EXTENDED CONSOLIDATED REPORT

of the ULMA Construccion Polska S.A. CAPITAL GROUP

FOR Q3 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, equipment and overhaul related operations, including sale and rental of construction equipment.

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 Warsaw

- **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 Ollo Odriozola	Member of the Supervisory Board
Ernesto Julian 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 Warsaw
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

	30 September 2011	As of: 30 June 2011	31 December 2010	30 September 2010
ASSETS				
I. (Long-term) fixed assets				
1. Tangible fixed assets	392 922	392 687	416 873	429 096
2. Intangible fixed assets	486	479	501	507
3. interest in associated companies	1 368	1 514	1 732	1 973
4. Long-term receivables	3 705	4 266	-	-
5. Other fixed assets	4 302	4 316	4 344	4 357
Total (long-term) fixed assets	**402 783**	**403 262**	**423 450**	**435 933**
II. (Short-term) current assets				
1. Stocks	3 100	5 398	5 790	6 710
2. Trade receivables and other receivables	100 803	93 039	76 317	77 066
3. Income tax receivables	81	55	-	99
4. Derivative financial instruments	110	48	178	1 525
5. Cash and cash equivalents	16 427	18 150	6 034	6 237
Total (short-term) current assets	**120 521**	**116 690**	**88 319**	**91 637**
Total assets	**523 304**	**519 952**	**511 769**	**527 570**
EQUITY AND LIABILITIES				
I. Equity				
1. Share capital	10 511	10 511	10 511	10 511
2. Supplementary capital – share premium	114 990	114 990	114 990	114 990
3. FX differences gains/(loss) from consolidation	(3 405)	(4 982)	(4 442)	(4 946)
4. Retained profit, including:	171 771	152 147	147 095	139 855
a) Net income for the period	*32 980*	*13 356*	*10 231*	*2 991*
Total equity	**293 867**	**272 666**	**268 154**	**260 410**
II. Liabilities				
1. Long-term liabilities				
a. Credits and loans	100 405	113 754	140 453	154 453
b. Deferred income tax liabilities	6 847	6 338	3 658	1 777
c. Long-term liabilities under pension benefits	77	77	77	55
d. Long-term liabilities under financial lease	312	350	423	463
Total long-term liabilities	**107 641**	**120 519**	**144 611**	**156 748**
2. Short-term liabilities				
a. Credits and loans	61 513	60 115	70 123	72 257
b. Short-term liabilities under pension benefits	27	27	27	23
c. Current income tax liabilities	1 722	65	12	-
d. Short-term liabilities under financial lease	146	146	146	146
e. Derivative financial instruments	-	-	-	-
f. Trade liabilities and other liabilities	58 388	66 414	28 696	37 986
Total short-term liabilities	**121 796**	**126 767**	**99 004**	**110 412**
Total liabilities	**229 437**	**247 286**	**243 615**	**267 160**
Total equity and liabilities	**523 304**	**519 952**	**511 769**	**527 570**

All amounts in PLN' 000 unless otherwise specified

	Q3 2011, period from 1 July to 30 September 2011	3 quarters of 2011, period from 1 January to 30 September 2011	Q3 2010, period from 1 July to 30 September 2010	3 quarters of 2010, period from 1 January to 30 September 2010
Sales revenues	86 783	208 672	59 809	155 314
Costs of sold products, goods and materials	(53 944)	(144 450)	(44 502)	(126 577)
I. Gross profit on sales	**32 839**	**64 222**	**15 307**	**28 737**
Cost of sales and marketing	(2 102)	(6 492)	(1 005)	(3 803)
Overheads	(3 408)	(9 238)	(2 598)	(8 023)
Other operating expenses	(786)	359	(1 415)	(2 638)
II. Operating profit/(loss)	**26 543**	**48 851**	**10 289**	**14 273**
Financial revenues	96	156	411	615
Financial expenses	(2 418)	(8 462)	(3 439)	(10 232)
Net financial expenses	*(2 322)*	*(8 306)*	*(3 028)*	*(9 617)*
Interest in profit/(loss) of associated companies	(146)	(361)	(136)	(392)
III. Gross profit/(loss)	**24 075**	**40 184**	**7 125**	**4 264**
Current income tax	(4 130)	(4 237)	(33)	(180)
Deferred income tax	(321)	(2 967)	(1 526)	(1 093)
IV. Net profit/(loss) for the financial period	**19 624**	**32 980**	**5 566**	**2 991**
Other total income:				
FX gains/(loss) from translation of the statements of a foreign company	1 764	1 259	(1 652)	682
Income tax related to other total income items	(187)	(222)	(45)	(65)
V. Total income for the financial period	**21 201**	**34 017**	**3 869**	**3 608**
Net profit /(loss) for the financial period allocable to owners of the parent company	19 624	32 980	5 566	2 991
Weighted average number of ordinary shares	5 255 632	5 255 632	5 255 632	5 255 632
Basic and diluted profit/(loss) per share in the financial period (in PLN per share)	3.73	6.28	1.06	0.57

All amounts in PLN' 000 unless otherwise specified

Item	Share capital at nominal value	Share premium	FX differences gains/(loss) from consolidation	Retained profit	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 net income within 3 quarters of 2011	-	-	1 037	32 980	34 017
Distribution of profit for 2010	-	-	-	(8 304)	(8 304)
As of 30 September 2011	**10 511**	**114 990**	**(3 405)**	**171 771**	**293 867**

Item	Share capital at nominal value	Share premium	FX differences gains/(loss) from consolidation	Retained profit	Total equity
As of 31 December 2009	**10 511**	**114 990**	**(5 563)**	**136 864**	**256 802**
Total net income within 3 quarters of 2010	-	-	617	2 991	3 608
As of 30 September 2010	**10 511**	**114 990**	**(4 946)**	**139 855**	**260 410**

All amounts in PLN' 000 unless otherwise specified

	Q3 2011, period from 1 July to 30 September 2011	3 quarters of 2011, period from 1 January to 30 September 2011	Q3 2010, period from 1 July to 30 September 2010	3 quarters of 2010, period from 1 January to 30 September 2010
Operating cash flow				
Net income for the financial period	**19 624**	**32 980**	**5 566**	**2 991**
Adjustments:				
- Current income tax	4 451	7 204	1 559	1 273
- Depreciation of fixed assets	21 207	60 783	19 257	57 164
- Amortization of intangible fixed assets	72	208	69	262
- Net value of sold formwork - fixed assets	2 289	6 569	3 920	9 696
- (Gains)/loss from changes in fair value of financial instruments	(61)	68	(92)	(199)
- Interest received	(96)	(156)	2	(129)
- Interest expenses	2 774	8 373	3 201	10 537
- FX (gains)/loss	(268)	(14)	(168)	(412)
Changes in current assets:				
- Stocks	2 298	2 690	1 546	6 603
- Trade receivables and other receivables	(7 764)	(24 486)	(7 533)	(16 600)
- Trade liabilities and other liabilities	1 660	17 095	4 962	7 852
- Provisions for liabilities and other charges	-	-	-	(23)
	46 186	111 314	**32 289**	**79 015**
Income tax paid	(2 498)	(2 608)	(31)	(159)
Net operating cash flow	**43 688**	**108 706**	**32 258**	**78 856**
Acquisition of tangible fixed assets	(31 917)	(50 901)	(21 436)	(70 189)
Proceeds from sale of tangible fixed assets	784	10 355	404	561
Acquisition of intangible fixed assets	(94)	(195)	(24)	(98)
Loans granted	-	(957)	-	-
Interest received	87	147	(2)	129
Net cash flow from investments	**(31 140)**	**(41 551)**	**(21 058)**	**(69 597)**
Proceeds from issue of shares	-	-	-	-
Credits and loans received	1 249	1 249	787	16 081
Repayment of credits and loans	(13 999)	(46 999)	(14 575)	(33 654)
Payments due to financial lease	(37)	(110)	(37)	(202)
Interest paid	(2 786)	(8 390)	(3 773)	(10 512)
Other	-	-	-	-
Net cash flow from financing activities	**(15 573)**	**(54 250)**	**(17 598)**	**(28 287)**
Increase/(decrease) in net cash and overdraft facility	**(3 025)**	**12 905**	**(6 398)**	**(19 028)**
Cash and overdraft facility at the beginning of the period	18 150	2 332	7 433	19 368
FX (loss)/gains due to valuation of cash and overdraft facility	669	557	(200)	495
Cash and overdraft facility at the end of the period	**15 794**	**15 794**	**835**	**835**

Notes to the consolidated financial statements

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 9 months ended on 30 September 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 drawn up in compliance with the International Financial Reporting Standard 34 "Interim Financial Reporting".

These financial statements were drawn up 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.
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 profit/(loss).
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. Functional 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) revenues 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) announced by the National Bank of Poland	Average PLN exchange rate to Tenge (KZT) announced by the National Bank of Poland	Average PLN exchange rate to EUR announced by the National Bank of Poland	Change in consumer price index published by the Central Statistical Office
30 September 2011	0.4076	0.02192	4.4112	4.2%
31 December 2010	0.3722	0.02063	3.9603	2.6%
30 September 2010	0.3689	0.01978	3.9870	2.5%

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 held 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 premises	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) Lease– 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 measured 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 measured 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

Accumulated, retained profit and loss generated by the Group in the preceding financial periods and the profit/loss for the current financial year are disclosed in the "retained profit" equity item.

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 estimated 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

In the third quarter of 2011, a moderately high economic growth rate was observed. According to GIME estimates GDP growth amounted to 4% compared to analogous period of the previous year, and it was the third consecutive quarter characterized by declining dynamics of this indicator. The investment growth rate was according to GIME also at a slightly lower level than in the first half of 2011: 6% as compared to 7.1%.

Construction was the fastest growing sector of the economy. The increase in construction and assembly output after 3 quarters of 2011 years was 18.2%, with 15.5% only in the third quarter.

Within **the residential sector** the growth rate in construction and residential output amounted in the first three quarters to 10.6%. The number of flats whose construction had been started remained at a level similar to that achieved in the analogous period of the previous year. The increase in flat building permits, which amounted to 23.4%, was recorded mainly in the category of flats held for sale. A positive growth rate in construction output was achieved also in almost all **non-residential construction** sub-sectors. Growth within the entire sector in the analysed period (the first three quarters of 2011) amounted to 14.9%.

In **the engineering sector** the value of construction and assembly output increased in the 3 quarters of 2011 by 23.7%, whereby in the major (from the perspective of revenues of the Capital Group) subcategories of that sector, i.e. construction of roads and motorways, as well as construction of bridges, viaducts and overpasses these increases amounted to: 29.3% and 42.5%, respectively.

Although the growth rate in the sector remained at a relatively high level, the overall outlook ratio in the construction industry recorded from August this year one-digit negative values. This prudent assessment of the market by enterprises results from, e.g. extending payment deadlines and increasing debt of construction companies, as well as from low margins and an expected further decline in the number of tenders within the upcoming months.

Market environment abroad

In Ukraine, after 3 quarters of 2011 an 11.4% increase in construction output was recorded. The residential sector remained stagnant, mainly due to very high credit costs. A recovery was recorded in the non-residential sector - primarily due to investments in hotel, industrial and public utility construction, as well as in the engineering sector.

In Kazakhstan, the increase in construction output in the analysed period was 2.9% and was achieved mainly in the non-residential and engineering sectors (in the latter it was due to a large extent to continuation of the construction of the Western Europe - Western China transit corridor).

All amounts in PLN' 000 unless otherwise specified

Operating profitability

Within 3 quarters of 2011, the Capital Group generated an operating profit, which amounted to TPLN 48 851 as compared to TPLN 14 273 generated in the analogous period of the preceding year (an increase by TPLN 34 578).

The aforementioned operating result was affected positively by higher revenues from the basic object 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 3 quarters of 2011 increased by 6% as compared to the analogous period of the preceding year.

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

	Q1 2011	Q2 2011	Q3 2011	3 quarters of 2011	2010	3 quarters of 2010
Sales	48 971	72 918	86 783	208 672	215 351	155 314
EBIT	3 939	18 369	26 543	48 851	27 329	14 273
% of sales	8.04	25.19	30.59	23.41	12.69	9.19
Amortization/ depreciation	19 505	20 207	21 279	60 991	76 871	57 426
EBITDA	23 444	38 576	47 822	109 842	104 200	71 699
% of sales	47.87	52.90	55.11	52.64	48.39	46.16

Within 3 quarters of 2011, the Capital Group recorded an increase in EBITDA – in the absolute terms – of TPLN 38 143 compared to the level achieved in the period of 3 quarters of 2010 – the EBITDA profitability (EBITDA as a % of sales) amounted to 52.64% as compared to 46.16% 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 operating expenses, 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.

In 2011, a review of the payroll system in place in the Capital Group was performed in order to increase the relationship between remuneration and achieved financial results. This resulted in e.g. an absolute increase in overheads resulting from increasing sales revenues.
This year, more problems related to payment backlogs have been recorded. This issue has been discussed later in the Report. This phenomenon resulted in 2011 in an increased number of declared bankrupt construction companies. They relate to a large extent to those customers of the Capital Group who conducted business activities in previous periods (before 2011). This necessitated establishment of additional revaluation write-downs on receivables that have been shown in the sales and marketing expenses item. The costs of these write-downs during the period

All amounts in PLN' 000 unless otherwise specified

of 3 quarters of 2011 were higher by over PLN 3.5 million than those incurred in the analogous period of the preceding year.

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 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 profit/(loss) for a given period.

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

a) recognized in the statement of financial position

	30 September 2011	31 December 2010	30 September 2010
Assets under valuation of NDF contracts as of the balance sheet date	110	178	1 525
Liabilities under valuation of NDF contracts as of the balance sheet date	-	-	-

b) recognized in the total income statement

	3 quarters of 2011	3 quarters of 2010
Result for the period due to execution of the previously concluded NDF contracts – "other operating expenses" item)	167	(52)
Result of valuation of NDF contracts as of the balance sheet date – "other operating expenses" item)	141	119
Result for the period due to execution of the previously concluded NDF contracts – financing activities	165	-
Result of valuation of NDF contracts as of the balance sheet date – financing activities	(209)	486
Total result for the period due to NDF contracts	**264**	**553**

The results of hedging transactions 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 account for 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 the period of 3 quarters of 2011, costs related to the aforementioned phenomena amounted to TPLN 2 018 as compared to TPLN 2 843 in the analogous period of 2010.

Finance 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 30 September 2011 was TPLN 161 918 as compared to TPLN 226 710 as of 30 September 2010.

As a result of a decrease in the balance of credits there was a decrease in financial expenses related to credit interest, which amounted in the period of 3 quarters of 2011 to TPLN 8 342 as compared to TPLN 10 504 in the analogous period of the preceding year (a decrease by 20.6%).

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 consolidated equity” and in “other total income”.

In the period of 3 quarters of 2011, the total amount of foreign exchange gains/(loss) recognized in the aforementioned statements was negative and amounted to TPLN 1 370 out of which foreign exchange gains/(loss) related to the above-mentioned “net investment in a foreign entity" amounted to TPLN 782, whereas foreign exchange gains/(loss) resulting from translation of the financial statements of the company operating abroad amounted to TPLN 255.

Net profit/(loss)

Following deduction of corporate income tax the Capital Group generated in the period of 3 quarters of 2011 net profit in the amount of TPLN 32 980, as compared to the net profit of TPLN 2 991 achieved in the analogous period of the preceding year.

Cash flow

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

	3 quarters of 2011	3 quarters of 2010
Net profit/(loss)	32 980	2 991
Amortization/depreciation	60 991	57 426
Total cash surplus	93 971	60 417
Other operating cash flow	14 735	18 439

All amounts in PLN' 000 unless otherwise specified

Net operating cash flow	108 706	78 856
Net cash flow from investments	(41 551)	(69 597)
Net cash flow from financing activities	(54 250)	(28 287)
Net cash flow	12 905	(19 028)

Operating cash flow

In the period of 3 quarters of 2011, the Capital Group generated a financial surplus (net profit + depreciation/amortization) in the amount of TPLN 93 971.

At the same time, operating cash flow amounted to TPLN 108 706, as compared to TPLN 78 856 in the analogous period of the preceding year (an increase by TPLN 29 850).

From the perspective of current asset management, the period of 3 quarters of 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 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.

Cash flow from investments

In the period of 3 quarters of 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 the period of 3 quarters of 2011 related to purchase of fixed tangible assets amounted to TPLN 50 901.

Cash flow from financing activities

In the period of 3 quarters of 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 due to that amounted to TPLN 46 999. In the analogous period of the previous year, the Group repaid credit instalments in the total amount of TPLN 33 654. 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 16 081.
Therefore, the surplus of outflow from financing activities over inflow amounted in the period of 3 quarters of 2011 to TPLN 54 250, as compared to TPLN 28 287 of the surplus of inflow over outflow in the analogous period of 2010.

As a result of the aforementioned phenomena in the period of 3 quarters of 2011, the Group recorded an increase in cash and overdraft facility of TPLN 12 905, to TPLN 15 794 as of 30 September 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 as regards the discussed factors occurs usually in the subsequent quarters.

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

There were no operations of that type in the period of 3 quarters of 2011.

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

The General Meeting of Shareholders held on 16 June 2011 resolved to distribute dividend in the amount of PLN 8 303 898.56 (PLN 1.58 per share) on the profit earned in 2010. Pursuant to the aforementioned resolution, 5 July 2011 shall be the date of setting the rights to dividend, whereas 30 November 2011 shall be the dividend date.

Events that took place after the date for which the 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 its daughter company - Ulma Opalubka 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:

- services for construction sites – 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,

All amounts in PLN' 000 unless otherwise specified

- 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:

Q3 2011 - period of 3 months ended on 30 September 2011

Description	Services for construction sites	Sale of building materials	The Capital Group
Total sales revenues	81 976	6 074	88 050
Sale between segments	(28)	(1 239)	(1 267)
Sales revenues	**81 948**	**4 835**	**86 783**
Operating costs without amortization	(34 928)	(4 033)	(38 961)
EBITDA	**47 020**	**802**	**47 822**
Amortization/depreciation	(21 217)	(62)	(21 279)
EBIT operating profit	**25 803**	**740**	**26 543**

3 quarters of 2011 - period of 9 months ended on 30 September 2011

Description	Services for construction sites	Sale of building materials	The Capital Group
Total sales revenues	196 541	21 607	218 148
Sale between segments	(278)	(9 198)	(9 476)
Sales revenues	**196 263**	**12 409**	**208 672**
Operating costs without amortization	(90 469)	(8 361)	(98 830)
EBITDA	**105 794**	**4 048**	**109 842**
Amortization/depreciation	(60 644)	(347)	(60 991)
EBIT operating profit	**45 150**	**3 701**	**48 851**

Q3 2010 - period of 3 months ended on 30 September 2010

Description	Services for construction sites	Sale of building materials	The Capital Group
Total sales revenues	54 992	8 917	63 909
Sale between segments	(951)	(3 149)	(4 100)
Sales revenues	**54 041**	**5 768**	**59 809**
Operating costs without amortization	(25 615)	(4 579)	(30 194)
EBITDA	**28 426**	**1 189**	**29 615**
Amortization/depreciation	(19 139)	(187)	(19 326)
EBIT operating profit/(loss)	**9 287**	**1 002**	**10 289**

3 quarters of 2010 - period of 9 months ended on 30 September 2010

Description	Services for construction sites	Sale of building materials	The Capital Group
Total sales revenues	138 943	32 304	171 247
Sale between segments	(2 689)	(13 244)	(15 933)
Sales revenues	**136 254**	**19 060**	**155 314**
Operating costs without amortization	(67 190)	(16 425)	(83 615)
EBITDA	**69 064**	**2 635**	**71 699**
Amortization/depreciation	(56 576)	(850)	(57 426)
EBIT operating profit/(loss)	**12 488**	**1 785**	**14 273**

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

	Q3 2011, period from 1 July to 30 September 2011	**3 quarters of 2011, period from 1 January to 30 September 2011**	**Q3 2010, period from 1 July to 30 September 2010**	**3 quarters of 2010, period from 1 January to 30 September 2010**
Operating profit/(loss) of segments	**26 543**	**48 851**	**10 289**	**14 273**
Interest revenues	96	156	(1)	129
Other financial revenues	-	-	412	486
Interest expenses	(2 774)	(8 372)	(3 201)	(10 537)
Other financial expenses	356	(90)	(238)	305
Interest in profit /(loss) of associated companies	(146)	(361)	(136)	(392)
Gross profit/(loss)	**24 075**	**40 184**	**7 125**	**4 264**
Current income tax	(4 451)	(7 204)	(1 559)	(1 273)
Net profit/(loss)	**19 624**	**32 980**	**5 566**	**2 991**

Translation of selected financial data into EUR

ITEM	**in PLN' 000**		**in EUR' 000**	
	3 quarters of 2011, period from 1 January to 30 September 2011	**3 quarters of 2010, period from 1 January to 30 September 2010**	**3 quarters of 2011, period from 1 January to 30 September 2011**	**3 quarters of 2010, period from 1 January to 30 September 2010**
Net revenues from sales of products, goods and materials	208 672	155 314	51 634	38 802
Operating profit/(loss)	48 851	14 273	12 088	3 565
Gross profit/(loss)	40 184	4 264	9 943	1 065
Net profit/(loss)	32 980	2 991	8 161	747
Net operating cash flow	108 706	78 856	26 899	19 701

All amounts in PLN' 000 unless otherwise specified

Net cash flow from investments	(41 551)	(69 597)	(10 282)	(17 388)
Net cash flow from financing activities	(54 250)	(28 287)	(13 424)	(7 067)
Net cash flow	12 905	(19 028)	3 193	(4 754)
Diluted profit per ordinary share (PLN/EUR)	6.28	0.57	1.55	0.14
Basic profit per ordinary share (PLN/EUR)	6.28	0.57	1.55	0.14

	30 September 2011	**31 December 2010**	**30 September 2011**	**31 December 2010**
Total assets	523 304	511 769	118 631	129 224
Liabilities	229 437	243 615	52 012	61 514
Long-term liabilities	107 641	144 611	24 402	36 515
Short-term liabilities	121 796	99 004	27 610	24 999
Equity	293 867	268 154	66 619	67 710
Share capital	10 511	10 511	2 383	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 (PLN/ EUR)	55.91	51.02	12.68	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 30 September 2011 was PLN 4.4112, 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 – 30 September 2011, this rate was PLN/EUR 4.0413, while the data for the analogous period in 2010 were translated at the rate PLN/EUR 4.0027.

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 30 September 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 be 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, as well lease of construction scaffolding and formwork. 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 entails that the Capital Group will have 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 result forecasts.

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 percent 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, the following shareholders hold over 5% of the total number of votes:

- ULMA C y E S, Coop. (Spain) holding directly 3 967 290 shares of ULMA Construccion Polska S.A., equivalent to 75.49% of the Company's share capital and entitling to 3 967 290 votes at the General Meeting, equivalent to 75.49% of the total number of votes.,
- Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK holding directly 500 000 shares of ULMA Construccion Polska S.A., equivalent to 9.51% of the Company's share capital and entitling to 500 000 votes at the General Meeting, equivalent to 9.51% of the total number of votes.,

In the period from submission of the previous quarterly report, the change referred to above occurred in the ownership structure of significant blocks of shares of ULMA Construccion Polska S.A.

As a result of acquisition on the regulated market of shares of ULMA Construccion S.A. (hereinafter referred to as "the Company) with its registered office in Warsaw, the share of Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK in the total number of votes in the Company increased to 9.51%.

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.:

ULMA Construccion Polska S.A. is carrying out 103 court proceedings concerning receivables – their total value amounts to TPLN 12 896. Among the proceedings pending at court, ULMA Construccion Polska S.A. is carrying out 53 bankruptcy proceedings for the total amount of TPLN 8 911.

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

Debtor	Value of dispute in PLN '000	Proceeding commencement date
PRIB EKO PRZEM SP. Z O.O.	1 096	17-03-2010 - bankruptcy
MPRD S.A.	824	08.12.2006 – bankruptcy
GRUPA BIP	792	24-04-2009 - bankruptcy
LPBO S.A.	762	23-03-2009 - bankruptcy
FENIX SP. Z O.O.	696	29-10-2010 - enforced collection
IMA BUD DEVELOPMENT SP. Z O.O.	592	20-11-2007 - enforced collection
DOMKAR-BUDOWNICTWO	974	10-11-2010 - enforced collection
MAXER S.A.	466	28.04.2006 – bankruptcy
Krupiński Construction Sp. z o.o.	552	05.12.2006 – enforced collection
PAWERBUD SP. Z O.O.	1 154	24.05.2011- bankruptcy
MH-BUD MEUŚ	648	06-08-2011 - enforced collection
ABRAMOWICZ BUDOWNICTWO SP. Z O.O.	434	10-05-2011 - enforced collection

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 the period of 3 quarters of 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 6 875, and purchases of formwork from ULMA C y E, S. Coop. for TPLN 30 470.

Within the last 12 months (from 1 October 2010 to 30 September 2011) the value of the aforementioned transactions was TPLN 8 297 - purchases from ULMA System S.A. and TPLN 33 450 – purchases 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.**

In 2008, ULMA Construccion Polska S.A. granted to its subsidiary company ULMA Opałubka Ukraine sp. z o. o. an investment loan in the amount of TEUR 3 100. with a fixed rate at the market level. Pursuant to the Annex of 15 September 2011, the date of loan repayment has been set for 25 December 2015.

ULMA Construccion Polska S.A. - the parent company – granted its subsidiary 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 liquidation process.
The loan was granted on an arm's length basis until 30 June 2011 and it has been repaid with cash generated through sale of the assets of the liquidated subsidiary company.

ULMA Construccion Polska S.A. has granted its associated the Company - ULMA Cofraje srl Romania a long-term loan amounting to TEUR 241. The loan has been granted on an arm's length basis until 31 May 2014.

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 the period of 3 quarters of 2011, there were no other 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 Market in Poland

In the upcoming months, the upward trend in the construction sector should be maintained, although the growth recorded in the industry will not be so impressive as in the first half of 2011.
The data concerning the first three quarters indicate that 2011 will be a period of substantial improvement in the residential construction segment owing to the so-called rebound effect –

commencement of an increased number of new investments, which took place at the end of 2009 and in 2010. In the upcoming year, however, less optimistic data will be probably recorded. Reducing the scale of investments in this sector may result from, e.g.: uncertainty in international markets, the expected tightening of the lending policies of banks granting mortgages, invariably high interest rates, high supply of unsold flats offered by developers in the largest local markets and the extinction of the "Rodzina na swoim" program.

A slight increase in construction and assembly output is forecast by analysts also in the non-residential sector (a report developed by Emmerson). This is confirmed by both information regarding the number of issued building permits and the number of commercial investments commenced in the largest Polish cities, as well as a gradual increase in the volume of direct foreign investments to be executed in Poland. It is worth mentioning that Poland was ranked 6th in the latest investment report entitled "World Investment Report 2011" developed by UNCTAD. This attests to high investment attractiveness of our country.

As regards engineering construction, in particular road construction, a gradual slowdown in the impressive growth rate recorded in the first half of this year is expected in the upcoming months, as all tender procedure for construction of new national roads scheduled for this year have already been announced, and the value of tenders planned to be announced in 2012 will be significantly lower. Therefore, construction companies operating in the road sector will be forced to diversify their revenue sources and to enter new markets. Reduction in the number of contracts in road construction should be offset, at least partially, with the expected investments in the railway, energy and environmental protection industries.

Taking into account those changes in the market structure in the longer term, the Group is investing currently primarily in the development of universal systems and occupation health and safety solutions applicable in various sectors of construction, including services provided within industrial construction or the increasingly demanding commercial sector.

<u>Export markets</u>

Forecasts for the construction sector in Ukraine (BUILDECON) for the first half of 2012 assume that the growth rate will be maintained at least at the current level due to finalization of projects for EURO 2012. Analysts in Kazakhstan (PMR) forecast an increase in the growth rate to ca. 9%, mainly due to government investments in development of air and road infrastructure, and due to ambitious projects in the field of industrial construction, as well as relaunched and new investments in office building construction.