



ULMA Construcción Polska S.A. Group

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2011**

The opinion contains 2 pages
The report supplementing the auditor's opinion
contains 10 pages
Opinion of the independent auditor
and report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2011

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

OPINION OF THE INDEPENDENT AUDITOR

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

We have audited the accompanying consolidated financial statements of ULMA Construcccion Polska S.A. Group, whose parent entity is seated in Warsaw, Klasykow 10 street (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

Management’s and Supervisory Board’s Responsibility for the Consolidated Financial Statements

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

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

Auditor’s Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements of ULMA Construcccion Polska S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2011 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Other Matters

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

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

Signed on the Polish original

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

12 March 2012
Warsaw



TRANSLATION

ULMA Construcción Polska S.A. Group

Report supplementing
the auditor's opinion
on the consolidated financial
statements

Financial Year ended
31 December 2011

The report supplementing the auditor's opinion
contains 10 pages

Report supplementing the auditor's opinion
on the consolidated financial statements
for the financial year ended
31 December 2011



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1. General

1.1 Identification of the Group

1.1.1 Name of the Group

ULMA Construcción Polska S.A. Group

1.1.2 Registered office of the Parent Company of the Group

Klasyków 10 street
03-115 Warszawa

1.1.3 Registration of the Parent Company in the National Court Register

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

1.1.4. Management of the Parent Company

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

At 31 December 2011, the Management Board of the Parent Company was comprised of the following members:

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

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2011, the following companies were consolidated by the Group:

Parent Company:

- ULMA Construcción Polska S.A.

Subsidiaries consolidated on the full consolidation basis:

- ULMA System S.A. w likwidacji for the period from 1 January 2011 to 1 December 2011
- ULMA Opałubka, Ukraine
- ULMA Opałubka, Kazakhstan.

1.3 Auditor information

1.3.1 Key certified auditor information

Name and surname: Monika Bartoszewicz
Registration number: 10268

1.3.2 Audit auditor information

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

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered in the register of audit firms under number 3546.

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2010 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting on 16 June 2011.

The consolidated financial statements were submitted to the Registry Court on 23 June 2011 and were published in Monitor Polski B No. 1918 on 17 October 2011.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of ULMA Construcción Polska S.A. seated in Warsaw, Klasyków 10 street and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising of a summary of significant accounting policies and other explanatory information.

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

The consolidated financial statements have been audited in accordance with the contract dated 16 June 2011, concluded on the basis of the resolution of Supervisory Board dated 14 June 2011 on the appointment of the auditor.

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

We audited the consolidated financial statements in the Parent Company's head office during the period from 6 February to 17 February 2012.

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

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

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

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

Key certified auditor and KPMG Audyty Spółka z ograniczoną odpowiedzialnością sp. k. fulfill independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and Their Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal from 2009, No. 77, item 649).

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

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

1.6.1 Parent Company

The financial statements of the Parent Company for the year ended 31 December 2011 were audited by KPMG Audyty Spółka z ograniczoną odpowiedzialnością sp. k., certified auditor number 3546, and received an unqualified opinion.

1.6.2 Other consolidated entities

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

The financial statements of these Group entities were not subject to requirements of obligatory audit for the year ended 31 December 2011.

2 Financial analysis of the Group

2.1 Summary of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	31.12.2011		31.12.2010	
	PLN '000	% of total	PLN '000	% of total
Non-current assets				
Property, plant and equipment	374,209	73.7	416,873	81.5
Intangible assets	1,060	0.2	501	0.1
Shares in associates	1,162	0.3	1,732	0.3
Other non-current assets	4,288	0.9	4,344	0.8
Long term receivables	3,040	0.6	-	-
Total non-current assets	383,759	75.7	423,450	82.7
Current assets				
Inventories	5,203	1.0	5,790	1.1
Trade and other receivables	99,222	19.5	76,317	14.9
Current income tax receivable	574	0.1	-	-
Derivatives	-	-	178	0.1
Cash and cash equivalents	18,983	3.7	6,034	1.2
Total current assets	123,982	24.3	88,319	17.3
TOTAL ASSETS	507,741	100.0	511,769	100.0
EQUITY AND LIABILITIES				
	31.12.2011	% of total	31.12.2010	% of total
	PLN '000		PLN '000	
Equity				
Share capital	10,511	2.1	10,511	2.1
Reserves - surplus from sales of shares above nominal value	114,990	22.6	114,990	22.5
Currency translation reserves	(2,967)	0.6	(4,442)	0.9
Retained earnings, including:	182,096	35.9	147,095	28.7
<i>Net profit for the year</i>	49,349	9.7	10,231	2.0
Total equity	304,630	60.0	268,154	52.4
Liabilities				
Credit and loans	87,056	17.1	140,453	27.4
Deffered tax liabilities	6,974	1.4	3,658	0.7
Provisions for retirement and similar benefits	114	-	77	-
Long-term leasing liabilities	286	0.1	423	0.1
Total non-current liabilities	94,430	18.6	144,611	28.2
Credit and loans	56,784	11.3	70,123	13.7
Short-term retirement liabilities	3	-	27	-
Short-term leasing liabilities	148	-	146	-
Liabilities for current income tax	74	-	12	-
Derivatives	174	-	-	-
Trade and other payables	51,498	10.1	28,696	5.7
Total current liabilities	108,681	21.4	99,004	19.4
Total liabilities	203,111	40.0	243,615	47.6
TOTAL EQUITY AND LIABILITIES	507,741	100.0	511,769	100.0

2.1.2 Consolidated statement of comprehensive income

	1.01.2011 - 31.12.2011	% of total sales	1.01.2010 - 31.12.2010	% of total sales
	PLN '000		PLN '000	
CONTINUING OPERATIONS				
Revenue	294,490	100.0	215,351	100.0
Cost of products, merchandise and raw materials sold	(198,387)	67.4	(168,216)	78.1
Gross profit on sales	96,103	32.6	47,135	21.9
Sales and marketing costs	(10,433)	3.5	(6,576)	3.1
General and administrative expenses	(13,441)	4.6	(10,675)	5.0
Other operating expenses	279	0.1	(2,555)	1.2
Results from operating activities	72,508	24.6	27,329	12.6
Financial income	327	0.1	853	0.4
Financial expenses	(11,329)	3.8	(14,095)	6.5
Net financing costs	(11,002)	3.7	(13,242)	6.1
Share of loss of equity accounted investees	(567)	0.2	(627)	0.2
Profit before tax	60,939	20.7	13,460	6.3
Income tax expense	(11,590)	3.9	(3,229)	1.5
Profit for the period	49,349	16.8	10,231	4.8
OTHER COMPREHENSIVE INCOME				
Foreign currency translation differences for foreign operations	225	0.1	(241)	0.1
Net loss on hedge of net investment in foreign operation	1,475	0.5	1,286	0.6
Income tax on other comprehensive income	(225)	0.1	76	-
Total comprehensive income for the period	50,824	17.3	11,352	5.3
Profit attributable to:				
Owners of the Company	49,349	16.8	10,231	4.8
Weighted average number of ordinary shares	5,255,632		5,255,632	
Basic and diluted earnings per share for the period (PLN)	9.39		1.95	

2.2 Selected financial ratios

	2011	2010	2009
1. Return on sales			
$\frac{\text{net profit} \times 100\%}{\text{net revenues}}$	16.8%	4.8%	negative value
2. Return on equity			
$\frac{\text{net profit} \times 100\%}{\text{equity} - \text{net profit}}$	19.3%	4.0%	negative value
3. Debtors turnover			
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{net revenues}}$	133 days	141 days	144 days
4. Debt ratio			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	40.0%	47.6%	52.8%
5. Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	1.1	0.9	0.9

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

3 Detailed report

3.1 Accounting principles

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

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

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

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

3.2 Basis of preparation of the consolidated financial statements

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

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

3.3 Method of consolidation

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

3.4 Consolidation of equity

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

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

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

3.5 Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

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

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

3.6 Notes to the consolidated financial statements

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

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

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

3.8 Information on the opinion of the independent auditor

Based on our audit of the consolidated financial statements of the Group as at and for the year ended 31 December 2011, we have issued an unqualified opinion.

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

Signed on the Polish original

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

12 March 2012
Warsaw