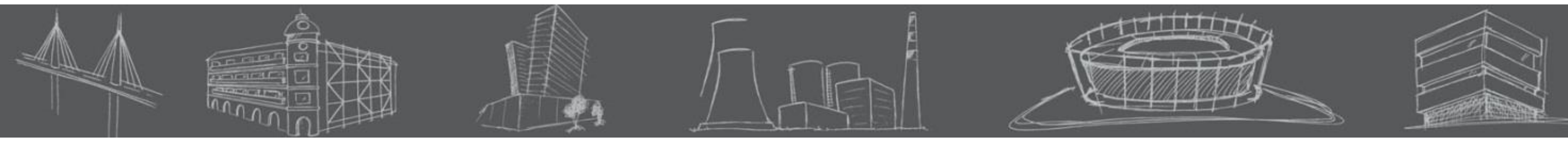
EXTENDED CONSOLIDATED STATEMENT

OF THE ULMA Construccion Polska S.A. CAPITAL GROUP

FOR THE 1ST QUARTER 2016

All amounts expressed in PLN thousand, unless indicated otherwise



ULMA Construccion Polska S.A.
CAPITAL GROUP
GENERAL INFORMATION

All amounts expressed in PLN thousand, unless indicated otherwise

Subject of activity

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

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

The ULMA Construccion Polska S.A. is a joint-stock company (Company). The Company commenced its business activity on 14 February 1989 under the name of Bauma Sp. z o.o., in a form of a limited liability company (Spółka z o.o.) and was registered under the Rep. No. A.II – 2791. On 15 September 1995, it was converted into a joint-stock company, established by a notary deed before notary Robert Dor at the Notary Office in Warsaw, registered under Rep. No. A 5500/95. On 29 October 2001, the District Court in Warsaw, 20th Commercial Division of the National Court Register, entered the Company into the Register of Entrepreneurs under the National Court Register No. 0000055818. On 6 November 2006, the Extraordinary General Meeting of Shareholders, by way of Resolution no. 1, decided to change the Company's name from BAUMA S.A. to ULMA Construccion Polska S.A. The relevant entry into the National Court Register was made on 14 November 2006.

Registered seat

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

Supervisory Board of the Company

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

Audit Committee

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

Management Board

Andrzej Kozłowski	President of the Management Board
Krzysztof Orzełowski	Member of the Management Board
Ander Ollo Odriozola	Member of the Management Board
Rodolfo Carlos Muñiz Urdampilleta	Member of the Management Board
Andrzej Sterczyński	Member of the Management Board

All amounts expressed in PLN thousand, unless indicated otherwise

Chartered Auditor

KPMG Audyt Sp. z o.o. limited liability partnership
ul. Inflancka 4a
00-189 Warsaw
The company is registered in the list of entities authorized to audit financial statements under the number 3546

Banks

mBank S.A.,
PEKAO S.A.,
BNP PARIBAS Bank Polska S.A.
PKO Bank Polski S.A.
Sabadell Bank (Spain)

Stock exchange quotations

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

All amounts expressed in PLN thousand, unless indicated otherwise

ULMA Construccion Polska S.A.
CAPITAL GROUP

CONSOLIDATED FINANCIAL STATEMENT FOR THE 1ST QUARTER OF 2016

All amounts expressed in PLN thousand, unless indicated otherwise

Consolidated statement of financial position

As of:

	31.03.2016	31.12.2015	31.03.2015
ASSETS			
I. Fixed assets (long-term)			
1. Tangible fixed assets	211 921	201 218	207 406
2. Intangible fixed assets	188	200	181
3. Interests in associates	552	566	(148)
4. Other non-current assets	4 054	4 068	4 109
5. Long-term receivables	946	945	907
Total fixed (long-term) assets	**217 661**	**206 997**	**212 455**
II. Current (short-term) assets			
1. Inventories	7 255	5 847	7 383
2. Trade receivables and other receivables	80 590	80 493	67 401
3. Current income tax receivables	432	592	2
4. Derivative instruments	53	-	-
5. Cash and cash equivalents	31 261	34 964	41 338
Total current (short-term) assets	**119 591**	**121 896**	**116 124**
Total assets	**337 252**	**328 893**	**328 579**
EQUITY AND LIABILITIES			
I. Equity			
1. Share capital	10 511	10 511	10 511
2. Reserve capital – surplus from sale of shares over nominal value	114 990	114 990	114 990
3. Exchange differences from consolidation	(15 111)	(14 381)	(11 998)
4. Retained profit, including:	178 474	178 043	172 168
a) Net profit (loss) on the accounting period	*431*	*5 508*	*(367)*
Total equity	**288 864**	**289 163**	**285 671**
II. Liabilities			
1. Long-term liabilities			
a. Deferred income tax liabilities	2 920	3 559	3 939
b. Long-term retirement benefit liabilities	193	193	173
Total long-term liabilities	**3 113**	**3 752**	**4 112**
2. Short-term liabilities			
a. Credits and loans	-	-	3 790
b. Short-term retirement benefit liabilities	14	14	6
c. Short-term liabilities due to factoring of trade liabilities	3 995	3 545	-
d. Current income tax liabilities	147	-	1 162
e. Derivatives	-	8	15
f. Trade liabilities and other liabilities	41 119	32 411	33 823
Total short-term liabilities	**45 275**	**35 978**	**38 796**
Total liabilities	**48 388**	**39 730**	**42 908**
Total equity and liabilities	**337 252**	**328 893**	**328 579**

All amounts expressed in PLN thousand, unless indicated otherwise

Consolidated profit and loss account and other total income

	1Q 2016	1Q 2015
Revenues from sales	39 511	43 025
Costs of sold goods, products and materials	(32 579)	(36 580)
I. Gross profit on sales	**6 932**	**6 445**
Sales and marketing costs	(1 648)	(1 158)
General administrative costs	(4 361)	(4 304)
Other operating income	784	540
Other operating costs	(448)	(312)
II. Operating profit (loss)	**1 259**	**1 211**
Financial income	423	374
Financial costs	(820)	(1 703)
Net financial costs	*(397)*	*(1 329)*
Share in profit (loss) in associated companies	(14)	(57)
III. Profit (loss) before tax	**848**	**(175)**
Current income tax	(1 019)	(1 388)
Deferred income tax	602	1 196
IV. Net profit (loss) in the financial period	**431**	**(367)**
Other comprehensive income, which may be settled with profit (loss):		
Exchange differences from conversion of foreign subsidiaries	(767)	(2 031)
Income tax referring to the total other income items	37	(85)
V. Comprehensive income for the financial period	**(299)**	**(2 483)**
Profit (loss) of the accounting period falling to owners from the parent entity	431	(367)
Average weighted number of ordinary shares	5 255 632	5 255 632
Basic and diluted profit (loss) per share in the financial period (in PLN per share)	0.08	(0.07)

All amounts expressed in PLN thousand, unless indicated otherwise

Statement of changes in consolidated equity

Details	Share capital in nominal value	Surplus from sale of shares over nominal value	Exchange differences from consolidation	Retained profit	Total equity
State as of 31.12.2014	**10 511**	**114 990**	**(9 882)**	**172 535**	**288 154**
Comprehensive income in 2015	-	-	(4 499)	5 508	1 009
State as of 31.12.2015	**10 511**	**114 990**	**(14 381)**	**178 043**	**289 163**
Comprehensive income for 1Q of 2016	-	-	(730)	431	**(299)**
State as of 31.03.2016	**10 511**	**114 990**	**(15 111)**	**178 474**	**288 864**

Details	Share capital in nominal value	Surplus from sale of shares over nominal value	Exchange differences from consolidation	Retained profit	Total equity
State as of 31.12.2014	**10 511**	**114 990**	**(9 882)**	**172 535**	**288 154**
Comprehensive income for 1Q of 2015	-	-	(2 116)	(367)	**(2 483)**
State as of 31.03.2015	**10 511**	**114 990**	**(11 998)**	**172 168**	**285 671**

All amounts expressed in PLN thousand, unless indicated otherwise

Consolidated cash flow statement

	1Q 2016	1Q 2015
Net profit of the accounting period	**431**	**(367)**
Adjustments:		
- Income tax	418	192
- Depreciation of fixed assets	11 250	14 922
- Depreciation of intangible assets	30	63
- Net value of sold formwork – fixed assets	4 062	2 498
- (Profit)/loss from changes in fair value of financial instruments	(62)	(60)
- Change in share value in the associates	14	62
- Received interest	(349)	(379)
- Interest expenses	-	88
- (Profit)/Loss on exchange differences	135	522
Changes in working capital:		
- Inventories	(1 408)	(527)
- Trade receivables and other receivables	(313)	203
- Trade liabilities and other liabilities	9 159	9 704
	23 367	**26 921**
Purchase of formworks	(26 318)	(8 705)
Income tax paid	(712)	(2 048)
Net cash flows from operating activities	**(3 663)**	**16 168**
Acquisition of tangible fixed assets	(270)	(251)
Inflows from sale of tangible fixed assets	10	4
Acquisition of intangible and legal assets	(20)	(1)
Loans granted	-	(38 161)
Repayment of loans granted	-	38 161
Interest received	566	379
Net cash flows from investment activities	**286**	**131**
Credits and loans received	-	-
Repayment of credits and loans	-	(6 824)
Payments related to financial leasing	-	-
Interest paid	-	(99)
Dividend payment	-	-
Net cash flows from financial activities	**-**	**(6 923)**
Net increase / (decrease) in cash and overdraft facility	**(3 377)**	**9 376**
Cash and overdraft facility at the beginning of period	34 964	32 110
Foreign exchange (loss)/profit on the valuation of cash and overdraft facility	(326)	(148)
Cash and overdraft facility at the end of period	**31 261**	**41 338**

All amounts expressed in PLN thousand, unless indicated otherwise

ULMA Construccion Polska S.A.
CAPITAL GROUP

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENT

All amounts expressed in PLN thousand, unless indicated otherwise

Notes to the consolidated financial statement

Description of the major accounting principles applied

The basic accounting principles applied in preparation of this consolidated financial statement are presented below. The described principles were applied to all of the presented periods on a continuous basis

Basis for preparation

The consolidated financial statement of the ULMA Construccion Polska S.A. Capital Group, parent entity of which is ULMA Construccion Polska S.A. with its registered office in Warsaw, was prepared for the period of 3 months ended on 31 March 2016 in accordance with AIS 34 “Interim financial reporting”.
This statement has been prepared in line with historical cost principle, excluding financial assets and liabilities (derivative financial instruments) measured at fair value through the profit and loss account.

Consolidation

This consolidated financial statement of the Group was prepared on the basis of the financial statement of the parent entity, financial statement of its subsidiary and associated entities. The financial statements of the entities covered with consolidation are prepared for the same reporting periods.
Due to the fact that not all entities belonging to the Capital Group apply identical accounting principles, compliant with the principles applied by the parent entity, adequate conversion of the financial statement of such entities was made for the purposes of preparation of the consolidated financial statement, harmonising data with the accounting principles applied in the parent entity.
Subsidiary entities are these entities controlled by the parent entity. Control of the parent entity is associated with direct or indirect holding, by means of its subsidiary entities, of more than a half of votes in a given company, unless it can be demonstrated that such holding effects in no control rights. Performing the control exists when the Company, in effect of its involvement in the other entity, is entitled to the rights to variable financial results and to influence the value of such financial results by managing such entity. Managing the entity may be also effectible in the case, in which the parent entity does not hold more than a half of the number of votes in the subsidiary entity. The subsidiary entities are subject to full consolidation starting from the day of taking-over the control by the Group. Consolidation discontinues as of the day of termination of control. Acquisition (takeover) cost is established as fair value of the assets handed over, capital instruments issued and liabilities contracted or received as of the exchange day, increased by the costs directly related to the takeover. Identifiable acquired assets and liabilities, including contingent liabilities acquired under merger of business entities, are initially valued at their fair value as of the acquisition day, regardless of percentage value of possible minority shares. Surplus acquisition cost over fair value of the Group’s share in the identifiable acquired net assets is recognized as goodwill. If the acquisition cost is lower than fair value of the net assets of the acquired subsidiary entity, the difference is recognized directly in the financial result.
Associated entities are the entities, on which the parent entity has, directly or by means of its subsidiary companies, a significant impact however performs no control or co-control over such entities.
The investments in the associated entities are recognized using the equity method.
Transactions, settlements and unrealized profit on transactions between the Group’s companies are eliminated. Unrealized loss is also subject to elimination, unless the transaction provides the evidence for impairment of the transferred asset.
Foreign exchange differences on cash items included into the net investment in an entity operating abroad are primarily recognized in a separate equity item in total other comprehensive income, whereas on disposal of the net investment it is recognized in the financial result.

All amounts expressed in PLN thousand, unless indicated otherwise

Measurement of items expressed in foreign currencies

The items included in the financial statement of the Group are measured in the currency of the primary economic environment in which a substantial part of the Group operates (functional currency). The functional currency of the parent entity is Polish Zloty (PLN), constituting also the presentation currency for the financial statements of the Group.

Transactions and balances

Transactions expressed in foreign currencies are converted into the functional currency at the exchange rate in force at the transaction day. Exchange profit and loss from the settlement of these transactions and from the balance sheet valuation of cash assets and liabilities expressed in foreign currencies are recognized respectively in the financial result. Exchange differences, both positive and negative, related to investing and financial activities, are ranked among the financial expenses.
Exchange differences related to realization and balance sheet valuation of trade settlements, increase or decrease the revenue or expense items, to which they are related on an operational basis.
The Group adopts the average exchange rate of a given currency announced by the National Bank of Poland (NBP) as of the balance sheet date as the closing rate of a given currency used for the purposes of balance sheet valuation of cash assets and liabilities expressed in foreign currencies.
Exchange differences on cash items included into the net investment in an entity operating abroad are primarily recognized in a separate equity item in total other comprehensive income, whereas on disposal of the net investment it is recognized in the financial result.

Foreign companies

Financial statements of the companies belonging to the Capital Group, for which the functional currencies differ from the presentation currency, are converted to the presentation currency as follows

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

Currency exchange rates and inflation

	Average exchange rates published by the National Bank of Poland				Change to the index of consumer goods and services published by the Central Statistical Office
	UAH (hryvnia - Ukraine)	RON (leu – Romania)	KZT (tenge - Kazakhstan)	EUR (euro)	
31 March 2016	0.1436	0.9538	0.010932	4.2684	-0.9%
31 December 2015	0.1622	0.9421	0.011452	4.2615	-0.9%
31 March 2015	0.1623	0.9277	0.020386	4.0890	-1.5%

All amounts expressed in PLN thousand, unless indicated otherwise

Financial instruments

Financial instruments recognized in the statement of financial position include cash in hand and cash at bank, trade receivables and other receivables, financial assets shown at fair value settled through the financial result, available-for-sale financial assets, trade liabilities and other liabilities, factoring liabilities as well as credits and loans.
The methods of presentation and measurement of individual financial instruments are included in sections describing the adopted accounting principles below.
Derivative financial instruments are initially recognized at fair value as at the date of contract conclusion. Subsequently, their value is adjusted to reflect the current fair value. The derivative instruments held by the Group do not qualify as hedge accounting and therefore the result of their measurement to fair value is recognized in the financial result.
At the end of each reporting period, the Group assesses whether there is objective evidence that financial assets, other than assets measured at fair value through profit or loss, are impaired. A financial assets is considered impaired when, after its initial recognition, objective evidence occurred of an event that could have negative, reliably estimated impact on the value of future cash flows related to the particular asset
Objective evidences that the financial assets (including capital instruments) are impaired include default or delinquency by a borrower, restructuring of an amount due to the Group, approved by the Group from economic or legal reasons, due to economic or legal conditions resulting from financial difficulties of the debtor, on terms that the Group would not consider otherwise, indication that a borrower is highly probable to enter bankruptcy, adverse changes in the balance of payments from debtors, economic conditions that correlate with default on contractual provisions, disappearance of an active market for a particular financial asset. Additionally, in the case of investment in capital instruments, significant or prolonged decrease in fair value of such an investment below its purchase cost is considered an objective evidence of impairment of financial assets.

Loans granted, own receivables and held-to-maturity investments

The Group assesses evidence of impairment of loans granted, own receivables or held-to-maturity investments on the level of a single asset, as well as with respect to groups of assets. In the case of individually significant receivables and held-to-maturity investments, impairment tests are carried out for individual assets. All individually significant loans granted, receivables and held-to-maturity investments in the case of which no evidence of impairment was identified on an individual basis are then subject to group assessment in order to verify whether impairment otherwise unidentifiable did not occur. Loans granted, receivables and held-to-maturity investments of individually insignificant value are assessed collectively in view of impairment, in groups with similar risk characteristics.
When assessing impairment of groups of assets, the Group considers the historical trends to estimate the probability of arrears and payment timing, as well as the value of losses incurred, adjusted for estimates of the Management Board whether current economic and credit conditions indicate significant differences between the actual level of losses and losses arising from the assessment of historical trends.
Impairment of financial assets carried at amortised cost is measured as the difference between the carrying amount of an asset and the present value of estimated future cash flows discounted using the initial effective interest rate. All losses are recognised in the profit or loss for the current period and constitute a revaluation write-down on loans granted and receivables, as well as held-to-maturity investments, whereas the Group continues calculating interest on assets subject to revaluation. If subsequent circumstances (e.g. payments made by the debtor) indicate that grounds for impairment ceased to exist, the reversal of a write-down is recognised in the profit or loss for the current period.

Available-for-sale financial assets

Impairment of available-for-sale-financial assets is recognised by reclassifying the accumulated loss recognised in the revaluation reserve from valuation at fair value to the profit or loss for the current period. The value of the aforementioned accumulated loss is calculated as a difference between the purchase price less received repayments of principal instalments and changes in the carrying amount resulting from the application of the effective interest rate method, and fair value. Additionally, this difference is reduced by impairment losses previously recognised in the profit or loss for the current period. Changes in the impairment write-down due to the application of the effective interest rate method are recognised as interest income

If, at a later date, fair value of written down debt securities classified as available for sale increases, and this increase can be objectively attributed to an event after impairment recognition, the previously recognised impairment loss is reversed to the profit or loss for the current period. In the case of available-for-sale capital instruments, the reversal of the impairment write-down is recognised under other comprehensive income.

Tangible fixed assets

Tangible fixed assets, i.e. buildings, machinery and equipment used for manufacturing, delivery of products and provision of services or for management purposes were measured as at the balance sheet date at acquisition price or production cost, less accumulated depreciation and impairment write-downs.

Subsequent expenditures are recognised in the carrying value of the relevant asset or as a separate PP&E item (where applicable), only when probable that the Group will derive respective economic benefits and the cost of the relevant item can be reliably measured. Subsequent expenditures not increasing the initial use value of the individual asset are charged to the costs of the period in which they were incurred.

Lands owned by the Group are recognised at acquisition price and are not depreciated. Other property, plant & equipment items are depreciated on a straight-line basis in order to spread their initial value less the potential end value over the time of their use for the individual generic groups.

The periods of use applied for the individual generic groups of PP&E are as follows (in years):

• buildings and structures	25 – 40
• investments in third party facilities	10
• plant and machinery	3 – 20
• equipment, formwork systems and other PP&E	2 – 8

The residual value and the periods of use of the PP&E are verified as at every balance sheet date and adjusted, if necessary.

If the carrying value of a PP&E item exceeds the estimated recoverable amount, the carrying value is reduced to the recoverable amount (note 1I).

Profit and loss on the disposal of property, plant & equipment is determined by comparing the revenue from sale with the carrying value and recognised in the financial result.

Leasing – rachunkowość leasingobiorcy (korzystającego)

Leasing of assets, at which a substantial part of the risk and benefits resulting from ownership actually continues to be borne or enjoyed by the lessor, is referred to as operational leasing. The lease payments charged to the Group in relation to operational leasing are charged to the financial result on a straight-line basis throughout the term of the lease agreement

Leasing of tangible fixed assets, at which the Group assumes a substantial part of the risk and benefits derived from ownership, is referred to as financial leasing. Items under financial leasing are recognised in assets as of the starting date of the lease at the lower of the following amounts: the fair value of the leased item or the present value of the minimum lease payments. Lease payments made in the reporting period in the part related to the principal instalments reduce the principal of the financial lease payable, while the remaining part, i.e. the interest, is charged to the financial costs of the period. Lease payments are divided into principal and interest in such a way as to obtain a fixed interest rate for each period with regard to the amount of the payable remaining to be repaid.
Tangible fixed assets under financial lease are disclosed in the statement of financial position on an equal basis with other tangible assets and are depreciated in accordance with the same principles. If there is no reliable assurance that after the termination of the lease agreement, the Group will acquire the ownership right, the relevant assets are depreciated over the lease period or the time corresponding to their economic useful life, whichever is shorter

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

Leasing is an agreement, under which the lessor (financing party) transfers, against a payment or a series of payments, to the lessee (user) the right to use a specific asset over a determined time. If the assets are given in operational lease, the relevant asset is disclosed in the statement of financial position according to its nature (type). Operational lease revenue is recognised over the lease period using the straight-line method.

Intangible fixed assets

Software

Acquired software licenses are capitalised at the amount of the costs incurred to purchase and to prepare specific software for use. Capitalised costs are written down over the estimate time of use of the software, ranging from 2 to 5 years

Impairment of fixed assets

Fixed assets subject to depreciation/amortisation are analysed for impairment in the case of circumstances indicating potential failure to realise the carrying value of tangible or intangible fixed assets held. The amounts of revaluation write-downs determined during the analysis (impairment test) reduce the carrying value of the asset they concern and they are charged to the costs of the period. Loss due to impairment is recognised in the amount, by which the carrying value of the asset exceeds the recoverable amount. The recoverable amount is the higher one of the following two amounts: fair value less the costs to sell, and use value (reflected by the present value of cash flow connected with the relevant asset). For the purposes of analysis for potential impairment, assets are grouped at the lowest level in relation to which cash flows occur that can be separately identified (cash-generating units).
Considering assets other than goodwill, impairment write-downs recognised in previous periods are assessed at the end of every reporting period in view of grounds indicating reduction or reversal of the impairment in whole. The impairment write-down is reversed if estimates used to assess the recoverable value changed. The impairment write-down is reversed only up to the initial value of an asset less depreciation/amortisation charges that would have been disclosed if no impairment write-down had been recognised.

Investments

Available-fore-sale financial assets

The investments of the Group cover the value of interests and shares in entities other than subsidiaries and associates. Investments in other entities are presented as financial assets available for sale, since the Management Board does not intend to dispose of such investments within the upcoming 12 months. The investments are initially recognised at fair value plus additional transaction costs. Increases in the value of investments related to revaluation to fair value are taken to equity. Decreases in the value of investments, in relation to which increases were made at earlier date, reduce the revaluation reserve. All other decreases resulting from impairment are charged to the financial result. In the case of available-for-sale financial instruments whose fair value cannot be reliably measured (there is no active market for these instruments), they are measured at purchase cost of the financial instrument less revaluation write-downs.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments which are not quoted on an active market. Such assets are initially recognised at fair value plus additional transaction costs that can be directly allocated thereto. At a later date, loans and receivables are valued at amortised cost with the application of the effective interest rate method, taking into account a reduction by potential impairment write-downs.

Inventories

Inventories of raw materials, other materials and purchased goods are measured as at the balance sheet date at the lower of the following amounts: the acquisition price or the realisable net selling price.

The net selling price is the price of sale performed during normal economic activity, less the estimated costs of completion of production and the variable costs which have to be incurred to perform the sale effectively.

Inventory depletion is measured in accordance with the “first in, first out” (FIFO) principle.
Revaluation write-downs are made on obsolete, unsellable and defective inventories in applicable cases.

Trade receivables and other receivables

Trade receivables are initially recognised at fair value and subsequently measured using the amortised cost method, applying the effective percentage rate, and reduced by impairment write-downs. Trade receivables regarded as uncollectible are charged to costs at the moment of stating them uncollectible. If the Management Board considers that the Group will not be able to recover the amounts due at their original value as probable, an impairment write-down is made. The write-down amount corresponds to the difference between the book value and the present value of the expected future cash flows, discounted by the original effective interest rate. Changes in the value of revaluation write-downs on trade receivables are recognised in the financial result, charged to sales and marketing costs, in the period in which the change took place.
The Group adopted a policy according to which the amounts of VAT recovered due to failure to pay an amount receivable within 150 days from the payment date are disclosed in the balance sheet under “Liabilities due to taxes and other charges.”

Cash and cash equivalents

Cash and cash equivalents are recognised in the statement of financial position at fair value corresponding to the nominal value. These include cash on hand and at banks, other short-term investments with a high degree of liquidity with original maturities not exceeding three months.
Balance of cash and cash equivalents disclosed in the cash flow statement includes cash referred to the above and its equivalents, less outstanding overdraft amounts.
Overdraft facilities are disclosed in the statement of financial position under liabilities – short-term loans and credits.

Equities

Share capital and reservers

Ordinary shares are classified as equity. Share capital is disclosed at the nominal value of the shares. Surplus from the issue of shares at premium less costs directly related to the issue of the new shares is disclosed as supplementary capital.

Retained profits

In the statement of financial position, the retained earnings item includes accumulated retained profits and losses of the Company from the previous financial periods and the financial result of the current financial year.

Currency translation profit/loss of foreign entities

Currency translation profit/loss of financial statements of the foreign entities onto the presentation currency and foreign exchange differences from net investments in foreign entity are recognized in a separate equity item.

Credits and loans

Credits and loans are initially recognised at fair value, less the transaction costs incurred. In the subsequent periods, loans and credits are measured at the adjusted acquisition price (amortised cost), applying the effective interest rate.
Credits and loans are recognised in short-term liabilities, unless the Group has an unconditional right to defer the repayment of a debt by at least 12 months following the balance sheet date

Provisions

Provisions are created for the Group's existing obligations (under legislation or common law) resulting from past events, provided that the probability that the Group's resources will have to be spent in order to fulfil that obligation occurs and that its estimated value can be determined in a reliable manner.

Accruals and deferred income

The Group discloses the following under the item "Trade liabilities and other liabilities" in the statement of financial position:

- reliably estimated values of the costs incurred in the relevant reporting period, not invoiced by the suppliers until the balance sheet date. The time and manner of settlement depends on the nature of the accruals.
- deferred income, including in particular the equivalent of funds obtained or due from contracting parties in relation to performance taking place in subsequent reporting periods

Significant estimates and judgements

When preparing these financial statements in accordance with the International Financial Reporting Standards, the Management Board performs specific accounting estimates and takes into account its own knowledge and estimates in relation to expected changes in the analysed figures. The actual figures may differ from the estimates.

- The carrying value of tangible fixed assets is determined on the basis of estimates concerning the useful life of individual groups of property, plant & equipment. The useful life periods assumed for tangible fixed assets are subject to periodic review on the basis of analyses performed by the Group.
- Receivables are reviewed for impairment, provided the occurrence of circumstances suggesting that they may be uncollectible. In that case, the revaluation write-downs are determined on the basis of estimates prepared by the Group.

  Changes in the construction market may have significant impact on the assessment of recoverable amount of assets of the Group. In the event of identifying premises for impairment, the Group estimates the recoverable amount of its tangible fixed assets.

  The analysis of impairment of tangible fixed assets is usually performed by way of estimating the recoverable amount of cash-generating units. Such analysis is based on a number of significant assumptions, part of which is beyond the control of the Group. Significant changes in these assumptions may affect the results of impairment tests and, as a consequence, may lead to significant changes in the Group's financial standing and financial results.

Revenues

Revenues include the fair value of revenues from the sale of products and services, less goods and services tax (VAT), discounts and reductions.
The Group recognises the revenues from sales in the cases in which: the amount of revenue can be reliably measured, it is likely that the entity will obtain economic benefits in the future, and the specific criteria described below have been met for all kinds of the Group's activity.

1. Revenues from sale of goods and construction materials

Revenues from the sale of goods and materials are recognised if the significant risk and benefits resulting from the right of ownership of goods and materials were transferred to the buyer and when the amount of revenue can be measured reliably, and collectability of receivables is sufficiently certain.
This category also includes revenues from the sale of formwork systems, recognised as tangible fixed assets. The results from sale of other tangible fixed assets is recognised in other operating income or other operating costs.

In the case of domestic sales, the moment of recognising revenues from the sale of materials or goods is the time of release of the materials or goods to the buyer from the Group's warehouse. In the case of export sale and intra-Community supply of goods, the moment of recognising revenues depends on the delivery conditions determined in accordance with Incoterms 2010, included in the performed contract.

2. Revenues from the sale of services

Revenues from the sale of services concern mainly construction formwork leasing services, settled based on daily rates.

3. Financial revenues and costs

Financial revenues include interest income related to funds invested by the Group (including on available-for-sale financial assets), dividends due, gains on sale of available-for-sale financial assets, gains due to changes of fair values of financial instruments at fair value through profit or loss, gains related to hedging instruments recognised in the profit or loss for the current period. Interest income is recognised in the profit or loss for the current period on an accrual basis, using the effective interest rate method

The dividend is recognised in the profit or loss for the current period on the day on which the Group acquires the right to receive the dividend.

Financial costs include interest costs related to external financing, losses on sale of available-for-sale financial assets, losses due to changes of fair values of financial instruments at fair value through profit or loss, impairment write-downs on financial assets (other than trade receivables) and losses on hedging instruments recognised in the profit or loss for the current period.

Costs of external financing that cannot be directly allocated to the purchase, production or construction of certain assets, are recognised in the profit or loss for the current period using the effective interest rate method.

Exchange gains and losses are disclosed in net amount as financial income or financial costs, depending on their total net amount.

Deferred income tax

Deferred income tax assets and liabilities resulting from temporary differences between the tax value of assets and liabilities and their carrying value in the financial statements are recognised using the balance sheet method. In the cases in which, however, the deferred income tax arose due to the initial recognition of an asset or liability within a transaction other than a merger of business entities, not affecting the financial result or the tax income (loss), such deferred income tax is not disclosed. Deferred income tax is determined using the tax rates (and in accordance with the tax regulations) legally or actually in force as at the balance sheet date, expected to be in force at the moment of realisation of the relevant deferred income tax assets or payment of the deferred income tax liabilities.

Deferred income tax assets are recognised if it is likely that taxable income will be achieved in the future which will make it possible to utilise the temporary differences.

Deferred income tax assets and liabilities are set off, provided the existence of a legally enforceable right to set off current tax assets against current tax liabilities.

The Capital Group is able to control the dates of reversal of all temporary differences related to investments in subsidiaries, associated units and entities and investments in joint ventures, for which the deferred tax was not recognized with probability that such temporary differences will not reverse in the foreseeable future.

Employee benefits

Retirement allowances

The benefits related to the retirement allowance are due, provided that the employee acquires a right to such retirement benefit pursuant to the Labour Code. The amount of the retirement allowance due to the employee acquiring retirement rights is calculated in the amount of additional remuneration for one month.
The Group makes a provision for post-employment benefits in order to allocate the costs of those allowances to the periods to which they relate. The provision raised is recognised as an operating expense in the amount corresponding with accrued future employees' benefits. The present value of these obligations is measured by an independent actuary.
Actuarial gains and losses arising from the change of actuarial assumptions (including change in discount rate) and ex post actuarial adjustments are presented as other comprehensive income.

Definition of the presented financial periods

This statement presents the following financial periods:

- I quarter of 2016 – period between 1 January to 31 March 2016
- I quarter of 2015 – period between 1 January to 31 March 2015

All amounts expressed in PLN thousand, unless indicated otherwise

Additional information to the quarterly statement

Brief description of significant successes or failures of the issuer in the concerned period, including the list of key related events and description of factors and events, in particular of non-standard nature, which had a significant impact on the delivered financial results.

Market environment in Poland

Initial data provided by the Central Statistical Office demonstrate poor outlook in the construction sector in 1Q 2016. In the analyzed period, dynamics of construction and assembly production in the group of enterprises employing more than 9 people was at the level of minus 15.6%. This unfavourable result arose primarily from the **engineering sector** with drop rate reaching app. 28%. Only the roads and motorways construction segment recorded the positive value (+9.9%) that may act as a forerunner of eagerly expected two-digit increases in the next periods. As for now, this favourable trend covered no engineering facilities construction segment (bridges, viaducts and slip roads) with recorded drop in construction and assembly production by as much as 25.8% . This sector is decisive for the revenues of the Company to be gained in the road and bridge construction sector.

More than 20% decreases were recorded in all segments of the industrial construction sector, followed by 7.9% drop in usually the most stable **non-residential sector.**

Such significant decreases result for the most from transition between the previous and current EU budget. The investment included in the previous financial perspective have been completed, however due to extending preparatory works the number of project co-financed from the new budget on the market remains low.

A stable positive trend has been maintained only in the **residential sector** with growth rate of the construction and assembly production in the analyzed period of 12.12% y/y.

In comparison with decreasing throughput, the financial result of the construction companies for 2015 and published in the 1Q 2015 seemed to be highly optimistic. In the group of large and medium contractors the result reached PLN 6.9 billion and the net turnover profitability rate increased from 2.7% in 2014 to 6.6^ in 2015. These data were accompanied with further significant decrease of bankruptcies in the construction sector: according to EULER HERMES by 16 % comparing to the same period in the previous year. In opposite to the situation in the previous quarters, the bankruptcies covered primarily the companies specializing in general and residential construction carrying out the policy of excessively aggressive winning of the new contracts, frequently at the edge of profitability, and having additionally difficulties with debt financing on the on-going basis due to more restrictive position of the banks.

Market environment abroad

In the analyzed period, Kazakhstan continued to face the economic slowdown resulting from progressing decrease of oil prices, significant limitation of trade exchange with the key partners: China and Russia and decreased domestic demand. In order to reverse this trend, the government took the actions aiming at stabilization of the financial sector and commenced implementation of the privatization programme covering the largest enterprises owned by the State Treasury.
In the 1Q of 2015, Ukraine demonstrated increasingly apparent symptoms of economic stabilization. According to the State Statistics Service of Ukraine, the dynamics of construction and assembly production

All amounts expressed in PLN thousand, unless indicated otherwise

in the analyzed period reached a positive outcome of + 1.9 % in real terms (comparing to -33% in the same period of the previous year), provided that – in opposite to the previous months – a decreasing downward trend lasting two subsequent months was recorded for the most in the engineering and non-residential sectors. A noticeable stabilization of the hryvnia exchange rate and increased flexibility of the banks in context of credit policy should favour – in short-term perspective – launching of subsequent commercial projects.

Operating profitability

In the 1Q 2015, the Capital Group obtained a positive result on the operating activity, amounting to PLN 1 259 thousand comparing to positive result of PLN 1 211 thousand in the same period of the preceding year.

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

	1Q 2016	2015	1Q 2015
Sales	39 510	182 411	43 025
EBIT	**1 259**	**9 023**	**1 211**
% of sales	3.19	4.94	2.81
Depreciation	11 280	52 969	14 985
EBITDA	**12 536**	**61 992**	**16 196**
% of sales	31.73	33.99	37.64

In 1Q 2016 the Capital Grou recorded EBITDA drop in absolute terms by PLN 3 656 thousand comparing to the outcome from the 1Q 2015 that caused a minor decrease of EBIDTA ratio by 5.91 p.p. expressed as sales percentage.

This EBITDA operating profitability drop underlies greater operating expenses incurred by the Capital Group in the analyzed period in connection with renovations of formworks and scaffoldings and aiming at effective preparation of its resource capacity to the new construction season. Capacity and expected growth dynamics of the individual market sectors, including the fact that upon the period of noticeable slowdown in the bridge sector in 2015, this year 2016 demonstrates high probability of enhanced development of this market segments in the subsequent periods, are of particular importance.

In 1Q 2016, the Company Group established depreciation write-offs amounting to PLN 468 thousand comparing to PLN 359 thousand in the same period of the previous year (recognized in 'Sales and marketing costs' item).

Exchange rate hedging transactions

The Companies of the Capital Group purchase the products (formwork systems and accessories as well as scaffoldings) being the subject-matter of the commercial and service activity from the parent entity in Spain, other companies of the ULMA Group and other third companies.

All amounts expressed in PLN thousand, unless indicated otherwise

Within its commercial activity, the Capital Group operates on the export markets, primarily in Ukraine, Lithuania and Kazakhstan, in which its business activity is carried out by the subsidiaries: Ulma Opałubka Ukraina sp. z o.o., Ulma Construccion BALTIC sp. z o.o. and Ulma Opałubka Kazachstan Sp. z o.o. In effect, the companies of the Capital Group are exposed to the exchange risk, which are attempted to be hedged by the Group by:

- activity on the forward market end entered into the currency futures contracts of Non-Delivery Forward (NDF) type, or
- adjusting the offered prices of services and materials, which is however of insufficient effectiveness..

futures contracts held by the Capital Group (NDF) are concluded only and exclusively for the needs of hedging against the exchange risk and are not of asymmetrical nature. The Capital Group does not apply the “hedge accounting”, in effect of which the results and valuations of hedging transactions (positive and negative) are recognized in the periodic results.

Financial costs and other comprehensive income

By 2015, the Capital Group used bank credits for financing investments related to purchase of products intended for lease (i.e. formwork systems and scaffolding systems).

The final instalments of bank credits were repaid by the Group in 2015, in effect of which in 2016 the Group incurred no costs of credit interests.

Incremental change of the foreign exchange rates resulted in decreased share capital of the Company in the 1Q 2016 by PLN 729 thousand. This amount recognized in the Other comprehensive income item covers:

- Currency translation loss on financial statements of foreign entities amounting to – PLN 486 thousand,
- Negative FX differences arising from valuation of intragroup loans recognized in compliance with IAS21 as net investments in foreign entities in the amount of – PLN 243 thousand.

Net financial result

Upon considering the income tax, the Capital Group obtained within the 1Q 2016 positive net financial result of PLN 431 thousand comparing to PLN (367) thousand of a negative net financial result in the same period of the previous year.

Cash flows

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

	1Q 2016	1Q 2015
Net profit (loss)	**431**	**(367)**
Depreciation	11 280	14 985
Total financial surplus	**11 711**	**14 618**
Other elements of net flows from operating activities	(15 374)	1 550
Net cash flows from operating activities	**(3 663)**	**16 168**
Net cash flows from investment activities	286	131
Net cash flows from financial activities	-	(6 923)
Net cash flows	**(3 377)**	**9 376**

Cash flows from operating activities

Within the 1Q 2016, the Capital Group achieved the positive financial surplus (net profit + depreciation) of PLN 11 711 thousand.

In the same period, cash flows from operating activities amounted to PLN (3 663) thousand comparing to PLN (16 168) thousand in the same period of the previous year.

Starting from the consolidated financial statement for 2015, the Group changed the method for disclosure of the expenditures on purchase of formworks in the consolidated cash flow statement. These expenditures are disclosed in net cash flows from operating activities (in the consolidated financial statement for the period of 3 months ended on 31 March 2015 these were presented in cash flows from investment activities). In the opinion of the Management Board, current disclosure better reflects the specific nature of the Group's operation, consisting among others in lease of formwork systems. Consolidated cash flow statement for the financing year ending on 31 March 2015 was conversed respectively.

In the 1Q 2016, the Capital Group made the investment purchases in the group of formworks and scaffoldings primarily to supplement the portfolio of the offered products necessary to handle the recorded growth on the construction market in 2016, including in particular in the bridge sector. In effect, the investment expenditures in 1Q 2016 related to purchase of tangible fixed assets in the group of formwork systems and scaffoldings amounted to PLN 26 318 thousand comparing to PLN 8 705 thousand in the same period of 2015.

Cash flows from investment activities

Cash flows from investment activities consist for the most in inflows from interests on loan granted to parent entity and expenditures related to purchase of other fixed assets (formwork cleaning and repair equipment and hardware).

Cash flows from financial activities

In the 1Q 2015, in line with the schedules under the concluded loan agreements, the Group repaid the final installments of bank credit incurred in the previous years. The related expenses amounted to PLN 6 824 thousand.
In the 1Q 2016, the Group acquired no revenues and incurred no expenditures on financial activities.

In effect of these activity, within the 1Q 2016 the Group recorded a decrease in cash and overdraft by PLN 3 377 thousand down to PLN 31 261 thousand, as of 31 March 2016.

All amounts expressed in PLN thousand, unless indicated otherwise

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

Execution of construction works is characterized by high seasonality, translating directly into the revenues obtained from the sales of products and services of the Capital Group. Particularly disadvantageous atmospheric conditions and frequent delays in execution of the budget investments occur usually within the first quarter of the year. The discussed factors usually improve in the subsequent quarters, with the peak of the construction season typically falling in the third quarter of the calendar year

These phenomena induce also the effect of seasonality in repairs of the products owned by the Capital Group (formwork and scaffolding systems). The largest part of these works falls for the construction season, i.e. the second and third quarter of the year.

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

No operations of such nature took place in the 1Q 2016.

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

No operations of such nature took place in the 1Q 2016.

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

No such events took place.

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

Since the end of the last financial year, no changes to contingent liabilities and assets have taken place.

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

The ULMA Construccion Polska S.A. Capital Group distinguishes two basic segments of its business activity:

- construction site service – the segment covering rental of formwork systems and scaffoldings, together with widely understood logistic service and settlement of the construction process at the end of contract,

All amounts expressed in PLN thousand, unless indicated otherwise

- sales of construction materials – the segment covering sales of formwork systems constituting fixed assets and current assets (products and goods) of the Capital Group, as well as of the other construction materials

The results in the segments were as follows:

1Q 2016 – period of 3 months ended on 31 March 2016

Item description	Construction site service	Sales of construction materials	Capital Group
Total sales revenues	34 865	6 475	41 340
Sales between segments	-	(1 829)	(1 829)
Sales revenues	**34 865**	**4 646**	**39 511**
Operating expenses without depreciation	(24 326)	(2 646)	(26 972)
EBITDA	**10 539**	**2 000**	**12 539**

1Q 2015 – period of 3 months ended on 31 March 2015

Item description	Construction site service	Sales of construction materials	Capital Group
Total sales revenues	34 080	11 590	45 670
Sales between segments	(127)	(2 518)	(2 645)
Sales revenues	**33 953**	**9 072**	**43 025**
Operating expenses without depreciation	(23 106)	(3 723)	(26 829)
EBITDA	**10 847**	**5 349**	**16 196**

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

	1Q 2016	**1Q 2015**
EBITDA	**12 539**	**16 196**
Depreciation	(11 280)	(14 985)
Revenue from interests	371	374
Other financial revenue	52	-
Interest costs	(58)	(88)
Other financial costs	(762)	(1 615)
Share in associates	(14)	(57)
Profit (loss) before tax	**848**	**(175)**
Income tax	(417)	(192)
Net profit (loss)	**431**	**(367)**

All amounts expressed in PLN thousand, unless indicated otherwise

Conversion of selected financial data to euro

	in PLN thousand		in EUR thousand	
SPECIFICATION	**1Q 2016**	**1Q 2015**	**1Q 2016**	**1Q 2015**
Net revenues from sales of products, goods and materials	39 511	43 025	9 070	10 370
Result from operating activities	1 259	1 211	289	292
Result before tax	848	(175)	195	(42)
Net result	431	(367)	99	(89)
Net cash flows from operating activities	(3 663)	16 168	(841)	3 897
Net cash flows from investment activities	286	131	66	31
Net cash flows from financial activities	-	(6 923)	-	(1 668)
Net cash flows	(3 377)	9 376	(775)	2 260
Diluted profit per ordinary share (in PLN/EUR)	0.08	(0.07)	0.02	(0.02)
Basic profit per ordinary share (in PLN/EUR)	0.08	(0.07)	0.02	(0.02)
	31.03.2016	**31.12.2015**	**31.03.2016**	**31.12.2015**
Total assets	337 252	328 893	79 011	77 178
Liabilities	48 388	39 730	11 336	9 323
Long-term liabilities	3 113	3 752	729	880
Short-term liabilities	45 275	35 978	10 607	8 443
Equity	288 864	289 163	67 675	67 855
Share capital	10 511	10 511	2 463	2 467
Average weighted number of shares	5 255 632	5 255 632	5 255 632	5 255 632
Number of shares as of the balance day	5 255 632	5 255 632	5 255 632	5 255 632
Book value per share (in PLN/EUR)	54.96	55.02	12.88	12.91

The individual items of assets as well as equity and liabilities were converted to EUR using the average exchange rates announced by the President of the National Bank of Poland, in force as of the balance sheet day. The average exchange rate of EUR as of 31 March 2016 was PLN 4.2684, whereas as of 31 December 2015 – PLN 4.2615.

The items of the statement of total income as well as the cash flow statement items were converted using the exchange rate representing the arithmetical mean of the exchange rates in force as of the last day of each month in the given period, i.e. data for the period from 1.01 to 30.09.2016 were converted at the exchange rate of = 4.3559 PLN/EUR, whereas data for the same period of 2015 were converted at the exchange rate of 4.1489 PLN/EUR.

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

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

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

Parent entity:

- **ULMA Construccion Polska S.A.** commercial law company with its registered office in Koszajec 50, 05-840 Brwinów. On 15 September 1995, pursuant to the resolution of the Extraordinary Shareholder Meeting, the company was transformed from a limited liability company into a joint stock company (Notary Deed of 15 September 1995, Rep. A No. 5500/95). It was entered into the Register of Entrepreneurs by the District Court for the Capital City of Warsaw, 20th Economic Division of the National Court Register, under the No. 0000055818.

Subsidiary entites:

- **ULMA Opałubka Ukraina sp. z o.o.** with its registered office in Kiev at Gnat Jura 9, was established on 18 July 2001. It was registered in the Sviatoshin Branch of the State Administration for the City of Kiev under the no. 5878/01 with ID code: 31563803. The core business activity of the company includes sales and lease of formwork systems and sales of construction materials. The issuer's share in the capital and in the overall number of votes is 100%.
- **ULMA Opałubka Kazachstan sp. z o.o.** with its registered office in Astana at Tashenov 25. Its strategic goal is development of the core activity of the Capital Group, i.e. rental of formwork and scaffolding systems and knowledge-sharing in the area of application of formwork technology in the construction process in Kazakhstan. The issuer's share in the capital and in the overall number of votes is 100%.
- **ULMA Construccion BALTIC sp. z o.o.** with its registered office in Vilnius at Pylimo 41-12. The subject-matter of activity of the Company is rental of construction scaffolding and formwork, wholesale and retail sales of building scaffolding and formwork, sales and rental of the other construction equipment and other commercial activity. The issuer's share in the capital and in the overall number of votes is 100%.

In addition, the Group holds shares in the following associate:

- **ULMA Cofraje SRL** with its registered office in Bragadiru at Soseaua de Centura No. 2-8 Corp C20 (Romania), was established on 9 October 2007. The company was registered in the National Office of Commercial Register in Bucharest, under the no. 22679140. Core business activity of the Company includes lease and sales of construction scaffolding and formwork, including on leasing terms and conditions. The issuer's share in the capital and in the overall number of votes is 30%.

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

Information on the results of changes to the business entity structure, including changes resulting from merger of business entities, takeover or sales of Capital Group entities, long-term investments, division, restructuring and cessation of business activity

In the period covered by this report, no changes to the ULMA Construccion Polska S.A. Capital Group structure occurred.

Position of the Management Board on the possibility of delivering the previously published result forecasts for this year, with a view to the results presented in the quarterly report comparing to the forecasted results

The ULMA Construccion Polska S.A. Capital Group publishes no forecasts of financial results.

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

As of the day of submission of this quarterly statement, the shareholders holding over 5% of the overall number of votes include:

- **ULMA C y E S, Coop.** (Spain), holding directly 3 967 290 shares in ULMA Construccion Polska S.A., which constitutes 75.49% of share in the Company's share capital and gives the right to 3 967 290 votes at the general meeting, which represents 75.49% of the overall number of votes,
- **Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK**, holding directly 466 679*) shares in ULMA Construccion Polska S.A., which constitutes 8.88% share in the Company's share capital and gives the right to 466 679 votes at the general meeting, which represents 8.88% of the overall number of votes.

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

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

According to information held by ULMA Construccion Polska S.A. in the period from submission of the previous statement, no changes in the ownership of shares in ULMA Construccion Polska S.A. or rights to them (options) by the above-mentioned persons occurred. None of the persons managing and supervising ULMA Construccion Polska S.A. holds shares of the issuer.

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

- proceedings concerning the liabilities or claims of ULMA Construccion Polska S.A. or its subsidiary entity, value of which constitutes at least 10% of the equity of ULMA Construccion Polska S.A., with specification of: subject matter of the proceedings, value of the subject matter of the proceedings, proceeding commencement date, parties to the commenced proceedings and the Company's position;
- two or more proceedings concerning the liabilities or claims, total value of which constitutes, respectively, at least 10% of the equity of ULMA Construccion Polska S.A., with specification of the total value of the proceedings separately in the liabilities and claims, together with the Company's position in such issue, and, with reference to the most significant proceedings in the liabilities and claims groups – with information on their subject matter, value of the subject matter of the dispute, proceeding commencement date and parties to the commenced proceedings

Neither ULMA Construccion Polska S.A. nor any of its companis is a party to the proceeding concerning the liabilities or claims of the Company, value of which would constitute at least 10% of the Company's equity.

There are also no two or more proceedings concerning the liabilities, total value of which would constitute at least 10% of the Company's equity.

Proceedings concerning claims of ULMA Construccion Polska S.A as of 31 March 2016:

ULMA Construccion Polska S.A. has been conducting 59 court proceedings covering the claims (according to the balance sheet as of 31 March 2016) in the total amount of PLN 27 179 thousand. These cases include court proceedings which have not been completed yet by issuing a writ of execution by the court (legal order for payment) or claims from the debtors, against which the court issued a decision on declaring bankruptcy with both the arrangement and liquidation option.

List specifying the individual groups of court proceedings is presented in the table below:

Details	Number of proceedings	Claim balance as of 31 March 2016	Current status of the case
Court proceedings	**11**	**5 469**	
including 5 largest cases:			
SIAC CONSTRUCTION Ltd		4 139	Awaited resumption of the court proceeding in Poland upon the completed recovery proceeding in Ireland.
P.H.U. POLKON Sp. z o.o.		715	Proceedings against the Debtor and the guarantor. Awaiting the issuance of writ of execution against Debtor.
GDDKiA		171	Proceedings against the State Treasury. In the first instance, the Court dismissed the claims of the Company, however the Company appealed from this decision. Awaiting the Court's decision in this case.
REN Sp. z o.o.		135	Proceedings against the Debtor and the guarantor. Awaiting the issuance of writ of execution against Debtor.
NATBUD Natalia Czapiewska		105	Proceedings against the Debtor and the guarantor. Awaiting the issuance of writ of execution against Debtor.
	Razem	**5 265**	**96% of the total**
Details	Number of proceedings	Claim balance as of 31 March 2016	Current status of the case
Bankruptcy proceedings	**48**	**21 710**	
including 5 largest cases:			
HYDROBUDOWA POLSKA SA		6 602	Notification to a trustee includes receivables from the Debtor from all the deliveries contracts, including construction of A4 motorway (Dębica-Rzeszów), which was carried out by the Debtor in consortium with SIAC Construction ltd.

All amounts expressed in PLN thousand, unless indicated otherwise

RADKO Sp. z o.o.		4 358	Regardless of the claim submitted in bankruptcy proceedings (with the option of arrangement), the Company conducts simultaneously several different proceedings, including among others: • enforcement proceedings against the guarantors • 'actio Pauliana' proceeding (residential premises). On 9 January 2015, the Court of Appeal sustained the decision of the court of first instance in favour of the Company. The enforcement proceeding is under way. • Payment claim against the State Treasury for compensation due to non-compliance with the Constitution of so called 'Special Act' of 28 June 2012 (Journal of Laws item 891). On 16 February 2015, the Regional Court decided to dismiss the suit of the Company. The Company appealed from this dismissal and awaits the decision of the court.
AEDES SPÓŁKA AKCYJNA		1 155	On 11 February 2016, the District Court for Krakow Śródmieście decided to open the arrangement proceedings of the Debtor. The debt was submitted to the appointed restructuring advisor.
HENPOL Sp. z o.o.		1 010	Claim submitted to the trustee
WROBIS SA		844	Claim submitted to the trustee
	Total listed	**13 969**	**64% of the total**
Total pending proceedings	**59**	**27 179**	

The Group creates write-downs for receivables, including for all doubtful receivables and receivables under court proceedings. The amounts of these write-downs are presented in the "Sales and marketing costs" item and their value corresponds to the estimated possibility of recovering the receivables under the judicial and debt collection proceedings.

All amounts expressed in PLN thousand, unless indicated otherwise

Information on concluding by ULMA Construccion Polska S.A. or its subsidiary entity of one or multiple transactions with the related entities, provided that these are either individually or jointly of significant nature and were concluded on terms and conditions different from the market ones, along with information on their value and presentation of:

a) information on the entity, with which the transaction was concluded,
b) information on relations between ULMA Construccion Polska S.A. or its subsidiary with the entity being a party to the transaction,
c) information on the subject matter of the transaction,
d) essential terms and conditions of the transaction, with particular focus on financial terms and information on the specific terms and conditions of this agreement laid down by the parties, in particular terms and conditions deviating from those commonly used for this type of agreements,
e) other information on these transactions, if necessary for understanding of the issuer's property and financial condition and financial result,
f) all changes to the transactions with the related entities described in recent annual statement, which might have a significant impact on the issuer's property and financial condition and financial result.

concluded in the 1Q 2016 by ULMA Construccion Polska S.A. and its subsidiaries with the related entities were of standard and routine nature, were entered into on the market conditions and their nature and terms and conditions resulted from the on-going operating activity.

The key transactions included purchases of formworks and lease services for the formwork systems made by ULMA Construccion Polska S.A. od ULMA C y E, S. Coop. of a value of PLN 22 078 thousand.
Within the last 12 months (from 1.10.2014 to 31.03.2015) value of these transactions amounted to PLN 45 774 thousand.

Apart from commercial transactions, ULMA Construccion Polska S.A. granted short- and long-term loans to related entities. List of loans granted as of the indebtedness status on the balance sheet date and as of 31.12.2015 is shown in table below.

Related entity – long-term loans	Value of loan as of 31.03.2016	Value of loan as of 31.12.2015
ULMA Opałubka Ukraine (USD thousand)	1 500	1 500
ULMA Cofraje Romania (EUR thousand)	221	221
ULMA Construccion BALTIC (EUR thousand)	2 500	2 500
Related entity – short-term loans	Value of loan as of 31.03.2016	Value of loan as of 31.12.2015
ULMA Opałubka Kazakhstan (USD thousand)	280	-
ULMA CyE S.Coop. (PLN thousand)	32 000	32 000

The above loans granted to the subsidiary companies are perceived as net investments in the subsidiary entity.

Unrealized exchange differences arising from the valuation of the aforementioned loans (excluding loan to ULMA Cofraje Romania) are recognized directly in equity of the Group.

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

a) name (business name) of the entity, to which the sureties or guarantees were granted,
b) total amount of credits or loans, which was respectively secured or guaranteed in whole or in part,
c) period for which the sureties or guarantees were granted,
d) financial terms, on which the sureties or guarantees were granted, with specification of remuneration of ULMA Construccion Polska S.A. or its subsidiary entity for granting such sureties or guarantees,
e) nature of the relations between ULMA Construccion Polska S.A. and the entity, which incurred the credits or loans.

In the period covered by the report, ULMA Construccion Polska S.A. granted nor loans or guarantees, value of which is an equivalent of at least 10% of the Company's equity.

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

In the 1Q 2016 no other, apart from these described above, significant events. The Management Board of ULMA Construccion Polska S.A. is unaware of any other information, which would be of significance for assessment of HR, property and financial conditions, financial result and changes thereto and for assessment of capability of the Capital Group companies to satisfy their liabilities.

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

Market in Poland

Despite poor results in the 1Q 2016 on the construction industry in Poland, and in particular poor data for the engineering structure construction segment, there are numerous premises indicating that the growth dynamics of the construction market is about to accelerate significantly, for the most thanks to the following segments: industrial and warehouse, residential, power energy and noticeable increase in the number and value of contracted road projects.

More than 50% of the amount from the PLN 107 billion pool for the **new roads** under the current EU perspective is already allocated (contracted investment, at the stage of tender procedure or advanced preparations to the tender procedure). Upon the governmental change, the Ministry of Infrastructure and Construction ammounced the revision of the National Road Construction Programme in the 1st half of

2016. It seems however that this change won't be of revolutionary nature and due to large number of projects already contracted and at the tender stage, a real impact on the construction market is assumed in a few years at the earliest. As for now, length of express roads and motorways, contracted in 2014 and 2015, has approximated 1000 km and the value estimated for 2009 – 2010. Contracting another 800 km is scheduled for 2016-2017.

In context of key **power energy investments,** the new projects in Turów Power Poland, Żerań Heat and Power Plant and Łagisza Power Plant are assumed to have the most significant impact on development of this sector in the upcoming future.

The most favourable forecasts for the **non-residential sector** continue to focus on the industrial and warehouse construction sector, among others due to extended functioning of SEZ by 2026 and record number of building permits issued in 2015. Intensive development of BPO/SSC business service centres should favour also office construction development, whereas the construction of commercial and service facilities has been currently at the adjustment stage. Data on building permits hardly indicate the potential reversal of this trend in the upcoming future.

The **residential market** has been currently facing a proportional increase of both the number of newly-costructed apartments and their sales. Such situation should favour maintenance of high, two-digit growth dynamics in this sector at least in this year. The forecasts for the next period are less optimistic and depend among others from a final form of residential policy of the current government.

Foreign markets

The factors, which in the short time perspective may have a (positive or negative) impact on the Company's revenues, present n the foreign markets, include:

In Ukraine:

- Slow stabilization of political and economic situation and slowdown of downward trends on the construction market;
- Stabilization of hryvnia exchange rate;
- Necessary reconstruction, development and modernization of national roads; plans of the Ukrainian government in the scope of preparation and implementation of the investment programme in PPP formula;
- Participation of the Ukrainian branch office of the Company in the next stage of a complex project of construction of the new sarcophagus in the closed Chernobyl Nuclear Power Plant and other projects in the industrial sector.

In Kazakhstan:

- Maintaining low crude oil prices in long-term perspective and risk of lower budgetary revenues at the level preventing or hindering continuation of development investments;
- Decreased purchasing power of population and high rate of unsold apartments;
- Determination of the Kazakh government in the implementation of economic reforms and seeking the funds for continuation of long-term development programmes;
- Limiting tenge devaluation in 1Q 2016;

- Significant development potential of the industrial sector and continuing interest of the foreign companies in participation in its development;
- Acquisition by the Company of a large contract on supply of scaffoldings for Bozshakol copper mine, which might serve as valuable reference in future when applying for participation in the other prestigious projects in the industrial sector;
- Acquisition by the Company of another contract for viaduct construction in Almaty, favouring strengthening of local experiences in managing infrastructural projects.

Foreign exchange risk

The Companies of the Capital Group purchase the products (formwork systems and accessories) from the parent entity in Spain or the other entities outside Poland. On the other hand, the Companies of the Capital Group are active on the export market. In effect, the Capital Group is exposed to foreign exchange risk, which it attempts to manage by operation on the foreign currency market or by operation on the forward market end entering into the currency futures contracts of Non-Delivery Forward (NDF) type.

The Ulma Opałubka Ukraina sp. z o.o. and ULMA Opałubka Kazakhstan subsidiaries have intragroup long-term loans denominated in USD. Due to no effective hedging opportunities for this transaction, these Companies remain exposed to foreign currency risk and USD – hryvna and UST – Tenge exposure, however when considering a noticeable stabilization of situation in Ukraine and Kazakhstan this risk seems to be moderate. In addition, the Management Board attempts to minimize this risk by adjusting the prices of the offered products and services following the foreign exchange rate changes.

ULMA Construccion Polska S.A.
CAPITAL GROUP

INDIVIDUAL ABRIDGTED FINANCIAL STATEMENT

FOR THE 1ST QUARTER OF 2016

All amounts expressed in PLN thousand, unless indicated otherwise

Statement of financial position

State as of:

	31.03.2016	31.12.2015	31.03.2015
ASSETS			
I. Fixed (long-term) assets			
1. Tangible fixed assets	205 685	194 780	203 024
2. Intangible assets	143	147	119
3. Shares in associated entities	8 198	8 198	8 198
4. Other fixed assets	4 054	4 068	4 109
5. Long-term receivables	18 319	17 590	19 245
Total (long-term) fixed assets	**236 399**	**224 783**	**234 695**
II. Current (short-term) assets			
1. Inventories	3 591	2 383	3 167
2. Trade receivables and other receivables	76 813	77 638	59 267
3. Income tax receivables	-	302	-
4. Derivatives	4		-
5. Cash and equivalents	26 271	31 061	38 112
Total (short-term) current assets	**106 679**	**111 384**	**100 546**
Total assets	**343 078**	**336 167**	**335 241**
EQUITY AND LIABILITIES			
I. Equity			
1. Share capital	10 511	10 511	10 511
2. Reserve capital – surplus from sale of shares over nominal value	114 990	114 990	114 990
3. Retained profit, including:	169 370	170 657	167 925
a) Net profit (loss) of the financial period	(1 287)	*32*	(2 700)
Total equity	**294 871**	**296 158**	**293 426**
II. Liabilities			
1. Long-term liabilities			
a. Deferred income tax liabilities	3 934	4 747	6 289
b. Long-term pension benefit liabilities	193	193	173
Total long-term liabilities	**4 127**	**4 940**	**6 462**
2. Short-term liabilities			
a. Credits and loans	-	-	3 790
b. Short-term pension benefit liabilities	14	14	6
c. Current income tax liabilities	4	-	118
d. Short-term liabilities due to factoring of trade liabilities	3 995	3 545	-
d. Derivatives	-	8	15
e. Trade liabilities and other liabilities	40 067	31 502	31 424
Total short-term liabilities	**44 080**	**35 069**	**35 353**
Total liabilities	**48 207**	**40 009**	**41 815**
Total equity and liabilities	**343 078**	**336 167**	**335 241**

All amounts expressed in PLN thousand, unless indicated otherwise

Profit and loss account and other comprehensive income

	I kwartał 2016 r.	I kwartał 2015 r.
Revenues from sales	35 805	36 481
Costs of sold goods, products and materials	(32 386)	(36 746)
I. Gross profit on sales	**3 419**	**(265)**
Sales and marketing costs	(1 715)	(636)
General administrative costs	(3 201)	(2 830)
Other operating income	784	535
Other operating costs	(448)	(312)
II. Operating profit (loss)	**(1 161)**	**(3 508)**
Financial income	476	540
Financial costs	(538)	(41)
Net financial costs	*(62)*	*499*
III. Profit (loss) before tax	**(1 223)**	**(3 009)**
Current income tax	(877)	(975)
Deferred income tax	813	1 284
IV. Net profit (loss) in the financial period	**(1 287)**	**(2 700)**
Other comprehensive income, which may be settled with profit (loss):	-	-
V. Comprehensive income of the financial period	**(1 287)**	**(2 700)**
Net profit (loss) of the financial period	**(1 287)**	**(2 700)**
Average weighted number of ordinary shares	5 255 632	5 255 632
Basic and diluted profit (loss) per share in the accounting period (in PLN per share)	(0,24)	(0,51)

All amounts expressed in PLN thousand, unless indicated otherwise

Account of changes in equity

Specification	Share capital in nominal value	Surplus from sales of shares over nominal value	Retained profit	Total equity
State as of 31.12.2014	**10 511**	**114 990**	**170 625**	**296 126**
Net comprehensive income in 2014	-	-	32	**32**
State as of 31.12.2015	**10 511**	**114 990**	**170 657**	**296 158**
Net comprehensive income in 1Q 2016	-	-	(1 287)	**(1 287)**
State as of 31.03.2016	**10 511**	**114 990**	**169 370**	**294 871**

Specification	Share capital in nominal value	Surplus from sales of shares over nominal value	Retained profit	Total equity
State as of 31.12.2014	**10 511**	**114 990**	**170 625**	**296 126**
Net comprehensive income in 1Q 2015	-	-	(2 700)	**(2 700)**
State as of 31.03.2015	**10 511**	**114 990**	**167 925**	**293 426**

All amounts expressed in PLN thousand, unless indicated otherwise

Cash flow statement

	1Q 2016	1Q 2015
Net profit of the accounting period	**(1 287)**	**(2 700)**
Adjustments:		
- Income tax	64	(309)
- Depreciation of fixed assets	11 058	15 669
- Depreciation of intangible assets	24	54
- Net value of sold formwork – fixed assets	3 988	2 599
- (Profit)/loss from changes in fair value of financial instruments	(12)	(60)
- Interest received	(475)	(379)
- Interest expenses	-	27
- (Profit)/Loss on exchange differences	603	1 366
Changes in working capital:		
- Inventories	(1 208)	(890)
- Trade receivables and other receivables	609	1 187
- Trade liabilities and other liabilities	9 015	6 226
	22 379	**22 790**
Purchase of formworks	(25 732)	(4 954)
Income tax paid	(571)	(1 185)
Net cash flows from operating activities	**(3 924)**	**16 651**
Acquisition of tangible fixed assets	(215)	(226)
Receipts from sale of tangible fixed assets	10	4
Acquisition of intangible assets	(19)	(1)
Loans granted	(1 079)	(38 161)
Repayment of loans granted	-	38 161
Purchase od shares in subsidiary and associate	-	-
Interests received	692	379
Net cash flows from investment activities	**(611)**	**156**
Receipts from share issue	-	-
Credits and loans received	-	-
Repayment of credits and loans	-	(6 824)
Payments for financial leasing	-	-
Interest paid	-	(38)
Dividend payment	-	-
Przepływy pieniężne netto z działalności finansowej	**-**	**(6 862)**
Net increase / (decrease) in cash and overdraft facility	**(4 535)**	**9 945**
Cash and overdraft facility at the beginning of period	31 061	28 315
Foreign exchange (loss)/profit on the valuation of cash and overdraft facility	(255)	(148)
Cash and overdraft facility at the end of period	**26 271**	**38 112**

All amounts expressed in PLN thousand, unless indicated otherwise

Description of the major accounting principles applied

The basic accounting principles applied in preparation of this consolidated financial statement are presented below. The described principles were applied in all the presented periods on a continuous basis

Investments in subsidiary and associated entities

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

Conversion of selected financial data to euro

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

SPECIFICATION	in PLN thousand		in EUR thousand	
	1Q 2016	**1Q 2015**	**1Q 2016**	**1Q 2015**
Net revenues from sales of products, goods and materials	35 805	36 481	8 220	8 793
Result from operating activities	(1 161)	(3 508)	(267)	(845)
Gross result	(1 223)	(3 009)	(281)	(725)
Net result	(1 287)	(2 700)	(296)	(651)
Net cash flows from operating activities	(3 924)	16 651	(901)	4 013
Net cash flows from investment activities	(611)	156	(140)	39
Net cash flows from financial activities	-	(6 862)	-	(1 654)
Net cash flows	(4 535)	9 945	(1 041)	2 398
Basic profit per ordinary share (in PLN/EUR)	(0.24)	(0.51)	(0.06)	(0.12)
Diluted profit per ordinary share (in PLN/EUR)	(0.24)	(0.51)	(0.06)	(0.12)
	31.03.2016	**31.12.2015**	**31.03.2016**	**31.12.2015**
Total assets	343 078	336 167	80 376	78 884
Liabilities	48 207	40 009	11 294	9 388
Long-term liabilities	4 127	4 940	967	1 159
Short-term liabilities	44 080	35 069	10 327	8 229
Equity	294 871	296 158	69 082	69 496
Share capital	10 511	10 511	2 463	2 467
Average weighted number of shares	5 255 632	5 255 632	5 255 632	5 255 632
Number of shares as at balance day	5 255 632	5 255 632	5 255 632	5 255 632
Book value per share (in PLN/EUR)	56.11	56.35	13.14	13.22

The individual items of assets as well as equity and liabilities were converted to EUR using the average exchange rates announced by the President of the National Bank of Poland, in force as of the balance sheet day. The average exchange rate of EUR as of 31 March 2016 was PLN 42684, whereas as of 31 December 2015 – PLN 4.2615.

The items of the statement of total income as well as the cash flow statement items were converted using the exchange rate representing the arithmetical mean of the exchange rates in force as of the last day of each month in the given period, i.e. data for the period from 1.01. – 31.03.2016 were converted at the exchange rate of 4.3559 PLN/EUR, whereas data for the same period of 2015 were converted at the exchange rate of PLN 4.1489.