Report of the Management Board on operations of the ULMA CONSTRUCCION POLSKA S.A. CAPITAL GROUP

for 12 months ended on 31 December 2012

Description of the Capital Group

As of 31 December 2012, the ULMA Construccion Polska S.A. Capital Group ("the Group", "the Capital Group") was composed of the following companies:

1) ULMA Construccion Polska S.A. - the **parent company** of the ULMA Construccion Polska S.A. Capital Group which performs the managing and administrative function for the entire Group and is responsible for trading operations concerning the products and services offered by the Group on the domestic market and on selected foreign markets,

2) ULMA Opałubka Ukraina Sp. z o.o. - a **subsidiary company** responsible for trading operations concerning the products and services offered by the Capital Group on the Ukrainian market,

3) ULMA Cofraje S.R.L. - an **associated company** responsible for trading operations concerning the products and services offered by the Capital Group on the Romanian market.

4) 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.

5) On 27 April 2012, a **subsidiary company,** "ULMA Construccion BALTIC" Sp. z o.o. 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%.

In 2011, the Capital Group comprised also ULMA System S.A. in liquidation - a **subsidiary company** being a production and overhaul centre of formwork systems and accessories thereto for the purposes of the Capital Group and for foreign markets.
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.

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

Business objects of the Capital Group.

The ULMA Construccion Polska S.A. Capital Group operates in the construction industry. The operations of the companies of the Capital Group consist in rental and sale of formwork systems and scaffoldings for construction of large buildings and engineering construction, performance of maintenance works and designs of application of the systems, as well as production and overhauls of formwork systems and accessories used in assembling formwork systems.

Registered offices, dates of establishment and registration of the companies of the Capital Group.

1) ULMA Construccion Polska S.A. with its registered office in Warsaw at 10 Klasyków street (on 1 March 2013, the Company's registered office was relocated to Koszajec 50, 05-840 Brwinów) has been operating since 1 July 1995 pursuant to a resolution of the Extraordinary General Meeting of Shareholders transforming a limited liability company into a joint stock company (Notary Deed of 15 September 1995, Ref. A 5500/95), registered with the National Court Register in the Register of Entrepreneurs under KRS number 0000055818 by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register. From 14 February 1989 until transformation into a joint stock company, the company operated as Bauma Sp. z o.o.

2) ULMA Opałubka Ukraina with its registered office in Kiev at 9 Gnata Juri street, registered on 18 July 2001 in the Ukrainian State Administration under number 5878/01 (ID code 31563803),

3) ULMA Cofraje S.R.L., with its registered office in Bragadiru at Soseaua de Centura No. 2-8 Corp C20 (Romania), entered into the Commercial Register of Romania after changing the address under number J23/289/30.01.2013,

4) ULMA Opałubka Kazachstan with its registered office in Astana at 25 Taszenowa street, entered on 27 August 2010 into the Register of the Ministry of Justice by the Department of Justice of the capital city of Astana under number 37635-1901-TOO/NU/,

5) "ULMA Construccion BALTIC" with its registered office in Vilnius, at 41-12 Pylimo street, registered on 27 April 2012 in the Register of Legal Entities of the Republic of Lithuania under number 302770757.

Presentation of the basic economic and financial data disclosed in the annual financial statements, in particular details of factors and events, including extraordinary ones that materially affect the Issuer's operations and the profits generated or losses incurred by it in the financial year, as well as a presentation of prospects of the Issuer's business development over the minimum period of the following financial year

The basic details included in the consolidated financial statements of the Capital Group for the years 2011-2012 have been presented below.

Consolidated statement of profit and loss and other comprehensive income

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012	2011	Growth 2011/2010
Revenue	62 962	65 354	65 266	65 811	259 393	294 490	88.1
Cost of products, merchandises and materials sold	(50 194)	(47 250)	(48 577)	(49 690)	(195 711)	(198 387)	98.7
Gross profit on sales	**12 768**	**18 104**	**16 689**	**16 121**	**63 682**	**96 103**	**66.3**
Sales and marketing expenses	(1 370)	(4 204)	(4 892)	(6 276)	(16 742)	(10 433)	160.5
General and administrative expenses	(3 062)	(3 065)	(3 603)	(3 390)	(13 120)	(13 441)	97.6
Other net operating expenses	(396)	(1 333)	(247)	760	(1 216)	279	-
Operating profit	**7 940**	**9 502**	**7 947**	**7 215**	**32 604**	**72 508**	**45.0**
Financial income	172	590	564	448	1 774	327	542.0
Financial expenses	(2 159)	(2 600)	(1 991)	(1 623)	(8 373)	(11 329)	73.9
Share of profit/(loss) in equity accounted investees	(188)	(50)	(40)	(90)	(368)	(567)	64.9
Profit before tax	**5 765**	**7 442**	**6 480**	**5 950**	**25 637**	**60 939**	**42.1**
Income tax expense	(1 222)	(1 531)	(1 336)	(1 121)	(5 210)	(11 590)	45.0
Net profit	**4 543**	**5 911**	**5 144**	**4 829**	**20 427**	**49 349**	**41.4**
Other comprehensive income	(696)	732	(611)	(346)	**(921)**	1 475	-
Total comprehensive income:	**3 847**	**6 643**	**4 533**	**4 483**	**19 506**	**50 824**	**38.4**
Operating profitability (%)	12.61	14.54	12.18	10.96	12.57	24.62	-
Net profitability (%)	7.22	9.04	7.88	7.34	7.87	16.75	-

$$\text{Operating profitability} = \frac{\text{Operating profit x100\%}}{\text{Revenues}}$$

$$\text{Net profitability} = \frac{\text{Net profit x100\%}}{\text{Revenues}}$$

Consolidated statement of financial position

	31 December 2012	Per cent structure	31 December 2011	Per cent structure	Growth
Property, plant and equipment	323 468	71	374 209	74	0.86
Other non-current assets	6 805	2	9 550	2	0.71
Total non-current assets	**330 273**	**73**	**383 759**	**76**	**0.86**
Inventories	5 978	1	5 203	1	1.15
Receivables	88 596	19	99 796	19	0.89
Derivatives	149	-	-	-	-
Other current assets	29 538	7	18 983	4	1.56
Total current assets	124 261	**27**	123 982	**24**	**1.00**
Total assets	**454 534**	**100**	**507 741**	**100**	**0.90**
Share capital	10 511	2	10 511	2	1.00
Share premium	114 990	25	114 990	23	1.00
Currency translation reserves	(3 888)	(1)	(2 967)	(1)	1.31
Retained earnings	188 543	42	182 096	36	1.04
Total equity	**310 156**	**68**	**304 630**	**60**	**1.02**
Non-current liabilities	52 053	12	94 430	19	0.55
Current liabilities	92 325	20	108 681	21	0.85
Total liabilities	**144 378**	**32**	**203 111**	**40**	**0.71**
Total equity and liabilities	**454 534**	**100**	**507 741**	**100**	**0.90**
Return on equity (%)	7.1	-	19.3	-	-
Debt ratio (%)	31.8	-	40.0	-	-
Trade receivables turnover (in days)	119	-	118	-	-
Trade liabilities turnover (in days)	44	-	35	-	-
Liquidity ratio (current)	1.3	-	1.1	-	-

Return on equity = $\frac{\text{Net profit for the financial year x 100\%}}{\text{Equity - net profit for the financial year}}$

Debt ratio = $\frac{\text{Liabilities x 100\%}}{\text{Total equity and liabilities}}$

Trade receivables turnover = $\frac{\text{Net trade receivables as of the balance sheet date x 365 days}}{\text{Sales revenues}}$

Trade liabilities turnover = $\frac{\text{Average value of trade liabilities x 365 days}}{\text{Operating expenses}}$

Liquidity ratio (current) = $\frac{\text{Current assets}}{\text{Current liabilities}}$

Market environment in Poland

In the second half of 2012, after completion of programs related to EURO 2012, the slowdown in the Polish economy was gradually deepening.
According to preliminary data of the Central Statistical Office, GDP growth in the past year was only 2%, compared to 4.3% in 2011, and was the lowest in three years. During the year, it yielded successive reductions. Economic growth was, nonetheless, sustained, and foreign demand was its main factor both in the entire 2012, and in its last quarter. At the same time, the contribution of domestic demand in the generation of added value was negative, and it was only slightly positive throughout 2012. Gross fixed capital formation was the fastest growing component of domestic demand, although its growth dynamics of 0.6% is hard to be deemed satisfactory.
In terms of sectors, services were the fastest-growing sector of the economy, whereas the worst situation was recorded in the construction industry, where the average annual growth of construction and assembly output was negative in comparison with 2011 and amounted to -1.1%.

In the residential sector, a still relatively high growth rate (+10.8%) was recorded on a year-to-year basis, mainly because of dwellings completed. In the analysed period, there was however, a decrease in the number of building permits (by 10.3%) and in the number of dwellings under construction (by 12.6%).

In the non-residential sector, which in 2012 reached a similar level of growth as that in the residential sector (10.6%), hotel construction (+30.8%) and office construction (+22%) were the fastest developing segments. As far as building permits are concerned, decreases were recorded also in these segments. According to the classification of the General Office of Building Control (GUNB) these decreased were as follows: - 7.1% for industrial and warehouse buildings and -6.6% for all categories of public utility buildings.

As expected, due to the completion of infrastructure projects related to EURO 2012 the weakest growth was recorded **in the engineering sector**, which was the most important driving force in the construction industry throughout 2011 (a decrease of 9%), and particularly in road and motorway construction (a decrease by 15.6%).
Many companies had high hopes associated with the launch of several large contracts in the Polish power engineering sector. However, the year 2012 did not bring the expected breakthrough and most of the key projects **in the power engineering sector** are being carried out with delays.

The year 2012 was characterized by the deterioration of the financial situation of the entire construction industry, and the ever more competitive struggle led to a decrease in profitability of contracts, particularly those related to major infrastructure projects. Furthermore, construction companies had in 2012 difficulties with maintaining liquidity. As a result, the financial and liquidity situation of the vast majority of construction companies deteriorated significantly in the analysed period. The cumulative net profit of construction companies (declining gradually since 2008) for 3 quarters of 2012 reached for the first time a negative value: -PLN 0.8 billion, and the number of declared bankruptcies was the greatest since 2005 – according to Euler Hermes 273 construction companies went bankrupt in 2012, which means an increase by 87% compared to 2011 (compared to +28% for the economy as a whole).

Market environment abroad

According to the Polish government, Kazakhstan is now one of the 5 most promising markets for further development of bilateral economic cooperation.
In 2012, construction output in this country rose by 6.7% (compared to 2.3% in 2011), but a real investment boom is expected here in the coming years due to entrusting Astana the organization of Expo 2017. Since the last year, ULMA Opałubka Kazachstan Sp. z o.o. has been operating on the local market as a pioneer offering formwork rental, and tries to make contractors with which it cooperates in Poland and with which it would like to offer comprehensive complimentary construction services interested in such services. The experience gained in Kazakhstan will also be used to prepare for even more effective launch of operations on new markets in the region.

The situation in Ukraine, where in 2012 there was a decline in construction output by 13.8%, which given the negative growth of -9.1% after 3 quarters and of - 1.9% in the first half of 2012, is less promising and may indicate a deepening downturn after the implementation of major investments related to EURO 2012. A chance of revival in the industry is seen in the government program for the construction and modernization of roads by 2018, worth EUR 25 billion.
The Management Board of the ULMA Construccion Polska S.A. Capital Group has high hopes associated with the Lithuanian market, where ULMA Construccion BALTIC began its operations in June 2012. Pribaltika is now a mature and increasingly dynamic market, which in 2012 reported a 2-fold increase in the number of building permits for residential construction, and in which further investments were launched in the infrastructure segment.

Sales revenues

In 2012, the Capital Group generated PLN 259,393,000 of total sales revenues as compared to PLN 294,490,000 in the same period of the preceding year (a decrease of 11.9%).

The decrease in sales revenues concerns primarily the Capital Group's core business, which is rental of formwork and scaffolding systems. Total revenues from this activity amounted in 2012 to PLN 228,709,000 compared to PLN 277,298,000 in the same period of the preceding year (a decrease by PLN 48,589,000, i.e. 17.5%).

In 2012, the Capital Group recorded total revenues from export *(i.e. from operations carried out via the subsidiaries in Kazakhstan and Ukraine or via a group of intermediaries and final recipients in such countries as Russia, Belarus, Germany, etc.)* of PLN 33,274,000. These revenues were more than twice higher compared to the figures from the previous year.

The amount of these sales revenues was influenced primarily by export to Kazakhstan, where the economic situation is favourable for construction and investment plans of the country related to construction are promising.

Operating profitability

In 2012, the Capital Group achieved operating profit in the amount of PLN 32,604,000 compared to PLN 72,508,000 in the previous year (a decrease of PLN 39,904,000).

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

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	2012	2011
Sales	62 962	65 354	65 266	65 811	259 393	294 490
EBIT	7 940	9 502	7 947	7 215	32 604	72 508
% of sales	12.61	14.54	12.18	10.96	12.57	24.62
Depreciation/amortization	21 557	22 084	21 135	20 598	85 374	83 060
EBITDA	29 497	31 586	29 082	27 813	117 978	155 568
% of sales	46.85	48.33	44.56	42.26	45.48	52.82

In 2012, the Capital Group recorded a decrease in EBITDA in absolute terms by PLN 37,590,000 (i.e. by 24%). EBIDTA profitability (EBITDA as a % of sales) amounted to 45% compared to ca. 53% in the previous year.

The most significant factors influencing the EBITDA decrease (in absolute terms) as compared to the analogous period of the preceding year include:

- decrease in revenues from the basic objects of the Capital Group, i.e. rental of formwork and scaffolding, being a consequence of the downturn in the construction sector and decreasing unit prices of offered products and services as a result of an intensifying price war between market participants.
- Creation of revaluation write-downs on receivables, which in 2012 were higher by PLN 6,204,000 compared to 2011 - the write-downs are recognized in "Sales and marketing expenses".
- In 2011, the results of the sale of assets of the liquidated subsidiary: ULMA System S.A. were recognized in the operating activity. It was a one-off event whose positive effects have been recognized in comparative data for 2011 in "other net operating expenses", giving a relevant deviation compared with 2012.

In 2012, wage adjustments were made in accordance with the Capital Group's payroll policy. These adjustments were within the inflation rate for 2011.

Transactions hedging against foreign exchange risk

The companies of the Capital Group purchase traded products (formwork systems and accessories thereto, as well as scaffoldings) from the parent company in Spain, from other companies of the ULMA Group and from other external companies.

As part of its commercial operations, the Capital Group is active on export markets, especially in Ukraine and Kazakhstan, where economic activity is pursued through its subsidiary companies: Ulma Opałubka Ukraina Sp. z o.o. and ULMA Opałubka Kazachstan Sp. z o.o.

As a result, the companies of the Capital Group are exposed to foreign exchange risk which the Group seeks to mitigate through entering Non Delivery Forward (NDF) contracts.
All NDF instruments held by the Capital Group are concluded exclusively for the purposes of measures hedging against foreign exchange risk and are not asymmetric.

The Capital Group does not apply hedge accounting, hence the results of realization and valuation of hedge transactions (positive and negative) are posted to the result for a given period.

The results of hedging transaction achieved in 2012 neutralize to a large extent foreign exchange risk the Capital Group is exposed to.

Besides the economic results concerning settlement and valuation of NDF contracts, hedging against foreign exchange risk, the other operating activities (item: "Other net operating expenses" include the economic effects related to customizing elements of formwork systems to the needs of individual customers and general results of management of the held assets (inventory surpluses and shortages, as well as provisions for stock impairment). In 2012, the costs incurred in connection with the aforementioned phenomena amounted to PLN 1,990,000 compared to PLN 1,805,000 in 2011.

Financial expenses and other comprehensive income

The Capital Group uses bank credits and its own funds to finance investments related to purchase of products for rent (i.e. formwork and scaffolding systems).

The balance of bank credits (short- and medium-term) with interest accrued until the balance sheet date as of 31 December 2012 amounted to PLN 88,444,000 compared to PLN 143,840,000 as of 31 December 2011.

A decrease in the balance on bank credits resulted in a decrease in interest expenses and credit handling costs (e.g. bank fees) - in 2012 these amounted to PLN 8,174,000 compared to PLN 11,039,000 in 2011).

The parent company: ULMA Construccion Polska S.A. granted long-term loans to its subsidiaries. As of 31 December 2012, the value of loans granted was EUR 1,750,000. '000

Compliant with the International Accounting Standards (IAS 21) this loan is "a net investment in a foreign entity", hence any foreign exchange gains/(loss) resulting thereof are recognized in "statement of changes in the consolidated equity” and in "other comprehensive income".
In 2012, the total amount of foreign exchange gains/(loss) recognized in the aforementioned statements was negative and amounted to PLN 1,013,000 - of which:

- PLN 514,000 is foreign exchange gains/(loss) related to the above-mentioned "net investment in a foreign entity" associated with the appreciation of PLN against EUR, which influenced in 2012 the valuation of intergroup loans granted in EUR
- PLN 499,000 is foreign exchange gains/(loss) arising from the translation of financial statements of foreign entities and the associated with the depreciation of the Hryvnia against the Polish Zloty, which led to a few percent devaluation of the assets of the foreign subsidiary operating in Ukraine.

In 2011, these figures were positive and amounted to PLN 1,475,000 from foreign exchange gains/(loss) related to "net investment in a foreign entity", and PLN 225,000 from foreign exchange gains/(loss) arising from translation of the financial statements of foreign companies.

The foreign exchange risk concerning the aforementioned internal loans and the loan granted to ULMA Cofraje Romania as regards EUR-PLN exposure in Poland is hedged through NDF forward contracts, and a change to their fair value is recognized in financial income/financial expenses (the Capital Group does not apply hedge accounting). In 2012, the change in the valuation of the aforementioned forward instruments was positive and amounted to PLN 119,000 (in 2011 this figure was negative and amounted to PLN 103,000.)

Foreign exchange risk related to the aforementioned internal loan within EUR-UAH exposure is hedged in Ukraine (the Ukrainian Hryvnia) in a natural manner through application in relations with external customers in Ukraine price lists denominated in EUR. However, the effectiveness of those hedging measures is hard to assess due to the scale and the unpredictability of UAH-EUR rate changes, which is often a one-off administrative decision.

Net profit

Following deduction of corporate income tax the Capital Group achieved in 2012 a positive net financial result in the amount of PLN 20,427,000 compared to a net result in the preceding year in the amount of PLN 49,349,000 (a decrease of PLN 28,922,000).

Cash flow

A condensed cash flow statement of the Group for the analysed periods is presented in the table below:

	12 months of 2012	12 months of 2011	Growth
Net profit/(loss)	20 427	49 349	0.41
Depreciation/amortization	85 374	83 060	1.03
Total cash surplus	**105 801**	**132 409**	**0.80**
Other operating cash flow	36 068	15 200	2.37
Net operating cash flow	**141 869**	**147 609**	**0.96**
Net cash flow from investments	(47 461)	(48 715)	0.97
Net cash flow from financing activities	(82 549)	(83 503)	0.99
Net cash flow	**11 859**	**15 391**	**0.77**

Operating cash flow

In 2012, despite lower sales revenues, the Capital Group maintained a high level of cash flow from operating activities, which amounted to PLN 141,869,000 compared to PLN 147,609,000 in the preceding year (a decrease by 4% only).

As mentioned above, 2012 was characterized by growing financial and liquidity problems faced by construction companies, and the number of bankruptcies declared during the past year was the highest in recent years. As a result operating revenues generated by the Capital Group should be deemed satisfactory.

In 2012, the Capital Group managed to maintain a receivable turnover ratio at a level similar to that achieved in 2011 (as presented in the table below).

		31 December 2012	31 December 2011
1.	Net trade receivables (after deducting revaluation write-downs)	84 809	96 205
2.	Gross sales revenues for 12 months following the balance sheet date	319 053	359 278
3.	Number of days	365	365
4.	Rotation rate (1*3/2)	97	97

The Capital Group seeks to mitigate the risk of receivable collection through effective implementation of internal procedures and principles for identification, measurement and monitoring of the financial standing and liquidity of the Capital Group's customers at the time of commencement of cooperation and when it is progress.

Cash flow from investments

In 2012, the Capital Group made capital expenditures in order to supplement the portfolio of offered products (formwork and scaffolding systems). As a result, capital expenditure incurred for this purpose amounted to PLN 22,318,000 compared to PLN 56,888,000 in 2011.

The other expenses related to investment activity are related mainly with the construction of the Company's headquarters and the Logistics Center in Koszajec.

Cash flow from financing activity

In 2012, cash flow from financing activity amounted to PLN (82,549,000) compared to PLN (83,503,000) in 2011.

As mentioned above, the Capital Group uses bank credits to finance investments related to purchase of products for rent. In 2012, the expenses of the Group due to the repayment of previously incurred credits amounted to PLN 54,133,000 compared to PLN 65,604,000 in 2011.
Furthermore, in 2012, the Group paid dividend for 2011 in the amount of PLN 20,024,000. Dividend for 2010 paid in 2011 amounted to PLN 8,304,000.

As a result of these events the Group recorded in 2012 an increase in cash and overdraft facility of PLN 11,859,000, to PLN 29,538,000 as of 31 December 2012.

Description of major risk factors and threats and the extent of the Issuer's exposure thereto

Competition and construction market downturn risk

Market in Poland

As a result of the economic downturn, transitional slowdown in the road sector and delays in implementation or abandoning the launch of large power engineering projects, 2013 is an uneasy bridging period in which negative growth in the construction market is expected to be maintained or even deepened.
In the context of the residential sector such forecast results from the deterioration in the situation on the labour market and the expected decline in real income of Poles, oversupply of unsold flats and a decline in the number of building permits issued in 2012. Due to the completion before EURO 2012 of the vast majority of projects related to the construction of hotels and public utility buildings, noticeable declines are expected also in these segments. These declines should apply to a lesser extent to commercial buildings, which are still an attractive investment of capital for investment funds in Europe, the USA and the Middle East, although further possible deterioration in the economic situation in the world can result in lower propensity to invest also in this area.

In the case of the engineering sector, the financial plan of the General Directorate for National Roads and Motorways for 2013 provides for expenditures on roads of PLN 18

billion. Following the announcement of the tender for the ring road of Marki (near Warsaw) in the coming weeks, GDDKiA will run out of the funds provided for in the EU budget for 2007-2013 for the construction of roads. The first tenders for money from the new 2014-2020 budget are to be announced as early as in the first half of this year, but it is already planned that these will be 10-15 projects per year, in order to minimize the risk of accumulation of expenditures for materials and rising prices.
The updated rail investment program for 2013-2015 includes as many as 135 projects, which will cost an estimated PLN 31.6 billion. It will be, however, necessary to significantly accelerate contracting of the funds available under the current EU perspective, which means that in order to make full use of them in 2013 there are ca. 40 contracts worth more than PLN 9 billion left to sign.

The construction industry still has high hopes for the planned investments in the power engineering sector, estimated at PLN 150-200 billion by 2020. Although investment processes started already last year on eight large power units, the construction began only in Kozienice and Stalowa Wola. Other projects have been delayed or suspended.

Financing of the most capital-intensive investments in power engineering and infrastructure should be soon supported with the Polish Investments program presented for the first time in October 2012 in the so-called "second exposé" of Prime Minister Donald Tusk, which is a continuation of the privatization plan for State-owned companies. It is possible that the first investment projects implemented under this program will begin later in 2013. By 2015, the government wants to allocate for this purpose ca. PLN 40 billion.

A looming recession in the construction sector in 2013 may result in a more fierce competition and intensification of price wars between market participants, leading to a significant drop in unit prices of services offered by the Capital Group.

Foreign exchange risk

The Companies of the Capital Group purchase products (formwork systems and accessories thereto) from the parent company based in Spain or other entities located outside Poland. On the other hand, the Companies of the Capital Group are active on export markets. As a result, the Capital Group is exposed to foreign exchange risk which it seeks to mitigate through operations of the currency market or through operations on the forward market, as well as concluding Non-Delivery Forward (NDF) contracts.

The subsidiary company of Opałubka Ukraina Sp. z o.o. has been granted an intragroup loan denominated in EUR. As there is no possibility of effective hedging against foreign exchange risk related to the transaction, the Company is exposed to EUR-UAH volatility (there are still no derivative instruments for which the Ukrainian Hryvnia would be the base currency available on the Ukrainian capital market).
The Management Board seeks to mitigate that risk through updating the prices of offered goods and services in accordance with changes in EUR/UAH exchange rates. Nevertheless, such hedging is not effective in the face of a recession.

The risk related to financial instruments has been described in Note 2 to the consolidated financial statements of ULMA Construccion Polska S.A. for the period of 12 months ended on 31 December 2012.

Identification of court proceedings, arbitration or administrative proceedings with the following details:

a) *proceedings concerning liabilities or receivables of ULMA Construccion Polska S.A. or a subsidiary thereof with minimum value equivalent to 10% of the equity of ULMA Construccion Polska S.A. with details of: subject of the proceedings, value of dispute, commencement date of the proceedings, parties to the proceedings and position of the Company*

b) *two or more proceedings concerning liabilities or receivables the total value of which is equivalent to minimum 10% of the equity of ULMA Construccion Polska S.A. with details of the total value of the proceedings separately for liabilities and receivables along with the position of the Company and – in reference to the largest proceedings in the group of liabilities and receivables – with details of the subject, value of dispute, commencement date of the proceedings and parties to the proceedings*

ULMA Construccion Polska S.A. nor any of its subsidiary companies are parties to any proceedings concerning the Company's liabilities or receivables the value of which would be minimum 10% of the Company's equity.
Furthermore, there are no two or more proceedings concerning liabilities or receivables the total amount of which would be equivalent to minimum 10% of the Company's equity.

<u>Proceedings concerning receivables of ULMA Construccion Polska S.A. as of 31 December 2012:</u>

ULMA Construccion Polska S.A. has instituted 90 proceedings concerning its receivables - as of 31 December 2012, their total value amounts to PLN 28,146,000. These proceedings include legal proceedings that have not been concluded yet with issuing a writ of execution (final order for payment) by the court, and receivables from debtors, for which the court issued a decision of declaring bankruptcy, both with an arrangement option and a liquidation one.
No court proceedings whose value would be minimum 10% of equity of ULMA Construccion Polska S.A. were instituted by ULMA Construccion Polska S.A.

The various groups of court proceedings are shown in the table below:

Item	Number of proceedings	The outstanding balance as of 31 December 2012	Current status of the proceedings
court proceedings	**39**	**7 943**	
including 5 major proceedings:			
SIAC CONSTRUCTION LIMITED		4 357	The debtor was sued for payment as a member of the consortium of Hydrobudowa Polska S.A. bearing joint and several liability for the construction of the A4 motorway (Dębica-Rzeszów).
MAX BOGL SP. Z O.O. GROUP		1 290	The court set the trial date for May 2013
P.H.U. POLKON SP. Z O.O. GROUP		715	The proceedings against the debtor and the guarantor.
KANTOR GRAF Wojciech Kantor		405	The debtor sued for payment. The Company expects an enforcement order to be issued.
G.I.B. ASPEKT Sp. z o.o.		205	Two proceedings are pending against the debtor; in one of them the company is the debtor, while in the other both the

			company and the guarantors. The Company is waiting for writs of execution to be issued.
	total	**6 971**	88% of the total
bankruptcy proceedings	**51**	**20 203**	
including 5 major proceedings:			
HYDROBUDOWA POLSKA SA		6 602	Report to the trustee includes receivables from the debtor arising from all contracts being executed, including the construction of the A4 motorway (Dębica-Rzeszów), which was implemented by the debtor in a consortium with SIAC Construction ltd.
RADKO SP. Z O.O. GROUP		4 358	Regardless of the reported claim, proceedings for payment are conducted against the guarantors (the debtor's Management Board).
PAWERBUD SP.ZO.O.		1 154	The claim has been reported to the trustee.
BIP SP. Z O.O. GROUP		792	The claim has been reported to the trustee.
LPBO S.A.		762	The claim has been reported to the trustee.
	total	**13 667**	68% of the total

The Capital Group makes revaluation write-downs on receivables for all doubtful receivables and receivables in litigation. Such write-downs are recognized in "Sales and marketing expenses", and their amounts correspond to the estimates as to the possibility of recovery of receivables in litigation and enforcement.

Information on key products, goods or services with details of their value and quantity and the share of particular products, goods and services (if material) or groups thereof in the Issuer's total sales and on changes in that respect in the financial year

The basic source of the Group's revenues is rental and sale of formwork and scaffolding systems. Additional revenues are generated from the sale of plywood, adhesive liquids for formwork and reinforced concrete accessories.

The order volume is controlled and adjusted to the development of the construction market and potential of collaboration with numerous construction companies. Additionally, the range of products is being adjusted to the changing needs of the construction market.

In 2012, the Group conducted trading and service operations in the following areas:

1) sale and rental of formwork systems and scaffolding,
2) preliminary assembly of formwork elements for engineering structures,
3) sales of merchandize:

- accessories to reinforced concrete works,
- formwork plywood.

Information on output markets with a breakdown into the domestic and foreign markets, and information on sources of supplies of materials for production, goods and services with details of dependence on one or more customers and suppliers, and when the share of one customer or supplier is equivalent to minimum 10% of total sales revenues – names of supplier(s) or customer(s), their share in sales or supplies and their formal relations with the Issuer

The Group's sales are concentrated on the domestic market. The total sales on that market account for over 87% of the Group's revenues. Almost 40% of the revenues are concentrated within a group of 11 largest construction companies in Poland which are members of western European international construction companies.

Export sales are performed mainly on the eastern and southern European markets and in Asia through the Group's own sales network. In 2012, the share of exports in the total sales revenues of the Group accounted for over 12.8% compared to over 5.6% of the revenues generated in 2011.

Beside Kazakhstan, goods were exported also to Ukraine, Kaliningrad (oblast), Romania, the Czech Republic, Germany and Spain.

A significant part of supplies of formwork offered on various markets comes from the principal shareholder from Spain - in 2012, purchases from Spain accounted for 5.3% of total sales of the Group.
The other purchases of goods as regards formwork systems come from independent suppliers from Germany, Austria and Poland.

Information on concluded contracts that are material to the Issuer's operations, including contracts of which the Issuer is aware concluded between shareholders and insurance or collaboration contracts

During the period covered by the report the members of the Capital Group did not enter into any agreements with their shareholders**.** The other transactions and contracts were typical and routine and were concluded at arm's length, and their nature and terms and conditions resulted from the current operating activities conducted by the companies of the Capital Group.

In 2012, there were no material agreements disclosed by the Company in current reports.

Description of transactions concluded with related parties provided a one-off or total value of transactions concluded by a given related party in the period from the beginning of the year is in excess of the equivalent of EUR 500,000 denominated in PLN

The transactions concluded in 2012 by ULMA Construccion Polska S.A. and subsidiaries thereof with related parties were typical and routine. They were concluded at arm's length, and their nature, as well as terms and conditions resulted from current business operations.

Major transactions included purchases of formwork and formwork rental services from ULMA C y E, S. Coop. for PLN 13,739,000.

Information on agreements on credits and loans incurred or terminated in the financial year, with details of at least their amount, type, as well as the interest rate, currency and due date.

ULMA Construccion Polska S.A. in the financial year 2012:

- did not extend the revolving credit No. 2/2011/CK at Pekao S.A. in the amount of EUR 5,000,000 '000
- did not contract any new credits or loans;

Furthermore, credit lines specified in the table below have been renewed under the existing price terms and conditions:

Bank	Type of credit	Credit no.	Amount of credit (in PLN '000)	Date of conclusion of the agreement	Date of signing an annex to the agreement	Due date
BRE Bank S.A.	Overdraft facility	02/480/99/Z/vv	5 000	27 August 1999	27 September 2012	27 September 2013
BNP Paribas Bank Polska S.A.	Multi-purpose credit facility (overdraft facility)	WAR/3013/10/118/CB	3 000	27 September 2010	27 August 2012	26 September 2020

At the request of ULMA Construccion Polska S.A., the value of the multi-purpose credit agreement No. WAR/3013/10/118/CB at BNP Paribas S.A. was reduced from PLN 5,000,000 to PLN 3,000,000 to be used as a working capital facility.

Ulma Opałubka Ukraina Sp. z o.o. increased **in the financial year 2012** the amount of a short-term credit to the amount of UAH 9,500,000 under Annex No. 10 of 3 August 2012 to the credit agreement concluded on 23 August 2011 with UKRSIBBANK.
The interest rate on the credit is determined separately for each tranche and remains unchanged for the entire period when a given tranche is drawn. The credit is due on 23 August 2013.

Information on loans granted in a given financial year with particular consideration of loans granted to the Issuer's related parties, with details of at least their amount, type and level of the interest rate, currency and due date.

In 2008, ULMA Construccion Polska S.A. granted its subsidiary company, Ulma Opałubka Ukraina Sp. z o.o. an investment loan in the amount of EUR 3,100,000. The loan has a fixed interest rate at the market level. Pursuant to the Annex of 15 September 2011 the date of the loan repayment has been set for 25 December 2015.

In 2011, ULMA Construccion Polska S.A. granted its subsidiary company, ULMA Cofraje S.R.L. a long-term loan in the amount of EUR 241,000. The loan has a fixed interest rate at the market level. The date of the loan repayment has been set for 31 May 2014.

In 2012, ULMA Construccion Polska S.A. granted its subsidiary company, ULMA Opałubka Ukraina Sp. z o.o. an investment loan in the amount of EUR 165,000. The loan has a fixed interest rate at the market level. The date of the loan repayment has been set for 14 February 2015.

In 2012, ULMA Construccion Polska S.A. granted its subsidiary company, ULMA Construccion BALTIC Sp. z o.o. an investment loan in the amount of EUR 115,000. The loan has a fixed interest rate at the market level. The date of the loan repayment has been set for 30 June 2015.

Information on warranties and guarantees granted and received in the financial year, with particular consideration of warranties and guarantees granted to the Issuer's related parties

ULMA Construccion Polska S.A. granted a guarantee of repayment of a bank credit contracted by ULMA Opałubka Ukraina pursuant to a credit agreement concluded on 23 August 2011 with UKRSIBBANK.

In the case of issue of securities in the period covered by the report - description of the utilization by the Issuer of proceeds from the issue until the date of preparation of the report on operations

During the period covered by the report ULMA Construccion Polska S.A. did not issue any securities.

Explanation of differences between the financial results disclosed in the consolidated annual report and the previously published forecasts of the results for a given year.

The Capital Group does not publish any forecasts concerning the Group's financial results.

Evaluation, together with its justification, concerning the management of financial resources, with particular consideration of the capacity to settle incurred liabilities, and determination of potential risks and actions which have been undertaken by the Issuer or which the Issuer intents to undertake in order to counteract these threats

All companies of the Capital Group settle their liabilities, both trade and loan ones, on an ongoing basis. Due to the nature of their business object, i.e. lease (investments in fixed assets) the Group needs to use long-term financing.
By 2010, the Group continued the hitherto policy of financing its operations. Within this policy, the Group used long-term credit facilities until they were used up in Q1 2010. Since then, capital expenditures are covered from the Group's own financial resources.

In 2012, the Group supplemented its financial needs (formwork and scaffolding systems) within the process of transfer of assets from the countries of operation of the Parent Company (ULMA C y E S, Coop.) where their utilization is low. Within that process the assets rented from subsidiary companies on an arm-length basis are moved, which allows the Capital Group to optimize management of its financial resources.

As of 31 December 2012, the debt ratio in the Group amounted to 31.8% compared to 40.0% as of 31 December 2011. The decrease in the debt ratio is primarily due to reduced long-term debt, which as of 31 December 2012 accounts for 12% of total assets, while as of 31 December 2011, this accounted for 19% of total assets.

As has been mentioned above, subsidiary companies of the Capital Group are exposed to foreign exchange risk. The Capital Group seeks to mitigate this risk through active participation in the currency/forward market and actions aimed at seeking natural hedging methods.

The aforementioned risk relates primarily to the intra-group loan granted to Ulma Opałubka Ukraina Sp. z o.o. denominated in EUR. The Management Board undertakes measures aimed at transferring this risk onto external customers through relevant changes in price lists of products and offered services. Nonetheless, the effectiveness of those measures is not significant due to recession on the construction market in Ukraine.

Evaluation of the capacity to meet investment targets, including capital investments, relative to the amount of available funds, taking into account any possible changes in the structure of financing this activity

Major investment targets pursued by the Capital Group in 2012 were related to purchases of formwork and scaffolding systems, particularly to enhance the potential of the Group in the infrastructure segment in Poland, and the construction of a Logistics Center and new headquarters of the parent company in Koszajec.

Owing to the cash surplus generated in the course of its operating activities, the Group will be able to continue the aforementioned investments in the subsequent periods.

As of the balance sheet date, the Management Board does not assume changes to the policy of financing the Group's investments pursued to date.

Evaluation of factors and non-standard events which affect the result of operations for the financial year with specification of the extent of the impact of those factors or non-standard events on the achieved result.

In 2012, there were no non-standards events which could, at present or in the subsequent years, significantly influence the Group's financial result.

Description of external and internal factors which are material to the development of the Issuer's company together with the description of the prospects for such development with consideration of the market strategy developed by the Issuer

Internal factors material to the Capital Group's further development include:

- a vast portfolio of products and services, enabling comprehensive support for investments in all sectors of the construction market, with particular emphasis on the following sectors: road and bridge construction, power engineering, environmental construction and high-rise buildings,

- obtaining, in December 2011, a certificate confirming compliance with the requirements of the Safety and Occupational Health Management System in accordance with the PN-N-18001:2004 standard. After obtaining this certificate, the

Company has been operating in accordance with the Integrated Quality Management System ISO 9001, PN-N18001, covering comprehensive construction support with respect of formwork and scaffolding rental, including the design of optimal sets and their utilization.

- obtaining, in May 2012, a Certificate for safety mark B for BRIO scaffolding system,
- broadening the portfolio of reference structures constructed in Poland with the use of advanced formwork technologies (self-climbing system and the sliding construction technology),
- building new headquarters and a logistics center in Koszajec near Warsaw (the Brwinów commune), improving significantly the quality of delivery and customer service, equipment management and overall comfort of work,
- expansion into new foreign markets (Baltic States).

External factors which can significantly influence in the near future, both positively and negatively, the growth dynamics of the Group include:

- a gradual decline in the number of contracts in road construction in Poland and the consequent need to adapt the design potential and portfolio to the changing structure of the market, with particular emphasis on industrial and ecological construction,
- growing competition in the industry, a decline in contractors' margins, increased payment backlogs and downward pressure on prices among suppliers of formwork,
- instability in the financial markets likely to be reflected in propensity to invest and attracting funding for new construction projects,
- an ever better economic situation in Kazakhstan, especially in the light of the country's preparations to host EXPO 2017.

Changes in the basic principles of managing the Issuer's company and its Capital Group

In 2012, no changes in the basic principles of managing the parent company and the ULMA Construccion Polska S.A. Capital Group were introduced, except for the aforementioned establishment of a subsidiary of ULMA Construccion BALTIC.

Changes in the composition of the management and supervisory bodies of the Issuer in the last financial year, principles of appointing and recalling managing persons and powers of managing persons, in particular the right to decide on issue or redemption of shares

Pursuant to the Articles of Association the Management Board of the Parent Company ULMA Construccion Polska S.A. is composed of from one to five members. The members of the Management Board are appointed and recalled by the Supervisory Board. The term of office of a member of the Management Board is defined by the Supervisory Board; the term cannot be longer, however, than three years. The Supervisory Board defines also the number of members of the Management Board and appoints the President from among them.

In accordance with the By-Laws of the Management Board of ULMA Construccion Polska S.A., the Management Board of the Company adopts resolutions in matters stipulated by law and the Company's Articles of Association, subject to the provision that resolutions whose adoption must be approved by the General Meeting of the Company's Shareholders or the Company's Supervisory Board, can be adopted upon obtaining such consent. The Management Board adopts resolutions particularly in matters related to:

- convening of a General Meeting of Shareholders,
- defining the detailed organizational structure of the Company and its internal rules,
- granting and revoking proxies and powers of attorney,
- incurring credits,
- making investments,
- determining the rules of the Company's remuneration system,
- setting the accounting principles and methods,
- setting detailed principles of the Company's financial policy,
- developing the Company's annual financial plans,
- developing the Company's long-term development plans,
- defining and announcing the date of payment of dividend allocated to be paid out by the General Meeting.

Pursuant to the Articles of Association the Supervisory Board of the Parent Company ULMA Construccion Polska S.A. is composed of from five up to nine members appointed by a General Meeting. The term of office of the Supervisory Board is three years.
The Supervisory Board exercises permanent supervision over the Company's operations. The most important tasks of the Supervisory Board are as follows:

- balance sheet audit,
- audit of reports of the Management Board and its proposals as regards distribution of profits or losses,
- suspending members of the Management Board or the entire Management Board for important reasons,
- appointing a member or members of the Management Board to temporarily perform the tasks of the Management Board in case the entire Management Board have been suspended or are unable to perform their tasks for other reasons,
- approving the By-Laws of the Company's Management Board,
- setting the rules of remuneration of the members of the Management Board,
- granting consent for investments and purchases in excess of 4/5 (four fifths) of the nominal value of the share capital or incurring credits in excess of this amount,
- appointing an auditor,
- granting consent to purchase or sell by the Management Board real property or shares in real property.

In 2012, there were no changes to the compositions of the Management Board and the Supervisory Board of the Parent Company, ULMA Construccion Polska S.A.

Any agreements concluded between the Issuer and managing persons assuming compensation in case of their resignation or dismissal from the position held without an important reason or when their recall or dismissal is due to a merger of the Issuer through takeover

There are no agreements concluded by and between the companies of the ULMA Construccion Polska S.A. Capital Group and managing persons assuming compensation in case of their resignation or dismissal from the position held without an important reason or when their recall or dismissal is due to a merger of the Parent Company, ULMA Construccion Polska S.A. through takeover, except for non-competition agreements after termination of employment in the Companies of the Group. The aforementioned agreements provide for a ban on undertaking activities competitive to those pursued by the Companies of the Group for a period from 6 to 18 months. Depending on the agreement, remuneration for refraining from conducting competitive activities is an equivalent of from 3-month to 18-month average remuneration of a given managing person.

Amount of remuneration, rewards and benefits, including those resulting from incentive or bonus schemes based on the Issuer's capital, including schemes based on senior bonds, convertible bonds, subscription warrants (in cash, in kind or in any other form), disbursed, due or potentially due, separately for each managing and supervising person of the Issuer in the Issuer's company, regardless of the fact that these were posted respectively to costs or resulted from profit distribution; in case the parent company or a major investor are the Issuer – separate information on the amount of remuneration or rewards received due to performing a function in the subsidiary companies' authorities; if relevant information was presented in the financial statements - the duty is deemed fulfilled through indicating the item in which it is recognized in the financial statements

The aforementioned information was included in Note 30 to the Additional information to the consolidated financial statements.

Determination of the total number and nominal value of all shares of the Issuer and shares in the Issuer's related parties held by managing and supervising persons (separately for each person)

To our best knowledge, no member of the Management Board or the Supervisory Board holds shares in the Parent Company, ULMA Construccion Polska S.A. as of the date of passing this report.

Identification of shareholders holding directly or indirectly via their subsidiary companies minimum 5% of the total number of votes at the Issuer's General Meeting, with details of the number of shares held by such shareholders, their percentage share in the share capital, the number of votes they entitle to and their percentage share in the total number of votes at a General Meeting

As of the date of passing this annual report, the following shareholders hold over 5% of the total number of votes:

- ULMA C y E S, Coop. (Spain) holding directly 3,967,290 shares of ULMA Construccion Polska S.A., equivalent to 75.49% of the Company's share capital and entitling to 3,967,290 votes at a General Meeting, equivalent to 75.49% of the total number of votes,
- Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK holding directly 450,000 shares of ULMA Construccion Polska S.A., equivalent to 8.56% of the Company's share capital

and entitling to 450,000 votes at a General Meeting, equivalent to 8.56% of the total number of votes.

Information on agreements the Issuer is aware of (including those concluded following the balance sheet date) which may result in future changes to the distribution of shares held by the present shareholders and bondholders

To our best knowledge, there are no agreements which may result in future changes to the distribution of shares held by the present shareholders.

Identification of shareholders of any securities which entitle to special control rights in relation to the Issuer, with details of the rights

As of the date of passing this report, there are no securities entitling to special control rights in relation to the Parent Company, ULMA Construccion Polska S.A.

Information on the control system for employee share schemes

No employee share scheme has been implemented in the companies of the ULMA Construccion Polska S.A. Capital Group.

Information on:

a) date of conclusion by the Issuer of an agreement with an entity authorized to audit financial statements on audit or a review of the financial statements or the consolidated financial statements, as well as on the period for which the agreement was concluded,

b) remuneration of the entity authorized to audit the financial statements, disbursed or due for the financial year separately for:

- ***Audit of the annual financial statements***
- ***Other attestation services, including a review of the financial statements***
- ***Tax advisory services***
- ***Other services***

The review of the interim financial statements of ULMA Construccion Polska S.A., as well as audit of the financial statements of ULMA Construccion Polska S.A. and the consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for 2012 were performed by KPMG Audyt Sp. z o.o. spółka komandytowa pursuant to the agreement concluded on 29 June 2012. The total remuneration under the aforementioned agreement amounts to PLN 170,000, including remuneration for the review of the interim financial statements – PLN 80,000.

The review of the interim financial statements of ULMA Construccion Polska S.A., as well as audit of the financial statements of ULMA Construccion Polska S.A. and the consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for 2011 were performed by KPMG Audyt Sp. z o.o. spółka komandytowa pursuant to the agreement concluded on 16 June 2011. The total remuneration under the aforementioned agreement amounts to PLN 170,000, including remuneration for the review of the interim financial statements – PLN 80,000.

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	in PLN '000 12 months of 2011	in EUR '000 12 months of 2012	in EUR '000 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
Profit/(loss) before tax	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 statement of comprehensive income 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.

Investor relations

In order to promote correct investor relations, the Group appointed a person responsible for contacts with the Stock Exchange, the Polish Financial Supervision Authority and shareholders.

Jolanta Szeląg
jolanta.szelag@ulma-c.pl
(22) 506-70-00

Statement by the Management Board of the Parent Company

These consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for the period of 12 months ended on 31 December 2012 were approved by the Management Board of ULMA Construccion Polska S.A. on 12 March 2013.

These consolidated financial statements for 12 months ended on 31 December 2012 were prepared in order to present the economic and financial standing, as well as the results of operations of the ULMA Construccion Polska S.A. Capital Group.

These consolidated financial statements for 12 months ended on 31 December 2012 were prepared compliant with International Financial Reporting Standards - IFRS - and the related interpretations announced in the form of regulations of the European Commission.

These consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for the period of 12 months ended on 31 December 2012 include:

- consolidated statement of financial position
- consolidated statement of profit and loss and other comprehensive income
- statement of changes in consolidated equity
- consolidated cash flow account
- additional information.

To our best knowledge, the consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for the period of 12 months ended on 31 December 2012 and the consolidated comparable data were prepared in accordance with applicable accounting standards and reflect in a true, reliable and clear manner the economic and financial standing of the ULMA Construccion Polska S.A. Capital Group and its financial result, and the report of the Management Board on operations of the ULMA Construccion Polska S.A. Capital Group for the period of 12 months of 2012 contains a true view of the development and achievements and condition of the Group, including details of major threats and risks.

The entity authorized to audit financial statements which reviewed the consolidated financial statements of the ULMA Construccion Polska S.A. Capital Group for the period of 12 months ended on 31 December 2012 was selected in compliance with the applicable regulations. The entity and the auditors who reviewed the financial statements meet the requirements to issue an impartial and independent opinion on the audited consolidated statements of the ULMA Construccion Polska S.A. Capital Group for 12 months ended on 31 December 2011, in compliance with the applicable regulations and professional standards.

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 ....

Koszajec, 12 March 2013