FINANCIAL STATEMENTS

ULMA Construccion Polska S.A.

FOR THE YEAR ENDED ON 31 DECEMBER 2018

(with audit report of the independent chartered auditor)

From the beginning of your projects

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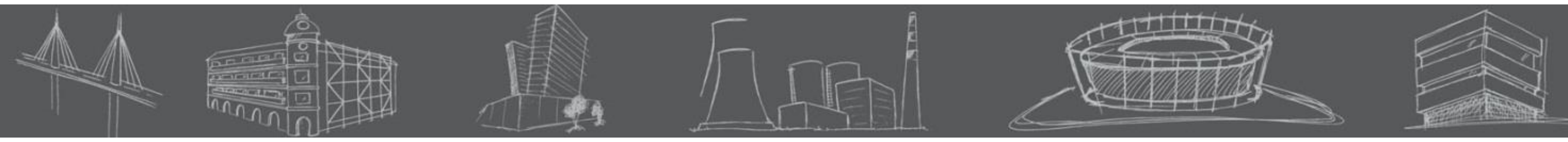


ULMA Construccion Polska S.A.

GENERAL INFORMATION

Object of activity

The object of activity of ULMA Construccion Polska S.A. is as follows:

- rental and sale of construction scaffoldings and formworks,
- custom-made designs for formwork and scaffolding applications,
- export of construction services,
- sale of construction materials and resources as well as concrete accessories,

ULMA Construccion Polska S.A. is a joint-stock company ("Company"). The Company was established on 14 February 1989 under the name of Bauma Sp. z o.o. as a limited liability company (z o.o.) and was registered in Rep. No. A.II – 2791. On 15 September 1995, it was transformed into a joint-stock company by virtue of a notary deed before notary Robert Dor at the Notary's Office in Warsaw, Reg. No. A 5500/95. On 29 October 2001, the District Court in Warsaw, XIV Economic Division of the National Court Register, entered the Company in the Register of Entrepreneurs under KRS No. 0000055818. On 6 November 2006, BAUMA S.A. was renamed ULMA Construccion Polska S.A. by virtue of Resolution No. 1 of the Extraordinary General Meeting of Shareholders. The relevant entry in the National Court Register was made on 14 November 2006.

Parent company

The Company is controlled by ULMA C y E, S. Coop. with its registered office in Spain, holding 75.49% of shares of the Company. The remaining 24.51% of shares are held by numerous shareholders.

Registered office

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

Members of supervisory and management bodies as at 31 December 2018 and as at the date of approving the report for publication

Supervisory Board

Aitor Ayastuy Ayastuy	President of the Supervisory Board
Iñaki Irizar Moyua	Vice President of the Supervisory Board
Rafael Anduaga Lazcanoiturburu	Member of the Supervisory Board
Andrzej Kozłowski	Member of the Supervisory Board
Michał Markowski	Member of the Supervisory Board

Audit Committee

Michał Markowski	Chairman of the Committee
Aitor Ayastuy Ayastuy	Member of the Committee
Rafael Anduaga Lazcanoiturburu	Member of the Committee

Management Board

In 2018, there were no changes in the composition of the Company's Management Board.

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

Statutory auditor

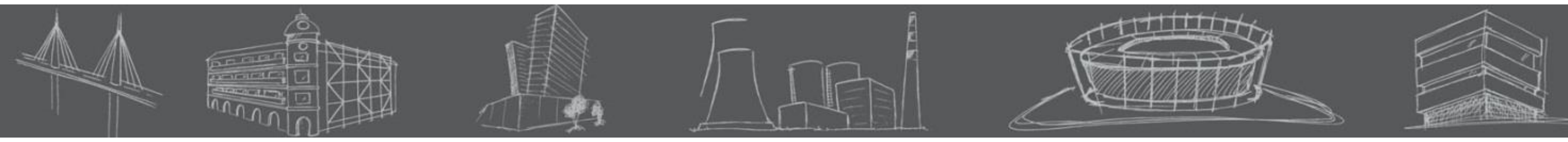
Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1
00-124 Warszawa
The company is entered in the list of entities authorised to audit financial statements under No. 130.

Banks

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

Stock exchange listings

The Company is listed on the Warsaw Stock Exchange (hereinafter referred to as the "WSE”).
WSE symbol: ULM.



ULMA Construccion Polska S.A.

FINANCIAL STATEMENTS

For the year ended on 31 December 2018

Profit and loss account and other total income

	Note	12 months of 2018		12 months of 2017
Sales revenues	18.	199 797		181 208
Costs of products, goods and materials sold	19.	(129 864)		(141 291)
I. Gross profit on sales		**69 933**		**39 917**
Sales and marketing costs	19.	(2 495)		(2 520)
Overheads	19.	(14 447)		(12 972)
Other operating revenues	20%	828		614
Other operating expenses	20%	(3 733)		(3 023)
Including: losses due to impairment of receivables		*(3 597)*		*(2 857)*
II. Operating profit (loss)		**50 086**		**22 016**
Financial revenues	21.	2 750		4 833
Including: interest on loans valued using the effective interest rate method		*1 596*		*1 542*
Financial expenses	21.	(84)		(3 756)
Net financial revenues (expenses)		*2 666*		*1 077*
III. Profit (loss) before tax		**52 752**		**23 093**
Income tax	22.	(10 343)		(4 742)
IV. Net profit for the financial period		**42 409**		**18 351**
Other total income:		-		-
V. Total income for the financial period		**42 409**		**18 351**
Weighted average number of ordinary shares		5 255 632		5 255 632
Basic and diluted profit (loss) per share in the financial period (in PLN per share)	30.	8.07		3.49

Financial Statements

	As at:			
	Note	31 December 2018		31 December 2017
ASSETS				
I. Fixed assets				
1. Tangible fixed assets	4.	217 068		199 268
2. Intangible assets	5.	177		368
3. Investments in subsidiaries and affiliates	7.	7 458		7 458
4. Other fixed assets	8.	3 902		3 957
5. Long-term receivables	9.	14 563		15 032
Total fixed assets		**243 168**		**226 083**
II. Current assets				
1. Inventories	10.	5 133		4 496
2. Trade receivables and other receivables	9.	63 433		80 432
3. Current income tax liabilities		-		811
4. Cash and cash equivalents	11.	45 611		22 305
Total current assets		**114 177**		**108 044**
Total assets		**357 345**		**334 127**
EQUITY AND LIABILITIES				
I. Equity				
1. Share capital	12.	10 511		10 511
2. Supplementary capital – share premium	12.	114 990		114 990
3. Retained earnings, including:		192 509		171 339
a. Net profit (loss) for the financial period		*42 409*		*18 351*
Total equity		**318 010**		**296 840**
II. Liabilities				
1. Long-term liabilities				
a. Provisions from deferred income tax	16.	3 765		2 447
b. Long-term retirement pension liabilities	17.	185		173
Total long-term liabilities		**3 950**		**2 620**
2. Short-term liabilities				
a. Short-term retirement pension liabilities	17.	61		51
b. Short-term liabilities due to factoring of trade liabilities	13.	1 257		2 936
c. Current income tax liabilities		1 173		-
d. Derivatives	6.	-		64
e. Trade liabilities and other liabilities	13.	32 894		31 616
Total short-term liabilities		**35 385**		**34 667**
Total liabilities		**39 335**		**37 287**
Total equity and liabilities		**357 345**		**334 127**

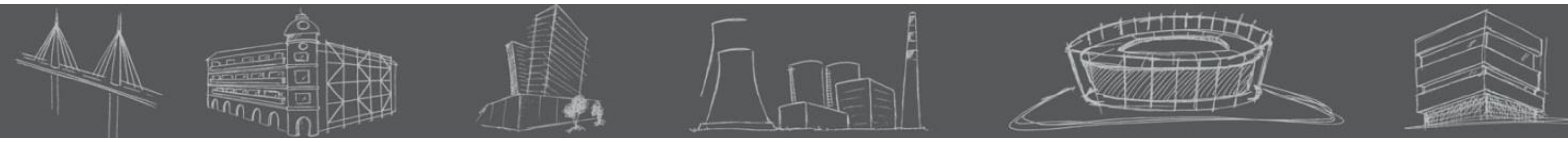
Statement of changes in equity

Item	Share capital at nominal value	Share premium	Retained earnings	Total equity
As at 31 December 2017 (data reported)	**10 511**	**114 990**	**171 339**	**296 840**
Adjustment for IFRS 9	**-**	**-**	**(1 215)**	**(1 215)**
As at 1 January 2018 (data restated)	**10 511**	**114 990**	**170 124**	**295 625**
Total net income in 2018	-	-	42 409	**42 409**
Dividend paid	-	-	(20 024)	**(20 024)**
As at 31 December 2018	**10 511**	**114 990**	**192 509**	**318 010**

Item	Share capital at nominal value	Share premium	Retained earnings	Total equity
As at 1 January 2017	**10 511**	**114 990**	**181 368**	**306 869**
Total net income in 2017	-	-	18 351	**18 351**
Dividend paid	-	-	(28 380)	**(28 380)**
As at 31 December 2017	**10 511**	**114 990**	**171 339**	**296 840**

Cash flow statement

	Note	12 months of 2018	12 months of 2017
Operating cash flows			
Net profit for the financial period		**42 409**	**18 351**
Adjustments:			
- Income tax	22.	10 343	4 742
- Depreciation of fixed assets	4.	30 747	40 716
- Depreciation of intangible assets	5.	206	106
- Write-downs of fixed assets		136	-
- Net value of sold formworks – fixed assets		1 758	419
- (Profits) losses on changes in the fair value of financial instruments		(64)	51
- (Profit)/loss due to impairment of shares in an affiliate company	7.21	-	1 800
- Interest, dividend revenues		(1 792)	(4 833)
- Interest expense		83	120
- Foreign exchange (profits) losses		(909)	2 063
- Change in value of provisions for retirement benefits		22	38
Changes in current assets:			
- Inventories		(637)	(2 122)
- Trade receivables and other receivables		4 561	(2 820)
- Trade liabilities and other liabilities		(401)	6 239
		86 462	**64 870**
Acquisition of formwork – fixed assets	4.	(48 569)	(45 027)
Income tax paid		(6 819)	(5 948)
Net operating cash		**31 074**	**13 895**
Cash flow from investing activities			
Acquisition of tangible fixed assets		(1 832)	(1 262)
Inflows from the sale of tangible fixed assets		16	2
Acquisition of intangible assets	5.	(16)	(321)
Loans granted		-	-
Repayments of loans granted		12 030	2 059
Dividends received and other profits from shares in related entities	21.	-	3 080
Acquisition of shares in associated company	7.	-	(1 059)
Interest received		1 871	1 836
Net cash used in investment activities		**12 069**	**4 335**
Financing cash flows			
Dividends paid		(20 024)	(28 380)
Interest paid		(83)	(120)
Net cash used in financing activities		**(20 107)**	**(28 500)**
Net increase (decrease) in cash		**23 036**	**(10 270)**
Balance opening cash		22 305	32 717
Foreign exchange (losses) profits on the valuation of cash		270	1 142
Balance closing cash	**11.**	**45 611**	**22 305**



ULMA Construccion Polska S.A.

NOTE
TO FINANCIAL STATEMENTS

Notes to the financial statements

1. Description of the major accounting principles applied

The basic accounting principles applied in the preparation of these financial statements are presented below. The described principles were applied in the presented periods in a continuous manner.

A. Statement of compliance and general principles of preparation

The financial statements of ULMA Construccion Polska S.A. cover the year ended on 31 December 2018 and contain comparative data for the year ended on 31 December 2017.

Duration of ULMA Construccion Polska S.A. is indefinite.

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the EU ("EU IFRS"). As at the date of approval of these statements for publication, considering the pending EU implementation of the IFRS, the IFRS applicable to these financial statements do not differ from the EU IFRS.

The EU IFRS include standards and interpretations accepted by the International Accounting Standards Board ("IASB").

These financial statements have been drawn up according to the historical cost principle, except for financial assets and liabilities (derivatives) valued at their fair value through profit and loss account.

These financial statements are expressed in PLN ("PLN") and all the amounts, unless indicated otherwise, are given in thousands of PLN.

These financial statements were prepared on the assumption that the Company would continue its operations in the foreseeable future. As at the date of approving these financial statements, there are no circumstances indicating any threat to ULMA Construccion Polska S.A. to continue as going concern.

The Company, as the parent company of the Capital Group, draws up consolidated financial statements including the subsidiaries and the affiliate entity.

These financial statements and consolidated financial statements of ULMA Construccion Polska S.A. Capital Group for the year ended on 31 December 2018 were approved for publication by the Management Board of the parent company on 27 March 2019.

Changes in the applied accounting principles

The accounting principles (policies) applied in the preparation of these financial statements are consistent with those applied in the preparation of the Company's financial statements for the year ended on 31 December 2017, except for those presented below.

For the first time, the Company applied IFRS 15 *Revenue from contracts with customers* ("IFRS 15") and IFRS 9 *Financial instruments* ("IFRS 9").

The remaining new or changed standards and interpretations that were applied for the first time in 2018 have no significant impact on the Company's financial statements.

Influence of IFRS 9 on the financial statements on the day of first application, i.e. 1 January 2018:

Item	31 December 2017 (data reported)	Impact of IFRS 9 application	1 January 2018
Trade receivables and other receivables	86 532	(1 437)	85 095
Total assets	**336 196**	**(1 437)**	**334 759**
Provisions from deferred income tax	2 448	(222)	2 226
Retained earnings	186 780	(1 215)	185 565
Total equity and liabilities	**336 196**	**(1 437)**	**334 759**

The remaining new or changed standards and interpretations that were applied for the first time in 2018 have no significant impact on the Company's financial statements.

- Changes in IFRS 2 – Classification and measurement of share based payment transactions;
- Changes in IFRS 4 – Application of IFRS 9 Financial instruments in conjunction with IFRS 4 Insurance contracts;
- Improvements resulting from the review of IFRS 2014-2016 cycle – improvements to IFRS 1, IAS 28;
- Improvements to IAS 40 – real estate qualification, i.e. transfer of investment real estate to other asset groups;
- Improvements to IFRIC 22 – the improvements concerns the method of determining the date of the transaction, and therefore the SPOT exchange rate that should be used in a situation when an advance payment is made or received in a foreign currency.

IFRS 9

IFRS 9 replaced IAS 39 *Financial instruments: recognition and measurement* and applies to annual periods starting on 1 January 2018 or later. IFRS 9 addresses three areas related to financial instruments : classification and measurement, impairment and hedge accounting.

The Company applied IFRS 9 from the date of the standard entering into force, without restating the comparative data.

a) Classification and measurement

According to IFRS 9, with the exception of some trade receivables, at initial recognition, the entity measures the financial asset at its fair value, which in the case of financial assets not measured at their fair value through profit or loss, are increased by transaction costs, which can be attributed to the acquisition of these financial assets directly.

After the initial recognition, the entity measures a financial asset at amortised cost, at fair value against other comprehensive income or at fair value against financial result. The entity classifies a financial asset based on the entity's business model in financial asset management and characteristics of the cash flows resulting from the contract for the financial asset (the so-called "SPPI criterion").

The classification and measurement of the Company's financial assets according to IFRS 9 is as follows:

- Debt instruments measured at amortised cost, kept in accordance with the business model aimed at maintaining financial assets to obtain cash flows resulting from the contract, being only repayment of the principal and interest on the outstanding principal amount. The Group includes in this category of financial assets trade receivables, loans granted, and cash and cash equivalents.
- Debt instruments are measured at fair value through total other income for which accumulated profits or losses previously recognised as total other income are reclassified to the financial result at cessation of recognition. The Group does not have financial assets which would be classified in this category of financial assets
- Equity instruments valued at fair value through total other income for which accumulated profits or losses previously recognised as total other income are not reclassified to the financial result at cessation of recognition. The Group does not have financial assets which would be classified in this category of financial assets
- Financial assets measured at fair value through financial result. The Group includes derivatives in this category

The Company assessed the business model on the first day of application of IFRS 9, that is 1 January 2018, and then applied it retrospectively irrespective of the business model of previous reporting periods for those financial assets for which recognition was not ceased before 1 January 2018.

IFRS 9 does not introduce significant changes in the classification and measurement of financial liabilities, with the exception of modifications that do not result in cessation of recognition of an existing financial liability. The new standard imposes an obligation on the entity to recognise adjustments to the value of amortised cost of a financial liability as income or expense in the financial result at the time of modification.

b) Impairment

Application of IFRS 9 substantially changes the approach to impairment of financial assets by moving away from the concept of *incurred loss* towards *expected loss*, in which the entire expected credit loss is recognised *ex-ante*.

In the case of trade receivables, the Company applies a simplified approach and measures a write-off for expected credit losses in the amount equal to the expected credit losses over the entire lifetime using a provision matrix. The Company uses its historical data on credit losses, adjusted, where appropriate, with information on the future impact.

In the case of other financial assets, the Company measures the write-off for expected credit losses in the amount equal to the 12-month expected credit losses. If the credit risk related to the given financial instrument had significantly increased since the initial recognition, the Company measures the write-off for expected credit losses for the financial instrument in an amount equal to expected credit losses over the whole lifetime.

The Company assumes that the credit risk associated with the given financial instrument has increased significantly since the day of its initial recognition in a case when the delay in repayment exceeds 30 days.

At the same time, the Company assumes that the debtor's *default* takes place when the delay in repayment exceeds 90 days.

As a result of application of IFRS 9, impairment write-off on 1 January 2018 increased by PLN 1 417 thousand correspondence with retained earnings and amounts to PLN 34 154 thousand on that day.

The Company has not implemented a model for estimating expected credit losses for granted loans and sureties because the credit risk level concerning these items is low and any possible losses due to the expected credit losses would have a minimal impact on the financial statements.

Moreover, the Company has not identified any significant impact on equity or the financial statements in connection with the application of IFRS 9 in classification and measurement. The assets classified by then as "loans and receivables" have been fully classified as "measured at amortised cost". This has not changes the manner of their measurement. Therefore, adjustments in the financial statements were not necessary.

Classification of financial instruments in accordance with IFRS 9 is presented in note 6.

Improvements related to hedge accounting have no impact on the Company's statements because the Company does not keep hedge accounting

IFRS 15

IFRS 15 repeals IAS 11 Construction contracts, IAS 18 revenue and related interpretations are valid for annual periods beginning on 1 January 2018 or later. The standard applies to all contracts with customers, except those covered with the scope of other standards.

The new standard establishes the so-called Five Steps Model for recognition of revenue under contracts with customers. According to IFRS 15, revenues are recognised in the amount of remuneration which – as expected by the entity – it is entitled to in exchange for handing over the promised goods or services to the customer.

Application of IFRS 15 requires the parent entity's Management to make judgements on each of the five steps of the established model.

The Company has applied IFRS 15 from the date of entry into force of the standard, using the retrospective method with the total effect of the first application recognised on the first day of application.

The Company operates in the following area:

a) Sale of commercial goods and formworks

   Contracts provide for only one obligation to perform the service – sale of goods, revenue is recognised at a specific moment, that is when the customer takes over control over the goods (as a rule at delivery). Consequently, the impact of application of IFRS 15 on the moment of recognition of revenue from such contracts is not relevant

b) Sale of a package of goods and services or a package of several services provided in different periods

   The subject of multi-element contracts includes, inter alia, rental, assembly and disassembly services, preparation of individual forms, transportation from/to construction site, repairs, settlements of lost and damaged formwork, rebates and discounts.

   Analysis of contracts with customers show that, in the case of the Company, only revenue from rental of formwork and scaffolding can be considered recognised over time. The Company recognises the above-mentioned revenues on a monthly basis, therefore implementation of IFRS 15 does not affect the previous practices of the Company in this regard. Revenue from other services is recognised at one moment.

c) Advance payments received from customers

So far, the Company has presented advance payments received from customers in the item "Other financial liabilities". In line with the previous accounting policy (principles), the Company did not recognise the costs of interest on received advance payments, including long-term ones.

According to IFRS 15, the Company evaluates whether the contract contains a significant financing element. The Company decided to use the practical solution in which it does not adjust the promised amount of remuneration with the impact of a significant financing element if, at the time of contract conclusion, it expects that the period from handing over the promised good or service to the customer to the moment of payment for the good or service by the customer will not exceed one year. Therefore, the Company has not separated a significant financing element for short-term advance payments.

There are no significant contracts in the Company for which the period between the transfer of the promised good or service to the customer and the moment of payment for the good or service exceeds one year.

The Company did not decide to apply earlier any other standard, interpretation or improvement that has been published but have not entered into force yet in the light of European Union regulations.

B. Measurement of items denominated in foreign currencies

Functional and presentation currency

Items included in the Company's financial statements are measured in the currency of the primary economic environment in which the Company operates (functional currency). Polish zloty is the functional currency. It also is the currency of presentation of the Company's financial statements.

Transactions and balances

Transactions expressed in foreign currencies are converted into the functional currency according to the exchange rate applicable on the transaction day. Foreign exchange gains and losses due to the settlement of these transactions and to the balance sheet measurement of monetary assets and liabilities expressed in foreign currencies are recognised in the financial statements accordingly. Exchange rate differences, both positive and negative, concerning investing and financing activities are included in financial expenses.
Exchange rate differences regarding the implementation and balance sheet measurement of trade settlements increase or decrease the revenue or expenses items to which they are operationally related.
The Company uses the average exchange rate of a given currency announced by the National Bank of Poland as at the balance sheet date as the closing rate of a given currency used for the purpose of balance sheet measurement of monetary assets and liabilities expressed in foreign currencies.

C. Provisions

Provisions are established for the existing (legal or resulting from customary law) liability of the Company resulting from past events if it is likely that spending the Company's resources will be necessary to satisfy this liability and if it is possible to reliably specify its estimated value.

D. Significant estimates and judgements made

While preparing financial statements in line with International Financial Reporting Standards, the Management Board makes certain accounting estimates, considering their own knowledge and estimates in relation to the expected changes in the analysed values. The assumptions and estimated may change as a result of future events due to market changes or changes that are not under the Company's control. Such changes are reflected in the estimates or assumptions at the time of occurrence.

The basic assumptions concerning the future and other key sources of uncertainty as at the balance sheet date, which are associated with a significant risk of significant adjustment of the balance sheet value of assets and liabilities in the next financial year, are discussed below.

- The balance sheet value of tangible fixed assets is defined using the estimates of the useful lives of individual groups of assets. The adopted useful lives of fixed tangible assets are verified from time to time on the basis of analyses carried out by the Company.
  Disposal of fixed assets from the group formwork systems (sales, scrapping, use for the needs of the contract implementation) is measured according to the net book value of the oldest items of the given assortment. This is because of the fact that elements of this group of fixed assets are defined by type and there is no identification by identity.

- In the case of receivables in the group NORM, the Company estimates the level of expected credit loss in accordance with IFRS 9. Other receivables are verified for impairment if there are any premises that they cannot be recovered. In such a situation, the value of write-offs of receivables is defined on the basis of estimates prepared by the Company.

- Changes taking place on the construction market can have a significant impact on the assessment of the recoverable amount of the Company's assets. If there are any premises of impairment, the Company estimates the recoverable amount of its tangible fixed assets.
  The analysis of impairment of tangible fixed assets is carried out by estimation of the recoverable amount of cash-generating units. Such an analysis is based on a set of significant assumptions, some of which are out of the Company's control. Significant changes of these assumptions affect the results of impairment tests and, consequently, they may lead to significant changes in the Company's financial situation and financial results.

- Provisions for employee benefits (retirement and pension benefits) were estimated by actuarial methods. The assumptions adopted for this purpose are presented in point T.

- Legal regulations regarding tax on goods and services, corporate income tax and social security charges are amended frequently, which in turn is the reason for the lack of appropriate reference points, inconsistent official interpretations and a low number of established precedents, on which the taxpayer could rely.
  Applicable legal regulations also contain ambiguities that lead to differences in opinions as to the legal interpretation of tax regulations, both between the state authorities themselves and in contacts between the state authorities and taxpayers.
  Tax settlements and other fields of taxpayers' activity (for instance, customs or currency issues) may be controlled by state authorities that are entitled to impose high fines and penalties, any additional tax liabilities arising as a result of the control have to be paid by the taxpayer with high interest on delay.
  As a consequence, the amounts presented in financial statements may change in future under the final decision of the tax control authority.
  In the opinion of the Management Board, there are no circumstances indicating that significant liabilities may arise in this respect.

From 15 July 2016, changes were introduced to the Tax Code to include in Polish tax regulations the provisions of the General Anti-Avoidance Clause (GAAR) which is supposed to counteract the establishing and use of artificial legal structures created to avoid payment of tax in Poland.
In accordance with the introduced provisions of the Tax Code, tax evasion means taking such steps that (although are formally consistent with applicable law) are characterised by:
- first of all, artificial character and non-compliance with the economic realities in which the taxpayer operates;
- second of all, they are performed primarily to achieve a tax advantage, contradictory in the given circumstances to the subject and purpose of the provision of the Tax Act.

Therefore, the new regulations will require much greater judgement when assessing the tax consequences of individual transactions.
Implementation of the above-mentioned provisions will allow Polish tax control authorities for questioning the tax consequences of legal arrangements and agreements concerning, among others, capital group restructuring or reorganisation.
The Company recognises and measures assets and/or liabilities on current and deferred income tax in line with the requirements of IAS 12 *Income tax* , preparing its calculation based on profit (tax loss), tax base and tax rates, and taking into account the uncertainty assessment related to tax settlements.
The Company intensely seeks to limit the level of uncertainty of tax settlements through regular participation in training, the use of tax counselling and through applying to tax authorities for individual interpretation.

2. Financial risk management

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

The Company attempts to minimise the effects of financial risk having a negative impact on the Company's financial results by implementing a risk management programme. The Company uses futures contracts to protect itself against certain risks.

Risk of exchange rate changes

The Company conducts international activities and is exposed to the risk of exchange rate changes of various currencies, most of all euro. The risk of exchange rate change concerns future trade transactions (sale of products and goods, and purchase of goods and services) and recognised assets and liabilities. The risk of exchange rate change arises when future trade transactions, recognised assets and liabilities are expressed in a different currency than the Company's functional currency.

The Company secures the net currency item using mainly cash resources (conversion of PLN into the currency) and then forward contracts.

The table below presents a summary of the Company's assets and liabilities expressed in euro which are exposed to the risk of exchange rate changes (in EUR thousand).

	31 December 2018	31 December
Trade receivables	1 176	553
Loans granted	2 250	2 500
Cash	1 164	912
Currency futures	-	-
Total assets	**4 590**	**3 965**
Trade liabilities	2 180	2 097
Currency futures	-	(935)
Total liabilities	**2 180**	**1 162**

Apart from receivables from loans granted in EUR, the Company has a receivable amounting as at 31.12.2018 to USD 1 300 thousand due to a loan granted to ULMA Opalubka Ukraina.

The sensitivity analysis carried out by the Company indicates that:

- as at 31 December 2018, if Polish zloty weakened/strengthened by 10% against EUR/USD, with the remaining parameters unchanged, the net profit for 12 months ended on 31 December 2018 would be by PLN 1,225 thousand higher/lower in connection with the re-measurement of cash, receivables, liabilities and currency forwards expressed in EUR/USD.

- as at 31 December 2018, if Polish zloty weakened/strengthened by 10% against EUR/USD, with the remaining parameters unchanged, the net profit for 12 months ended on 31 December 2018 would be by PLN 1,225 thousand higher/lower in connection with the re-measurement of cash, receivables, liabilities and currency forwards expressed in EUR/USD.

Risk of changes in cash flows and fair value as a result of interest rate changes

Revenues and cash flows from the Company's operating and financial activities are not significantly exposed to the risk of interest rate changes.
The Company does not have any significant debt with the cost that would depend on the interest rate. The Company's revenue calculated on the basis of interest rate (WIBOR 3M) includes interest revenue on the loan granted to the parent company – ULMA C y E S. Coop. Considering that the risk of interest rates decrease in comparison to the current level, the lowest one in history, is negligible, the Company is not afraid of the risk of decreased cash flows implying from this.

Credit risk

Credit risk is related to a potential credit event that may take the form of contractor's insolvency, partial repayment of debt, significant delay in repayment of debt or other deviation from contractual terms and conditions.

Trade receivables and other receivables are the items most exposed to credit risk (Note no. 9).

The Company is not exposed to significant concentration of the risk of credit sales. Owing to a relatively high number of recipients of the Company's services and goods, there is no concentration of credit sales. Moreover, the Company applies a policy that significantly limits the sale of services and goods to customers with inadequate debt repayment history. The introduced internal control procedures, consisting in, among other, setting of credit limits for individual clients depending on the assessment of their financial condition, and acceptance procedures for new clients let the Company significantly reduce the level of credit risk.

Trade receivables in relation to which no impairment was found constitute 55.9% of the gross value of this group of financial assets, including 60.4% of the group's value attributable to trade receivables that are not overdue (in 2017, these values were at the level of 61.1% and 43.2%, respectively).

Trade receivables ageing analysis is as follows: (in PLN thousand)

31 December 2018	Overdue <0	Overdue to 30 days	Overdue from 31 to 90 days	Overdue from 91 to 180 days	Overdue from 181 to 360 days	Overdue over 360 days	**Total**
Gross trade receivables	26 865	7 431	2 818	1 516	2 463	33 708	**74 801**
Write-downs	(1 527)	(43)	(197)	(378)	(1 741)	(28 967)	**(32 853)**
Net trade receivables	**25 338**	**7 388**	**2 621**	**1 138**	**722**	**4 741**	**41 948**

31 December 2017	Overdue <0	Overdue to 30 days	Overdue from 31 to 90 days	Overdue from 91 to 180 days	Overdue from 181 to 360 days	Overdue over 360 days	**Total**
Gross trade receivables	20 782	16 583	2 370	1 058	1 871	35 996	**78 660**
Write-downs					(304)	(30 289)	**(30 593)**
Net trade receivables	**20 782**	**16 583**	**2 370**	**1 058**	**1 567**	**5 707**	**48 067**

Impairment was found in the case of financial assets in the group of trade receivables and other receivables worth PLN 32,853 thousand, covering them with a write-down. When stating impairment of individual components of financial assets, the Company is guided by individual assessment of each customer, including mainly the assessment of its financial condition and any collateral held. The Company uses insurance of foreign accounts receivable relating to eastern markets and blank promissory notes as the basic means securing debt recovery.

With regard to the trade receivables presented in the table below which are overdue for over 150 days, the Company recovered as at the balance sheet date PLN 3,620 thousand of VAT, using the so-called relief from VAT on bad debts, which was presented in trade liabilities and other liabilities.

There is concentration of credit risk in the Company related to receivables from loans granted. Out of the balance of loans granted in the amount of PLN 35,563 thousand, PLN 21 000 thousand concerns a loan granted to a parent company Ulma CyE S. Coop. Receivables are secured by a registered pledge established by the borrower on its own formwork and scaffolding up to the value of PLN 44 773 thousand. In relation to the collateral held and the financial situation of the borrower, the Management Board of the Company considers the risk of non-repayment of debts to be low.
The loan for the parent entity was granted on arm's length terms – the interest rate on the loan depends on the level of WIBOR 3M. The repayment date of the tranche in the amount of PLN 21 000 thousand was set as follows in accordance with the annex of 15 January 2019: PLN 11 000 thousand on 30 April 2019 and PLN 10 000 thousand on 30 April 2020.

Liquidity risk

Liquidity risk management assumes keeping an adequate level of cash, availability of financing owing to a sufficient amount of granted credit instruments, and the ability of closing market positions. The Company keeps sufficient cash resources to pay maturing liabilities and provides the possibility of financing owing to granted lines of credit.
All trade liabilities of the Company are due within 3 months from the balance sheet date.

Working capital management

The main objective of capital management is to ensure an adequate level of operational liquidity and the ability to implement the Company's investment plans in accordance with the approved budgets to let the Company's operational activity contribute to increasing the value for its shareholders.
The Company manages the capital structure and takes actions enabling its modification in response to changes of economic conditions.
In order to maintain or adjust the capital structure, the Company (with the consent of shareholders) can change the dividend payment, return capital to the shareholders or carry out a new issue of shares.

Dividend policy

The adopted dividend policy is also subjected to the above-mentioned objectives. Each decision on dividend payment is preceded each time by the analysis of current and development needs of each of the companies and of the Capital Group as a whole.

3. New accounting standards and interpretations of the IFRS Interpretations Committee (IFRIC)

The following standards, changes in existing standards and interpretations have not been accepted by the European Union and are not valid as at 1 January 2018:

Standard	Description of changes	Effective date
IFRS 14 *Regulatory deferral accounts*	Accounting and disclosure policies for regulatory deferred items	The standard in the current version will not be applicable in the EU
Improvements to IFRS 10 and IAS 28	Provides guidelines for the sale or transfer of assets by the investor to an associated company or joint venture	Not specified
IFRS 16 Leasing	The standard terminated the distinction between operating lease and finance lease at lessees. All contracts that meet the new definition of leasing will be recognised, as a rule, like in the case of current finance lease.	1 January 2019
IFRS 17 Insurance contracts	Supersedes IFRS 4 and introduces improvements regarding methods of measurement of insurance liabilities, recognition of profit or loss over time, recognition of reinsurance and separation of investment component.	Not approved by the EU until the date of approval of these statements – 1 January 2021
IFRIC 23	Uncertainty over income tax treatments	1 January 2019
Improvements to	Early repayments with negative compensation	1 January 2019
Improvements to IFRS 28	Long-term interests in associates and joint ventures	1 January 2019
	Improvements resulting from review of IFRS 2015-2017	Not approved by the EU until the date of approval of these statements – 1 January 2019
Improvements to IAS 19	Change, reduction or settlement of scheme	Not approved by the EU until the date of approval of these statements – 1 January 2019
	Improvements to References to the Conceptual Framework contained in the International Financial Reporting Standards	Not approved by the EU until the date of approval of these statements – 1 January 2020
Improvement to IFRS 3	Business combinations	Not approvedby the EU until the date of approval of these statements – 1 January 2020
Improvements to IAS 1 and IAS 8	Definition of significance	Not approvedby the EU until the date of approval of these statements – 1 January 2020

The Company intends to adopt the above-mentioned new standards and improvements to standards and interpretations of IFRS published by the International Accounting Standards Board but not applicable on the reporting day according to the date of their entry into force.

Impact of new regulations on future statements of the Company

IFRS 16

In January 2016, the International Accounting Standards Board issued the International Financial Reporting Standard 16 *Leases* ("IFRS 16"), which superseded IAS 17 *Leases*, IFRIC 4 *Determining whether an arrangement contains a lease*, SIC 15 *Operating leases – incentives* and SIC 27 *Evaluating the substance of transactions involving the legal form of a lease*. IFRS 16 specifies the accounting principles concerning leasing in terms of measurement, presentation and recognition.
IFRS 16 introduces a single model of lessee's accounting and requires the lessee to recognise the assets and liabilities resulting from each lease lasting longer than 12 months unless the underlying asset is of low value. On the commencement date, the lessee recognises an assets from the right of use of the underlying asset and a liability under lease which reflects its obligation to make lease payments.
The lessee recognises separately depreciation of the asset under the right to use and interest on the lease liability.
The lessee revaluates the lease liability after the occurrence of certain events (e.g. changes in the lease period, changes in future lease payments due to changes in the index or rate used to determine these fees). As a rule, the lessee recognises the revaluation of lease liability as an adjustment to the value of asset from the right of use.
The lessee has the right to select the full or modified retrospective approach, and transitional provisions provide for some practical solutions.
IFRS 16 is valid for annual periods starting on 1 January 2019 and later. Earlier implementation is allowed in the case of entities which apply IFRS 15 from the date or before the date of first application of IFRS 16. The Company did not decide to apply IFRS 16 earlier.

Preliminary analysis of the impact of IFRS 16 arrangements on the Company's accounting principles indicates that in the case of contracts previously treated as operating lease contracts, in which the Company appears as a lessee, will have to be recognised in the financial statements of the asset and the lease liability.
The Company is a lessee in lease contracts concerning warehouse space, Logistics Centres (including the right of perpetual usufruct of land), cars and forklifts.
Consequently, the following will take place at initial application:

- increase in the value of assets and liabilities in the Company's statement of financial position,
- increase in the cost of depreciation and financial expenses (interest), and decrease in the cost of rental and lease in the profit and loss account

When considering the above-mentioned effect of implementation of IFRS 16 on the Company's financial statements, it should be noted that rental and lease payments are recognised on a straight-line basis now. Due to the implementation of IFRS 16, rental assets will still be settled on a straight-line basis (depreciation), while the settlement of interest on liabilities will be carried out on the basis of the effective interest rate, which will increase the interest charges in the initial periods and decrease such charges in the subsequent terms of the lease contract.
The Company decided to apply the modified retrospective approach regarding the initial recognition of lease as at 1 January 2019.
Lease liability was measured at the current value of other lease fees, discounted by the use of lease rate.
The asset from the right of use on the day of its first application was measured at the amount equal to the lease liability, adjusted by the amount of any prepayments or calculated lease payments relating to this lease, recognised in the financial statements immediately before the day of first application.

The expected influence of IFRS 16 on the financial statements on the day of first application, i.e. 1 January 2019:

Item	31 December 2018 (data reported)	Influence of IFRS 16 application	1 January 2019
Other fixed assets*)	3 902	(3 902)	-
Right-of-use assets	-	15 123	15 123
Total assets	**357 345**	**11 221**	**368 566**
Long-term lease liabilities	-	7 581	3 526
Long-term lease liabilities	-	3 640	7 539
Total equity and liabilities	**357 345**	**11 221**	**368 566**

*) Other fixed assets – the value (cost of purchase) of the right of perpetual usufruct of land subject to settlement over time.

Other standards and their improvements should not have a significant impact on future financial statements of the Company. Improvements of standards and interpretations of IFRS, which entered into force from 1 January 2018 to the day of approval of this separate financial statement for publication, did not have a significant impact on this separate financial statement.

4. Tangible fixed assets

Tangible fixed assets, that is buildings, machinery and equipment, formwork systems used to provide products and services or for the purposes of management, were measured as at the balance sheet date by the purchase price or manufacturing cost, reduced by accumulated depreciation and impairment write-downs.

Subsequent expenditures are included in the balance sheet value of the fixed asset or recognised as a separate fixed asset (where appropriate) only when it is probable that this will imply influence of economic benefits for the Company, and the cost of a given item can be measured reliably. Subsequent expenditures, not increasing the initial value in use of a given fixed asset, are recognised as an expense in the period in which they are incurred.

Land owned by the Company is recognised at the purchase price and are non-depreciating. Other fixed assets are depreciated on a straight-line basis in order to distribute their initial value reduced by the possible final value during their use for individual type groups.
Applied periods of use for individual type groups of fixed assets are as follows (in years):

• buildings and constructions	25 – 40
• leasehold	10
• machines and technical equipment	3 – 20
• formwork systems	2 – 14
• equipment and other fixed assets	5

Verification of the final value and useful lives of tangible assets is carried out at each balance sheet date and, if necessary, adjusted.

In the case when the balance sheet value of tangible asset it exceeds its estimated recoverable amount, its balance sheet amount is reduced to the recoverable amount (Note 1G).

Profit and loss on disposal of tangible assets is determined by comparison of proceeds from sales with their balance sheet value and are recognised in the financial result.

Inventory of tangible assets classified in the group of formwork systems is carried out annually. In the case of other tangible assets - once every 4 years.

In Q4 2017 (since 1 October 2017), the Company verified the adopted periods of economic usefulness of tangible assets included in the group of formwork systems and thus reduced the depreciation rates. The changes caused a decrease in depreciation costs for this group of fixed assets by PLN 11,802 thousand compared to the no-change scenario.

Impairment of non-financial fixed assets

Fixed assets subject to depreciation are analysed for impairment in the case of premises indicating a possibility of not realising the balance sheet value of tangible fixed assets and intangible assets held. The amounts of write-downs determined by analysis (impairment test) decrease the balance sheet value of the asset to which they relate and are recognised in the period's expenses. An impairment loss is recognised in the amount by which the balance sheet value of the asset exceeds its recoverable value. The recoverable value is the higher of the following: fair value less cost of sales preparation and the use value (reflected in the present value of cash flows related to the asset). For the purpose of analysis for impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash generating units). With regard to assets other than goodwill, impairment write-downs recognised in previous periods are evaluated at the end of each reporting period if there are any indications of impairment or its total reversal.

Impairment write-downs are reversible if, among others, the estimates used to determine the recoverable amount had changed. An impairment write-down is reversed only to the amount of the initial value of the asset less depreciation write-offs that would be recognised if the impairment write-down had not been recognised.

Table of movements in tangible fixed assets in 2018

	Land, buildings and structures	Technical equipment, machinery and means of transport	Formwork systems	Other tangible assets	Tangible assets under construction	Total tangible fixed assets
GROSS VALUE						
As at 1 January 2018	**106 187**	**10 819**	**492 220**	**2 601**	**202**	**612 029**
Increases due to purchase	469	1 051	48 569	120	191	50 400
Increases – surplus inventory, reclassification	-	-	7 007	-	(202)	6 805
Decreases - sale	-	-	(32 792)	-	-	(32 792)
Decreases - liquidation, inventory deficit	(107)	(505)	(24 107)	(112)	-	(24 831)
As at 31 December 2018	**106 549**	**11 365**	**490 897**	**2 609**	**191**	**611 611**
ACCUMULATED DEPRECIATION						
As at 1 January 2018	**21 648**	**7 078**	**381 585**	**2 450**	**-**	**412 761**
Depreciation for the period	2 879	1 151	26 600	117	-	30 747
Decreases – sales	-	-	(30 223)	-	-	(30 223)
Decreases - liquidation, inventory deficit	(52)	(482)	(18 232)	(112)	-	(18 878)
As at 31 December 2018	**24 475**	**7 747**	**359 730**	**2 455**	**-**	**394 407**
WRITE-DOWN						
As at 1 January 2018	**-**	**-**	**-**	**-**	**-**	**-**
Increases	**-**	**-**	136	-	**-**	**136**
Decreases	**-**	**-**	**-**	**-**	**-**	**-**
As at 31 December 2018	**-**	**-**	**136**	**-**	**-**	**136**
NET VALUE:						
As at 1 January 2018	**84 539**	**3 741**	**110 635**	**151**	**202**	**199 268**
As at 31 December 2018	**82 074**	**3 618**	**131 031**	**154**	**191**	**217 068**

Table of movements in tangible fixed assets in 2017

	Land, buildings and structures	Technical equipment, machinery and means of transport	Formwork systems	Other tangible assets	Tangible assets under construction	Total tangible fixed assets
GROSS VALUE						
As at 1 January 2017	**106 009**	**10 375**	**479 155**	**2 583**	**47**	**598 169**
Increases due to purchase	199	769	45 027	91	202	46 288
Increases – surplus inventory, reclassification	-	-	6 398	-	(47)	6 351
Decreases - sale	-	(3)	(17 610)	-	-	(17 613)
Decreases - liquidation, inventory deficit	(21)	(322)	(20 750)	(73)	-	(21 166)
As at 31 December 2017	**106 187**	**10 819**	**492 220**	**2 601**	**202**	**612 029**
ACCUMULATED DEPRECIATION						
As at 1 January 2017	**18 784**	**6 279**	**376 629**	**2 414**	**-**	**404 106**
Depreciation for the period	2 873	1 121	36 614	1 108	-	40 716
Decreases - sale	-	(2)	(16 643)	-	-	(16 645)
Decreases - liquidation, inventory deficit	(9)	(320)	(15 015)	(72)	-	(15 416)
As at 31 December 2017	**21 648**	**7 078**	**381 585**	**2 450**	**-**	**412 761**
NET VALUE:						
As at 1 January 2017	**87 225**	**4 096**	**102 526**	**169**	**47**	**194 063**
As at 31 December 2017	**84 539**	**3 741**	**110 635**	**151**	**202**	**199 268**

The depreciation write-off of tangible fixed assets increased:

Item	12 months 2018	12 months of 2017
Cost of products, goods and materials sold	30 153	40 077
Sales and marketing costs	2	4
Overheads	592	635
Total	**30 747**	**40 716**

The analysis showed occurrence of indications of impairment in tangible fixed assets in the group of formworks, and a decision was made to open a revaluation write-off in the amount of PLN 136 thousand.

5. Intangible assets

Software

The purchased computer software licences are activated in the amount of expenses incurred for their purchase and preparation of specific software for use. The activated costs are written off over the estimated period of software usage, that is 2-5 years.

Table of movements in intangible assets in 2018

	Licenses and software	Other	Total intangible assets
GROSS VALUE			
As at 1 January 2018	**4 766**	**37**	**4 803**
Increases	15	-	15
Decreases – disposal, liquidation	-	-	-
As at 31 December 2018	**4 781**	**37**	**4 818**
ACCUMULATED DEPRECIATION			
As at 1 January 2018	**4 398**	**37**	**4 435**
Depreciation for the period	206	-	206
Decreases – disposal, liquidation	-	-	-
As at 31 December 2018	**4 604**	**37**	**4 641**
NET VALUE:			
As at 1 January 2018	**368**	**-**	**368**
As at 31 December 2018	**177**	**-**	**177**

Table of movements in intangible assets in 2017

	Licenses and software	Other	Total intangible assets
GROSS VALUE			
As at 1 January 2017	**4 554**	**37**	**4 591**
Increases	321	-	321
Decreases – disposal	(109)	-	(109)
As at 31 December 2017	**4 766**	**37**	**4 803**
ACCUMULATED DEPRECIATION			
As at 1 January 2017	**4 402**	**37**	**4 439**
Depreciation for the period	106	-	106
Decreases – disposal	(110)	-	(110)
As at 31 December 2017	**4 398**	**37**	**4 435**
NET VALUE:			
As at 1 January 2017	**152**	**-**	**152**
As at 31 December 2017	**368**	**-**	**368**

The depreciation write-off of intangible assets increased:

Item	12 months of 2018	12 months of 2017
Costs of products, goods and materials sold	-	2
Overheads	206	104
Total	**206**	**106**

6. Financial instruments – the accounting policy applied from 1 January 2018

Classification of financial assets

Financial assets are classifies in the following measurement categories:

- measured at amortised cost,
- measured at fair value by financial result,
- measured at fair value by other total income.

The entity classifies a financial asset based on the entity's business model in financial asset management and characteristics of the cash flows resulting from the contract for the financial asset (the so-called "SPPI criterion"). The entity reclassifies investment in debt instruments if and only if the model of managing these assets changes.

Measurement at the initial recognition

With the exception of some trade receivables, at initial recognition, the entity measures the financial asset at its fair value, which in the case of financial assets not measured at their fair value through profit or loss, are increased by transaction costs, which can be attributed to the acquisition of these financial assets directly.

Discontinuation of recognition

Financial assets are excluded from accounting books in the following situation:

- The rights to obtain cash flows from financial assets have expired, or
- The rights to obtain cash flows from financial assets have been transferred and the Company has basically transferred all risk and all benefits of their ownership.

Measurement after initial recognition

For the purposes of measurement after initial recognition, financial assets are classified in one of four categories:

- Debt instruments measured at amortised cost,
- Debt instruments measured at fair value by other total income,
- Equity instruments measured at fair value by other total income,
- Financial assets measured at fair value through financial result.

Debt instruments – financial assets measured at amortised cost

A financial asset is measured at its amortised cost if both of the following conditions are met:

a) the financial asset is maintained in line with the business model whose purpose is to maintain financial assets for obtaining cash flows under the contract, and

b) the terms and conditions of the contract concerning the financial asset cause generation of cash flows on specific dates which are only repayment of the principal amount and interest on the outstanding principal amount.

The Company classifies the following in the category of financial assets measured at amortised cost:

- trade receivables,
- loans that pass the SPPI test which, according to the business model, are recognised as maintained in order to obtain cash flows,
- cash and cash equivalents.

Interest revenues are calculated by the effective interest rate method and are recognised in the profit and loss account/ statement of total income in item "Financial revenues"

Debt instruments – financial assets measured at fair value by other total income

A financial asset is measured at fair value by other total income if both of the following conditions are met:

a) the financial asset is maintained in line with the business model whose purpose is to obtain financial assets under the contract, as well as sales of financial assets; and
b) the terms and conditions of the contract concerning the financial asset cause generation of cash flows on specific dates which are only repayment of the principal amount and interest on the outstanding principal amount.

Interest revenue, exchange rate differences and impairment profits and losses are recognised in the financial result and calculated in the same way as in the case of financial assets measured at amortised cost. Other changes in the fair value are recognised by other total income. At discontinuation of recognition of the financial asset, the total the profit or loss previously recognised in other total income is reclassified from equity to the financial result.

Interest revenues are calculated by the effective interest rate method and are recognised in the profit and loss account/ statement of total income in item "Interest revenues"

The Company has no category of debt instruments measured to fair value by other total income.

Equity instruments – financial assets measured at fair value by other total income

At the initial recognition, the Company can make an irrevocable choice regarding the recognition of subsequent changes at fair value of investments in an equity instrument under other total income which is not intended for trading or is a conditional payment recognised by the acquiring entity as part of merger of entities to which IFRS 3 applies. The selection is made separately for each equity instrument. Accumulated profits or losses, previously recognised in other total income, are not subject to reclassification to the financial result. Dividends are recognised in the profit and loss account/ statement of total income at emergence of the entity's right to receive the dividend unless these dividends clearly constitute recovery of part of the investment costs.

The Company has no category of equity instruments measured to fair value by other total income.

Financial assets measured at fair value through financial result

A financial asset which does not meet the criteria for measurement at amortised cost or at fair value by other total income is measured at fair value by financial result.

Profit or loss from measurement of debt investments to fair value is recognised in the financial result.

Dividends are recognised in the profit and loss account/ statement of total income at emergence of the entity's right to receive the dividend.

The Company classifies unquoted equity instruments in the category of equity instruments measured at fair value by profit or loss.

When the Company:

- has a valid legal title to compensate for the amounts recognised and
- intends to make settlements in the net amount and simultaneously realise the asset and satisfy the liability

a financial asset and financial liability is compensated and recognised in the financial statements in the net amount.

The framework agreement described in IAS 32.50 does not constitute grounds for compensation unless both criteria described above are met.

Impairment of financial instruments – the accounting policy applied from 1 January 2018

The Company evaluates the *expected credit losses, "ECL"* related to the equity instruments measured at amortised cost and fair value by other total income, regardless of whether or not there are any premises of impairment.

In the case of trade receivables from NORMA group, the Group applies a simplified approach and measures a write-off for expected credit losses in the amount equal to the expected credit losses over the entire lifetime using a provision matrix. The Company uses its historical data on credit losses, adjusted, where appropriate, with information on the future impact.

In the case of trade receivables from other groups of receivables (debt collection, court, bankruptcy, debt enforcement) when the Management Board finds it probable that the Company will not be able to collect the amounts due in the original amount, an individual impairment write-down is made. The amount of impairment write-down corresponds to the difference between the book value and the current value of expected future cash flows, discounted with the original effective interest rate. Changes in values of impairment write-downs of trade receivables are recognised in financial result, charged to other operating expenses, in the period in which the change occurs.

In the case of other financial assets, the Company measures the write-off for expected credit losses in the amount equal to the 12-month expected credit losses. If the credit risk related to the given financial instrument had significantly increased since the initial recognition, the Company measures the write-off for expected credit losses for the financial instrument in an amount equal to expected credit losses over the whole lifetime.

The Company assumes that the credit risk associated with the given financial instrument has increased significantly since the day of its initial recognition in a case when the delay in repayment exceeds 30 days.

At the same time, the Company assumes that the debtor's *default* takes place when the delay in repayment exceeds 90 days.

Financial assets – the accounting policy applied to 31 December 2017

Financial instruments recognised in the financial statements include cash at hand and cash at bank, trade receivables and other receivables, financial assets at fair value recognised by financial result, financial assets available for sale, trade liabilities and other liabilities, liabilities from factoring, and credits and loans.
The adopted methods of presentation and measurement of individual financial instruments are included in the points below describing the adopted accounting principles.
Derivative financial instruments are initially recognised at fair value at the moment of the contract conclusion. Later, they are revaluated to the current fair value. Derivatives held by the Company do not

qualify for hedge accounting. Therefore, the result of their measurement against the fair value is recognised in the financial result.
At the end of each reporting period, the Company evaluates whether there are objective indications of impairment of financial assets other than those measured at fair value by financial result. It is assumed that the financial asset is impaired when, after its initial recognition, there are objective indications of an event that could have a negative, reliably estimated impact on the value of future cash flows related to the given asset.
Objective indications of impairment of financial assets (including equity instruments) include a debtor's failure to pay or default in debt repayment, restructuring of the debtor's debt for which the Company gave consent for economic or legal reasons resulting from the debtor's financial difficulties and which otherwise would not be given by the Company, circumstances indicating a high level of probability of the debtor's bankruptcy, adverse changes in the balance of payments from debtors, economic conditions conducive to breach of the contract terms and conditions, disappearance of the active market for the given financial asset. Moreover, in the case of investments in equity instruments, a significant or prolonged decrease in the fair value of such investment below the purchase price is considered to be an objective evidence of impairment of financial assets.

Loans granted, and receivables and held-to-maturity investments
The Company evaluates the indications of impairment of loans granted, receivables or held-to-maturity investments both at the level of an individual asset as well as for groups of assets. An impairment test is performed for an individual asset in the case of receivables that are individually significant and held-to-maturity investments. All granted loans that are individually significant, receivables and held-to-maturity investments for which no impairment indications were identified based on an individual assessment, undergo then a group assessment to determine whether there has been impairment not reported otherwise. Granted loans, receivables and held-to-maturity investments of individually negligible values are assessed collectively for impairment in groups of similar risk characteristics.
While assessing impairment of groups of assets, the Company uses historical trends for estimating the probability of occurrence of arrears as well as the moment of payment and the value of incurred losses, adjusted by the Management Board's estimates assessing whether current economic and credit conditions indicate that the actual level of losses could be significantly different from the level of losses resulting from the assessment of historical trends.
Impairment of financial assets measured by the amortised cost is estimated as the difference between their book value and the present value of estimated future cash flows discounted using the original effective interest rate. Any losses are recognised in the profit or loss of the current period and constitute a write-down of the value of loans granted, and receivables and held-to-maturity investments, while the Company continues to charge interest on revaluated assets. If subsequent circumstances (e.g. payment by the debtor) indicate that the premises leading to the impairment have ceased, then the reversal of the write-down is recognised in the profit or loss of the current period.

Available-for-sale financial assets

Impairment of available-for-sale financial assets is recognised by transfer of the cumulative loss recognised in the capital from the revaluation to fair value to the profit or loss of the current period. The value of cumulative loss referred to is calculated as the difference between the purchase price, less received repayments of principal instalments and changes in the balance sheet value resulting from the application of the effective interest rate method, and the fair value. Additionally, the difference is less impairment losses recognised previously in the profit or loss of the current period. Changes in the impairment write-down related to the application of effective interest rate method are recognised as interest revenues.
If the fair value of written-down debt securities classified as available for sale increases in the following periods, and its increase may be objectively assigned to an event that occurs after the impairment was

recognised, then the previously recognised impairment loss is reversed, while the effects of this reversal are recognised as profit or loss of the current period. In the case of available-for-sale equity instruments, reversal of impairment write-off is recognised in other total income.

The table below presents a comparison of balance sheet values and fair values of all financial instruments of the Company, broken down into individual classes and categories of assets and liabilities.

	31 December 2018			
	Balance sheet value		Fair value	Fair value hierarchy
Debt instruments measured at amortised cost				
Cash	45 611		45 611	Item 1
Trade receivables	42 433		42 433	Item 3
Loans granted	35 563		35 563	Item 3
Financial liabilities measured at amortised cost				
Liabilities due to factoring of trade liabilities	1 257		1 257	Item 3
Trade liabilities and other liabilities	26 469		26 469	Item 3

	31 December 2017			
	Balance sheet value		Fair value	Fair value hierarchy
Cash	22 305		22 305	Level 1
Receivables and loans granted				
Trade receivables	48 432		48 432	Level 3
Loans granted	47 032		47 032	Level 3
Financial liabilities				
Liabilities due to factoring of trade liabilities	2 936		2 936	Level 3
Trade liabilities and other liabilities	25 371		25 371	Level 3
Derivatives				
Financial instruments measured at fair value by financial result	64		64	Level 2

As assessed by the Company, the fair value of cash, receivables and loans granted, financial liabilities and other liabilities does not differ significantly from the balance sheet values, mainly due to short maturity.
In the period ended on 31 December 2018, or in the period ended on 31 December 2017, there were no transfers between level 1 and level 2 of the fair value hierarchy, nor was any of the instruments moved from/to level 3 of the fair value hierarchy.

7. Investments in subsidiaries and affiliates

As at 31 December 2018

No.	Entity name	Registered office	Scope of operations	Type of relationship	Date of taking over control/Date on which significant influence commenced	Value of shares according to the purchase price	Write-downs	Balance sheet value of shares	Percentage of share capital held	Share in the total number of votes at the general meeting
1.	ULMA Opalubka Ukraina	Ukraine	sales and rental of formworks, sales of construction materials	subsidiary	18 July 2001	5 818	-	5 818	100	100
2.	ULMA Cofraje	Romania	sales and rental of formworks, sales of construction materials	affiliate	2 November 2007	3 976	(2 561)	1 415	30	30
3.	ULMA Opalubka Kazakhstan	Kazakhstan	sales and rental of formworks, sales of construction materials	subsidiary	27 August 2010	83	-	83	100	100
4.	ULMA Construccion BALTIC	Lithuania	sales and rental of formworks, sales of construction materials	subsidiary	27 April 2012	142	-	142	100	100
						10 019	**(2 561)**	**7 458**		

8. Other fixed assets

Other fixed assets include the balance sheet value of the right of perpetual usufruct of land in the amount of PLN 3 902 thousand. The right of perpetual usufruct of land was purchased by the Company in 2007 and expires on 5 December 2089.

9. Trade receivables and other receivables

Trade receivables are recognised initially at the fair value corresponding to the nominal value, and then are measured according to the amortised cost method, using the effective interest rate, and decrease them by impairment losses.
Receivables of the group NORMA are covered by the procedure for estimating the expected credit loss in accordance with IFRS 9.
In the case of trade receivables from other groups of receivables (debt collection, court, bankruptcy, debt enforcement) when the Management Board finds it probable that the Company will not be able to collect the amounts due in the original amount, an individual impairment write-down is made. The amount of impairment write-down corresponds to the difference between the book value and the current value of expected future cash flows, discounted with the original effective interest rate. Changes in values of impairment write-downs of trade receivables are recognised in financial result, charged to other operating expenses, in the period in which the change occurs.

The Company has adopted the rule according to which the amount of VAT recovered for lack of repayment of receivables within 150 days from the date of payment are showed in the balance sheet item "Tax liabilities and other encumbrances".

	As at:	
	31 December 2018	31 December 2017
Trade receivables from unrelated entities	69 817	76 393
Impairment write-down of trade receivables	(32 853)	(30 593)
Net trade receivables	*36 964*	*45 800*
Other receivables	12	18
Prepayments	473	348
Trade receivables from related entities	4 984	2 266
Loans granted	35 563	47 032
Trade receivables and other receivables	**77 996**	**95 464**
including:		
Long-term part	14 563	15 032
Short-term part	63 433	80 432

Based on the analyses carried out, the Company assessed that the balance sheet value of individual receivables presented in these financial statements is close to the fair values of these receivables.

There is no concentration of credit risk from trade receivables because the Company has a large number of customers.

The net value of write-downs revaluating the receivable increased by the amounts of receivables written down in the total amount of PLN 3 597 thousand (PLN 2 857 thousand in 2017) was recognised in other operating expenses.

The change in impairment write-downs on trade receivables and other receivables is as follows:

	12 months of 2018	12 months of 2017
Opening balance	**30 593**	**35 878**
Impact of IFRS 9 application	1 437	-
Opening balance (data restated)	**32 030**	**35 878**
Increases – write-downs of trade receivables	4 381	2 972
Increases – write-downs of interest on delay	-	-
Use	(3 012)	(8 224)
Adjustment of a previously made write-down	(546)	(33)
Closing balance	**32 853**	**30 593**

All write-downs on receivables relate to short-term receivables.

10. Inventories

Inventories of materials and purchased goods are measured as at the balance sheet date according to the lower of the two values: the purchase price or net realisable value.

The net sales price is the price of sales conducted in the ordinary course of business, less the estimated costs of completion of production and variable costs necessary to bring the sales into effect.

Measurement of inventory depletion is carried out in accordance with the "first in, first out" (FIFO) principle.
In necessary, write-downs of outdated, non-transferable and defective inventories are made.

	As at:	
	31 December 2018	31 December 2017
Materials	2 527	1 960
Goods	2 946	2 876
Gross value of inventories	**5 473**	**4 836**
Write-down of inventories	(340)	(340)
Net value of inventories	**5 133**	**4 496**

11. Cash and cash equivalents

Cash and cash equivalents are recognised in the financial statements at the fair value corresponding to the nominal value. They are composed of cash in hand and at bank, other highly liquid short-term investments with the initial maturity of no more than three months.
The balance of cash showed in the cash flow statement consists of the above-mentioned cash and cash equivalents decreased by amounts of outstanding overdrafts.
Overdrafts are recognised in the financial statements as liabilities – short-term credits and loans.

	As at:	
	31 December 2018	31 December 2017
Cash in hand and at bank	45 611	22 305
Total cash, including:	**45 611**	**22 305**
Restricted access funds	201	111

For the needs of the cash flow statement, cash and current account overdraft facilities include:

	As at:	
	31 December 2018	31 December 2017
Cash and cash equivalents	45 611	22 305
Current account overdraft (note 14)	-	-
Cash and cash equivalents showed in the cash flow statement	**45 611**	**22 305**

12. Basic capital and supplementary capital

Ordinary shares are classified as equity. Basic capital is recognised at the nominal value of shares.

Supplementary capital was created from the surplus of the issue value of the Company's shares over their nominal value in the amount of PLN 116 473 thousand which was reduced by the share issue expenses in the amount of PLN 1 483 thousand.

The financial statement item "Retained profit" includes statutory write-offs from profits generated in previous years in the amount of one third of the share capital amounting to PLN 3 504 thousand, as well as surplus from profit distribution over the statutory write-off in the amount of PLN 149 484 thousand and the financial result of the current financial year.

	Number of shares	Nominal value of shares	Share premium	Total
As at 1 January 2017	**5 255 632**	**10 511**	**114 990**	**125 501**
- increases	-	-	-	-
- decreases	-	-	-	-
As at 31 December 2017	**5 255 632**	**10 511**	**114 990**	**125 501**
- increases	-	-	-	-
- decreases	-	-	-	-
As at 31 December 2018	**5 255 632**	**10 511**	**114 990**	**125 501**

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

As at 31 December 2018, the Company's shareholding structure is as follows:

	Share capital		**Votes at the General Meeting of Shareholders**	
	Number of shares	**%**	**Number of votes**	**%**
ULMA CyE, S. Coop	3 967 290	75.49	3 967 290	75.49
TFI Quercus S.A.	264 893	5.04	264 893	5.04
OFE Aviva Santander (former name BZ WBK)	263 404	5.01	263 404	5.01
Extensive shareholdings	760 045	14.46	760 045	14.46
Total	**5 255 632**	100.00	**5 255 632**	100.00

In connection with the transactions of sale of the Company's shares, Aviva Otwarty Fundusz Emerytalny Aviva Santander ("Aviva OFE") decreased the share in the total number of votes in the Company below 5% and, as at 20 February 2019, held 254,703 shares of the Company, which constitutes 4.85% of the Company's share capital (number of shares issued) entitling to 254,703 votes at the General Meeting, which constituted 4.85% of the total number of votes.

13. Trade liabilities and other liabilities

In the item of financial statements "Trade liabilities and other liabilities", the Company recognises:

- estimated, in a reliable manner, value of costs incurred in the given reporting period, not invoiced by suppliers until the balance sheet date.

	As at:	
	31 December 2018	31 December 2017
Trade liabilities towards unrelated entities	16 123	19 464
Trade liabilities towards related entities	5 896	3 604
Tax liabilities and other encumbrances	6 425	6 245
Accrued expenses	4 230	2 200
Deferred income	51	-
Other liabilities	169	103
Total trade liabilities and other liabilities	**32 894**	**31 616**
including:		
Long-term part	-	-
Short-term part	32 894	31 616

In 2015, the Company concluded a factoring agreement with mBank under which the Company's trade liabilities towards selected suppliers are paid by the bank in 14 days from the day on which the invoice is issued by the supplier. The deadline for payment to the bank is 75 days from the day of the bank's payment of the liability towards the supplier. As at 31 December 2018, the Company's liabilities to the bank in this respect amounted to PLN 1 257 thousand. This amount has been recognised in the financial statements under liabilities in the item Factoring trade liabilities (as at 31 December 2017, it amounted to PLN 2 936 thousand).

14. Credits and loans

Credits and loans are initially recognised at fair value less transaction costs incurred. In the following periods, these loans and credits are measured at the adjusted purchase price (amortised cost), using the effective interest rate.
Credits and loans are included in short-term liabilities unless the Company has an unconditional right to defer repayment of the liability by at least 12 months from the balance sheet date.

In 2015, the Company settled all its liabilities from bank credits taken in previous years and did not have any open lines of credit as at 31 December 2018.

15. Lease

15 a) Financial lease

As at 31 December 2018 and as at 31 December 2017, the Company did not have any tangible assets used under financial lease contracts.

15 b) Operating lease

Operating lease contracts include lease of the fleet of passenger cars and forklifts, lease of the Logistics Centre in Gdańsk and the site in Warsaw at Klasyków street, perpetual usufruct of land in Jaworzno

The total amount of future minimum lease payments is as follows:

	As at:	
	31 December 2018	31 December 2017
Up to one year	3 639	4 724
From 1 year to 5 years	6 455	12 152
Over 5 years	1 127	4 961
Total	**11 221**	**21 837**

16. Deferred tax

Assets and provisions for deferred income tax arising from temporary differences between the tax value of assets and liabilities and their balance sheet value in the financial statements are recognised by balance sheet method. However, if the deferred income tax had arisen from the initial recognition of an asset or liability in a transaction other than merger of business units which influences neither the financial result nor tax income (loss), the deferred tax income is not recognised. Deferred income tax is determined using tax rates (and regulations) legally or actually in force at the balance sheet date which, as expected, will be applicable at the time of realisation of the relevant deferred tax assets or at settlement of the deferred income tax liability.

Deferred income tax assets are recognised if it is probable that a taxable income will be generated in future that will allow for using temporary differences.

Assets and provisions for deferred income tax are mutually offset when there is a legally enforceable right to offset current assets and tax liabilities.

	As at:	
	31 December 2018	31 December 2017
Deferred income tax assets:	2 759	2 126
Provisions from deferred income tax:	(6 524)	(4 573)
Compensation	2 759	2 126
Balance sheet value of the deferred income tax asset	-	-
Balance sheet value of deferred income tax provision:	(3 765)	(2 447)

Changes in the balance of assets and deferred tax provision during the year (before considering their offset within one legal jurisdiction) are as follows:

	Financial statements		Profit and loss account	
	2018	2017	2018	2017
Deferred tax assets provision				
Tax depreciation	6 517	4 534	(1 983)	660
Unrealised exchange rate differences	7	25	18	458
Other	-	14	14	16
Total	**6 524**	**4 573**	**(1 951)**	**1 134**
Deferred tax assets				
Allowances for receivables	1 674	1 535*)	139	(682)
Provisions charged to expenses	1 085	797	288	24
Unrealised exchange rate differences	-	16	(16)	12
Total	**2 759**	**2 348**	**411**	**(646)**
(Charge)/credit from deferred income tax			**1 540**	**488**

*) The presented amounts of deferred tax assets are higher than those reported in the statements for 2017 by the amount of PLN 222 thousand resulting from the additional deferred tax asset due to the recognition of additional write-down of receivables in accordance with IFRS 9 *Financial instruments*.

17. Retirement pension liabilities

Retirement packages

Retirement packages are payable when the employee acquires the right to a retirement benefit pursuant to the Labour Code. The amount of retirement package due to an employee who acquires retirement rights amounts to an additional one-month salary.
The Company creates a provision for future liabilities related to benefits after the period of employment to assign expenses to the periods to which they relate. The provision is charged to operating expenses in amounts corresponding to the acquisition of such rights in future by present employees. The current value of these liabilities is calculated by an independent actuary.
Actuarial gains and losses resulting from a change in the actuarial assumptions (including those due to changes in discount rate) and actuarial adjustments ex post are recognised in other total income.
Calculation of the provision of the employee is based on the expected amount of retirement or disability package which the Company undertakes to pay under the Regulations.
The expected amount of package is calculated as the product of multiplication of the following factors:

- The expected amount of the basis of the retirement or disability package,
- The expected increase in the basis until retirement age,
- Percent ratio depending on job seniority.

The amount calculated as mentioned above is discounted actuarially as at the balance sheet date. Actuarial discount means the product of multiplication of financial discount and the likelihood that the person will reach the retirement age as an employee of the Company.

	31 December 2018	31 December 2017
Liabilities recognised in the financial statements due to:		
Retirement benefits	246	224
	246	**224**

The Company performs the actuarial measurement of the provision for retirement benefits at the end of each financial year.

	31 December 2018	31 December 2017
Provision for retirement benefits	16	13
Interest expense	8	7
Actuarial gains and losses, net	3	26
Benefits paid out	(5)	(8)
Included together in expenses of employee benefits	**22**	**38**

Change in balance sheet liability:

	31 December 2018	31 December 2017
Provision for pension benefits at the beginning of the period	224	186
Provision for retirement benefits	16	13
Interest expense	8	7
Actuarial gains and losses, net	3	26
Benefits paid out	(5)	(8)
Provision for pension benefits at the end of the period	**246**	**224**

18. Sales revenues

Principles applied from 1 January 2018

According to IFRS 15, revenues are recognised as the amount of remuneration to which, as expected by the entity, it is entitled in exchange for handing over the promised goods or services to the customer.

The Company applies IFRS 15 taking into account the 5-step model:

- **Identification of contract with the customer**

The contract with the client fulfils its definition when all of the following criteria are met:

- The parties have entered into the contract and are obliged to perform their duties,
- The Company is able to identify the rights of each party concerning the goods or services to be transferred,
- The Company is able to identify the conditions of payment for goods or services to be transferred,
- The contract has economic content and it is likely that the Company will receive remuneration to which it will be entitled in exchange for goods or services that will be transferred to the customer.

- **Identification of obligations to be fulfilled in order to perform the service**

At concluding the contract, the Company evaluates the goods or services promised in the contract with the customer and identifies as an obligation to perform the service each promise to transfer to the customer a good or service that can be separated or groups of separate goods or services which basically are the same and in the case of which transfer to the customer is of the same nature.

- **Specification of transaction price**

In order to set the transaction price, the Company takes into account the terms of and conditions the contract and the customary commercial practices applied by the Company. Transaction price is the amount of remuneration which, as expected by the Company, will be due to the Company in exchange for the transfer of promised goods or services to the customer, excluding amounts collected on behalf of third parties (for instance VAT). Remuneration agreed in the contract with the customer may include fixed amounts, variable amounts or both types of such amounts.

- **Allocation of the transaction price to individual obligations to perform the service**

The Company allocates the transaction price to each obligation to perform a service (or for a separate good or separate service) in the amount reflecting the amount of remuneration to which – as expected by the Company – it is entitled in exchange for transfer of the promised goods or services to the customer.

- **Recognition of revenues at the moment of fulfilment of obligations to perform the service**

The Company recognises revenues at the time of fulfilment (or during fulfilment) of the obligation to perform the service by transferring the promised good or service (that is an asset) to the customer that obtains control over this asset. Revenues are recognised as amounts equal to the transaction price that has been assigned to the given obligation to perform the service. The Company transfers control over a good or service over time and thus fulfils the obligation to perform a service and recognises revenues over time if either of the following conditions is met:

- The customer simultaneously receives and derives benefits from the service, as its implementation progresses,
- As a result of the service performance, an asset is created or improved and this asset – as it is created or improved – is controlled by the customer,
- As a result of the service provision, no asset of alternative application is created for the Company and the Company has an enforceable right to payment for the service provided so far.

Revenues from the sale of services relate mainly to services of lease of formwork systems settled on the basis of daily rates. Revenues on this account as revenues from services provided over time are recognised on a monthly basis.
Revenues from the provision of other services – assembly, transportation, repair – are recognised at one moment.

Principles applied to 31 December 2017

Revenues include the fair value of revenues from the sale of products and services less tax on goods and services, rebates and discounts.
The Company recognises sales revenues when the amount of revenues can be reliably measured, it is probable that the entity will gain economic benefits in the future, and the specific criteria described below for each type of the Company's operations are met.

Revenues from sales of goods and building materials

Revenues from sales of goods and materials are recognised if the significant risks and benefits of ownership of the goods and materials have been transferred to the purchaser, and when the amount of revenues can be measured in a reliable way and the collectability of amounts due is sufficiently certain.
This category also comprises revenues from formwork systems that are components of tangible fixed assets. The result of sales of other tangible fixed assets is showed in other revenues or other operating expenses.
In the case of domestic sales, the moment of release of materials or goods to the purchaser from the Company's warehouse is considered to be the moment of recognising the revenue from the sale of materials or goods. In the case of export sales and intra-Community supply of goods, the moment of revenues recognition depends on the delivery conditions determined in accordance with Incoterms 2010 set forth in the performed contract.
The core business of the Company also includes sales of tangible assets classified in the group of formwork systems.
Sales of these tangible assets resulting from the settlement of the contract for the formwork rental is treated in the financial statements as revenues from Construction sites service – that is together with revenues from rental of formwork systems.

Revenues from sales of services

Revenues from the sale of services relate mainly to services of lease of formwork systems settled on the basis of daily rates. Revenues on this account as revenues from services provided over time are recognised on a monthly basis.
Revenues from the provision of other services – assembly, transportation, repair – are recognised at one moment.

	12 months of 2018	12 months of 2017
Sales revenues from construction sites service	169 822	153 875
Revenues from sales of goods and building materials	29 975	27 333
Total sales revenues	**199 797**	**181 208**

- construction site services – the segment of rental of formwork and scaffolding systems together with widely understood logistic services and construction settlement at the end of a contract,
- sales of construction materials – the segment of sales of formwork systems being fixed assets and current assets (products and goods) of the Company, and of other construction materials.

Geographic distribution of sales revenues is as follows:

Item	12 months of 2018	12 months of 2017
Domestic sales revenues	169 455	161 328
Foreign sales revenues	30 342	19 880
Total sales revenues	**199 797**	**181 208**

19. Expenses by type

	12 months of 2018	12 months of 2017
Depreciation of tangible fixed assets and intangible assets	30 953	40 822
Costs of employee benefits (note 19 a)	33 884	27 834
Consumption of raw materials and energy	11 212	11 681
Transportation services	13 660	13 502
Lease and rental services	10 986	11 698
Renovation services	6 894	8 377
Assembly and construction services	3 556	4 403
Other external services	11 442	12 465
Other expenses	6 037	5 724
Value of goods, materials and formworks sold (components of fixed assets)	18 367	20 303
Total expenses by type	**146 991**	**156 809**
Costs of benefits for own needs	(185)	(26)
Sales and marketing costs	(2 495)	(2 520)
Overheads	(14 447)	(12 972)
Costs of products, goods and materials sold	**129 864**	**141 291**

19 a) Costs of employee benefits		
Costs of remuneration and costs of benefits due to termination of employment	27 731	22 931
Costs of social security and employee benefits	6 153	4 903
Total costs of employee benefits	**33 884**	**27 834**

20 Other operating revenues and expenses

20 a) Other operating revenues	12 months of 2018	12 months of 2017
Surplus inventory	293	366
Profit due to change in the fair value of forward contracts	64	-
Damages received – lost components of tangible fixed assets and current assets	44	-
Sale and recovery of tangible fixed assets	62	
Re-invoicing	346	248
Other	19	-
Total other operating revenues	**828**	**614**

20 b) Other operating revenues	12 months of 2018	12 months of 2017
Change in provisions for receivables and written off receivables	(3 597)	(2 857)
Losses due to changes in the fair value of forward contracts	-	(11)
- Write-downs of tangible fixed assets	(136)	-
Liquidation of tangible fixed assets	-	(15)
Other expenses	-	(140)
Total other operating costs	**(3 733)**	**(3 023)**

21. Financial revenues and expenses

Financial revenues include interest revenues related to the funds invested by the Company, dividends due, profits from changes in the fair value of financial instruments measured by the financial result, profits related to hedging instruments that are recognised in profit or loss of the current period. Interest revenues are recognised in profit or loss of the current period on accrual basis, using the effective interest rate method.

Dividend is recognised in profit or loss of the current period as at the day when the Company acquires the right to receive it.

Financial expenses include interest expenses related to external financing, losses from changes in the fair value of financial instruments measured at fair value by the financial result, impairment write-offs of financial assets (other than trade receivables) and losses from hedging instruments that are recognised in profit or loss of the current period.

Borrowing costs not directly attributable to acquisition, production or construction of certain assets are recognised in profit or loss of the current period using the effective interest method.

Profits and losses due to exchange differences are showed on a net basis as financial revenues or financial expenses, depending on their total net position.

21 a) Financial revenues	12 months of 2018	12 months of 2017
Interest revenues:		

- loans granted	1 596	1 542
- on cash at bank	204	211
Dividends received from ULMA Opalubka Ukraina	-	3 080
Exchange rate differences	9 950	-
Total financial revenues	**2 750**	**4 833**

21 b) Financial expenses	12 months of 2018	12 months of 2017
Interest expenses:		
- bank credits	-	-
- due to default in payment of liabilities	(83)	(120)
Exchange rate differences	-	(1 824)
Costs of bank financial products	(1)	(12)
Write-down on shares		(1 800)
Total financial expenses	**(84)**	**(3 756)**

22. Income tax

	12 months of 2018	12 months of 2017
Current tax	(8 803)	(5 230)
Deferred tax (note 16)	(1 540)	488
Total income tax	**(10 343)**	**(4 742)**

Income tax on the Company's gross profit before tax differs from the theoretical amount that would be obtained by applying the applicable rate of tax on profit before tax, in the following way:

	12 months of 2018	12 months of 2017
Profit (loss) before tax	**52 752**	**23 093**
Non-taxable revenues, including	**(1 164)**	**(2 261)**
- dividend	-	(2 261)
- unrealised foreign exchange differences	(640)	-
- not received damages	(524	-
expenses that permanently do not constitute tax deductible costs, including:	**2 846**	**4 126**
Write-down of shares in an associated company	-	1 800
Representation costs	1 796	1 419
Expenses from prior years	-	431
Payments to the State Fund for Rehabilitation of Disabled Persons	202	163
Provisions for receivables and written off receivables	187	-
- Write-downs of equity	136	-
Other	525	313
Tax base	**54 434**	**24 958**
Income tax burden on the financial result	**10 343**	**4 742**

Tax authorities can inspect the accounting books and tax settlements within 5 year from the end of the year in which tax declarations were submitted and charge the Company with additional tax along with penal interest. In the opinion of the Management Board, there are no circumstances indicating that significant liabilities may arise in this respect.

23. Measurement of financial instruments at fair value

Based on the analyses carried out, the Company assessed that the balance sheet value of financial instruments presented in these financial statements is close to the fair values of these instruments.

24. Information on average employment

	2018	2017
ULMA Construccion Polska S.A.	**306**	**250**
Capital Group of ULMA Construccion Polska S.A.	**371**	**327**

25. Contingent items/guarantees

At the request of ULMA Construccion Polska S.A., mBANK granted a bank guarantee to perform the lease contract to one of the Company's customers. The bank guarantee expires on 30 September 2019 and its amount will change during the term. The guarantee is related to the lease of the Logistics Centre in Gdańsk. The Company uses the Logistics Centre in Gdańsk based on a long-term lease contract.
As at the balance sheet date, the amount of the bank guarantee granted is PLN 3 303 thousand.

26. Events after the balance sheet date

After the balance sheet date, there were no events that could have a material impact on the presented financial statements, with the exception of the annex of 15 January 2019 to the agreement on loan for ULMA C y E S. Coop., under which terms of repayment are set as follows: PLN 11 000 thousand by 30 April 2019 and PLN 10 000 thousand by 30 April 2020.

27. Transactions with related entities

The Company is controlled by ULMA C y E, S. Coop. with its registered office in Spain, holding 75.49% of shares of the Company. The remaining 24.51% of shares are held by numerous shareholders.

The Capital Group of ULMA Construccion Polska S.A. includes:

Parent company:

- ULMA Construccion Polska S.A. with its registered office in Koszajec (Brwinów municipality).

Subsidiaries:

- ULMA Opalubka Ukraina sp. z o.o. with its registered office in Kiev at Gnata Juri 9, established on 18 July 2001. It was registered in the Sviatoshin Branch of the State Administration for the City of Kiev under No. 5878/01 and ID code: 31563803. The company's objects are sales and rental of formworks, sales of construction materials. The issuer's share in capital and in the total number of votes is 100%.

- ULMA Opalubka Kazakhstan sp. z o.o. with its registered office in Astana, Tashenov 25 street, was established on 27 August 2010. Its strategic goal is to develop the core business of the Capital Group, i.e. renting formwork and scaffolding systems, and knowledge-sharing in the area of application of formwork technology in the construction process in Kazakhstan. The issuer's share in capital and in the total number of votes is 100%.

- ULMA Construccion BALTIC with its registered office in Vilnius, 41-12 Pylimo street, was established on 27 April 2012. The company's objects include rental of construction scaffoldings and formworks, wholesale and retail sale of construction scaffoldings and formworks, sales and lease of other construction equipment, and other commercial activity. The issuer's share in capital and in the total number of votes is 100%.

The Group also holds shares in the following affiliate:

ULMA Cofraje SRL with its registered office in Bragadiru at Soseaua de Centura No. 2-8 Corp C20 (Romania), established on 9 October 2007. It is registered in the National Office of the Commercial Register in Bucharest under No. 22679140. The company's objects consist in rental and sales of construction scaffoldings and formworks, including on lease terms and conditions. The issuer's share in capital and in the total number of votes is 30%. The remaining 70% of share in the Company's capital belongs to the entity exercising control over the group - ULMA C y E, S. Coop. with its registered office in Spain.

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

Numerical data concerning transactions of ULMA Construccion Polska S.A. with affiliates

Balances of accounts on the balance sheet date	**As at**		
	31 December 2018		31 December 2017
Trade receivables	**4 984**		**2 266**
Including:			
- from the parent entity	1 354		577
- from subsidiaries	1 766		1 200
- from the affiliated entity	174		13
- from other related entities	1 690		476
Trade liabilities	**5 896**		**3 604**
Including:			
- to the parent entity	5 654		3 204
- to subsidiaries	63		253
- to the affiliated entity	-		29
- to other related entities	179		118

Sales and purchases from the Group entities	12 months of 2018		12 months of 2017
Sales	**28 956**		**18 902**
Including:			
- to the parent entity	7 039		3 067
- to subsidiaries	18 006		13 416
- to the affiliated entity	317		99
- to other related entities	3 594		2 320
Purchases	**41 256**		**37 609**
Including:			
- from the parent entity	40 039		35 608
- from subsidiaries	562		449
- from the affiliated entity	87		109
- from other related entities	568		1 443

Loans, interest, dividends	12 months of 2018		12 months of 2017
Loans repaid – in EUR thousand – ULMA Cofraje	-		221
Loans repaid in EUR thousand – ULMA Construccion BALTIC	250		-
Loans repaid – in USD thousand – ULMA Opalubka Kazakhstan	-		150
Loans repaid in PLN thousand – ULMA C y E S.Coop	11 000		
Revenues from interest on loans – in EUR thousand	70		77
Revenues from interest on loans – in USD thousand	89		118
Revenues from interest on loans – in PLN thousand	962		800
Dividend received from ULMA Ukraina – PLN thousand	-		3 080

ULMA Construccion Polska S.A. granted to the subsidiary ULMA Opalubka Ukraina sp. z o.o. an investment loan in the amount of USD 1 500 thousand with a fixed interest rate at the market level to 8 January 2020. As at 31 December 2018, the loan balance amounts to USD 1 300 thousand. The Management Board intends to postpone the loan repayment date.

ULMA Construccion Polska S.A. granted a long-term loan of EUR 2,500 thousand to the subsidiary ULMA Construccion BALTIC. The loan was granted on market terms to 3 January 2020 (annex of 29 June 2017). Loan receivable as at 31 December 2018 amounts to EUR 2 250 thousand.

ULMA Construccion Polska S.A. granted a short-term loan of PLN 32 000 thousand to the parent company ULMA CyE, S. Coop. The loan for the parent entity was granted on arm's length terms – the interest rate on the loan depends on the level of WIBOR 3M. The tranche in the amount of PLN 11 000 thousand was repaid on 21 May 2018. The terms of repayment of the remaining part of the loan are set as follows in accordance with the annex of 15 January 2019: PLN 11 000 thousand on 30 April 2019 and PLN 10 000 thousand on 30 April 2020.

Transactions with members of the Management Board and the Supervisory Board of the Company, their spouses, siblings, ascendants, descendants or other relatives, and with the key management personnel of the Company and companies of ULMA Group with related entities.

Members of the Management Board and Supervisory Board of the Company, as well as members of the Management Board and Supervisory Board of subsidiaries and proxies of the issuer are considered to be the key management personnel of the Company and companies of ULMA Group. In 2018 and in 2017, the Company nor the Group companies have not granted any advances, loans, credits, guarantees and sureties to the managing and supervising persons and their relatives, and no other agreements were concluded with them to provide benefits to the Company and its affiliates.
As at 31 December 2018 and as at 31 December 2017, no loans were granted by the Group companies to the managing and supervising persons or their relatives.

28. Remuneration of the Management Board and of the Supervisory Board

	12 months of 2018		12 months of 2017
Management Board of ULMA Construccion Polska S.A.			
Rodolfo Carlos Muñiz Urdampilleta	1 303		1 213
Andrzej Kozłowski	261		447
Including: post-employment benefits	*261*		*447*
Andrzej Sterczyński	526		441
Krzysztof Orzełowski	466		383
Supervisory Board of ULMA Construccion Polska S.A.			
Michał Markowski	36		36
Andrzej Kozłowski	72		72

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

29 Proposed profit distribution

The Management Board of ULMA Construccion Polska S.A. proposes to allocate the net profit for 2018 in the amount of PLN 42 409 247.48 to the payment of dividends to the Company's shareholders.

30. Profit per share

The basic profit per share is calculated as the quotient of profit attributable to the Company's shareholders and the weighted average number of ordinary shares during the year.

	12 months of 2018		12 months of 2017
Profit/(loss) attributable to shareholders of the parent company	42 409		18 351
Number of ordinary shares as at the balance sheet date	5 255 632		5 255 632
Weighted average number of ordinary shares	5 255 632		5 255 632
Basic profit/(loss) per share (in PLN per share)	8.07		3.49
Diluted profit/(loss) per share (in PLN per share)	8.07		3.49

For the Management Board of ULMA Construccion Polska S.A.

Full name	Position	Signature
Rodolfo Carlos Muñiz Urdampilleta	President of the Management Board	
Andrzej Sterczyński	Member of the Management Board	
Krzysztof Orzełowski	Member of the Management Board	
Ander Ollo Odriozola	Member of the Management Board	

Signature of the person entrusted with keeping accounting books

Full name	Position	Signature
Henryka Padzik	Chief Accountant	

Koszajec, 27 March 2019