



ULMA Construcción Polska S.A. Group

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2012**

The opinion contains 2 pages
The supplementary report contains 11 pages
Opinion of the independent auditor
and supplementary report on the audit
of the consolidated financial statements
for the financial year ended
31 December 2012

OPINION OF THE INDEPENDENT AUDITOR



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

OPINION OF THE INDEPENDENT AUDITOR

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Group, whose parent entity is ULMA Construcccion Polska S.A. with its registered office in Koszajec 50 ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising a summary of significant accounting policies and other explanatory information.

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

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

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements of ULMA Construcción Polska S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2012 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Group's Activities

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

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
Chłodna 51 Street, 00-867 Warsaw

Signed on the Polish original

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

12 March 2013

REPORT OF THE INDEPENDENT AUDITOR



TRANSLATION

ULMA Construcción Polska S.A. Group

**Supplementary report
on the audit of the
consolidated financial
statements**

**Financial Year ended
31 December 2012**

The supplementary report contains 11 pages

The supplementary report on the audit
of the consolidated financial statements
for the financial year ended
31 December 2012

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1. General

1.1 Identification of the Group

1.1.1 Name of the Group

ULMA Construcción Polska S.A. Group

1.1.2 Registered office of the Parent Company of the Group

Koszajec 50
05-840 Brwinów

On 1 March 2013 the Parent Company changed its registered office from Klasyków 10 Street, 03-115 Warsaw to Koszajec 50, 05-840 Brwinów. The change was registered in the National Court Register on 1 March 2013.

1.1.3 Registration of the Parent Company in the National Court Register

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

1.1.4. Management of the Parent Company

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

As at 31 December 2012, the Management Board of the Parent Company was comprised of the following members:

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

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2012, the following companies were consolidated by the Group:

Parent Company:

- ULMA Construcción Polska S.A.

Subsidiaries consolidated on the full consolidation basis:

- ULMA Opałubka, Ukraine,
- ULMA Opałubka, Kazakhstan,

- ULMA Construcción Baltic.

The following subsidiaries were consolidated for the first time during the year ended 31 December 2012, as a result of the Parent Company acquiring a controlling interest:

- ULMA Construcción Baltic - subject to consolidation for the period from 27 April 2012 to 31 December 2012.

1.3 Auditor information

1.3.1 Key Certified Auditor information

Name and surname: Monika Bartoszewicz
Registration number: 10268

1.3.2 Audit Firm information

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

KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. is entered into the register of audit firms under number 3546, maintained by the National Council of Certified Auditors.

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2011 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting of the Parent Entity on 22 June 2012.

The consolidated financial statements were submitted to the Registry Court on 25 June 2012 and were published in Monitor Polski B No. 2081 on 14 September 2012.

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of ULMA Construcción Polska S.A. with its registered office in Koszajec 50 and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2012, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, comprising a summary of significant accounting policies and other explanatory information.

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



The consolidated financial statements have been audited in accordance with the contract dated 29 June 2012, concluded on the basis of the resolution of the Supervisory Board dated 6 April 2012 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2009, No. 152, item 1223 with amendments) ("the Accounting Act"), National Standards on Auditing issued by the National Council of Certified Auditors, and International Standards on Auditing.

We audited the consolidated financial statements in the Parent Company's office during the period from 17 December 2012 to 21 December 2012 and from 4 February 2013 to 15 February 2013.

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

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

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

All required statements, explanations and information were provided to us by Management of the Group and all our requests for additional documents and information necessary for expressing our opinion and preparing the report have been fulfilled.

The scope of the work planned and performed has not been limited in any way. The method and scope of our audit is detailed in working papers prepared by us and retained in the offices of the Audit Firm.

The Key Certified Auditor and the Audit Firm fulfill the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and Their Self-Government, Audit Firms and Public Oversight dated 7 May 2009 (Official Journal from 2009, No. 77, item 649 with amendments).



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

1.6.1 Parent Company

The separate financial statements of the Parent Company for the year ended 31 December 2012 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp. k., certified auditor number 3546, and received an unqualified opinion.

1.6.2 Other consolidated entities

- ULMA Opałubka, Ukraine
- ULMA Opałubka, Kazakhstan
- ULMA Construcción Baltic

Financial statements of mentioned above Group entities were not subject to requirements of obligatory audit for the year ended 31 December 2012.

2 Financial analysis of the Group

2.1 Summary analysis of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	31.12.2012 PLN '000	% of total	31.12.2011 PLN '000	% of total
Non-current assets				
Property, plant and equipment	323,468	71.2	374,209	73.7
Intangible assets	787	0.2	1,060	0.2
Shares in associates	792	0.2	1,162	0.2
Other non-current assets	4,234	0.9	4,288	0.9
Long term receivables	992	0.2	3,040	0.6
Total non-current assets	330,273	72.7	383,759	75.6
Current assets				
Inventories	5,978	1.3	5,203	1.0
Trade and other receivables	88,510	19.5	99,222	19.6
Income tax receivable	86	-	574	0.1
Derivatives	149	-	-	-
Cash and cash equivalents	29,538	6.5	18,983	3.7
Total current assets	124,261	27.3	123,982	24.4
TOTAL ASSETS	454,534	100.0	507,741	100.0

EQUITY AND LIABILITIES	31.12.2012 PLN '000	% of total	31.12.2011 PLN '000	% of total
Equity				
Share capital	10,511	2.3	10,511	2.1
Share premium	114,990	25.3	114,990	22.6
Currency translation reserves	(3,888)	0.9	(2,967)	0.6
Retained earnings, including: <i>Net profit for the year</i>	188,543 20,427	41.5 4.5	182,096 49,349	35.9 9.7
Total equity	310,156	68.2	304,630	60.0
Liabilities				
Credit and loans	40,618	9.0	87,056	17.1
Deferred tax liabilities	11,197	2.5	6,974	1.4
Provisions for retirement and similar benefits	102	-	114	-
Long-term leasing liabilities	136	-	286	0.1
Total non-current liabilities	52,053	11.5	94,430	18.6
Credit and loans	47,826	10.5	56,784	11.2
Short-term retirement liabilities	14	-	3	-
Short-term leasing liabilities	147	-	148	-
Income tax payable	655	0.2	74	-
Derivatives	-	-	174	-
Trade and other payables	43,683	9.6	51,498	10.2
Total current liabilities	92,325	20.3	108,681	21.4
Total liabilities	144,378	31.8	203,111	40.0
TOTAL EQUITY AND LIABILITIES	454,534	100.0	507,741	100.0

2.1.1. Consolidated statement of profit and loss and other comprehensive income

	1.01.2012 - 31.12.2012 PLN '000	% of total sales	1.01.2011 - 31.12.2011 PLN '000	% of total sales
CONTINUING OPERATIONS				
Revenue	259,393	100.0	294,490	100.0
Cost of products, merchandises and materials sold	(195,711)	75.4	(198,387)	67.4
Gross profit on sales	63,682	24.6	96,103	32.6
Sales and marketing costs	(16,742)	6.5	(10,433)	3.5
General and administrative expenses	(13,120)	5.1	(13,441)	4.6
Other operating expenses	(1,216)	0.5	279	0.1
Results from operating activities	32,604	12.5	72,508	24.6
Finance income	1,774	0.7	327	0.1
Finance expenses	(8,373)	3.2	(11,329)	3.8
Net finance income/expense	(6,599)	2.5	(11,002)	3.7
Share of loss of equity accounted investees	(368)	0.1	(567)	0.2
Profit before tax	25,637	9.9	60,939	20.7
Income tax expense	(5,210)	2.0	(11,590)	3.9
Profit for the period	20,427	7.9	49,349	16.8
OTHER COMPREHENSIVE INCOME				
Foreign currency translation differences for foreign operations	(499)	0.2	225	0.1
Net loss on hedge of net investment in foreign operation	(514)	0.2	1,475	0.5
Income tax on other comprehensive income	92	-	(225)	0.1
Total comprehensive income for the period	19,506	7.5	50,824	17.3
Profit attributable to:				
Owners of the Company	20,427	7.9	49,349	16.8
Weighted average number of ordinary shares	5,255,632		5,255,632	
Basic and diluted earnings per share for the period (PLN)	3.89		9.39	

2.2 Selected financial ratios

	2012	2011	2010
1. Return on sales			
$\frac{\text{net profit} \times 100\%}{\text{net revenues}}$	7.9%	16.8%	4.8%
2. Return on equity			
$\frac{\text{net profit} \times 100\%}{\text{equity} - \text{net profit}}$	7.1%	19.3%	4.0%
3. Debtors turnover			
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{net revenues}}$	168 days	133 days	141 days
4. Debt ratio			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	31.8%	40.0%	47.6%
5. Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	1.3	1.1	0.9

- Revenue includes revenue from sales of finished products, merchandise and raw materials.
- Average trade receivables represent the average of trade receivables at the beginning and at the end of the period, with no deduction made for allowances.

3 Detailed report

3.1 Accounting principles

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

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

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

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

3.2 Basis of preparation of the consolidated financial statements

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

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

3.3 Method of consolidation

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

3.4 Consolidation of equity

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

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

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

3.5 Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

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

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

3.6 Notes to the consolidated financial statements

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

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

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

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
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Signed on the Polish original

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12 March 2013