



Report of the Management Board on operations of the ULMA CONSTRUCCION POLSKA S.A. CAPITAL GROUP for 6 months ended 30 June 2010

Description of the organization of the Capital Group

As of 30 June 2010, the ULMA Construcción Polska S.A. Capital Group ("Group", "Capital Group") was composed of the following entities:

- 1) ULMA Construcción Polska S.A. - **the parent entity** of the ULMA Construcción 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 market,
- 2) ULMA SYSTEM S.A. in liquidation - **a subsidiary** serving as a centre of manufacturing and repair systems, formwork and accessories for the Capital Group and foreign markets, On 31 May 2010, Extraordinary General Meeting of Shareholders ULMA System S.A. adopted a resolution on liquidation of the Company.
- 3) ULMA Opatubka Ukraine 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. - **an associated company** responsible for trading operations concerning the products and services offered by the Capital Group on the Romanian market.

The subsidiary companies are subject to full consolidation. The associated company is consolidated using the equity method.

Business objects of the Capital Group.

Capital Group ULMA Construcccion S.A. Poland 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 Construcccion 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, XIII Commercial Division of the National Court Register.
- 2) ULMA System S.A. with its registered office in Starachowice at ul. Radomska 29 established on 11 July 2000 - Notary Deed Ref. A 2105/2000. The company was registered by a decision of the District Court in Kielce, X Commercial Division in the Register of Entrepreneurs under number KRS 0000054140.
On 31 May 2010, the Extraordinary General Meeting of Shareholders ULMA System S.A. adopted a resolution on liquidation of the Company.
- 3) ULMA Opalubka Ukraina with its registered office in Kiev at ul. Gnata Juri 9 entered on 18 July 2001 into the State Register of the Republic of Ukraine under number 5878/01 (identification code 31563803),
- 4) ULMA Cofraje SRL with its registered office in Bucharest at ul. Chitilei 200 entered on 2 November 2007 into the Commercial Register of Romania under number J23/2922.

Brief description of the Issuer's major achievements or failures in the concerned period, with the list of the most important events related to them and the list of factors and events, in particular untypical ones, which have significant influence on the achieved financial results

Market environment in Poland

According to the Central Statistical Office (GUS) the value of construction and assembly production in H1 2010 was lower by 6.1% as compared to the analogous period of the previous year. In particular sectors those decreases were as follows: housing - 16%, non-housing - 5.5%, engineering - 3.9% (in the road and bridge subsector +0.8%). Negative dynamics resulted primarily from difficult atmospheric conditions in January and February (a long and frosty winter). In Q2, in spite of a flood, first symptoms of recovery in the sector were observed. In May, for the first time the construction production increased as compared to the analogous month in the previous year by 2.3%, while in June it was already 9.6% higher than one year before. Symptoms of upturn can be observed also based on the main ratios referring to the sector - the employment, remuneration and price dynamics in construction in the subsequent months begin to accelerate.

Market environment abroad

The Ukrainian economy seems to be recovering from a major crisis. Positive industry production dynamics in Q1 2010 amounted to 12%, credit ratings for Ukraine are improving. Construction and assembly production remained at a low level, showing a nearly 20% decrease as compared to the analogous period of the past year. Works related to construction of the EURO 2012 stadiums are being continued; however, there is still no progress as far as commencement of the road construction programme is concerned.

In Kazakhstan in H1 2010 a 3.9% decrease in construction production as compared to the analogous period of the previous year was observed but industrial production showed apparent positive dynamics: 11%. In June the International Currency Fund granted Kazakhstan a USD 1 billion loan in the framework of aid within implementation of the government economy programme, which attests to the institution's confidence in the rightness of the economy policy adopted by the government.

Sales revenues

In H1 2010, the Capital Group generated total sales revenues of TPLN 95 504 as compared to TPLN 83 874 generated in the analogous period in the previous year (an increase by 14%).

The increase in sales revenues concerned primarily the basic business object of the Capital Group, i.e. rental of formwork systems. Total revenues generated due to those operations amounted in H1 2010 to TPLN 82 213 as compared to TPLN 65 053 generated in the analogous period of the previous year (an increase by TPLN 17 160, i.e. 26%).

Increase in the revenues generated by the Capital Group followed a construction upturn in Poland. In Q2 2010, a number of major engineering contracts entered the execution phase. In numerous cases construction works covered by those projects were delayed due to a long winter and difficult atmospheric conditions which occurred in Q1 2010. An upturn can be observed also in the large building segment (including the housing segment). As a result of the aforementioned changes in the market environment the unit prices of offered products and services are increasing slowly but systematically.

In H1 2010, the Capital Group generated TPLN 4 795 of total revenues from export of goods and services onto eastern markets (*i.e. operations executed via the branch in Kazakhstan or via a group of intermediaries in such countries as Latvia, Russia, Bulgaria, etc.*). These revenues were higher by TPLN 402 i.e. 9% as compared to the data for the analogous period of the previous 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.

Operating profitability

In H1 2010, the Capital Group achieved a positive result on operations, i.e. TPLN 3 983 as compared to TPLN - 229 in the analogous period of the preceding year (a decrease by TPLN 4 212).

The aforementioned result on operations was positively affected by lower revenues from the basic object of the Capital Group, i.e. rental of formwork systems and scaffoldings, compared to those generated in the analogous period of the preceding year.

The highest – in terms of value – prime costs of the operating activities include depreciation write-offs which the Capital Group incurs due to assets held by it (mainly formwork systems and scaffoldings, as well as the Logistics Centre in Poznań put into service in Q4 2008 and the Logistics Centre in Jaworzno put into service in Q3 2009). The amount of depreciation write-offs in H1 2010 increased by 15.5% as compared to the analogous period of the preceding year, as a consequence of an increase in the value of the assets held by the Capital Group.

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

	Q1 2010	Q2 2010	H1 2010	H1 2009
Sales	40 266	55 238	95 504	83 874
EBIT	(2 003)	5 986	3 983	(229)
% of sales	(4.98)	10.84	4.17	(0.27)
Amortization/depreciation	18 839	19 261	38 100	32 980
EBITDA	16 836	25 247	42 083	32 751
% of sales	41.81	45.71	44.06	39.05

In H1 2010, the Capital Group recorded an increase in EBITDA – in the absolute terms – of TPLN 9 332 (i.e. by 28.5%) – the EBITDA profitability (EBITDA as a % of sales) amounted to 44%, compared to 39% in the analogous period of the preceding year.

The most significant factors influencing the EBITDA increase (in absolute terms) 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, which has a positive effect on the degree of covering the expenses of operations, which due to their specific nature are fixed costs,
- increasing unit prices for the offered services resulting from a better outlook in construction,
- reductions of the costs of the logistic functions as a consequence of launching of the Regional Logistics Centre in Poznań and the Regional Logistics Centre in Jaworzno. As a result of those operations, warehousing and logistic functions were centralized, part of local warehouses was closed, and employment was optimized.

Furthermore, the Capital Group continues preparations for construction of the Regional Logistics Centre in Warsaw. At present, the construction documentation is being developed (concepts and projects), and the construction is scheduled to commence in Q4 2010.

In H1 2010, changes to the functioning of the subsidiary company - Ulma Systems S.A. were also introduced.

Pursuant to a resolution of the Extraordinary Meeting of Shareholders adopted on 31 May 2010 the entity is to be wound up. The decision results from business considerations as a downturn abroad (especially in North America) has made it impossible to ensure orders that would allow that plant to fully utilize its production capacities. On the other hand, the overhaul functions of that plant were moved to the Logistic Centers in Jaworzno and Poznań in order to minimize the costs of transportation of the modernized elements and to use the technical infrastructure of both centers more effectively.

As a consequence of the decisions on liquidation of the Company, the operating results of the Capital Group were charged with one-off costs related to that liquidation. Severance pay in the amount of TPLN 491 is the greatest item among additional costs.

At present, the Company is executing orders for products and services resulting from agreements concluded before the date of liquidation announcement. The Company is to discontinue operations at the end of September 2010, i.e. ones the notice periods have expired.

Transactions hedging against currency exchange risk

The Companies of the Capital Group purchase traded and serviced products (formwork systems and accessories thereto, as well as scaffoldings) from the parent company based in Spain, from the production entity (a subsidiary company) - Ulma System S.A. based in Starachowice and from other external companies.

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

As a result, the Companies of the Group are exposed to currency exchange risk which the Group seeks to mitigate through entering Non Delivery Forward (NDF) contracts on the currency and forward markets.

All NDF instruments held by the Capital Group are concluded exclusively for the purposes of measures hedging against foreign exchange risk and are not asymmetric.

The Capital Group does not apply hedging 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 Capital Group are as follows:

a) recognized in the statement of financial situation	30 June 2010	31 December 2009	30 June 2009
Receivables under NDF valuation as of the balance sheet date	1 307	918	-
Liabilities under NDF valuation as of the balance sheet date	-	-	252
b) recognized in the total income statement			
		30 June 2010	30 June 2009
Result of the period due to execution of the previously concluded NDF contracts - (item: other operating expenses)		(158)	477
Result of the period due to valuation of NDF contracts as of the balance sheet date – (item: other operating expenses)		314	(342)
Result of the period due to valuation of NDF contracts as of the balance sheet date – financing activities		74	(222)
Total result under NDF contracts		230	(85)

The results of hedging transaction achieved within H1 2010 neutralize to a large extent foreign exchange risk the Capital Group is exposed to.

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 30 June 2010 amounted to TPLN 237 627, as compared to TPLN 200 653 as of 30 June 2009.

An accrual on the balance on loans with a simultaneous increase in market interest rates as far as financial activity is concerned resulted in an increase in financial expenses related to interest on loans, which in H1 2010 amounted to TPLN 7 314 as compared to TPLN 5 600 in the analogous period of the preceding year (an increase by 31%).

In Q4 2008, restructuring of intragroup 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 EUR 3 100 thousand.

In accordance with the International Accounting Standards (IAS 21) this loan is "a net investment in a foreign entity", hence any foreign exchange gains (losses) resulting thereof are recognized in "statement of changes in the consolidated equity" and in "other total income".

In H1 2010, the total amount of foreign exchange gains (losses) recognized in the aforementioned statements was positive and amounted to TPLN 2 334 – out of which foreign exchange gains (losses) related to the above-mentioned "net investment in a foreign entity" amounted to TPLN 2 341, whereas foreign exchange gains (losses) resulting from translation of the financial statement of the entity operating abroad amounted to TPLN 7.

The foreign exchange risk concerning the aforementioned internal loan within EUR-PLN exposure in Poland is hedged by entering NDF contracts; whereas change in valuation of their fair value is recognized in *financial income/expenses* (the Capital Group does not apply Financial Hedging). In H1 2010, change in valuation of the aforementioned forward and future instruments was positive and amounted to TPLN 74.

Foreign 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 difficult to assess due to the scale and the unpredictability of UAH-EUR changes, which is often a one-off administrative decision.

Net profit

Following deduction of corporate income tax the Capital Group achieved in H12010 a negative net financial result in the amount of TPLN 2 575, as compared to the negative net result achieved in the analogous period of the preceding financial year amounting to TPLN 5 187.

Cash flows

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

	6 months 2010	12 months 2009	6 months 2009
Net profit (loss)	(2 575)	(5 484)	(5 187)
Amortization/depreciation	38 100	68 101	32 980
Total cash surplus	35 525	62 617	27 793
Other cash flow from operating activities	11 072	14 696	18 117
Net cash flows from operating activities	46 597	77 313	45 910
Net cash flows from investment activities	(48 539)	(103 715)	(39 303)
Net cash flows from financial activities	(10 689)	42 516	10 266
Net cash flows	(12 631)	16 114	16 873

Cash flows from operating activities

In H1 2010, the Capital Group had a positive financial surplus (net profit + depreciation/amortization) in the amount of TPLN 35 525.

At the same time, cash flows on operating activities amounted to TPLN 46 597, as compared to TPLN 45 910 in the analogous period of the preceding year (an increase by TPLN 687).

From the perspective of current asset management, H1 2010, similarly to 2009, 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 acting only on the large building construction market faced the problem of maintaining financial liquidity. These facts had a negative impact also on the segment of rental of formwork systems and scaffoldings. Within the Capital Group, the aforementioned factors resulted in a worse receivable turnover ratio (*table below*).

	30 June 2010	31 December 2009	30 June 2009
1. Net trade receivables	68 114	59 213	48 812
2. Sales revenues for 12 months following the balance sheet date	187 076	175 446	199 816
3. Number of days	365	365	365
4. Rotation ratio (1*3/2)	133	123	89

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 in progress. In spite of those measures, a decrease in the receivable rotation ratio as compared to the level recorded in 2009 was observed - 123 days.

It should be remarked that the decrease in the rotation ratio results also from the sales revenues in the analyzed periods. The level of receivables as of the balance sheet date is affected primarily by sales revenues generated within the last two months preceding the balance sheet date. The upturn on the construction market resulted in the fact that sales revenues generated within the last two months preceding the balance sheet date accounted for 21% of sales revenues generated within the period assumed for the purposes of calculation of the rotation ratio as of 30 June 2010. In the other presented periods, sales revenues generated within the two last months accounted for respectively 19% and 16% of the revenues generated in the period of 12 months preceding the balance sheet date.

Cash flows from investments

In H1 2010, the Capital Group made investment purchases in order to supplement the portfolio of the offered products (in particular formwork systems intended for engineering construction and scaffoldings). As a result, investment expenses accounting for payment for the elements purchased in Q4 2009 incurred for that purpose in the analyzed period amounted to TPLN 47 661 as compared to TPLN 18 379 in the analogous period of 2009.

Cash flows from financing activities

In H1 2010, cash flows from financial activities amounted to TPLN 10 689 as compared to TPLN 10 226 in the analogous period of 2009.

As has already been mentioned, the Capital Group uses bank loans to finance investments related to purchase of products for rent. In 2010, the Group did not conclude with the Banks any loan agreements. The last tranches of inflows under the loan agreements concluded in the previous years amounted in H1 2010 to TPLN 15 294 (in H1 2009 - TPLN 28 770). The Group's expenses due to repayment of loan installments amounted in H1 2010 to TPLN 19 079 (TPLN 13 358 in the analogous period of the preceding year).

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	
	6 months 2010	6 months 2009	6 months 2010	6 months 2009
Net revenues from sales of products, goods and materials	95 504	83 874	23 792	18 563
Operating profit (loss)	3 983	(229)	992	(51)
Gross profit (loss)	(2 861)	(5 667)	(713)	(1 254)
Net profit (loss)	(2 575)	(5 187)	(642)	(1 148)
Net cash flows from operating activities	46 597	45 910	11 608	10 161
Net cash flows from investment activities	(48 539)	(39 303)	(12 092)	(8 698)
Net cash flows from financial activities	(10 689)	10 266	(2 663)	2 272
Net cash flows	(12 631)	16 873	(3 147)	3 734
Diluted profit per share	(0.49)	(0.99)	(0.12)	(0.22)
Profit per ordinary share (PLN/EUR)	(0.49)	(0.99)	(0.12)	(0.22)

	in PLN '000		in EUR '000	
	30 June 2010	31 December 2009	30 June 2010	31 December 2009
Total assets	532 353	544 581	128 408	132 560
Liabilities	275 812	287 779	66 528	70 050
Long-term liabilities	169 376	183 875	40 855	44 758
Short-term liabilities	106 436	103 904	25 673	25 292
Equity	256 541	256 802	61 880	62 510
Share capital	10 511	10 511	2 535	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	5 255 632	5 255 632	5 255 632	5 255 632
Book value per share (in PLN/EUR)	48.81	48.86	11.77	11.89

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 30 June 2010 was PLN 4.1458 and as of 31 December 2009 – PLN 4.1082.

The total income statement items and the cash flow statement items were translated using the exchange rate representing the arithmetical mean of the exchange rates prevailing as of the last day of each month in a given period, i.e. the data for the period of 1 January – 30 June 2010 were translated at the exchange rate of PLN/EUR = 4.0142, while the data for the analogous period of 2009 were translated at the exchange rate of PLN/EUR = 4.5184.

Information concerning seasonal or cyclical nature of the Issuer's operations within the presented period

Construction works are characterized by high seasonality which is directly reflected in revenues from sale of products and services of the Capital Group. Particularly unfavourable weather conditions and frequent delays in execution of budget investments occur usually in the first quarter of the year. Improvement of the discussed factors occurs usually in the subsequent quarters, with the peak in the construction period falling usually in the 3rd quarter of the calendar year.

The aforementioned phenomena result also in the seasonality effect related to the process of overhaul of the products held by the Capital Group (formwork systems and scaffolding). The overwhelming part of those works fall at the end of the construction period, i.e. Q2 and Q3.

Information concerning issue, redemption and repayment of debt and equity securities

In H1 2010, there were no operations of that type.

Information concerning disbursed (or declared) dividend, in total and per share, by ordinary and privileged shares

The Capital Group did not disburse any dividend within the presented financial periods. Pursuant to Resolutions of the General Meeting of Shareholders of a subsidiary company - ULMA Systems S.A. it was resolved to disburse dividend in the amount of PLN 24 million to the benefit of the Company's sole shareholder - ULMA Construccjon Polska S.A. The aforementioned amount was disbursed in the following tranches:

- December 2009 - PLN 4.0 million,
- March 2010 - PLN 4.0 million,
- April 2010 - PLN 5.7 million,
- May 2010 - PLN 10.3 million.

In accordance with the consolidation principles the transaction has no effect on the consolidated results of the Capital Group.

Events that took place after the date for which these abridged quarterly financial statements were prepared that were not provided for in the report, which may materially affect the future financial results of the ULMA Construcccion Polska S.A. Capital Group

Future financial results of the ULMA Construction Polska S.A. Capital Group may be affected by the volatility of exchange rates of EUR/PLN observed recently. Exchange rate differences affect valuation of NDF transactions which hedge the long-term receivable of ULMA Construcccion Polska S.A. resulting from the loan granted to ULMA Opatubka Ukraine.

Information concerning changes in contingent liabilities or contingent assets which occurred after the end of the last financial year

No changes in contingent liabilities and contingent assets occurred after the end of the last financial year.

Details of consequences of changes to the structure of the business entity e.g. as a result of a business combination, take-over or sale of the companies of the Capital Group, long-term investments, split, restructuring and discontinued operations

On 31 May 2010, the Extraordinary General Meeting of Shareholders of ULMA System S.A. adopted a resolution on liquidation of the Company, as a result of which the operating profit and loss of the Capital Group was burdened with the costs of provisions for severance pay in the amount of TPLN 491 (a one-off event).

In Q4 2010, after expiry of the notice periods and discontinuation of operating activities, the plant's assets will be prepared to be sold. As a result, the Capital Group will discontinue calculating depreciation write-offs on those assets, recognizing them as assets held for sale.

The position of the Management Board as regards the possibility of realization of the previously published result forecasts for a given year in the light of the results presented in the semi-annual report in comparison with the forecast results

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

Identification of shareholders holding directly or indirectly or via their subsidiary companies the minimum of 5% of the total number of votes at the General Meeting of Shareholders of ULMA Construcción Polska S.A. as of the date of passing the report, with details of the number of shares held by such shareholders, their percentage interest in the share capital, the number of votes at the General Meeting and details of changes to the ownership structure of significant packets of shares of ULMA Construcción Polska S.A. within the period from passing the previous report

As of the date of passing of this quarterly 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% of 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% of 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.

Within the period from passing the previous report, there were no changes to the ownership structure of the significant packets of shares of ULMA Construcción Polska S.A.

Statement of changes to the ownership structure of ULMA Construcción Polska S.A. shares or entitlement to them (options) by the Issuer's managing and supervising persons, in accordance with the information held by ULMA Construcción Polska S.A. within the period from passing the previous report

In accordance with the information held by ULMA Construcción Polska S.A. within the period from passing the previous report there were no changes to the shares of ULMA Construcción Polska S.A. or entitlement to them (options) held by the aforementioned persons. No managing or supervising person of ULMA Construcción Polska S.A. holds the Issuer's shares.

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 the Company's position***
- 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 Company's position 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***

During the period covered by the report, no proceedings were initiated against ULMA Construcción Polska S.A. or its subsidiaries 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 73 court proceedings concerning receivables – their total value amounts to TPLN 9 249. Among the proceedings pending at court, ULMA Construcción Polska S.A. is conducting 44 bankruptcy proceedings for the total amount of TPLN 7 279.

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

Creditor	Debtor	Value of dispute in PLN '000	Proceedings 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.	IMA BUD DEVELOPMENT SP. Z O.O.	592	20-11-2007 - 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	5 170	

Information on conclusion by ULMA Construcción Polska S.A. or a subsidiary thereof one or more transactions with associated companies if the value of those transaction (total value of all transaction concluded from the beginning of the financial year) is in excess of the equivalent of EUR 500 000 - if they are not typical and routine transactions concluded by and between associated companies on an arm's length basis, and their nature and terms and conditions resulting from the current operating activities conducted by ULMA Construcción Polska S.A. or a subsidiary thereof, with details of their total value and, in reference to the agreement of the highest value, with details of:

- a) information on the entity with which the transaction was concluded,***
- b) information on the relationships of ULMA Construcción Polska S.A. or a subsidiary thereof with the party to the transaction,***
- c) information on the subject matter of the transaction,***

d) material transaction terms and conditions, with particular consideration of financial terms and conditions with details of specific terms and conditions determined by the parties characteristic for a given agreement, in particular those that differ from terms and conditions commonly applied to that type of agreements

Transactions concluded in H1 2010 by ULMA Construccjon Polska S.A. with subsidiaries thereof were typical and routine, were concluded on an arm's length basis, and their nature and terms and conditions resulted from the current operations.

The major transactions included purchase of formwork and overhaul services related to formwork systems made by ULMA Construccjon Polska S.A. from ULMA System S.A. for TPLN 17 190 and purchases of formwork from ULMA C y E, S. Coop. for TPLN 20 007.

Information on granting by ULMA Construccjon Polska S.A. or a subsidiary thereof loan warranties or on granting a guarantee – jointly to one entity or a subsidiary thereof if the total value of the granted warranties or guarantees is equivalent to the minimum of 10% of equity of ULMA Construccjon Polska S.A. with details of:

- a) the name (company) of the entity to which the warranties or guarantees were granted,***
- b) the total amount of loans which were guaranteed in total or in part,***
- c) the period for which the warranties or guarantees were granted,***
- d) financial terms and conditions on which the warranties or guarantees were granted, with determination of remuneration of ULMA Construccjon Polska S.A. or a subsidiary thereof for granting the warranties or guarantees,***
- e) the nature of relationships between ULMA Construccjon Polska S.A. with the entity which incurred the loan.***

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

Other information which is relevant according to ULMA Construccjon Polska S.A. to evaluation of its personnel and financial situation, its financial result and changes thereto, as well as information which is material for evaluation of possibilities of meeting its liabilities by ULMA Construccjon Polska S.A. Capital Group

In H1 2010, there were no major events except for those referred to above.

The Management Board of ULMA Construccjon Polska S.A. is not aware of any other information which would be material for evaluation of its personnel and financial situation, its financial result and changes thereto, and for evaluation of possibilities of meeting its liabilities by companies of the Capital Group.

Indication of factors which will affect according to ULMA Construcción Polska S.A. the results achieved by the ULMA Construcción Polska S.A. Capital Group within the remaining months of 2009.

Competition and construction market downturn risk

Market in Poland

Development in the construction industry should still be conditioned by a good outlook in infrastructure construction which after a slight (in comparison to the entire industry) decrease in Q1 2010 (-3%), recorded already in Q2 positive dynamics of 2.4% (as compared to the analogous period of the preceding year). The Group intends to consistently increase that sector's share in the structure of its revenues.

An apparent upturn may also be expected in housing construction which underwent in 2008-2009 the most severe crisis, and which recorded in H1 2010 an over 19.5% increase in the number of commenced housing constructions. As regards flats built by developers, this increase amounted to as much as 67% as compared to the analogous period of the preceding year. Such high dynamics result e.g. from the growing optimism of consumers who decide to buy flats due to a better economic outlook.

A 4% increase was observed in Q2 2010 also in housing construction. It will take longer, however, to achieve an apparent increase in the industrial sector which depends to a large extent on the level of investments in the economy.

Export markets

A gradual political stabilization in Ukraine after the latest elections, an increase in industrial production in the export markets in H1 2010 and accepting in June a comprehensive programme of economic and social reforms by the Ukrainian government enhanced confidence of international financial institutions. In June 2010, the EBRD increased forecasts of the Ukrainian GDP growth from 3 to 4%, and the ICF unblocked in July financial aid granting a loan in the amount of USD 15.5 million.

In Kazakhstan investment projects in the housing sector are slowly re-launched and the anti-crisis measures undertaken by the government in Kazakhstan allow one to hope for a marked recovery 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. construction of the Western Europe – Western China transit corridor and projects within the industrial and raw material sectors: power plants and power stations, oil processing plants and a giant gas and chemical complex.

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.

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(22) 506-70-00

Statement by the Management Board of the parent company

These consolidated financial statements of the ULMA Construcccion Polska S.A. Capital Group for the period of 6 months ended on 30 June 2010 and the abridged financial statements of ULMA Construcccion Polska S.A. were approved by the Management Board of ULMA Construcccion Polska S.A. on 30 August 2010.

These consolidated and unconsolidated financial statements for the period of 6 months ended on 30 June 2010 were prepared in order to present the economic and financial condition, as well as the results of operations of the ULMA Construcccion Polska S.A. Capital Group.

These consolidated and unconsolidated financial statements for the period of 6 months ended on 30 June 2010 were prepared compliant with International Financial Reporting Standards - "Interim financial reporting".

These consolidated financial statements of the ULMA Construcccion Polska S.A. Capital Group for the period of 6 months ended on 30 June 2010 include:

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

These unconsolidated financial statements of ULMA Construcccion Polska S.A. for the period of 6 months ended on 30 June 2010 include:

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

To our best knowledge, the consolidated financial statements of the ULMA Construcccion Polska S.A. Capital Group for the period of 6 months ended on 30 June 2010 and the consolidated comparable data, as well as the unconsolidated financial statements of ULMA Construcccion Polska S.A. for the period of 6 months ended on 30 June 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 and the financial result of the ULMA Construcccion Polska S.A. Capital Group and its parent company, and the report of the Management Board on operations of the ULMA Construcccion Polska S.A. Capital Group for the period of 6 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 Construcccion Polska S.A. Capital Group and the unconsolidated financial statements of the parent company for the period of 6 months ended on 30 June 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 audit report in compliance with the applicable national regulations.

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, 30 August 2010