

**ULMA Construcción Polska S.A. Group**

**Opinion and Report  
of the Independent Auditor  
Financial Year ended  
31 December 2010**

The opinion contains 2 pages  
The report supplementing the auditor's opinion  
contains 10 pages  
Opinion of the independent auditor  
and report supplementing the auditor's opinion  
on the consolidated financial statements  
for the financial year ended  
31 December 2010



**KPMG Audyt**  
**Spółka z ograniczoną**  
**odpowiedzialnością sp.k.**  
ul. Chłodna 51  
00-867 Warszawa  
Poland

Telefon +48 22 528 11 00  
Fax +48 22 528 10 09  
E-mail kpmg@kpmg.pl  
Internet www.kpmg.pl

*This document is a free translation of the Polish original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Polish original should be referred to in matters of interpretation.*

## **OPINION OF THE INDEPENDENT AUDITOR**

*To the General Meeting ULMA Construcccion Polska S.A.*

We have audited the accompanying consolidated financial statements of ULMA Construcccion Polska S.A. Group, seated in Warsaw, ul. Klasyków 10 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

### *Management's and Supervisory Board's Responsibility for the Consolidated Financial Statements*

Management of the Parent Entity is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by European Union and with other applicable regulations and preparation of the Report on the Group's activities. Management of the Parent Entity is also responsible for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

According to the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) ("the Accounting Act"), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements and the Report on the Group's activities are in compliance with the requirements set forth in the Accounting Act.

### *Auditor's Responsibility*

Our responsibility, based on our audit, is to express an opinion on these consolidated financial statements. We conducted our audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion*

In our opinion, the accompanying consolidated financial statements of ULMA Construcccion Polska S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2010 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

#### *Other Matters*

As required under the Accounting Act, we also report that the Report on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) and the information is consistent with the consolidated financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną  
odpowiedzialnością sp.k. registration number 3546  
ul. Chłodna 51, 00-867 Warsaw

*Signed on the Polish original*

.....  
Certified Auditor No. 90116  
Renata Dobersztyn-Hamerska

8 March 2011  
Warsaw

*Signed on the Polish original*

.....  
Certified Auditor No. 10268  
Limited Liability Partner with power of  
attorney  
Monika Bartoszewicz



**ULMA Construcción Polska S.A. Group**

Report supplementing  
the auditor's opinion  
on the consolidated financial  
statements  
Financial Year ended  
31 December 2010

The report supplementing the auditor's opinion  
contains 10 pages  
Report supplementing the auditor's opinion  
on the consolidated financial statements  
for the financial year ended  
31 December 2010

*This document is a free translation of the Polish original. Terminology  
current in Anglo-Saxon countries has been used where practicable for the  
purposes of this translation in order to aid understanding. The binding  
Polish original should be referred to in matters of interpretation*

## Contents

1.	General	3
1.1	Identification of the Group	3
1.1.1	Name of the Group	3
1.1.2	Registered office of the Parent Company of the Group	3
1.1.3	Registration of the Parent Company in the National Court Register	3
1.1.4.	Management of the Parent Company	3
1.2	Information about companies comprising the Group	3
1.2.1	Companies included in the consolidated financial statements	3
1.3	Auditor information	4
1.3.1	Key certified auditor information	4
1.3.2	Authorized auditor information	4
1.4	Prior period consolidated financial statements	4
1.5	Audit scope and responsibilities	4
1.6	Information on audits of the financial statements of the consolidated companies	5
1.6.1	Parent Company	5
1.6.2	Other consolidated entities	5
2	Financial analysis of the Group	6
2.1	Summary of the consolidated financial statements	6
2.1.1	Consolidated statement of financial position	6
2.1.1.	Consolidated statement of comprehensive income	7
2.2	Selected financial ratios	8
3	Detailed report	9
3.1	Accounting principles	9
3.2	Basis of preparation of the consolidated financial statements	9
3.3	Method of consolidation	9
3.4	Consolidation of equity and calculation of non-controlling interest	9
3.5	Consolidation eliminations	9
3.6	Notes to the consolidated financial statements	10
3.7	Report of the Management Board of the Parent Company on the Group's activities	10
3.8	Information on the opinion of the independent auditor	10

## **1. General**

### **1.1 Identification of the Group**

#### **1.1.1 Name of the Group**

ULMA Construcción Polska S.A. Group

#### **1.1.2 Registered office of the Parent Company of the Group**

ul. Klasyków 10  
03-115 Warsaw

#### **1.1.3 Registration of the Parent Company in the National Court Register**

Registration court:	District Court for the Capital City Warsaw in Warsaw, XIII Commercial Department of the National Court Register
Date:	29 October 2001
Registration number:	KRS 0000055818
NIP	527-02-03-299
Initial capital as at balance sheet date:	PLN 10,511,264.00

#### **1.1.4. Management of the Parent Company**

The Management Board is responsible for management of the Parent Company.

At 31 December 2010, the Management Board of the Parent Company was comprised of the following members:

- |                              |                                      |
|------------------------------|--------------------------------------|
| • Andrzej Kozłowski          | – President of the Management Board, |
| • Krzysztof Orzełowski       | – Member of the Management Board,    |
| • José Ramón Anduaga Aguirre | – Member of the Management Board,    |
| • José Irizar Lasa           | – Member of the Management Board,    |
| • Andrzej Piotr Sterczyński  | – Member of the Management Board.    |

### **1.2 Information about companies comprising the Group**

#### **1.2.1 Companies included in the consolidated financial statements**

As at 31 December 2010, the following companies were consolidated by the Group:

Parent Company:

- ULMA Construcción Polska S.A.

Subsidiaries consolidated on the full consolidation basis:

- ULMA System S.A. w likwidacji
- ULMA Opałubka, Ukraine
- ULMA Opałubka, Kazakhstan.

Associates valued with the equity method:

- ULMA Corfaje SRL, Romania.



### **1.3 Auditor information**

#### **1.3.1 Key certified auditor information**

Name and surname: Monika Bartoszewicz  
Registration number: 10268

Name and surname: Renata Dobersztyn-Hamerska  
Registration number: 90116

#### **1.3.2 Authorized auditor information**

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.  
Address: ul. Chłodna 51, 00-867 Warsaw  
Registration number: KRS 0000339379  
Registration court: District Court for the Capital City Warsaw in Warsaw,  
XII Commercial Department of the National Court Register  
NIP number: 527-26-15-362

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of entities authorised to audit financial statements under number 3546.

### **1.4 Prior period consolidated financial statements**

The consolidated financial statements for the financial year ended 31 December 2009 were audited by KPMG Audyt Sp. z o.o. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting on 17 June 2010.

The consolidated financial statements were submitted to the Registry Court on 22 June 2010 and were published in Monitor Polski B No. 1929 on 8 October 2010.

### **1.5 Audit scope and responsibilities**

This report was prepared for the General Meeting of ULMA Construcción Polska S.A. seated in Warsaw, ul. Klasyków 10 and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

The Parent Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union on the basis of the decision of General Shareholders' Meeting dated 24 May 2005.

The consolidated financial statements have been audited in accordance with the contract dated 23 June 2010, concluded on the basis of the resolution of Supervisory Board dated 21 June 2010 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act, national standards on auditing issued by Polish National Council of Certified Auditors and International Standards on Auditing.

We audited the consolidated financial statements in the Parent Company's head office during the period from 25 to 28 October 2010 (interim audit) and from 31 January 2011 to 25 February 2011 (final audit).

Management of the Parent Company is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations and preparation of the Report on the Company's activities.

Our responsibility is to express an opinion and to prepare a supplementing report on the financial statements.

The Management Board of the Parent Company submitted a statement, dated the same date as this report, as to the true and fair presentation of the consolidated financial statements presented for audit, which confirmed that there were no undisclosed matters which could significantly influence the information presented in the consolidated financial statements.

All required statements, explanations and information and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

Key certified auditors and KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k. fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on certified auditors and their government, audit firms and public oversight dated 7 May 2009 (Official Journal No. 77, item 649).

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k.

## **1.6 Information on audits of the financial statements of the consolidated companies**

### **1.6.1 Parent Company**

The financial statements of the Parent Company for the year ended 31 December 2010 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k., certified auditor number 3546, and received an unqualified opinion.

### **1.6.2 Other consolidated entities**

<b>Entity's name</b>	<b>Authorised auditor</b>	<b>Financial year end</b>	<b>Type of auditor's opinion</b>
ULMA System S.A. w likwidacji	*	31.12.2010	*
ULMA Opatubka, Ukraine	*	31.12.2010	*
ULMA Opatubka, Kazakhstan	*	31.12.2010	*
ULMA Corfaje SRL	*	31.12.2010	*

(\*) Financial statements of these Group entities were not subject to requirement of obligatory audit for the year ended 31 December 2010.



## 2 Financial analysis of the Group

### 2.1 Summary of the consolidated financial statements

#### 2.1.1 Consolidated statement of financial position

ASSETS	31.12.2010		31.12.2009	
	PLN '000	% of total	PLN '000	% of total
<b>Non-current assets</b>				
Property, plant and equipment	416,873	81.5	442,947	81.3
Intangible assets	501	0.1	669	0.1
Shares in associates	1,732	0.3	2,380	0.4
Other non-current assets	4,344	0.8	4,399	0.8
<b>Total non-current assets</b>	<b>423,450</b>	<b>82.7</b>	<b>450,395</b>	<b>82.6</b>
<b>Current assets</b>				
Inventories	5,790	1.1	13,313	2.5
Trade and other receivables	76,317	14.9	60,467	11.1
Current income tax receivable	-	-	120	-
Derivatives	178	0.1	918	0.2
Cash and cash equivalents	6,034	1.2	19,368	3.6
<b>Total current assets</b>	<b>88,319</b>	<b>17.3</b>	<b>94,186</b>	<b>17.4</b>
<b>TOTAL ASSETS</b>	<b>511,769</b>	<b>100.0</b>	<b>544,581</b>	<b>100.0</b>
<b>EQUITY AND LIABILITIES</b>				
	31.12.2010	% of total	31.12.2009	% of total
	PLN '000		PLN '000	
<b>Equity</b>				
Share capital	10,511	2.1	10,511	1.9
Reserves - surplus from sales of shares above nominal value	114,990	22.5	114,990	21.1
Currency translation reserves	(4,442)	0.9	(5,563)	1.0
Retained earnings, including:	147,095	28.7	136,864	25.2
<i>Net profit/loss for the year</i>	<i>10,231</i>	<i>2.0</i>	<i>(5,484)</i>	<i>1.0</i>
<b>Total equity</b>	<b>268,154</b>	<b>52.4</b>	<b>256,802</b>	<b>47.2</b>
<b>Liabilities</b>				
Credit and loans	140,453	27.4	182,479	33.5
Deferred tax liabilities	3,658	0.7	749	0.1
Provisions for retirement and similar benefits	77	0.0	78	-
Long-term leasing liabilities	423	0.1	569	0.1
<b>Total non-current liabilities</b>	<b>144,611</b>	<b>28.2</b>	<b>183,875</b>	<b>33.7</b>
Credit and loans	70,123	13.7	56,377	10.4
Short-term retirement liabilities	27	0.0	24	-
Short-term leasing liabilities	146	0.0	241	-
Liabilities for current income tax	12	0.0	-	-
Trade and other payables	28,696	5.7	47,262	8.7
<b>Total current liabilities</b>	<b>99,004</b>	<b>19.4</b>	<b>103,904</b>	<b>19.1</b>
<b>Total liabilities</b>	<b>243,615</b>	<b>47.6</b>	<b>287,779</b>	<b>52.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>511,769</b>	<b>100.0</b>	<b>544,581</b>	<b>100.0</b>

## 2.1.1. Consolidated statement of comprehensive income

	1.01.2010 - 31.12.2010 PLN '000	% of total sales	1.01.2009 - 31.12.2009 PLN '000	% of total sales
<b>CONTINUING OPERATIONS</b>				
Revenue	215,351	100.0	175,446	100.0
Cost of sales	(168,216)	78.1	(153,246)	87.3
<b>Gross profit on sales</b>	47,135	21.9	22,200	12.7
Sales and marketing costs	(6,576)	3.1	(6,674)	3.8
General and administrative expenses	(10,675)	5.0	(10,373)	5.9
Other operating expenses	(2,555)	1.2	(1,194)	0.7
<b>Results from operating activities</b>	27,329	12.6	3,959	2.3
Financial income	853	0.4	1,501	0.9
Financial expenses	(14,095)	6.5	(12,118)	6.9
<b>Net financing costs</b>	(13,242)	6.1	(10,617)	6.0
Share of profit/(loss) of equity accounted investees	(627)	0.2	80	-
<b>Profit/(loss) before tax</b>	13,460	6.3	(6,578)	3.7
Income tax expense	(3,229)	1.5	1,094	0.6
<b>Profit/(loss) for the period</b>	10,231	4.8	(5,484)	3.1
<b>OTHER COMPREHENSIVE INCOME</b>				
Foreign currency translation differences for foreign operations	(241)	0.1	(211)	0.1
Net loss on hedge of net investment in foreign operation	1,286	0.6	(1,631)	0.9
Income tax on other comprehensive income	76	0.0	218	0.1
<b>Total comprehensive income for the period</b>	11,352	5.3	(7,108)	4.1
<b>Profit/(loss) attributable to:</b>				
Equity holders of the parent	10,231	4.8	(5,484)	3.6
Weighted average number of ordinary shares	5,255,632		5,255,632	
Basic and diluted earnings per share for the period (PLN)	1.95		(1.04)	

## 2.2 Selected financial ratios

	2010	2009	2008
<b>1. Return on sales</b>			
$\frac{\text{net profit} \times 100\%}{\text{net revenues}}$	4.8%	negative value	10.7%
<b>2. Return on equity</b>			
$\frac{\text{net profit} \times 100\%}{\text{equity} - \text{net profit}}$	4.0%	negative value	10.9%
<b>3. Debtors turnover</b>			
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{net revenues}}$	141 days	144 days	98 days
<b>4. Debt ratio</b>			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	47.6%	52.8%	46.4%
<b>5. Current ratio</b>			
$\frac{\text{current assets}}{\text{current liabilities}}$	0.9	0.9	1.0

- Net revenues are comprised of the sale of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, excluding allowances for receivables.



### **3 Detailed report**

#### **3.1 Accounting principles**

The Parent Company maintains current documentation describing the accounting principles applied by the Group and adopted by the Management Board of the Parent Company.

The accounting principles are described in the notes to the consolidated financial statements to the extent required by International Financial Reporting Standards as adopted by the European Union.

Entities included in the Group apply common accounting principles consistent with the accounting principles applied by the Parent Company.

The financial statements of the entities included in the consolidated financial statements were prepared at the end of the same reporting period as the financial statements of the Parent Company.

#### **3.2 Basis of preparation of the consolidated financial statements**

The consolidated financial statements of the ULMA Construcción Polska S.A. Group were prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations.

The consolidated financial statements were prepared on the basis of the consolidation documentation prepared in accordance with the requirements the Decree of the Ministry of Finance dated 25 September 2009 on principles for the preparation of consolidated financial statements of a capital group by companies other than banks and insurance companies (Official Journal from 2009 r., No 169, item 1327).

#### **3.3 Method of consolidation**

The method of consolidation is described in note 1 point B of the notes to the consolidated financial statements.

#### **3.4 Consolidation of equity and calculation of non-controlling interest**

The share capital of the Group is equal to the share capital of the Parent Company.

Other equity items of the Group are determined by adding the equity balances of subsidiaries included in the consolidated financial statements in the proportion reflecting the Parent Company's share in the subsidiaries' equity as at the end of the reporting period to the corresponding positions of the equity of the Parent Company.

Only equity of subsidiaries arising after the Parent Company obtained control of the subsidiary is included in the equity of the Group.

#### **3.5 Consolidation eliminations**

Intercompany balances within the Group were eliminated on consolidation.

Sales between entities and other intercompany operating revenues and expenses and financial revenues and expenses were eliminated on consolidation.

The consolidation eliminations were based on the accounting records of ULMA Construcción Polska S.A. (or subsidiary entities) and agreed with information received from the subsidiaries.

### **3.6 Notes to the consolidated financial statements**

All information included in the notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information, is, in all material respects, presented correctly and completely. This information should be read in conjunction with the consolidated financial statements.

### **3.7 Report of the Management Board of the Parent Company on the Group's activities**

The Report of the Management Board of the Parent Company on the Group's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2009, No 33, item 259) and the information is consistent with the consolidated financial statements.

### **3.8 Information on the opinion of the independent auditor**

Based on our audit of the consolidated financial statements of the Group as at and for the year ended 31 December 2010, we have issued an unqualified opinion.

On behalf of KPMG Audyt Spółka z ograniczoną  
odpowiedzialnością sp.k. registration number 3546  
ul. Chłodna 51, 00-867 Warsaw

*Signed on the Polish original*

.....  
Certified Auditor No. 90116  
Renata Dobersztyn-Hamerska

8 March 2011  
Warsaw

*Signed on the Polish original*

.....  
Certified Auditor No. 10268  
Limited Liability Partner with power of  
attorney  
Monika Bartoszewicz