

A large, stylized globe graphic, similar to the one in the SELENA logo, is positioned on the right side of the page. It is composed of horizontal white and grey bands and is partially obscured by a light blue gradient bar that spans across the middle of the page.

**SELENA FM S.A.**

INTERIM CONDENSED FINANCIAL STATEMENTS  
FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2017  
WITH AN INDEPENDENT AUDITOR'S REPORT

Wroclaw, 18 September 2017

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## INTERIM CONDENSED INCOME STATEMENT

Figures in PLN thousand	Note	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)	3 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)
<b>Continued operations</b>					
Revenue from the sale of goods and materials		215,738	198,360	125,566	137,382
Revenues from the sale of services		13,579	12,911	8,044	8,646
<b>Sales</b>		<b>229,317</b>	<b>211,271</b>	<b>133,610</b>	<b>146,028</b>
Cost of sales		209,642	189,199	124,365	129,947
<b>Gross profit (loss)</b>		<b>19,675</b>	<b>22,072</b>	<b>9,245</b>	<b>16,081</b>
Other operating income	7.1	24,375	5,511	23,993	3,763
Selling and marketing costs		14,575	12,422	7,742	6,331
General and administrative expenses		12,329	11,256	6,520	6,029
Other operating costs	7.2	12,256	15,378	1,622	10,665
<b>Operating profit (loss)</b>		<b>4,890</b>	<b>-11,473</b>	<b>17,354</b>	<b>-3,181</b>
Financial revenues	8.1	13,915	7,946	11,111	6,127
Financial expenses	8.2	41,420	3,872	36,725	570
<b>Profit (loss) before tax</b>		<b>-22,615</b>	<b>-7,399</b>	<b>-8,260</b>	<b>2,376</b>
Income tax	9	-2,355	469	-1,563	1,769
<b>Net profit (loss) on continued operations</b>		<b>-20,260</b>	<b>-7,868</b>	<b>-6,697</b>	<b>607</b>
<b>Discontinued operations</b>					
Profit (loss) on discontinued operations		-	-	-	-
<b>Net profit (loss) for the current year</b>		<b>-20,260</b>	<b>-7,868</b>	<b>-6,697</b>	<b>607</b>
Earnings per share (continued operations) (PLN/share): 10					
- basic		-0.89	-0.34	-0.29	0.03
- diluted		-0.89	-0.34	-0.29	0.03

## INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)	3 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)
Profit after tax	-20,260	-7,868	-6,697	608
Total other net comprehensive income	0	0	0	0
<b>Total comprehensive income</b>	<b>-20,260</b>	<b>-7,868</b>	<b>-6,697</b>	<b>608</b>

## INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

	Figures in PLN thousand	Note	30 June 2017 (unaudited)	31 December 2016
Property, plant and equipment			3,342	3,320
Intangible fixed assets			18,270	18,462
Shares in subsidiaries		13	161,893	149,472
Other long-term receivables			0	0
Long-term portion of loans granted		14	108,322	119,858
Other long term financial assets			0	0
Deferred tax asset			259	0
<b>Non-current assets</b>			<b>292,086</b>	<b>291,112</b>
Inventories			5,261	1,968
Trade receivables		15	177,679	156,581
CIT claimed			66	0
Other short-term receivables		16	32,658	5,687
Short-term portion of loans granted		14	11,484	5,620
Other short-term financial assets		14	61,479	60,406
Cash and cash equivalents			32,824	6,275
<b>Current assets</b>			<b>321,451</b>	<b>236,537</b>
<b>TOTAL ASSETS</b>			<b>613,537</b>	<b>527,649</b>
Registered capital			1,142	1,142
Supplementary capital			246,822	246,545
Other reserves			19,163	19,163
Retained profit / (loss carried forward)			-20,260	7,127
- retained profit / loss carried forward from previous years			0	0
- profit (loss) after tax			-20,260	7,127
<b>Equity</b>			<b>246,867</b>	<b>273,977</b>
Long-term portion of bank and other loans		17	120,509	114,848
Other financial liabilities			6,057	869
Deferred tax liability			0	2,095
<b>Non-current liabilities</b>			<b>126,566</b>	<b>117,812</b>
Trade liabilities		18	180,909	129,754
Short-term portion of bank and other loans		17	48,673	3,030
Other financial liabilities			633	728
Income tax payable			0	230
Other short-term liabilities			9,889	2,118
Short-term provisions			0	0
<b>Current liabilities</b>			<b>240,104</b>	<b>135,860</b>
<b>Total liabilities</b>			<b>366,670</b>	<b>253,672</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>613,537</b>	<b>527,649</b>

## INTERIM CONDENSED STATEMENT OF CASH FLOWS

Figures in PLN thousand	Note	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)
<b>Profit / loss before tax on continued operations</b>			
<b>Profit / loss before tax on continued operations</b>		<b>-22,615</b>	<b>-7,399</b>
<i>Profit / loss before tax on discontinued operations</i>		-	-
Adjusted by:			
Depreciation		1,102	804
FX (gains) / losses		7,238	-3,098
Interest and dividends		-10,978	-1,200
Profit / loss on investing activities		30,035	394
Change in the balance of receivables		-70,665	-77,632
Change in the balance of inventories		-3,293	-5
Change in the balance of obligations		52,144	81,379
Change in the balance of provisions		0	-52
CIT paid		-295	-106
Other		534	0
<b>Net cash flows from operating activities</b>		<b>-16,793</b>	<b>-6,915</b>
<b>Cash flows from investing activities</b>			
Inflows from sale of tangible fixed assets		19	0
Acquisition of tangible and intangible fixed assets		-819	-1,766
Purchase of shares in a subsidiary		-7,109	0
Sale of other financial assets		10	0
Dividends and interest received		1,296	2,011
Loans granted		-5,231	-7,240
Repayments of loans granted		5,192	567
Bond repayments received		350	100
<b>Net cash flows from investing activities</b>		<b>-6,292</b>	<b>-6,328</b>
<b>Cash flows from financing activities</b>			
Repayment of finance lease obligations		-386	-383
Inflows from bank / other loans received		74,705	25,415
Repayment of loans		-22,535	-5,503
Interest paid		-1,857	-2,583
<b>Net cash flows from financing activities</b>		<b>49,927</b>	<b>16,946</b>
<b>Net increase in cash and cash equivalents</b>		<b>26,842</b>	<b>3,703</b>
<b>Change in cash and cash equivalents:</b>		<b>26,549</b>	<b>3,326</b>
net FX differences		-293	-377
<i>Cash at the beginning of the period*</i>		6,275	4,815
<i>Cash at the end of the period*</i>		32,824	8,141

\*including restricted cash:

as at 30 June 2017: PLN 0.1m

as at 30 June 2016: PLN 0.1m

## INERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

### FOR THE 6 MONTHS ENDED 30 JUNE 2017

	Registered capital	Supplementary capital	Other reserves	Retained profit/ (loss carried forward):		Total equity
				prior years	current period	
Figures in PLN thousand						
<b>As at 1 January 2016</b>	<b>1,142</b>	<b>246,545</b>	<b>19,163</b>	<b>7,127</b>	<b>0</b>	<b>273,977</b>
Net profit (loss) for the financial year	0	0	0	0	-20,260	-20,260
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-20,260</b>	<b>-20,260</b>
Transfer of profit to the supplementary capital	0	277	0	-277	0	0
Dividend	0	0	0	-6,850	0	-6,850
<b>As at 30 June 2017 (unaudited)</b>	<b>1,142</b>	<b>246,822</b>	<b>19,163</b>	<b>0</b>	<b>-20,260</b>	<b>246,867</b>

### FOR THE 6 MONTHS ENDED 30 JUNE 2016

	Registered capital	Supplementary capital	Other reserves	Retained profit/ (loss carried forward):		Total equity
				prior years	current period	
Figures in PLN thousand						
<b>As at 1 January 2016</b>	<b>1,142</b>	<b>209,897</b>	<b>19,163</b>	<b>43,498</b>	<b>0</b>	<b>273,700</b>
Net profit (loss) for the financial year	0	0	0	0	-7,868	-7,868
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-7,868</b>	<b>-7,868</b>
Transfer of profit to the supplementary capital	0	36,648	0	-36,648	0	0
Dividend	0	0	0	-6,850	0	-6,850
<b>As at 30 June 2016 (unaudited)</b>	<b>1,142</b>	<b>246,545</b>	<b>19,163</b>	<b>0</b>	<b>-7,868</b>	<b>258,982</b>

## ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

### 1. Information about the Company

Selena FM S.A. was established and registered in 1993 as a limited liability company under the name Przedsiębiorstwo Budownictwa Mieszkaniowego. 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. 0000292032 (previous KRS no. 0000129819). The Company was assigned the statistical number REGON 890226440.

The 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 its subsidiaries are controlled by Krzysztof Domarecki.

### 2. Information about the financial statements

#### 2.1 Identification of the consolidated financial statements

These interim condensed financial statements are non-consolidated accounts of the Company. For a full understanding of the financial position and trading performance of the Company as a parent of Selena FM Group these financial statements should be read together with the condensed consolidated financial statements of the Group for the period ended 30 June 2017, published on 18 September 2017.

#### 2.2 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 Company's financial statements for the year ended 31 December 2016 published on 21 March 2017. 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,

#### 2.3 Period covered by the financial statements

These financial statements cover the period of 6 months ended on 30 June 2017 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 2017, and the comparative data presented for the period of 6 months ended 30 June 2016.

The income statement and the statement of comprehensive income also cover the data for 3 months ended 30 June 2017 as well as comparative data for the period of 3 months ended 30 June 2016, which were not audited.

The statement of cash flows and the statement of changes in equity cover the data for the 6 months ended 30 June 2017 as well as comparative data for the period of 6 months ended 30 June 2016.

The balance sheet covers the data presented as at 30 June 2017, and comparative data as at 31 December 2016.

#### **2.4 Approval of the financial statements**

These financial statements were approved for publication by the Management Board on 18 September 2017.

#### **2.5 Statement of conformity**

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 – “Interim Reporting”, as approved by the EU.

#### **2.6 Basis of preparation**

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

#### **2.7 Measurement and reporting currency**

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

#### **2.8 Going concern**

These financial statements have been prepared on the assumption that the Company 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 operations.

### **3. Accounting policies**

The accounting policies that were used in preparation of the financial statements are consistent with the policies used in preparation of the consolidated financial statements of the Company for the year ended on 31 December 2016, except for the changes resulting from implementation of new standards (IAS and IFRS) - these changes are described in Note 3 of the Group's consolidated financial statements for the period of 6 months ended 30 June 2017. The changes have no material impact on the data presented in these unconsolidated financial statements.



#### **4. Significant values based on professional judgement and estimates**

Accounting estimates and the professional judgement of the Company's management were of key importance in the process of application of the accounting policies to the areas outlined below:

- Classification of leases as operating or financial leases;
- Impairment of long-term investments;
- Ability to use the deferred tax assets;
- Fair value of financial instruments;
- The expected dates and values of cash flows in respect of loans granted and amounts receivable.

In 2017, no significant changes were made to the assumption areas and methods. 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 6 to this report.

#### **5. Operating segments**

The Management Board treats the Company's activity as a single operating segment. See Note 1 of this report for a description of the Company's activities.

The Company's trading performance is assessed based on the management data prepared in accordance with IAS/IFRS.

Related parties account for more than 95% of the Company's revenues (94% in 2016). In the reporting period, the subsidiaries that account for more than 10% of the Company's total sales are: Selena Vostok OOO (34%) and Selena SA (21%).

#### **6. Impairment of assets**

##### **6.1 Shares and long term loans in Selena Nantong Building Materials Co. Ltd**

Due to the lower-than-planned utilisation of the plant's production capacity in the prior reporting periods and the slower-than-planned increase in the sales of Selena Nantong Building Materials Co., Ltd as well as revision of its business plans, as at 30 June 2017, the Management Board carried out an impairment test for the entity's fixed assets. Based on the projected future cash flows generated by the company, no need was identified to create an additional impairment charge for the assets invested in Selena Nantong Building Materials Co., Ltd. In the prior years, an impairment charge of PLN 33,910k was posted for shares and PLN 26,523k for the loans granted to the company (values converted at the historical rate).

Given the long-term nature of the investment, the test was based on a 8-year cash flow forecast. For the purpose of the test, WACC before tax was taken at 17.4% 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 (for details, see Note 1.5 of the interim consolidated financial statements of Selena FM Group) will be to invigorate activities in China by marketing innovative construction chemicals based on the product portfolio of Selena Group. 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 described above did not reveal any need to create an impairment charge for the value of fixed assets in the Group's consolidated report (for details, see Note 5 of the interim consolidated financial statements as at 30 June 2017).

## 6.2 Shares and loans in Selena Romania srl and long-term loans in Selena Romania srl and EURO MGA Product srl

As the Romanian companies failed to achieve the expected sales levels in H1 2017, and due to the slower-than-expected growth of the dry mortars, wet plasters and ceramic adhesives divisions, the Management Board performed an impairment test for the assets invested in Selena Romania srl and EURO MGA Product srl (a subsidiary of Selena Romania srl). In the prior years, an impairment charge was posted for the value of shares and long-term loans in their full amount. As at 30 June 2017, all the long-term assets invested in Selena Romania srl and EURO MGA Product srl were covered by impairment charges.

The test used a 5-year cash flow projection: For the purpose of the test, WACC before tax was taken at 15.0% 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.

The test described above did not show any need to post an impairment charge on fixed assets presented in the Group's consolidated financial statements.

## 7. Other operating revenues and operating costs

### 7.1 Other operating income

Figures in PLN thousand	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)	3 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)
Profit from disposal of non-financial fixed assets	19	30	13	29
Reversal of an impairment charge on receivables	24,301	5,411	23,944	3,699
Damages	20	0	13	-10
Other	35	70	23	45
<b>Total other operating revenues</b>	<b>24,375</b>	<b>5,511</b>	<b>23,993</b>	<b>3,763</b>

In the first half of 2017, out of the impairment charges for receivables, PLN 23,952k relates to the impairment charges for the amounts due from subsidiaries, in connection with the conversion of trade receivables into loans, including: Selena Iberia sls – PLN 17,306k, Selena Italia srl – PLN 4,225k, Selena Sulamericana Ltda – PLN 2,337k, other – PLN 84k.

### 7.2 Other operating costs

Figures in PLN thousand	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)	3 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)
Impairment charge for receivables	12,110	15,287	1,560	10,583
Donations	0	25	0	26
Damages, penalties, fines	133	46	55	46
Other	13	20	7	10
<b>Total other operating costs</b>	<b>12,256</b>	<b>15,378</b>	<b>1,622</b>	<b>10,665</b>

In the reporting period ended 30 June 2017, impairment charges created for the amounts due from connected entities totalled PLN 12,110k, including: Selena Romania SRL – PLN 4,950k, Selena Bohemia – PLN 3,119k, Selena Malzemeleri Yapi Sanayi – PLN 2,674k, Selena USA Inc. – PLN 602k, EURO MGA Products SRL – PLN 671k, other – PLN 94k.

## 8. Financial revenues and expenses

### 8.1 Financial revenues

Figures in PLN thousand	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)	3 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)
Dividends and profit sharing	8,031	0	8,031	0
Interest, including:	4,852	3,771	2,423	1,952
<i>on bonds and loans granted</i>	4,824	3,714	2,411	1,925
<i>on discount of financial obligations</i>	28	57	12	27
FX differences	0	4,175	0	4,175
Valuation of currency contracts	1,001	0	657	0
Reversal of an impairment charge on loans	26	0	0	0
Other financial revenues	5	0	0	0
<b>Total financial revenues</b>	<b>13,915</b>	<b>7,946</b>	<b>11,111</b>	<b>6,127</b>

On 9 May 2017, the Annual General Meeting of the subsidiary Uniflex SpA adopted a resolution on payment of dividend of EUR 216k from the profit for 2016 to its sole shareholder, i.e. Selena FM S.A. The dividend had not been settled before publication of these financial statements.

On 23 June 2017, the Annual General Meeting of the subsidiary Selena S.A. adopted a resolution on payment of dividend of PLN 6,128k from the profit for 2016 to its sole shareholder, i.e. Selena FM S.A. The dividend was paid by a funds transfer on 25 July 2017.

On 23 June 2017, the Annual General Meeting of the subsidiary Selena Industrial Technologies Sp. z o.o. adopted a resolution on payment of dividend of PLN 983k from the profit for 2016 to its sole shareholder, i.e. Selena FM S.A. The dividend was paid by a funds transfer on 12 September 2017.

In 2017, Selena FM S.A. hedged its expected cash flows with FX forwards and other financial instruments. The Company regularly enters into forward contracts, usually in the currency pairs EUR/RUB and EUR/PLN. 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 39. As at 30 June 2017, the Company had open FX options for EUR/RUB rate (RUB sales) and EUR/PLN (EUR sales); its gain on valuation of unrealised instruments was PLN 476k (the result on these transactions is recognised in financial costs under "Valuation of FX contracts"). After the balance sheet date, Selena FM S.A. entered into the following forward contracts: EUR/RUB (EUR 2.2 million), EUR/PLN (EUR 1.9 million) and CZK/PLN (CZK 12.0 million) and HUF/PLN (HUF 198.0 million), with settlement dates between 29 September 2017 and 26 April 2018.

## 8.2 Financial expenses

Figures in PLN thousand	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)	3 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)
Interest, including:	1,906	2,572	1,016	1,521
<i>on loans and advances received</i>	1,845	2,535	987	1,497
<i>on finance lease liabilities</i>	60	37	29	24
<i>on other obligations</i>	1	0	0	0
Impairment charge for loans	31,078	359	30,960	359
Valuation of currency contracts	0	868	0	456
FX differences	8,319	0	4,656	-1,838
Other financial costs	117	73	93	72
<b>Total financial expenses</b>	<b>41,420</b>	<b>3,872</b>	<b>36,725</b>	<b>570</b>

Details relating to the impairment charge for the value of loans are contained in Note 14. Details about the conducted impairment tests for financial assets are presented in Note 6.

## 9. Income tax

Figures in PLN thousand	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)
Income tax for the current period	0	0
Change in deferred income tax	-2,355	469
<b>Tax charge carried in profit or loss:</b>	<b>-2,355</b>	<b>469</b>

Figures in PLN thousand	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)
Profit / loss before tax on continued operations	-22,615	-7,399
Tax rate	19%	19%
Tax at the applicable rate	-4,297	-1,406
Tax on non-taxable income (permanent differences)	-6,344	-395
- <i>on dividends received</i>	-1,526	0
- <i>in respect of impairment charge on shares and loans</i>	-5	0
- <i>in respect of reversal of impairment charge for receivables</i>	-4,543	0
- <i>other</i>	-270	-395
Tax on costs that are non-tax deductible (permanent differences)	8,286	2,060
- <i>in respect of impairment charge on shares and loans</i>	5,905	68
- <i>in respect of impairment charge on receivables</i>	2,301	1,771
- <i>other</i>	80	221
<b>Tax charge carried in profit or loss:</b>	<b>-2,355</b>	<b>469</b>
Effective tax rate	<b>10.41%</b>	<b>-6.34%</b>

## 10. 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 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)	3 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)
Profit (loss) after tax	PLN	-20,260,477	-7,868,484	-6,697,289	606,304
Weighted average number of ordinary shares	share	22,834,000	22,834,000	22,834,000	22,834,000
<b>Profit/(loss) per ordinary share</b>	<b>PLN/share</b>	<b>-0.89</b>	<b>-0.34</b>	<b>-0.29</b>	<b>0.03</b>
Number of shares, including possible dilution	share	22,834,000	22,834,000	22,834,000	22,834,000
<b>Diluted profit per share</b>	<b>PLN/share</b>	<b>-0.89</b>	<b>-0.34</b>	<b>-0.29</b>	<b>0.03</b>

## 11. Dividend paid and proposed

On 23 June 2017, 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 2016 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 1 August 2017. The shares of all series carry the same dividend rights. The dividend was paid on 16 August 2017.

## 12. Intangible fixed assets

On 28 March 2017, Selena FM S.A. adopted for use ERP system – Microsoft Dynamics AX 2012 in the area relating to the system dedicated for Poland. Value of the investments brought into use PLN 16.0m.

## 13. Shares in subsidiaries

### 13.1 Value of the shares in subsidiaries.

Figures in PLN thousand	30 June 2017 (unaudited)			31 December 2016		
	Gross	Write-down	Net	Gross	Write-down	Net
Selena S.A.	62,781	0	62,781	62,781	0	62,781
Selena Labs Sp. z o.o.	1,400	0	1,400	1,400	0	1,400
Orion Polyurethanes Sp. z o.o.	0	0	0	8	0	8
Carina Sealants Sp. z o.o.	8	0	8	8	0	8
Selena Industrial Technologies Sp.z o.o.	38,379	0	38,379	38,379	0	38,379
Selena Deutschland GmbH	4	0	4	4	0	4
Selena Italia srl	1,884	1,884	0	1,884	1,884	0
Selena Iberia slu	43,478	22,913	20,565	43,478	22,913	20,565
Uniflex S.p.A.	12,429	0	12,429	0	0	0
Selena USA Inc.	1,289	1,289	0	1,289	1,289	0
Selena Sulamericana Ltda	3,594	0	3,594	3,594	0	3,594
Selena USA Specialty Inc	2,418	1,118	1,300	2,418	1,118	1,300
Selena Romania SRL	11,944	11,944	0	11,944	11,944	0
Selena Bohemia s.r.o	0	0	0	0	0	0 *
Selena Hungária Kft.	679	679	0	679	679	0
Selena Bulgaria Ltd.	0	0	0	0	0	0 *
EURO MGA Product SRL	1	0	1	1	0	1
Selena Ukraine Ltd.	0	0	0	0	0	0 *
Selena CA L.L.P.	9,029	0	9,029	9,029	0	9,029
Selena Insulations	1,206	0	1,206	1,206	0	1,206
Weize (Shanghai) Trading Co., Ltd.	0	0	0	0	0	0 *

Selena Nantong Building Materials Co., Ltd.	33,910	33,910	0	33,910	33,910	0
Selena Vostok	11,197	0	11,197	11,197	0	11,197
Selena Malzemeleri Yapi Sanayi Tic. Ltd.	12,793	12,793	0	12,793	12,793	0
<b>Value of shares</b>	<b>248,423</b>	<b>86,530</b>	<b>161,893</b>	<b>236,002</b>	<b>86,530</b>	<b>149,472</b>

\* value of shares below PLN 400

\*\* change of shares owner to Selena Industrial Technologies Sp. z o.o. on 20 January 2017 + resolution to rename the company as Taurus Sp. z o.o.

On 20 January 2017, Selena FM S.A. entered into an agreement with its connected company (Selena Industrial Technologies Sp. z o.o.) to sell its 100% stake in Orion Polyurethanes Sp. z o.o. The sales price was PLN 5,000. The share disposal did not have any impact on the Group's organisational structure. At the same time, on 20 January 2017, the General Meeting of Orion Polyurethanes Sp. z o.o. adopted a resolution renaming the company as Taurus Sp. z o.o. The changed name was registered on 25 April 2017.

On 29 March 2017, under the agreement signed between Selena FM S.A. and four natural persons, Selena FM S.A. acquired 64% stake in the share capital of Uniflex S.p.A. with its registered office in Mezzocorona, Italy. Details concerning the provisional settlement of the purchase transaction were presented in Note 1.5 of the interim condensed consolidated financial statements for the period from 1 January to 30 June 2017.

#### 14. Loans granted and other financial assets

Changes in the balance of the loans granted and other financial assets are presented in the table below.

Type of connection	Figures in PLN thousand	31 December 2016	Principal		Interest		Other decreases	Valuation	Write-down	30 June 2017 (unaudited)
			Increase	Decrease	Accrued	Paid				
Loans										
Subsidiaries	Gross value	195,541	36,072	-5,192	2,834	-263	-219	-13,350	0	215,423
	Impairment charge	-70,134	-31,078	26	0	0	0	5,497	0	-95,689
	Net value	125,407	36,072	-5,192	2,834	-263	-219	-13,350	-25,555	119,734
Other connected entities	Bonds	60,396	0	-350	1,989	-1,033	0	0	0	61,002
	Loans	71	0	0	1	0	0	0	0	72
Non-connected entities	Valuation of derivatives	10	0	0	0	0	0	467	0	477
<b>TOTAL</b>		<b>185,884</b>	<b>36,072</b>	<b>-5,542</b>	<b>4,824</b>	<b>-1,296</b>	<b>-219</b>	<b>-12,883</b>	<b>-25,555</b>	<b>181,285</b>
<i>including long-term:</i>		<i>119,858</i>								<i>108,322</i>

The settlement dates for loans granted and other financial assets as at the balance sheet data are presented in the table below.

Maturity (in years)		below 1 year	1-3 years	Above 3 years	Without maturity	Total
<b>30 June 2017 (unaudited)</b>						
Subsidiaries	Loans	11,482	31,230	77,022	0	119,734
Other connected entities	Bonds	61,002	0	0	0	61,002
Non-connected entities	Loans	2	70	0	0	72
Non-connected entities	Valuation of derivatives	477	0	0	0	477
<b>TOTAL</b>		<b>72,963</b>	<b>31,300</b>	<b>77,022</b>	<b>0</b>	<b>181,285</b>

In the reporting period, Selena FM S.A. granted its subsidiaries loans totalling PLN 36,072k, including long-term loans:

- On 13 January 2017, Selena FM S.A. signed a loan agreement with Selena Nantong Building Materials Co., Ltd. for a sum of CNY 1.2m. The interest rate is fixed. It matures on 15 January 2019. The loan has been drawn down in full.
- On 23 February 2017, an agreement was signed with Selena Nantong Building Materials Co., Ltd. providing for a loan of CNY 620k. The interest rate is fixed. The loan matures on 28 January 2022. The loan has been drawn down in full.
- On 5 April 2017, Selena FM S.A. signed a loan agreement with Selena Sulamericana. The loan amount is EUR 1.0m. The interest rate is variable. It matures on 31 December 2022. The loan originated through conversion of the trade receivables from Selena Sulamericana.
- On 10 May 2017, Selena FM S.A. signed a loan agreement with Selena Nantong Building Materials Co., Ltd. for a sum of EUR 410k. The interest rate is fixed. It matures on 14 May 2018. By the date of publication of these financial statements, an additional tranche of EUR 200k had been drawn.
- On 15 May 2017, a loan agreement of RUB 50m was signed with Selena Insulations. The interest rate is variable. It matures on 15 May 2022. The loan has been drawn down in full.
- On 12 June 2017, Selena FM S.A. signed a loan agreement with Selena Labs. The loan amount is PLN 4m. The interest rate is variable. It matures on 11 June 2022. According to the agreement, the loan is drawn in tranches. The first tranche was disbursed on 4 July 2017. By the date of publication of these financial statements, tranches of EUR 2.3m had been drawn.
- On 21 June 2017, Selena FM S.A. signed a loan agreement with Selena Iberia slu. The loan amount is EUR 5.1m. The interest rate is variable. It matures on 31 December 2022. The loan originated through conversion of the trade receivables from Selena Iberia slu.
- On 30 June 2017, Selena FM S.A. signed a loan agreement with Selena Italia. The loan amount is EUR 1.0m. The interest rate is variable. It matures on 31 December 2022. The loan originated through conversion of the trade receivables from Selena Italia srl.

In the first half of 2017, Selena CA L.L.P. repaid loans of EUR 1.2m.

In line with IFRS and the adopted accounting policy:

- long-term loans granted to foreign affiliates – which are not expected or likely to be settled in a short-term - are treated as an element of investments into net assets of these entities, in the meaning of IAS 21 para. 15;
- in the consolidated financial statements, the FX differences arising for the lender and the borrower upon valuation of these loans are reflected in other comprehensive income from the moment the loans are classified as an element of investments into net assets;
- this classification has no impact on the unconsolidated financial statements of the parties to the loan agreements.

The decision of the Management Board stating that the settlement of these loans is not planned is taken independent of any analysis relating to the recoverability of these amounts.

Impairment charges for loans created in the period ended 30 June 2017 amounted to PLN 31,078k (by historical value):

- Selena Iberia slu – PLN 21,911k
- Selena Italia srl – PLN 4,480k
- Selena Sulamericana – PLN 4,450k
- Selena Romania SRL – PLN 233k
- POLYFOAM Yalitim Sanayi ve Tic Ltd. – PLN 4k.

In the first half of 2017, Universal Energy Sp. z o.o. repurchased PLN 350k worth of bonds. Universal Energy Sp. z o.o. is, in accordance with IAS 24, a party related with Selena FM S.A through Mr Krzysztof Domarecki, Supervisory Board Chairman of Selena FM S.A.

As at 30 June 2017, the Company had open derivative contracts described in detail in Note 8.1 of this financial report.

#### Events occurring after the balance sheet date

On 10 August 2017, an annex was signed to the loan agreement with Foshan Chinuri Selena Chemical, extending the repayment date from 1 September 2017 to 1 September 2018, and changing the interest rate on the loan.

On 25 July 2017, AD Niva Sp. z o.o. used the right of early redemption of some bonds purchased by Selena FM S.A. The earlier redemption related to the bonds with a total value of PLN 20m. AD Niva sp. z o.o. has 51.29% votes at the General Meeting of Selena FM S.A. The sole shareholder of AD Niva Sp. z o.o. is Syrius Investment s.a.r.l. of Luxembourg, an entity 100% controlled by Mr Krzysztof Domarecki, Supervisory Board Chairman of Selena FM S.A.

## 15. Trade receivables

The age structure of trade debtors (not subject to impairment charges) as at the balance sheet date is presented in the table below.

Figures in PLN thousand		Total	Up-to- date	Overdue, not covered by impairment charges (days in arrears):				
				< 30	30 – 60	60 – 90	90 – 180	>180
30 June 2017 (unaudited)	From connected companies	172,654	106,122	24,301	16,667	6,582	18,644	338
	From non-connected companies	5,025	4,542	234	126	70	52	1
31 December 2016	From connected companies	150,446	66,947	29,193	12,966	10,746	30,560	34
	From non-connected companies	6,135	4,562	1,169	623	0	-224	5



Figures in PLN thousand	6 months ended 30 June 2017 (unaudited)	6 months ended 30 June 2016 (unaudited)	3 months ended 30 June 2017 (unaudited)	3 months ended 30 June 2016 (unaudited)
<b>Impairment charge at the beginning of the period</b>	<b>48,656</b>	<b>36,767</b>	<b>55,827</b>	<b>40,854</b>
Created	12,110	15,287	1,560	10,583
<i>connected entities</i>	12,109	14,901	1,559	10,701
<i>other entities</i>	1	386	1	-118
Reversed, including:	-24,301	-5,411	-23,945	-3,699
<i>connected entities</i>	-23,953	-5,411	-23,645	-3,705
<i>other entities</i>	-348	0	-300	6
FX differences arising on translation	-2,574	2,012	448	917
<b>Impairment charge at the end of the period</b>	<b>33,891</b>	<b>48,655</b>	<b>33,890</b>	<b>48,655</b>
<i>connected entities</i>	32,953	47,799	32,953	47,798
<i>other entities</i>	938	856	937	857
<b>including:</b>				
<i>Impairment charge for trade receivables</i>	33,891	48,655	33,890	48,655

## 16. Other short-term receivables

The table below presents the key items of other short-term receivables.

Figures in PLN thousand	30 June 2017 (unaudited)	31 December 2016
VAT claimed	22,509	3,801
Prepayments for deliveries	1	105
Settlements with employees	59	0
Other	10,089	1,781
<b>Total other receivables</b>	<b>32,658</b>	<b>5,687</b>

## 17. Loans received

The table below shows the debt in respect of borrowings.

Ref	Loan type	Maturity date	30 June 2017 (unaudited)		31 December 2016	
			<i>Long-term portion</i>	<i>Short-term portion</i>	<i>Long-term portion</i>	<i>Short-term portion</i>
1	Working capital loan	07/2018	47,843	0	35,686	0
2	Working capital loan	07/2018	30,706	0	1,042	0
3	Working capital loan	01/2017	0	0	0	3,030
4	Working capital loan	02/2018	0	48,624	51,752	0
5	Working capital loan	09/2019	35,590	0	19,805	0
6	Non-bank loan	12/2018	2,429	12	2,588	0
7	Loan	12/2019	1,500	20	1,500	0
8	Non-bank loan	12/2019	1,691	7	1,725	0
9	Non-bank loan	12/2019	750	10	750	0
<b>Total loans</b>			<b>120,509</b>	<b>48,673</b>	<b>114,848</b>	<b>3,030</b>

On 13 January 2017, the multi-facility credit agreement of EUR 2.45m expired. The company did not extend the agreement (item 3 in the list).

In Q1 2017, Selena FM S.A. together with its subsidiaries: Orion PU Sp. z o.o., Carina Silicones Sp. z o.o., Libra Sp. z o.o., Izolacja-Matizol S.A. and Selena S.A. (jointly called "Borrowers") finalised the process of establishing collateral for the multi-purpose credit limit agreement (item 5 in the specification above).

In H2 2017, Selena FM S.A. together with its subsidiaries Orion PU Sp. z o.o., Carina Silicones Sp. z o.o. and Selena S.A. signed an annex to the multi-facility agreement (number 2 in the list above). As a result of the annex, the previous collateral under the above agreement was changed as follows:

- 1) The Bank agreed to remove a registered pledge on machinery and equipment (floating charge) established by Carin Silicones Sp. z o.o. on the basis of a registered pledge agreement of 15 July 2013;
- 2) The bank reassigned to Carina Silicones Sp. z o.o. receivables from the insurance agreement for the pledged machines and equipment referred to in point 1 above;
- 3) A registered pledge was established for the highest sum of security on a technological line for the production of PU Sartech foams, owned by Orion PU Sp. z o.o. At the same time, Orion PU Sp. z o.o. assigned to the Bank the receivables from the insurance contract for the pledged assets.

In the period covered by financial statements no default occurred under any loan agreement.

## 18. Trade liabilities

	Figures in PLN thousand	30 June 2017 (unaudited)	31 December 2016
Trade liabilities			
<i>amounts due to related parties</i>		169,317	122,904
<i>amounts due to other entities</i>		11,592	6,850
<b>Total trade liabilities</b>		<b>180,909</b>	<b>129,754</b>

## 19. Contingent liabilities and guarantees granted

### 19.1 Guarantees given to subsidiaries

Selena FM S.A. did not give to non-Group companies any guarantees whose value would exceed 10% of its equity. Group companies, including Selena FM S.A., provide cross-guarantees to each other in connections with jointly incurred bank debt, and as part of commercial transactions. Details of these transactions as at 31 December 2016 were presented in the unconsolidated financial statements of Selena FM S.A. for 2016, Note 28.1.

In the first half of 2017, the following changes took place in the guarantees granted by Selena FM S.A.:

- On 25 April 2017, a guarantee of PLN 0.1m, whose beneficiary is the State Treasury, represented by the Customs Office, was renewed.
- On 12 June 2017, a corporate guarantee was granted to secure the loan to the subsidiary Selena Vostok (RUB 400m).
- On 25 May 2017, Selena FM S.A. renewed three guarantees securing the loans to Selena Iberia. Each of these guarantees was renewed for another year. The total amount of the guarantees increased by EUR 0.7m;
- Granting new guarantees of EUR 4.25m and PLN 3.0m in favour of suppliers;
- Expiry of guarantees for suppliers granted in prior periods (EUR 2.72m).

Events occurring after the balance sheet date

On 10 July 2017, Selena FM S.A. signed a guarantee for Selena Iberia, which secures a lease agreement. The guarantee was signed for five years. The guarantee amount is EUR 0.55 million.

**19.2 Litigations**

As at 30 June 2017 and by the date of preparation of this report Selena FM S.A. was not a party to any material court dispute.

**20. Related party transactions**

The table below shows transactions with related parties (subsidiaries, associates, members of the Parent's governing bodies) over the 6 months ended 30 June 2017 and 30 June 2016, respectively.

Figures in PLN thousand		Period	Sales	Purchase of goods and services	Other revenues <sup>1</sup>	Other costs
Subsidiaries		2017	214,461	193,851	10,876	88
		2016	200,490	173,342	1,717	119
Associates		2017	2,751	0	0	0
		2016	2,372	0	0	0
Owners	AD Niva Sp. z o.o. (indirectly Krzysztof Domarecki)	2017	5	0	1,993	0
		2016	4	0	1,999	0
	AD Niva Sp. z o.o. SKA (Krzysztof Domarecki)	2017	1	0	0	0
		2016	0	0	0	0
Supervisory Board Members	Universal Energy Sp. z o.o. (Krzysztof Domarecki)	2017	2,444	0	-4	0
		2016	2	0	0	0
<b>TOTAL</b>		<b>2017</b>	<b>219,662</b>	<b>193,851</b>	<b>12,865</b>	<b>88</b>
		<b>2016</b>	<b>202,868</b>	<b>173,342</b>	<b>3,716</b>	<b>119</b>

<sup>1</sup> the value includes other operating revenues and financial revenues

The table shows the balance of transactions with related parties (subsidiaries, associates, members of the Parent Company's governing bodies) as at 30 June 2017 and 31 December 2016.

Figures in PLN thousand		Period	Bonds, loans	Trade receivables	Other receivables	Liabilities
Subsidiaries		2017	119,734	168,434	914	175,757
		2016	125,407	149,727	0	129,507
Associates		2017	0	1,450	0	1
		2016	0	618	0	11
Owners	AD Niva Sp. z o.o. (indirectly Krzysztof Domarecki)	2017	61,002	1	0	2,929
		2016	60,000	0	0	0
Supervisory Board Members	Syrius Investment (Krzysztof Domarecki)	2017	0	0	0	2,415
		2016	0	0	0	0
	Universal Energy Sp. z o.o. (Krzysztof Domarecki)	2017	0	2,769	0	0
		2016	396	101	0	0
<b>TOTAL</b>		<b>2017</b>	<b>180,736</b>	<b>172,654</b>	<b>914</b>	<b>181,102</b>
		<b>2016</b>	<b>185,803</b>	<b>150,446</b>	<b>0</b>	<b>129,518</b>

## 21. Events occurring after the balance sheet date

On 25 July 2017, AD Niva Sp. z o.o. used the right of early redemption of some bonds (PLN 20 million) purchased by Selena FM S.A. Details are presented in Note 14 of these condensed consolidated financial statements.

After the balance sheet date and until the approval of this report no other events took place that might materially affect the financial data presented in this report.

### Person responsible for maintenance of books of account

.....  
**Agnieszka Rumczyk**

### Management Board President

.....  
**Jean-Noël Fourel**

**Vice-President  
for Sales and Marketing**

.....  
**Marcin Macewicz**

**Vice-President  
For Finance**

.....  
**Hubert Rozpędek**

### Management Board Member

.....  
**Agata Gładysz-Stańczyk**