

EXTENDED CONSOLIDATED REPORT

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

FOR THE FIRST QUARTER OF 2017



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

From the beginning of your projects

EXTENDED CONSOLIDATED FINANCIAL STATEMENTS of the ULMA Construcción Polska S.A. Capital Group for Q1 2017

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CAPITAL GROUP
ULMA Construcción Polska S.A.
GENERAL INFORMATION

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



Object of business activity

The object of the activity of ULMA Construcción Polska S.A. Capital Group (hereinafter referred to as the Group) includes:

- lease and sales of scaffolding and construction panels,
- designs of panels and scaffolding application on commission,
- export of construction services provided by the Group companies,
- sales of construction materials and raw materials and concrete accessories,
- transport, equipment, and repair activity, including sales and lease of construction equipment.

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

Registered office

ULMA Construcción Polska S.A.

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

Koszajec 50

05-840 Brwinów, Poland

Supervisory Board of the Company

Aitor Ayastuy Ayastuy

María Lourdes Urcelay Ugarte

Iñaki Irizar Moyua

Andrzej Kozłowski

Michał Markowski

Chairman of the Supervisory Board

Deputy Chairwoman of the Supervisory Board

Member of the Supervisory Board

Member of the Supervisory Board

Member of the Supervisory Board

Audit Committee

Michał Markowski

Aitor Ayastuy Ayastuy

Lourdes Urzelai Ugarte

Chairman of the Committee

Member of the Committee

Member of the Committee

Management Board

Rodolfo Carlos Muñiz Urdampilleta

Krzysztof Orzełowski

Ander Ollo Odriozola

Andrzej Sterczyński

President of the Management Board

Member of the Management Board

Member of the Management Board

Member of the Management Board

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



Statutory Auditor

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.

Rondo ONZ 1

00-124 Warszawa, Poland

The Company is registered in the register of entities authorised to audit financial statements under number 130.

Banks

mBank S.A.,

PEKAO S.A.,

BGŻ BNP PARIBAS S.A.

PKO Bank Polski S.A.

Banko de Sabadell (Spain)

Stock exchange listings

The Company is listed on the Warsaw Stock Exchange ("GPW").

GPW ticker: ULM.

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



CAPITAL GROUP

ULMA Construcción Polska S.A.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2016

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



Consolidated statement of financial position

Status as at:

	31.03.2017	31.12.2016	31.03.2016
ASSETS			
I. Fixed assets (long-term)			
1. Tangible fixed assets	202,712	205,746	211,921
2. Intangible assets	176	201	188
3. Shares in affiliates	-	-	552
4. Other fixed assets	3,999	4,012	4,054
5. Long-term receivables	935	981	946
6. Deferred income tax assets	1,091	1,071	-
Total fixed assets (long-term)	208,913	212,011	217,661
II. Working assets (short-term)			
1. Inventories	4,725	3,630	7,255
2. Trade and other receivables	82,046	82,613	80,590
3. Income tax receivables	651	730	432
4. Financial derivatives	4	-	53
5. Cash and cash equivalents	47,456	36,948	31,261
Total working assets (short-term)	134,882	123,921	119,591
Total assets	343,795	335,932	337,252
EQUITY AND LIABILITIES			
I. Equity			
1. Share capital	10,511	10,511	10,511
2. Reserve capital – share premium	114,990	114,990	114,990
3. Currency exchange differences from consolidation	(14,034)	(13,971)	(15,111)
4. Retained profit, of which:	191,423	190,935	178,474
a) Net profit (loss) for the financial period	488	12,892	431
Total equity	302,890	302,465	288,864
II. Liabilities			
1. Long-term liabilities			
a. Deferred income tax liabilities	1,624	2,936	2,920
b. Long-term liabilities due to pension benefits	144	144	193
Total long-term liabilities	1,768	3,080	3,113
2. Short-term liabilities			
a. Short-term liabilities due to pension benefits	41	41	14
b. Short-term liabilities due to factoring of trade payables	3,546	3,046	3,995
c. Current income tax liabilities	757	109	147
d. Financial derivatives	-	13	-
e. Trade and other liabilities	34,793	27,178	41,119
Total short-term liabilities	39,137	30,387	45,275
Total liabilities	40,905	33,467	48,388
Total equity and liabilities	343,795	335,932	337,252

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



Consolidated profit and loss account and other comprehensive income

	Q1 2017	Q1 2016
Sales revenues	40,486	39,511
Costs of products, goods, materials sold	(34,731)	(32,579)
I. Gross profit on sales	5,755	6,932
Sales and marketing costs	(1,587)	(1,648)
Overheads	(3,644)	(4,361)
Other operating income	859	784
Other operating expenses	(282)	(448)
II. Profit (loss) on operations	1,101	1,259
Financial income	338	423
Financial expenses	(506)	(820)
<i>Net financial expenses</i>	<i>(168)</i>	<i>(397)</i>
Share in profit (loss) of affiliates	-	(14)
III. Profit (loss) before tax	933	848
Current portion of income tax	(1,587)	(1,019)
Deferred income tax	1,142	602
IV. Net profit (loss) for the financial period	488	431
Other comprehensive income that in the future may be settled against profit (loss):		
FX differences from translation of foreign affiliates	(260)	(767)
Income tax on other comprehensive income	197	37
V. Comprehensive income for the financial period	425	(299)
Net profit (loss) for the financial period per owners from the parent company	488	431
Weighted average number of ordinary shares	5,255,632	5,255,632
Basic and diluted profit (loss) per share in the period (in PLN per share)	0.09	0.08

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



Statement of changes in consolidated equity

Item	Share capital at nominal value	Share premium	Currency exchange differences from consolidation	Retained profit	Total equity
As at 31.12.2015	10,511	114,990	(14,381)	178,043	289,163
Comprehensive income in the period of 2016	-	-	410	12,892	13,302
As at 31.12.2016	10,511	114,990	(13,971)	190,935	302,465
Comprehensive income in Q1 2017	-	-	(63)	488	425
As at 31.03.2017	10,511	114,990	(14,034)	191,423	302,890

Item	Share capital at nominal value	Share premium	Currency exchange differences from consolidation	Retained profit	Total equity
As at 31.12.2015	10,511	114,990	(14,381)	178,043	289,163
Comprehensive income in Q1 2016	-	-	(730)	431	(299)
As at 31.03.2016	10,511	114,990	(15,111)	178,474	288,864

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



Consolidated cash flow statement

	Q1 2017	Q1 2016
Net profit for the financial period	488	431
Adjustments:		
- Income tax	445	418
- Fixed assets depreciation	11,798	11,250
- Intangible assets amortisation	25	30
- Net value of formwork – fixed assets sold	903	4,062
- (Profit)/loss on goodwill changes due to financial instruments	(16)	(62)
- Change in the value of interests in affiliates	-	14
- Interest received	(338)	(349)
- Interest expense	-	-
- (Profit)/loss on currency exchange differences	(144)	135
Changes in working capital:		
- Inventories	(1,095)	(1,408)
- Trade and other receivables	567	(313)
- Trade and other liabilities	8,115	9,159
	20,748	23,367
Purchase of formwork	(9,338)	(26,318)
Income tax paid	(860)	(712)
Net cash flows from operating activities	10,550	(3,663)
Purchase of tangible fixed assets	(214)	(270)
Income on disposal of tangible fixed assets	12	10
Purchase of intangible assets	-	(20)
Loans granted	-	-
Repayment of granted borrowings	-	-
Interest received	338	566
Net cash flows from investing activities	136	286
Loans and borrowings received	-	-
Repayment of loans and borrowings	-	-
Payments under financial lease	-	-
Interest paid	-	-
Dividend distribution	-	-
Net cash flows from financing activities	-	-
Net increase / (decrease) of cash and overdraft facility	10,686	(3,377)
Cash, cash equivalents and overdraft facility as at the beginning of the period	36,948	34,964
(Loss)/Profit on currency exchange differences on valuation of cash and overdraft facility	(178)	(326)
Cash, cash equivalents, and overdraft facility as at the end of the period	47,456	31,261

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



CAPITAL GROUP

ULMA Construcción Polska S.A.

ADDITIONAL INFORMATION TO THE CONSOLIDATED FINANCIAL STATEMENTS

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



Notes to consolidated financial statements

Statement on compliance and general preparation principles

These condensed consolidated financial statements for a period of 3 months ended 31 March 2017 were prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" and the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information provided by issuers of securities and on conditions under which information required by legal regulations of a non-Member State may be recognised as equivalent (consolidated text: Journal of Laws of 2014, item 133) and present the financial standing of ULMA Construcción Polska S.A. Group as at 31 March 2017, results of its operations and the cash flows for a period of 3 months ended 31 March 2017.

These interim abbreviated consolidated financial statements have been prepared with the assumption that the Capital Group will continue as a going concern in the foreseeable future.

The duration of the Parent Company and the companies of ULMA Construcción Polska S.A. Group is unspecified.

While preparing the interim abbreviated consolidated financial statements, the Group applied the same accounting principles as described in the audited consolidated financial statements as at 31 December 2016. The interim financial statements as at 31 March 2017 should be read together with the audited consolidated financial statements as at 31 December 2016.

Currency exchange rates and inflation

	Mean PLN exchange rates published by NBP				Change of the PCI index published by the Central Statistical Office
	UAH (hryvnia – Ukraine)	RON (leu Romania)	KZT (tenge Kazakhstan)	EUR (euro)	
31 March 2017	0.1460	0.9277	0.012464	4.2198	2.0%
31 December 2016	0.1542	0.9749	0.012659	4.4240	-0.6%
31 March 2016	0.1436	0.9538	0.010932	4.2684	-0.9%

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Additional information to the quarterly report

Amount and type of items affecting assets, liabilities, equity, the net result, or cash flows that are atypical because of their type, value, or frequency

In Q1 2017 there were no operations of that type.

Concise description of the issuer's significant successes or failures in the period of the report, together with a list of relevant major events concerning the issuer and a description of factors and events, in particular atypical ones, with significant impact on the abbreviated financial statements

Market environment in Poland

Published in March 2017, data on the industrial output and construction and assembly production turned out to be markedly above the market consensus, and the scale of the recovery in those sectors of the economy may be evident of a permanent improvement in the trend so far.

According to the data from the Central Statistical Office, following very poor figures for February, in March 2017 production sold was higher by 11.1% y/y, and construction and assembly production went up by as much as 17.2% y/y. Throughout Q1 2017 industrial production sold was higher by 7.3% on the similar period in the previous year, when a 3.0% growth was recorded, while construction and assembly production was up 3.9% on the previous year figure, when a decline of 13.3% was recorded.

A bigger number of working days and a low reference base of March 2016 which was one of the poorest months for the industry and construction were a major factor resulting in such a spectacular recovery.

In sectoral dimension (source: *PMR Construccjon Insight Issue No. 5*) in Q1 2017 **engineering construction** recorded a 1% decline against the similar period in the last year. In that sector, a particularly positive impression was made by the construction sector of **bridges, viaducts, and tunnels**, being one of the drivers for the Group's income, and which after a poor year-end 2016 recorded a growth of 53% y/y in the reviewed period as a result of accumulation of completion of investment projects that had been commenced in the previous year and in connection with the so-called base effect.

In the reviewed period the **non-housing** sector had a positive growth rate (5.1% y/y), too, and the **housing** sector ended Q1 2017 with a growth rate of 11% y/y.

That extremely positive information provide for an optimistic outlook for the subsequent quarters of 2017. Following growing internal demand (including, increasing consumption) and external demand, the industrial output should continue to maintain its permanent upward trend. The figure of construction and assembly production should be positively impacted by:

- new engineering projects under the EU perspective for 2014-2020, which in subsequent quarters of 2017 shall be successively entering their execution stage, and
- visible revival in housing construction.

As a result, compared with similar period of the last year, the growth pace of construction and assembly production should continue to be high, especially given the so-called low base effect from the last year.

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Another increase of a non-seasonal indicator of the portfolio of current orders in construction on the domestic market recorded in March 2017 clearly supports such scenario (*up to the highest level since July 2010*) and a solid growth in the number of dwellings the construction of which started (*from January to March 2017 developers started construction of nearly 23,200 dwellings, or up 41 percent on the figure in the similar period in the last year*).

Market environment abroad

In **Kazakhstan** oil and infrastructure investment projects are continued. However, the scale of those investment projects and related orders for construction companies do not achieve an expected high level. There is visible care of the Kazakh Government about the so-called “local content”, which results in exceptional preferences for suppliers with local capital in winning orders in the oil and gas industry. Given such macroeconomic environment competition of Russian and Ukrainian companies is still strongly felt, so is that by suppliers from China and Turkey, and the price pressure that continues to be maintained does not allow winning a bigger number of orders that are well profitable.

A situation in **Lithuania** changed at the beginning of 2017. Projects that have been talked about for the last few years are entering their execution stage, and the market growth pace begin to show positive trends after two years of stagnation. A trend of increasing prices of construction services is noticeable, too. It is hard to project at the moment if it is a one-off or permanent development. Nonetheless, the fact that large Polish construction companies that have not carried out any business there are trying to enter the market may be a positive outlook for future periods.

Already from 2016, after months of permanent turmoil in **Ukraine** stabilisation of the country's economic situation is felt. In Q1 2017 Ukraine's currency (hryvnia) even recorded a slight appreciation against EUR, and the National Bank of Ukraine continued liberalisation of currency restrictions. A steady increase of turnover in the construction sector is seen, followed by increase of prices for construction services. In the reviewed period of Q1 2017 an especially material growth was recorded in housing construction and industrial infrastructure.



Operating profitability

In Q1 2017 the Capital Group generated a positive net financial result on operations in the amount of PLN 1,101,000 in comparison to the positive net financial result of PLN 1,259,000 generated in the similar period of the previous year.

Basic figures relating to EBIT (operating profit) and EBITDA (operating profit + depreciation/amortisation) in the reviewed period were as follows:

	Q1 2017	2016	Q1 2016
Sales	40,486	180,487	39,510
EBIT	1,101	16,608	1,259
% of sales	2.72	9.20	3.19
Depreciation/amortisation	11,823	48,959	11,280
EBITDA	12,924	65,567	12,536
% of sales	31.92	36.33	31.73

In Q1 2017 the Capital Group recorded an increase in EBITDA in absolute terms by PLN 388,000 compared to the level obtained in Q1 2016 resulting in a slight increase of EBITDA expressed as % of sales by 0.19 percentage point.

The favourable market environment in Poland referred to in the introduction, enhanced business activity in Ukraine, and also changes in costs items relating to the costs of management in the subsidiary companies of the Group already in Q3 2016 allowed maintaining the level of EBITDA that was recorded in the similar period of the previous year.

Additionally, in Q1 2017 the Group created impairments of PLN 525,000 compared to PLN 468,000 in the similar period of the previous year (disclosed in the "Sales and marketing costs").

In Q1 2017 the Group did not make impairment allowances for inventories or for tangible fixed assets or intangible assets. There was no reversal of such impairments, either.

Foreign exchange risk hedging transactions

The Capital Group companies purchase the products (scaffoldings and shuttering systems and accessories for such systems) which are the object of their commercial and service operation from its parent entity in Spain, other ULMA Group companies and third-party companies.

Within its commercial activities, the Group is active in export markets, particularly in Ukraine, Lithuania, and in Kazakhstan where business is pursued via subsidiary companies Ulma Opałubka Ukraina sp. z o.o., Ulma Construcción BALTIC sp. z o.o., and Ulma Opałubka Kazakhstan Sp. z o.o. As a result, the Capital Group companies are exposed to the FX risk that the Group mitigates by:

- participating in the FX and term markets using Non Delivery Forward (NDF) contracts, or
- by adjusting the prices of the offered services and materials which is not fully effective.

All the NDF instruments held by the Group are acquired only for the purposes of hedging against the FX risk and are not of asymmetric nature.

The Capital Group does not apply the so-called "hedge accounting", and therefore the results from hedge transaction execution and valuation (positive and negative) are charged to the result for the period.

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



Financial costs and other total income

Until 2015 the Capital Group had used bank loans to finance investments related to the purchase of products for lease (i.e. shuttering and scaffolding systems).

The Group repaid last instalments of bank loans in 2015. Further to which, in 2016 the Group did not incur interest costs on bank loans.

Changes in foreign exchange rates resulted in lowering of the Group's equity in Q1 2017 by PLN 63,000. The above amount disclosed in other comprehensive income comprises:

- Negative currency exchange differences from translation of the financial statements of foreign companies in the amount of PLN 37,000,
- Negative currency exchange differences from valuation of intragroup borrowings disclosed pursuant to IAS 21 as net investments in foreign companies in the amount of PLN 26,000.

In Q1 2017 the Group did not establish impairments for financial assets, nor did it reverse such impairments.

In the standalone financial statements of ULMA Construcción Polska S.A. for Q1 2017 an impairment was established for the shares in the affiliate company ULMA Cofraje Romania in the amount of PLN 450,000. The total amount of the impairment allowance on that is PLN 1,212,000.

Net financial result

After income tax, in Q1 2017 the Group generated a positive net financial result in the amount of PLN 488,000 in comparison to the positive net financial result of PLN 431,000 generated in the similar period of the previous year.

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



Cash flows

The table below presents the Group's abbreviated cash flow statement for the analysed periods:

	Q1 2017	Q1 2016
Net profit / (loss)	488	431
Depreciation/amortisation	11,823	11,280
Total financial surplus	12,311	11,711
Other elements of net operating cash flow	(1,761)	(15,374)
Net cash flows from operating activities	10,550	(3,663)
Net cash flows from investing activities	136	286
Net cash flows from financing activities	-	-
Net cash flow	10,686	(3,377)

Cash flows from operating activities

In Q1 2017 the Group generated a positive financial surplus (net profit + depreciation/amortisation), which amounted to PLN 12,311,000.

In the same period the cash flows from operating activities amounted to PLN 10,550,000 in comparison to PLN (3,663,000) in the similar period of the previous year.

In Q1 2017 the Capital Group made investment purchases of formwork and scaffoldings mainly to supplement the portfolio of the offered products necessary for ensuring services on a growing construction market in 2017, including in particular, the bridge segment. As result, investment expenditures in Q1 2017 related to purchases of tangible fixed assets in scaffoldings and formwork systems amounted to PLN 9,338,000 compared to PLN 26,318,000 in the similar period of 2016.

Cash flows from investing activities

The cash flows from investing activities comprise mainly inflows under received interest on the borrowing granted to the parent company and expenses related to purchases of other fixed assets (machines for cleaning and repairing formwork and computer equipment).

Cash flows from financing activities

In Q1 2017 the Group did not generate income, nor did it incur any expenses relating to financing activities.

As a result of the above events, in Q1 2017 the level of the Group's cash and overdraft facilities increased by PLN 10,686,000 to PLN 47,456,000 as at 31 March 2017.

Information on employment

Basic information on the average employment in the Group and in the parent company has been presented in the table below.

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



	Q1 2017	2016	Q1 2016
ULMA Construcccion Polska S.A.	240	229	231
ULMA Construcccion Polska S.A. Group	317	301	302

Information regarding seasonal or cyclical character of the Issuer's activity in the discussed period

Construction business is characterised by high seasonality, which has direct impact on the revenues on sales of products and services of the Capital Group. Particularly unfavourable weather conditions and frequent delays in execution of budget investments usually occur in Q1. Usually these factors improve in subsequent quarters and the peak season in the construction industry usually occurs in the 3rd quarter of the calendar year.

The effects described above result also in seasonal character of maintenance of the products owned by the Capital Group (shuttering and scaffolding systems). The majority of such works is performed during the construction season, i.e. in the 2nd and 3rd quarter.

Information about the issue, redemption, and repayment of non-equity and equity securities

In Q1 2017 there were no operations of that type.

Information concerning the dividend paid (or declared), in aggregate and calculated per share, divided into ordinary and preferred shares

Pursuant to Resolution No. 7 of the General Shareholders' Meeting of ULMA Construcccion Polska S.A. of 21 April 2017, the net profit for the financial year 2016 in the amount of PLN 10,711,612.37 and part of the retained profits carried forward in the amount of PLN 17,668,800.43, totalling PLN 28,380,412.80 were allocated for distribution to the shareholders in the form of dividend, i.e. in the amount of PLN 5.40 gross per share.

The date of the rights to dividend has been set for 5 May 2017, and the dividend distribution date has been set for 18 May 2017.

Events occurring after the day at which the abbreviated quarterly financial statements were prepared, which were not covered by these statements which may significantly influence the Issuer's future financial of ULMA Construcccion Polska S.A. Group

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



No such events occurred.

Information on changes in contingent liabilities or contingent assets, occurring following the end of the previous financial year

No changes to contingent liabilities and contingent assets have taken place as from the end of the last financial year.

Information on revenues and results per sectoral and geographic areas, specified in compliance with IAS, according to the basic division

ULMA Construcción Polska S.A. Group distinguishes two basic segments in its business activity:

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

Results per segments were the following:

Q1 2017 – the 3 months' period ended on 31 March 2017

Item description	Servicing construction sites	Sales of construction materials	Group
Total sales revenues	36,666	7,399	44,065
Sales between segments	(95)	(3,484)	(3,579)
Sales revenues	36,571	3,915	40,486
Operating expenses less depreciation/amortisation	(24,429)	(3,133)	(27,562)
EBITDA	12,142	782	12,924

Q1 2016 – the 3 months' period ended on 31 March 2016

Item description	Servicing construction sites	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 less depreciation/amortisation	(24,326)	(2,646)	(26,972)
EBITDA	10,539	2,000	12,539

Profit (loss) reconciliation with the net profit or loss of the Group has been presented below.

	Q1 2017	Q1 2016
EBITDA	12,924	12,539
Depreciation/amortisation	(11,823)	(11,280)

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



Interest income	338	371
Other financial income	-	52
Interest expense	-	(58)
Other financial expenses	(506)	(762)
Share in profit of affiliated entities	-	(14)
Profit (loss) before tax	933	848
Income tax	(445)	(417)
Net profit / (loss)	488	431

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



Translation of the selected financial data into EUR

ITEM	in PLN '000		In EUR '000	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Net income from sales of products, goods, and materials	40,486	39,511	9,362	9,070
Operating profit (loss)	1,101	1,259	254	289
Profit (loss) before taxation	933	848	216	195
Net profit (loss)	488	431	113	99
Net cash flows from operating activities	10,550	(3,663)	2,439	(841)
Net cash flows from investing activities	136	286	32	66
Net cash flows from financing activities	-	-	-	-
Net cash flow	10,686	(3,377)	2,471	(775)
Diluted profit per ordinary share (in PLN/EUR)	0.08	0.08	0.02	0.02
Basic profit per ordinary share (in PLN/EUR)	0.09	0.08	0.02	0.02
	31.03.2017	31.12.2016	31.03.2017	31.12.2016
Total assets	343,795	335,932	81,472	75,934
Liabilities	40,905	33,467	9,694	7,565
Long-term liabilities	1,768	3,080	419	696
Short-term liabilities	39,137	30,387	9,275	6,869
Equity	302,890	302,465	71,778	68,369
Share capital	10,511	10,511	2,491	2,376
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)	57.63	57.55	13.66	13.01

Individual items of assets, equity and liabilities have been converted to EUR applying the mean exchange rates announced by the President of the National Bank of Poland, effective as at the balance sheet date. The mean EUR exchange rate on 31 March 2017 was PLN 4.2198, while on 31 December 2016 it stood at PLN 4.4240.

The rate applied the items in the statement of comprehensive income and the items in cash flow statement was the arithmetic mean of exchange rates effective in the specified period, i.e. data for the period from 1.01. to 31.03.2017 translated at the rate = 4.3246 PLN/EUR, the data for the equivalent period of 2016 was translated at the rate = 4.3559 PLN/EUR.

Organisation of ULMA Construcción Polska S.A. Group with details of the consolidated entities

The Group is controlled by ULMA C y E, S. Coop. with its office in Spain which, as at 31 March 2016, held 75.49% of the Company's shares. The remaining 24.51% shares were held by many shareholders.

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



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

Parent entity:

- **ULMA Construcción Polska S.A.** a commercial law company with its registered office in Koszajec 50, Commune Brwinów. On 15.09.1995 on the basis of the Resolution of the Extraordinary Shareholders' Meeting it was transformed from a private limited liability company into a joint-stock company (Notarial Deed of 15.09.1995, Rep. A No. 5500/95). It was registered in the Register of Entrepreneurs by the District Court for the Capital City of Warsaw, 20th Commercial Division of the National Court Register under KRS No. 0000055818.

Subsidiaries:

- **ULMA Opałubka Ukraina sp. z o.o.** with its registered office in Kiev, at Gnata Juri 9, was established on 18.07.2001. It was registered in the Sviatoshyn Branch of State Administration for the city of Kiev under No. 5878/01 and was assigned the id. no. 31563803. The company operates in the area of sales and lease of shuttering, sales of construction materials. The issuer holds 100% in the capital and the total number of votes of the company.
- **ULMA Opałubka Kazachstan sp. z o.o.** with its registered office in Astana at Taszenowa 25. Its strategic purpose is the development of the basic activity of the Group, i.e. lease of shuttering and scaffolding systems and dissemination of knowledge in the area of application of the shuttering technology to the construction process in Kazakhstan. The issuer holds 100% in the capital and the total number of votes of the company.
- **ULMA Construcción BALTIC sp. z o.o.** with its registered office in Vilnius at Pylimo 41-12. The business of the company covers: lease of construction scaffolding and shuttering, wholesale and retail sale of scaffolding and shuttering, sale and lease of other construction devices, and other commercial activities. The issuer holds 100% in the capital and the total number of votes of the company.

Additionally, the Group holds interests in an affiliated entity:

- **ULMA Cofraje SRL** with its registered office in Bragadiru at Soseaua de Centura nr 2-8 Corp C20 (Romania), set up on 09.10.2007. It is registered in the National Trade Register Office in Bucharest under No. 22679140. The Company operates on the area of lease and sales of shuttering and scaffolding, also as leases. The issuer holds 30% in the capital and the total number of votes of the company.

Subsidiaries are consolidated with the use of the full method, while the affiliated entity with the use of the equity method.

Effects of changes in the structure of business undertaking, including those resulting from combination of business undertakings, acquisition or disposal of Group undertakings, long-term investments, division, restructuring and discontinuation of operations

There were no changes in the structure of ULMA Construcción Polska S.A. Capital Group in the period covered by this report.

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



Position of the Management Board regarding the possibility to achieve previously published forecasts for the given year, in light of the results presented in the quarterly report in relation to the forecasted results

ULMA Construcción Polska S.A. Group does not publish forecasted results.

Shareholders holding, directly or indirectly through subsidiary entities, 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 providing the quarterly report, and the number of shares held by such entities, the percentage share in the share capital, the number of resulting votes and changes in the structure of ownership of significant blocks of shares of ULMA Construcción Polska S.A. over the period from providing the previous quarterly report.

As of the date of submitting this quarterly report, shareholders holding more than 5% of the total number of votes include:

- **ULMA C y E S, Coop.** (Spain) holding directly 3,967,290 shares in ULMA Construcción Polska S.A., which account for 75.49% of shares in the Company's share capital and entitle to 3,967,290 votes at the general meeting, which accounts for 75.49% of the total number of votes.
- **Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK** holding directly 263,000 shares in ULMA Construcción Polska S.A., which account for 5.00% of the Company's share capital and entitle to 263,000 votes at general meetings, accounting for 5.00% of the total number of votes.

As from the date of submitting of the previous report, there have been no changes to the ownership structure of significant blocks of shares in ULMA Construcción Polska S.A.

According to the information held by ULMA Construcción Polska S.A. in the period from the date of submitting the previous report there were no changes to the shareholding of ULMA Construcción Polska S.A. shares or rights thereto (options) by the persons specified above.

According to the information held by ULMA Construcción Polska S.A. in the period from the submission date of the previous report there were no changes to the shareholding of ULMA Construcción Polska S.A. shares or rights to them (options) by the persons specified above. None of the persons managing and supervising ULMA Construcción Polska S.A. holds any shares of the issuer.

Proceedings pending in courts, arbitration bodies, or public administration bodies, taking into account the information concerning:

- proceedings relating to liabilities or receivables of ULMA Construcción Polska S.A. or its subsidiary with the value at least equal to 10% of equity of ULMA Construcción Polska S.A., specifying: the object of the proceedings, value of the dispute, date of commencement of the proceedings, parties to the proceedings and the position of the Company
- two or more proceedings relating to liabilities or receivables with total value corresponding to at least 10% of equity of ULMA Construcción Polska S.A., specifying total value of such proceedings for liabilities and receivables separately and describing the position of the Company in the case, and, in reference to

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



the biggest proceedings in the groups of liabilities and receivables – specifying their object, the value of the dispute, date of commencement of the proceedings and parties thereto

Proceedings concerning receivables of ULMA Construcccion Polska S.A. as at 31.03.2017:

ULMA Construcccion Polska S.A. is engaged in 52 court proceedings involving receivables (the balance of which as at 31 March 2017) is for the total amount of PLN 27,927,000. These cases include court proceedings for which the court has not issued a final enforcement order with a writ of execution yet and receivables from debtors for whom the court has issued a bankruptcy order (arrangement or liquidation bankruptcy), or on opening of reorganisation proceedings.

None of the court cases pursued by ULMA Construcccion Polska S.A. involves a value higher than 10% of equity of ULMA Construcccion Polska S.A.



Particular groups of court proceedings are listed in the table below:

Item	Number of proceedings	Balance as at 31.03.2017	Current status of the case
Court proceedings	6	5,761	
<i>including the largest cases:</i>			
SIAC CONSTRUCTION Ltd.		4,139	The court proceedings are expected to be resumed in Poland after the recovery proceedings have been completed in Ireland.
ART OF CONCRETE SP. Z O.O.		872	The issued payment orders for the Debtor and the guarantor (natural person) are expected to become final. To secure claims, judicial mortgages have been established on real properties belonging to the guarantor upon the Company's motion. Once the writs of execution have been received, the Company shall forthwith send a motion to a bailiff to commence enforcement proceedings.
BUDO-MOST BUDOWA I REMONT PAWEŁ SOBIESKI		533	The issued payment order for the Debtor and the guarantor (natural person) is expected to become final. To secure claims, judicial mortgages have been established on real properties belonging to the debtors upon the Company's motion. Once the writs of execution have been received, the Company shall forthwith send a motion to a bailiff to commence enforcement proceedings.
SCAFFOLDING GROUP SP. Z O.O.		204	After the payment order has been issued, the Debtor has offered the Company repayment of debts by way of signing an agreement on assignment of receivables. Currently, the parties are agreeing upon the terms and conditions of the assignment. The assignment shall facilitate repayment of the Company's entire receivable.
MUR-BETON S.A.		13	Proceedings against the Debtor. An enforcement title against the Debtor is expected to be issued.
	Total of all of the above	5,761	100% of total
Item	Number of proceedings	Balance as at	Current status of the case
Bankruptcy proceedings	46	22,166	
<i>including 5 largest cases:</i>			
HYDROBUDOWA POLSKA SA		6,602	Receivables notified to the receiver in bankruptcy include amounts due from the Debtor for all completed contracts, including the construction of A4 motorway (Dębica-Rzeszów) performed by the Debtor under a consortium with SIAC Construction Ltd.

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



RADKO Sp. z o.o.		4,353	<p>On 20.01.2016 the Court transformed the previous bankruptcy proceedings with a settlement into bankruptcy covering the liquidation of the bankrupt's assets. Apart from the receivables reported by the Company to bankruptcy proceedings, the Company pursues several other proceedings. Those are among others:</p> <ul style="list-style-type: none"> • enforced collection proceedings against guarantors (former members of the Debtor's management board), • enforcement proceedings from a property that was subject to actio Pauliana. The property had been validly auctioned and now the Company is waiting for the proceeds from the auction. • court proceedings commenced in previous periods has been finally dismissed by a decision of the Supreme Court. Thus, the legal path concerning recovery of the receivables from the State Treasury (GDDKiA, General Directorate for National Roads and Motorways) by way of compensation further to the non-constitutionality of the so-called "special act" of 28 June 2012 (Journal of Laws, item 891) has been exhausted. • The Company has entered pending criminal proceedings against the Debtor's former management in connection with Art. 300 of the Penal Code (purposeful disposal of assets by the Debtor's management). • The Company has also filed a suit to the District Court in Kraków requesting a ban for the Debtor's former management members to pursue business activity and sit in governing bodies of commercial law companies further to failure to submit a motion for the Debtor's bankruptcy on time.
AEDES S.A. w restrukturyzacji (in restructuring)		1,155	<p>On 11.02.2016 the District Court in Kraków issued a decision on opening arrangement proceedings with the Debtor. Receivables were notified to the Restructuring Adviser appointed by the Court. On 22.02.2017 the creditors passed the following arrangement proposals concerning the Company's receivables: reduction by 50% and payment in 17 quarterly instalments. The Company expects the decision to become final.</p>
HENPOL Sp. z o.o.		1,010	The receivable was reported to the receiver.
Krokbud Sp. z o.o.		864	<p>On 21.04.2016 the District Court in Nowy Sącz issued a decision declaring the Debtor's bankruptcy with a possible settlement. The receivable was reported to Court. The Company waits for arrangement proposals by the Debtor and voting by the creditors.</p>
	Total of all of the above	13,963	62% of total
total pending proceedings	52	27,927	

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



Proceedings concerning receivables of subsidiary companies as at 31.03.2017:

As at the balance sheet date, there were 8 court cases all together in the Company's subsidiary companies for the value of PLN 722,000, of which:

- a) 2 cases for the amount of PLN 157,000 are at the stage of court proceedings,
- b) 6 cases for the amount of PLN 565,000 relate to the reorganisation and bankruptcy proceedings.

The above amounts have been stated after translation into PLN at the exchange rates prevailing on the balance sheet date.

The Group recognises impairment charges to all doubtful receivables and receivables pursued in court. The amount of such impairment charges are recognised under "Costs of sales and marketing" and the amount is equivalent to assessment as to the likelihood to recover the receivables as a result of court litigation or enforced collection.

Information about conclusion by ULMA Construcción Polska S.A. or its subsidiary undertaking one or more transactions with related entities, if they have been concluded on the terms other than on an arm's length basis, together with specification of their value and with:

- a) information about the entity with whom the transaction was concluded,
- b) information on relations of ULMA Construcción Polska S.A. or its subsidiary with the entity being a party to the transaction,
- c) information about the transaction object,
- d) significant terms and conditions of the transaction, including in particular the financial conditions and specification of special terms and conditions, typical of the contract which depart from terms and conditions commonly applied in such contracts,
- e) other information of such transactions, if necessary to understand the issuer's situation in terms of assets, financial standing and financial result,
- f) all changes to the transactions with affiliates described in the last annual report which could have a significant impact on the issuer's assets, financial standing and financial result.

Transactions concluded in Q1 2017 by ULMA Construcción Polska S.A. and its subsidiaries with affiliates were of typical and routine nature, were concluded on an arm's length basis, and their nature and conditions resulted from running ongoing operations.

The most significant transactions involved the acquisition of shuttering and lease services concerning shuttering systems made by ULMA Construcción Polska S.A. from ULMA C y E, S. Coop. with the value of PLN 5,866,000.

In the period of the last 12 months (from 1.04.2016 to 31.03.2017) the value of the above transactions amounted to PLN 21,756,000.

Besides commercial transactions, in previous periods ULMA Construcción Polska S.A. granted long-term and short-term borrowings to affiliated entities. A list of the granted borrowings, as at the indebtedness on the balance sheet date and 31.12.2016 has been presented in the table below.

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



Affiliated entity – long-term borrowings	Borrowing amount 31.03.2017	Borrowing amount 31.12.2016
ULMA Opatubka Ukraine (in USD '000)	1,300	1,500
ULMA Cofraje Romania (in EUR '000)	221	221
ULMA Construcccion BALTIC (in EUR '000)	2,500	2,500
Affiliated entity – short-term borrowings	Borrowing amount 31.03.2017	Borrowing amount 31.12.2016
ULMA Opatubka Kazakhstan (in USD '000)	115	150
ULMA CyE S.Coop. (in PLN '000)	32,000	32,000

The above long-term borrowings granted to the subsidiary companies are treated as net investments in a subsidiary company.

Unrealised currency exchange differences resulting from the valuation of the above mentioned borrowings (with the exception of the borrowing for ULMA Cofraje Romania) are directly charged to the Group's equity.

Information about the ULMA Construcccion Polska S.A. or its subsidiary undertaking advancing suretyship for a loan or borrowing or providing a guarantee – in aggregate to one entity or a subsidiary undertaking of such entity, if the total value of the existing suretyships or guarantees is equivalent to 10% of the shareholders' equity of the ULMA Construcccion Polska S.A., specifying:

- name (business name) of the entity to whom surety or guarantees were provided,
- total value of loans secured or guaranteed in full or in a specified part,
- period for which the sureties or guarantees were provided,
- financial terms and conditions on which the sureties or guarantees were provided, specifying the remuneration of ULMA Construcccion Polska S.A. or its subsidiary for the provision of sureties or guarantees,
- nature of connections between ULMA Construcccion Polska S.A. and the entity which incurred loans or borrowings.

In the period under the report ULMA Construcccion Polska S.A. did not grant borrowings or guarantees the value of which would account for at least 10% of the Company's equity.

Other information, which according to ULMA Construcccion Polska S.A. Group is significant for assessment of the personnel, property or financial situation, financial results and changes thereof, as well as information which is significant for the assessment of the capability of satisfaction of liabilities by ULMA Construcccion Polska S.A. Group.

Apart from the events described above, there were no other major events in Q1 2017. Moreover, the Management Board of ULMA Construcccion Polska S.A. is not aware of any information important for the assessment of the Company's staff, assets, financial standing, financing results and changes thereto, as well as the assessment of the Group's ability to satisfy its liabilities.

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



Factors which, in the opinion of ULMA Construcción Polska S.A., will affect results of ULMA Construcción Polska S.A. Group at least in the next quarter

Market in Poland

Macroeconomic data on construction and assembly production with high levels of leading indicators of the economic situation create a coherent picture of an accelerated economic growth in Q1 2017. Additionally, combination of good results of industrial production and construction and assembly production signals a recovery in investment projects, which may be treated as an announcement of revival on the market over a period of the forthcoming quarters at least.

Despite a significant slowdown in the industry in 2016 construction companies currently see a good period ahead of them. Especially good sentiment is supported by the factors such as: prospect of future expenditures related to the new EU budget, improving profitability of the sector, implemented large power contracts and a continued revival in housing construction.

Factors that will have a positive impact on the Group's future performance shall include:

- further improvement of the construction situation and, which is followed by, increase of the average level of construction production prices first in few years that will be primarily driven by increase costs of employment and growth of the prices of construction materials,
- large investment needs in the public infrastructure of: road, railway, and transmission lines,
- low level of interest rate stimulating investments into real property, and thus resulting in a very good economic situation in the housing segment,
- stable financial situation of large construction companies,
- improvement in the level of concentration in the Regional Operating Programmes.

On the other hand, among the risks that may have an adverse impact on the Group's ability to perform well mention should be made of:

- numerous personnel changes in public institutions and resulting decision-making stalemate,
- political instability and an deteriorating image of Poland in the eyes of foreign investors,
- a high level of debts of many local governments that does not allow commencing new investment projects within the originally planned period,
- delayed start of many large engineering projects relating to a prolonged tender or design phase,
- introduction of reversal VAT in construction from 2017 which impacts the financial liquidity of the industry's businesses,
- introduction of mandatory thresholds for own contributions made by investors with regard to mortgage loans.

Foreign markets

The factors that in the near future may affect the economic condition and the Company's revenues in foreign markets, include the following:

In Ukraine:

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



- Further stabilisation of a political and economic situation and stopping of downwards trends or even increase on the construction market;
- Stabilisation of the hryvnia market;
- Necessity to rebuild, expand, and upgrade national roads;

In Kazakhstan:

- Maintenance of low crude oil prices over a longer period and a risk of declining budget income to a level preventing or making it materially difficult to continue development of investment projects;
- Decline in the power purchase of people and a high percentage of unsold dwellings;
- Determination of Kazakhstan's government in implementing the economic reforms and search for funds to continue long-term development programmes;
- Preferences for suppliers of construction services for companies with the local capital and an enormous competitive pressure by companies from the free trade area.
-

FX risk

Companies in the Capital Group purchase products (shuttering systems and related accessories) from its parent entity in Spain and from other entities outside Poland. On the other hands, companies in the Group are active in export markets. As a result, the Group is exposed to FX risk which it has been trying to mitigate by acting in the FX market or in the term market and concluding FX Non-Delivery Forward contracts (NDF).

The subsidiary company Ulma Opałubka Ukraina sp. z o.o. and ULMA Opałubka Kazakhstan have intragroup borrowings denominated in USD. Because of no possibility of effective hedging against the foreign currency risk relating to that transaction, these Companies are remain exposed to a foreign currency exposure and USD vs. hryvnia and USD vs. Tenge, although given a visible stabilisation of the situation in Ukraine and in Kazakhstan this risk seems to be moderate. Furthermore, the Management Board has been trying to mitigate the risk by updating the prices of offered products and services by following changes to the exchange rates.

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



CAPITAL GROUP

ULMA Construcción Polska S.A.

STANDALONE ABBREVIATED

FINANCIAL STATEMENTS

FOR Q1 2017

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



Statement of financial position

Status as at:

	31.03.2017	31.12.2016	31.03.2016
ASSETS			
I. Fixed assets (long-term)			
1. Tangible fixed assets	190,935	194,063	205,685
2. Intangible assets	130	152	143
3. Shares in affiliates	7,748	8,198	8,198
4. Other fixed assets	3,999	4,012	4,054
5. Long-term receivables	17,139	18,468	18,319
Total fixed assets (long-term)	219,951	224,893	236,399
II. Working assets (short-term)			
1. Inventories	3,618	2,374	3,591
2. Trade and other receivables	74,873	78,239	76,813
3. Income tax receivables	-	-	-
4. Financial derivatives	4	94	4
5. Cash and cash equivalents	45,993	32,717	26,271
Total working assets (short-term)	124,488	113,424	106,679
Total assets	344,439	338,317	343,078
EQUITY AND LIABILITIES			
I. Equity			
1. Share capital	10,511	10,511	10,511
2. Reserve capital – share premium	114,990	114,990	114,990
3. Retained profit, of which:	180,234	181,368	169,370
a) Net profit (loss) for the financial period	(1,134)	10,711	(1,287)
Total equity	305,735	306,869	294,871
II. Liabilities			
1. Long-term liabilities			
a. Deferred income tax liabilities	1,623	2,935	3,934
b. Long-term liabilities due to pension benefits	145	145	193
Total long-term liabilities	1,768	3,080	4,127
2. Short-term liabilities			
a. Short-term liabilities due to pension benefits	41	41	14
b. Current income tax liabilities	466	-	4
c. b. Short-term liabilities due to factoring of trade liabilities	3,546	3,046	3,995
d. Financial derivatives	-	13	-
e. Trade and other liabilities	32,883	25,268	40,067
Total short-term liabilities	36,936	28,368	44,080
Total liabilities	38,704	31,448	48,207
Total equity and liabilities	344,439	338,317	343,078

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



Profit and loss account and other comprehensive income

	Q1 2017	Q1 2016
Sales revenues	37,407	35,805
Costs of products, goods, materials sold	(33,667)	(32,386)
I. Gross profit on sales	3,740	3,419
Sales and marketing costs	(1,222)	(1,715)
Overheads	(3,113)	(3,201)
Other operating income	861	784
Other operating expenses	(315)	(448)
II. Profit (loss) on operations	(49)	(1,161)
Financial income	443	476
Financial expenses	(1,553)	(538)
<i>Net financial expenses</i>	<i>(1,110)</i>	<i>(62)</i>
III. Profit (loss) before tax	(1,159)	(1,223)
Current portion of income tax	(1,287)	(877)
Deferred income tax	1,312	813
IV. Net profit (loss) for the financial period	(1,134)	(1,287)
Other comprehensive income that in the future may be settled against profit (loss)	-	-
V. Comprehensive income for the financial period	(1,134)	(1,287)
Net profit (loss) for the financial period	(1,134)	(1,287)
Weighted average number of ordinary shares	5,255,632	5,255,632
Basic and diluted profit (loss) per share in the period (in PLN per share)	(0.22)	(0.24)

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



Statement of changes in equity

Item	Share capital at nominal value	Share premium	Retained profit	Total equity
As at 31.12.2015	10,511	114,990	170,657	296,158
Net comprehensive income in 2016	-	-	10,711	10,711
As at 31.12.2016	10,511	114,990	181,368	306,869
Total net income in Q1 2017	-	-	(1,134)	(1,134)
As at 31.03.2017	10,511	114,990	180,234	305,735

Item	Share capital at nominal value	Share premium	Retained profit	Total equity
As at 31.12.2015	10,511	114,990	170,657	296,158
Total net income in Q1 2016	-	-	(1,287)	(1,287)
As at 31.03.2016	10,511	114,990	169,370	294,871

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



Cash flow statement

	Q1 2017	Q1 2016
Net profit for the financial period	(1,134)	(1,287)
Adjustments:		
- Income tax	(25)	64
- Fixed assets depreciation	11,160	11,058
- Intangible assets amortisation	21	24
- Net value of formwork – fixed assets sold	274	3,988
- (Profit)/loss on goodwill changes due to financial instruments	433	(12)
- Interest received	(443)	(475)
- Interest expense	-	-
- (Profit)/loss on currency exchange differences	1,257	603
Changes in working capital:		
- Inventories	(1,244)	(1,208)
- Trade and other receivables	2,739	609
- Trade and other liabilities	8,116	9,015
	21,154	22,379
Purchase of formwork	(8,212)	(25,732)
Income tax paid	(728)	(571)
Net cash flows from operating activities	12,214	(3,924)
Purchase of tangible fixed assets	(91)	(215)
Income on disposal of tangible fixed assets	12	10
Purchase of intangible assets	-	(19)
Loans granted	-	(1,079)
Repayment of granted borrowings	746	-
Purchase of shares in a subsidiary and an affiliate	-	-
Interest received	531	692
Net cash flows from investing activities	1,197	(611)
Inflow from share issues	-	-
Loans and borrowings received	-	-
Repayment of loans and borrowings	-	-
Payments under financial lease	-	-
Interest paid	-	-
Dividend distribution	-	-
Net cash flows from financing activities	-	-
Net increase / (decrease) of cash and overdraft facility	13,411	(4,535)
Cash, cash equivalents and overdraft facility as at the beginning of the period	32,717	31,061
(Loss)/Profit on currency exchange differences on valuation of cash and overdraft facility	(135)	(255)
Cash, cash equivalents, and overdraft facility as at the end of the period	45,993	26,271

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



Description of key accounting principles

While preparing the interim abbreviated financial statements, the Company applied the same accounting principles as described in the audited financial statements as at 31 December 2016. The interim financial statements as at 31 March 2017 should be read together with the audited consolidated financial statements as at 31 December 2016.

Investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates are recognised at historical costs adjusted by impairments. The effects of the revaluation of investments in subsidiaries are classified as financial incomes or costs of the reporting period in which the change took place.

Translation of the selected financial data into EUR

Translation of selected financial data into EUR is presented in the table below:

ITEM	in PLN '000		In EUR '000	
	Q1 2017	Q1 2016	Q1 2017	Q1 2016
Net income from sales of products, goods, and materials	37,407	35,805	8,650	8,220
Operating profit (loss)	(49)	(1,161)	(11)	(267)
Gross result	(1,159)	(1,223)	(268)	(281)
Net profit (loss)	(1,134)	(1,287)	(262)	(296)
Net cash flows from operating activities	12,214	(3,924)	2,824	(901)
Net cash flows from investing activities	1,197	(611)	277	(140)
Net cash flows from financing activities	-	-	-	-
Net cash flow	13,411	(4,535)	3,101	(1,041)
Basic profit per ordinary share (in PLN/EUR)	(0.22)	(0.24)	(0.06)	(0.06)
Diluted profit per ordinary share (in PLN/EUR)	(0.22)	(0.24)	(0.06)	(0.06)
	31.03.2017	31.12.2016	31.03.2017	31.12.2016
Total assets	344,439	338,317	81,624	76,473
Liabilities	38,704	31,448	9,172	7,108
Long-term liabilities	1,768	3,080	419	696
Short-term liabilities	36,936	28,368	8,753	6,412
Equity	305,735	306,869	72,452	69,365
Share capital	10,511	10,511	2,491	2,376
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)	58.17	58.39	13.79	13.20

Individual items of assets, equity and liabilities have been converted to EUR applying the mean exchange rates announced by the President of the National Bank of Poland, effective as at the balance sheet date. The mean EUR exchange rate on 31 March 2017 was PLN 4.2198, while on 31 December 2016 it stood at PLN 4.4240.

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



The rate applied the items in the statement of comprehensive income and the items in cash flow statement was the arithmetic mean of exchange rates effective in the specified period, i.e. data for the period from 1.01. to 31.03.2017 translated at the rate = 4.3246 PLN/EUR, the data for the equivalent period of 2016 was translated at the rate = 4.3559 PLN/EUR.