

## TO SHAREHOLDERS OF ULMA CONSTRUCCION POLSKA S.A.

Ladies and Gentlemen,

The beginning of 2010 was not optimistic for the construction sector in Poland. A frosty winter and floods had a significant impact on delays or withholding a large part of investments; however, as early as in May the market started to demonstrate positive growth dynamics which amounted to 3.5% within 12 months.

In spite of unfavourable conditions the total sales revenues generated by ULMA Construcción Polska S.A. in 2010 amounted to TPLN 205 776 as compared to TPLN 166 663 in 2009, which constitutes a growth by 23%, whereas the net profit amounted to TPLN 27 776 as compared to TPLN 2 938 generated in the previous year.

The amount of the profit generated in 2010 was significantly affected by disbursement of the dividend due to ULMA System S.A. put into liquidation.

In 2010, the Company continued its operations within export sales, which amounted to 8.6% as compared to the total turnover of the Capital Group. The Kazakh market, where we noted the first symptoms of a recovery in the construction sector after a nearly 3-year crisis in this industry, accounted for the greatest share in export of the Group's products.

It is worth adding that 2010 was characterized by payment backlogs and slower receivable inflow. The crisis which became apparent especially in the large building segment resulted in manifesting by large general contractor companies a strong negotiation-oriented approach, expecting not only lower prices for services offered by sub-contractor companies, but also in longer periods of settling receivables for performed services. Moreover, numerous general contractor companies without diversified revenue sources and operating only on the large building construction market faced the problem of maintaining financial liquidity. From the very beginning, we tried to mitigate the risk related to receivables inflow by implementing internal procedures and principles for identification, measurement and monitoring of the Company's financial positions and liquidity.

Furthermore, the Management Board undertook a number of logistics restructuring measures executed in western and southern Poland, where Regional Logistics Centres were opened. As a result, the warehouse and distribution functions were centralized, part of local warehouses were closed and employment was optimized. The further strategic plans concerning reorganization of the logistics functions within the Company assume also construction of the Regional Logistics Centre in Warsaw.

We have also gained new competences within design and utilization of formwork systems and scaffoldings in construction of complex engineering structures, particularly in the area of advanced technologies intended for road and bridge construction, which resulted in a regular increase in the share of road and bridge in our Company's revenue structure.

All the aforementioned factors allow me to be optimistic about the future. The new year brings new challenges, but I do know that thanks to our professional staff we will be successful also as far as novelty projects are concerned.

I do believe that the next year will allow us to continue improving the Company's financial standing and will result in our Shareholders' satisfaction.

With kind regards,

*Andrzej Kozłowski*

*President of the Management Board of ULMA Construcción Polska S.A.*