

EXTENDED CONSOLIDATED REPORT

OF THE CAPITAL GROUP OF

ULMA Construcción Polska S.A.

FOR THE THIRD QUARTER OF 2017



Unless specified otherwise, all amounts are in PLN '000



CAPITAL GROUP
ULMA Construcción Polska S.A.
GENERAL INFORMATION



Objects 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 under No. 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 General 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

The composition of supervisory and management bodies as at 30.09.2017 and as at the date the financial statements were approved for publication

Supervisory Board

Aitor Ayastuy Ayastuy

María Lourdes Urcelay Ugarte

19.10.2017

Rafael Anduaga Lazcanoituburu

19.10.2017

Iñaki Irizar Moyua

Andrzej Kozłowski

Michał Markowski

Chairman of the Supervisory Board

Deputy Chairwoman of the Supervisory Board until

Deputy Chairwoman of the Supervisory Board since

Member of the Supervisory Board

Member of the Supervisory Board

Member of the Supervisory Board

Audit Committee

Michał Markowski

Aitor Ayastuy Ayastuy

María Lourdes Urcelay Ugarte

Rafael Anduaga Lazcanoituburu

Chairman of the Committee

Member of the Committee

Member of the Committee until 19.10.2017

Member of the Committee since 19.10.2017

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Management Board (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

Statutory Auditor

Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1
00-124 Warszawa

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.
Sabadell Bank (Spain)

Stock exchange listings

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



CAPITAL GROUP

ULMA Construcción Polska S.A.

CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER OF 2017

Unless specified otherwise, all amounts are in PLN '000

EXTENDED CONSOLIDATED FINANCIAL STATEMENTS of the ULMA Construcción Polska S.A. Capital Group for Q3 2017



Consolidated statement of financial position

Status as at:

	30/09/2017	30/06/2017	31/12/2016	30/09/2016
ASSETS				
I. Fixed assets (long-term)				
1. Tangible fixed assets	209,493	209,471	205,746	212,308
2. Intangible assets	129	154	201	206
3. Shares in affiliates	796	848	-	280
4. Deferred income tax asset	1,416	1,072	1,071	-
4. Other fixed assets	3,971	3,985	4,012	4,026
5. Long-term receivables	-	-	981	957
Total fixed assets (long-term)	215,805	215,530	212,011	217,777
II. Working assets (short-term)				
1. Inventories	6,181	4,842	3,630	6,395
2. Trade and other receivables	87,284	84,575	82,613	83,793
3. Income tax receivables	754	486	730	546
4. Financial derivatives	45	22	-	-
5. Cash and cash equivalents	19,054	24,990	36,948	25,971
Total working assets (short-term)	113,318	114,915	123,921	116,705
Total assets	329,123	330,445	335,932	334,482
EQUITY AND LIABILITIES				
I. Equity				
1. Share capital	10,511	10,511	10,511	10,511
2. Reserve capital – share premium (agio)	114,990	114,990	114,990	114,990
3. Currency exchange differences from consolidation	(15,162)	(14,916)	(13,971)	(14,755)
4. Retained profit, of which:	173,614	167,019	190,935	186,360
a) Net profit (loss) for the financial period	11,059	4,464	12,892	8,317
Total equity	283,953	277,604	302,465	297,106
II. Liabilities				
1. Long-term liabilities				
a. Deferred income tax liabilities	907	1,080	2,936	1,912
b. Long-term liabilities due to pension benefits	144	144	144	193
Total long-term liabilities	1,051	1,224	3,080	2,105
2. Short-term liabilities				
a. Loans and borrowings	596	547	-	-
b. Short-term liabilities due to pension benefits	41	41	41	14
c. Short-term liabilities due to factoring of trade payables	3,244	3,011	3,046	2,916
d. Current income tax liabilities	208	315	109	18
e. Financial derivatives	-	-	13	19
f. Trade and other payables	40,030	47,703	27,178	32,304
Total short-term liabilities	44,119	51,617	30,387	35,271
Total liabilities	45,170	52,841	33,467	37,376
Total equity and liabilities	329,123	330,445	335,932	334,482

Unless specified otherwise, all amounts are in PLN '000



Consolidated profit and loss account and other comprehensive income

	Q3 2017	Q1-Q3 2017	Q3 2016	Q1-Q3 2016
Sales revenues	53,658	143,331	47,799	133,796
Costs of sold products, goods and materials	(39,052)	(113,361)	(35,970)	(105,784)
I. Gross profit on sales	14,606	29,970	11,829	28,012
Sales and marketing costs	(1,965)	(4,767)	(1,657)	(4,770)
Overheads	(3,844)	(10,954)	(5,098)	(13,801)
Other operating expenses	(526)	314	284	1,029
II. Profit (loss) on operations	8,271	14,563	5,358	10,470
Financial income	251	900	455	1,208
Financial expenses	33	(505)	(571)	(629)
<i>Net financial expenses</i>	<i>284</i>	<i>(395)</i>	<i>(116)</i>	<i>579</i>
Share in profit (loss) of affiliates	(48)	(258)	(112)	(285)
III. Profit (loss) before tax	8,507	14,700	5,130	10,764
Current portion of income tax	(2,234)	(5,574)	(1,409)	(4,104)
Deferred income tax	322	1,933	566	1,657
IV. Net profit (loss) for the financial period	6,595	11,059	4,287	8,317
Other comprehensive income that in the future may be settled against profit (loss):				
FX differences from translation of foreign affiliates	(440)	(1,638)	(916)	(363)
Income tax on other comprehensive income	194	447	90	(11)
V. Comprehensive income for the financial	6,349	9,868	3,461	7,943
Net profit (loss) for the financial period per owners from the parent company	6,595	11,059	4,287	8,317
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 period (in PLN per share)	1.25	2.10	0.82	1.58

Unless specified otherwise, all amounts are in PLN '000



Statement of changes in consolidated equity

Item	Share capital at nominal value	Share premium (agio)	Currency exchange differences from consolidation	Retained profit	Total equity
Status as of 31/12/2015	10,511	114,990	(14,381)	178,043	289,163
Total income in 2016	-	-	410	12,892	13,302
As at 31/12/2016	10,511	114,990	(13,971)	190,935	302,465
Total income in 3 quarters of 2017	-	-	(1,191)	11,059	9,868
Dividend distribution from retained profit	-	-	-	(28,380)	(28,380)
As at 30/09/2017	10,511	114,990	(15,162)	173,614	283,953

Item	Share capital at nominal value	Share premium (agio)	Currency exchange differences from consolidation	Retained profit	Total equity
As at 31/12/2015	10,511	114,990	(14,381)	178,043	289,163
Total income in 3 quarters of 2016	-	-	(374)	8,317	7,943
As at 30/09/2016	10,511	114,990	(14,755)	186,360	297,106

Unless specified otherwise, all amounts are in PLN '000



Consolidated cash flow statement

	Q3 2017	Q1-Q3 2017	Q3 2016	Q1-Q3 2016
Net profit for the financial period	6,595	11,059	4,287	8,317
Adjustments:				
– Income tax	2,297	4,026	845	2,448
– Fixed assets depreciation	12,491	36,396	12,925	36,361
– Amortisation of intangible assets	23	72	35	100
- Net value of sold and liquidated formwork – fixed assets	84	1,677	1,914	2,555
- (Profit)/loss on goodwill changes due to financial instruments	(24)	(59)	(50)	12
- Change in the value of interests in affiliates	53	263	112	286
– Interest received	(251)	(900)	(205)	(758)
– Interest expense	-	-	-	-
– (Profit)/loss on currency exchange differences	(546)	(922)	(374)	328
Changes in working capital:				
- Purchase of scaffolding – fixed assets	(12,261)	(41,504)	(9,328)	(46,484)
– Inventories	(1,338)	(2,551)	1,493	(548)
– Trade and other receivables	(2,709)	(4,670)	380	(3,716)
– Trade and other payables	(7,440)	13,050	(2,317)	(737)
	(3,026)	15,937	9,717	(1,836)
Income tax paid	(2,609)	(5,499)	(1,771)	(4,041)
Net cash flows from operating activities	(5,635)	10,438	7,946	(5,877)
Purchase of tangible fixed assets	(814)	(1,348)	(3,115)	(4,007)
Inflows on disposal of tangible fixed assets	-	2	2	107
Purchase of intangible assets	-	-	(15)	(99)
Purchase of interests in associated entity	-	1,059	-	-
Repayment of granted borrowings	-	879	-	-
Interest received	251	900	405	1,174
Net cash flows from investing activities	(563)	(628)	(2,723)	(2,825)
Loans and borrowings received	49	596	-	-
Repayment of loans and borrowings	-	-	-	-
Dividend paid	-	(28,380)	-	-
Interest paid	-	-	-	-
Net cash flows from financing activities	49	(27,784)	-	-
Net increase / (decrease) of cash and overdraft facility	(6,149)	(17,974)	5,223	(8,702)
Cash, cash equivalents and overdraft facility as at the beginning of the period	24,990	36,948	21,000	34,964
FX (loss)/profit on valuation of cash and overdraft facility	213	80	(252)	(291)
Cash, cash equivalents, and overdraft facility as at the end of the period	19,054	19,054	25,971	25,971

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CAPITAL GROUP
ULMA Construcción Polska S.A.
ADDITIONAL INFORMATION
TO THE CONSOLIDATED
FINANCIAL STATEMENTS



Notes to consolidated financial statements

Statement on compliance and general preparation principles

These condensed consolidated financial statements for a period of 9 months ended 30 September 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 30 September 2017, results of its operations and the cash flows for a period of 9 months ended 30 September 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 30 September 2017 should be read together with the audited consolidated financial statements as at 31 December 2016, published on 16 March 2017.

Currency exchange rates and inflation

	Mean PLN exchange rates published by NBP				Change of the CPI index published by the Central Statistical Office
	UAH (hryvnia – Ukraine)	RON (leu Romania)	KZT (tenge Kazakhstan)	EUR (euro)	
30 September 2017	0.1373	0.9368	0.010762	4.3091	1.9%
30 June 2017	0.1424	0.9269	0.011506	4.2265	1.9%
31 December 2016	0.1542	0.9749	0.012659	4.4240	-0.6%
30 September 2015	0.1488	0.9675	0.011370	4.3120	-0.9%

Definition of the presented financial periods

The following financial periods are disclosed in this report:

- Q3 2017 – period from 01 July to 30 September 2017
- 3 quarters of 2017 – period from 1 January to 30 September 2017
- Q3 2016- period from 01 July to 30 September 2016
- 3 quarters of 2016 – period from 1 January to 30 September 2016

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Additional information to the quarterly report

Brief description of issuer's significant successes or failures in the period of the report, specifying relevant major events and the description of factors and events, in particular atypical ones, with significant impact on the financial results

I Market environment in Poland

Macroeconomic data for industry and construction published for Q3 2017 indicates continued very positive trends in the economy commenced in Q1 and continued in Q2 this year.

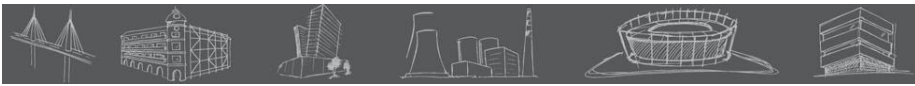
Sold industrial production in the first three quarters of this year grew by 5.9%. In Q3 2017 the growth rate of sold industrial production was 6.3% and was higher than in the equivalent period last year when it was 4.2%. However, the industry growth rate continues to be lower versus the data from the beginning of the year.

Construction and assembly production in three quarters this year was higher than in the equivalent period last year by 13.0%. The growth was recorded in all sectors of construction – in enterprises primarily involved in civil engineering – by 22.2%, specialist construction works – by 8.1% and construction of buildings – by 7.8%; nevertheless, the segment analysis presented below shows a number of material market factors that adversely affect the sales results generated by ULMA Construcción Polska S.A. (the parent entity of the Capital Group operating primarily in the domestic market).

In **building construction** – among entities specialised in construction works related to residential and non-residential buildings (the largest group in the segment) – building and assembly production grew by 7.7% y/y. **Non-residential construction** (for companies with more than 9 employees), in Q3 this year the production grew by 14.1% q/q. The largest growth was recorded in the construction segment of public buildings (51.5% q/q). The major disappointment came with the drop of construction in the hotel building segment (18.5% q/q). On the other hand, in the segment of **residential construction**, construction and assembly production grew by 12.6% q/q. According to preliminary data, in the three quarters of 2017 there were 123.9 thousand commissioned apartments or by 10.6% more than in the equivalent period last year. Additionally, over the analysed period, the number of apartments for which building permits were issued or for which notification was made with construction designs, was 190.5 thousand and was 23.4% more than in the equivalent period last year.

In **engineering construction**, among the entities specialising in civil engineering, there was a high growth among enterprises involved primarily in road and railway construction. Over the three quarters this year, the segment recorded a growth of 37.3% versus the equivalent period last year while in Q3 2017 – by 47.3% q/q. On the other hand, in the most important segment for the Capital Group – **“Bridges, viaducts and flyovers, tunnels and surface and underground passages”**, there was a drop by 42.4% q / q as a result of which the total revenues generated by ULMA Construcción Polska S.A. in the domestic market recorded only moderate positive trends.

In the analysed period, a material drop was also recorded in **industrial construction**, and in particular in the segment of “Comprehensive structures in industrial sites” which was for the third consecutive quarter. In Q3 this year it was 7.4% q / q.



According to GUS, the assessment of the overall **economic climate on construction** published in October 2017, is slightly better than one month earlier. Positive assessment has deteriorated of the current order portfolio and building and assembly production as well as a diagnosis of the financial condition of enterprises. There are signals of growing delays in payments for completed building and assembly works which is an important element affecting the condition of the entire sector.

After poor data for the previous quarters this year, in Q3 2017 it is likely that **public investments** restarted (both at the central and local government level) in connection with accelerated spending of EU funds, as well as investments by private enterprises. This means that the investment “engine” will drive the economic growth in Poland in the last quarter of 2017 but consumption will remain the core driver of GDP growth throughout 2017. According to GUS data, GDP growth for Q1 this year was 4%, for Q2 – 3.9%, and therefore GDP growth in Q3 projected now at over 4%, strongly supports the projected GDP growth for the entire 2017 much in excess of 4%.

The above statistics indicate that a real recovery in the market of building materials following the growth of road investments is expected only in 2018.

Market environment abroad

UKRAINE

In Ukraine, in Q3 2017 GDP growth was positive at 1.6% although somewhat lower than the growth in Q2 2017. The growth rate of industrial production in Q3 2017 dropped by 0,3% y/y. Despite such worrying data, there is very good news that continues coming from the construction market since the growth rate of building and assembly production in Q3 this year was 22.7% y/y.

In the analysed period, the largest growth was in the following sector: **Engineering** – growth by 28.5% y/y, and **non-residential** – growth by 27.1% y/y. A lower growth was recorded by the **housing** sector which nevertheless recorded a growth by 6.8% y/y in Q3 this year.

Already in 2016 there was an increasing stability of Ukraine's economic situation which was reflected in positive values of almost all major macroeconomic indicators. In the analysed period of the first three quarters of 2017 we have kept observing a reinforcement of the trend; with such positive data, growth of building and assembly production is estimated at 20.7% y/y throughout 2017.

KAZAKHSTAN

In Kazakhstan in Q3 2017 GDP growth was 4.2% y/y and the growth of building and assembly production was 9,5% y/ with positive trends. In the analysed period, there was a certain slowdown in construction. In the analysed period of Q3 2017 the growth of building and assembly production was only 1%. The highest growth was recorded in the **non-residential** sector and in the **engineering** sector. Additionally, the **residential** sector practically recorded no change versus the equivalent period last year.

The above data shows that 2017 will be much better for Kazakhstan's economy than the previous two years which were characterised with a drop in construction due to low prices of energy materials that directly affect the condition of the oil and gas industry and the country's income. It is evident that building and assembly production is not the driver of the economy anymore and the high growth of industrial production is not reflected so far in a high growth of building and assembly production. The trend is expected to reverse with a planned start of a number of major road investments.

Unless specified otherwise, all amounts are in PLN '000



LITHUANIA

In Q3 2017 in Lithuania, GDP growth was 2.8% and the growth of industrial production was 7.2%. An analysis of sectoral data shows that the growth in the **residential** sector reached 13.1% y/y in Q3 while in the **non-residential** sector it was 3.8% y/y. The **engineering** sector had better results and in Q3 2017 it grew by 8.5% y/y. In 2017 there was a large number of newly announced tenders and commenced projects which now results in shortage of materials (including formwork) and thus there is a trend to generate higher prices.

(source: data by PMR , company's own observations)



Sales revenues

In the three quarters 2017 the Capital Group achieved PLN 143,331 thousand of total revenues from sale in comparison with PLN 133,796 thousand in the equivalent period of the previous year (7.1% increase).

Growing sales revenues were recorded in both segments of activities in the Group.

	9 months of 2017	9 months of 2016
Sales revenue from construction site services	125,170	117,821
Revenue from sales of construction goods and materials	18,161	15,975
Total sales revenues	143,331	133,796

Operating profitability

In three quarters of 2017 the Capital Group generated a positive net financial result on operations in the amount of PLN 14,563 thousand in comparison to the positive net financial result of PLN 10,470 thousand generated in the equivalent period of the previous year (growth by 4,093 thousand).

Basic values related to EBIT (operating profit) and EBITDA (operating profit + depreciation) in the analysed periods were the following:

	Q1 2017	Q2 2017	Q3 2017	Q1-Q3 2017	2016	Q1-Q3 2016
Sales	40,486	49,188	53,657	143,331	180,487	133,796
EBIT	1,101	5,190	8,272	14,563	16,608	10,470
% of sales	2.72	10.55	15.42	10.16	9.20	7.83
Amortisation/dep	11,823	12,131	12,514	36,468	48,959	36,461
EBITDA	12,924	17,321	20,786	51,031	65,567	46,931
% of sales	31.92	35.22	38.74	35.60	36.33	35.08

In three quarters of 2017 the total depreciation allowances amounted to PLN 51,031 thousand in comparison to PLN 46,931 thousand in the corresponding period of the previous year. In the overall amount of depreciation allowances specified above, the largest depreciation allowances related to scaffolding and shuttering. The amounts of the allowances is primarily subject to the estimated useful life of the assets.

In three quarters of 2017 Capital Group recorded an absolute EBITDA increase by PLN 4,100 thousand in comparison to the level achieved in Q1-Q3 2016.

The improved EBITDA in absolute terms and the largest impact in percentage terms was materially affected by a major improvement in the sales structure of the Capital Group following the growing revenues from rental of scaffolding and formwork systems as well as final settlement of contracts versus the equivalent period last year. Additionally, this year there has been a price stability of the services offered by the Capital Group along with a visible upward trend.



Additionally, this year the financial results have manifested positive results of cost optimisation initiated in the Capital Group in previous periods which generate an additional positive profit impulse.

| Sales and marketing costs

In three quarters of 2017 the Capital Group recognised net impairment charges to receivables (the sum of established and reversed allowances and written-off lost receivables) in the total amount of PLN 2,520 thousand versus PLN 2.161 thousand in the equivalent period last year (the allowances are disclosed under "Costs of sales and marketing"). The phenomenon is due to an estimate of the risk related to recovery of receivables in litigation pursued by the Capital Group against its debtors.

The other costs are the sum of marketing expenses and the costs of collection activities with the level lower than in the equivalent period last year.

| Definition of Capital Group's exposure to currency risk

The Capital Group companies are exposed to currency risk on dates of actual cash flows, which the Group tries to mitigate in the following way:

- by mutual compensation of liabilities and receivables in the same foreign currency and with the same maturity period,
- by activity on the FX market (acquisition and sales of currencies in which parallel liabilities or receivables are expressed),
- by activity on the futures market and concluding Non-Delivery Forward (NDF) contracts.

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 hedge accounting and therefore the results from hedge transaction execution and valuation (positive and negative) are charged to the result for the period.

Results of hedge transactions mitigate to a high extent the currency risk the Capital Group is exposed to.

| Other operating expenses

Apart from economic effects pertaining to the settlement and valuation of hedging contracts (NDF) other operating activity includes also economic effects related to the customization of shuttering system elements to individual customer's needs and general effects of assets management (negative and positive count results and provisions for impairment of inventory).

| Financial costs and other total income

The financial costs of the Group include primarily FX losses resulting from translation and repayment of financial obligations.



The amount disclosed in “other comprehensive income” is largely composed of the translation effects of financial statements of subsidiary companies to the functional currency of the Capital Group as a result of depreciation of local currencies in Ukraine and Kazakhstan to PLN.

Net profit

After taxation, the Capital Group obtained in Q1-Q3 2017 a positive financial result in the amount of PLN 11,059 thousand in comparison to PLN 8,317 thousand of positive net financial result in the equivalent period of the previous year.

Cash flows

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

	Q1-Q3 2017	Q1-Q3 2016
Net profit/(loss)	11,059	8,317
Amortisation/depreciation	36,468	36,461
Total financial surplus	47,527	44,778
Other elements of net operating cash flow	(37,089)	(50,655)
Net cash flows from operating activities	10,438	(5,877)
Net cash flows from investing activities	(628)	(2,825)
Net cash flows from financing activities	(27,784)	-
Net cash flow	(17,974)	(8,702)

Cash flows from operating activities

In Q1-Q3 2017 the Capital Group generated positive cash flow (net profit + depreciation), which amounted to PLN 47,527 thousand.

In the same period the cash flows from operating activity amounted to PLN 10,438 thousand in comparison to PLN (5,877) thousand in the equivalent period of the previous year (increase by PLN 16,315 thousand). The result was largely affected by investments related to purchases of scaffolding and formwork that the Capital Group was making as replacement and expansion.

Cash flows from investing activities

In three quarters of 2017, the Capital Group made investments in the form of purchase of plant and machinery and computer hardware totalling PLN 1,348 thousand versus PLN 4,007 thousand in the equivalent period last year when the Group expanded the existing logistic infrastructure (warehouse expansion).

Unless specified otherwise, all amounts are in PLN '000



I Cash flows from financing activities

The core item of financial expenses in three quarters of 2017 was the distribution of dividend of PLN 28,380 thousand.

As a consequence of the above, in Q1-Q3 2017 the level of the Group's cash and current account revolving facility decreased by PLN 17,974 thousand PLN 19,054 thousand as of 30 September 2017.

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 Q3 of each 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 Q2 and Q3.

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

In Q1-Q3 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 Construccjon 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 Construcción Polska S.A. Group

Despite the high effectiveness of hedging against FX risk that is achieved for import transactions from the European Union, the total net result on those transactions remains affected by the volatility of FX exchange rates, related in particular to FX hedging transactions resulting from the balance of internal loans granted by ULMA Construcción Polska S.A. to its subsidiary companies.

As a result, the volatility of EUR and USD exchange rates to PLN, UAH (Ukrainian hryvnia) and KZT (Kazakh tenge) continues to affect the comprehensive income generated by the Capital Group.

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:

Q3 2017 – period of 3 months ended on 30 September 2017

Item description	Servicing construction sites	Sales of construction materials	Group
Total sales revenues	46,654	8,900	55,554
Internal sales	169	(2,066)	(1,897)
Sales revenues	46,823	6,834	53,657

Unless specified otherwise, all amounts are in PLN '000



Operational expenses (net of internal transactions)	(26,826)	(6,045)	(32,871)
EBITDA	19,997	789	20,786

Q1-Q3 2016 – period of 9 months ended on 30 September 2017

Item description	Servicing construction sites	Sales of construction materials	Group
Total sales revenues	125,307	27,281	152,588
Internal sales	(137)	(9,120)	(9,257)
Sales revenues	125,170	18,161	143,331
Operational expenses (net of internal transactions)	(75,040)	(17,260)	(92,300)
EBITDA	50,130	901	51,031

Q3 2016 – period of 3 months ended on 30 September 2016

Item description	Servicing construction sites	Sales of construction materials	Group
Total sales revenues	44,124	7,318	51,442
Internal sales	(451)	(3,192)	(3,643)
Sales revenues	43,673	4,126	47,799
Operational expenses (net of internal transactions)	(24,876)	(4,605)	(29,481)
EBITDA	18,797	(479)	18,318

Q1-Q3 2016 – period of 9 months ended on 30 September 2016

Item description	Servicing construction sites	Sales of construction materials	Group
Total sales revenues	118,234	24,042	142,276
Internal sales	(413)	(8,067)	(8,480)
Sales revenues	117,821	15,975	133,796
Operational expenses (net of internal transactions)	(74,456)	(12,409)	(86,865)
EBITDA	43,365	3,566	46,931

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

	Q3 2017	Q1-Q3 2017	Q3 2016	Q1-Q3 2016
Profit (loss) per segment at EBITDA level	20,786	51,031	18,318	46,931

Unless specified otherwise, all amounts are in PLN '000

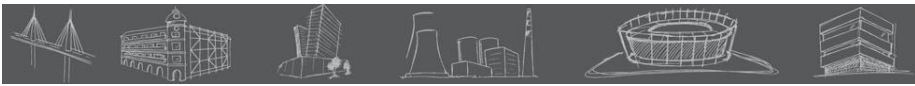


Amortisation/depreciation	(12,514)	(36,468)	(12,960)	(36,461)
Interest income	251	900	454	1,206
Other financial income	-	-	-	2
Interest expense	(23)	(93)	(22)	(106)
Other financial expenses	56	(412)	(548)	(523)
Share in profit of affiliated entities	(49)	(258)	(112)	(285)
Profit (loss) before tax	8,507	14,700	5,130	10,764
Income tax	(1,912)	(3,641)	(843)	(2,447)
Net profit/(loss)	6,595	11,059	4,287	8,317

Translation of the selected financial data into EUR

ITEM	in PLN '000		In EUR '000	
	Q1-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016
Net revenues from sales of products, goods and materials	143,331	133,796	33,598	30,625
Operating profit (loss)	14,563	10,470	3,414	2,397
Profit (loss) before taxation	14,700	10,764	3,446	2,464
Net profit (loss)	11,059	8,317	2,592	1,904
Net cash flows from operating activities	10,438	(5,877)	2,447	(1,345)
Net cash flows from investing activities	(628)	(2,825)	(147)	(647)
Net cash flows from financing activities	(27,784)	-	(6,513)	-
Net cash flow	(17,974)	(8,702)	(4,213)	(1,992)
Diluted profit per ordinary share (in PLN/EUR)	2.10	1.58	0.49	0.36
Basic profit per ordinary share (in PLN/EUR)	2.10	1.58	0.49	0.36
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Total assets	329,123	335,932	76,379	75,934
Liabilities	45,170	33,467	10,482	7,565
Long-term liabilities	1,051	3,080	244	696
Short-term liabilities	44,119	30,387	10,238	6,869
Equity	283,953	302,465	65,896	68,369
Share capital	10,511	10,511	2,439	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)	54.03	57.55	12.54	13.01

Individual items of assets, equity and liabilities have been translated into 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 30 September 2017 was PLN 4.3091, while on 31 December 2016 it stood at PLN 4.4240.



The rate applied to 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. – 30.09.2017 translated at the rate = 4.2661 PLN/EUR, the data for the equivalent period of 2015 was translated at the rate = 4.3688 PLN/EUR.

Organisation of the 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 offices in Spain which, as at 30 September 2017, held 75.49% of the Company's shares. The remaining 24.51% shares were held by many shareholders.

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, 05-840 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 total number of votes of the company.
- **ULMA Opałubka Kazakhstan 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 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 total number of votes of the company.

Affiliate:

- **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 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.

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 forecast results

ULMA Construcción Polska S.A. Group does not publish forecast 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 263,400 shares in ULMA Construcción Polska S.A., which account for 5.01% of the Company's share capital and entitle to 263,400 votes at general meetings, accounting for 5.01% 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 Construcccion Polska S.A.

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

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

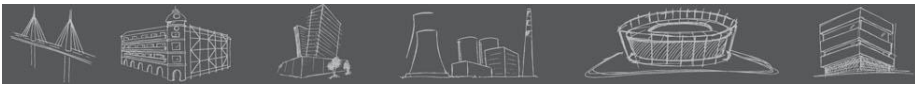
- proceedings relating to liabilities or receivables of ULMA Construcccion Polska S.A. or its subsidiary with the value at least equal to 10% of equity of ULMA Construcccion Polska S.A., specifying: the object of the proceedings, value of the dispute, date of commencement of the proceedings, parties 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 Construcccion 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 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

Neither ULMA Construcccion Polska S.A., nor any of its subsidiaries are parties to proceedings related to payables or receivables of the Company with the value equal minimum to 10% of the Company's equity.

There are no two or more proceedings concerning payables to with the total value equal minimum to 10% of the Company's equity.

Proceedings concerning receivables of ULMA Construcccion Polska S.A.:

ULMA Construcccion Polska S.A. is engaged in 55 court proceedings involving receivables (as at 30 September 2017) in the total amount of PLN 23,755 thousand. Those cases include court proceedings for which courts have not issued so far an enforcement order with a writ of execution (legally binding payment order), and receivables from debtors to whom courts have issued a bankruptcy order, with both options – arrangement bankruptcy or liquidation bankruptcy.



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

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



Item	Number of proceedings	Balance as at 30-09-2017	Current status of the case
Court proceedings	8	1,815	
<i>including the largest cases:</i>			
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 properties belonging to the guarantor upon the Company's motion.
BUDO-MOST BUDOWA I REMONT PAWEŁ SOBIESKI		533	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 properties belonging to the guarantor upon the Company's motion.
BOMIS BUDOWNICTWO SP. Z O.O.		194	The issued orders for payment were repaid by the Debtor in full in October this year.
ZUB ROBERT ŁUKASIK		65	The issued orders for payment for the Debtor are expected to become final. To secure claims, a judicial mortgage has been established on a property belonging to the Debtor upon the Company's motion.
PRZEDS. BUDOWLANO-INWESTYCYJNE WADOWSCY & Partnerzy sp. z o.o.		51	The issued payment orders for the Debtor and the guarantor (natural person) are expected to become final. To secure claims, a judicial mortgage has been established on a property belonging to the guarantor upon the Company's motion.
Total of all of the above cases		1,715	95% of total
Item	Number of proceedings	Balance as at 30-09-2017	Current status of the case
Bankruptcy proceedings	47	21,940	
<i>including 5 largest cases:</i>			
HYDROBUDOWA POLSKA SA		6,602	The receivable was reported to the receiver.

Unless specified otherwise, all amounts are in PLN '000



RADKO Sp. z o.o.		4,154	<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), With respect to one guarantor, enforced collection is under way from landed properties. The Company is looking forward to the results of the proceedings, The Company is also a party to 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). Additionally, the Company filed a suit to the District Court in Kraków requesting a ban for the Debtor's former management to pursue business activity and sit in governing bodies of commercial companies.
AEDES S.A.		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 decision approving the arrangement has become legally final. The Company is looking forward for the arrangement to be implemented.</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		13,785	63% of total
Total pending proceedings:	55	23,755	

Apart from the above litigation covering pending court and bankruptcy proceedings (including restructuring), the Company pursues a number of enforced collection proceedings. Those are in particular pre-judicial and enforced collection proceedings. Now the Company is involved in 192 such proceedings totalling PLN 20,088 thousand.



Proceedings concerning receivables of subsidiary companies as at 30.09.2017:

As at the balance sheet date, there were 13 court cases altogether in the Company's subsidiary companies PLN 986 thousand, of which:

- a) 7 cases for PLN 499 thousand are at the stage of court proceedings,
- b) 6 cases for PLN 487 thousand relate to reorganisation and bankruptcy proceedings.

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

Apart from the above litigation covering pending court and bankruptcy proceedings (including restructuring), the Subsidiary Companies pursue also other enforced collection proceedings. Those are in particular pre-judicial and enforced collection proceedings. Now the Subsidiary Companies are involved in 21 such proceedings totalling PLN 1,354 thousand.

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 ULMA Construcción Polska S.A. or its subsidiary undertaking concluding one or more transactions with related entities, if they are material on a single or aggregate basis and were concluded on the terms other than at an arm's length, with specification of their value and:

1. information about the entity with whom the transaction was concluded,
2. information on relations of ULMA Construcción Polska S.A. or its subsidiary with the entity being a party to the transaction,
3. information about the transaction object,
4. 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,
5. other information of such transactions, if necessary to understand the issuer's situation in terms of assets, financial standing and financial result,
6. 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-Q3 2017 by ULMA Construcción Polska S.A. and its subsidiaries with affiliates were of typical and routine nature, were concluded at 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 scaffolding, 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 30,139 thousand. In the period of the last 12 months (from 1.10.2016 to 30.09.2017) the value

Unless specified otherwise, all amounts are in PLN '000



of the above transactions amounted to PLN 32,173 thousand in total. The transactions were mainly related to replacements or supplementary equipment for the product portfolio of the Capital Group.

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 balance sheet date and as at 30.06.2017, 31.12.2016 and 30.09.2016, has been presented in the table below.

Related Entity	Borrowing amount 30/09/2017	Borrowing amount 30/06/2017	Borrowing amount 31/12/2016	Borrowing amount 30/09/2016
ULMA Opałubka Ukraine (in USD '000)	1,300	1,500	1,500	1,500
ULMA Cofraje Romania (in EUR '000)	-	-	221	221
ULMA Construcción BALTIC (in EUR '000)	2,500	2,500	2,500	2,500
ULMA Kazakhstan (in USD '000)	115	115	150	150
ULMA Spain (in PLN '000)	32,000	32,000	32,000	32,000

The above loans granted to the subsidiary companies of the Capital Group are treated as net investments in subsidiaries and therefore the unrealised FX gains/losses on translation of the above loans (with the exception of the loan for ULMA Cofraje Romania and the loan for ULMA Kazakhstan) are recognised directly in the equity of the Capital Group.

Information about the ULMA Construcción 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 Construcción Polska S.A., specifying:

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

Upon request of ULMA Construcción Polska S.A., mBANK granted a bank guarantee to a Customer's client covering correct performance of a rental contract which was disclosed in the previous periods. The bank guarantee expires on 30.09.2019 and its amount will be changing during its term. The guarantee is related to securing the long-term lease contract of the Logistics Centre in Gdańsk which was commissioned in Q1 2015.

As at the balance sheet date, the amount of the bank guarantee was PLN 3,303 thousand.

ULMA Construcción Polska S.A. extended to its subsidiary – ULMA Opałubka Ukraina Sp. z o.o., a surety up to EUR 150 thousand in connection its contracted overdraft facility. The facility expires on 31 December 2019.



Other information, which according to ULMA Construcción 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 Construcción Polska S.A. Group.

Apart from the events described above, there were no other major events in Q1-Q3 2017. Moreover, the Management Board of ULMA Construcción 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 Capital Group's ability to satisfy its liabilities.

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

I Market in Poland

The core barriers to construction and assembly business, similarly to Q2 this year, include employment costs, shortage of qualified employees, market competition and a high tax burden.

Over the year, there has been a major growth of the significance of restrictions related to shortage of qualified staff while the severity of insufficient demand and market competition have diminished. Over the three quarters of 2017, employment was growing in seven out of ten of the reviewed sectors. For the end of 2017, the largest growth of employment is anticipated by employers in construction. In accordance to their declarations, net employment projections for the whole of 2017 is +18%. In medium- and long-term the shortage of labour remains a challenge and a hazard for Poland's economy.

Suspension of infrastructural investments may result in a high price growth of building materials due to concentration of a number of large investments within a short time. The construction sector is well aware of the problems six and seven years ago when road investments and construction of the infrastructure to Euro 2012 cumulated. Then, there was a major growth of the costs of construction services, including the prices of construction materials. As a result, a series of bankruptcy followed of large, medium-sized and small construction companies, and subcontractors were waiting long time for payment for their work. Now, the situation is becoming similar. Following the phenomenon described above, a risk has been growing of deteriorated payment morals vis-a-vis subcontractors such as ULMA Construcción Polska S.A. (the parent entity of the Capital Group), offering rental of construction equipment in the domestic market.

The positive trends in the construction market were also positively affected by the tax modifications implemented or proposed by the Ministry of Finance. Over the three quarters, the execution sector within the construction segment was facing adverse effects of the modifications to VAT concerning reverse charge. The unexpected introduction of the mechanism resulted in multiple financial perturbations for small businesses offering construction services. New proposals of modifications to tax regulations may intensify the trends in the coming time.

Nevertheless, in the face of the risks detailed above, there is a number of positive phenomena related primarily to the development of residential construction and the first signals in the segment of bridge construction.



Residential construction is supported with low interest rates. A part of cash outflowing from low-interest rate bank deposits is invested in new apartments for rental. Additionally, low funding costs of housing loans (following low interest rates) support the trends.

The National Road Construction Program (PBDK) for 2014-2023 (with prospects by 2025), updated by the government in July 2017, provides that over that time PLN 135 billion will be spent on investments (previously it was PLN 107 billion). Out of the projects covered by the program, so far investments for less than PLN 6.8 billion have been completed, related totally to 205 km of roads. Projects worth almost PLN 48.7 billion relating to 1,250 km of roads and the value of announced and not yet closed tender is almost PLN 28 billion. The above shows that so far 41% of the funds planned for PBDK have already been committed and 38% of funds wait for new tenders.

Despite last year's slump in investments related to modernisation of railway routes, the Ministry of Infrastructure and Construction and PKP SA are convinced that the investments planned within the National Railway Program by 2023 for PLN 66 billion are at no risk. In 2015-2016 tenders were announced for PLN 27 billion. The contracts signed so far amount only to PLN 2 billion less. There are still pending tenders for PLN 13 billion (before the end of the year more tenders for about PLN 5 billion are to be announced and in 2018 – for about PLN 10 billion). If the short-term plans are carried out, works totalling about PLN 40 billion should be contracted at the end of the next year.

In light of the above data, poorer results have been achieved in the power sector which is already past the best times. There are no new investments like the construction of power units in Jaworzno, Opole or Koźienice, are not in the offing. The only new contract this year is worth PLN 1.6 billion and covers a gas and steam unit for the Heat Power Plant Żerań. However, in Ostrołęka a new coal power unit is to be built to cost about PLN 5.5-6.0 billion. It is also possible that a gas power unit will commence in the Dolna Odra Power Plant (an investment of about PLN 1.0-1.5 billion). Additionally, investments are expected to adapt the existing power plants (by 2021) to the EU requirements concerning combustion gas emissions. The estimated total value is PLN 3.5-4.5 billion.

Foreign markets

The factors that in the near future may affect the economic condition and the revenues of the Capital Group in foreign markets, include the following:

Ukraine:

- The escalation risk of the conflict with Russia continues to exist but has become stable in our opinion.
- There is a growing risk of internal unrest as a result of unsatisfactory progress in economic reforms for a majority of Ukrainians.
- The risk related to unstable exchange rates of the local currency continues to be high; however, dropping lending interest rates with local banks seems to put some calm in that area.

Kazakhstan;

- There is still a risk of continued low oil prices generating budgetary tensions and problems with financing infrastructural development investments from the State budget. In our opinion, those



problems are not as disturbing as in the previous years since the government policies have been adapted to the low oil prices.

- The risk of continued weakening of competitive advantage of enterprises from outside the Eurasian Economic Union (EEU) continues to be high. We have been noticing a major growth of presence of competitors from Russia in the Kazakh market, although their product offer is inferior technically.
- The risk of instability of the local currency (tenge).

In view of the above hazards, the Capital Group has continued to re-model its business in the market now based mainly on large volume projects and to increase its penetration of the industrial and engineering construction sector.

Baltic States:

- In the Baltic States, there has been a strong growth in the number of announced tenders and commenced construction projects. However, the positive trend is accompanied a risk of increased payment bottlenecks, delays in performance of construction plans and an overall deficit of means of production.



CAPITAL GROUP

ULMA Construcción Polska S.A.

STANDALONE ABBREVIATED

FINANCIAL STATEMENTS

FOR THE THIRD QUARTER OF 2017

Unless specified otherwise, all amounts are in PLN '000

EXTENDED CONSOLIDATED FINANCIAL STATEMENTS of the ULMA Construcción Polska S.A. Capital Group for Q3 2017

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Statement of financial position

	30/09/2017	30/06/2017	31/12/2016	30/09/2016
ASSETS				
I. Fixed assets (long-term)				
1. Tangible fixed assets	197,962	197,422	194,063	203,645
2. Intangible assets	91	110	152	161
3. Shares in affiliates	7,908	8,358	8,198	8,198
4. Other fixed assets	3,971	3,985	4,012	4,026
5. Long-term receivables	16,135	15,621	18,468	18,180
Total fixed assets (long-term)	226,067	225,496	224,893	234,210
II. Working assets (short-term)				
1. Inventories	4,908	3,473	2,374	3,151
2. Trade and other receivables	79,961	77,742	78,239	80,003
3. Income tax receivables	315	-	94	-
4. Financial derivatives	46	22	-	-
5. Cash and cash equivalents	16,073	21,556	32,717	20,652
Total working assets (short-term)	101,303	102,793	113,424	103,806
Total assets	327,370	328,289	338,317	338,016
EQUITY AND LIABILITIES				
I. Equity				
1. Share capital	10,511	10,511	10,511	10,511
2. Reserve capital – share premium (agio)	114,990	114,990	114,990	114,990
3. Retained profit, of which:	162,005	153,778	181,368	176,444
a) Net profit (loss) for the financial period	9,017	790	10,711	5,787
Total equity	287,506	279,279	306,869	301,945
II. Liabilities				
1. Long-term liabilities				
a. Deferred income tax liabilities	907	1,080	2,935	2,849
b. Long-term liabilities due to pension benefits	145	145	145	193
Total long-term liabilities	1,052	1,225	3,080	3,042
2. Short-term liabilities				
a. Loans and borrowings				-
b. Short-term liabilities due to pension benefits	41	41	41	14
c. Short-term liabilities due to factoring of trade payables	3,244	3,011	3,046	2,916
d. Current income tax liabilities	-	315	-	1
e. Financial derivatives	-	-	13	19
f. Trade and other payables	35,527	44,418	25,268	30,079
Total short-term liabilities	38,812	47,785	28,368	33,029
Total liabilities	39,864	49,010	31,448	36,071
Total equity and liabilities	327,370	328,289	338,317	338,016

Unless specified otherwise, all amounts are in PLN '000



Profit and loss account and other comprehensive income

	Q3 2017	Q1-Q3 2017	Q3 2016	Q1-Q3 2016
Sales revenues	47,473	129,320	44,849	123,299
Costs of sold products, goods and materials	(36,449)	(107,268)	(35,018)	(102,841)
I. Gross profit on sales	11,024	22,052	9,831	20,458
Sales and marketing costs	(1,031)	(3,732)	(1,618)	(4,562)
Overheads	(3,072)	(9,322)	(3,253)	(10,452)
Other operating expenses	(809)	(33)	308	1,060
II. Profit (loss) on operations	6,112	8,965	5,268	6,504
Financial income	3,515	4,495	558	1,496
Financial expenses	(93)	(2,407)	(712)	(201)
<i>Net financial expenses</i>	<i>3,422</i>	<i>2,088</i>	<i>(154)</i>	<i>(1,295)</i>
III. Profit (loss) before tax	9,534	11,053	5,114	7,799
Current portion of income tax	(1,480)	(4,064)	(1,723)	(3,910)
Deferred income tax	173	2,028	609	1,898
IV. Net profit (loss) for the financial period	8,227	9,017	4,000	5,787
Other comprehensive income	-	-	-	-
V. Comprehensive income for the financial	8,227	9,017	4,000	5,787
Net profit (loss) for the financial period	8,227	9,017	4,000	5,787
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 period (in PLN per share)	1.57	1.72	0.76	1.10



Statement of changes in equity

Item	Share capital at nominal value	Share premium (agio)	Retained profit	Total equity
As at 31/12/2015	10,511	114,990	170,657	296,158
Total 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-Q3 2017	-	-	9,017	9,017
Dividend distribution			(28,380)	(28,380)
As at 30/09/2017	10,511	114,990	162,005	287,506

Item	Share capital at nominal value	Share premium (agio)	Retained profit	Total equity
As at 31/12/2015	10,511	114,990	170,657	296,158
Total net income in Q1-Q3 2016	-	-	5,787	5,787
As at 30/09/2016	10,511	114,990	176,444	301,945

Unless specified otherwise, all amounts are in PLN '000



Cash flow statement

	Q3 2017	Q1-Q3 2017	Q3 2016	Q1-Q3 2016
Net profit for the financial period	8,227	9,017	4,000	5,787
Adjustments:				
– Income tax	1,307	2,036	1,114	2,013
– Fixed assets depreciation	11,629	34,052	12,108	34,891
– Amortisation of intangible assets	20	61	32	85
- Net value of scaffolding – fixed assets sold	158	952	871	1,595
- (Profit)/loss on goodwill changes due to financial instruments	426	1,291	(50)	12
– Interest and dividends received	(3,515)	(4,495)	(558)	(1,496)
– (Profit)/loss on currency exchange differences	(384)	1,216	741	129
– Purchase of scaffolding – fixed assets	(11,722)	(37,854)	(5,916)	(41,681)
Changes in working capital:				
– Inventories	(1,436)	(2,534)	249	(767)
– Trade and other receivables	(2,645)	(2,349)	(136)	(2,782)
– Trade and other payables	(8,656)	10,457	(1,992)	(2,052)
	(6,591)	11,850	10,463	(4,266)
Income tax paid	(2,111)	(4,286)	(1,966)	(3,608)
Net cash flows from operating activities	(8,702)	7,564	8,497	(7,874)
Purchase of tangible fixed assets	(591)	(1,010)	(3,115)	(3,736)
Inflows on disposal of tangible fixed assets	-	2	2	107
Purchase of intangible assets	-	-	(17)	(98)
Loans granted	-	-	511	(568)
Repayment of granted borrowings	-	1,624	-	-
Dividend received	3,107	3,107	-	-
Interest received	449	1,355	757	1,912
Purchase of interests in associated entity	-	(1,059)		
Net cash flows from investing activities	2,965	4,019	(1,862)	(2,383)
Repayment of loans and borrowings	-	-	-	-
Payments under financial lease	-	-	-	-
Interest paid	-	-	-	-
Dividend distribution	-	(28,380)	-	-
Net cash flows from financing activities	-	(28,380)	-	-
Net increase / (decrease) of cash and overdraft facility	(5,737)	(16,797)	6,635	(10,257)
Cash, cash equivalents and overdraft facility as at the beginning of the period	21,556	32,717	14,176	31,061
FX (loss)/profit on valuation of cash and overdraft facility	254	153	(159)	(152)
Cash, cash equivalents, and overdraft facility as at the end of the period	16,073	16,073	20,652	20,652

Unless specified otherwise, all amounts are in PLN '000



Description of key accounting principles

Basic accounting principles applied to the preparation of these financial statements are presented below in the audited financial statements for 2016. The described principles were applied in all the presented periods consistently.

Investments in subsidiaries and affiliates

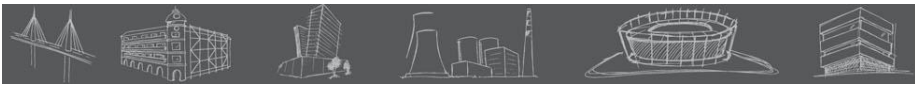
Investments in subsidiaries and affiliates are recognised at historical costs adjusted by impairments. The effects of the revaluation of investments in subsidiaries are classified as financial incomes or costs of the reporting period in which the change took place.

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-Q3 2017	Q1-Q3 2016	Q1-Q3 2017	Q1-Q3 2016
Net revenues from sales of products, goods and materials	129,320	123,299	30,313	28,223
Operating profit (loss)	8,965	6,504	2,101	1,489
Gross profit	11,053	7,799	2,591	1,785
Net profit (loss)	9,017	5,787	2,114	1,325
Net cash flows from operating activities	7,564	(7,874)	1,773	(1,802)
Net cash flows from investing activities	4,019	(2,383)	942	(545)
Net cash flows from financing activities	(28,380)	-	(6,653)	-
Net cash flow	(16,797)	(10,257)	(3,937)	(2,348)
Basic profit per ordinary share (in PLN/EUR)	1.72	1.10	0.40	0.25
Diluted profit per ordinary share (in PLN/EUR)	1.72	1.10	0.40	0.25
	30/09/2017	31/12/2016	30/09/2017	31/12/2016
Total assets	327,370	338,317	75,972	76,473
Liabilities	39,864	31,448	9,251	7,108
Long-term liabilities	1,052	3,080	244	696
Short-term liabilities	38,812	28,368	9,007	6,412
Equity	287,506	306,869	66,721	69,365
Share capital	10,511	10,511	2,439	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)	54.70	58.39	12.70	13.20

Unless specified otherwise, all amounts are in PLN '000



Individual items of assets, equity and liabilities have been translated into 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 30 September 2017 was PLN 4.3091, 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. – 30.09.2017 translated at the rate = 4.2661 PLN/EUR, the data for the equivalent period of 2015 was translated at the rate = 4.3688 PLN/EUR.