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

for 12 months ended on 31 December 2011

Description of the organization of the Capital Group

As of 31 December 2011, the ULMA Construccion Polska S.A. Capital Group (“the Group”, “the Capital Group”) was composed of the following companies:

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

2) ULMA System S.A. in liquidation - **a subsidiary company** being a production and overhaul centre of formwork systems and accessories thereto for the purposes of the Capital Group and for foreign markets.
On 31 May 2010, the Extraordinary General Meeting of Shareholders of ULMA System S.A. adopted a resolution of the Company's liquidation.
In December 2011, the process of liquidation of the company and division of its assets was completed.
On 23 December 2011, a motion to delete the company from the Register of Entrepreneurs of the National Court Register was filed.
The value of the assets received by ULMA Construccion Polska S.A. in connection with the liquidation of ULMA System S.A. was TPLN 10,608.

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

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

5) On 27 August 2010, a **subsidiary company** ULMA Opałubka Kazachstan sp. z o.o. with its registered office in Astana, at 25 was established. The company’s strategic objective is development of the Capital Group’s business objects, i.e. rental of formwork and

scaffoldings, as well as dissemination of knowledge in the area of application of the formwork technology in construction processes in Kazakhstan.

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

Business objects of the Capital Group.

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

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

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

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

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

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

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

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

Below, the basic details included in the consolidated financial statements of the Group for the years 2010-2011 have been presented.

Consolidated total income statement

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	2011	2010	Dynamics in 2011/2010
Sales revenues	48 971	72 918	86 783	85 818	294 490	215 351	1.36
Costs of sold products, goods and materials	(40 521)	(49 985)	(53 944)	(53 937)	(198 387)	(168 216)	1.17
Gross profit on sales	**8 450**	**23 933**	**32 839**	**31 881**	**96 103**	**47 135**	**2.03**
Costs of sales and marketing	(1 275)	(3 116)	(2 101)	(3 941)	(10 433)	(6 576)	1.56
Overheads	(2 804)	(3 026)	(3 408)	(4 203)	(13 441)	(10 675)	1.25
Other net operating expenses	(432)	1 578	(787)	(80)	279	(2 555)	0.10
Operating profit/(loss)	**3 939**	**18 369**	**26 543**	**23 657**	**72 508**	**27 329**	**2.65**
Financial income	17	43	96	171	327	853	0.38
Financial expenses	(3 092)	(2 952)	(2 418)	(2 867)	(11 329)	(14 095)	0.80
Interests in profit/(loss) of associated companies	(77)	(138)	(146)	(206)	(567)	(627)	0.90
Gross profit	**787**	**15 322**	**24 075**	**20 755**	**60 939**	**13 460**	**4.52**
Income tax	(76)	(2 677)	(4 451)	(4 386)	(11 590)	(3 229)	3.58
Net profit	**711**	**12 645**	**19 624**	**16 369**	**49 349**	**10 231**	**4.82**
Other income	(370)	(170)	1 577	438	1 475	1 121	1.31
Total income	**341**	**12 475**	**21 201**	**16 807**	**50 824**	**11 352**	**4.47**
Operating profitability (%)	8.04	25.19	30.58	27.56	24.62	12.69	-
Net profitability (%)	1.45	17.34	22.61	19.07	16.75	4.75	-

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

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

Consolidated statement of financial position

	31 December 2011	Structure %	31 December 2010	Structure %	Dynamics
Tangible fixed assets	374 209	74	416 873	81	0.89
Other fixed assets	9 550	2	6 577	2	1.45
Total fixed assets	**383 759**	**76**	**423 450**	**83**	**0.90**
Stocks	5 203	1	5 790	1	0.89
Receivables	99 796	19	76 317	15	1.30
Derivative instruments	-	-	178	-	-
Other current assets	18 983	4	6 034	1	3.14
Total current assets	**123 982**	**24**	**88 319**	**17**	**1.40**
Total assets	**507 741**	**100**	**511 769**	**100**	**0.99**
Share capital	10 511	2	10 511	2	1.00
Supplementary capital	114 990	23	114 990	22	1.00
Foreign currency exchange gains/(loss) from consolidation	(2 967)	(1)	(4 442)	(1)	0.66
Retained profit	182 096	36	147 095	29	1.23
Total equity	**304 630**	**60**	**268 154**	**52**	**1.13**
Long-term liabilities	94 430	19	144 611	28	0.65
Short-term liabilities	108 681	21	99 004	20	1.09
Total liabilities	**203 111**	**40**	**243 615**	**48**	**0.83**
Total equity and liabilities	**507 741**	**100**	**511 769**	**100**	**0.99**
Return on equity (%)	19.3		4.0		
Debt ratio (%)	40.0		47.6		
Trade receivables turnover (in days)	118		128		
Trade liabilities turnover (in days)	35		59		
Liquidity ratio (current)	1.1		0.9		

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

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

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

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

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

Market environment in Poland

In 2011, construction was the fastest developing branch of economy. According to preliminary data developed by the Central Statistical Office (GUS), construction and assembly output increased last year by 16.3%. Such an increase was due to the largest extent to road projects, and additionally commercial projects, industrial projects and multi-dwelling buildings.

The housing market was characterized by stable sales, with falling prices and deteriorating credit conditions for key groups of customers. The growth in construction and housing output in this sector amounted to +14.4%. The number of flats under construction remained at a level close to the analogous period of the last year, while an increase in the number of construction permits for flats (by 19.2%) was recorded mainly in the category of flats for sale or rent.

A high growth rate in construction output was achieved also in almost all key **non-residential construction** sub-sectors. The growth in the entire sector in the analysed period was 15.7%, mainly due to a very high growth rate in the category of retail and service buildings (23.3%) and industrial and warehousing ones (22.9%).

In **the engineering sector**, the value of construction and assembly output increased by 19.1%, while in the period March-August the growth rate was above 30%. Such excellent performance is due primarily to continuation of investments in the road sector. Its share in the construction and assembly output was as much as 27%, and the amount of expenditures incurred by the General Directorate for National Roads and Motorways (GDDKiA) for construction of motorways and expressways reached a record level of PLN 26.3 billion.

Although the growth rate in the sector remained at a high level, the overall outlook ratio in the construction industry remained negative from August 2011. This prudent assessment of the market by enterprises results from, e.g. postponing payment deadlines, low margins and an expected further decline in the number of successful tenders, as well as increasing debt of construction companies. According to *Coface* the growth rate in bankruptcies of construction companies in the first three quarters of 2011 years was 47%.

Market environment abroad

In Ukraine, an 11.1% increase in the construction output was recorded in 2011 (according to *the National Bank of Ukraine*). The residential sector remained stagnant, mainly due to very high credit costs. A recovery was recorded in the non-residential sector - primarily due to investments in hotel, public utility construction and industrial construction (agricultural sector), as well as in the road sector.

In Kazakhstan, the dynamics of the level of construction output in current prices oscillated around 0% *(according to the Agency of Statistics of the Republic of Kazakhstan)*. Mainly housing projects frozen during the crisis, and investments in the industrial sector financed within government priority programs were continued.

Sales revenues

In 2011, the Capital Group recorded total sales revenues of TPLN 294,490 compared to TPLN 215,351 in the analogous period of the preceding year (an increase by 36.7%).

The growth in sales revenues concerns mainly the basic business objects of the Capital Group, i.e. rental of formwork and scaffolding systems. Revenues from this amounted in 2011 to a total of TPLN 277,298 compared to TPLN 194,272 in the analogous period of the preceding year (an increase by TPLN 83,026) i.e. 42.7%).

In 2011, the Capital Group recorded total revenues from export onto eastern markets *(i.e. from operations carried out via the branches in Kazakhstan or via a group of intermediaries and final recipients in such countries as Lithuania, Russia, Bulgaria, Germany, etc.)* of TPLN 16,597. These revenues were lower by TPLN 1,890 compared to data for the analogous period of the preceding year.

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

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

Operating profitability

In 2011, the Capital Group achieved operating profit in the amount of TPLN 72,508 compared to TPLN 27,329 in the preceding year (an increase by TPLN 45,179).

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

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

	Q1 2011	Q2 2011	Q3 2011	Q4 2011	2011	2010
Sales	48 971	72 918	86 783	85 818	294 490	215 351
EBIT	3 939	18 369	26 543	23 657	72 508	27 329
% of sales	8.04	25.19	30.58	27.56	24.62	12.69
Amortization/ depreciation	19 505	20 207	21 279	22 069	83 060	76 871
EBITDA	23 444	38 576	47 822	45 726	155 568	104 200
% of sales	47.87	52.90	55.10	53.28	52.82	48.39

In 2011, the Capital Group recorded an increase in EBITDA – in the absolute terms – of TPLN 51,368 (i.e. by 49%) – the EBIDTA profitability (EBITDA as a % of sales) amounted to 52% compared to approximately 48% in the analogous period of the preceding year.

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

- increase in the revenues from the basic business object of the Group, i.e. rental of formwork systems and scaffoldings, resulting from the better economic outlook in 2011, in particular in the engineering sector,
- increasing unit prices for the offered services after a period of an intensified price war between market participants in the previous periods,
- a consistent policy as regards control of operating expenses and cost discipline following various reorganization measures undertaken in the previous periods and aimed at adjusting the cost structure to the current market situation.

In 2012, further reorganization of the logistics functions in Warsaw and the construction of the Regional Logistics Centre are planned.

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

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

In December 2011, the process of liquidation of the company and division of its assets was completed. On 23 December 2011, a motion to delete the company from the Register of Entrepreneurs of the National Court Register was filed.

In 2011, wage and salary adjustments were introduced in accordance with the wage and salary policy adopted by the Capital Group. The adjustments did not exceed the inflation ratio for 2010. Furthermore, a bonus fund for disbursement of the bonuses for 2011 was created.

<u>Transactions hedging against currency exchange risk</u>

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

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

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

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

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

a) recognized in the statement of financial situation

	31 December 2011	31 December 2010
Assets under NDF valuation as of the balance sheet date	-	178
Liabilities under NDF valuation as of the balance sheet date	174	-

b) recognized in the total income statement

	2011	2010
Result for the period due to execution of the previously concluded NDF contracts – (other operating expenses item)	167	(60)
Result for the period of valuation of NDF contracts as of the balance sheet date – (other operating expenses item)	(83)	81
Result for the period due to execution of the previously concluded NDF contracts – financing activity	166	-
Result for the period due to valuation of NDF contracts as of the balance sheet date – financing activity	(269)	721
Total result for the period due to NDF contracts	**(19)**	**742**

The results of hedging transaction achieved in 2011 neutralize to a large extent foreign currency exchange risk the Capital Group is exposed to.

Besides the economic results concerning settlement and valuation of NDF contracts, hedging against foreign exchange risk, the other operating activities include the economic effects related to customizing elements of formwork systems to the needs of individual customers and general results of management of the held assets (inventory surpluses and shortages, as well as provisions for stock impairment). In 2011, the costs incurred in connection with the aforementioned phenomena amounted to TPLN 1,805 compared to TPLN 2,946 in 2010.

Financial expenses and other comprehensive income

The Capital Group 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 2011 amounted to TPLN 143,840, as compared to TPLN 210, 576 as of 31 December 2010.

A decrease in the balance on bank credits resulted in a decrease in interest expenses and credit handling costs (e.g. bank fees) – in 2011 these amounted to TPLN 11,039 compared to TPLN 13,611 in 2010.

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

Compliant with the International Accounting Standards (IAS 21) this loan is “a net investment in a foreign entity”, hence any foreign exchange gains/(loss) resulting thereof are recognized in "statement of changes in the consolidated equity” and in “other comprehensive income”.
In 2011, the total amount of foreign exchange gains/(loss) recognized in the aforementioned statements was positive and amounted to TPLN 1,700 – out of which foreign exchange gains/(loss) related to the above-mentioned “net investment in a foreign entity" amounted to TPLN 1,475, whereas foreign exchange gains/(loss) resulting from translation of the financial statements of the companies operating abroad amounted to TPLN 225.

In 2010, foreign exchange gains/(loss) related to the “net investment in a foreign entity" amounted to TPLN 1,286, whereas foreign exchange gains/(loss) resulting from translation of the financial statements of the companies operating abroad amounted to TPLN (241).

The foreign currency exchange risk concerning the aforementioned internal loan and the loan granted to ULMA Cofraje Romania as regards EUR-PLN exposure in Poland is hedged through NDF forward contracts, and a change to their fair value is recognized in *revenues/financial expenses* (the Capital Group does not apply Hedge Accounting). In 2011, change to valuation of the aforementioned forward instruments was negative and amounted to TPLN 103.

Foreign currency exchange risk related to 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 customers in Ukraine price lists denominated in EUR. However, the effectiveness of those hedging measures is hard to assess due to the scale and the unpredictability of UAH-EUR rate changes, which is often a one-off administrative decision.

Net profit

Following deduction of corporate income tax the Capital Group achieved in 2011 a positive financial result in the amount of TPLN 49,349 compared to the negative net result in the preceding financial year amounting to TPLN 10,231 (an increase by TPLN 39,118). While analyzing particular quarters of 2011 one should pay attention to the net profitability which increased from quarter to quarter. In Q1 2011, it amounted to 1.45% (with a net profit of TPLN 787), while in Q4 2011, it reached 19.07% (with a net profit of TPLN 16,369).

On 28 November 2011, the Management Board of ULMA Construccion Polska S.A. resolved to disburse interim dividend for 2011 in a total amount of PLN 6,043,976.80, i.e. in a net amount of PLN 1.15 gross per share.

The Management Board of ULMA Construccion Polska S.A. proposes to allocate the remaining part of the net profit for 2011 in an amount of PLN 45,235,643.22 to increase the Company's supplementary capital.

Cash flow

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

	12 months	12 months	Dynamics

	2011	2010	
Net profit/(loss)	49 349	10 231	4.82
Amortization/depreciation	83 060	76 871	1.08
Total cash surplus	**132 409**	**87 102**	**1.52**
Other operating cash flow	15 200	23 118	0.65
Net operating cash flow	**147 609**	**110 220**	**1.33**
Net cash flows from investments	(48 715)	(81 946)	0.59
Net cash flow from financing activity	(83 503)	(45 729)	1.82
Net cash flow	**15 391**	**(17 455)**	**-**

Operating cash flow

In 2011, the Capital Group had a positive financial surplus (net profit + depreciation/amortization) in the amount of TPLN 132,409, i.e. an increase as compared to 2010 by TPLN 45,307 (52%).

At the same time, operating cash flow amounted to TPLN 147,609 compared to TPLN 110,220 in the preceding year (an increase by TPLN 37,389).

The Capital Group retains its ability to generate added value, the amount of which is positively affected by the discipline of management of the structure of operating costs.

The year 2011 was characterized by continued payment backlogs occurring in Poland, in particular due to the fact that a considerable part of revenues of the Capital Group was generated within the engineering construction sector (i.e. civil engineering structures) in which payments are settled often based on progress of construction works ("milestones").

Nonetheless, the Capital Group managed to improve its receivable turnover ratio (as presented in the table below). This was due to:

- keeping enforcement discipline,
- application of an effective policy as regards hedging against commercial risk using hedge instruments available on the market.

		31 December 2011	31 December 2010
1.	Net trade receivables (after deducting write-downs)	96 205	75 353
2.	Gross sales revenues for 12 months following the balance sheet date	359 278	258 422
3.	Number of days	365	365
4.	Rotation ratio (1*3/2)	97	106

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

Cash flow from investments

In 2011, the Capital Group made capital expenditures in order to supplement the portfolio of offered products (formwork systems and scaffoldings). As a result, capital expenditures incurred for this purpose amounted to TPLN 56,888, as compared to TPLN 80,065 in 2010.

Cash flow from financing activity

In 2011, cash flow from financing activity amounted to TPLN (83,503) compared to TPLN (45,729) in 2010.

As has already been mentioned, the Capital Group uses bank credits to finance investments related to purchase of products for rent. In 2011, the expenditures made by the Group in order to repay previously contracted credits amounted to TPLN 65,604 compared to TPLN 44,868 in 2010.
Furthermore, in November 2011, the Group paid dividend from the profit in 2010 in a total amount of TPLN 8,304.

As a result of the aforementioned phenomena, the Group recorded in 2011 an increase in cash by TPLN 15,391, to TPLN 17,865 as of 31 December 2011.

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

Competition and construction market downturn risk

Market in Poland

According to analysts (Euroconstruct, PMR) the growth dynamics in construction output in 2012 will decrease to 4-5%.

Prices on the housing market are expected to remain on a downward trend due to a high supply of unsold flats. Furthermore, recurrence of recession in the global economy and deteriorating credit conditions can have a negative impact on the willingness and capacity to finance housing investment.

Analysts predict stabilization of the construction and housing output also in the non-housing sector, whereas the civil engineering sector is expected to continue to gradually decelerate very high growth dynamics. Although the General Inspectorate for National Roads and Motorways (GDDKiA) plans to spend on road construction in 2012 a record amount of PLN 29 billion, these funds are going to be allocated primarily to the completion of projects which are already under way. The quantity and value of tenders provided for the period 2012-2013 is significantly lower. The development plans related to the industrial sector are a sound alternative to road investments - according to the PMR report the value of construction output in this sector should increase by the end of 2014 by over PLN 10 billion. The implementation of several large power engineering projects worth several billion zlotys should start already in 2012. The investment plans are complemented by railway, hydrotechnical and environmental protection projects: biogas plants, incinerators and sewage treatment plants.

Due to the aforementioned changes in the market structure, numerous enterprises active so far in the road sector will spend 2012 seeking orders in new markets. Given the above, ULMA is focusing its current operations on thorough monitoring of investments planned within the industry and investing in e.g. the development of self climbing and radial systems, applicable in the construction of tall buildings and special structures in the industrial sector.

Export markets

Forecasts for the construction sector in Ukraine (BUILDECON, PMR) assume that the current positive growth dynamics will be maintained in 2012 due to completion of projects for EURO 2012 and the planned investments in the agricultural processing, environmental protection and public infrastructure sectors. In Kazakhstan, PMR analysts forecast few percent growth in the construction sector (up to ca. 9%), mainly due to government investments in the development of road and air infrastructure, as well as ambitious projects as regards industrial construction.

Foreign currency exchange risk

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

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

The risk related to financial instruments has been described in Note 2 to the consolidated financial statements of ULMA Construccion Polska S.A. for the period of 12 months ended on 31 December 2011.

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

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

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

Neither ULMA Construccion Polska S.A. nor any of its subsidiary companies are parties to any proceedings concerning the Company's liabilities or receivables the value of which would be 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 minimum 10% of the Company's equity.

Proceedings concerning receivables of ULMA Construccion Polska S.A.:
ULMA Construccion Polska S.A. is involved in 106 court proceedings concerning its receivables – their total value amounts to TPLN 13,369. Among the proceedings pending at court, ULMA Construccion Polska S.A. has instituted 56 bankruptcy proceedings in a total amount of TPLN 8,400.

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

Debtor	Value of dispute in TEUR	Proceeding commencement date
PRIB EKO PRZEM SP. Z O.O.	1 096	17 March 2010 – bankruptcy, enforcement levied against Members of the Management Board
MPRD S.A.	824	8 December 2006 – bankruptcy
GRUPA BIP	792	24 April 2009 – bankruptcy
LPBO S.A.	762	23 March 2009 – bankruptcy
FENIX SP. Z O.O.	696	30 November 2011 – bankruptcy
IMA BUD DEVELOPMENT SP. Z O.O.	592	20 November 2007 - enforced collection
DOMKAR-BUDOWNICTWO	974	10 November 2010 - enforced collection
MAXER S.A.	466	28 April 2006 - bankruptcy
Krupiński Construction Sp. z o.o.	552	5 December 2006 - enforced collection
PAWERBUD SP. Z O.O.	1 154	24 May 2011 – bankruptcy
MH-BUD MEUŚ	648	6 August 2011 – enforced collection
PHU POLKON	715	26 September 2011 – warrant for payment
ABRAMOWICZ BUDOWNICTWO SP. Z .O.O.	434	22 September 2011 - bankruptcy
Total	**9 705**	

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

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

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

In 2011, the Group conducted trading and service 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 with a breakdown into the domestic and foreign markets, and information on sources of supplies of materials for production, goods and services with details of dependence on one or more customers and suppliers, and when the share of one customer or supplier is equivalent to minimum 10% of total sales revenues – names of supplier(s) or customer(s), their share in sales or supplies and their formal relations with the Issuer

The Group's sales are concentrated on the domestic market. The total sales on that market account for over 94% of the Group’s revenues. Almost 40% of the revenues are concentrated within a group of 11 largest construction companies in Poland which are members of western European international construction companies.

Export sales are performed mainly on the eastern and southern European markets and in Asia through the Group’s own sales network. In 2011, the share of export in the total sales revenues of the Group accounted for over 5.6% compared to nearly 8% of the revenues generated in 2010.

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

Formwork systems offered in the various output markets were produced by the Group in its plant in Starachowice. However, a significant part of supplies comes from the principal shareholder from Spain - in 2011, purchases from Spain accounted for 9.9% of total sales of the Group.
The other purchases of goods within formwork systems come from independent suppliers from Germany, Austria and Poland.

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

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

In 2011, there were no material agreements disclosed by the Company in current reports.

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

The transactions concluded in 2011 by ULMA Construccion Polska S.A. and subsidiaries thereof with related parties were typical and routine. They were concluded on an arm’s length basis, and their nature, as well as terms and conditions resulted from current business operations.

The major transactions included purchases of formwork and overhaul services related to formwork systems made by ULMA Construccion Polska S.A. from ULMA System S.A. in liquidation for TPLN 6,875 and purchases of mainly formwork and formwork rental services from ULMA C y E, S. Coop. for TPLN 34,435.

Information on agreements on credits and loans incurred or terminated in the financial year, with details of at least their amount, type, as well as the interest rate, currency and due date.

In the financial year 2011, ULMA Construccion Polska S.A.:

- did not terminate any credit or loan agreements;
- incurred a working capital credit in the amount of TPLN 5,000 pursuant to a credit agreement concluded on 25 January 2011 with Pekao S.A. The interest rate on the credit is based on the WIBOR 1M + bank margin rate (details have been presented in the table below);

Furthermore, credit lines specified in the table below have been prolonged/renewed.

Bank	Type	Credit no.	Currency	Amount of credit (in TPLN)	Date of agreement conclusion	Date of signing an annex to the agreement	Due date
BRE Bank	overdraft facility	02/480/99/Z/vv	PLN	5 000	27 August 1999	1 September 2011	27 September 2012
PEKAO S.A.	investment credit	2008/1018486697/IVRCK	PLN	45 000	15 May 2008	18 May 2011	31 March 2015
PEKAO S.A.	overdraft facility	2/2011/CK	PLN	5 000	25 January 2011	30 November 2011	30 November 2012
BNP Paribas S.A. (Fortis Bank Polska S.A.)	investment credit	WAR/3013/06/32/CB	PLN	12 000	7 February 2006	25 January 2011	7 February 2013
BNP Paribas S.A. (Fortis Bank Polska S.A.)	investment credit	WAR/3013/07/67CB	PLN	20 000	12 February 2007	25 January 2011	11 February 2014
BNP Paribas S.A. (Fortis Bank Polska S.A.)	investment credit	WAR/3013/08/194/CB	PLN	14 686	10 June 2008	25 January 2011	9 June 2015
BNP Paribas S.A. (Fortis Bank Polska S.A.)	investment credit	WAR/3013/09/27/CB	PLN	16 400	20 July 2009	25 January 2011	29 June 2015
BNP Paribas S.A. (Fortis Bank Polska S.A.)	line of revolving credit (multi-purpose line)	WAR/3013/08/193/CB	PLN	5 000	26 May 2008	10 May 2011	25 May 2018
BNP Paribas S.A. (Fortis Bank Polska S.A.)	multi-purpose line of credit (overdraft facility)	WAR/3013/10/118/CB	PLN	3 000	27 September 2010	30 March 2011	26 September 2020
BNP Paribas S.A. (Fortis Bank Polska S.A.)	multi-purpose line of credit (guarantee facility)	WAR/3013/10/118/CB	PLN	2 000	27 September 2010	30 March 2011	26 September 2020

All lines of credit are based on the WIBOR 1 M + bank margin rate (except for the investment credit in the amount of TPLN 14,686 concluded with BNP Paribas S.A. (Fortis Bank Polska S.A.) in the case of which the interest rate is based on the WIBOR 3 M rate).

In the financial year 2011, Ulma Opałubka Ukraina Sp. z o.o. contracted a short-term credit in the amount of TUAH 5,000 pursuant to a credit agreement concluded on 23 August 2011 with UKRSIBBANK. The interest rate on the credit is determined separately for each tranche and remains unchanged for the entire period when a given tranche is drawn. The credit is due on 22 August 2012.

Information on loans granted in a given financial year with particular consideration of loans granted to the Issuer's related parties, with details of at least their amount, type and level of the interest rate, currency and due date.

In 2008, ULMA Construccion Polska S.A. granted its subsidiary company Ulma Opałubka 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 15 September 2011 the date of the loan repayment has been set for 25 December 2015.

In 2011, ULMA Construccion Polska S.A. granted its subsidiary company ULMA Cofraje S.R.L. a long-term loan in the amount of TEUR 241 with a fixed interest rate at the market level.

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

ULMA Construccion Polska S.A. granted a guarantee of repayment of a bank credit contracted by ULMA Opałubka Ukraina pursuant to a credit agreement concluded on 23 August 2011 with UKRSIBBANK.

In connection with pursuing its basic business objects, i.e. rental of formwork, ULMA Construccion Polska S.A. received bank guarantees from related parties in the amount of TPLN 10,607. The detailed list of the guarantees (in excess of TPLN 1,000) has been presented in the table below:

No.	Customer	Amount (in TEUR)	Date of granting
1	J&P-AVAX SOCIETE	**1 500**	12 August 2011
2	Dolnośląskie Surowce Skalne S.A.	**1 000**	28 September 2011
3	Dolnośląskie Surowce Skalne S.A.	**2 000**	28 September 2011
4	China Overseas Engineering Group Co. Ltd (COVEC)	**5 257**	28 February 2011

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

The agreement was concluded for the period of 10 years. The current crediting period ends on 30 May 2012.
As of the balance sheet date, the payment guarantees granted by the Bank under the above agreement amount to TPLN 320. The guarantees were granted with the validity period until 30 September 2012.

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

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

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

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

Evaluation, together with its justification, concerning the management of financial resources, with particular consideration of the capacity to settle incurred liabilities, and determination of potential risks and actions which have been undertaken by the Issuer or which the Issuer intents to undertake in order to counteract these threats

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

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

In 2011, the Group continued the hitherto policy of financing its operations. Within this policy, the Group used long-term lines of credit until they were used up in Q1 2010. At present, capital expenditures are covered from the Group's own financial resources.

In 2011, the Capital Group met its capital requirements (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 2011, the debt ratio in the Group amounted to 40.0% as compared to 47.6% as of 31 December 2010. The decrease in the debt ratio is primarily due to reduced long-term debt, which as of 31 December 2011 accounted for 19% of the balance sheet amount, while as of 31 December 2010 it accounted for 28% of the balance sheet amount.

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

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

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

The major investment targets pursued by the Group in 2011 were related to purchases of formwork systems and scaffoldings, particularly in order to increase the Group's potential in the infrastructural segment in Poland.

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

As of the balance sheet date, the Management Board does not assume changes to the policy of financing the Group's investments pursued 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 2011, there were no non-standards events which could, at present or in the subsequent years, significantly influence the Group's financial result.

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

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

- obtaining new competences by the Group within design and capacities to utilize formwork systems and scaffoldings used in construction of complex engineering structures, typical of the industrial and power engineering sector,

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

- optimization of the logistics processes resulting from centralization of those processes within *Regional Logistics Centers* allowing for enhancing the quality of logistics services provided to customers, as well as cost optimization.

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

- slowdown in construction. This applies in particular to the engineering sector, including the road segment, which can cause a return to a fierce competitive struggle resulting in price wars between participants of the market,

- an expected growth in the industrial sector and the power engineering sector.
  Within the last two years, the Capital Group continuously supplemented its knowledge and gained experience and testimonials related to utilization of formwork systems and scaffoldings used in construction of complex engineering structures, including large power units. Owing to that the Capital Group is able to effectively compete in that market segment through providing novelty solutions aimed at meeting increasingly more sophisticated and complex expectations of its customers,

- our country's ability to maintain the hitherto dynamics of utilization of EU funds in the framework of cohesion funds, including those intended for road and railway infrastructure,

- relaunching development of construction in Kazakhstan after a period of many years of downturn resulting from the global crisis.

Changes in the basic principles of managing the Issuer's company and its Capital Group

In 2011, no changes in the basic principles of managing the parent company and the ULMA Construccion Polska S.A. Capital Group were introduced, except for the above-mentioned liquidation of the subsidiary company ULMA System S.A. based in Starachowice.

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 powers of managing persons, in particular the right to decide on issue or redemption of shares

Pursuant to the Articles of Association the Management Board of the Parent Company ULMA Construccion Polska S.A. is composed of from one to five members. The members of the Management Board are appointed and recalled 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 be longer than years. The Supervisory Board defines also the number of members of the Management Board and appoints the President.
In accordance with the By-Laws of the Management Board of ULMA Construccion Polska S.A., the Management Board of the Company adopts resolutions in matters stipulated by law and the Company's Articles of Association, subject to the provision that resolutions whose adoption must be approved by the General Meeting of the Company's Shareholders or the Company's Supervisory Board, can be adopted upon obtaining such consent. The Management Board adopts resolutions particularly in matters related to:

- convening a 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 allocated to be paid out by the General Meeting.

Pursuant to the Articles of Association the Supervisory Board of the Parent Company ULMA Construccion Polska S.A. is composed of from five up to nine members appointed by a 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 proposals as regards distribution of profits or losses,

- suspending members 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 tasks of the Management Board in case the entire Management Board have been suspended or are unable to perform their tasks 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 auditor,
- granting consent to purchase or sell by the Management Board real property or interests in real property.

In 2011, there were no changes to the composition of the Supervisory Board of the Parent Company ULMA Construccion Polska S.A.

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

There are no agreements concluded by and between the companies of the ULMA Construccion Polska S.A. Capital Group and managing persons assuming compensation in case of their resignation or dismissal from the held position without an important reason or when their recall or dismissal is due to a merger of the Parent Company ULMA Construccion Polska S.A. through takeover, except for non-competition agreements after termination of employment in the Companies of the Group. The aforementioned agreements provide for a ban on undertaking activities competitive to those pursued by the Companies of the Group for a period from 6 to 18 months. Depending on the agreement, remuneration for refraining from conducting competitive activities is an equivalent of from 3-month to 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 performing a function in the subsidiary companies' authorities; if relevant information was presented in the financial statements - the duty is deemed fulfilled through indicating the item in which it is recognized in the financial statements

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

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

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

Identification of shareholders holding directly or indirectly via their subsidiary companies minimum 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 a General Meeting

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

- ULMA C y E S, Coop. (Spain) holding directly 3,967,290 shares of ULMA Construccion Polska S.A., equivalent to 75.49% in the Company's share capital and entitling to 3,967,290 votes at a General Meeting, equivalent to 75.49% of the total number of votes,
- Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK holding directly 516,739 shares of ULMA Construccion Polska S.A., equivalent to 9.83% of the Company's share capital and entitling to 516,739 votes at a General Meeting, equivalent to 9.83% of the total number of votes.

Information on 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 present 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 present shareholders.

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

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

Information on the control system of employee share schemes

No employee share scheme has been implemented in the companies of the ULMA Construccion Polska S.A. Capital Group.

Information on:

a) date of conclusion by the Issuer of an agreement with an entity authorized to audit financial statements on audit or a 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 the financial statements, disbursed or due for the financial year separately for:

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

The review of the interim financial statements of ULMA Construccion Polska S.A. and audit of the financial statements of ULMA Construccion Polska S.A. and the consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for 2011 were performed by KPMG Audyt Sp. z o.o. spółka komandytowa pursuant to the agreement concluded on 16 June 2011. The total remuneration under the aforementioned agreement amounts to TPLN 170, including remuneration for the review of the interim financial statements – TPLN 80.

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

On 18 October 2011, ULMA Construccion Polska S.A. concluded an agreement with KPMG Audyt Sp. z o.o. spółka komandytowa on audit of the interim financial statements as of 30 September 2011.
The remuneration under the aforementioned agreement amounted to TPLN 57.

Translation of selected financial data into EUR

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

	in TPLN		**in TEUR**	
ITEM	12 months 2011	12 months 2010	12 months 2011	12 months 2010
Net revenues from sales of products, goods and materials	294 490	215 351	71 131	53 779
Operating profit/(loss)	72 508	27 329	17 513	6 825
Gross profit/(loss)	60 939	13 460	14 719	3 361
Net profit/(loss)	49 349	10 231	11 920	2 555
Net operating cash flow	147 609	110 220	35 653	27 525
Net cash flow from investments	(48 715)	(81 946)	(11 767)	(20 464)
Net cash flow from financing activity	(83 503)	(45 729)	(20 169)	(11 420)
Net cash flow	15 391	(17 455)	3 717	(4 359)
Diluted earnings per share (PLN/EUR)	9.39	1.95	2.27	0.49
Basic earnings per share (PLN/EUR)	9.39	1.95	2.27	0.49

	in TPLN		**in TEUR**	

	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Total assets	507 741	511 769	114 957	129 224
Liabilities	203 111	243 615	45 986	61 514
Long-term liabilities	94 430	144 611	21 380	36 515
Short-term liabilities	108 681	99 004	24 606	24 999
Equity	304 630	268 154	68 971	67 710
Share capital	10 511	10 511	2 380	2 654
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)	57.96	51.02	13.12	12.88

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 2011 was PLN 4.4168, and as of 31 December 2010 – PLN 3.9603.

While translating the items of the total income statement and cash flow statement 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 2011 this rate was PLN/EUR 4.1401, while the data for the analogous period in 2010 were translated at the rate PLN/EUR 4.0044.

Investor relations

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

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

Statement by the Management Board of the Parent Company

These consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for 12 months ended on 31 December 2011 were approved by the Management Board of ULMA Construccion Polska S.A. on 12 March 2012.

These consolidated financial statements for 12 months ended on 31 December 2011 were prepared in order to present the economic and financial standing, as well as the results of operations of the ULMA Construccion Polska S.A. Capital Group.

These consolidated financial statements for 12 months ended on 31 December 2011 were prepared compliant with International Financial Reporting Standards – IFRS - and the related interpretations announced in the form of regulations of the European Commission.

These consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for 12 months ended on 31 December 2011 include:

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

To our best knowledge, the consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for 12 months ended on 31 December 2011 and the consolidated comparable data were prepared in accordance with applicable accounting standards and reflect in a true, reliable and clear manner the economic and financial standing of the ULMA Construccion Polska S.A. Capital Group and its financial result, and the report of the Management Board on operations of the ULMA Construccion Polska S.A. Capital Group for 12 months of 2011 contains a true view of the development and achievements and condition of the Group, including details of major threats and risks.

The entity authorized to audit financial statements which reviewed the consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for 12 months ended on 31 December 2011 was selected in compliance with the applicable regulations. The entity and the auditors who reviewed the financial statements meet the requirements to issue an impartial and independent opinion on the audited consolidated statements of the ULMA Construccion Polska S.A. Capital Group for 12 months ended on 31 December 2011, in compliance with the applicable regulations and professional standards.

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

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

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

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

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

José Ramón Anduaga Aguirre, Member of the Management Board ....

Warsaw, 12 March 2012