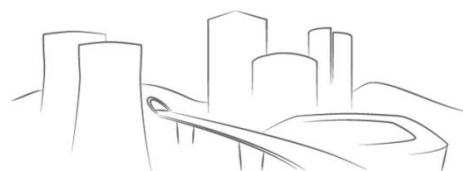


**REPORT OF THE MANAGEMENT BOARD ON THE
OPERATIONS OF THE**

**ULMA Construcción Polska S.A.
CAPITAL GROUP**

FOR THE PERIOD OF 12 MONTHS ENDED ON 31 DECEMBER 2014



From the beginning of your projects



Description of the Capital Group

As at 31 December 2013, the ULMA Construcción Polska S.A. Capital Group ("Group", "Capital Group") was composed of the following entities:

- ULMA Construcción Polska S.A. — the **parent company** of the Capital Group, performing the managing and administrative function for the entire Group and responsible for trading operations concerning products and services offered by the Capital Group on the domestic market and on the selected foreign markets,
- ULMA Opalubka Ukraina Sp. z o.o. — a **subsidiary** responsible for trading operations concerning products and services offered by the Capital Group on the Ukrainian market,
- ULMA Opalubka Kazakhstan Sp. z o.o. — a **subsidiary** responsible for trading operations concerning products and services offered by the Capital Group on the Kazakh market,
- ULMA Construcción BALTIC sp. z o.o. — a **subsidiary** responsible for trading operations concerning products and services offered by the Capital Group in the Baltic states (Lithuania and Latvia).

Moreover, the Group holds shares in an associate:

ULMA Cofraje S.R.L. — an **associate** responsible for trading operations concerning products and services offered by the Capital Group on the Romanian market.

Business objects of the Capital Group

The ULMA Construcción 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 commercial and engineering construction purposes, performance of maintenance works and designs of system applications as well as production and overhauls of formwork systems and accessories used in formwork systems assembly.

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

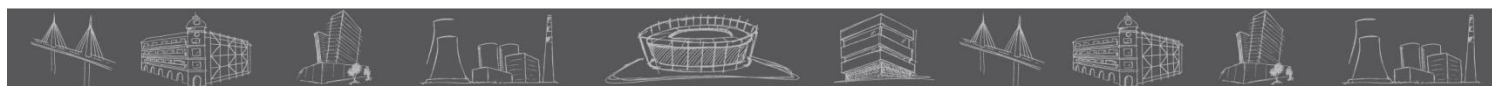
- LMA Construcción Polska S.A. with its registered seat in Koszajec 50, 05-840 Brwinów, has been operating since 1 July 1995, pursuant to a resolution of the Extraordinary General Meeting of Shareholders transforming a limited liability company into a joint stock company (Notary Deed of 15 September 1995, Ref. No. A 5500/95), registered in the Register of Entrepreneurs of the National Court

All amounts are stated in PLN '000, unless indicated otherwise



Register under the 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.,

- ULMA Opalubka Ukraina with its registered seat in Kiev at 9 Gnata Juri Street, registered on 18 July 2001 in the Ukrainian State Administration under number 5878/01 (ID code 31563803),
- ULMA Cofraje S.R.L Cofraje S.R.L., with its registered seat 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,
- ULMA Opalubka Kazachstan with its registered seat 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/,
- "ULMA Construcccion BALTIC" with its registered seat 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 the factors and events, including extraordinary ones, having a significant impact on the Issuer's operations and 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 data included in the consolidated financial statements of the Capital Group for the years 2013–2014 has been presented below.

Consolidated profit and loss statement and other comprehensive income

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014	2013	Growth 2014/2013
Revenue from sales	48,174	48,526	47,052	48,740	192,492	209,471	0.92
Costs of products, goods and materials sold	(44,231)	(45,552)	(41,008)	(38,199)	(168,990)	(183,126)	0.92
Gross profit on sales	3,943	2,974	6,044	10,541	23,502	26,345	0.89
Sales and marketing costs	(6,401)	(1,830)	(1,811)	(2,907)	(12,949)	(8,026)	1.61
General administrative costs	(3,856)	(3,975)	(3,974)	(4,374)	(16,179)	(14,793)	1.09
Other net operating costs	166	810	(250)	720	1,446	381	3.80
Operating profit	(6,148)	(2,021)	9	3,980	(4,180)	3,907	-
Financial income	110	149	145	165	569	504	1.13
Financial costs	(789)	(1,129)	(47)	(606)	(2,571)	(3,511)	0.73
Share in profits (losses) of associated companies	(68)	77	(66)	(114)	(171)	(507)	0.34
Profit before tax	(6,895)	(2,924)	41	3,425	(6,353)	393	-
Income tax	827	669	132	(865)	763	(300)	-
Net profit	(6,068)	(2,255)	173	2,560	(5,590)	93	-
Other income	(4,630)	(79)	120	(795)	(5,384)	(610)	8.83
Comprehensive income	(10,698)	(2,334)	293	1,765	(10,974)	(517)	-
Operating profitability (%)	(12.76)	(4.16)	0.02	8.17	(2.17)	1.86	
Net profitability (%)	(12.60)	(4.65)	0.37	5.25	(2.90)	0.04	

All amounts are stated in PLN '000, unless indicated otherwise



Consolidated statement of financial position

	31.12.2014	Structure %	31.12.2013	Structure %	Growth
Tangible fixed assets	220,269	66	271,427	70	0.81
Other non-current assets	5,277	2	5,958	2	0.89
Total fixed assets	225,546	68	277,385	72	0.81
Inventories	6,856	2	6,807	2	1.01
Receivables	67,628	20	71,272	18	0.95
Derivative instruments	0	-	42	-	0.00
Other current assets	32,110	10	29,748	8	1.08
Total current assets	106,594	32	107,869	28	0.99
Total assets	332,140	100	385,254	100	0.86
Share capital	10,511	3	10,511	3	1.00
Supplementary capital	114,990	35	114,990	30	1.00
Foreign exchange differences from	(9,882)	(3)	(4,498)	(1)	2.20
Retained earnings	172,535	52	178,125	46	0.97
Total equity	288,154	87	299,128	78	0.96
Long-term liabilities	5,224	2	19,968	5	0.26
Short-term liabilities	38,762	11	66,158	17	0.59
Total liabilities	43,986	13	86,126	22	0.51
Total equity and liabilities	332,140	100	385,254	100	0.86
Return on equity (%)	(1.90)		-	-	-
Debt ratio (%)	13.2		22.4	-	-
Trade receivables turnover (in days)	126		120	-	-
Trade liabilities turnover (in days)	27		45	-	-
Liquidity ratio (current)	2.7		1.6	-	-

Return on equity =	$\frac{\text{Net profit for the financial year} \times 100\%}{\text{Equity} - \text{net profit for the financial year}}$
Debt ratio =	$\frac{\text{Liabilities} \times 100\%}{\text{Total equity and liabilities}}$
Trade receivables turnover =	$\frac{\text{Net trade receivables as at the balance sheet date} \times 365 \text{ days}}{\text{Revenue from sales}}$
Trade liabilities turnover =	$\frac{\text{Average trade liabilities} \times 365 \text{ day}}{\text{Operating costs}}$
Liquidity ratio (current) =	$\frac{\text{Current assets}}{\text{Short-term liabilities}}$

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Market environment in 2014

Market environment in Poland

According to the preliminary data provided by the Central Statistical Office, GDP growth in 2014 in Poland amounted to 3.3% which was the highest rate in the last three years, mainly due to a significant increase in private consumption and investment expenditure. From sectoral perspective, the industry that recorded the highest growth rate was construction sector, although the growth dynamics was decreasing over subsequent quarters of the previous year — from +10.6% in Q1 2014 to -0.5% in Q4 2014. In 2014, the construction and assembly output increased by +3.6% as compared with the previous year.

The higher increases of construction and assembly output was recorded in the **engineering sector** (+4% in Q4 2014 and +6.4% in the entire 2014), mainly owing to:

- acceleration of construction works in railway construction sector (+23.3% in Q4 2014 and 31.8% in the entire 2014) and
- active implementation of investment tasks executed in industrial areas and, in particular, in the energy sector. New units are currently constructed in, among others, Kozienice, Włocławek, Stalowa Wola, Gorzów, Zofiówka and Tychy. The issues connected with the extension of Opole and Jaworzno III power plans have also been resolved, and agreements for the construction of new units in Turów, Płock and Kędzierzyn-Koźle have been signed.
- In the road and bridge construction subsector, 2014 was marked mainly by preparation of new tenders and their finalization, and the construction and assembly output increased by +3.4%, as compared with the level recorded in 2013. However, the critical sector for the Capital Group is still the **bridge construction sector**, in which the construction and assembly output decreased by -12.4% in Q4 2014 and by -9.8% in the entire 2014.

In the **non-residential sector**, usually characterized by the greatest level of stability, a decrease in the construction and assembly output was recorded in 2014: by -8% in Q4 2014 and by -1.6% in the entire 2014.

The **residential sector** was subject to a similar trend, i.e. decrease by -1.5% in Q4 2014 and by -1.3% in the entire 2014.

Market environment abroad

In Kazakhstan, the value of construction and assembly works in 2014 amounted to over KZT 2.5 trillion (increase by 4%). Market growth was stable, driven mainly by investments in the construction and residential sector, as well as in road infrastructure. In February 2014, the Central Bank of Kazakhstan decided to perform a devaluation of the local currency, Tenge (KZT) in order to stop its appreciation in relation to the ruble. As a result, over 2014 the KZT exchange rate dropped by approx. 15% against USD which contributed to the weakening of price competitiveness of products and services offered by the Capital Group in this market.

The continuing unstable situation related to the conflict in eastern Ukraine resulted in a significant drop in investment activities which, in addition, was deepening over 2014. According to the data published by the State Statistical Services of Ukraine, in December 2014 the drop in construction output amounted to nearly -40%, as compared with the same period of the previous year. For the entire 2014, this drop amounted to -

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21.7%. Moreover, the incremental devaluation of the hryvnia (by 40% in relation to PLN over 2014) has translated into a decrease in revenue generated by the Capital Group on this market after conversion into PLN for consolidation purposes.

Revenues from sales

In 2014, the Capital Group recorded total revenues from sales of PLN 192,492 thousand, as compared to PLN 209,471 thousand in the same period of the previous year (drop by 8.1%).

Decline in revenues from sales pertained mostly to the basic segment of the Capital Group's operations, i.e. construction site services, including lease of formwork systems and scaffolding, in particular on the Polish market. In 2014, total revenues generated by this segment amounted to PLN 146,718 thousand, as compared to PLN 173,148 thousand in the same period of the previous year (drop by PLN 26,430 thousand, i.e. 15.3%).

This decrease was partially offset by increasing revenues from export sales. In 2014, the Capital Group recorded PLN 56,485 thousand in total revenues from export sales (i.e. activities performed through subsidiaries in Kazakhstan, Ukraine and Lithuania or a group of dealers and end-customers in such countries as Russia, Belarus, Germany, etc.). The amount of the above revenues from sales was mostly influenced by export sales to Kazakhstan, where construction trends remain advantageous and investment plans related to the construction sector are still satisfactory. However, the Group records an increasing competition from Russian exporters of construction materials who offer their products in Kazakhstan at competitive prices as compared with the Capital Group's offer. These entities have significant advantage with respect to prices, due to the fact that they are not subject to custom duties when they bring their goods and materials to Kazakhstan, as well as in connection with the devaluation of the local currency, tenge, and the impact of the devaluation of the ruble on strengthening of trade relations between Russia and Kazakhstan.

The resulting share of export sales in total revenues increased in 2014 to 29.3%, as compared to 25.1% in the same period of the previous year.

Operating profitability

In 2014, the Capital Group recorded a negative result on operating activity of PLN (4,180) thousand, as compared to PLN 3,907 thousand in the previous year (a drop by PLN 8,087 thousand). It should, however, be noted that starting from Q3 2014, the Capital Group regained its profitability at the operating level. The basic amounts related to EBIT (operating profit) and EBITDA (operating profit + depreciation/amortization) in the analyzed period were as follows:

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2014	2013
Sales	48,174	48,526	47,052	48,740	192,492	209,471
EBIT	(6,148)	(2,021)	9	3,980	(4,180)	3,907
% of sales	(12.76)	(4.16)	0.02	8.17	(2.17)	1.87
Amortization	17,737	19,291	16,548	14,627	68,203	78,681
EBITDA	11,589	17,270	16,557	18,607	64,023	82,588
% of sales	24.06	35.59	35.19	38.18	33.26	39.43

In 2014, total amortization and depreciation charges amounted to PLN 68,203 thousand, as compared to PLN 78,681 thousand in the previous year. Depreciation charges related to formwork and scaffolding owned by the Group have the largest share in the total amount of the above depreciation charges. Their amount depends primarily on the estimated useful life of the equipment.

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In subsequent quarters of 2014, the Capital Group updated those estimates and, consequently, depreciation charges in order to properly take into account current changes in the economic usefulness and lifespan of some groups and categories of the Group's equipment. As a result, in the analysed period of 2014 the Capital Group's financial results were decreased by the total amount of approx. PLN 7,000 thousand, i.e. a one-off economic result of changes in the above estimates. However, the total amount of depreciation charges recorded in the entire 2014 was lower than the level of charges recorded in the same period of the previous year.

In 2014, the Capital Group recorded a drop in EBITDA in absolute terms by PLN 18,565 thousand (i.e. by 22%). In the above period, EBITDA profitability (calculated as EBITDA to sales ratio) was more than 33% comparing to approx. 39.5% in the previous year, however, after the improvement in operational profitability in Q4 2014, the Capital Group again records the EBITDA profitability at the level similar to those recorded in the previous periods, i.e. approx. 40%.

Lower EBITDA, recorded in 2014, in absolute terms was related to a decline in total revenues of the Capital Group, in particular in the segment of construction site services, resulting from a strong downturn on the Polish market, particularly in the sub-segment of bridge construction. The above resulted in many "price wars" between market participants and in a significant drop in unit prices of services offered by market participants in other segments of the construction market.

The above negative market phenomena, apparent notably in the Polish market which still remains the main market on which the Capital Group operates, were partially neutralized by positive results of reorganizational activities commenced in 2013. Since last year, the Management Board of the Capital Group has taken a number of actions aimed at reducing cost positions and adjusting them to the current market situation, including: adjustment of employment and payroll funds, renegotiation of agreements concerning outsourced services connected with management and service of logistic centres, optimization of car fleet management and optimization of repair activities concerning formwork and scaffolding. Results of these activities have gradually positively affected the operating results of the Capital Group since the beginning of 2014, but became clearly visible in the Capital Group's financial results in Q2 2014. As a result, the second half of 2014 was definitely better for operating results of the Capital Group which is encouraging, particularly taking into account the fact that the situation on the Polish market remains difficult (there is still a market pressure towards reducing the prices of services), and Ukraine faces further stages of economic and political crisis.

In 2014, the Group recognized net write-downs on receivables (the sum of created and released write-downs) in the amount of PLN 9,997 thousand, as compared to PLN 4,662 thousand in the same period of the previous year (presented under "Costs of sales and marketing"). This phenomenon results from calculating the risk connected with recovering receivables in relation to court proceedings which the Group is conducting against debtors. In particular, the above amount of write-downs on receivables includes amounts from the first quarter of 2014, i.e. PLN 5,528 thousand, when the Capital Group conducted a settlement of executed contracts, charging the debtor with relevant amounts due under the agreements concluded, included in revenues.

In 2014, the Capital Group extended its structures on eastern markets (Lithuania, Kazakhstan). Consequently, administrative costs increased to PLN 16,197 thousand, as compared with PLN 14,793 thousand in the same period of the previous year.



Other operating income in 2014 include the profit on sale of a workshop hall which was installed in the previous registered office, at ul. Klasyków in Warsaw. This asset was sold on an arm's length basis to an external entity who, on commission of the Capital Group, is building a new Logistics Centre in Gdańsk, together with social and repair facilities. After completion, the logistics centre in Gdańsk will be used under a long-term rental agreement by the Capital Group; its official commissioning was executed on 12 January 2015.

Besides the economic results on settlement and valuation of the NDF contracts hedging against foreign exchange risk, other operating activity (item: "Other net operating costs") includes the economic effects of customizing elements of the formwork systems to the needs of individual customers and general results of management of the assets held (inventory surpluses and shortages, as well as provisions for impairment of inventories). In 2014, revenues from the above amounted to PLN 247 thousand, as compared to PLN 347 thousand of costs in 2013.

Transactions hedging against foreign exchange risk

The companies of the Capital Group purchase the products (formwork systems and accessories as well as scaffoldings), constituting the object of commercial and service activity, from the parent entity in Spain, other companies of the ULMA Group and from other third parties.

As part of its commercial operations, the Capital Group is active on export markets, especially in Ukraine, Lithuania and Kazakhstan, where economic activity is performed through its subsidiary companies: Ulma Opalubka Ukraina Sp. z o.o., Ulma Construcción BALTIC sp. z o.o. and ULMA Opalubka 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 by:

- participation on the foreign exchange and forward market, using the Non Delivery Forward (NDF) contracts, or
- adaptation process for offered prices of services and materials which, however, is not fully effective.

All NDF instruments held by the Capital Group are concluded exclusively for the purposes of hedging against foreign exchange risk and demonstrate no asymmetrical profile.

The Capital Group applies no hedge accounting, and consequently the positive and negative results of hedge transaction conclusion and measurement are taken to profit or loss of the period.

Financial costs and other comprehensive income

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

As at 31 December 2014, the balance of bank credits (short- and long-term) with interest accrued until the balance sheet date amounted to PLN 10,625 thousand comparing to PLN 43,847 thousand as at 31 December 2013. A decrease in the balance of bank credits (following the repayment of credit liabilities on maturity dates) resulted in a decrease in interest costs and credit service costs (e.g. bank commissions). Moreover, the decrease was also affected by decisions of the NBP, concerning lowering the reference interest rates in 2014. As a result, interest costs amounted to PLN 1,424 thousand in 2014, as compared with PLN 3,619 thousand in 2013.

The parent company ULMA Construcción Polska S.A. granted long-term loans to its subsidiaries, aimed at financing their activities. As at 31 December 2014, the value of loans granted was EUR 3,310 thousand and USD 1,500 thousand. According to the International Accounting Standards (IAS 21) these loans are treated

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as "net investment in a foreign entity", hence any foreign exchange differences resulting thereof are recognized in "statement of changes in the consolidated equity" and in "other comprehensive income".

In 2014, total value of foreign exchange differences recognized in these statements was negative and amounted to PLN 5,171 thousand, of which:

- the amount of PLN 2,556 thousand constitutes foreign exchange differences related to the above-mentioned "net investment in a foreign entity" and
- the amount of PLN 2,615 thousand constitutes foreign exchange differences arising from the translation of financial statements of foreign entities and associated with the depreciation of the hryvnia against PLN, which led to several percent devaluation of assets of the foreign subsidiaries operating in Ukraine and Kazakhstan.

In 2013, these figures were also negative and amounted to PLN 73 thousand from foreign exchange difference related to "net investment in a foreign entity", and PLN 506 thousand from foreign exchange difference arising from translation of the financial statements of foreign companies.

The Capital Group seeks to hedge against the exchange risk related to the above internal loans with respect to EUR–UAH and USD–UAH exposures in Ukraine in a natural manner, i.e. by adapting the pricelists for services and materials offered on this market to the current UAH/USD exchange rate. However, the effectiveness of those measures is difficult to assess due to the scale and unpredictability of changes in UAH rates, in particular with a view to current complicated geopolitical situation of Ukraine and the deepening military conflict in its eastern regions.

Net profit (loss)

Upon considering income tax, the Capital Group recorded a negative net financial result in 2014, amounting to PLN (5,590) thousand as compared to net profit of PLN 93 thousand in the previous year (decline by PLN 5,683 thousand). However, it should be noted that in Q4 2014 the Capital Group recorded a positive net result in the amount of PLN 2,560 thousand which is a good sign for the future.

Cash flows

The abbreviated cash flow statement of the Group in the analyzed period is presented in the table below:

	12 months of the year	12 months of the year	Growth
Net profit (loss)	(5,590)	93	-
Amortization and depreciation	68,203	78,681	0.87
Total financial surplus	62,613	78,774	0.79
Other elements of net cash from operating activities	4,758	19,076	0.25
Net cash flow from operating activities	67,371	97,850	0.69
Net cash flow from investment activities	(30,379)	(39,514)	0.77
Net cash flow from financial activities	(34,785)	(58,894)	0.59
Net cash flows	2,207	(558)	-
Foreign exchange (loss)/profit on the valuation of cash and overdraft facility	155	768	0.20
Change in cash and overdraft facilities	2,362	210	11.2

Cash flow from operating activities

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In 2014, the Capital Group recorded a significant decline in cash flow from operating activities, which amounted to PLN 67,371 thousand, as compared with PLN 97,850 thousand in the previous year (drop by 31%).

In 2014, the Capital Group managed to maintain the receivables turnover ratio at the level similar to the one of 2013 (as presented in the table below).

		31 December 2014	31 December 2013
1.	Net trade receivables (after revaluation write-downs)	66,453	68,867
2.	Gross revenues from sales for the period of 12 months until the balance sheet date	236,765	257,650
3.	Number of days	365	365
4.	Turnover ratio (1*3/2)	102	98

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 commencement of cooperation and in the progress thereof.

Cash flow from investment activities

The cash flow statement for 2014 discloses amounts disbursed to investment purchases in order to supplement the portfolio of products offered (formwork systems and scaffolding).

In 2013, this item also included expenditure related to the completion of investment works concerning the construction of the Company's head office and Logistics Centre in Koszajec.

Cash flow from financial activities

In 2014, cash flow from financial activities amounted to PLN (34,785) thousand, as compared to PLN (58,894) thousand in 2013. As mentioned above, the Capital Group used bank credits to finance investments related to the purchasing of products held for lease. In 2014, the Capital Group's expenditure related to the repayment of credit installments amounted to PLN 33,164 thousand, as compared to PLN 46,438 thousand in 2013.

In 2014, the Capital Group did not pay any dividend from the profit for 2013. Dividend for 2012 paid in 2013 amounted to PLN 10,511 thousand.

As a result of the above, in 2014 the Capital Group recorded an increase in cash and overdraft facilities by PLN 2,362 thousand to PLN 32,110 as at 31 December 2014.

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

Risk of competition and downturn in the construction market in Poland

Despite further weakening of the growth rate in Q4 2014, the forecasts for the construction markets for the upcoming period are optimistic.

Tenders for over 900 km of expressways are currently pending, and nearly 530 km of such roads are under construction. The outlook for the industrial sector is also positive.

Despite the suspension of several larger investment projects, Poland is currently the largest European construction site in the energy sector: over 6,000 MW of new generation capacity is under construction and further projects worth several billion zlotys are being prepared.

Special economic zones are facing a real investment boom. As a result of a decision made in mid-2013, extending the operation of the special zones by another six years, i.e. by 2026, the value of projects declared after H1 2014 is nearly three times higher than the result for the entire 2013.

Statistics for the residential sector inspire hope for a clear upward trend. In the residential development category, the number of flats that have received construction permits increased in 2014 by 38.3%, and the number of flats whose construction has been commenced increased by 35.8%.

Trade risk on the export markets

The factors which may have an impact in the near future on Group's revenues generated on foreign markets include:

- risk of further market slowdown in Ukraine as the conflict in the eastern part of that country escalates. According to the Fitch rating agency, the real GDP of Ukraine decreased in 2014 by -7.5%, and in 2015 this decline will amount to -5%. In turn, the devaluation of the hryvnia in 2014 had a significant impact on the weakening of its purchasing power which may result in an "outburst" of inflation which, in turn, will lower the internal consumption and may deteriorate the situation in the construction market.
- risk of deterioration of market situation in Kazakhstan, as a strong drop in oil prices may soon be reflected in the financial performance of this country, where exports depend in 55% on the income from the sales of this raw material, and the market situation in the industrial sector depends on the extraction of oil and gas.
- establishment, on 1 January 2015, of the Eurasian Economic Union (with the ruble as the common currency of that Union), composed of: Russia, Belarus, Kazakhstan, Armenia and Kyrgyzstan. Establishment of the EEU and increased cooperation between Kazakhstan and Russia, and other member states, will have a significant impact on the improvement of the competitive position of companies with production facilities located in member states.
- so far, investment programs announced by the government of Kazakhstan, assuming activation of the industrial and road sector, including the National Transport Infrastructure Development Program for the years 2014–2020, assuming the construction and modernization of 5.7 thousand km of national roads and the National Industry and Innovation Development Program for the years 2014–2019 (33

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projects of a national importance and with the total value of EUR 33 billion), were a positive phenomenon. Currently, however, the implementation of these programs remains uncertain.

Foreign exchange risk

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

The subsidiary company Opalubka Ukraina Sp. z o.o. has been granted intra-group loans denominated in EUR and USD. Due to the lack of possibility of effective hedging against foreign exchange risk related to the transaction, the Company is exposed to EUR–UAH and USD–UAH volatility (there are still no derivative instruments for which the Ukrainian hryvnia would be the base currency available on the Ukrainian capital market). As mentioned above, the Management Board seeks to mitigate that risk by updating the prices of the offered goods and services in accordance with changes in the exchange rates for hryvnia. However, in the face of a recession, these activities are insufficient to fully set off the effects of the devaluation of the local currency.

The risk related to financial instruments has been described in Note 2 to the consolidated financial statements of ULMA Construcción Polska S.A. for the period of 12 months ended on 31 December 2014.

Economic risk in Ukraine

Since November 2013, when the Ukrainian government decided not to sign the association agreement with the European Union and the free trade agreement, the economic situation of this country deteriorated dramatically.

Political and social unrest combined with the growing tension and the risk of armed intervention by Russia further exacerbated the economic crisis of the country and led to a dramatic increase in the budget deficit, and as a consequence to the exhaustion of currency reserves by the National Bank of Ukraine. This led to the reduction in the rating indicators for the entire economy.

In February 2014, after devaluation of the national currency, difficult financial situation forced the National Bank of Ukraine to introduce administrative restrictions relating to the limitation of freedom to acquire foreign currencies. At the same time, the beginning of preparations for the introduction of a floating exchange rate regime for the native currency was announced.

The final result of this difficult situation and the political and economic effects of the current crisis are virtually impossible to quantify which, however, does not rule out the situation in which Ukraine's economy could suffer even more.

The Management Board of the Capital Group is constantly trying to respond to new views of the conflict in Ukraine, and while conducting in-depth monitoring of the turn of events, as well as in direct contact with the Management Board of ULMA Opalubka Ukraine, it is trying to maintain the stability of business activities in that country. However, political and social turbulence, including possible outbreak of a military conflict, may adversely affect the results and financial position of the subsidiary company operating in Ukraine.

The major risk is still the risk of devaluation of Ukraine's currency, i.e. UAH, which, if it occurs, will have a negative impact on the valuation of intragroup loans granted by Ulma Construcción Polska S.A. (parent

All amounts are stated in PLN '000, unless indicated otherwise



company) in EUR and USD to Ulma Opalubka Ukraine, but also on the financial position of Ulma Opalubka Ukraine disclosed in its separate financial statements after conversion to PLN, when consolidated in accordance with the least favorable exchange rate.

These financial statements reflect the current evaluation of the Capital Group's Management Board as to the influence exerted by the geopolitical situation on the results generated by the subsidiary company and its ability to maintain financial stability in the future, and does not recognize any reserves in case of cessation of free activities.

Indication of proceedings before a court, a competent arbitration authority or a public administration body, including information related to the following:

- proceedings related to liabilities or claims of ULMA Construcción Polska S.A. or its subsidiary, whose value corresponds to at least 10% of equity of ULMA Construcción Polska S.A., with an indication of: the subject matter of the proceedings, the value of the subject matter of the dispute, the date of initiation of the proceedings, the parties to the proceedings and the Company's position
- two or more proceedings related to liabilities or claims, whose total value accounts for, respectively, at least 10% of equity of ULMA Construcción Polska S.A., with a determination of the total value of the proceedings separately in the group of liabilities and claims, with the Company's position on the issue, and, in relation to the largest proceedings in the claims and liabilities groups, indicating their subject matter, the value of the subject matter of the dispute, the date of initiation of the proceedings and the parties to the proceedings initiated

Neither ULMA Construcción Polska S.A. or any of its subsidiaries is a party to any proceeding concerning the claims and liabilities of the Company, value of which would exceed 10% of the Company's equity.

There are also no two or more proceedings related to claims or liabilities of one counterparty, whose total value would account for, respectively, at least 10% of the Company's equity.

Proceedings related to claims of ULMA Construcción Polska S.A. as at 31 December 2014:

As at 31 December 2014, ULMA Construcción Polska S.A. is conducting 57 court proceedings for the total amount of PLN 40,916 thousand. These cases include court proceedings which have not yet been ended in the form of court's final and legally binding decision to pay and pending bankruptcy proceedings, both with the possibility of making an arrangement and with the possibility of liquidation.

During 2014, receivables covered by bankruptcy proceedings were written-off, together with the reversal of a write-down on these receivables created in previous periods, due to the finalization or discontinuation of these proceedings. The economic effect of the above was neutral for the Capital Group's financial

Specification	Number	Balance	Current status of the case
Court proceedings	14	20,477	
<i>including 5 largest cases:</i>			
STRUKTURY SP. Z O.O.		14,525	Proceedings for payment against the Debtor and guarantor (parent company from Spain). The court is expected to issue a sentence in this case.

results.

All amounts are stated in PLN '000, unless indicated otherwise



SIAC CONSTRUCTION LIMITED		4,139	Court proceedings in Poland against the Debtor were resumed after the termination of composition proceedings in Ireland. The court is expected to issue a sentence.
P.H.U. POLKON SP. Z O.O.		715	Court proceeding against the Debtor and guarantor. Enforcement title against the Debtors is expected.
MARBUD KONSTRUKCJE SP. O.O.		648	Court proceeding against the Debtor and guarantor. Enforcement title against the Debtors is expected.
Gdyńskie P-stwo Budowlane REN sp. z o.o.		135	Court proceeding against the Debtor and guarantors (members of the management board). Enforcement title against the Debtors is expected.
	Total	20,162	98% of the total
Specification	Number	Balance	Current status of the case
Bankruptcy proceedings	43	20,439	
<i>including 5 largest cases:</i>			
HYDROBUDOWA POLSKA SA		6,602	Motion to the receiver covers the claims from the Debtor on all delivered contracts, including A4 Motorway construction (Dębica-Rzeszów), which was constructed by the Debtor in consortium with z SIAC Construction Ltd.
RADKO SP. Z O.O.		4,358	Regardless of the claim submitted in the composition proceedings (with a settlement option), the Company conducts several proceedings at the same time. They include: <ul style="list-style-type: none"> • enforcement proceedings against guarantors • actio Pauliana proceedings; on 9 January 2015 the Court of Appeals issued a decision in favour of the Capital group. • proceedings for the payment of compensation against the State Treasury in relation to inconsistency with the constitution of the so-call "special purpose act" of 28 June 2012 (Journal of Laws, item 891). On 16 February 2015, the District Court issued a decision to dismiss the Company's claim. After the receipt of the statement of grounds, the Company intends to appeal against that decision.
HENPOL SP. Z O.O.		1,010	Claim submitted to the Receiver
WROBIS SA		844	Claim submitted to the Receiver
ALPINE BAU GmbH SP. Z O.O.		815	Claims submitted to the Receivers in Austria and in Poland, as part of the secondary bankruptcy proceedings, fulfilling the necessary condition resulting from the so-called "special purpose act" of 28 June 2012 (Journal of Laws item 891). The Company is waiting for the list of claims to be determined.
Total listed		13,629	67% of the total
Total court proceedings	57	40,916	

The Group creates write-downs on all doubtful receivables and receivables covered by court proceedings. The amounts of such write-downs are included in the item "Sales and marketing costs" and their value corresponds to estimations concerning the possibility of recovering them in court or in debt collection proceedings.

On 28 November 2014, the Court of Appeals in Warsaw issued a decision in favour of the Capital Group, in a case for the payment of overdue receivables together with statutory interest and compensation for All amounts are stated in PLN '000, unless indicated otherwise



litigation costs against Max Bogl sp. z o.o. These proceedings were pending for the period of over 2 years and ended up in the payment for the Capital Group, in accordance with the court's decision, of the amount of PLN 1,290 thousand of the principal amount plus interest due and litigation costs.

Information on basic products, goods or services along with specification of their value and quantity and share of particular products, goods and services (if of significance) or their groups in the Issuer's total sales and on relevant changes in the financial year

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

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

In 2014, the Group conducted trading and service operations in the following areas:

- sale and lease of formwork systems and scaffolding,
- preliminary assembly of formwork elements for engineering structures,
- sales of merchandise:
- accessories for reinforced concrete works,
- formwork plywood.

Information on the output markets broken down into the domestic and foreign markets and information on sources of supplies of materials for production, goods and services with specification of dependence level on one or more customers and suppliers, and in the case in which the share of one customer or supplier is equivalent to at least 10% of total sales revenues — names of supplier(s) or customer(s), share in sales or supplies and formal relations with the Issuer

The Group's sales are focused on the domestic market. Total sales on that market constitute approx. 70.7% of the Group's revenues. Almost 40% of the revenues are concentrated in a group of 15 largest construction companies in Poland being the members of the international construction corporations from western Europe.

Export sales are performed mainly on the eastern and southern European markets and in Asia through the Group's own sales network. In 2014, the share of exports in the total sales revenues of the Group accounted for over 29.3% compared to over 25.1% of the revenues generated in 2013. Apart from Kazakhstan, the goods were exported also to Ukraine and Lithuania, Kaliningrad (oblast), Romania, Czech Republic, Germany and Spain.

A significant part of supplies of formwork offered on different markets comes from the principal shareholder with its seat in Spain — in 2014, purchases from Spain accounted for 14.8% of total sales of the Group. The remaining purchases of goods as regards formwork systems come from independent suppliers from Germany, Austria, Poland and China.

All amounts are stated in PLN '000, unless indicated otherwise



Information concerning the concluded contracts of significance to the Issuer's operations, including contracts concluded between the shareholders, insurance, cooperation or collaboration contracts

During the period covered by the report the members of the Capital Group entered into no agreements with their shareholders. Other transactions and contracts were of standard and routine nature and were concluded on an arm's length basis, and their nature and terms and conditions resulted from the current operating activities conducted by the companies of the Capital Group.

Description of transactions concluded with related entities, provided that 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 2014 by ULMA Construcción Polska S.A. and its subsidiaries with related entities were of standard and routine nature. They were concluded on an arm's length basis, and their nature, as well as terms and conditions resulted from current business operations. Key transactions included purchases of formwork systems and scaffoldings as well as lease of formworks and scaffoldings from ULMA C y E, S. Coop. of a total value of PLN 28,452 thousand.

Information on credit agreements and loans incurred or terminated in the financial year, providing at least their amount, type, as well as the interest rate, currency and maturity date

- In the financial year 2014, ULMA Construcción Polska S.A. made the following amendments to the credit agreements concluded with banks:

Bank	Type of credit	Currency	Credit amount (in PLN '000)	Date of signing the agreement/annex	Maturity date	Amendment
mBank S.A.	Overdraft facility	PLN	3,000	2014-11-25	2015-11-30	Continuation of the credit agreement
BNP Paribas Bank Polska S.A.	Overdraft facility	PLN	3,000	2014-01-29	2016-01-27	New credit agreement
PKO BP S.A.	Multi-purpose credit	PLN	3,000	2014-11-18	2015-01-18	Continuation of the credit agreement

Interest rate of all credit held by ULMA Construcción Polska S.A. is based on variable WIBOR rate and increased by margin agreed with the bank.

On 3 November 2014, ULMA Opalubka Ukraina Sp. z o.o. prolonged the short-term credit agreement concluded with UkrSibbank bank by another year (by 2 November 2015) on current terms and conditions (credit amount is UAH 2,433 thousand). As at 31 December 2014, there was no debt from this credit.

All amounts are stated in PLN '000, unless indicated otherwise



Information on loans granted in a given financial year with particular focus on loans granted to the related entities of the Issuer, providing at least their amount, type and level of the interest rate, currency and maturity date.

ULMA Construcción Polska S.A. granted its subsidiary — ULMA Opalubka Ukraina sp. z o.o. — an investment loan in the amount of EUR 3,100 thousand of fixed interest rate at the market level. Pursuant to the Annex of 15 September 2011, the repayment deadline expires on 25 December 2015. As at 31 December 2014, the balance of the above loan was EUR 1,110 thousand. The Management Board intends to extend the deadline for the repayment of the loan.

ULMA Construcción Polska S.A. granted its subsidiary — ULMA Opalubka Ukraina sp. z o.o. — an investment loan in the amount of USD 1,500 thousand of fixed interest rate. The repayment deadline was set to 31 December 2016. As at 31 December 2014, the balance of the loan was USD 1,500 thousand.

ULMA Construcción Polska S.A. granted its associate - ULMA Cofraje srl Romania - a loan in the amount of EUR 241,000. The loan was granted on an arm's length basis, and expires on 31 May 2015. As at 31 December 2014, the balance of the loan was EUR 221.9 thousand.

ULMA Construcción Polska S.A., by way of an annex of 3 November 2014, increased the amount the investment loan granted to a subsidiary, ULMA Construcción BALTIC, up to EUR 2,500 thousand. The loan was granted on an arm's length basis, and expires on 30 June 2018 (annex dated 15 July 2014). As at 31 December 2014, the loan balance amounted to EUR 2,200 thousand.

During 2014, ULMA Construcción Polska S.A. granted its parent entity, ULMA CyE, S. Coop, a number of short-term loans in the total amount of PLN 38,161 thousand. All loans were granted on an arm's length basis, and the last loan matured on 30 December 2014. The loans were repaid in a timely manner and as at 31 December 2014 the balance of the loans amounts to 0.

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 Construcción Polska S.A. granted a warranty for the UKRSIBBANK Bank for its subsidiary company — ULMA Opalubka Ukraina Sp. z o.o. to secure the bank credit repayment. The warranty is granted for the term of credit (i.e. by 2 November 2015) and its amount is EUR 150 thousand.

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 the operations

During the period covered by the report ULMA Construcción 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 publishes no forecasts concerning the Group's financial results.



Evaluation, together with its justification, concerning the management of financial resources, with particular consideration to capacity to settle the liabilities incurred, and determination of potential risks and actions taken or intended to be taken by the Issuer to counteract these risks

All companies of the Capital Group settle their liabilities, including both trade and credit liabilities, on an ongoing basis. Due to the nature of their business object, i.e. lease (investments in fixed assets) there is a need of long-term financing.

By 2010, the Group continued the previous policy of financing its operations. Within this policy, the Group used long-term credit facilities until they were fully utilized in Q1 2010. Since then, capital expenditures have been covered from the Group's own financial resources.

In 2014, the Group continued to supplemented its asset-related needs (formwork and scaffolding systems) by investment purchases and within the transfer of assets from the countries of operation of the Parent Company (ULMA C y E S, Coop.) of low utilization. As part of this process, assets rented from subsidiary companies on an arm's length basis are transferred, which allows the Capital Group to optimize the management of its financial resources.

As at 31 December 2014, the debt ratio in the Group amounted to 13.2% compared to 22.4% as at 31 December 2013. The decrease in the debt ratio is primarily due to the total repayment of long-term debt as at 31 December 2014, while as at 31 December 2013 long-term debt accounted for 5% of total assets.

As already mentioned before, the 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 by the parent company, ULMA Construcccion Polska S.A., to Ulma Opalubka Ukraina Sp. z o.o., denominated in EUR and USD. Current unstable geopolitical and economic situation of the Ukraine poses a real threat to the stability of the exchange rate of domestic currency, i.e. hryvnia (UAH).

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

Major investment targets pursued by the Capital Group in 2014 were related to purchases of formwork and scaffolding systems, particularly to enhance the potential of the Group in the industrial segment and extending the product portfolio with H&S systems and to make replacement investments. The scale of investment activities is still dictated by the need to maintain the competitiveness of the Capital Group on individual markets.

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

As at the balance sheet date, the Management Board assumes no changes to the policy of financing the Group's investments pursued to this date.



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

In 2014, there were no non-standards events which could, at present or in subsequent years, significantly affect the Group's financial result.

Description of the external and internal factors of significance to the development of the Issuer's company and description of prospects for such development with consideration to the market strategy of 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 construction market sectors, with particular focus on the following sectors: road and bridge construction, power engineering, environmental construction and high-rise buildings,
- supplementation of the product portfolio with H&S systems in 2014,
- extending portfolio of reference facilities delivered in Poland using the advanced formwork technologies, e.g. construction of the Q22 building in Warsaw or construction of a bridge pylon in Rzeszów, based on the self-climbing ATR system,
- completion of the new seat of the Group and logistics centre in Koszajec near Warsaw (Brwinów commune), improving significantly the quality of supplies and customer service, improved equipment management and substantial improvement of repair workshop efficiency,
- expansion into new foreign markets (Lithuania and Latvia),
- owing funds allowing for flexible financing of the investment needs in the area of supplementing the product portfolio with advanced solutions and necessary replacements.

External factors which may have a significant impact in the near future, both positive and negative, on the growth dynamics of the Group include:

- expansion into new foreign markets (Lithuania and Latvia),
- devaluation pressure in Kazakhstan and Ukraine,
- difficult and hardly predictable geopolitical situation in Ukraine and growing military conflict,
- risk of deterioration of market conditions in the construction sector in Kazakhstan, following more difficult budget condition of that country,
- increasing competition from Russian entities which, in the face of devaluation of the ruble and the existing customs union between Kazakhstan and Russia, have strong price advantage over their competitors from other areas, including the European Union.

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

In 2014, no changes in the basic principles of managing the parent company and the ULMA Construcción Polska S.A. Capital Group were introduced.

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 Construcción Polska S.A., is composed of one to five members. 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, however, may not exceed 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 Rules and Regulations of the Management Board of ULMA Construcción Polska S.A., the Management Board of the Company adopts resolutions in the issues 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, may be adopted upon obtaining such consent. The Management Board adopts resolutions in particular in the following issues:

- convening of a General Meeting of Shareholders,
- defining detailed organizational structure of the Company and its internal rules and regulations,
- granting and revoking proxies and powers of attorney,
- incurring credits,
- making investments,
- adopting the rules of the Company's remuneration system,
- setting the accounting principles and methods,
- setting the 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 Construcción Polska S.A., is composed of five to nine members appointed by a General Meeting. The term of the office of the Supervisory Board is three years.

The Supervisory Board exercises constant supervision over the Company's operations. The tasks of the Supervisory Board include in particular:

- balance sheet audit,
- auditing the report of the Management Board and its proposals as regards distribution of profits or losses,
- suspending the 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 has been suspended or is unable to perform its tasks for other reasons,
- approving the rules and regulations of the Company's Management Board,
- setting the rules of remuneration of the members of the Management Board,
- permitting the 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 a consent to purchase or sell by the Management Board real property or shares in real property.

Agreements concluded between the Issuer and the management assuming compensation in case of their resignation or dismissal from the position held

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without an important reason or when their recall or dismissal results from the merger of the Issuer through takeover

There are no agreements concluded by and between the companies of the ULMA Construcción Polska S.A. Capital Group and the management assuming compensation in the 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 Construcción Polska S.A. through takeover, except for non-competition agreements after termination of employment relationship in the Companies of the Group. The aforementioned agreements provide for a ban on undertaking the activities competitive to those pursued by the Companies of the Group for a period of 6 to 18 months. Depending on the agreement, remuneration for refraining from conducting competitive activities is an equivalent of between 3-month and 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 equity, 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 whether these were recognized respectively as costs or resulted from profit distribution; in the case, in which the Issuer acts as the parent company or a major investor — 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 obligation is deemed met through indicating the section in which they were disclosed 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 entities held by the managing and supervising persons (separately for each person)

According to our best knowledge, no member of the Management Board or the Supervisory Board holds shares in the Parent Company, ULMA Construcción Polska S.A. as at the date of submitting this report.

Identification of shareholders holding directly or indirectly via their subsidiary companies at least 5% of the total number of votes at the General Meeting of the Issuer, providing the number of shares held by such shareholders, their percentage share in the share capital, applicable number of votes and percentage share in the total number of votes at the General Meeting

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

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- ULMA C y E S, Coop. (Spain) holding directly 3,967,290 shares of ULMA Construcción Polska S.A., equivalent to 75.49% of the Company's share capital and entitling to 3,967,290 votes at the General Meeting, equivalent to 75.49% of the total number of votes,
- Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK holding directly 466,679 shares of ULMA Construcción Polska S.A., equivalent to 8.88% of the Company's share capital and entitling to 466,679 votes at the General Meeting, equivalent to 8.88% of the total number of votes,

Information on the 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.

According 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 entitling to special control rights in relation to the Issuer along with description of such rights

As at the date of submitting this report, there are no securities entitling to special control rights in relation to the Parent Company, ULMA Construcción 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 Construcción Polska S.A. Capital Group.

Information on:

- // date of conclusion by the Issuer of an agreement with an entity authorized to audit the financial statements on audit or review the financial statements or consolidated financial statements, as well as on the duration of the agreement,
- // remuneration of the entity authorized to audit the financial statements, disbursed or due for the financial year separately for:
 - Auditing the annual financial statements
 - Other certification services, including review of the financial statements
 - Tax advisory services
 - Other services

Review of the interim financial statements of ULMA Construcción Polska S.A. as well as auditing the financial statements of ULMA Construcción Polska S.A. and consolidated financial statements of the ULMA Construcción Polska S.A. Capital Group for 2014 were performed by KPMG Audyt Sp. z o.o. spółka komandytowa pursuant to the agreement concluded on 14 July 2013. Total remuneration under the aforementioned agreement amounts to PLN 170 thousand, including the remuneration for review of the interim financial statements – PLN 80 thousand.

Review of the interim financial statements of ULMA Construcción Polska S.A. as well as auditing the financial statements of ULMA Construcción Polska S.A. and consolidated financial statements of the ULMA Construcción Polska S.A. Capital Group for 2013 were performed by KPMG Audyt Sp. z o.o. spółka komandytowa pursuant to the agreement concluded on 12 July 2013. Total remuneration under the

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aforementioned agreement amounts to PLN 170 thousand, including the remuneration for review of the interim financial statements – PLN 80 thousand.

Selected financial data converted into EUR

Selected financial data converted into EUR is presented in the following table:

	PLN '000		EUR '000	
SPECIFICATION	12 months of 2014	12 months of 2013	12 months of 2014	12 months of 2013
Net revenues from the sale of products, goods and materials	192,492	209,471	45,948	49,744
Profit (loss) on operating activities	(4,180)	3,907	(998)	928
Gross profit (loss)	(6,353)	393	(1,516)	93
Net profit (loss)	(5,590)	93	(1,334)	22
Net cash flow from operating activities	67,371	97,850	16,082	23,237
Net cash flow from investment activities	(30,379)	(39,514)	(7,252)	(9,384)
Net cash flow from financial activities	(34,785)	(58,894)	(8,303)	(13,986)
Net cash flows	2,207	(558)	527	(133)
Diluted profit per share	(1.06)	0.02	-	-
Profit per ordinary share (in PLN/EUR)	(1.06)	0.02	-	-
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Total assets	332,140	385,254	77,925	92,895
Liabilities	43,986	86,126	10,320	20,767
Long-term liabilities	5,223	19,968	1,225	4,815
Short-term liabilities	38,762	66,158	9,094	15,952
Equity	288,154	299,128	67,605	72,128
Share capital	10,511	10,511	2,466	2,535
Weighted average number of shares	5,255,632	5,255,632	5,255,632	5,255,632
Number of shares as at the balance sheet date	5,255,632	5,255,632	5,255,632	5,255,632
Book value per share (in PLN/EUR)	54.83	56.92	12.86	13.72

The individual items in assets, equity and liabilities were converted into EUR at the average exchange rates published by the President of the National Bank of Poland in force as at the balance sheet date. Average PLN/EUR exchange rate as at 31 December 2014 was 4.2623, whereas as at 31 December 2013 — 4.1472.

The rate applied to convert items in the statement of comprehensive income and in the cash flow statement was the weighted average of exchange rates in force as at the last day of each month in the specific period, i.e. data for the period 1.01.–31.12.2014 was converted at the PLN/EUR exchange rate of 4.1893, whereas data for the same period in 2013 at the PLN/EUR exchange rate of 4.2110.



Investor relations

As part of actions aiming at building proper investor relations, the Group appointed a person responsible for contacts with the Stock Exchange, the Polish Financial Supervision Authority and shareholders.

Jolanta Szeląg
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Statement by the Management Board of the Parent Company

The consolidated financial statements of the ULMA Construcccion Polska S.A. Capital Group for the period of 12 months ended on 31 December 2014 were approved by the Management Board of ULMA Construcccion Polska S.A. on 19 March 2015.

The consolidated financial statements for 12 months ended on 31 December 2014 were prepared in order to present the economic and financial standing as well as the results of operations of the ULMA Construcccion Polska S.A. Capital Group.

The consolidated financial statements for 12 months ended on 31 December 2014 were prepared in compliance with the International Financial Reporting Standards (IFRS) and the related interpretations announced in the form of regulations of the European Commission.

The consolidated financial statements of the ULMA Construcccion Polska S.A. Capital Group for the period of 12 months ended on 31 December 2014 include:

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

According to our best knowledge, the consolidated financial statements of the ULMA Construcccion Polska S.A. Capital Group for the period of 12 months ended on 31 December 2014 and consolidated comparable data were prepared in accordance with the applicable accounting standards and reflect in a true, reliable and transparent manner the economic and financial standing of the ULMA Construcccion Polska S.A. Capital Group and its financial result and the report of the Management Board on operations of the ULMA Construcccion Polska S.A. Capital Group for the period of 12 months of 2014 contains a true picture of development, achievements and condition of the Group, including specification of major threats and risks.

The entity authorized to audit the financial statements which reviewed the consolidated financial statements of the ULMA Construcccion Polska S.A. Capital Group for the period of 12 months ended on 31 December 2014 was selected in compliance with the applicable regulations. The entity and auditors reviewing the financial statements meet the requirements of issuing an impartial and independent opinion on the audited consolidated financial statements of the ULMA Construcccion Polska S.A. Capital Group for 12 months ended on 31 December 2014, in compliance with the applicable regulations and professional standards.

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

Andrzej Kozłowski,
President of the Management Board

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Andrzej Sterczyński,
Member of the Management Board

.....

Krzysztof Orzełowski,

All amounts are stated in PLN '000, unless indicated otherwise



Member of the Management Board

.....

José Irizar Lasa,

Member of the Management Board

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Ander Ollo Odriozola,

Member of the Management Board

.....

Koszajec, on 19 March 2015