



ULMA Construcción Polska S.A.

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

The opinion contains 2 pages
The supplementary report contains 9 pages
Opinion of the independent auditor
and supplementary report on the audit
of the financial statements
for the financial year ended
31 December 2013



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

OPINION OF THE INDEPENDENT AUDITOR

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

Opinion on the Financial Statements

We have audited the accompanying financial statements of ULMA Construcccion Polska S.A., with its registered office in 50 Koszajec ("the Company"), which comprise the statement of financial position as at 31 December 2013, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the 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 Financial Statements

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of these 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 Company's activities. Management of the Company is also responsible for such internal control as management determines is necessary to enable the preparation of the 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 Company and members of the Supervisory Board are required to ensure that the financial statements and the report on the Company'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 financial statements and whether the financial statements are derived from properly maintained accounting records 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 financial statements and the accounting records from which they are derived are free of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the 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 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 Company, as well as evaluating the overall presentation of the 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 financial statements of ULMA Construcccion Polska S.A. have been prepared and present fairly, in all material respects, the financial position of the Company 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, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's financial statements and have been prepared from accounting records, that, in all material respects, have been properly maintained.

Specific Comments on Other Legal and Regulatory Requirements

Report on the Company's Activities

As required under the Accounting Act, we report that the report on the Company'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 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 Construcción Polska S.A.

**Supplementary report
on the audit of the
financial statements
Financial Year ended
31 December 2013**

The supplementary report contains 9 pages
The supplementary report on the audit
of the financial statements
for the financial year ended
31 December 2013



ULMA Construcción Polska S.A.

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

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1. General

1.1. General information about the Company

1.1.1. Company name

ULMA Construcción Polska S.A.

1.1.2. Registered office

50 Koszajec
05-840 Brwinów

On 1 March 2013 the Company changed its registered office from 10 Klasyków 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 in the National Court Register

Registration court:	District Court for the Capital City of 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 Company

The Management Board is responsible for management of the Company.

As at 31 December 2013, the Management Board of the 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. Key Certified Auditor and Audit Firm Information

1.2.1. Key Certified Auditor information

Name and surname:	Monika Bartoszewicz
Registration number:	10268

1.2.2. Audit Firm information

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

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

1.3. Prior period financial statements

The 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 financial statements were approved at the General Meeting on 18 June 2013 where it was resolved to distribute the net profit for the prior financial year of PLN 14,107,177.88 as follows:

- PLN 10,511,264.00 to be paid as a dividend,
- PLN 3,595,913.88 to reserve capital.

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

1.4. 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 financial statements comprising: the statement of financial position as at 31 December 2013, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

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

The 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 financial statements at the Company during the period from 16 to 20 December 2013 and from 3 to 14 February 2014.

Management of the Company is responsible for the accuracy of the accounting records and the preparation and fair presentation of the 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 Company's activities.

Our responsibility is to express an opinion and to prepare a supplementary report on the audit of the financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit.

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

All required statements, explanations and information were provided to us by Management of the Company 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).

2. Financial analysis of the Company

2.1. Summary analysis of the financial statements

2.1.1. Statement of financial position

ASSETS	31.12.2013 PLN '000	% of total	31.12.2012 PLN '000	% of total
Non-current assets				
Property, plant and equipment	263,867	67.8	323,669	69.4
Intangible assets	491	0.1	720	0.2
Investments in associates	8,198	2.1	8,960	1.9
Other non-current assets	4,179	1.1	4,233	0.9
Long-term receivables	13,018	3.3	8,153	1.8
Total non-current assets	289,753	74.4	345,735	74.2
Current assets				
Inventories	4,418	1.1	4,561	1.0
Trade and other receivables	68,521	17.6	87,499	18.8
Income tax receivable	492	0.1	86	-
Derivatives	42	-	149	-
Cash and cash equivalents	26,272	6.8	28,168	6.0
Total current assets	99,745	25.6	120,463	25.8
TOTAL ASSETS	389,498	100.0	466,198	100.0
EQUITY AND LIABILITIES				
	31.12.2013 PLN '000	% of total	31.12.2012 PLN '000	% of total
Equity				
Share capital	10,511	2.7	10,511	2.2
Share premium	114,990	29.5	114,990	24.7
Retained earnings, including: <i>Net profit for the year</i>	182,526 (4,744)	46.9 1.2	197,781 14,107	42.4 3.0
Total equity	308,027	79.1	323,282	69.3
Liabilities				
Non-current liabilities				
Credit and loans	10,604	2.7	40,618	8.7
Deferred tax liabilities	11,512	3.0	12,486	2.7
Long-term provisions for retirement and similar benefits	136	-	102	-
Long-term leasing liabilities	-	-	136	0.1
Total non-current liabilities	22,252	5.7	53,342	11.5
Current liabilities				
Credit and loans	30,094	7.7	46,678	10.0
Short-term provisions for retirement and similar benefits	3	-	14	-
Income tax payable	-	-	50	-
Short-term leasing liabilities	139	-	147	-
Trade and other payables	28,983	7.5	42,685	9.2
Total current liabilities	59,219	15.2	89,574	19.2
Total liabilities	81,471	20.9	142,916	30.7
TOTAL EQUITY AND LIABILITIES	389,498	100.0	466,198	100.0



2.1.2. 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	197,852	100.0	246,626	100.0
Cost of products, merchandises and raw materials sold	(182,811)	92.4	(193,917)	78.6
Gross profit on sales	15,041	7.6	52,709	21.4
Sales and marketing expenses	(7,545)	3.8	(15,675)	6.4
General and administrative expenses	(10,620)	5.4	(11,213)	4.6
Other operating expenses	364	0.2	(1,139)	0.5
Results from operating activities	(2,760)	1.4	24,682	10.0
Finance income	1,375	0.7	2,640	1.1
Finance expenses	(3,796)	1.9	(8,732)	3.5
Net finance income (costs)	(2,421)	1.2	(6,092)	2.5
Profit (loss) before tax	(5,181)	2.6	18,590	7.5
Income tax expense	437	0.2	(4,483)	1.8
Profit (loss) for the period	(4,744)	2.4	14,107	5.7
Total comprehensive income for the period	(4,744)	2.4	14,107	5.7
Weighted average number of ordinary shares	5,255,632		5,255,362	
Basic and diluted earnings per share for the period (PLN)	(0.90)		2.68	



2.2. Selected financial ratios

	2013	2012	2011
1. Return on sales			
$\frac{\text{profit for the period} \times 100\%}{\text{revenue}}$	negative value	5.7%	17.9%
2. Return on equity			
$\frac{\text{profit for the period} \times 100\%}{\text{equity} - \text{profit for the period}}$	negative value	4.6%	18.9%
3. Debtors' days			
$\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{revenue}}$	170 days	169 days	129 days
4. Debt ratio			
$\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$	20.9%	30.7%	38.5%
5. Current ratio			
$\frac{\text{current assets}}{\text{current liabilities}}$	1.7	1.3	1.1

- 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 system

The Company maintains current documentation describing the applied accounting principles adopted by the Management Board to the extent required by Art. 10 of the Accounting Act.

During the audit of the financial statements, we tested, on a sample basis, the operation of the accounting system.

On the basis of the work performed, we have not identified any material irregularities in the accounting system, which have not been corrected and that could have a material effect on the financial statements. Our audit was not conducted for the purpose of expressing a comprehensive opinion on the operation of the accounting system.

The Company performed a physical verification of its assets in accordance with the requirements and time frame specified in Art. 26 of the Accounting Act, and reconciled and recorded the result thereof in the accounting records.

3.2. Notes to the financial statements

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

3.3. Report on the Company's activities

The report on the Company's activities includes, in all material respects, 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 financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
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14 March 2014