EXTENDED CONSOLIDATED REPORT

of the ULMA Construccion Polska S.A. CAPITAL GROUP

FOR Q1 2011

All amounts in PLN '000 unless otherwise specified

General information

- **Business object**

The business object of the ULMA Construccion Polska S.A. CAPITAL GROUP S.A. (hereinafter referred to as the Group) is as follows:

- production, rental and sale of construction scaffolding and formwork,
- development of applications of scaffolding and formwork on commission,
- export of construction services rendered by the companies of the Group,
- sale of construction materials and concrete accessories,
- transport and equipment related operations, including sale and rental of building equipment, including leasing thereof.

The parent entity ULMA Construccion Polska S.A. is a joint-stock company (Company). The Company started operation on 14 February 1989 under the business name Bauma Sp. z o.o. as a limited liability company (z o.o.) and was registered in Rep. A.II – 2791. On 15 September 1995, it was transformed into a joint stock company by force of a notary deed before the notary Robert Dor in the Notary Office in Warsaw and registered in Rep. No. A 5500/95. On 29 October 2001, the District Court in Warsaw, 20th Commercial Department of the National Court Register entered the Company into the National Court Register under KRS number: 0000055818. On 6 November 2006, the Extraordinary Shareholder Meeting, in its Resolution No. 1, decided to change the name of the Company from BAUMA S.A. to ULMA Construccion Polska S.A. The relevant entry into the National Court Register was made on 14 November 2006.

- **Registered office**

ULMA Construccion Polska S.A. (the parent company of the ULMA Construccion Polska S.A. CAPITAL GROUP)
ul. Klasyków 10
03-115 Warszawa

- **Supervisory Board and Management Board of the Company**

Aitor Ayastuy Ayastuy	Chairperson of the Supervisory Board
Lourdes Urzelai Ugarte	Vice Chairperson of the Supervisory Board
Ander Julian Ollo Odriozola	Member of the Supervisory Board
Ernesto Maestre Escudero	Member of the Supervisory Board
Félix Esperesate Gutiérrez	Member of the Supervisory Board
Rafał Alwasiak	Member of the Supervisory Board

Audit Committee

Rafał Alwasiak	Chairperson of the Committee
Aitor Ayastuy Ayastuy	Member of the Committee
Lourdes Urzelai Ugarte	Member of the Committee

Management Board

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 Sterczyński	Member of the Management Board.

- **Auditor**

KPMG Audyt Sp. z o.o. spółka komandytowa
ul. Chłodna 51
00-867 Warszawa
The company is entered into the list of entities entitled to audit financial statements under number 3546.

- **Banks**

BRE Bank S.A.,
PEKAO S.A.,
FORTIS BANK POLSKA S.A. – BNP PARIBAS
PKO Bank Polski S.A.

- **Listing**

The Company is listed at Giełda Papierów Wartościowych w Warszawie ("GPW" – Warsaw Stock Exchange).
Symbol at GPW: ULM.

All amounts in PLN ‘000 unless otherwise specified

	As of:		
	31 March 2011	**31 December 2010**	**31 March 2010**
ASSETS			
I. (Long-term) fixed assets			
1. Tangible fixed assets	400 333	416 873	435 491
2. Intangible fixed assets	506	501	591
3. Interests in associated companies	1 656	1 732	2 404
4. Deferred tax assets	-	-	163
5. Other fixed assets	4 330	4 344	4 385
Total (long-term) fixed assets	**406 825**	**423 450**	**443 034**
II. (Short-term) current assets			
1. Stocks	5 766	5 790	12 083
2. Trade receivables and other receivables	71 442	76 317	58 888
3. Income tax receivables	28	-	156
4. Derivative financial instruments	4	178	1 953
5. Cash and cash equivalents	5 879	6 034	17 225
Total (short-term) current assets	**83 119**	**88 319**	**90 305**
Total assets	**489 944**	**511 769**	**533 339**
EQUITY AND LIABILITIES			
I. Equity			
1. Share capital	10 511	10 511	10 511
2. Supplementary capital – share premium	114 990	114 990	114 990
3. Foreign currency exchange gains /(loss) from consolidation	(4 812)	(4 442)	(4 999)
4. Retained profits, of which:	147 806	147 095	132 868
a) Net profit for the period	*711*	*10 231*	*(3 996)*
Total equity	**268 495**	**268 154**	**253 370**
II. Liabilities			
1. Long-term liabilities			
a. Credits and loans	127 104	140 453	182 451
b. Deferred income tax liabilities	3 770	3 658	-
c. Long-term liabilities under pension benefits	77	77	78
d. Long-term liabilities under financial lease	386	423	532
Total long-term liabilities	**131 337**	**144 611**	**183 061**
2. Short-term liabilities			
a. Credits and loans	61 567	70 123	66 762
b. Short-term liabilities under pension benefits	27	27	24
c. Current income tax liabilities	1	12	-
d. Short-term liabilities under financial lease	146	146	198
e. Derivative financial instruments	-	-	-
f. Trade liabilities and other liabilities	28 371	28 696	29 924
Total short-term liabilities	**90 112**	**99 004**	**96 908**
Total liabilities	**221 449**	**243 615**	**279 969**
Total equity and liabilities	**489 944**	**511 769**	**533 339**

All amounts in PLN' 000 unless otherwise specified

	Q1 2011 period from 1 January to 31 March 2011	**Q1 2010 period from 1 January to 31 March 2010**
Sales revenues	48 971	40 267
Costs of sold products, goods and materials	(40 521)	(37 497)
I. Gross profit on sales	**8 450**	**2 770**
Costs of sales and marketing	(1 275)	(1 632)
Overheads	(2 804)	(2 690)
Other operating expenses	(432)	(451)
II. Operating profit /(loss)	**3 939**	**(2 003)**
Financial income	17	878
Financial expenses	(3 092)	(3 637)
Net financial expenses	*(3 075)*	*(2 759)*
Interest in profit/(loss) of associated companies	(77)	24
III. Gross profit /(loss)	**787**	**(4 738)**
Current income tax	-	(40)
Deferred income tax	(76)	782
IV. Net profit /(loss) for the financial period	**711**	**(3 996)**
Other total income:		
FX differences from translation of a foreign company	(335)	695
Income tax related to other total income items	(35)	(131)
V. Total income for the financial period	**341**	**(3 432)**
Net profit /(loss) for the financial period allocable to owners of the parent company	711	(3 996)
Weighted average number of ordinary shares	5 255 632	5 255 632
Basic and diluted profit /(loss) per share in the financial period (in PLN per share)	0.14	(0.76)

All amounts in PLN' 000 unless otherwise specified

Item	Share capital at nominal value	Share premium	Foreign currency exchange gains/(loss) from consolidation	Retained profits	Total equity
As of 31 December 2009	**10 511**	**114 990**	**(5 563)**	**136 864**	**256 802**
Total income in 2010	-	-	1 121	10 231	11 352
As of 31 December 2010	**10 511**	**114 990**	**(4 442)**	**147 095**	**268 154**
Total income in Q 1 2011	-	-	(370)	711	341
As of 31 March 2011	**10 511**	**114 990**	**(4 812)**	**147 806**	**268 495**

Item	Share capital at nominal value	Share premium	Foreign currency exchange gains/(loss) from consolidation	Retained profits	Total equity
As of 31 December 2009	**10 511**	**114 990**	**(5 563)**	**136 864**	**256 802**
Total income in Q 1 2010	-	-	564	(3 996)	(3 432)
As of 31 March 2010	**10 511**	**114 990**	**(4 999)**	**132 868**	**253 370**

All amounts in PLN' 000 unless otherwise specified

	Q1 2011 period from 1 January to 31 March 2011	Q1 2010 period from 1 January to 31 March 2010
Operating cash flow		
Net profit for the period	**711**	**(3 996)**
Adjustments:		
- Income tax	76	(743)
- Depreciation of fixed assets	19 441	18 733
- Amortization of intangible fixed assets	64	106
- Net value of sold formworks – fixed assets	1 850	2 580
- (Gains) /loss from changes in fair value of financial instruments	251	(24)
- Interest received	(17)	(87)
- Interest expenses	2 856	3 437
- (Gains) /loss from foreign currency exchange differences	(51)	612
Changes in current assets:		
- Stocks	24	1 230
- Trade receivables and other receivables	918	544
- Trade liabilities and other liabilities	2 381	(692)
- Provisions for liabilities and other charges	-	-
	28 504	**21 700**
Income tax paid	(39)	(75)
Net operating cash flow	**28 465**	**21 625**
Acquisition of tangible fixed assets	(3 946)	(30 787)
Inflows from sale of tangible fixed assets	96	57
Acquisition of intangible fixed assets	(72)	(27)
Acquisition of financial assets	-	-
Interest received	17	87
Net cash flow from investments	**(3 905)**	**(30 670)**
Inflow from issue of shares	-	-
Credits and loans received	-	16 209
Repayment of credits and loans	(18 999)	(7 425)
Payments due to financial lease	(36)	(80)
Interest paid	(2 851)	(3 437)
Other	-	-
Net cash flow from financing activities	**(21 886)**	**5 267**
Increase /(decrease) in net cash and overdraft facility	**2 674**	**(3 778)**
Opening cash and overdraft facility	2 332	19 368
(Loss) /gains due to valuation of cash and overdraft facility	84	62
Closing cash and overdraft facility	**5 090**	**15 652**

Description of key accounting principles

The key accounting principles used in the preparation of these consolidated financial statements are presented below. The principles were applied in all the presented periods in a consistent manner.

A) Basis

These consolidated financial statements for 3 months ended on 31 March 2011 of the ULMA Construccion Polska S.A. Capital Group for which ULMA Construccion Polska S.A. with its registered office in Warsaw is the parent company were made in compliance with the International Financial Reporting Standard 34 "Interim Financial Reporting".

These financial statements were made in accordance with the historical cost principle with the exception of financial assets and liabilities (derivative financial instruments) recognized at fair value in the profit and loss account.

B) Consolidation

Subsidiary companies are all those companies (including special purpose vehicles) in relation to which the Group can manage their financial policies and operations, which is usually associated with holding a majority of votes in their governing bodies. While assessing if the Group indeed controls a given entity, the existing voting rights and the impact of potential voting rights that may be exercised or exchanged at a given time are taken into account. Subsidiary entities are subject to full consolidation from the date control over them is assumed by the Group. The consolidation is discontinued when control ceases to exist. The take-over cost is equivalent to the fair value of the received assets, issued equity instruments and liabilities contracted or accepted as of the exchange date, increased by costs directly related to the take-over. Identifiable acquired assets and liabilities, including contingent liabilities, acquired as result of a merger of economic entities are initially value at their fair value as of the take-over date, irrespective of minority interests, if any. The surplus of the take-over cost over the interest fair value of the Group in identifiable acquired net assets is recognized as goodwill. If the take-over cost is lower than the net asset fair value of the acquired subsidiary, the difference is recognized directly in the profit and loss account.

Transactions, settlements and unrealized profit on transactions carried out within the Group are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment in value by the delivered asset item.
Transactions, settlements and unrealized profit on transactions carried out within the Group are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment in value by the delivered asset item.
Foreign exchange gains/(loss) on cash items that are part of net investments in an entity operating abroad are recognized respectively in separate financial statements of the entity preparing the financial statements or the entity operating abroad. Foreign exchange gains/(loss) are initially recognized in a separate equity item and when the net investment is disposed of, they are recognized in the financial result
The accounting principles used by the subsidiary entities were changed to the extent required to assure compliance with the accounting principles applied by the Group.

All amounts in PLN' 000 unless otherwise specified

C) Valuation of foreign currency denominated items

1. Fuctional currency and presentation currency

The items in the Group's financial statements are recognized in the currency of the key economic environment in which the major part of the Group operates (functional currency). The Polish zloty (PLN) is the functional currency, being at the same time the presentation currency of the Group's financial statements.

2. Transactions and balances

Foreign currency denominated transactions are translated into the functional currency at the rate prevailing on the transaction date. FX gains and losses under settlement of those transactions and resulting from balance sheet valuation of foreign currency denominated cash assets and liabilities are recognized accordingly in the profit and loss account. FX gains and losses concerning investing and financing activities are recognized as financial income/expenses.
FX gains and losses concerning realization and balance sheet valuation of trade transactions increase or decrease the income or expense items to which they are related.
The Group applies the average rate of a given currency announced by the National Bank of Poland as of the balance sheet date as the closing rate of the currency for the purposes of balance sheet valuation of foreign currency denominated cash assets and liabilities.

3. Foreign companies

Financial statements of the member companies of the Capital Group whose functional currencies are different from the presentation currency, are translated into the presentation currency as follows:

a) assets and liabilities are translated at the closing rate of exchange prevailing on the balance sheet date,
b) income and expenses in the total income statement are translated separately for each financial month at the closing rate of exchange prevailing as at the last day of each month,
c) all the resulting foreign exchange gains and losses are recognized as a separate equity item and are recognized in the other total income.

4. Exchange rates and inflation

	Average PLN exchange rate to Hryvnia (UAH) published by the National Bank of Poland	Average PLN exchange rate to EUR published by the National Bank of Poland	Change of consumer price index published by the Central Statistical Office
31 March 2011	0.3562	4.0119	3.8%
31 December 2010	0.3722	3.9603	2.6%
31 March 2010	0.3630	3.8622	3.0%

D) Financial instruments

Financial instruments disclosed in the statement of financial position include cash on hand and at banks, trade receivables and other receivables, financial assets recognized at fair value in the financial result, financial assets available for sale, trade liabilities and other liabilities, as well as loans.
The applied methods of presentation and measurement of particular financial instruments are specified below in the description of the applied accounting standards.
Derivative financial instruments are initially recognized at fair value as of the contract date. Later, their value is updated to the current fair value. The derivative instruments held by the Group do

not qualify for hedge accounting and therefore the result of their revaluation to fair value is recognized in the profit and loss.
As of each balance sheet date, the Group makes a review if there are any premises indicating impairment in value of financial assets. If such events occur, the Group recognizes the cumulated loss in the profit and loss account as a difference between the balance sheet value and the current fair value, simultaneously decreasing the balance sheet value of the asset item.

E) Tangible fixed assets

Tangible fixed assets such as buildings, plant and machinery used for production, delivery of products and provision of services or for management purposes, were valued as of the balance sheet date at cost or manufacturing cost decreased by accumulated depreciation/amortization and write-downs due to impairment in value.

Subsequent expenditures are recognized in the balance sheet value of the fixed asset or as a separate fixed asset (where appropriate) only when it is probable that this will result in economic benefit to the Group, while the costs of the asset can be reliably measured. Subsequent expenditures that do not increase the initial useful value of the fixed asset are charged to the period when they were incurred.

Land owned by the Group is recognized at cost and is not depreciated. The other fixed assets are depreciated by the linear method in order to cover the original value decreased by any residual value over their useful life for each generic group.
The applied useful life periods for each type of fixed assets are as follows (in years):

- land, buildings and structures	25 – 40
- investments in third party assets	10
- plant and machinery	3 – 20
- equipment, formwork systems and other fixed assets	5 – 7

Residual values and useful lives of fixed assets are verified as of each balance sheet date and adjusted if required.

When the balance sheet value of a fixed asset exceeds its estimated recoverable value, its balance sheet value is lowered to the recoverable value (Note 1l).

Profit and loss due to disposal of fixed assets is determined by comparing the proceeds with the relevant balance sheet value and the result recognized in the profit and loss account.

F) Lease – lessee's accounting

Lease of assets whereby a major part of risk and benefits resulting from the title are held by the lessor is operating lease. Lease fees that the Group is charged with under operating lease are charged to the profit and loss account with the linear method throughout the term of the lease contract.

Lease of tangible fixed assets whereby the Group takes the major part of risk and benefits resulting from the title is financial lease. The subject of financial lease is recognized in the assets as of the day when lease is commenced at the lower of the following amounts: the fair value of

the subject of lease or the current value of minimum lease fees. Lease fees paid during the reporting period in the portion covering the principal instalments decrease the principal part of liabilities under financial lease while the remaining portion being the interest part is charged to the financial expenses for the period. The split of lease fees into principal and interest portions is made in such a manner that for each period a fixed interest rate is calculated in relation to the outstanding amount of liabilities.
Tangible fixed assets covered by financial lease were disclosed in the statement of financial position in the same manner as the other fixed assets and are depreciated in accordance with the same principles. If there is no certainty that after the end of the lease contract the Group will acquire the title, the assets are depreciated over the shorter of the following periods: lease period and their useful life.

G) Tease – lessor's accounting

Lease is a contract pursuant to which in consideration for payment or a series of payment of fees, the lessor provides the lessee with the right to use a given asset for an agreed period of time. If assets are delivered under operating lease, the asset is disclosed in the statement of financial position according to its nature (kind). Revenues from operating lease are recognized by the straight line method over the lease period.

Fixed assets classified as “Formwork systems” held by the Group are covered by short-term operating leasing contracts.

H) Intangible fixed assets

Software

Purchased licences for computer software are recognized as an asset in the amount spent on the purchase and preparation for use of particular software. The recognized costs are written off over the estimated period of software use, i.e. 2– 5 years.

I) Impairment of value of fixed assets

Depreciated fixed assets are analyzed for any impairment in value if any premises occur that there is a risk to realizing the balance sheet value of tangible fixed assets and intangible assets held. The amounts of revaluation write-downs determined as a result of an analysis (impairment value test) reduce the balance sheet value of the assets to which they refer and are recognized as costs of the period. A loss due to depreciation is recognized in the amount by which the balance sheet value of a given asset exceeds its recoverable value. The recoverable value is the higher of: fair value reduced with the sales expenses and the useful value (reflecting the present value of cash flows related to the asset item). For the purposes of analysis for impairment in value, assets are grouped at the lowest level with reference to which there are separate identifiable cash flows (cash generating units). Non-financial assets other than goodwill that were in the past subject to impairment in value are reviewed as of each balance sheet date to determine if they may not be written back.

J) Investments

Financial assets held for sale

Investments of the Group include the value of shares in other entities than its subsidiary or associated companies. Investments in other entities are disclosed as financial assets held for sale as the Management Board has no intention of selling those investments within the next 12 months. Investments are originally recognized at fair value increased by additional transactional costs. Any increase in investments due to revaluation to fair value is recognized in equity. Any decrease in the value of those investments which have been previously increased, decreases the revaluation reserve. All other decreases due to impairment in value are charged to the profit and loss account. Financial instruments held for sale for which no reliable fair value can be estimated (there is no active market for such instruments) are valued at cost of instrument purchase decreased by any revaluation write-downs.

K) Stocks

Stocks of raw materials, materials, semi-finished products and finished products as well as purchased goods are valued as of the balance sheet at the lower of: purchase price (manufacturing cost) or net realizable sale price. The costs of finished products and production in progress include development costs, the value of consumer raw materials, direct labour, other direct costs and the corresponding departmental production costs (on the basis of normal production capacity), they do not, however, cover borrowing costs.

The sale price in the normal course of business activities, reduced by the estimated costs of completion of production and the variable costs necessary to carry out sales constitutes the net sale price.
The turnover of stocks is valued according to the “first in, first out” (FIFO) principle with the exception of raw materials and materials for the production of formwork where the turnover is valued at the weighted average purchase prices.
If necessary, revaluation write-downs are made with respect to obsolete, non marketable and defective stocks.

Semi-finished products, production in progress and finished products covering formwork and components thereof manufactured by the Group can be marketed or recognized as fixed assets for rent. The Group recognizes formwork as tangible fixed assets when evidenced as products for rent.

L) Trade receivables and other receivables

Trade receivables are initially recognized at fair value and subsequently revalued with the method of amortized cost with the effective interest rate and decreased by the revaluation write-down due to impairment in value. Trade receivables deemed as uncollectible are expensed when determined as uncollectible. When the Management Board finds it probable that the Group will not be able to collect the amounts due in the original amount, a revaluation write-down is made due to impairment in value. The amount of the revaluation write-down is equal to the difference between the book value and the current value of the anticipated future cash flows, discounted with the effective interest rate. Adjustments of the write-downs revaluating the value of trade receivables are recognized in the total income statement as costs of sale and marketing, in the period where the adjustment occurs.

Prepayments

The item “Trade and other receivables” in the statement of financial position includes also an amount of expenses incurred in the reported financial year and referring to future reporting periods. Their value was reliably determined and will result in economic benefits in the future.

M) Cash and cash equivalents

Cash and cash equivalents are recognized in the statement of financial position at fair value corresponding to the nominal value. These include cash on hand and at banks, other highly liquid short-term investments with the original maturity no longer than three months.
The cash balance disclosed in the cash flow statement is composed of the above cash and cash equivalents decreased by outstanding amounts of current account overdraft facilities.
Current account overdraft facilities are disclosed in the statement of financial position as liabilities – short-term loans.

N) Capitals

Share capital

Ordinary shares are classified as share capital. Share capital is disclosed at nominal value of shares. Any share premium decreased by direct costs of new share issues is disclosed as supplementary capital.

Retained profit

The statement of financial position discloses "retained profit" as cumulated, retained profit and loss generated by the Group in preceding financial periods and the profit/loss for the current financial year.

O) Credits and loans

Credits and loans are initially recognized at fair value decreased by the incurred transaction costs. In subsequent periods, credits and loans are measured at the adjusted acquisition price (amortized cost) with the effective interest rate.
Credits and loans are classified as short-term liabilities unless the Group holds an unconditional right to defer the repayment of such liabilities by minimum 12 months from the balance sheet date.

P) Provisions

Provisions are created for existing liabilities of the Group (legal or customary) that result from past events if it is likely that the Group will have to spend its resources in order to meet those liabilities and if the liabilities can be reliably estimated.

Q) Accruals and deferred income

In the item "Trade receivables and other liabilities" of the statement of financial position the Group discloses:

- reliably estimated costs incurred in the relevant reporting period that were not invoiced by suppliers up until the balance sheet date. The timing and manner of settling such costs are due to their nature, subject to the prudence principle.
- Deferred income, covering in particular the equivalent of received or due amounts for those deliveries or services that will be performed in the future reporting periods.

R) Major accounting principles

While preparing financial statements in accordance with the International Standards of Financial Reporting, the Management Board makes certain accounting estimates subject to their knowledge and estimates as to the anticipated changes to the analysed values. The actual values may differ from the estimated values. The balance sheet value of tangible fixed assets is determined with the application of estimated useful lives of each group of fixed assets. The adopted periods of useful life of tangible fixed assets are subject to periodical verification performed based on analyses made by the Group.
Receivables are verified for their impairment in value if premises presenting a risk of non-collection occur. Should this occur, the value of revaluation write-downs is created by the Group.

S) Revenues

Revenues include the fair value of revenues from sale of products, goods and services minus VAT, rebates and discounts.
The Group recognizes sales revenues when the amount of revenues can be reliably measured, when it is probable that the entity will generate economic benefits in the future and that the criteria listed below have been met for each type of operations of the Group.

1. Revenues from sale of goods and products

Revenues from sale of goods and products are recognized if a material risk and benefits resulting from the ownership title to goods and products have been passed on to the buyer and when the amount of revenues can be reliably measured, and the collectability of the revenues is sufficiently certain.
This category further includes revenues from sale of formwork systems that are elements of tangible fixed assets. Profit /(loss) on sale of other tangible fixed assets is disclosed in other net profit /(loss).
In case of domestic sales, the moment when such products or goods are released to the buyer from the Group's warehouses is the moment when revenues from sale of products or goods are recognized. In case of export sale and intra-community delivery of goods, the recognition moment is subject to the delivery terms determined in accordance with Incoterms 2000, as specified in the executed contract. For contracts concluded in accordance with the FCA (or EXW) terms of delivery, the moment when such products are released to the buyer from the Group's warehouses is the moment when sales revenues are recognized. For contracts concluded in accordance with the CPT and CIP terms, the revenues from sale of products and goods are recognized when the customer acknowledges receipt of the delivery.

2. Revenues from sale of services

Revenues from sale of services cover primarily rental services of construction formwork.
Revenues from sale of services are recognized in the period during which such services were rendered subject to the progress of a given transaction, determined on the basis of relation between the actually completed works with all the works to be performed, provided:

- amount of revenues can be valued in a reliable way,
- it is probable that the entity will derive economic benefits from the transaction,
- the progress of the transaction as of the date when such revenues are recognized can be reliably assessed,
- the costs incurred in relation to the transaction and the costs of completion of the transaction can be reliably assessed.

3. Interest

Interest income is recognized on the accrual basis with the effective interest rate method. This income refers to remuneration for the use of funds by companies in the Group. If a receivable loses in value, the Group reduces its balance sheet value to the collectible amount equal to the estimated future cash flow discounted at the original effective interest rate for the instrument, followed by gradual recognition of the discount amount in correspondence to interest income.

4. Dividend

Dividend income is recognized when the right to dividend payment is acquired.

T) Deferred income tax

Deferred income tax assets and liabilities resulting from temporary differences between the tax value of assets and liabilities and their balance sheet value in the consolidated financial statements are recognized with the balance sheet method. However, if such deferred income tax is due to the original recognition of an asset or a liability under a transaction other than merger of economic entities that would not affect the profit/(loss) or tax profit /(loss), no deferred income tax is recognized. Deferred income tax is determined subject to the tax rates (and regulations) prevailing legally or actually as of the balance sheet date and that are expected to continue to be binding when such deferred income tax assets are realized or when such deferred income tax liabilities are paid.

Deferred income tax asset are recognized if it is probable that taxable income will be generated in the future that will assure application of the temporary differences.

Deferred income assets and liabilities are offset when there is a legally enforceable right to offset current assets against liabilities and when the entity intends to pay tax in a net amount or realize at the same time receivables and settle liabilities.

U) Employee benefits

Retirement packages

Retirement packages become payable when employees acquire retirement rights in compliance with the Labour Code. The amount of retirement packages due to employees who acquire retirement rights is calculated as additional one-month salary in the identical manner as holiday equivalent. The Group recognizes provisions for retirement packages. The amount of such liabilities is calculated each year by independent actuaries.

The provision for an employee is based on the anticipated amount of pension benefit that the Group agrees to pay pursuant to the applicable Regulations. Thus calculated amount is actuarially discounted as of the balance sheet date. The discounted amount is decreased by the annual allocation to the provision, discounted actuarially as of the same day, which is made to increase the provision per employee. The actuarial discount is the product of the financial discount and the survival probability of the person to the retirement age as an employee of the Group. In accordance with IAS 19, the financial discount rate used in order to calculate the present value of employee benefit liabilities was based on market rates of return on Treasury bonds with the currency and redemption date matching the currency and the estimated time of disbursement of the employee benefits.

Additional information to the quarterly report

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

The first quarter of 2011 was characterized by high growth dynamics in the construction sector: + 18.8% as compared to the analogous period of the previous year. Although such a high ratio is partially due to an exceptionally low comparable basis for the previous year, it is worth emphasizing than in March this year the level of construction and assembly production was higher in that month than in the last five years.

Within **the housing sector**, increased investment activity observed as early as in the second half of the previous year both in construction by developers and individual investors prevailed in Q1. An increase in the number of commenced flat investments – by 13.6% more than one year ago was recorded. In March, we recorded for the first time in 2011 an increase in the number of building permits issued in relation to flat construction (by 27.1%).

Positive growth dynamics in **the non-housing sector**, which according to GUS amounted in Q1 to 17.0% was achieved mainly due to investments in buildings serving transportation and connectivity purposes, as well as utility premises.

In **the engineering sector** the value of construction and assembly production increased in Q1 by 26.1%, whereby in the major subcategory of that sector - covering construction of roads and motorways - it increased by as much as 42%, which means the beginning of a period of compensating for delays in infrastructure construction. Nearly 2500 tender procedures for road construction were completed within the analysed period. This number is higher than that of the previous year by 250.

This upwards trend was also due to manufacture of complementary construction materials, particularly important from the perspective of the Group's operations: of ready-mix cement and concrete, which increased in Q1 2011 by 42.5% and 57%, respectively (SPBT's data).

Relatively positive statistics concerning the constriction sector in Q1 were not reflected yet in the overall outlook ratio in construction. The ratio in that period continued to be negative. Entrepreneurs were still rather cautious as regards evaluation of the market due to considerable competition, delays in selection of the winning tenders in tender procedures, low margins and payment backlogs.

Market environment abroad

After an over two-year period of a severe economic crisis, the construction market in Ukraine shows apparent symptoms of recovery. According to the Ukrainian National Statistical Service, the value of construction and assembly production increased in Q1 by 6.8%, whereby ¼ of that production was carried out in the region of the city of Kiev. Particularly good results were recorded by enterprises dealing with construction of roads, viaducts and the metro – a 3.6 fold increase in production, and those constructing roads, airports and sports infrastructure – a 1.6 fold increase in production.

In Kazakhstan, the construction industry recorded within the analysed period an increase by 3.1%.

All amounts in PLN' 000 unless otherwise specified

Operating profitability

In Q1 2011, the Capital Group generated a profit on operations, which amounted to TPLN 3 939 as compared to TPLN 2 003 in the analogous period of the preceding year (an increase by TPLN 5 942).

The aforementioned operating result was affected positively 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.

Depreciation write-offs related to the Group's assets (primarily formwork systems and scaffoldings, as well as the Logistics Center in Poznań and in Jaworzno) were the key item in operating costs by type. The amount of the depreciation write-offs in Q1 2011 increased by 4% as compared to the analogous period of the previous year.

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

	Q1 2011	2010	Q1 2010
Sales	48 971	215 351	40 267
EBIT	3 939	27 329	(2 003)
% of sales	8.04	12.69	(4.98)
Amortization/depreciation	19 505	76 871	18 839
EBITDA	23 444	104 200	16 836
% of sales	47.87	48.39	41.81

In Q1 2011, the Capital Group recorded an increase in EBITDA – in the absolute terms – of TPLN 6 608 as compared to that achieved in Q1 2010 – the EBIDTA profitability (EBITDA as a % of sales) amounted to 47.87%, compared to 41.81% 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,
- gradually increasing unit prices for the offered services resulting from a better outlook in construction, in particular in the road segment.

Definition of the Capital Group's exposure to currency exchange risk

The Companies of the Capital Group are exposed to currency exchange risk at the time of actual cash flows which the Group seeks to mitigate through:

- mutual set-off of liabilities and receivables denominated in the same foreign currency and related to the same maturity periods,
- operations on the currency market (purchase or sale of foreign currencies which are subject to settlements of liabilities or receivables denominated in a foreign currency),
- entering transactions on the futures market and entering Non-Delivery Forward (NDF) contracts.

All amounts in PLN' 000 unless otherwise specified

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 measurement of hedging 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 March 2011	31 December 2010	31 March 2010
Assets under valuation of NDF contracts as of the balance sheet date	4	178	1 953
Liabilities under valuation of NDF contracts as of the balance sheet date	-	-	-

b) recognized in the total income statement

	Q1 2011	Q1 2010
Result for the period due to execution of the previously concluded NDF contracts – ("other operating expenses" item)	(17)	(163)
Result of valuation of NDF contracts as of the balance sheet date – ("other operating expenses" item)	(9)	244
Result for the period due to valuation of NDF contracts as of the balance sheet date – financing activities	-	791
Total result for the period due to NDF contracts	**(26)**	**872**

The results of hedge transaction neutralize to a large extent foreign 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 held asset management (inventory surpluses and shortages, as well as provisions for stock impairment). In Q1 2011, costs related to the aforementioned phenomena amounted to TPLN 648 as compared to TPLN 728 in the analogous period of 2010.

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 scaffoldings).

The balance on bank credits (short- and medium-term) with interest accrued until the balance sheet date as of 31 March 2011 amounted to TPLN 188 671, as compared to TPLN 249 213 as of 31 March 2010.

As a result of a decrease in the balance of credits there was a decrease in financial expenses related to interest on credits, which amounted in Q1 2011 to TPLN 2 847 as compared to TPLN 3 425 in the analogous period of the preceding year (a decrease by 17%).

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

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

In Q1 2011, the total amount of foreign exchange gains /(loss) recognized in the aforementioned statements was positive and amounted to TPLN 370 – out of which foreign exchange gains /(losses) related to the above-mentioned “net investment in a foreign entity" amounted to TPLN 351, whereas foreign exchange gains /(loss) resulting from translation of the financial statements of the company operating abroad amounted to TPLN 19.

Net result

Following deduction of corporate income tax the Capital Group generated in Q1 2011 a positive net financial result in the amount of TPLN 711, as compared to the negative net result of the analogous period of the preceding financial year amounting to TPLN 3 996.

Cash flow

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

	Q1 2011	Q1 2010
Net profit/(loss)	711	(3 996)
Amortization/depreciation	19 505	18 839
Total cash surplus	20 216	14 843
Other operating cash flow	8 249	6 782
Net operating cash flow	28 465	21 625
Net cash flow from investments	(3 905)	(30 670)
Net cash flow from financing activities	(21 886)	5 267
Net cash flow	2 674	(3 778)

Operating cash flow

In Q1 2011, the Capital Group generated a financial surplus (net profit + depreciation/amortization) in the amount of TPLN 20 216.

At the same time, operating cash flow amounted to TPLN 28 465, as compared to TPLN 21 625 in the analogous period of the preceding year (an increase by TPLN 6 840).

From the perspective of current asset management, Q1 2011 was characterized, similarly to 2010, 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

All amounts in PLN' 000 unless otherwise specified

between market participants, but also in longer periods of settling receivables for performed services. Moreover, numerous general contractor companies without diversified revenue sources and operating only on the large building construction market faced the problem of maintaining financial liquidity.

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 customers of the Capital Group at the time of commencement of cooperation and when it is progress. As a result of those measures an increase in the receivable rotation ratio, as compared to that of 2010, was recorded.
(table below)

		31 March 2011	31 December 2010	31 March 2010
1.	Net trade receivables	69 884	75 353	57 197
2.	Sales revenues for 12 months following the balance sheet date	224 056	215 351	175 400
3.	Number of days	365	365	365
4.	Rotation ratio (1*3/2)	114	128	119

<u>Cash flow from investments</u>

In Q1 2011, the Capital Group made relatively insignificant capital expenditures, primarily in order to supplement the portfolio of offered products (formwork systems and scaffoldings). As a result, the capital expenditures in Q1 2011 related to purchase of fixed tangible assets amounted to TPLN 3 946.

<u>Cash flow from financing activities</u>

In Q1 2011, the Group repaid in accordance with the schedules contained in concluded credit agreements instalments of the bank credits incurred in previous years. Expenses incurred for that amounted to TPLN 18 999. In the analogous period of the previous year, the Group repaid credit instalments in the total amount of TPLN 7 425. At the same time, it used up the last credit tranches resulting from the credit agreements concluded in the previous years in the amount of TPLN 16 209. Therefore, the surplus of outflow from financing activities over inflow amounted in Q1 2011 to TPLN 21 886, as compared to TPLN 5 267 of the surplus of inflow over outflow in the analogous period of 2010.

As a result of the aforementioned phenomena in Q1 2011, the Group recorded an increase in cash and overdraft facility of TPLN 2 674, to TPLN 5 090 as of 31 March 2011.

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 ULMA Construccion Polska Capital Group S.A. Particularly unfavourable weather conditions and frequent delays in execution of budget investments occur usually in the first quarter of the year. Improvement to the discussed factors occurs usually in the subsequent quarters.

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

In Q1 2011, 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 period.

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

In spite of high effectiveness of measures hedging against currency exchange risk the net result on those transactions is affected to a large extend by volatility of exchange rates. This relates in particular to transactions hedging against currency exchange risk resulting from the balance of the intragroup loan which ULMA Construccion Polska S.A. granted to its daughter company - Ulma Opałubka Ukraina sp. z.o.o.
As a result, EUR/PLN volatility continues to affect total income generated by the Capital Group.

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.

Information concerning revenues and results allocable to particular sector or geographical segment specified in accordance with International Accounting Standards, depending on which segment division in the basic one

The ULMA Construccion Polska S.A. Capital Group distinguishes in its business activity two basic segments:

- servicing constructions – a segment which covers rental of formwork and construction scaffolding alongside the broadly understood logistics services and settlement of constructions costs once the contract has been completed,
- sale of building materials – a segment which covers sale of formwork systems constituting elements of the fixed capital (fixed assets) and the working capital (products and services) of the Group, alongside sale of other building materials.

The results of the segments are as follows:

Q1 2011 – period of 3 months ended on 31 March 2011

Description	Construction servicing	Sale of building materials	The Capital Group
Total sales revenues	47 142	2 864	50 006

Sale between segments	(75)	(960)	(1 035)
Sales revenues	**47 067**	**1 904**	**48 971**
Operating costs without amortization	(24 667)	(860)	(25 527)
EBITDA	**22 400**	**1 044**	**23 444**
Amortization/depreciation	(19 401)	(104)	(19 505)
EBIT Operating profit	**2 999**	**940**	**3 939**

Q1 2010 – period of 3 months ended on 31 March 2010

Description	Construction servicing	Sale of building materials	The Capital Group
Total sales revenues	36 423	9 309	45 732
Sale between segments	(964)	(4 501)	(5 465)
Sales revenues	**35 459**	**4 808**	**40 267**
Operating costs without amortization	(19 844)	(3 587)	(23 431)
EBITDA	**15 615**	**1 221**	**16 836**
Amortization/depreciation	(18 520)	(319)	(18 839)
EBIT operating profit /(loss)	**(2 905)**	**902**	**(2 003)**

Adjustment of the operating profit /(loss) to the Group's net result has been presented below.

	Q1 2011 period from 1 January to 31 March 2011	**Q1 2010 period from 1 January to 31 March 2010**
Operating profit /(loss) of segments	**3 939**	**(2 003)**
Interest revenues	17	87
Other financial revenues	-	791
Interest expenses	(2 856)	(3 437)
Other financial expenses	(236)	(200)
Interest in profit /(loss) of associated companies	(77)	24
Gross profit /(loss)	**787**	**(4 738)**
Income tax	(76)	742
Net profit /(loss)	**711**	**(3 996)**

Translation of selected financial data into EUR

ITEM	**in PLN' 000**		**in EUR' 000**	
	Q1 2011 from 1 January to 31 March 2011	**Q1 2010 from 1 January to 31 March 2010**	**Q1 2011 from 1 January to 31 March 2011**	**Q1 2010 from 1 January to 31 March 2011**
Net revenues from sales of products, goods and materials	48 971	40 267	12 322	10 151

All amounts in PLN' 000 unless otherwise specified

Operating result	3 939	(2 003)	991	(505)
Gross profit /(loss)	787	(4 738)	198	(1 194)
Net result	711	(3 996)	179	(1 007)
Net operating cash flow	28 465	21 625	7 162	5 451
Net cash flow from investments	(3 905)	(30 670)	(983)	(7 732)
Net cash flow from financing activities	(21 886)	5 267	(5 507)	1 328
Net cash flow	2 674	(3 778)	673	(952)
Diluted profit per ordinary share (PLN/EUR)	0.14	(0.76)	0.03	(0.19)
Basic profit per ordinary share (PLN/EUR)	0.14	(0.76)	0.03	(0.19)
	31 March 2011	**31 December 2010**	**31 March 2011**	**31 December 2010**
Total assets	489 944	511 769	122 123	129 224
Liabilities	221 449	243 615	55 198	61 514
Long-term liabilities	131 337	144 611	32 737	36 515
Short-term liabilities	90 112	99 004	22 461	24 999
Equity	268 495	268 154	66 925	67 710
Share capital	10 511	10 511	2 620	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)	51.09	51.02	12.73	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 March 2011 was PLN 4.0119, and that as of 31 December 2010 – PLN 3.9603.

While translating the items of the total income statement and cash flow account items, a rate being the arithmetic mean of the rates prevailing as of the last day of each month in a given period was applied. For the period 1 January – 31 March 2011, this rate was PLN/EUR 3.9742, while the data for the analogous period in 2010 were translated at the rate PLN/EUR 3.9669.

Description of the organization of the ULMA Construccion Polska S.A. Capital Group with details of the entities subject to consolidation

The Group is controlled by ULMA C y E, S. Coop. with its registered office in Spain which as of 31 March 2011 holds 75.49% of the Company's shares. The remaining 24.51% of shares are held by numerous shareholders.

The ULMA Construccion Polska S.A. Capital Group is composed of the following companies:

Parent company:

- ULMA Construccion Polska S.A. a joint stock company with its registered office in Warsaw, at ul. Klasyków 10. On 15 September 1995, the Company was transformed pursuant to the resolution of the Extraordinary Shareholder Meeting from a limited liability company into a joint stock company (Notary Deed of 15 September 1995, Ref. A 5500/95). The Company was registered in the National Court Register by the District Court for the Capital City of Warsaw, 20th Commercial Division of the National Court Register under KRS number 0000055818.

Subsidiary companies:

- ULMA System S.A. in liquidation with its registered office in Starachowice at ul. Radomska 29 was established on 11 July 2000 – Notary Deed Ref. A 2105/2000. The company was registered by a decision of the District Court in Kielce, 10th Commercial Division in the Register of Entrepreneurs under KRS number 0000054140. The business objects of the Company consisted in manufacture of metal products and structures. The Issuer's share in the capital and the total number of votes is 100%.
  On 31 May 2010, the Extraordinary General Meeting of Shareholders of ULMA System S.A. adopted a resolution of the Company's liquidation.

- ULMA Opałubka Ukraina sp. z o.o. with its registered office in Kiev, at 9 Gnata Juri street was established on 18 July 2001. It was registered in the Sviatoshin Branch of State Administration for the City of Kiev under number 5878/01 and was granted ID code 31563803. The business object of the company consists in sale and rental of formwork as well as sale of building materials. The Issuer's share in the capital and the total number of votes is 100%.

- On 27 August 2010, a subsidiary company – ULMA Opałubka Kazachstan sp. z o.o. with its registered office in Astana at 25 Taszenowa street was established. Its strategic objective will development of the Capital Group's basic objects, i.e. rental of formwork systems and scaffoldings, as well as dissemination of knowledge on application of the formwork technology in the construction process in Kazakhstan. The Issuer's share in the capital and the total number of votes is 100%.

Associated company:

- ULMA Cofraje SRL with its registered office in Bucharest at 200 Chitilei street, was established on 9 October 2007. It is registered with the National Office of Commercial Register in Bucharest under number 22679140. The Company's business object consists in rental and sale of construction scaffolding and formwork, including leasing operations. The Issuer's share in the capital and the total number of votes is 30%.

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

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

Establishment of the subsidiary ULMA Opałubka Kazachstan in Kazakhstan will cause the Capital Group to incur in subsequent periods costs and expenditures related to complementing the logistics and trade structures in that country.

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 quarterly report in comparison with the forecast results

The ULMA Construccion Polska S.A. Capital Group does not publish forecast 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 Construccion Polska S.A. as of the date of passing the quarterly 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 blocks of shares of ULMA Construccion Polska S.A. within the period from passing the previous quarterly report.

As of the date of passing 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 Construccion Polska S.A., equivalent to 75.49% in the Company's share capital and entitling to 3 967 290 votes at the General Meeting, equivalent to 75.49% of the total number of votes.
- Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK holding directly 306 822 shares of ULMA Construccion Polska S.A., equivalent to 5.84% in the Company's share capital and entitling to 306 822 votes at the General Meeting, equivalent to 5.84% of the total number of votes.

In the period from submission of the previous quarterly report, there have been no changes in the ownership structure of significant blocks of shares of ULMA Construccion Polska S.A.

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

In accordance with the information held by ULMA Construccion Polska S. A. within the period from passing the previous report there were no changes to the shares of ULMA Construccion Polska S.A. or entitlement to them (options) held by the aforementioned persons. No managing or supervising person of ULMA Construccion 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 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 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 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 in that regard, 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 statements, no proceedings were initiated against ULMA Construccion Polska S.A. or subsidiaries thereof with a value in excess of 10% of their equity.

Proceedings concerning receivables of ULMA Construccion Polska S.A. as of 31 March 2011:

During the period covered by the report, no proceedings were initiated against ULMA Construccion Polska S.A. or subsidiaries thereof with a value in excess of 10% of their equity.
ULMA Construccion Polska S.A. is carrying out 85 court proceedings concerning receivables – their total value amounts to TPLN 10 351. Among the proceedings pending at court, ULMA Construccion Polska S.A. is carrying out 49 bankruptcy proceedings for the total amount of TPLN 7 664.

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

Creditor	Debtor	Value of dispute in PLN '000	Proceeding commencement date
ULMA Construccion Polska S.A.	PRIB EKO PRZEM SP. Z O.O.	1 096	17-03-2010 – bankruptcy
ULMA Construccion Polska S.A.	MPRD S.A.	824	08-12-2006 – bankruptcy
ULMA Construccion Polska S.A.	BIP GROUP	792	24-04-2009 – bankruptcy
ULMA Construccion Polska S.A.	LPBO S.A.	762	23-03-2009 – bankruptcy
ULMA Construccion Polska S.A.	FENIX SP. Z O.O.	696	29-10-2010 - enforced collection
ULMA Construccion Polska S.A.	IMA BUD DEVELOPMENT SP. Z O.O.	592	20-11-2007 – enforced collection
ULMA Construccion Polska S.A.	DOMKAR-BUDOWNICTWO	974	10-11-2010 - enforced collection
ULMA Construccion Polska S.A.	MAXER S.A.	466	28-04-2006 – bankruptcy
ULMA Construccion Polska S.A.	Krupiński Construction Sp. z o.o.	552	05-12-2006 - enforced collection
	total	**6 754**	

Information on conclusion by ULMA Construccion Polska S.A. or a subsidiary thereof one or more transactions with associated companies if the transactions are material individually or collectively and have not been concluded on an arm's length basis, with details of their value and:

a) information on the entity with which the transaction was concluded,

b) information on the relationships of ULMA Construccion 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 characteristic for a given agreement, in particular those that differ from terms and conditions commonly applied to that type of agreements,
e) other information concerning those transactions provided these are necessary to understand the Issuer's financial situation and its financial result,
f) any amendments to transactions concluded with associated companies which were referred to in the latest annual statements and which could have a significant impact on the Issuer's financial situation and its financial result.

Transactions concluded in Q1 2011 by ULMA Construccion Polska S.A. and subsidiaries thereof with associated companies 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 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 535 and purchases of formwork from ULMA C y E, S. Coop. for TPLN 3 556.
Within the last 12 months (from 1 April 2010 to 31 March 2011) the value of the aforementioned transactions was TPLN 15 869 in relation to purchases from ULMA System S.A. and TPLN 27 328 in relation to purchase from ULMA C y E, S. Coop., respectively.

Information on granting by ULMA Construccion Polska S.A. or a subsidiary thereof credit 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 Construccion 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 credits and loans which were duly 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 Construccion Polska S.A. or a subsidiary thereof for granting the warranties or guarantees,
e) the nature of relationships between ULMA Construccion Polska S.A. with the entity which incurred the credit or loan.

ULMA Construccion Polska S.A. – parent company – granted its daughter company ULMA System S.A. in liquidation based in Starachowice an intragroup short-term loan in the amount of TPLN 3 500 for financing the company's needs as regards current assets related to conducting the winding up process.
The loan was granted on an arm's length basis until 31 May 2011 and it is repaid with cash generated through sale of the assets of the subsidiary company being wound up.

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

In Q1 2011, there were no major events except for those referred to above. The Management Board of ULMA Construccion 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 Construccion Polska S.A. the results achieved by the ULMA Construccion Polska S.A. Capital Group within the minimum of the next quarter

Market in Poland

In the first months of 2011 the high GDP growth dynamics was observed: according to IBnGR (Institute for Market Economics) in Q1 it amounted to 4.3%, and construction was the fastest developing branch of economy. A good beginning of the year in the construction sector and the updated road and motorway construction programme not only allow us to hope for reduction of delays in execution of road and infrastructural projects. These are a real prognostic of accumulation of investments in that sector in 2011 at an unprecedented scale. This will undoubtedly require enormous mobilization of contracting capacities and will be a serious organizational and logistic challenge for all participants of the aforementioned investment processes. On the other hand, the large scale of the works carried out within that sector should contribute to mitigation of the competitive struggle among formwork companies and to increased use of assets and a tangible increase in profitability.

Taking into account a gradual decrease in the growth dynamics in the road construction sector from 2012, the Group is preparing to unavoidable changes in long-term trends in the market structure. This is done through investing at present in development of universal systems and health and safety solutions which can be applied in various construction sectors, including provision of services related to industrial construction or increasingly more demanding commercial sector.

Export markets

Forecasts for 2011 concerning economic development in Ukraine assume that after the regress caused by the global crisis the upwards trend will be maintained. Just as in Poland, the growth in the construction market will be determined primarily by projects related to construction of the infrastructure necessary for EURO 2012. At the same time, the Ukrainian government is working on a programme of legislative changes which are aimed at supporting the housing sector.

The anti-crisis measures undertaken by the government in Kazakhstan allow us to hope for a moderate, stable growth of the construction market in the next several years. Plans for that period assume, among others, continuation of the construction of the Western Europe – Western China transit corridor and projects within the industrial and raw material sectors.

ABRIDGED NON-CONSOLIDATED FINANCIAL STATEMENTS OF

ULMA Construccion Polska S.A.

FOR Q1 2011

All amounts in PLN' 000 unless otherwise specified

	As of: 31 March 2011	31 December 2010	31 March 2010
ASSETS			
I. (Long-term) fixed assets			
1. Tangible fixed assets	396 727	413 263	432 872
2. Intangible fixed assets	488	481	581
3. Investments in subsidiary and associated companies	13 669	13 669	13 585
4. Trade receivables and other receivables	9 909	10 554	11 490
5. Other fixed assets	4 330	4 344	4 385
Total (long-term) fixed assets	**425 123**	**442 311**	**462 913**
II. (Short-term) current assets			
1. Stocks	5 722	5 891	2 298
2. Trade receivables and other receivables	71 970	76 383	55 996
3. Current income tax receivables	28	-	133
4. Derivative financial instruments	4	177	1 936
5. Cash and cash equivalents	5 249	5 505	16 268
Total (short-term) current assets	**82 973**	**87 956**	**76 631**
Total assets	**508 096**	**530 267**	**539 544**
EQUITY AND LIABILITIES			
I. Equity			
1. Share capital	10 511	10 511	10 511
2. Supplementary capital – share premium	114 990	114 990	114 990
3. Retained profit, of which:	160 731	160 722	133 016
a) Net profit for the period	*9*	*27 776*	*70*
Total equity	**286 232**	**286 223**	**258 517**
II. Liabilities			
1. Long-term liabilities			
a. Credits and loans	127 104	140 453	182 451
b. Deferred income tax liabilities	4 837	4 716	1 421
c. Long-term liabilities under pension benefits	77	77	55
d. Long-term liabilities under financial lease	386	423	533
Total long-term liabilities	**132 404**	**145 669**	**184 460**
2. Short-term liabilities			
a. Credits and loans	61 567	70 123	66 762
b. Short-term liabilities under pension benefits	27	27	23
c. Short-term liabilities under financial lease	146	146	198
d. Derivative financial instruments	-	-	-
e. Trade liabilities and other liabilities	27 720	28 079	29 584
Total short-term liabilities	**89 460**	**98 375**	**96 567**
Total liabilities	**221 864**	**244 044**	**281 027**
Total equity and liabilities	**508 096**	**530 267**	**539 544**

ULMA Construccion Polska S.A.
TOTAL INCOME STATEMENT
All amount in PLN' 000 unless otherwise stated

	Q1 2011 period from 1 January to 31 March 2011	Q1 2010 period from 1 January to 31 March 2010
Sales revenues	46 978	38 767
Costs of sold products, goods and materials	(40 477)	(36 625)
I. Gross profit on sales	**6 501**	**2 142**
Costs of sales and marketing	(1 165)	(967)
Overheads	(2 573)	(2 370)
Other operating expenses	(185)	(343)
II. Operating profit (loss)	**2 578**	**(1 538)**
Financial revenues	348	5 203
Financial expenses	(2 796)	(4 425)
Net financial expenses	*(2 448)*	*778*
III. Gross profit /(loss)	**130**	**(760)**
Current income tax	-	-
Deferred income tax	(121)	830
IV. Net profit /(loss) for the financial period	**9**	**70**
Other total income	-	-
V. Total income for the financial period	**9**	**70**
Weighted average number of ordinary shares	5 255 732	5 255 632
Basic and diluted profit /(loss) per share in the financial period (in PLN per share)	-	0.01

All amount in PLN' 000 unless otherwise stated

Item	Share capital at nominal value	Share premium	Retained profits	Total equity
As of 31 December 2009	**10 511**	**114 990**	**132 946**	**258 447**
Total net income in 2010	-	-	27 776	**27 776**
As of 31 December 2010	**10 511**	**114 990**	**160 722**	**286 223**
Total net income in Q1 2011	-	-	9	**9**
As of 31 March 2011	**10 511**	**114 990**	**160 731**	**286 232**

Item	Share capital at nominal value	Share premium	Retained profits	Total equity
As of 31 December 2008	**10 511**	**114 990**	**132 946**	**258 447**
Total net income within 3 quarters of 2009	-	-	70	**70**
As of 30 September 2009	**10 511**	**114 990**	**133 016**	**258 517**

ULMA Construccion Polska S.A.
CASH FLOW STATEMENT
All amount in PLN' 000 unless otherwise stated

	Q1 2011 period from 1 January to 31 March 2011	Q1 2010 period from 1 January to 31 March 2010
Operating cash flow		
Net profit for the period	**9**	**70**
Adjustments:		
- Income tax	121	(830)
- Depreciation of fixed assets	20 053	19 028
- Amortization of intangible fixed assets	64	103
- Net value of sold formworks – fixed assets	1 570	2 505
- (Gains) /loss from changes in fair value of financial instruments	174	-
- Interest and dividend revenues	(348)	(4 413)
- Interest expenses	2 856	3 437
- Foreign exchange gains /(loss)	(269)	868
- Provisions for liabilities and other charges	-	-
Changes in current assets:		
- Stocks	169	(462)
- Trade receivables and other receivables	4 653	(1 301)
- Trade liabilities and other liabilities	(1 479)	(1 040)
	27 573	**17 965**
Income tax paid	(28)	(46)
Net operating cash flow	**27 545**	**17 919**
Cash flows from investments		
Acquisition of tangible fixed assets	(4 006)	(31 074)
Inflow from sale of tangible fixed assets	54	40
Acquisition of intangible fixed assets	(72)	(27)
Loans granted	(240)	-
Repayment of granted loans	830	855
Dividend received	-	4 001
Acquisition of shares in subsidiary and affiliated companies	-	-
Interest received	348	412
Net cash flow from investments	**(3 086)**	**(25 793)**
Cash flow from financing activities		
Credits and loans received	-	16 209
Repayment of credits and loans	(18 999)	(7 425)
Payments due to financial lease	(36)	(80)
Interest paid	(2 851)	(3 437)
Net cash flow from financing activities	**(21 886)**	**5 267**
Increase /(decrease) in net cash and overdraft facility	**2 573**	**(2 607)**
Opening cash and overdraft facility	1 803	17 436
FX (loss)/gains due to valuation of cash and overdraft facility	83	(135)
Closing cash and overdraft facility	**4 459**	**14 694**

Notes to the interim non-consolidated financial statements

1. Description of key accounting principles

The key accounting principles applied in preparation of these non-consolidated financial statements are compliant with the accounting policies adopted by the Group. The principles have been presented in the consolidated financial statements constituting an integral part of this report. The accounting principles applied in the non-consolidated financial statements which have not been presented in the consolidated financial statements have been presented below.

a) Investments in subsidiary and associated companies

Investments in subsidiary and associated companies are recognized in accordance with the historical cost principle adjusted by revaluation write-downs. The effects of the revaluation write-downs on investments in subsidiary companies are recognized as financial revenues or expenses for the reporting period in which the change occurred.

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	
	Q1 2011 from 1 January to 31 March 2011	**Q1 2010 from 1 January to 31 March 2011**	**Q1 2011 from 1 January to 31 March 2011**	**Q1 2010 from 1 January to 31 March 2011**
Net revenues from sales of products, goods and materials	46 978	38 767	11 821	9 773
Operating result	2 578	(1 538)	649	(388)
Gross result	130	(760)	33	(192)
Net result	9	70	2	18
Net operating cash flow	27 545	17 919	6 931	4 517
Net cash flow from investments	(3 086)	(25 793)	(777)	(6 502)
Net cash flow from financing activities	(21 886)	5 267	(5 507)	1 328
Net cash flow	2 573	(2 607)	647	(657)
Basic profit per ordinary share (PLN/EUR)	-	0.01	-	-
Diluted profit per ordinary share (PLN/EUR)	-	0.01	-	-
	31 March 2011	**31 December 2010**	**31 March 2011**	**31 December 2010**
Total assets	508 096	530 267	126 647	133 896
Liabilities	221 864	244 044	55 301	61 623
Long-term liabilities	132 404	145 669	33 003	36 782
Short-term liabilities	89 460	98 375	22 298	24 840
Equity	286 232	286 223	71 346	72 273
Share capital	10 511	10 511	2 620	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)	54.46	54.46	13.58	13.75

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 March 2011 was PLN 4.0119, and that 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 March 2011, this rate was PLN/EUR 3.9742, while the data for the analogous period in 2010 were translated at the rate PLN/EUR 3.9669.