CONSOLIDATED
FINANCIAL STATEMENTS OF

THE ULMA Construccion Polska S.A. CAPITAL GROUP

For the period of 12 months ended on 31 December 2012

All amounts in PLN '000 unless otherwise specified

General information

• Business objects

The business objects of the ULMA Construccion Polska S. A. Capital Group (hereinafter referred to as the Group or ULMA POLSKA) are as follows:

- development of applications of scaffolding and formwork on commission,
- export of construction services rendered by the companies of the Group,
- sale of building materials and concrete accessories.

The parent company ULMA Construccion Polska S.A. is a joint stock company (Company). The Company started operations on 14 February 1989 under the name of 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, 13th Commercial Department of the National Court Register entered the Company into the National Court Register under number KRS 0000055818. On 6 November 2006, the Extraordinary Shareholder Meeting, in its Resolution No. 1 decided to change the name of the Company from BAUMA S.A. to ULMA Construccion Polska S.A. The relevant entry into the National Court Register was made on 14 November 2006.

• Registered office

ULMA Construccion Polska S.A. the parent company of the ULMA Construccion Polska S.A. Capital Group)
ul. Klasyków 10
03-115 Warszawa

On 1 March 2013, the Company's registered office was relocated to:
Koszajec 50
05-840 Brwinów

• Supervisory Board and Management Board of the Company

<u>Supervisory Board</u>

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 Boa

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
Andrzej Sterczyński	Member 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

- **Auditor**

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

- **Banks**

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

- **Listing**

The Company is listed at Giełda Papierów Wartościowych (“GPW” – Warsaw Stock Exchange).
Symbol at GPW: ULM

All amounts in PLN '000 unless otherwise specified

	Note	As of: 31 December 2012	31 December 2011
ASSETS			
I. Non-current assets			
1. Property, plant and equipment	5.	323 468	374 209
2. Intangible assets	6.	787	1 060
3. Shares in associates	8.	792	1 162
4. Other non-current assets	9.	4 234	4 288
5. Long-term receivables	10.	992	3 040
Total non-current assets		**330 273**	**383 759**
II. Current assets			
1. Inventories	11.	5 978	5 203
2. Trade and other receivables	10.	88 510	99 222
3. Income tax receivable		86	574
4. Derivatives	7.	149	-
5. Cash and cash equivalents	12.	29 538	18 983
Total current assets		**124 261**	**123 982**
Total assets		**454 534**	**507 741**
EQUITY AND LIABILITIES			
I. Equity			
1. Share capital	13.	10 511	10 511
2. Share premium	13.	114 990	114 990
3. Currency translation reserves		(3 888)	(2 967)
4. Retained earnings, including:		188 543	182 096
a. Net profit/(loss) for the year		*20 427*	*49 349*
Total equity		**310 156**	**304 630**
II. Liabilities			
1. Non-current liabilities			
a. Credits and loans	15.	40 618	87 056
b. Deferred tax liabilities	17.	11 197	6 974
c. Provisions for retirement and similar benefits	18.	102	114
d. Long-term leasing liabilities	16.	136	286
Total non-current liabilities		**52 053**	**94 430**
2. Current liabilities			
a. Credits and loans	15.	47 826	56 784
b. Short-term retirement liabilities	18.	14	3
c. Short-term leasing liabilities	16.	147	148
d. Income tax payable		655	74
e. Derivatives	7	-	174
f. Trade and other payables	14.	43 683	51 498
Total current liabilities		**92 325**	**108 681**
Total liabilities		**144 378**	**203 111**
Total equity and liabilities		**454 534**	**507 741**

All amounts in PLN '000 unless otherwise specified

	Note	12 months of 2012	12 months of 2011
Revenue	19.	259 393	294 490
Cost of products, merchandises and materials sold	20.	(195 711)	(198 387)
I. Gross profit on sales		**63 682**	**96 103**
Sales and marketing costs	20.	(16 742)	(10 433)
General and administrative expenses	20.	(13 120)	(13 441)
Other operating expenses	21.	(1 216)	279
II. Result from operating activities		**32 604**	**72 508**
Finance income	22.	1 774	327
Finance expenses	22.	(8 373)	(11 329)
Net finance income/(expenses)		*(6 599)*	*(11 002)*
Share of profit/(loss) in equity accounted investees		(368)	(567)
III. Profit/(loss) before tax		**25 637**	**60 939**
Income tax expense	23.	(5 210)	(11 590)
IV. Net profit/(loss) for the period		**20 427**	**49 349**
Other comprehensive income:			
Foreign currency translation differences for foreign operations		(499)	225
Net loss on hedge of net investment in foreign operation		(514)	1 475
Income tax on other comprehensive income		92	(225)
V. Total comprehensive income for the period		**19 506**	**50 824**
Net profit/(loss) for the period attributable to owners of the parent company	31.	20 427	49 349
Weighted average number of ordinary shares		5 255 632	5 255 632
Basic and diluted earnings/(loss) per share for the financial period (in PLN per share)		3.89	9.39

All amounts in PLN '000 unless otherwise specified

Item	Share capital at nominal value	Share premium	Foreign exchange gains/(loss) on consolidation	Retained earnings	Total equity
As of 1 January 2011	**10 511**	**114 990**	**(4 442)**	**147 095**	**268 154**
Total income in 2011	-	-	1 475	49 349	50 824
Dividend - distribution of profit for 2010	-	-	-	(8 304)	(8 304)
Interim dividend for 2011	-	-	-	(6 044)	(6 044)
As of 31 December 2011	**10 511**	**114 990**	**(2 967)**	**182 096**	**304 630**
Total income in 2012	-	-	(921)	20 427	19 506
Dividend - distribution of profit for 2011	-	-	-	(13 980)	(13 980)
As of 31 December 2012	**10 511**	**114 990**	**(3 888)**	**188 543**	**310 156**

All amounts in PLN '000 unless otherwise specified

	Note	12 months 2012	12 months 2011
Operating cash flow			
Net profit for the financial period		**20 427**	**49 349**
Adjustments:			
- Income tax	23.	5 210	11 590
- Depreciation of fixed assets	5.	84 888	82 747
- Amortization of intangible assets	6.	486	313
- Net value of formwork sold - fixed assets		13 356	7 837
- Interest expenses		8 096	10 912
- Interest income		(1 654)	(327)
- Change in the value of shares in associated companies		370	571
- (Gains)/losses arising from changes in fair value of financial instruments		(323)	352
- Foreign currency exchange gains/(loss)		195	161
- Change in provision for pension benefits		(1)	13
Changes in current assets:			
- Stocks		(775)	587
- Trade and other receivables		12 678	(22 905)
- Trade and other liabilities		(1 294)	15 420
		141 659	**156 620**
Income tax paid		210	(9 011)
Net operating cash inflow		**141 869**	**147 609**
Cash flow from investments			
Acquisition of tangible fixed assets		(48 961)	(58 250)
Proceeds from sale of tangible fixed assets		65	11 047
Acquisition of intangible assets		(216)	(873)
Loans granted		-	(956)
Acquisition of financial assets		-	-
Interest received		1 651	317
Net cash outflow from investments		**(47 461)**	**(48 715)**
Cash flow from financing activities			
Loans and credits received		-	1 489
Repayment of loans granted		(54 133)	(65 604)
Payments under financial lease		(151)	(135)
Interest paid		(8 241)	(10 949)
Dividend paid		(20 024)	(8 304)
Net inflow/(outflow) from investments		**(82 549)**	**(83 503)**
Increase/(decrease) in net cash and overdraft facility		**11 859**	**15 391**
Cash and overdraft facility at the beginning of the period		17 865	2 332
Foreign exchange gains/(loss) from valuation of cash and overdraft facility		(186)	142
Cash and overdraft facility at the end of the period	**12.**	**29 538**	**17 865**

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Notes to the consolidated financial statements

1. 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 12 months ended on 31 December 2012 of the ULMA Construccion Polska S.A. Capital Group for which ULMA Construccion Polska S.A. is the parent entity were made in compliance with the International Financial Reporting Standards approved by the European Union.

As of 31 December 2012, there were no differences between the IFRS approved by the European Union and the IFRS announced by the International Accounting Standards Board (IASB) which would affect the financial statements of the ULMA Construccion Polska S.A. Capital Group.

These financial statements were made by the historical cost principle with the exception of financial assets and liabilities (derivative financial instruments) measured 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. 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 a part of net investments in an entity operating abroad are initially recognized in a separate equity item and when the net investment is disposed of, the FX gains/(loss) 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.

C) Measurement of foreign currency denominated items

All amounts in PLN '000 unless otherwise specified

Functional currency and presentation currency

The items in the Group's financial statements are measured 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.

1. 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 mean 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.

2. Foreign companies

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

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

3. 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 of consumer price index announced by the Central Statistical Office
31 December 2012	0.3825	0.020458	4.0882	3.7%
31 December 2011	0.4255	0.022638	4.4168	4.3%

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 credits and 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, therefore the result of their re-measurement 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 measured as of the balance sheet date at acquisition cost or manufacturing cost decreased by accumulated depreciation 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):

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

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

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

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

F) Lease – lessee's accounting

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

Lease of tangible fixed assets whereby the Company 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 expense 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 Company 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 (type). Revenues from operating lease are recognized by the straight line method over the lease period.

Fixed assets classified as “Formwork systems and other fixed assets” are covered by short-term operating lease contracts.

H) Intangible 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 in 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 within 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 costs of sales 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 measured 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 consumed 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 net selling price is the selling 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.
Consumption of stocks is measured in accordance with the “first in, first out” (FIFO) principle, except for raw materials and materials for production of formwork, the consumption of which is measured by average weighted purchase price.
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 and other receivables

Trade receivables are initially recognized at fair value and subsequently revalued by the amortized cost method 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 nominal value. This includes 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 credits and 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 earnings

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

O) Credits and loans

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

P) Provisions

Provisions are established 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 and other liabilities" the Group discloses:

- reliably estimated costs incurred in the relevant reporting period that were not billed 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 amounts received or to be received from contractors 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 less 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 the 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 the 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 measured 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 by 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 by 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 a combination 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 assets 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 tax 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) Employment benefits

Retirement packages

Retirement packages become payable when employees acquire retirement rights compliant 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 in the amount of the current value of estimated future proceeds under the provisions of the Polish law. The value 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.

2. Financial risk management

The Group's operations are exposed to various financial risks: foreign exchange risk, risk of change to cash flows and fair value as a result of interest rate changes, credit risk and liquidity risk.

By applying a program of risk management, the Group seeks to mitigate the financial risks that have a negative influence on the financial results achieved by it. The Group hedges net items with external forward transactions.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk of various currencies, in particular the Euro. The FX risk applies primarily to future commercial transactions (sale of products and goods and purchases of goods and services) and the balance sheet assets and liabilities. FX risk occurs when future trade transactions, balance sheet assets and liabilities are denominated in a currency other than the functional currency of the companies in the Group.
The Group hedges net items with external forward transactions.

The table below presents EUR denominated assets and liabilities of the Group that are exposed to FX risk (in EUR '000).

	31 December 2012	31 December 2011
Trade receivables	618	849
Cash	241	348
Loans granted	1 665	241
FX forward contracts	(666)	(1 476)
Total assets	**1 858**	**(38)**
Trade liabilities	1 748	1 272
FX forward contracts	-	(710)
Total liabilities	**1 748**	**562**

A sensitivity analysis made by the Group shows that:

- as of 31 December 2012, if PLN depreciated/appreciated by 10% in relation to EUR, with other parameters unchanged, the consolidated net profit for 12 months ended on 31 December 2012 would have been by PLN 266,000 lower/higher due to revaluation of EUR denominated cash, receivables, liabilities and FX contracts.
- as of 31 December 2011, if PLN had depreciated/appreciated by 10% in relation to EUR, with other parameters unchanged, the consolidated net profit for 12 months ended on 31 December 2011 would have been by PLN 229,000 higher/lower due to revaluation of EUR denominated cash, receivables, liabilities and FX contracts.

Furthermore, the parent company granted within the Capital Group a loan in the amount of EUR 3,100,000 to its subsidiary company operating in Ukraine. The loan constitutes a part of the parent company's net investment in a foreign company and is denominated in a currency other than the functional currency of the parent company (i.e. PLN) or that of the Ukrainian subsidiary (i.e. UAH). In accordance with IAS 21, FX gains/(loss) resulting from translation of the aforementioned loan in the non-consolidated financial statements of the parent company (due to translation of the loan from EUR into PLN), as well as FX differences resulting from translation of that loan in the non-consolidated financial statements of a foreign subsidiary company (due to translation of the loan from EUR into UAH) in the Group's consolidated financial statements are recognized in a separate equity item.

If PLN had depreciated/appreciated by 10% in relation to EUR, with other parameters unchanged, FX differences recognized in a separate equity item in relation to the aforementioned loan would have increased/decreased the consolidated capital by PLN 580,000.

Risk of change to cash flows and fair value as a result of interest rate changes

Operating income and cash flows of the Group are not materially exposed to the interest rate risk. The interest rate risk in the Group applies to long-term debt instruments (Note 15). The interest rate applicable to credits contracted by the Group is based on WIBOR 1M plus a bank margin, which exposes the Group to the risk of changed cash flows due to a change in interest rates. The Group does not have fixed rate financial instruments for which any change of the interest curve would result in a change of their fair value.

A sensitivity analysis made by the Group shows that:

- as of 31 December 2012, if interest rates had been higher by 100 basis points, the net consolidated profit for the period of 12 months ended on 31 December 2012 would have been by PLN 719,000 lower due to increased borrowing costs.
- as of 31 December 2011, if interest rates had been higher by 100 basis points, the net consolidated profit for the period of 12 months ended on 31 December 2011 would have been by PLN 1,157,000 lower due to increased borrowing costs.

Due to the fact that the Group pays its trade liabilities on time, operating income and cash flow of the Group are not materially exposed to interest rate risk.

Credit risk

Trade receivables are an item exposed to credit risk (Note 10).

The Group is not exposed to major risk concentration under credit sales.
A relatively high number of buyers of the Group's services and goods results in no concentration of credit sales. Furthermore, the Group applies a policy restricting to a large extent sales of services and goods to customers without a good credit history. The implemented internal control

procedures that provide for, among others, setting credit limits for individual customers depending on their financial standing, as well as approval procedures for new customers allow the Group to materially mitigate the level of credit risk.
Trade receivables with no impairment in value account for 72.2% of the gross value of those financial assets, including 52.3% of trade receivables which are not overdue (in 2011, these values were 78.4% and 66.0%, respectively).
There are no financial assets for which repayment terms and conditions have been renegotiated and for which impairment in value should be ascertained in case of failing to carry out renegotiations.
An age analysis of overdue financial assets (in PLN '000) with no impairment in value is as follows:

	31 December 2012	**31 December 2011**
Overdue up to 30 days	10 308	15 364
Overdue from 31 up to 90 days	10 716	7 198
Overdue from 91 up to 180 days	10 327	4 156
Overdue from 181 up to 360 days	9 114	5 652
Overdue over 360 days	-	-
Total assets	**40 465**	**32 370**

Value was impaired with respect to financial assets in the group of trade and other receivables of PLN 32,686,000, and a 100% revaluation write-down was applied. Impairment in value of individual financial assets is determined by the Group on the basis of an individual assessment of each customer, in particular assessment of its financial standing and any collateral held. The Group uses as collateral primarily blank promissory notes and insurance of foreign receivables from eastern markets.

Liquidity risk

Liquidity risk is managed by assuming an adequate level of cash, access to funding due to a sufficient amount of granted credit facilities and ability to exit market positions. The Group maintains sufficient cash resources to cover its liabilities when due and has sufficient funding available from the existing credit lines.
Over 90% of trade liabilities of the Group fall due within 2 months from the balance sheet date. An analysis of the Group's bank credits by maturity is presented in note 15 of Additional Information.

Working capital management

Management of the working capital of individual companies in the ULMA Construccion Polska S.A. Capital Group is performed at the level of the Capital Group. The main objectives of capital management include ensuring an adequate level of operating liquidity and the possibility of execution of investment plans of individual companies of the Group in accordance with the approved budgets.

Dividend policy

The aforementioned objectives govern also the dividend policy adopted by the Group. Decisions on disbursement of dividend are each and every time preceded by an analysis of current and development needs of each company and the Capital Group as a whole.

3. New accounting standards and interpretations of the International Financial Reporting Interpretations Committee (IFRIC)

Certain new accounting standards and IFRIC interpretations have been published which are mandatory in relation to the reporting periods commencing after 31 December 2012.
Below, an assessment by the Group of the impact of those new standards and interpretations has been presented.
Some of the new standards and interpretations have not been approved by the European Union as of the date of approval of these financial statements.

Standards and Interpretations approved by the EU which have not yet come into effect for annual periods ending on 31 December 2012.

Standards and Innovations approved by the EU	Type of the expected changes to accounting standards	Potential impact on the financial statements	Effective date for periods beginning on or after
Amendments to IAS 1 Presentation of Financial Statements: *Presentation of Items of Other Comprehensive Income*	The amendments require the following: • an entity should present these items of other comprehensive income which may be in the future reclassified to profit or loss separately from those that will never be reclassified to profit or loss. If items of other comprehensive income are presented before their respective tax effects, the total amount of tax should be allocated to each component of other comprehensive income. • the name of the item *"statement of comprehensive income"* is to be changed to *"statement of profit or loss and other comprehensive income"*, other names may also be used.	The Group does not expect the amendment to IAS 1 to have a material impact on the consolidated financial statements due to the nature of the Group's operations.	1 July 2012
IAS 19 (2011) *Employee Benefits*	• The amendments require that the actuarial gains and losses are recognized directly in other comprehensive income. • The amendments eliminate the corridor method used in the past to recognize actuarial gains and losses, and eliminate the possibility of	The amendments do not apply to the Group, as it has no defined benefit plans.	1 January 2013

Standards and Innovations approved by the EU	**Type of the expected changes to accounting standards**	**Potential impact on the financial statements**	**Effective date for periods beginning on or after**
	the recognition in profit or loss of all changes in liabilities arising from defined benefits and employee benefit assets, which is currently permitted in accordance with the requirements of IAS 19. The amendments also require the expected return on employee benefit assets recognized in the profit or loss account to be calculated based on the rate used to discount liabilities arising from defined benefits.		
Amendments to IFRS 7 *Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*	The amendments include new requirements for the disclosure of information as regards financial assets and liabilities that are: • offset in the statement of financial position, or • subject to framework agreements on offsetting or other similar agreements.	The Group does not expect the amendments to the standard to have an impact on its consolidated financial statements because it does not make offsetting in respect of its financial assets and liabilities, nor has it entered into framework agreements on offsetting.	1 January 2013
IFRS 13 *Determination of Fair Value*	IFRS 13 will replace the guidance on determining fair value contained in individual standards with a single source of guidance for determining fair value. It defines the concept of fair value, establishes framework for determining fair value and sets out the requirements for disclosure of information relating to the determination of fair value. IFRS 13 explains "how" to determine fair value, as required or permitted by other standards. IFRS 13 does not introduce new requirements for the measurement of assets or liabilities at fair value, nor does it eliminate exceptions where fair value measurement is impracticable, which currently exist in certain standards. The standard includes the detailed hierarchy of disclosures which adds - to the existing disclosure requirements - requirements for disclosures to provide information that enables users of financial statements to evaluate the methods and data used in determining fair value, and - for the repeatable determination of fair value using limited information - the impact of determination of fair value on financial profit or loss or other comprehensive income.	The Group does not expect IFRS 13 to have a material impact on its consolidated financial statements, as the management believes that the methods and assumptions used currently in the measurement of assets at fair value are compliant with IFRS 13. It is expected that at the time of application of the new standard, the number of required disclosures will increase, however, until the first application of this standard, the Group is unable to conduct an analysis of its impact on the consolidated financial statements.	1 January 2013

Standards and Innovations approved by the EU	Type of the expected changes to accounting standards	Potential impact on the financial statements	Effective date for periods beginning on or after
IFRIC 20: *Stripping Costs in the Production Phase of a Surface Mine*	The interpretation sets out requirements for the recognition of stripping costs in the production phase as an asset, the initial measurement of the stripping activity asset and subsequent measurement of the stripping activity asset. Insofar the benefits of stripping at the production phase are realized in the form of manufactured inventories, stripping costs are accounted for in accordance with IAS 2: *Inventories.* Stripping costs incurred during the production phase and resulting in a greater access to ore mined in the future are recognized as a non-current asset only if all of the following criteria are met: • it is probable that the future economic benefit will flow to the entity; • the entity can identify the component of the ore body for which access has been improved; • the costs relating to the stripping activity associated with that component can be measured reliably. A stripping activity asset is recognized as an increase in the existing asset. A stripping activity asset is initially measured at cost and subsequently carried at cost or its re-valued amount less depreciation or amortization and impairment losses, in accordance with the rules used for the existing asset it is a component thereof. The interpretation also requires that when the costs of the stripping activity asset and the inventory produced are not separately identifiable, production stripping costs are to be allocated between the inventory produced and the stripping activity asset by using an allocation basis that is based on a relevant production measure.	The Group does not expect the Interpretation to have an impact on its consolidated financial statements, as it does not carry out stripping mining activity.	1 January 2013
Amendments to IFRS 1 *Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*	The amendments add an exemption which may be applied on the date of transition to IFRSs by entities emerging from severe hyperinflation. This exemption allows the entity to measure at fair value assets and liabilities held before the functional currency normalization date, and then use that fair value as the deemed cost of those assets and liabilities in the opening IFRS statement of financial position.	The Amendments do not apply to the consolidated financial statements of the Group.	1 January 2013

All amounts in PLN '000 unless otherwise specified

Standards and Innovations approved by the EU	Type of the expected changes to accounting standards	Potential impact on the financial statements	Effective date for periods beginning on or after
Amendments to IAS 12 *Deferred Income Tax: Recovery of Underlying Assets*	The amendment introduces a presumption that the carrying amount of investment property at fair value will be realized only through its sale. The intentions of the board in this regard will not matter unless the investment property is amortized and will be held within a business model whose objective is to consume substantially all of the economic benefits of the asset for its useful life. This is the only case when the above-mentioned presumption will be able to be rejected.	These Amendments do not apply to the consolidated financial statements due to the fact that the Group had no investment property measured at fair value in accordance with IAS 40.	1 January 2013
IFRS 10 *Consolidated Financial Statements*	IFRS 10 provides one new model of analysis control for all entities in which investment were made, including entities that as SPVs are currently covered by SIC-12. IFRS 10 introduces new requirements for assessment of control which differ from the existing requirements provided for in IAS 27 (2008). In the new model of control, the investor controls the entity in which the investment was made if (1) the investor is exposed to or has the right to variable returns from the involvement in the entity, (2) has the ability to influence these returns through power over the investee and (3) there is a relationship between the aforementioned power and returns. The new standard also includes requirements for disclosure and requirements relating to the preparation of consolidated financial statements. These requirements have been moved from IAS 27 (2008).	The Group expects the new standard to have no impact on the consolidated financial statements of the Group, since it is expected that the assessment of control over the entities in which the investment has been made in accordance with the new standard will not change the conclusions as to the degree of the Group's control over these entities.	1 January 2014
IFRS 11 *Joint Arrangements*	IFRS 11 *Joint Arrangements* replaces IAS 31 *Interests in Joint Ventures*. IFRS 11 does not introduce substantive changes in the general definition of an arrangement under joint control, although the definition of control and, indirectly, joint control has changed due to IFRS 10. Under the new standard, joint contractual arrangements are divided into two types for which the following accounting models have been defined: • joint actions are ones in which jointly controlling entities, called joint action partners, have a share in the assets and liabilities related to participation in the joint action. • joint venture is one in which jointly controlling entities, called venturers, have a right to the net assets arising under the	The Group does not expect IFRS 11 to have a significant impact on the consolidated financial statements because the Group is not a party to any joint arrangements.	1 January 2014

All amounts in PLN '000 unless otherwise specified

Standards and Innovations approved by the EU	**Type of the expected changes to accounting standards**	**Potential impact on the financial statements**	**Effective date for periods beginning on or after**
	arrangement. IFRS 11 actually excludes from the scope of IAS 31 those cases where joint ventures, despite their existence as separate entities cannot be effectively separated. Such arrangements are treated similarly to the jointly controlled assets/operations in accordance with IAS 31, and are referred to as joint actions. For other entities controlled jointly in accordance with IAS 31, now referred to as joint ventures, the equity method should be used. There is no possibility of using the proportionate consolidation method.		
IFRS 12 *Disclosure of Interests in Other Entities*	IFRS 12 contains additional requirements for disclosure of significant judgments in determining the nature of shares in other companies, joint arrangements, associates and/or unconsolidated structured entities.	The Group doest not expects IFRS 12 to have a significant impact on the consolidated financial statements.	1 January 2014
IAS 28 (2011) *Investments in Associates and Joint Ventures*	IAS 28 (2011) has been changed to a limited extent: • *Associates and joint ventures held for sale.* IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* is used for an investment, or parts thereof, in an associate or joint venture that meets the criteria for classification as held for sale. The retained portion of the investment, which was not classified as held for sale, is accounted for using the equity method until the time of disposal. After its disposal, the retained portion of the investment is recognized using the equity method, provided the retained interest continues to be an associate or joint venture. • *Changes in investments in associates or joint ventures.* Previously in accordance with IAS 28 (2008) and IAS 31, the cessation of significant influence or joint control resulted in all cases in the need for re-measurement of retained interests, even if a significant influence was turning into joint control. IAS 28 (2011) requires that in	The Group does not expect the revised standard to have a significant impact on its consolidated financial statements because it does not have any investments in associates or joint ventures, which would be affected by the aforementioned amendments.	1 January 2014

Standards and Innovations approved by the EU	**Type of the expected changes to accounting standards**	**Potential impact on the financial statements**	**Effective date for periods beginning on or after**
	such situations retained investments are not remeasured.		
Amendments to IAS 32 *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities*	The amendments do not introduce new rules for offsetting financial assets and financial liabilities. They do, however, explain the compensation criteria, which aims to eliminate inconsistencies in their application. The amendments clarify that an entity has a legally enforceable right to compensation if the title is: • not contingent upon the occurrence of a certain event in the future, and • is enforceable both in the normal course of business and in the case of non-payment, or in the case of insolvency or bankruptcy of the entity and all contractors.	The Group does not expect the revised standard to have an impact on its consolidated financial statements because it does not apply rules for offsetting in respect of its financial assets and liabilities, nor has it entered into framework agreements on offsetting.	1 January 2014

Standards and interpretations pending approval by the EU as of 31 December 2012

Standards and interpretations pending approval by the EU	**Type of the expected changes to accounting standards**	**Potential impact on the financial statements**	**Effective date for periods beginning on or after**
Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards Government Loans*	The amendments introduce a new exemption concerning the retrospective application of other IFRSs. A first-time adopter of IFRSs can apply the requirements for measurement arising from the standards concerning financial instruments (IAS 39 and IFRS 9) for government loans granted below the market interest rate prospectively from the date	The amendments do not apply to the financial statements of the Group.	1 January 2013

Standards and interpretations pending approval by the EU	**Type of the expected changes to accounting standards**	**Potential impact on the financial statements**	**Effective date for periods beginning on or after**
	of transition into IFRSs. Alternatively, the first-time adopter of IFRSs may elect to apply the requirements with respect of measurement of government loans retrospectively, if the information necessary for measurement was available at the time of the first recognition of the loan. The entity makes an election for each loan individually.		
Amendments to International Financial Reporting Standards 2009-2011	Amendments to International Financial Reporting Standards (2009-2011) contain seven amendments to five standards, and consequential amendments to other standards and interpretations. The main amendments relate to: • re-application of IFRS 1 - IFRS re-applying entity that elects not to re-apply IFRS 1 should apply IFRSs retrospectively in accordance with IAS 8, as if it had not discontinued application of IFRSs; • clarification that the first-time adopter of IFRSs that benefits from the exemption for the costs of financing should not convert financing costs capitalized in accordance with previously applied GAAP, and should include the financing costs incurred as of the date of transition into IFRSs or after that date (or as of an earlier date, as permitted in IAS 23) in accordance with IAS 23; • clarification that one immediately preceding comparative period is required for full financial statements; however, if additional comparative information is presented, it should be accompanied by the relevant explanatory information and should be compliant with IFRSs; • clarification that the opening statement of financial position is required only when a change in the accounting policy, retrospective restatement or reclassification have a significant impact on the information contained in this statement of financial position, and other explanatory information concerning the opening statement of financial position, besides disclosures required by IAS 8, is not	The aforementioned amendments are not expected to have a significant impact on the financial statements of the Group.	1 January 2013

All amounts in PLN '000 unless otherwise specified

Standards and interpretations pending approval by the EU	**Type of the expected changes to accounting standards**	**Potential impact on the financial statements**	**Effective date for periods beginning on or after**
	required; • clarification of the classification and accounting for spare parts and maintenance equipment; • elimination of the inconsistencies between IAS 32 and IAS 12 as regards the distribution of profits to holders of equity instruments and transaction costs related to equity instruments, by clarifying that IAS 12 applies to income tax associated with these transactions; • adding the requirement to disclose the value of the total assets and liabilities for each reportable segment in interim financial information.		
Amendments to IFRS 10, IFRS 11 and IFRS 12: Consolidated Financial Statements, Joint Arrangements, Disclosures of Interests in Other Entities	The amendments: • define the date of initial application of IFRS 10 as the beginning of the annual reporting period in which the standard was applied for the first time (i.e. 1 January 2013, unless it was applied before that date). As of that date, the entity verifies whether there has been a change in judgments in relation to the necessity of consolidation of investments in other entities; • limit the restatement of comparatives to the immediately preceding period; this applies to the full suite of standards. Entities which voluntarily provide comparative information for more than one period can leave additional comparative periods unconverted; • require disclosures of the impact of the amendment on the accounting policy for the period preceding immediately the date of the first application (i.e. disclosure of the impact of the amendments in the current period is not required); • remove the requirement to present comparative information for the disclosures concerning unconsolidated structured entities, for any period prior to the annual period in which IFRS 12 was applied for the	The aforementioned amendments are not expected to have a significant impact on the consolidated financial statements of the Group.	1 January 2013

Standards and interpretations pending approval by the EU	**Type of the expected changes to accounting standards**	**Potential impact on the financial statements**	**Effective date for periods beginning on or after**
	first time.		
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments provide for exemption from consolidation under IFRS 10 and require entities meeting the criteria of investment entities to measure their investments in controlled entities - as well as in associates and joint ventures - at fair value through profit or loss, rather than recognize them through consolidation. Exemption from consolidation is mandatory (i.e. is not voluntary), excluding subsidiaries, considered as integrated with the investment activities of a given investment entity, which continue to be subject to consolidation. An investment entity is understood as an entity that meets all the key criteria for the definition of an investment entity. It is an entity which: 1. receives funding from investors in order to provide those investors with investment management services; 2. commits itself towards investors that the purpose of its operations is to invest funds only in order to achieve returns from the increase in the value of the investment and/or dividends; and 3. measures and evaluates the results of substantially all of its investments based on their fair value. The amendments also specify requirements for investment entities with respect of disclosures.	The Group does not expect the amendments to the standards to have an impact on the consolidated financial statements of the Group, as the Parent Company does not meet the criteria of an investment entity.	1 January 2014
IFRS 9 *Financial Instruments (2009)*	The new standard replaces the guidance contained in IAS 39 *Financial Instruments: Recognition and Measurement*, on the classification and measurement of financial assets. The standard eliminates the existing IAS 39 categories: held-to-maturity, available-for-sale, and loans and receivables. On initial recognition, financial assets are to be classified into one of the following two categories:	The Group doest not expect the new standard to have a significant impact on its consolidated financial statements. Due to the nature of the Group's business and the type of financial assets held, classification and measurement of the Group's financial assets should not be affected by the application of IFRS 9.	1 January 2015

Standards and interpretations pending approval by the EU	**Type of the expected changes to accounting standards**	**Potential impact on the financial statements**	**Effective date for periods beginning on or after**
	• financial assets measured at amortized cost, or • financial assets measured at fair value. A financial asset is measured at amortized cost, subject to the following two conditions: • assets are held within a business model whose objective is to keep the assets in order to receive cash flows arising from the contract; and • its contractual terms give rise at specified moments to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains and losses arising from the measurement of financial assets at fair value are recognized in profit or loss for the current period, except when the investment in an equity instrument is not intended for trading. IFRS 9 provides for making an irrevocable election at initial recognition to measure these financial instruments at fair value through other comprehensive income. Such election can be made for each instrument separately. The values recognized in other comprehensive income may not be subsequently reclassified to profit and loss account.		
Amendments to IFRS 9 *Financial Instruments* (2010)	Amendments to IFRS 9 of 2010 change the guidance included in IAS 39 *Financial Instruments*: *Recognition and Measurement*, on the classification and measurement of financial liabilities and the derecognition of financial assets and financial liabilities. The standard retains almost all of the existing requirements of IAS 39 relating to the classification and measurement of financial liabilities and derecognition of financial assets and financial liabilities. The standard requires that the change in the fair value related to the change in credit risk on a financial liability designated at initial recognition at fair value through profit or loss is presented in other comprehensive income. Only the remaining portion of the gain or loss on re-measurement to fair value is to be recognized in profit or loss for the current period. Should the application of this requirement result in no	The Group does not expect the amendments to IFRS 9 (2010) to have a significant impact on its consolidated financial statements in the future. Due to the nature of the Group's business and the type of financial liabilities held, it is expected that classification and measurement of the Group's financial liabilities will not be affected by the application of IFRS 9.	1 January 2015

Standards and interpretations pending approval by the EU	**Type of the expected changes to accounting standards**	**Potential impact on the financial statements**	**Effective date for periods beginning on or after**
	matching of revenues and expenses, the entire change in fair value would be recognized in profit or loss for the current period. Values recognized in other comprehensive income are not reclassified in subsequent periods to profit or loss for the current period. They can, however, be reclassified to equity. In accordance with IFRS 9, the measurement of derivative financial instruments which are associated with unquoted equity instruments and which must be settled by delivery of unquoted equity instruments whose value cannot be reliably determined, should be carried out at fair value.		
Amendments to IFRS 9 *Financial Instruments and IFRS 7 Financial Instruments: Disclosures*	These amendments alter the disclosure requirements and restating comparative information for the initial application of IFRS 9 *Financial Instruments* (2009) and IFRS 9 *Financial Instruments* (2010). Amendments to IFRS 7 require disclosure of the details of the effects of the initial adoption of IFRS 9 if the entity does not transform the comparative information in accordance with the requirements of the revised IFRS 9. If the entity applies IFRS 9 from 1 January 2013 or later, it is not required to restate comparative information for periods prior to the date of the initial application. An entity which early adopts IFRS 9 in 2012 has the option of restating comparative information or providing additional disclosures in accordance with the requirements of the revised IFRS 7. If the entity early adopts IFRS 9 before 2012, it has no obligation to restate comparative information or provide additional disclosures required by the revised IFRS 7.	It is expected that at the time of the initial application the revised standard will not have a material impact on the consolidated financial statements of the Group. Classification and measurement of financial assets of the Group will not change in connection with IFRS 9, due to the nature of the business of the Group and the type of the financial instruments held by it. The number of required disclosures is expected to increase at the time of application of the revised standard; however, until the first application of this standard, the Group is not able to conduct an analysis of its impact on its consolidated financial statements.	1 January 2015

All amounts in PLN '000 unless otherwise specified

4. Information on business segments

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

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

Information on the segments is measured in accordance with the principles presented in the accounting policy.

There is no concentration of customers within the Group.

Results of the segment are as follows:

12 months ended on 31 December 2012

Description	Handling construction sites	Sale of building materials	Capital Group
Total sales revenues	229 757	43 970	273 727
Sales between segments	(1 048)	(13 286)	(14 334)
Sales revenues	**228 709**	**30 684**	**259 393**
Operating expenses excluding depreciation and amortization	(119 372)	(22 043)	(141 415)
EBITDA	**109 337**	**8 641**	**117 978**
Depreciation/amortization	(84 080)	(1 294)	(85 374)
EBIT operating profit/(loss)	**25 257**	**7 347**	**32 604**

12 months ended on 31 December 2011

Description	Handling construction sites	Sale of building materials	Capital Group
Total sales revenues	277 627	28 111	305 738
Sales between segments	(330)	(10 918)	(11 248)
Sales revenues	**277 297**	**17 193**	**294 490**
Operating expenses excluding depreciation and amortization	(127 587)	(11 335)	(138 922)
EBITDA	**149 710**	**5 858**	**155 568**
Depreciation/amortization	(82 638)	(422)	(83 060)
EBIT operating profit/(loss)	**67 072**	**5 436**	**72 508**

All amounts in PLN '000 unless otherwise specified

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

	12 months of 2012	12 months of 2011
Operating profit/(loss) of segments	**32 604**	**72 508**
Interest income	1 655	327
Other financial income	119	-
Interest expenses	(8 096)	(10 912)
Other financial expenses	(277)	(417)
Share in results of associated companies	(368)	(567)
Profit/(loss) before tax	**25 637**	**60 939**
Income tax	(5 210)	(11 590)
Net profit/(loss)	**20 427**	**49 349**

Assets allocated to particular segments have been presented in the table below.

Description	Handling construction sites	Sale of building materials	Non-classified items	Capital Group
As of 31 December 2012	304 421	12 041	138 072	454 534
As of 31 December 2011	391 619	6 884	109 238	507 741

Adjustment of assets of the segments to the Group's total assets has been presented below. The Group does not allocate liabilities to individual segments.

Description	31 December 2012	31 December 2011
Segment assets	316 462	398 503
Non-allocated fixed assets	97 818	76 196
Non-allocated intangible fixed assets	762	978
Investments in associated company	792	1 162
Other fixed assets	4 234	4 288
Tax receivables and other receivables	4 779	7 631
Derivatives	149	-
Cash and cash equivalents	29 538	18 983
Total assets	**454 534**	**507 741**

5. Tangible fixed assets

All amounts in PLN '000 unless otherwise specified

Changes in tangible fixed assets from 1 January 2011 to 31 December 2012

	Land, buildings and structures	Plant, machinery and motor vehicles	Formwork systems	Other fixed assets	Fixed assets under construction	Total tangible fixed assets
GROSS VALUE						
As of 1 January 2011	**89 342**	**15 799**	**529 020**	**2 962**	**1 876**	**638 999**
Increase due to purchase	50	878	58 225	248	1 980	61 381
Increase - inventory surplus, reclassifications	-	-	5 652	440	(1 876)	4 216
Decrease – sale	(9 286)	(8 516)	(21 154)	(448)	-	(39 404)
Decrease - liquidation, shortages and reclassifications	(3)	(61)	(14 213)	(602)	-	(14 879)
Foreign exchange gains/(loss)	17	51	2 098	28	-	2 194
As of 31 December 2011	**80 120**	**8 151**	**559 628**	**2 628**	**1 980**	**652 507**
Increase due to purchase	6 191	992	21 841	140	19 889	49 053
Increase - inventory surplus, reclassifications	-	36	3 291	3	(1978)	1 352
Decrease – sale	(768)	(508)	(36 307)	(4)		(37 587)
Decrease - liquidation, shortages and reclassifications	-	(151)	(16 260)	(118)	(2)	(16 531)
Foreign exchange gains/(loss)	(13)	(41)	(1 852)	(26)	-	(1 932)
As of 31 December 2012	**85 530**	**8 479**	**530 341**	**2 623**	**19 889**	**646 862**
ACCUMULATED DEPRECIATION						
As of 1 January 2011	**7 772**	**8 720**	**203 689**	**1 945**	**-**	**222 126**
Depreciation for the period	2 070	1 045	79 155	477	-	82 747
Decrease – sale	(1 688)	(4 874)	(12 879)	(372)	-	(19 813)
Decrease - liquidation, reclassification	-	(55)	(7 768)	(146)	-	(7 969)
Foreign exchange gains/(loss)	5	34	1 149	19	-	1 207
As of 31 December 2011	**8 159**	**4 870**	**263 346**	**1 923**	**-**	**278 298**
Depreciation for the period	1 951	855	81 714	368	-	84 888
Decrease – sale	(178)	(507)	(24 837)	(1)	-	(25 523)
Decrease - liquidation, reclassification	-	(96)	(13 512)	(103)	-	(13 711)
Foreign exchange gains/(loss)	(4)	(27)	(992)	(17)	-	(1 040)
As of 31 December 2012	**9 928**	**5 095**	**305 719**	**2 170**		**322 912**
Revaluation write-down	-	-	482	-	-	482
NET VALUE:						
As of 31 December 2012	**75 602**	**3 384**	**224 140**	**453**	**19 889**	**323 468**
As of 31 December 2011	**71 961**	**3 281**	**296 282**	**705**	**1 980**	**374 209**
As of 1 January 2011	**81 570**	**7 079**	**325 331**	**1 017**	**1 876**	**416 873**

The depreciation of the tangible fixed assets was added to:

All amounts in PLN '000 unless otherwise specified

Item	12 months of 2012	12 months of 2011
Cost of products, goods and materials sold	84 664	82 369
Sales and marketing expenses	14	20
General and administrative expenses	210	358
Total	**84 888**	**82 747**

As of 31 December 2012, bank credit lines are secured on fixed assets (formwork). The collateral value pursuant to the pledge agreements concluded at the time of signing the credit agreements is PLN 293,153,000. As of 31 December 2012, the collateral amount was PLN 302,256,000.
The net value of tangible fixed assets used pursuant to financial lease contracts as of 31 December 2013 was PLN 538,000, whereas as of 31 December 2011 - PLN 614,000.

6. Intangible assets

Changes in intangible assets in the period from 1 January 2011 to 31 December 2012.

	Licenses and software	Other - produced in-house*)	Total intangible assets
GROSS VALUE			
As of 1 January 2011	**3 482**	**44**	**3 526**
Increase	876	-	876
Decrease - sale	(154)	(3)	(157)
Foreign exchange gains/(loss)	1	1	2
As of 31 December 2011	**4 205**	**42**	**4 247**
Increase	216	-	216
Decrease - liquidation	(1)	-	(1)
Foreign exchange gains/(loss)	(4)	-	(4)
As of 31 December 2012	**4 416**	**42**	**4 458**
ACCUMULATED AMORTIZATION			
As of 1 January 2011	**2 990**	**35**	**3 025**
Amortization for the period	306	7	313
Decrease - sale	(149)	(3)	(152)
Foreign exchange gains/(loss)	1	-	1
As of 31 December 2011	**3 148**	**39**	**3 187**
Amortization for the period	485	1	486
Decrease - liquidation	(1)	-	(1)
Foreign exchange gains/(loss)	(1)	-	(1)
As of 31 December 2012	**3 631**	**40**	**3 671**
NET VALUE:			
As of 31 December 2012	**785**	**2**	**787**
As of 31 December 2011	**1 057**	**3**	**1 060**
As of 1 January 2011	**492**	**9**	**501**

All amounts in PLN '000 unless otherwise specified

The amortization of the intangible assets was added to:

Item	12 months of 2012	12 months of 2011
Cost of products, goods and materials sold	107	102
Sales and marketing expenses	-	10
General and administrative expenses	379	201
Total	**486**	**313**

7. Financial instruments

	Balance sheet value		**Fair value**	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Financial assets held for sale				
Cash	29 538	18 983	29 538	18 983
Receivables and loans granted				
Trade and other receivables	88 510	101 188	88 510	101 188
Loans granted	992	1 074	992	1 074
Derivatives				
Financial instruments measured at fair value through profit and loss	149	-	149	-
Financial liabilities				
Variable interest rate credits	88 444	143 840	88 444	143 840
Trade and other liabilities	38 099	41 661	38 099	41 661
Derivatives				
Financial instruments measured at fair value through profit and loss	-	174	-	174

8. Interests in associated companies

Name (company) and its legal status	Registered office	Business objects	Balance sheet value of shares	Percent of share capital held
ULMA Cofraje S.R.L.	Bucharest Romania	sale and rental of formwork, sale of building materials	792	30.00

Key data concerning the associate company.

	31 December 2012	31 December 2011
Assets	10 629	13 061
Liabilities	5 176	5 661
Sales revenues	5 138	5 212
Net financial profit/(loss)	(1 226)	(1 888)

All amounts in PLN '000 unless otherwise specified

9. Other fixed assets

The other fixed assets include the balance sheet value of perpetual usufruct right of PLN 4,234,000.The perpetual usufruct right expires on 5 December 2089.

10. Trade and other receivables

	As of: 31 December 2012	As of: 31 December 2011
Trade receivables from non-related parties	116 961	120 333
Revaluation write-down on trade receivables	(32 686)	(26 242)
Net trade receivables	*84 275*	*94 091*
Other receivables	2 755	5 304
Prepaid expenses	946	679
Trade receivables from related parties	534	1 114
Loans receivables	992	1 074
Total trade and other receivables	**89 502**	**102 262**
of which:		
Long-term portion	992	3 040
Short-term portion	88 510	99 222

On the basis of performed analyses the Group assessed that the balance sheet value of individual receivables disclosed in these consolidated financial statements approximates the fair value of those receivables.

There is no concentration of credit risk related to trade receivables as the Group has a large number of customers.

The net amount of revaluation write-downs on receivables increased by the amount of receivables written off in the total amount of PLN 13,243,000 (PLN 7,039,000 in 2011) was recognized in the sales and marketing costs in the comprehensive income statement.

Changes to the revaluation write-downs on trade and other receivables are as follows:

	12 months of 2012	12 months of 2011
Balance at the beginning of the period	**26 242**	**17 626**
Increase – revaluation write-downs on trade receivables	14 890	7 299
Increase – revaluation write-downs on delay interest	18	1 833
Exercise	(4 920)	(454)
Adjustment to earlier write-down	(1 968)	(597)
Foreign exchange gains/(loss)	(1 576)	535
Balance at the end of the period	**32 686**	**26 242**

All revaluation write-downs on trade receivables relate to short-term receivables.

All amounts in PLN '000 unless otherwise specified

11. Stocks

	As of: 31 December 2012	As of: 31 December 2011
Materials	5 062	4 570
Goods	1 256	973
Gross value of stocks	**6 318**	**5 543**
Revaluation write-down on stocks	(340)	(340)
Net value of stocks	**5 978**	**5 203**

12. Cash and cash equivalents

	As of: 31 December 2012	As of: 31 December 2011
Cash on hand and at bank	22 970	17 746
Short-term bank deposits	6 568	1 237
Total cash, of which:	**29 538**	**18 983**
Cash with restricted availability	362	433

For the purposes of the cash flow statement, the cash and overdraft facility include:

	As of: 31 December 2012	As of: 31 December 2011
Cash and cash equivalents	29 538	18 983
Overdraft facility (Note 15)	-	(1 118)
Cash and cash equivalents recognized in the cash flow account	**29 538**	**17 865**

13. Share capital

	Number of shares	Nominal value of shares	Share premium	Total
As of 1 January 2011	**5 255 632**	**10 511**	**114 990**	**125 501**
- increase	-	-	-	-
- decrease	-	-	-	-
As of 31 December 2011	**5 255 632**	**10 511**	**114 990**	**125 501**
- increase	-	-	-	-
- decrease	-	-	-	-
As of 31 December 2012	**5 255 632**	**10 511**	**114 990**	**125 501**

All shares are ordinary bearer shares with a nominal value of PLN 2.00. All shares are fully paid up.

All amounts in PLN '000 unless otherwise specified

As of 31 December 2012, the Company's shareholding structure was as follows:

	Share capital		Votes at the General Meeting of Shareholders	
	Number of shares	**%**	**Number of votes**	**%**
ULMA CyE, S. Coop	3 967 290	75.49	3 967 290	75.49
OFE Aviva BZ WBK *)	450 000	8.56	450 000	8.56
Small shareholders	838 342	15.95	838 324	15.95

*) Data based on the attendance list from the Extraordinary General Meeting of Shareholders held on 9 January 2013.

14. Trade and other liabilities

	As of: 31 December 2012	31 December 2011
Trade liabilities towards non-related entities	26 955	19 888
Liabilities towards related parties	3 919	3 338
Social insurance and other liabilities	5 584	9 837
Accrued expenses	7 087	12 196
Deferred income	-	4
Other liabilities	138	191
Dividend liabilities - related parties	-	4 562
Dividend liabilities - other entities	-	1 482
Total trade and other liabilities	**43 683**	**51 498**
of which:		
Long-term portion	-	-
Short-term portion	43 683	51 498

15. Credits and loans

	As of: 31 December 2012	31 December 2011
Long-term		
Bank credits	40 618	87 056
Total long-term credits	**40 618**	**87 056**
Short-term		
Overdraft facility (Note 12)	-	1 118
Bank credits	47 826	55 666
Total short-term credits	**47 826**	**56 784**

All amounts in PLN '000 unless otherwise specified

Bank credits are secured on formwork (registered pledge or transfer of title) in accordance with the information contained in Note 5. Blank promissory notes and corporate guarantees serve as additional collateral.

Interest on bank credits accrues monthly on the basis of the prevailing WIBOR rate plus a margin specified in each credit agreements.

The structure of long-term credits by maturity is as follows:

	As of:	
	31 December 2012	31 December 2011
From 1 to 2 years	30 014	46 438
From 2 to 5 years	10 604	40 618
Over 5 years	-	-
Total long-term credits	**40 618**	**87 056**

The effective interest rates as of the balance sheet date were as follows:

	31 December 2012	31 December 2011
Overdraft facility	-	5.04
Bank credits	6.68	6.13

The Group has at its disposal the following credit limits that have not been drawn:

	As of:	
	31 December 2012	31 December 2011
With variable interest:		
- expiring within one year	13 000	6 883
- expiring after one year	15 000	15 000
Total credit limits which have not been drawn	**28 000**	**21 883**

16. Lease

a) Financial lease

The assets used under lease contracts as presented in the table below, cover machines for cleaning of formwork.

	As of:	
	31 December 2012	31 December 2011
Initial value of leased fixed assets	768	768
Depreciation	(230)	(154)
Net book value	**538**	**614**

All amounts in PLN '000 unless otherwise specified

The depreciation of fixed assets used under financial lease contracts in the period of 12 months ended on 31 December 2012 amounted to PLN 76,000, whereas in the period of 12 months ended on 31 December 2011 it amounted to PLN 77,000.

	As of:	
	31 December 2012	31 December 2011
Under one year	147	148
From 1 to 5 years	136	286
Total amount of minimum lease fees by maturity:	**283**	**434**

	As of:	
	31 December 2012	31 December 2011
Under one year	147	148
From 1 to 5 years	136	286
Total amount of current value of minimum lease fees by maturity:	**283**	**434**

An analysis performed by the Group showed that the total value of minimum lease fees is not materially different from the total amount of the present value of those fees.

Material provisions of lease contracts

- the lease period is usually 5 years,
- the amount of conditional lease fees is based on a WIBOR rate plus the bank margin,
- the lease contracts provide for a call option of the leased assets after the end of the lease term,
- the contracts do not provide for any restrictions concerning additional indebtedness or additional lease contracts.

b) Operating lease

Operating lease contracts include acquired perpetual usufruct right of land.
The total amount of future minimum fees under perpetual usufruct right of land is as follows:

	As of:	
	31 December 2012	31 December 2011
Under one year	9	9
From 1 to 5 years	35	35
Over 5 years	636	645
Total	**680**	**689**

Pursuant to the relevant agreement the perpetual usufruct right expires on 5 December 2089.

17. Deferred income tax

	As of:	
	31 December 2012	31 December 2011
Deferred income tax assets:	4 941	7 789
Deferred income tax liabilities:	(16 138)	(14 763)
Balance sheet value of deferred income tax asset (liability)	**(11 197)**	**(6 974)**

All amounts in PLN '000 unless otherwise specified

Changes to the deferred income tax assets and liabilities introduced during the year (before set-off within one jurisdiction) are as follows:

Deferred income tax liabilities

Item of temporary differences	Valuation of tangible fixed assets	Unrealized foreign exchange gains/(losses)	Other	Total
As of 1 January 2011	**12 060**	**5**	**34**	**12 099**
Recognition of profit/(loss)	-	(70)	(132)	**(202)**
Charge to profit/(loss)	2 636	104	126	**2 866**
As of 31 December 2011	**14 696**	**39**	**28**	**14 763**
Recognition of profit/(loss)	(161)	(182)	(155)	**(498)**
Charge to profit/(loss)	1 555	160	158	**1 873**
As of 31 December 2012	**16 090**	**17**	**31**	**16 138**

Deferred income tax assets

Item of temporary differences	Tax losses	Valuation of tangible fixed assets and current assets	Provisions for expenses	Unrealized foreign exchange gains/(losses)	Total
As of 1 January 2011	**5 561**	**1 058**	**1 529**	**293**	**8 441**
Recognition of profit/(loss)	-	29	3 230	190	**3 449**
Charge to profit/(loss)	(2 784)	(9)	(904)	(179)	**(3 876)**
Charge to equity	**-**	-		(225)	**(225)**
As of 31 December 2011	**2 777**	**1 078**	**3 855**	**79**	**7 789**
Recognition of profit/(loss)	77	134	2 324	214	**2 749**
Charge to profit/(loss)	(2 777)	-	(2 738)	(174)	**(5 689)**
Charge to equity	**-**	-	-	92	**92**
As of 31 December 2012	**77**	**1 212**	**3 441**	**211**	**4 941**

All amounts in PLN '000 unless otherwise specified

18. Liabilities under pension benefits

	As of:	
	31 December 2012	31 December 2011
Financial statement liabilities under:		
Pension benefits	116	117
Total	**116**	**117**

The Group performs an actuarial assessment of provisions for pensions at the end of each financial year.

	12 months 2012	12 months 2011
Allocation to provision for pension benefits	10	7
Interest expenses	7	5
Net actuarial gains and losses	(18)	25
Benefits paid	-	(24)
Total expensed amount of employee benefits	**(1)**	**13**

Change in balance sheet liabilities:

	12 months 2012	12 months 2011
Provision for pension benefits at the beginning of the period	117	104
Allocation to provision for pension benefits	10	7
Interest expenses	7	5
Net actuarial gains and losses	(18)	25
Benefits paid	-	(24)
Provision for pension benefits at the end of the period	**116**	**117**

All amounts in PLN '000 unless otherwise specified

19. Sales revenues

	12 months 2012	12 months 2011
Revenues from handling constructions sites	228 709	277 298
Revenues from sale of building products and materials	30 684	17 192
Total sales revenues	**259 393**	**294 490**

Sales revenues to the company which has control over the ULMA Construccion Polska S.A. Capital Group in the period of 12 months ended on 31 December 2012 amounted to PLN 2,410,000 (PLN 523,000 in 2011).

20. Costs by type

	12 months 2012	12 months 2011
Depreciation of tangible fixed assets and amortization of intangible assets	85 374	83 060
Costs of employee benefits (Note 20 a)	32 984	40 595
Consumption of raw materials, other materials and energy	15 580	15 151
Transport services	18 991	20 622
Rental and lease services	11 949	12 135
Third party processing services	-	1 402
Repairs and maintenance	4 436	3 548
Assembly services	834	3 005
Other third party services	19 672	17 593
Other expenses	18 587	12 272
Value of goods and materials sold	17 183	14 657
Total costs by type	**225 590**	**224 040**
Change in stocks of products and production in progress and costs of services for the company's purposes	(17)	(1 779)
Sales and marketing expenses	(16 742)	(10 433)
General and administrative expenses	(13 120)	(13 441)
Cost of products, goods and materials sold	**195 711**	**198 387**

20 a) Costs of employee benefits

Salaries and severance pay	27 080	33 659
Social insurance and employee benefits	5 904	6 936
Total costs of employee benefits	**32 985**	**40 595**

All amounts in PLN '000 unless otherwise specified

21. Other operating income and expenses

21 a) Other operating income

	12 months 2012	12 months 2011
Inventory surplus	1 374	2 113
Gains from change in fair value of forward contracts	600	171
Damages received - lost tangible fixed assets and current assets	170	199
Written-off liabilities	13	-
Sale of tangible fixed assets	71	13 021
Revaluation write-down on tangible fixed assets	550	551
Reinvoices	320	277
Other income	17	216
Total other operating income	**3 115**	**16 548**

21 b) Other operating expenses

	12 months 2012	12 months 2011
Inventory shortages	(766)	(1 148)
Losses from change in fair value of forward contracts	-	(87)
Lost tangible fixed assets and current assets	-	(9)
Liquidation of tangible fixed assets	(1 937)	(14 197)
Revaluation write-down on assets	(1 282)	(550)
Other expenses	(346)	(278)
Total other operating expenses	**(4 331)**	**(16 269)**

22. Financial income and expenses

22 a) Financial income

	12 months 2012	12 months 2011
Interest on cash on bank account	1 625	305
Interest on loan granted	30	22
Gains from change in fair value of forward contracts under financial activity	119	-
Total financial income	**1 774**	**327**

22 b) Financial expenses

Interest expenses:		
- bank credits	(8 066)	(10 874)
- lease	(27)	(34)
- other – delay interest	(3)	(4)
	(8 096)	**(10 912)**

All amounts in PLN '000 unless otherwise specified

Loss from change in fair value of forward contracts under financial activity	-	(103)
Foreign exchange gains/(loss)	(95)	(40)
Costs of credit	(108)	(165)
Bank Guarantee Fund	(74)	(109)
Other	-	-
Total financial expenses	**(8 373)**	**(11 329)**

22 c) Foreign exchange gains/(loss)

The table below presents the impact of foreign exchange gains/(loss) on the profit/loss of the ULMA Construccion Polska S.A. Group:

	12 months 2012	12 months 2011
Sales revenues	(611)	123
Cost of products, goods and materials sold	2	(168)
Financial expenses	(95)	(41)
Total foreign exchange gains/(loss)	**(704)**	**(86)**

23. Income tax

	12 months 2012	12 months 2011
Current tax	(896)	(8 499)
Deferred tax (Note 17)	(4 314)	(3 091)
Total income tax	**(5 210)**	**(11 590)**

The difference between corporate income tax of the Group and the theoretical amount that would have been achieved if a weighted average tax rate applicable to the profit of the consolidated companies had been applied is as follows:

	12 months 2012	12 months 2011
Profit before tax	**25 637**	**60 939**
Tax calculated at the applicable rates (19% for Poland, 21% for Ukraine, 20% for Kazakhstan, 15% for Lithuania)	4 954	11 625
Non-taxable income	(965)	(1 540)
Non-tax deductible expenses	1 129	1 730
Liabilities due to deferred tax recognized in equity	92	(225)
Corporate income tax	**5 210**	**11 590**

Tax authorities may inspect the tax books and tax settlements within 5 years from the end of the year in which tax returns are filed (within 3 years in Lithuania) and charge the Companies of the Group with additional tax assessment along with penalty interest. According to the Management Board, there are no circumstances indicating the possibility of any material tax liabilities.

24. Dividend per share

On 22 June 2012, the General Meeting of Shareholders resolved to allocate part of the Company's net profit for the financial year 2011 in the amount of PLN 20,023,957.92 to dividend payable to the Company's shareholders.
Pursuant to0 Resolution No. 5/2011 of the Management Board of 28 November 2011, the Company disbursed interim dividend for the financial year 2011 in the amount of PLN 6,043,976.80. The remaining part of dividend for the financial year 2011 amounts to PLN 13,979,981.12.
In accordance with the above-mentioned resolution of the General Meeting of Shareholders 21 August 2012 was the dividend record date, while 10 September 2012 was the dividend date.

25. Contingent items

As of 31 December 2012, the Group has no contingencies.

26. Investment liabilities (off-balance sheet)

The ULMA Construccion Polska S.A. Capital Group does not have any future investment liabilities existing as of the balance sheet date which have not been disclosed in the statement of financial situation yet.
Future liabilities under operational lease *(where the Group is the lessee)* are presented in Note 16b.

27. Measurement of financial instruments at fair value

On the basis of the performed analyses, the Group assessed that the balance sheet value of particular financial instruments disclosed in these consolidated financial statements approximates the fair value of those instruments.

28. Events after the balance sheet date

After the balance sheet date, there were no events that would have a material impact on these consolidated financial statements.

29. Transactions with related parties

The Group is controlled by ULMA C y E, S. Coop. with its registered office in Spain which 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. with its registered office in Koszajec

Subsidiary companies:

- ULMA System S.A. in liquidation with its registered office in Starachowice at 29 Radomska street was established on 11 July 2000 – Notary Deed Ref. A 2105/2000. The company was registered by a decision of the District Court in Kielce, 10th Commercial Division in the Register of Entrepreneurs under number KRS 0000054140. The business objects of the Company included manufacturing 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 on the Company's liquidation.
  In December 2011, the process of liquidation of the company and the division of its assets were completed. The value of the assets received by ULMA Construccion Polska S.A. in connection with the liquidation of ULMA System S.A. was PLN 10,608,000.
  On 29 February 2012, by order of the Court the company was removed from the Register of Entrepreneurs of the National Court Register.

- ULMA Opałubka Ukraina with its registered office in Kiev at 9 Gnata Juri street was established on 18 July 2001. It was registered in the Sviatoshin Branch of State Administration for the City of Kiev under number 5878/01 and was granted ID code 31563803. The business objects of the company are 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. The company's strategic objective will be development of the Capital Group's business objects, i.e. rental of formwork and scaffoldings, as well as dissemination of knowledge in the area of application of the formwork technology in the construction process executed in Kazakhstan. The Issuer's share in the capital and the total number of votes is 100%.

- On 27 April 2012, a subsidiary company "ULMA Construccion BALTIC" with its registered office in Vilnius, at 41-42 Pylimo street was established. The Company's business objects will be as follows: rental of scaffolding and formwork, wholesale and retail sales of scaffolding and formwork, sale and rental of other building equipment and other commercial activity. 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 Bragadiru at Soseaua de Centura No. 2-8 Corp C20 (Romania), was established on 9 October 2007. It is registered with the National Office of Commercial Register in Bucharest under number 22679140. The business object of the Company is rental and sale of scaffolding and formwork, including lease operations. The Issuer's share in the capital and the total number of votes is 30%. The remaining 70% of the capital of the Company belongs to the entity controlling the Group - ULMA C y E, S. Coop. with its registered office in Spain.

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

Transactions entered into by the companies of the ULMA Construccion Polska S.A. Capital Group with related parties were typical and routine. They were concluded at arm's length, and their nature and terms resulted from its ongoing operations.

Details of the transactions of the ULMA Construccion Polska S.A. Capital Group S.A. with companies of the ULMA C y E, S. Coop. Group:

	As of:	
Balances of the accounts as of the balance sheet date	31 December 2012	31 December 2011
Receivables of ULMA Construccion Polska S.A. from companies of the Group	534	2 907
Liabilities of ULMA Construccion Poland S.A. towards the companies of the Group	3 919	3 338
Loan receivables – ULMA Cofraje s.r.l. Romania (in EUR '000)	241	241
Loan interest receivables (in EUR '000)	2	2
Interim dividend for 2011	-	4 562

Sales and purchases from companies of the Group	12 months 2012	12 months of 2011
Sales of ULMA Construccion Polska S.A. from companies of the Group	3 376	1 569
Purchases of ULMA Construccion Polska S.A. from companies of the Group	14 280	35 159
Sales of ULMA System S.A. to companies of the Group	-	176
Purchases of ULMA System S.A. from companies of the Group	-	-
Loan interest income	30	22

30. Remuneration of Members of the Management Board and the Supervisory Board

In 2011, the Members of the Management Board and the Supervisory Board were paid the following remuneration and bonuses:

	12 months of 2012	12 months of 2011
Management Board of ULMA Construccion Polska S.A.		
Andrzej Kozłowski	1 692	1 327
Andrzej Sterczyński	622	493
Krzysztof Orzełowski	587	435
Liquidator of Ulma S.A. in liquidation		
Stanisław Siwik	-	242
ULMA Opałubka Ukraina		
Victoriya Ryabinina	-	114
Dmitriv Lyakhovetskiy	225	159
Denys Kvachuk	136	94
ULMA Opałubka Kazachstan		
Ewa Giersz	199	68
ULMA Construccion BALTIC		
Vykintas Kuzmickas	59	-
Supervisory Board of ULMA Construccion Polska S.A.		
Rafał Alwasiak	54	54

The other Members of the Management Board and the Supervisory Board are not paid remuneration.

31. Earnings per share

The amount of the basic earnings per share is calculated as the quotient of profit distributable among shareholders of the Company and the weighted average number of ordinary shares during the year.

	12 months 2012	12 months 2011
Profit allocable to the shareholders of the parent company	20 427	49 349
Number of ordinary shares as of the balance sheet date	5 255 632	5 255 632
Weighted average number of ordinary shares	5 255 632	5 255 632
Basic earnings per share (in PLN per share)	3.89	9.39
Diluted earnings per share (in PLN per share)	3.89	9.39

32. Translation of selected financial data into EUR

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

ITEM	**in PLN '000** 12 months of 2012	12 months of 2011	**in EUR '000** 12 months of 2012	12 months of 2011
Net revenues from sale of products, goods and materials	259 393	294 490	62 151	71 131
Operating profit/(loss)	32 604	72 508	7 812	17 513
Gross profit/(loss)	25 637	60 939	6 143	14 719
Net profit/(loss)	20 427	49 349	4 894	11 920
Net operating cash flow	141 869	147 609	33 992	35 653
Net cash flow from investments	(47 461)	(48 715)	(11 372)	(11 767)
Net cash flow from financing activities	(82 550)	(83 503)	(19 779)	(20 169)
Net cash flow	11 859	15 391	2 841	3 717
Diluted earnings per share	3.89	9.39	0.93	2.27
Earnings per ordinary share (in PLN/EUR)	3.89	9.39	0.93	2.27
	in PLN '000		**in EUR '000**	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Total assets	454 534	507 741	111 182	114 957
Liabilities	144 378	203 111	35 316	45 986
Long-term liabilities	52 053	94 430	12 733	21 380
Short-term liabilities	92 325	108 681	22 583	24 606
Equity	310 156	304 630	75 866	68 971
Share capital	10 511	10 511	2 571	2 380
Weighted average number of shares	5 255 632	5 255 632	5 255 632	5 255 632
Number of shares as of the balance sheet date	5 255 632	5 255 632	5 255 632	5 255 632
Book value per share (in PLN/ EUR)	59.01	57.96	14.44	13.12

The specific asset and equity as well as liability items were translated into EUR at the average rates of exchange announced by the President of the National Bank of Poland prevailing as of the balance sheet date. The EUR average rate as of 31 December 2012 was PLN 4.0882, and as of 31 December 2011 – PLN 4.4168.

While translating the items of the total income statement and cash flow account items, a rate being the arithmetic mean of the rates prevailing as of the last day of each month in a given period was applied. For the period 1 January – 31 December 2012 this rate was 4.1736 PLN/EUR, while the data for the analogous period in 2011 were translated at the rate 4.1401 PLN/EUR.

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

Andrzej Kozłowski, President of the Management Board …..

Andrzej Sterczyński, Member of the Management Board …..

Krzysztof Orzełowski, Member of the Management Board …..

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

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

Signature of the person responsible for maintaining the accounting records

Henryka Padzik, Chief Accountant ………………………………………

Koszajec, 12 March 2013