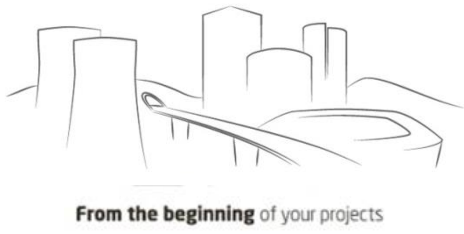
FINANCIAL STATEMENTS

ULMA Construccion Polska S.A.

FOR THE PERIOD OF 12 MONTHS ENDED ON 31 DECEMBER 2016



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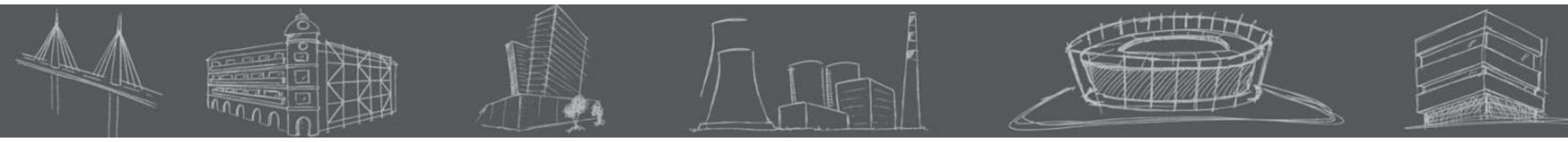
Unless specified otherwise, all the amounts are in PLN '000.



ULMA Construccion Polska S.A.

GENERAL INFORMATION

Unless specified otherwise, all the amounts are in PLN '000.

Business activity

ULMA Construccion Polska S.A. operates in the area of:

- lease and sales of scaffolding and construction panels,
- designs of panels and scaffolding application on commission,
- export of construction services,
- sales of construction materials and raw materials and concrete accessories,

ULMA Construccion Polska S.A., is a joint-stock company (Company). It commenced its activity on 14 February 1989 under the company name Bauma Sp. z o.o., as a private limited liability company, and was registered in the Register No. A.II – 2791. On 15 September 1995, it was transformed into a joint-stock company incorporated by a notarial deed before Robert Dor, a notary public, in the Notary Public Office in Warsaw, registered under No. A 5500/95. On 29 October 2001, the District Court in Warsaw, 13th Commercial Division of the National Court Register, registered the Company in the Register of Entrepreneurs under entry no. KRS 0000055818. On 6 November 2006 the General Shareholders' Meeting, in its Resolution No. 1, decided to change the Company's name from BAUMA S.A. to ULMA Construccion Polska S.A. A relevant entry to the National Court Register was made on 14 November 2006.

Registered office

ULMA Construccion Polska S.A.
Koszajec 50
05-840 Brwinów

Supervisory Board

Aitor Ayastuy Ayastuy	Chairman of the Supervisory Board
Maria Lourdes Urzelay Ugarte	Deputy Chairwoman of the Supervisory Board
Iñaki Irizar Moyua	Member of the Supervisory Board
Felix Esperesate Gutiérrez	Member of the Supervisory Board until 16 June 2016
Rafał Alwasiak	Member of the Supervisory Board until 16 June 2016
Andrzej Kozłowski	Member of the Supervisory Board since 16 June 2016
Michał Markowski	Member of the Supervisory Board since 16 June 2016

Audit Committee

Michał Markowski	Chairman of the Committee
Aitor Ayastuy Ayastuy	Member of the Committee
Maria Lourdes Urzelay Ugarte	Member of the Committee

Unless specified otherwise, all the amounts are in PLN '000.

Management Board

Rodolfo Carlos Muñiz Urdampilleta	President of the Management Board since 16 June 2016
Andrzej Kozłowski	President of the Management Board until 16 June 2016
Krzysztof Orzełowski	Member of the Management Board
Ander Ollo Odriozola	Member of the Supervisory Board
Andrzej Sterczyński	Member of the Management Board

Statutory Auditor

KPMG Audyt Sp. z o.o. spółka komandytowa
ul. Inflancka 4a
00-189 Warszawa
The Company is registered in the register of entities authorised to audit financial statements under number 3546.

Banks

mBANK (formerly BRE Bank S.A.)
PEKAO S.A.
BGŻ BNP PARIBAS S.A.
PKO Bank Polski S.A.
Banco de SABADELL (Spain)

Stock exchange listings

The Company is listed at the Warsaw Stock Exchange ("GPW").
GPW symbol: ULM.

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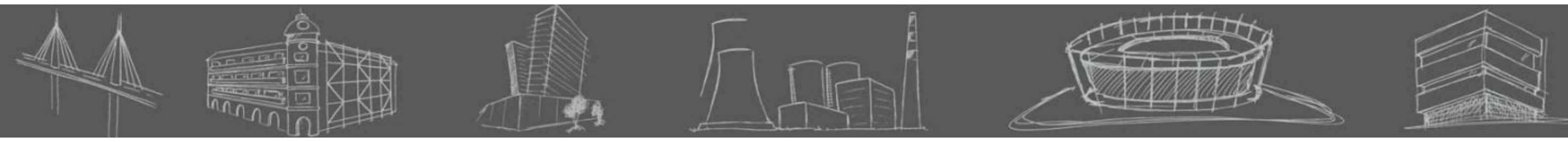

ULMA Construccion Polska S.A.

FINANCIAL STATEMENTS
for the period of 12 months of 2016

Unless specified otherwise, all the amounts are in PLN '000.

Statement of financial position

	Status as at:		
	Note	31 December 2016	31 December 2015
ASSETS			
I. Fixed assets			
1. Tangible fixed assets	4.	194,063	194,780
2. Intangible assets	5.	152	147
3. Investments in subsidiaries and affiliates	7.	8,198	8,198
4. Other fixed assets	8.	4,012	4,068
5. Long-term receivables	9.	18,468	17,590
Total fixed assets		**224,893**	**224,783**
II. Current assets			
1. Inventories	10.	2,374	2,383
2. Trade and other receivables	9.	78,239	77,638
3. Current income tax receivables		94	302
4. Cash and cash equivalents	11.	32,717	31,061
Total current assets		**113,424**	**111,384**
Total assets		**338,317**	**336,167**
EQUITY AND LIABILITIES			
I. Equity			
1. Share capital	12.	10,511	10,511
2. Reserve capital – share premium	12.	114,990	114,990
3. Retained profit, of which:		181,368	170,657
a. Net profit (loss) for the financial period		*10,711*	*32*
Total equity		**306,869**	**296,158**
II. Liabilities			
1. Long-term liabilities			
a. Deferred income tax liability	16.	2,935	4,747
b. Long-term liabilities due to pension benefits	17.	145	193
Total long-term liabilities		**3,080**	**4,940**
2. Short-term liabilities			
a. Short-term liabilities due to pension benefits	17.	41	14
b. Short-term liabilities due to factoring of trade payables	13.	3,046	3,545
c. Derivatives	6.	13	8
d. Trade and other payables	13.	25,268	31,502
Total short-term liabilities		**28,368**	**35,069**
Total liabilities		**31,448**	**40,009**
Total equity and liabilities		**338,317**	**336,167**

Unless specified otherwise, all the amounts are in PLN '000.

Profit and loss account and other comprehensive income

	Note	12 months of 2016		12 months of 2015
Sales revenues	18.	166,208		161,772
Costs of sold products, goods, materials	19.	(138,541)		(144,564)
I. Gross profit on sales		**27,667**		**17,208**
Sales and marketing costs	19.	(5,961)		(11,089)
Overheads	19.	(13,736)		(12,285)
Other operating income	20.	6,289		3,469
Other operating expenses	20.	(2,743)		(1,954)
II. Profit (loss) on operations		**11,516**		**(4,651)**
Financial income	21.	2,013		4,207
Financial expenses	21.	607		314
Net financial income / (expenses)		*2,620*		*4,521*
III. Profit (loss) before tax		**14,136**		**(130)**
Income tax	22.	(3,425)		162
IV. Net profit for the financial period		**10,711**		**32**
Other comprehensive income:		-		-
V. Comprehensive income for the period		**10,711**		**32**
Weighted average number of ordinary shares		5,255,632		5,255,632
Basic and diluted profit (loss) per share in the period (in PLN per share)	24.	2.04		0.01

Unless specified otherwise, all the amounts are in PLN '000.

Statement of changes in equity

Item	Share capital at nominal value	Surplus from the sales of shares above the par value	Retained profit	Total equity
As at 31 December 2014	**10,511**	**114,990**	**170,625**	**296,126**
Net comprehensive income in 2015	-	-	32	**32**
As at 31 December 2015	**10,511**	**114,990**	**170,657**	**296,158**
Total net income in 2016	-	-	10,711	**10,711**
As at 31 December 2016	**10,511**	**114,990**	**181,368**	**306,869**

Unless specified otherwise, all the amounts are in PLN '000.

Cash flow statement

	Note	12 months 2016	12 months 2015
Net profit for the financial period		**10,711**	**32**
Adjustments:			
- Income tax	22.	3,425	(162)
- Fixed assets depreciation	4.	46,639	52,437
- Intangible assets depreciation	5.	113	115
- Net value of scaffolding – fixed assets sold		1,973	4,015
- (Profit)/loss on goodwill changes due to financial instruments		5	(67)
- Interest and dividend income		(2,013)	(4,207)
- Interest expense		-	131
- FX (profit)		(778)	(1,037)
- Change in the value of the provision for retirement benefits		(21)	28
Changes in working assets:			
- Inventory		10	(106)
- Trade and other receivables		(390)	15,232
- Trade and other payables		(6,734)	10,647
		52,940	**77,058**
Purchase of scaffolding – fixed assets		(43,934)	(34,593)
Income tax paid		(5,028)	(3,294)
Net cash inflows from operating activities		**3,978**	**39,171**
Acquisition of tangible fixed assets		(4,028)	(1,334)
Income on disposal of tangible fixed assets		121	55
Purchase of intangible assets		(117)	(90)
Loans granted		(1,079)	(84,972)
Repayment of granted loans		511	56,934
Dividend received and other profit distributions from interests in related		-	2,068
Interest received		2,429	1,722
Net cash outflows on investing activity		**(2,163)**	**(25,617)**
Repayment of credit and loan facilities		-	(10,604)
Interest paid		-	(152)
Net cash outflows on financing activity		**-**	**(10,756)**
Net increase of cash and under overdraft facility		**1,815**	**2,798**
Cash, cash equivalents and revolving facilities as of the beginning of the		31,061	28,315
(Loss) on currency exchange differences on valuation of cash and revolving facility		(159)	(52)
Cash, cash equivalents and revolving facilities as of the end of the period	11.	**32,717**	**31,061**

Unless specified otherwise, all the amounts are in PLN '000.

ULMA Construccion Polska S.A.

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Unless specified otherwise, all the amounts are in PLN '000.

Notes to the financial statement

1. Description of key accounting principles

Basic accounting principles applied to the preparation of these financial statements are presented below. The described principles were applied in all the presented periods consistently.

A. Basis for the preparation

The financial statements for the period of 12 months ended on 31 December 2016 of ULMA Construccion Polska S.A. were made in compliance with the International Financial Reporting Standards approved by the European Union.
These statements were prepared in compliance with the historical cost principle, except for financial assets and liabilities (financial derivatives) valued at fair value through profit and loss account.

B. Measurement of items in foreign currency

Functional currency and reporting currency

The items of the Company's financial statements are measured in the currency of their basic business environment, in which the Company operates (functional currency). The functional currency is the Polish zloty, which is also the reporting currency in the Company's financial statements.

Transactions and balances

Transactions in foreign currencies as translated into the functional currency according to the rate effective as on the transaction date. FX profit and loss due to transaction settlement and balance sheet valuation of cash assets and liabilities in foreign currencies are charged accordingly to the financial result. Both negative and positive FX differences under investment and financial activity are charged to financial costs.
FX differences on revaluation and balance sheet valuation of trade settlements increase or decrease income or cost items they are related to.
The Company applies the mean exchange rate of a particular currency published by the National Bank of Poland as of the balance sheet date to measure its assets and liabilities, as the closing exchange rate for such currency.

C. Financial instruments

Financial instruments disclosed in the financial statements include cash in hand and with banks, trade and other receivables, financial assets disclosed at fair value and settled through financial result, financial assets available for sale, trade payables and other liabilities, factoring liabilities as well as loans and borrowings.
The adopted methods of presentation and valuation of particular financial instruments were included in items below which describe the adopted accounting principles.
Financial derivatives are initially recognised in fair value as of the contract date. Subsequently their value is updated to the actual fair value. Derivatives held by the Company cannot be classified as hedges and therefore the result of their fair value measurement is recognised in the financial result.
As at the end of each reporting period, the Company assesses if objective impairment indications exist to financial assets other than measured at fair value through the financial result. A financial asset is deemed to be impaired if after its initial recognition, objective impairment indications occurred as a result of an event that may have adverse, reliably assessed impact on the value of future cash flows generated by such asset.

Objective impairment indications of financial assets (including equity instruments) include failure to pay or a delay in payment of debt by a debtor, debtor's debt restructuring approved by the Company for economic or legal reasons that would not have been approved by the Company otherwise, circumstances indicating a high likelihood of the debtor's bankruptcy, disadvantageous changes to payment balances from the debtors, economic conditions implicating contractual breaches, disappearance of an active market for specific financial assets. Additionally, in case of investments in equity instrument, objective impairment indications of financial assets include a material or prolonged decrease of the fair value of such investment below their acquisition price.

Loans granted and receivables and investments kept until maturity

The Company assesses impairment indicators of loans granted and receivables and investments kept until maturity, both at the level of individual assets and with reference to asset groups. In case of individually material receivables and investments kept until maturity, impairment tests are performed of each individual asset. All individually significant loans granted and receivables and investments kept until maturity where no impairment indicators have been identified on the basis of an individual assessment, are then subject to a group assessment to ascertain if there is no unidentified impairment otherwise. Loans granted and receivables and investments kept until maturity with an individually immaterial value are examined collectively for impairment split into groups with similar risk features.
Assessing the impairment of asset groups, the Company relies on historic trends to assess the likelihood of arrears and the payment time and the suffered losses, adjusted by estimates made by the Management Board assessing if the existing economic and credit conditions indicate if the actual losses may materially differ from the losses resulting from the assessment of historic trends.
Impairment of financial assets measured at amortised cost is estimated as the difference between their book value and the present value of future cash flows discounted with the original effective interest rate. All losses are recognised in the profit and loss account of the current period and constitute an impairment allowance of loans granted and receivables and investments kept until maturity; however, the Company continues to accrue interest on such revalued assets. If subsequent circumstances (e.g. payments by the debtor) evidence that impairment indications no longer exist, then reversals of impairment charges are recognised in profit or loss of the current period.

Financial assets available for sale

Impairment of financial assets available for sale is recognised by transfer of cumulated loss recognised in the revaluation reserve to fair value, to profit or loss of the current period. The value of such cumulated loss is calculated as the difference between the acquisition price reduced by received principal instalments and changes to the book value resulting from the application of the effective interest rate, and their fair value. Additionally, the difference is reduced by impairment losses previously recognised in profit or loss of the current period. Changes to the impairment allowance related to the application of the effective interest rate method are recognised as interest income.
If in subsequent periods, the fair value of impaired securities available for sale increases, and such increase may be objectively attributed to an event after the impairment allowance was recognised, the previously recognised loss is reversed and recognised in profit or loss of the current period. In case of equity instruments available for sale, such reversed impairment allowance is recognised in other comprehensive income.

D. Tangible fixed assets

Unless specified otherwise, all the amounts are in PLN '000.

Tangible fixed assets comprising buildings, machinery and devices used for the purpose of production, delivery and products and provision of services for the purpose of management, were valued as of the balance sheet date according to the purchase price or production cost less accumulated depreciation and revaluation write down.

Further expenditures are recognised in the balance sheet value of a particular asset or as a separate fixed asset (when appropriate) only when it is likely that such expenditures will bring economic benefits for the Company and the cost of such item may be reliably measured. Further expenditures which do not increase the initial usable value of a given fixed asset are charged against the costs of the period in which they were incurred.

The land owned by the Company is disclosed according to the purchase price and is not depreciated. Other fixed assets are redeemed by a straight line method in order to divide their initial value less the potential end value during their usable period for particular groups by kind.
The usable periods applied to particular groups of fixed assets are the following (in years):

• buildings and structures	25 – 40
• investments in third party facilities	10
• plant and machinery	3 – 20
• equipment, scaffolding systems and other fixed assets	2 – 8

The verification of the fixed assets end value and usable periods is performed as of each balance sheet date and adjusted when necessary.

If the book value of a fixed asset is higher than its estimated realisable value, the book value is decreased to the realisable value level (note 1H).

Profit and loss due to disposal of fixed assets is determined by comparing the income on sales with their balance sheet value and is charged to the financial result.

E. Leasing – lessee's (beneficiary's) accounting

The lease of assets in which significant portion of risks and benefits arising of the ownership title remain with the lessor is classified as operational lease. Leasing fees the Company is charged with under operational leasing are charged to the financial result on a straight line basis throughout the term of the lease contract.

Lease of tangible fixed assets in the case of which the Company assumes a significant portion of risks and benefits arising from the ownership title is classified as financial lease. The financial lease object is recognised in assets as from the lease commencement date in the lower of the two following amounts: fair value of the leased asset or the present value of the minimum lease payments. Lease fees incurred in the reporting period in the portion pertaining to principal decrease the principal amount of liability due to financial leases while the remaining interest part is charged to the financial costs of the period. Leasing fees are divided into principal and interest in such a way as to obtain a fixed interest rate for the period in relation to the outstanding principal.
Tangible fixed assets subject to financial leasing are disclosed in the financial report together with other financial assets and are depreciated in line with the same rules. If there is no sufficient certainty that following the end of the lease period the Company receives the ownership right, the assets are depreciated in a shorter of the two periods: lease period and the economic useful life.

F. Leasing – lessor's (financing party's) accounting

Leasing is a contract under which the lessor (financing party) grants the lessee (beneficiary) the right to use a specific asset for an agreed period of time in exchange for a fee. If assets are used on the basis of operational lease, such asset is revealed in the financial report in line with its nature (type). Revenues under operational lease are recognised throughout the lease period in compliance with the straight line method.

G. Intangible assets

Software

Purchased licenses for computer software are capitalized in the costs for their purchase and preparation for the use of particular software. Capitalized costs are depreciated over the estimated software use period: 2-5 years.

H. Impairment of non-financial fixed assets

Depreciable fixed assets are analysed from the perspective of loss of value in case of occurrence of premises which suggest the possibility that the balance sheet value of tangible and intangible assets may not be realized. The amounts of revaluation write downs determined as a result of analysis decrease the balance sheet value of the asset they pertain to and are charged to the costs of the period. Impairment loss is recognised in the amount by which the balance sheet value of an asset exceeds its realisable value. The realisable value is the higher of the two following amounts: fair value less costs of sales and the usable value (reflected by the current value of cash flows related to such asset). For the purpose of the impairment analysis, assets are grouped at the lowest level in relation to which there are identifiable separate cash flows (cash flow-generating centres).
With reference to assets other than goodwill, impairment charges recognised in previous periods are subject to assessment at the end of each reporting period for impairment indications or complete reversal thereof. Impairment charges are reversed if a change has occurred to estimates applied to identify the realisable value. Impairment charges are reversed solely back to the original value of assets reduced by depreciation allowances that would have been disclosed were it not for such impairment charges.

I. Investments

Financial assets available for sale

Company's investments include the value of shares and interests in other entities than subsidiaries and affiliates. Investments in other entities are presented as financial assets for sale, since the Management Board does not intend to dispose of such investments in the period of the next 12 months. Investments are recognised initially in their fair value plus additional transaction costs. The increase of the investment value due to revaluation to fair value is charged to equity. The decrease of the investments values which have been previously increased, decrease the revaluation capital. All the other decreases due to impairment are charged to financial result. Financial instruments available for sale whose fair value cannot be reliably determined (no active market for such instruments exists) are valued according to the financial instrument purchase costs less write downs.

Investments in subsidiary and affiliated undertakings

Investments in related undertakings are measured at the acquisition price reduced by any impairment charges.

Loans and receivables

Loans and receivables are financial assets with fixed or estimable payments that are not listed in active markets. Such assets are initially recognised at fair value increased by attributable transactional costs. Loans and receivables are subsequently measured at amortised cost, with the effective interest rate method, reduced by potential impairment charges.

J. Inventories

The inventory of materials and purchased goods are measured as at the balance sheet date at the lower of: purchase price or realisable net sales price.

Net sales price is the price of sales in normal business activity, less estimated costs of manufacturing completion and variable costs which must be incurred to finalize the sales.

Outgoing inventories are measured with the FIFO method.
If necessary, impairment charges revaluating the obsolete, unsellable or defective inventories are made.

K. Trade and other receivables

Trade receivables are initially recognised in fair value and subsequently valued according to the depreciated cost method applying the effective interest rate and are decreased by impairment charges. Trade receivables classified as uncollectable are charged to costs once classified as such. If the Management Board finds it probable that the Company will not be able to collect receivables in the original amount, an impairment allowance is made. The amount of the impairment allowance corresponds to the difference between the book value and the present value of expected future cash flows discounted with the original effective interest rate. Changes to the value of impairment charges are charged to the financial result, against the sales and marketing costs in the period in which the change took place.
The Company applies principles in compliance with which the amounts of VAT recovered due to no payment of receivables within 150 of the payment date are disclosed under “Liabilities due to taxes and other charges”.

L. Cash and cash equivalents

Cash and cash equivalents are recognised in the statements in their fair value corresponding to the nominal value. The item comprises cash in hand and with banks, short-term investments characterized by high liquidity with initial maturity period not longer than three months.
Cash and cash equivalents shown in the cash flow statement comprise the above-mentioned cash and cash equivalents, less outstanding revolving facilities.
Revolving facilities are disclosed in the financial statements in the item obligations – short-term loans.

M. Capitals

Share capital and reserve capital

Common shares are classified as equity. Initial capital is disclosed according to the par value of shares. Share premium less costs directly related to the issue of new shares is disclosed as the reserve capital.

Retained profit

The item "Retained profit" of the statement of financial position comprises retained profit and accumulated loss generated by the Company in previous reporting periods and the financial result from the current financial year.

N. Loans and borrowings

Loans are recognised initially in their fair value less transaction costs. Next, bank loans are valued at adjusted cost of acquisition (amortised cost) using the effective interest rate.
Loans and borrowings are classified as short-term liabilities, unless the Company has an unconditional right to postpone the repayment for a period of at least 12 months from the balance date.

O. Provisions

Provisions are established for existing liabilities of the Company (legal or arising from common law) resulting from past events, if likelihood exists that it will be necessary to spend the Company's resources in order to satisfy such obligation and if its estimated value may be reliably determined.

P. Deferred expenses and deferred income

The item "Trade and other payables" of the Company's statement of financial position comprises:

- reliably estimated value of costs incurred in the reporting period, for which the suppliers have not issued invoices as until the balance sheet date.
- accrued income including in particular the equivalent of payments received from or receivable from business partners for performances to be made in future reporting periods.

Q. Material estimates and judgements

To prepare the financial statements in compliance with the International Financial Reporting Standards the Management Board makes certain accounting estimates, taking into account its own knowledge and estimates referring to the future changes to the analysed values. Actual values may differ from the estimated ones.

- The balance sheet value of tangible assets is determined with the use of estimates concerning the usability periods of particular fixed asset groups. The assumed useful life of tangible fixed assets is verified periodically on the basis of analyses carried out by the Company.
- Receivables are verified from the perspective of impairment in case of premises suggesting their uncollectibility. In this case, the value of impairment charges to receivables is specified on the basis of estimates prepared by the Company.
- Changes that occur in the construction market may materially affect the assessment of the realisable value of the Company's assets. In order to identify impairment premises, the Company estimates the realisable value of its tangible fixed assets.
  Impairment analysis is performed by estimating the realisable value of cash-generating centres. Such analysis relies on a number of material assumptions some of which remain outside the Company's control. Major changes to the assumptions affect the results of impairment tests and as a result may generate material changes to the Company's financial condition and financial results.

R. Revenues

Revenues include the fair value of revenues on sales of products, goods and services less VAT, rebates and discounts.
The Company recognises revenues on sales once the amount of revenues may be credibly measured, it is probable that the entity will obtain economic benefits in the future and that the specific criteria for each type of the Group's activity described below have been met.

Revenue from sales of construction goods and materials

Revenues on sales of goods and materials are recognised if significant risks and benefits resulting from ownership of goods or materials have been transferred to the buyer and if the amount of sales revenue can be reliably estimated and collectability of receivables is sufficiently certain.
This category includes also revenues on sales of scaffolding systems classified as tangible fixed assets. The result on disposal of other tangible fixed assets is recognised in other revenues or other operating expenses.
In the case of domestic sales, sales of materials or goods take place when such materials or goods are released to the buyer from a Company's warehouse. In the case of export and Intracommunity delivery of goods, revenues are recognised depending on the delivery terms and conditions specified in compliance with Incoterms 2010 and agreed in the performed contract.

Revenues on sales of services

Sales revenues of services apply primarily to rental of scaffolding systems, settled on the basis of daily rates.

Financial income and expenses

Financial income covers interest income related to the funds invested by the Company (including on financial assets available for sale), dividend receivables, profit on disposal of financial assets available for sale, gains on valuation of the fair value of financial instruments measured through financial result, gains on hedging instruments that are recognised in profit and loss of the current period. Interest income is recognised in profit or loss of the current period on an accrual basis, with the effective interest rate method.

Dividend is recognised in profit or loss of the current period as at the day on which the Company acquires the relevant right.

Financial expenses include interest expense related to external funding, losses in disposal of financial assets available for sale, losses on changes to the fair value of financial instruments measured at fair value through financial result, impairment charges on financial assets (other than trade receivables) and losses on hedging instruments that are recognised in profit and loss of the current period.

The costs of external funding that may not be directly attributed to the purchase, manufacturing or construction of specific assets, are recognised in profit and loss of the current period with the effective interest rate method.

FX profit and loss is disclosed in a net amount as financial income or financial expenses, depending on the net result.

S. Deferred income tax

Deferred income tax asset and liability arising out of temporary differences between the tax value of assets and liabilities and their book value in the financial statements recognised with the balance sheet method. However, if deferred tax results from the initial recognition of an asset or liability in a transaction other than a merger of business units which has no impact on financial result or tax income (loss), it is not recognised. Deferred income tax is determined applying the tax rates (and provisions) legally or actually binding as of the balance sheet date which, according to expectations, will be in force at the time of realising relevant deferred income tax assets or payment of deferred income tax liabilities.

Deferred income tax asset is recognised if there is probability of obtaining future taxable income which will make it possible to utilise temporary differences.

Deferred income tax assets and liabilities are set off against each other if it is legally admissible to compensate current tax assets and liabilities.

T. Employee benefits

Retirement allowance

Retirement benefits become payable once the employee gains the right to pension pursuant to the Labour Code. The amount of the retirement benefit payable to the employee who obtains the right to pension is calculated in the amount of an additional salary per one month.
The Company sets up a provision for future retirement benefits in order to allocate the costs to the relevant periods. The provision is recognised as operational expenses in amounts corresponding to the future rights to be acquired by employees. The present value of the liabilities is calculated by an independent actuary.
Actuarial gains and losses resulting from changes to actuarial assumptions (including changes to the applied discount rate) and ex post actuarial adjustments are recognised in comprehensive income.

2. Financial risk management

The business activity of the Company is exposed to various types of financial risk: FX risk, risk of changes in cash flows and fair value as a result of interest rate changes, credit risk and liquidity risk.

By implementing a risk management programme, the Company tries to mitigate the effects of the financial risks which have negative impact on its financial results. In order to hedge certain types of risk, the Company uses term contracts.

FX risk

The Company operates internationally and is exposed to FX risk with respect to various currencies, in particular the euro. Foreign exchange risk applies to future commercial transactions (sale of products and goods and purchase of goods and services) and recognised assets and liabilities. FX risk occurs when future commercial transactions, recognised assets and liabilities denominated in a currency other than the functional currency of the Company.

The Company hedges its net positions with FX forward contracts.

The table below presents the list of assets and liabilities of the Company denominated in euro and exposed to FX risk. (in EUR '000)

	31 December 2016	31 December 2015
Trade receivables	712	424
Loans granted	2,721	2,721
Cash	185	132
FX futures and forward contracts	(311)	(221)
Total assets	**3,307**	**3,056**
Trade payables	778	1,285
Total liabilities	**778**	**1,285**

Apart from receivables under a loan granted in EUR, as at 31.12.2016 the Company holds a receivable of USD 1,500 thousand granted to ULMA Opalubka Ukraina and of USD 150 thousand under a loan granted to ULMA Opalubka Kazakhstan.

Sensitivity analysis carried out by the Company indicates that:

- if on 31 December 2016 the Polish złoty weakened/strengthened by 10% against EUR/USD, with other parameters remaining unchanged, the net profit for the period of the last 12 months ended on 31 December 2016 would be by PLN 1,510 thousand lower/higher due to revaluation of cash, receivables, payables and FX contracts, all denominated in EUR/USD.

- if on 31 December 2015 the Polish złoty weakened/strengthened by 10% against EUR/USD, with other parameters remaining unchanged, the net profit for the period of the last 12 months ended on 31 December 2015 would be by PLN 1,079 thousand lower/higher in relation to revaluation of cash, receivables, liabilities and FX contracts, all denominated in EUR.

Risk of changes in cash flow and fair value resulting from interest rate changes

Revenues and operating cash flows from operating and financing activities of the Company are not significantly interest rate risk.

Credit Risk

Credit risk is related potential credit events in the form of the counterparty's insolvency, partial repayment of debt, major delay in repayment of debt or another breach of contractual terms and conditions.

The item exposed to credit risk includes trade and other receivables (Note No. 9).

Unless specified otherwise, all the amounts are in PLN '000.

The Company is not exposed to any significant concentration of credit sales risk. Due to a relatively large number of buyers of the Company's goods and services, there is no concentration of credit sales. Moreover, the Company applies a policy which considerably limits sales of goods and services to clients with negative history of discharge of liabilities. The implemented internal control procedures which consist, among other things, in setting credit limits for individual clients depending on the assessment of their financial standing and procedures of approving new clients let the Company considerably mitigate its credit risk level.

Trade receivables with respect to which impairment has been identified, represent 55.6% of the gross value of this group of financial assets, whereas non-outstanding trade receivables represent 55.1% of the value of the said group (in 2015 those values were 55.9% and 53.2%, respectively).

An ageing analysis of trade receivables is as follows: (in PLN ‘000)

	31 December 2016	31 December 2015
Current receivables	24,744	23,812
Arrears up to 30 days	5,952	4,934
Arrears from 31 to 90 days	2,996	2,272
Arrears from 91 to 180 days	1,522	936
Arrears from 181 to 360 days	639	2,181
Arrears in excess of 360 days	44,937	45,799
Total gross trade receivables	**80,790**	**79,934**
Impairment charges	(35,878)	(35,221)
Total net trade receivables	**44,912**	**44,713**

Impairment charges apply to receivables overdue by over 180 days.

Impairment was identified of financial assets in the group of trade and other receivables by PLN 35,878 thousand and they were subject to an impairment allowance. For the purpose of establishing impairment of individual financial assets, the Company takes into account individual assessment of every client, in particular the assessment of such client's financial standing and collateral held. The basic measures to secure recovery of receivables used by the Company include insurance of foreign receivables from the Eastern markets as well as blank promissory notes.

With reference to the trade receivables presented in the table above that are overdue in excess of 150 days, as at the balance sheet date the Company recovered PLN 4,901 thousand of VAT, applying the VAT credit for bad debt which is disclosed in trade and other payables.

The Company has credit risk concentration related to loans granted. Out of the total of loans granted of PLN 51,095 thousand, the amount of PLN 32,000 thousand is a loan granted to the parent entity Ulma CyE S. Coop. The receivables are secured with a registered pledge established by the borrower on its formwork and scaffolding up to PLN 44,000 thousand. In view of the collateral held and the borrower's good financial condition, the Company's Management Board assessed the risk of default as low.

Liquidity risk

The liquidity risk management consists in maintaining a relevant level of cash, availability of financing owing to a sufficient amount of credit instruments granted to the Group and ability to close market positions. The Company maintains cash sufficient to satisfy any due liabilities and ensures the possibility of financing owing to the credit lines granted to it.
Over 90% of trade payables of the Company is payable within 2 months of the balance sheet date.

Working capital management

The main purposes of capital management include ensuring an appropriate level of operating liquidity and possibilities of implementation of investment projects of the Company in accordance with approved budgets.

Dividend policy

The dividend policy adopted is also subordinated to the goals presented above. Every decision on payment of dividend is preceded by the analysis of current and development needs of every company of the Capital Group as a whole.

3. New accounting standards and interpretations of the International Financial Reporting Standards (IFRS) Interpretations Committee

The following standards, amendments to the existing standards and interpretations have not been approved by the European Union or are not effective as at 1 January 2016:

Standard	Description of changes	Effective date:
IFRS 15 *Revenue from Contracts with Customers* and clarifications to IFRS 15	The standard applies to all contracts with customers except those that are covered by other IFRS in whole or in part (e.g. lease, insurance contracts and financial instrument). IFRS 15 unifies the requirements concerning the recognition of revenues by implementing a uniform five-step model of revenue recognition, replacing the guidelines of e.g. IAS 18 Revenues, IAS 11 Construction Contracts and the related interpretations.	01 January 2018
IFRS 9 *Financial Instruments*	Changes to measurement classification – replacement of the existing category with two categories: • Instruments measured at amortised cost • Instruments measured at fair value Changes to hedge accounting	01 January 2018
IFRS 14 *Regulatory Deferral Accounts*	Accounting principles and disclosures concerning regulatory deferral accounts	The standard in its current version will not be applicable in EU
Amendments to IFRS 10 and IAS 28	Contains guidelines concerning disposal or contribution of assets by an investor to affiliated entities or joint ventures	Not specified
IFRS 16 Leases	The standard cancels the differentiation between operating leases and financial leases with lessees. All contracts meeting the new definition of lease will as a matter of principle be recognised like financial leases are now.	01 January 2019
Modifications to	Clarification of settlement method of deferred income tax relating to unrealised losses	01 January 2017

Unless specified otherwise, all the amounts are in PLN '000.

IAS 12		
Modifications to IAS 7	An initiative concerning modifications to disclosures	01 January 2017
Modifications to IFRS 2	Classification and Measurement of Share-based Payment Transactions	01 January 2018
Modifications to IFRS 4	The application of IFRS 9 Financial Instruments jointly with IFRS 4 Insurance Contracts	01 January 2018
Annual amendments to IFRS (2014-2016 cycle)	List of amendments related to: IFRS 1 – elimination of short-term exemptions for entities applying IFRS for the first time; IFRS 12 – clarification of the application scope of disclosure requirements; IAS 28 – measurement of investee entities at fair value through financial result or with an individual method.	01 January 2018/ 01 January 2017
Modifications to IAS 40	Changes to classification of properties – transfer of investment properties to other asset groups	01 January 2018
IFRIC 22 Foreign Currency Transactions and Advance	Guidelines concerning identification of transaction date and the applicable SPOT exchange rate to be used at making or receiving payment of advance in a foreign currency.	01 January 2018

The Company intends to implement the new IFRS standards and amendments to standards and interpretations thereof, approved by the International Accounting Standards Board but not effective until approval of these financial statements for publication, as soon as they become effective.

Impact of the new regulations on future financial statements of the Company

The new standard IFRS 9 Financial Instruments introduces fundamental changes to the classification, presentation and measurement of financial instruments. The standard will implement a new impairment measurement model that will require a longer recognition of anticipated credit losses and an update of the rules of applying hedge accounting. The amendments are aimed at adapting the requirements related to risk management by supporting the entities preparing financial statements to reflect better the undertaken actions.

An implementation analysis of IFRS 9 has not been completed; however, in the Company's opinion it should have no material impact on the Company's future financial statements and the reported financial results.

IFRS 15 is aimed at unifying and simplifying the rules of revenue recognition by implementing one model of revenue recognition. In particular, the standard will affect revenue recognition under contracts or contract packets under which separate services are provided and/or goods are delivered to customers.

The application of the standard should not materially affect Company's financial statements. An analysis of the effects of the standard has not been completed.

The new standard IFRS 16 Leases changes the rules of recognising contracts meeting the definition of lease. The main change is waiving the split into financial and operating leases. All contracts meeting the definition of lease will as a matter of principle be recognised as financial leases. In particular, the change will relate to such areas as: lease of passenger car fork-lift truck fleets, rental of the Logistics Centre in Gdańsk and the yard in Warsaw at ul. Klasyków, perpetual use of the site in Jaworzno. The implementation of the standard will have the following effects:

Unless specified otherwise, all the amounts are in PLN '000.

- in the statement of financial condition: an increase of the value of non-financial fixed assets and financial liabilities,
- in the comprehensive income statement: a reduction of operational expenses (other than depreciation/amortisation), an increase of depreciation/amortisation expenses and financial expenses.

The other standards and amendments thereto are not expected to have material impact on the future financial statements of the Company. The amendments to the IFRS standards and interpretations that became effective after 1 January 2016 until the approval hereof to publication did not have material impact on these standalone financial statements.

Unless specified otherwise, all the amounts are in PLN '000.

4. Tangible fixed assets

Table of changes in tangible fixed assets in the period from 01 January 2015 to 31 December 2016.

	Land, buildings and structures	Technical equipment, machines and means of transport	Scaffolding systems	Other fixed assets	Fixed assets under construction	Total tangible fixed assets
GROSS VALUE						
As at 01 January 2015	**103,815**	**9,184**	**472,181**	**2,681**	**146**	**588,007**
Increases due to purchases	44	968	34,593	191	131	35,927
Increases – inventory surpluses, reclassifications	-	-	12,707	-	(146)	12,561
Decreases – sales	-	(887)	(25,603)	(189)	-	(26,679)
Decreases – liquidations, inventory shortages	(134)	62	(25,897)	(62)	-	(26,031)
As at 01 January 2016	**103,725**	**9,327**	**467,981**	**2,621**	**131**	**583,785**
Increases due to purchases	2,368	1,532	43,934	81	47	47,962
Increases – inventory surpluses, reclassifications	-	-	13,176	-	(131)	13,045
Decreases – sales	-	(484)	(18,751)	(119)		(19,354)
Decreases – liquidations, inventory shortages	(84)	-	(27,185)	-		(27,269)
As at 31 December 2016	**106,009**	**10,375**	**479,155**	**2,583**	**47**	**598,169**
ACCUMULATED AMORTISATION						
As at 01 January 2015	**13,333**	**5,669**	**351,321**	**2,379**	**-**	**372,702**
Depreciation for the period	2,777	881	48,539	240	-	52,437
Decreases – sales	(59)	(868)	(20,184)	(186)	-	(21,297)
Decreases – liquidations, inventory shortages	-	56	(14,837)	(56)	-	(14,837)
As at 01 January 2016	**16,051**	**5,738**	**364,839**	**2,377**	**-**	**389,005**
Depreciation for the period	2,801	979	42,705	154	-	46,639
Decreases – sales	-	(438)	(17,324)	(117)	-	(17,879)
Decreases – liquidations, inventory shortages	(68)	-	(13,591)	-	-	(13,659)
As at 31 December 2016	**18,784**	**6,279**	**376,629**	**2,414**	**-**	**404,106**
NET VALUE:						
As at 31 December 2016	**87,225**	**4,096**	**102,526**	**169**	**47**	**194,063**
As at 01 January 2016	**87,674**	**3,589**	**103,142**	**244**	**131**	**194,780**
As at 01 January 2015	**90,482**	**3,515**	**120,860**	**302**	**146**	**215,305**

Unless specified otherwise, all the amounts are in PLN '000.

Depreciation impairment charges of tangible fixed assets increased:

Item	12 months 2016	12 months 2015
Costs of sold products, goods, materials	45,999	51,781
Sales and marketing costs	1	2
Overheads	639	654
Total	**46,639**	**52,437**

The Management Board did not identify any impairment indications to tangible fixed assets.

5. Intangible assets

Table of changes in intangible assets in the period from 01 January 2015 to 31 December 2016.

	Licenses and software	**Other**	**Total intangible assets**
GROSS VALUE			
As at 01 January 2015	**4,349**	**37**	**4,386**
Increases	90	-	90
Decreases – sale	-	-	-
As at 01 January 2016	**4,439**	**37**	**4,476**
Increases	118	-	118
Decreases – sale, liquidation	(3)	-	(3)
As at 31 December 2016	**4,554**	**37**	**4,591**
ACCUMULATED AMORTISATION			
As at 01 January 2015	**4,177**	**37**	**4,214**
Depreciation for the period	115	-	115
Decreases – sale	-	-	-
As at 01 January 2016	**4,292**	**37**	**4,329**
Depreciation for the period	113	-	113
Decreases – sale, liquidation	(3)	-	(3)
As at 31 December 2016	**4,402**	**37**	**4,439**
NET VALUE:			
As at 31 December 2016	**152**	**-**	**152**
As at 01 January 2016	**147**	**-**	**147**
As at 01 January 2015	**172**	**-**	**172**

The amortisation impairment charge of intangible assets increased:

Item	12 months 2016	12 months 2015
Costs of sold products, goods, materials	4	1
Overheads	109	114
Total	**113**	**115**

Unless specified otherwise, all the amounts are in PLN '000.

6. Financial instruments

	Book value		Fair value		Fair value hierarchy
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	
Cash	32,717	31,061	*	*	
Receivables and loans granted					
Trade and other receivables	45,612	45,222	*	*	
Loans granted	51,095	50,005	*	*	
Financial liabilities					
Liabilities under factoring of trade payables	3,046	3,545	*	*	
Trade and other payables	18,939	24,765	*	*	
Derivatives					
Financial instruments measured at fair value through financial result	13	8	13	8	Level 2

Level 2: The derivatives disclosed in the statement of financial condition relate to term contracts for the purchase/sale of foreign currencies. The fair value of such instruments as at the balance sheet date was determined on the basis of the execution exchange rates set by the bank from which the instrument was acquired, individually for each concluded contract.

*Fair value similar to book value

Unless specified otherwise, all the amounts are in PLN '000.

7. Investments in subsidiaries and affiliates

As at 31 December 2016

No.	Entity name	Registered office	Scope of business activity	Character of the relation	Date of taking up control	Value of interests by purchase price	Impairment charges	Balance sheet value of shares/interests	Percentage of share capital owned	Share in total number of votes at general meeting
1.	ULMA Opałubka Ukraine	Ukraine	sales and lease of shuttering, sales of construction materials	subsidiary	18.07.2001	5,818	-	5,818	100	100
2.	ULMA Cofraje	Romania	sales and lease of shuttering, sales of construction materials	affiliate	02.11.2007	2,917	(762)	2,155	30	30
3.	ULMA Opałubka Kazakhstan	Kazakhstan	sales and lease of shuttering, sales of construction materials	Subsidiary	27.08.2010	83	-	83	100	100
4.	ULMA Construcction BALTIC	Lithuania	sales and lease of shuttering, sales of construction materials	subsidiary	27.04.2012	142	-	142	100	100
						8,960	**(762)**	**8,198**		

Unless specified otherwise, all the amounts are in PLN '000.

8. Other fixed assets

Other fixed assets include the book value of the perpetual usufruct right of land in the amount of PLN 4,012 thousand. The right of perpetual usufruct of lands was acquired by the Company in 2007 and expires on 5 December 2089.

9. Trade and other receivables

	Status as at:	
	31 December 2016	31 December 2015
Trade receivables from unrelated entities	77,486	78,140
Impairment charges on trade receivables	(35,878)	(35,221)
Net trade receivables	*41,608*	*42,919*
Other receivables	18	41
Prepayments	682	469
Trade receivables from affiliated entities	3,304	1,794
Loans granted	51,095	50,005
Total trade and other receivables	**96,707**	**95,228**
of which:		
Long-term part	18,468	17,590
Short-term part	78,239	77,638

On the basis of the conducted analyses the Company has assessed that the balance sheet value of individual receivables presented in this financial statement is close to the fair values of these receivables.

The net value of impairment charges to receivables increased by the amounts of the written-off receivables in the total amount of PLN 3,228 thousand (PLN 8,496 thousand in 2015) was recognised in the costs of sales and marketing.
Changes in impairment charges on trade receivables and other receivables are the following:

	12 months of 2016	12 months of 2015
As at the beginning of the period	**35,221**	**38,411**
Increases – impairment charges on trade receivables	2,820	8,381
Increases – impairment charges on the interest on delay	-	-
Utilisation	(2,106)	(10,880)
Adjustment of the previous impairment charge	(57)	(691)
As at the end of the period	**35,878**	**35,221**

All the impairment charges on receivables apply to short-term receivables.

Unless specified otherwise, all the amounts are in PLN '000.

10. Inventories

	Status as at:	
	31 December 2016	31 December 2015
Materials	1,319	1,296
Goods	1,395	1,427
Gross value of inventories	**2,714**	**2,723**
Impairment charge to inventories	(340)	(340)
Net value of inventories	**2,374**	**2,383**

11. Cash and cash equivalents

	Status as at:	
	31 December 2016	31 December 2015
Cash in hand and in bank accounts	32,717	31,061
Total cash, including:	**32,717**	**31,061**
Restricted cash	112	185

For the purposes of the cash flow statement, cash and overdraft include:

	Status as at:	
	31 December 2016	31 December 2015
Cash and cash equivalents	32,717	31,061
Overdraft (note 14)	-	-
Cash and cash equivalents disclosed in the cash flow statement	**32,717**	**31,061**

Unless specified otherwise, all the amounts are in PLN '000.

12. Share capital and reserve capital

	Number of shares	Nominal value of shares	Surplus from the sales of shares above the par value	Total
As at 01 January 2015	**5,255,632**	**10,511**	**114,990**	**125,501**
- increases	-	-	-	-
- decreases	-	-	-	-
As at 31 December 2015	**5,255,632**	**10,511**	**114,990**	**125,501**
- increases	-	-	-	-
- decreases	-	-	-	-
As at 31 December 2016	**5,255,632**	**10,511**	**114,990**	**125,501**

All shares are ordinary bearer shares with the nominal value of PLN 2.00. All shares are paid up.

As at 31 December 2016, the Company's shareholding structure was as follows:

	Share capital		**Votes in the GSM**	
	Number of	**%**	**Number of**	**%**
ULMA CyE, S. Coop	3,967,290	75.49	3,967,290	75.49
OFE Aviva BZ WBK	263,000	5.00	263,000	5.00
Free float	1,025,342	19.51	1,025,342	19.51

13. Trade and other payables

	Status as at:	
	31 December 2016	31 December 2015
Trade payables towards unrelated entities	15,358	16,980
Payables to related entities	1,735	4,107
Taxes and other charges	6,329	6,737
Accruals	1,816	3,652
Deferred income	2	10
Other liabilities	28	16
Total trade and other payables	**25,268**	**31,502**
of which:		
Long-term part	-	-
Short-term part	25,268	31,502

Unless specified otherwise, all the amounts are in PLN '000.

In 2015 the Company entered with mBank into a factoring agreement pursuant to which the Company's trade payables to selected entities are paid by the bank within 14 days of invoice issue by the supplier. The payment date to the bank is 75 days of the payment date of the amount to the supplier. As at 31 December 2016, the Company's related liabilities to the bank amounted to PLN 3,046 thousand. The amount was disclosed in the statement of financial condition as Liabilities under factoring of trade payables.

14. Loans and borrowings

In 2015 the Company repaid all its obligations under earlier bank loans and as at 31 December 2016 held no open credit lines.

The Company has the following, unused credit limits granted to it:

	31 December 2016	31 December 2015
Based on variable interest:		
- expiring within one year	-	3,000
- expiring after one year	-	-
Total unused credit limits	**-**	**3,000**

15. Leases

15 a) Finance lease

As at 31 December 2016 the Company held no fixed assets used pursuant to financial leases.

15 b) Operating lease

Operating lease contracts include lease of passenger car fork-lift truck fleets, rental of the Logistics Centre in Gdańsk and the yard in Warsaw at ul. Klasyków, perpetual use of the site in Jaworzno.

The total amount of future minimum payments for the lease amounts to:

	Status as at:	
	31 December 2016	31 December 2015
Below one year	3,799	3,799
1 to 5 years	11,104	12,734
Over 5 years	2,936	5,105
Total	**17,839**	**21,638**

Pursuant to the contract the right of perpetual usufruct of land expires on 5 December 2089.

Unless specified otherwise, all the amounts are in PLN '000.

16. Deferred income tax

	Status as at:	
	31 December 2016	31 December 2015
Deferred income tax asset:	2,772	3,112
Deferred income tax liability:	(5,707)	(7,859)
Set-off	2,772	3,112
Book value of deferred income tax asset	-	-
Book value of deferred income tax liability	(2,935)	(4,747)
Balance sheet value of deferred income tax asset (liability)	**(2,935)**	**(4,747)**

Changes in deferred income tax assets and liabilities in the course of the year (before taking into account their set-off under a single jurisdiction) are the following:

Deferred income tax liability

Temporary differences title	Valuation of tangible fixed assets	Unrealised FX differences	Other	Total
As at 01.01.2015	**11,119**	**201**	**29**	**11,349**
Recognition of financial result	(3,677)	(305)	(122)	**(4,104)**
Charges on financial result	-	415	199	**614**
As at 31.12.2015	**7,442**	**311**	**106**	**7,859**
Recognition of financial result	(2,248)	(429)	(238)	**(2,915)**
Charges on financial result	-	601	162	**763**
As at 31.12.2016	**5,194**	**483**	**30**	**5,707**

Unless specified otherwise, all the amounts are in PLN '000.

Deferred income tax asset

Temporary differences title	Tax losses	Provisions for costs	Unrealised FX differences	Total
As at 01.01.2015	**-**	**3,677**	**100**	**3,777**
Recognition of financial result	-	1,533	84	**1,617**
Charges on financial result	-	(2,099)	(183)	**(2,282)**
As at 31.12.2015	**-**	**3,111**	**1**	**3,112**
Recognition of financial result	-	1,063	120	**1,183**
Charges on financial result	-	(1,406)	(117)	**(1,523)**
As at 31.12.2016	**-**	**2,768**	**4**	**2,772**

17. Pension liabilities

	31 December 2016	31 December 2015
The liabilities, included in the statement of financial position, arising from:		
Pension benefits	186	207
	186	**207**

The Company conducts the actuarial valuation of pension benefits provision at the end of every financial year.

	31 December 2016	31 December 2015
Amounts allocated to pension benefits provision	12	11
Interest expense	6	4
Actuarial profit and loss, net	(27)	16
Benefits paid	(12)	(3)
Recognised in total in employment benefit costs	**(21)**	**28**

Change in balance sheet liability:

	31 December 2016	31 December 2015
Opening balance of pension benefits provision	207	179
Amounts allocated to pension benefits provision	12	11
Interest expense	6	4
Actuarial profit and loss, net	(27)	16
Benefits paid	(12)	(3)
Closing balance of pension benefits provision	**186**	**207**

Unless specified otherwise, all the amounts are in PLN '000.

18. Sales revenues

	12 months of 2016	12 months of 2015
Sales revenue from construction site services	143,106	136,852
Revenue from sales of construction goods and materials	23,102	24,920
Total sales revenues	**166,208**	**161,772**

- servicing of construction sites – a sector covering lease of shuttering and scaffolding systems with broadly understood logistics service and settlement of construction projects at the end of the contract,
- sales of construction materials – a sector covering sales of shuttering systems classified as fixed assets or working assets (products and goods) of the and other construction materials.

19. Prime costs

	12 months of 2016	12 months of 2015
Depreciation of tangible fixed assets and intangible assets	46,752	52,552
Costs of employment benefits (note 19 a)	26,937	25,582
Consumption of raw materials, materials and energy	11,055	11,499
Transport services	14,197	11,880
Rental and tenancy services	10,374	9,541
Overhaul services	9,043	9,562
Assembly and construction services	4,276	5,376
Other outsourced services	13,301	12,374
Other expenses	8,740	13,241
Value of goods, materials and scaffoldings sold (components of fixed assets)	13,613	16,331
Total prime costs	**158,288**	**167,938**
Costs of services for own needs	(50)	-
Costs of sales and marketing (including impairment charges)	(5,961)	(11,089)
Overheads	(13,736)	(12,285)
Costs of sold products, goods, materials	**138,541**	**144,564**

19 a) Costs of employee benefits		
Costs of salaries and costs of termination of employment benefits	22,328	21,057
Costs of social insurance and employee benefits	4,609	4,525
Total costs of employee benefits	**26,937**	**25,582**

Unless specified otherwise, all the amounts are in PLN '000.

Other operating revenues and costs

20 a) Other operating revenues	12 months of 2016	12 months of 2015
Inventory surplus	557	328
Profit on the change of fair value of forward contracts	33	92
Received indemnity – lost components of tangible fixed assets and working assets	1,738	91
Sale and recovery of components of tangible fixed assets	2,751	2,146
Re-invoices	235	583
Reversal of provisions for expected losses	975	114
Other revenues	-	115
Other operating revenues in total	**6,289**	**3,469**

20 b) Other operating costs	12 months of 2016	12 months of 2015
Physical count shortages	(756)	(2)
Loss on the change of fair value of forward contracts	(93)	-
Lost components of tangible fixed assets and working assets	(14)	(7)
Elimination of tangible fixed assets	(1,786)	(1,853)
Other expenses	(94)	(92)
Other operating costs in total	**(2,743)**	**(1,954)**

Unless specified otherwise, all the amounts are in PLN '000.

21. Financial income and expenses

21 a) Financial income	12 months of 2016	12 months of 2015
Interest income:		
- loans granted	1,792	1,950
- on funds in the bank account	221	189
Dividend received	-	2,068
Total financial income	**2,013**	**4,207**

21 b) Financial expenses	12 months of 2016	12 months of 2015
Interest costs:		
- bank credits	-	(131)
- for delay in payment of obligations	(127)	-
	(127)	**(131)**
FX differences	753	499
Bank Guarantee Fund	(4)	-
Costs of bank financial products	(15)	(54)
Total financial expenses	**607**	**314**

Unless specified otherwise, all the amounts are in PLN '000.

22. Income tax

	12 months of 2016	12 months of 2015
Current tax	(5,237)	(2,663)
Deferred tax (note 16)	1,812	2,825
Total income tax	**(3,425)**	**162**

Income tax on the pre-tax gross profit of the Company differs from the theoretical amount which would have been achieved by using the applicable tax rate on pre-tax profit in the following way:

	12 months of 2016	12 months of 2015
Profit (loss) before tax	**14,136**	**(130)**
Tax calculated in accordance with applicable rates (19%)	2,686	(25)
Revenues not subject to taxation	(501)	(2,059)
Non-tax deductible expenses	1,240	1,922
Charges on the financial result due to income tax	**3,425**	**(162)**

Tax authorities may control accounting books and tax settlements within 5 years following the end of a year, in which tax returns were submitted, and charge the Company with additional tax together with penalty interest. In the opinion of the Management Board no circumstances exist indicating the possible occurrence of any essential liabilities in consideration thereof.

23. Valuation of financial instruments at fair value

On the basis of the conducted analyses, the Company has assessed that the book value of individual financial instruments presented in these financial statements is close to fair values of these instruments.

24. Profit (loss) per share

Basic profit per share is calculated as a quotient of the profit per shareholders of the Company and the weighted average number of ordinary shares in the course of the year.

	12 months of 2016	12 months of 2015
Profit/(loss) attributable to shareholders of the parent company	10,711	32
Number of ordinary shares as at the balance-sheet date	5,255,632	5,255,632
Weighted average number of ordinary shares	5,255,632	5,255,632
Basic profit/(loss) per share (in PLN per share)	2.04	0.01
Diluted profit/(loss) per share (in PLN per share)	2.04	0.01

Unless specified otherwise, all the amounts are in PLN '000.

25. Contingent items/guarantees

Upon request of ULMA Construccion Polska S.A., mBANK granted a bank guarantee to a Customer's client covering performance of a rental contract. The bank guarantee expires on 30.09.2019 and its amount will be changing during its term. The guarantee is related to the rental of the Logistics Centre in Gdańsk. The Company has been using the Logistics Centre in Gdańsk pursuant to a long-term rental contract.
As at the balance sheet date, the amount of the bank guarantee was PLN 3,303 thousand.

26. Events after the balance sheet date

After the balance sheet date there were no events which might significantly affect the presented financial statements.

27. Transactions with related entities

The Group is controlled by ULMA C y E, S. Coop. with its registered office in Spain which held 75.49% of the Company's shares. The remaining 24.51% shares were held by many shareholders.

ULMA Construccion Polska S.A. Capital Group is composed of the following companies:

Parent entity:

- ULMA Construccion Polska S.A. with its registered office in Warsaw

Subsidiaries:

- ULMA Opałubka Ukraine with its registered office in Kiev, Gnata Juri 9, was established on 18.07.2001. It was registered in the Sviatoshyn Branch of State Administration for the city of Kiev under no. 5878/01 and was assigned the id. no. 31563803. The company operates in the area of sales and lease of shuttering, sales of construction materials. The issuer holds 100% in the capital and total number of votes of the company.

- ULMA Opałubka Kazachstan sp. z o.o. with its registered office in Astana, Taszenowa 25, was set up on 27.08.2010. Its strategic purpose is the development of the basic activity of the Capital Group, i.e. lease of shuttering and scaffolding systems and dissemination of knowledge in the area of application of the shuttering technology to the construction process in Kazakhstan. The issuer holds 100% in the capital and total number of votes of the company.

- ULMA Construccion BALTIC with its registered office in Vilnius at Pylimo 41-12, was set up on 27 April 2012.The business of the company covers: lease of construction scaffolding and shuttering, wholesale and retail sale of scaffolding and shuttering, sale and lease of other construction devices and other commercial activities. The issuer holds 100% in the capital and total number of votes of the company.

Additionally, the Company holds shares in an affiliated entity:

ULMA Cofraje SRL with its registered office in Bragidaru, Soseaua de Centura nr 2-8 Corp C20 (Romania), set up on 09.10.2007. It is registered in the National Trade Register Office in Bucharest under no. 22679140. The Company operates on the area of lease and sales of shuttering and scaffolding, also on the basis of lease contracts. The issuer holds 30% in the capital and total number of votes of the company. The remaining 70% of share in the Company's capital belongs to the entity which controls the Group: ULMA C y E, S. Coop. with its registered office in Spain.

Transactions concluded by ULMA Construccion Polska S.A. with its affiliates were of typical and routine nature, were concluded on an arm's length basis, and their nature and conditions resulted from running ongoing operations.

Details of transactions between ULMA Construccion Polska S.A. and its related entities.

Settlement balance as at the balance-sheet date	**As at**	
	31 December 2016	31 December 2015
Trade receivables	3,304	1,794
Trade payables	1,735	4,107

Sales and purchases from Group entities	12 months 2016	12 months of 2015
Sales	17,147	18,756
Purchases	38,516	30,412

Loans, interest, dividends	12 months 2016	12 months of 2015
Loans granted – EUR thousand	-	300
Loans repaid – EUR thousand	-	1,110
Loans granted – USD thousand	280	450
Loans repaid – USD thousand	130	450
Loans granted – PLN thousand	-	82,001
Loans repaid – PLN thousand	-	50,001
Interest income on loans – EUR thousand	79	149
Interest income on loans – USD thousand	163	143
Interest income on loans – PLN thousand	802	770
Dividend received from ULMA Kazakhstan – PLN thousand	-	2,068

ULMA Construccion Polska S.A. granted an investment loan to its subsidiary, ULMA Opałubka Ukraine sp. z o.o., in the amount of USD 1,500 thousand at a market interest rate, repayable by 31 December 2016. As at 31.12.2016, the loan balance is USD 1,500 thousand. The Management Board intends to extend the repayment of the loan.

ULMA Construccion Polska S.A. extended to its affiliate ULMA Cofraje srl Romania a long-term loan in the amount of EUR 241,000 thousand. The loan was extended on arm's length basis until 31 December 2018. As at 31.12.2016, the loan balance is EUR 221.9 thousand.

With an annex of 3 November 2014, ULMA Construccion Polska S.A. increased the investment loan granted to its subsidiary ULMA Construccion BALTIC up to EUR 2,500 thousand. The loan was extended on arm's length basis until 30 June 2018 (annex of 31 May 2016).
As at 31.12.2016, the loan balance is EUR 2,500 thousand.

Unless specified otherwise, all the amounts are in PLN '000.

ULMA Construccion Polska S.A. extended to its subsidiary, ULMA Opałubka Kazakhstan, a loan in the amount of USD 350 thousand. The loan was extended on arm's length basis until 31 December 2017.
As at 31.12.2016, the loan balance is USD 150 thousand.

ULMA Construccion Polska S.A. extended to its parent company, ULMA CyE, S. Coop, several loans totalling PLN 82,001 thousand. The loans were extended on arm's length basis and the repayment of the last of the loans falls on 30 December 2017. The loans were being repaid on time and as at 31.12.2016, the loan balance was to PLN 32,000 thousand.

Transactions with members of the Company's Management Board and Supervisory Board, their spouses, siblings, ascendants, descendants and the Company's key managerial personnel and the ULMA Group companies with related entities.

Key managerial personnel of the Company and the Companies in the ULMA Group includes member of the Company's Management Board and Supervisory Board as well as members of the Management Board and Supervisory Board of subsidiary companies and the issuer's proxies. In 2016 and in 2015 the Company and the Group companies did not grant to managing and supervising persons and their relatives, any advances, loans, guarantees and sureties, and no other agreements were concluded with them obliging them to provide any benefits to the Company and its related entities.
As at 31 December 2016 and as at 31 December 2015 there were no loans granted by Group companies to managing and supervising persons and their relatives.

28. Remuneration of the Management Board and the Supervisory Board

	12 months of 2016	12 months of 2015
Management Board of ULMA Construccion Polska S.A.		
Rodolfo Carlos Muñiz Urdampilleta	1,240	407
Andrzej Kozłowski	1,534	1,008
Andrzej Sterczyński	442	441
Krzysztof Orzełowski	381	386
Supervisory Board of ULMA Construccion Polska S.A.		
Rafał Alwasiak	11	24
Michał Markowski	18	-
Andrzej Kozłowski	47	-

Other Members of the Management Board and Members of the Supervisory Board did not receive any remuneration in the reporting periods.

29. Proposal of profit distribution

The Management of ULMA Construccion Polska S.A. proposes to allocate net profit for 2016 of PLN 10,711,612.37 to dividend to the Company's shareholders.

Unless specified otherwise, all the amounts are in PLN '000.

On behalf of the Management Board of ULMA Construccion Polska S.A.

Rodolfo Carlos Muñiz Urdampilleta,
President of the Management Board ....

Andrzej Sterczyński,
Member of the Management Board ....

Krzysztof Orzełowski,
Member of the Management Board ....

Ander Ollo Odriozola,
Member of the Management Board ....

Signature of the person appointed to keep accounting books

Henryka Padzik,
Chief Accountant ....

Koszajec, 16 March 2017

Unless specified otherwise, all the amounts are in PLN '000.