



# ULMA Construcción Polska S.A. Group

**Opinion and Report  
of the Independent Auditor  
Financial Year ended  
31 December 2016**

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.  
ul. Inflancka 4A  
00-189 Warszawa, Polska  
Tel. +48 (22) 528 11 00  
Faks +48 (22) 528 10 09  
kpmg@kpmg.pl

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## **OPINION OF THE INDEPENDENT AUDITOR**

*To the General Meeting of ULMA Construcción Polska S.A.*

### **Opinion on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of the Group, whose parent entity is ULMA Construcción Polska S.A. with its registered office in Koszajec 50 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

#### *Management's and Supervisory Board's Responsibility for the Consolidated Financial Statements*

Management of the Parent Entity is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2016, item 1047 with amendments) ("the Accounting Act"), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements are in compliance with the requirements set forth in the Accounting Act.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act and International Standards on Auditing as adopted by the resolution dated 10 February 2015 of the National Council of Certified Auditors as National Standards on Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management of the Parent Entity, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion*

In our opinion, the accompanying consolidated financial statements of ULMA Construcción Polska S.A. Group:

- give a true and fair view of the financial position of the Group as at 31 December 2016 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union; and
- comply, in all material respects, with applicable regulations that apply to the consolidated financial statements of the Group.

#### **Specific Comments on Other Legal and Regulatory Requirements**

##### *Report on the Group's Activities*

Management of the Parent Entity is responsible for the report on the Group's activities.

Our opinion on the consolidated financial statements does not cover the report on the Group's activities.

As required by the Accounting Act and the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent of information required by the laws of a non-member state (Official Journal from 2014, item 133 with amendments) (the "Decree"), we report that the accompanying report on the Parent Company's and the Group's activities includes the information required by Art. 49 of the Accounting Act and the Decree and the information is consistent, in all material respects, with the consolidated financial statements. Furthermore, based on our knowledge about the Group and its environment obtained in the audit, we have not identified material misstatements in the report on the Group's activities.

As required by the Accounting Act and the Decree we report that the statement of corporate governance, which is a separate part of the report on the Parent Company's and the ULMA Construcccion Polska S.A. Group's activities, includes the information required by paragraph 91 subparagraph 5 point 4 letter a, b, j and k of the Decree. Furthermore we report that the information identified in paragraph 91 subparagraph 5 point 4 letter c, d, e, f, h and i of the Decree, included in the statement of corporate governance, in all material respects:

- has been prepared in accordance with the applicable regulations; and
- is consistent with the information contained in the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.  
Registration No. 3546  
4A Inflancka Street  
00-189 Warsaw

*Signed on the Polish original*

.....  
Miroslaw Matusik  
Key Certified Auditor  
Registration No. 90048  
Limited Liability Partner  
with power of attorney

16 March 2017



# ULMA Construcción Polska S.A. Group

**Report on the audit  
of the consolidated financial statements**

**Financial Year ended**

**31 December 2016**



## **ULMA Construcción Polska S.A. Group**

The report on the audit of the consolidated financial statements  
for the financial year ended 31 December 2016

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## **Contents**

<b>1.</b>	<b>General</b>	<b>3</b>
1.1.	Identification of the Group	3
1.1.1.	Name of the Group	3
1.1.2.	Registered office of the Parent Company of the Group	3
1.1.3.	Registration of the Parent Entity in the register of entrepreneurs of the National Court Register	3
1.1.4.	Management of the Parent Entity	3
1.2.	Key Certified Auditor and Audit Firm Information	3
1.2.1.	Key Certified Auditor information	3
1.2.2.	Audit Firm information	4
1.3.	Prior period consolidated financial statements	4
1.4.	Audit scope and responsibilities	4
<b>2.</b>	<b>Financial analysis of the Group</b>	<b>6</b>
2.1.	Summary analysis of the consolidated financial statements	6
2.1.1.	Consolidated statement of financial position	6
2.1.2.	Consolidated statement of profit or loss and other comprehensive income	7
2.2.	Selected financial ratios	8
<b>3.</b>	<b>Detailed report</b>	<b>9</b>
3.1.	Accounting principles	9
3.2.	Basis of preparation of the consolidated financial statements	9
3.3.	Method of consolidation	9
3.4.	Consolidation of equity	9
3.5.	Consolidation eliminations	10



**ULMA Construcción Polska S.A. Group**

The report on the audit of the consolidated financial statements  
for the financial year ended 31 December 2016

TRANSLATION

## **1. General**

### **1.1. Identification of the Group**

#### **1.1.1. Name of the Group**

ULMA Construcción Polska S.A. Group

#### **1.1.2. Registered office of the Parent Company of the Group**

50 Koszajec  
05-840 Brwinów

#### **1.1.3. Registration of the Parent Entity in the register of entrepreneurs of the National Court Register**

Registration court:	District Court for the Capital City of Warsaw in Warsaw, XIV Commercial Department of the National Court Register
Date:	29 October 2001
Registration number:	KRS 0000055818
Share capital as at the end of reporting period:	PLN 10,511,264.00

#### **1.1.4. Management of the Parent Entity**

The Management Board is responsible for management of the Parent Entity.

As at 31 December 2016, the Management Board of the Parent Entity was comprised of the following members:

- Rodolfo Carlos Muñiz Urdampilleta – President of the Management Board,
- Krzysztof Orzełowski – Member of the Management Board,
- Ander Ollo Odriozola – Member of the Management Board,
- Andrzej Piotr Sterczyński – Member of the Management Board.

On 16 June 2016 Mr. Andrzej Kozłowski's term as President of the Management Board expired.

According to the resolution of the Supervisory Board dated 16 June 2016 Mr. Rodolfo Carlos Muñiz Urdampilleta was appointed to the position of President of the Management Board.

According to the resolution of the Supervisory Board dated 16 June 2016, Mr. Krzysztof Orzełowski, Mr. Ander Ollo Odriozola and Mr. Andrzej Piotr Sterczyński were chosen for the next 3 year term, as Members of the Management Board.

### **1.2. Key Certified Auditor and Audit Firm Information**

#### **1.2.1. Key Certified Auditor information**

Name and surname:	Mirosław Matusik
Registration number:	90048



**ULMA Construcción Polska S.A. Group**

The report on the audit of the consolidated financial statements  
for the financial year ended 31 December 2016

TRANSLATION

**1.2.2. Audit Firm information**

Name: KPMG Audy t Spółka z ograniczoną odpowiedzialnością sp.k.  
Address of registered office: 4A Inflancka Street, 00-189 Warsaw  
Registration number: KRS 0000339379  
Registration court: District Court for the Capital City of Warsaw in Warsaw,  
XII Commercial Department of the National Court Register  
NIP number: 527-26-15-362

KPMG Audy t Spółka z ograniczoną odpowiedzialnością sp.k. is entered into the register of audit firms, maintained by the National Council of Certified Auditors, under number 3546.

**1.3. Prior period consolidated financial statements**

The consolidated financial statements for the financial year ended 31 December 2015 were audited by KPMG Audy t Spółka z ograniczoną odpowiedzialnością sp.k. and received an unmodified opinion.

The consolidated financial statements were approved at the General Meeting of the Parent Entity on 16 June 2016.

The consolidated financial statements were submitted to the Registration Court on 23 June 2016.

**1.4. Audit scope and responsibilities**

The consolidated financial statements were audited in accordance with the contract dated 15 July 2016, concluded on the basis of the resolution of the Supervisory Board dated 5 May 2016 on the appointment of the auditor.

We conducted our audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2016, item 1047 with amendments) ("the Accounting Act") and International Standards on Auditing as adopted by the resolution dated 10 February 2015 of the National Council of Certified Auditors as National Standards on Assurance.

We audited the consolidated financial statements in the Parent's Company's office during the period from 21 to 25 November 2016 and from 6 to 17 February 2017.

Management of the Parent Entity is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations. Management of the Parent Entity is also responsible for the report on the Group's activities.

Our responsibility is to express an opinion and to prepare a report on the audit of the financial statements.

The Management Board of the Parent Entity submitted a statement, dated as at the same date as this report, as to the preparation of the consolidated financial statements that give a true and fair view, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All required statements, explanations and information were provided to us by Management of the Group and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.





**ULMA Construcción Polska S.A. Group**

The report on the audit of the consolidated financial statements  
for the financial year ended 31 December 2016

*TRANSLATION*

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm are independent of the entities within the Group in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants' as adopted by the resolution of National Council of Certified Auditors dated 13 June 2011 ("IESBA Code") and the impartiality and independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2016, item 1000 with amendments) and have fulfilled other ethical responsibilities in accordance with these regulations and the IESBA Code.



**ULMA Construcción Polska S.A. Group**

The report on the audit of the consolidated financial statements  
for the financial year ended 31 December 2016

TRANSLATION

## 2. Financial analysis of the Group

### 2.1. Summary analysis of the consolidated financial statements

#### 2.1.1. Consolidated statement of financial position

ASSETS	31.12.2016 PLN '000	% of total	31.12.2015 PLN '000	% of total
<b>Non-current assets</b>				
Property, plant and equipment	205,746	61.2	201,218	61.2
Intangible assets	201	0.1	200	-
Shares in associates	-	-	566	0.2
Other non-current assets	4,012	1.2	4,068	1.2
Long-term receivables	981	0.3	945	0.3
Deferred tax assets	1,071	0.3	-	-
<b>Total non-current assets</b>	<b>212,011</b>	<b>63.1</b>	<b>206,997</b>	<b>62.9</b>
<b>Current assets</b>				
Inventories	3,630	1.1	5,847	1.8
Trade and other receivables	82,613	24.6	80,493	24.5
Income tax receivable	730	0.2	592	0.2
Cash and cash equivalents	36,948	11.0	34,964	10.6
<b>Total current assets</b>	<b>123,921</b>	<b>36.9</b>	<b>121,896</b>	<b>37.1</b>
<b>TOTAL ASSETS</b>	<b>335,932</b>	<b>100.0</b>	<b>328,893</b>	<b>100.0</b>
<b>EQUITY AND LIABILITIES</b>	<b>31.12.2016 PLN '000</b>	<b>% of total</b>	<b>31.12.2015 PLN '000</b>	<b>% of total</b>
<b>Equity</b>				
Share capital	10,511	3.1	10,511	3.2
Share premium	114,990	34.2	114,990	35.0
Exchange differences arising on translation of foreign subsidiaries	(13,971)	4.1	(14,381)	4.4
Retained earnings, including:	190,935	56.8	178,043	54.1
<i>Net profit for the year</i>	<i>12,892</i>	<i>3.8</i>	<i>5,508</i>	<i>1.7</i>
<b>Total equity</b>	<b>302,465</b>	<b>90.0</b>	<b>289,163</b>	<b>87.9</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Deferred tax liabilities	2,936	0.9	3,559	1.1
Long-term provisions for retirement and similar benefits	144	0.1	193	-
<b>Total non-current liabilities</b>	<b>3,080</b>	<b>1.0</b>	<b>3,752</b>	<b>1.1</b>
<b>Current liabilities</b>				
Short-term provisions for retirement and similar benefits	41	-	14	-
Short-term factoring liabilities	3,046	0.9	3,545	1.1
Income tax payable	109	-	-	-
Derivatives	13	-	8	-
Trade and other payables	27,178	8.1	32,411	9.9
<b>Total current liabilities</b>	<b>30,387</b>	<b>9.0</b>	<b>35,978</b>	<b>11.0</b>
<b>Total liabilities</b>	<b>33,467</b>	<b>10.0</b>	<b>39,730</b>	<b>12.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>335,932</b>	<b>100.0</b>	<b>328,893</b>	<b>100.0</b>



**ULMA Construcción Polska S.A. Group**

The report on the audit of the consolidated financial statements  
for the financial year ended 31 December 2016

TRANSLATION

**2.1.2. Consolidated statement of profit or loss and other comprehensive income**

	1.01.2016 - 31.12.2016	% of total sales	1.01.2015 - 31.12.2015	% of total sales
	PLN '000		PLN '000	
Revenue	180,487	100.0	182,411	100.0
Cost of products, merchandise and materials sold	(144,579)	80.1	(145,065)	79.5
<b>Gross profit on sales</b>	<b>35,908</b>	<b>19.9</b>	<b>37,346</b>	<b>20.5</b>
Sales and marketing expenses	(6,380)	3.5	(11,822)	6.5
General and administrative expenses	(16,501)	9.1	(17,799)	9.7
Other operating expenses	6,272	3.4	3,482	1.9
Other operating income	(2,691)	1.5	(2,184)	1.2
<b>Profit from operating activities</b>	<b>16,608</b>	<b>9.2</b>	<b>9,023</b>	<b>5.0</b>
Finance income	1,635	0.9	1,128	0.6
Finance expenses	(847)	0.5	(2,587)	1.4
<i>Net finance income (expenses)</i>	<i>788</i>	<i>0.4</i>	<i>(1,459)</i>	<i>0.8</i>
Share of profit (loss) of equity accounted investees	(566)	0.3	(274)	0.2
<b>Profit before tax</b>	<b>16,830</b>	<b>9.3</b>	<b>7,290</b>	<b>4.0</b>
Income tax expense	(3,938)	2.2	(1,782)	1.0
<b>Profit for the period</b>	<b>12,892</b>	<b>7.1</b>	<b>5,508</b>	<b>3.0</b>
<b>Other comprehensive income which might be reclassified to profit or loss</b>				
Exchange differences arising on net investment in foreign operations	255	0.1	2,010	1.1
Income tax on other comprehensive income	(156)	-	(209)	0.1
Exchange differences arising on translation of foreign subsidiaries	311	0.2	(6,300)	3.4
<b>Total comprehensive income for the period</b>	<b>13,302</b>	<b>7.4</b>	<b>1,009</b>	<b>0.6</b>
<b>Profit (loss) for the period attributable to Owners of the Company</b>	<b>12,892</b>	<b>7.1</b>	<b>5,508</b>	<b>3.0</b>
<b>Total comprehensive income for the period attributable to Owners of the Company</b>	<b>13,302</b>	<b>7.4</b>	<b>1,009</b>	<b>0.6</b>
Weighted average number of ordinary shares	5,255,632		5,255,632	
Basic and diluted earnings per share for the period (PLN)	2.45		1.05	



**ULMA Construcción Polska S.A. Group**

The report on the audit of the consolidated financial statements  
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TRANSLATION

## 2.2. Selected financial ratios

	2016	2015	2014
<b>1. Return on sales</b>			
<u>profit for the period x 100%</u> revenue	7.1%	3.0%	negative value
<b>2. Return on equity</b>			
<u>profit for the period x 100%</u> equity - profit for the period	4.5%	1.9%	negative value
<b>3. Debtors' days</b>			
<u>average trade receivables (gross) x 365 days</u> revenue	173 days	193 days	203 days
<b>4. Debt ratio</b>			
<u>liabilities x 100%</u> equity and liabilities	10.0%	12.1%	13.2%
<b>5. Current ratio</b>			
<u>current assets</u> current liabilities	4.1	3.4	2.7

- Current assets exclude trade receivables due in more than 12 months.
- Current liabilities are comprised of short-term provisions for liabilities, short-term liabilities (excluding trade liabilities due in more than 12 months) and other short-term accruals.
- Revenue includes revenue from sales of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, with no deduction made for allowances.



**ULMA Construcción Polska S.A. Group**

The report on the audit of the consolidated financial statements  
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*TRANSLATION*

### **3. Detailed report**

#### **3.1. Accounting principles**

The Parent Entity maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Entity.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

In view of the fact that not all entities being part of the Group apply common accounting principles consistent with the accounting principles applied by the Parent Entity, appropriate adjustments to the financial statements of those entities were made to ensure consistency with the accounting principles applied by the Parent Entity.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Entity.

#### **3.2. Basis of preparation of the consolidated financial statements**

The consolidated financial statements of the ULMA Construcción Polska S.A. Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation prepared in accordance with the requirements the Decree of the Ministry of Finance dated 25 September 2009 on principles for the preparation of consolidated financial statements of a capital group by companies other than banks and insurance companies (Official Journal from 2009 No. 169, item 1327 with amendments).

#### **3.3. Method of consolidation**

The method of consolidation is described in note 1B of the notes to the consolidated financial statements.

#### **3.4. Consolidation of equity**

The share capital of the Group is equal to the share capital of the Parent Entity.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Entity's share in the subsidiaries' equity as at the end of the reporting period to the corresponding positions of the equity of the Parent Entity.

Only equity of subsidiaries arising after the Parent Entity obtained control of the subsidiary is included in the equity of the Group.



**ULMA Construcción Polska S.A. Group**

The report on the audit of the consolidated financial statements  
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*TRANSLATION*

**3.5. Consolidation eliminations**

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of ULMA Construcción Polska S.A. and agreed with information received from the subsidiaries.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.  
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*Signed on the Polish original*

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