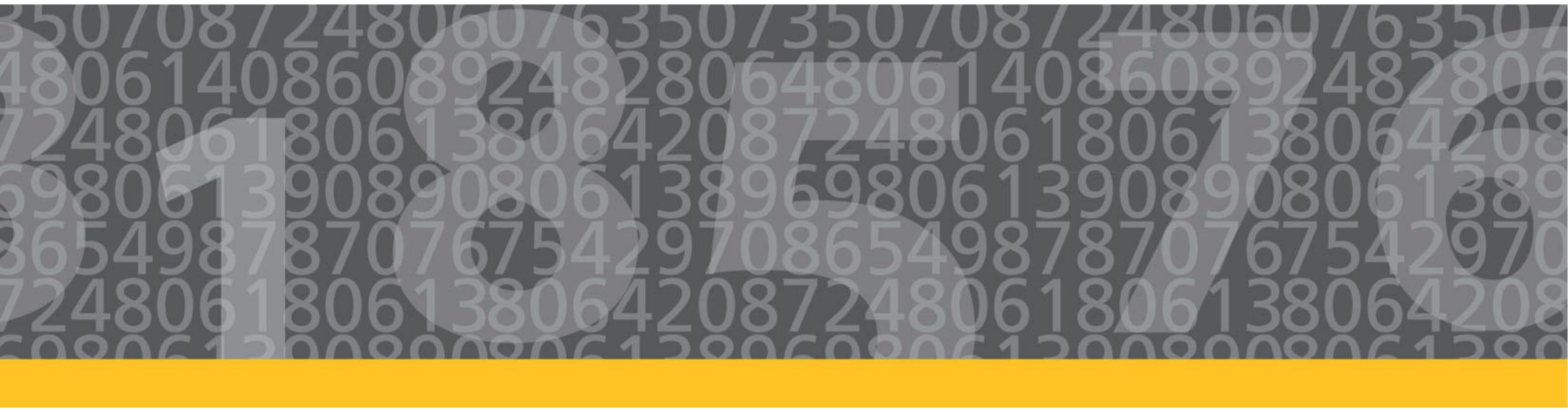
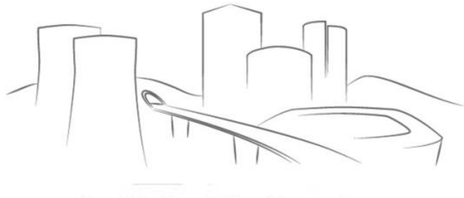


FINANCIAL STATEMENT of

ULMA Construccion Polska S.A.

FOR THE YEAR ENDING ON 31 DECEMBER 2019

(along with the report of the chartered accountant)



From the beginning of your projects

Contents

ULMA Construccion Polska S.A.

GENERAL INFORMATION

The subject of operations

The subjects of operations of the ULMA Construccion Polska SA are:

- renting and sale of scaffolding and construction formwork,
- custom-made projects for application of formwork and scaffolding,
- export of construction services,
- sale of building materials and raw materials as well as concrete accessories,

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

The parent entity:

The control over the Company is exercised by ULMA C y E, S. Coop. with its registered office in Spain, which owns 75.49% of the Company's shares. The remaining 24.51% of shares are held by many shareholders.

Registered Seat

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

Composition of supervisory and management bodies as at 31/12/2019 and as at the date of approval of 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 until 30 May 2019
Michał Markowski Member of the Supervisory Board
José Joaquin Ugarte Azpiri Member of the Supervisory Board from 30 May 2019

Audit Committee

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

Management Board

Rodolfo Carlos Muñiz Urdampilleta President of the Board
Giordano Marcel Weschenfelder Member of the Board from 30 May 2019
Krzysztof Orzełowski Member of the Management Board
Ander Ollo Odriozola Member of the Board
Andrzej Sterczyński Member of the Management Board

The auditor

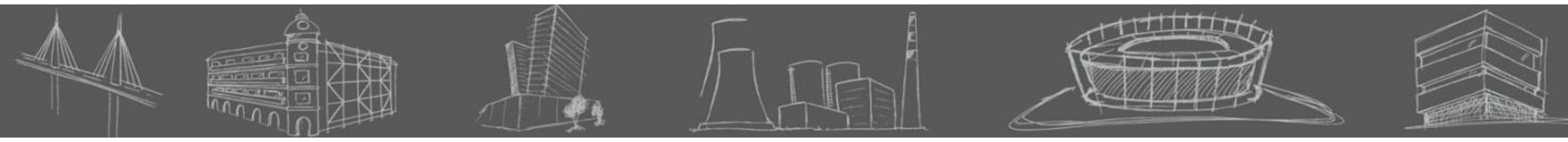
Ernst &Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1
00-124 Warszawa
The company is entered in the list of entities authorized to audit financial statements under item 130.

Banks

mBank S.A.,
PEKAO S.A.,
PKO Bank Polski S.A.
Banco de SABADELL (Spain)
Santander Bank Polska S.A.

Stock exchange listing

The company is listed on the Warsaw Stock Exchange ("WSE") since 21 May 1997.
GPW Symbol: ULM.



ULMA Construccion Polska S.A.

FINANCIAL STATEMENT

FOR THE YEAR ENDING ON 31 DECEMBER 2019

Profit and loss account and other comprehensive income

	Note	12 months of 2019		12 months of 2018
Sales revenues	18.	197 371		199 797
Costs of products, goods and materials sold	19.	(128 773)		(129 864)
I. Gross profit on sales		**68 598**		**69 933**
Selling and marketing costs	19.	(2,348)		(2,495)
General management costs	19.	(16,326)		(14,447)
Other operating income	20.	1,343		828
Other operating costs	20.	(551)		(3,733)
Including: impairment losses on receivables		*(551)*		*(3,597)*
II. Profit (Loss) at the operational level		**50,716**		**50,086**
Financial income	21.	4,768		2,750
Of which: interest on loans measured using the effective interest rate method		*1,059*		*1,596*
Financial costs	21.	(739)		(84)
Net financial income (costs)		*4,029*		*2,666*
III. Profit (Loss) before tax		**54,745**		**52,752**
Income tax	22.	(11,246)		(10,343)
IV. Net profit for the financial period		**43,499**		**42,409**
Other comprehensive income:		-		-
V. Total income for the financial period		**43,499**		**42,409**
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)	28.	8.28		8.07

Statement of financial position

	Note	31 December 2019	31 December 2018
		Status per day:	
ASSETS			
I. Fixed assets			
1. Property, plant and equipment	4.	238,445	217,068
2. Intangible assets	5.	172	177
3. Investments in subsidiaries and affiliates	7.	7,458	7,458
4. Other fixed assets	8.	-	3,902
5. Assets due to right of use	8.	12,615	-
6. Long-term receivables	9.	10,063	14,563
Fixed assets in total		**268,753**	**243,168**
II. Current assets			
1. Inventory	10.	5,185	5,133
2. Trade receivables and other receivables	9.	54,686	63,433
3. Derivative financial instruments	6.	68	-
4. Cash and cash equivalents	11.	45,997	45,611
Current assets in total		**105,936**	**114,177**
Total assets		**374,689**	**357,345**
EQUITY CAPITAL AND LIABILITIES			
I. Equity			
1. Basic capital	12.	10,511	10,511
2. Supplementary capital - surplus from the sale of shares above par value	12.	114,990	114,990
3. Retained earnings, including:		205,999	192,509
a. Net profit (loss) for the financial period		*43,499*	*42,409*
Total equity		**331,500**	**318,010**
II. Liabilities			
1. Long-term liabilities			
a. Provision for deferred income tax	16.	6,444	3,765
b. Long-term liabilities due to retirement benefits	17.	246	185
c. Long-term liabilities due to the right of use (leasing)	15.	5,471	-
Long-term liabilities in total		**12,161**	**3,950**
2. Short-term liabilities			
a. b. Short-term liabilities due to retirement benefits	17.	54	61
B. Short-term liabilities due to factoring of trade liabilities	13.	704	1,257
c. Current income tax liabilities		1,307	1,173
d. Short-term liabilities due to the right of use (leasing)	15.	3,504	-
e. Trade payables and other liabilities	13.	25,459	32,894
Short-term liabilities in total		**31,028**	**35,385**
Total liabilities		**43,189**	**39,335**
Total equity and liabilities		**374,689**	**357,345**

Report on changes in equity

Detailed list	Share capital at par value	Surplus from the sale of shares above par value	Retained profits	Total Equity
As at 1st January 2019	**10,511**	**114,990**	**192,509**	**318,010**
Total net profit in 2019	-	-	43,499	**43,499**
Total income in 2019	-	-	-	**-**
Dividends paid	-	-	(30,009)	**(30,009)**
As at 30th December 2019	**10,511**	**114,990**	**205,999**	**331,500**

Detailed list	Share capital at par value	Surplus from the sale of shares above par value	Retained profits	Total Equity
As at 31st December 2017 (reported data)	**10,511**	**114,990**	**171,339**	**296,840**
Correction for the implementation of	**-**	**-**	**(1,215)**	**(1,215)**
As at 1st January 2018 (reported data)	**10,511**	**114,990**	**170,124**	**295,625**
Total net profit in 2018	-	-	42,409	**42,409**
Total income in 2018	-	-	-	**-**
Dividends paid	-	-	(20,024)	**(20,024)**
As at 31th December 2019	**10,511**	**114,990**	**192,509**	**318,010**

Statement of Cash Flows

	Note	12 months 2019	12 months 2018
Net cash flow from operating activities			
Net profit for the financial period		**43,499**	**42,409**
Adjustments:			
- Income tax	22.	11,246	10,343
- Depreciation of fixed assets	4.	34,777	30,747
- Depreciation of intangible assets	5.	183	206
- Depreciation assets due to right of use		4,093	-
- Amounts written off financial fixed assets		-	136
Net value of formwork sold - fixed assets		10,792	1,758
- (Profits) / losses due to changes in the fair value of financial instruments		(68)	(64)
Interest, dividend income		(4,577)	(1,792)
- Interest costs		739	83
- (Profits) due to foreign exchange losses		709	(909)
- Change in the provision for retirement benefits		54	22
Changes in working capital:			
- Inventory		(52)	(637)
- Trade receivables and other receivables		(2,252)	4,561
- Trade payables and other liabilities		(7,988)	(401)
		91,155	**86,462**
- Acquisition of formworks -fixed assets	4.	(64,792)	(48,569)
Income tax paid		(8,432)	(6,819)
Net cash flow from operating activities		**17,931**	**31,074**
Net cash flow from operating activities			
Purchase of property, plant and equipment		(2,164)	(1,832)
Proceeds from the sale of property, plant and equipment		11	16
- Depreciation of intangible assets	5.	(178)	(16)
Repayment of loans granted		14,693	12,030
Dividends received and other profits from shares in related entities	21.	3,060	-
Interest received		1,497	1,871
Net cash used in investing activities		**16,919**	**12,069**
Net cash flow from operating activities			
Dividends paid		(30,009)	(20,024)
Interest paid		(739)	(83)
Payments of liabilities due to the right of use (leasing)		(3,832)	-
Net cash used in financial activities		**(34,580)**	**(20,107)**
Net increase or decrease in cash		**270**	**23,036**
Cash at the beginning of the period		45,611	22,305
Exchange rate losses on valuation of cash		116	270
Cash at the end of the period	**11.**	**45,997**	**45,611**

ULMA Construccion Polska S.A.

ADDITIONAL INFORMATION

TO FINANCIAL STATEMENT

Notes to the financial statement

1. Description of the most important applied accounting principles

The basic accounting principles applied in the preparation of this financial statement has been presented below. The described principles have been applied in all presented periods in a continuous manner.

A. Declaration of conformity and general principles of document preparation

The financial statement of ULMA Construccion Polska S.A. covers the year ended 31 December 2019 and contain comparative data for the year ended 31 December 2018.

The duration of ULMA Construccion Polska S.A. is indefinite.

This financial statement was prepared in accordance with the International Financial Reporting Standards ("IFRS") approved by the EU ("EU IFRS"). As at the date of approving publication of this financial statement, given the ongoing process of implementing the IFRS in the EU, the IFRS applicable to this financial statement does not differ from the EU IFRS.

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

This financial statement has been prepared on the historical cost basis, with the exception of financial assets and liabilities (derivative financial instruments) measured at fair value through profit or loss account.

This financial statement is presented in Polish zloty ("PLN"), and all values, unless indicated otherwise, are given in thousands of PLN.

This financial statement has been prepared on the assumption that the Company will continue as a going concern in the foreseeable future. With reference to the outbreak of the Covid-19 epidemic, the Management Board prepared and analysed the Company's projected cash flows and concluded that there is no material uncertainty with respect to the assumption that ULMA Construccion Polska S.A. will continue to operate in the foreseeable future, i.e. for at least the next 12 months.

The Company, as the parent company of the Capital Group, prepares consolidated financial statement also concerning subsidiaries and an associate entity.

This financial statement of the ULMA Construccion Polska SA Capital Group for the 9-month period ended on 31 December 2019, was approved for publication by the Management Board of the parent company on 23 March 2020.

B. Changes in applied accounting principles

The accounting principles (policy) adopted for preparation of this financial statement is coherent with those applied for preparation of the Company's financial statements for the year ended 31 December 2018, except for those presented below.

The Company has applied IFRS 16 Leasing ("IFRS 16") for the first time.
The Company has disclosed a description of the type and effects of the change in accounting principles (policy) later in this note.
Other new or amended standards and interpretations that apply for the first time in 2019 have no material impact on the financial statement of the Company.

IFRS 16

IFRS 16 replaces IAS 17 Leases ('IAS 17') and related interpretations. The standard sets out principles for recognising, measuring, presenting and disclosing leases and requires lessees to account for most leases under a single balance sheet model.
Lessor's accounting under IFRS 16 remains substantially unchanged from IAS 17.

Lessors shall continue to classify leases as operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not affect the lease in which the Company is the lessor.

The Company has lease agreements concerning real estate, passenger cars and forklift trucks. Before the adoption of IFRS 16, the Company classified each of the leases (as a lessee) as financial or operating leases as at the date of commencement of the leasing period. A lease was classified as financial if substantially all risks and benefits resulting from possession of the leased asset have been transferred to the Company. Otherwise, the lease was classified as operating. Finance leases were capitalised at the commencement of the lease term at the fair value of the leased asset or at amounts equal to the present value of the minimum lease payments, if lower than fair value. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In operating leases, the subject of the agreement was not activated and the lease payments were recognized as rental costs in the profit and loss account on a straight-line basis over the lease term.

Following the adoption of IFRS 16, the Company applied a single approach to recognition and measurement for all lease agreements of which it is a lessee, except for short-term lease and lease of low-value assets. The Company recognized lease liabilities and assets under the right of use.

The Company implemented IFRS 16 using the modified retrospective method, i.e. with the combined effect of the first application of the standard recognized on the first application date. The Company decided to use a practical solution allowing to apply the standard only to agreements which had been previously identified as lease agreements under IAS 17 on the date of first application.

The Company also decided to take advantage of exemptions from the recognition of lease agreements whose term at the commencement date is 12 months or less and which do not contain an option to purchase ("short-term lease") and lease agreements for which the underlying asset is of low value ("low-value assets").

In addition, the Company used the following acceptable practical solutions with respect to leases previously classified as operating leases in accordance with IAS 17:

- The Company has applied a single discount rate for a portfolio of leases with similar characteristics,
  - for the passenger car fleet the average discount rate was 4.6%

- for forklift trucks the average discount rate was 4.3%
- for real estate the average discount rate was 5.0%

The table below presents reconciliation of future operating lease payments presented in the financial statement for the financial year ended 31 December 2018 to the value of lease liabilities recognized as at 1 January 2019:

Future operating lease payments as at 31 December 2018 (according to IAS 17)		13,494
Weighted average marginal interest rate of the lessee as at 1 January 2019		4,8%
Discounted future operating lease payments as at 1 January 2019		11,221
Finance lease liabilities under IAS 17 as at 31 December 2018 (+)		-
Lease liabilities as at 1 January 2019		11,221

As a result of the implementation of IFRS 16, the Company recognized assets under the right of use at a value equal to the lease liabilities and reclassified the value of perpetual usufruct of land from the balance sheet item "Other fixed assets" to "Assets due to right of use".

Impact of IFRS 16 on the statement of financial position as at the date of first application, ie 01 January 2019:

Detailed list		31 December 2018 (reported data)		Impact of IFRS application 16		01 January 2019
Other fixed assets*)		3,902		(3,902)		-
Assets due to right of use		-		15,123		15,123
Total assets		**357,345**		**11,221**		**368,566**
Long-term liabilities due to lease		-		7,727		7,727
Short-term liabilities due to lease		-		3,494		3,494
Total equity and liabilities		**357,345**		**11,221**		**368,566**

*) Other fixed assets - value (purchase cost) of perpetual usufruct of land subject to settlement in time.

To enable comparability of data for the period of 12 months ended 31 December 2019, the information on the impact of implementation of IFRS 16 on the basic items of the financial statement is given below.

- EBITDA (operating profit + depreciation) - increase by 4 524 thousand PLN as a result of decrease in the costs of rent and lease,
- Depreciation - increase by PLN 4 093 thousand,
- Operating profit - an increase of PLN 431 thousand as a result of a decrease in the costs of rent and lease with a simultaneous increase in depreciation costs,
- Financial costs - increase by PLN 704 thousand,
- Profit before tax - decrease by PLN 273 thousand,

- Assets under the right of use - increase by PLN 12 670 thousand,

- Other fixed assets - decrease by PLN 3 902 thousand,
- Long-term liabilities due to leasing - increase by 5 471 thousand PLN,
- Short-term leasing liabilities - increase by 3 504 thousand PLN.

The new accounting principles of the Company after adoption of IFRS 16 are presented below:

Assets due to right of use
The Company recognises assets under the right of use at the date of commencement of the lease (i.e. the date when the underlying asset is available for use). Use right assets are measured at cost less accumulated depreciation and impairment losses, adjusted for any revaluation of lease liabilities.

The cost of assets due to right of use includes the amount of the recognised lease liability, the initial direct costs incurred and any lease payments made at or before the commencement date, less any incentive received for the lease.

Unless the Company has reasonable assurance that it will obtain ownership of the leased asset at the end of the lease term, the recognised useful life asset is depreciated on a straight-line basis over the shorter of the estimated useful life or the lease term. The assets due to right of use can be impaired for value.

Lease liabilities
At the date of commencement of the lease, the Company measures the lease liabilities at the present value of the lease payments outstanding at that date. Lease payments include fixed payments (including substantially fixed lease payments) less any applicable lease incentives, variable payments that depend on an index or rate and amounts expected to be paid within the guaranteed residual value. Lease payments also include the price at which the call option is exercised if it can be assumed with reasonable certainty that it will be exercised by the Company and the payment of fines for the termination of the lease if the terms of the lease provide for the Company to terminate the lease. Variable lease payments, which do not depend on an index or rate, are recognized as costs in the period in which the event or condition causing payment occurs.
When calculating the present value of the lease payments, the Company uses the lessee's incremental interest rate at the commencement of the lease if the interest rate of the lease cannot be easily determined. After the commencement date the amount of the lease liability is increased to reflect interest and reduced by the lease payments made.

In addition, the carrying amount of the lease liabilities is remeasured in the event of a change in the lease term, a change in substantially fixed lease payments or a change in judgement about purchasing the underlying assets.

Short-term leases and leases of low-value assets
The Company applies the exemption from the recognition of short-term leasing to its short-term passenger car lease agreements (i.e. agreements whose lease term is 12 months or less from the date of commencement and does not include a call option). The Company also applies the exemption from recognising leases of low-value assets with respect to leases of office equipment and workshop tools of low value. Lease payments under short-term lease and low value assets lease are recognized as costs on a straight-line basis over the lease term.

Taking into account the fact that the lease is not enforceable (point B34 in IFRS 16), the Company did not classify the lease agreements of other real estate (premises) as lease agreements within the meaning of IFRS 16.

Significant judgements and estimates in determining the term of lease agreements with extension options
The Company determines the lease term as the irrevocable lease term, including the periods covered by the extension option if it can be assumed with reasonable certainty that the option will be exercised and

the periods covered by the termination option if it can be assumed with reasonable certainty that the option will not be exercised.

Other IFRS/IAS and interpretations

- **IFRIC interpretation 23 *Uncertainty related to recognition of income tax***
  The Interpretation explains how to recognise and measure income tax under IAS 12 if there is uncertainty about its recognition.

  It does not address taxes or charges that are not within the scope of IAS 12, nor does it address interest and penalty requirements related to the uncertainties surrounding the recognition of income taxes. In particular, the Interpretation addresses
  - separate consideration of cases of uncertain tax recognition by an entity;
  - assumptions made by an entity regarding control of tax recognition by tax authorities;
  - how an entity determines its taxable profit (tax loss), tax base, unused tax losses, unused tax credits and tax rates;
  - the manner in which the entity reflects changes in facts and circumstances.

  An entity must determine whether it considers each uncertain tax recognition separately or together with one or more other uncertain recognition. The approach that better addresses the uncertainties shall be followed.

  The interpretation has no material impact on the financial statements of the Company.

- **Amendments to IFRS 9: *Early repayment with negative compensation***
  Under IFRS 9, a debt instrument may be measured at amortised cost or fair value through other comprehensive income, provided that the contractual cash flows are solely principal repayments and interest on the outstanding principal (the SPPI criterion) and the instrument is held within the relevant business model for this classification.

  The amendments to IFRS 9 clarify that a financial asset meets the SPPI criterion regardless of the event or circumstance that causes early termination of the contract and regardless of which party pays or receives reasonable compensation for early termination.
  The amendments have no material impact on the Company's financial statement.

- **Amendments to IAS 19: *Change, limitation or settlement of the program***
  The amendments to IAS 19 specify that if a plan is amended, curtailed or settled during the annual reporting period, an entity is required to determine the current cost of the service for the remainder of the period after the plan is amended, curtailed or settled, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered by the plan and the plan assets after that event.

  The entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered by the plan and plan assets after the event, and the discount rate used to remeasure the net defined benefit liability (asset).

The amendments have no material impact on the Company's financial statement.

- **Amendments to IAS 28: *Long-term interests in associates and joint ventures***
  The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied, but which in principle forms part of the entity's net investment in the associate or joint venture (long-term interests).

  This explanation is relevant because it suggests that the expected credit loss model in IFRS 9 applies to such long-term interests.

  The amendments also specify that when applying IFRS 9, an entity does not take into account the losses of the associate or joint venture or any impairment losses of the net investment in the associate or joint venture that result from applying IAS 28 Investments in *associates*.

  The amendments have no material impact on the Company's financial statement.

- **Amendments resulting from the review of IFRS 2015-2017**
  - IFRS 3 *Business Combinations*
    The amendments clarify that when an entity obtains control of an entity that is a joint operation, it applies the requirements for a business combination achieved in stages, including revaluation is previously held interest in the joint operation at fair value. Thus, the acquiring unit revalues all of its previously held interests in the joint operation.

  The amendments have no material impact on the Company's financial statement.

  - IFRS 11 *Joint Arrangements*
    The amendments clarify that a party that participates in a joint operation, but does not have joint control over it, may obtain joint control over a joint operation in which the joint operation constitutes a business as defined in IFRS 3. In such cases, previously held shares in the joint operation are not revalued.

  The amendments have no material impact on the Company's financial statement.

  - IAS 12 *Income Taxes*
    The amendments clarify that the tax consequences of dividend payments are more directly related to past transactions or events that led to distributable profits than to payments to owners.

    Therefore, an entity recognises the tax consequences of distributions of dividends in profit or loss, other comprehensive income or equity, depending on where the entity recognised those past transactions or events.

  The amendments have no material impact on the Company's financial statement.

  - IAS 23 *Borrowing costs*
    The amendments specify that an entity shall treat all loans originally incurred for the purpose of producing a qualifying asset as part of general loans when substantially all the activities necessary to prepare the asset for its intended use or sale are complete.

The amendments have no material impact on the Company's financial statement.

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

The following standards, amendments to existing standards and interpretations have not been adopted by the European Union or are not effective as at 1 January 2019:

Norma	Description of amendments	Date of entry into force
IFRS 14 Regulatory prepayments and accruals	Accounting and disclosure principles for regulatory deferred items	The standard in its current version will not apply in the EU
Amendments to IFRS 10 and IAS 28	Provides guidelines for the sale or contribution of assets by an investor to an associate or joint venture	Not specified
IFRS 17 Insurance Contracts	It replaces IFRS 4 and introduces changes concerning, among others, the method of measurement of insurance liabilities, recognition of profit or loss over time, recognition of reinsurance and separation of the investment component.	Until the date of approval of these statements, not approved by the EU - 1 January 2021
	Amendments to the International Financial Reporting Standards Conceptual Framework	By the date of approval of this report, not approved by the EU - 1 January 2020
Amendment to IFRS 3	Unit mergers	By the date of approval of this report, not approved by the EU - 1 January 2020
Amendments to IAS 1 and IAS 8	Definition of materiality	By the date of approval of this report, not approved by the EU - 1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Reform of interest rate reference indices	By the date of approval of this report, not approved by the EU - 1 January 2020
Amendments to IAS 1 Presentation of financial statements	Division of liabilities into short-term and long-term	By the date of approval of this report, not approved by the EU - 01 January 2022

The above standards and their changes should not have a significant impact on future financial statements of the Company.

Effective dates are those resulting from the content of the standards announced by the International Financial Reporting Council. The dates of application of the standards in the European Union may differ from the application dates resulting from the content of the standards and are announced at the time of approval for application by the European Union.

The Company intends to adopt the above-mentioned new standards and amendments to IFRS standards and interpretations published by the International Accounting Standards Board but not in force as at the reporting date in accordance with their effective date.

C. Valuation of items denominated in foreign currencies

Functional and presentation currency

The items included in the financial report of the Company are valued in the currency of the basic economic environment in which the Company conducts its activity (functional currency). The functional currency is the Polish zloty, which is at the same time the currency of presentation of financial statements of the Company.

Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the balance sheet valuation of monetary assets and liabilities denominated in foreign currencies shall be recognised in profit or loss as appropriate. Exchange differences, both positive and negative, relating to investment and financing activities are classified as financial expenses.
Exchange rate differences concerning the execution and balance sheet valuation of trade settlements increase or decrease income or cost items to which they are operationally related.
As the closing rate of a given currency used for the purposes of balance sheet valuation of monetary assets and liabilities expressed in foreign currencies, the Company assumes the average rate of a given currency announced by the National Bank of Poland as of the balance sheet date.

D. Provisions

Provisions are created for an existing (legal or customary) liability of the Company as a result of past events, if it is probable that the Company's resources will have to be spent in order to satisfy this liability and if its estimated value can be reliably determined.

2. Significant estimates and judgements made

When preparing the financial statements in accordance with the International Financial Reporting Standards, the Management Board makes certain accounting estimates, taking into account its own knowledge and estimates with respect to the expected changes in the analysed figures. The existing assumptions and estimates may change as a result of future events resulting from market changes or changes not under the Company's control. Such changes are reflected in the estimates or assumptions as they occur.

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

- The balance sheet value of tangible fixed assets is determined with the use of estimations concerning useful life of particular groups of fixed assets.

  The adopted useful lives of tangible fixed assets are subject to periodical verification based on analyses carried out by the Company.
  Expenditure of fixed assets from the group of shuttering systems (sale, scrapping, wear and tear for the needs of contract execution) is valued at the net book value of the oldest items of a given assortment. This is due to the fact that the elements of this group of fixed assets are specified in terms of species and there is no identification in terms of identity.

- Write-offs for expected credit losses are created in accordance with IFRS 9. For receivables classified to NORMA group, the Company estimates the level of expected credit losses using the LGD (Loss Given Default) ratio, which in 2019 amounted to 50%. Other receivables, belonging to the group: debt collection, court, bankruptcy, enforcement, are not of homogeneous nature, therefore the Company analyses each balance individually for impairment. If there is any indication that they are not recoverable, the Company recognises a write-down for expected credit losses in the amount resulting from the estimates.

- Changes on the construction market may have a significant impact on the assessment of the recoverable value of the Company's assets. If evidence of impairment is identified, the Company estimates the recoverable value of its property, plant and equipment.
  The analysis of impairment of property, plant and equipment is carried out by estimating the recoverable value of cash-generating units.

  Such analysis is based on a number of significant assumptions, some of which are beyond the Company's control. Significant changes to these assumptions affect the results of impairment tests and, consequently, may lead to significant changes in the Company's financial position and results.

- Provisions for employee benefits (retirement and disability severance pay) were estimated using actuarial methods. The assumptions adopted for this purpose are presented in point 17.

- Legal regulations concerning value added tax, corporate income tax and social security charges are subject to frequent changes, which in turn results in the lack of appropriate reference points, inconsistent official interpretations and a low number of established precedents on which the taxpayer could rely.

  The current provisions also contain ambiguities that cause differences in opinions on the legal interpretation of tax regulations, both between state authorities themselves and in contacts between state authorities and taxpayers.

Tax settlements and other areas of taxpayers' activity (e.g. customs or foreign exchange issues) may be subject to control by state authorities, which are entitled to impose high penalties and fines, and any additional tax liabilities arising as a result of the control must be paid by the taxpayer together with high default interest.
Consequently, the amounts presented in the financial statements may change in the future as a result of a final decision of the tax inspection authority.
In the opinion of the Management Board, there are no circumstances indicating that significant liabilities may arise in the Company on this account.
On July 15, 2016, the Tax Ordinance was amended to include the provisions of the General Tax Avoidance Clause (GAAR) in Polish tax regulations, which is to prevent the creation and use of artificial legal structures created to avoid payment of tax in Poland.

According to the introduced provisions of the Tax Ordinance, tax avoidance is the undertaking of such activities which, although formally compliant with the law in force, are still characteristic of them:
- first of all, artificiality and not conforming to the economic realities in which the taxpayer operates;
- secondly, they are carried out primarily for the purpose of obtaining a tax advantage, contrary to the object and purpose of a provision of the Tax Act in the circumstances.

The new regulations will therefore require much greater judgement in assessing the tax consequences of individual transactions.
The implementation of the above provisions will enable the Polish tax control authorities to challenge the tax consequences of legal arrangements and agreements implemented by taxpayers concerning, inter alia, the restructuring or reorganisation of a capital group.
The Company recognises and measures current and deferred income tax assets and/or liabilities using the requirements of IAS 12 Income Taxes, basing its calculation on profit (tax loss), tax base and tax rates and taking into account the assessment of uncertainties related to tax settlements.

The Company makes intensive efforts to reduce the degree of uncertainty in tax settlements by regular participation in training courses, by using the services of tax advisors and by applying for an individual interpretation to the tax authorities.

3. Financial risk management

The Company's operations are exposed to various types of financial risk: currency risk, cash flow and fair value risk as a result of interest rate changes, credit risk and liquidity risk.

Through the risk management program, the Company tries to minimize the effects of financial risk having a negative impact on the Company's financial results. The Company uses futures contracts in order to protect itself against certain threats.

Currency exchange risk

The Company conducts international operations and is exposed to the risk of changes in exchange rates of various currencies, especially the Euro. The risk of changes in exchange rates concerns future commercial transactions (sale of products and goods and purchase of goods and services) and recognised assets and liabilities. The risk of currency exchange rate changes occurs when future trade transactions, included assets and liabilities are expressed in a different currency than the functional currency of the Company.

The Company hedges the net currency position using mainly cash resources (exchange of PLN into currency) and then forward contracts.

The table below presents a summary of the Company's assets and liabilities denominated in Euros, which are exposed to the risk of changes in exchange rates (in EUR'000).

	31 December 2019	31 December
Trade receivables	4,392	1,176
Loans granted	2,100	2,250
Cash	279	1,164
Currency futures	-	-
Total Assets	**6,771**	**4,590**
Trade Liabilities	933	2,180
Currency futures	500	-
Total Liabilities	**1,433**	**2,180**

In addition to receivables from loans granted in EUR, as at 31.12.2019 the Company has a receivable of EUR 290 thousand. USD 290 thousand from the loan granted to ULMA Opałubka Ukraine.

The sensitivity analysis conducted by the Company indicates that:

- as at 31 December 2019, if the Polish zloty had weakened/ strengthened by 10% in relation to EUR/USD, with other parameters unchanged, net profit for the 12-month period ended 31 December 2019 would have been PLN 1,936 thousand higher/lower due to revaluation of cash, receivables, liabilities and foreign exchange contracts denominated in EUR/USD.

- as at 31 December 2018, if the Polish zloty had weakened/ strengthened by 10% in relation to EUR/USD, with other parameters unchanged, net profit for the 12-month period ended 31 December 2018 would have been PLN 1,255 thousand higher/lower due to revaluation of cash, receivables, liabilities and foreign exchange contracts denominated in EUR.

Risk of changes in cash flows and fair value due to changes in interest rates

Income and cash flows from the Company's operating and financing activities are not significantly exposed to the risk of interest rate changes.

The Company has no significant debt, the cost of which would depend on the interest rate. The Company's income calculated on the basis of the interest rate (WIBOR 3M) is income from interest on a loan granted to its parent company - ULMA C y E S. Coop. Taking into account that the risk of interest rates falling in relation to the current, historically lowest level is negligible, the Company is not afraid of the risk of a decrease in cash flows on this account.

Credit risk

Credit risk is associated with a potential credit event that may take the form of a contractor's insolvency, partial repayment, material default or other deviation from contractual terms.

Trade receivables and other receivables are the most exposed item to credit risk (Note 9).
The Company is not exposed to a significant concentration of risk due to credit sales. A relatively large number of recipients of the Company's services and goods makes it impossible to concentrate credit sales.
The share of none of the customers does not exceed 10% of total sales revenue.
In addition, the Company applies a policy that significantly limits the sale of services and goods to customers with an inadequate history of liability repayment. Introduced internal control procedures consisting, among other things, in setting credit limits for individual customers depending on the assessment of their financial condition and acceptance procedures for new customers allow the Company to significantly reduce the credit risk level.

Trade receivables in respect of which no impairment has been found constitute 60.9% of the gross value of this group of financial assets, of which 69.3% of the group's value are trade receivables that are not overdue (in 2018 these figures were 55.9% and 60.04% respectively).

The aging analysis of trade receivables is as follows: (In thousands PLN)

31 December 2019	Due amount <0	Due amount up to 30 days	Due amount from 31 to 90 days	Due amount from 91 to 180 days	Due amount from 181 to 360 days	Due amount from 360 days up	**Total**
Gross trade receivables	32,104	7,404	1,864	1,301	518	29,487	**72,678**
Write-offs on expected credit losses	(1,423)	(90)	(210)	(271)	(264)	(26,175)	**(28,433)**
Net trade receivables	**30,681**	**7,314**	**1,654**	**1,030**	**254**	**3,312**	**44,245**

31 December 2018	Due amount <0	Due amount up to 30 days	Due amount from 31 to 90 days	Due amount from 91 to 180 days	Due amount from 181 to 360 days	Due amount from 360 days up	**Total**
Gross trade receivables	26,865	7,431	2,818	1,516	2,463	33,708	**74,801**
Write-offs on expected credit losses	(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**

Value loss was found in the case of financial assets in the group of trade receivables and other receivables with the value of PLN 28,433 thousand, covering them with a write-off on expected credit losses. When determining the impairment of particular financial assets, the Company is guided by the individual assessment of each customer, including mainly the assessment of their financial standing and the collateral held. The Company uses insurance of foreign receivables relating to the eastern markets and blank promissory notes as the basic means of securing the recovery of receivables.

With regard to trade receivables presented in the table above, which are over 90 days overdue, the Company recovered as at the balance sheet date PLN 2 999 thousand of VAT using the so-called VAT relief for bad debts, which is presented in trade liabilities and other liabilities.

The Company has a concentration of credit risk related to receivables from granted loans. Of the balance of loans granted in the amount of PLN 20,063 thousand, PLN 10,000 thousand relates to the loan granted to the parent company Ulma CyE S. Coop. The receivables are secured with a registered pledge established by the borrower on the formwork and scaffolding owned by the borrower up to the value of PLN 44 773 thousand. Due to the collateral and the borrower's good financial standing, the Company's Management Board assesses the risk of non-repayment of the debt as low.
The loan for the parent company was granted on market terms - the interest rate on the loan depended on WIBOR 3M. The repayment date for the tranche of PLN 10 000 thousand was set at 30 April 2020 pursuant to the annex of 15 January 2019.

Liquidity risk

Liquidity risk management assumes maintaining an adequate level of cash, availability of funding through sufficient credit facilities and the ability to close market positions.

The Company maintains sufficient cash resources to meet its maturing liabilities and ensures the possibility of financing through the credit lines granted.
All trade payables of the Company are due and payable within 3 months of the balance sheet date, except for the liabilities under the right of use (lease), for which the maturity structure is presented in note 15.
The table below shows the Company's financial liabilities as at 31 December 2019 and as at 31 December 2018 by maturity date based on contractual undiscounted payments.

31 December 2019	Lease liabilities	Factoring related liabilities	Liabilities due to deliveries and services and other liabilities	In total
Up to 3 months	1,246	704	19,981	21,931
From 3 up to 12 months	2,705	-	-	2,705
From more than a year up to 5 years	5,442	-	-	5,442
More than 5 years	1,541	-	-	1,541
Total	**10,934**	**704**	**19,981**	**31,619**

31 December 2018	Lease liabilities	Factoring related liabilities	Liabilities due to deliveries and services and other liabilities	Total
Up to 3 months	-	1,257	26,469	27,726
From 3 up to 12 months	-	-	-	-
From more than a year up to 5 years	-	-	-	-
More than 5 years	-	-	-	-
Total	**-**	**1,257**	**26,469**	**27,726**

Working capital management

The main objectives of capital management are to ensure an appropriate level of operating liquidity and the ability to implement the Company's investment plans in accordance with the approved budgets so that the Company's operating activities contribute to increasing the value for its shareholders.
The Company manages its capital structure and, in response to changes in economic conditions, takes steps to modify it.
In order to maintain or correct the capital structure, the Company (with the consent of the shareholders) may change the payment of dividends, return the capital to the shareholders or carry out a new issue of shares.

Dividend policy

The adopted dividend policy is also subordinated to the above mentioned objectives. Decisions to pay out dividends are each time preceded by an analysis of the current and development needs of each company and the Capital Group as a whole.

4. Property, plant and equipment

Property, plant and equipment, shuttering systems used to supply products and services or for management purposes, are valued at cost less accumulated depreciation and impairment losses as at the balance sheet date.

Subsequent expenditure is included in the carrying amount of a given tangible asset or recognised as a separate tangible asset (where appropriate) only if it is probable that economic benefits will flow to the Company and the cost of a given item can be valued reliably.

Subsequent expenditures which do not increase the initial value in use of a given fixed asset are charged to costs of the period in which they were incurred.

Land owned by the Company is disclosed at purchase price and is not subject to depreciation. Other fixed assets are depreciated using the straight-line method in order to distribute their initial value reduced by their residual value, if any, during their useful life for particular groups of types.
The applied periods of use for particular groups of generic fixed assets are as follows (in years):

- buildings and structures 25 - 40
- investments in third-party facilities 10
- machinery and technical equipment 3 - 20
- formwork systems 2 - 14
- equipment and other fixed assets 5

The residual value and useful lives of fixed assets are verified at each balance sheet date and adjusted if necessary.

If the carrying amount of a fixed asset exceeds its estimated recoverable amount, its carrying amount is reduced to its recoverable amount (note 1G).

Gains and losses on the disposal of fixed assets are determined by comparing proceeds from the sale with their carrying amount and are included in the financial result.

The inventory of fixed assets included in the shuttering systems group is carried out annually, other fixed assets once every 4 years.

value loss of non-financial fixed assets

Fixed assets subject to depreciation are analysed for impairment if there are indications that the balance sheet value of owned tangible and intangible assets may not be realized.

The amounts of revaluation write-offs determined as a result of the analysis (impairment test) decrease the balance sheet value of the asset to which they relate and are charged to costs of the period. Value loss is recognized in the amount by which the balance sheet value of a given asset exceeds its recoverable value. Recoverable value is the higher of two amounts: fair value less costs to sell and value in use (reflected by the current value of cash flows related to a given asset).

For the purpose of impairment analysis, assets are grouped at the lowest level with respect to which there are separately identifiable cash flows (cash-generating units).

With respect to assets other than goodwill, value losses recognised in previous periods are assessed at the end of each reporting period to determine whether there is any indication of a decrease in value loss or a complete reversal of it. A value loss is reversed if, among other things, the estimates used to determine recoverable amount have changed. An impairment loss is reversed only up to the amount of the asset's initial value less depreciation charges that would have been recognised had no impairment loss been recognised.

Fixed assets movement table in 2019

	Land, buildings, structures	Technical devices, machines and means of transport	Formwork systems	Other fixed assets	Fixed assets in construction	Tangible fixed assets in total
GROSS VALUE						
As at 31th December 2019	**106,549**	**11,365**	**490,897**	**2,609**	**191**	**611,611**
Increases due to purchase	335	1,054	48,858	140	637	51,024
Increases - inventory surpluses, retraining	-	-	21,585	-	(191)	21,394
Decreases - sales	-	-	(63,018)	-	-	(63,018)
Decreases - liquidations, inventory shortages	(4)	(183)	(31,230)	(59)	-	(31,476)
As at 30th December 2019	**106,880**	**12,236**	**467,092**	**2,690**	**637**	**589,535**
CONSILIDATED DEPRECIATION						
As at 31th December 2019	**24,475**	**7,747**	**359,730**	**2,455**	**-**	**394,407**
Depreciation for the period	2,878	1,051	30,754	94	-	34,777
Decreases - sales	-	-	(57,621)	-	-	(57,621)
Decreases - liquidations, inventory shortages	(1)	(178)	(20,371)	(59)	-	(20,609)
As at 30th December 2019	**27,352**	**8,620**	**312,492**	**2,490**	**-**	**350,954**
AN UP-DATE WRITE-OFF						
As at 31th December 2019	**-**	**-**	**136**	**-**	**-**	**136**
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
As at 30th December 2019	**-**	**-**	**136**	**-**	**-**	**136**
NET VALUE						
As at 01 January 2019	**82,074**	**3,618**	**131,031**	**154**	**191**	**217,068**
As at 31 December 2019	**79,528**	**3,616**	**154,464**	**200**	**637**	**238,445**

Fixed assets movement table in 2018

	Land, buildings, structures	Technical devices, machines and means of transport	Formwork systems	Other fixed assets	Fixed assets in construction	Tangible fixed assets in total
GROSS VALUE						
As at 1st 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 - inventory surpluses, retraining	-	-	7,007	-	(202)	6,805
Decreases - sales	-	-	(32,792)	-	-	(32,792)
Decreases - liquidations, inventory shortages	(107)	(505)	(24,107)	(112)	-	(24,831)
As at 31th December 2019	**106,549**	**11,365**	**490,897**	**2,609**	**191**	**611,611**
CONSILIDATED DEPRECIATION						
As at 1st 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 - liquidations, inventory shortages	(52)	(482)	(18,232)	(112)	-	(18,878)
As at 31th December 2019	**24,475**	**7,747**	**359,730**	**2,455**	**-**	**394,407**
AN UP-DATE WRITE-OFF						
As at 1st January 2018	**-**	**-**	**-**	**-**	**-**	**-**
Increases	**-**	**-**	136	-	**-**	**136**
Decreases	**-**	**-**	**-**	**-**	**-**	**-**
As at 31th December 2019	**-**	**-**	**136**	**-**	**-**	**136**
NET VALUE						
As at 01 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**

The depreciation write-off for tangible fixed assets has increased:

Detailed list	12 months 2019	12 months 2018
Costs of products, goods and materials sold	34,202	30,153
Selling and marketing costs	5	2
General management costs	570	592

Total	**34,777**	**30,747**

As at 31 December 2018, the result of the analysis was found to be evidence of impairment of tangible fixed assets in the shuttering group and it was decided to open a revaluation allowance of 136 thousand PLN. It was decided to leave the created revaluation write-off as at 31 December 2019.

5. Intangible assets

Software

Purchased software licenses are activated in the amount of costs incurred for their purchase and preparation for use of specific software.

Activated costs are written off over the estimated useful life of the software 2-5 years.

Table of movements of value of intangible assets in 2019

	Licenses and software	Other	Intangible assets in total
GROSS VALUE			
As at 31th December 2019	**4,781**	**37**	**4,818**
Increases	178	-	178
Decreases - sales, liquidation	-	-	-
As at 30th December 2019	**4,959**	**37**	**4,996**
CONSILIDATED DEPRECIATION			
As at 31th December 2019	**4,604**	**37**	**4,641**
Depreciation for the period	183	-	183
Decreases - sales, liquidation	-	-	-
As at 30th December 2019	**4,787**	**37**	**4,824**
NET VALUE			
As at 01 January 2019	**177**	**-**	**177**
As at 31 December 2019	**172**	**-**	**172**

Table of movements of value of intangible assets in 2018

	Licenses and software	Other	Intangible assets in total
GROSS VALUE			
As at 1st January 2018	**4,766**	**37**	**4,803**
Increases	15	-	15
Decreases - sales, liquidation	-	-	-
As at 31th December 2019	**4,781**	**37**	**4,818**
CONSILIDATED DEPRECIATION			
As at 1st January 2018	**4,398**	**37**	**4,435**

Depreciation for the period	206	-	206
Decreases - sales, liquidation	-	-	-
As at 31th December 2019	**4,604**	**37**	**4,641**
NET VALUE			
As at 01 January 2018	**368**	**-**	**368**
As at 31 December 2018	**177**	**-**	**177**

Depreciation write-off for intangible assets has increased:

Detailed list	12 months 2019	12 months 2018
Costs of products, goods and materials sold	-	-
General management costs	183	206
Total	**183**	**206**

6. Financial instruments.

Classification of financial assets

Financial assets are classified into the following valuation categories:

- valuation according to depreciated cost,
- valuation at fair value through financial results.
- valuation at fair value through other total profits.

An entity classifies a financial asset based on the entity's business model for the management of financial assets and characteristics of the cash flows resulting from a cash flow contract for an element of the financial assets (the so-called "SPPI") An entity reclassifies investments in debt instruments if, and only if, the management model for these assets is changed.

Valuation at initial recognition

With the exception of certain trade receivables, at the time of initial recognition, an entity values a financial asset at its fair value which, in the case of financial assets not valued at fair value through profit or loss, is increased by transaction costs that can be directly attributed to the purchase of these financial assets.

Derecognition

Financial assets are derecognised from the books when:

- 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 transferred substantially all risks and rewards of ownership.

Valuation at initial recognition

For valuation purposes after initial recognition, financial assets are classified into one of four categories:

- Debt instruments valued at amortised cost,
- Debt instruments valued at fair value through other comprehensive income,
- Equity instruments valued at fair value through other comprehensive income,
- Financial assets are valued at fair value through financial results.

Debt instruments - financial assets valued at amortised cost

A financial asset is valued at amortised cost if both of the following conditions are met:
a) the financial asset is held in accordance with a business model that is designed to hold financial assets to earn contractual cash flows, and

b) the terms of the agreement relating to the financial asset give rise to cash flows on specified dates that are merely the repayment of principal and interest on the principal outstanding.

The Company classifies financial assets valued at amortized cost as financial assets:

- trade receivables,
- loans meeting the SPPI classification test, which according to the business model are reported as held for cash flow,
- cash and cash equivalents.

Interest income is calculated using the effective interest rate method and disclosed in the profit and loss account/ statement of comprehensive income under "Financial income".

Debt instruments - financial assets at fair value through other comprehensive income

A financial asset is valued at fair value through other comprehensive income if both of the following conditions are met:
a) the financial asset is held in accordance with a business model that aims at both receiving contractual cash flows and selling the financial asset; and

b) the terms of the agreement relating to the financial asset give rise to cash flows on specified dates that are merely the repayment of principal and interest on the principal outstanding.

Interest income, foreign exchange differences and impairment gains and losses are recognised in the financial result and calculated in the same way as financial assets valued at amortised cost. Other changes in fair value are recognised in other comprehensive income.

At the moment of discontinuing the recognition of a financial asset, the total profit or loss previously recognised in other comprehensive income is reclassified from the equity item to the financial result.
Interest income is calculated using the effective interest rate method and disclosed in the profit and loss account/ statement of comprehensive income under "Interest income".
The Company does not have a category of debt instruments valued to fair value by other comprehensive income.

Equity instruments - financial assets at fair value through other comprehensive income

At the time of initial recognition, the Company may make an irrevocable choice concerning the recognition in other comprehensive income of subsequent changes in the fair value of an investment in an equity instrument which is neither held for trading nor a contingent consideration recognised by the acquirer in a business combination to which IFRS 3 applies. This choice shall be made separately for each equity instrument. A cumulative gain or loss previously recognised in other comprehensive income shall not be reclassified to profit or loss. Dividends are recognised in profit or loss/ statement of comprehensive income when an entity's entitlement to receive a dividend arises, unless the dividends are clearly a recovery of part of the investment costs.

The Company does not have a category of equity instruments valued to fair value through other comprehensive income.

Financial assets valued at fair value through trough financial results.

A financial asset that does not meet the criteria for valuation at amortised cost or fair value through other comprehensive income is valued at fair value through profit or loss.
Profit or loss on the valuation of debt investments at fair value is recognized in the financial result.
Dividends are recognised in the profit and loss account/ statement of comprehensive income when the entity's right to receive a dividend arises.

The Company classifies unlisted equity instruments and derivatives into the category of equity instruments valued at fair value through profit or loss.

Due to difficulties in estimating the fair value of unlisted equity instruments, the Company used the purchase price as the best basis for determining the fair value.

In a situation where the Company:

- has a valid legal title to set off the recognised amounts and
- intends to settle on a net basis or realise the asset and settle the liability simultaneously

The financial asset and the financial liability are offset and presented in the statement of financial position on a net basis.
The framework agreement described in IAS 32.50 does not provide a basis for offsetting if both criteria described above are not met.

Value loss of financial assets

The Company assesses expected credit losses ("ECL") related to debt instruments measured at amortised cost and fair value through other comprehensive income, regardless of whether there is any indication of impairment.
In the case of trade receivables, the Company applies a simplified approach and measures the write-off for expected credit losses in the amount equal to the expected credit losses over the whole life using the reserve matrix. The Company uses its historical data on credit losses, adjusted, where applicable, for the impact of future information.
Other receivables, belonging to the group: debt collection, court, bankruptcy, enforcement, are not of homogeneous nature, therefore the Company analyses each balance individually for impairment. If there is any indication that they are not recoverable, the Company recognises a write-down for expected credit losses in the amount resulting from the estimates. The amount of the write-down corresponds to the difference between the book value and the present value of expected future cash flows, discounted at the original effective interest rate. Changes in the value of write-offs for expected credit losses are charged to the financial result, to other operating costs, in the period in which the change occurs.
In the case of other financial assets, the Company value the write-off for expected credit losses in the amount equal to 12-month expected credit losses. If credit risk related with a given financial instrument has significantly increased since the initial recognition, the Company value the write-off for expected credit losses from a financial instrument in the amount equal to expected credit losses throughout the credit's whole life.
The Company estimates that the credit risk associated with a given financial instrument has significantly increased since the date of its initial recognition in case the delay in repayment exceeds 30 days.
At the same time, the Company estimates that a default occurs if the delay in payment exceeds 90 days

	31 December 2019			31 December 2018		
	Balance sheet value	Fair value		Balance sheet value	Fair value	Fair value hieratchy
Debt instruments valued at amortised cost,						
Cash	45,997	45,997		45,611	45,611	Item. 1
Trade receivables and other receivables	44,686	44,686		42,433	42,433	Item. 3
Loans granted	20,063	20,063		35,563	35,563	Item. 3
Financial instruments valued at fair value through trough financial results.						
Investments in subsidiaries and affiliates	7,458	7,458		7,458	7,458	Item 1
Derivatives	68	68		-	-	Item 1
Financial liabilities valued at amortised cost,						
Liabilities due to factoring of trade liabilities	704	704		1,257	1,257	Item. 3
Trade payables and other liabilities	19,981	19,981		26,469	26,469	Item. 3

According to the Company's assessment, the fair value of cash, receivables and loans granted, financial liabilities and other liabilities does not differ materially from their carrying values mainly due to their short maturity.

In the period ended 31 December 2019, nor in the period ended 31 December 2018, there were no shifts between level 1 and level 2 of the fair value hierarchy, nor were any of the instruments moved from/to level 3 of the fair value hierarchy.

7. Investments in subsidiaries and affiliates

As at 31st December 2019

No.	Name of the entity	Registered Seat	Business Object	Business character	Date of taking control/ Date of commencement of significant influence	Value of shares at purchase price	Updating write-offs	Balance sheet value of shares	Percentage of the share capital held	Share in the total number of votes at the General Meeting
1.	ULMA Opałubka Ukraine	Ukraine	sale and lease of formwork, sale of building materials	Subsidiary	18.07.2001r.	5,818	-	5,818	100	100
2.	ULMA Cofraje	Romania	sale and lease of formwork, sale of building materials	affiliate	02.11.2007r.	3,976	(2,561)	1,415	30	30
3.	ULMA Opałubka Kazakhstan	Kazakhstan	sale and lease of formwork, sale of building materials	Subsidiary	27/08/2010	83	-	83	100	100
4.	ULMA Construccion BALTIC	Lithuania	sale and lease of formwork, sale of building materials	Subsidiary	27/04/2012	142	-	142	100	100
						10,019	**(2,561)**	**7,458**		

8. Assets due to right of use

The item includes the carrying value of assets under the right of use, which the Group accepted as a result of implementation of IFRS 16 Leasing as of 1 January 2019.

Table of changes in the value of other fixed assets and assets under the right of use for the period from 1 January to 31 December 2019.

	Real estate	Means of transport	Forklifts	Total
GROSS VALUE				
As at 31st December 2018 (reported data)	**3,902**	**-**	**-**	**3,902**
Impact of IFRS application 16	7,812	1,318	2,091	11,221
As at 31th December 2019	**11,714**	**1,318**	**2,091**	**15,123**
Increases - change of payment	295	-	-	295
Increases - new leasing objects	-	1,317	-	1,317
Decreases - ending a leasing contract	-	(165)	(429)	(594)
As at 30th December 2019	**12,009**	**2,470**	**1,662**	**16,141**
CONSILIDATED DEPRECIATION				
As at 31th December 2019	**-**	**-**	**-**	**-**
Depreciation for the period	2,108	841	1,144	4,093
Decreases - ending a leasing contract	-	(139)	(428)	(567)
As at 30th December 2019	**2,108**	**702**	**716**	**3,526**
NET VALUE				
As at 01 January 2019	**11,714**	**1,318**	**2,091**	**15,123**
As at 31 December 2019	**9,901**	**1,768**	**946**	**12,615**

Other fixed assets as at 31 December 2018 included the carrying amount of the right of perpetual usufruct of land in the amount of 3,902 thousand PLN. The right of perpetual usufruct of land was acquired by the Company in 2007 and expires on 5 December 2089.

9. Trade receivables and other receivables

Trade receivables are initially recognised at fair value corresponding to the nominal value and then valued at amortised cost using the effective interest rate and reduced by write-offs for expected credit losses.

Receivables from NORMA Group are subject to the procedure of estimating expected credit loss in accordance with IFRS 9.
Other receivables belonging to the group: debt collection, court, bankruptcy, enforcement are not of homogeneous nature, therefore the Company analyses each balance individually for impairment. If there is any indication that they are not recoverable, the Group recognises a write-down for expected credit losses in the amount resulting from the estimates. The amount of the write-down corresponds to the difference between the book value and the present value of expected future cash flows, discounted at the original effective interest rate. Changes in the value of write-offs for expected credit losses are charged to the financial result, to other operating costs, in the period in which the change occurs.

The Company adopted a principle according to which amounts of VAT recovered due to non-payment of receivables within 90 days from the payment date are disclosed in the balance sheet item "Tax and other liabilities".

	Status per day:	
	31 December 2019	31 December 2018
Trade receivables from unrelated parties	53,935	69,817
Write-off for expected credit losses	(28,433)	(32,853)
Net trade receivables	*25,502*	*36,964*
Other receivables	19	12
Prepayments and accruals - active	422	473
Trade receivables from related parties	18,743	4,984
Loans granted	20,063	35,563
Total trade receivables and other receivables	**64,749**	**77,996**
including:		
Long-term	10,063	14,563
Short-term	54,686	63,433

Based on the analyses carried out, the Company assessed that the carrying amount of individual receivables presented in these financial statements is similar to their fair values.

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

The net value of write-offs for expected credit losses increased by the amounts of written off receivables in the total amount of 551 thousand PLN (3 597 thousand PLN in 2018) was recognised in other operating costs.

The change in the balance of write-offs for expected credit losses in relation to trade receivables and other receivables is as follows:

	12 months of 2019	12 months of 2018
Opening balance	**32,853**	**30,593**
Impact od IFRS application	-	1,437
Balance at the beginning of the period data restated	**32,853**	**32,030**
Increases– Write-offs for expected credit losses	2,178	4,381
Use-up	(4,896)	(3,012)
Correction of the previous write-off	(1,702)	(546)
Closing balance	**28,433**	**32,853**

All write-offs on expected credit losses apply to short-term receivables.

10. Inventory

Inventories of materials and purchased goods are valued as at the balance sheet date at the lower of the following two values: purchase price or net realisable sales price.

The net selling price is the selling price in the normal course of business, less the estimated costs of completion and the variable costs necessary to make the sale.

The valuation of inventory outflows is made in accordance with the first-in, first-out principle (FIFO).
Where necessary, write-downs are made for obsolete, non-transferable and defective inventories.

	Status per day:	
	31 December 2019	31 December 2018
Materials	2,764	2,527
Goods	2,761	2,946
Net inventory value	**5,525**	**5,473**
Updating write-off of inventory value	(340)	(340)
Net inventory value	**5,185**	**5,133**

11. Cash and cash equivalents

Cash and cash equivalents are recognised in the statement of financial position at the fair value corresponding to their nominal value. They comprise cash at hand and cash at bank, other short-term highly liquid investments with an original maturity of three months or less.

The cash balance shown in the cash flow statement consists of cash and cash equivalents as specified above, less overdraft facilities that have not been repaid.
Loans in the current account in the statement of financial position are disclosed under liabilities - short-term credits and loans.

	Status per day:	
	31 December 2019	31 December 2018
Cash on hand and in bank	45,997	45,611
Total cash including:	**45,997**	**45,611**
Restricted cash, including:	875	201
- ZFŚS cash	205	201
- Cash on VAT accounts	670	-

In accordance with the Company's judgment, the restrictions on the disposal of cash in VAT accounts resulting from the tax regulations on the split payment mechanism do not affect their classification as cash and cash equivalents as the Company uses them on an ongoing basis to settle its current liabilities.

For the purposes of the cash flow statement, cash and overdraft facilities include:

	Status per day:	
	31 December 2019	31 December 2018
Cash and cash equivalents	45,997	45,611
Overdraft (note 14)	-	-
Cash and cash equivalents shown in the cash flow statement	**45,997**	**45,611**

12. Share Capital and supplementary capital

Ordinary shares are classified as equity. The share capital is shown at the nominal value of shares.

The 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 costs of issuing shares in the amount of PLN 1 483 thousand.

The item of the statement of financial position "Retained earnings" includes statutory write-offs from profits generated in previous years in the amount of one third of the share capital in the amount of PLN 3 504 thousand, as well as the surplus from profit distribution over the statutory required write-off in the amount of PLN 158 996 thousand and the financial result of the current financial year.

	Number of shares	Nominal share value	Surplus from the sale of shares above par value	Total
As at 1st January 2018	**5,255,632**	**10,511**	**114,990**	**125,501**
- Increases	-	-	-	-
- Decreases	-	-	-	-
As at 31th December 2019	**5 255 632**	**10 511**	**114 990**	**125 501**
- Increases	-	-	-	-
- Decreases	-	-	-	-
As at 31 December 2019.	**5,255,632**	**10 511**	**114 990**	**125,501**

All shares are ordinary bearer shares with a nominal value of PLN 2.00.

All shares are paid for.

As at 31 December 2019, the Company's shareholder structure is as follows:

	Basic capital		**Votes at GSM**	
	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
Dispersed shareholders	1,023 449	19.47	1,023 449	19.47
Total	**5,255,632**	100.00	**5,255,632**	100.00

13. Trade payables and other liabilities

In the item of the statement of financial position "Trade payables and other liabilities" are shown by the Company:

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

- liabilities under the contract - accrued income settlements, including in particular the equivalent of funds received or due from contractors for services to be provided in the following reporting periods.

	Status per day:	
	31 December 2019	31 December 2018
Trade liabilities to unrelated parties	13,714	16,123
Trade liabilities to related parties	1,249	5,896
Tax and other liabilities	5,478	6,425
Accruals of (passive costs)	3,181	4,230
Liabilities under the contract - Accruals (passive income)	1,660	51
Other liabilities	177	169
Total Trade liabilities and other liabilities	**25,459**	**32,894**
including:		
Long-term	-	-
Short-term	25,459	32,894

In 2015. The Company entered into a factoring agreement with mBank, under which the Company's trade liabilities towards selected suppliers are paid by the bank within 14 days of the date of the invoice issued by the supplier. The deadline for payment to the bank is 75 days from the date of payment by the bank of liabilities to the supplier. As at 31 December 2019, the Company's liabilities to the bank on this account constituted PLN 704 thousand. This amount was disclosed in the statement of financial position under Short-term liabilities due to factoring of trade liabilities (as at 31 December 2018 it amounted to 1,257 thousand PLN).

14. Credits and loans

Credits and loans are initially recognised at fair value less transaction costs incurred. In subsequent periods, these loans and borrowings are valued at adjusted purchase price (amortised cost), using the effective interest rate.

Credits and loans are classified as short-term liabilities, unless the Company has an unconditional right to defer payment of the liability for at least 12 months from the balance sheet date.

In 2015, the Company settled all liabilities by virtue of bank credits contracted in previous years and as of December 31, 2019 it does not have any open credit lines.

15. Liabilities due to the right of use (leasing)

Lease agreements in accordance with IFRS 16 include lease of a fleet of passenger cars and forklift trucks, lease of the Logistics Centre in Gdańsk and the square in Warsaw at Klasyków Street, perpetual usufruct of land in Jaworzno

Lease liabilities as at 31 December 2019 are as follows:

Liabilities due within the period:		Real estate leasing	Passenger car leasing	Forklift truck leasing		Total lease liabilities
Up to 3 months		736	186	180		1,102
From 3 up to 12 months		1,331	520	551		2,402
From more than a year up to 5 years		3,410	1,089	228		4,727
More than 5 years		744	-	-		744
Total		**6,221**	**1,795**	**959**		**8,975**

In the year ended 31 December 2019, the Company incurred costs related to short-term leases and low value assets in the amount of PLN 1,058 thousand. There were no costs of variable lease payments, not included in the valuation of lease liabilities.

16. Deferred income tax

Deferred income tax assets and liabilities resulting from temporary differences between the tax value of assets and liabilities and their carrying amount in the financial statements are recognised using the balance sheet method. However, if the deferred income tax arose from the initial recognition of an asset or liability in a transaction other than a business combination which affects neither the financial result nor the tax income (loss), it is not recognised. Deferred income tax is determined using tax rates (and laws) that are legally or actually in force as at the balance sheet date and are expected to apply when the relevant deferred tax asset is realized or the deferred tax liability is settled.

Deferred income tax assets are recognised if it is probable that taxable profit will be available against which the temporary differences can be utilised in the future.
Deferred income tax assets and provisions are offset if there is a legally enforceable right to offset current tax assets and liabilities.

	Status per day:		
	31 December 2019		31 December 2018
Assets due to deferred income tax:	2,016		2,759

Provision for deferred income tax:	(8,460)	(6,524)
Compensation	2,016	2,759
Balance sheet value of an asset due to deferred income tax	-	-
Balance sheet provision due to deferred income tax	(6,444)	(3,765)

Changes in deferred tax assets and liabilities during the year (before offsetting within one legal jurisdiction) are as follows:

	Statement of financial position		Profit and loss account	
	2019	2018	2019	2018
Provision due to deferred tax				
Tax depreciation	8,248	6,517	(1,731)	(1,983)
Unrealised foreign exchange differences	7	7	-	18
Other	205	-	(205)	14
Total	**8,460**	**6,524**	**(1,936)**	**(1,951)**
Assets due to deferred tax				
Write-offs for expected credit losses	1,042	1,674	(632)	139
Provisions for costs	952	1,085	(133)	288
Unrealised foreign exchange differences	22	-	22	(16)
Total	**2,016**	**2,759**	**(743)**	**411**
(Charge)/recognition due to deferred income tax			**(2,679)**	**1,540**

17. Liabilities due to retirement benefits

Retirement severance pay

Retirement severance pay benefits are payable if the employee acquires the right to a retirement benefit in accordance with the Labour Code. The amount of the retirement severance pay due to an employee who acquires pension rights is calculated in the amount of additional remuneration for one month.
The Company creates a provision for future liabilities for post-employment benefits in order to allocate costs to the periods to which they relate. The provision is created as operating expenses in amounts corresponding to the acquisition of future rights by current employees. The present value of these liabilities is calculated by an independent actuary.
Actuarial gains and losses resulting from changes in actuarial assumptions (including changes in discount rate) and ex post actuarial adjustments are recognized in other comprehensive income.
The basis for calculating the provision for an employee is the expected amount of retirement severance pay or disability severance pay that the Company undertakes to pay out under the Regulations.
The expected severance pay amount is calculated as a product of the following factors:

- The expected amount of the retirement or disability severance pay base,
- Expected increase in the base of the dimension until retirement age,

- A percentage based on seniority.

The amount calculated in this way is actuarially discounted at the balance sheet date. The actuarial discount is the product of the financial discount and the probability of a person's survival to retirement age as an employee of the Company.

	31 December 2019	31 December 2018
Liabilities recognised in the statement of financial position due to:		
Pension benefits	300	246
	300	**246**

Change of balance sheet liability status

	31 December 2019	31 December 2018
Provision for retirement benefits at the beginning of the period	246	224
Write-off for the provision for retirement benefits	19	16
Interest cost	8	8
Actuarial gains and losses, net	27	3
Benefits paid-up	-	(5)
Provision for retirement benefits at the end of the period	**300**	**246**

18. Sales revenues

In accordance with IFRS 15, revenue is recognised in the amount of remuneration that the Company expects to receive in exchange for the delivery of the promised goods or services to the customer.

The Company applies IFRS 15 with a 5-step model:

- **Identification of the contract with the customer**

A customer contract meets its definition when all the following criteria are met:

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

- **Identification of the obligations to perform**

At the time of concluding the contract, the Company assesses the goods or services promised in the contract with the customer and identifies as an obligation to perform each promise to provide the customer with a separately identifiable good or service or groups of separate goods or services which are substantially the same and where the provision to the customer is of the same nature.

- **Determination of the transaction price**

In order to determine the transaction price, the Company takes into account the conditions of a given contract and customary trade practices applied by the Company. Transaction price is the value of remuneration, which, according to the Company's expectation, will be entitled to it in exchange for the transfer of promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, VAT). The remuneration agreed in the contract with the customer may include fixed amounts, variable amounts or both.

- **Allocation of the transaction price to particular obligations to perform**

The Company assigns a transaction price to each obligation to perform a performance (or to a separate good or service) in an amount that reflects the amount of remuneration that the Company expects to receive in exchange for the delivery of the promised goods or services to the customer.

- **Recognition of income when the obligations to perform are met**

The Company recognizes income at the moment of fulfilment (or in the course of fulfilment) of an obligation to perform a service through the delivery of the promised good or service (i.e. an asset component) to the customer who obtains control over this asset component. Income is recognized as amounts equal to the transaction price that has been allocated to a given obligation to perform the performance. The Company transfers control over the good or service as time passes and thus fulfils the obligation to perform the performance, and recognises income as time passes if one of the following conditions is met:

- The customer simultaneously receives and derives benefits from the performance as it is performed,
- As a result of the performance of the service, an asset is created or improved, and control over that asset is exercised by the customer as it arises or is improved,
- As a result of the performance of the performance, no component with an alternative use for the Company arises and the Company has an enforceable right to pay for the performance to date.

Revenues from the sale of services concern mainly services of lease of shuttering systems settled on the basis of daily rates. Revenues on this account as revenues from services provided in time are recognized on a monthly basis.
Revenues from the provision of other services - assembly, transport, repair - are recognized at one time.

The Company in the vast majority of cases applies a 30-day payment period calculated from the date of issuing the invoice or from the date of receiving the invoice by the customer.

	12 months of 2019	12 months of 2018
Sales revenue from construction site support	155,007	169,822
Revenues from sales of goods and construction materials	42,364	29,975
Sales revenue in total	**197,371**	**199,797**

- construction site service - a segment that includes the rental of formwork and scaffolding systems along with broadly understood logistics service and construction settlement at the end of the contract,
- sales of building materials - a segment that includes the sale of formwork systems that are components of fixed assets (fixed assets) and turnover (products and goods) of the Company and other building materials.

Revenues from sales in geographical terms are as follows:

Description of the item	12 months of 2019	12 months of 2018
Domestic sales revenues	147,209	169,455
Foreign sales revenues	50,162	30,342
Sales revenue in total	**197,371**	**199,797**

Company’s main foreign sales markets are: Ukraine, Lithuania, Spain and Italy

19. Costs by type

	12 months of 2019	12 months of 2018
Depreciation of tangible, intangible assets and assets due to the rights of use	39,053	30,953
Employee benefits cost (note 19a)	37,666	33,884
Use-up of resources, materials and energy	11,982	11,212
Transport services	11,284	13,660
Rental and lease services	3,607	10,986
Renovation services	6,280	6,894
Installation and construction services	597	3,556
Other services	11,677	11,442
Other costs	6,324	6,037
Value of goods, materials and formwork sold (fixed assets)	19,093	18,367
Costs by type In total	**147,563**	**146,991**
Including		
Costs of benefits for own use	116	185
Costs of products, goods and materials sold	128,773	129,864
Selling and marketing costs	2,348	2,495
Management costs	16,326	14,447

19 a) Employee benefits costs		
Salary costs and costs of termination benefits	30,800	27,731
Costs of social insurance and benefits for employees	6,866	6,153
Total employee benefits costs	**37,666**	**33,884**

20 Other income and operationalcosts

20 a) Other operational income	12 months of 2019	12 months of 2018
Inventory surpluses	425	293
Gains on change in fair value of futures contracts	68	64
Compensations received - lost components of tangible and current assets	14	44
Sale and recovery of property, plant and equipment	46	62
Re-invoicing	339	346
Liabilities written off	402	-
Other	49	19
Other operational income in total	**1,343**	**828**

20 b) Other operational costs	12 months of 2019	12 months of 2018
Change in write-downs for expected credit losses and written off receivables	(551)	(3,597)
A write-off updating the value of tangible fixed assets	-	(136)
Other operational income in total	**(551)**	**(3,733)**

21. Financial income and costs

Financial income includes interest income related to funds invested by the Company, due dividends, gains on change in fair value of financial instruments measured by the financial result, gains related to hedging instruments, which are recognized in the current period's profit or loss.

Interest income is recognized in the current period's profit or loss on an accrual basis, using the effective interest rate method.

Dividend is recognized in profit or loss of the current period as at the date when the Company acquires the right to receive it.
Financial expenses include interest expenses related to external financing, losses on the sale of financial assets, losses on changes in the fair value of financial instruments measured at fair value through profit or loss, impairment losses on financial assets (other than trade receivables) and losses on hedging instruments, which are recognised in profit or loss.

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

Foreign exchange gains and losses are disclosed in the net amount as financial income or financial costs, depending on their total net position.

21 a) Financial income	12 months of 2019	12 months of 2018
Interest income		
- loans granted	1,059	1,596
- on cash in bank account	457	204
Dividends received	3,060	-
Exchange rate differences	192	950
Total financial income	**4,768**	**2,750**

21 b) Financial costs	12 months of 2019	12 months of 2018
Interest costs		
- due to delay in payment of liabilities	(36)	(83)
- due to rights of use	(703)	-
Costs of bank financial products	-	(1)
Total financial costs	**(739)**	**(84)**

22. Income tax

	12 months of 2019	12 months of 2018
Current tax	(8,567)	(8,803)
Deferred tax (note 16)	(2,679)	(1,540)
Total income tax	**(11,246)**	**(10,343)**

The income tax on the Company's pre-tax profit differs as follows from the theoretical amount that would be obtained by applying the applicable tax rate to pre-tax profit:

	12 months of 2019	12 months of 2018
Profit (loss) before tax	**54,745**	**52,752**
Non-taxable income and taxable income shown in the profit and loss account in previous years, including	**(1,485)**	**(1,164)**
- unrealised foreign exchange differences	-	(640)
- tax-exempt dividends	(2,002)	-
- compensation not received during the accounting period	516	(524
- other	1	-
Permanently non-deductible costs, including	**5,927**	**2,846**
Representation costs	1,944	1,796
Previous years' costs	362	-
PFRON fees	257	202
Write-offs for expected credit losses and written off receivables	2,002	187
Write-off updating the value of assets	-	136
Unrealised exchange rate differences on loans	825	-
Other	537	525
Tax base	**59,187**	**54,434**
Charging the financial result on account of income tax	**11,246**	**10,343**

The tax authorities may inspect the accounting books and tax settlements within 5 years from the end of the year in which the tax returns were filed and charge the Company with additional tax plus penalty interest. In the opinion of the Management Board, there are no circumstances indicating that significant liabilities may arise on this account.

23. Information on average employment

	2019	2018
ULMA Construccion Polska S.A.	**364**	**306**
ULMA Construccion Polska S.A. Capital Group	**434**	**371**

24. Contingent items/guarantees

At the request of ULMA Construccion Polska S.A. mBANK granted one of the Company's suppliers a bank guarantee of performance of the lease agreement. The bank guarantee expires on 30/09/2022 and its amount will change during the period of validity. The guarantee is related to the lease of the Logistics Centre in Gdańsk. The Company uses the Logistics Centre in Gdańsk under a long-term lease agreement.
As at the balance sheet date, the amount of the bank guarantee granted is PLN 3,593 thousand.

ULMA Construccion Polska S.A. granted a surety to Bank UKRSIBBANK for its subsidiary - ULMA Opałubka Ukraina Sp. z o.o. as a security for the repayment of a bank loan. The surety is granted for the duration of the credit agreement and its amount is EUR1,000 thousand . As at the balance sheet date of 31 December 2019, there is no debt under this agreement (as at 31 December 2018, the debt amounted to 1,693 thousand PLN, converted at the exchange rate of the balance sheet date).

25. Events after the balance sheet date

On 2 January 2020, an annex to the loan agreement for ULMA Opałubka Ukraina was signed, under which the loan was fixed at 8 January 2021.

In the first months of 2020, a new negative factor appeared in the world, which will undoubtedly affect the economies of individual countries, including Poland. The rapidly spreading coronavirus COVID-19 epidemic, which has recently taken its negative toll on the financial markets, may soon change the positive face of the construction industry and have a negative impact on the Company and the Group.
With reference to the above, the Management Board prepared and analysed the Company's projected cash flows and concluded that there is no material uncertainty with respect to the assumption that ULMA Construccion Polska S.A. will continue to operate in the foreseeable future, i.e. for at least the next 12 months.

A more detailed discussion of this issue is contained in the Management Board's report on the activities of ULMA Construccion Polska S.A. and ULMA Construccion Polska S.A. Capital Group for the year ended 31 December 2019.

26. Transactions with associated entities

The control over the Group is exercised by ULMA C y E, S. Coop. with its registered office in Spain, which owns 75.49% of the Company's shares. The remaining 24.51% of shares are held by many shareholders.

The ULMA Construccion Polska SA Capital Group. the following companies are included:

The parent entity:

- ULMA Construccion Polska S.A. based in Koszajec (gm. Brwinów).

Subsidiaries:

- ULMA Opałubka Ukraina with its registered office in Kiev at ul. Gnata Juri 9, established on 18 July 2001. It was registered in the Swiatoszynski Department of State Administration for the city of Kiev under number 5878/01 and received the identification code 31563803. The company's business is the sale and lease of formwork, sales of building materials. The share of the issuer in the capital and in the total number of votes is 100%.

- ULMA Opałubka Kazachstan sp.o.o. with its registered office in Astana at ul. Taszenowa 25, established on 27.08.2010 Its strategic goal is to develop the core business of the Capital Group, i.e. renting formwork and scaffolding systems, and te education of how to use of formwork technology in the construction process in Kazakhstan. The share of the issuer in the capital and in the total number of votes is 100%.

- ULMA Construccion BALTIC sp. z.o.o with its registered office in Vilnius, ul. Pylimo 41-12 established on 27.04.2012. The company's business is the rental of scaffolding and formwork, wholesale and retail sale of scaffolding and formwork, sale and lease of other construction equipment and other commercial activities. The share of the issuer in the capital and in the total number of votes is 100%.

The Company also holds shares in an associate:

ULMA Cofraje SRL with its registered office in Bragadir at ul. Soseaua de Centura No. 2-8 Corp C20 (Romania), established on 9 October 2007. Registered at the National Commercial Register Office in Bucharest under the number of 22679140. The object of the Company's activity is the rental and sale of scaffolding and construction formwork, also on the basis of leasing. The share of the issuer in the capital and in the total number of votes is 30%. The remaining 70% of shares in the Company's capital belong to the entity controlling the Group - ULMA C y E, S. Coop. with its seat in Spain.

Transactions concluded by ULMA Construccion Polska S.A. with related entities were of typical and routine nature, were concluded on market terms, and their nature and terms resulted from conducting current operations.

Figures concerning transactions of ULMA Construccion Polska S.A. with affiliates

Settlement balances at the balance sheet date	**Status per day**	
	31 December 2019	31 December 2018
Trade receivables	**18,743**	**4,984**
Including		
- from the parent unit	6,084	1,354
- from subsidiaries	2,561	1,766
- from the affiliate	34	174
- from other affiliates	10,064	1,690
Trade Liabilities	**1,249**	**5,896**
Including		
- to the parent unit	939	5,654
- to subsidiaries	14	63
- to the affiliate	-	-
- to other affiliates	296	179

Sales and purchases from Group's units	12 months 2019		12 months of 2018
Sales	**48,579**		**28,956**
Including			
- to the parent unit	11,164		7,039
- to subsidiaries	20,377		18,006
- to the affiliate	85		317
- to other affiliates	16,953		3,594
Purchases	**48,155**		**41,256**
Including			
- from the parent unit	47,561		40,039
- from subsidiaries	261		562
- from the affiliate	4		87
- from other affiliates	329		568

Loans, interest, dividends	12 months 2019		12 months of 2018
Loans paid-up in thousands of EUR – ULMA Construccion BALTIC	150		250
Loans paid-up– in thousands of USD – ULMA Opałubka Ukraina	1,010		-
Loans paid-up– in thousands of PLN – ULMA C y E S.Coop	11,000		11,000
Income from loan interest in thousands of EUR	65		70
Income from loan interest in thousands of USD	66		89
Income from loan interest in thousands of PLN	532		962
Dividends received in thousands of PLN	3,060		-

ULMA Construccion Polska S.A. granted an investment loan of USD 1,500 thousand to its subsidiary ULMA Opałubka Ukraina sp. z o.o. at a fixed market interest rate until 8 January 2021 (under the annex of 2 January 2020). As at 31.12.2019, the balance of the loan is USD $290 thousand. The Management Board's intention is to extend the repayment date of the loan.

ULMA Construccion Polska S.A. granted a long-term loan of EUR 2,500 thousand to its subsidiary ULMA Construccion BALTIC. The loan was granted on market terms until 3 January 2023. (Annex of 12 September 2019). As at 31 December 2019, the receivable under the loan was EUR 2,100 thousand.

ULMA Construccion Polska S.A. granted the parent company ULMA CyE, S. Coop a short-term loan of PLN 32,000 thousand in total. The loan for the parent company was granted on market terms - the interest rate on the loan depended on WIBOR 3M. The first tranche of PLN 11 000 thousand was repaid on 21.05.2018, the second tranche of PLN 11 000 thousand was repaid on 29 April 2019. The payment dates for the remaining part of the loan in the amount of PLN 10,000 thousand, in accordance with the annex of 15 January 2019, were set for 30 April 2020.

Transactions with members of the Management Board and Supervisory Board of the Company, their spouses, siblings, ascendants, descendants or other persons close to them and key management personnel of the Company and ULMA Group companies with related parties.

The members of the Management Board and Supervisory Board of the Company and members of the Management Board and Supervisory Board of the Issuer's subsidiaries and the Issuer's proxies are considered to be the key management personnel of the Company and ULMA Group companies. In 2019 and 2018 neither the Company nor the companies of the Group granted any advances, loans, credits, guarantees and sureties to the managing and supervising personnel and their relatives, and no other agreements were concluded with them which would oblige them to provide services to the Company and its related entities.
As at 31 December 2019 and 31 December 2018, there were no loans granted by the companies of the Group to members of the management and supervisory bodies and their relatives.

27. Remuneration of the Management Board and the Supervisory Board

	12 months of 2019		12 months of 2018
Management Board of ULMA Construccion Polska S.A.			
Rodolfo Carlos Muñiz Urdampilleta	1,436		1,303
Giordano Weschenfelder (from 30 May 2019)	386		-
Andrzej Kozłowski	-		261
including benefits after the period of employment	-		*261*
Andrzej Sterczyński	569		526
Krzysztof Orzełowski	497		466
Supervisory Board of ULMA Construccion Polska S.A			
Michał Markowski	36		36
Andrzej Kozłowski (till 30 May 2019)	26		72

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

28. Profit per share

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

	12 months of 2019		12 months of 2018
Net profit attributable to equity holders of the parent entity	43,499		42,409
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 earnings (loss) per share (in PLN per share)	8.28		8.07
Diluted earnings (loss) per share (in PLN per share)	8.28		8.07

29. Profit distribution proposal

Until the date of approval of these financial statements for publication, the Management Board of the Company did not adopt a resolution recommending the distribution of profit generated in 2019.

On behalf of the Management Board of ULMA Construccion Polska S.A.

Name and Surname:	Position	Signature
Rodolfo Carlos Muñiz Urdampilleta	President of the Board	
Giordano Marcel Weschenfelder	Member oif the Board	
Andrzej Sterczyński	Member oif the Board	
Krzysztof Orzełowski	Member oif the Board	
Ander Ollo Odriozola	Member oif the Board	

Signature of the person entrusted with bookkeeping

Name and Surname:	Position	Signature
Henryka Padzik	Chief Accountant	

Koszajec, date 23 March 2020