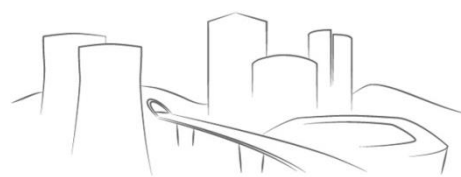


**REPORT OF THE MANAGEMENT BOARD ON THE  
OPERATIONS OF THE**

**ULMA Construcción Polska S.A.**

**FOR THE PERIOD OF 12 MONTHS ENDED ON 31 DECEMBER 2014**



**From the beginning** of your projects



## Business objects of ULMA Construccjon Polska S.A.

ULMA Construccjon Polska S.A. with its registered seat in Koszajec, Brwinów Commune, acts as a joint stock company entered on 29 October 2001 into the Register of Entrepreneurs maintained by the District Court for the Capital City of Warsaw, 13<sup>th</sup> Commercial Division of the National Court Register under KRS No. 0000055818. The Company was established through the transformation of Bauma Spółka z ograniczoną odpowiedzialnością into a joint stock company pursuant to the relevant entry in the notary deed, Ref. No. A-5500/95, on 15 September 1995. Due to the type of its business objects, ULMA Construccjon Polska S.A. was assigned with No. 7132 in the Polish Classification of Activities (PKD).

The business objects of the Company are as follows:

1. Rental and lease of building machinery and equipment,
2. Other specialist construction works,
3. Construction of roads and motorways,
4. Construction of railways and underground railways,
5. Construction of residential and non-residential buildings,
6. Wholesale of wood, construction materials and sanitary equipment,
7. Representative services consisting in sale of wood and construction materials,
8. Road transport of goods,
9. Manufacture of metal structures and their parts,
10. Repair and maintenance of fabricated metal products,
11. Excavation of gravel and sand, excavation of clay and kaolin,
12. Excavation of ornamental stone and stone for construction purposes, lime rocks, gypsum, chalk and shell,
13. Architectural activities,
14. Engineering activities and related technical consultancy,
15. Execution of construction projects related to construction of buildings,
16. Site preparation,
17. Demolition and wrecking of buildings,
18. Other financial service activities, not classified elsewhere, except insurance and pension funding,
19. Other business support activities,
20. Accounting, bookkeeping and tax consulting.



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 financial statements of the Company for the years 2013-2014 has been presented below.

### Profit and loss statement and other comprehensive income

	1Q 2014	2Q 2014	3Q 2014	4Q 2014	2014	2013	Growth 2014/2013
Revenue from sales	45,433	43,142	42,872	39,984	171,431	197,852	0.87
Costs of products, goods and materials sold	(43,672)	(46,391)	(40,106)	(37,240)	(167,409)	(182,811)	0.92
<b>Gross profit (loss) on sales</b>	<b>1,761</b>	<b>(3,249)</b>	<b>2,766</b>	<b>2,744</b>	<b>4,022</b>	<b>15,041</b>	<b>0.27</b>
Sales and marketing costs	(6,053)	(1,841)	(1,519)	(2,723)	(12,136)	(7,545)	1.61
General administrative costs	(2,658)	(2,682)	(2,695)	(2,646)	(10,681)	(10,620)	1.01
Other net operating costs	233	810	(178)	815	1,680	364	4.62
<b>Operating profit (loss)</b>	<b>(6,717)</b>	<b>(6,962)</b>	<b>(1,626)</b>	<b>(1,810)</b>	<b>(17,115)</b>	<b>(2,760)</b>	<b>6.20</b>
Financial income	2,042	472	460	502	3,476	1,375	2.53
Financial costs	(343)	(418)	303	348	(110)	(3,796)	0.03
<b>Profit (loss) before tax</b>	<b>(5,018)</b>	<b>(6,908)</b>	<b>(863)</b>	<b>(960)</b>	<b>(13,749)</b>	<b>(5,181)</b>	<b>2.65</b>
Income tax	654	1,198	30	(34)	1,848	437	4.23
<b>Net profit (loss)</b>	<b>(4,364)</b>	<b>(5,710)</b>	<b>(833)</b>	<b>(994)</b>	<b>(11,901)</b>	<b>(4,744)</b>	<b>2.51</b>
Other income	-	-	-	-	-	-	-
Comprehensive income	(4,364)	(5,710)	(833)	(994)	(11,901)	(4,744)	2.51
Operating profitability (%)	(14.78)	(16.14)	(3.79)	(4.53)	(9.98)	(1.39)	-
Net profitability (%)	(9.61)	(13.24)	(1.94)	(2.49)	(6.94)	(2.40)	-

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



## Statement of financial position

	31.12.2014	Structure %	31.12.2013	Structure %	Growth
Tangible fixed assets	215,305	63	263,867	68	0.82
Other non-current assets	32,955	10	25,886	6	1.27
<b>Total fixed assets</b>	<b>248,260</b>	<b>73</b>	<b>289,753</b>	<b>74</b>	<b>0.86</b>
Inventories	2,277	1	4,418	1	0.52
Receivables	60,478	18	69,013	18	0.88
Derivative instruments	-	-	42	-	-
Other current assets	28,315	8	26,272	7	1.08
<b>Total current assets</b>	<b>91,070</b>	<b>27</b>	<b>99,745</b>	<b>26</b>	<b>0.91</b>
<b>Total assets</b>	<b>339,330</b>	<b>100</b>	<b>389,498</b>	<b>100</b>	<b>0.87</b>
Share capital	10,511	3	10,511	3	1.00
Supplementary capital	114,990	34	114,990	29	1.00
Retained earnings	170,625	50	182,526	47	0.93
<b>Total equity</b>	<b>296,126</b>	<b>87</b>	<b>308,027</b>	<b>79</b>	<b>0.96</b>
Long-term liabilities	7,745	3	22,252	6	0.35
Short-term liabilities	35,459	10	59,219	15	0.60
<b>Total liabilities</b>	<b>43,204</b>	<b>13</b>	<b>81,471</b>	<b>21</b>	<b>0.53</b>
<b>Total equity and liabilities</b>	<b>339,330</b>	<b>100</b>	<b>389,498</b>	<b>100</b>	<b>0.87</b>
Return on equity (%)	(3.9)		(1.5)		-
Debt ratio (%)	12.7		20.9		-
Trade receivables turnover (in days)	127		125		-
Trade liabilities turnover (in days)	26		44		-
Liquidity ratio	2.6		1.7		-

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) =	$\frac{\text{Current assets}}{\text{Short-term liabilities}}$

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



## 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 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 due 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 or 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

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



-40%, as compared with the same period of the previous year. For the entire 2014, this drop amounted to -21.7%.

## Revenues from sales

In 2014, the Company recorded total revenues from sales of PLN 171,431 thousand, as compared to PLN 197,852 thousand in the same period of the previous year (drop by 13%).

Decline in revenues from sales concerned mainly core activities of the Company i.e. construction site services, including lease of formwork systems and scaffolding, in particular on the Polish market. Revenues from this activity amounted in 2014 to the total of PLN 128,606 thousand, as compared to PLN 154,109 thousand in the previous year (drop by PLN 25,503 thousand i.e. 16.5%).

This decrease was partially offset by increasing revenues from export sales.

In 2014, the Company recorded PLN 35,424 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 dealers and end-customers in such countries as Russia, Germany, Spain etc.*).

The amount of said revenues from sales was mostly influenced by export activity in Kazakhstan, in which the construction trends are advantageous and investment plans related to the construction sector are still promising. 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 remained in 2014 at the same level as in 2013 (20.7%).

## Operating profitability

In 2014, the Company recorded a negative result on operating activities of PLN (17,115) thousand, as compared to the negative result of PLN (2,760) thousand in the previous year (drop by PLN 14,355 thousand).

The above result on operating activities resulted from lower, comparing to the same period in the previous year, revenues from the core activity of the Company i.e. rental of formwork systems and scaffolding.

The basic amounts related to EBIT (operating profit) and EBITDA (operating profit + depreciation/amortization) in the analyzed period were as follows:

	1Q 2014	2Q 2014	3Q 2014	4Q 2014	2014	2013
Sales	45,433	43,142	42,872	39,984	171,431	197,852
<b>EBIT</b>	<b>(6,717)</b>	<b>(6,962)</b>	<b>(1,626)</b>	<b>(1,810)</b>	<b>(17,115)</b>	<b>(2,760)</b>
% of sales	(14.78)	(16.14)	(3.79)	(4.53)	(9.98)	(1.39)
Amortization and depreciation	17,196	19,898	15,196	15,836	68,126	79,205
<b>EBITDA</b>	<b>10,479</b>	<b>12,936</b>	<b>13,570</b>	<b>14,026</b>	<b>51,011</b>	<b>76,445</b>
% of sales	23.06	29.98	31.65	35.08	29.76	38.64

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



In 2014, the Company recorded a drop in EBITDA in absolute terms by PLN 25,434 thousand (i.e. by 33%). EBITDA profitability (calculated as EBITDA to sales ratio) was more than 30% comparing to approx. 39% in the previous year.

In 2014, total amortization and depreciation charges amounted to PLN 68,126 thousand, as compared to PLN 79,205 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.

In subsequent quarters of 2014, the Company 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 Company's equipment. As a result, in the analysed period of 2014 the Company'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.

Lower EBITDA, recorded in 2014, in absolute terms was related to a decline in total revenues of the Company, 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 Company operates, were partially neutralized by positive results of reorganizational activities commenced in 2013.

Since last year, the Management Board of the Company 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 Company since the beginning of 2014, but became clearly visible in the financial results in Q2 2014. As a result, the second half of 2014 was definitely better for operating results of the Company which is encouraging, particularly taking into account the fact that the situation on the Polish market still 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 Company recognized net write-downs on receivables (the sum of created and released write-downs) in the amount of PLN 9,184 thousand, as compared to PLN 4,182 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 Company 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 Company conducted a settlement of executed contracts, charging the debtor with relevant amounts due under the agreements concluded, included in revenues.

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



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, builds 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 and 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 486 thousand, as compared to PLN 361 thousand of costs in 2013.

### **Transactions hedging against foreign exchange risk**

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

As part of its commercial operations, the Company 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. and ULMA Opalubka Kazachstan Sp. z o.o.

As a result, the Company is exposed to foreign exchange risk which the Company seeks to mitigate by participation on the foreign exchange market and concluding the Non Delivery Forward (NDF) contracts.

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

The Company 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 revenues and costs**

The Company uses bank credits 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 40,698 thousand as at 31 December 2013.

A decrease in the balance of bank credits 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 1,288 thousand in 2014, as compared with PLN 3,383 thousand in 2013.

The Company granted long-term loans to its subsidiaries. As at 31 December 2014, the value of loans granted was EUR 3,310 thousand and USD 1,500 thousand.

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





The foreign exchange risk concerning the aforementioned internal loans and the loan granted to ULMA Cofraje Romania as regards EUR-PLN exposure in Poland is hedged through NDF forward contracts, and a change to their fair value is recognized in financial income/financial costs (the Company applies no hedge accounting). In 2014, the change in the valuation of the aforementioned forward instruments amounted to PLN (47) thousand (in 2013 this figure was positive and amounted to PLN 16 thousand.)

In addition, in 2014 the Company obtained interest revenues from loans granted to its subsidiaries and associate (ULMA Cofraje Rumunia s.r.l.), as well as to the parent company, in a total amount of PLN 1,583 thousand (in 2013 the interest revenues from loans amounted to PLN 905 thousand).

## Net profit (loss)

After taking into account the income tax, the Company recorded a negative net financial result in 2014, amounting to PLN (11,901) thousand as compared to the negative net result of PLN (4,744) thousand in the previous year (decline by PLN 7,157 thousand).

The Management Board of ULMA Construcción Polska S.A. proposes to cover the net loss for 2014 of PLN (11,901,458.64) from supplementary capital of the Company.

## Cash flows

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

	12 months of 2014	12 months of 2013	Growth
Net profit	(11,901)	(4,744)	2.51
Amortization and depreciation	68,126	79,205	0.86
<b>Total financial surplus</b>	56,225	74,461	0.76
Other elements of net cash from operating activities	4,782	17,484	0.27
<b>Net cash flow from operating activities</b>	<b>61,007</b>	<b>91,945</b>	<b>0.66</b>
Net cash flow from investment activities	(27,650)	(33,515)	0.83
Net cash flow from financial activities	(31,505)	(60,659)	0.52
<b>Net cash flows</b>	<b>1,852</b>	<b>(2,229)</b>	-
Foreign exchange (loss)/profit on the valuation of cash and overdraft facility	191	333	0.57
<b>Change in cash and overdraft facilities</b>	<b>2,043</b>	<b>(1,896)</b>	-

## Cash flow from operating activities

In 2014, the Company recorded a significant decline in cash flow from operating activities, which amounted to PLN 61,007 thousand, as compared with PLN 91,945 thousand in the previous year (drop by 34%).

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



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

		<b>31 December 2014</b>	<b>31 December 2013</b>
<b>1.</b>	Net trade receivables (after revaluation write-downs)	59,856	67,990
<b>2.</b>	Gross revenues from sales for the period of 12 months until the balance sheet date	210,860	243,359
<b>3.</b>	Number of days	365	365
<b>4.</b>	<b>Turnover ratio (1*3/2)</b>	<b>104</b>	<b>102</b>

The Company 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 Company'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 (31,505) thousand, as compared to PLN (60,659) thousand in 2013.

As mentioned above, the Company used bank credits to finance investments related to the purchasing of products held for lease. In 2014, the Company's expenditure related to the repayment of credit installments amounted to PLN 30,014 thousand, as compared to PLN 46,438 thousand in 2013.

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

As a result of the above, in 2014 the Company recorded an increase in cash and overdraft facilities by PLN 2,043 thousand to PLN 28,315 as at 31 December 2014.

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

### **■ Competition and construction market downturn risk**

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

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



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 6000 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 Company'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 an "outburst" of inflation which, in turn, 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 depends 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, as of 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 Kirgizstan. Establishment of the EEU and increased cooperation between Kazakhstan and Russia, together with 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 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.



## **I Foreign exchange risk**

The Company purchases 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 Company operates on export markets. As a result, the Company 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 risk related to financial instruments has been described in Note 2 to the financial statements of ULMA Construcción Polska S.A. for the period of 12 months ended on 31 December 2014.

### **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 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 results.

None of the court proceedings conducted by ULMA Construcción Polska S.A. concerns amounts exceeding 10% of the equity of ULMA Construcción Polska S.A.

The table below contains a list indicating the individual groups of court proceedings:

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



Specification	Number	Balance	Current status of the case
<b>Court proceedings</b>	<b>14</b>	<b>20,477</b>	
<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.
SIAC CONSTRUCTION LIMITED		4,139	Court proceedings in Poland against the Debtor was 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.
	<b>Total</b>	<b>20,162</b>	<b>98% of the total</b>
Specification	Number	Balance	Current status of the case
<b>Bankruptcy proceedings</b>	<b>43</b>	<b>20,439</b>	
<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.

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



RADKO SP. Z O.O.		4,358	<p>Regardless of the claim submitted in the composition proceedings (with a settlement option), the Company conducts several proceedings at the same time. They include:</p> <ul style="list-style-type: none"> <li>(i) enforcement proceedings against guarantors (management board of the Debtor).</li> <li>(ii) actio Pauliana proceedings. On 9 January 2015, the Court of Appeals upheld a decision issued by the Court of First Instance in favour of the Company, acknowledging the legal action (consisting in transferring residential premises to a third party by the debtor) in relation to the Company.</li> <li>(iii) 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 will appeal against that</li> </ul>
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.
<b>Total listed</b>		<b>13,629</b>	<b>67% of the total</b>
<b>Total court proceedings</b>	<b>57</b>	<b>40,916</b>	

The Company 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 Company, in a case for the payment of overdue receivables together with statutory interest and compensation for 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.

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



**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 Company's revenues is lease and sale of formwork and scaffolding systems. Additional revenues are generated from the sale of plywood, adhesive liquids for formwork and reinforced concrete accessories

The order volume is controlled and adjusted to the development of the construction market and 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, ULMA Construcción Polska S.A. 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 Company's sales are focused on the domestic market. Total sales on that market constitute app. 79% of the Company's revenues. Almost 40% of the revenues is concentrated in a group of 15 largest construction companies in Poland.

Export sales are performed mainly on the eastern and southern European markets and in Asia through the Company's own sales network. In 2014, the share of exports in the total sales revenues accounted for over 21% compared to approx. 20% of the revenues generated in 2013.

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

A significant part of supplies comes from the principal shareholder with its seat in Spain — in 2014, purchases from Spain accounted for 16.5% of total sales of the Company.

The remaining purchases of goods as regards formwork systems come from independent suppliers from Germany, Austria, Poland and China.



## Information concerning 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, ULMA Construcción Polska S.A. entered into no agreements with its 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 Company.

## Information on organizational or capital relations of the Issuer with the other entities along with specification of its major domestic and overseas investments (securities, financial instruments, intangible fixed assets and real properties), including capital expenditures made outside the group of related companies and the description of the manner of their financing

The ULMA Construcción Polska S.A. Capital Group is controlled by ULMA C y E, S. Coop. with its registered seat in Spain which holds 75.49% of the Company's shares. The remaining 24.51% of the shares are held by more than one shareholder.

The ULMA Construcción Polska S.A. Capital Group is composed of the following companies:

### Parent company:

- ULMA Construcción Polska S.A., a commercial law company with its registered seat in Koszajec, Brwinów Commune. On 15 September 1995, pursuant to a resolution of the Extraordinary General Meeting of Shareholders it was transformed from a limited liability company into a joint stock company (Notary Deed of 15 September 1995, Rep. A 5500/95). It was registered in the Register of Entrepreneurs of the National Court Register under KRS No. 0000055818 by the District Court for the Capital City of Warsaw, 13<sup>th</sup> Economic Division of the National Court Register

### Subsidiaries:

- ULMA Opalubka Ukraina with its registered seat in Kiev, at the address: Gnata Yury 9, established on 18 July 2001, registered at the Sviatoshyn State Administration Division for the City of Kiev under No. 5878/01, ID code 31563803. The company's business comprises of the sale and lease of formwork and sale of construction materials. The issuer holds 100% of the share capital and of the total number of votes.
- 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 the number 37635-1901-TOO/NU/, The company's business comprises of the sale and lease of formwork and sale of construction materials. The issuer holds 100% of the share capital and of the total number of votes.
- "ULMA Construcción 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 the number 302770757. The company's business comprises of the sale and lease of formwork and sale of construction materials. The issuer holds 100% of the share capital and of the total number of votes.

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





### Associated company:

- 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, The issuer holds 30% of the share capital and of the total number of votes.

### Information on significant transactions concluded by the Issuer or its subsidiary with related companies on terms and conditions other than arm's length conditions, providing their values and information specifying the nature of those transactions.

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 28,542 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

#### ULMA Construcción Polska S.A. in the financial year 2014:

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 by the bank.

### Information on loans and warranties granted in a given financial year with particular consideration of their maturity dates as well as granted warranties and guarantees, with particular consideration of loans, warranties and guarantees granted to the Issuer's related parties

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



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 loan balance amounts to 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 at the market level, maturing on 31 December 2016.

As at 31 December 2014, the loan balance amounted to 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 2017.

As at 31 December 2014, the loan balance amounted to 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 market terms and conditions 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.

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.

### **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**

In 2014, ULMA Construcción Polska S.A. did not issue any shares.

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

ULMA Construcción Polska S.A. publishes no forecasts concerning the Company'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**

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

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



In 2014, the Company supplemented its financial needs (formwork and scaffolding systems) by investment purchases and within the process of 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 Company amounted to 12.7%, compared to 20.9% 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. As at 31 December 2013 long-term debt accounted for 6% of total assets.

As already mentioned before, the Company is exposed to foreign exchange risk. The Company seeks to mitigate this risk through active participation in the currency/forward market and actions aimed at seeking natural hedging methods.

### **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 Company in 2014 were related to purchases of formwork and scaffolding systems, particularly to enhance the potential of the Company in the industrial segment and extending the product portfolio with H&S systems.

Due to cash surplus generated in the course of its operating activities, the Company 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 Company'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 Company'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 Company'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 (self-climbing system and the sliding construction technology),

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



- 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, equipment management and substantial improvement of repair workshop efficiency,
- expansion into new foreign markets (Baltic States).
- 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 Company include:

- decline in the number of contracts in road construction in Poland comparing to the previous periods and resulting price were between the market participants and increasing payment bottlenecks,
- expansion into the new foreign markets (Baltic States) and related trade and currency risk,
- devaluation pressure in Kazakhstan and Ukraine,
- difficult and hardly predictable geopolitical situation in Ukraine and growing conflict with Russia,
- 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 Company 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,

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



- 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 Company 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 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 ULMA Construccjon Polska S.A. 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 ULMA Construccjon Polska S.A. through takeover, except for non-competition agreements after termination of employment relationship in the Company. The aforementioned agreements provide for a ban on undertaking the activities competitive to those pursued by the Company 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**

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



**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 28 to the Additional information to the 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 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:

- 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 ULMA Construcción Polska S.A.

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



## Information on the control system for employee share schemes

No employee share scheme has been implemented in ULMA Construcción Polska S.A.

### 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 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

SPECIFICATION	PLN '000		EUR '000	
	12 months of the year 2014	12 months of the year 2013	12 months of the year 2014	12 months of the year 2013
Net revenues from the sale of products, goods and materials	171,431	197,852	40,921	46,985
Profit (loss) on operating activities	(17,115)	(2,760)	(4,085)	(655)
Gross profit (loss)	(13,749)	(5,181)	(3,281)	(1,230)
Net profit (loss)	(11,901)	(4,744)	(2,841)	(1,126)
Net cash flow from operating activities	61,007	91,945	14,563	21,835
Net cash flow from investment activities	(27,650)	(33,515)	(6,600)	(7,959)
Net cash flow from financial activities	(31,505)	(60,659)	(7,520)	(14,405)
Net cash flows	1,852	(2,229)	442	(529)
Basic profit (loss) per ordinary share (in PLN/EUR)	(2.26)	(0.90)	(0.54)	(0.21)
Diluted profit (loss) per ordinary share (in PLN/EUR)	(2.26)	(0.90)	(0.54)	(0.21)
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Total assets	339,330	389,498	79,612	93,918
Liabilities	43,204	81,471	10,136	19,644
Long-term liabilities	7,745	22,252	1,817	5,365
Short-term liabilities	35,459	59,219	8,319	14,279
Equity	296,126	308,027	69,476	74,274
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)	56.34	58.61	13.22	14.13

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

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 Company appointed a person responsible for contacts with the Stock Exchange, the Polish Financial Supervision Authority and shareholders.

Jolanta Szeląg (22) 506-70-00  
[jolanta.szelang@ulma-c.pl](mailto:jolanta.szelang@ulma-c.pl)

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





## Statement on the application of corporate governance principles

The Statement of the Management Board concerning the application of Corporate Governance principles in 2014 will be published together with this report of the Management Board on the operations of ULMA Construcción Polska S.A. in 2014.

### Statement by the Management Board of the Company

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

The 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 ULMA Construcción Polska S.A.

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

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

According to our best knowledge, the financial statements of ULMA Construcción Polska S.A. for the period of 12 months ended on 31 December 2014 and 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 ULMA Construcción Polska S.A. and its financial result and the report of the Management Board on operations of the Company contains a true picture of development, achievements and condition of the Company, including specification of major threats and risks.

The entity authorized to audit the financial statements which reviewed the financial statements of ULMA Construcción Polska S.A. 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 financial statements of ULMA Construcción Polska S.A. 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 Construcción Polska S.A.

Andrzej Kozłowski,

**President of the Management Board**

.....

Andrzej Sterczyński,

**Member of the Management Board**

.....

Krzysztof Orzełowski,

**Member of the Management Board**

.....

José Irizar Lasa,

**Member of the Management Board**

.....

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



Ander Ollo Odriozola,  
**Member of the Management Board**

.....

Koszajec, on 19 March 2015

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

---

REPORT OF THE MANAGEMENT BOARD ON THE OPERATIONS of ULMA Construcción Polska S.A. in the period of 12 months of the  
year 2014