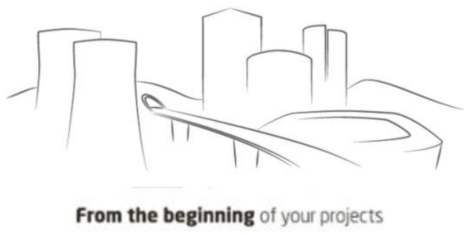
FINANCIAL STATEMENTS

ULMA Construccion Polska S.A.

FOR THE YEAR ENDED ON 31 DECEMBER 2017

(along with an independent auditor's report from the audit)



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ULMA Construccion Polska S.A.

GENERAL INFORMATION

Objects of business activity

ULMA Construccion Polska S.A. operates in the area of:

- lease and sales of scaffolding and construction panels,
- designs of panels and scaffolding application on commission,
- export of construction services,
- sales of construction materials and raw materials and concrete accessories.

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

Parent entity

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

Registered Office

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

The composition of supervisory and management bodies as at 31.12.2017 and as at the date the financial statements were approved for publication

Supervisory Board

In 2017 the following changes to the composition of the Company's Supervisory Board were made:

On 29 September 2017 Ms Maria Lourdes Urcelay Ugarte filed her resignation from the Company's Supervisory Board effective on 19 October 2017.
On 19 October 2017, the Extraordinary General Meeting elected Mr Rafael Anduag Lazcanoiturburu as a member of the Supervisory Board.

Composition of the Company’s Supervisory Board as at 31.12.2017 and as at the date the financial statements were approved for publication:

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

Audit Committee

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

Management Board (Board)

In 2017 there were no changes to the composition of the Company's Management Board.

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

Statutory Auditor

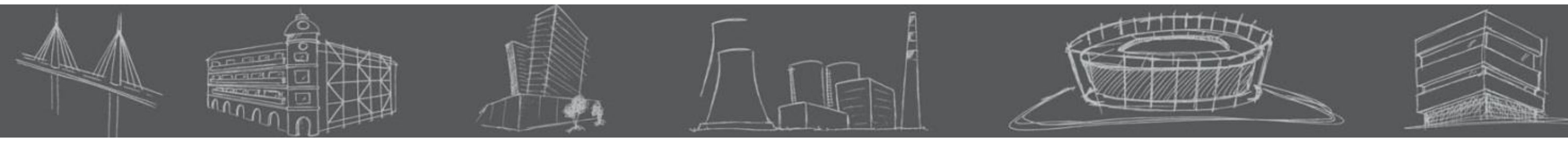
Ernst & Young Audyt Polska spółka z ograniczoną odpowiedzialnością sp. k.
Rondo ONZ 1
00-124 Warszawa, Poland
The Company is registered in the register of entities authorised to audit financial statements under number 130.

Banks

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

Stock exchange listings

The Company is listed on the Warsaw Stock Exchange (“GPW”).
GPW ticker: ULM.



ULMA Construccion Polska S.A.

FINANCIAL STATEMENTS

for the year ended on 31 December 2017

Statement of financial position

	Note	31 December 2017	31 December 2016
		Status as at:	
ASSETS			
I. Fixed assets			
1. Tangible fixed assets	4.	199,268	194,063
2. Intangible assets	5.	368	152
3. Investments in subsidiaries and affiliates	7.	7,458	8,198
4. Other fixed assets	8.	3,957	4,012
5. Long-term receivables	9.	15,032	18,468
Total fixed assets		**226,083**	**224,893**
II. Current assets			
1. Inventories	10.	4,496	2,374
2. Trade and other receivables	9.	80,432	78,239
3. Current income tax receivables		811	94
4. Cash and cash equivalents	11.	22,305	32,717
Total working assets		**108,044**	**113,424**
Total assets		**334,127**	**338,317**
EQUITY AND LIABILITIES			
I. Equity			
1. Share capital	12.	10,511	10,511
2. Reserve capital – share premium	12.	114,990	114,990
3. Retained profit, of which:		171,339	181,368
a. Net profit (loss) for the financial period		*18,351*	*10,711*
Total equity		**296,840**	**306,869**
II. Liabilities			
1. Long-term liabilities			
a. Deferred income tax provisions	16.	2,447	2,935
b. Long-term liabilities due to pension benefits	17.	173	145
Total long-term liabilities		**2,620**	**3,080**
2. Short-term liabilities			
a. Short-term liabilities due to pension benefits	17.	51	41
b. Short-term liabilities due to factoring of trade payables	13.	2,936	3,046
c. Derivative instruments	6.	64	13
d. Trade and other payables	13.	31,616	25,268
Total short-term liabilities		**34,667**	**28,368**
Total liabilities		**37,287**	**31,448**
Total equity and liabilities		**334,127**	**338,317**

Profit and loss account and other comprehensive income

	Note	12 months of 2017		12 months of 2016 (transformed data)
Sales revenues	18.	181,208		166,208
Costs of sold products, goods and materials	19.	(141,291)		(138,541)
I. Gross profit on sales		**39,917**		**27,667**
Sales and marketing costs	19.	(2,520)		(2,733)
Overheads	19.	(12,972)		(13,736)
Other operating revenues	20.	614		3,946
Other operating expenses	20.	(3,023)		(3,628)
II. Profit (loss) on operations		**22,016**		**11,516**
Financial income	21.	4,833		2,766
Financial expenses	21.	(3,756)		(146)
Net financial income / (expenses)		*1,077*		*2,620*
III. Profit (loss) before tax		**23,093**		**14,136**
Income tax	22.	(4,742)		(3,425)
IV. Net profit for the financial period		**18,351**		**10,711**
Other comprehensive income:		-		-
V. Comprehensive income for the period		**18,351**		**10,711**
Weighted average number of ordinary shares		5,255,632		5,255,632
Basic and diluted profit (loss) per share in the period (in PLN per share)	30.	3.49		2.04

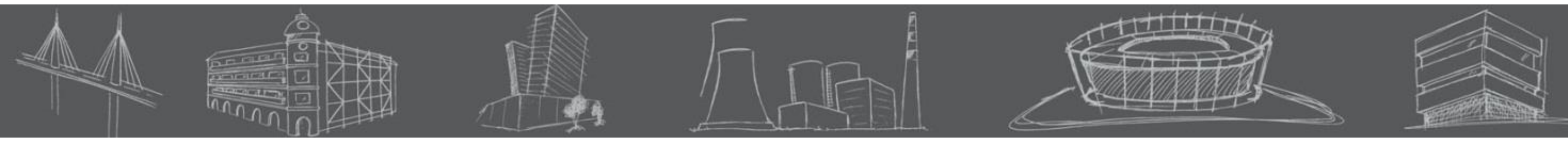
Statement of changes in equity

Item	Share capital at nominal value	Share premium (agio)	Retained profit	Total equity
As at 01 January 2017	**10,511**	**114,990**	**181,368**	**306,869**
Total net comprehensive income in 2017	-	-	18,351	**18,351**
Dividend paid	-	-	(28,380)	**(28,380)**
As at 31 December 2017	**10,511**	**114,990**	**171,339**	**296,840**

Item	Share capital at nominal value	Share premium (agio)	Retained profit	Total equity
As at 01 January 2016	**10,511**	**114,990**	**170,657**	**296,158**
Total net comprehensive income in 2016	-	-	10,711	**10,711**
As at 31 December 2016	**10,511**	**114,990**	**181,368**	**306,869**

Cash flow statement

	Note	12 months 2017		12 months 2016
Cash flows from operating activities				
Net profit for the financial period		**18,351**		**10,711**
Adjustments:				
– Income tax	22.	4,742		3,425
– Fixed assets depreciation	4.	40,716		46,639
– Amortisation of intangible assets	5.	106		113
– Net value of shuttering – fixed assets sold		419		1,973
– (Profit)/loss on goodwill changes due to financial instruments		51		5
– (Profit)/loss due to impairment of interest in associated company	7.21	1,800		-
– Interest and dividend income		(4,833)		(2,013)
– Interest expense		120		-
– FX (profit)		2,063		(778)
– Change in the value of the provision for retirement benefits		38		(21)
Changes in working assets:				
– Inventory		(2,122)		10
– Trade and other receivables		(2,820)		(390)
– Trade and other payables		6,239		(6,734)
		64,870		**52,940**
Purchase of scaffolding – fixed assets	4.	(45,027)		(43,934)
Income tax paid		(5,948)		(5,028)
Net cash from operating activities		**13,895**		**3,978**
Cash flows from investing activities				
Acquisition of tangible fixed assets		(1,262)		(4,028)
Inflows on disposal of tangible fixed assets		2		121
Purchase of intangible assets	5.	(321)		(117)
Loans granted		-		(1,079)
Repayment of granted loans		2,059		511
Dividend received and other profit distributions from interests in related	21.	3,080		-
Purchase of interests in associated entity	7.	(1,059)		-
Interest received		1,836		2,429
Net cash flows applied to investing activities		**4,335**		**(2,163)**
Cash flows from financing activities				
Dividend paid		(28,380)		-
Interest paid		(120)		-
Net cash flows applied to financing activities		**(28,500)**		**-**
Net increase (decrease) of cash		**(10,270)**		**1,815**
Cash as at beginning of the period		32,717		31,061
FX (losses) on valuation of cash		(142)		(159)
Cash as at end of the period	**11.**	**22,305**		**32,717**



ULMA Construccion Polska S.A.

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Notes to the financial statement

1. Description of key accounting principles

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

A. Statement on compliance and general preparation principles

The financial statements of ULMA Construcction Polska S.A cover the year ended on 31 December 2017 and contain comparative data for the year ended on 31 December 2016.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), endorsed by EU ("EU IFRS"). As at the date the financial statements were approved for publication, considering the pending process in EU on implementing IFRS, IFRS applicable to these financial statements do not differ from EU IFRS.
EU IFRS cover standards and interpretations approved by the International Accounting Standards Board ("IASB").

These statements were prepared in compliance with the historical cost principle, except for financial assets and liabilities (financial derivatives) measured at fair value through P&L.

These financial statements are presented in Polish zloty ("PLN") and all values are disclosed in PLN thousand unless specified otherwise.

These financial statements have been prepared based on the assumption that the Company will continue as a going concern in the foreseeable future. As at the publication date hereof, no circumstances were identified that would pose a threat to the Company continuing as a going concern.

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

The Company prepared its consolidated financial statements for the year ended 31 December 2017 which were approved for publishing on 26 March 2018.

These financial statements were approved for publication by the Management Board on 26 March 2018.

Transformation of comparable data

The Company has transformed its comparable data for 2016. The adjustment refers to:

- Reclassification of impairment allowances to receivables (establishment and reversal) and the amounts of written off trade receivables totalling PLN 3,228 thousand, previously disclosed as "Costs of sales and marketing" to "Other operational expenses",
- Set-off of the amounts of certain related movements of fixed assets in the group of shuttering, previously disclosed jointly in items: "Other operational revenues" and "Other operational expenses", in order to evidence the total effects of managing the Company's fixed assets. The set-off amount is PLN 2,343 thousand.

- Reclassification of FX gains of PLN 753 thousand previously recognised as a reduction of financial expenses to financial income in order to present the net result on FX gains/losses.

The above adjustments did not affect the Company's result on operations or profit before tax for 2016.

Modifications to the applied accounting principles

The accounting principles (policies) applied to prepare these financial statements are compliant with those applied to the financial statements of the Company for the year ended on 31 December 2016, with the exception of those listed below. The modifications to IFRS listed below were applied to these financial statements when they became effective; however, they have no material impact on the presented and disclosed financial information and did not apply to any transactions concluded by the Company:

- Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*

  The modifications contain details related to the generation of negative temporary differences in case of debt instruments measured at fair value, estimates of probable future taxable income and an evaluation if the future generated income will cover the negative temporary differences. The modifications apply prospectively.
- Modifications to IAS 7 *Initiative on disclosures*

  The modifications require entities to disclose information that will support readers of the financial statements in their assessment of changes to liabilities resulting from financing activities. No comparable information for the previous periods is required.
- Modifications to 12 *Disclosures on interests in other entities* that are part of the *Modifications resulting from the 2014-2016 IFRS review*

  The modifications clarify that the requirements specified in the standard apply also to the entity's interests in subsidiary companies, joint contractual agreements (i.e. joint activities or joint ventures), associated entities or non-consolidated structured entities that have been classified (or incorporated to the group available for sale that has been classified) as available for sale or discontinued in line with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The Group has not earlier adopted any other standard, interpretation or amendment that was issued but is not yet effective in the light of EU regulations.

B. Measurement of items in foreign currency

Functional currency and reporting currency

The items of the Company's financial statements are measured in the currency of their basic business environment, in which the Company operates (functional currency). The functional currency is the Polish zloty, which is also the reporting currency in the Company's financial statements.

Transactions and balances

Transactions in foreign currencies as translated into the functional currency according to the rate effective as on the transaction date. FX profit and loss due to transaction settlement and balance sheet valuation of

cash assets and liabilities in foreign currencies are charged accordingly to the financial result. Both negative and positive FX differences under investment and financial activity are charged to financial costs.
FX differences on revaluation and balance sheet valuation of trade settlements increase or decrease income or cost items they are related to.
The Company applies the mean exchange rate of a particular currency published by the National Bank of Poland as of the balance sheet date to measure its assets and liabilities, as the closing exchange rate for such currency.

C. Financial instruments

Financial instruments disclosed in the financial statements include cash in hand and with banks, trade and other receivables, financial assets disclosed at fair value and settled through financial result, financial assets available for sale, trade payables and other liabilities, factoring liabilities as well as loans and borrowings.
The adopted methods of presentation and valuation of particular financial instruments were included in items below which describe the adopted accounting principles.
Financial derivatives are initially recognised in fair value as of the contract date. Subsequently their value is updated to the actual fair value. Derivative instruments held by the Company cannot be classified as hedges and therefore the result of their fair value measurement is recognised in the financial result.
As at the end of each reporting period, the Company assesses if objective impairment indications exist to financial assets other than measured at fair value through the financial result. A financial asset is deemed to be impaired if after its initial recognition, objective impairment indications occurred as a result of an event that may have adverse, reliably assessed impact on the value of future cash flows generated by such asset.
Objective impairment indications of financial assets (including equity instruments) include failure to pay or a delay in payment of debt by a debtor, debtor's debt restructuring approved by the Company for economic or legal reasons that would not have been approved by the Company otherwise, circumstances indicating a high likelihood of the debtor's bankruptcy, disadvantageous changes to payment balances from the debtors, economic conditions implicating contractual breaches, disappearance of an active market for specific financial assets. Additionally, in case of investments in equity instrument, objective impairment indications of financial assets include a material or prolonged decrease of the fair value of such investment below their acquisition price.

Loans granted and receivables and investments kept until maturity
The Company assesses impairment indicators of loans granted and receivables and investments kept until maturity, both at the level of individual assets and with reference to asset groups. In case of individually material receivables and investments kept until maturity, impairment tests are performed of each individual asset. All individually significant loans granted and receivables and investments kept until maturity where no impairment indicators have been identified on the basis of an individual assessment, are then subject to a group assessment to ascertain if there is no unidentified impairment otherwise. Loans granted and receivables and investments kept until maturity with an individually immaterial value are examined collectively for impairment split into groups with similar risk features.
Assessing the impairment of asset groups, the Company relies on historic trends to assess the likelihood of arrears and the payment time and the suffered losses, adjusted by estimates made by the Management Board assessing if the existing economic and credit conditions indicate if the actual losses may materially differ from the losses resulting from the assessment of historic trends.
Impairment of financial assets measured at amortised cost is estimated as the difference between their book value and the present value of future cash flows discounted with the original effective interest rate. All losses are recognised in the profit and loss account of the current period and constitute an impairment charge of loans granted and receivables and investments kept until maturity; however, the Company continues to accrue interest on such revalued assets. If subsequent circumstances (e.g. payments by the

debtor) evidence that impairment indications no longer exist, then reversals of impairment charges are recognised in profit or loss of the current period.

Financial assets available for sale

Impairment of financial assets available for sale is recognised by transfer of cumulated loss recognised in the revaluation reserve to fair value, to profit or loss of the current period. The value of such cumulated loss is calculated as the difference between the acquisition price reduced by received principal instalments and changes to the book value resulting from the application of the effective interest rate, and their fair value. Additionally, the difference is reduced by impairment losses previously recognised in profit or loss of the current period. Changes to the impairment charge related to the application of the effective interest rate method are recognised as interest income.
If in subsequent periods, the fair value of impaired securities available for sale increases, and such increase may be objectively attributed to an event after the impairment charge was recognised, the previously recognised loss is reversed and recognised in profit or loss of the current period. In case of equity instruments available for sale, such reversed impairment charge is recognised in other comprehensive income.

D. Tangible fixed assets

Tangible fixed assets comprising buildings, machinery and devices used for the purpose of delivery and products and provision of services for the purpose of management, were valued as of the balance sheet date according to the purchase price or production cost less accumulated depreciation and revaluation write down.

Further expenditures are recognised in the balance sheet value of a particular asset or as a separate fixed asset (when appropriate) only when it is likely that such expenditures will bring economic benefits for the Company and the cost of such item may be reliably measured. Further expenditures which do not increase the initial usable value of a given fixed asset are charged against the costs of the period in which they were incurred.

The land owned by the Company is disclosed according to the purchase price and is not depreciated. Other fixed assets are redeemed by a straight line method in order to divide their initial value less the potential end value during their usable period for particular groups by kind.
The usable periods applied to particular groups of fixed assets are the following (in years):

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

The verification of the fixed assets end value and usable periods is performed as of each balance sheet date and adjusted when necessary.

If the book value of a fixed asset is higher than its estimated realisable value, the book value is decreased to the realisable value level (note 1G).

Profit and loss due to disposal of fixed assets is determined by comparing the income on sales with their balance sheet value and is charged to the financial result.

Inventory of fixed assets classified as scaffolding systems is performed annually; of other fixed assets – every 4 years.

In Q4 2017 (from 1 October 2017), on the basis of current estimates, the Company verified the approved useful life of fixed assets classified as scaffolding systems and as a result reduced the levels of depreciation rates. The modifications resulted in reduced depreciation expenses for the group by PLN 4,820 versus a calculation if there were no change to the depreciation rates.

E. Leasing – lessee's (beneficiary's) accounting

The lease of assets in which significant portion of risks and benefits arising of the ownership title remain with the lessor is classified as operational lease. Leasing fees the Company is charged with under operational leasing are charged to the financial result on a straight line basis throughout the term of the lease contract.

Lease of tangible fixed assets in the case of which the Company assumes a significant portion of risks and benefits arising from the ownership title is classified as financial lease. The financial lease object is recognised in assets as from the lease commencement date in the lower of the two following amounts: fair value of the leased asset or the present value of the minimum lease payments. Lease fees incurred in the reporting period in the portion pertaining to principal decrease the principal amount of liability due to financial leases while the remaining interest part is charged to the financial costs of the period. Leasing fees are divided into principal and interest in such a way as to obtain a fixed interest rate for the period in relation to the outstanding principal.
Tangible fixed assets subject to financial leasing are disclosed in the financial report together with other financial assets and are depreciated in line with the same rules. If there is no sufficient certainty that following the end of the lease period the Company receives the ownership right, the assets are depreciated in a shorter of the two periods: lease period and the economic useful life.

F. Intangible assets

Software

Purchased licenses for computer software are capitalized in the costs for their purchase and preparation for the use of particular software. Capitalized costs are depreciated over the estimated software use period: 2-5 years.

G. Impairment of non-financial fixed assets

Depreciable fixed assets are analysed from the perspective of loss of value in case of occurrence of premises which suggest the possibility that the balance sheet value of tangible and intangible assets may not be realized. The amounts of revaluation write downs determined as a result of analysis decrease the balance sheet value of the asset they pertain to and are charged to the costs of the period. Impairment loss is recognised in the amount by which the balance sheet value of an asset exceeds its realisable value. The realisable value is the higher of the two following amounts: fair value less costs of sales and the usable value (reflected by the current value of cash flows related to such asset). For the purpose of the impairment analysis, assets are grouped at the lowest level in relation to which there are identifiable separate cash flows (cash flow-generating centres).

With reference to assets other than goodwill, impairment charges recognised in previous periods are subject to assessment at the end of each reporting period for impairment indications or complete reversal thereof. Impairment charges are reversed if a change has occurred to estimates applied to identify the realisable value. Impairment charges are reversed solely back to the original value of assets reduced by depreciation allowances that would have been disclosed were it not for such impairment charges.

I. Investments

Financial assets available for sale

Company's investments include the value of shares and interests in other entities than subsidiaries and affiliates. Investments in other entities are presented as financial assets for sale, since the Management Board does not intend to dispose of such investments in the period of the next 12 months. Investments are recognised initially in their fair value plus additional transaction costs. The increase of the investment value due to revaluation to fair value is charged to equity. The decrease of the investments values which have been previously increased, decrease the revaluation capital. All the other decreases due to impairment are charged to financial result. Financial instruments available for sale whose fair value cannot be reliably determined (no active market for such instruments exists) are valued according to the financial instrument purchase costs less write downs.

Investments in subsidiary and affiliated undertakings

Investments in related undertakings are measured at the acquisition price reduced by any impairment charges.

Loans and receivables

Loans and receivables are financial assets with fixed or estimable payments that are not listed in active markets. Such assets are initially recognised at fair value increased by attributable transactional costs. Loans and receivables are subsequently measured at amortised cost, with the effective interest rate method, reduced by potential impairment charges.

J. Inventories

The inventory of materials and purchased goods are measured as at the balance sheet date at the lower of: purchase price or realisable net sales price.

Net sales price is the price of sales in normal business activity, less estimated costs of manufacturing completion and variable costs which must be incurred to finalize the sales.

Outgoing inventories are measured with the FIFO method.
If necessary, impairment charges revaluating the obsolete, unsellable or defective inventories are made.

K. Trade and other receivables

Trade receivables are initially recognised at fair value corresponding to nominal value and subsequently measured according to the amortised cost method applying the effective interest rate and are decreased by impairment charges. Trade receivables classified as uncollectable are charged to costs once classified as

such. If the Management Board finds it probable that the Company will not be able to collect receivables in the original amount, an impairment charge is made. The amount of the impairment charge corresponds to the difference between the book value and the present value of expected future cash flows discounted with the original effective interest rate. Changes to the value of impairment charges are charged to the financial result, against the sales and marketing costs in the period in which the change took place.
The Company applies principles in compliance with which the amounts of VAT recovered due to no payment of receivables within 150 of the payment date are disclosed under "Liabilities due to taxes and other charges".

L. Cash and cash equivalents

Cash and cash equivalents are recognised in the statement of financial condition in their fair value corresponding to the nominal value. The item comprises cash in hand and with banks, short-term investments characterized by high liquidity with initial maturity period not longer than three months.
Cash and cash equivalents shown in the cash flow statement comprise the above-mentioned cash and cash equivalents, less outstanding revolving facilities.
Revolving facilities are disclosed in the financial statements in the item obligations – short-term loans.

M. Capitals

Share capital and reserve capital

Common shares are classified as equity. Initial capital is disclosed according to the par value of shares.

The reserve capital originates from the surplus of the issue price of the Company's shares over their nominal value of PLN 116,473 thousand which was reduced by issue-related costs of PLN 1,483 thousand.

The items of the statement of financial position "Retained profit" discloses statutory allocations from profit generated in the previous years, equivalent to one third of the share capital of PLN 3,504 thousand, as well as surplus from profit distributions in excess of the statutory mandatory allocation of PLN 149,484 thousand and the profit for the current financial year.

N. Loans and borrowings

Loans are recognised initially in their fair value less transaction costs. Next, bank loans are valued at adjusted cost of acquisition (amortised cost) using the effective interest rate.
Loans and borrowings are classified as short-term liabilities, unless the Company has an unconditional right to postpone the repayment for a period of at least 12 months from the balance date.

O. Provisions

Provisions are established for existing liabilities of the Company (legal or arising from common law) resulting from past events, if likelihood exists that it will be necessary to spend the Company's resources in order to satisfy such obligation and if its estimated value may be reliably determined.

P. Deferred expenses and deferred income

The item "Trade and other payables" of the Company's statement of financial position comprises:

- reliably estimated value of costs incurred in the reporting period, for which the suppliers have not issued invoices as until the balance sheet date.
- accrued income including in particular the equivalent of payments received from or receivable from business partners for performances to be made in future reporting periods.

Q. Material estimates and judgements

To prepare the financial statements in compliance with the International Financial Reporting Standards the Management Board makes certain accounting estimates, taking into account its own knowledge and estimates referring to the future changes to the analysed values. The assumptions and estimates may be modified as a result of future market events or changes not controlled by the Company. Such changes will be reflected in estimates and assumptions when they occur.

The basic assumptions for the future and other key sources of uncertainties as at the balance sheet date that affect the risk of major adjustments in the carrying value of assets and liabilities in the next financial year are presented below.

- The balance sheet value of tangible assets is determined with the use of estimates concerning the usability periods of particular fixed asset groups. The assumed useful life of tangible fixed assets is verified periodically on the basis of analyses carried out by the Company.
  Disposal of fixed assets in the scaffolding (sale, scrapping, use for contract performance) is measured at net book value for the oldest items in each assortment. This is due to the fact that elements in that group of fixed assets are identified for type and there is no individual identification.

- Receivables are verified from the perspective of impairment in case of premises suggesting their uncollectibility. In this case, the value of impairment charges to receivables is specified on the basis of estimates prepared by the Company.

- Changes that occur in the construction market may materially affect the assessment of the realisable value of the Company's assets. In order to identify impairment premises, the Company estimates the realisable value of its tangible fixed assets.
  Impairment analysis is performed by estimating the realisable value of cash-generating centres. Such analysis relies on a number of material assumptions some of which remain outside the Company's control. Major changes to the assumptions affect the results of impairment tests and as a result may generate material changes to the Company's financial condition and financial results.

- Provisions for employee benefits (retirement and disability benefits) have been measured with actuarial methods. The underlying assumptions are presented in section T.

- The legal regulations applicable to VAT, corporate income tax and social insurance contributions are subject to frequent modifications which results in no adequate points of reference, incohesive official interpretations and a low number of precedents that taxpayers could rely on.
  The applicable regulations contain also certain ambiguities that result in differences of opinion as to legal interpretations of tax regulations – among public authorities and between public authorities and taxpayers.

Tax settlements and other areas of operations (for instance customs or foreign exchange issues) may be inspected by the authorities that are entitled to impose high penalties and fines as well additional tax liabilities resulting from inspections that have to be paid along with high interest for delay.
Therefore, the amounts disclosed in the financial statements may change in the future as a result of final decisions by tax inspection authorities.
In the opinion of the Management Board, no circumstances exist indicating the possible occurrence in the Company of any material liabilities in consideration thereof.
Effective on 15 July 2016, modifications were made to the Tax Code in order to transpose the provisions of the General Anti-Avoidance Rule (GAAR) to Polish tax regulations to prevent the generation and use of artificial legal structures to avoid tax payments in Poland.
In accordance with the modifications to the Tax Code, tax avoidance is understood as taking such actions that – although formally compliant with applicable laws – are characterised by:
- first, artificial nature and non-compliance with the economic reality in which the taxpayer operates;
- secondly, such activities are pursued primarily to accomplish tax benefits that under the circumstances would be contradictory to the subject and purpose of the tax regulations.

The new regulations will thus require more accurate judgements in the assessment of tax effects of each transaction.
The transposition of the above regulations would support Polish fiscal inspection authorities in questioning arrangements and agreements made by taxpayers such as capital group restructuring or reorganisation.
The Company recognises and measures current and deferred income tax assets and/or liabilities applying the requirements of IAS 12 *Income Taxes*, on the basis of profit (tax loss), taxation base and applicable tax rates, and further subject to uncertainties related to tax settlements.
The Company has been endeavouring to mitigate the uncertainties of tax settlements by regularly participating in training, resorting to tax consultants and requesting individual tax rulings from tax authorities.

R. Revenues

Revenues include the fair value of revenues on sales of products, goods and services less VAT, rebates and discounts.
The Company recognises revenues on sales once the amount of revenues may be credibly measured, it is probable that the entity will obtain economic benefits in the future and that the specific criteria for each type of the Group's activity described below have been met.

Revenue from sales of construction goods and materials

Revenues on sales of goods and materials are recognised if significant risks and benefits resulting from ownership of goods or materials have been transferred to the buyer and if the amount of sales revenue can be reliably estimated and collectability of receivables is sufficiently certain.
This category includes also revenues on sales of scaffolding systems classified as tangible fixed assets. The result on disposal of other tangible fixed assets is recognised in other revenues or other operating expenses.
In the case of domestic sales, sales of materials or goods take place when such materials or goods are released to the buyer from a Company's warehouse. In the case of export and Intracommunity delivery of goods, revenues are recognised depending on the delivery terms and conditions specified in compliance with Incoterms 2010 and agreed in the performed contract.
The Company's core business activities also include sales of fixed assets classified as scaffolding systems.

Sales of such fixed assets resulting from settlement of shuttering rental contracts in the financial statements are treated as revenues from Construction project handling – jointly with revenues from rental of shuttering systems.

Revenues on sales of services

Sales revenues of services apply primarily to rental of shuttering systems, settled on the basis of daily rates. Such revenues from services performed over time are recognised on a monthly basis.
Revenues from the provision of other services – assembly, transport, repairs – are recognised in one full amount.

Financial income and expenses

Financial income covers interest income related to the funds invested by the Company (including on financial assets available for sale), dividend receivables, profit on disposal of financial assets available for sale, gains on valuation of the fair value of financial instruments measured through financial result, gains on hedging instruments that are recognised in profit and loss of the current period. Interest income is recognised in profit or loss of the current period on an accrual basis, with the effective interest rate method.

Dividend is recognised in profit or loss of the current period as at the day on which the Company acquires the relevant right.

Financial expenses include interest expense related to external funding, losses in disposal of financial assets available for sale, losses on changes to the fair value of financial instruments measured at fair value through the financial result, impairment charges on financial assets (other than trade receivables) and losses on hedging instruments that are recognised in profit and loss of the current period.

The costs of external funding that may not be directly attributed to the purchase, manufacturing or construction of specific assets, are recognised in profit and loss of the current period with the effective interest rate method.

FX profit and loss is disclosed in a net amount as financial income or financial expenses, depending on the net result.

S. Deferred income tax

Deferred income tax asset and liability arising out of temporary differences between the tax value of assets and liabilities and their book value in the financial statements recognised with the balance sheet method. However, if deferred tax results from the initial recognition of an asset or liability in a transaction other than a merger of business units which has no impact on financial result or tax income (loss), it is not recognised. Deferred income tax is determined applying the tax rates (and provisions) legally or actually binding as of the balance sheet date which, according to expectations, will be in force at the time of realising relevant deferred income tax assets or payment of deferred income tax liabilities.

Deferred income tax asset is recognised if there is probability of obtaining future taxable income which will make it possible to utilise temporary differences.

Deferred income tax assets and liabilities are set off against each other if it is legally admissible to compensate current tax assets and liabilities.

T. Employee benefits

Retirement allowance

Retirement benefits become payable once the employee gains the right to pension pursuant to the Labour Code. The amount of the retirement benefit payable to the employee who obtains the right to pension is calculated in the amount of an additional salary per one month.
The Company sets up a provision for future retirement benefits in order to allocate the costs to the relevant periods. The provision is recognised as operational expenses in amounts corresponding to the future rights to be acquired by employees. The present value of the liabilities is calculated by an independent actuary.
Actuarial gains and losses resulting from changes to actuarial assumptions (including changes to the applied discount rate) and ex post actuarial adjustments are recognised in comprehensive income.
The provision for the employee is calculated on the basis of the estimated amount of the retirement benefit or disability benefit the Company undertakes to pay on the basis of the Regulations.
The anticipated amount of retirement benefits is calculated as the product of:

- The anticipated base amount of the retirement or disability pension,
- The anticipated growth of the base amount by the retirement age,
- A percentage ratio subject to seniority.

The amount calculated in this way is subject to actuarial discount as of the balance date. The actuarial discount is the product of the financial discount and the probability that a specific person will work for the Company until obtaining the right to pension.

2. Financial risk management

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

By implementing a risk management programme, the Company tries to mitigate the effects of the financial risks which have negative impact on its financial results. In order to hedge certain types of risk, the Company uses term contracts.

FX risk

The Company operates internationally and is exposed to FX risk with respect to various currencies, in particular the euro. Foreign exchange risk applies to future commercial transactions (sale of products and goods and purchase of goods and services) and recognised assets and liabilities. FX risk occurs when future commercial transactions, recognised assets and liabilities denominated in a currency other than the functional currency of the Company.

The Company hedges its net positions with FX forward contracts.

The table below presents the list of assets and liabilities of the Company denominated in euro and exposed to FX risk (in EUR thousand).

	31 December 2017	31 December 2016
Trade receivables	553	712
Loans granted	2,500	2,721
Cash	912	185
FX futures and forward contracts	-	(311)
Total assets	**3,965**	**3,307**
Trade payables	2,097	778
FX futures and forward contracts	(935)	
Total liabilities	**1,162**	**778**

Apart from receivables under loans granted in EUR, as at 31.12.2017 the Company holds a receivable of USD 1,300 thousand under a loan granted to ULMA Opalubka Ukraine.

Sensitivity analysis carried out by the Company indicates that:

- if on 31 December 2017 the Polish złoty weakened/strengthened by 10% against EUR/USD, with other parameters remaining unchanged, the net profit for the period of the last 12 months ended on 31 December 2017 would have been by PLN 1,332 thousand lower/higher due to revaluation of cash, receivables, payables and FX contracts, all denominated in EUR/USD.

- if on 31 December 2016 the Polish złoty weakened/strengthened by 10% against EUR/USD, with other parameters remaining unchanged, the net profit for the period of the last 12 months ended on 31 December 2016 would have been by PLN 1,510 thousand lower/higher in relation to revaluation of cash, receivables, liabilities and FX contracts, all denominated in EUR.

Risk of changes in cash flow and fair value resulting from interest rate changes

Revenues and operating cash flows from operating and financing activities of the Company are not significantly interest rate risk.

Credit Risk

Credit risk is related potential credit events in the form of the counterparty's insolvency, partial repayment of debt, major delay in repayment of debt or another breach of contractual terms and conditions.

The item exposed to credit risk includes trade and other receivables (Note No. 9).

The Company is not exposed to any significant concentration of credit sales risk. Due to a relatively large number of buyers of the Company's goods and services, there is no concentration of credit sales. Moreover, the Company applies a policy which considerably limits sales of goods and services to clients with negative history of discharge of liabilities. The implemented internal control procedures which consist, among other things, in setting credit limits for individual clients depending on the assessment of their financial standing and procedures of approving new clients let the Company considerably mitigate its credit risk level.

Trade receivables with respect to which impairment has been identified, represent 61.1% of the gross value of this group of financial assets, whereas non-outstanding trade receivables represent 43.2% of the value of the said group (in 2016 those values were 55.6% and 55.1%, respectively).

An ageing analysis of trade receivables is as follows: (in PLN '000)

31 December 2017	Arrears <0	Arrears up to 30 days	Arrears from 31 to 90 days	Arrears from 91 to 180 days	Arrears from 181 to 360 days	Arrears in excess of 360 days	**Total**
Gross trade receivables	20,782	16,583	2,370	1,058	1,871	35,996	**78,660**
Impairment charges					(304)	(30,289)	**(30,593)**
Net trade receivables	**20,782**	**16,583**	**2,370**	**1,058**	**1,567**	**5,707**	**48,067**

31 December 2016	Arrears <0	Arrears up to 30 days	Arrears from 31 to 90 days	Arrears from 91 to 180 days	Arrears from 181 to 360 days	Arrears in excess of 360 days	**Total**
Gross trade receivables	24,744	5,952	2,996	1,522	639	44,937	**80,790**
Impairment charges						(35,878)	**(35,878)**
Net trade receivables	**24,744**	**5,952**	**2,996**	**1,522**	**639**	**9,059**	**44,912**

Impairment was identified of financial assets in the group of trade and other receivables of PLN 30,593 thousand and they were subject to an impairment charge. For the purpose of establishing impairment of individual financial assets, the Company takes into account individual assessment of every client, in particular the assessment of such client's financial standing and collateral held. The basic measures to secure recovery of receivables used by the Company include insurance of foreign receivables from the Eastern markets as well as blank promissory notes.

With reference to the trade receivables presented in the table above that are overdue in excess of 150 days, as at the balance sheet date the Company recovered PLN 3,970 thousand of VAT, applying the VAT credit for bad debt which is disclosed in trade and other payables.

The Company has credit risk concentration related to loans granted. Out of the total of loans granted of PLN 47,059 thousand, the amount of PLN 32,000 thousand is a loan granted to the parent entity Ulma CyE S. Coop. The receivables are secured with a registered pledge established by the borrower on its shuttering

and scaffolding up to PLN 44,773 thousand. In view of the collateral held and the borrower's good financial condition, the Company's Management Board assessed the risk of default as low.
The loan to the parent entity was granted at arm’s length – the applicable interest rate is based on WIBOR 3M. One tranche of PLN 11.000 thousand falls due on 29.06.2018 and another tranche of PLN 21,000 on 31.01.2019.

Liquidity Risk

The liquidity risk management consists in maintaining a relevant level of cash, availability of financing owing to a sufficient amount of credit instruments granted to the Group and ability to close market positions. The Company maintains cash sufficient to satisfy any due liabilities and ensures the possibility of financing owing to the credit lines granted to it.
Over 90% of trade payables of the Company is payable within 2 months of the balance sheet date.

Working capital management

The core objectives of capital management include the assurance of an adequate operational liquidity level and ensuring the potential to carry out the Company's investment plans in line with the approved budgets so that operations of the Company could contribute to increasing the shareholder value.
The Company manages its capital structure and in response to changing economic conditions takes steps to modify its capital.
In order to maintain or adjust its capital structure, the Company (subject to the shareholders’ approval) may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Dividend policy

The dividend policy adopted is also subordinated to the goals presented above. Every decision on payment of dividend is preceded by the analysis of current and development needs of every company of the Capital Group as a whole.

3. New accounting standards and interpretations of the International Financial Reporting Standards (IFRS) Interpretations Committee

The following standards, amendments to the existing standards and interpretations have not been approved by the European Union or are not effective as at 01 January 2017:

Standard	Description of changes	Effective date:
IFRS 15 *Revenue from Contracts with Customers* and clarifications to IFRS 15	The standard applies to contracts with customers except those that are covered by other IFRS in whole or in part (e.g. lease, insurance contracts and financial instruments). IFRS 15 unifies the requirements concerning the recognition of revenues by implementing a uniform five-step model of revenue recognition, replacing the guidelines of e.g. IAS 18 Revenues, IAS 11 Construction Contracts and the related interpretations.	01 January 2018
IFRS 9 *Financial Instruments*	Changes to measurement classification – replacement of the existing category with two categories: Instruments measured at amortised cost Instruments measured at fair value Amendments to hedge accounting.	01 January 2018
IRFS 14 *Regulatory accruals and deferred income*	Accounting principles and disclosures concerning regulatory deferral accounts.	The standard in its current version will not be applicable in EU
Amendments to IRFS 10 and IAS 28	Contains guidelines concerning disposal or contribution of assets by an investor to affiliated entities or joint ventures.	Not specified
IFRS 16 Leases	The standard cancels the differentiation between operating leases and financial leases with lessees. All contracts meeting the new definition of lease will as a matter of principle be recognised like financial leases are now.	01 January 2019
Modifications to IFRS 2	Classification and Measurement of Share-based Payment Transactions	01 January 2018
Modifications to IFRS 4	The application of IFRS 9 Financial Instruments jointly with IFRS 4 Insurance Contracts	01 January 2018
Annual amendments to IFRS (2014-2016 cycle)	List of amendments related to: IFRS 1 – elimination of short-term exemptions for entities applying IFRS for the first time; IFRS 12 – clarification of the application scope of disclosure requirements; IAS 28 – measurement of investee entities at fair value through financial result or with an individual method.	01 January 2018/ 01 January 2017
Modifications to IAS 40	Changes to classification of properties – transfer of investment properties to other asset groups	01 January 2018
IFRIC 22 Foreign Currency Transactions and Advance	Guidelines concerning identification of transaction date and the applicable SPOT exchange rate to be used at making or receiving payment of advance in a foreign currency.	01 January 2018
IFRS 17	Insurance contracts	By the date of approval hereof, not endorsed by EU – 1 January 2021

IFRIC 23	Uncertainty over Income Tax Treatments	By the date of approval hereof, not endorsed by EU – 1 January 2019
Modifications to IFRS 9	Contracts with prepayment features with a negative set-off	By the date of approval hereof, not endorsed by EU – 1 January 2019
Modifications to IAS 28	Long-term interests in associated entities and in joint ventures	By the date of approval hereof, not endorsed by EU – 1 January 2019
Modifications to IAS 19	Modification, restriction or settlement of the program	By the date of approval hereof, not endorsed by EU – 1 January 2019
Modifications resulting from a review of IFRS 2015-2017		By the date of approval hereof, not endorsed by EU – 1 January 2019

The Company intends to implement the new IFRS standards and amendments to standards and interpretations approved by the International Accounting Standards Board but not effective as of the reporting date as soon as they become effective.

Impact of the new regulations on future financial statements of the Company

IFRS 15

The International Financial Reporting 15 *Revenue from Contracts with Customers* ("IFRS 15"), issued in May 2014 and amended in April 2016, establishes a Five-Step Model to recognise revenues resulting from contracts with customers. In compliance with IFRS 15, revenues are recognised in the remuneration amount which – as expected by the entity – is due in exchange of the goods or services promised to customers.

The new standard will replace all previous requirements concerning revenue recognition in line with IFRS. The standard applies to annual reporting periods commencing on or after 1 January 2018. Earlier application is permitted.
The Company may freely choose a full or modified retrospective approach and the relevant temporary regulations provide for practical solutions.

The Company intends to apply IFRS 15 when it becomes effective applying the retrospective method with the overall effect of the first application recognised on the date of the first application.

The preparation process to implementing IFRS 15 will cover:

- Review of contracts with customers,
- Review of contractual arrangements concerning the sale of goods and provision of services,
- Review of all discounts, rebates and other inducements offered to the Company's customers,
- Review of contractual arrangements concerning transport

The above analysis additionally focused on:

- revenue recognition (revenues recognised in one full amount or revenues recognised over time),
- variable remuneration,
- combination of contracts and
- payments from customers.

The Company identifies the following contract types:

- single-element contracts – sale of commercial goods and ST shuttering,
- multi-element contracts– covering rental, assembly/disassembly, preparation of individual moulds, transport to/from time, repairs, settlement of lost and damaged elements, rebates and discounts, etc.

An analysis of contracts with customers proved that the Company may recognise over time only revenues from rental of shuttering and scaffolding.
The Company recognises the revenues on a monthly basis and therefore the implementation of IFRS 15 will have no impact on the Company's practice in that respect.

A review of contracts with customers did not reveal any other aspects in the Company that would require modifications to the revenue recognition applied by the Company – the principles applied by the Company so far are either identical to the rules of IFRS 15 or the differences are immaterial.

IFRS 9

In July 2014 the International Accounting Standards Board published the International Financial Reporting Standard 9 *Financial Instruments* ("IFRS 9"). IFRS 9 covers three aspects related to financial instruments: recognition and measurement, impairment and hedge accounting. IFRS 9 applies to annual reporting periods commencing on or after 1 January 2018 and it may be applied earlier.
The Company intends to apply IFRS 9 from its effective date without transforming its comparable data.
In 2017 the Company carried out a detailed review of the impact of implementing IFRS 9 on the accounting principles (policies) applied by the Company with reference to the Company's business or financial results.
This view is based on the information available now and it may be modified subject to reasonable and verifiable additional information at the time the Company applies IFRS 9 for the first time.
The Company expects no material impact of IFRS 9 on its statement of financial condition or equity with the exception of applying IFRS 9 to impairment of trade receivables. The Company expects increased impairment allowances to receivables with an adverse effect equity, as discussed below.

IFRS 9 contributes to earlier loss recognition since from the time a financial asset is recognised in the balance sheet, the entity is expected to estimate anticipated credit losses with a three-step model based on changes to credit risk.
IFRS 9 implements a fundamental change to the measurement of impairment of financial assets. In compliance with the new Standard, entities will be obliged to recognise and measure impairment on the basis of an anticipated loss concept in place of the existing concept of actual losses.
In compliance with IFRS 9, entities will estimate allowances for anticipated credit loss equal to 12-month anticipated credit loss or anticipated credit loss over the life of the financial instrument.
In case of trade receivables, the Company applies a simplified approach and will estimate allowances for anticipated credit loss equal to anticipated credit loss over the life of the receivables.
As a result of an in-depth analysis of the impact of IFRS 9 on the calculation of allowances for impairment of trade receivables, the Company decided that the general provision will be calculated only with respect to receivables of "NORMA" customers who are customers with respect to which no court or collection proceedings have been initiated.
The calculation method of impairment allowances for receivables subject to enforced collection (or from customers that are not members of the "NORMA" group) will remain unchanged after implementation of IFRS 9. The calculation will continue to be based on estimates made by the Company as to the likelihood of collection, in particular subject to the current legal status of the case and estimates to the collateral held by the Company for each receivable subject to collection proceedings.

An analysis of trade receivables from customers in the NORMA group as at 31.12.2017 indicates that on the first day the standard is applied:

- impairment charges will grow by PLN 1,437 thousand,
- the deferred income tax asset will grow by PLN 222 thousand,
- the Company's equity will be reduced by PLN 1,215 thousand.

Calculating the above amounts, the Company applied the simplified model methodology detailed below, in line with the guidelines specified in IFRS 9.

1) The data used for the analysis covered 3 years ended on 31.12.2017 (the Company is of the opinion that the period is sufficiently representative).
2) An analysis was performed of the delay in payment for the Company's invoices in the analysed period and the amount of invoices unpaid by customers as at 31.12.2017.

3) **Loss likelihood matrix** (PD – probability of default) are percentage ratios set for several intervals to show the delay in payment for invoices. In compliance with the guidelines of IFRS 9, "loss" is recognised as invoices paid later than 90 days after due date or unpaid until the balance sheet date.
4) **Receivable monetising degree** (LGD – loss given default) covered with a potential loss (in line with the criteria detailed above), set as a percentage of receivables actually paid over 90 days to the sum of receivables defined as "loss".
5) **Risk exposure** is the balance of trade receivables as at 31.12.2017 from customers in the "NORMA" group,
6) When the values in items 3-5 above are determined **the general allowance is calculated** for each interval separately as follows:

% PD matrix x (1 – % LGD) x amount from risk exposure

IFRS 16

In January 2016 the International Accounting Standards Board published the International Financial Reporting Standard 16 *Leases* ("IFRS 16") which replaced IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement Contains a Lease*, SKI 15 *Operational leases – special promotional offer* and SKI 27 *Assessment of the essence of lease-based transactions*. IFRS 16 sets the rules of recognising leases with respect to measurement, presentations and disclosures.
IFRS 16 introduces a uniform accounting model for lessees and requires that lessees recognise leased assets and lease liabilities with a period of over 12 months unless that underlying asset has a low value. Initially, the lessee recognises the asset related to the right of using the underlying asset or lease liabilities which reflects its obligation to pay lease fees.
Lessees separately recognise the depreciation of the asset related to the right of using the asset and interest on lease liabilities.
IFRS 16 applies to annual period commencing on or after 1 January 2019. Earlier application is allowed for entities that apply IFRS 15 from the date or before the date of the first application of IFRS 16. The Company has not decided to apply IFRS 16 before it becomes mandatory.
An initial analysis of the impact of IFRS 16 on the Company's accounting principles shows that in case of contracts recognised so far as operational lease contracts where the Company acts as the lessee, a need will arise to recognise the asset and lease liabilities in the financial statements.
The Company is a lessee in case of lease contracts of warehouses, logistics centres, vehicles and fork-lift trucks.
Therefore, when the standard is applied initially, the following may occur:

- an increased value of assets and liabilities in the Company's statement of financial condition,
- increased depreciation costs and financial expenses (interest) and reduced costs of lease and rental in the profit and loss account.

Reviewing the above impact of IFRS 16 on the Company's financial statements, it is necessary to remember that the lease and rental fees are recognised in a straight-line method. The implementation of IFRS 16 will result in a situation that lease assets will be recognised with a straight-line method (depreciation) while interest on liabilities will be recognised on the basis of an effective interest rate which will increase interest charges at the beginning to be reduced afterwards.
As at the approval date of these financial statements for publication, the Company did not close the analysis to assess the impact of implementation of IFRS 16 on the financial statements.

The other standards and amendments thereto are not expected to have material impact on the future financial statements of the Company. The amendments to the IFRS standards and interpretations that became effective after 01 January 2017 until the approval hereof to publication did not have material impact on these standalone financial statements.

4. Tangible fixed assets

Changes to tangible fixed assets in 2017

	Land, buildings and structures	Technical equipment, machines and means of transport	Shuttering systems	Other fixed assets	Fixed assets under construction	Total tangible fixed assets
GROSS VALUE						
As at 01 January 2017	**106,009**	**10,375**	**479,155**	**2,583**	**47**	**598,169**
Increases due to purchases	199	769	45,027	91	202	46,288
Increases – inventory surpluses, reclassifications	-	-	6,398	-	(47)	6,351
Decreases – sales	-	(3)	(17,610)	-	-	(17,613)
Decreases – liquidations, inventory shortages	(21)	(322)	(20,750)	(73)	-	(21,166)
As at 31 December 2017	**106,187**	**10,819**	**492,220**	**2,601**	**202**	**612,029**
ACCUMULATED AMORTISATION						
As at 01 January 2017	**18,784**	**6,279**	**376,629**	**2,414**	**-**	**404,106**
Depreciation for the period	2,873	1,121	36,614	108	-	40,716
Decreases – sales	-	(2)	(16,643)	-	-	(16,645)
Decreases – liquidations, inventory shortages	(9)	(320)	(15,015)	(72)	-	(15,416)
As at 31 December 2017	**21,648**	**7,078**	**381,585**	**2,450**	**-**	**412,761**
NET VALUE:						
As at 01 January 2017	**87,225**	**4,096**	**102,526**	**169**	**47**	**194,063**
As at 31 December 2017	**84,539**	**3,741**	**110,635**	**151**	**202**	**199,268**

Changes to tangible fixed assets in 2016

	Land, buildings and structures	Technical equipment, machines and means of transport	Shuttering systems	Other fixed assets	Fixed assets under construction	Total tangible fixed assets
GROSS VALUE						
As at 01 January 2016	**103,725**	**9,327**	**467,981**	**2,621**	**131**	**583,785**
Increases due to purchases	2,368	1,532	43,934	81	47	47,962
Increases – inventory surpluses, reclassifications	-	-	13,176	-	(131)	13,045
Decreases – sales	-	(484)	(18,751)	(119)		(19,354)
Decreases – liquidations, inventory shortages	(84)	-	(27,185)	-		(27,269)
As at 31 December 2016	**106,009**	**10,375**	**479,155**	**2,583**	**47**	**598,169**
ACCUMULATED AMORTISATION						
As at 01 January 2016	**16,051**	**5,738**	**364,839**	**2,377**	**-**	**389,005**
Depreciation for the period	2,801	979	42,705	154	-	46,639
Decreases – sales	-	(438)	(17,324)	(117)	-	(17,879)
Decreases – liquidations, inventory shortages	(68)	-	(13,591)	-	-	(13,659)
As at 31 December 2016	**18,784**	**6,279**	**376,629**	**2,414**	**-**	**404,106**
NET VALUE:						
As at 01 January 2016	**87,674**	**3,589**	**103,142**	**244**	**131**	**194,780**
As at 31 December 2016	**87,225**	**4,096**	**102,526**	**169**	**47**	**194,063**

Depreciation charge to tangible fixed assets increased:

Item	12 months 2017	12 months 2016
Costs of sold products, goods and materials	40,077	45,999
Sales and marketing costs	4	1
Overheads	635	639
Total	**40,716**	**46,639**

The Management Board did not identify any impairment indications to tangible fixed assets.

5. Intangible assets

Changes to intangible asset items in 2017

	Licenses and software	Other	Total intangible assets
GROSS VALUE			
As at 01 January 2017	**4,554**	**37**	**4,591**
Increases	321	-	321
Decreases – sale, liquidation	(109)	-	(109)
As at 31 December 2017	**4,766**	**37**	**4,803**
ACCUMULATED AMORTISATION			
As at 01 January 2017	**4,402**	**37**	**4,439**
Depreciation for the period	106	-	106
Decreases – sale, liquidation	(110)	-	(110)
As at 31 December 2017	**4,398**	**37**	**4,435**
NET VALUE:			
As at 01 January 2017	**152**	**-**	**152**
As at 31 December 2017	**368**	**-**	**368**

Changes to intangible asset items in 2016

	Licenses and software	Other	Total intangible assets
GROSS VALUE			
As at 01 January 2016	**4,439**	**37**	**4,476**
Increases	118	-	118
Decreases – sale	(3)	-	(3)
As at 31 December 2016	**4,554**	**37**	**4,591**
ACCUMULATED AMORTISATION			
As at 01 January 2016	**4,292**	**37**	**4,329**
Depreciation for the period	113	-	113
Decreases – sale	(3)	-	(3)
As at 31 December 2016	**4,402**	**37**	**4,439**
NET VALUE:			
As at 01 January 2016	**147**	**-**	**147**
As at 31 December 2016	**152**	**-**	**152**

The amortisation charge of intangible assets increased:

Item	12 months 2017	12 months 2016
Costs of sold products, goods and materials	2	4
Overheads	104	109
Total	**106**	**113**

6. Financial instruments

	Book value		Fair value		Fair value hierarchy
	31 December 2017	31 December 2016	31 December 2017	31 December 2016	
Cash	22,305	32,717	22,305	32,717	Level 1
Receivables and loans granted					
Trade and other receivables	48,432	45,612	48,432	45,612	Level 3
Loans granted	47,032	51,095	47,032	51,095	Level 3
Financial liabilities					
Liabilities under factoring of trade payables	2,936	3,046	2,936	3,046	Level 3
Trade and other payables	25,371	18,939	25,371	18,939	Level 3
Derivative instruments					
Financial instruments measured at fair value through financial result	64	13	64	13	Level 2

As measured by the Company, the fair value of cash, receivables and loans granted, financial liabilities and other liabilities is not materially different than the book value due to short maturities.
In the period ended on 31 December 2017 or in the period ended on 31 December 2016 there were no transfers between level 1 and level 2 of the fair value hierarchy and no instrument was transferred from/to level 3 of the fair value hierarchy.

7. Investments in subsidiaries and affiliates

As at 31 December 2017

No.	Entity name	Registered Office	Scope of business activity	Character of the relation	Date of taking up control	Value of interests by purchase price	Impairment charges	Balance sheet value of shares/interests	Percentage of share capital owned	Share in total number of votes at general meeting
1.	ULMA Opałubka Ukraine	Ukraine	sales and lease of shuttering, sales of construction materials	subsidiary	18.07.2001	5,818	-	5,818	100	100
2.	ULMA Cofraje	Romania	sales and lease of shuttering, sales of construction materials	affiliate	02.11.2007	3,976	(2,561)	1,415	30	30
3.	ULMA Opałubka Kazakhstan	Kazakhstan	sales and lease of shuttering, sales of construction materials	Subsidiary	27.08.2010	83	-	83	100	100
4.	ULMA Construcction BALTIC	Lithuania	sales and lease of shuttering, sales of construction materials	subsidiary	27.04.2012	142	-	142	100	100
						10,019	**(2,561)**	**7,458**		

In 2017, the share capital of ULMA Cofraje S.R.L Romania was increased by RON 3,850 thousand. The shares in the increased share capital were acquired by the existing shareholders in the existing % proportion in the capital held and in votes. The book value of the interests acquired by the Company amounted to PLN 1,059 thousand.

In 2017 the impairment charge for interests in the associated company ULMA Cofraje S.R.L Romania was increased by PLN 1,800 thousand (as at 1 January 2017 the allowance amounted to PLN 761 thousand). In view of the decreased equity of the associated entity, estimates were made on the net asset value applying the discounted cash flow method. As a result of the estimates, a decision was made to establish an impairment charge of PLN 1,800 thousand.

8. Other fixed assets

Other fixed assets include the book value of the perpetual usufruct right of land in the amount of PLN 3,957 thousand. The right of perpetual usufruct of lands was acquired by the Company in 2007 and expires on 5 December 2089.

9. Trade and other receivables

	Status as at:	
	31 December 2017	31 December 2016
Trade receivables from unrelated entities	76,393	77,486
Impairment charges on trade receivables	(30,593)	(35,878)
Net trade receivables	*45,800*	*41,608*
Other receivables	18	18
Prepayments	348	682
Trade receivables from affiliated entities	2,266	3,304
Loans granted	47,032	51,095
Total trade and other receivables	**95,464**	**96,707**
of which:		
Long-term part	15,032	18,468
Short-term part	80,432	78,239

On the basis of the conducted analyses the Company has assessed that the balance sheet value of individual receivables presented in this financial statement is close to the fair values of these receivables.

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

The net value of impairment charges to receivables increased by the amounts of the written-off receivables in the total amount of PLN 2,857 thousand (PLN 3,228 thousand in 2016) was recognised in other operational expenses.

Changes in impairment charges of trade receivables and other receivables are the following:

	12 months of 2017	12 months of 2016
As at the beginning of the period	**35,878**	**35,221**
Increases – impairment charges on trade receivables	2,972	2,820
Increases – impairment charges on the interest for delay	-	-
Utilisation	(8,224)	(2,106)
Adjustment of earlier impairment charges	(33)	(57)
As at the end of the period	**30,593**	**35,878**

All the impairment charges to receivables apply to short-term receivables.

10. Inventories

	Status as at:	
	31 December 2017	31 December 2016
Materials	1,960	1,319
Goods	2,876	1,395
Gross value of inventories	**4,836**	**2,714**
Impairment charge to inventories	(340)	(340)
Net value of inventories	**4,496**	**2,374**

11. Cash and cash equivalents

	Status as at:	
	31 December 2017	31 December 2016
Cash in hand and in bank accounts	22,305	32,717
Total cash, including:	**22,305**	**32,717**
Restricted cash	111	112

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

	Status as at:	
	31 December 2017	31 December 2016
Cash and cash equivalents	22,305	32,717
Overdraft (note 14)	-	-
Cash and cash equivalents disclosed in the cash flow statement	**22,305**	**32,717**

12. Share capital and reserve capital

	Number of shares	Nominal value of shares	Share premium (agio)	Total
As at 01 January 2016	**5,255,632**	**10,511**	**114,990**	**125,501**
– increases	-	-	-	-
– decreases	-	-	-	-
As at 31 December 2016	**5,255,632**	**10,511**	**114,990**	**125,501**
– increases	-	-	-	-
– decreases	-	-	-	-
As at 31 December 2017	**5,255,632**	**10,511**	**114,990**	**125,501**

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

As at 31 December 2017, the Company's shareholding structure was as follows:

	Share capital		**Votes at the GSM**	
	Number of	**%**	**Number of**	**%**
ULMA CyE, S. Coop	3,967,290	75.49	3,967,290	75.49
OFE Aviva BZ WBK	263,000	5.00	263,000	5.00
Free float	1,025,342	19.51	1,025,342	19.51

13. Trade and other payables

	Status as at:	
	31 December 2017	31 December 2016
Trade payables towards unrelated entities	19,464	15,358
Trade payables towards related entities	3,604	1,735
Taxes and other charges	6,245	6,329
Accruals	2,200	1,816
Deferred income	-	2
Other liabilities	103	28
Total trade and other payables	**31,616**	**25,268**
of which:		
Long-term part	-	-
Short-term part	31,616	25,268

In 2015 the Company entered with mBank into a factoring agreement pursuant to which the Company's trade payables to selected entities are paid by the bank within 14 days of invoice issue by the supplier. The payment date to the bank is 75 days of the payment date of the amount to the supplier. As at 31 December 2017, the Company's related liabilities to the bank amounted to PLN 2,936 thousand. The amount was disclosed in the statement of financial condition as Liabilities under factoring of trade payable (as at 31 December 2016 it was PLN 3.046 thousand).

14. Loans and borrowings

In 2015 the Company repaid all its obligations under earlier bank loans and as at 31 December 2017 held no open credit lines.

15. Leases

15 a) Finance lease

As at 31 December 2017 the Company held no fixed assets used pursuant to financial leases.

15 b) Operating lease

Operating lease contracts include lease of passenger car fork-lift truck fleets, rental of the Logistics Centre in Gdańsk and the yard in Warsaw at ul. Klasyków, perpetual use of the site in Jaworzno.

The total amount of future minimum payments for the lease amounts to:

	Status as at:	
	31 December 2017	31 December 2016
Below one year	4,724	3,799
1 to 5 years	12,152	11,104
Over 5 years	4,961	2,936
Total	**21,837**	**17,839**

16. Deferred income tax

	Status as at:	
	31 December 2017	31 December 2016
Deferred income tax asset:	2,126	2,772
Deferred income tax provision:	(4,573)	(5,707)
Set-off	2,126	2,772
Book value of deferred income tax asset	-	-
Book value of deferred income tax provision	(2,447)	(2,935)

Changes in deferred income tax assets and liabilities in the course of the year (before taking into account their set-off under a single jurisdiction) are the following:

	Statement of financial position		Profit and loss account	
	2017	2016	2017	2016
Deferred income tax provision				
Tax depreciation	4,534	5,194	660	2,248
Unrealised FX gains/losses	25	483	458	(172)
Other	14	30	16	76
Total	**4,573**	**5,707**	**1,134**	**2,152**
Deferred income tax asset				
Impairment charges to receivables	1,313	1,995	(682)	(167)
Provisions for costs	797	773	24	(176)
Unrealised FX gains/losses	16	4	12	3
Total	**2,126**	**2,772**	**(646)**	**(340)**
Deferred income tax (charge)/credit			**488**	**1,812**

17. Pension liabilities

	31 December 2017	31 December 2016
The liabilities, included in the statement of financial position, arising from:		
Pension benefits	224	186
	224	**186**

The Company conducts the actuarial valuation of pension benefits provision at the end of every financial year.

	31 December 2017	31 December 2016
Amounts allocated to pension benefits provision	13	12
Interest expense	7	6
Actuarial profit and loss, net	26	(27)
Benefits paid	(8)	(12)
Recognised in total in employment benefit costs	**38**	**(21)**

Change in balance sheet liability:

	31 December 2017	31 December 2016
Opening balance of pension benefits provision	186	207
Amounts allocated to pension benefits provision	13	12
Interest expense	7	6
Actuarial profit and loss, net	26	(27)
Benefits paid	(8)	(12)
Closing balance of pension benefits provision	**224**	**186**

18. Sales revenues

	12 months of 2017	12 months of 2016
Sales revenue from construction site services	153,875	143,106
Revenue from sales of construction goods and materials	27,333	23,102
Total sales revenues	**181,208**	**166,208**

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

19. Prime costs

	12 months of 2017	12 months of 2016 (transformed data)
Depreciation of tangible fixed assets and amortisation of intangible assets	40,822	46,752
Costs of employment benefits (note 19 a)	27,834	26,937
Consumption of raw materials, materials and energy	11,681	11,055
Transport services	13,502	14,197
Rental and tenancy services	11,698	10,374
Repair services	8,377	9,043
Assembly and construction services	4,403	4,276
Other outsourced services	12,465	13,301
Other expenses	5,724	5,512
Value of goods, materials and shuttering sold (components of fixed assets)	20,303	13,613
Total prime costs	**156,809**	**155,060**
Costs of services for own needs	(26)	(50)
Costs of sales and marketing (including impairment charges)	(2,520)	(2,733)
Overheads	(12,972)	(13,736)
Costs of sold products, goods and materials	**141,291**	**138,541**

19 a) Costs of employee benefits		
Costs of salaries and costs of termination of employment benefits	22,931	22,328
Costs of social insurance and employee benefits	4,903	4,609
Total costs of employee benefits	**27,834**	**26,937**

20 Other operating revenues and costs

20 a) Other operating revenues	12 months of 2017	12 months of 2016 (transformed data)
Inventory surplus	366	-
Profit on the change of fair value of forward contracts	-	33
Received indemnity – lost components of tangible fixed assets and working assets	-	1,738
Sale and recovery of components of tangible fixed assets		965
Re-invoices	248	235
Reversal of provisions for expected losses	-	975
Other operating revenues in total	**614**	**3,946**

20 b) Other operating costs	12 months of 2017	12 months of 2016 (transformed data)
Physical count shortages	-	(199)
Change of allowances for receivables and written-off receivables	(2,857)	(3,228)
Loss on the change of fair value of forward contracts	(11)	(93)
Lost components of tangible fixed assets and working assets	-	(14)
Elimination of tangible fixed assets	(15)	-
Other expenses	(140)	(94)
Other operating costs in total	**(3,023)**	**(3,628)**

21. Financial income and expenses

21 a) Financial income	12 months of 2017	12 months of 2016 (transformed data)
Interest income:		
– loans granted	1,542	1,792
– on funds in the bank account	211	221
Dividend received from ULMA Opałubka Ukraine	3,080	-
FX differences		753
Total financial income	**4,833**	**2,766**

21 b) Financial expenses	12 months of 2017	12 months of 2016 (transformed data)
Interest costs:		
– bank credits	-	-
– for delay in payment of obligations	(120)	(127)
FX differences	(1,824)	-
Bank Guarantee Fund	-	(4)
Costs of bank financial products	(12)	(15)
Impairment allowance to the value of equity interests	(1,800)	-
Total financial expenses	**(3,756)**	**(146)**

22. Income tax

	12 months of 2017	12 months of 2016
Current tax	(5,230)	(5,237)
Deferred tax (note 16)	488	1,812
Total income tax	**(4,742)**	**(3,425)**

Income tax on the pre-tax gross profit of the Company differs from the theoretical amount which would have been achieved by using the applicable tax rate on pre-tax profit in the following way:

	12 months of 2017	12 months of 2016
Profit (loss) before tax	**23,093**	**14,136**
Non-taxable income, of which:	**(2,261)**	**119**
- dividend	(2,261)	-
Permanent non-tax deductible expenses, of which:	**4,126**	**3,767**
Impairment allowance for interests in associated company	1,800	-
Entertainment costs	1,419	1,627
Expenses of previous years	431	265
Contributions to PFRON	163	162
VAT on written off receivables	-	1,191
Other	313	522
Tax base	**24,958**	**18,022**
Charges to the financial result due to income tax	**4,742**	**3,425**

Tax authorities may control accounting books and tax settlements within 5 years following the end of a year, in which tax returns were submitted, and charge the Company with additional tax together with penalty interest. In the opinion of the Management Board no circumstances exist indicating the possible occurrence of any essential liabilities in consideration thereof.

23. Valuation of financial instruments at fair value

On the basis of the conducted analyses, the Company has assessed that the book value of individual financial instruments presented in these financial statements is close to fair values of these instruments.

24. Information on employment

	2017	2016
ULMA Construccion Polska S.A.	**250**	**229**
ULMA Construccion Polska S.A. Group	**327**	**301**

25. Contingent items/guarantees

Upon request of ULMA Construccion Polska S.A., mBANK granted a bank guarantee to a Customer's client covering performance of a rental contract. The bank guarantee expires on 30.09.2019 and its amount will be changing during its term. The guarantee is related to the rental of the Logistics Centre in Gdańsk. The Company has been using the Logistics Centre in Gdańsk pursuant to a long-term rental contract.
As at the balance sheet date, the amount of the bank guarantee was PLN 3,303 thousand.

26. Events after the balance sheet date

After the balance sheet date there were no events which might significantly affect the presented financial statements.

27. Transactions with related entities

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

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

Parent entity:

- ULMA Construccion Polska S.A. with its registered office in Warsaw

Subsidiaries:

- ULMA Opałubka Ukraine with its registered office in Kiev, Gnata Juri 9, was established on 18.07.2001. It was registered in the Sviatoshyn Branch of State Administration for the city of Kiev under no. 5878/01 and was assigned the id. no. 31563803. The company operates in the area of sales and lease of shuttering, sales of construction materials. The issuer holds 100% in the capital and the total number of votes of the company.

- ULMA Opałubka Kazakhstan sp. z o.o. with its registered office in Astana, Taszenowa 25, set up on 27.08.2010. Its strategic purpose is the development of the basic activity of the Capital Group, i.e. lease of shuttering and scaffolding systems and dissemination of knowledge in the area of application of the shuttering technology to the construction process in Kazakhstan. The issuer holds 100% in the capital and the total number of votes of the company.

- ULMA Construccion BALTIC with its registered office in Vilnius at Pylimo 41-12, set up on 27 April 2012. The business of the company covers: lease of construction scaffolding and shuttering, wholesale and retail sale of scaffolding and shuttering, sale and lease of other construction devices and other commercial activities. The issuer holds 100% in the capital and the total number of votes of the company.

Additionally, the Company holds shares in an affiliated entity:

ULMA Cofraje SRL with its registered office in Bragidaru, Soseaua de Centura nr 2-8 Corp C20 (Romania), set up on 09.10.2007. It is registered in the National Trade Register Office in Bucharest under No. 22679140. The Company operates on the area of lease and sales of shuttering and scaffolding, also on the basis of lease contracts. The issuer holds 30% in the capital and the total number of votes of the company. The remaining 70% of share in the Company's capital belongs to the entity which controls the Group: ULMA C y E, S. Coop. with its registered office in Spain.

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

Details of transactions between ULMA Construccion Polska S.A. and its related entities.

Settlement balance as at the balance-sheet date	As at	
	31 December 2017	31 December 2016
Trade receivables	**2,266**	**3,304**
Of which:		
- from the Parent Company	577	1,667
- from subsidiary entities	1,200	1,175
- from the associated entity	13	129
- from other related entities	476	333
Trade payables	**3,604**	**1,735**
Of which:		
- to the Parent Company	3,204	1,656
- to subsidiary entities	253	9
- to the associated entity	29	-
- to other related entities	118	70

Sales and purchases from Group entities	12 months 2017	12 months of 2016
Sales	**18,902**	**16,706**
Of which:		
- to the Parent Company	3,067	3,359
- to subsidiary entities	13,416	12,538
- to the associated entity	99	1
- to other related entities	2,320	809
Purchases	**37,609**	**36,804**

Of which:		
- from the Parent Company	35,608	35,927
- from subsidiary entities	449	415
- from the associated entity	109	-
- from other related entities	1,443	462

Loans, interest, dividends	12 months 2017	12 months of 2016
Loans granted – EUR thousand	-	-
Loans repaid – EUR thousand – ULMA Cofraje	221	-
Loans granted – USD thousand – ULMA Opałubka Kazakhstan	-	280
Loans repaid – USD thousand – ULMA Opałubka Kazakhstan	150	130
Interest income on loans – EUR thousand	77	79
Interest income on loans – USD thousand	118	163
Interest income on loans – PLN thousand	800	802
Dividend received from ULMA Ukraine – PLN thousand	3,080	-

ULMA Construccion Polska S.A. granted an investment loan to its subsidiary, ULMA Opałubka Ukraine sp. z o.o., in the amount of USD 1,500 thousand at a market interest rate, repayable by 04 January 2019. As at 31.12.2017, the loan balance was to USD 1,300 thousand. The Management Board intends to extend the repayment of the loan.

ULMA Construccion Polska S.A. extended a loan to its affiliate ULMA Cofraje srl Romania in the amount of EUR 241,000 thousand. The loan was extended on arm's length basis until 31 December 2018.
As at 31.12.2016, the loan balance amounted to EUR 221.9 thousand. The loan was repaid in 2017.

With an annex of 3 November 2014, ULMA Construccion Polska S.A. increased the investment loan granted to its subsidiary ULMA Construccion BALTIC up to EUR 2,500 thousand. The loan was extended on arm's length basis until 03 January 2020 (annex of 29 June 2017).
As at 31.12.2017, the loan balance was to EUR 2,500 thousand.

ULMA Construccion Polska S.A. extended to its subsidiary, ULMA Opałubka Kazakhstan, a loan in the amount of USD 350 thousand. The loan was extended on arm's length basis until 31 December 2017.
The loan was repaid in 2017.

ULMA Construccion Polska S.A. extended to its parent company – ULMA CyE, S. Coop, a short-term loan totalling PLN 32,000 thousand. The loan to the parent entity was granted at arm’s length – the applicable interest rate is based on WIBOR 3M. One tranche of PLN 11.000 thousand falls due on 29.06.2018 and another tranche of PLN 21,000 on 31.01.2019.

Transactions with members of the Company’s Management Board and Supervisory Board, their spouses, siblings, ascendants, descendants and the Company's key managerial personnel and the ULMA Group companies with related entities.

Key managerial personnel of the Company and the Companies in the ULMA Group includes member of the Company's Management Board and Supervisory Board as well as members of the Management Board and Supervisory Board of subsidiary companies and the issuer's proxies. In 2017 and in 2016 the Company and the Group companies did not grant to managing and supervising persons and their relatives, any advances, loans, guarantees and sureties, and no other agreements were concluded with them obliging them to provide any benefits to the Company and its related entities.
As at 31 December 2017 and as at 31 December 2016 there were no loans granted by Group companies to managing and supervising persons and their relatives.

28. Remuneration of the Management Board and the Supervisory Board

	12 months of 2017	12 months of 2016
Management Board of ULMA Construccion Polska S.A.		
Rodolfo Carlos Muñiz Urdampilleta	1,213	1,240
Andrzej Kozłowski	447	1,534
of which: post-employment benefits	*447*	*1,068*
Andrzej Sterczyński	441	442
Krzysztof Orzełowski	383	381
Supervisory Board of ULMA Construccion Polska S.A.		
Rafał Alwasiak	-	11
Michał Markowski	36	18
Andrzej Kozłowski	72	47

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

29. Proposal of profit distribution

The Management of ULMA Construccion Polska S.A. proposes to allocate net profit for 2017 of PLN 18,350,994.77 to dividend to the Company's shareholders.

30. Profit per share

Basic profit per share is calculated as a quotient of the profit per shareholders of the Company and the weighted average number of ordinary shares in the course of the year.

	12 months of 2017	12 months of 2016
Profit/(loss) attributable to shareholders of the parent company	18,351	10,711
Number of ordinary shares as at the balance-sheet date	5,255,632	5,255,632
Weighted average number of ordinary shares	5,255,632	5,255,632
Basic profit/(loss) per share (in PLN per share)	3.49	2.04
Diluted profit/(loss) per share (in PLN per share)	3.49	2.04

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

Rodolfo Carlos Muñiz Urdampilleta,
President of the Management Board ....

Andrzej Sterczyński,
Member of the Management Board ....

Krzysztof Orzełowski,
Member of the Management Board ....

Ander Ollo Odriozola,
Member of the Management Board ....

Signature of the person appointed to keep accounting books

Henryka Padzik,
Chief Accountant ....

Koszajec, 26 March 2018