

A large, stylized globe graphic, identical in design to the one in the logo, is positioned on the right side of the page. It is rendered in a light blue and white color scheme with a 3D effect, appearing to be partially obscured by a semi-transparent blue rectangular area.

SELENA FM GROUP

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE PERIOD FROM
1 JANUARY TO 30 JUNE 2018
WITH AN INDEPENDENT AUDITOR'S REPORT

Wroclaw, 24 September 2018

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INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

Figures in PLN thousand	Note	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)
Continued operations					
Revenue from the sale of products		536,250	503,526	306,091	300,683
Revenue from the sale of goods and materials		43,599	36,907	25,808	19,917
Revenue from the sale of services and lease		614	715	378	443
Revenue from sales	6	580,463	541,148	332,277	321,043
Cost of sales		412,621	378,105	236,118	225,323
Gross profit (loss)		167,842	163,043	96,159	95,720
Other operating income	7.1	3,357	4,186	1,971	2,854
Selling and marketing costs		94,436	95,844	50,240	51,824
General and administrative expenses		49,673	47,648	24,755	24,847
Other operating costs	7.2	6,576	6,512	4,562	2,490
Impairment (reversal of impairment) of financial assets	8	1,766		563	
Operating profit (loss)		18,748	17,225	18,010	19,413
Financial revenues	9.1	6,196	3,514	5,464	-1,776
Financial expenses	9.2	11,177	20,251	6,060	10,482
Share in net profit/loss of the associate		459	485	459	485
Profit (loss) before tax		14,226	973	17,873	7,640
Income tax	10	3,307	5,884	2,778	4,018
Net profit (loss) on continued operations		10,919	-4,911	15,095	3,622
Discontinued operations					
Loss on discontinued operations		-	-	-	-
Profit (loss) after tax, including:		10,919	-4,911	15,095	3,622
Net profit (loss) attributable to:					
	11				
- shareholders of the parent		10,902	-4,939	15,055	3,614
- non-controlling interests		17	28	40	8
Earnings per share (continued operations) attributable to the shareholders of the parent (PLN / share)					
- basic		0.48	-0.22	0.66	0.16
- diluted		0.48	-0.22	0.66	0.16

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)
Profit (loss) after tax	10,919	-4,911	15,095	3,622
Other comprehensive income not subject to reclassification to profit or loss	0	0	0	0
Other comprehensive income subject to reclassification to profit or loss:				
FX differences arising on translation of a foreign affiliate	-2,610	6,899	-2,116	4,332
FX differences on measurement of investments into the net assets of a foreign affiliate	6,090	-15,672	5,460	-9,843
Income tax	-1,380	2,442	-1,503	975
Other comprehensive income for the period, after tax	2,100	-6,331	1,841	-4,536
Total comprehensive income	13,019	-11,242	16,936	-914
Attributable to:				
- shareholders of the parent	12,974	-11,221	16,877	-898
- non-controlling interests	45	-21	59	-16

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Figures in PLN thousand	Note	30 June 2018 (unaudited)	31 December 2017
ASSETS				
Property, plant and equipment			222,673	220,825
Intangible fixed assets			55,086	55,475
Other fixed assets			7,898	7,558
Investments accounted for using the equity method		13	6,041	5,820
Other long-term receivables			386	367
Long-term portion of loans granted			45	45
Other long term financial assets			1,448	1,471
Deferred tax assets			24,567	21,970
Non-current assets			318,144	313,531
Inventories		14	216,963	193,040
Trade receivables		15	285,390	206,435
CIT claimed			4,287	10,041
Other short-term receivables		16	44,663	40,637
Short-term portion of loans granted			547	498
Other short-term financial assets			3,538	5,073
Cash and cash equivalents			44,430	52,921
Current assets			599,818	508,645
TOTAL ASSETS			917,962	822,176
EQUITY AND LIABILITIES				
Registered capital			1,142	1,142
FX differences arising on translation of foreign affiliates			-26,413	-28,485
Supplementary capital			577,016	551,402
Other reserves			9,633	9,633
Retained profit / (loss carried forward)			-133,201	-111,457
– retained profit / loss carried forward from previous years			-144,103	-118,277
– profit (loss) after tax			10,902	6,820
Equity attributable to the shareholders of the parent			428,177	422,235
Non-controlling interests			535	490
Total equity			428,712	422,725
Long-term portion of bank and other loans		17	33,320	12,714
Other financial liabilities		18	8,136	14,170
Other long-term liabilities		19	4,496	4,747
Deferred tax liabilities			2,673	3,817
Other long-term provisions		20	3,288	2,897
Non-current liabilities			51,913	38,345
Trade liabilities			172,163	152,015
Liabilities in respect of contracts with customers			12,403	
Short-term portion of bank and other loans		17	157,690	139,415
Other financial liabilities		18	24,970	14,529
Income tax payable			4,721	770
Other short-term liabilities		19	54,147	42,881
Short-term provisions		20	11,243	11,496
Current liabilities			437,337	361,106
Total liabilities			489,250	399,451
TOTAL EQUITY AND LIABILITIES			917,962	822,176

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Figures in PLN thousand	Note	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
Cash flows from operating activities			
Profit (loss) before tax		14,226	973
Adjusted by:			
Share in the result of the entities accounted for using the equity method		-459	-485
Depreciation/amortisation		13,855	12,490
FX gains (losses)		-3,635	16,106
Interest and dividends		3,377	868
Profit / (loss) on investing activities		1,724	-2,084
Change in the balance of receivables		-78,873	-84,169
Change in the balance of inventories		-21,980	-53,386
Change in the balance of obligations		40,093	99,877
Change in the balance of provisions		138	-350
CIT paid		1,514	-5,183
Other		543	3,750
Net cash flows from operating activities		-29,477	-11,593
Cash flows from investing activities			
Inflows from sale of tangible and intangible fixed assets		633	496
Acquisition of tangible and intangible fixed assets		-11,716	-6,724
Acquisition of a subsidiary, net of cash acquired (Uniflex, Oligo)		0	-3,716
Inflows from bond repayments		0	350
Dividends and interest received		462	1,518
Repayments of loans granted		0	120
Outflow on account of loans given		0	-210
Other		97	195
Net cash flows from investing activities		-10,524	-7,971
Cash flows from financing activities			
Repayment of finance lease obligations		-2,733	-2,426
Inflows from bank / other loans received		118,330	84,158
Repayment of loans and advances		-81,353	-30,139
Interest paid		-3,490	-2,855
Other		509	0
Net cash flows from financing activities		31,263	48,738
Net decrease in cash and cash equivalents		-8,738	29,174
Change in cash and cash equivalents:			
net FX differences		247	-214
Cash and cash equivalents at the beginning of the period*		52,921	54,704
Cash and cash equivalents at the end of the period*		44,430	83,664

*including restricted cash:

as at 30 June 2018: PLN 0.05m

as at 30 June 2017: PLN 0.1m

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 6 MONTHS ENDED 30 JUNE 2018

	Attributable to the shareholders of the parent						Total equity	Capital attributable to non-controlling interests	Aggregate equity
	Registered capital	Supplementary capital	FX differences arising on translation of a foreign affiliate	Other reserves	Retained profit/ (loss carried forward):				
					from previous years	from the current period			
Figures in PLN thousand									
As at 1 January 2018 (approved data)	1,142	551,402	-28,485	9,633	-111,457	0	422,235	490	422,725
Impact of implementation of IFRS 9	0	0	0	0	-177	0	-177	0	-177
As at 1 January 2018 (transformed data)	1,142	551,402	-28,485	9,633	-111,634	0	422,058	490	422,548
Profit (loss) after tax	0	0	0	0	0	10,902	10,902	17	10,919
Other net comprehensive income for the period	0	0	2,072	0	0	0	2,072	28	2,100
Total comprehensive income for the period	0	0	2,072	0	0	10,902	12,974	45	13,019
Transfer of profit to the supplementary capital	0	25,614	0	0	-25,614	0	0	0	0
Dividend	0	0	0	0	-6,855	0	-6,855	0	-6,855
As at 30 June 2018 (unaudited)	1,142	577,016	-26,413	9,633	-144,103	10,902	428,177	535	428,712

FOR THE 6 MONTHS ENDED 30 JUNE 2017

	Attributable to the shareholders of the parent						Total equity	Capital attributable to non-controlling interests	Aggregate equity
	Registered capital	Supplementary capital	FX differences arising on translation of a foreign affiliate	Other reserves	Retained profit/ (loss carried forward):				
					from previous years	from the current period			
Figures in PLN thousand									
As at 1 January 2017	1,142	525,681	-17,174	9,633	-85,706	0	433,576	553	434,129
Profit (loss) after tax	0	0	0	0	0	-4,939	-4,939	28	-4,911
Other net comprehensive income for the period	0	0	-6,282	0	0	0	-6,282	-49	-6,331
Total comprehensive income for the period	0	0	-6,282	0	0	-4,939	-11,221	-21	-11,242
Transfer of profit to the supplementary capital	0	25,721	0	0	-25,721	0	0	0	0
Dividend (SELENA FM S.A.)	0	0	0	0	-6,850	0	-6,850	0	-6,850
As at 30 June 2017 (unaudited)	1,142	551,402	-23,456	9,633	-118,277	-4,939	415,505	532	416,037

ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

1. Information about the Group

1.1 Activities of the Group

Selena has been trading since 1992. The core business of the Group includes production, distribution and sale of building materials for doors and windows, and general building accessories. The Group has manufacturing plants located mainly in Poland, with trading operations in different countries in Europe, Asia and both Americas.

1.2 Parent Company

The Group's dominant entity is Selena FM SA. The company was incorporated and incorporated in 1993 as a company with limited liability under the name Housing Construction Company. In 2006, the Extraordinary General Meeting of Shareholders approved the name change to Selena FM. In 2007, the Company was transformed into a joint stock company. On 18 April 2008, Selena FM S.A. debuted on the Warsaw Stock Exchange and has been a listed entity since that date.

Its duration is indefinite (it is a going concern).

The Company's registered office is at Strzegomska 2-4, 53-611 Wrocław, Poland. The Company operates in Poland.

The Company is entered in the business register of the National Court Register kept by the District Court for Wrocław-Fabryczna, VI Commercial Division of the National Court Register, after transformation, under KRS no. 292032 (previous KRS no. 0000129819). The Company was assigned the statistical number REGON 890226440.

The Parent Company's core business includes:

- distribution of the Group's products to foreign markets
- providing subsidiaries with advice on strategic management, finance management, sales strategy as well as maintenance of accounting books for customers.

Selena FM S.A. and Selena FM Group are controlled by Krzysztof Domarecki.

1.3 Management Board of the Parent Company

As at 31 December 2017, the Parent Company's Management Board was composed of:

- Jean-Noël Fourel – Management Board President
- Marcin Macewicz – Vice-President of the Management Board for Sales and Marketing
- Hubert Rozpędek – Vice-President of the Management Board for Finance
- Agata Gładysz-Stańczyk – Vice President of the Management Board, Innovation and Development Director.
- Artur Ryglowski – Management Board Member, Industrial and Logistics Operations Director.

Changes in the Management Board in 2018:

- on 5 January 2018, Jean-Noël Fourel resigned as Management Board President;
- on 12 January 2018, the Company's Supervisory Board adopted a resolution appointing Marcin Macewicz as acting Management Board President pending election of a new Management Board President;
- on 15 June 2018, the Company's Supervisory Board appointed the following Management Board members for a joint, three year term of office: Marcin Macewicz – Management Board President, Agata Gładysz-Stańczyk – Management Board Member, Artur Ryglowski – Management Board Member.

As at 30 June 2018, the Parent Company's Management Board was composed of:

- Marcin Macewicz – Management Board President
- Agata Gładysz-Stańczyk – Management Board Member, Innovation and Development Director
- Artur Ryglowski – Management Board Member, Industrial and Logistics Operations Director.

By the date of publication of this report, no other changes took place in the Management Board's composition.

1.4 Supervisory Board of the Parent Company

As at 31 December 2017, the Supervisory Board of the Parent Company was composed of:

- Krzysztof Domarecki – Supervisory Board Chairman
- Borysław Czyżak – Supervisory Board Member
- Stanisław Knaflewski – Supervisory Board Member
- Andrzej Krämer – Supervisory Board Member
- Sylwia Sysko-Romańczuk – Supervisory Board Member
- Marlena Łubieszko-Siewruk – Supervisory Board Member
- Jacek Olszański – Supervisory Board Member
- Mariusz Warych – Supervisory Board Member.

Changes in the Supervisory Board composition in 2018:

On 14 June 2018, the Annual General Meeting of Shareholders of Selena FM S.A. adopted a resolution appointing the Company's Supervisory Board for a new, joint three-year term of office. The composition of the Supervisory Board is as follows:

- Krzysztof Domarecki – Supervisory Board Chairman
- Borysław Czyżak – independent Supervisory Board Member
- Andrzej Krämer – independent Supervisory Board Member
- Marlena Łubieszko-Siewruk – independent Supervisory Board Member
- Mariusz Warych – independent Supervisory Board Member.

By the date of publication of this report, no changes took place in the Supervisory Board's composition.

1.5 Audit Committee and Strategy and Innovation Committee and Nominations and Remuneration Committee

As at 31 December 2017, the Parent Company's Audit Committee was composed of:

- Mariusz Warych – Chairman of the Audit Committee
- Stanisław Knaflewski – Audit Committee Member
- Jacek Olszański – Audit Committee Member.

Changes in the Audit Committee in 2018:

Since 15 June 2018, the Audit Committee has been composed of:

- Mariusz Warych – Chairman of the Audit Committee
- Marlena Łubieszko-Siewruk – Audit Committee Member
- Krzysztof Domarecki – Audit Committee Member.

In the opinion of the Supervisory Board, the Audit Committee, in the aforementioned composition, fulfills the independence criteria and other requirements specified in Article 128(1) and Article 129(1), (3), (5) and (6) of the Statutory Auditors Act.

By the date of publication of this report, no changes took place in the Audit Committee's composition.

In October 2017, the Supervisory Board appointed the Strategy and Innovation Committee. As at 31 December 2017, the Committee was composed of:

- Andrzej Krämer – Chairman of the Strategy and Innovation Committee
- Borysław Czyżak – member of the Strategy and Innovation Committee
- Sylwia Sysko-Romańczuk – member of the Strategy and Innovation Committee.

Since 15 June 2018, the Strategy and Innovation Committee has been composed of:

- Andrzej Krämer – Chairman of the Strategy and Innovation Committee
- Borysław Czyżak – member of the Strategy and Innovation Committee

On 15 June 2018, the Supervisory Board of Selena FM S.A. appointed the Nominations and Remuneration Committee consisting of:

- Borysław Czyżak – Chairman of the Nominations and Remuneration Committee
- Marlena Łubieszko-Siewruk – member of the Nominations and Remuneration Committee.

1.6 Group members

The table below shows the ownership and organisational structure of the Group and division into operating segments. The data are presented as at 30 June 2018 and 31 December 2017.

All the companies in the table are consolidated using the full (line-by-line) method, except the associated company Hamil – Selena Co. Ltd., and House Selena Company Ltd., which are consolidated using the equity method.

The “owner” column specifies the name of the owner as at 30 June 2018.

Selena FM Group

Interim condensed consolidated financial statements for the period from 1 January to 30 June 2018

Region	Country	Entity	Reg.Office	Activity	Group's Share		Owner		
					30 June 2018 (unaudited)	31 December 2017			
European Union	Poland	Selena FM S.A.	Wroclaw	Group Head Office			-		
		Selena S.A.	Wroclaw	Distributor	100.00%	100.00%	FM		
		Orion PU Sp. z o.o.	Dzierżoniów	Manufacturer of foams, adhesives, distributor	99.95%	99.95%	SIT 1		
		Carina Silicones Sp. z o.o.	Siechnice	Manufacturer of sealants, distributor	100.00%	100.00%	SIT		
		Libra Sp. z o.o.	Dzierżoniów	Manufacturer of sealants, adhesives, distributor	100.00%	100.00%	SIT		
		Izolacja Matizol Sp. z o.o. **	Gorlice	Manuf. of roof coverings, hydroinsulation, distributor	100.00%	100.00%	SIT		
		Tytan EOS Sp. z o.o.	Wroclaw	Manufacturer of loose materials	100.00%	100.00%	SIT		
		Selena Labs Sp. z o.o.	Siechnice	Research and Development	99.65%	99.65%	FM 1		
		Selena Marketing International Sp. z o.o.	Wroclaw	Intellectual property management	100.00%	100.00%	SA		
		Taurus Sp. z o.o.*	Dzierżoniów	Legal administration	100.00%	100.00%	SIT		
		Carina Sealants Sp. z o.o.	Siechnice	Legal administration	100.00%	100.00%	FM		
		Selena Industrial Technologies Sp. z o.o.	Warsaw	Production management	100.00%	100.00%	FM		
		Oligo Sp. z o.o.	Katowice	Research and Development	100.00%	100.00%	SL		
		Western Europe	Spain	Selena Iberia slú	Madrid	Manufacturer of sealants, adhesives, distributor	100.00%	100.00%	FM
		Western Europe	Italy	Selena Italia srl	Limena	Distributor	100.00%	100.00%	FM
Uniflex S.p.A.	Mezzocorona			Manufacturer of sealants, distributor	64.00%	64.00%	FM 4		
Central and Eastern Europe	Germany	Selena Deutschland GmbH	Hagen	Distributor	100.00%	100.00%	FM		
	Czech Republic	Selena Bohemia s.r.o.	Prague	Distributor	100.00%	100.00%	FM		
	Romania	Selena Romania SRL	Ilfov	Distributor	100.00%	100.00%	FM		
		EURO MGA Product SRL	Ilfov	Manufacturer of adhesives and cement mortars	100.00%	100.00%	ROM		
	Hungary	Selena Hungária Kft.	Pécs	Distributor	100.00%	100.00%	FM		
Eastern Europe	Bulgaria	Selena Bulgaria Ltd.	Sofia	Distributor	100.00%	100.00%	FM		
	Russia	Selena Vostok Moscow	Moscow	Distributor	100.00%	100.00%	FM 2		
	Kazakhstan	Selena CA L.L.P.	Almaty	Distributor	100.00%	100.00%	FM		
		TOO Selena Insulations	Astana	Manufacturer of insulation systems	100.00%	100.00%	FM		
Eastern Europe and Asia	Ukraine	TOO Big Elit	Astana	Manufacturer of dry mortars	100.00%	100.00%	CA		
		Selena Ukraine Ltd.	Kiev	Distributor	100.00%	100.00%	FM 2		
	Asia	Weize (Shanghai) Trading Co., Ltd.	Shanghai	Distributor	100.00%	100.00%	FM		
		Selena Nantong Building Materials Co., Ltd.	Nantong	Manufacturer, distributor	100.00%	100.00%	FM		
		Foshan Chinuri-Selena Chemical Co.	Foshan	Manufacturer of sealants, distributor	84.57%	84.57%	SA 1		
S.Korea	House Selena Trading Company Ltd.	Shanghai	Distributor	40.00%	40.00%	NAN			
Middle East	Turkey	Hamil - Selena Co. Ltd	Kimhae	Manufacturer of foams	30.00%	30.00%	SA 3		
		Selena Malzemeleri Yapi Sanayi Tic. Ltd.	Istanbul	Man. of foams and sealants, distributor	100.00%	100.00%	FM		
N&S America	N&S America	POLYFOAM Yalitim Sanayi ve Tic Ltd.	Istanbul	Distributor	100.00%	100.00%	SA 2		
		Selena Sulamericana Ltda	Curitiba	Manufacturer, distributor	100.00%	100.00%	FM 3		
		Selena USA, Inc.	Holland	Distributor	100.00%	100.00%	FM		
		Selena USA Specialty Inc.	Holland	Property management	100.00%	100.00%	FM		

* change of shares owner to Selena Industrial Technologies Sp. z o.o. on 20 January 2017 + resolution to rename the company (previously Orion Polyurethanes Sp. z o.o).

** on 29 December 2017, the company changed its legal form and was renamed (previously PMI "IZOLACJA - MATIZOL" S.A.)



Selena FM Group

Interim condensed consolidated financial statements for the period from 1 January to 30 June 2018

Explanations to the "Owner" column

FM - 100% owned by Selena SA (SFM)

FM 1 – shares owned by SFM, other shares are owned by Krzysztof Domarecki (Supervisory Board Chairman of Selena FM)

FM 2 – shares are owned by Selena FM (99%) and Selena S.A. (1%)

FM 3 – shares owned by Selena FM (95%) and Selena S.A. (5%)

FM 4 – shares are owned by Selena FM, the remaining shares are held outside of the Group

SIT – 100% shares are owned by Selena Industrial Technologies Sp. z o.o.

SIT 1 – shares are owned by Selena Industrial Technologies Sp. z o.o. (99.95%), other shares outside the Group

NAN – affiliated company – owned by Selena Nantong Building Materials Co., Ltd.

SL - shares owned by Selena Labs Sp. z o.o. (100%)

SA – 100% owned by Selena SA

SA 1 – shares are owned by Selena S.A., the remaining shares are held outside of the Group

SA 2 – shares are owned by Selena SA (85%) and Carina Silicones Sp. z o.o. (15%)

SA 3 – associate – shares are owned by Selena SA

ROM – 99.87% shares owned by Selena Romania, other shares held by Selena FM

CA – 100% shares are owned by Selena CA L.L.P.

2. Information about the financial statements

2.1 Interim report

The interim condensed financial statements do not contain all the information and disclosures required of annual financial statements and should be read jointly with the Group's consolidated financial statements for the year ended 31 December 2017 published on 20 April 2018. The interim financial result may not fully reflect the financial result achievable for the whole financial year.

These interim condensed financial statements were reviewed by a statutory auditor,

2.2 Period covered by the financial statements

These financial statements are consolidated financial statements of Selena FM Group and cover the period of 6 months ended on 30 June 2018 and the data presented as at that date.

These interim condensed consolidated financial statements of Selena FM Group cover the period of 6 months ended 30 June 2018 and comparative data for the period of 6 months ended 30 June 2017.

The income statement and the statement of comprehensive income also cover the data for 3 months ended 30 June 2018 and comparative data for the period of 3 months ended 30 June 2017. These data were not audited/reviewed by an auditor.

The statement of cash flows and the statement of changes in equity cover the data for the 6 months ended 30 June 2018 as well as comparative data for the period of 6 months ended 30 June 2017.

The balance sheet covers the data presented as at 30 June 2018, and comparative data as at 31 December 2017.

2.3 Approval of the financial statements

These financial statements were approved for publication on 24 September 2018.

2.4 Basis of preparation

These financial statements have been prepared under the historical cost convention, except for financial instruments measured at fair value.

2.5 Measurement and reporting currency

The currency used for presentation of financials in this report is Polish zloty, and all figures have been presented in PLN thousand, unless specified otherwise.

At the balance sheet date, the assets and liabilities expressed in foreign currency are valued using the mean rate applicable to the respective currencies at the end of the reporting period that has been set by for the particular currency by the National Bank of Poland (30 June 2018 and 31 December 2017). Items of the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows are measured at the arithmetic average of the average exchange rates announced for a given currency by the National Bank of Poland on the last day of each month in the period from January to December of 2018 and 2017, respectively.

Currency	30 June 2018 (unaudited)	31 December 2017	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)
1 USD	3.7440	3.4813	3.5192	3.8964	3.6503	3.7704
1 EUR	4.3616	4.1709	4.2395	4.2474	4.3005	4.2057
100 HUF	1.3272	1.3449	1.3401	1.3735	1.3427	1.3595
1 UAH	0.1423	0.1236	0.1324	0.1459	0.1392	0.1434
1 CZK	0.1683	0.1632	0.1659	0.1586	0.1670	0.1585
1 RUB	0.0597	0.0604	0.0591	0.0674	0.0583	0.0654
1 BRL	0.9693	1.0510	1.0180	1.2236	0.9921	1.1614
1 BGN	2.2300	2.1326	2.1676	2.1717	2.1988	2.1504
1 CNY	0.5658	0.5349	0.5516	0.5681	0.5651	0.5517
100 KRW	0.3362	0.3269	0.3261	0.3431	0.3355	0.3325
1 RON	0.9361	0.8953	0.9104	0.9359	0.9240	0.9232
1 TRY	0.8206	0.9235	0.8599	1.0790	0.8367	1.0650
100 KZT	1.0950	1.0633	1.0742	1.2295	1.0936	1.1948

2.6 Going concern

These financial statements have been prepared on the assumption that the Group companies will continue in operation in the foreseeable future. At the date of approval of these financial statements, no circumstances occurred that would point to a risk to continuity of the Group companies' operations.

2.7 Statement of conformity

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34.

IAS and IFRS include the standards and interpretations approved by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee (IFRIC).

2.8 Notes

The accounting policy and notes are an integral part of these condensed financial statements.

3. Accounting policies

3.1 Changes in the accounting policies

The accounting policies that were used in preparation of these financial statements are consistent with the policies used in preparation of the consolidated financial statements of the Group for the year ended on 31 December 2017, except for the changes resulting from implementation of new standards: IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers".

3.2 New standards and interpretations

In these condensed consolidated financial statements, the following new standards and amendments to the existing standards, effective from 1 January 2018, have been applied for the first time:

IFRS 9 Financial Instruments

The Group applied IFRS 9 as of 1 January 2018, without transforming the comparative data, which means that data for 2017 and 2018 will not be comparable, while any adjustments related to IFRS 9 were made as of 1 January 2018 and reflected in equity.

The Group disclosed information on the impact of the first time adoption of IFRS 9 in the annual financial statements for the year ended 31 December 2017 (Note 3.3.1).

Since 1 January 2018, the Group has classified **financial assets** into the following valuation categories:

- measured at amortised cost
- measured at fair value through other comprehensive income
- measured at fair value through profit or loss.

The Group allocates financial assets to the appropriate category depending on the business model adopted for managing financial assets and considering the characteristics of contractual cash flows for a particular financial asset.

Financial assets measured at amortised cost are debt instruments held to collect contractual cash flows which include only payments of principal and interest. To this category the Group classifies trade receivables, loans granted, other financial receivables and cash and cash equivalents.

Financial assets are measured at amortised cost using the effective interest rate. After initial recognition, trade receivables are measured at amortised cost using the effective interest rate method, including impairment allowances. Any trade receivables maturing within less than 12 months from the date of origination (i.e. without a financing element) and not transferred to factoring, are not discounted and are measured at nominal value.

Financial assets measured at fair value through other comprehensive income are:

- debt instruments whose flows contain only payments of principal and interest, and which are held to collect contractual flows and for sale;
- investments in equity instruments.

Changes in the carrying amount are measured through other comprehensive income, except for impairment losses (gains), interest income and foreign exchange differences and dividends, which are reflected in profit or loss. Assets measured at fair value through other comprehensive income include shares in other entities at the time of initial recognition.

Financial assets measured at fair value through profit or loss are financial instruments which do not meet the criteria for measurement at amortised cost or fair value through other comprehensive income. In the category of assets measured at fair value through profit or loss the Group classifies derivatives, factored trade receivables where the terms of the factoring agreement result in the respective amounts to be no longer treated as receivables, as well as loans which have not passed the SPPI test and dividends.

IFRS 9 did not change the classification of financial liabilities. The table below presents changes in the classification and measurement of financial assets as at the date of the first adoption of IFRS 9.

Classes of financial instruments	Classification by IAS 39	Classification by IFRS 9
Financial assets		
Shares in other entities	Available for sale	Measured at fair value through other comprehensive income/ Measured at historical cost*
Forward transactions	Measured at fair value through profit or loss	Measured at fair value through profit or loss
Trade and other receivables	Loans and receivables	Measured at amortised cost
Other short-term financial assets (cheques)	Loans and receivables	Measured at amortised cost
Cash and cash equivalents	Loans and receivables	Measured at amortised cost

*Paragraph B5.2.3 of IFRS 9 states that cost may be an appropriate estimate of fair value. The Group uses this option if insufficient more recent information is available to measure fair value of the shares.

Impairment of financial assetsInterest carried at amortised cost

IFRS 9 has introduced a change in the approach to estimating the impairment of financial assets with a shift from the incurred loss model to the expected loss model. The key items of financial assets in the consolidated financial statements of the Group, which are subject to changed rules for expected loss calculation, are trade receivables. At each balance sheet date, the Group assesses the expected credit losses whether or not there are any indications of impairment.

The Group uses the following models of making impairment allowances for individual items of financial assets:

- **Receivables from other units** – the Group performs a collective analysis of exposures (except for those which are subject to individual analysis as non-performing receivables) and uses a simplified matrix of allowances for individual age ranges based on expected credit losses over the entire life of the receivables (based on default ratios determined using historical data). The expected credit loss is calculated when the receivable is recognised in the statement of financial position and is updated on each subsequent day ending the reporting period, depending on the number of days in arrears.
- **Cash and cash equivalents** – the Group estimates allowances based on the likelihood of default determined using external bank ratings.

At present, the Group does not use hedge accounting.

The impact of the implementation of IFRS 9 on the Group's consolidated financial statements as at 1 January 2018 relating to the change in impairment allowances on financial assets, reduced by the inflow of deferred tax, was PLN 177 million and was reflected in full as a reduction of equity.

IFRS 15 Revenue from Contracts with Customers

The Group applied IFRS 15 Revenue from Contracts with Customers as of 1 January 2018, using the modified retrospective approach, without adjusting the comparative data.

The Group disclosed information on the impact of the first time adoption of IFRS 9 in the annual financial statements for the year ended 31 December 2017 (Note 3.3.2).

The Group applies the principles of IFRS 15 taking into account the 5-step revenue recognition model. The Group recognises revenue when it satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. Revenue is recognised as an amount corresponding to the transaction price allocated to that performance obligation.

In order to determine the transaction price, the Group takes into account the terms of the contract and the customary business practices. Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example certain sales taxes). The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both. If the consideration promised in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the promised goods or services to a customer.

The impact of the implementation of IFRS 15 on the Group's consolidated financial statements as at 1 January 2018 is as follows:

- provisions for discounts granted to customers – presentation in the consolidated statement of financial position in liabilities in respect of contracts with customers – instead of reducing trade receivables (PLN 7.4 million);
- transport costs, if the Group does not generate a separate revenue from this category – presentation in selling expenses of the income statement rather than in the cost of sales (PLN 0.5 million).

Implementation of IFRS 15 Revenue from Contracts with Customers will not affect the value of the Group's equity as at 1 January 2018.

Other standards and changes to existing standards

Other below standards and changes to the existing standards have no material impact on the data presented in these financial statements.

Clarifications to IFRS 15 Revenue from Contracts with Customers provide additional information and guidance re the key assumptions of IFRS 15, including the identification of distinct performance obligations, the establishment of the unit's role (agent vs. principal) and the mode of recording revenue generated under the licence. Apart from additional guidance, there are exemptions and simplified rules for first time adopters.

Amendments to IFRS 2: Classification and measurement of share-based payment transactions – introduces e.g. guidance concerning fair valuation of obligations in respect of share-based, cash-settled transactions, guidance regarding a change of classification from share-based, cash-settled transactions to cash-settled, equity-settled transactions, as well as guidance on recognition of the employee's tax obligations in respect of share-based transactions.

Amendments to IFRS 4: Application of IFRS 9 Financial Instruments together with IFRS 4 Insurance Contracts – they address the issue of adoption of the new standard IFRS 9 Financial Instruments. Amendments to IFRS 4 supplement the existing options and are aimed to prevent temporary fluctuations in the insurance industry results arising from the implementation of IFRS 9.

Annual amendments to IFRS 2014 – 2016 – they concern three standards: IFRS 12 Disclosure of Interests in Other Entities; IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 28 Investments in Associates. The improvements feature guidelines and amendments re: the scope of applicability, recognition and valuation as well as terminology and editing changes. The amendments to IFRS 12 apply to the annual periods starting on 1 January 2017. Other amendments apply as of 1 January 2018.

Amendments to IAS 40: Reclassification of Investment Properties – specify the requirements for transfers to or from investment property classification.

IFRIC 22: Foreign Currency Transactions and Advance Consideration – clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

3.3 Published standards and interpretations which have not come into force and which were not adopted by the Group earlier:

In these consolidated financial statements, the Group has decided not to adopt the following published standards, interpretations and improvements to the existing standards before their effective date:

IFRS 16 Leases – effective for annual periods beginning on or after 1 January 2019. The new standard establishes principles for the recognition, measurement, presentation and disclosure of leases. All lease transactions result in the lessee's right to use the assets and the obligation to make a payment. Accordingly, the classification of leases into operating lease and finance lease as per IAS 17 no longer applies under IFRS 16, as the new standard introduces a single model for accounting for leases by the lessee.

The lessee will be required to recognise:

- (a) assets and liabilities in respect of all lease transactions made for more than 12 months, except where an asset is of low value; and
- (b) depreciation of the leased asset separately from interest on the lease liability in the statement of profit or loss.

The principles for accounting for leases established in IFRS 16 are largely the same as in IAS 17. As a consequence, the lessee continues to use the classification into operating lease and finance lease and accounts for them accordingly.

As at the date of publication of these consolidated financial statements, the Group has identified existing financial lease and operational lease contracts, rental contracts and other types of contracts previously not recognised as leases and which might meet definition of a lease in accordance with IFRS 16.

As part of the ongoing work, the Group is developing its accounting policy concerning leases and a detailed methodology of implementing the standard.

As the work on estimating potential impact of adoption of IFRS 16 on the financial statements as at 1 January 2019 is still under way, as at the day of approval of these consolidated financial statements, the Group does not present the expected impact of IFRS 16 on financial data.

Amendments to IFRS 9: Prepayment Features with Negative Compensation – effective for annual periods starting from 1 January 2019 or later with a possibility of earlier application. As a result of amendment to IFRS 9, entities will be able to measure pre-payable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met, instead of at fair value through profit or loss.

Amendments to IAS 28 Investments in Associates and Joint Ventures – effective for annual periods beginning on or after 1 January 2019. The amendments to IAS 28 Investments in Associates and Joint Ventures clarify that entities apply IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied. The IASB has also published an example to illustrate how requirements arising from IFRS 9 and IAS 28 apply to long-term interests in an associate or joint venture.

IFRIC 23: IFRIC 23 Uncertainty over Income Tax Treatments – IFRIC 23 clarifies requirements relating to recognition and measurement, contained in IAS 12, in the situation of uncertainty over income tax treatment. The guidance is effective for annual periods beginning on or after 1 January 2019.

Annual improvements to IFRS 2015–2017 – the International Accounting Standards Board published Annual Improvements to IFRS Standards 2015-2017 Cycle which amended 4 standards: IFRS 3 Business Combinations; IFRS 11 Joint Arrangements; IAS 12 Income Taxes and IFRS 23 Borrowing Costs. The improvements contain clarifications and refine the guidance for the standards in terms of recognition and measurement.

IAS 19 Amendments to IAS 19 Investments in Associates and Joint Ventures – effective for annual periods beginning on or after 1 January 2019. The improvements to the standard specify requirements connected with accounting treatment of a modification, limitation or settlement of specified benefits plans.

Amendments to References to the Conceptual Framework in IFRS – the amendments will be apply as of 1 January 2020.

IFRS 14 Regulatory Deferral Accounts – the standard allows first-time adopters of IFRS (on or after 1 January 2016) to recognise amounts related to rate regulation in accordance with their previous accounting rules. To enhance comparability with entities that already apply IFRS and that do not recognise such amounts, the effect of rate regulation must be presented separately from other items, both in the statement of financial position and income statement and statement of other comprehensive income. The European Union has decided that IFRS 14 will not be ratified.

Improvements to IFRS 10 and IAS 28 relating to sales or contributions of assets between an investor and its associate/joint venture – they address the problem of the existing inconsistency between IFRS 10 and IFRS 28. The accounting treatment hinges on whether the non-monetary assets sold or contributed to an associate/joint venture constitute a business. Should the assets constitute a business, the investor shall recognise the profit or loss in full. Should the assets not constitute a business, the profit or loss shall be recognised only to the extent of unrelated investors' interests in the associate or joint venture. The amendments were published on 11 September 2014. The effective date has not been established by the International Accounting Standards Board.

According to the estimates of the Group, the foregoing new standards, interpretations and amendments to the existing standards, except IFRS 16, would not have any material impact on the financial statements if they had been applied by the Group as at the balance sheet date.

4. Significant values based on professional judgement and estimates

4.1 Professional judgement

Preparation of financial statements in accordance with IFRS approved by the EU requires making accounting estimates and assumptions with regard to the future events or uncertainties existing at the balance sheet date. The estimates and assumptions give rise to the risk of possible corrections to the balance sheet assets and liabilities in the next reporting periods.

The assumptions were described in the annual consolidated financial statements of the Group for 2017, and particularly relate to:

- impairment of goodwill and other assets (including receivables and inventories)
- the applied depreciation / amortisation rates for tangible and intangible fixed assets
- ability to use the deferred tax assets
- valuation of provisions
- classification of lease agreements
- the lease payment rate used for evaluation of trademarks.

In H1 2018, no significant changes were made to the assumption areas and methods, except for the adoption of new standards: IFRS 9 and IFRS 15, described in Note 3.2. The business and macroeconomic assumptions underlying the estimates are updated on an ongoing basis depending on changes in the entity's environment and business projections.

The selected assumptions used for asset impairment tests were described in Note 5 to this report.

5. Impairment of fixed assets

5.1 Selena Nantong Building Materials Co., Ltd

Due to the lower-than-planned increase in sales by Selena Nantong Building Materials Co., Ltd as well as revision of its business plans, as at 30 June 2018, the Management Board of the Parent Company carried out an impairment test for the entity's fixed assets, in accordance with IAS 36 Impairment. Based on the projected future cash flows generated by the company, no need was identified to create an additional impairment allowance for the assets invested in Selena Nantong Building Materials Co., Ltd. In the previous reporting periods, impairment allowances of PLN 4,937 thousand and PLN 4,259 thousand were posted for the value of buildings, structures and equipment in 2013 and 2016, respectively.

As at 30 June 2018, the total value of impairment allowances (at historical value) amounts to PLN 9,196 thousand. Due to the long-term nature of the investment, the test was based on a 6.5-year cash flows forecast.

For the purpose of the test, WACC before tax was taken at 10.4% and the residual growth rate at 2.5%.

Future cash flow projections take into account the positive impact of the restructuring programmes carried out by the entity's Management Board, involving modification of the distribution and operations model, particularly in the local market and implementation of a new product proposition, with the involvement of business partners. The purpose of the cooperation with the Chinese partner will be to invigorate activities in China by marketing innovative construction chemicals based on the Group's product portfolio. If any material, negative deviations occur from the adopted action plan, in the future reporting periods it might be necessary to post an impairment write-down on the fixed assets of Selena Nantong.

The test also did not show a need to create an additional impairment charge in the unconsolidated report of Selena FM S.A. in respect of the value of the assets invested in Selena Nantong Building Materials.

5.2 Selena Romania srl and EURO MGA Product srl

As the Romanian company failed to achieve the expected sales levels in H1 2018, and due to the slower-than-expected growth of the dry mortars, wet plasters and ceramic adhesives divisions, the Management Board of the Parent Company

performed an impairment test for the fixed assets of Selena Romania srl and EURO MGA Product srl (a subsidiary of Selena Romania srl), as at 30 June 2018, in accordance with IAS 36 Impairment. Based on the projected future cash flows generated by the companies, the Management Board determined the recoverable value of their fixed assets of the those entities, involved in the production and sales in the Romanian market. The test showed a need for an impairment allowance on the value of buildings, structures and equipment in the amount of PLN 2,543 thousand. The allowance was presented in other operating costs (Note 7.2).

The test used a 4.5-year cash flow projection. For the purpose of the test, WACC before tax was taken at 11.7% and the residual growth rate at 2.5%.

Future projections of cash flows include current operations in the Romanian market, particularly in the area of dry mortars and wet plasters, focused on implementation of innovative products and a further development of distribution combined with optimisation of production and logistics costs. If any material, negative deviations occur from the adopted action plan in terms of increasing the market share and return on sales, and current macroeconomic projections for Romania, in the future reporting periods it might be necessary to post an additional impairment allowance on the fixed assets of Selena Romania srl and EURO MGA Product srl.

The unconsolidated report of Selena FM S.A. contains an impairment write-down for the company's fixed investment into Selena Romania srl and EURO MGA Product srl, for a full amount of the investment value.

6. Operating segments

The organisation structure of the Group is managed through the data received from the individual geographic areas, referred to as geographic segments. To the extent permitted by IFRS 8, based on the similarity of location, characteristics of the business and economic environment, they have been grouped into the following reporting segments:

- European Union
- Eastern Europe and Asia
- North America and South America

Operating results of the segment are primarily measured using the EBITDA ratio (operating profit increased by depreciation,) which is derived directly from the reports that are the basis for preparation of the consolidated financial statements. The accounting principles used for preparation of the financial data for reporting segments comply with the Group's accounting policy described in the consolidated financial statements for 2017.

The financial statements of the entire Group are regularly reviewed by the Management Board of the Parent Company for the purpose of decision-making. The Management Board is also responsible for allocation of resources in the Group.

The profit of a segment is the profit generated by the individual segments without allocation of the administrative expenses, Management Board's remuneration, finance income and expenses, and income tax charge. Non-allocated assets include settlements on account of current and deferred income tax. Revenues are allocated to segments based on the seller's registered office location.

Management of the Group's funding sources, finance income and expense management and the taxation policy are operated at the Group level and are not allocated to operating segments.

Prices in the transactions between the operating segments are determined on an arm's length principle as in the transactions with third parties.

The tables below show data on the revenues and profits of the individual geographic segments.

6 months ended 30 June 2018 (unaudited)	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non- allocated results	Total
Figures in PLN thousand						
Sales to external customers	385,167	162,188	33,108	580,463	0	580,463
Sales within a segment	370,834	6,667	0	377,501	-377,501	0
Sales between segments	105,232	2,547	0	107,779	-107,779	0
EBITDA	89,370	10,450	722	100,542	-67,939	32,603
Depreciation/ amortisation	-8,015	-1,451	-70	-9,536	-4,319	-13,855
Operating profit (loss)	81,355	8,999	652	91,006	-72,258	18,748
Net financial revenue / (expenses)	0	0	0	0	-4,981	-4,981
Share in the profit of an associated undertaking	0	459	0	459	0	459
Income tax	0	0	0	0	-3,307	-3,307
Net profit (loss) for the year	81,355	9,458	652	91,465	-80,546	10,919
Capital expenditure	9,741	884	12	10,637	-	10,637

6 months ended 30 June 2017 (unaudited)	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments and non- allocated results	Total
Figures in PLN thousand						
Sales to external customers	344,760	162,410	33,978	541,148	0	541,148
Sales within a segment	353,390	6,389	0	359,779	-359,779	0
Sales between segments	123,776	4,392	371	128,539	-128,539	0
EBITDA	82,431	16,009	1,265	99,705	-69,990	29,715
Depreciation	-7,681	-1,667	-84	-9,432	-3,058	-12,490
Operating profit (loss)	74,750	14,342	1,181	90,273	-73,048	17,225
Net financial revenue / (expenses)	0	0	0	0	-16,737	-16,737
Share in the profit of an associated undertaking	0	485	0	485	0	485
Income tax	0	0	0	0	-5,884	-5,884
Net profit (loss) for the year	74,750	14,827	1,181	90,758	-95,669	-4,911
Capital expenditure	5,312	4,125	11	9,448	-	9,448

3 months ended 30 June 2018 (unaudited)	EU	Eastern Europe and Asia	N&S America	Total segments	Consolidation adjustments and non-allocated results	Total
Figures in PLN thousand						
Sales to external customers	217,449	97,312	17,516	332,277	0	332,277
Sales within a segment	206,083	5,167	0	211,250	-211,250	0
Sales between segments	63,166	657	0	63,823	-63,823	0
EBITDA	54,450	7,396	580	62,426	-37,409	25,017
Depreciation	-4,062	-739	-34	-4,835	-2,172	-7,007
Operating profit (loss)	50,388	6,657	546	57,591	-39,581	18,010
Net financial revenue / (expenses)	0	0	0	0	-596	-596
Share in the profit of an associated undertaking	0	459	0	459	0	459
Income tax	0	0	0	0	-2,778	-2,778
Net profit (loss) for the year	50,388	7,116	546	58,050	-42,955	15,095
Capital expenditure	4,087	376	12	4,475	-	4,475
Figures in PLN thousand						
3 months ended 30 June 2017 (unaudited)	EU	Eastern Europe and Asia	N&S America	Total segments	Consolidation adjustments and non-allocated results	Total
Figures in PLN thousand						
Sales to external customers	200,570	102,793	17,680	321,043	0	321,043
Sales within a segment	207,225	2,319	0	209,544	-209,544	0
Sales between segments	79,946	2,827	371	83,144	-83,144	0
EBITDA	63,728	12,857	1,081	77,666	-51,685	25,981
Depreciation	-4,004	-829	-39	-4,872	-1,696	-6,568
Operating profit (loss)	59,724	12,028	1,042	72,794	-53,381	19,413
Net financial revenue / (expenses)	0	0	0	0	-12,258	-12,258
Share in the profit of an associated undertaking	0	485	0	485	0	485
Income tax	0	0	0	0	-4,018	-4,018
Net profit (loss) for the year	59,724	12,513	1,042	73,279	-69,657	3,622
Capital expenditure	1,760	2,156	6	3,922	-	3,922

The tables below show data on selected assets of the individual geographic segments.

30 June 2018 (unaudited)	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments	Total
Figures in PLN thousand						
Segment assets	1,127,689	200,879	30,240	1,358,808	-475,741	883,067
Investment in an associate	0	6,041	0	6,041	0	6,041
Non-allocated assets	0	0	0	0	0	28,854
Total assets	1,127,689	206,920	30,240	1,364,849	-475,741	917,962

31 December 2017	EU	Eastern Europe and Asia	N&S America	Total segments	Consolid. adjustments	Total
Figures in PLN thousand						
Segment assets	941,298	193,610	26,582	1,161,490	-377,145	784,345
Investment in an associate	0	5,820	0	5,820	0	5,820
Non-allocated assets	0	0	0	0	0	32,011
Total assets	941,298	199,430	26,582	1,167,310	-377,145	822,176

Reconciliation of the operating profit of the reporting segments with the figures presented in the income statement.

Figures in PLN thousand	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)
Operating profit of the reporting segments	91,006	90,273	57,591	72,794
Net financial revenue / (expenses)	-4,981	-16,737	-596	-12,258
Other non-allocated income/costs*	-72,258	-73,048	-39,581	-53,381
Share in the profit of an associated undertaking	459	485	459	485
Income tax	-3,307	-5,884	-2,778	-4,018
Net profit (loss) for the year	10,919	-4,911	15,095	3,622

* General and administrative expenses and consolidation adjustments

The building materials industry in which Selena Group operates is characterised by seasonality of sales, which is described in the Management Board's report on the Group's activities for the period from 1 January to 30 June 2018 (Note 4.5).

7. Other operating revenues and operating costs

7.1 Other operating income

Figures in PLN thousand	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)
Gains from disposal of non-financial fixed assets	252	281	126	202
Subsidies	1,138	975	1,018	339
Reversal of impairment charge for receivables	0	1,280	0	1,092
Reversal of impairment charge for inventory	283	86	174	25
Inventory surplus	40	15	13	5
Damages	765	1,158	197	1,066
Provisions released	132	47	-107	21
Other	747	344	550	104
Total other operating revenues	3,357	4,186	1,971	2,854

7.2 Other operating costs

Figures in PLN thousand	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)
Loss on disposal of non-financial fixed assets	143	52	14	35
Impairment of tangible fixed assets	2,545	0	2,545	0
Impairment charge for receivables	0	1,077	0	6
Uncollectible receivables written off	122	187	27	77
Impairment charge for inventories	921	466	255	231
Liquidation of inventories	1,195	994	746	546
Inventory shortfall	178	432	175	69

Loss of control over subsidiary	0	33	0	0
Damages, penalties, fines	258	902	151	463
Provisions raised	9	255	9	127
Other	1,205	2,114	640	936
Total other operating costs	6,576	6,512	4,562	2,490

A material item of operating costs is the cost of unutilised production capacity in production companies of PLN 685 thousand for the period ended 30 June 2018 (PLN 1,593 thousand for the corresponding period of 2017).

In the period ended 30 June 2018, an impairment allowance of PLN 2,543 thousand was created for the fixed assets of Selena Romania srl and EURO MGA Product srl (a subsidiary of Selena Romania srl) (Note 5.2).

In line with the changes resulting from implementation of the new IFRS 9 on 1 January 2018, the result related to impairment of receivables is presented in the consolidated income statement under "Impairment/(reversal of impairment) of financial assets" (Note 8).

8. Impairment (reversal of impairment) of financial assets – receivables

Figures in PLN thousand	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)
Reversal of an impairment charge on receivables	-674	0	-621	0
Impairment charge for receivables	2,440	0	1,184	0
Impairment (reversal of impairment) of financial assets	1,766	0	563	0

9. Financial revenues and expenses

9.1 Financial revenues

Figures in PLN thousand	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)
FX gains	5,980	422	5,371	-3,493
Interest on deposits and bank accounts	126	43	76	32
Interest on bonds	0	1,989	0	1,002
Other interest	83	51	42	26
Derivative financial instruments	0	1,001	-27	657
Other financial revenues	7	8	2	0
Total financial revenues	6,196	3,514	5,464	-1,776

9.2 Financial expenses

Figures in PLN thousand	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)
Interest on bank and other loans	3,184	2,696	1,495	1,418
Interest on finance lease liabilities	196	171	99	88
Other interest	42	211	22	186
Derivative financial instruments	567	0	567	0
FX losses	6,487	16,720	3,440	8,522
Other financial costs	701	453	437	268
Total financial expenses	11,177	20,251	6,060	10,482

In 2018, Selena FM S.A. hedged its expected cash flows with FX forwards and other financial instruments. The Company enters into futures contracts mainly in the following currency pairs: EUR/RUB, EUR/PLN and USD/PLN, RON/PLN, CZK/PLN, HUF/PLN and EUR/KZT. On average in the period, the Company had open forward contracts hedging EUR/PLN and EUR/RUB positions up to EUR 5 million for each currency pair. The Company uses such financial instruments solely to

hedge its FX risk and does not use them for speculative purposes. The Company does not use hedge accounting within the meaning of IAS 9. As at 30 June 2018, the Company had open forward contracts. The loss on valuation of unrealised instruments was PLN 563 thousand (the result on these transactions is recognised in financial expenses under "Valuation of FX contracts").

After the balance sheet date, Selena FM S.A. had financial instruments in place relating to USD/PLN (USD 1.8 million), RON/PLN (RON 3.5 million), CZK/PLN (CZK 11 million), HUF/PLN (HUF 132 million), EUR/RUB (EUR 2.5 million) and EUR/PLN (EUR 3 million) with settlement dates in the period until 28 June 2019.

10. Income tax

Figures in PLN thousand	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
<u>Current income tax:</u>		
Current income tax charge	8,235	6,729
Corrections to the current income tax from previous years	8	-53
<u>Deferred income tax:</u>		
Connected with origination and reversal of temporary differences	-4,936	-792
Tax disclosed in consolidated income statement	3,307	5,884

The agreement on the effective tax rate is presented in the table below.

Figures in PLN thousand	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
Profit (loss) before tax	14,226	973
Tax at the Polish statutory rate of 19%	2,703	185
Costs/(revenues) not included in the taxation basis	-1,269	2,707
Tax effect of the losses not included in the taxation basis	1,705	2,513
Corrections to the current income tax from previous years	8	-53
Use of tax losses from previous years	-616	-408
Tax relief for research and development	-91	0
Use of the deferred asset relating to trademarks	861	861
Tax relief on account of operations in the Special Economic Zone	-95	0
Effect of other tax rates in foreign affiliates	101	79
Tax at the effective tax rate	3,307	5,884
Effective tax rate	23%	605%

11. Profit per share

The basic profit per share is calculated by dividing the net profit for the period attributable to the ordinary shareholders by the weighted average number of outstanding ordinary shares during the period. The table below shows a calculation of the profit(loss) per share in the reporting period.

		6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2018 (unaudited)	3 months ended 30 June 2017 (unaudited)
Profit (loss) attributable to the controlling interests	PLN	10,902,205	-4,939,206	15,055,278	3,614,187
Average number of ordinary shares	share	22,834,000	22,834,000	22,834,000	22,834,000
Profit/(loss) per ordinary share	PLN/share	0.48	-0.22	0.66	0.16
Number of shares, including dilution	share	22,834,000	22,834,000	22,834,000	22,834,000
Diluted profit (loss) per share	PLN/share	0.48	-0.22	0.66	0.16

12. Dividend paid and proposed

On 14 June 2018, the AGM of Selena FM S.A. adopted a resolution on dividend payment in respect of a part of the Parent Company's profit for 2017 in a total amount of PLN 6,850,200.00, i.e. PLN 0.30 per share. The record date, when the list of shareholders eligible for dividend is determined, was set to 2 July 2018. The shares of all series carry the same dividend rights. The dividend was paid on 16 July 2018.

13. Investments accounted for using the equity method

In 2018, Selena S.A., which is the owner of shares in the associated undertaking Hamil - Selena Co. Ltd., acquired the right to dividend from the company of EUR 108.3 thousand in respect of the 2017 profit. The dividend was paid on 27 April 2018.

14. Inventories

The table below shows the movements in impairment charges on inventory.

Figures in PLN thousand	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
Opening balance	4,623	4,664
Creation	921	466
Utilisation	-359	-666
Release	-283	-86
FX differences	49	-86
Closing balance	4,951	4,292

15. Trade receivables

The age structure of trade receivables not subject to impairment charges is presented in the table below (as at 30 June 2018 and 31 December 2017).

Figures in PLN thousand	Total	Up-to-date	Overdue, not covered by impairment charges (days in arrears):					
			< 30	31 – 60	61 – 90	91 – 180	181 - 360	>361
30 June 2018 (unaudited)	285,390	253,757	24,554	4,271	1,097	1,121	478	112
31 December 2017	206,435	179,322	20,842	3,534	1,625	1,052	60	0

The table below shows the movements in impairment charges on receivables (trade and other receivables).

Figures in PLN thousand	6 months ended 30 June 2018 (unaudited)	6 months ended 30 June 2017 (unaudited)
Impairment charge at the end December	36,006	38,555
Impact of IFRS 9	170	0
Impairment charge at 1 January	36,176	38,555
Creation	2,440	1,077
Utilisation	-1,625	-12
Release	-674	-1,280
FX differences	620	-2,709
Other	-144	0
Purchase of shares in a subsidiary	0	1,171
Closing balance	36,793	36,802

Since 1 January 2018, the Group has applied an impairment allowance matrix to calculate expected credit losses on trade receivables. Details on the change in the calculation of impairment allowances on trade receivables in connection with the implementation of IFRS 9 are described in Note 3.2.

16. Other short-term receivables

	Figures in PLN thousand	30 June 2018 (unaudited)	31 December 2017
VAT claimed		26,238	29,107
Prepayments for deliveries		9,406	3,933
Prepaid expenses		5,322	3,826
Other		3,697	3,771
Total		44,663	40,637

17. Loans and advances

The balance of loans received as at the balance sheet date is presented in the table below.

Ref	Loan type	Maturity date	30 June 2018 (unaudited)		31 December 2017	
			31 December 2015 Short-term portion	Long-term portion Maturity date	Long-term portion Short-term portion	Long-term portion Short-term portion
1	Working capital loan	07/2018	0	26,942	0	33,902
2	Working capital loan	07/2018	0	50,416	0	26,686
3	Working capital loan	12/2018	0	52,786	0	47,635
4	Investment loan	03/2018	0	0	0	411
5	Working capital loan	06/2021	30,835	0	9,428	0
6	Working capital loan	06/2018	0	0	0	18,260
7	Working capital loan	01/2019	0	17,948	0	3,844
8	Other	Different	2,485	9,598	3,286	8,677
			33,320	157,690	12,714	139,415

In March 2018, investment loan No. 4 from the summary above was repaid.

On 29 June 2018, an annex was signed to the multi-purpose credit limit for Group companies, increasing the credit amount from PLN 50 million to PLN 90 million (item 5 in the summary). Selena S.A. joined the debt. The increased loan limit was divided among the companies participating in the credit agreement. The distribution of the credit limit between borrowers may vary depending on the needs of individual entities. At the same time, the loan period has been extended to 29 June 2021. The value of securities provided by individual Borrowers (Selena FM S.A., Orion PU Sp. z o.o., Libra Sp. z o.o., Carina Silicones Sp. z o.o., Libra Sp. z o.o., Izolacja Matizol Sp. z o.o., Selena S.A.) has been updated in line with the increased value of the approved credit limit.

On 8 June, the loan agreement signed by Selena Vostok (item 6 in the summary) expired. On 15 August 2018, the subsidiary signed a new loan agreement. The loan amount is RUB 300 million, and the credit term expires on 15 August 2019. The loan is secured by a corporate guarantee of Selena FM S.A.

Loan agreement terms

As part of the loan agreements signed by the Parent Company separately or jointly with its subsidiaries, Selena FM S.A. undertook to maintain certain consolidated financial ratios at the levels agreed with banks. As at 30 June 2018, the Group maintained the consolidated financial ratios at the levels required by the lenders.

Events occurring after the balance sheet date

On 4 July 2018, an annex was signed to the multi-facility agreement for SELENA FM S.A., Orion PU Sp. z o.o., Carina Silicones Sp. z o.o. and Selena S.A. (item 2 in the summary). The credit amount was maintained at PLN 70 million, and at the same time, the loan period was extended to 4 June 2021. The loan is secured by mortgages on the properties owned by the subsidiaries: Carina Silicones Sp. z o.o., Selena Labs Sp. z o.o. and Tytan EOS Sp. z o.o., a registered pledge on the properties and inventories of Carina Silicones Sp. z o.o. and Tytan EOS Sp. z o.o., together with assignment of insurance policies for the above assets, a registered pledge on the inventories of Orion PU Sp. z o.o., Libra Sp. z o.o. and Selena S.A. together with assignment of insurance policies for the above assets and civil law guarantees of Tytan EOS Sp. z o.o. and Libra Sp. z o.o. The borrowers also issued blank promissory notes to the bank, alongside promissory note declarations.

On 9 July 2018, an annex was signed to the receivables limit agreement for Selena FM S.A., Orion PU Sp. z o.o., Libra Sp. z o.o., Selena S.A., Izolacja Matizol, Sp. z o.o. and TYTAN EOS Sp. z o.o. (item 1 in the summary). The limit amount was reduced to PLN 35 million, and the credit period was extended to 13 July 2020. The limit is secured by a power of attorney to the borrowers' current accounts maintained by the bank; mortgage on the real estate of Orion PU Sp. z o.o. up to PLN 52.5 million with the assignment of rights under the insurance policy and blank promissory notes issued by the borrowers together with the promissory note declarations.

On 15 August 2018, Selena Vostok signed a loan agreement. The loan amount is RUB 300 million, and the credit term expires on 15 August 2019. The loan is secured by a corporate guarantee of Selena FM S.A.

18. Other financial liabilities

Figures in PLN thousand	30 June 2018 (unaudited)		31 December 2017	
	Long-term	Short-term	Long-term	Short-term
Finance lease liabilities	8,136	5,270	8,462	4,930
Obligations in respect of bills settlement	0	13,168	0	9,599
Other financial liabilities	0	6,532	5,708	0
Total financial liabilities	8,136	24,970	14,170	14,529

The item "Other financial liabilities" relates to the valuation of the option of purchase of minority interests (applies to shares held by Uniflex S.p.A. by minority shareholders) and the valuation of deferred payments for the minority shareholders of Uniflex S.p.A.

19. Other liabilities

Figures in PLN thousand	30 June 2018 (unaudited)		31 December 2017	
	Long-term	Short-term	Long-term	Short-term
Investment liabilities	113	1,076	107	1,481
Prepayments for deliveries	0	3,785	0	4,625
VAT payable	0	10,539	0	7,240
Other taxes and insurance payable	0	8,385	0	8,503
Remuneration payable	0	15,474	0	13,119
Dividend liabilities	0	6,855	0	0
Other liabilities	2,674	3,864	2,821	3,419
Deferred income	1,709	4,169	1,819	4,494
Total other liabilities	4,496	54,147	4,747	42,881

20. Provisions

The table below shows changes in the balance of provisions.

Figures in PLN thousand	6 months ended 30 June 2018 (unaudited)			Year ended 31 December 2017		
	Provision for retirement benefits	Other provisions	Total	Provision for retirement benefits	Other provisions	Total
Long term						
Balance at the beginning of the period	2,793	104	2,897	491	2	493
Provisions raised	510	0	510	469	14	483
Provisions released	-210	0	-210	-163	0	-163
Provisions used	-8	0	-8	0	0	0
Purchase of shares in a subsidiary	0	0	0	2,038	84	2,122
FX differences	95	4	99	-42	4	-38
Balance at the end of the period	3,180	108	3,288	2,793	104	2,897
Short term						
Balance at the beginning of the period	5	11,491	11,496	8	15,350	15,358
Provisions raised	0	301	301	15	2,004	2,019
Provisions released	0	-132	-132	-6	-818	-824
Provisions used	0	-555	-555	-12	-6,232	-6,244
Purchase of shares in a subsidiary	0	0	0	0	1,804	1,804
FX differences	0	133	133	0	-617	-617
Balance at the end of the period	5	11,238	11,243	5	11,491	11,496

21. Contingent liabilities and guarantees granted

21.1 Guarantees

Either the Parent Company or any members of the Group did not give to third parties any guarantees whose value would exceed 10% of the Parent's equity.

Group companies provide cross-guarantees to each other in connections with jointly incurred bank debt, and as part of commercial transactions. These are intercompany dealings (the guarantees cover the obligations presented in the consolidated balance sheet), therefore the obligations in respect of such guarantees are not presented in the consolidated accounts.

Such guarantees given to the subsidiaries by Selena FM S.A. were described in detail in Note 29.1 of the unconsolidated financial statements of Selena FM S.A. for 2017 and in Note 21.1 of the condensed unconsolidated financial statements of Selena FM S.A. for the period of 6 months ended 30 June 2018.

21.2 Litigations

At the date of approval of this report, no company from the Group was a party to any court proceedings where the claim value would exceed 10% of the Parent Company's equity.

Other significant court disputes were described in the consolidated financial statements of Selena FM Group for 2017 (Note 29.3). No significant changes occurred in the period until approval of these consolidated financial statements.

Dispute between Carina Silicones sp. z o.o. and Bank Millennium S.A.

On 27 March 2009, Carina Silicones sp. z o.o. (previously Carina Sealants Sp. z o.o. SKA) filed a suit with the Regional Court in Wrocław, X Commercial Division, against Bank Millennium S.A. of Warsaw to repudiate the FX options agreement of 8 July 2008. The case was referred to resolution to the Regional Court in Warsaw.

The bank presented to the court an estimated obligation of PLN 6.9m in respect of settlement of the FX transactions. On 27 February 2015, the Regional Court in Warsaw passed a judgement on the strength of which the court of first instance dismissed the claim. The Company appealed. On 8 September 2016, the Court of Appeal in Warsaw passed a judgement concerning the claim filed by Carina Silicones Sp. z o.o. against Bank Millennium S.A. and upheld the decision of the District Court in Warsaw of 27 February 2015.

On 11 March 2013, Carina Silicones received from the District Court in Warsaw, XVI Economic Division, a copy of the claim for payment made by Millennium Bank, dated 4 January 2013. The bank stated its total claim amount at PLN 10,256 thousand. The claim relates to the purported conclusion of FX transactions between the company and the bank in 2008. Repeating the opinion of the Management Board of Carina Silicones, supported with legal opinions, the Management Board of the Parent sustains its opinion that the bank's claims are unwarranted. Based on the legal opinion received, the company responded to the claim and moved that it should be dismissed in its entirety, proposing the proceedings to be suspended until determination of the fact of existence of the contested transaction. On 11 May 2013, the District Court in Warsaw, accepted the request of Carina Silicones and decided to suspend the proceedings.

At the request of Bank Millennium, the Regional Court in Warsaw resumed the proceedings. During the first hearing on 14 March 2017, the attorney of Bank Millennium filed a motion to refer the case to mediation. The court decided to defer its decision regarding the motion. As at the date of preparation of the quarterly consolidated report, the Regional Court continues examine evidence for the case. The company expects that the decision of the court of first instance should be taken in 2019. The company has a legal opinion which shows that the claim for payment is very likely to be successful.

Administrative proceedings between Selena S.A. and the Customers Office

Selena S.A. is a party to customs proceedings relating to the imposition by the customs authorities of anti-dumping duty on the company in connection with the import of open-mesh fabrics of glass fibres from Taiwan. The goods were imported in e.g. 2011–2012. At that time, no anti-dumping duty was in effect that would relate to the imports of certain types of open-mesh fabrics of glass fibres forwarded from Taiwan. The anti-dumping duty on imports of this mesh was introduced on 25 May 2012, on the basis of Regulation No. 437/2012 of 23 May 2012 in conjunction with Regulation No. 21/2013 of 10 January 2013.

On 24 February 2014, the Head of the Customs Office in Gdynia initiated the first proceedings against Selena S.A. concerning determination of anti-dumping customs duty on the imports of the open-mesh fabrics from Taiwan. On 27 May 2014, the Head of the Customs Office in Gdańsk initiated further 27 proceedings to determine the amount of the anti-dumping duty for the same goods. The basis for initiation of the procedure by the Polish customs authorities was the receipt of a report drafted by the European Anti-Fraud Office (OLAF) on the investigation carried out by OLAF in Taiwan in 2013 concerning the suspected circumvention of the anti-dumping duty imposed on the imports of open-mesh fabrics.

There were 32 proceedings pending against the Company, in which anti-dumping duties of PLN 7,992.9 thousand in total were imposed on it in the first instance. The decisions taken by the courts of the first instance to impose the anti-dumping duty were solely based on the OLAF's report on the completed investigation, and actually, fact sheets sent by the Taiwanese authorities (tables appended to the to OLAF's report), whose quality and content cause the Company to have reasonable doubt, a fact that has been consistently brought to the court's attention. As the unfavourable decisions were upheld by the court of the second instance, the Company lodged an appeal with the Supreme Administrative Court.

Until 15 December 2016, the outcomes of the proceedings before administrative courts were favourable for the Company. The first unfavourable court ruling in customs matters was issued on 15 December 2016 (in the group of three cases), after another examination of the above cases. The court dismissed the complaints made by Selena S.A., but did not refer to the inconsistent data arising from the OLAF report or the supplementary correspondence with OLAF. The above unfavourable ruling relating to the three complaints filed with the Provincial Administrative Court against the decision of the Head of Customs Chamber, increased the risk of a negative outcome of the remaining cases, so a decision was made to raise a provision for this purpose. The Company did not agree with the court decisions on the above three cases, and on 20 and 22 February lodged appeals to the Supreme Administrative Court.

A group of other 15 cases were suspended before the court of the second instance. During the proceedings, in September 2017 the court of the second instance issued rulings upholding the decisions of the court of the first instance. In respect of the 15 decisions issued, the Company paid customs duty of PLN 4.4 million plus interest in a total amount of PLN 0.2 million.

In late October/early November 2017, complaints were lodged with the Provincial Administrative Court in Gdansk in relation to those 15 cases. The Provincial Administrative Court upheld the contested decisions. The judgments are not final and binding. The company disagreed with the judgments and lodged cassation appeals to the Supreme Administrative Court on 16 April 2018. Along with the complaints against the 15 decisions, the Company also filed a cassation appeal in a single case, which after being dismissed by the Provincial Administrative Court and the Supreme Administrative Court, was again negatively resolved for the Company. The issuing of a decision in that single case coincided with the issue of the 15 decisions, which resulted in judgements being handed down by the Provincial Administrative Court (and then cassation appeals being lodged against them) on the same day. The duty in that single case is PLN 407.1 thousand – it was paid by the Company. Another group of the remaining 13 cases remains suspended by the Provincial Administrative Court in Gdańsk. After the balance sheet date, the Company paid obligations arising from 13 decisions in respect of those proceedings, together with interest in the total amount of PLN 2,840 thousand.

A provision was raised for the amount of potential future customs obligations. The provision was posted in the 2016 costs and was partly used in 2017 and in 2018. As at 30 June 2018, the provisions were PLN 3,418 thousand.

22. Net debt

As part of capital management, the Management Board monitors the debt level by means of the gearing ratio, which is calculated as net debt to total equity + net debt. Net debt includes interest-bearing loans and other interest-bearing financial liabilities, decreased by cash and cash equivalents. Equity includes the equity attributable to the shareholders of the Parent.

	Figures in PLN thousand	30 June 2018 (unaudited)	31 December 2017
Interest bearing borrowings		191,010	152,129
Other financial liabilities		33,107	28,699
Less cash and cash equivalents		-44,430	-52,921
Net debt		179,687	127,907
Equity attributed to the shareholders of the parent		428,177	422,235
Equity and net debt		607,864	550,142
Gearing (net debt / equity + net debt)		30%	23%

23. Related party transactions

The table below shows transactions with directors of the Parent and with associates. The sales and purchases figures cover the period of 6 months ended 30 June (2018 and 2017, respectively), while the receivables and liabilities are presented as at 30 June 2018 and 31 December 2017.

			Sale	Purchase	Other revenues ¹⁾	Receivables	Liabilities	Other assets
		Figures in PLN thousand	Period					
Owners	AD Niva Sp. z o.o. (indirectly Krzysztof Domarecki)	2018	4	0	0	1	2,929	0
		2017	5	0	1,993	1	0	2,446
	AD Niva Sp. z o.o. SKA (Krzysztof Domarecki)	2018	1	0	0	0	0	0
		2017	1	0	0	0	0	0
	Syrius Investment (Krzysztof Domarecki)	2018	0	0	0	0	2,414	0
		2017	0	0	0	0	0	0
Associates and JV	Hamil - Selena Co Ltd.	2018	2,373	9	0	1,631	10	0
		2017	2,751	0	0	1,215	0	0
	House Selena Trading	2018	8,172	0	0	2,333	0	0

	Company Ltd.	2017	0	0	0	135	0	0
Supervisory Board Members	Krzysztof Domarecki (CONSILE)	2018	0	309	0	0	31	0
		2017	0	341	0	0	65	0
	Universal Energy Sp. z o.o. (Krzysztof Domarecki)	2018	1,604	0	0	1,259	0	0
		2017	2,444	0	-4	2,446	0	0
Members of the Management Board	Jean-Noël Fourel *	2018	0	22	0	0	0	0
		2017	0	141	0	0	0	0
	Marcin Macewicz	2018	0	0	0	0	0	0
		2017	0	0	0	50	0	0
	Hubert Rozpędek	2018	0	210	0	0	43	0
		2017	0	210	0	0	43	0
	Agata Gładysz-Stańczyk (AG Consulting)	2018	0	360	0	0	54	0
		2017	0	176	0	0	54	0
TOTAL		2018	12,154	910	0	5,224	5,481	0
		2017	5,201	868	1,989	3,847	162	2,446

¹⁾ includes revenues from interest on bonds

* value of sales and purchases until the CEO stepped down from office on 5 January 2018.

24. Discontinued operations

In the period of 6 months ended 30 June 2018 the Group did not discontinue nor it plans to discontinue any type of business over the next 12 months.

25. Goals and rules of financial risk management

On the basis of the analysis of the key factors pertaining to the Group and its economic environment, the Management Board has identified the following financial risks:

- FX risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Other (specific risks).

The key assumptions for managing these risks are described in the consolidated financial statements for 2017 (Note 35).

In 2018, no significant changes occurred to the rules and tools used for financial risk management.

26. Events occurring after the balance sheet date

After the balance sheet date and until the approval of these condensed consolidated financial statements no events, other than those described herein, took place that might materially affect the financial data presented in this report.

The person who prepared the financial report

.....
Agnieszka Rumczyk

Management Board President

.....
Marcin Macewicz

Management Board Member

.....
Agata Gładysz-Stańczyk

Management Board Member

.....
Artur Ryglowski