Report of the Management Board from operations of the ULMA CONSTRUCCION POLSKA S.A. CAPITAL GROUP

for 12 months ended on 31 December 2010

Description of the organization of the Capital Group

As of 31 December 2010, the ULMA Construccion Polska S.A. Capital Group ("Group", "Capital Group") was composed of the following companies:

1) ULMA Construccion Polska S.A. - **the parent entity** of the ULMA Construccion Polska S.A. Capital Group which performs the managing and administrative function for the entire Group and is responsible for trading operations concerning the products and services offered by the Group on the domestic market and on selected foreign markets,

2) ULMA System S.A. in liquidation - **a subsidiary company** being a production and overhaul centre of formwork systems and accessories thereto for the needs of the Capital Group and for foreign markets.
   On 31 May 2010, the Extraordinary General Meeting of Shareholders of ULMA System S.A. adopted a resolution of the Company's liquidation.
   As of 31 December 2010, the Company did not carry out production.

3) ULMA Opałubka Ukraina sp. z o.o. - **a subsidiary company** responsible for trading operations concerning the products and services offered by the Capital Group on the Ukrainian market,

4) ULMA Cofraje S.R.L. - **a subsidiary company** responsible for trading operations concerning the products and services offered by the Capital Group on the Romanian market**.**

5) On 27 August 2010, a **subsidiary company** ULMA Opałubka Kazachstan sp. z o.o. with its registered office in Astana, at was established. The company's strategic objective will be development of the Capital Group's business objects, i.e. rental of formwork and scaffoldings, as well as dissemination of knowledge in the area of application of the formwork technology in the construction process executed in Kazakhstan.

Subsidiary companies are fully consolidated while the associated company is consolidated with the equity method.

Business objects of the Capital Group.

The ULMA Construccion Polska S.A. Capital Group operates in the construction industry. The operations of the companies of the Capital Group consist in rental and sale of formwork systems and scaffoldings for construction of large buildings and engineering construction, performance of maintenance works and designs of application of the systems, as well as production and overhauls of formwork systems and accessories used in erecting formwork systems.

Registered offices, dates of establishment and registration of the members of the Capital Group.

1) ULMA Construccion Polska S.A. with its registered office at ul. Klasyków 10 has been operating since 1 July 1995 pursuant to resolution of the Extraordinary Shareholder Meeting transforming a limited liability company into a joint stock company (Notary Deed of 15 September 1995, Ref. A 5500/95), registered with the National Court Register of the Register of Entrepreneurs under KRS number 0000055818 by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register. From 14 February 1989 to the date of transformation into a joint-stock company its name was Bauma Sp. z o.o.

2) Ulma System S.A. in liquidation with its registered office in Starachowice at ul. Radomska 29 was established on 11 July 2000 – Notary Deed Ref. A 2105/2000. The company was registered by a decision of the District Court in Kielce, 10th Commercial Division in the Register of Entrepreneurs under number KRS 0000054140,

3) ULMA Opałubka Ukraina with its registered office in Kiev at Gnata Juri 9 was established on 18 July 2001. It was registered in the Sviatoshin Branch of State Administration for the City of Kiev under number 5878/01 and was granted ID code 31563803,

4) ULMA Cofraje SRL with its registered office in Bucharest at Chitilei 200 entered on 2 November 2007 into the Commercial Register of Romania under number J23/2922.

5) Firma ULMA Opałubka Kazachstan with its registered office in Astana, at Taszenowa 25 was entered on 27 August 2010 to the Register of the Ministry of Justice by the Department of Justice of the capital city of Astana under number 37635-1901-TOO/NU/.

Presentation of the basic economic and financial data disclosed in the annual financial statements, in particular details of factors and events, including extraordinary ones that materially affect the Issuer's operations and the profits generated or losses incurred by it in the financial year, as well as a presentation of prospects of the Issuer's business development over the minimum the following financial year

Below, the basic details included in the consolidated financial statements of the Group for the years 2009-2010 have been presented.

Consolidated total income statement

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010	2009	Dynamics in 2010/2009
Sales revenues	40 267	55 237	59 810	60 037	215 351	175 446	1.23
Costs of sold products, goods and materials	(37 497)	(44 578)	(44 502)	(41 639)	(168 216)	(153 246)	1.10
Gross profit on sales	**2 770**	**10 659**	**15 308**	**18 398**	**47 135**	**22 200**	**2.12**
Costs of sales and marketing	(1 632)	(1 167)	(1 004)	(2 773)	(6 576)	(6 674)	0.98
Overheads	(2 690)	(2 734)	(2 599)	(2 652)	(10 675)	(10 373)	1.03
Other net operating costs	(451)	(772)	(1 415)	83	(2 555)	(1 194)	2.14
Operating profit/(loss)	**(2 003)**	**5 986**	**10 290**	**13 056**	**27 329**	**3 959**	**6.90**
Financial income	878	(673)	410	238	853	1 501	0.57
Financial expenses	(3 637)	(3 157)	(3 438)	(3 863)	(14 095)	(12 118)	1.16
Share in profit/(loss) of associated companies	24	(279)	(137)	(235)	(627)	80	-
Gross profit	**(4 738)**	**1 877**	**7 125**	**9 196**	**13 460**	**(6 578)**	**-**
Income tax	742	(456)	(1 559)	(1 956)	(3 229)	1 094	-
Net profit	**(3 996)**	**1 421**	**5 566**	**7 240**	**10 231**	**(5 484)**	**-**
Other Income	564	1 750	(1 697)	504	1 121	(1 624)	-
Total income	**(3 432)**	**3 171**	**3 869**	**7 744**	**11 352**	**(7 108)**	**--**
Operating profitability (%)	(4.97)	10.84	17.20	21.75	12.69	2.26	-
Net profitability (%)	(9.92)	2.57	9.31	12.06	4.75	(3.13)	-

Operating profitability = $\frac{\text{Operating profit x100\%}}{\text{Sales revenues}}$

Net profitability = $\frac{\text{Net profit x 100\%}}{\text{Sales revenues}}$

Consolidated statement of financial position

	31.12.2010	Structure %	31.12.2009	Structure %	Dynamics
Tangible fixed assets	416 873	81	442 947	81	0.94
Other fixed assets	6 577	2	7 448	2	0.88
Total fixed assets	**423 450**	**83**	**450 395**	**83**	**0.94**
Stocks	5 790	1	13 313	2	0.43
Receivables	76 317	15	60 587	11	1.26
Derivative instruments	178	-	918	-	0.19
Other working assets	6 034	1	19 368	4	0.31
Total working assets	**88 319**	**17**	**94 186**	**17**	**0.95**
Total assets	**511 769**	**100**	**544 581**	**100**	**0.94**
Share capital	10 511	2	10 511	2	1.00
Supplementary capital	114 990	22	114 990	21	1.00
Foreign currency exchange gains/(loss) from consolidation	(4 442)	(1)	(5 563)	(1)	0.80
Retained profits	147 095	29	136 864	25	1.07
Total equity	**268 154**	**52**	**256 802**	**47**	**1.04**
Long-term liabilities	144 611	28	183 875	34	0.79
Short-term liabilities	99 004	20	103 904	19	0.95
Total liabilities	**243 615**	**48**	**287 779**	**53**	**0.85**
Total equity and liabilities	**511 769**	**100**	**544 581**	**100**	**0.94**
Return on equity (%)	4.0		(2.1)		
Debt ratio (%)	47.6		52.8		
Trade receivables turnover (in days)	128		123		
Trade liabilities turnover (in days)	59		75		
Liquidity ratio (current)	0.9		0.9		

Return on equity = $\dfrac{\text{Net profit for the financial year x 100\%}}{\text{Equity – net profit for the financial year}}$

Debt ratio = $\dfrac{\text{Liabilities x 100\%}}{\text{Total equity and liabilities}}$

Trade receivables turnover = $\dfrac{\text{Net trade receivables as of the balance sheet date x 365 days}}{\text{Sales revenues}}$

Trade liabilities turnover = $\dfrac{\text{Average value of trade liabilities x 365 days}}{\text{Operating expenses}}$

Liquidity ratio (current) = $\dfrac{\text{Current assets}}{\text{Short-term liabilities}}$

Market environment in Poland

In 2010, industry, in which a growth of the sold production amounted to 9.8% in the entire year and 7.5% in the last quarter, was the fastest developing branch of economy. Lower growth dynamics was recorded in construction. After a very bad beginning of 2010, caused primarily by weather conditions: a very frosty winter and floods, the construction market was demonstrating positive growth dynamics which amounted to 3.5% in the entire year and 11.9% in Q4.

Although an 8.4% decrease in construction and assembly production (year-to-year) resulting from reduced capital expenditures in the last two years was recorded in **the housing sector**, still ratios concerning the newly started investments were very optimistic. Within the four past quarters, construction of 10.6% more flats than in 2009 was started, whereby the highest, by over 42% growth concerned premises for sale or rent. A positive, over 8.5%, dynamics (year-to-year) was observed also as regards building permits. The improvement as far as the multi-family housing construction was due to, among others, a slightly more liberal policy pursued by banks as regards mortgages, as well as an announcement of reduced availability of credits offered within the governmental programme *"Rodzina na swoim"*. On the other hand, a decreasing number of flats offered by developers made some of them launch construction projects which had been abandoned within the last two years.

Positive growth dynamics in **the non-housing sector**, which according to GUS amounted in 2010 to over 5.7%, was achieved mainly due to investments in buildings serving transportation and connectivity purposes, as well as utility premises. Due to a decreased demand and difficulties related to obtaining funding investments in industrial and warehouse construction were reduced. As far as the other segments in which investment propensities are strictly connected to economic outlook (office as well as commercial and services construction) are concerned, we observed slight increases (by a few percent).

In spite of delays caused by severe weather conditions at the beginning of 2010, **the engineering sector, in particular road and bridge construction**, in which growth by 5% and 7.63%, respectively, was recorded remained the most important driving force. In 2010, the value of construction and assembly production in the road and bridge segment reached PLN 24.4 billion. Moreover, owing to liberalization of the provisions of the Procurement Law the contractor market increased considerably: GDDKiA concluded last year contracts on road construction with 110 companies. The contracts amounted to PLN 22 billion.

Market environment abroad

Personnel, as well as legal and organizational changes which occurred in Ukraine after presidential elections at the beginning of 2010 had a positive impact on suppressing a severe economic crisis, particularly in the last quarter of the past year. The value of construction works in Ukraine increased in 2010 by 13.7% in nominal value, which corresponds to a decrease by 5.4% in real value. Expansion of the sports infrastructure was continued within preparations to EURO 12. Moreover, a recovery in the road construction segment in which the value of investment and overhaul works reached UAH 19.2 billion (as compared to UAH 9.7 billion in 2009) was observed.

The construction industry in Kazakhstan recorded in 2010 a 3% increase, which was primarily due to investments made in the utility buildings segment, funded with the state budget. The construction of a transit corridor "Western Europe - Western China" of the total length of 8,500 km, out of which 2,700 km is to go along Kazakhstan, started in autumn 2009 was continued. The government of Kazakhstan has incurred a loan in EBRD for execution of this priority project.

Sales revenues

In 2010, the Capital Group generated total sales revenues of TPLN 215 351 in comparison to TPLN 175 446 generated in the analogous period of the preceding year (a decrease by 22.7%).

The growth in sales revenues concerns mainly the basic objects of the Capital Group, i.e. rental of system formwork and scaffoldings. Total revenues from those operations amounted in 2010 to TPLN 194 272 as compared to TPLN 142 090 in the analogous period of the preceding year (a growth by TPLN 52 182, i.e. 36.7%).

In 2010, the Capital Group generated total sales revenues of TPLN 18 487 from export of goods and services onto export markets *(i.e. activities executed via the branches in Kazakhstan or via a group of intermediaries and final recipients in such countries as Lithuania, Russia, Bulgaria, Germany, etc.)* These revenues were lower by TPLN 9 251 in comparison to the data for the analogous period of the preceding year.

The amount of the aforementioned sales revenues was influenced primarily by export to Kazakhstan where symptoms of recovery in the construction market after several years of downturn caused by a severe economic crisis in that country may be observed. The Group managed to win in that market several major contracts, including contracts on formwork and scaffoldings for the purposes of the construction of a cement plant.

Those phenomena resulted in a strategic decision of the Management Board concerning establishment of ULMA Opałubka Kazachstan sp. z o.o. whose objective is to strengthen ULMA's position on that market.

Operating profitability

In 2010, the Capital Group achieved a profit on operations, i.e. TPLN 27 329 as compared to TPLN 3 959 in the preceding year (an increase by TPLN 23 370).

The aforementioned operating result was influenced by higher revenues from the basic objects of the Capital Group, i.e. rental of formwork systems and scaffoldings, as compared to those generated in the analogous period of the preceding year.

Key items related to EBIT (operating profit) and EBITDA (operating profit + depreciation/amortization) in the analyzed periods are as follows:

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010	2009
Sales	40 267	55 237	59 810	60 037	215 351	175 446
EBIT	(2 003)	5 986	10 290	13 056	27 329	3 959
% of sales	(4.97)	10.84	17.20	21.75	12.69	2.26
Amortization/depreciation	18 839	19 261	19 326	19 445	76 871	68 101
EBITDA	16 836	25 247	29 616	32 501	104 200	72 060
% of sales	41.81	45.71	49.52	54.13	48.39	41.07

In 2010, the Capital Group recorded an increase in EBITDA – in the absolute terms – of TPLN 32 140 (i.e. by 45%) – the EBIDTA profitability (EBITDA as a % of sales) amounted to 48%, as compared to approximately 41% in the analogous period of the preceding year.

The most significant factors influencing the EBITDA increase (in absolute terms) as compared to the analogous period of the preceding year include:

- increase in the revenues from the basic business object of the Group, i.e. rental of formwork systems and scaffoldings, resulting from the better economic outlook in 2010,
- increasing unit prices for the offered services after a period of an intensified price war between market participants in 2009.

Moreover, better operating results of the Capital Group resulted also from diverse reorganization measures started in 2009, aimed at adjusting the cost structure of the Capital Group to the current market situation. Their effectiveness results in a gradual improvement of EBITDA profitability within particular quarters of 2010.

The measures undertaken by the Management Board include, in particular, reorganization of logistics activities in the area of western and southern Poland, where the Regional Logistics Centres were opened. As a result of those measures, warehousing and logistics functions were centralized, part of local warehouses were closed and employment was optimized.

The strategic plans concerning reorganization of the logistics functions within the Company assume also construction of the Regional Logistics Centre in Warsaw.

In 2010, changes to the functioning of the subsidiary company - Ulma Systems S. A. were also introduced putting the company into liquidation.

By way of a resolution of the Extraordinary General Meeting of Shareholders adopted on 31 May 2010 the company was put into liquidation. The decision resulted from business considerations as a worse outlook abroad (in particular in South America) made it impossible to ensure that the plant would receive orders in the amount allowing for full utilization of its production capacities. On the other hand, the overhaul functions of that plant were moved to the Logistics Centres in Jaworzno and Poznań in order to minimize transportation costs of the repaired components and to utilize the technical infrastructure of both centres to a greater extent.

Transactions hedging against currency exchange risk

The companies of the Capital Group purchase products (formwork systems and accessories thereto as well as scaffoldings) that are traded from the parent company in Spain, from the production entity (a subsidiary company) Ulma System S.A. in Starachowice (until putting the company into liquidation) and from other external companies.

As part of its commercial actions, the Capital Group is active on export markets, especially in Ukraine, where economic activity is pursued through its subsidiary, Ulma Opałubka Ukraina sp. z o. o.

As a result, the companies of the Capital Group are exposed to currency exchange risk which the Capital Group seeks to mitigate through entering Non Delivery Forward (NDF) contracts.
All NDF instruments held by the Capital Group are concluded exclusively for the purposes of measures hedging against currency exchange risk and are not asymmetric.

The Capital Group does not apply hedge accounting, hence the results of realization and valuation of hedge transactions (positive and negative) are posted to the result for a given period.

The basic figures concerning NDF contracts concluded by the Group are as follows:

a) recognized in the statement of financial situation

	31 December 2010	31 December 2009
Assets under NDF valuation as of the balance sheet date	178	918
Liabilities under NDF valuation as of the balance sheet date	-	-

b) recognized in the total income statement

	2010	2009
Result for the period due to execution of the previously concluded NDF contracts – (other operating expenses item)	(60)	794
Result for the period of valuation of NDF contracts as of the balance sheet date – (other operating expenses item)	81	(380)
Result for the period due to valuation of NDF contracts as of the balance sheet date – financing activities	721	987
Total result for the period due to NDF contracts	**742**	**1 401**

The results of hedging transaction achieved in 2010 neutralize to a large extent foreign currency exchange risk the Capital Group is exposed to.

Besides the economic results concerning settlement and valuation of NDF contracts, hedging against foreign exchange risk the other operating activities include the economic effects related to customizing elements of formwork systems to the needs of individual clients and general results of held asset management (inventory surpluses and shortages, as well as provisions for stock impairment). In 2010, the costs of the aforementioned phenomena amounted to TPLN 2 946 as compared to TPLN 1 776 in 2009.

Financial expenses and other total income

The Capital Group uses bank loans to finance investments related to purchase of products for rent (i.e. formwork systems and scaffolding systems).

The balance of bank loans (short- and medium-term) with interest accrued until the balance sheet date as of 31 December 2010 amounted to TPLN 210 576, as compared to TPLN 238 856 as of 31 December 2009.

A decrease in the balance on credits did not, however, offset an increase in market interest rates (from approximately 5.2% in 2009 to approximately 5.8% in 2010), which resulted in an accrual of interest expenses and handling costs (e.g. bank fees) related to financing activities – these amounted in 2010 to TPLN 13 611 as compared to TPLN 11 545 in 2009).

In Q4 2008, restructuring of intra-group trade settlements between the subsidiary companies was performed. As a result of those measures, the parent company: Ulma Construccion Polska S.A. granted its daughter company: Ulma Opalubka Ukraina sp. z o.o. - an internal loan in the amount of TEUR 3 100.

Compliant with the International Accounting Standards (IAS 21) this loan is “a net investment in a foreign entity”, hence any foreign exchange gains/(loss) resulting thereof are recognized in "statement of changes in the consolidated equity” and in “other total income”.
In 2010, the total amount of foreign exchange gains/(loss) recognized in the aforementioned statements was positive and was equal to TPLN 1 054 – out of which foreign exchange gains/(loss) related to the above-mentioned “net investment in a foreign entity" amounted to TPLN 1 286, whereas foreign exchange gains/(loss) resulting from translation of the financial statements of the companies operating abroad amounted to TPLN 241.

The foreign currency exchange risk concerning the aforementioned internal loan within EUR-PLN exposition in Poland is hedged by entering NDF contracts; whereas change to valuation of their fair value is recognized in revenues/financial expenses (the Capital Group does not apply Financial Hedging). In 2010, change to valuation of the aforementioned forward instruments was positive and amounted to TPLN 721.

Foreign currency exchange risk related with the aforementioned internal loan within EUR-UAH exposure is hedged in Ukraine (the Ukrainian Hryvnia) in a natural manner through application in relations with external clients in Ukraine price lists denominated in EUR. However, the effectiveness of those hedging measures is hard to assess due to the scale and the unpredictability of UAH-EUR rate changes, which is often a one-off administrative decision.

Net profit

Following deduction of corporate income tax the Capital Group achieved in 2010 a positive financial result in the amount of TPLN 10 231, as compared to the negative net result achieved in the preceding financial year amounting to TPLN 5 484 (an increase by TPLN 15 715). While analyzing particular quarters of 2010 one should pay attention to the net profitability which increased from quarter to quarter. In Q1 2010, it amounted to 9.92% (with a net loss of TPLN 3 996), while in Q4 2010, it achieved the level of 12.06% (with a net profit of TPLN 7 240).

Cash flow

An abbreviated cash flow account of the Group for the analyzed periods is presented in the table below:

	12 months 2010	12 months 2009	Dynamics
Net profit/(loss)	10 231	(5 484)	-
Amortization/depreciation	76 871	68 101	1.13

Total cash surplus	**87 102**	**62 617**	**1.39**
Other operating cash flow	23 118	14 696	1.57
Net operating cash flow	**110 220**	**77 313**	**1.43**
Net cash flows from investments	(81 946)	(103 715)	0.79
Net cash flow from financing activities	(45 729)	42 516	-
Net cash flow	**(17 455)**	**16 114**	**-**

Operating cash flow

In 2010, the Capital Group had a positive financial surplus (net profit + depreciation/amortization) in the amount of TPLN 87 102, i.e. an increase as compared to 2009 by TPLN 24 485 (39%).

At the same time, operating cash flow amounted to TPLN 110 220, as compared to TPLN 77 313 in the preceding year (an increase by TPLN 32 907).
The Capital Group retains its ability to generate added value, the amount of which is positively affected by the discipline of management of the structure of operating costs.

From the perspective of management of the working assets, the year 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 offered by sub-contractor companies, resulting in price wars between market participants, 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.
These phenomena were observed also in the segment of rental of formwork systems and scaffoldings. Within the Capital Group, the aforementioned factors resulted in:

- an increase in receivable write-downs (TPLN 17 626 as of 31 December 2010 (including receivable write-downs due to delay interest in the amount of TPLN 1 520) as compared to TPLN 13 841 in 2009 , and
- a worse receivable turnover ratio *(table below)*

		31 December 2010	31 December 2009
1.	NET trade receivables	75 353	59 213
2.	Sales revenues for 12 months following the balance sheet date	215 351	175 446
3.	Number of days	365	365
4.	Rotation ratio (1*3/2)	128	123

The Capital Group seeks to mitigate the risk of receivable inflow through effective implementation of internal procedures and principles for identification, measurement and monitoring of the financial positions and liquidity of clients of the Capital Group at the time of commencement of cooperation and when it is progress.

Cash flow from investments

In 2010, the Capital Group made capital expenditures in order to supplement the portfolio of offered products (formwork systems and scaffoldings). As a result, capital expenditures incurred for this purpose amounted to TPLN 80 065, as compared to TPLN 81 350 in 2009.

Cash flow from financing activities

In 2010, cash flows from financing activities amounted to TPLN 45 729 as compared to TPLN 42 516 in 2009.

As has already been mentioned, the Capital Group uses bank credits to finance investments related to purchase of products for rent. In 2010, the Group did not draw new credit lines. In Q1 2010, the last tranches (TPLN 12 933) were used pursuant to agreements concluded in the previous years. On the other hand, expenses due to repayment of the previously incurred credits are higher this year (TPLN 44 868 as compared to TPLN 28 152 in 2009).

As a result of the aforementioned phenomena, the Group recorded in 2010 a decrease in cash by TPLN 17 455 to the level of TPLN 2 332 as of 31 December 2010.

Description of major risk factors and hazards and the extent of the Issuer's exposure thereto

Competition and construction market downturn risk

Market in Poland

According to forecasts of the Gdańsk Institute for Market Economics the GDP growth dynamics in 2011 will be 3.7%, hence it will be almost identical with the previous year's dynamics. Moderate economic growth dynamics should be followed by an apparently better outlook in construction due to the final stage of preparations to EURO and the planned infrastructural investments. In accordance with the *Road and Motorway Construction Programme for 2011-2015* updated at the end of January, expenditures spent for that purpose should reach in 2011 PLN 34 billion. Another PLN 7 billion should be spent on execution of the multi-annual programme of railway investments.

Such a high accumulation of infrastructural projects in a short period will undoubtedly require enormous mobilization of contracting capacities and will be a serious organizational and logistic challenge for all participants of the aforementioned investment processes. On the other hand, the large scale of the works carried out within that sector should contribute to mitigation of the competitive struggle among formwork companies and to increased use of assets and a tangible increase in profitability.

As far as the housing and commercial construction sector is concerned experts expect in 2011 primarily suppressing decreases and a slow increase by a few percent. Such a scenario is being made more realistic due to macroeconomic forecasts for Poland, as well as the dynamics of an increased number of building permits and newly started investments made in those sectors.

Export markets

Forecasts for 2011 concerning economic development in Ukraine assume that the upward trend will be maintained. As estimated by the World Bank positive GDP growth dynamics will not exceed 4% - according to the National Bank of Ukraine the dynamics should be between 3.7% and 4%. In January this year the World Bank assessed positively execution of the planned reforms by Ukraine, therefore in March the Bank will consider granting that country another, third credit tranche in the amount of USD 1.5 mln.

The dynamics of growth of the Ukrainian construction market in 2011 will be determined primarily by projects related to construction of the infrastructure necessary for EURO 12. At present, construction of airports and sports infrastructure is at an advanced stage. Increased capital expenditures on expansion of the road network and the accommodation facilities (in accordance with BUILDECON's estimates of December 2010 those dynamics in 2011 should amount to 15% (hotels) and 26% (roads).

The anti-crisis measures undertaken by the government in Kazakhstan allow us to hope for a moderate, stable growth of the construction market in the next several years. Plans for that period assume an inflow of foreign investments in the amount of approximately USD 20 billion, which will be allocated to e.g. the already started construction of the Western Europe – Western China transit corridor and projects within the industrial and raw material sectors.

The risk of availability and growing borrowing costs

The global financial crisis of 2009 had a negative impact on the credit market in Poland, which was manifested through conservative policies of commercial banks which repeatedly refrained from making new financial sources available, in particular to representatives of the construction market. As a result, lending by banks in Poland decreased considerably. Moreover, the banks often demanded additional collateral or higher interest margins in order to authenticate the credit standing of their clients. In 2010, the situation improved considerably. Banks' liquidity increased, which led to unblocking lending by banks.

According to the Management Board of the Group the considerable increase in availability of bank funding confirms that the Capital Group will not face any difficulties as far as obtaining such funding is concerned, in case it needs to use it.

Foreign currency exchange risk

The Companies of the Capital Group purchase products (formwork systems and accessories thereto) from the parent company based in Spain or other entities located outside Poland. On the other hand, the Companies and agencies of the Capital Group are active on export markets. As a result, the Capital Group is exposed to foreign currency exchange risk which it seeks to mitigate through operations of the currency market or through operations on the forward market and concluding Non-Delivery Forward (NDF) contracts.

The subsidiary company – Ulma Opałubka Ukraina Sp. z o.o. has an intragroup loan denominated in EUR. As there is no possibility of effective hedging against currency exchange risk related to the transaction, the Company remains to be affected by the EUR-UAH exposure (there are still no derivative instruments for which the Ukrainian Hryvnia would be the base currency available on the Ukrainian capital market).
The Management Board seeks to mitigate that risk through updating the prices of the goods and services offered based on changes in the EUR/UAH exchange rate. Nevertheless, such hedging is not effective in the face of a recession.

The risk related to financial instruments has been described in note 2 to the consolidated financial statements of ULMA Construccion Polska S.A. for the period of 12 months ended on 31 December 2010.

Identification of court proceedings, arbitration or administrative proceedings with the following details:

a) *proceedings concerning liabilities or receivables of ULMA Construccion Polska S.A. or a subsidiary thereof with minimum value equivalent to 10% of the equity of ULMA Construccion Polska S.A. with details of: subject of the proceedings, value of dispute, commencement date of the proceedings, parties to the proceedings and position of the Company*

b) ***two or more proceedings concerning liabilities and receivables the total value of which is equivalent to minimum 10% of the equity of ULMA Construccion Polska S.A. with details of the total value of the proceedings separately for liabilities and receivables along with the position of the Company and – in reference to the largest proceedings in the group of liabilities and receivables – with details of the subject, value of dispute, commencement date of the proceedings and parties to the proceedings***

Neither ULMA Construccion Polska S.A. nor any of its subsidiary companies are parties to any proceedings concerning the Company's liabilities or receivables the value of which would be in excess of the minimum 10% of the Company's equity.
Furthermore, there are no two or more proceedings concerning liabilities or receivables the total amount of which would be equivalent to the minimum 10% of the Company's equity.

During the period covered by the report, no proceedings were initiated against ULMA Construccion Polska S.A. subsidiaries thereof with a value in excess of 10% of their equity.

Proceedings concerning receivables of ULMA Construccion Polska S.A.:
ULMA Construccion Polska S.A. is involved in 72 court proceedings concerning receivables – their total value amounts to TPLN 9 162. Among the proceedings pending at court, ULMA Construccion Polska S.A. is conducting 47 bankruptcy proceedings for the total amount of TPLN 7 364.

List of major proceedings related to receivables conducted by ULMA Construccion Polska S.A.

Creditor	Debtor	Value of dispute in PLN '000	Proceeding commencement date
ULMA Construccion Polska S.A.	PRIB EKO PRZEM SP. Z O.O.	1 096	17-03-2010 - bankruptcy
ULMA Construccion Polska S.A.	MPRD S.A.	824	08-12-2006 - bankruptcy
ULMA Construccion Polska S.A.	GRUPA BIP	792	24-04-2009 - bankruptcy
ULMA Construccion Polska S.A.	LPBO S.A.	762	23-03-2009 - bankruptcy
ULMA Construccion Polska S.A.	FENIX SP. Z O.O.	608	29-10-2010 – warrant for payment
ULMA Construccion Polska S.A.	IMA BUD DEVELOPMENT SP. Z O.O.	592	20-11-2007 - enforced collection
ULMA Construccion Polska S.A.	DOMKAR-BUDOWNICTWO	578	10-11-2010 - enforced

			collection
ULMA Construccion Polska S.A.	MAXER S.A.	552	28-04-2006 - bankruptcy
ULMA Construccion Polska S.A.	Krupiński Construction Sp. z o.o.	552	05-12-2006 - enforced collection
	Total	**6 356**	

Information on key products, goods or services with details of their value and quantity and the share of particular products, goods and services (if material) or groups thereof in the Issuer's total sales and on changes in that respect in the financial year

The basic source of the Group's revenues is rental and sale of formwork systems and scaffoldings produced in Poland and by its parent company in Spain. Additional revenues are generated from the sale of plywood, adhesive liquids for formwork and reinforced concrete accessories.

The order volume is controlled and adjusted to the development of the construction market, potential of collaboration with numerous construction companies. Additionally, the range of products is being adjusted to the changing needs of the construction market.

In 2010, the Group conducted trading, service and manufacturing operations in the following scope:

1) sale and rental of formwork systems and scaffolding,
2) preliminary assembly of formwork elements for engineering structures,
3) sale of commercial goods:
- accessories to reinforced concrete works,
- formwork plywood,
4) production of wall formwork - PRIMO, NEVI,
5) production of girder formwork - DSD 12/20,
6) production of formwork for round pillars – TUBUS.

Information on output markets split into the domestic and foreign markets and information on supply sources of materials for production, goods and services with details of dependence on one or more clients and suppliers, and when the share of one client or supplier is equivalent to minimum 10% of total sales revenues – names of supplier(s) or client(s), their share in sales or supplies and their formal relations with the Issuer

The Group's sales are concentrated on the domestic market. The total sales on that market account for over 91% of the Group's revenues. Almost 30% of the revenues are concentrated within a group of 6 largest construction companies in Poland which are members of western European international construction companies.

The export sales are performed mainly through the Group's own sales network on the eastern and southern European markets and in Asia. In 2010, the share of export in the total sales revenues of the Group accounted for over 8% as compared to nearly 16% of the revenues generated in 2009.

Beside Kazakhstan, goods were exported also to Ukraine, Belarus and Kaliningrad (oblast), Bulgaria, Romania, Bosnia, the Czech Republic, Slovakia, Germany and Spain.

Formwork systems offered in the various output markets are produced by the Group in its plant in Starachowice. However, a significant part of supplies comes from the principal shareholder from Spain - in 2010 purchases from Spain accounted for 13.5% of total sales of the Group.
The other purchases of goods within formwork systems come from independent suppliers from Germany, Austria and Poland.

Information on concluded contracts that are material to the Issuer's operations, including contracts of which the Issuer is aware concluded between shareholders and insurance or collaboration contracts

During the period covered by the report the members of the Capital Group did not enter into any agreements with their shareholders**.** The other transactions and contracts were typical and routine and were concluded on an arm's length basis, and their nature and terms and conditions resulted from the current operating activities conducted by the companies of the Capital Group.

Material agreements which were disclosed by the Company in current reports:

- on 24 May 2010, the Management Board placed an order to its subsidiary company: ULMA System S.A. on production and delivery of formwork systems from the ULMA portfolio. The total value of executed orders placed by ULMA Construccion Polska S.A. to ULMA System S.A. within the last 12 months amounts to TPLN 29 260, which results in recognizing the orders executed to date mayor ones in accordance with the 10% value of the Issuer's equity criterion.
- order for delivery of formwork constituting an integral part of the reference agreement concluded with BUDIMEX S.A. Oddział Budownictwa Komunikacyjnego Południe dated 31 October 2006 on delivery and rental of formwork intended for construction of the A4 motorway on the section Jarosław – Radymno amounting in total to PLN 20 514 050.75. Within the last 12 months the Company concluded with BUDIMEX S.A. agreements or executed orders worth in total PLN 31 192 050.75, out of which the aforementioned order worth PLN 20 514 050.75 is the greatest one in terms of value and together with the agreements concluded to date with BUDIMEX S.A. is in excess of 10% of the Issuer's equity.
- annex for the amount of PLN 15 000 000.00 to the multi-purpose credit agreement concluded on 8 May 2008 with Powszechna Kasa Oszczędności Bank Polski S.A. (PKO BP). The aforementioned annex increases the amount of the total credit limit by PLN 10 000 000.00 and prolongs the validity period of the agreement until 18 November 2013. The multi-purpose credit is aimed at financing the Company's working assets. Within the granted limit the Company may use an overdraft facility, working capital facility and a bank guarantee limit.

Description of transactions concluded with related parties provided a one-off or total value of transactions concluded by a given related party in the period from the beginning of the year is in excess of the equivalent of EUR 500 000 denominated in PLN

The transactions concluded in 2010 by ULMA Construccion Polska S.A. and subsidiaries thereof with related parties were typical and routine. They were concluded on an arm's length basis, and their nature, as well as terms and conditions resulted from current business operations.

The major transactions included purchases of formwork and overhaul services related to formwork systems made by ULMA Construccion Polska S. A. from ULMA System S.A. in liquidation for TPLN 16 691 and purchases of formwork from ULMA C y E, S. Coop. for TPLN 30 277.

Information on agreements on credits and loans incurred or terminated in the financial year, with specification of the minimum of their amount, type and level of the interest rate, currency and due date.

Bank	Type	Amount	Indebtedness as of the balance sheet date	Date of conclusion	Due date
BRE Bank	investment credit	8 000	3 809	2006-06-12	2013-05-31
BRE Bank	investment credit	15 000	9 750	2007-01-23	2014-01-31
BRE Bank	investment credit	45 000	39 750	2008-05-12	2015-05-29
BRE Bank	overdraft facility	5 000	3 702	1999-08-27	2011-05-31
PEKAO	line of credit	11 000	4 400	2006-02-24	2012-12-31
PEKAO	line of credit	15 000	9 000	2007-02-22	2013-10-31
PEKAO	line of credit	45 000	32 315	2008-05-15	2015-03-31
Fortis Bank Polska	investment credit	13 000	2 600	2004-12-03	2011-12-02
Fortis Bank Polska	investment credit	12 000	5 032	2006-02-07	2013-02-07
Fortis Bank Polska	investment credit	20 000	13 000	2007-02-12	2014-02-11
Fortis Bank Polska	investment credit	31 000	12 588	2008-06-10	2015-06-09
Fortis Bank Polska	investment credit	16 400	14 284	2009-07-20	2015-06-29
Fortis Bank Polska	line of revolving credit (multi-purpose line)	5 000	5 000	2008-05-26	2018-05-25
Fortis Bank Polska	multi-purpose line of credit (overdraft facility)	3 000	0	2010-09-27	2020-09-26
PKO BP	investment credit	30 000	16 489	2006-07-31	2013-07-31
PKO BP	investment credit	20 000	12 581	2007-02-21	2014-10-20
PKO BP	investment credit	24 000	20 852	2008-05-08	2015-05-07
PKO BP	multi-purpose line of credit (operating revolving credit)	15 000	5 000	agreement 2008-05-08 annex 1 2010-11-19	2013-11-18

All lines of credit are based on the WIBOR 1 M + bank margin rate (except for the investment credit in the amount of TPLN 16 400 concluded with Fortis Bank Polska S. A. in the case of which the interest rate is based on the WIBOR 3 M rate).

Information on loans granted in a given financial year with particular consideration of loans granted to the Issuer's related parties, with

specification of the minimum of their amount, type and level of the interest rate, currency and due date.

In 2008, ULMA CONSTRUCCION POLSKA S. A. granted its subsidiary company: Ulma Opalubka Ukraina sp. z o.o. an investment loan in the amount of TEUR 3 100. The loan has a fixed interest rate at the market level. Pursuant to the Annex of 29 December 2010 the date of the loan repayment has been specified for 25 December 2013.

ULMA Construccion Polska S.A. granted its subsidiary company: ULMA Systems S.A. in liquidation a short-term loan in the amount of TPLN 3 500 with a fixed interest rate at the market level.

Information on warranties and guarantees granted and received in the financial year, with particular consideration of warranties and guarantees granted to the Issuer's related parties

ULMA Construccion Polska S.A. granted a guarantee of repayment of a bank loan contracted by ULMA Systems S.A. pursuant to a loan agreement concluded with Bank PEKAO S.A. (former Bank BPH). The total amount of the granted guarantee was PLN 1.0 million. The agreement expired on 30 June 2009.

As of the balance sheet date ULMA Construccion Polska S. A. held an agreement concluded on 27 September 2010 by and between ULMA Construccion Polska S.A. and FORTIS BANK POLSKA S.A. on a credit limit in the amount of TPLN 2 000 within which the following guarantees may be granted:
1. bid bond,
2. performance bond,
3. advance payment bank guarantee,
4. bank payment guarantee.

The agreement was concluded for the period of 10 years. As of the balance sheet date, the payment guarantees granted by the Bank under the above agreement amount to TPLN 854. The guarantees were granted with the validity period until 31 March 2011.

In the case of issue of securities in the period covered by the report - description of the use by the Issuer of proceeds from the issue until the date of preparation of the report from operations

During the period covered by the report ULMA Construccion Polska S. A. did not issue any securities.

Explanation of differences between the financial results disclosed in the consolidated annual statements and the forecasts of the results for a given year published previously.

The Capital Group does not publish any forecasts concerning the Group’s financial results.

Evaluation, together with its justification, concerning the management of financial resources, with particular consideration of the ability to settle incurred liabilities, and determination of potential risks and actions which have

been undertaken by the Issuer or which the Issuer intents to undertake in order to counteract these threats

All companies of the Capital Group settle their liabilities, both trade and loan ones, on an ongoing basis.

Due to the nature of their business object, i.e. lease (investments in fixed assets) the Group needs to use long-term financing.

In 2010, the Group continued the hitherto policy of financing its operations. Within this policy, the Group used long-term lines of credit until they were used up in Q1 2010. At present, capital expenditures are covered from the Group's own financial resources.

In 2010, the Capital Group supplemented its capital needs (formwork systems and scaffoldings) within the process of moving the capital from the countries of operations of the Parent Company (ULMA C y E S, Coop.) in which their utilization is low. Within that process the assets rented from subsidiary companies on an arm-length basis are moved, which allows the Capital Group to optimize management of its financial resources.

As of 31 December 2010, the debt ratio in the Group amounted to 47.6% as compared to 52.8% as of 31 December 2009. The decrease in the debt ratio is primarily due to a reduced long-term debt, which as of 31 December 2010 accounted for 28% of the balance sheet amount, while as of 31 December 2009 it accounted for 34% of the balance sheet amount.

As has been mentioned above, subsidiary companies of the Capital Group are exposed to the foreign currency exchange risk. The Capital Group seeks to mitigate this risk through active participation in the currency/forward market and actions aimed at seeking natural hedging methods.

The aforementioned risk relates primarily to the intra-group loan for Ulma Opalubka Ukraina sp. z o. o. denominated in EUR. Since The Management Board undertakes measures aimed at transferring this risk onto external clients through appropriate changes in price lists of products and offered services. Nonetheless, the effectiveness of those measures is not significant due to a recession in the construction market in Ukraine.

Evaluation of the ability to meet investment targets, including capital investments, in comparison with the amount of available funds, taking into account any possible changes in the structure of financing this activity

The major investment targets executed by the Group in 2010 were related to purchase of formwork systems and scaffoldings, particularly in order to increase the Group’s potential in the infrastructure segment in Poland.

Owing to the cash surplus generated in the course of its operating activities, the Group will be able to continue the aforementioned investments in the subsequent periods.

The Management Board does not assume as of the balance sheet date changes to the policy of financing the Group’s investments applied to date.

Evaluation of factors and non-standard events which affect the result of operations for the financial year with specification of the extent of the impact of those factors or non-standard events on the achieved result.

In 2010, no non-standards events which could, at present or in the subsequent years, significantly influence the Group's financial result occurred.

Description of external and internal factors which are material to the development of the Issuer's company together with the description of the prospects for such development with consideration of the market strategy developed by the Issuer

Internal factors material to the Capital Group's further development include:

- obtaining new competences by the Group (including those from the main shareholder from Spain) within design and abilities to utilize formwork systems and scaffoldings used in construction of complex engineering structures, particularly in the area of advanced technologies intended for road and bridge construction,

  the aforementioned measures resulted in a regular increase in the bridge and road sector within the Capital Group's revenue structure allowing for an effective diversification of the risk related to business operations, in particular in the housing sector

- a vast portfolio of products and services supplemented recently with e.g. scaffolding systems, MK universal formwork and security systems allowing for a comprehensive service of investments in all sectors of the construction market, with particular consideration of the bridge and road sector, as well as increasing market requirements as regards occupational health and safety,

- optimization of the logistics processes within *Regional Logistics Centres* allowing for a further increase in the quality of logistics services provided to clients, as well as cost optimization,

- reorganization of the structure of the Capital Group, including abandoning production in Starachowice (the production plant in Starachowice has been put into liquidation) which does not result in measurable organizational and economic benefits.

External factors which could significantly influence in the near future, both positively and negatively, the dynamics of the Group's development include:

- the economic and financial crisis affecting the development of the construction market, particularly the housing segment in Poland, resulting in a more intense competition struggle leading to price wars involving market participants

  In accordance with the preliminary data developed by the Central Statistical Office 27.2% fewer flats were placed into service than a year ago, which indicates a continuing regression in the housing construction segment

- increasing supply and complexity of contracts in particular in the road segment (bridges and viaducts) resulting in an increase in clients' requirements in the area of advanced technologies and experience in design.
  Within the last two years, the Capital Group continuously supplemented its knowledge and gained experience and references related to utilization of formwork systems and scaffoldings used in construction of complex engineering structures. Owing to that the Capital Group is able to effectively compete in that market segment through providing novelty solutions aimed at meeting increasingly more sophisticated and complex expectations of its clients.

- continuation of investments related to EURO 2012 in Poland and Ukraine as regards road infrastructure and large building construction (stadiums, hotels, leisure centres), as well as the country's ability to maintain the hitherto dynamics of utilization of EU funds in the framework of cohesion funds, including those intended for road and railway infrastructure.

- the necessity to start making in Poland considerable capital expenditures in the industrial segment (including power engineering) as a result of global arrangements and agreements on limitation of Co2 emissions.

- relaunching development of construction in Kazakhstan after a period of many year downturn as a result of the global crisis.

Changes in the basic principles of managing the Issuer's company and its capital group

In 2010, no changes in the basic principles of managing the parent company and the ULMA Construccion Polska S.A. Capital Group were introduced.

Changes in the composition of the management and supervisory bodies of the Issuer in the last financial year, principles of appointing and recalling managing persons and authorizing managing persons, in particular the right to decide on issue or redemption of shares

Pursuant to the Articles of Association the Management Board of the parent company: ULMA Construccion Polska S.A. is composed of one up to five members. The members of the Management Board are appointed and dismissed by the Supervisory Board. The term of office of a member of the Management Board is defined by the Supervisory Board; however, the term cannot exceed 3 years. The Supervisory Board defines also the number of members of the Management Board and appoints the President.
In accordance with the By-Laws of the Management Board of ULMA Construccion Polska S.A., the Management Board of the Company adopts resolutions in the matters as specified by the law and the Articles of Association, subject to the provision that resolutions adopting of which must be approved by the General Meeting of the Company or the Supervisory Board, may be adopted upon obtaining such consent. The Management Board adopts resolutions particularly in the matters related to:

- convening the General Meeting of Shareholders
- defining the detailed organization structure of the Company and its internal regulations,
- granting and revoking proxies and powers of attorney,
- incurring credits,
- making investments,
- determining the rules of the Company's remuneration system,
- setting the accounting principles and methods,
- setting detailed principles of the Company's financial policy,
- developing the Company's annual financial plans,
- developing the Company's long-term development plans,
- defining and announcing the date of payment of dividend designated to be paid out by the General Meeting.

Pursuant to the Articles of Association the Supervisory Board of the parent company: ULMA Construccion Polska S.A. is composed of five up to nine members appointed by the General Meeting. The term of office of the Supervisory Board is three years.

The Supervisory Board exercises permanent supervision over the Company's operations. Supervisory Board include in particular:

- balance sheet audit,
- audit of reports of the Management Board and its motions as regards distribution of profits or losses,
- suspending a member of the Management Board or the entire Management Board for important reasons,
- appointing a member or members of the Management Board to temporarily perform the obligations of the Management Board in case the entire Management Board has been suspended or is unable to perform its duties for other reasons,
- approving the By-Laws of the Company's Management Board,
- setting the rules of remuneration of the members of the Management Board,
- granting consent for investments and purchases in excess of 4/5 (four fifths) of the nominal value of the share capital or incurring credits in excess of this amount,
- choosing an expert auditor,
- granting consent to purchase or sell by the Management Board real property or interests in real property.

In 2010, there were no changes to the composition of the Supervisory Board of the parent company: ULMA Construccion Polska S.A.

All agreements concluded between the Issuer and managing persons assuming compensation in case of their resignation or dismissal from the position held without an important reason or when their recall or dismissal is due to a merger of the Issuer through takeover

There are no agreements concluded by and between the Companies of the ULMA Construccion Polska S.A. Capital Group and managing persons assuming compensation in case of their resignation or dismissal from the position held without an important reason or when their recall or dismissal is due to a merger of the parent company: ULMA Construccion Polska S.A. through takeover, except for non-competition agreements after termination of employment in the Companies of the Group. The aforementioned agreements assume the ban on undertaking activities competitive to those pursued by the Companies of the Group within the period between 6 and 18 months. Remuneration for refraining from conducting competitive activities constitutes, depending on the agreement, the equivalent of between 3-month and 18-month average remuneration of a given managing person.

Amount of remuneration, rewards and benefits, including those resulting from incentive or bonus schemes based on the Issuer's capital, including schemes based on senior bonds, convertible bonds, subscription warrants (in cash, in kind or in any other form), disbursed, due or potentially due, separately for each managing and supervising person of the Issuer in the Issuer's company, regardless of the fact that these were posted respectively to costs or resulted from profit distribution; in case the parent company or a major investor are the Issuer – separate information on the amount of remuneration or rewards received due to holding a position in the subsidiary companies' authorities; if relevant information was presented in the financial statements - the duty is deemed fulfilled through indicating the item in which it is recognized in the financial statements

The aforementioned information was included in Note 30 of the Additional Information to the consolidated financial statements.

Determination of the total number and nominal value of all shares of the Issuer and shares in the Issuer's related parties held by managing and supervising persons (separately for each person)

To our best knowledge, no member of the Management Board or the Supervisory Board holds shares in the parent company: ULMA Construccion Polska S.A. as of the date of passing this report.

Identification of shareholders holding directly or indirectly or via their subsidiary companies the minimum of 5% of the total number of votes at the Issuer's General Meeting, with details of the number of shares held by such shareholders, their percentage share in the share capital, the number of votes they entitle to and their percentage share in the total number of votes at the General Meeting

As of the date of passing this annual report, there are the following shareholders holding over 5% of the total number of votes:

- ULMA C y E S, Coop. (Spain) holding directly 3 967 290 shares of ULMA Construccion Polska S.A., equivalent to 75.49% in the share capital of the Company and entitling to 3 967 290 votes at the General Meeting, equivalent to 75.49% of the total number of votes,
- Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK holding directly 306 822 shares of ULMA Construccion Polska S. A., equivalent to 5.84% in the share capital of the Company and entitling to 306 822 votes at the General Meeting, equivalent to 5.84% of the total number of votes.

Information on the agreements the Issuer is aware of (including those concluded following the balance sheet date) which may result in future changes to the distribution of shares held by the hitherto shareholders and bondholders.

To our best knowledge, there are no agreements which may result in future changes to the distribution of shares held by the hitherto shareholders.

Identification of shareholders of any securities which entitle to special control rights in relation to the Issuer, with details of the rights

As of the date of passing this report, there are no securities entitling to special control rights in relation to the parent company: ULMA Construccion Polska S.A.

Information on the control system of employee share programmes

There is no employee share program in the companies of the ULMA Construccion Polska S.A. Capital Group.

Information on:

a) date of conclusion by the Issuer of an agreement with an entity authorized to audit financial statements on audit or review of the financial statements or the consolidated financial statements, as well as on the period for which the agreement was concluded,

b) remuneration of the entity authorized to audit financial statements, disbursed or due for the financial year separately for:

- ***Audit of the annual financial statements***
- ***Other attestation services, including a review of the financial statements***
- ***Tax advisory services***
- ***Other services***

The review of the interim financial statements of ULMA Construccion Polska S.A. and audit of the financial statements of ULMA Construccion Polska S.A. and the consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for 2010 were performed by KPMG Audyt Sp. z o.o. spółka komandytowa pursuant to the agreement concluded on 23 June 2010. The total remuneration under the aforementioned agreement amounts to TPLN 195, including remuneration for a review of the interim financial statements – TPLN 85.

The review of the interim financial statements of ULMA Construccion Polska S.A. and audit of the financial statements of ULMA Construccion Polska S.A., the financial statements of ULMA System S.A. and the consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for 2009 were performed by KPMG Audyt Sp. z o.o. pursuant to the agreement concluded on 28 June 2009. The total remuneration under the aforementioned agreement amounts to TPLN 210, including remuneration for a review of the interim financial statements – TPLN 90.

On 9 December 2009, ULMA System S.A. concluded an agreement with KPMG Audyt Sp. z o.o. on audit of the interim financial statements for the period of 10 months ended on 31 October 2009. The remuneration under the aforementioned agreement amounts to TPLN 6.5.

Translation of selected financial data into EUR

Translations of selected financial data into EUR has been presented in the table below:

ITEM	**in PLN '000**		**EUR '000**	
	12 months 2010	12 months 2009	12 months 2010	12 months 2009
Net revenues from sales of products, goods and materials	215 351	175 446	53 779	40 419
Operating profit/(loss)	27 329	3 959	6 825	912
Gross profit/(loss)	13 460	(6 578)	3 361	(1 515)
Net profit/(loss)	10 231	(5 484)	2 555	(1 263)
Net operating cash flow	110 220	77 313	27 525	17 811

Net cash flow from investments	(81 946)	(103 715)	(20 464)	(23 894)
Net cash flow from financing activities	(45 729)	42 516	(11 420)	9 795
Net cash flow	(17 455)	16 114	(4 359)	3 712

	in PLN '000		**in PLN '000**	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Total assets	511 769	544 581	129 224	132 560
Liabilities	243 615	287 779	61 514	70 050
Long-term liabilities	144 611	183 875	36 515	44 758
Short-term liabilities	99 004	103 904	24 999	25 292
Equity	268 154	256 802	67 710	62 510
Share capital	10 511	10 511	2 654	2 559
Weighted average number of shares	5 255 632	5 255 632	5 255 632	5 255 632
Number of shares as of the balance sheet date	5 255 632	5 255 632	5 255 632	5 255 632
Book value per share (in PLN/EUR)	51.02	48.86	12.88	11.89
Diluted profit per share	1.95	(1.04)	0.49	(0.24)
Profit per ordinary share (PLN/EUR)	1.95	(1.04)	0.49	(0.24)

The specific asset and equity as well as liability items were translated into EUR at the average rates of exchange announced by the President of the National Bank of Poland prevailing as of the balance sheet date. The EUR average rate as of 31 December 2010 was PLN 3.9603, and as of 31 December 2009 – PLN 4.1082.

While translating the items of the total income statement and cash flow account items, a rate being the arithmetic mean of the rates prevailing as of the last day of each month in a given period was applied. For the period 1 January – 31 December 2010 this rate was PLN/EUR 4.0044, while the data for the analogous period in 2009 were translated at the rate PLN/EUR 4.3406.

Investor relations

In order to promote correct investor relations, the Group appointed a person responsible for contacts with the Stock Exchange, the Financial Supervision Authority and shareholders.

Jolanta Szeląg
jolanta.szelag@ulma-c.pl
(22) 506-70-00

Statement by the Management Board of the parent company

These consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for 12 months ended on 31 December 2010 were approved by the Management Board of ULMA Construccion Polska S.A. on 8 March 2011.

These consolidated financial statements for 12 months ended on 31 December 2010 were prepared in order to present the economic and financial condition, as well as the results of operations of the ULMA Construccion Polska S.A. Capital Group.

These consolidated financial statements for 12 months ended on 31 December 2010 were prepared compliant with International Financial Reporting Standards – IFRS - and the related interpretations announced in the form of regulations of the European Commission.

These consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for 12 months ended on 31 December 2010 include:

- consolidated statement of financial position
- consolidated total income account
- statement of changes in consolidated equity
- consolidated cash flow account
- additional information.

To our best knowledge, the consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for 12 months ended on 31 December 2010 and the consolidated comparable data were prepared in accordance with applicable accounting standards and reflect in a true, reliable and clear manner the economic and financial condition of the ULMA Construccion Polska S.A. Capital Group and its financial result, and the report of the Management Board from operations of the ULMA Construccion Polska S.A. Capital Group for 12 months of 2010 contains a true view of the development and achievements and condition of the Group, including details of major hazards and risks.

The entity authorized to audit financial statements which reviewed the consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for 12 months ended on 31 December 2010 was selected in compliance with the applicable regulations. The entity and the expert auditors who reviewed the financial statements meet the requirements to issue an impartial and independent opinion on the audited consolidated statements of the ULMA Construccion Polska S.A. Capital Group for 12 months ended on 31 December 2010, in compliance with the applicable regulations and professional standards.

On behalf of the Management Board of ULMA Construccion Polska S.A.

Andrzej Kozłowski, President of the Management Board
....

Andrzej Sterczyński, Member of the Management Board
....

Krzysztof Orzełowski, Member of the Management Board
....

José Irizar Lasa, Member of the Management Board...

José Ramón Anduaga Aguirre, Member of the Management Board

....

Warsaw, 8 March 2011