



**Report of the Management Board from operations of
ULMA Construcccion Polska S.A.
for 12 months ended on 31 December 2010**

Business objects of ULMA Construcccion Polska S.A.

ULMA Construcccion Polska S.A. with its registered office at ul. Klasyków 10 acts as a joint stock company entered into the Register of Entrepreneurs by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register under KRS number 0000055818. The Company was established through the transformation into a joint-stock company of Bauma Spółka z ograniczoną odpowiedzialnością pursuant to the relevant entry in the notary deed, Ref. A-5500/95 on 15 September 1995. Due to the type of its business objects, ULMA Construcccion Polska S.A. was designated no. 7132 in the Polish Classification of Activities (PKD).

The business objects of the Company include:

1. Rental and sale of building scaffoldings and formwork, including leasing thereof,
2. Other specialist construction works,
3. Works related to construction of roads and motorways,
4. Works related to construction of railroads and underground railway,
5. Construction works related to erection of housing and non-housing buildings,
6. Wholesales of wood, construction materials and sanitary equipment,
7. Representative services consisting in sale of wood and construction materials,
8. Road transportation of goods,
9. Manufacture of metal structures and parts thereof,
10. Repairs and maintenance of metal finished products,
11. Excavation of gravel and sand, excavation of clay and kaolin,
12. Excavation of ornamental stone and stone for construction purposes, lime rocks, gypsum, chalk and slate,
13. Services related to architecture,
14. Engineering services and related technical support,
15. Execution of construction projects related to building erection,
16. Site preparation works,
17. Disassembly and demolition of buildings,
18. Other services not classified elsewhere, except for insurance and pension funds,
19. Other services related to the business of the Company,
20. Accounting and tax consulting.

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 Company's financial statements for the years 2009-2010 have been presented.

Total income statement

	Q1 2010	Q2 2010	Q3 2010	Q4 2010	2010	2009	Dynamics in 2010/2009
Sales revenues	38 767	51 608	57 769	57 632	205 776	166 663	1.23
Costs of sold products, goods and materials	(36 625)	(42 823)	(44 490)	(41 972)	(165 910)	(151 038)	1.10
Gross profit on sales	2 142	8 785	13 279	15 660	39 866	15 625	2.55
Costs of sales and marketing	(967)	(1 397)	(694)	(2 694)	(5 752)	(4 894)	1.18
Overheads	(2 370)	(2 382)	(2 305)	(2 452)	(9 509)	(8 948)	1.06
Other net operating costs	(343)	(745)	(1 326)	261	(2 153)	(1 193)	1.80
Operating profit/(loss)	(1 538)	4 261	8 954	10 775	22 452	590	38.05
Financial income	5 203	15 655	899	465	22 222	14 023	1.58
Financial expenses	(4 425)	(2 622)	(3 905)	(3 481)	(14 433)	(13 234)	1.09
Gross profit	(760)	17 294	5 948	7 759	30 241	1 379	21.93
Income tax	830	(402)	(1264)	(1 629)	(2 465)	1 559	-
Net profit	70	16 892	4 684	6 130	27 776	2 938	9.45
Other Income	-	-	-	-	-	-	-
Total income	70	16 892	4 684	6 130	27 776	2 938	9.45
Operating profitability (%)	(3.97)	8.26	15.50	18.70	10.91	0.36	-
Net profitability (%)	0.18	32.73	8.11	10.64	13.50	1.77	-

Operating profitability = $\frac{\text{Operating profit} \times 100\%}{\text{Sales revenues}}$

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

Sales revenues

Statement of financial position

	31 December 2010	Stru cture %	31 December 2009	Struc ture %	Dyna mics
Tangible fixed assets	413 263	78	440 742	80	0.94
Other fixed assets	29 048	5	31 719	6	0.92
Total fixed assets	442 311	83	472 461	86	0.94
Stocks	5 891	1	1 836	1	3.21
Receivables	76 383	15	55 872	10	1.37
Derivative instruments	177	-	846	-	0.21
Other working assets	5 505	1	17 436	3	0.32
Total working assets	87 956	17	75 990	14	1.17
Total assets	530 267	100	548 451	100	0.97
Share capital	10 511	2	10 511	2	1.00
Supplementary capital	114 990	22	114 990	21	1.00
Retained profits	160 722	30	132 946	24	1.21
Total equity	286 223	54	258 447	47	1.11
Long-term liabilities	145 669	27	185 355	34	0.79
Short-term liabilities	98 375	19	104 649	19	0.94
Total liabilities	244 044	46	290 004	53	0.84
Total equity and liabilities	530 267	100	548 451	100	0.97
Return on equity (%)	10.7	-	1.1	-	-
Debt ratio (%)	46.0	-	52.9	-	-
Trade receivables turnover (in days)	129	-	121	-	-
Trade liabilities turnover (in days)	60	-	87	-	-
Liquidity ratio	0.9	-	0.7	-	-

Return on equity = $\frac{\text{Net profit for the financial year} \times 100\%}{\text{Equity} - \text{net profit for the financial year}}$

Debt ratio = $\frac{\text{Liabilities} \times 100\%}{\text{Total equity and liabilities}}$

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

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

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

Market environment in 2010

Market 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 since May 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 **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. On the one hand this increased the competitiveness of offers, but on the other hand it means increased risk related to commissioning contract servicing to companies which do not have relevant experience and contracting capacities.

Relatively good statistics concerning the construction sector in Q2 did not translate into exchange listing of construction companies, nor into the GUS outlook indicators, suggesting its worsening. Differences in the picture of the industry may result from the fact that construction companies executed and settled at that time contracts won in hard times, when they had lower margins. Reduced backlogs of orders and unfavourable forecasts in that regard concerning Q1 2011 must also be taken into account.

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 Company generated total sales revenues of TPLN 205 776 in comparison to TPLN 166 663 generated in 2009 (a decrease by 23.0%).

The growth in sales revenues concerns mainly the Company's basic object, i.e. rental of formwork systems and scaffoldings. Total revenues from those operations amounted in 2010 to TPLN 186 925 as compared to TPLN 136 877 in the analogous period of the preceding year (a growth by TPLN 50 048, i.e. 36.6%).

In 2010, the Company generated total sales revenues of TPLN 8 931 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 9 761 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 Company managed to win in that market several major contracts, including contracts on formwork and scaffoldings for the purposes of the construction of a large 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 Company achieved a profit on operations, i.e. TPLN 22 452 as compared to TPLN 590 in the preceding year (an increase by TPLN 21 862).

The aforementioned operating result was influenced by higher revenues from the Company's basic objects, 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	38 767	51 608	57 769	57 632	205 776	166 663
EBIT	(1 538)	4 261	8 954	10 775	22 452	590
% of sales	(3,97)	8.26	15.50	18.70	10.91	0.35
Amortization/depreciation	19 131	19 566	20 148	19 826	78 671	69 148
EBITDA	17 593	23 827	29 102	30 601	101 123	69 738
% of sales	45,38	46.17	50.38	53.10	49.14	41.84

In 2010, the Company recorded an increase in EBITDA – in the absolute terms – of TPLN 31 385 (i.e. by 45%) – the EBITDA profitability (EBITDA as a % of sales) amounted to 49%, 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, i.e. rental of formwork systems and scaffoldings, resulting from the better economic outlook in 2010, and
- increasing unit prices for the offered services after a period of an intensified price war between market participants in 2009.

Moreover, better operating results achieved by the Company resulted also from diverse reorganization measures started in 2009, aimed at adjusting the cost structure 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.

Transactions hedging against currency exchange risk

The Company purchases 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 in liquidation and from other external companies.

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

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

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

The basic figures concerning NDF contracts concluded by the Company 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	177	846
Liabilities under NDF valuation as of the balance sheet date	-	-

b) recognized in the total income statement

2010	2009
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Result for the period due to execution of the previously concluded NDF contracts – (other operating expenses item)	(60)	790
Result of valuation of NDF contracts as of the balance sheet date – (other operating expenses item)	82	(493)
Result for the period due to valuation of NDF contracts as of the balance sheet date – financing activities	720	987
Total result for the period due to NDF contracts	742	1 284

The results of hedging transaction achieved in 2010 neutralize to a large extent foreign currency exchange risk the Company 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 2 732 as compared to TPLN 1 661 in 2009.

Financial income and expenses

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

The balance of bank credits (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 Construcción Polska S. A. granted its daughter company: Ulma Opalubka Ukraina sp. z o. o. an internal loan in the amount of TEUR 3 100.

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 Company does not apply Financial Hedging). In 2010, change to valuation of the aforementioned forward instruments was positive and amounted to TPLN 720.

Dividend in the amount of TPLN 20 000 (TPLN 11 440 in 2009) which the Company received from its subsidiary company – ULMA System S.A. is the key financial income item of the Company in 2010.

Furthermore, in 2010 the Company generated revenues from interest on the loans granted to its subsidiary companies (ULMA System S.A. in liquidation and ULMA Opalubka Ukraina Sp. z o.o.) in the total amount of TPLN 1 390 (in 2009, interest revenues amounted to TPLN 1 261).

Net profit

Following deduction of corporate income tax the Company achieved in 2010 a positive financial result in the amount of TPLN 27 776, as compared to the positive net result achieved in the preceding financial year amounting to TPLN 2 938 (an increase by TPLN 24 838). While analyzing data for the particular quarters of 2010 one should pay attention to the net profitability which increased from quarter to quarter. In Q1 2010, it amounted to 0.18% (with net profit of TPLN 70 in Q4 2010 it reached 10.64% (with a net profit of TPLN 6 130).

Cash flow

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

	<u>2010</u>	<u>2009</u>	<u>Dynamics</u>
Net profit	27 776	2 938	9.45
Amortization/depreciation	78 671	69 148	1.14
Total cash surplus	106 447	72 086	1.48
Other operating cash flow	(10 103)	13 508	-
Net operating cash flow	96 344	85 594	1.13
Net cash flow from investments	(66 288)	(113 405)	0.58
Net cash flow from financing activities	(45 729)	42 522	-
Net cash flow	(15 673)	14 711	--

Operating cash flow

In 2010, the Company had a positive financial surplus (net profit + depreciation/amortization) in the amount of TPLN 106 447. Its level was higher than that of 2009 by TPLN 34 361, i.e. by approximately 48%.

Operating cash flow amounted in 2010 to TPLN 96 344 as compared to TPLN 85 594 in 2009. Besides the financial surplus they account for the effect of settlement of trade accounts (liabilities and receivables) between 2009 and 2010 based on trade credits. As a result, the Company maintains its capacity to generate added value, the amount of which is positively affected by the discipline over management of its operating expense structure.

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 Company, the aforementioned factors resulted in:

- an increase in receivable write-downs (TPLN 14 426 as of 31 December 2010 (including receivable write-downs due to delay interest in the amount of TPLN 1 520) as compared to TPLN 11 382 as of 31 December 2009, and
- a worse receivable turnover ratio (*table below*)

	31 December 2010	31 December 2009
1. Net trade receivables	72 747	55 130
2. Sales revenues for 12 months following the balance sheet date	205 776	166 663
3. Number of days	365	365
4. Rotation ratio (1*3/2)	129	121

The Company 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 the Company's clients at the time of commencement of cooperation and when it is progress.

Cash flow from investments

In 2010, the Company 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 85 829 as compared to TPLN 85 438 in 2009.

The other significant amounts as far as cash flow from investments is concerned include inflows in the amount of TPLN 20 000 due to the dividend received from its subsidiary ULMA System S.A. in liquidation.

Cash flow from financing activities

In 2010, cash flows from financing activities amounted to TPLN 45 729 as compared to TPLN 42 522 in 2009.

As has already been mentioned, the Company uses bank credits to finance investments related to purchase of products for rent. In 2010, the Company 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 Company recorded in 2010 a decrease in cash by TPLN 15 673 to the level of TPLN 1 803 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

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 a 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 BUILDECEN'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 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. Banks' liquidity increased considerably, which led to unblocking lending by banks.

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

Foreign exchange risk

The Company purchases products (formwork systems and accessories thereto) from the parent company based in Spain or other entities located outside Poland. On the other hand, the Company and its agencies are active on export markets. As a result, the Company 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 risk related to financial instruments has been described in note 2 to the financial statements of ULMA Construcción 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 Construcción Polska S.A. or a subsidiary thereof with minimum value equivalent to 10% of the equity of ULMA Construcción 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 Construcción 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 Construcción 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 Construcción Polska S.A. subsidiaries thereof with a value in excess of 10% of their equity.

Proceedings concerning receivables of ULMA Construcción Polska S.A.:

ULMA Construcción 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 Construcción 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 Construcción Polska S.A.

Creditor	Debtor	Value of dispute in PLN '000	Proceeding commencement date
ULMA Construcción Polska S.A.	PRIB EKO PRZEM SP. Z O.O.	1 096	17-03-2010 - bankruptcy

ULMA Construcción Polska S.A.	MPRD S.A.	824	08-12-2006 - bankruptcy
ULMA Construcción Polska S.A.	GRUPA BIP	792	24-04-2009 - bankruptcy
ULMA Construcción Polska S.A.	LPBO S.A.	762	23-03-2009 - bankruptcy
ULMA Construcción Polska S.A.	FENIX SP. Z O.O.	608	29-10-2010 – warrant for payment
ULMA Construcción Polska S.A.	IMA BUD DEVELOPMENT SP. Z O.O.	592	20-11-2007 - enforced collection
ULMA Construcción Polska S.A.	DOMKAR-BUDOWNICTWO	578	10-11-2010 - enforced collection
ULMA Construcción Polska S.A.	MAXER S.A.	552	28-04-2006 - bankruptcy
ULMA Construcción 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 Company'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, ULMA Construcción Polska S.A. 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,

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 Company's sales are concentrated on the domestic market. The total sales on that market account for over 96% of the Company'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 through the Company's own sales network mainly on the eastern and southern European markets and in Asia. In 2010, the share of export in the Company's total sales revenues accounted for nearly 11% 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 Company in its plant in Starachowice in liquidation. However, a significant part of supplies comes from the principal shareholder from Spain - in 2010 purchases from Spain accounted for 14.1% of the Company's total sales.

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 ULMA Construcción Polska S. A. did not enter into any agreements with its 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 Company.

Major 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 Construcción 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.

Information on the Issuer's organizational or capital relations with other entities with specification of its major domestic and overseas investments (securities, financial instruments, intangible fixed assets and real properties), including

capital expenditures made outside its group related companies, and the description of the way of their financing

The ULMA Construcción Polska S.A. Capital Group is controlled by ULMA C y E, S. Coop. with its registered office in Spain which holds 75.49 % of the Company's shares. The remaining 24.51% of the shares are held by numerous shareholders.

The ULMA Construcción Polska S.A. is composed of the following companies:

Parent company:

- ULMA Construcción Polska S.A., a joint stock company with its registered office in Warsaw, at ul. Klasyków 10. On 15 September 1995, the Company was transformed pursuant to the resolution of the Extraordinary Shareholder Meeting from a limited liability company into a joint stock company (Notary Deed of 15 September 1995, Ref. A 5500/95). The Company was registered in the National Court Register by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register under KRS number 0000055818.

Subsidiary companies:

- 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 KRS number 0000054140. The business objects of the Company include manufacturing of metal products and structures. The issuer's share in the capital and in the total number of votes is 100%.
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.
- 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. The business object of the company is sale and rental of formwork as well as sale of construction materials. The Issuer's share in the capital and the total number of votes is 100%.
- ULMA Opałubka Kazachstan in Astana at 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/. The Company's business object consists in sale and rental of formwork, as well as sale of construction materials. The Issuer's share in the capital and the total number of votes is 100%.

Associated company:

- ULMA Cofraje SRL with its registered office in Bucharest at Chitilei 200 was entered on 2 November 2007 into the Romanian National Trade Registers under number J23/2922. The Issuer's share in the capital and the total number of votes is 30%.

Information about significant transactions concluded by the Issuer or a subsidiary thereof with related companies under terms and conditions other than those concluded on an arm's length basis with details of their values and information specifying the nature of those transactions.

The transactions concluded in 2010 by ULMA Construcccion Polska S. A. and its subsidiary companies with its related companies were typical and routine. They 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 Company.

The major transactions included purchases of formwork and overhaul services related to formwork systems made by ULMA Construcccion Polska S. A. from ULMA System S.A. in liquidation for TPLN 16 691 and purchases mainly 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.

The table below presents all the credit, loan and guarantee agreements with ULMA Construcccion Polska S. A. being a party thereto.

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 their due dates, and granted warranties and guarantees, with particular consideration of loans, warranties and guarantees granted to the Issuer's related parties

ULMA Construcción 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 Construcción 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.

As of the balance sheet date ULMA Construcción Polska S. A. held an agreement concluded on 27 September 2010 by and between ULMA Construcción Polska S.A. and FORTIS BANK POLSKA S.A. on a credit limit in the amount of TPLN 2 000 within which the following types of 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

In 2010, ULMA Construcción Polska S.A. did not issue any securities.

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

ULMA Construcción Polska S.A. does not publish any forecasts concerning the Company'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 intends to undertake in order to counteract these threats

All Company settles its 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 Company needs to use long-term financing.

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

In 2010, the Company 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 Company amounted to 46.0% as compared to 52.9% 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 27% 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, the Company is exposed to the foreign currency exchange risk. The Company seeks to mitigate this risk through active participation in the currency/forward market and actions aimed at seeking natural hedging methods.

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 Company in 2010 were related to purchase of formwork systems and scaffoldings, particularly in order to increase the Company's capacities in the infrastructure segment in Poland.

Owing to the held lines of credit and cash surplus generated in the course of its operating activities, the Company 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 Company'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 Company'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 Company's further development include:

- obtaining new competences by the Company (including those from the main shareholder from Spain) within design and abilities to develop a commercial offer adjusted to forecasts of development of the construction market in Poland, particularly in the area of advanced technologies intended for road and bridge construction, as well as security systems,
- a regular increase in the bridge and road sector within the Company's revenue structure indicating flexible adjustment to the structure of the construction market and its development tendencies,

- 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,
- linking trade, logistics and design structures within a *matrix structure* with determination of new roles and competences of particular members in the sales and bidding process.

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

- the economic and financial crisis affecting the development of the construction market (particularly the housing segment), resulting in a more intense competitive struggle leading to price wars,
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 infrastructure segment resulting in an increase in clients' requirements in the area of advanced technologies and experience in design.
- 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 inflow of EU funds in the framework of cohesion funds, including those intended for road and railway infrastructure, ecology and power engineering,
- development of new export directions, including the possibility of initiating cooperation with contractor companies in the Russian market (in particular in Sochi - the host of winter Olympic Games in 2014) and in Kazakhstan.

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 Construcción 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 Company's Management Board 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 Construcción 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 Company's Supervisory Board 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 Management Board and the Supervisory Board of ULMA Construcción 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 ULMA Construcción Polska S.A. 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 ULMA Construcción Polska S.A. through takeover, except for non-competition agreements after termination of employment in the Company. The aforementioned agreements assume the ban on undertaking activities competitive to those pursued by the Company 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 28 of the Additional Information to the 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 ULMA Construcción 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 Construcción Polska S.A., equivalent to 75.49% in the Company's share capital and entitling to 3 967 290 votes at the General Meeting, equivalent to 75.49% of the total number of votes,
- Aviva Otworthy Fundusz Emerytalny Aviva BZ WBK holding directly 306 822 shares of ULMA Construcción Polska S. A., equivalent to 5.84% in the Company's share capital 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 ULMA Construcccion Polska S.A.

Information on the control system of employee share programmes

There is no employee share program in ULMA Construcccion Polska S.A.

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 Construcccion Polska S.A. and audit of the financial statements of ULMA Construcccion Polska S.A. and the consolidated financial statements of the ULMA Construcccion Polska S.A. Capital Group for 2010 were performed by KPMG Audyty 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 Construcccion Polska S.A. and audit of the financial statements of ULMA Construcccion Polska S.A. and the consolidated financial statements of the ULMA Construcccion Polska S.A. Capital Group for 2009 were performed by KPMG Audyty Sp. z o.o. pursuant to the agreement concluded on 28 June 2009. The total remuneration under the aforementioned agreement amounts to TPLN 175, including remuneration for a review of the interim financial statements – TPLN 80.

In 2009 and in 2010, the Company did not conclude any agreements with an entity authorized to audit financial statements on provision of services other than audit and review of financial statements and consolidated financial statements.

Translation of selected financial data into EUR

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

ITEM	in PLN '000		in EUR '000	
	12 months 2010	12 months 2009	12 months 2010	12 months 2009
Net revenues from sales of products, goods and materials	205 776	166 663	51 387	38 396
Operating profit/(loss)	22 452	590	5 607	136
Gross profit/(loss)	30 241	1 379	7 552	318
Net profit/(loss)	27 776	2 938	6 936	677

Net operating cash flow	96 344	85 594	24 060	19 719
Net cash flow from investments	(66 288)	(113 405)	(16 554)	(26 126)
Net cash flow from financing activities	(45 729)	42 522	(11 420)	9 796
Net cash flow	(15 673)	14 711	(3 914)	3 389

	in PLN '000		in EUR '000	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Total assets	530 267	548 451	133 896	133 501
Liabilities	244 044	290 004	61 623	70 591
Long-term liabilities	145 669	185 355	36 782	45 118
Short-term liabilities	98 375	104 649	24 840	25 473
Equity	286 223	258 447	72 273	62 910
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)	54.46	49.18	13.75	11.97
Diluted profit per ordinary share (PLN/EUR)	5.29	0.56	1.33	0.13
Basic profit per ordinary share (PLN/EUR)	5.29	0.56	1.33	0.13

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 Company appointed a person responsible for contacts with the Stock Exchange, the Financial Supervision Authority and shareholders.

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Statement by the Company's Management Board

These financial statements of ULMA Construccin Polska S.A. for 12 months ended on 31 December 2010 were approved by the Company's Management Board on 8 March 2011.

These 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 ULMA Construccin Polska S.A.

These financial statements of ULMA Construcción Polska S.A. 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 ULMA Construcción Polska S.A. for 12 months ended on 31 December 2010 include:

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

To our best knowledge, the financial statements of ULMA Construcción Polska S.A. for 12 months ended on 31 December 2010 and the 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 ULMA Construcción Polska S.A. and its financial result, and the report of the Management Board from the Company's operations contains a true view of the Company's development and achievements, including details of major hazards and risks.

The entity authorized to audit financial statements which reviewed the financial statements of ULMA Construcción Polska S.A. 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 statements of ULMA Construcción Polska S.A. 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 Construcción 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