters of 2013 | - | - | (163) | 53 | **(110)** |
| Dividend – distribution of profit for 2012 | | | - | (10 511) | **(10 511)** |
| **As at 30.09.2013** | **10 511** | **114 990** | **(4 051)** | **178 085** | **299 535** |

All amounts expressed in PLN thou., unless indicated otherwise

## Consolidated cash flow statement

| | 3rd quarter of 2014 | 3 quarters of 2014 | 3rd quarter of 2013 | 3 quarters of 2013 |
|---|---|---|---|---|
| **Net profit of the accounting period** | **173** | **(8 150)** | **2 561** | **53** |
| Adjustments: | | | | |
| - Income tax | (132) | (1 628) | 648 | 425 |
| - Depreciation of fixed assets | 16 461 | 53 291 | 18 964 | 59 777 |
| - Depreciation of intangible assets | 87 | 284 | 153 | 434 |
| - Net value of sold formwork – fixed assets | 1 447 | 6 501 | 3 720 | 9 372 |
| - (Profit)/loss from changes in fair value of financial instruments | 57 | 108 | (292) | (14) |
| - Received interest | (146) | (405) | (92) | (407) |
| - Interest expenses | 257 | 1 258 | 755 | 3 028 |
| - (Profit)/Loss on exchange differences | (37) | 83 | (271) | (306) |
| Changes in working capital: | | | | |
| - Stocks | (1 385) | (2 406) | 1 264 | (452) |
| - Trade receivables and other receivables | 2 657 | (3 984) | (700) | 5 896 |
| - Trade liabilities and other liabilities | (3 372) | 476 | 2 033 | (4 965) |
| | **16 067** | **45 428** | **28 743** | **72 841** |
| Income tax paid | (521) | (1 864) | (658) | (1 405) |
| **Net cash flows from operating activities** | **15 546** | **43 564** | **28 085** | **71 436** |
| Acquisition of tangible fixed assets | (11 683) | (23 871) | (17 411) | (35 435) |
| Receipts from sale of tangible fixed assets | 1 | 1 027 | 43 | 93 |
| Acquisition of intangible and legal assets | (24) | (27) | (4) | (343) |
| Loans granted | (10 105) | (25 161) | - | - |
| Repayment of loans granted | 10 105 | 25 161 | - | - |
| Interest received | 230 | 405 | 79 | 350 |
| **Net cash flows from investing activities** | **(11 476)** | **(22 466)** | **(17 293)** | **(35 335)** |
| Credits and loans received | - | - | (128) | 949 |
| Repayment of credits and loans | (6 821) | (26 340) | (13 617) | (36 146) |
| Payments for financial leasing | (36) | (109) | (35) | (109) |
| Interest paid | (270) | (1 303) | (848) | (3 173) |
| Dividend payment | - | - | (10 511) | (10 511) |
| **Net cash flows from financing activities** | **(7 127)** | **(27 752)** | **(25 139)** | **(48 990)** |
| **Net increase/(decrease) in the balance of cash and overdraft on current account** | **(3 057)** | **(6 654)** | **(14 347)** | **(12 889)** |
| Balance of cash and overdraft on current account as at period beginning | 25 235 | 29 748 | 31 320 | 29 592 |
| Exchange (loss)/profit from valuation of cash and overdraft on current account | 136 | 220 | 99 | 369 |
| **Balance of cash and overdraft on current account as at period end** | **23 314** | **23 314** | **17 072** | **17 072** |

All amounts expressed in PLN thou., unless indicated otherwise



# ULMA Construccion Polska S.A.
# CAPITAL GROUP

# ADDITIONAL INFORMATION FOR THE CONSOLIDATED FINANCIAL STATEMENT

## Notes to the consolidated financial statement

### Description of the major accounting rules used

The basic accounting rules used in preparing this consolidated financial statement are presented below. The described rules were applied in all the presented periods in a continuous way.

### Preparation basis

The consolidated financial statement of the ULMA Construccion Polska S.A. Capital Group, whose parent entity is ULMA Construccion Polska S.A. with its registered office in Warsaw, for the 9 months ended on 30 September 2014 has been prepared in accordance with IAS 34 "Interim financial reporting."
This statement has been prepared according to the historical cost principle, except for financial assets and liabilities (derivative financial instruments) valued at the fair value through the profit and loss account.

### Consolidation

Subsidiary entities are all entities (including special purpose ones) whose financial and operating policies can be controlled by the Group, which is usually associated with holding the majority of the overall number of votes in the authorities of those entities. The assessment whether the Group controls a given entity takes into consideration the existence and impact of potential voting rights which can be either realized or exchanged at a given moment. Subsidiary entities are subject to full consolidation starting from the day of the Group taking control over them. They stop being consolidated from the day of control cessation. The takeover cost is established as the fair value of the assets handed over, capital instruments issued and liabilities contracted or received as at the exchange day, increased by the costs directly related to the takeover. Identifiable acquired assets and liabilities, including contingent liabilities taken over under merger of business entities, are initially valued at their fair value as at the takeover day, independently of the size of possible minority shares. A surplus of the takeover cost of the fair value of the Group's share in identifiable taken over net assets is recognized as goodwill. If the takeover cost is lower than the fair value of the net assets of the subsidiary entity taken over, the difference is recognized directly in the financial result.

Transactions, settlements and unrealized profit on transactions between the Group's companies are eliminated. Unrealized loss is also subject to elimination, unless the transaction provides evidence for impairment of the asset handed over.

Exchange differences on cash items being part of net investment in an entity operating abroad are respectively recognized in the financial result in the individual financial statement of the entity preparing the consolidated statement or of the entity operating abroad. In the consolidated statement, such differences are first recognized in a separate equity position and in other total income, and on disposal of the net investment – in the financial result.

The accounting rules applied by the subsidiary entities have been changed wherever necessary to ensure compliance with the accounting rules applied by the Group.

## Valuation of items expressed in foreign currencies

### Functional currency and presentation currency

The items contained in the Group's financial statement are valued in the currency of the basic economic environment where a significant part of the Group pursues business activity (functional currency). The functional currency of the parent entity is Polish zloty, which is at the same time the presentation currency of the Group's financial statements.

### Transactions and balances

Transactions expressed in foreign currencies are converted to the functional currency at the exchange rate in force at the transaction day. Exchange profit and loss from the settlement of these transactions and from the balance sheet valuation of cash assets and liabilities expressed in foreign currencies are respectively recognized in the financial result. Exchange differences, both positive and negative ones, related to investing and financial activities, are ranked among financial expenses.
Exchange differences related to realization and balance sheet valuation of trade settlements increase or decrease revenue or expense items with which they are linked operationally.
As the closing rate of a given currency used for the purposes of balance sheet valuation of cash assets and liabilities expressed in foreign currencies, the Group adopts the average exchange rate of a given currency announced by the NBP as at the balance sheet date.

### Foreign companies

Financial statements of the companies being part of the ULMA Polska S.A. Capital Group,, for which functional currencies differ from the presentation currency, are converted to the presentation currency in the following way:

- assets and liabilities are converted at the closing rate in force as at the balance sheet date,
- revenues and expenses in the statement of total income are converted separately for each accounting month, at the closing rate in force as at the last day of a given month,
- all exchange differences resulting from the above are recognized as a separate component of equity and indicated in other total income.

### Exchange rates of currencies and inflation

| | Average exchange rates of zloty published by the NBP | | | | | Change in the index of consumer goods and services published by the Central Statistical Office |
|---|---|---|---|---|---|---|
| | UAH (hryvnia – Ukraine) | LTL (litas Lithuania) | RON (leu Romania) | KZT (tenge Kazakhstan) | EUR (euro) | |
| 30 September 2014 | 0.2554 | 1.2093 | 0.9469 | 0.017864 | 4.1755 | 0.2% |
| 30 June 2014 | 0.2562 | 1.2051 | 0.9488 | 0.016587 | 4.1609 | 0.4% |
| 31 December 2013 | 0.3706 | 1.2011 | 0.9262 | 0.019530 | 4.1472 | 0.9% |
| 30 September 2013 | 0.3811 | 1.2211 | 0.9452 | 0.020349 | 4.2163 | 1.0% |

All amounts expressed in PLN thou., unless indicated otherwise

## Financial instruments

Financial instruments shown in the statement of financial position include cash in hand and cash at bank, trade receivables and other receivables, financial assets shown at the fair value settled through the financial result, financial assets available for sale, trade liabilities and other liabilities, as well as credits and loans.
The adopted methods of presentation and valuation of the individual financial instruments are presented in the following points, which describe the adopted accounting rules.
Derivative financial instruments are initially recognized at the fair value as at the contract formation time. Later, their value is updated to the current fair value. As the derivative instruments held by the Group do not qualify for hedge accounting, the result of their valuation to the fair value is recognized in the financial result.
As at each balance sheet day, the Group assesses if there are premises evidencing impairment of financial assets. If this type of events occurs, the Group recognizes the cumulative loss, defined as the difference between the balance sheet value and the current fair value, in the statement of total income, at the same time decreasing the balance sheet value of a given asset.

## Tangible fixed assets

Tangible fixed assets, representing buildings, machines and equipment used for production, delivery of products and provision of services, or for management purposes, have been valued as at the balance sheet day at the purchase price or production cost, reduced by cumulative amortization and impairment write-downs.
Later investments are either taken into consideration in the balance sheet value of a given fixed asset or recognized as a separate fixed asset (where appropriate) only if it is probable that the Group will receive economic benefits due to the above, and the cost of a given item can be reliably measured. Later investments which do not increase the initial utility value of a given fixed asset are charged to the costs of the period in which they were incurred.
The land representing the Group's property is shown at the purchase price and is not subject to depreciation. Other fixed assets are depreciated with the straight line method in order to spread their initial value, decreased by the possible residual value, over their life cycle for the individual groups of assets of a specific kind.

The following life cycles (in years) have been adopted for the individual groups of fixed assets of a specific kind:

| | |
|---|---|
| • buildings and constructions | **25 – 40** |
| • investments in third party buildings | **10** |
| • machinery and technical equipment | **3 – 20** |
| • fittings, formwork systems and other fixed assets | **2 – 8** |

The residual value and life cycles of fixed assets are verified as at each balance sheet day, and adjusted if necessary.
If the balance sheet value of a fixed asset exceeds its estimated recoverable value, its balance sheet value is decreased to the level of the recoverable value (Note 1I).
Profit and loss from disposal of fixed assets are established by comparing the receipts from their sale with their balance sheet value, and are recognized in the financial result.

All amounts expressed in PLN thou., unless indicated otherwise

## Leasing – lessee's (beneficiary's) accounting

Leasing of assets in which a significant part of the risks and benefits following from the ownership title actually remain with the lesser constitutes operating leasing. The leasing charges, which the Group bears under operating leasing, burden the financial result linearly through the period of the leasing agreement.
Leasing of tangible fixed assets in which the Group takes over a significant part of the risks and benefits following from the ownership title constitutes financial leasing. The subject matter of financial leasing is recognized in assets as of the day of the leasing commencement at: either the fair value of the subject matter of the leasing or the current value of the minimum leasing charges, whichever is lower. The capital instalment part of the leasing charges borne in the reporting period reduces the capital part of the financial leasing liability, while the remainder, which constitutes the interest part, burdens financial expenses of the period. The division of leasing charges into the capital part and the interest part is performed in a way which enables obtaining a fixed interest rate with respect to the amount of liability still to be repaid for each period.
The tangible fixed assets which are the subject matter of financial leasing have been shown in the statement of financial position on par with other fixed assets and are subject to depreciation according to the same rules. If there is no reliable certainty that after expiration of the leasing agreement the Group will obtain the ownership right, the assets are depreciated over the leasing period or over their life cycle, whichever is shorter.

## Leasing – lessor's (financing party's) accounting

Leasing is an agreement under which, in return for a charge or a series of charges, the lessor (the financing party) passes to the lessee (the beneficiary) the right to use a certain asset over an agreed period. In case of handing over assets in operating leasing, a given asset is shown in the statement of financial position according to its character (kind). Revenues from operating leasing are recognized with the straight line method over the leasing period.
The subject matter of short term operating leasing are fixed assets belonging to the Group "Formwork systems."

## Intangible assets

### Software

Purchased licences for computer software are recognized in assets at the level of the costs incurred for their purchase and preparation of specific software for use. The recognized costs are written off over the estimated period of software use, i.e. 2-5 years.

## Impairment of fixed assets

Fixed assets subject to depreciation are analysed from the viewpoint of impairment, if there are premises indicating the possibility of failing to realize the balance sheet value of the possessed tangible fixed assets and intangible assets. The amounts of write-downs established as a result of the analysis (impairment test) decrease the balance sheet value of the asset that they concern, and are posted to costs of the period. Loss due to impairment is recognized at the level of the amount by which the balance sheet value of the given asset exceeds its recoverable value. The recoverable value is: either the fair value decreased by the costs of leading to sale or the utility value (reflected by the current value of the cash flows related to the given asset), whichever is higher. For the purposes of impairment analysis, assets are grouped at the lowest level for which separately identifiable cash flows (profit centres) occur. Non-financial assets other than goodwill which were subject to impairment in the past are reviewed for possible reversal of the write-down as at each balance sheet date.

## Investments

### Financial assets available for sale

The Group's investments include value of shares in entities other than the subsidiary and associated entities. Investments in other entities are presented as financial assets available for sale, since the Management Board does not intend to dispose of these investments during the next 12 months. Investments are initially recognized at the fair value increased by additional transaction costs. Increases in value of investments due to its update to the fair value are posted to equities. Decreases in value of investments for which increases have been made earlier reduce the revaluation capital. All other decreases following from impairment burden the financial result. In case of financial instruments available for sale whose fair value cannot be established in a reliable way (there is no active market for those instruments), valuation is carried out at the purchase cost of the financial instrument, reduced by write-downs updating value of the instrument.

## Stocks

Stocks of raw materials, materials, intermediate products, finished products and purchased goods are valued as at the balance sheet day at: either the purchase price (production cost) or the obtainable net sale price, whichever is lower. The cost of finished products and work in progress includes design costs, value of consumed raw materials, direct labour costs, other direct costs and the corresponding departmental production costs (based on normal production capacity), but exclude the expenses of external financing.
The net sale price is the price of sale carried out in the course of normal business operations, reduced by estimated costs of terminating the production and variable costs necessary for bringing the sale into effect.

Valuation of stock outgoings is carried out according to the "first one, first out" (FIFO) principle, except for raw materials and materials for production of formwork, whose outgoings are valued at average weighted purchase prices.
Whenever necessary, write-downs are created for obsolete, non-transferable and defective stocks.

## Trade receivables and other receivables

Trade receivables are recognized initially at the fair value, and then valued with the depreciated cost method using the effective interest rate, and reduced by impairment write-downs. Trade receivables deemed uncollectible are written off to costs at the moment of their recognition as uncollectible. If the Management Board deems it probable that the Group will not be able to recover the amounts due in their original value, an impairment write-down is made. The write-down amount corresponds to the difference between the book value and the current value of the expected future cash flows, discounted at the effective interest rate. Changes in the values of impairment write-downs for trade receivables are posted to the financial result, and charged to costs of sales and marketing during the period in which the change occurs.

### Deferred costs

In the balance sheet position "Trade receivables and other receivables", the entity shows also the amount of expenses incurred in a given accounting year posted to assets and concerning future accounting periods. Their value has been established in a reliable way, and in future they will cause inflow of economic benefits.

## Cash and equivalents

Cash and equivalents are recognized in the statement of financial position at the fair value corresponding to their nominal value. They consist of cash in hand and at bank, other short-term investments with high liquidity level and the original maturity period not exceeding 3 months.
The cash balance shown in the cash flow statement consists of the cash specified above and its equivalents, decreased by unrepaid amounts of overdraft on the current account.
Overdrafts on the current account are shown in the statement of financial position in the liabilities item – short-term credits and loans.

## Capitals

**Share capital**

Ordinary shares are classified as equity. Share capital is shown at the nominal value of shares. The surplus from sale of shares over nominal value decreased by the costs directly related to issuing new shares is shown as reserve capital.

**Retained profit**

The equity item "Retained profit" is used for recognizing cumulative retained profit and loss obtained by the Group in the preceding accounting periods, and the financial result of the current accounting year.

## Credits and loans

Credits and loans are recognized initially at the fair value reduced by the incurred transaction costs. In the subsequent periods, credits and loans are valued at the adjusted purchase price (depreciated cost) using the effective interest rate.
Credits and loans are ranked among short-term liabilities, unless the Group possesses an unconditional right to delay repayment of a liability by at least 12 months from the balance sheet date.

## Reserves

Reserves are established for existing Group's liabilities (either legal or following from the common law) resulting from past events, if there is a probability of a necessity to spend the Group's resources in order to discharge the liability, and if its estimated value can be established in a reliable way.

**Accrued expenses and deferred income**

In the statement of financial position item "Trade liabilities and other liabilities", the Group shows:

- estimated, in a reliable way, values of costs incurred in a given reporting period which have not been invoiced by the suppliers until the balance sheet date. The time and way of their settlement is justified by the character of the costs being settled, with preservation of the prudence principle.
- Deferred income, including in particular the equivalent of funds due for services to be executed in the subsequent reporting periods which have either been received or are due from the contracting parties.

# Essential estimations and booking estimates

While preparing the financial statement according to the International Financial Reporting Standards, the Management Board makes certain booking estimates and takes into consideration the Board's own knowledge with regard to the expected changes in the analysed quantities. The actual values may differ from the estimated ones. The balance sheet value of tangible fixed assets is established with help of estimated life cycles for the individual groups of fixed assets. The adopted life cycles of tangible fixed assets are subject to periodical verification based on analyses carried out by the Group.
Receivables are verified against impairment in case of occurrence of premises indicating the impossibility of their recovery. In such a situation, the value of write-downs of receivables is established based on the estimates prepared by the Group.

# Revenues

Revenues include the fair value of revenues from sale of products, goods and services, after decreasing them by tax on goods and services, discounts and rebates.
The Group recognizes sales revenues when the amount of revenues can be reliably measured, it is probable that the entity will obtain economic benefits in the future, and the specific criteria described below for each type of the Group's activities have been met.

## Revenue from sales of products and goods

Revenues from sale of products and goods are recognized if significant risks and benefits following from the ownership right to the products and goods have been passed to the purchaser, and if the amount of revenues can be reliably measured and the collectability of the dues is sufficiently certain.
This category is also used for recognizing revenues from sale of formwork systems, which are tangible fixed assets. The results on sale of other tangible fixed assets are shown in other operating expenditure.
In case of domestic sale, the moment of recognizing revenues from sale of products or goods is the moment of delivery of the products or goods from the Group's warehouse to the buyer. In case of export sale and inter-Community delivery of goods, the moment of recognizing the revenues depends on delivery terms specified according to the Incoterms 2000, written down in the contract being implemented. For contracts concluded on the FCA (or EXW) terms, the moment of recognizing sales revenues is the moment of delivery of products or goods from the Group's warehouse to the recipient. For contracts concluded on the CPT and CIP terms, revenues from sale of products and goods are recognized on the date of confirmation of delivery reception by the customer.

## Revenues from sales of services

Revenues from service sale concern, first of all, the services of building formwork lease.
Revenues from service sale are recognized in the period in which the services were provided, based on the advancement degree of a specific transaction, which is established based on the ratio of the actually executed work to the whole of services to be executed, if:

- amount of revenues can be valued in a reliable way,
- it is probable that the entity will obtain economic benefits from the executed transaction,
- degree of transaction realization as at the revenue recognition day can be established in a reliable way,
- costs borne in connection with the transaction and costs of ending the transaction can be valued in a reliable way.

### Interest

Interest revenues are recognized according to the accrual basis of accounting using the effective interest rate method. These revenues concern charges for the use of funds by the Group companies. If the value of a receivable decreases, the Group reduces its balance sheet value to the level of the recoverable value, equal to the estimated future cash flows discounted at the original effective interest rate of the instrument, and then gradually settles the discount amount in correspondence to the interest revenues.

### Dividend

Dividend revenues are recognized at the moment of acquiring the right for receiving the payment.

## Deferred income tax

The deferred income tax assets and liabilities, following from transient differences between the tax value of assets and liabilities and their balance sheet value, are recognized in the consolidated financial statement using the balance method. However, if the deferred income tax resulted from initial recognition of an asset or liability under a transaction other than merger of business entities, which has no impact on either the financial result or tax income (loss), then it is not shown. Deferred income tax is established using the tax rates (and regulations) in force, legally or de facto, as at the balance sheet day which are expected to be in force at the time of realizing the relevant deferred income tax assets or discharging the deferred income tax liability.

Deferred income tax assets are recognized if it is probable that in the future the company will obtain taxable income that will allow it to make use of the transient differences.

The deferred income tax assets and liabilities are balanced out, if there is a right which can be legally enforceable to offset current assets and tax liabilities and if the entity intends either to pay the tax in the net amount or at the same time realize the receivables and settle the liabilities.

## Employee benefits

### Retirement severance pays

Benefits due to retirement severance pays are payable in case of an employee acquiring the right for a retirement benefit under the Labour Code. The amount of the retirement severance pay due to an employee who acquires the retirement rights is calculated at the level of an additional remuneration for one month, calculated in exactly the same way as the equivalent for holiday leave. The Group recognizes reserves for retirement severance pays. The value of the corresponding liability is calculated by independent actuaries each year.
The basis for calculating the reserve for an employee is the anticipated amount of the retirement severance pay that the Group agrees to pay under the Regulations. The amount calculated in the above manner is discounted actuarially as at the balance sheet date. The discounted amount is reduced by the actuarially discounted as at the same day amount of annual write-downs to the reserve made to increase the reserve per employee. The actuarial discount means the product of the financial discount and the probability of an individual staying an employee of the Group until

the retirement age. In accordance with the IAS 19, the financial discount rate to calculate the current value of employee benefit liabilities was established based on market rate of return from treasury bonds whose currency and redemption date is consistent with the currency and the estimated date of discharge of the employee benefit liabilities.

## Definitions of the periods presented

This statement presents the following accounting periods:

- 3rd quarter of 2014 – period from 1 July to 30 September 2014
- 3 quarters of 2014 – period from 1 January to 30 September 2014
- 3rd quarter of 2013 – period from 1 July to 30 September 2013
- 3 quarters of 2013 – period from 1 January to 30 September 2013

## Additional information for the quarterly statement

Concise description of significant achievements or failures of the issuer in the period concerned by the statement, together with the list of the most important events concerning them and a description of factors and events, especially those of atypical nature, which had significant impact on the achieved financial results

### Market environment in Poland

In the 3rd quarter of 2014, Polish economy recorded a slowdown, which was reflected in the slowing down rate of growth dynamics of the construction and erection production which, in enterprises employing more than 9 persons, amounted to +5.5%, compared to +9.8% after the first half of 2014.

In the 3rd quarter of 2014, the **engineering sector** recorded a decline of -0.6%, and as a result, after 3 quarters of 2014, the dynamics of this market segment reached the level of +7.6%, compared to +15.5% after the first half of 2014. This was mainly caused by a significant reduction of work in road construction, currently awaiting the outcome of a few dozen tenders under the new pool of the EU funds.

In the same period of the third quarter of 2014, in the sub-segment of bridge objects, most important from the point of view of the Group's revenues, the construction and erection production decreased by as much as 25%, and as a result in total, after 3 quarters of 2014, the decrease amounted to 8.2%.

This negative trend in the road sector was slightly balanced by two-digit market growth in railway and industrial construction.

In the **non-housing sector**, usually characterized by the greatest stability, a declined by 0.6% was noted in the third quarter of 2014, and after 3 quarters of 2014, an increase of 1.9%.

The dynamics of construction and erection production in the **housing sector** was still slightly negative and amounted to -1.3% in the third quarter of 2014, compared to -1.1% after the first half of 2014. In the subsequent periods, these indicators should, however, improve due to the growth noticeable and lasting for several months in permits for construction of new housing, as well as an increase in the number of flats whose construction has started.

### Market environment abroad

In Kazakhstan, the construction market dynamics after three quarters amounted to 4.3% y/y, while traditionally the highest value of construction and erection production was generated in the administrative district of Astana in connection with the intensification of preparations for the EXPO 2017.

The persisting political instability in eastern Ukraine resulted in a further drop in investment activity. According to data published by the National Statistical Services of Ukraine, the total value of construction work carried out during the first 3 quarters of 2014 amounted to UAH 34.4 billion (decrease by 17.2% y/y).

In the Baltic countries, positive conditions in the construction industry were still lasting, favourable, among others, to signing contracts by the Capital Group on the Latvian market.

## Sales revenues

In the first 3 quarters of 2014, the Capital Group achieved PLN 143 752 thou. of total sales revenues, compared to PLN 157 144 thou. in the analogous period of the preceding year (decrease by 8.5%).

The decrease in sales revenues is related in a vast majority to the basic activities of the Capital Group, that is rental of formwork and scaffolding systems, especially on the Polish market. Revenues from this activity amounted to PLN 108 468 thou., compared to PLN 129 792 thou. in the analogous period of the preceding year (decrease by PLN 21 324 thou., i.e. 16.4%).

This decrease was partially compensated by growing revenues from trade export activities. In the analysed period, the Capital Group raised PLN 42 576 thou. of total revenues from trade export activities. These revenues were by 18% higher compared to the preceding year.
The amount of the said sales revenues was to the largest extent influenced by the export activities to Kazakhstan, where construction conditions are favourable, and the country's investment plans related to construction are promising. As a result, the share of trade export activities in total revenues increased to the level of 30% from 23% in the analogous period of the preceding year.

## Operating profitability

In the first 3 quarters of 2014, the Capital Group obtained a negative result on the operating activities, which amounted to PLN -8 161 thou., compared to a positive result in the amount of PLN 3 340 thou. in the analogous period of the preceding year (decrease by PLN 11 501 thou.). Nevertheless, the reorganization measures, which were successfully carried out in the first half of this year, resulted in achieving a neutral operating profit in the third quarter of 2014.

The basic figures related to EBIT (operating profit) and EBITDA
(operating profit + depreciation) in the analysed periods were as follows:

| | 1st quarter of 2014 | 2nd quarter of 2014 | 3rd quarter of 2014 | 3 quarters of 2014 | 2013 | 3 quarters of 2013 |
|---|---|---|---|---|---|---|
| Sales | 48 174 | 48 526 | 47 052 | 143 752 | 209 471 | 157 144 |
| EBIT | **(6 149)** | **(2 021)** | **9** | **(8 161)** | **3 907** | **3 340** |
| % of sales | (12,76) | (4.17) | 0.02 | (5.68) | 1.87 | 2.13 |
| Depreciation | 17 737 | 19 290 | 16 548 | 53 575 | 78 681 | 60 211 |
| EBITDA | **11 588** | **17 269** | **16 557** | **45 414** | **82 588** | **63 551** |
| % of sales | 24.06 | 35.59 | 35.19 | 31.59 | 39.43 | 40.44 |

In the first 3 quarters of 2014, total depreciation write-downs amounted to PLN 53 575 thou., compared to PLN 60 211 thou. in the analogous period of the preceding year. In the total amount of depreciation write-downs showed above, the largest item are depreciation write-downs concerning the formwork and scaffolding systems owned. Their amount depends primarily on the estimated period of economic usefulness of the equipment owned.

In the first 3 quarters of 2014, the Capital Group updated depreciation write-downs in order to take into account current changes in the economic usefulness and life of certain groups and categories of the equipment owned. As a result, in the period analysed, financial results were charged with the amount of PLN 3 081 thou. being the economic effect of change in the above-mentioned estimates. This amount may change by the end of 2014, nevertheless, the total amount of depreciation write-downs is still below the levels recorded in the analogous period of the preceding year.

All amounts expressed in PLN thou., unless indicated otherwise

In the first 3 quarters of 2014, the Capital Group noted a decrease in EBITDA in absolute terms by PLN 18 137 thou. in relation to the level achieved in the first 3 quarters of 2013.

Worse EBITDA in absolute terms is associated with a decrease in revenues of the Capital Group (in particular related to let out of formwork and scaffolding systems) following very poor market conditions in Poland, especially in the sub-segment of bridge objects, leading to price wars between market participants and decline in unit prices of services offered in other segments of the construction market.

The above-mentioned negative market phenomena visible on the Polish market, which is still the main market for the Capital Group, having a direct effect on the operating profitability and the level of EBITDA, were partially neutralized by the positive results of the reorganization measures initiated already in 2013. Since last year, the Management Board of the Capital Group has undertaken a number of actions to reduce the cost items and to adapt them to the current market situation, including: adjustment of employment and wage bill, renegotiations of contracts for external services related to the management and operation of logistics centres, optimization of the car fleet management and optimizations in repair activities related to the formwork and scaffolding systems owned. The results of these activities have had a positive impact on the operating results of the Capital Group since the beginning of the year, but their effects clearly influence the financial results from the second quarter of 2014. As a result, in the third quarter, it was possible to maintain EBITDA at a level similar to the second quarter of 2014 (+35.19%), in spite of the still difficult market situation, especially the enormous pressure on lowering prices for the services offered.

In the first 3 quarters of 2014, the Capital Group created net write-downs updating receivables (the sum of created and released write-downs) in the amount of PLN 6 855 thou., compared to PLN 3 291 thou. in the analogous period of the preceding year (presented in item “Sales and marketing costs”). This phenomenon results from the estimation of risk associated with the recovery of receivables in connection with court proceedings conducted by the Capital Group against debtors. In particular, the amount of write-downs updating receivables indicated above includes the amounts from the first quarter of 2014, i.e. PLN 5 528 thou., when the Capital Group settled implemented contracts burdening the debtor with the relevant amounts included in revenues.

In the first 3 quarters of 2014, the Capital Group developed its structure in the eastern markets (Lithuania, Kazakhstan). Therefore, administrative costs rose to PLN 11 804 thou., compared to PLN 10 835 thou. in the analogous period of the preceding year.

## Definition of the Capital Group’s exposure to exchange risk

The Capital Group’s companies are exposed to exchange risk on dates of the actual financial flows, which the Group tries to limit in the following ways:

- through mutual compensation of liabilities and receivables expressed in the same foreign currency and having the same maturity periods,
- through activeness in the currency market (purchase or sale of foreign currencies being the subject of settlements in parallel to the emerged liabilities or receivables expressed in a foreign currency),
- through activity in the forward market and concluding forward exchange contracts of the Non-Delivery Forward (NDF) type.

All the forward instruments (NDFs) held by the Capital Group are concluded solely and exclusively for the needs of actions hedging against the exchange risk and do not have traits of asymmetry.

The Capital Group does not apply the so-called “hedging accounting,” and as a consequence the (positive and negative) results of execution and valuation of hedging transactions are posted to the result of the period.

The results of hedging transactions obtained neutralize to a high extent the exchange risk to which the Capital Group is exposed.

## Other operating expenditure

In addition to the economic effects related to the settlement and valuation of contracts hedging against the exchange risk (NDFs), other operating activities include economic effects associated with the adaptation of elements of formwork systems to individual needs of customers and the general effects of administration of the property owned (negative and positive differences in inventory and reserves for a permanent impairment of the value of stocks).

In the first 3 quarters of 2014, the Capital Group received payment of compensation for the implementation of an insurance guarantee from the contractor of the Logistics Centre. This amount, together with lower costs of adaptation of elements of systems to individual needs of customers, is a positive difference shown in item “Other operating expenditure,” compared to the costs incurred in the analogous period of the preceding year.

## Financial expenses and other total income

The Capital Group uses bank credits for financing investments related to purchase of products designated for lease (i.e. formwork systems and scaffolding systems).

The balance of bank credits (short- and long-term ones) together with the interest accrued until the balance sheet date as at 30 September 2014 amounted to PLN 17 463 thou., compared to PLN 53 101 thou. as at 30 September 2013.

The consequence of the decrease in the balance of credits in financing activities was the decrease in the financial expenses related to interest on credits, which amounted to PLN 1 258 thou. in the 3rd quarter of 2013, compared to PLN 3 009 thou. in the analogous period of the preceding year (decrease by 58.2%).

## Net financial result

After taking into account income tax, in the first 3 quarters of 2014, the Capital Group achieved a negative net financial result in the amount of PLN (8 150) thou., compared to PLN 53 thou. of a positive net financial result achieved in the analogous period of the preceding year. Nevertheless, the net financial result achieved by the Capital Group in the third quarter of 2014 was positive and amounted to PLN 173 thou.

## Cash flow

Abridged statement of cash flows of the Group in the analysed periods is presented in table below:

| | 3 quarters of 2014 | 3 quarters of 2013 |
|---|---|---|
| Net profit (loss) | (8 150) | 53 |
| Depreciation | 53 575 | 60 211 |
| **Total financial surplus** | **45 425** | **60 264** |
| Other elements of net flows from operating activities | (1 861) | 11 172 |
| **Net cash flows from operating activities** | **43 564** | **71 436** |
| Net cash flows from investing activities | (22 466) | (35 335) |
| Net cash flows from financing activities | (27 752) | (48 990) |
| **Net cash flows** | **(6 654)** | **(12 889)** |

## Flows from operating activities

In the first 3 quarters of 2014, the Capital Group achieved a positive financial surplus (net profit + depreciation) which amounted to PLN 45 425 thou.

In the same period, cash flow from operating activities amounted to PLN 43 564 thou., compared to PLN 71 436 thou. in the analogous period of the preceding year (decrease by PLN 27 872 thou.).

## Flows from investing activities

In the first 3 quarters of 2014, in the wake of the difficult market situation in Poland, the Management Board of the Capital Group decidedly limited investing activities, focusing only on investment purchases of formwork and scaffolding needed to maintain equipment completion. As a result, in the first 3 quarters of 2014, the Capital Group made relatively insignificant investment purchases, which amounted to PLN 23 871 thou., compared to PLN 35 435 thou. in the analogous period of the preceding year.

## Flows from financing activities

In the first 3 quarters of 2014, according to the schedules resulting from the concluded loan agreements, the Group repaid instalments of bank loans raised in the preceding years. Expenditures on this account amounted to PLN 26 340 thou. In the analogous period of the preceding year, the Group made loan repayments totalling PLN 36 146 thou. Except for this, in the first 3 quarters of 2013, the Group paid out the dividend in the amount of PLN 10 511 thou. Therefore, in the first 3 quarters of 2014, the surplus of expenditures over revenues from financing activities amounted to PLN 27 752 thou., compared to PLN 48 990 thou. in the analogous period of 2013.

As a result of the above events, in the first 3 quarters of 2014, the Group noted a decrease in cash and overdraft on current account by PLN 6 654 thou., compared to PLN 23 314 thou. as at 30 September 2014.

All amounts expressed in PLN thou., unless indicated otherwise

## Explanations of the seasonality or cyclicality of the issuer's business activities in the presented period

Execution of construction works is characterized by high seasonality, which translates directly to the revenues obtained from the sale of products and services of the Capital Group. Particularly disadvantageous weather conditions and frequent delays in execution of budget investments occur usually in the first quarter of the year. The discussed factors usually improve in the subsequent quarters, and the peak of the construction season typically falls in the third quarter of the calendar year.

These phenomena also cause the effect of seasonality in the repair process of the products owned by the Capital Group (formwork and scaffolding systems). The largest part of this work falls in the construction season period, i.e. the second and third quarter of the year.

## Information on the issue, redemption and repayment of debt securities and capital securities

In the first 3 quarters of 2014, there were no operations of this type.

## Information on the paid (or declared) dividend, total and per share, separately for ordinary shares and privileged shares

The General Meeting of Shareholders held on 18 June 2013, passed a resolution to pay a dividend in the amount of PLN 10 511 264.00 (PLN 2.00 per share) from the profit generated in 2012. According to the above resolution, the date of setting the right to payment of dividend was 1 July 2013, and the dividend was paid on 12 July 2013.

In the first 3 quarters of 2014, the issuer did not pay a dividend.

## Information on the events which occurred after the day as at which the abridged quarterly financial statement was prepared, which are not covered by this report, but can have a significant impact on the future financial results of the ULMA Construccion Polska S.A. Capital Group

Despite the high degree of effectiveness of actions hedging against the exchange risk which can be achieved, a net result of these transactions remains under the influence of exchange rate fluctuations. This applies in particular to transactions hedging the exchange risk arising from the internal balance of loans granted by ULMA Construccion Polska S.A. to "daughter" companies.

As a result, the exchange rate fluctuations of EUR and USD to PLN, UAH (Ukrainian hryvnia) and KZT (tenge in Kazakhstan) continue to affect the total income generated by the Capital Group.

## Information on changes in contingent liabilities or contingent assets which have taken place since the end of the last accounting year

No changes in contingent liabilities or contingent assets have taken place since the end of the last accounting year.

## Information on revenues and results for the individual business or geographical segments specified in line with the IAS, depending on which division of segments is the basic one

The ULMA Construccion Polska S.A. Capital Group distinguishes two basic segments in its economic activities:

- construction servicing – segment covering rental of formwork systems and scaffoldings, together with logistic service in the broad sense and settlement of the construction at the end of contract,
- sale of building materials – segment covering sale of formwork systems constituting fixed assets and current assets (products and goods) of the Capital Group, as well as of other building materials.

The results of the segments are as follows:

### 3rd quarter of 2014 – period of 3 months ended on 30 September 2014

| Item description | Construction servicing | Sale of building materials | Capital Group |
|---|---|---|---|
| Total sales revenues | 38 129 | 14 275 | 52 404 |
| Sales between segments | (173) | (5 179) | (5 352) |
| **Sales revenues** | **37 956** | **9 096** | **47 052** |
| Operating expanses without depreciation | (20 636) | (9 859) | (30 495) |
| **EBITDA** | **17 320** | **(763)** | **16 557** |
| Depreciation | (16 095) | (453) | (16 548) |
| **Profit on the operating level EBIT** | **1 225** | **(1 216)** | **9** |

### 3 quarters of 2014 – period of 9 months ended on 30 September 2014

| Item description | Construction servicing | Sale of building materials | Capital Group |
|---|---|---|---|
| Total sales revenues | 108 956 | 52 592 | 161 548 |
| Sales between segments | (488) | (17 308) | (17 796) |
| **Sales revenues** | **108 468** | **35 284** | **143 752** |
| Operating expanses without depreciation | (66 843) | (32 495) | (98 338) |
| **EBITDA** | **42 625** | **2 789** | **45 414** |
| Depreciation | (51 854) | (1 721) | (53 575) |
| **Profit on the operating level EBIT** | **(9 229)** | **1 068** | **(8 161)** |

### 3rd quarter of 2013 – period of 3 months ended on 30 September 2013

| Item description | Construction servicing | Sale of building materials | Capital Group |
|---|---|---|---|
| Total sales revenues | 46 953 | 21 138 | 68 091 |

All amounts expressed in PLN thou., unless indicated otherwise

| | | | |
|---|---|---|---|
| Sales between segments | (449) | (9 531) | (9 980) |
| **Sales revenues** | **46 504** | **11 607** | **58 111** |
| Operating expanses without depreciation | (23 500) | (11 370) | (34 870) |
| **EBITDA** | **23 004** | **237** | **23 241** |
| Depreciation | (18 438) | (679) | (19 117) |
| **Profit (loss) on the operating level EBIT** | **4 566** | **(442)** | **4 124** |

### 3 quarters of 2013 – period of 9 months ended on 30 September 2013

| Item description | Construction servicing | Sale of building materials | Capital Group |
|---|---|---|---|
| Total sales revenues | 130 851 | 50 859 | 181 710 |
| Sales between segments | (1 059) | (23 507) | (24 566) |
| **Sales revenues** | **129 792** | **27 352** | **157 144** |
| Operating expanses without depreciation | (66 131) | (27 462) | (93 593) |
| **EBITDA** | **63 661** | **(110)** | **63 551** |
| Depreciation | (58 516) | (1 695) | (60 211) |
| **Profit (loss) on the operating level EBIT** | **5 145** | **(1 805)** | **3 340** |

Agreed profit (loss) on the operating level to the net financial result of the Group is presented below.

| | **3rd quarter of 2014** | **3 quarters of 2014** | **3rd quarter of 2013** | **3 quarters of 2013** |
|---|---|---|---|---|
| **Profit (loss) of segments on the operating level** | **9** | **(8 161)** | **4 124** | **3 340** |
| Interest revenues | 146 | 405 | 92 | 407 |
| Remaining financial revenues | - | - | - | - |
| Interest expenses | (265) | (1 265) | (755) | (3 028) |
| Remaining financial expenses | 217 | (700) | (124) | 239 |
| Share in results of associated entities | (66) | (57) | (128) | (480) |
| **Profit (loss) before tax** | **41** | **(9 778)** | **3 209** | **478** |
| Income tax | 132 | 1 628 | (648) | (425) |
| **Net profit (loss)** | **173** | **(8 150)** | **2 561** | **53** |

## Conversion of selected financial data to euro

| DETAILS | **in PLN thou.** | | **in EUR thou.** | |
|---|---|---|---|---|
| | **3 quarters of 2014** | **3 quarters of 2013** | **3 quarters of 2014** | **3 quarters of 2013** |
| Net revenues from sales of products, goods and materials | 143 752 | 157 144 | 34 388 | 37 211 |
| Result from operating activities | (8 161) | 3 340 | (1 952) | 791 |
| Result before tax | (9 778) | 478 | (2 339) | 113 |
| Net result | (8 150) | 53 | (1 949) | 13 |

All amounts expressed in PLN thou., unless indicated otherwise

| | | | | |
|---|---|---|---|---|
| Net cash flows from operating activities | 43 564 | 71 436 | 10 421 | 16 915 |
| Net cash flows from investing activities | (22 466) | (35 335) | (5 374) | (8 367) |
| Net cash flows from financing activities | (22 752) | (48 990) | (6 638) | (11 601) |
| Net cash flows | (6 654) | (12 889) | (1 592) | (3 052) |
| Diluted profit per ordinary share (in PLN/EUR) | (1.55) | 0.01 | (0.37) | - |
| Basic profit per ordinary share (in PLN/EUR) | (1.55) | 0.01 | (0.37) | - |
| | **30.09.2014** | **31.12.2013** | **30.09.2014** | **31.12.2013** |
| Total assets | 345 247 | 385 254 | 82 684 | 92 895 |
| Liabilities | 58 858 | 86 126 | 14 096 | 20 767 |
| Long-term liabilities | 5 546 | 19 968 | 1 328 | 4 815 |
| Short-term liabilities | 53 312 | 66 158 | 12 768 | 15 952 |
| Equity | 286 389 | 299 128 | 68 588 | 72 128 |
| Share capital | 10 511 | 10 511 | 2 517 | 2 535 |
| Average weighted number of shares | 5 255 632 | 5 255 632 | 5 255 632 | 5 255 632 |
| Number of shares as at balance day | 5 255 632 | 5 255 632 | 5 255 632 | 5 255 632 |
| Book value per share (in PLN/EUR) | 54.49 | 56.92 | 13.05 | 13.72 |

The individual items of assets, as well as equity and liabilities were converted to EUR using the average exchange rates announced by the President of the NBP in force as at the balance day. The average exchange rate of EUR as at 30 September 2014 was PLN 4.1755, and as at 31 December 2013 – PLN 4.1472.

The items of the statement of total income as well as the cash flow statement items were converted using the exchange rate representing the arithmetical mean of the exchange rates in force as at the last day of each month in the given period, i.e. the data for the period 1.01.-30.09.2014 was converted at the exchange rate of 4.1803 PLN/EUR, and the data for the analogous period of 2013 was converted at the exchange rate of 4.2231 PLN/EUR.

## Description of the organization of the ULMA Construccion Polska S.A. Capital Group, with indication of the entities subject to consolidation

The Group is controlled by ULMA C y E, S. Coop. with its registered office in Spain, which as at 31 March 2013, holds 75.49 % of shares in the Company. The remaining 24.51% of shares are held by numerous shareholders.

The ULMA Construccion Polska S.A. Capital Group consists of the following companies:

**Parent entity:**

- ULMA Construccion Polska S.A., a commercial company with its registered office in Koszajec 50, 05-840 Brwinów. On 15.09.1995, pursuant to a resolution of the Extraordinary Shareholder Meeting, the company was transformed from a limited liability company into a joint stock company (Notarial Deed of 15.09.1995, Rep. A No. 5500/95). It was entered in the Register of Enterprises by the District Court for the Capital City of Warsaw, XX Commercial Department of the National Court Register, under the number KRS 0000055818.

All amounts expressed in PLN thou., unless indicated otherwise

**Subsidiaries companies:**

- **ULMA Opałubka Ukraina sp. z o.o.**, with its registered office in Kiev at Gnat Jura 9, was set up on 18.07.2001. It was registered in the Sviatoshin Branch of the State Administration for the City of Kiev under the number 5878/01, and was granted the ID code 31563803. The business activity of the company includes sale and lease of formwork, and sale of building materials. The issuer's share in the capital and in the overall number of votes is 100%.
- ULMA Opałubka Kazakhstan sp. z o.o., with its registered office in Astana at Tashenov 25. Its strategic goal is to develop the basic activities of the Capital Group, i.e. rental of formwork and scaffolding systems, and dissemination of knowledge in the field of application of the formwork technology in the construction process in Kazakhstan. The issuer's share in the capital and in the overall number of votes is 100%.
- **ULMA Construccion BALTIC sp. z o.o.**, with its registered office in Vilnius at Pylimo 41-12. The subject of activity of the Company is rental of building scaffolding and formwork, wholesale and retail sale of building scaffolding and formwork, sale and rental of other construction equipment and other trading activities. The issuer's share in the capital and in the overall number of votes is 100%.

**Associated entity:**

- **ULMA Cofraje SRL**, with its registered office in Bragadiru at Soseaua de Centura No. 2-8 Corp C20 (Romania), was established on 9.10.2007. Registered in the National Office of Commercial Register in Bucharest, under the number 22679140. The business activity of the Company includes lease and sale of building scaffolding and formwork, including on leasing terms. The issuer's share in the capital and in the overall number of votes is 30%.

The subsidiary companies are fully consolidated, while the associated entity is consolidated with the equity method.

## Information on the results of changes in the business entity structure, including changes resulting from merger of business entities, takeover or sale of Capital Group entities, long-term investments, division, restructuring and cessation of business activities

In the period covered by this report, there were no changes in the ULMA Construccion Polska S.A. Capital Group structure.

## Position of the Management Board with regard to the possibility of achieving the forecasts of results for this year published earlier, in the light of the relation of the results presented in the quarterly report to the forecasts of results

The ULMA Construccion Polska S.A. Capital Group does not publish forecasts of financial results.

## Information on the shareholders holding either directly or indirectly via subsidiary companies at least 5% of the overall number of votes at the general meeting of ULMA Construccion Polska S.A. as at the day of submitting the quarterly statement, together with information on the number of shares held by these entities, their percentage share in the share capital, the number of votes at the general meeting of shareholders, and information on changes in the ownership structure of major shareholdings in ULMA Construccion Polska S.A. in the period since the submission of the previous quarterly statement

According to the status as at the day of submitting this quarterly statement, the shareholders holding over 5% of the overall number of votes include:

- **ULMA C y E S, Coop.** (Spain), which holds directly 3 967 290 shares in ULMA Construccion Polska S.A., constituting a 75.49% share in the Company's share capital and giving the right to 3 967 290 votes at the general meeting, which represents 75.49% of the overall number of votes.
- **Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK**, which holds directly 466 679*) shares in ULMA Construccion Polska S.A., constituting a 8,88% share in the Company's share capital and giving the right to 466 679 votes at the general meeting, which represents 8,88% of the overall number of votes.

*)Data on the basis of declaration of the right to dividend from 1 July 2013.

In the period from submission of the previous quarterly statement, there have been no changes in the ownership structure of significant shareholdings in ULMA Construccion Polska S.A.

## List of changes in the ownership of shares in ULMA Construccion Polska S.A. or rights to them (options) by persons managing and supervising the issuer, according to the information possessed by ULMA Construccion Polska S.A., in the period since submission of the previous statement

As far as ULMA Construccion Polska S.A. is aware, in the period from submission of the previous statement, there were no changes in the ownership of shares in ULMA Construccion Polska S.A. or rights to them (options) by the above-mentioned persons. None of the persons managing and supervising ULMA Construccion Polska S.A. holds shares in the issuer.

## Information on proceedings pending before a court, a body competent for arbitration proceedings or a public administration body, including information on:

- proceedings concerning liabilities or claims of ULMA Construccion Polska S.A. or its subsidiary entity whose value constitutes at least 10% of the equity of ULMA Construccion Polska S.A., with specification of: subject matter of the proceedings, value of the subject matter of the proceedings, date of initiating the proceedings, parties to the initiated proceedings, and the Company's position;

- two or more proceedings concerning liabilities or claims whose total value constitutes, respectively, at least 10% of the equity of ULMA Construccion Polska S.A., with specification of the total value of the proceedings separately in the liabilities and claims groups, together with the Company's position on that matter, and, for the greatest proceedings in the liabilities group and in the claims group – with information on their subject matter, value of the subject matter of the dispute, date of initiating the proceedings, and parties to the initiated proceedings.

ULMA Construccion Polska S.A. or its subsidiary companies are not a party to any proceedings relating to the Company's liabilities or claims whose unit value constitutes at least 10% of the equity of the Company.

**Proceedings concerning claims of ULMA Construccion Polska S.A. as at 30.09.2014:**

As at 30 September 2014, ULMA Construccion Polska S.A. is conducting 63 proceedings pending at court to the total value of PLN 44 459 thou. These cases include court proceedings which have not been completed yet by delivering a final judgement for payment by the court and the ongoing bankruptcy proceedings, both with the option of arrangement and liquidation.

In the third quarter of 2014, claims under bankruptcy proceedings were inventoried, together with the reversal of the write-down updating their value created in the preceding periods, in connection with the completion or discontinuation of these proceedings. The economic effect of this action was neutral for the financial results of the Capital Group.

List indicating individual groups of proceedings pending at court is presented in table below:

| Details | Number of proceedings | Balance of claims as at 30-09-2013 | Current status of the case |
|---|---|---|---|
| **Court proceedings** | **13** | **22 237** | |
| *including 5 largest items:* | | | |
| STRUKTURY SP. Z O.O. | | 14 525 | Proceedings for payment against the Debtor and the guarantor (the "mother" company in Spain). Awaiting court verdict in this case. |
| SIAC CONSTRUCTION LIMITED | | 4 139 | Court proceedings in Poland against the Debtor were resumed after the completion of the recovery proceedings in Ireland. Awaiting court verdict in this case. |
| MAX BOGL SP. Z O.O. | | 1 290 | Debtor filed an appeal after losing in the 1st instance. Awaiting verdict of the court of appeals. |
| P.H.U. POLKON SP. Z O.O. | | 715 | Proceedings against the Debtor and the guarantor. Awaiting the issuance of writ of execution for Debtors. |
| MARBUD KONSTRUKCJE sp. z o.o. | | 648 | Proceedings against the Debtor and the guarantor. Awaiting the issuance of writ of execution for Debtors. |

All amounts expressed in PLN thou., unless indicated otherwise

| | | | |
|---|---|---|---|
| | **Total** | **21 317** | **96% of total** |
| Details | Number | Balance | Current status of the case |
| **bankruptcy proceedings** | **50** | **22 222** | |
| *including 5 largest items:* | | | |
| HYDROBUDOWA POLSKA S.A. | | 6 602 | Notification to a trustee includes receivables from the Debtor on all the implemented contracts, including construction of the A4 motorway (Dębica-Rzeszów), which was carried out by the Debtor in consortium with SIAC Construction ltd. |
| RADKO SP. Z O.O. | | 4 358 | Regardless of the claim submitted in bankruptcy proceedings (with the option of arrangement), enforcement proceedings against the guarantors (Management Board of the Debtor) and proceedings related to “actio Paulina” are also conducted. On 5 May 2014, an action was instituted against the State Treasury for payment of compensation in connection with unconstitutionality of the Polish special roads Act of 28 June 2012 (Journal of Laws, item 891). |
| HENPOL SP. Z O.O. | | 1 010 | Claim submitted to a trustee. |
| WROBIS S.A. | | 844 | Claim submitted to a trustee. |
| ALPINE BAU GmbH SP. Z O.O. | | 815 | The claim was submitted both to a trustee in Austria and in Poland as a part of secondary bankruptcy proceedings, thereby fulfilling the necessary condition resulting from the Polish special roads Act of 28 June 2012 (Journal of Laws, item 891). |
| | **Total** | **13 629** | **61% of total** |
| | **61** | **44 459** | **Total court proceedings** |

The Group creates write-downs updating the level of receivables for all doubtful receivables and receivables under court proceedings. The amounts of these write-downs are included in item “Sales and marketing costs,” and their size corresponds to the estimates of the possibility of recovering receivables in a judicial process and debt collection proceedings.

## Information on ULMA Construccion Polska S.A. or its subsidiary entity concluding one or multiple transactions with related subjects, if they are significant either individually or jointly and were concluded on terms different from the market ones, together with the information on their value and presentation of:

1. information on the entity that the transaction was concluded with,
2. information on relations of ULMA Construccion Polska S.A. or its subsidiary with the entity being a party to the transaction,
3. information on the subject matter of the transaction,
4. essential terms of the transaction, with particular emphasis on the financial terms and information on the specific terms characteristic for the agreement specified by the parties, in particular terms deviating from those commonly used for this type of agreements,
5. other information on these transactions, if this is necessary for understanding the issuer’s property situation, financial condition and financial result,
6. all changes in transactions with related entities described in the last annual report which could have had significant impact on the issuer’s property situation, financial condition and financial result.

All amounts expressed in PLN thou., unless indicated otherwise

The transactions concluded in the third quarter of 2014 by ULMA Construccion Polska S.A. and its subsidiaries with related entities were of typical and routine character, were concluded on market terms, and their character and terms followed from pursuing the current operating activities.

The most important transactions were purchases, mainly of formwork and lease services related to formwork systems, made by ULMA Construccion Polska S.A. from ULMA C y E, S. Coop. with the value of PLN 21 878 thou.
Within the past 12 months (from 1.10.2013 to 30.09.2014), value of the above transactions amounted to PLN 24 906 thou.

In addition to commercial transactions, in the previous periods, ULMA Construccion Polska S.A. granted long-term loans to related entities. List of loans granted as at the debt on the balance sheet date and at 30.06.2014 and 31.12.2013 is shown in table below.

| Related entity | Value of loan 30.09.2014 | Value of loan 30.06.2014 | Value of loan 31.12.2013 |
|---|---|---|---|
| ULMA Opałubka Ukraine (EUR thou.) | 1 110 | 1 110 | 1 400 |
| ULMA Opałubka Ukraine (USD thou.) | 1 500 | 1 500 | - |
| ULMA Cofraje Romania (EUR thou.) | 221 | 221 | 221 |
| ULMA Construccion BALTIC (EUR thou.) | 1 500 | 1 500 | 1 500 |

The above loans granted to subsidiary companies are treated as net investment in the subsidiary entity. Unrealized exchange differences arising from the valuation of the aforementioned loans (excluding loan to ULMA Cofraje Romania) are recognized directly in equity of the Group.

## Information on ULMA Construccion Polska S.A. or its subsidiary granting sureties for a credit or a loan or granting guarantees – jointly to one entity or its subsidiary, if the total value of the existing sureties or guarantees is an equivalent of at least 10% of the equity of ULMA Construccion Polska S.A., with specification of:

1. name (business name) of the entity to which the sureties or guarantees were granted,
2. total amount of credits or loans which was respectively secured or guaranteed in the whole or in a certain part,
3. period for which the sureties or guarantees were granted,
4. financial terms on which the sureties or guarantees were granted, with specification of the remuneration of ULMA Construccion Polska S.A. or its subsidiary entity for granting the sureties or guarantees,
5. character of the relations between ULMA Construccion Polska S.A. and the entity which contracted the credits or loans.

In the third quarter of 2014, ULMA Construccion Polska S.A. reduced the surety granted to the subsidiary company ULMA Opałubka Ukraine sp. z o.o. from the amount of EUR 950 thou. to EUR 150 thou.

This change was associated with reduction of the credit line in the current account (from UAH 9 500 thou. to EUR 150 thou. denominated in UAH) requested by the company ULMA Opałubka Ukraine to its bank in Ukraine.

## Other information which, in the opinion of the ULMA Construccion Polska S.A. Group, is important for assessing its staffing condition, property condition and financial condition as well as its financial result and changes in the foregoing, and information important for assessing the capability of the ULMA Construccion Polska S.A. Group to discharge its liabilities

In the first 3 quarters of 2014, there were no significant events other than those described earlier. The Management Board of ULMA Construccion Polska S.A. is also not aware of any other information which would be important for assessing its staffing condition, property condition and financial condition as well as its financial result and changes in the foregoing, and for assessing the capability of the Capital Group's companies to discharge their liabilities

## Information on the factors which, in the opinion of ULMA Construccion Polska S.A., will influence the results achieved by the ULMA Construccion Polska S.A. Capital Group over at least the subsequent quarter

### Market in Poland

Despite the slowdown of growth in the third quarter of 2014, forecasts for the Polish construction market for the coming period are relatively optimistic. Tenders for more than 1 000 km of express roads await settlement, and the anticipated size of financing of road projects under the new EU perspective amounts (like in 2007-2013) to PLN 42 billion. In addition, the solutions negotiated by Poland during the last EU climate summit should encourage the continuation of investment programmes by energy companies, including for modernization and reconstruction of power units.

Moreover, the situation in special economic zones deserves the name of a real investment boom. Following the decision taken in the middle of 2013 extending the operation of the special zones by another six years, i.e. until 2026, the value of the declared projects after the first half of 2014 is almost three times greater than the result achieved for the whole 2013.

The prospects for the housing sector also look favourably. In the category of development construction, the number of flats for which building permits were issued increased after 3 quarters of 2014 by as much as 41.7%, and the number of flats whose construction started by 39.5%. According to the forecasts of the PMR published in October 2014, the increase in construction and erection production in the housing sector in 2015 should amount to 13%, while the increase of the entire construction market to at least 8%.

### Foreign markets

The factors which in the near future can have impact on the Company's revenues, realized on foreign markets, include:

- the result of the October parliamentary elections in Ukraine, which confirmed the country's pro-Western course and created conditions for starting necessary political and economic reforms,
- implementation of investment programmes adopted by the government of Kazakhstan and assuming a significant activation of the industrial and road sector, including the National Transport Infrastructure Development Programme for 2014-2020 assuming construction and modernization of national roads

with the length of 5.7 thou. km and the National Programme for Development of Industry and Innovation for 2014-2019 (33 projects of national importance and value of EUR 33 billion).

## Foreign markets

Companies of the Capital Group purchase products (formwork systems and their accessories) from the parent entity in Spain or other entities located outside the Polish borders. On the other hand, Companies of the Capital Group are active in export markets. As a result, the Capital Group is exposed to exchange risk, which the Group tries to limit by activity in the currency market or through activity in the forward market and concluding forward exchange contracts of the Non-Delivery Forward (NDF) type.

The subsidiary company, Ulma Opałubka Ukraine sp. z o.o., has a long-term intragroup loan denominated in EUR. Due to the lack of possibilities of an effective hedging against the exchange risk of this transaction, the Company remains exposed to the EUR-hryvnia currency exposure (derivative instruments whose base currency would be the Ukrainian hryvnia are still not available on the capital market in Ukraine).

The Management Board tries to minimize this risk by updating prices of the products and services offered following the change of rate of EUR to hryvnia. Nevertheless, in a situation of recession, this hedging is not fully effective.

## Other risks

Since November last year, when the Ukrainian government decided not to sign the association agreement with the European Union and the free trade agreement, the economic situation of this country deteriorated dramatically.

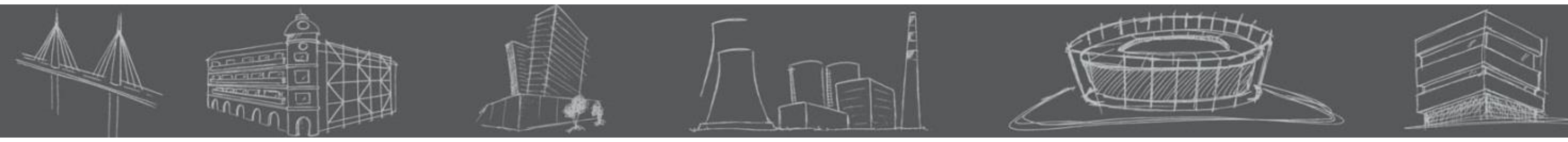
Political and social unrest combined with the growing tension and the risk of armed intervention by Russia further exacerbated the economic crisis of the country and led to a dramatic increase in the budget deficit, and in its consequence to the exhaustion of currency reserves by the National Bank of Ukraine. As a result, this led to the reduction in the rating indicators for the entire economy.

In February 2014, after devaluation of the national currency, difficult financial situation forced the National Bank of Ukraine to the introduction of administrative restrictions relating to the limitation of freedom to acquire foreign currencies. At the same time, the beginning of preparations for the introduction of a floating exchange rate regime for the native currency was announced.

The final result of this difficult situation and the political and economic effects of the current crisis are virtually impossible to quantify which, however, does not rule out the situation in which Ukraine's economy could suffer even more.

The Management Board of the Capital Group is constantly trying to respond to new views of the conflict in Ukraine, and while conducting in-depth monitoring of the turn of events, as well as in direct contact with the Management Board of ULMA Opałubka Ukraine, it is trying to maintain the stability of business activities in that country. However, political and social turbulence, including possible outbreak of a military conflict, may adversely affect the results and financial position of the subsidiary company operating in Ukraine.

This financial statement reflects the current evaluation of the Capital Group's Management Board as to the influence exerted by the geopolitical situation on the results generated by the subsidiary company and its ability to maintain financial stability in the future, and does not recognize any reserves in case of cessation of free activities.



**ULMA Construccion Polska S.A.**
**CAPITAL GROUP**

# INDIVIDUAL ABRIDGED FINANCIAL STATEMENT

## FOR THE 3RD QUARTER OF 2014

## Statement of financial position

| | 30.09.2014 | 30.06.2014 | 31.12.2013 | 30.09.2013 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **I. Fixed (long-term) assets** | | | | |
| 1. Tangible fixed assets | 227 672 | 238 120 | 263 867 | 280 271 |
| 2. Intangible assets | 245 | 308 | 491 | 603 |
| 3. Shares in associated entities | 8 198 | 8 198 | 8 198 | 8 960 |
| 4. Other fixed assets | 4 137 | 4 150 | 4 179 | 4 191 |
| 5. Long-term receivables | 16 850 | 16 510 | 13 018 | 11 839 |
| **Total (long-term) fixed assets** | **257 102** | **267 286** | **289 753** | **305 864** |
| II. Current (short-term) assets | | | | |
| 1. Stocks | 4 268 | 4 134 | 4 418 | 3 653 |
| 2. Trade receivables and other receivables | 73 744 | 75 746 | 68 521 | 86 689 |
| 3. Income tax receivables | 92 | 88 | 492 | 82 |
| 4. Derivatives | - | - | 42 | 163 |
| 5. Cash and equivalents | 20 663 | 24 293 | 26 272 | 13 911 |
| **Total (short-term) current assets** | **98 767** | **104 261** | **99 745** | **104 498** |
| **Total assets** | **355 869** | **371 547** | **389 498** | **410 362** |
| **EQUITY AND LIABILITIES** | | | | |
| I. Equity | | | | |
| 1. Share capital | 10 511 | 10 511 | 10 511 | 10 511 |
| 2. Reserve capital – surplus from sale of shares over nominal value | 114 990 | 114 990 | 114 990 | 114 990 |
| 3. Retained profit, including: | 171 629 | 172 452 | 182 526 | 187 129 |
| a) Net profit (loss) of the accounting period | *(10 907)* | *(10 074)* | *(4 744)* | *(141)* |
| **Total equity** | **297 120** | **297 953** | **308 027** | **312 630** |
| II. Liabilities | | | | |
| 1. Long-term liabilities | | | | |
| a. Credits and loans | - | - | 10 604 | 17 428 |
| b. Deferred income tax liabilities | 8 223 | 8 818 | 11 512 | 12 025 |
| c. Long-term pension benefit liabilities | 136 | 136 | 136 | 102 |
| d. Long-term financial leasing liabilities | - | - | - | 27 |
| **Total long-term liabilities** | **8 359** | **8 954** | **22 252** | **29 582** |
| 2. Short-term liabilities | | | | |
| a. Credits and loans | 17 463 | 24 299 | 30 094 | 33 577 |
| b. Short-term pension benefit liabilities | 3 | 3 | 3 | 14 |
| c. Short-term financial leasing liabilities | 30 | 67 | 139 | 148 |
| d. Current income tax liabilities | 28 | - | - | 336 |
| e. Derivatives | 66 | 8 | - | - |
| f. Trade liabilities and other liabilities | 32 800 | 40 263 | 28 983 | 34 075 |
| **Total short-term liabilities** | **50 390** | **64 640** | **59 219** | **68 150** |
| **Total liabilities** | **58 749** | **73 594** | **81 471** | **97 732** |
| **Total equity and liabilities** | **355 869** | **371 547** | **389 498** | **410 362** |

## Profit and loss account and other total income

| | 3rd quarter of 2014 | 3 quarters of 2014 | 3rd quarter of 2013 | 3 quarters of 2013 |
|---|---|---|---|---|
| Sales revenues | 42 872 | 131 447 | 56 066 | 153 318 |
| Costs of products, goods and materials sold | (40 106) | (130 169) | (49 099) | (138 358) |
| **I. Gross sales profit** | **2 766** | **1 278** | **6 967** | **14 960** |
| Sales and marketing costs | (1 519) | (9 413) | (1 119) | (4 638) |
| General administrative costs | (2 695) | (8 035) | (2 869) | (7 940) |
| Other operating expenditure | (178) | 865 | (64) | (861) |
| **II. Profit (loss) on operating level** | **(1 626)** | **(15 305)** | **2 915** | **1 521** |
| Financial revenues | 460 | 2 974 | 319 | 1 043 |
| Financial expenses | 303 | (458) | (1 046) | (2 206) |
| *Net financial expenses* | *763* | *2 516* | *(727)* | *(1 163)* |
| **III. Profit (loss) before tax** | **(863)** | **(12 789)** | **2 188** | **358** |
| Current income tax | (565) | (1 406) | (959) | (959) |
| Deferred income tax | 595 | 3 288 | 431 | 460 |
| **IV. Profit (loss) of the accounting period** | **(833)** | **(10 907)** | **1 660** | **(141)** |
| | | | | |
| Other total income: | | - | - | - |
| **V. Total income of the accounting period** | **(833)** | **(10 907)** | **1 660** | **(141)** |
| | | | | |
| Net profit (loss) of the accounting period | **(833)** | **(10 907)** | **1 660** | **(141)** |
| Average weighted number of ordinary shares | 5 255 632 | 5 255 632 | 5 255 632 | 5 255 632 |
| Basic and diluted profit (loss) per share in the accounting period (in PLN per share) | (0.16) | (2.08) | 0.32 | (0.03) |

All amounts expressed in PLN thou., unless indicated otherwise

## Account of changes in equity

| Details | Share capital in nominal value | Surplus from sale of shares over nominal value | Retained profit | Total equity |
|---|---|---|---|---|
| **As at 31.12.2012** | **10 511** | **114 990** | **197 781** | **323 282** |
| Net total income in 2013 | - | - | (4 744) | **(4 744)** |
| Dividend – distribution of profit for 2012 | - | - | (10 511) | **(10 511)** |
| **As of 31.12.2013** | **10 511** | **114 990** | **182 526** | **308 027** |
| Total income in the period of 3 quarters of 2014 | - | - | (10 907) | **(10 907)** |
| **As at 30.09.2014** | **10 511** | **114 990** | **171 619** | **297 120** |

| Details | Share capital in nominal value | Surplus from sale of shares over nominal value | Retained profit | Total equity |
|---|---|---|---|---|
| **As at 31.12.2012** | **10 511** | **114 990** | **197 781** | **323 282** |
| Total income in the period of 3 quarters of 2013 | - | - | (141) | **(141)** |
| Dividend – distribution of profit for 2012 | - | - | (10 511) | **(10 511)** |
| **As at 30.09.2013** | **10 511** | **114 990** | **187 129** | **312 630** |

All amounts expressed in PLN thou., unless indicated otherwise

## Cash flow statement

| | 3rd quarter of 2014 | 3 quarters of 2014 | 3rd quarter of 2013 | 3 quarters of 2013 |
|---|---|---|---|---|
| **Net profit of the accounting period** | **(833)** | **(10 907)** | **1 660** | **(141)** |
| Adjustments: | | | | |
| - Income tax | (30) | (1 882) | 528 | 498 |
| - Depreciation of fixed assets | 15 116 | 52 027 | 19 026 | 60 340 |
| - Depreciation of intangible assets | 80 | 264 | 146 | 417 |
| - Net value of sold formwork – fixed assets | 1 253 | 5 368 | 3 059 | 7 682 |
| - (Profit)/loss from changes in fair value of financial instruments | 57 | 108 | (292) | (13) |
| - Interest received | (460) | (2 974) | (319) | (1 043) |
| - Interest expenses | 265 | 1 129 | 706 | 2 848 |
| - (Profit)/Loss on exchange differences | (584) | (788) | 397 | (726) |
| Changes in working capital: | | | | |
| - Stocks | (134) | 150 | 1 413 | 908 |
| - Trade receivables and other receivables | 2 001 | (5 223) | (4 115) | 814 |
| - Trade liabilities and other liabilities | (809) | 3 815 | 1 087 | (6 028) |
| | **15 922** | **41 087** | **23 296** | **65 556** |
| Income tax paid | (539) | (977) | (640) | (668) |
| **Net cash flows from operating activities** | **15 383** | **40 110** | **22 656** | **64 888** |
| Acquisition of tangible fixed assets | (12 562) | (22 185) | (13 987) | (27 257) |
| Receipts from sale of tangible fixed assets | 1 | 1 026 | 43 | 93 |
| Acquisition of intangible assets | (17) | (17) | - | (299) |
| Loans granted | (10 105) | (29 731) | - | (4 041) |
| Repayment of loans granted | 10 105 | 26 456 | - | 781 |
| Dividends received | - | 1 664 | - | - |
| Interest received | 536 | 1 301 | 307 | 987 |
| **Net cash flows from investing activities** | **(12 042)** | **(21 486)** | **(13 637)** | **(29 736)** |
| Receipts from share issue | - | - | - | - |
| Credits and loans received | - | - | - | - |
| Repayment of credits and loans | (6 824) | (23 190) | (13 617) | (36 146) |
| Payments for financial leasing | (37) | (108) | (35) | (109) |
| Interest paid | (277) | (1 175) | (799) | (2 993) |
| Dividend payment | - | - | (10 511) | (10 511) |
| **Net cash flows from financing activities** | **(7 138)** | **(24 473)** | **(24 962)** | **(49 759)** |
| **Net increase/(decrease) in the balance of cash and overdraft on current account** | **(3 797)** | **(5 849)** | **(15 943)** | **(14 607)** |
| Balance of cash and overdraft on current account as at period beginning | 24 293 | 26 272 | 29 936 | 28 168 |
| Exchange (loss)/profit from valuation of cash and overdraft on current account | 167 | 240 | (82) | 350 |
| **Balance of cash and overdraft on current account as at period end** | **20 663** | **20 663** | **13 911** | **13 911** |

All amounts expressed in PLN thou., unless indicated otherwise

## Description of the major accounting rules used

The basic accounting rules used in preparing this consolidated financial statement are presented below. The described rules were applied in all the presented periods in a continuous way.

## Investments in subsidiary and associated entities

Investments in subsidiary and associated entities are recognized at the historical cost, adjusted for the write-downs updating their value. The results of changes in the write-downs updating the value of investments in subsidiary entities are included in the financial revenues or expenses of the reporting period in which the change occurred.

## Conversion of selected financial data to euro

Conversion of selected financial data to euro is presented in table below:

| DETAILS | in PLN thou. | | in EUR thou. | |
|---|---|---|---|---|
| | 3 quarters of 2014 | 3 quarters of 2013 | 3 quarters of 2014 | 3 quarters of 2013 |
| Net revenues from sales of products, goods and materials | 131 447 | 153 318 | 31 444 | 36 304 |
| Result from operating activities | (15 305) | 1 521 | (3 661) | 360 |
| Gross result | (12 789) | 358 | (3 059) | 85 |
| Net result | (10 907) | (141) | (2 609) | (33) |
| Net cash flows from operating activities | 40 110 | 64 888 | 9 595 | 15 365 |
| Net cash flows from investing activities | (21 486) | (29 736) | (5 140) | (7 041) |
| Net cash flows from financing activities | (24 473) | (49 759) | (5 854) | (11 782) |
| Net cash flows | (5 849) | (14 607) | (1 399) | (3 459) |
| Basic profit per ordinary share (in PLN/EUR) | (2.08) | (0.03) | (0.50) | (0.01) |
| Diluted profit per ordinary share (in PLN/EUR) | (2.08) | (0.03) | (0.50) | (0.01) |
| | **30.09.2014** | **31.12.2013** | **30.09.2014** | **31.12.2013** |
| Total assets | 355 869 | 389 498 | 85 228 | 93 918 |
| Liabilities | 58 749 | 81 471 | 14 070 | 19 644 |
| Long-term liabilities | 8 359 | 22 252 | 2 002 | 5 365 |
| Short-term liabilities | 50 390 | 59 219 | 12 068 | 14 279 |
| Equity | 297 120 | 308 027 | 71 158 | 74 274 |
| Share capital | 10 511 | 10 511 | 2 517 | 2 535 |
| Average weighted number of shares | 5 255 632 | 5 255 632 | 5 255 632 | 5 255 632 |
| Number of shares as at balance day | 5 255 632 | 5 255 632 | 5 255 632 | 5 255 632 |
| Book value per share (in PLN/EUR) | 56.53 | 58.61 | 13.54 | 14.13 |

The individual items of assets, as well as equity and liabilities were converted to EUR using the average exchange rates announced by the President of the NBP in force as at the balance day. The average exchange rate of EUR as at 30 September 2014 was PLN 4.1755, and as at 31 December 2013 – PLN 4.1472.

All amounts expressed in PLN thou., unless indicated otherwise

The items of the statement of total income as well as the cash flow statement items were converted using the exchange rate representing the arithmetical mean of the exchange rates in force as at the last day of each month in the given period, i.e. the data for the period 1.01.-30.09.2014 was converted at the exchange rate of 4.1803 PLN/EUR, and the data for the analogous period of 2013 was converted at the exchange rate of 4.2231 PLN/EUR.