



TRANSLATION

**ULMA Construcción Polska S.A.
Group**

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2013**

The opinion contains 2 pages
The supplementary report contains 10 pages
Opinion of the independent auditor
and supplementary report on the audit
of the consolidated financial statements
for the financial year ended
31 December 2013



KPMG Audyt
Spółka z ograniczoną
odpowiedzialnością sp.k.
ul. Chłodna 51
00-867 Warszawa
Poland

Telefon +48 22 528 11 00
Fax +48 22 528 10 09
E-mail kpmg@kpmg.pl
Internet www.kpmg.pl

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

OPINION OF THE INDEPENDENT AUDITOR

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Group, whose parent entity is ULMA Construcccion Polska S.A. with its registered office in 50 Koszajec ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

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

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

According to the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act"), Management of the Parent Entity and members of the Supervisory Board are required to ensure that the consolidated financial statements and the report on the Group's activities are in compliance with the requirements set forth in the Accounting Act.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the accompanying consolidated financial statements of ULMA Construcción Polska S.A. Group have been prepared and present fairly, in all material respects, the financial position of the Group as at 31 December 2013 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, and are in compliance with the respective regulations that apply to the consolidated financial statements, applicable to the Group.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Group's Activities

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

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

Signed on the Polish original

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

14 March 2014



TRANSLATION

ULMA Construcccion Polska S.A. Group

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

**Financial Year ended
31 December 2013**

The supplementary report contains 10 pages
The supplementary report on the audit of the
consolidated financial statements
for the financial year ended
31 December 2013



ULMA Construcción Polska S.A. Group

*The supplementary report on the audit of the consolidated financial statements
for the financial year ended 31 December 2013*

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1. General

1.1 Identification of the Group

1.1.1 Name of the Group

ULMA Construcción Polska S.A. Group

1.1.2 Registered office of the Parent Company of the Group

50 Koszajec
05-840 Brwinów

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

1.1.3 Registration of the Parent Company in the National Court Register

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

1.1.4. Management of the Parent Company

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

As at 31 December 2013, the Management Board of the Parent Company was comprised of the following members:

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

1.2 Information about companies comprising the Group

1.2.1 Companies included in the consolidated financial statements

As at 31 December 2013, the following companies were consolidated by the Group:

Parent Company:

- ULMA Construcción Polska S.A.

Subsidiaries consolidated on the full consolidation basis:

- ULMA Opalubka, Ukraine,
- ULMA Opalubka, Kazakhstan,
- ULMA Construcción Baltic.

1.3 Key Certified Auditor and Audit Firm Information

1.3.1 Key Certified Auditor information

Name and surname: Monika Bartoszewicz
Registration number: 10268

1.3.2 Audit Firm information

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

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

1.4 Prior period consolidated financial statements

The consolidated financial statements for the financial year ended 31 December 2012 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unqualified opinion.

The consolidated financial statements were approved at the General Meeting of the Parent Entity on 18 June 2013.

The consolidated financial statements were submitted to the Registry Court on 26 June 2013

1.5 Audit scope and responsibilities

This report was prepared for the General Meeting of ULMA Construcción Polska S.A. with its registered office in 50 Koszajec and relates to the consolidated financial statements comprising: the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

The consolidated financial statements were audited in accordance with the contract dated 12 July 2013, concluded on the basis of the resolution of the Supervisory Board dated 15 May 2013 on the appointment of the auditor.

We conducted the audit in accordance with section 7 of the Accounting Act dated 29 September 1994 (Official Journal from 2013, item 330 with amendments) ("the Accounting Act"), National Standards on Auditing issued by the National Council of Certified Auditors, and International Standards on Auditing.

We audited the consolidated financial statements in the Parent Company's office during the period from 16 to 20 December 2013 and from 3 to 14 February 2014.

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

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

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

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

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

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

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

1.6.1 Parent Company

The financial statements of the Parent Company for the year ended 31 December 2013 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k., certified auditor number 3546, and received an unqualified opinion.

1.6.2 Other consolidated entities

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

Financial statements of mentioned above Group entities were not subject to requirements of obligatory audit for the year ended 31 December 2013.

2 Financial analysis of the Group

2.1 Summary analysis of the consolidated financial statements

2.1.1 Consolidated statement of financial position

ASSETS	31.12.2013		31.12.2012	
	PLN '000	% of total	PLN '000	% of total
Non-current assets				
Property, plant and equipment	271,427	70.4	323,468	71.2
Intangible assets	578	0.2	787	0.2
Shares in associates	280	0.1	792	0.2
Other non-current assets	4,179	1.1	4,234	0.9
Long-term receivables	921	0.2	992	0.2
Total non-current assets	277,385	72.0	330,273	72.7
Current assets				
Inventories	6,807	1.8	5,978	1.3
Trade and other receivables	70,780	18.4	88,510	19.5
Income tax receivable	492	0.1	86	-
Derivatives	42	-	149	-
Cash and cash equivalents	29,748	7.7	29,538	6.5
Total current assets	107,869	28.0	124,261	27.3
TOTAL ASSETS	385,254	100.0	454,534	100.0
EQUITY AND LIABILITIES	31.12.2013	% of total	31.12.2012	% of total
	PLN '000		PLN '000	
Equity				
Share capital	10,511	2.7	10,511	2.3
Share premium	114,990	29.9	114,990	25.3
Currency translation reserves	(4,498)	1.2	(3,888)	0.9
Retained earnings, including:	178,125	46.2	188,543	41.5
<i>Net profit for the year</i>	<i>93</i>	<i>-</i>	<i>20,427</i>	<i>4.5</i>
Total equity	299,128	77.6	310,156	68.2
Liabilities				
Non-current liabilities				
Credit and loans	10,604	2.8	40,618	9.0
Deferred tax liabilities	9,228	2.4	11,197	2.5
Long-term provisions for retirement and similar benefits	136	-	102	-
Long-term leasing liabilities	-	-	136	-
Total non-current liabilities	19,968	5.2	52,053	11.5
Current liabilities				
Credit and loans	33,243	8.6	47,826	10.5
Short-term provisions for retirement and similar benefits	3	-	14	-
Short-term leasing liabilities	139	0.1	147	-
Income tax payable	1,439	0.4	655	0.2
Trade and other payables	31,334	8.1	43,683	9.6
Total current liabilities	66,158	17.2	92,325	20.3
Total liabilities	86,126	22.4	144,378	31.8
TOTAL EQUITY AND LIABILITIES	385,254	100.0	454,534	100.0

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

	1.01.2013 - 31.12.2013 PLN '000	% of total sales	1.01.2012 - 31.12.2012 PLN '000	% of total sales
Revenue	209,471	100.0	259,393	100.0
Cost of products, merchandises and materials sold	(183,126)	87.4	(195,711)	75.4
Gross profit on sales	26,345	12.6	63,682	24.6
Sales and marketing expenses	(8,026)	3.8	(16,742)	6.5
General and administrative expenses	(14,793)	7.1	(13,120)	5.1
Other operating expenses	381	0.2	(1,216)	0.5
Results from operating activities	3,907	1.9	32,604	12.5
Finance income	504	0.3	1,774	0.7
Finance expenses	(3,511)	1.7	(8,373)	3.2
Net finance income (costs)	(3,007)	1.4	(6,599)	2.5
Share of profit (loss) of equity accounted investees	(507)	0.3	(368)	0.1
Profit before tax	393	0.2	25,637	9.9
Income tax expense	(300)	0.2	(5,210)	2.0
Profit for the period	93	-	20,427	7.9
OTHER COMPREHENSIVE INCOME				
Foreign currency translation differences for foreign operations	(506)	0.3	(499)	0.2
Net loss on hedge of net investment in foreign operation	(73)	-	(514)	0.2
Income tax on other comprehensive income	(31)	-	92	-
Total comprehensive income for the period	(517)	0.3	19,506	7.5
Profit attributable to Owners of the Company	93	-	20,427	7.9
Weighted average number of ordinary shares	5,255,632		5,255,632	
Basic and diluted earnings per share for the period (PLN)	0.02		3.89	



2.2 Selected financial ratios

	2013	2012	2011
1. Return on sales			
net profit x 100%	0.0%	7.9%	16.8%
net revenues			
2. Return on equity			
net profit x 100%	0.0%	7.1%	19.3%
equity - net profit			
3. Debtors turnover			
average trade receivables (gross) x 365 days	255 days	210 days	160 days
net revenues			
4. Debt ratio			
liabilities x 100%	22.4%	31.8%	40.0%
equity and liabilities			
5. Current ratio			
<u>current assets</u>	1.6	1.3	1.1
current liabilities			

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

3 Detailed report

3.1 Accounting principles

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

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

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

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

3.2 Basis of preparation of the consolidated financial statements

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

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

3.3 Method of consolidation

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

3.4 Consolidation of equity

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

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

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

3.5 Consolidation eliminations

Intercompany balances within the Group were eliminated on consolidation.

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



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

3.6 Notes to the consolidated financial statements

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

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

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

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

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14 March 2014