



EXTENDED CONSOLIDATED REPORT

**OF THE ULMA Construcción Polska S.A.
CAPITAL GROUP**

FOR Q3 2016



From the beginning of your projects



ULMA Construcción Polska S.A.
CAPITAL GROUP
GENERAL INFORMATION



The Group's business

Subject of activity of the ULMA Construcción 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 renovation activity, including sale and lease of construction machinery.

The parent entity, ULMA Construcción Polska S.A., is a joint stock company (the Company). The Company commenced its business activity on 14 February 1989 under the name of Bauma Sp. z o.o., in the 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 notarial deed before notary public Robert Dor at the Notarial 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 Construcción Polska S.A. The relevant entry into the National Court Register was made on 14 November 2006.

Registered seat

ULMA Construcción Polska S.A.

(parent company of the ULMA Construcción Polska S.A. Capital Group)

Koszajec 50

05-840 Brwinów

Supervisory Board

Aitor Ayastuy Ayastuy

María Lourdes Urcelay Ugarte

Iñaki Irizar Moyua

Félix Esperesate Gutiérrez

Rafał Alwasiak

Andrzej Kozłowski

Michał Markowski

Chairperson of the Supervisory Board

Vice-Chairperson of the Supervisory Board

Member of the Supervisory Board

Member of the Supervisory Board until 16 June 2016

Member of the Supervisory Board until 16 June 2016

Member of the Supervisory Board since 16 June 2016

Member of the Supervisory Board since 16 June 2016

Audit Committee

Michał Markowski

Aitor Ayastuy Ayastuy

María Lourdes Urcelay Ugarte

Chairperson of the Committee

Member of the Committee

Member of the Committee

Management Board

Andrzej Kozłowski

Rodolfo Carlos Muñiz Urdampilleta

Krzysztof Orzełowski

Ander Ollo Odriozola

Andrzej Sterczyński

President of the Management Board until 16 June 2016

President of the Management Board since 16 June 2016

Member of the Management Board

Member of the Management Board

Member of the Management Board



Statutory Auditor

KPMG Audyt Sp. z o.o. spółka komandytowa
ul. Chłodna 51
00-867 Warszawa

The company is entered onto the list of entities authorised to audit financial statements under No 3546.

Banks

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

Stock market quotations

The Company is quoted on the Warsaw Stock Exchange ("GPW").
Ticker symbol on GPW: ULM.



ULMA Construcción Polska S.A.

CAPITAL GROUP

CONSOLIDATED FINANCIAL STATEMENTS

FOR Q1 2016



Consolidated statement of financial position

As at:

	30.09.2016	30.06.2016	31.12.2015	30.09.2015
ASSETS				
I. Non-current assets				
1. Tangible assets	212,308	214,960	201,218	200,029
2. Intangible fixed assets	206	221	200	133
3. Interests in associates	280	393	566	638
4. Other non-current assets	4,026	4,040	4,068	4,081
5. Long-term receivables	957	981	945	910
Total non-current assets	217,777	220,595	206,997	205,822
II. Current assets				
1. Inventories	6,395	7,889	5,847	7,668
2. Trade receivables and other receivables	83,793	84,373	80,493	86,472
3. Income tax receivables	546	522	592	1,746
4. Derivative financial instruments	-	-	-	-
5. Cash and cash equivalents	25,971	21,000	34,964	25,989
Total current assets	116,705	113,784	121,896	121,875
Total assets	334,482	334,379	328,893	327,697
EQUITY AND LIABILITIES				
I. Equity				
1. Share capital	10,511	10,511	10,511	10,511
2. Supplementary capital — surplus from the sale of shares at premium	114,990	114,990	114,990	114,990
3. Foreign exchange differences from consolidation	(14,755)	(13,929)	(14,381)	(13,062)
4. Retained profit, including:	186,360	182,073	178,043	174,170
a) net profit (loss) in the financial period	8,317	4,030	5,508	1,635
Total equity	297,106	293,645	289,163	286,609
II. Liabilities				
1. Long-term liabilities				
a. Credits and loans	-	-	-	-
b. Deferred income tax liabilities	1,912	2,566	3,559	3,111
c. Long-term retirement benefit liabilities	193	193	193	173
Total long-term liabilities	2,105	2,759	3,752	3,284
2. Short-term liabilities				
a. Credits and loans	-	-	-	-
b. Short-term retirement benefit liabilities	14	14	14	6
c. Short-term liabilities due to factoring of trade liabilities	2,916	5,316	3,545	3,033
d. Current income tax liabilities	18	357	-	384
e. Derivative financial instruments	19	69	8	32
f. Trade liabilities and other liabilities	32,304	32,220	32,411	34,349
Total short-term liabilities	35,271	37,975	35,978	37,804
Total liabilities	37,376	40,734	39,730	41,088
Total equity and liabilities	334,482	334,379	328,893	327,697

All amounts are stated in PLN '000, unless indicated otherwise



Consolidated profit and loss statement and other comprehensive income

	Q3 2016	3 quarters of 2016	Q3 2015	3 quarters of 2015
Revenue from sales	47,799	133,796	45,485	135,715
Costs of goods sold, products and materials	(35,970)	(105,784)	(37,674)	(109,721)
I. Gross profit on sales	11,829	28,012	7,811	25,994
Sales and marketing costs	(1,657)	(4,770)	(2,315)	(10,245)
General administrative costs	(5,098)	(13,801)	(4,294)	(13,495)
Other operating costs	284	1,029	196	826
II. Operating profit (loss)	5,358	10,470	1,398	3,080
Financial income	455	1,208	86	593
Financial costs	(571)	(629)	12	(1,532)
<i>Net financial costs</i>	<i>(116)</i>	<i>579</i>	<i>98</i>	<i>(939)</i>
Share in profits (losses) in associated companies	(112)	(285)	(24)	(202)
III. Profit (loss) before tax	5,130	10,764	1,472	1,939
Current income tax	(1,409)	(4,104)	839	(2,387)
Deferred income tax	566	1,657	(839)	2,083
IV. Net profit (loss) in the financial period	4,287	8,317	1,472	1,635
Other comprehensive income that may be settled in the future with profit (loss):				
Foreign exchange differences from conversion of foreign subsidiaries	(916)	(363)	(1,952)	(3,037)
Income tax related to other comprehensive income items	90	(11)	(38)	(143)
V. Comprehensive income in the financial period	3,461	7,943	(518)	(1,545)
Net profit (loss) in the financial period attributable to the owners of the parent entity	4,287	8,317	1,472	1,635
Weighted average number of ordinary shares	5,255,632	5,255,632	5,255,632	5,255,632
Basic and diluted profit (loss) per share in the financial period (in PLN per share)	0.82	1.58	0.28	0.31



Statement of changes in consolidated equity

Specification	Share capital – nominal value	Surplus from the issue of shares at premium	Foreign exchange differences from consolidation	Retained earnings	Total equity
As at 31.12.2014	10,511	114,990	(9,882)	172,535	288,154
Comprehensive income in 2015	-	-	(4,499)	5,508	1,009
As at 31.12.2015	10,511	114,990	(14,381)	178,043	289,163
Comprehensive income in the period of 3 quarters of 2016	-	-	(374)	8,317	7,943
As at 30.09.2016	10,511	114,990	(14,755)	186,360	297,106

Specification	Share capital – nominal value	Surplus from the issue of shares at premium	Foreign exchange differences from consolidation	Retained earnings	Total equity
As at 31.12.2014	10,511	114,990	(9,882)	172,535	288,154
Comprehensive income in the period of 3 quarters of 2015	-	-	(3,180)	1,635	(1,545)
As at 30.09.2015	10,511	114,990	(13,062)	174,170	286,609

All amounts are stated in PLN '000, unless indicated otherwise



Consolidated cash flow statement

	Q3 2016	3 quarters of 2016	Q3 2015	3 quarters of 2015
Net profit in the financial period	4,287	8,317	1,472	1,635
Adjustments:				
- Income tax	845	2,448	-	304
- Depreciation of tangible assets	12,925	36,361	12,248	40,962
- Amortisation of intangible fixed assets	35	100	25	120
- Net value of formwork sold and liquidated – fixed assets	1,914	2,555	803	4,297
- (Profit)/loss on changes in the fair value of financial	(50)	12	4	(42)
- Change in the value of shares in associated entities	112	286	23	(724)
- Interest received	(205)	(758)	(76)	(512)
- Interest expense			3	108
- (Profit)/loss on foreign exchange differences	(374)	328	(1,898)	(1,076)
Changes in working capital:				
- Purchase of formwork – fixed assets	(9,328)	(46,484)	(13,004)	(26,089)
- Inventories	1,493	(548)	3,148	(812)
- Trade receivables and other receivables	380	(3,716)	14,327	13,133
- Trade liabilities and other liabilities	(2,317)	(737)	1,201	11,783
	9,717	(1,836)	18,275	69,176
Income tax paid	(1,771)	(4,041)	(1,215)	(5,569)
Net cash flow from operating activities	7,946	(5,877)	17,060	37,518
Acquisition of tangible fixed assets	(3,115)	(4,007)	(650)	(1,834)
Inflows from the sale of tangible fixed assets	2	107	31	53
Acquisition of intangible fixed assets	(15)	(99)	(4)	(10)
Loans granted			(32,000)	(82,001)
Repayment of loans granted			-	50,001
Interest received	405	1,174	76	512
Net cash flow from investment activities	(2,723)	(2,825)	(32,546)	(33,279)
Loans and credits received	-		-	-
Repayment of loans and credits	-		-	(10,604)
Payment related to finance leases	-		-	-
Interest paid	-		(3)	(130)
Net cash flow from financial activities	-	-	(3)	(10,734)
Net increase / (decrease) in cash and overdraft facility	5,223	(8,702)	(15,489)	(6,495)
Cash and overdraft facility at the beginning of period	21,000	34,964	41,065	32,110
Foreign exchange (loss)/profit on the valuation of cash and overdraft facility	(252)	(291)	414	375
Cash and overdraft facility at the end of period	25,971	25,971	25,990	25,990

All amounts are stated in PLN '000, unless indicated otherwise



ULMA Construcción Polska S.A.
CAPITAL GROUP

NOTES

**TO THE CONSOLIDATED
FINANCIAL STATEMENTS**



Notes to the Consolidated Financial Statements

Statement of compliance and general principles of preparation

These condensed consolidated financial statements for the period of 9 months ended 30 September 2016 were prepared in accordance with requirements of IAS 34 “Interim financial reporting” and with the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information disclosed by issuers of securities and the conditions for recognising as equivalent the information required by the laws of a non-member state (consolidated text: Journal of Laws of 2014, item 133) and present the financial position of the ULMA Construcción Polska S.A. Capital Group as at 30 September 2016, as well as results of its operations and cash flows for the period of 9 months ended 30 September 2016.

The interim condensed consolidated financial statements were prepared on the assumption that the Capital Group will continue as a going concern in the foreseeable future.

The duration of the Parent Company and entities of the ULMA Construcción Polska S.A. Capital Group is indefinite.

In the preparation of these interim condensed consolidated financial statements, the Group has followed the same accounting principles as those used in the audited consolidated financial statements as at 31 December 2015. These interim financial statements as at 30 September 2016 should be read together with the audited consolidated financial statements as at 31 December 2015.

Foreign exchange rates and inflation

	Average Polish zloty exchange rates published by the National Bank of Poland				Change in the consumer goods and services index published by the Central Statistical Office of Poland
	UAH (hryvnia – Ukraine)	RON (leu Romania)	KZT (tenge Kazakhstan)	EUR (euro)	
30 September 2016	0.1488	0.9675	0.011370	4.3120	-0.9%
30 June 2016	0.1603	0.9795	0.011763	4.4255	-0.9%
31 December 2015	0.1622	0.9422	0.011452	4.2615	-0.9%
30 September 2015	0.1774	0.9600	0.013890	4.2386	-1.1%

Definition of financial periods presented

This report presents the following financial periods:

- Q3 2016 — period from 1 July to 30 September 2016
- 3 quarters of 2016 — period from 1 January to 30 September 2016
- Q3 2015 — period from 1 July to 30 September 2015
- 3 quarters of 2015 — period from 1 January to 30 September 2015



Notes to the quarterly report

Brief description of the most important achievements or failures of the issuer during the reported period, together with a list of the most important events related thereto, as well as a description of factors and events, in particular atypical ones, having a material effect on the financial results generated

I Market environment in Poland

As per the estimations of the experts from the Gdansk Institute for Market Economics and BZ WBK, the rate of growth of the gross domestic product in Q3 2016, as compared to the corresponding period of the previous year, will remain at a level similar to the one recorded in Q1 and Q2 2016, and will not exceed 3.0%. Moreover, another quarter of decline in the dynamics of gross expenditure on fixed assets (by 4.9% in Q2 2016) does not bode well for the prospects of more noticeable acceleration of economic growth in subsequent months.

One of the factors that determine the low dynamics of investment expenditure is the downturn in the construction market. According to the Central Statistical Office, the decline in the building and construction output for companies employing more than 9 employees has deepened from -11.9% in the first half of the year to -14.9% after 3 quarters of the current year. As in the first half of the year, the highest rate of decline after 3 quarters, reaching 23%, was recorded in the **engineering construction sector**. Such weak performance resulted from a collapse in the railway, hydro-engineering and green construction sector, as well as persistent delays in announcing new road construction tenders, awarding tenders that have already been announced and signing contracts for a vast majority of tasks in the *Design and build* formula. For example, only 5 tenders for 100 km of expressways were announced in the first half of 2016, and in September 2016 more than 30% of contracts between the General Directorate for National Roads and Motorways and contractors, the majority of which had been signed in 2015, were still at the design process.

In the analysed period, performance of the **non-residential construction sector** was also disappointing. This sector recorded declines of 10–20% in all segments, with the exception of the segment of commercial and service buildings. The only sector that maintained an upward trend (+8%) during all 3 quarters was the **residential construction sector**. Growth in the residential construction sector was stimulated by low interest rates, growing employment and the “Mieszkanie dla Młodych” (“Flat for the Young”) governmental programme.

Against the backdrop of persisting economic slowdown in the industry, one should note the very good performance of construction companies, many of which were forced by the market downturn to carry out necessary reforming actions. According to the Central Statistical Office’s figures, in the first half of 2016 the net profit margin in the group of enterprises employing more than 49 employees reached +5.9%, but was characterised by high differences within that group: from -0.3% for entities specialising in construction of engineering structures, to as much as +16% for companies carrying out specialised works.

I Market environment abroad

In the analysed period, Ukraine demonstrated further stabilisation of the economic situation. After 3 quarters, real growth of building and construction output by 13.2% was observed (as compared to 9.1% in the first half of the year and 1.9% in the first quarter of the current year). The noticeable recovery of investment activities in engineering and non-residential construction sectors is supported by stabilisation of the hryvnia exchange rate and further decrease of the inflation rate to a level of several percent on a year-to-year basis, starting from Q2 2016.



In Kazakhstan, despite the government's determination in carrying out economic reforms aimed at developing innovations and selected (non-extractive) industries, indications of the country's return to the path of economic growth are yet to be seen. After 3 quarters of 2016, the preliminary estimated GDP growth is 0% y/y, and the inflation rate is still reported in double-digit figures, ranging from 15% to 18%. In the construction sector, the region of the city of Astana stood out positively from a background of the vast majority of regions recording negative growth dynamics. In the first half of 2016, owing to the finalisation of preparations for EXPO 2017, this region recorded an impressive real increase in throughput, reaching 35%.

In Lithuania, as in Poland, highest investment activity was recorded in the residential construction sector, and the expected slow-down of this growth in the last quarter of 2016 should be offset by recovery in the office development sector.

In Latvia, the construction market has stabilised after absorbing oversupply from the residential construction sector and slight growth is likely to be recorded in the second half of 2016, mainly owing to the launch of new investment projects in the non-residential sector.

Revenue from sales

In the period of 3 quarters of 2016, the Capital Group recorded total revenue from sales of PLN 133,796 thousand, as compared to PLN 135,715 thousand in the same period of the previous year (drop by 1.4%).

A decline in revenue from sales was recorded in the "Sales of construction materials" segment. In the period of 3 quarters of 2016, revenue from these activities amounted to PLN 15,975 thousand, as compared to PLN 26,277 thousand earned during 3 quarters of 2015 (drop by 39.2%).

On the other hand, primary revenue from activities of the Capital Group, i.e. the lease of formwork systems and scaffolding, including final settlement of lease contracts, increased by 7.7% in relation to revenue earned in the same period of the previous year, amounting to PLN 117,821 thousand as compared to PLN 109,438 thousand recorded in the corresponding period of 2015.

Operating profitability

In the first 3 quarters of 2016, the Capital Group recorded a positive result on operating activities of PLN 10,470 thousand, as compared to a positive result of PLN 3,080 thousand in the same period of the previous year (up by PLN 7,390 thousand).

Basic amounts related to EBIT (operating profit) and EBITDA (operating profit + depreciation/amortisation) in the analysed period were as follows:

	Q1 2016	Q2 2016	Q3 2016	3 quarters of 2016	2015	3 quarters of 2015
Sales	39,510	46,487	47,799	133,796	182,411	135,715
EBIT	1,258	3,854	5,358	10,470	9,023	3,080
% of sales	3.19	8.29	11.21	7.83	4.94	2.27
Amortisation and	11,280	12,221	12,960	36,461	52,969	41,082
EBITDA	12,538	16,075	18,318	46,931	61,992	44,162
% of sales	31.73	34.58	38.32	35.08	33.99	32.54

In the period of 3 quarters of 2016, total amortisation and depreciation charges amounted to PLN 36,461 thousand, as compared to PLN 41,082 thousand in the previous year. Depreciation charges related to



formwork and scaffolding owned by the Group have the largest share in the total amount of the above depreciation charges. Their amount depends primarily on the estimated useful life of the equipment.

In the period of 3 quarters of 2016, the Capital Group recorded an increase in EBITDA in absolute terms by PLN 2,769 thousand, as compared to the figure for 3 quarters of 2015.

The improvement of EBITDA in absolute terms and in percentages was mainly a result of a significant improvement of the Capital Group's sales structure, following the growing revenue from the lease of formwork systems and scaffolding, including the final settlement of lease contracts as compared to the corresponding period of the previous year. Moreover, stabilisation in the prices of services offered by the Capital Group can be observed in the current year.

In addition, financial results of the current year reflected positive results of cost optimisation measures introduced in the Capital Group in previous period. Those provide an additional performance-driving impulse.

I Sales and marketing costs

In the period of 3 quarters of 2016, the Capital Group recognised net write-downs on receivables (the sum of created and reversed write-downs and receivables written-off) in the amount of PLN 2,161 thousand, as compared to PLN 8,361 thousand in the same period of the previous year (presented under "Costs of sales and marketing"). This phenomenon results from calculating the risk connected with recovering receivables in relation to court proceedings which the Group is conducting against debtors.

The remaining amounts represent a sum of marketing expenses and costs of debt collection proceedings, and their level was lower than in the same period of the previous year.

I Definition of the Capital Group's exposure to foreign exchange risk

Companies of the Capital Group are exposed to foreign currency risk according to the timeframes of actual financial flows, which the Group seeks to mitigate in the following manner:

- by mutually neutralising liabilities and receivables denominated in the same foreign currency and having the same maturity dates,
- by means of operations on the currency market (sale or purchase of foreign currencies that are subject to settlements in parallel to other liabilities or receivables denominated in the same foreign currency),
- by means of operations on the forward market as well as by concluding Non-Delivery Forward (NDF) contracts.

All NDF instruments held by the Capital Group are concluded exclusively for the purposes of hedging against foreign exchange risk and demonstrate no asymmetrical profile.

The Capital Group applies no hedge accounting and, consequently, the positive and negative results of hedge transaction conclusion and measurement are taken to profit or loss of the period.



The results of hedging transactions neutralise, to a large extent, the foreign currency risk to which the Capital Group is exposed.

Other operating costs

Besides the economic results on settlement and valuation of the NDF contracts hedging against foreign exchange risk, other operating activities includes the economic effects of customising elements of the formwork systems for the needs of individual customers and general results of management of the assets held (inventory surpluses and shortages as well as provisions for impairment of inventories).

Financial costs and other comprehensive income

The Capital Group used bank credits to finance investments related to purchase of products for lease (i.e. formwork and scaffolding systems). In the period of 3 quarters of 2015, the Group fully repaid the last instalments of bank credits it had taken out.

The amount reported in “other comprehensive income” consists, to a major extent, of the effect of translation of financial statements of subsidiaries to the functional currency of the Capital Group, resulting from the devaluation of local currencies in Ukraine and Kazakhstan against PLN.

Net financial result

Upon considering the income tax, the Capital Group recorded a positive net financial result during 3 quarters of 2016 amounting to PLN 8,317 thousand, as compared to a positive net financial result of PLN 1,635 thousand earned in the same period of the previous year.

Cash flows

An abbreviated cash flow statement of the Group in the analysed periods is presented in the table below:

	3 quarters of 2016	3 quarters of 2015
Net profit (loss)	8,317	1,635
Amortisation and depreciation	36,461	41,082
Total financial surplus	44,778	42,717
Other elements of net cash flow from operating activities	(50,655)	(5,199)
Net cash flow from operating activities	(5,877)	37,518
Net cash flow from investment activities	(2,825)	(33,279)
Net cash flow from financial activities	-	(10,734)
Net cash flows	(8,702)	(6,495)

Cash flow from operating activities

All amounts are stated in PLN '000, unless indicated otherwise



In the period of 3 quarters of 2016, the Capital Group recorded a positive financial surplus (net profit + amortisation and depreciation) amounting to PLN 44,778 thousand.

In the same period, cash flows from operating activities amounted to PLN (5,877) thousand, as compared to PLN 37,518 thousand in the same period of the previous year (down by PLN 43,395 thousand). This resulted primarily from investment activities related to the purchase of formwork systems and scaffolding, carried out by the Capital Group as part of replacement and supplementing activities.

Moreover, in the corresponding period of the previous year cash flows from operating activities included a one-off event related to cash collected from a debtor (Struktury sp. z o.o.) following a settlement on debt repayment.

Cash flow from investment activities

In the period of 3 quarters of 2016, the Capital Group carried out investment activities related to the extension of its logistics infrastructure (warehouse extension), as a result of which the Group incurred investment expenditure amounting to PLN 4,007 thousand, as compared to PLN 650 thousand in the same period of the previous year.

In the period of 3 quarters of 2015, ULMA Construcción Polska S.A. granted several loans in the total amount of PLN 82,001 thousand to the parent company, ULMA C y E, S. Coop. (Spain). In the same period, the borrower repaid a portion of the loans — the total amount of repayments is PLN 50,001 thousand. Pursuant to an agreement dated 30 December 2015, the loan in the amount of PLN 32,000 thousand matures on 20 September 2016. The Management Board notified thereof in the current report No 16/2015. In September 2016, the maturity of the loan was extended, as reported by the Management Board of the Company in the current report No 12/2016 dated 15 September 2016. The loan was granted on an arm's length basis and is secured with a registered pledge on the borrower's assets. As a result, cash flows from investment activities for 3 quarters of 2015 reflect the aforesaid activities.

Cash flow from financial activities

During 3 quarters of 2015, in line with schedules set out in credit agreements concluded, the Group repaid the final instalments of bank credits taken out in previous years.

As a result of the above developments, in the period of 3 quarters of 2016 the Group recorded a decrease in cash and overdraft facilities by PLN 8,702 thousand, to PLN 25,971 thousand as at 30 September 2016.

Explanations regarding seasonal or periodical nature of the issuer's business in the presented period

Execution of construction works is characterised by strong seasonality, translating directly into revenue earned from the sale of the Capital Group's products and services. Particularly disadvantageous weather conditions and frequent delays in the execution of state budget investments occur usually in the first quarter of the year. Usually, these factors improve in subsequent quarters, and the peak of the construction season is usually reached in the third quarter of the calendar year.



The above phenomena also cause the effect of seasonality in the process of repairs of products owned by the Capital Group (formwork and scaffolding systems). The largest part of these works is carried out during the construction season i.e. in the second and third quarter of the year.

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

There were no such operations in the period of 3 quarters of 2016.

Information on the dividend paid (or declared), aggregate and per share, separately for ordinary shares and preference shares

In the period of 3 quarters of 2016, the issuer did not pay any dividend.

Identification of events that occurred after the date of the quarterly consolidated financial statements, which were not included in these statements and which could have a material effect on the future financial results of the ULMA Construccjon Polska S.A. Capital Group

Despite high effectiveness of activities hedging against foreign exchange risk that the Group manages to achieve in relation to EU imports transactions, the net result from these transactions continues to be influenced by the exchange rate fluctuations applying in particular to transactions concluded to hedge against foreign exchange risk that results from the balance of intercompany loans granted by ULMA Construccjon Polska S.A. to its daughter companies.

As a result, the exchange rate fluctuations of EUR and USD to PLN, UAH (Ukrainian hryvnia) and KZT (Kazakhstani tenge) continue to affect the Comprehensive Income earned by the Capital Group.

Information on changes in contingent liabilities or contingent assets since the end of the last financial year

Since the end of the last financial year, there have been no changes in contingent liabilities and contingent assets.

Information on revenue and results attributable to particular industrial or geographic segments, determined in accordance with IAS, depending on which division of segments is the primary one.

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

- construction site services – a segment comprising lease of formwork systems and scaffolding along with widely understood logistic services and settlement of the construction site at the end of the contract,



- sale of construction materials – a segment comprising the sale of formwork systems, constituting tangible fixed assets (property, plant and equipment) and current assets (products and services) of the Capital Group as well as of other construction materials.

Results of the individual segments were as follows:

Q3 2016 — 3 months ended 30 September 2016

Item description	Construction site services	Sale of construction materials	Capital Group
Total revenue from sales	44,124	7,318	51,442
Intersegment sales	(451)	(3,192)	(3,643)
Revenue from sales	43,673	4,126	47,799
Operating costs without amortisation/depreciation	(24,876)	(4,605)	(29,481)
EBITDA	18,797	(479)	18,318

3 quarters of 2016 — 9 months ended 30 September 2016

Item description	Construction site services	Sale of construction materials	Capital Group
Total revenue from sales	118,234	24,042	142,276
Intersegment sales	(413)	(8,067)	(8,480)
Revenue from sales	117,821	15,975	133,796
Operating costs without amortisation/depreciation	(74,456)	(12,409)	(86,865)
EBITDA	43,365	3,566	46,931

Q3 2015 — 3 months ended 30 September 2015

Item description	Construction site services	Sale of construction materials	Capital Group
Total revenue from sales	35,845	14,323	50,168
Intersegment sales	(378)	(4,305)	(4,683)
Revenue from sales	35,467	10,018	45,485
Operating costs without amortisation/depreciation	(22,731)	(9,084)	(31,815)
EBITDA	12,736	934	13,670

3 quarters of 2015 — 9 months ended 30 September 2015

Item description	Construction site services	Sale of construction materials	Capital Group
Total revenue from sales	110,177	38,607	148,784
Intersegment sales	(739)	(12,330)	(13,069)
Revenue from sales	109,438	26,277	135,715
Operating costs without amortisation/depreciation	(72,327)	(19,226)	(91,553)
EBITDA	37,111	7,051	44,162

All amounts are stated in PLN '000, unless indicated otherwise



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

	Q3 2016	3 quarters of 2016	Q3 2015	3 quarters of 2015
Segment EBITDA	18,318	46,931	13,670	44,162
Amortisation and depreciation	(12,960)	(36,461)	(12,272)	(41,082)
Interest income	454	1,206	85	593
Other financial revenue	-	2	-	-
Interest expenses	(22)	(106)	(2)	(108)
Other financial costs	(548)	(523)	14	(1,424)
Share in the results of associates	(112)	(285)	(23)	(202)
Profit (loss) before tax	5,130	10,764	1,472	1,939
Income tax	(843)	(2,447)	-	(304)
Net profit (loss)	4,287	8,317	1,472	1,635

Selected financial data converted into EUR

SPECIFICATION	PLN '000		EUR '000	
	3 quarters of 2016	3 quarters of 2015	3 quarters of 2016	3 quarters of 2015
Net revenue from the sale of products, goods and materials	133,796	135,715	30,625	32,635
Result on operating activities	10,470	3,080	2,397	741
Result before tax	10,764	1,939	2,464	466
Net result	8,317	1,635	1,904	393
Net cash flow from operating activities	(5,877)	37,518	(1,345)	9,022
Net cash flow from investment activities	(2,825)	(33,279)	(647)	(8,002)
Net cash flow from financial activities	-	(10,734)	-	(2,581)
Net cash flows	(8,702)	(6,495)	(1,992)	(1,561)
Diluted earnings per ordinary share (in PLN/EUR)	1.58	0.31	0.36	0.07
Basic profit per ordinary share (in PLN/EUR)	1.58	0.31	0.36	0.07
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Total assets	334,482	328,893	77,570	77,178
Liabilities	37,376	39,730	8,668	9,323
Long-term liabilities	2,105	3,752	488	880
Short-term liabilities	35,271	35,978	8,180	8,443
Equity	297,106	289,163	68,902	67,855
Share capital	10,511	10,511	2,438	2,467
Weighted average number of shares	5,255,632	5,255,632	5,255,632	5,255,632

All amounts are stated in PLN '000, unless indicated otherwise



Number of shares as at the balance sheet date	5,255,632	5,255,632	5,255,632	5,255,632
Book value per share (in PLN/EUR)	56.53	55.02	13.11	12.91

Individual items in assets, equity and liabilities were converted into EUR at the average exchange rates published by the President of the National Bank of Poland in force as at the balance sheet date. As at 30 September 2016, the average EUR/PLN exchange rate was 4.3120, whereas as at 31 December 2015 this rate was 4.2615.

The rate applied to convert items in the statement of comprehensive income and in the cash flow statement was the weighted average of exchange rates in force as at the last day of each month in a given period, i.e. data for the period from 1 January to 30 September 2016 was converted at the EUR/PLN exchange rate of 4.3688, whereas data for the same period in 2015 – at the EUR/PLN exchange rate of 4.1585.

Description of the organisation of the ULMA Construcción Polska S.A. Capital Group, with indication of consolidated entities

Control over the Group is exercised by ULMA C y E, S. Coop. with its registered office in Spain, which holds 75.49% of the Company's shares as at 30 September 2016. The remaining 24.51% of the shares are held by more than one shareholder.

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

Parent company:

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

Subsidiaries:

- **ULMA Opalubka Ukraina sp. z o.o.** with its registered seat in Kiev, at the address: Gnata Yury 9, established on 18 July 2001, registered at the Sviatoshyn State Administration Division for the City of Kiev under No 5878/01, ID code 31563803. The company's business comprises the sale and lease of formwork and sale of construction materials. The issuer holds 100% of the share capital and of the total number of votes.
- **ULMA Opalubka Kazachstan sp. z o.o.** with its registered seat in Astana, at the address: Tashenova 25. The strategic objective of the company is developing the core business of the Capital Group, i.e. the lease of formwork systems and scaffolding, and dissemination of knowledge related to the application of the formwork technology in the construction process in the area of Kazakhstan. The issuer holds 100% of the share capital and of the total number of votes.

All amounts are stated in PLN '000, unless indicated otherwise



- **ULMA Construcción BALTIC sp. z o.o.** with its registered seat in Vilnius, at the address: Pylimo 41-12. The Company's business comprises: lease of scaffolding and formwork for construction, wholesale and retail sale of scaffolding and formwork for construction, sale and lease of other construction equipment and other commercial activities. The issuer holds 100% of the share capital and of the total number of votes.

Associated company:

- **ULMA Cofraje SRL** with its registered seat in Bragadiru, at the address: Soseaua de Centura No 2-8 Corp C20 (Romania), established on 9 October 2007. Entered in the State Office of the Commercial Register in Bucharest, under No 22679140. The Company's business consists in the lease and sale of scaffolding and formwork for construction, including on the basis of leasing agreements. The issuer holds 30% of the share capital and of the total number of votes.

The subsidiaries are consolidated using the full method, whereas the associate is consolidated using the equity method.

Identification of the effects of changes to the structure of the business entity, including changes resulting from business combinations, acquisitions or disposals of the Capital Group entities, long-term investments, demergers, restructuring and discontinuation of operations

In the period covered by this report, there have been no changes to the structure of the ULMA Construcción Polska S.A. Capital Group.

Position of the management board as regards the viability of previously published forecasts of results for a given year, in the light of results presented in the quarterly report as compared to the forecast results

The ULMA Construcción Polska S.A. Capital Group does not publish any forecasts of result.

Identification of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the general shareholders' meeting of ULMA Construcción Polska S.A. as at the date of submission of the quarterly report, with indication of the number of shares held by such entities, their percentage of the share capital, number of votes at the general shareholders' meeting, and identification of any changes to the structure of ownership of substantial blocks of shares in ULMA Construcción Polska S.A. since submission of the previous quarterly report.



As at the date of submission of this report, the following shareholders hold more than 5% of the total number of votes:

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

Since submission of the previous quarterly report, there have been no changes to the structure of ownership of substantial blocks of shares in ULMA Construcción Polska S.A.

List of changes in the number of shares in ULMA Construcción Polska S.A. or rights thereto (options) held by members of the issuer's management and supervisory bodies, according to the information available to ULMA Construcción Polska S.A., since submission of the previous report

In accordance with the information available to ULMA Construcción Polska S.A., there have been no changes in the number of shares in ULMA Construcción Polska S.A. or rights thereto (options) held by the above persons since submission of the previous report. None of the members of ULMA Construcción Polska S.A.'s management and supervisory bodies hold any shares in the issuer.

Indication of proceedings before a court, a competent arbitration authority or a public administration body, including information related to the following:

- proceedings related to liabilities or claims of ULMA Construcción Polska S.A. or its subsidiary, whose value corresponds to at least 10% of equity of ULMA Construcción Polska S.A., with an indication of: the subject matter of the proceedings, value of the subject matter of the dispute, date of initiation of the proceedings, parties to the proceedings and the Company's position
- two or more proceedings related to liabilities or claims, whose total value accounts for, respectively, at least 10% of equity of ULMA Construcción Polska S.A., with determination of the total value of the proceedings separately in the group of liabilities and claims, with the Company's position on the issue, and, in relation to the largest proceedings in the claims and liabilities groups, indicating their subject matter, value of the subject matter of the dispute, date of initiation of the proceedings and parties to the proceedings initiated

Neither ULMA Construcción Polska S.A. nor any of its subsidiaries is a party to any proceeding concerning the claims and liabilities of the Company the value of which would exceed 10% of the Company's equity.



There are also no two or more proceedings related to liabilities whose total value would account for at least 10% of the Company's equity.

Proceedings related to claims of ULMA Construcción Polska S.A.:

ULMA Construcción Polska S.A. has been a party to 58 court proceedings related to receivables in the total amount of PLN 27,767 thousand (as at 30 September 2016). These cases include court proceedings which have not yet been ended by the court issuing an enforcement title (a legally binding order for payment) and claims towards debtors against whom the court has issued a decision declaring bankruptcy, both with the possibility of making an arrangement and with the possibility of liquidation.

None of the court proceedings conducted by ULMA Construcción Polska S.A. concerns amounts exceeding 10% of the equity of ULMA Construcción Polska S.A.

The table below contains a list indicating the individual groups of court proceedings:



Specification	Number of proceedings	Amount	Current legal status
Court proceedings	8	5,161	
<i>including 5 largest cases:</i>			
SIAC CONSTRUCTION Ltd.		4,139	Court proceedings in Poland are expected to be resumed after the termination of composition proceedings in Ireland.
P.H.U. POLKON Sp. z o.o.		715	Court proceeding against the Debtor and guarantor. Enforcement title against the Debtors is expected.
GDDKiA		171	Proceedings against the State Treasury. The court of first instance dismissed the Company's statement of claim, but the Company appealed against the judgment. The decision of the Court in this case is being awaited.
M&M Przedsiębiorstwo Budowlane Sp. z o.o.		65	Court proceeding against the Debtor and guarantor. The court is expected to issue enforcement titles.
MIREX-RUSZTOWANIA PAWEŁ ŁUGOWSKI		21	Court proceeding against a Debtor. The court is expected to issue enforcement titles.
Total listed		5,111	99% of the total
Specification	Number of proceedings	Amount	Current legal status
Bankruptcy proceedings	50	22,606	
<i>including 5 largest cases:</i>			
HYDROBUDOWA POLSKA SA		6,602	Motion to the receiver covers claims from the Debtor on all currently delivered contracts, including A4 Motorway construction (Dębica-Rzeszów), which was constructed by the Debtor in consortium with SIAC Construction Ltd.



RADKO Sp. z o.o.		4,353	<p>On 20 January 2016, the Court changed the manner of conducting the bankruptcy proceedings from proceedings with possibility of composition to proceedings involving the liquidation of the bankrupt's assets. Regardless of the claim submitted in the composition proceedings, the Company conducts several proceedings at the same time. They include:</p> <ul style="list-style-type: none"> • enforcement proceedings against guarantors, • enforcement proceedings against real estate covered by a revocatory action. The real estate was auctioned pursuant to a final decision – the amount obtained from the sale is expected to be received by the Company. • proceedings for the payment of compensation against the State Treasury in relation to inconsistency with the constitution of the so-called “special purpose Act” of 28 June 2012 (Journal of Laws, item 891). On 16 February 2015, the Regional Court issued a decision to dismiss the Company's claim. The Company appealed against the judgment. On 5 June 2016, the Court of Appeal upheld the decision of the Regional Court of First Instance. On 10 August 2016, the Company filed a cassation complaint against the judgment with the Supreme Court. The Company awaits the Court's decision. • The Company is a party to criminal proceedings against the management board of a Debtor, in relation to Article 300 of the Penal Code (wilful disposal of the company's assets by the Debtor's management board). • The Company has also submitted a motion to the District Court in Krakow for a prohibition on conducting business activities and on holding positions in authorities of commercial law companies by members of the Debtor's management board, due to failure to submit a petition for the Debtor's bankruptcy within the prescribed time limits.
AEDES S.A.		1,155	On 11 February 2016, the District Court in Krakow decided to open composition proceedings concerning the Debtor. The Claim submitted to the receiver
HENPOL Sp. z o.o.		1,010	
Krokbud Sp. z o.o.		864	On 21 April 2016, the District Court in Nowy Sącz issued a decision declaring bankruptcy with possibility of composition. Claim submitted to the Court. The Company is expecting composition proposals from the Debtor.
Total listed		13,984	62% of the total
Total proceedings pending	58	27,767	

All amounts are stated in PLN '000, unless indicated otherwise



I Proceedings related to claims of Subsidiaries as at 30 September 2016:

As at the balance sheet date, the Subsidiaries are parties to 5 court cases for the total amount of PLN 287 thousand (after translation to PLN at the exchange rates applicable as at the balance sheet date), including 2 court proceedings for the total amount of PLN 98 thousand and 3 bankruptcy proceedings for the total amount of PLN 188 thousand.

In April 2016, ULMA Opolubka Kazachstan sp. z o.o. concluded a court settlement and closed the dispute with its largest debtor – Универсалстройсервис, whose debt amounted to PLN 829 thousand as at 31 December 2015 (after translation to PLN). At present, following the court's decision, the debt amounting to PLN 593 thousand remains unpaid, as a result of which the case was referred to enforcement proceedings.

The Group creates write-downs on all doubtful receivables and receivables covered by court proceedings. The amounts of such write-downs are included in the "Sales and marketing costs" item and their value corresponds to estimations concerning the possibility of recovering them in court or in debt collection proceedings.

Information on conclusion by ULMA Construcción Polska S.A. or its subsidiary of one or more transactions with related entities, if they are individually or jointly significant and were concluded on non-arm's length basis, together with an indication of their value and with the disclosure of:

1. information on the entity with whom the transaction was concluded,
2. information on relations between ULMA Construcción Polska S.A. or its subsidiary and the entity being a party to the transaction,
3. information on the object of the transaction,
4. material terms and conditions of the transaction, including in particular the financial conditions, and identification of special terms and conditions determined by the parties, typical for that agreement, in particular the terms and conditions that differ from the terms and conditions commonly applied in such agreements,
5. other information concerning the transaction, if it is essential to understanding the asset and financial position and performance of the issuer,
6. any changes in the related entities' transactions described in the last annual report that could have had a material effect on the financial position or performance of the issuer.

Transactions concluded in the period of 3 quarters of 2016 by ULMA Construcción Polska S.A. and its subsidiaries with related entities were of a typical and routine nature. They were concluded on an arm's length basis, and their nature, terms and conditions resulted from on-going operating activities.

Key transactions included purchases of formwork and scaffolding and lease of formwork systems by ULMA Construcción Polska S.A. from ULMA C y E, S. Coop., in the amount of PLN 33,912 thousand. During the last 12 months (from 1 October 2015 to 30 September 2016) the value of these transactions amounted to PLN 40,329 thousand. These transactions were related to the replacing or supplementing activities concerning the Capital Group's product portfolio.



In addition to commercial transactions, ULMA Construcción Polska S.A. granted long- and short-term loans to related entities in the previous periods. The following table presents a list of loans granted, showing the amounts outstanding as at the balance sheet date and as at 30 June 2016, 31 December 2015 and 30 September 2015.

Related entity	Loan value 30.09.2016	Loan value 30.06.2016	Loan value 31.12.2015	Loan value 30.09.2015
ULMA Opalubka Ukraina (EUR '000)	-	-	-	196
ULMA Opalubka Ukraine (USD '000)	1,500	1,500	1,500	1,500
ULMA Cofraje Romania (EUR '000)	221	221	221	221
ULMA Construcción BALTIC (EUR '000)	2,500	2,500	2,500	2,500
ULMA Kazakhstan (USD '000)	150	280	-	-
ULMA Spain (PLN '000)	32,000	32,000	32,000	32,000

The above loans granted to subsidiaries of the Capital Group are accounted for as net investments in a subsidiary. Therefore, unrealised exchange differences arising from measurement of the above loans (excluding the loan granted to ULMA Cofraje Romania) are recognised directly in the Capital Group's equity.

Information on loan sureties or borrowings granted by ULMA Construcción Polska S.A. or by its subsidiary or a guarantee granted – cumulatively to a single entity or its subsidiary, if the total value of outstanding sureties and guaranties constitutes at least 10% of equity of ULMA Construcción Polska S.A., with the identification of:

1. name of the (company) entity to which sureties or guarantees were granted,
2. the total amount of credits or loans that have been duly guaranteed to the extent specified,
3. term for which sureties or guarantees were granted,
4. financial terms on which a surety or guarantee was granted, with indication of the compensation of ULMA Construcción Polska S.A. or its subsidiary for granting the surety or guarantee,
5. the nature of the relationship existing between ULMA Construcción Polska S.A. and the entity that incurred the credit or loan.

Upon request of ULMA Construcción Polska S.A., mBank granted one of the Company's clients a performance bond for a rental agreement, as disclosed in the previous periods. The performance bond expires on 30 September 2019 and its amount will fluctuate thorough the term. The bond is related to security for a long-term rental agreement for a Logistics Centre in Gdańsk, which was commissioned in Q1 2015.

As at the balance sheet date, the amount of the performance bond granted is PLN 3,326 thousand.

ULMA Construcción Polska S.A. granted a surety up to the amount of EUR 150 thousand to its subsidiary, ULMA Opalubka Ukraina Sp. z o.o., in relation to the conclusion of an overdraft facility agreement by that subsidiary. This overdraft facility expires on 22 October 2016.



Other information which, in the opinion of the ULMA Construcción Polska S.A. Group, is important for the assessment of its personnel, assets, financial position, financial result and changes thereto, and information important for the assessment of the ULMA Construcción Polska S.A. Group's ability to discharge its liabilities

Apart from the events described above, there were no such events in the period of 3 quarters of 2016. The Management Board of ULMA Construcción Polska S.A. is also unaware of any information which would be of significance for the assessment of personnel, assets, financial position, financial result and changes thereto, and for the assessment of the Capital Group's ability to discharge its liabilities.

Identification of factors which, in the opinion of ULMA Construcción Polska S.A., will affect the results achieved by the ULMA Construcción Polska S.A. Capital Group over a period not shorter than the next quarter

I Market in Poland

The reversal of the downward trend in the construction sector over the coming quarters will depend primarily on the quickest possible release of the investment impulse, in the form of commencement of implementation of works contracted in the road construction sector and acceleration of announcing new tenders. The first step in this direction is the announcement made by the Minister of Infrastructure and Construction in September 2016, concerning the announcement of second stages of tenders for 15 projects with the total value of PLN 4.1 billion by the end of 2016. Some indication that the road construction sector is returning to the growth path may be the positive dynamics of building and construction output in the road and motorways segment (+8.5% after 3 quarters of 2016), although this trend has not been observed so far in the only sub-segment that is important for the Capital Group's revenue — the *engineering structures* sub-segment. In the coming months, it should also become clear if the current government's revision of the National Road Construction Programme (and subsequent consultations) will make any material adjustments to the list and schedule of tasks planned.

In the rail construction segment, PKP PLK announced the long overdue acceleration of investments within the new EU budget, reflected in, e.g. announcement in August 2016 of tender procedures for the total amount of PLN 1 billion and further tenders for the total amount of PLN 6.7 billion planned by the end of the year. Upon fulfilment of these assumptions, the value of railway construction projects resulting from tenders or contracts would amount to PLN 25 billion at the end of 2016, with construction works related to their implementation commencing, most likely, not sooner than at the end of 2017.

As far as the largest projects planned in the comprehensive industrial construction segment are concerned, tender procedures are currently pending for new power units in Żerań CHP, ZA Puławy and Konin Power Plant, as well as for an incineration plant in Gdańsk. In turn, a new unit in the Ostrołęka Power Plant and an incineration plant in Targówek are currently at the tender preparation phase or conceptual design phase. Growing local experience and portfolio of the Capital Group's references in the industrial construction sector allow to have high hopes when observing the development of preparations to the launching of these projects.



In the commercial construction segment, in particular the office construction area, stabilisation or slight decrease in dynamics is expected over the coming periods. Such projections result primarily from the record volume of office buildings completed in 2016, weaker statistics for building permits and uncertainties of potential investors as regards further directions of the government's economic policy.

In the housing construction sector, gradual decrease in the dynamics of building permits and flats commenced recorded in the current year indicates a likely weakening of the upward trend over the coming months. In addition to the gradual phasing-out of the MdM programme, the tightening of the banks' credit policy may adversely affect the volume of housing investment projects.

I Foreign markets

The factors which, in the near future, may have an impact on the economic situation and on the Company's revenue generated in foreign markets include:

In Ukraine:

- Maintenance of stabilisation of the political and economic situation;
- Sustained stabilisation of the hryvnia exchange rate and continued decrease in inflation rate;
- Maintained double-digit growth rates of building and construction output in the non-housing and engineering construction sectors (including industrial construction sector), indicating significant improvement of the investment climate.

In Kazakhstan:

- Determination of the Kazakh government in the implementation of economic reforms and seeking funds for continuation of long-term development programmes;
- Significant growth potential of the industrial sector and continued interest in its development from foreign companies, e.g. attracting investors from China, the UK and France to cooperate in the implementation of technologically advanced production projects worth USD 35 billion;
- Change of the Capital Group's operating strategy though:
 - directing its focus and trading activities to industrial areas of west Kazakhstan, with particular consideration given to the areas of Tengiz, Kachagan and Karachaganak,
 - continuing the infrastructural projects in Almaty,
- gradual departure from projects in the housing construction area.

I Other risks

In the military conflict in eastern Ukraine that started more than two years ago, some measures were initiated to stabilise the situation. On 12 February 2015, the presidents of Ukraine, Russia, France and the German Chancellor signed a document in Minsk, aimed at resolving this armed conflict. However, according the press, none of the provisions of the agreements signed in Minsk has been fully complied with. Even the signatures of the leaders of France and Germany who, together with the presidents of Russia and Ukraine,



guaranteed the fulfilment of recommendations stipulated in this document, failed to ensure any positive outcome. As a result, OSCE observers report ceasefire violations on a daily basis in eastern Ukraine. Members of the monitoring mission in Donbas report on numerous artillery attacks and explosions, and the economic situation of Ukraine is still subject to significant turmoil.

The final result of this difficult situation and the political and economic effects of the current crisis are virtually impossible to quantify which, however, does not rule out further escalation of that conflict.

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

These financial statements reflect the current evaluation of the Capital Group's Management Board as to the influence exerted by the geopolitical situation on the results generated by the subsidiary company and its ability to maintain financial stability in the future, and do not recognise any reserves in case of cessation of free activities.



ULMA Construcción Polska S.A.
CAPITAL GROUP
SEPARATE CONDENSED
FINANCIAL STATEMENTS
FOR Q3 2016



Statement of financial position

	30.09.2016	30.06.2016	31.12.2015	30.09.2015
ASSETS				
I. Non-current assets				
1. Tangible assets	203,645	207,582	194,780	195,087
2. Intangible fixed assets	161	175	147	83
3. Interests in associates	8,198	8,198	8,198	8,198
4. Other non-current assets	4,026	4,040	4,068	4,081
5. Long-term receivables	18,180	18,159	17,590	18,248
Total non-current assets	234,210	238,154	224,783	225,697
II. Current assets				
1. Inventories	3,151	3,399	2,383	2,727
2. Trade receivables and other receivables	80,003	81,181	77,638	82,106
3. Income tax receivables	-	-	302	1,087
4. Derivative financial instruments	-	-	-	-
5. Cash and cash equivalents	20,652	14,176	31,061	21,210
Total current assets	103,806	98,756	111,384	107,130
Total assets	338,016	336,910	336,167	332,827
EQUITY AND LIABILITIES				
I. Equity				
1. Share capital	10,511	10,511	10,511	10,511
2. Supplementary capital — surplus from the sale of shares at premium	114,990	114,990	114,990	114,990
3. Retained profit, including:	176,444	172,443	170,657	166,476
a) net profit (loss) in the financial period	5,787	1,786	32	(4,149)
Total equity	301,945	297,944	296,158	291,977
II. Liabilities				
1. Long-term liabilities				
a. Deferred income tax liabilities	2,849	3,458	4,747	5,038
b. long-term retirement benefit liabilities	193	193	193	173
Total long-term liabilities	3,042	3,651	4,940	5,211
2. Short-term liabilities				
a. Credits and loans	-	-	-	-
b. Short-term retirement benefit liabilities	14	14	14	6
c. Short-term liabilities due to factoring of trade liabilities	2,916	5,316	3,545	3,033
d. Current income tax liabilities	1	244	-	-
e. Derivative financial instruments	19	69	8	33
f. Trade liabilities and other liabilities	30,079	29,672	31,502	32,567
Total short-term liabilities	33,029	35,315	35,069	35,639
Total liabilities	36,071	38,966	40,009	40,850
Total equity and liabilities	338,016	336,910	336,167	332,827

All amounts are stated in PLN '000, unless indicated otherwise



Profit and loss statement and other comprehensive income

	Q3 2016	3 quarters of 2016	Q2 2015	3 quarters of 2015
Revenue from sales	44,849	123,299	41,066	120,953
Costs of goods sold, products and materials	(35,018)	(102,841)	(36,777)	(109,859)
I. Gross profit on sales	9,831	20,458	4,289	11,094
Sales and marketing costs	(1,618)	(4,562)	(2,372)	(9,639)
General administrative costs	(3,253)	(10,452)	(3,131)	(8,916)
Other operating costs	308	1,060	420	1,047
II. Operating profit (loss)	5,268	6,504	(794)	(6,414)
Financial income	558	1,496	310	1,420
Financial costs	(712)	(201)	174	166
<i>Net financial costs</i>	<i>(154)</i>	<i>(1,295)</i>	<i>484</i>	<i>1,587</i>
III. Profit (loss) before tax	5,114	7,799	(310)	(4,828)
Current income tax	(1,723)	(3,910)	989	(1,855)
Deferred income tax	609	1,898	(701)	2,534
IV. Net profit (loss) in the financial period	4,000	5,787	(22)	(4,149)
Other comprehensive income:	-	-	-	-
V. Comprehensive income in the financial	4,000	5,787	(22)	(4,149)
Net profit (loss) in the financial period	4,000	5,787	(22)	(4,149)
Weighted average number of ordinary	5,255,632	5,255,632	5,255,632	5,255,632
Basic and diluted profit (loss) per share in the financial period (in PLN per share)	0.76	1.10	-	(0.79)



Statement of changes in equity

Specification	Share capital – nominal value	Surplus from the issue of shares at premium	Retained earnings	Total equity
As at 31.12.2014	10,511	114,990	170,625	296,126
Net comprehensive income in 2015	-	-	32	32
As at 31.12.2015	10,511	114,990	170,657	296,158
Net comprehensive income in 3 quarters of 2016	-	-	5,787	5,787
As at 30.09.2016	10,511	114,990	176,444	301,945

Specification	Share capital – nominal value	Surplus from the issue of shares at premium	Retained earnings	Total equity
As at 31.12.2014	10,511	114,990	170,625	296,126
Net comprehensive income in 3 quarters of 2015	-	-	(4,149)	(4,149)
As at 30.09.2015	10,511	114,990	166,476	291,977

All amounts are stated in PLN '000, unless indicated otherwise



Cash flow statement

	Q3 2016	3 quarters of 2016	Q3 2015	3 quarters of 2015
Net profit in the financial period	4,000	5,787	(22)	(4,149)
Adjustments:				
- Income tax	1,114	2,013	(287)	(679)
- Depreciation of tangible assets	12,108	34,891	11,945	40,521
- Amortisation of intangible fixed assets	32	85	17	97
- Net value of formwork sold – tangible assets	871	1,595	834	3,871
- (Profit)/loss on changes in the fair value of financial instruments	(50)	12	4	(42)
- Interest received	(558)	(1,496)	(352)	(1,523)
- Interest expense			3	108
- (Profit)/loss on foreign exchange differences	741	129	(1,971)	(2,459)
Changes in working capital:				
- Purchase of formwork – fixed assets	(5,916)	(41,681)	(11,463)	(23,238)
- Inventories	249	(767)	1,418	(451)
- Trade receivables and other receivables	(136)	(2,782)	11,977	10,349
- Trade liabilities and other liabilities	(1,992)	(2,052)	1,061	11,814
	10,463	(4,266)	13,164	34,219
Income tax paid	(1,966)	(3,608)	(1,018)	(3,271)
Net cash flow from operating activities	8,497	(7,874)	12,146	30,948
Acquisition of tangible fixed assets	(3,115)	(3,736)	(793)	(1,561)
Inflows from the sale of tangible fixed assets	2	107	31	53
Acquisition of intangible fixed assets	(17)	(98)	(4)	(8)
Loans granted	511	(568)	(30,484)	(82,001)
Repayment of loans granted			557	54,301
Dividends received			-	-
Interest received	757	1,912	352	1,523
Net cash flow from investment activities	(1,862)	(2,383)	(30,340)	(27,693)
Repayment of loans and credits	-	-	-	(10,604)
Payment related to finance leases	-	-	-	-
Interest paid	-	-	(3)	(130)
Dividend payment	-	-	-	-
Net cash flow from financial activities	-	-	(3)	(10,734)
Net increase / (decrease) in cash and overdraft facility	6,635	(10,257)	(18,198)	(7,479)
Cash and overdraft facility at the beginning of period	14,176	31,061	38,995	28,315
Foreign exchange (loss)/profit on the valuation of cash and overdraft facility	(159)	(152)	413	374
Cash and overdraft facility at the end of period	20,652	20,652	21,210	21,210

All amounts are stated in PLN '000, unless indicated otherwise



I Description of major accounting principles applied

The basic accounting principles applied during the preparation of these financial statements are presented in the audited financial statements for 2015. The principles described were applied in all the periods presented on a continuous basis.

I Investments in subsidiaries and associates

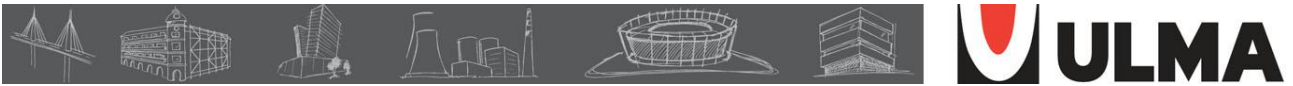
Investments in subsidiaries and associates are recognised at historical cost adjusted by revaluation write-downs. Results of changes in revaluation write-downs on investments in subsidiaries are classified as revenue or financial costs of the reporting period during which the change occurred.

I Selected financial data converted into EUR

Selected financial data converted into EUR are presented in the following table:

SPECIFICATION	PLN '000		EUR '000	
	3 quarters of 2016	3 quarters of 2015	3 quarters of 2016	3 quarters of 2015
Net revenue from the sale of products, goods and materials	123,299	120,953	28,223	29,086
Result on operating activities	6,504	(6,414)	1,489	(1,542)
Gross result	7,799	(4,828)	1,785	(1,160)
Net result	5,787	(4,149)	1,325	(998)
Net cash flow from operating activities	(7,874)	30,948	(1,802)	7,442
Net cash flow from investment activities	(2,383)	(27,693)	(545)	(6,659)
Net cash flow from financial activities	-	(10,734)	-	(2,581)
Net cash flows	(10,257)	(7,479)	(2,348)	(1,798)
Basic profit per ordinary share (in PLN/EUR)	1.10	(0.79)	0.25	(0.19)
Diluted earnings per ordinary share (in PLN/EUR)	1.10	(0.79)	0.25	(0.19)
	30.09.2016	31.12.2015	30.09.2016	31.12.2015
Total assets	338,016	336,167	78,389	78,884
Liabilities	36,071	40,009	8,365	9,388
Long-term liabilities	3,042	4,940	705	1,159
Short-term liabilities	33,029	35,069	7,660	8,229
Equity	301,945	296,158	70,024	69,496
Share capital	10,511	10,511	2,438	2,467
Weighted average number of shares	5,255,632	5,255,632	5,255,632	5,255,632
Number of shares as at the balance sheet date	5,255,632	5,255,632	5,255,632	5,255,632
Book value per share (in PLN/EUR)	57.45	56.35	13.32	13.22

All amounts are stated in PLN '000, unless indicated otherwise



Individual items in assets, equity and liabilities were converted into EUR at the average exchange rates published by the President of the National Bank of Poland in force as at the balance sheet date. As at 30 September 2016, the average EUR/PLN exchange rate was 4.3120, whereas as at 31 December 2015 this rate was 4.2615.

The rate applied to convert items in the statement of comprehensive income and in the cash flow statement was the weighted average of exchange rates in force as at the last day of each month in a given period, i.e. data for the period from 1 January to 30 September 2016 was converted at the EUR/PLN exchange rate of 4.3688, whereas data for the same period in 2015 – at the EUR/PLN exchange rate of 4.1585.