

## **REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD OF ULMA Construcción Polska S.A. FOR 2014**

The Report of the Supervisory Board shall cover the period between 1 January 2014 and 31 December 2014. In the aforementioned period, the Supervisory Board of Ulma Construcción Polska S.A. was composed of:

1. Aitor Ayastuy Ayastuy – the President of the Supervisory Board
2. Lourdes Urzelai Ugarte – the Vice-President of the Supervisory Board
3. Rafał Alwasiak – Member of the Supervisory Board
4. Ander Ollo Odriozola – Member of the Supervisory Board
5. Felix Esperesate Gutierrez – Member of the Supervisory Board
6. Iñaki Irizar Moyua – Member of the Supervisory Board

In the reporting period, the Supervisory Board acted pursuant to the provisions of the Commercial Companies Code, provisions of the Company's Statutes and the Rules of the Supervisory Board. When executing its activities of permanent supervision within the internal area of the Company and its enterprise, in all the domains and interests of the Company, the Supervisory Board had an access to necessary materials and information of the Company's Management Board. All the supervision activities of the Board were executed acting as a body.

Pursuant to the provisions of the Company's Statutes, the Supervisory Board holds at least four meetings a year. Between 1 January and 31 December 2014, the Supervisory Board held 5 meetings and adopted 12 resolutions:

1. Resolution no. 1/2014 dated 15 May 2014 on the appointment of the Company's expert auditor,
2. Resolution no. 2/2014 dated 12 June 2014 on the recommendation for the AGM to approve the Company's financial statement for the financial year 2013,
3. Resolution no. 3/2014 dated 12 June 2014 on the adoption of the Management Board's report on the Company's activities in 2013,
4. Resolution no. 4/2014 dated 12 June 2014 on the recommendation for the AGM to approve the consolidated financial statement of the Group of Companies for 2013,
5. Resolution no. 5/2014 dated 12 June 2014 on the adoption of the Management Board's report on the activities of the Group of Companies in 2013,
6. Resolution no. 6/2014 dated 12 June 2014 on the adoption of the report on the activities of the Supervisory Board for 2013,
7. Resolution no. 7/2014 dated 12 June 2014 on the recommendation for the AGM of a resolution to cover the Company's loss for the financial year 2013,
8. Resolution no. 8/2014 dated 12 June 2014 on the application to acknowledge the fulfilment of duties by the President of the Management Board,
9. Resolution no. 9/2014 dated 12 June 2014 on the application to acknowledge the fulfilment of duties by the Member of the Management Board,

10. Resolution no. 10/2014 dated 12 June 2014 on the application to acknowledge the fulfilment of duties by the Member of the Management Board,
11. Resolution no. 11/2014 dated 12 June 2014 on the application to acknowledge the fulfilment of duties by the Member of the Management Board,
12. Resolution no. 12/2014 dated 12 June 2014 on the application to acknowledge the fulfilment of duties by the Member of the Management Board,

In 2014, the Supervisory Board exercised permanent supervision over the Company's activities, including detailed analysis of Company's financial performance and situation in the Polish construction market. The assessment covered the restructuring activities introduced in the companies and effectiveness of procedures aimed at improving the operations within the scope of flow of receivables. The scope of the Supervisory Board's interests also covered an investment policy and principles of carrying out repairs and property revitalisation.

The Report of the Supervisory Board on the assessment of the financial statement of ULMA Construcción Polska S.A., Management Board's report on the activities of ULMA Construcción Polska S.A. for 2014, consolidated financial statement of the Group of Companies ULMA Construcción Polska S.A. and Management Board's report on the activities of the Group of Companies ULMA Construcción Polska S.A. for 2014

The subject matter of the Supervisory Board's assessment covered the financial statement of ULMA Construcción Polska S.A. for 2014 and consolidated financial statement of the Group of Companies. By resolution no. 1/2014 dated 15 May 2014, the Supervisory Board appointed KPMG Audyt Sp. z o.o. as an expert auditor to audit financial statements of ULMA Construcción Polska S.A. for 2014. The assessment made by the Supervisory Board relied on the opinion and report of an independent expert auditor on the audit of individual and consolidated report on the financial standing made as at 31 December 2014, individual and consolidated statement of total income, individual statement on changes in equity, individual and consolidated cash flow statement for the financial year ending that day and additional information on the adopted accounting principles, and other explanatory information.

As a result of audit of the Management Board's report on the activities of the Company and Group of Companies ULMA Construcción Polska S.A. in 2014, the Supervisory Board hereby states that the statements thoroughly reflect the material and financial situation of both the Company and the Group of Companies, and they comply with the legal regulations and provisions of the Company's Statutes.

#### Statement of the Audit Committee

Statement of the Audit Committee of ULMA CONSTRUCCION POLSKA S.A. ("the Company") shall cover the period between 1 January 2014 and 31 December 2014. In 2014, the Audit Committee was composed of:

- Rafał Alwasiak, the Chairman of the Audit Committee;
- Aitor Ayastuy Ayastuy, Member of the Audit Committee;

- Lourdes Urzelai Ugarte, Member of the Audit Committee.

By this statement preparation date, the composition of the Audit Committee has remained unchanged.

The Audit Committee acted pursuant to the provisions of the Act of 7 May 2009 on expert auditors and their self-governing organisation, entities authorised to audit financial statement and on public supervision.

The primary task of the Audit Committee in 2014, as it was the case in previous years, was to supervise on a current basis the activities of the Company and the Company's Management Board, in particular in the following domains:

- monitoring of the financial statement process;
- monitoring of the effectiveness of internal control, internal audit and risk management systems;
- monitoring of the execution of financial review activities;
- monitoring of independence of the expert auditor and entity authorised to audit financial statements.

Members of the Audit Committee participated in the meetings with representatives of financial and accounting staff regarding the audit of the Company's financial statements for 2014, discussing the most important aspects of the adopted accounting policy, risks connected with due and explicit presentation of the material and financial situation of the Company, also assessing the independence and objectivity of the expert auditor. On 16 March 2015, the Audit Committee received from the expert auditor a statement on his impartiality and independence in relation to the Company, as well as information on the services provided in 2014.

After having become acquainted with the opinion and the report of the expert auditor on the audit of the financial statement and the Management Board's report on the activities of the Company for 2014, the Audit Committee submitted a proposal to the Supervisory Board to approve the aforementioned statements and the manner of profit distribution, and then to give the Supervisory Board's recommendation for the Annual General Meeting.

Pursuant to the performed analyses, the Audit Committee recommended the Supervisory Board to select KPMG Audyt Sp. z o.o. Sp. k. to perform the review activities in relation to annual and semi-annual financial statements of the Company for 2015.

Moreover, members of the Audit Committee supervised the effectiveness of operation of internal control and risk management systems as part of current contacts with the Company's Management Board and under their work within the Supervisory Board.

Pursuant to the performed activities, the Audit Committee assessed positively the activities of the Management Board within the scope of internal control and risk management.

Assessment of the internal control system and the system of risk management that is crucial for the Company

The Company's Management Board shall be responsible for the effectiveness of the operation of the internal control system at the Company within the scope of the process of drawing up financial statements. Substantial supervision over the process of drawing up financial statements and periodic reports of the Company is exercised by the Chief Financial Officer/Member of the Management Board in close cooperation with the Chief Accountant. On a current basis, the Company follows the changes required by the external provisions and regulations referring to the requirements of stock exchange reporting and is getting ready to introduce them considerably in advance. Once a month, after accounting books closing, members of the Company's Management Board and executive staff are distributed reports containing management information analysing key financial data and operating indicators. Financial statements are submitted to the members of the Supervisory Board who analyse key data and indicators during cyclical meetings with the participation of the Company's Management Board. Financial data being the basis of financial statements and periodic reports comes from the accounting and financial system where transactions are registered in compliance with the Company's accounting policy based on the International Accounting Standards. Annual and semi-annual financial statements are subject to independent audit and review by the Company's auditor.

In addition, the Company has implemented the controlling system covering the execution of budget assumptions of individual contracts and fixed costs. The Management Board on a current basis monitors risks for the Company on a macro scale and takes preventive measures e.g. in the form of concluded insurance agreements and capital management.

Within the organisational scope, the internal control is performed by means of identifying main processes of the Company's operation and their formalisation under procedures and detailed instructions whose observance is subject to regular internal and external audits within the implemented and certified management system compliant with the requirements of the ISO 9001:2000 standard. Additional support is constituted by a detailed distribution of competences connected with making decisions and defined scope of reporting as part of trading and logistics activities.

The Supervisory Board assessed the Company's situation in 2014. The Supervisory Board's assessment is formulated pursuant to the current supervision over the Company, review of Company's affairs and discussions with the Management Board. The Board also took into consideration the assessment of the financial statement made by the Supervisory Board alone and by the independent expert auditor. The opinion of the Board is also based on the Management Board's report on the activities of the Company and Group of Companies ULMA Construccin Polska S.A.

The Supervisory Board assessed positively the activities of the Management Board of ULMA Construccin Polska S.A. in 2014. By submitting this report to the General Meeting, the Supervisory Board hereby requests to acknowledge the fulfilment of duties by members of the Management Board and Supervisory Board of ULMA Construccin Polska S.A. in the financial year 2014.

The statement has been drawn up and approved by the Supervisory Board composed of:

Aitor Ayastuy Ayastuy – the President of the Supervisory Board	
Lourdes Urzelai Ugarte – the Vice-President of the Supervisory Board	
Felix Esperesate Gutierrez – Member of the Supervisory Board	
Iñaki Irizar – Member of the Supervisory Board	
Rafał Alwasiak – Member of the Supervisory Board	