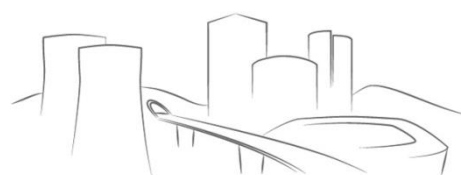


EXTENDED CONSOLIDATED REPORT OF

THE CAPITAL GROUP OF

ULMA Construcción Polska S.A.

FOR THE 1ST QUARTER ENDED 31 MARCH 2019



From the beginning of your projects



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CAPITAL GROUP of ULMA Construcción Polska S.A.



GENERAL INFORMATION

Objects of activity

Objects of the Capital Group of ULMA Construcción Polska S.A. (hereinafter referred to as the "Group") are as follows:

- rental and sale of construction scaffoldings and formworks,
- custom-made designs for formwork and scaffolding applications,
- export of construction services provided by the Group's companies,
- sale of construction materials and resources as well as concrete accessories,
- transport, equipment and repair activities, including the sale and rental of construction equipment.

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

Registered office

ULMA Construcción Polska S.A.

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

Koszajec 50

05-840 Brwinów

Parent company and the Group's companies

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

The Group of ULMA Construcción Polska S.A. includes:

ULMA Construcción Polska S.A. – **the parent company** of the Capital Group responsible for management and administration within the entire Group, and for commercial activities relating to products and services offered by the Capital Group on the domestic market and on selected foreign markets,

ULMA Opalubka Ukraina sp. z o.o. – **a subsidiary** responsible for commercial activities relating to products and services offered by the Capital Group on the Ukrainian market,



ULMA Opalubka Kazakhstan sp. z o.o – **a subsidiary** responsible for commercial activities relating to products and services offered by the Capital Group on the Kazakh market.

ULMA Construcción BALTIC sp. z o.o. – **a subsidiary** responsible for commercial activities relating to products and services offered by the Capital Group in the Baltic States (Lithuania and Latvia).

The Group is also a shareholder in ULMA Cofraje S.R.L. – **an affiliate** responsible for commercial activities relating to products and services offered by the Capital Group on the Romanian market.

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

Supervisory Board

Composition of the Supervisory Board on 31st March 2019

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

On 9 May 2019, the General Meeting of Shareholders in order to prevent interpretation doubts under Art. 369 item 4 in connection with Art. 386 item 2 of the Commercial Companies Code, regarding the duration of the mandate of body members for the last financial year of their function despite the end of the term, dismissed all members of the Supervisory Board before the end of their term of office.

Additionally, on 9 May 2019, the General Meeting of Shareholders of ULMA Construcción Polska S.A. appointed the following persons to the Supervisory Board for the new term of office:

Aitor Ayastuy Ayastuy
Michał Markowski
Iñaki Irizar Moyua
Rafael Anduaga Lazcanoiturburu
José Joaquín Ugarte Azpiri

The Chairman and the Vice-Chairman of the Supervisory Board will be elected in accordance with Par. 3 item 2 of the Regulations of the Supervisory Board during the first meeting of the Supervisory Board, planned for the end of May 2019.

Audit Committee

Composition of the Audit Committee on 31st March 2019

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



In connection with the above-mentioned appointment of the Supervisory Board of the new term of office, the new composition of the Audit Committee will be elected during the first meeting of the Supervisory Board, planned for the end of May 2019.

Management Board

Rodolfo Carlos Muñiz Urdampilleta
Krzysztof Orzełowski
Ander Ollo Odriozola
Andrzej Sterczyński

President of the Management Board
Member of the Management Board
Member of the Management Board
Member of the Management Board

Statutory auditor

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

The company is entered in the list of entities authorised to audit financial statements under No. 130.

Banks

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

Stock exchange listings

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



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 1ST QUARTER ENDED 31 MARCH 2019



Consolidated profit and loss account and other total income

	Q1 2019	Q1 2018
Sales revenues	51 567	49 746
Costs of products, goods and materials sold	(35 425)	(32 506)
I. Gross profit on sales	16 142	17 240
Sales and marketing costs	(676)	(670)
Overheads	(4 852)	(4 069)
Other operating revenues	498	255
Other operating costs	(1 501)	(1 505)
<i>Including: losses due to impairment of receivables</i>	<i>(1 501)</i>	<i>(1 505)</i>
II. Operating profit (loss)	9 611	11 251
Financial revenues	468	463
Financial costs	(443)	(66)
<i>Net financial costs</i>	<i>25</i>	<i>397</i>
Share in profits (losses) of affiliates	295	33
III. Profit (loss) before tax	9 931	11 681
Current income tax	(2 060)	(2 438)
Deferred income tax	(75)	71
IV. Net profit (loss) for the financial period	7 796	9 314
Other total net income subject to reclassification to profit (loss) in subsequent reporting periods		
Foreign exchange differences from the restatement of financial statements of foreign subsidiaries	655	583
V. Total income for the financial period	8 451	9 897
Net profit attributable to shareholders of the parent company	7 796	9 314
Net profit attributable to minority shareholders	-	-
Total income attributable to shareholders of the parent company for the financial period	8 451	9 897
Total income attributable to minority shareholders for the financial period	-	-
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)	1.48	1.77

All the amounts expressed in PLN '000, unless indicated otherwise



Consolidated financial statements

As at:

	31 March 2019 (not audited)	31 December 2018 (audited)	31 March 2018 (not audited)
ASSETS			
I. Fixed assets (long-term)			
1. Tangible fixed assets	235 464	229 623	215 767
2. Intangible assets	232	226	347
3. Shares in affiliates	2 080	1 786	1 188
4. Rights to use non-current assets	14 493	3 902	3 943
5. Long-term receivables	-	-	-
6. Deferred tax assets	3 181	2 933	1 541
Total fixed assets (long-term)	255 450	238 470	222 786
II. Current assets (short-term)			
1. Inventories	7 960	6 332	4 602
2. Trade receivables and other receivables	73 936	72 654	82 697
3. Income tax receivables	480	382	576
4. Derivatives	-	-	7
5. Cash and cash equivalents	55 804	50 387	38 228
Total current assets (short-term)	138 180	129 755	126 110
Total assets	393 630	368 225	348 896

All the amounts expressed in PLN '000, unless indicated otherwise



As at:

	31 March 2019 (not audited)	31 December 2018 (audited)	31 March 2018 (not audited)
EQUITY AND LIABILITIES			
I. Equity			
1. Share capital	10 511	10 511	10 511
2. Supplementary capital – share premium	114 990	114 990	114 990
3. Foreign exchange gains/losses on consolidation	(14 534)	(15 189)	(15 873)
4. Retained earnings, including:	220 334	212 538	194 879
a) Net profit (loss) for the financial period	7 796	46 997	9 314
Total equity	331 301	322 850	304 507
II. Liabilities			
1. Long-term liabilities			
a. Deferred income tax liabilities	4 062	3 765	2 305
b. Long-term pension liabilities	185	185	173
c. Long-term right-of-use liabilities	6 739	-	-
Total long-term liabilities	10 986	3 950	2 478
2. Short-term liabilities			
a. Bank credits	-	1 693	-
b. Short-term pension benefits liabilities	61	61	51
c. Short-term liabilities due to factoring of trade liabilities	1 409	1 257	3 301
d. Current income tax liabilities	1 575	2 134	552
e. Short-term right-of-use liabilities	3 693	-	-
f. Trade liabilities and other liabilities	44 605	36 280	38 007
Total short-term liabilities	51 343	41 425	41 911
Total liabilities	62 329	45 375	44 389
Total equity and liabilities	393 630	368 225	348 896

All the amounts expressed in PLN '000, unless indicated otherwise



Statement of changes in consolidated equity

Item	Share capital at nominal value	Share premium	Foreign exchange gains/losses on consolidation	Retained earnings	Total equity
As at 31 December 2017 (data reported)	10 511	114 990	(16 456)	186 780	295 825
Adjustment for IFRS 9	-	-	-	(1 215)	(1 215)
As at 1 January 2018 (data restated)	10 511	114 990	(16 456)	185 565	294 610
Total net income in 2018	-	-	1 267	46 997	48 264
Dividend paid	-	-	-	(20 024)	(20 024)
As at 31 December 2018	10 511	114 990	(15 189)	212 538	322 850
Total income in the 1st quarter of 2019	-	-	655	7 796	8 451
As at 31 March 2019	10 511	114 990	(14 534)	220 334	331 301

Item	Share capital at nominal value	Share premium	Foreign exchange gains/losses on consolidation	Retained earnings	Total equity
As at 31 December 2017 (data reported)	10 511	114 990	(16 456)	186 780	295 825
Adjustment for IFRS 9	-	-	-	(1 215)	(1 215)
As at 1 January 2018 (data restated)	10 511	114 990	(16 456)	185 565	294 610
Total income in the 1st quarter of 2018	-	-	583	9 314	9 897
As at 31 March 2018	10 511	114 990	(15 873)	194 879	304 507

All the amounts expressed in PLN '000, unless indicated otherwise





Consolidated cash flow statement

	1st quarter 2019	1st quarter 2018
Operating cash flows		
Net profit for the financial period	7 796	9 314
Adjustments:		
- Income tax	2 187	2 368
- Depreciation of tangible assets	9 448	7 908
- Depreciation of intangible assets	52	59
- Depreciation of the right to use	1 013	-
- Net value of sold formworks – tangible assets	1 491	127
- (Profits) losses on changes in the fair value of financial instruments	-	(71)
- Change in the value of shares in affiliates	(295)	(33)
- Interest received	(283)	(337)
- Interest expense	250	27
- Foreign exchange (profits) losses	(39)	(205)
Changes in current assets:		
- Inventories	(1 628)	1 108
- Trade receivables and other receivables	(1 282)	2 398
- Trade liabilities and other liabilities	8 478	4 448
	27 188	27 111
Purchase of formworks	(15 762)	(12 773)
Income tax paid	(2 587)	(1 607)
Net operating cash	8 839	12 731
Investing cash flows		
Acquisition of tangible fixed assets	(371)	(496)
Inflows from the sale of tangible fixed assets	3	6
Acquisition of intangible assets	(57)	(5)
Interest received	283	337
Net investing cash	(142)	(158)
Financing cash flows		
Repayment of credits and loans	(1 693)	(410)
Lease payments	(1 171)	-
Interest paid	(250)	(27)
Net financing cash	(3 114)	(437)
Net increase (decrease) in cash	5 583	12 136
Opening cash	50 387	25 802
Foreign exchange (losses) profits on the valuation of cash	(166)	290
Closing cash	55 804	38 228

All the amounts expressed in PLN '000, unless indicated otherwise



Notes to the consolidated financial statements

Statement of compliance and general principles of preparation

These condensed consolidated financial statements for the period of 3 months ended 31 March 2019 was prepared as required by IAS 34 "Interim Financial Reporting" and the Regulation of the Minister of Finance of 29 March 2018 on current and periodic disclosures to be made by issuers of securities and the conditions for recognising information whose disclosure is required under the laws of a non-member state as equivalent and presents the financial situation of the Capital Group of ULMA Construcción Polska S.A. as at 31 March 2019, operational result and cash flows for the three months ended on 31 March 2019.

These interim condensed consolidated financial statements were prepared on the assumption that the Group's companies would continue as going concerns in the foreseeable future. As at the date of approving these condensed financial statements for publication, there are no circumstances indicating any threat to the Group's companies to continue as going concerns.

The parent company and the companies of the Capital Group of ULMA Construcción Polska S.A. were established for an indefinite period.

All the amounts in these interim condensed consolidated financial statements are expressed in PLN (zlotys), unless indicated otherwise.

The Group prepared the interim condensed consolidated financial statements based on the same accounting principles as described in the audited consolidated financial statements as at 31 December 2018. The interim financial statements as at 31 March 2019 should be read together with the audited consolidated financial statements as at 31 December 2018.

These consolidated financial statements were approved for publication by the Management Board on 16 May 2019.

Changes in the applied accounting principles

Due to introduction of the provisions of IFRS 16 (Leasing), the Group decided to apply the modified retrospective approach regarding the initial recognition of lease as at 1 January 2019.

Lease liability was measured at the current value of other lease fees, discounted by the use of lease rate.

The asset from the right of use on the day of its first application was measured at the amount equal to the lease liability, adjusted by the amount of any prepayments or calculated lease payments relating to this lease, recognised in the financial statements immediately before the day of first application.

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

Item	31 December	Influence of	1 January
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All the amounts expressed in PLN '000, unless indicated otherwise



	2018 (data reported)	IFRS 16 application	2019
Other fixed assets*)	3 902	(3 902)	-
Right-of-use assets	-	15 123	15 123
Total assets	357 345	11 221	368 566
Long-term lease liabilities	-	7 727	7 727
Short-term lease liabilities	-	3 494	3 494
Total equity and liabilities	357 345	11 221	368 566

The information on the impact of the implementation of IFRS 16 on the basic items of the consolidated financial statements is provided below to compare data for Q1 2019.

- EBITDA – increase by PLN 1 356 thousand as a result of reducing rental and leasing costs,
- Depreciation – increase by PLN 1 013 thousand,
- Operational profit – increase by 343 as a result of a decrease in the rental and lease costs while increasing the depreciation costs at the same time,
- Financial costs – increase by PLN 185 thousand,
- Profit before tax – increase by PLN 158 thousand,
- Long-term lease liabilities – increase by PLN 6 739 thousand,
- Short-term lease liabilities – increase by PLN 3 693 thousand,

Exchange rates and inflation

	Average PLN exchange rates published by the NBP				Change in the CPI published by the Central Statistical Office
	UAH (hryvnia – Ukraine)	RON (leu – Romania)	KZT (tenge – Kazakhstan)	EUR (euro)	
31 March 2019	0.1411	0.9029	0,010066	4.3013	1.2%
31 December 2018	0.1357	0.9229	0.010124	4.3000	1.6%
31 March 2018	0.1298	0.9034	0.010631	4.2085	1.5%



Additional information to the quarterly report

A. Conversion of selected financial data into euro

ITEM	in PLN '000		in EUR '000	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Net revenues from sales of products, goods and materials	51 567	49 746	11 998	11 898
Operating result	9 611	11 251	2 236	2 691
Result before tax	9 931	11 681	2 311	2 794
Net result	7 796	9 314	1 814	2 228
Net operating cash flows	8 839	12 731	2 057	3 045
Net investing cash flows	(142)	(158)	(33)	(38)
Net financing cash flows	(3 114)	(437)	(725)	(104)
Net cash flows	5 583	12 136	1 299	2 903
Diluted profit per ordinary share (in PLN/EUR)	1.48	1.77	0.35	0.43
Basic profit per ordinary share (in PLN/EUR)	1.48	1.77	0.35	0.43
	31 March 2019	31 December 2018	31 March 2019	31 December 2018
Total assets	393 630	368 225	91 514	85 634
Liabilities	62 329	45 375	14 991	10 552
Long-term liabilities	10 986	3 950	2 554	918
Short-term liabilities	51 343	41 425	11 937	9 634
Equity	331 301	322 850	77 023	75 081
Share capital	10 511	10 511	2 444	2 444
Weighted average number of shares	5 255 632	5 255 632	5 255 632	5 255 632
Number of shares as at the balance sheet date	5 255 632	5 255 632	5 255 632	5 255 632
Book value per share (in PLN/EUR)	63.04	61.43	14.66	14.29

The individual items of assets as well as equity and liabilities were converted into EUR at the average exchange rates published by the President of the NBP, valid as at the balance sheet date. The average exchange rate of EUR as at 31 March 2019 was PLN 4.3013 and as at 31 December 2018 – PLN 4.300.

The items of the statement of total income and the items of the cash flow statement were converted at a rate being the arithmetic mean of exchange rates valid in a specific period, i.e. data from 1 January to 31 March 2019 converted at an exchange rate of PLN 4.2978/EUR, data for the corresponding period of 2018 converted at an exchange rate of PLN 4.1811/EUR.



B. Description of achievements and factors affecting financial results

A description of the issuer's significant achievements or failures in the report period together with a list of the most important events related to them and a description of factors and events, in particular of unusual nature, having a significant impact on the achieved financial results

I Market environment in Poland

According to the preliminary data of the Central Statistical Office, after more than 15% increase in the February in current year, in March this year construction and assembly production increased by 10.8% YOY, mainly due to high activity in the engineering (increase by 27.1%) and specialist (increase of 10.7%) industries. On the other hand, construction and assembly production decreased slightly in the cubature segment (decrease by 2.6%).

In the first quarter of 2019, the dynamics of the construction market was equal to 13.4% YoY (according to CSO, Polish: GUS). The situation of building materials prices is slightly stabilizing. The first quarter of 2019, however, brought further price increases in virtually all building materials groups, with the exception of reinforcing steel, although it was not as crucial as in previous periods. On the year-on-year basis, the highest price increases were recorded for concrete (21%) and wall materials (19%), prices of asphalt and diesel increased at the rate of 10 - 11%, and the price increase of cement exceeded 8%.

In the first quarter of 2019, in comparison to the corresponding period of the previous year, individual segments of the construction market recorded the following dynamics:

- **Non-residential construction**

As the most recent preliminary data show, the first quarter of 2019 in terms of the dynamics of construction output was a relatively successful period for non-residential construction (increase of more than 13.8% compared to 28.1% in 2018). The largest increases were recorded in the segment including the construction of sports and recreation facilities (increase by 74.5% YoY), educational and medical buildings (increase by 18% YoY) and commercial and service buildings (increase by 16.2% YoY). The largest decrease in production was recorded in the segment including the construction of transport and communication buildings which amounted to 52.2% YoY.

- **Engineering**

In the area of engineering construction, we are seeing a gradual slowdown in impressive growth for the next month in a row. In the first quarter of 2019, the dynamics in this segment amounted to 19.3% (compared to 33.5% in the corresponding period of 2018). The segment covering the construction of bridges, roads, flyovers and tunnels recorded a decrease in production by 0.7% YoY (compared to increase of 33.6% in the corresponding period of 2018).

- **Residential construction**



The first quarter of 2019 is the period of subsequent increases in this segment. According to the preliminary data of the Central Statistical Office (GUS), in the analyzed period this segment grew by 13.6% YoY (compared to a 18.1% increase in the first quarter of 2018).

- **Industrial construction**

In industrial construction, an increase by 21.6% YoY is expected compared to the corresponding period of the previous year. The hydrotechnical constructions had the greatest impact on this general indicator, for which the growth amounted to 56.2% YoY. A slight increase of 2% was recorded in industrial and warehouse buildings, while in the case of complex buildings in industrial areas, the dynamics of construction and assembly production was negative and amounted to -2.8%.

Production in sectors, which are considered by the Group as important, is presented in the table below:

Analysis of ULMA market data (PLN '000 000) – CSO/Spectis			
Sector	Q1 2019	Q1 2018	% YoY
Residential sector	3 629	3 193	13.6%
Non-residential sector	4 326	3 800	13.8%
Engineering sector (bridges, overpasses, flyovers, tunnels)	398	401	-0.7%
Industrial sector	5 079	3 981	21.6%
Sectors supported by ULMA CONSTRUCCION POLSKA S.A. in total	13 432	11 375	18.1%

The above data indicate that upward trends in practically every construction segment continue.

Market environment abroad

Due to the difficulty in obtaining reliable data concerning quarterly changes in the basic economic and construction indicators for export markets on which the Capital Group operates, the Management Board decided to present in this report only general information on recorded trends and market events.

UKRAINE

The Management Board of the Capital Group is positive about the further development of the construction market in Ukraine. We continue and launch particularly large projects in non-residential construction (shopping centres). We also note an increased number of investments from EU entities, especially in the field of retail trade (Auchan and IKEA expansion), which increases the demand for shopping centres in large urban agglomerations.

The first quarter is traditional period of limiting construction activity due to weather conditions. In the current year, a subsidiary operating on the Ukrainian market managed to maintain and even slightly exceed the previously recorded dynamics of revenues, which is a good forecast for the rest of the year.

LITHUANIA

From the beginning of 2019, the dynamics of the market in Lithuania indicates stable growth. In the entire first quarter of this year, we continued constructions started in 2018. Nevertheless, there is a limited



number of new projects to be launched on the market, the implementation of which would be commenced in the second quarter of this year. This fact may result in a temporary market gap, and in the later part of 2019, the culmination of orders for services of the Capital Group.

KAZAKHSTAN

The situation on the Kazakh market did not change significantly until the publication of the report on the Capital Group's business activity in 2018. Both investments in the oil sector and infrastructure are continued, and the construction of buildings, in particular housing, continues to develop at a satisfactory pace. Nevertheless, the economic situation remains under the influence of politics, in particular regarding the presidential elections in June this year.

Operating profitability

In the 1st quarter of 2019, the Capital Group's operating profit was PLN 9 611 thousand compared to PLN 11 251 thousand achieved in the corresponding period of the previous year.

The basic amounts related to EBIT (operating profit) and EBITDA (operating profit + depreciation) in the analysed periods were as follows:

	Q1 2019	2018	Q1 2018
Sales	51 567	223 721	49 746
EBIT	9 611	55 817	11 251
% of sales	18.64	24.95	22.62
Depreciation	10 513	35 314	7 967
EBITDA	20 124	91 131	19 218
% of sales	39.03	40.74	38.64

The depreciation of the right to use assets allocated in relation to the implementation of IFRS 16 (Leasing) in the amount of PLN 1 013 thousand is included in the total amount of depreciation in the 1st quarter of 2019.

In the 1st quarter of 2019, the Capital Group recorded an increase in EBITDA in absolute terms by PLN 906 thousand compared to the level achieved in the 1st quarter of 2018, resulting in an increase in EBITDA expressed as a sales percentage by 0.39 percentage points. This was due to the favourable market environment in Poland referred to at the outset, the allowing further increase in the commercial activity of the Capital Group compared to the corresponding period of the previous year and dynamisation of economic activity in Ukraine as well as the consistent policy of the Management Board on controlling operating costs of the parent company and subsidiaries of the Capital Group.

In the 1st quarter of 2019, the Capital Group created write-offs of receivables and write-downs of trade receivables of PLN 1 501 thousand compared to PLN 1 505 thousand in the corresponding period of the previous year (recognised as "Other operating costs").

In the 1st quarter of 2019, the Capital Group did not make revaluation write-offs of inventories or impairment losses on tangible fixed assets or intangible assets. There were also no reversals of such write-offs.

All the amounts expressed in PLN '000, unless indicated otherwise



Foreign exchange risk hedging transactions

The Capital Group's companies purchase the products (formwork and scaffolding systems and accessories) being the subject matter of commercial and service activity from the parent company in Spain, other companies of the ULMA Group and from other third companies.

As part of commercial activities, the Capital Group operates on export markets, primarily in Ukraine, Lithuania and Kazakhstan where its business activity is carried out by its subsidiaries: Ulma Opalubka Ukraina sp. z o.o., Ulma Construcción BALTIC sp. z o.o. and Ulma Opalubka Kazakhstan Sp. z o.o. In effect, the Capital Group's companies are exposed to foreign exchange risk which the Capital Group attempts to mitigate by:

- current diminishing the difference in the currency position (difference between assets and liabilities expressed in foreign currencies) in the Company, and
- adjustment process for offered prices of services and materials in subsidiaries.

Financial costs and other total income

The parent entity ULMA Construcción Polska S.A. grants long-term loans to subsidiaries to finance their operations on export markets.

As at 31 March 2019, the value of long-term loans granted amounted to EUR 2 100 thousand and USD 1300 thousand. In accordance with the principles of International Accounting Standards (IAS 21) these loans are treated as "net investment in a foreign entity" and, therefore, any exchange rate differences related to them are recognised under "statement of changes in consolidated equity" and "in other total revenues".

In the 1st quarter of 2019, the total value of exchange rate differences included in the above-mentioned statements was positive and amounted to PLN 655 thousand, including:

- PLN 13 thousand are positive exchange rate differences related to the above-mentioned "net investment" (loans granted) in subsidiaries. Exchange rate differences on settlement measurement as at the balance sheet date are recognised as "equity" and then, in later periods, realised exchange rate differences are recognised in the consolidated profit and loss account following repayment of the loan taken by the subsidiary,
- PLN 642 thousand are positive foreign exchange differences resulting from changes in exchange rates of local currencies to PLN, affecting the conversions of financial statements of subsidiaries operating abroad.

In the 1st quarter of 2018, these amounts were as follows:

- PLN 120 thousand due to exchange rate differences related to "net investment in a foreign entity" and,
- PLN 463 thousand due to positive foreign exchange differences resulting from changes in exchange rates of local currencies to PLN, affecting the conversion of financial statements of subsidiaries operating abroad.



The table below presents exchange rates against PLN for 3 currency pairs, the change of which influenced the measurement of financial statements of subsidiaries in the consolidated financial statements of the Capital Group.

	31 December 2017	31 March 2018	Change %		31 December 2018	31 March 2019	Change %
UAH/PLN	8.09	7.70	- 4.82%		7.37	7.20	-2.31%
KZT/PLN	106.33	106.31	-0.02%		101.24	100.1	-1.13%
PLN/EUR	4.17	4.21	+0.96%		4.3	4.3	0.00%

In the analyzed period of the 1st quarter of 2019, the local currency appreciated in Ukraine (UAH) by approx. 2.3% and the local currency in Kazakhstan (KZT) slightly appreciated against PLN. This phenomenon contributed to the positive exchange differences resulting from the conversion of financial statements of subsidiaries operating with limit. [??]

The Capital Group seeks to secure the exchange rate risk relating to the above-mentioned internal loans with regard to EUR – UAH and USD – UAH exposure in Ukraine in a natural way, that is through the process of adjusting the price lists of services and materials offered on this market to the current exchange rate of UAH to USD. However, it is difficult to estimate the effectiveness of these activities due to the size and unpredictable variability of UAH, in particular in the light of complicated geopolitical situation in Ukraine and the ongoing armed conflict in its eastern part.

In the 1st quarter of 2019, the Capital Group neither created any impairment losses on financial assets nor did it reverse them.

Net financial result

After taking into account income tax, the Capital Group's net profit in the 1st quarter of 2019 was PLN 7 796 thousand compared to PLN 9 314 thousand achieved in the corresponding period of the previous year.

Cash flows

The condensed cash flow statement of the Group in the analysed periods is presented in the table below:



	Q1 2019	Q1 2018
Net profit (loss)	7 796	9 314
Depreciation	10 513	7 967
Total financial surplus	18 309	17 281
Other elements of net operating flows	(9 470)	(4 550)
Net operating cash	8 839	12 731
Net investing cash	(142)	(158)
Net financing cash	(3 114)	(437)
Net cash	5 583	12 136

Operating flows

In the 1st quarter of 2019, the Capital Group achieved a positive financial surplus (net profit + depreciation) of PLN 18 309 thousand.

In the same period, operating cash amounted to PLN 8 839 thousand compared to PLN 12 731 thousand in the corresponding period of the previous year.

In the 1st quarter of 2019, the Capital Group continued investment purchases in the formwork and scaffolding group mainly to supplement the portfolio of the offered products necessary to provide services on the construction market, which has been growing for several years in Poland, in particular in the bridge segment. As a result, investment expenses in the 1st quarter of 2019 related to the acquisition of tangible fixed assets in the group of formwork and scaffolding systems amounted to PLN 15 762 thousand compared to PLN 12 773 thousand in the corresponding period of 2018.

Investing flows

Investing flows include primarily inflows from interest on the loan granted to the parent company and expenses related to purchases of other fixed assets (formwork cleaning and repairing machines and devices, and hardware).

Financing flows

In the 1st quarter of 2019, within the financial activity, the Group incurred mainly expenses on the repayment of a short-term loan in Ukraine (PLN 1 693 thousand) and on repayment of lease installments by the parent company (PLN 1 171 thousand).

As a result of the above, in the 1st quarter of 2019, the Group's cash increased by PLN 5 583 thousand and reached PLN 55 804 thousand as at 31 March 2019.

Employment information

Basic information on the Capital Group's and the parent company's average employment is presented in the table below.

	Q1 2019	2018	Q1 2018
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ULMA Construcción Polska S.A.	362	306	275
Capital Group of ULMA Construcción Polska S.A.	428	371	342

C. Description of the Capital Group

Description of the organizational changes of the Capital Group of ULMA Construcción Polska S.A. and indication of the entities subject to consolidation

The composition of the Capital Group of ULMA Construcción Polska S.A. is presented in section GENERAL INFORMATION herein.

Subsidiaries are consolidated in full, while the affiliate is consolidated by using the equity method.

No changes in the structure of the Capital Group of ULMA Construcción Polska S.A. occurred in the report period.

D. Position of the Board with regard to the forecasts

Position of the Management Board on the possibility of delivering the previously published result forecasts for this year, with a view to the results presented in the report compared to forecast results

The Capital Group does not publish forecasts of the Group's financial results.

E. Major shareholders

Indication of shareholders owning directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting of the issuer as at the report submission date and indication of changes in the ownership structure of significant issuer's share packages from the date of submission of the previous periodic report

As at the date of submitting this quarterly report, the following shareholders hold over 5% of the total number of votes:

- **ULMA C y E S, Coop.** (Spain) holding directly 3 967 290 shares in ULMA Construcción Polska S.A., accounting for 75.49% of share in the Company's share capital and giving the right to 3 967 290 votes at the General Meeting, accounting for 75.49% of the total number of votes,
- **Quercus TFI S.A.** holding 264 893 shares in ULMA Construcción Polska S.A., accounting for 5.04% of share in the Company's share capital and giving the right to 264 893 votes at the General Meeting, accounting for 5.04% of the total number of votes.
- In connection with the transactions of sale of the Company's shares, Aviva Otwarty Fundusz Emerytalny Aviva Santander ("Aviva OFE") decreased the share in the total number of votes in the Company below 5% and, as at 20 February 2019, held 254 703 shares of the Company, which constitutes 4.85% of the

All the amounts expressed in PLN '000, unless indicated otherwise



Company's share capital (number of shares issued) entitling to 254 703 votes at the General Meeting, which constituted 4.85% of the total number of votes.

F. Issuer's shares held by managers and supervisors

Summary of the possession status of issuer's shares or rights to them of issuer's managers and supervisors as at the date of report submission along with an indication of changes in the possession status in the period from the date of submission of the previous periodic report, separately for each of these persons, in accordance with the information held by ULMA Construcccion Polska S.A.

According to information held by ULMA Construcccion Polska S.A., there have been no changes in the ownership of shares in ULMA Construcccion Polska S.A. or rights to them (options) by these persons since the submission of the previous report.

No manager and supervisor of ULMA Construcccion Polska S.A. holds the issuer's shares.

G. Significant court proceedings

Identification of proceedings pending before court, a competent body for arbitration proceedings or a public administration body, concerning the liabilities and receivables of the issuer or its subsidiary, indicating the subject-matter of the proceedings, the amount in dispute, the date of initiation of the proceedings, parties to the proceedings initiated and the position of the issuer

Proceedings concerning claims of ULMA Construcccion Polska S.A. as at 31 March 2019:

ULMA Construcccion Polska S.A. conducts 50 court proceedings concerning claims (as at 31 March 2019), the total value of which is PLN 20 991 thousand. These are court proceedings which have not yet been completed by issuing a final and non-appealable writ of execution by the court, and claims against debtors, against whom the court issued a bankruptcy order (arrangement, liquidation) or a reorganisation order.

No court proceedings conducted by ULMA Construcccion Polska S.A. exceed 10% of the equity of ULMA Construcccion Polska S.A.



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

Item	Number of proceedings	Balance as at 31 March 2018	Date of initiation of proceedings	Current status of the case
Court proceedings	5	980		
<i>including the largest cases:</i>				
H.P.U. "ROTOS" Ryszard Dominik		855	June 2018	The company is awaiting the issued payment order to become final and non-appealable. Both the Debtor and the guarantor (natural person) are liable to the Company.
SANIT Sp. z o.o.		38	October 2018	The company is awaiting the issued payment order to become final and non-appealable. Both the Debtor and another company related to the Debtor are liable to the Company.
ROSA-BUD S.A.		35	November 2018	The company is awaiting the issued payment order to become final and non-appealable.
COSTES Sp. z o.o.		30	September 2018	The company is awaiting the issued payment order to become final and non-appealable. Both the Debtor and the guarantor (natural person) are liable to the Company.
K & K Sp. z o.o.		22	October 2018	The company is awaiting the issued payment order to become final and non-appealable.
Total listed	5	980		100% of all the claims
Item	Number of proceedings	Balance as at 31 March 2018	Date of initiation of proceedings	Current status of the case
Bankruptcy proceedings	45	20 011		
<i>including the 5 largest cases:</i>				
HYDROBUDOWA POLSKA SA		6 602	September 2012	The claim notified to a liquidator.

All the amounts expressed in PLN '000, unless indicated otherwise

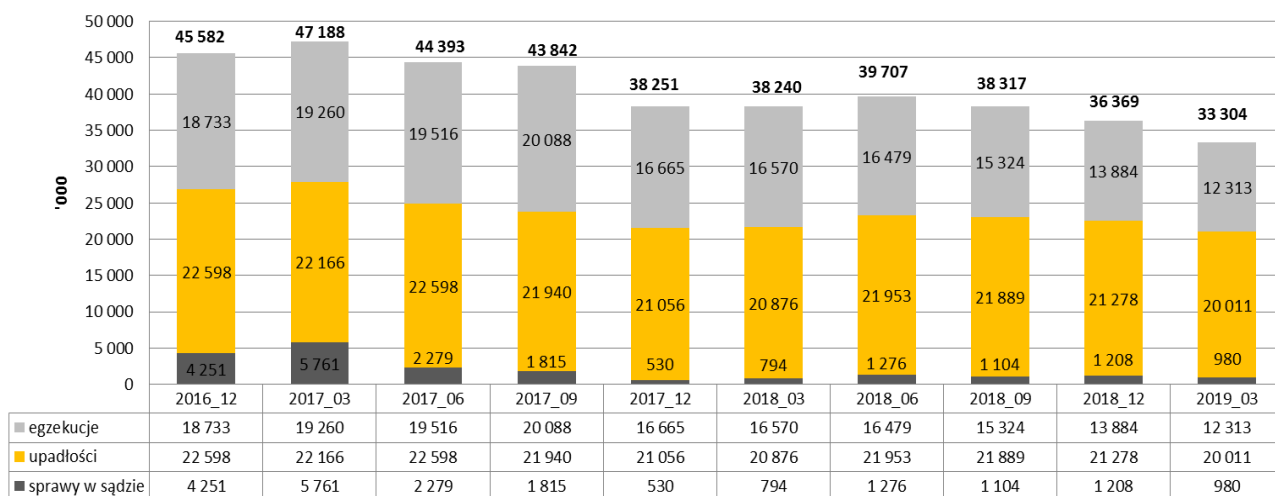


RADKO Sp. z o.o.		4 104	August 2012	<p>On 20 January 2016, the court changed the initially declared arrangement bankruptcy into liquidation bankruptcy. Regardless of the claim notified in the bankruptcy proceedings, the Company conducts several different proceedings in parallel, including:</p> <ul style="list-style-type: none"> • enforcement proceedings against sureties (former members of the debtor's Management Board). Land property enforcement proceedings are pending against one surety. At present, the Company is awaiting the date of an auction for the sale of one of the properties, • The Company is also a party to the criminal proceedings against the Debtor's former Management Board members in connection with Article 300 of the Criminal Code (deliberate divestment of the company's assets). In September of the current year, the District Court in Oświęcim acquitted the accused persons. On 19 November 2018, the prosecutor appealed the judgement. • The Company also requested the District Court in Kraków to prohibit one of the former members of the debtor's Management Board from running business activity and being members of bodies of commercial companies.
Gotowski – Budownictwo Komunikacyjne i Przemysłowe sp. z o. o		1 070	June 2018	<p>On 22 June 2018, the District Court in Bydgoszcz issued a decision on opening the recovery proceedings concerning the Debtor. As at the date of the report, the list of claims in the proceedings is not available yet. Regardless of the pending proceedings, the Company called Investors from constructions implemented with the Debtor for direct payments (the Company's contracts were notified under the Public Procurement Law). The Investors refused to pay to the Company. The Company is analysing further legal action in these matters.</p>
HENPOL Sp. z o.o.		1 010	January 2014	The claim notified to a liquidator.
Krokbud Sp. z o.o.		864	April 2016	<p>On 21 April 2016, the District Court in Nowy Sącz issued an arrangement bankruptcy order of the Debtor. On 16 November 2017, the same court changed the previous decision to the decision on the declaration of bankruptcy with liquidation of Debtor's assets. The company reported claims to the receiver.</p>
Total listed		13 650		68% of all the claims
Pending proceedings in total	50	20 991		

In addition to the court cases described above, the Company conducts a number of debt enforcement proceedings. These are primarily pre-litigation proceedings and at the stage of enforcement by a court enforcement officer. At present, the Company conducts 130 such proceedings the value of which is PLN 12 313 thousand.



Zmiany sald należności windykowanych w okresie od 2017 roku



The chart shows that the total balance of claims under enforcement in the 1st quarter of 2019 decreased by PLN 3.0 million. The decrease is mainly the result of including into costs the unsuccessfully completed (enforcement and bankruptcy) proceedings for a total amount of PLN 2.5 million during this period. Additionally, in the 1st quarter of 2019 the Company managed to recover a part of the receivables comprising the total balance in the debt collection (an amount of approx. 0.5 million). It can therefore be said that in the first quarter, the Company did not record any new debt collection issues

Proceedings concerning claims of subsidiaries as at 31 March 2019:

As at the balance sheet date, there were 15 court cases in total in the subsidiaries the value of which was PLN 3 371 thousand, including:

- 7 cases, the value of which is PLN 372 thousand, are at the court stage,
- 8 cases, the value of which is PLN 2 999 thousand, concern reorganisation and bankruptcy proceedings.

Unchangeably, insolvency proceedings of one of the debtors in Ulma Construcción Baltic sp. z o.o. are the largest of the court cases in Subsidiaries (the equivalent of debt as at the date of the report is PLN 2 018 thousand).

Apart from court receivables in subsidiaries' balance sheets described above, there are also balances of 16 receivables under enforcement the total value of which is PLN 1 863 thousand. The above-mentioned amounts are presented after conversion into PLN at the exchange rates as at the balance sheet date.

The Capital Group writes off all doubtful receivables and receivables under court proceedings. They are recognised as "Other operating costs" and their amount corresponds to estimates of the possibility of recovering receivables as part of court and debt enforcement proceedings.



H. Transactions with related entities

Information on concluding one or more transactions by the issuer or its subsidiary with its affiliates, provided that they were concluded under terms and conditions different from the market ones, and indication of their value, including in particular:

- Information on the entity with which the transaction was concluded,
- Information on relations between the issuer or its subsidiary with the entity being a party to the transaction,
- Information on the subject matter of the transaction,
- Significant transaction terms,
- Other information on these transactions if it is necessary for understanding the issuer's economic standing, financial standing and financial result,
- All changes in transactions with affiliates described in the recent annual statements which might have a significant impact on the issuer's economic standing, financial standing and financial result.

Transactions concluded in the 1st quarter of 2019 by ULMA Construcción Polska S.A. and its subsidiaries with affiliates were of standard and routine nature, were concluded at an arm's length basis, and their nature and terms and conditions resulted from ongoing operations.

The most important transactions were the ones with the parent entity ULMA C y E, S. Coop. (Spain), including in particular:

- purchase of formworks and scaffoldings and services of formwork and scaffolding rental with a total value of PLN 7 348 thousand,
- other purchases in the total amount of PLN 367 thousand.

In the last 12 months (from 1 April 2018 to 31 March 2019), the above transactions amounted to:

- purchase of formworks and scaffoldings and services of formwork and scaffolding rental with a total value of PLN 37 950 thousand,
- other purchases in the total amount of PLN 31 713 thousand.

In addition to commercial transactions, ULMA Construcción Polska S.A. granted long-term and short-term loans to its affiliates in the previous periods. The loans by indebtedness as at the balance sheet date and as at 31 December 2018 are listed in the table below.

Affiliate – long-term loans	Value of the loan 31 March 2019	Value of the loan 31 December 2018
ULMA Opatubka Ukraina (USD '000)	1 300	1 300
ULMA Construcción BALTIC (EUR '000)	2 100	2 250
Affiliate – short-term loans	Value of the loan 31 March 2019	Value of the loan 31 December 2018
ULMA CyE S.Coop. (PLN '000)	21 000	21 000

All the amounts expressed in PLN '000, unless indicated otherwise



The above loans granted to subsidiaries are perceived as net investments in a subsidiary.

Unrealised foreign exchange differences resulting from the valuation of the above loans are recognised directly in the Group's equity.

In the previous periods, ULMA Construcción Polska S.A. granted a short-term loan of PLN 32 000 thousand to the parent company ULMA CyE, S. Coop. The loan for the parent entity was granted on arm's length terms – the interest rate on the loan depends on the level of WIBOR 3M.

- 1st tranche in the amount of PLN 11 000 thousand was repaid in the period provided for and described in the loan agreement on 21 May 2018.
- Second tranche in the amount of PLN 11 000 thousand was repaid in the period provided for and described in the loan agreement on 29 April 2019.
- The date of payment of the remaining part of the loan (third tranche in the amount of PLN 10 000 thousand) in accordance with the annex of 15 January 2019 (current report no. 1/2019 of 15 January 2019) was set until 30 April 2020.

I. Guarantees and suretyships

Information on granting by the issuer or its subsidiary loan or credit guarantees or suretyships - jointly to one entity or a subsidiary of that entity, specifying:

- a) Name of the entity to which the suretyships or guarantees were granted,
- b) Total amount of credits or loans which was respectively secured or guaranteed in full or in part,
- c) Term of the suretyships or guarantees,
- d) Financial terms and conditions of the suretyships or guarantees, specifying the remuneration of the issuer for granting such suretyships or guarantees,

ULMA Construcción Polska S.A. granted warranty to UKRSIBBANK bank, for the subsidiary ULMA Opalubka Ukraina Sp. z o.o., as security for the repayment of bank credit (revolving line). The warranty is granted for the term of the credit agreement, and its amount is EUR 1 000 thousand.

The maturity date of the credit agreement is 31 December 2020. As at the balance sheet date on 31 March 2019, there is no indebtedness under this agreement.

J. Other relevant information

Other information relevant to the assessment of the personnel, property, financial situation, financial results of the issuer and information relevant for the assessment of the feasibility of the issuer's obligations

In the 1st quarter of 2019, no other, than those described above, significant events occurred.

The Management Board of ULMA Construcción Polska S.A. is unaware of any other information, which would be important for assessing its HR, economic, financial standing and financial result and their changes, and for assessing the capability of the Capital Group's companies to discharge their liabilities.



Information on the paid (or declared) dividend, in total and per share, broken down into ordinary and preference shares.

Pursuant to Resolution No. 7 AGM of ULMA Construcción Polska S.A. of 9 May 2019, a portion of the net profit for the financial year 2018 in the amount of 30 009 658.72 was allocated for payment to shareholders in the form of a dividend, in the amount of PLN 5.71 gross per share.

The determination of the rights to the dividend will be held on 17 May 2019, and the dividend payment day will take place on 24 May 2019.

Amount and type of items influencing assets, liabilities, equity, net result or cash flows which are unusual due to their type, value or frequency

No such operations in the 1st quarter of 2019 occurred.

Explanations on the seasonality or cyclicity of the issuer's activity in the presented period

Construction works are characterised by significant seasonality which translates directly into the Capital Group's revenues from sales of products and services. Particularly unfavourable weather conditions and frequent delays in budgetary investments usually occur in the 1st quarter of a year. These factors improve usually in the following quarters and the peak of the construction season is usually the 3rd quarter of a calendar year.

These phenomena also cause the seasonality effect in renovations of the Capital Group's products (formwork and scaffolding systems). Most of these works fall within the construction season, i.e. the 2nd and 3rd quarter of a year.

Information about write-offs revaluating the value of inventories to net realizable value and reversals of such write-offs

In the first quarter of 2019, the Capital Group did not create write-offs revaluating the value of inventories. There were also no reversals of such write-offs.

Information on revaluation write-offs due to impairment losses on financial assets, property, plant and equipment, intangible assets or other assets, and about reversals of such write-offs

In the 1st quarter of 2019, the Capital Group created write-offs of receivables and write-downs of trade receivables of PLN 1 501 thousand compared to PLN 1 505 thousand in the corresponding period of the previous year (recognised as "Other operating costs").

In the 1st quarter of 2019, the Capital Group did not make revaluation write-offs due to impairment losses on tangible fixed assets or intangible assets. There were also no reversals of such write-offs.



Information on creation, increase, use and reversal of provisions

The Group creates a provision for future liabilities related to benefits after the period of employment to assign costs to the periods to which they relate. The provision is charged to operating costs in amounts corresponding to the acquisition of such rights in future by present employees. The current value of these liabilities is calculated by an independent actuary.

Actuarial gains and losses resulting from a change in the actuarial assumptions (including those due to changes in discount rate) and actuarial adjustments ex post are recognised in other total income.

Calculation of the provision of the employee is based on the expected amount of retirement or disability package which the Company undertakes to pay under the Regulations.

The expected amount of package is calculated as the product of multiplication of the following factors:

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

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

The Group revalues the current value of liabilities due to post-employment benefits once a year as at the balance sheet date ending the financial year. The amount of the above provision does not change during the year.

Information on deferred income tax provisions and assets

	As at:	
	31 March 2019	31 December 2017
Deferred income tax assets:	6 142	5 692
Deferred income tax provision	(7 023)	(6 524)
Compensation	2 961	2 759
Balance sheet value of the deferred income tax asset	3 181	2 933
Balance sheet value of deferred income tax provision	(4 062)	(3 765)

Assets and provisions for deferred tax in the consolidated financial statements as at 31 March 2019 and 31 December 2018 were recognised in the amounts resulting from offsetting assets and liabilities at the level of each of the companies being part of the Capital Group.

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

	Financial statements		Profit and loss account	
	Q1 2019	31 December	Q1 2019	2018



Deferred tax provision				
Tax depreciation	7 020	6 517	(503)	(1 983)
Unrealised exchange rate differences	3	7	4	19
Other	-	-	-	15
Total	7 023	6 524	(499)	(1 949)
Deferred tax assets				
Measurement of tangible fixed assets	2 050	2 141	(91)	1 015
Allowances for receivables	2 445	2 409	36	830
Provisions charged to costs	1 621	1 142	479	169
Unrealised exchange rate differences	-	-	-	(17)
Exchange rate differences	26	-	-	-
Total	6 142	5 692	424	1 997
(Charge)/credit from deferred income tax			(75)	28

Information on significant purchase and sale transactions of property, plant and equipment

The most important purchase transactions of property, plant and equipment made in the first quarter of 2019 were purchases of formwork elements for lease from the Group's parent company in the amount of PLN 6 933 thousand.

Information on significant liabilities for the purchase of property, plant and equipment

Liabilities under the aforementioned purchases as at 31 March 2019 amounted to PLN 6 445 thousand (translated at the average EUR exchange rate announced by the President of the National Bank of Poland as at the balance sheet date) and have been fully settled by the date of publication of this report.

Errors from previous periods

In the first quarter of 2019, no errors of previous periods were found

Information on failure to repay a credit or loan or breach of substantial provisions of a credit or loan agreement

In the first quarter of 2019, the above-mentioned events did not occur. As at 31 March 2019, the Capital Group's subsidiaries do not have any debt due to bank loans other than those indicated in this report.

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

All the amounts expressed in PLN '000, unless indicated otherwise



In the first quarter of 2019, the Group did not issue, redeem or repay non-equity and capital securities.

Indication of events, which followed the date of the condensed quarterly financial statements, not covered by this report, but which might have a significant impact on future financial results of the issuer

After the balance sheet date, 31 March 2019, no events were identified that could significantly affect the future financial results of the Capital Group of ULMA Construcción Polska S.A.

Information on changes in contingent liabilities or contingent assets which have taken place since the end of the last financial year

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

K. Factors affecting the future results of the issuer

Indication of factors which the issuer believes will influence results achieved over at least the upcoming quarter

I Market in Poland

In the area of the main market barriers faced by construction companies, the difficulties on the labor market and the growing costs of construction materials are still the most severe, while the possibility of valorisation of contracts signed in previous years is limited. In the entire first quarter of 2019, employment in construction grew at a rate similar to previous periods (about 5%) and the fastest in the group of specialist companies (increase by 6.1%), the slowest in engineering companies, (4.9%).

In addition, new public tenders often remain unresolved due to the fact that bidders exceed investor budgets. This postpones the moment of commencement of the investment due to the necessity of calling a new tender for a few to several months.

This situation is slightly stabilized by the growing import of construction materials following the ongoing economic slowdown in foreign markets, which has an impact on stabilization of prices of building materials that have so far increased significantly.

In March 2019 the number of bankruptcies in the construction industry remained at a clearly lower level compared to the same period of the previous year (35 bankruptcies in January-March 2019).

In **residential construction**, we are observing some slowdown (although the general situation in this segment is still positive), the contracting of apartments of leading developers is also falling. In the first quarter of 2019, the double-digit decrease in the number of contracted apartments by leading developers continued (-18% YoY vs. -27% in the corresponding period of the previous year). The deepest decreases in the sale of apartments were recorded by the following companies: Polnord, Lokum Developer, Robyg, LCCorp and Vantage Development. On the other hand, the following companies recorded significant growth: Archicom and Marvipol.



After a 18% decrease in February this year, data for March this year have brought over a 22% decrease in construction permits for new dwellings. In March 2019, the number of dwellings completed was also lower by 1.5%. In the area of housing loans, in the current year the number of new loans was decreased (by 5%).

In the area of construction of **expressways and motorways**, an important event was the announcement of tenders for the implementation of nearly 50 km of new routes. The length of high-speed routes under construction remained at the level of nearly 1 270 km, which means a decrease of 2% YoY, but 134 km routes are still in the design phase. In general, therefore, the condition of the segment in terms of contracts already being implemented is still positive.

However, in the course of the new public tenders in the current year there were further significant decreases. In the group of tenders up to EUR 5.5 million (according to the Public Procurement Bulletin), the fall of the current year saw a decrease by almost 31% YoY for new tenders and a decrease of 29% for contracts awarded. However, in the group of tenders above EUR 5.5 million (according to the Official Journal of the European Union TED), the number of new tenders decreased by 20%, while the number of orders was increased by 12.2%.

As a result, maintaining the good condition of the engineering segment is influenced by the supply of new public tenders. According to Mr Jan Styliński (President of the PZPB), funds for the implementation of all engineering projects planned in the National Road Construction Program 2014-2023 may not be enough. It is estimated that mobilization of additional funds in the amount of approximately PLN 10 -12 billion may be necessary to support the budgets of investors in relation to the original project values. Otherwise, it will be necessary to limit the investment plans, and thus the offers.

Foreign markets

Factors, which may have an impact on the economic situation and foreign market revenues of the Capital Group in the near future, include the following:

UKRAINE

- risk of escalation of the conflict with Russia although this risk decreases in our opinion.
- in turn, the risk of internal unrest related to poorly felt improvement of the living conditions of the population,
- the local currency exchange rate (Hryvnia) has been stable for a long time. However, this fact, in the context of possible changes in the current policy of the President of Ukraine, increases the risk of a one-off devaluation.

KAZAKHSTAN

- so far, the relatively stable local currency exchange rate (Tenge) has been influenced by political risk in the context of the presidential elections planned for June this year.

LITHUANIA

- the significant effect of the seasonality of construction production results in the fact that in the second quarter of 2019, the market gap phenomenon may occur, which may cause a rapid increase in demand for services offered by the Capital Group in the second part of this year.

Foreign exchange risk

All the amounts expressed in PLN '000, unless indicated otherwise



The Capital Group's companies purchase products (formwork systems and accessories) from the parent company in Spain or other entities located outside Poland. On the other hand, the Capital Group's companies operate on export markets. The Capital Group is thus exposed to exchange rate risk, which it seeks to limit through activity on the currency market.

Ulma Opałubka Ukraina sp. z o.o. (subsidiary) incurred USD-denominated intra-group loans. Due to the inability to effectively hedge this transaction against the exchange rate risk, the Company remains exposed to currency exposure (USD-hryvnia), although this risk seems to be moderate given the visible stabilisation of the situation in Ukraine. Moreover, the Management Board attempts to minimise this risk by updating prices of the offered products and services following changes in exchange rates.

L. Information on segments

Information on revenues and results for individual business or geographical segments specified in line with the IASs, depending on which division of segments is the basic one

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

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

Results in the segments were as follows:

1st quarter of 2019 – period of 3 months ended 31 March 2019

Item	Construction site services	Sale of construction materials	Capital Group
Total sales revenues	41 612	12 059	53 671
Internal sales	(221)	(1 883)	(2 104)
Sales revenues	41 391	10 176	51 567
Operating costs without depreciation	(26 129)	(6 942)	(33 071)
Internal turnover costs	(11)	1 639	(1 628)
Consolidated operating costs without depreciation	(26 140)	(5 303)	(31 443)
EBITDA	15 251	4 873	20 124

1st quarter of 2018 – period of 3 months ended 31 March 2018

Item	Construction	Sale of	Capital Group
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All the amounts expressed in PLN '000, unless indicated otherwise



	site services	construction materials	
Total sales revenues	45 256	7 629	52 885
Internal sales	(78)	(3 061)	(3 139)
Sales revenues	45 178	4 568	49 746
Operating costs without depreciation	(26 528)	(6 207)	(32 735)
Internal turnover costs	18	2 189	2 207
Consolidated operating costs without depreciation	(26 510)	(4 018)	(30 528)
EBITDA	18 668	550	19 218

The reconciliation of operating profit (loss) compared to the Group's net financial result is presented below.

	Q1 2019	Q1 2018
EBITDA	20 124	19 218
Depreciation	(10 513)	(7 967)
Interest revenues	283	337
Other financial revenues	185	126
Interest costs	(250)	(27)
Other financial costs	(193)	(39)
Share in results of affiliates	295	33
Profit (loss) before tax	9 931	11 681
Income tax	(2 135)	(2 367)
Net profit (loss)	7 796	9 314



M. Investor Relations

As part of activities aimed at building correct investor relations, the Group appointed a contact person for Warsaw Stock Exchange, the Financial Supervision Authority and shareholders.

Aneta Szymańska

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ULMA Construcción Polska S.A.

SEPARATE CONDENSED FINANCIAL STATEMENTS

FOR THE 1ST QUARTER ENDED 31 MARCH 2019



Profit and loss account and other total income

	Q1 2019	Q1 2018
Sales revenues	44 473	44 493
Costs of products, goods and materials sold	(32 030)	(30 323)
I. Gross profit on sales	12 443	14 170
Sales and marketing costs	(630)	(653)
Overheads	(4 008)	(3 475)
Other operating revenues	476	286
Other operating costs	(194)	(175)
<i>Including losses due to impairment of receivables</i>	<i>(194)</i>	<i>(175)</i>
II. Operating profit (loss)	8 087	10 153
Financial revenues	1 097	488
Financial costs	(192)	(16)
<i>Net financial costs</i>	<i>905</i>	<i>472</i>
III. Profit (loss) before tax	8 992	10 625
Current income tax	(1 627)	(1 967)
Deferred income tax	(297)	(79)
IV. Net profit (loss) for the financial period	7 068	8 579
Other total income which may be settled in the future with profit (loss)	-	-
V. Total income for the financial period	7 068	8 579
Net profit (loss) for the financial period	7 068	8 579
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)	1.34	1.63

All the amounts expressed in PLN '000, unless indicated otherwise



Financial statements

As at:

	31 March 2019 (not audited)	31 December 2018	31 March 2018 (not audited)
ASSETS			
I. Fixed assets (long-term)			
1. Tangible fixed assets	222 519	217 068	204 262
2. Intangible assets	184	177	315
3. Shares in affiliates	7 458	7 458	7 458
4. Rights to use non-current assets	14 493	3 902	3 944
5. Long-term receivables	14 020	14 563	15 036
Total fixed assets (long-term)	258 674	243 168	231 015
II. Current assets (short-term)			
1. Inventories	6 671	5 133	3 270
2. Trade receivables and other receivables	63 809	63 433	76 251
3. Income tax receivables	-	-	166
4. Derivatives	-	-	7
5. Cash and cash equivalents	52 328	45 611	34 197
Total current assets (short-term)	122 808	114 177	113 891
Total assets	381 482	357 345	344 906

All the amounts expressed in PLN '000, unless indicated otherwise



	31 March 2019 (not audited)	31 December 2018	31 March 2018 (not audited)
EQUITY AND LIABILITIES			
I. Equity			
1. Share capital	10 511	10 511	10 511
2. Supplementary capital – share premium	114 990	114 990	114 990
3. Retained earnings, including:	199 577	192 509	178 703
a) Net profit (loss) for the financial period	7 068	42 409	8 579
Total equity	325 078	318 010	304 204
II. Liabilities			
1. Long-term liabilities			
a. Deferred income tax liabilities	4 062	3 765	2 305
b. Long-term pension liabilities	185	185	173
c. Long-term lease liabilities	6 740	-	-
Total long-term liabilities	10 987	3 950	2 478
2. Short-term liabilities			
a. Short-term retirement pension liabilities	61	61	51
b. Current income tax liabilities	749	1 257	-
c. Short-term liabilities due to factoring of trade liabilities	1 409	1 173	3 301
d. Short-term lease liabilities	3 693	-	-
e. Trade liabilities and other liabilities	39 505	32 894	34 872
Total short-term liabilities	45 417	35 385	38 224
Total liabilities	56 404	39 335	40 702
Total equity and liabilities	381 482	357 345	344 906

All the amounts expressed in PLN '000, unless indicated otherwise



Statement of changes in equity

Item	Share capital at nominal value	Share premium	Retained earnings	Total equity
As at 31 December 2017 (data reported)	10 511	114 990	171 339	296 840
Adjustment for IFRS 9	-	-	(1 215)	(1 215)
As at 1 January 2018 (data restated)	10 511	114 990	170 124	295 625
Total net income in 2018	-	-	42 409	42 409
Dividend paid	-	-	(20 024)	(20 024)
As at 31 December 2018	10 511	114 990	192 509	318 010
Total net income in the 1st quarter of 2019	-	-	7 068	7 068
As at 31 March 2019	10 511	114 990	199 577	325 078

Item	Share capital at nominal value	Share premium	Retained earnings	Total equity
As at 31 December 2017 (data reported)	10 511	114 990	171 339	296 840
Adjustment for IFRS 9	-	-	(1 215)	(1 215)
As at 1 January 2018 (data restated)	10 511	114 990	170 124	295 625
Total net income in the 1st quarter of 2018	-	-	8 579	8 579
As at 31 March 2018	10 511	114 990	178 703	304 204



Cash flow statement

	Q1 2019	Q1 2018
Operating cash flows		
Net profit for the financial period	7 068	8 579
Adjustments:		
- Income tax	1 924	2 046
- Depreciation of tangible assets	8 286	6 871
- Depreciation of intangible assets	50	57
- Depreciation of the right to use	1 013	-
- Net value of sold formworks – tangible assets	1 353	201
- (Profits) losses on changes in the fair value of financial instruments	-	(71)
- Interest received	(989)	(488)
- Interest expense	192	27
- Foreign exchange (profits) losses	(74)	(11)
Changes in current assets:		
- Inventories	(1 538)	1 226
- Trade receivables and other receivables	(376)	2 745
- Trade liabilities and other liabilities	6 763	3 621
	23 672	24 803
Purchase of formworks	(14 773)	(11 577)
Income tax paid	(2 051)	(1 321)
Net operating cash	6 848	11 905
Investing cash flows		
Acquisition of tangible fixed assets	(319)	(482)
Inflows from the sale of tangible fixed assets	3	6
Acquisition of intangible assets	(57)	(5)
Loans granted	-	-
Repayment of loans granted	615	-
Dividends received	559	-
Interest received	430	490
Net investing cash	1 231	9
Financing cash flows		
Lease payments	(1 171)	-
Interest paid	(192)	(27)
Dividend paid	-	-
Net financing cash	(1 363)	(27)
Net increase (decrease) in cash	6 716	11 887
Opening cash	45 611	22 305
Foreign exchange (losses) profits on valuation of cash and overdraft facility	1	5
Closing cash and overdraft facility	52 328	34 197

All the amounts expressed in PLN '000, unless indicated otherwise



Description of the major accounting principles applied

The Company prepared the interim condensed financial statements based on the same accounting principles as described in the audited financial statements as at 31 December 2018. The interim financial statements as at 31 March 2019 should be read together with the audited consolidated financial statements as at 31 December 2018 published on 28 March 2019.

Investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates are recognised at historical cost adjusted for revaluation write-offs. Effects of changes in the revaluation write-offs of investments in subsidiaries are recognised as financial revenues or costs of the reporting period in which a change occurred.

Conversion of selected financial data into euro

Conversion of selected financial data into euro is presented in the table below:

ITEM	in PLN '000		in EUR '000	
	Q1 2019	Q1 2018	Q1 2019	Q1 2018
Net revenues from sales of products, goods and materials	44 473	44 493	10 348	10 641
Operating result	8 087	10 153	1 882	2 428
Gross result	8 992	10 625	2 092	2 541
Net result	7 068	8 579	1 645	2 052
Net operating cash flows	6 848	11 905	1 593	2 847
Net investing cash flows	1 231	9	287	2
Net financing cash flows	(1 363)	(27)	(317)	(6)
Net cash flows	6 716	11 887	1 563	2 843
Basic profit per ordinary share (in PLN/EUR)	1.34	1.63	0.31	0.39
Diluted profit per ordinary share (in PLN/EUR)	1.34	1.63	0.31	0.39
	31 March	31 December	31 March	31 December
Total assets	381 482	357 345	88 690	83 104
Liabilities	56 404	39 335	13 113	9 148
Long-term liabilities	10 987	3 950	2 554	919
Short-term liabilities	45 417	35 385	10 559	8 229
Equity	325 078	318 010	75 577	73 956
Share capital	10 511	10 511	2 444	2 444
Weighted average number of shares	5 255 632	5 255 632	5 255 632	5 255 632
Number of shares as at the balance sheet date	5 255 632	5 255 632	5 255 632	5 255 632
Book value per share (in PLN/EUR)	61.85	60.51	14.38	14.07

The individual items of assets as well as equity and liabilities were converted into EUR at the average exchange rates published by the President of the NBP, valid as at the balance sheet date. The average exchange rate of EUR as at 31 March 2019 was PLN 4.3013 and as at 31 December 2018 – PLN 4.300.



The items of the statement of total income and the items of the cash flow statement were converted at a rate being the arithmetic mean of exchange rates valid in a specific period, i.e. data from 1 January to 31 March 2019 converted at an exchange rate of PLN 4.2978/EUR, data for the corresponding period of 2018 converted at an exchange rate of PLN 4.1811/EUR.