

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, curved segments and is rendered in a light blue and white color scheme. The globe is partially obscured by a dark blue horizontal bar at the bottom of the page.

SELENA FM GROUP

EXTENDED CONSOLIDATED
QUARTERLY REPORT
FOR THE PERIOD FROM 1 JANUARY TO 31 MARCH 2017

Wrocław, 29 May 2017

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1. ADDITIONAL INFORMATION TO THE QUARTERLY REPORT

1.1 Financial highlights

1.1.1 Consolidated financials of Selena Group

	PLN thousand		EUR thousand	
	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Revenue from sales	220,105	178,696	51,317	41,024
Operating profit (loss)	-2,188	-3,979	-510	-913
Profit (loss) before tax	-6,667	-6,453	-1,554	-1,481
Profit (loss) after tax	-8,533	-6,445	-1,989	-1,480
Profit (loss) attributable to the shareholders of the parent	-8,553	-6,462	-1,994	-1,484
Comprehensive income	-10,328	-7,480	-2,408	-1,717
Comprehensive income attributable to shareholders of the parent	-10,323	-7,486	-2,407	-1,719
Net cash flows from operating activities	-2,178	11,177	-508	2,566
Net cash flows from investing activities	-5,476	-5,909	-1,277	-1,357
Net cash flows from financing activities	10,757	12,837	2,508	2,947
Number of shares	22,834,000	22,834,000	22,834,000	22,834,000
Earnings per share (PLN/share) /EUR/share)	-0.37	-0.28	-0.09	-0.06
	31 March 2017 (unaudited)	31 December 2016	31 March 2017 (unaudited)	31 December 2016
Total assets	866,142	803,063	205,257	181,524
Non-current liabilities	143,847	178,215	34,089	40,284
Current liabilities	298,494	190,719	70,737	43,110
Equity	423,801	434,129	100,432	98,130
Registered capital	1,142	1,142	271	258

1.1.2 Financial data of the Parent Company

	figures in PLN thousand		EUR thousand	
	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Revenue from sales	95,707	65,243	22,314	14,978
Operating profit (loss)	-12,464	-8,292	-2,906	-1,904
Profit (loss) before tax	-14,355	-9,775	-3,347	-2,244
Profit (loss) after tax	-13,563	-8,475	-3,162	-1,946
Comprehensive income	-13,563	-8,475	-3,162	-1,946
Net cash flows from operating activities	-4,394	-8,663	-1,024	-1,989
Net cash flows from investing activities	-1,243	-1,457	-290	-334
Net cash flows from financing activities	13,994	14,318	3,263	3,287
Number of shares	22,834,000	22,834,000	22,834,000	22,834,000
Earnings per ordinary share (PLN/share) /EUR/share)	-0.59	-0.37	-0.14	-0.09
	31 March 2017 (unaudited)	31 December 2016	31 March 2017 (unaudited)	31 December 2016
Total assets	537,190	527,649	127,302	119,270
Liabilities	276,776	253,672	65,590	57,340
Equity	260,414	273,977	61,712	61,930
Registered capital	1,142	1,142	271	258

1.2 Group structure

The Group structure and changes in it were presented in Note 2.1.4 of this report.

1.3 Material developments in the reporting period

1.3.1 Changes in the Management Board

On 30 January 2017, the Supervisory Board of Selena FM SA appointed Mr Marcin Macewicz as Vice-President for Sales and Marketing. As of 1 March 2017, the Supervisory Board of Selena FM SA appointed Ms Agata Gładysz-Stańczk to the position of Management Board Member.

1.3.2 Group promotion

Gala of the Builder monthly, 14th edition - Selena S.A. (25 January 2017)

At the Builder Awards Gala, the Polish distribution company - Selena S.A. was awarded, for the fifth time, as the "Construction Company of the Year 2016" and its CEO – Andrzej Ulfig, was hailed as the "Personality of the Industry 2016", a recognition conferred for effective management of the company, expansion of its potential, building its competitive advantage as well as for entrepreneurship, business acumen and supporting the initiatives that were important for the sector.

Participating in the competition were contractors, developers, designers as well as manufacturers and distributors for solutions for the construction sector, and companies and institutions from outside the construction sector, who support the sector's development. Its goal was to identify the companies and persons that stand out in the Polish construction sector, promote them and disseminate good practices and business relations in the construction sector. The aspects assessed were e.g. market position, achievements vs. peers and the quality of products and services.

Press conference and meetings with customers – Selena Bulgaria (2 February 2017)

Selena organised in the local market, in Sofia, a press conference, where it outlined the company's development strategy and plans for the Bulgarian market. The matters discussed included e.g. actions programme with a focus on the latest trends and solutions existing in the local construction sector. The event was attended by more than 20 media representatives. At the conference, Selena's new product was presented – COOL-R, the innovative roofing coating. On the same day, meetings were organised for the key business partners of the Bulgarian company, attended by the present CEO of Selena FM S.A. Jean-Noël Fourel, Vice-President of the Management Board responsible for Sales and Marketing – Marcin Macewicz and Managing Director of Selena Bulgaria – Diyan Dimitrov. The evening event was attended by more than 80 people, including some of the most important partners of Selena in Bulgaria, such as Bright 2000, Te-Trade Group, Argos 71, Stad Bliznakov, HVG Komers, Toplivo, the Bulgarian Association for Construction Insulation and Waterproofing, Eco Savro, V-Eland, Inter al-Pin, and many others.

Silver Partner of the "Turbo Roofer" competition – Selena S.A. (7 – 10 February 2017)

At the International Construction and Architecture Fair BUDMA 2017, the Polish Association of Roofers arranged the first roofing competition called "Turbo Roofer", and Selena S.A. became a Silver Partner of that event. During the event, TYTAN Professional and Matizol products were presented. BUDMA is one of the most important meeting places for producers of modern technologies and construction materials, architects, contractors and investors.

YugBuild exhibition (WorldBuild Krasnodar) – Selena Vostok (28 February – 3 March 2017)

Selena Group's Russian company – Selena Vostok – participated in international fairs, the largest ones in the south of Russia, with construction and finishing materials, engineering equipment and architectural products: "YugBuild/WorldBuild Krasnodar". Selena Vostok mainly presented the products of Tytan Professional brand and COOL-R – highly reflective, waterproof roof coating. The event was attended by 4,896 representatives of retail and wholesale trading companies, 3,468 representatives of companies dealing with construction, repair and renovation, 612 architects and designers.

Selena S.A. as a partner of the programme of revitalisation of Polish cities – “Metamorphosis”

Revitalisation projects are quite a challenge for all investors in Poland. Appreciating the need for education in this area, the Builder monthly started the programme called “Metamorphosis – revitalisation of Polish cities”. The programme seeks to provide expert knowledge, demonstrate examples of excellent execution and promote the best construction solutions. Selena S.A. is a partner of the programme.

1.3.3 New products in the portfolio

The following waterproofing systems for flat roofs (category of roof coverings and waterproofing products) were added to the portfolio: a system of mechanically fastened roofs TACK-R, a reverse roof system TACK-R, a self-adhesive roof system TACK-R, green roof systems TACK-R Green and a waterproofing system for underground parts TACK-R.

Waterproofing systems TACK-R are solutions designed for the investment market, based on Selena’s proprietary innovative technologies. They are adapted to different needs and weather conditions, forming solutions that respond to the various needs and investors and contractors. Selected TACK-R systems have Broof t1 certification (prevention of fire spreading) and FLL (resistance to outgrowing roots). The system of TACK-R green roofs (biologically active surfaces), extensive and intensive, are additionally optimised in terms of selection of greenery, additional load on roofs and system components.

1.3.4 Research and development

In the first quarter 2017, the R&D team of Selena Labs primarily focused on adhesives and sealants. Nine new product formulations were developed, including two new formulations for neutral silicones and low-module hybrid sealant. The first quarter was also an intensive period of developing input data for new optimisation projects and well as new products connected with foam adhesives and two-component systems and Spray-type systems.

1.4 Group performance drivers

1.4.1 Financial performance

The tables below show selected items of the consolidated income statement for the 3 months ended 31 March 2017 and 2017 March 2016, respectively, as well as selected financial ratios.

Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)	Change Change	Change %
Revenue from sales	220,105	178,696	41,409	23.2%
Cost of sales	152,782	120,922	31,860	26.3%
Gross profit on sales	67,323	57,774	9,549	16.5%
Selling and marketing costs	44,021	38,707	5,314	13.7%
General and administrative expenses	22,801	19,336	3,465	17.9%
Other operating profit (loss)	-2,689	-3,710	1,021	-
EBITDA – operating profit + depreciation / amortisation	3,734	1,552	2,182	-
Operating profit (loss) (EBIT)	-2,188	-3,979	1,791	-
Net financial income (loss)	-4,479	-2,474	-2,005	-
Profit (loss) before tax	-6,667	-6,453	-214	-
Profit (loss) after tax	-8,533	-6,445	-2,088	-
Total other net comprehensive income	-1,795	-1,035	-760	-
Total comprehensive income	-10,328	-7,480	-2,848	-

EBITDA – operating profit + depreciation/amortisation

	Change in p.p.		
Gross profit margin	30.6%	32.3%	-1.7
Selling costs / revenue from sales	20.0%	21.7%	-1.7
General and administrative expenses / revenue from sales	10.4%	10.8%	-0.5

EBITDA margin %	1.7%	0.9%	0.8
Operating profit margin (EBIT%)	-1.0%	-2.2%	1.2
Net profit margin	-3.9%	-3.6%	-0.3

EBIT % – operating profit / sales

EBITDA % - EBITDA / sales

Sales

During the period of 3 months of 2017, consolidated revenue from sales amounted to PLN 220.1m, which is by PLN 23.2% (PLN 41.4m) higher than in the corresponding period of the previous year.

The sales growth over three months of 2017 was mainly driven by sales increases, in terms of value, in Russia and Poland. Sales increased notably also in other European countries, in Turkey, Brazil and USA.

The sales of Selena Group are presented by three geographical segments: the European Union (including Poland), Eastern Europe and Asia (including Russia and China), and North and South America (USA and Brazil). The sales structure by segments has not changed significantly compared with 2016. European Union remains the key segment. It generated 66% (vs. 70% in 2016) of total sales. The Poland subsegment maintains its share in total sales, inter alia, thanks to the products sold by the manufacturing plants located in Poland to private label customers abroad. The Eastern Europe and Asia segment increased its share to 27% thanks to strong sales improvement in Russia, Kazakhstan and China. The North and South America segment saw a slight decline in its share in total sales, achieving 7% contribution to Group's revenues, despite growth in terms of value.

Segment	Segment's share in the Group's revenues		Change 2017 / 2016
	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)	
European Union, including:	66%	70%	15%
<i>Poland</i>	40%	41%	19%
<i>Other countries</i>	26%	29%	10%
Eastern Europe and Asia	27%	22%	51%
N&S America	7%	8%	17%

Gross profit on sales

For 3 months of 2017, Selena Group generated gross profit of PLN 67.3m, i.e. PLN 9.5m more year-on-year.

Gross profit margin was 30.6%, i.e. by 1.7 p.p. less than last year. The decline was due to the dramatic increases in raw material prices, which started to be transferred partly to the market only at the end of the first quarter.

Selling costs and general and administrative expenses

Selling costs over 3 months of 2017 were PLN 44.0m, up by PLN 5.3m, i.e. 13.7% YoY. The increase in costs was caused by the much higher increase in sales (23.2%).

Over the 3 months of 2017, **general and administrative expenses** were PLN 22.8m. They increased by PLN 3.5m YoY. This expense category was largely affected by the appreciation of the rouble vs. euro (decline of the EUR/RUB rate of 7.9%), and an increase in head office costs resulting from strengthening of the support functions carried out at the Parent Company's level.

Operating profit (loss)

Over 3 months of 2017, the Group generated operating loss of PLN 2.2m versus loss of PLN 4.0m in the corresponding period of the previous year.

The result on other operations was negative at PLN 2.7m. The figure was influenced by the cost of unutilised production capacity (PLN 1.1m in total) and the net impairment charges on debtors and stock as well as the cost of liquidation and shortage of inventories (total impact of -PLN 2.0m on the result on other operations vs. -PLN 2.6m in the corresponding period of 2016).

Profit after tax

Over the 3 months of 2017, Selena Group achieved net profit of PLN 8.5m vs. PLN 6.4m of net loss in the corresponding period of 2016.

The Group's net result was primarily influenced by the net financial income, including by valuation of open currency positions (trading settlements and loans received/granted). The operating result was reduced by a net loss on financial activity of PLN 4.5m posted over the 3 months of 2017. The negative net FX position was PLN 4.3m vs. a cost of PLN 1.1m for the first quarter of 2016, and was mainly due to appreciation of PLN vs. EUR and USD (decline of EUR/PLN and USD/PLN rate of 4.6% and 5.6%) in the from 1 January to 31 March 2017.

The cost of interest on loans and finance leases totalled PLN 0.4m net (after reduction by the achieved interest income from bonds and bank deposits) compared with PLN 0.6m incurred in the corresponding period of 2016.

For the 3 months of 2017, the income tax charge was PLN 1.9m.

After the 3 months of 2017, EBITDA was PLN 3.7m (including depreciation: PLN 5.9m), which was by PLN 2.2m higher year-on-year.

1.4.2 Asset and financial position

The table below shows selected figures of the consolidated balance sheet as at 31 March 2017 and 31 December 2016.

Figures in PLN thousand	31 March 2017 (unaudited)	31 December 2016	Change Change	Change %
Non-current assets	328,144	327,114	1,030	0%
Property, plant and equipment	228,050	231,803	-3,753	-2%
Intangible fixed assets	58,881	54,110	4,771	9%
Other long-term assets	41,213	41,201	12	0%
Current assets	537,998	475,949	62,049	13%
Inventories	172,499	144,844	27,655	19%
Trade receivables	204,433	181,630	22,803	13%
Cash	57,517	54,704	2,813	5%
Other current assets	103,549	94,771	8,778	9%
Equity	423,801	434,129	-10,328	-2%
Liabilities	442,341	368,934	73,407	20%
Loans and advances	190,413	178,090	12,323	7%
Trade liabilities	155,619	109,570	46,049	42%
Other liabilities	96,309	81,274	15,035	18%

	31 March 2017 (unaudited)	31 December 2016
Current liquidity	1.8	2.5
Quick liquidity	1.2	1.7
Debt ratio	51%	46%

Current liquidity – current assets / current liabilities

Quick liquidity – current assets less stocks / current liabilities

The Group's asset position, with an increase in total assets of PLN 63.1m vs. 31 December 2016, was affected by seasonality, resulting in an increase in current assets (inventories, receivables, liabilities) and their accompanying increase in external financing.

The current and quick liquidity ratios (1.8 and 1.2 respectively) point to the Group's ability to meet its obligations in a timely manner.

1.4.3 Debt

Figures in PLN thousand	31 March 2017 (unaudited)	31 December 2016
Interest bearing borrowings	190,413	178,090
Other financial liabilities	26,330	21,305
Less cash and cash equivalents	-57,517	-54,704
Net debt	159,226	144,691
Equity attributable to the shareholders of the parent	423,254	433,576
Equity and net debt	582,480	578,267
Gearing (net debt / equity + net debt)	27%	25%
Debt ratio (liabilities / total assets)	51%	46%
Net debt / EBITDA*	2.59	2.44

* debt as at the balance sheet date; EBITDA for the last 4 quarters

The increase in debt on loans vs. 31 December 2016 mainly resulted, as every year, from the seasonal factors and the ensuing higher working capital requirements in the summer months.

As at 31 March 2017, the debt ratio amounted to 51% and was 5 pp higher than at the end of 2016 and was similar to the level noted as at 31 March 2016. The change is due to the increase in debt on loans. In consequence, net debt to EBITDA was 2.59 and was higher vs. 31 December 2016, when it stood at 2.44. The increase was mainly caused by the stocks provided to the Group's trading companies. The ratio is expected to fall towards the end of the year. The value of the ratio is below the level covenanted with banks.

1.4.4 Cash flows

The tables below show selected items of the consolidated statement of cash flows for the three months ended, 31 March 2017 and 31 March 2016, respectively.

Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)	Change
Net cash flows from operating activities	-2,178	11,177	-13,355
Net cash flows from investing activities	-5,476	-5,909	433
Net cash flows from financing activities	10,757	12,837	-2,080
Change in cash and cash equivalents:	3,103	18,105	-15,002

Net cash flows in the period of 3 months of 2017 were +PLN 3.1m.

Operating cash flows were PLN -2.2m, down PLN 13.4m lower than in the corresponding period of 2016. Due to the seasonality of its business, the Group increased the cash value in its net current assets compared with 31 December 2016: receivables (-PLN 24.2m), inventory (PLN-25.4m) and liabilities (+PLN 47.7m).

Net cash flows from investing activities were negative at -PLN 5.5m, with inflows being PLN 0.4m lower year-on-year.

Net cash inflows from financing activities amounted to PLN 10.8m. This figure was mainly affected by the bank loans (PLN 40.5m) obtained to fund working capital requirements and investments, repayment of bank and other loans (-PLN 27.9m), interest paid (-PLN 1.3m), as well as finance lease payments (-PLN 0.4m).

1.5 Seasonality of business

The building materials industry in which Selena Group operates is characterised by seasonality of sales. Lower activity is seen in the winter and early spring months, while in the subsequent quarters sales increase to usually peak in the third quarter. Looking at the figures for 2015-2016, one may conclude that sales in individual quarters have the following contribution to the total annual sales: Q1 – 18%, Q2 - 27%, Q3 - 30%, Q4 - 25%. Seasonal fluctuations of sales are primarily affected by the weather and fluctuations in sales in the individual geographies where the Group operates.

1.6 Delivery of forecasts

The Selena Group did not publish any performance forecast for 2017.

1.7 Issue, redemption of repayment of non-equity and equity instruments

In the period covered by this report, Selena FM S.A. did not issue, redeem or repay any non-equity or equity securities.

1.8 Payment of dividend

In the reporting period the Parent Company did not pay any dividend. The Management Board of Selena FM S.A. recommends a dividend of PLN 6,850,200 (PLN 0.30 per share) payable to the shareholders from the net profit earned in 2016. PLN 0.30 per share. The Management Board of the Parent Company has proposed 1 August 2017 as the record date and 15 August 2017 as the dividend payment date. On 26 May 2017, the Supervisory Board approved the dividend payment proposal put forward by the Parent Company's Management Board. The Annual General Meeting of Shareholders of Selena FM S.A. will be held on 23 June 2017.

1.9 Shareholders of the parent

The table below shows distribution of share capital and voting power among shareholders of the Parent Company as at the date of publication of this report.

Shareholder	Share types	Number of shares acquired	Share in registered capital	Number of votes	Share in votes at the AGM
AD Niva Sp. z o.o. *	Registered preference shares	4,000,000	17.52%	8,000,000	29.81%
	Bearer shares	5,538,000	24.25%	5,538,000	20.64%
Syrius Investments S.a.r.l.*	Bearer shares	8,050,000	35.25%	8,050,000	30.00%
Quercus Towarzystwo Funduszy Inwestycyjnych S.A. **	Bearer shares	1,367,141	5.99%	1,367,141	5.09%

* entity controlled by Krzysztof Domarecki, Supervisory Board Chairman

**As at 7 July 2016

In the reporting period, no changes were reported regarding the shareholding of the significant shareholders of the Parent.

1.10 Shareholdings by executive and non-executive directors

The table below shows a summary of the shareholdings in the Parent Company by executive and non-executive directors as at the date of publication of this report.

Name	Role	Number of shares held	Nominal value of shares (PLN)
AD Niva Sp. z o.o. *	-	9,538,000	476,900
Syrius Investments s.a.r.l.*	-	8,050,000	402,500
Marcin Macewicz	Management Board member	600	30

* entity controlled by Krzysztof Domarecki, Supervisory Board Chairman

1.11 Litigations

At the date of approval of this report, no company from Selena 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 S.A. Group for 2016 (Note 28.3). 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 Sp. z o.o. 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 10,256k. 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 Sp. z o.o. and decided to suspend the proceedings.

At the request of Bank Millennium the Regional Court in Warsaw resumed the proceedings and set the date of the first hearing to 14 March 2017. During the proceedings, the attorney of Bank Millennium filed a motion to the court to refer the case to mediation. The court decided to defer its decision in this case until the next hearing. At the next hearing, set to 6 and 8 June 2017, the court is going to interrogate witnesses.

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 fibreglass mesh fabrics forwarded from Taiwan. The anti-dumping duty on 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.

At present, there are 32 proceedings pending, in which anti-dumping duties of PLN 7,992.9k in total were imposed on the Company in the first instance. The decisions taken by the courts of the first instance to impose the anti-dumping duty are 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. Where an authority of the second instance adopts an unfavourable decision, a complaint can be lodged 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, 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 Supreme Administrative Court against the decision of the Head of Customs Chamber, increased the risk of a negative outcome of the dispute, so a decision was made to raise a provision for this purpose. The company does not agree with the court decisions and on 20 and 22 February lodged appeals to the Supreme Administrative Court.

The remaining proceedings have been put on hold by the Head of the Customs Chamber in Gdynia (15 proceedings) and by the Provincial Administrative Court (13 proceedings suspended at the Parties' request).

1.12 Related party transactions

In the reporting period, the Parent Company did not enter into any material transactions with its related parties on non-arm's length basis.

The material transactions between Selena FM S.A. and its subsidiaries were described in the quarterly report on the company's financial position (point 3.14 of this report).

1.13 Guarantees given

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 2016.

1.14 Events occurring after the balance sheet date

Material events occurring after the balance sheet date and before approval of this report were described in Note 2.24 of this report.

1.15 Factors that will affect financial performance in the next quarter

The key factors that in the Management Board's opinion may affect the Group's performance in the following periods are described below.

The macroeconomic situation in Poland and world-wide. The forecast of the European Commission published in May 2017 shows that the global economy is expected to see GDP growth of 3.4% this year and 3.8% in 2018. Most importantly, highly developed countries are to observe a growth of merely 2.1% and 2.0%, respectively, and developing countries: 4.5% and 4.8%, respectively. As regards the key markets of Selena Group in Europe, it is important to note good but declining forecasts for the Spanish economy: 2.8% GDP in 2017 and 2.4% GDP in 2018. Positive GDP growth in 2017 is also expected in the other European geographies of Selena Group: Romania +4.3%, Hungary +3.6%, Czech Republic +2.6%, Bulgaria +2.9% or Italy +0.9%. EC expects that Poland will a strong GDP growth of +3.5%. The global economy forecast published by the International Monetary Fund (IMF) in April 2017 points to a GDP growth of 3.4%. However, the GDP data for Q1 for the whole of Central Europe indicate a pronounced economic recovery: Poland: a growth of 4.0%, Hungary 4.0%, Czech Republic 2.9% and Romania by impressive 5.7%. As regards Selena Group's other markets, the EC and IMF projections point to the GDP growth in 2017: USA 2.2%, Turkey 3.0%, Ukraine 2.0%, Kazakhstan 2.5%, China 6.6%, Brazil 2.5%. GDP projections for the Russian market also point to an increase of 1.2%.

Situation in the construction sector. According to the February IBnGR report, in 2017 the added value in the construction sector in Poland will grow by 6.8% vs. the 11.9% decline in 2016. Demand in the construction chemicals market will be influenced by the situation in the residential construction segment, where these materials are used to the highest degree. Data published by the Central Statistics Office (GUS) on 19 April 2017 for the three months of 2017 point to a growth of 7.8% in house completions year-on-year. At the same time the number of construction permits increased by 42.8%, while the number of commenced housing investments increased merely by 7.8%. After nine months of 2017, the construction and assembly production was by 3.9% lower year-on-year. According to the data released by GUS on 21 April 2017, the General Business Indicator in the construction sector was +2.7, the highest in eight years. An improvement was signalled by 19.6% of enterprises, with 19.6% pointing to a deterioration. A slight increase in orders and in construction-assembly production is expected. The situation in the construction sector in Selena Group's other geographies is expected to be volatile, but overall positive, including in Russia, Kazakhstan and Ukraine.

Availability of financing. According to the results of the PENGAB banking business sentiment index published by the Polish Banks Association in April 2017, for 6-month projections 53% of the polled bankers pointed to an increase, 41% to stabilisation and merely 6% to a decline in the volume of housing loans. According to the Amron-Safrin report of February 2017, both the number and value of loans increased in Q4 2016 vs. Q3 2016, while the number of loans fell by 1.7%, which means that a stable situation is maintained.

FX rates. According to the currency forecast of Raiffeisen Bank International of 12 May 2017, in the coming months no sudden changes should be expected in the currency markets of the countries of Eastern Europe. Towards the year-end, the following currency rates are expected (for the main markets): USD/RUB 62.0; USD/TRY 4.1; EUR/CZK 25.9; EUR/HUF 31.5; EUR/RON 4.45 EUR/PLN 4.25.

Collection risk. The Group companies do not see a material increase in overdue debtors. Age structure of trade receivables improved vs. Q1 2016. Details are presented in Note 2.14 of these condensed financial statements.

Commodity prices. The third quarter of 2016 started a growing trend in commodity prices, particularly the prices of materials for the manufacture of polyurethane foams. The situation is further complicated by unavailability of commodities. Accordingly, further increases of raw material prices should be expected for the following quarters.

1.16 Other significant information

This report presents information which might have a significant impact on the assessment of Selena's employment, asset or financial position, and which is key to assessment of its ability to meet its obligations.

2. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

Figures in PLN thousand	Note	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Continued operations			
Revenue from the sale of products		202,842	166,827
Revenue from the sale of goods and materials		16,990	11,760
Revenue from the sale of services and lease		273	109
Sales	2.5	220,105	178,696
Cost of sales		152,782	120,922
Gross profit (loss)		67,323	57,774
Other operating income	2.6	1,333	1,142
Selling and marketing costs		44,021	38,707
General and administrative expenses		22,801	19,336
Other operating costs	2.6	4,022	4,852
Operating profit (loss)		-2,188	-3,979
Financial revenues	2.7	5,290	3,724
Financial expenses	2.7	9,769	6,198
Share in net profit/loss of the associate		0	0
Profit (loss) before tax		-6,667	-6,453
Income tax	2.8	1,866	-8
Net profit (loss) on continued operations		-8,533	-6,445
Discontinued operations			
Loss on discontinued operations		-	-
Net profit (loss) for the financial year, including:		-8,533	-6,445
Attributed net profit (loss):			
	2.9		
- shareholders of the parent		-8,553	-6,462
- non-controlling interests		20	17
Earnings per share (continued operations) attributable to the shareholders of the parent (PLN / share)			
- basic		-0.37	-0.28
- diluted		-0.37	-0.28

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Profit after tax	-8,533	-6,445
Other comprehensive income not subject to reclassification to profit or loss	0	0
Other comprehensive income subject to reclassification to profit or loss:	-1,795	-1,035
FX differences arising on translation of foreign affiliates	2,567	747
FX differences on measurement of investments into the net assets of a foreign subsidiary	-5,829	-1,913
Income tax	1,467	131
Other comprehensive income for the period, after tax	-1,795	-1,035
Total comprehensive income	-10,328	-7,480
Attributable to:		
- shareholders of the parent	-10,323	-7,486
- non-controlling interests	-5	6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 March 2017 (unaudited)	31 December 2016
	Figures in PLN thousand		
ASSETS			
Property, plant and equipment		228,050	231,803
Intangible fixed assets	2.11	58,881	54,110
Other fixed assets		8,239	8,707
Investments accounted for using the equity method		6,307	6,233
Other long-term receivables		422	372
Long-term portion of loans granted		162	71
Other long term financial assets	2.12	1,536	1,627
Deferred tax assets		24,547	24,191
Non-current assets		328,144	327,114
Inventories	2.13	172,499	144,844
Trade receivables	2.14	204,433	181,630
CIT claimed		4,644	4,191
Other short-term receivables	2.15	33,741	25,375
Short-term portion of loans granted		674	554
Other short-term financial assets	2.12	64,490	64,651
Cash and cash equivalents		57,517	54,704
Current assets		537,998	475,949
TOTAL ASSETS		866,142	803,063
EQUITY AND LIABILITIES			
Registered capital		1,142	1,142
FX differences arising on translation of foreign affiliates		-18,943	-17,174
Supplementary capital		525,681	525,681
Other reserves		9,633	9,633
Retained profit / (loss carried forward)		-94,259	-85,706
- retained profit / loss carried forward from previous years		-85,706	-117,736
- profit (loss) after tax		-8,553	32,030
Equity attributable to the shareholders of the parent		423,254	433,576
Non-controlling interests		547	553
Total equity		423,801	434,129
Long-term portion of bank and other loans	2.16	120,412	158,730
Other financial liabilities	2.17	12,707	7,590
Other long-term liabilities	2.18	4,099	4,590
Deferred tax liabilities		4,040	6,812
Other long-term provisions	2.19	2,589	493
Non-current liabilities		143,847	178,215
Trade liabilities		155,619	109,570
Short-term portion of bank and other loans	2.16	70,001	19,360
Other financial liabilities	2.17	13,623	13,715
Income tax payable		2,068	2,188
Other short-term liabilities	2.18	40,045	30,528
Short-term provisions	2.19	17,138	15,358
Current liabilities		298,494	190,719
Total liabilities		442,341	368,934
TOTAL EQUITY AND LIABILITIES		866,142	803,063

CONSOLIDATED STATEMENT OF CASH FLOWS

Note	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Figures in PLN thousand		
Profit / loss before tax on continued operations		
Profit (loss) before tax	-6,667	-6,453
Adjusted by:		
Share in the result of the entities accounted for using the equity method	0	0
Depreciation	5,922	5,531
FX gains (losses)	5,864	-1,807
Interest and dividends	220	608
Profit / (loss) on investing activities	-1,404	24
Change in the balance of receivables	-24,181	6,222
Change in the balance of inventories	-25,357	-17,011
Change in the balance of obligations	47,673	25,451
Change in the balance of provisions	-26	128
CIT paid	-4,068	-1,765
Other	-154	249
Net cash flows from operating activities	-2,178	11,177
Cash flows from investing activities		
Inflows from sale of tangible and intangible fixed assets	712	0
Acquisition of tangible and intangible fixed assets	-3,817	-6,104
Acquisition of a subsidiary, after deduction of cash acquired (Uniflex)	-3,707	0
Purchase of bonds	0	0
Purchase of other financial assets	-10	-5
Inflows from bond repayments	350	0
Sale of other financial assets	53	0
Dividends and interest received	1,033	0
Repayments of loans granted	0	200
Outflow on account of loans given	-90	0
Net cash flows from investing activities	-5,476	-5,909
Cash flows from financing activities		
Repayment of finance lease obligations	-447	-1,179
Inflows from bank / other loans received	40,458	22,442
Repayment of loans and advances	-27,927	-6,842
Dividends paid to owners	0	0
Interest paid	-1,327	-1,584
Net cash flows from financing activities	10,757	12,837
Net increase in cash and cash equivalents	3,103	18,105
Change in cash and cash equivalents:	2,813	18,074
net FX differences	-290	-31
Cash at the beginning of the period*	54,704	41,899
Cash at the end of the period*	57,517	59,973

*including restricted cash:

as at 31 March 2017: PLN 0.1m

as at 31 March 2016: PLN 0.1m

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
FOR 3 MONTHS ENDED 31 MARCH 2017

	Attributable to the shareholders of the parent						Total equity	Capital attributable to non-controlling interests	Aggregate equity
	Registered capital	Supplementary capital	FX differences on translation of a foreign affiliate	Other reserves	Retained profit/ (loss carried forward): from previous years	Retained profit/ (loss carried forward): 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
Net profit (loss) for the financial year	0	0	0	0	0	-8,553	-8,553	20	-8,533
Other net comprehensive income for the period	0	0	-1,769	0	0	0	-1,769	-26	-1,795
Total comprehensive income for the period	0	0	-1,769	0	0	-8,553	-10,322	-6	-10,328
As at 31 March 2017 (unaudited)	1,142	525,681	-18,943	9,633	-85,706	-8,553	423,254	547	423,801

FOR 3 MONTHS ENDED 31 MARCH 2016

	Attributable to the shareholders of the parent						Total equity	Capital attributable to non-controlling interests	Aggregate equity
	Registered capital	Supplementary capital	FX differences on translation of a foreign affiliate	Other reserves	Retained profit/ (loss carried forward): from previous years	Retained profit/ (loss carried forward): from the current period			
Figures in PLN thousand									
As at 1 January 2016	1,142	463,447	-22,134	9,633	-48,652	0	403,436	332	403,768
Net profit (loss) for the financial year	0	0	0	0	0	-6,462	-6,462	17	-6,445
Other net comprehensive income for the period	0	0	-1,024	0	0	0	-1,024	-11	-1,035
Total comprehensive income for the period	0	0	-1,024	0	0	-6,462	-7,486	6	-7,480
As at 31 March 2016 (unaudited)	1,142	463,447	-23,158	9,633	-48,652	-6,462	395,950	338	396,288

ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS

2.1 Information about the Group

2.1.1 General Information

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.

Parent Company

The parent of the Group is Selena FM S.A. The Company 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. 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.

2.1.2 Management Board of the Parent Company

As at 31 December 2016, the Parent Company's Management Board was composed of:

- Jean-Noël Fourel – Management Board President
- Hubert Rozpędek – Vice-President of the Management Board responsible for finance
- Marcin Macewicz – Management Board Member.

Changes in the Management Board in 2017:

- On 30 January 2017, the Supervisory Board of Selena FM SA appointed Mr Marcin Macewicz as Vice-President for Sales and Marketing.
- As of 1 March 2017, the Supervisory Board of Selena FM SA appointed Ms Agata Gładysz-Stańczyk to the position of Management Board Member.

As at 31 March 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 – Management Board Member.

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

2.1.3 Supervisory Board of the Parent Company

As at 31 December 2016, 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.
- Hans Kongsted – Supervisory Board Member
- Francisco Azcona – Supervisory Board Member.

From 1 January to 31 March 2017 no changes took place in the Supervisory Board.

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

2.1.4 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 31 March 2017 and 31 December 2016.

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

The "owner" column specifies the name of the owner as at 31 March 2017.

Changes in the Group structure

Liquidation of Selena Sever Moscow

On 22 October 2015, Selena Sever Moscow was struck off the companies register. The information that the company was deregistered to discontinuation of its business was received by the company's shareholder on 12 April 2017. The company did not carry on operations. Loss of PLN 33k on the loss of control was presented under operating costs.

Sale of shares in Orion Polyurethanes 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.

Formation of a joint venture

On 21 December 2016, Selena Nantong Building Materials Co., Ltd. entered into a framework agreement with Shanghai Haozheng Construction Engineering Co., Ltd – a Chinese entity operating in the market of polyurethane foams and other construction chemicals. The agreement provided for strategic cooperation between the Parties. The framework agreement sets out the key strategic directions of the cooperation and defines next steps to be taken by the Parties to finalise individual agreements referred to in the framework agreement. Under the agreement, the Parties will set up a new joint venture, in which Selena Nantong Building Materials Co Ltd will take up 40% stake and its partner, Haozheng Construction Engineering Co., Ltd. - 60% stake.

On 28 March 2017, Selena Nantong Building Materials Co., Ltd. entered into further agreements with Shanghai Haozheng Construction Engineering Co., Ltd (Partner) under the framework agreement. The Parties signed the Articles of Association

of JV for House Selena Company Ltd. This agreements and other agreements with the Partner define, inter alia, strategic rules of cooperation in the market, rules and scope of operations of the new entity (including a share in management and supervision over the new entity), terms of trade cooperation between the parties and the rules of using Selena's trademarks by the new entity. The objects of the new company will include distributing and selling in China: foams, silicones and mounting adhesives under the brands owned by Selena Group and the Partner, pursuant to licence agreements. Later on, the new company will market in China innovative construction chemicals based on the product portfolio of Selena Group. The purpose of the framework agreement is to boost Selena Group's development in the Chinese market.

By the date of publication of these interim condensed financial statements the process of registration of House Selena Trading Company Ltd. had not been completed yet.

Take-over of control over Uniflex S.p.A.

On 29 March 2017, under the agreement signed between Selena FM S.A. and 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, becoming a majority owner of Uniflex S.p.A.

Selena FM S.A. acquired 192 000 shares of Uniflex S.p.A. with a nominal value of EUR 1 per share, representing 64% stake in the company's registered capital, for a total amount of EUR 1 664k. The shares of the acquired company were taken up in full and paid up in cash.

Acquisition of the majority shareholding by Selena FM S.A. is intended to strengthen the Group's position in Italy and in Western Europe. Thanks to synergies and cooperation with Selena Group, Uniflex S.p.A. will be able to supplement its products portfolio for the customers in Italy and Western Europe. At the same time, Selena Group will significantly increase its position in the market of acrylic products in Europe. The transaction will result in mutually complementary technologies, geographical development of distribution markets and synergies in the form of reduction of manufacturing costs and thus the costs of purchase of raw materials.

In addition, on 29 March 2017, both minority shareholders of Uniflex S.p.A. entered into an agreement where Selena FM S.A. made an unconditional offer to purchase the remaining shares (put option), while the minority shareholders guaranteed to Selena FM S.A. an exercise of the option to purchase the remaining shares (call option). The put and call options may be exercised between 1 April and 30 June 2019 or between 1 April and 30 June 2020.

A unit value of a share representing the exercise price for the put and call option will be determined on the basis of valuation of Uniflex S.p.A. as at the day the option is exercised. In accordance with the agreement, the valuation of Uniflex S.p.A. will take place on the basis of a multiplier of the company's EBITDA (adjusted in accordance with the agreement). The ratio will be calculated on the basis of the financial results from the last two approved financial statements of the company, preceding the year when the option was exercised.

Once the above options are exercised, Selena FM S.A. will take up 100% of shares of Uniflex S.p.A. As presented below these consolidated financial statements are prepared on the assumption that at the time of acquisition transactions Selena took up 100% of the shares.

Status of settlement of the acquisition

Using the provisions of IFRS 3 "Business combinations" (paragraph 61), the "provisional settlement" was adopted for the purpose of settlement of the acquisition. At present, work is under way to verify the fair value of the acquired assets and liabilities of the company. Particular focus is placed on acquired fixed assets and current assets as well as contingent liabilities. The final settlement of the acquisition must take place no later than on 29 March 2018.

Another reason why the provisional settlement was used as at 31 March 2017 is the estimated valuation of the obligations arising from the issue of the put option. In accordance with IAS 32 "Financial Instruments: Disclosure and Presentation", where the parent company is required to repurchase the shares of its subsidiary from minority shareholders, and an obligation arises to recognise a financial liability at the time of issuing the option, regardless of the likelihood of the option being exercised. The financial liability should be recognised in the full present amount of the future payment for shares in connection with the exercise of the option issued. Due to the direct relationship between the issuance of a put option and acquisition of 64% shares, it is justified to recognise these combined transactions, which are a part of acquisition of a

subsidiary and application of IFRS 3 "Business Combination" for the purpose of its settlement. In accordance with this approach, these consolidated financial statements have been prepared on the assumption that Selena FM S.A. acquired 100% of the shares of Uniflex S.p.A. Accordingly, in the consolidated financial statements the value of the liability arising from the issuance of put options was recognised, and the cost of acquisition was increased by a corresponding amount.

The provisional settlement presented below was based on estimated value of assets and liabilities, as well as estimates the cost of acquisition of the acquired entity. Any adjustments to the estimates will be reflected in the final summary.

Presented below are calculations re the goodwill arising on acquisition:

Figures in PLN thousand	29 March 2017
Acquisition price	13,398
Fair value of the net assets acquired (100%)	7,998
Goodwill arising on acquisition	5,400

As at the date of assumption of control, the consolidated report on the Group's financial position includes goodwill of PLN 5,400 thousand. Selena Group delivers on its development strategy focused on Selena's key markets (which is regarded as the area of western Europe). In the opinion of the Parent Company's Management Board, the acquisition has a great growth potential thanks to the expected development of acrylic products and a distribution strategy for those products.

The table below presents the components of the acquisition price:

Figures in PLN thousand	29 March 2017
Purchase of shares in accordance with the agreement, cash-paid	7,077
Valuation of the option of repurchase of minority shareholders	5,320
Valuation of deferred payments for existing shareholders	969
Other	32
Total	13,398

Valuation of the option of repurchase of minority shareholders was recognised in the unconsolidated statement of financial position of Selena FM S.A. under "Other financial liabilities".

Performance of the acquired entity

The Group's result adjusted as if the acquisition took place on 1 January 2017, is presented below:

figures in PLN thousand	Group with the company	Group without the company
Revenue from sales	220,105	220,105
Net profit	-8,533	-8,183

Acquisition price and net assets

The main items of assets and liabilities of Uniflex S.p.A. as at the control acquisition date are presented in the table below.

Figures in PLN thousand	29 March 2017
Non-current assets	2,033
Inventories	4,738
Trade receivables	14,936
Cash and cash equivalents	2,989
Other current assets	986

Total assets	25,682
Obligations in respect of borrowings	1,509
Trade liabilities	10,000
Other liabilities	6,175
Total liabilities	17,684
Net assets	7,998

Costs associated with the acquisition, recognised in the consolidated income statement were PLN 323 thousand, and were posted under external services costs.

Selected items of the net assets acquired

At the control assumption date, as part of the process of recognition of identifiable assets, liabilities and contingent liabilities of the acquired company existing as at the control assumption date, there were contingent liabilities identified of EUR 425 thousand, relating to the potential costs arising from the events dating back to 2003-2015. Settlement of the provisional liabilities was recognised as part of the provisional settlement.

Region	Country	Entity	Reg.Office	Activity	Group's Share		Owner	
					31 March 2017 (unaudited)	31 December 2016		
European Union	Poland	Selena FM S.A.	Wrocław	Group Head Office			-	
		Selena S.A.	Wrocław	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	
		PMI "IZOLACJA - MATIZOL" S.A.	Gorlice	Manuf. of roof coverings, hydroinsulation, distributor	100.00%	100.00%	SIT	
		Tytan EOS Sp. z o.o.	Wrocław	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.	Wrocław	Intellectual property management	100.00%	100.00%	SA	
		Orion Polyurethanes 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	24.00%	0.00%	SL	
Western Europe	Spain	Selena Iberia slu	Madrid	Manufacturer of sealants, adhesives, distributor	100.00%	100.00%	FM	
	Italy	Selena Italia srl	Limena	Distributor	100.00%	100.00%	FM	
		Uniflex S.p.A.	Mezzocorona	Manufacturer of sealants, distributor	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	
		Selena Romania SRL	Ilfov	Distributor	100.00%	100.00%	FM	
	Romania	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	
	Bulgaria	Selena Bulgaria Ltd.	Sofia	Distributor	100.00%	100.00%	FM	
Eastern Europe and Asia	Russia	Selena Vostok Moscow	Moscow	Distributor	100.00%	100.00%	FM 2	
		Selena Sever Moscow	Moscow	Distributor	-	100.00%	SA	
		Selena CA L.L.P.	Almaty	Distributor	100.00%	100.00%	FM	
	Kazakhstan	TOO Selena Insulations	Astana	Manufacturer of insulation systems	100.00%	100.00%	FM	
		TOO Big Eilit	Astana	Manufacturer of dry mortars	100.00%	100.00%	CA	
Ukraine	Selena Ukraine Ltd.	Kiev	Distributor	100.00%	100.00%	FM 2		
Asia	China	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	Hamil - Selena Co. Ltd	Kimhae	Manufacturer of foams	30.00%	30.00%	SA 3	
Middle East	Turkey	Selena Malzemeleri Yapi Sanayi Tic. Ltd.	Istanbul	Man. of foams and sealants, distributor	100.00%	100.00%	FM	
		POLYFOAM Yalitim Sanayi ve Tic Ltd.	Istanbul	Distributor	100.00%	100.00%	SA 2	
N&S America	N&S America	Brazil	Selena Sulamericana Ltda	Curitiba	Manufacturer, distributor	100.00%	100.00%	FM 3
		USA	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 as Taurus Sp. z o.o.

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 SA (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

SL - shares owned by Selena Labs Sp. z o.o. (24%), other shares outside the Group

SA - 100% owned by Selena SA

SA 1 - shares are owned by Selena SA, 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.

2.2 Data covered by the financial statements

2.2.1 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 Company's consolidated 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.

2.2.2 Period covered by the financial statements

These financial statements is an interim condensed consolidated financial statements of Selena FM Group. They cover the period of 3 months ended 31 March 2017 and data as at that date.

These interim condensed consolidated financial statements of Selena FM Group cover the period of 3 months ended 31 March 2017, and the comparative data for 3 months presented as at 31 March 2016.

The statement of cash flows and the statement of changes in equity cover the data for the 3 months ended 31 March 2017 as well as comparative data for the period of 3 months ended 31 March 2016.

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

2.2.3 Notes

Notes are an integral part of these condensed financial statements.

2.2.4 Audit and review of financial statements

These condensed consolidated financial statements were not audited or reviewed by a statutory auditor.

2.2.5 Approval of the financial statements

These condensed consolidated financial statements were approved for publication on 29 May 2017.

2.2.6 Measurement and reporting currency

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

The rates used for measurement of balance sheet items and the average rates for the individual reporting periods are presented in the table below.

Currency	31 March 2017 (unaudited)	31 December 2016	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
1 USD	3.9455	4.1793	4.0224	3.9416
1 EUR	4.2198	4.4240	4.2891	4.3559
100 HUF	1.3670	1.4224	1.3875	1.3947
1 UAH	0.1460	0.1542	0.1484	0.1500
1 CZK	0.1559	0.1637	0.1586	0.1611

1 RUB	0.0704	0.0680	0.0694	0.0539
1 BRL	1.2530	1.2838	1.2858	1.0150
1 BGN	2.1576	2.2619	2.1930	2.2271
1 CNY	0.5726	0.6015	0.5844	0.6043
100 KRW	0.3528	0.3476	0.3537	0.3302
1 RON	0.9277	0.9749	0.9485	0.9697
1 TRY	1.0853	1.1867	1.0931	1.3501
100 KZT	1.2464	1.2659	1.2643	1.1073

2.2.7 Going concern

These financial statements have been prepared on the assumption that the Group 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.

2.2.8 Statement of conformity

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

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

2.3 Accounting policies

2.3.1 Changes in the 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 Group for the year ended on 31 December 2016, except for the changes resulting from implementation of new standards.

A summary of changes to the standards and new interpretations applicable to annual periods commencing 1 January 2017 were presented in the next note.

2.3.2 New standards and interpretations

When approving these consolidated financial statements, no amendments were made to the existing standards, issued by IASB, which were approved for adoption in the EU, and which would have to be adopted for the first time in the Group’s financial statements for 2017.

2.3.3 Standards and interpretations that have already been published and approved by the EU, but have not become effective yet

When approving these consolidated financial statements, the following new standards were issued by IASB, which were approved for adoption in the EU, but have not become effective yet:

IFRS 9 Financial Instruments – approved by the EU on 22 November 2016 (applicable to the annual periods commencing on or after 1 January 2018).

IFRS 15 “Revenue from Contracts with Customers” and amendments to IFRS 15 “Effective date of IFRS” – approved by the EU on 22 September 2016 (applicable to the annual periods commencing on or after 1 January 2018).

2.3.4 Standards and interpretations adopted by IASB, but not yet approved for application in the EU

The IFRS as approved by the EU are not materially different than the regulations issued by the International Accounting Standards Board (IASB), except the following new standards, amendments that as at 29 May 2017 were not yet approved for application in the EU (the effective dates relate to the full version of the standards):

IFRS 14 “Regulatory Deferral Accounts” (applicable to the annual periods commencing on or after 1 January 2016). The European Commission has decided not to propose for endorsement the interim standard for application across the EU pending publication of the full version of IFRS 14.

IFRS 16 “Leasing” (applicable to the annual periods commencing on or after 1 January 2019).

Amendments to IFRS 2 “Share-Based Payments” – classification and measurement of share based payment transactions (applicable to the annual periods commencing on or after 1 January 2018).

Amendments to IFRS 4 “Insurance Contracts” - Applying IFRS 9 “Financial Instruments” with IFRS 4 “Insurance Contracts” (applicable to the annual periods commencing on or after 1 January 2018 or at the time for first-time application of IFRS 9 “Financial Instruments”).

Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date of the amendments has been deferred pending finalisation of the project on equity accounting).

Amendments to IFRS 15 “Revenue from Contracts with Customers” – Explanations to IFRS 15 (applicable to the annual periods commencing on 1 January 2018 or thereafter).

Amendments to IAS 7 “Statement of Cash Flows” - Disclosure Initiative (applicable to the annual periods commencing on or after 1 January 2017).

Amendments to IAS 12 “Income Tax” – Recognition of Deferred Tax Assets for Unrealised Losses (applicable to the annual periods commencing on or after 1 January 2017).

Amendments to IAS 40 “Investment Property” – transfers of investment properties (applicable to the annual periods commencing on or after 1 January 2018).

Improvements to IFRS (2014-2016 cycle) - made as part of the procedure of making annual amendments to IFRS (IFRS 1, IFRS 12 and IAS 38), designed mainly to address inconsistencies and clarify the terminology (amendments to IFRS 12 apply to annual periods commencing on or after 1 January 2017 and amendments to IFRS 1 and IAS 28 apply to the annual periods starting on or after 1 January 2018).

IFRIC Interpretation 22 IFRIC Interpretation 22—Foreign Currency Transactions and Advance Consideration (applicable to the annual periods commencing on or after 1 January 2018).

According to the estimates of the Group, the foregoing new standards, interpretations and amendments to the existing standards, except IFRS 9, IFRS 15 and IFRS 16, would not any material impact on the financial statements if they had been applied by the Group as at the balance sheet date.

The Management Board expects that adoption of IFRS 9 may have a material future impact on the amounts presented under financial assets and financial liabilities of the Group. However, presentation of reliable estimates regarding the impact of IFRS 9 will not be possible until the Group conducts a thorough analysis.

The Management Board expects that adoption of IFRS 15 may have a material future impact on the amounts and disclosures presented in the consolidated financial statements of the Group. However, presentation of reliable estimates regarding the impact of IFRS 15 will not be possible until the Group conducts a thorough analysis in this regard.

Still, the area of accounting for hedges of assets and liabilities portfolio remains unregulated and any rules in this regard have not been approved for application in the EU.

According to the estimates of the Group, application of such hedge accounting for assets and liabilities portfolios in accordance with IAS 39 "Financial Instruments":

2.4 Significant values based on professional judgement and estimates

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 2016, and particularly relate to:

- the loss of goodwill or other assets (including debtors 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 Q1 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.

2.5 Operating segments

The organisation structure of Selena FM Group is managed through the data received from the individual 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 2016.

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, certain other operating revenues and expenses, 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.

3 months ended 31 March 2017 (unaudited)	EU	Eastern Europe and Asia	North and South America	Total segments	Consolid. adjustments and non- allocated results	Total
Figures in PLN thousand						
Sales to external customers	144,190	59,617	16,298	220,105	0	220,105
Sales within a segment	146,165	4,070	0	150,235	-150,235	0
Sales between segments	43,830	1,565	0	45,395	-45,395	0
EBITDA	18,703	3,152	184	22,039	-18,305	3,734
Depreciation	-3,677	-838	-45	-4,560	-1,362	-5,922
Operating profit (loss)	15,026	2,314	139	17,479	-19,667	-2,188
Net financial revenue / (expenses)	0	0	0	0	-4,479	-4,479
Profit of an associated undertaking	0	0	0	0	0	0
Income tax	0	0	0	0	-1,866	-1,866
Net profit (loss) for the year	15,026	2,314	139	17,479	-26,012	-8,533

Capital expenditure	3,552	1,969	5	5,526	-	5,526
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3 months ended 31 March 2016 (unaudited)	EU	Eastern Europe and Asia	North and South America	Total segments	Consolid. adjustments and non- allocated results	Total
Figures in PLN thousand						
Sales to external customers	125,297	39,466	13,933	178,696	0	178,696
Sales within a segment	104,588	579	0	105,167	-105,167	0
Sales between segments	28,587	893	0	29,480	-29,480	0
EBITDA	23,369	-311	791	23,849	-22,297	1,552
Depreciation	-3,773	-625	-39	-4,437	-1,094	-5,531
Operating profit (loss)	19,596	-936	752	19,412	-23,391	-3,979
Net financial revenue / (expenses)	0	0	0	0	-2,474	-2,474
Profit of an associated undertaking	0	0	0	0	0	0
Income tax	0	0	0	0	8	8
Net profit/(loss) for the period	19,596	-936	752	19,412	-25,857	-6,445

Capital expenditure	3,471	4,505	78	8,054	-	8,054
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The tables below show selected assets of the individual geographic segments as at 31 March 2017 and 31 December 2016.

31 March 2017 (unaudited)	EU	Eastern Europe and Asia	North and South America	Total segments	Consolid. adjustments	Total
Figures in PLN thousand						
Segment assets	1,077,272	177,468	33,697	1,288,437	-457,793	830,644
Investment in an associate	0	6,307	0	6,307	0	6,307
Non-allocated assets	0	0	0	0	0	29,191
Total assets	1,077,272	183,775	33,697	1,294,744	-457,793	866,142

31 December 2016	EU	Eastern Europe and Asia	North and South America	Total segments	Consolid. adjustments	Total
Figures in PLN thousand						
Segment assets	1,007,237	190,911	36,658	1,234,806	-466,358	768,448
Investment in an associate	0	6,233	0	6,233	0	6,233
Non-allocated assets	0	0	0	0	0	28,382
Total assets	1,007,237	197,144	36,658	1,241,039	-466,358	803,063

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

	Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Operating profit of the reporting segments		18,490	19,412
Net financial revenue / (expenses)		-4,479	-2,474
Other non-allocated income/costs*		-20,678	-23,391
Income tax		-1,866	8
Net profit (loss) for the year		-8,533	-6,445

* General and administrative expenses and consolidation adjustments

2.6 Other operating revenues and operating costs

2.6.1 Other operating revenues

	Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Profit from disposal of non-financial fixed assets		79	18
Subsidies		636	246
Reversal of impairment charge for receivables		188	105
Reversal of impairment charge for inventory		61	5
Inventory surplus		10	20
Damages		92	137
Provisions released		26	4
Other		241	607
Total other operating revenues		1,333	1,142

2.6.2 Other operating costs

	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Figures in PLN thousand		
Loss on disposal of non-financial fixed assets	17	27
Impairment charge for receivables	1,071	2,338
Uncollectible receivables written off	110	47
Impairment charge for inventories	235	220
Liquidation of inventories	448	65
Inventory shortfall	363	0
Loss of control over Selena Sever Moscow	33	0
Damages, penalties, fines	439	240
Provisions raised	128	0
Other	1,178	1,915
Total other operating costs	4,022	4,852

2.7 Financial revenues and expenses

2.7.1 Financial revenues

	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Figures in PLN thousand		
FX gains	3,915	2,649
Interest on deposits and bank accounts	11	59
Interest on bonds	987	1,000
Other interest	25	5
Derivatives (FX forwards, options)	344	0
Other financial revenues	8	11
Total financial revenues	5,290	3,724

2.7.2 Financial expenses

	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Figures in PLN thousand		
Interest on bank and other loans	1,278	1,545
Interest on finance lease liabilities	83	78
Other interest	25	14
Derivatives (FX forwards, options)	0	411
FX losses	8,198	3,752
Other financial costs	185	398
Total financial expenses	9,769	6,198

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 31 March 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 294k (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 forward contracts for EUR/RUB rate at EUR 0.9m with settlement dates falling in the period from 17 May to 30 June 2017.

2.8 Income tax

Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Current income tax:		
Current income tax charge	3,588	1,422
Corrections to the current income tax from previous years	-53	0
Deferred income tax:		
Connected with origination and reversal of temporary differences	-1,669	-1,430
Tax disclosed in consolidated income statement	1,866	-8

Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Profit (loss) before tax	-6,667	-6,453
Tax at the Polish statutory rate of 19%	-1,267	-1,226
Costs/(revenues) not included in the taxation basis	1,924	-2,301
Tax effect of the losses not included in the taxation basis	1,461	2,614
Corrections to the current income tax from previous years	31	0
Use of tax losses from previous years	-716	462
Use of the deferred asset relating to trademarks	431	431
Tax relief for investments in the special economic zone	0	0
Effect of other tax rates in foreign affiliates	2	12
Tax at the effective tax rate	1,866	-8
Effective tax rate	-	0%

2.9 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.

		3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Profit (loss) attributable to the controlling interests	PLN	-8,553,393	-6,461,924
Average number of ordinary shares	share	22,834,000	22,834,000
Profit/(loss) per ordinary share	PLN/share	-0.37	-0.28
Number of shares, including dilution	share	22,834,000	22,834,000
Diluted profit per share	PLN/share	-0.37	-0.28

2.10 Dividend paid and proposed

In the reporting period the Parent Company did not pay any dividend. The Management Board of Selena FM S.A. recommends a dividend of PLN 6,850,200 (PLN 0.30 per share) payable to the shareholders from the net profit earned in 2016. PLN 0.30 per share. The Management Board of the Parent Company has proposed 1 August 2017 as the record date and 16 August 2017 as the dividend payment date. On 26 May 2017, the Supervisory Board approved the dividend payment proposal put forward by the Parent Company's Management Board. The Annual General Meeting of Shareholders of Selena FM S.A. will be held on 23 June 2017.

2.11 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 is presented in the condensed consolidated statement of financial position at PLN 14.1m.

2.12 Financial assets

Figures in PLN thousand	31 March 2017 (unaudited)		31 December 2016	
	Long-term	Short-term	Long-term	Short-term
Bonds	0	60,000	0	60,396
Shares in PDR Recycling GmbH (indirectly through Orion PU Sp. z o.o.)	619	0	619	0
Cheques	0	3,977	0	4,031
Other financial assets	917	513	1,008	224
TOTAL	1,536	64,490	1,627	64,651

On 24 June 2015, the Management Board of Selena FM S.A. accepted the proposal from AD Niva sp. z o.o to take up registered, unsecured bonds with a maximum value of PLN 60m. The bonds' nominal value corresponds to their issue price. The bonds' nominal value corresponded to their issue price. The bonds will be redeemed at the nominal value by 31 December 2017. Selena FM S.A. acquired PLN 60m worth of bonds.

AD Niva Sp. z o.o. has 50.5% votes at the General Meeting of Selena FM S.A. Krzysztof Domarecki, Chairman of Supervisory Board of Selena FM S.A., is the sole shareholder of Syrius Investments S.a.r.l., which is the sole shareholder of AD Niva Sp. z o.o.

2.13 Inventories

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

Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Opening balance	4,664	4,043
Creation	235	220
Utilisation	-472	-542
Release	-61	-5
FX differences	-55	-4
Closing balance	4,311	3,712

2.14 Trade receivables

The age structure of trade receivables not subject to impairment charges is presented in the table below.

Figures in PLN thousand	Total	Up-to-date	Overdue, not covered by impairment charges (days in arrears):				
			< 30	31 – 60	61 – 90	91 – 180	>180
31 March 2017 (unaudited)	204,433	186,866	12,120	3,580	1,413	454	0
31 December 2016	181,630	158,594	16,130	5,235	1,479	192	0

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

Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Opening balance	38,555	28,364
Creation	1,071	2,338
Utilisation	0	0
Release	-188	-105
FX differences	-1,598	-33
Purchase of shares in a subsidiary	-1,182	0
Closing balance	36,658	30,564

2.15 Other short-term receivables

Figures in PLN thousand	31 March 2017 (unaudited)	31 December 2016
VAT claimed	19,066	11,281
Prepayments for deliveries	4,890	5,359
Prepaid expenses	5,982	3,538
Other	3,803	5,197
Total	33,741	25,375

2.16 Loans and advances

The balance of loans received is presented in the table below.

Ref	Loan type	Maturity date	31 March 2017 (unaudited)		31 December 2016	
			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	55,255	0	51,469	0
2	Working capital loan	07/2018	33,178	0	25,401	0
3	Working capital loan	01/2017	0	0	0	10,536
4	Working capital loan	02/2018	0	61,572	55,861	0
5	Investment loan	03/2018	0	1,678	440	1,759
6	Working capital loan	09/2019	26,411	0	19,805	0
7	Other	Different	5,568	6,751	5,754	7,065
			120,412	70,001	158,730	19,360

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 January 2017, agreements on the transfer of trade receivables of Orion PU Sp. z o.o., Carina Silicones Sp. z o.o. and Libra Sp. z o.o. were signed. The agreements secure a loan agreement. The process of establishing security on the assets of IZOLACJA-MATIZOL S.A. ended in February 2017. After perfection of all the security items provided for in the agreement, the maximum utilisation of the facility increased from PLN 20m to PLN 50m (item 6 in the list).

In Q1 2017, the Management Board of Selena FM S.A. gave an approval for the Company's subsidiary Selena Vostok to start a process of concluding a working capital line agreement. The value of the credit line is expected to amount to RUB

300m with an option of an increase after three months to RUB 400m. The availability period of the credit line will be 12 months. The financing will be used to cover the company's working capital requirements. It will be secured by a corporate guarantee of Selena FM S.A.

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 31 March 2017, Selena Group maintained the consolidated financial ratios at the levels required by the lenders.

2.17 Other financial liabilities

Figures in PLN thousand	31 March 2017 (unaudited)		31 December 2016	
	Long-term	Short-term	Long-term	Short-term
Finance lease liabilities	6,932	4,083	7,590	4,207
Obligations in respect of bills settlement	0	9,027	0	9,508
Other financial liabilities	5,775	513	0	0
Total financial liabilities	12,707	13,623	7,590	13,715

The item "Other financial liabilities" includes valuation of the option to repurchase minority interests of Uniflex S.p.a. See Note 2.1.4. for details of settlement of the transaction.

2.18 Other liabilities

Figures in PLN thousand	31 March 2017 (unaudited)		31 December 2016	
	Long-term	Short-term	Long-term	Short-term
Investment liabilities	0	1,353	0	1,137
Prepayments for deliveries	0	3,241	0	1,100
VAT payable	0	9,543	0	5,414
Other taxes and insurance payable	0	6,994	0	6,110
Remuneration payable	0	14,277	0	12,459
Other liabilities	1,890	3,778	2,071	3,122
Deferred income	2,209	859	2,519	1,186
Total other liabilities	4,099	40,045	4,590	30,528

2.19 Provisions

The table below shows changes in the balance of provisions.

Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)			Period ended 31 December 2016		
	Provision for retirement benefits	Other provisions	Total	Provision for retirement benefits	Other provisions	Total
Long term						
Balance at the beginning of the period	491	2	493	429	2	431
Provisions raised	0	0	0	216	0	216
Provisions released	-13	0	-13	-137	0	-137

Provisions used	0	0	0	-17	0	-17
Purchase of shares in a subsidiary	2,059	85	2,144	0	0	0
FX differences	-33	-2	-35	0	0	0
Balance at the end of the period	2,504	85	2,589	491	2	493
Short term						
Balance at the beginning of the period	8	15,350	15,358	2	3,823	3,825
Provisions raised	10	203	213	12	12,177	12,189
Provisions released	0	-26	-26	0	-545	-545
Provisions used	0	-148	-148	-6	-531	-537
Purchase of shares in a subsidiary	0	1,822	1,822	0	0	0
FX differences	0	-81	-81	0	426	426
Other	0	0	0	0	0	0
Balance at the end of the period	18	17,120	17,138	8	15,350	15,358

2.20 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	31 March 2017 (unaudited)	31 December 2016
Interest bearing borrowings		190,413	178,090
Other financial liabilities		26,330	21,305
Less cash and cash equivalents		-57,517	-54,704
Net debt		159,226	144,691
Equity attributed to the shareholders of the parent		423,254	433,576
Equity and net debt		582,480	578,267

2.21 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 3 months ended 31 March (2017 and 2016, respectively), while the receivables and liabilities are presented as at 31 March 2017 and 31 December 2016.

	Figures in PLN thousand	Period	Sale	Purchase	Other revenues ¹⁾	Receivables	Liabilities	Other assets
Owners	AD Niva Sp. z o.o. (indirectly Krzysztof Domarecki)	2017	2	0	991	1	0	60,000
		2016	2	0	1,000	0	0	60,000
	AD Niva Sp. z o.o. SKA (Krzysztof Domarecki)	2017	0	0	0	0	0	0
		2016	0	0	0	0	0	0
Associates	Hamil - Selena Co Ltd.	2017	1,319	0	0	1,287	1	0
		2016	1,281	0	0	618	11	0
Supervisory Board Members	Krzysztof Domarecki (CONSILE)	2017	0	172	0	0	65	0
		2016	0	123	0	0	65	0
	Universal Energy Sp. z o.o.	2017	1,019	0	-4	1,252	0	0

	(Krzysztof Domarecki)	2016	23	47	0	101	0	396
		2017	0	86	0	0	0	0
	Jean-Noël Fourel	2016	0	0	0	0	0	0
		2017	0	105	0	0	0	0
Management Board Members	Hubert Rozpędek	2016	0	0	0	0	43	0
		2017	0	44	0	0	54	0
	Agata Gładysz-Stańczyk (AG Consulting)	2016	0	0	0	0	0	0
		2017	0	0	0	0	0	0
	Krzysztof Kluza *	2016	0	105	0	0	0	0
		2017	2,340	407	987	2,540	120	60,000
TOTAL		2016	1,306	275	1,000	719	119	60,396

¹⁾ includes revenues from interest on bonds

* value of sales and purchases until the VP stepped down from office on 28 July 2016

2.22 Discontinued operations

In the period of 3 months ended 31 March 2017 the Group did not discontinue nor it plans to discontinue any type of business over the next 12 months.

2.23 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 2016 (Note 34).

In 2017, no significant changes occurred to the rules and tools used for financial risk management.

2.24 Events occurring after the balance sheet date

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

3. QUARTERLY FINANCIAL FIGURES OF SELENA FM S.A.

INCOME STATEMENT

	Figures in PLN thousand	Note	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Continued operations				
Revenue from the sale of goods and materials			90,172	60,978
Revenues from the sale of services			5,535	4,265
Sales			95,707	65,243
Cost of sales			85,277	59,252
Gross profit (loss)			10,430	5,991
Other operating income		3.2	382	1,748
Selling and marketing costs			6,833	6,091
General and administrative expenses			5,809	5,227
Other operating costs		3.2	10,634	4,713
Operating profit (loss)			-12,464	-8,292
Financial revenues		3.3	2,804	1,819
Financial expenses		3.3	4,695	3,302
Profit (loss) before tax			-14,355	-9,775
Income tax		3.4	-792	-1,300
Net profit (loss) on continued operations			-13,563	-8,475
Discontinued operations				
Profit (loss) on discontinued operations			-	-
Net profit (loss) for the previous year			-13,563	-8,475
Earnings per share (continued operations) (PLN/share):				
		3.5		
- basic			-0.59	-0.37
- diluted			-0.59	-0.37

STATEMENT OF COMPREHENSIVE INCOME

	Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Profit after tax		-13,563	-8,475
Total other net comprehensive income		0	0
Total comprehensive income		-13,563	-8,475

STATEMENT OF FINANCIAL POSITION

	Figures in PLN thousand	Note	31 March 2017 (unaudited)	31 December 2016
Property, plant and equipment			3,188	3,320
Intangible fixed assets		3.7	18,853	18,462
Shares in subsidiaries		3.8	161,893	149,472
Other long-term receivables			0	0
Long-term portion of loans granted		3.9	109,032	119,858
Other long term financial assets		3.9	0	0
Deferred tax asset			0	0
Non-current assets			292,966	291,112
Inventories			2,041	1,968
Trade receivables		3.10	143,810	156,581
CIT claimed			0	0
Other short-term receivables		3.11	14,983	5,687
Short-term portion of loans granted		3.9	8,676	5,620
Other short-term financial assets		3.9	60,294	60,406
Cash and cash equivalents			14,420	6,275
Current assets			244,224	236,537
TOTAL ASSETS			537,190	527,649
Registered capital			1,142	1,142
Supplementary capital			246,545	246,545
Other reserves			19,163	19,163
Retained profit / (loss carried forward)			-6,436	7,127
- retained profit / loss carried forward from previous years			7,127	0
- profit (loss) after tax			-13,563	7,127
Equity			260,414	273,977
Long-term portion of bank and other loans		3.12	75,472	114,848
Other financial liabilities			6,096	869
Deferred tax liability			521	2,095
Non-current liabilities			82,089	117,812
Trade liabilities		3.13	133,800	129,754
Short-term portion of bank and other loans		3.12	56,294	3,030
Other financial liabilities			684	728
Income tax payable			755	230
Other short-term liabilities			3,154	2,118
Short-term provisions			0	0
Current liabilities			194,687	135,860
Total liabilities			276,776	253,672
TOTAL EQUITY AND LIABILITIES			537,190	527,649

STATEMENT OF CASH FLOWS

Figures in PLN thousand	Note	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Profit / loss before tax on continued operations			
Profit / loss before tax on continued operations		-14,355	-9,775
<i>Profit / loss before tax on discontinued operations</i>		-	-
Adjusted by:			
Depreciation		345	407
FX (gains) / losses		3,362	230
Interest and dividends		-1,540	-784
Profit / loss on investing activities		-255	411
Change in the balance of receivables		3,583	-5,676
Change in the balance of inventories		-73	1,523
Change in the balance of obligations		4,735	5,420
CIT paid		-256	-91
Other		60	-328
Net cash flows from operating activities		-4,394	-8,663
Cash flows from investing activities			
Inflows from sale of tangible fixed assets		6	1
Acquisition of tangible and intangible fixed assets		-179	-586
Purchase of shares in a subsidiary		-7,109	0
Sale of other financial assets		10	0
Dividends and interest received		1,109	221
Loans granted		-699	-1,182
Repayments of loans granted		5,269	89
Bond repayments received		350	0
Net cash flows from investing activities		-1,243	-1,457
Cash flows from financing activities			
Repayment of finance lease obligations		-197	-215
Inflows from bank / other loans received		35,490	22,079
Repayment of loans		-20,434	-6,575
Interest paid		-865	-971
Net cash flows from financing activities		13,994	14,318
Net increase in cash and cash equivalents		8,357	4,198
Change in cash and cash equivalents:		8,145	3,849
net FX differences		-212	-349
<i>Cash at the beginning of the period*</i>		6,275	4,815
<i>Cash at the end of the period*</i>		14,420	8,664

*including restricted cash:

as at 31 March 2017: PLN 0.1m

as at 31 March 2016: PLN 0.1m

STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2017

	Registered capital	Supplementary capital	Other reserves	Retained profit/ (loss carried forward):		Total equity
				Figures in PLN thousand		
				prior years	current period	
As at 1 January 2017	1,142	246,545	19,163	7,127	0	273,977
Net profit (loss) for the financial year	0	0	0	0	-13,563	-13,563
Total comprehensive income	0	0	0	0	-13,563	-13,563
Transfer of profit to the supplementary capital	0	0	0	0	0	0
Dividend	0	0	0	0	0	0
As at 31 March 2017 (unaudited)	1,142	246,545	19,163	7,127	-13,563	260,414

FOR THE PERIOD OF 3 MONTHS ENDED 31 MARCH 2016

	Registered capital	Supplementary capital	Other reserves	Retained profit/ (loss carried forward):		Total equity
				Figures in PLN thousand		
				prior years	current period	
As at 1 January 2016	1,142	209,897	19,163	43,498	0	273,700
Net profit (loss) for the financial year	0	0	0	0	-8,475	-8,475
Total comprehensive income	0	0	0	0	-8,475	-8,475
Payment of dividend	0	0	0	0	0	0
As at 31 March 2016 (unaudited)	1,142	209,897	19,163	43,498	-8,475	265,225

NOTES

3.1 Data covered by the financial statements

Details about the period covered by the financial statements, the comparative data, accounting policies used, information on the entity (and connected entities) and significant events occurring during the reporting period and thereafter as well as other events that are material for the parent company are described in detail in the condensed consolidated financial statements of Selena FM Group, which is an element of this report.

3.2 Other operating revenues and operating costs

3.2.1 Other operating revenues

Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Profit from disposal of non-financial fixed assets	6	1
Reversal of an impairment charge on receivables	357	1,712
Damages	7	10
Other	12	25
Total other operating revenues	382	1,748

3.2.2 Other operating costs

Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Impairment charge for receivables	10,550	4,704
Damages, penalties, fines	78	0
Other	6	9
Total other operating costs	10,634	4,713

In the reporting period ended 31 March 2017, impairment charges created for the amounts due from connected entities totalled PLN 10,550k, including: Selena Romania SRL – PLN 2,903k, Selena Bohemia – PLN 1,759k, Selena Iberia slú – PLN 1,649k, Selena Malzemeleri Yapi Sanayi – PLN 1,621k, Selena Sulamericana Ltda – PLN 1,502k, Selena USA Inc. – PLN 932k, EURO MGA Products SRL – PLN 148k, others – PLN 36k).

3.3 Financial revenues and expenses

3.3.1 Financial revenues

Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Interest, including:	2,429	1,819
<i>on bonds and loans granted</i>	2,413	1,789
<i>on discount of financial obligations</i>	16	30
Valuation of currency contracts	344	0
Reversal of an impairment charge on loans	26	0
Other financial revenues	5	0
Total financial revenues	2,804	1,819

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 31 March 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 294k (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 forward contracts for EUR/RUB rate at EUR 0.9m with settlement dates falling in the period from 17 May to 30 June 2017.

3.3.2 Financial expenses

Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Interest, including:	890	1,051
<i>on loans and advances received</i>	858	1,038
<i>on finance lease liabilities</i>	31	13
<i>on other obligations</i>	1	0
Impairment charge for loans	118	0
Valuation of currency contracts	0	412
FX differences	3,663	1,838
Other financial costs	24	1
Total financial expenses	4,695	3,302

3.4 Income tax

Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Income tax for the current period	782	0
Change in deferred income tax	-1,574	-1,300
Tax charge carried in profit or loss:	-792	-1,300

Figures in PLN thousand	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Profit / loss before tax on continued operations	-14,355	-9,775
Tax rate	19%	19%
Tax at the applicable rate	-2,727	-1,857
Tax on non-taxable income (permanent differences)	-134	-399
<i>- in respect of impairment charge on shares and loans</i>	-5	0
<i>- in respect of reversal of impairment charge for receivables</i>	-50	-325
<i>- other</i>	-79	-74
Tax on costs that are non-tax deductible (permanent differences)	2,069	956
<i>- in respect of impairment charge on shares and loans</i>	22	0
<i>- in respect of impairment charge on receivables</i>	1,998	752
<i>- other</i>	49	204
Tax charge carried in profit or loss:	-792	-1,300
Effective tax rate	5.52%	13.30%

3.5 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.

		3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Profit (loss) after tax	PLN	-13,563,188	-8,474,788
Weighted average number of ordinary shares	share	22,834,000	22,834,000
Profit/(loss) per ordinary share	PLN/share	-0.59	-0.37
Number of shares, including possible dilution	share	22,834,000	22,834,000
Diluted profit per share	PLN/share	-0.59	-0.37

3.6 Dividend paid and proposed

In the reporting period Selena FM S.A. did not pay any dividend.

In the reporting period Selena FM S.A. did not pay any dividend. The Management Board of Selena FM S.A. recommends a dividend of PLN 6,850,200 (PLN 0.30 per share) payable to the shareholders from the net profit earned in 2016. The Management Board of the Parent Company has proposed 1 August 2017 as the record date and 16 August 2017 as the dividend payment date. On 26 May 2017, the Supervisory Board approved the dividend payment proposal put forward by the Parent Company's Management Board. The Annual General Meeting of Shareholders of Selena FM S.A. will be held on 23 June 2017.

3.7 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 is presented in the condensed unconsolidated statement of financial position at PLN 16.0m.

3.8 Shares in subsidiaries

Value of the shares in subsidiaries are presented in the table below.

Figures in PLN thousand	31 March 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
Value of shares	248,423	86,530	161,893	236,002	86,530	149,472

* 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 of the provisional settlement of the acquisition were presented in Note 2.1.4.

3.9 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	31 March 2017 (unaudited)
			Increase Decrease	Increase Decrease	Accrued	Paid				
Loans										
Subsidiaries	<i>Gross value</i>	195,541	699	-5,192	1,425	-154	-112	-7,970	0	184,237
	<i>Impairment charge</i>	-70,134	-118	26	0	0	0	3,625	0	-66,601
	<i>Net value</i>	125,407	699	-5,192	1,425	-154	-112	-7,970	3,533	117,636
Other connected entities	Bonds	60,396	0	-350	987	-1,033	0	0	0	60,000
	Loans	71	0	0	1	0	0	0	0	72
Non-connected entities	Valuation of derivatives	10	0	0	0	0	0	284	0	294
TOTAL		185,884	699	-5,542	2,413	-1,187		-7,686	3,533	178,002
<i>including long-term:</i>		<i>119,858</i>								<i>109,032</i>

Maturity dates of the individual assets as at the balance sheet date are shown in the tables below.

Maturity (in years) 31 March 2017 (unaudited)		below 1 year	1-3 years	Above 3 years	Without maturity	Total
Subsidiaries	Loans	8,676	31,381	77,579	0	117,636
Other connected entities	Bonds	60,000	0	0	0	60,000
Non-connected entities	Loans	0	72	0	0	72
Non-connected entities	Valuation of derivatives	294	0	0	0	294
TOTAL		68,970	31,453	77,579	0	178,002

On 13 February 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, Selena FM S.A. signed a loan agreement with Selena Nantong Building Materials Co., Ltd. for a sum of CNY 620k. The interest rate is fixed. It matures on 22 January 2022. The loan was drawn in full on 5 April 2017.

In the period ended 31 March 2017, Selena CA L.L.P. repaid loans of EUR 1.2m.

In the reporting period, impairment charges on loans changed by PLN 92k (by historical value):

- Selena Romania SRL – created a charge of PLN 116k;
- EURO MGA Product SRL – reversed a charge of PLN 26k;
- POLYFOAM Yalitim Sanayi ve Tic Ltd. – created a charge of PLN 2k

Details about the conducted impairment tests as at 31 December 2016 are presented in Note 18 of the unconsolidated financial statements for the year ended 31 December 2016.

In Q1 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 31 March 2017, the Company had open derivative contracts described in detail in Note 3.3.1 of this quarterly report.

Events occurring after the balance sheet date

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. The loan was drawn in full on 18 May 2017.

On 24 May 2017, Selena FM S.A. signed a loan agreement with Selena Insulations. The loan amount is RUB 50m. The interest rate is variable. It matures on 31 December 2022. The loan has been drawn down in full.

3.10 Trade receivables

The table below presents the age structure of trade receivables.

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
31 March 2017 (unaudited)	From connected companies	139,000	70,715	7,311	18,441	15,447	23,386	3,700
	From non-connected companies	4,810	4,116	421	116	76	78	3
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	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
Impairment charge at the beginning of the period		48,656	36,767
Created		10,550	4,704
<i>connected entities</i>		10,550	4,200
<i>other entities</i>		0	504
Reversed, including:		-357	-1,712
<i>connected entities</i>		-308	-1,706

<i>other entities</i>	-49	-6
FX differences arising on translation	-3,022	1,095
Impairment charge at the end of the period	55,827	40,854
<i>connected entities</i>	54,599	39,915
<i>other entities</i>	1,228	939
including:		
<i>Impairment charge for trade receivables</i>	55,827	40,854

3.11 Other short-term receivables

	Figures in PLN thousand	31 March 2017 (unaudited)	31 December 2016
VAT claimed		12,856	3,801
Prepayments for deliveries		1	105
Settlements with employees		27	0
Other		2,099	1,781
Total other receivables		14,983	5,687

3.12 Loans received

The table below shows the debt in respect of borrowings.

Ref	Loan type	Maturity date	31 March 2017 (unaudited)		31 December 2016	
			Long-term portion	Short-term portion	Long-term portion	Short-term portion
1	Working capital loan	07/2018	40,567	0	35,686	0
2	Working capital loan	07/2018	8,866	0	1,042	0
3	Working capital loan	01/2017	0	0	0	3,030
4	Working capital loan	02/2018	0	56,270	51,752	0
5	Working capital loan	09/2019	19,675	0	19,805	0
6	Non-bank loan	12/2018	2,426	5	2,588	0
7	Loan	12/2019	1,500	10	1,500	0
8	Non-bank loan	12/2019	1,688	4	1,725	0
9	Non-bank loan	12/2019	750	5	750	0
Total loans			75,472	56,294	114,848	3,030

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).

As part of the loan agreements signed by the Company separately or jointly with its subsidiaries, Selena FM S.A. undertook to maintain certain financial ratios at the levels agreed with banks. As at 31 March 2017, Selena Group maintained the consolidated financial ratios at the levels required by the lenders.

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 (number 5 in the list above).

3.13 Trade liabilities

	Figures in PLN thousand	31 March 2017 (unaudited)	31 December 2016
Trade liabilities			
<i>amounts due to related parties</i>		124,106	122,903
<i>amounts due to other entities</i>		9,694	6,851
Total trade liabilities		133,800	129,754

3.14 Related party transactions

The table below shows transactions with related parties (subsidiaries, associates, members of the Company's governing bodies) over the 3 months ended 31 March 2017 and 31 March 2016.

Figures in PLN thousand		Period	Sales	Purchase of goods and services	Other revenues ¹	Other costs
Subsidiaries		2017	88,866	77,658	1,426	46
		2016	61,301	52,192	789	154
Associates		2017	1,319	0	0	0
		2016	1,281	0	0	0
Owners	AD Niva Sp. z o.o. (indirectly Krzysztof Domarecki)	2017	2	0	991	0
		2016	2	0	1,000	0
	AD Niva Sp. z o.o. SKA (Krzysztof Domarecki)	2017	0	0	0	0
		2016	0	0	0	0
Supervisory Board Members	Universal Energy Sp. z o.o. (Krzysztof Domarecki)	2017	1,018	0	-4	0
		2016	22	0	0	0
TOTAL		2017	91,205	77,658	2,413	46
		2016	62,606	52,192	1,789	154

¹ 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 31 March 2017 and 31 December 2016.

Figures in PLN thousand		Period	Bonds, loans	Trade receivables	Other receivables	Liabilities
Subsidiaries		2017	117,636	136,459	0	130,528
		2016	125,407	149,727	0	129,507
Associates		2017	0	1,287	0	1
		2016	0	618	0	11
Owners	AD Niva Sp. z o.o. (indirectly Krzysztof Domarecki)	2017	60,000	1	0	0
		2016	60,000	0	0	0
Supervisory Board Members	Syrius Investment (Krzysztof Domarecki)	2017	0	0	0	0
		2016	0	0	0	0
	Universal Energy Sp. z o.o. (Krzysztof Domarecki)	2017	0	1,253	0	0
		2016	396	101	0	0
TOTAL		2017	177,636	139,000	0	130,529
		2016	185,803	150,446	0	129,518

3.15 Events occurring after the balance sheet date

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**Person responsible for maintenance
of books of account**

.....
Agnieszka Rumczyk

Management Board President

.....
Jean-Noël Fourel

**Vice-President of the Management
for Sales and Marketing**

.....
Marcin Macewicz

**Vice-President of the Management
Board
for Finance**

.....
Hubert Rozpędek

Management Board Member

.....
Agata Gładysz-Stańczyk