

To the Shareholders of the ULMA Construcccion Polska S.A. Capital Group

Dear Sir/Madam,

This letter is of particular importance to me, because after 26 years of managing the company, I made a decision to end working at the Ulma Construcccion Polska Capital Group. The development of the Group started in 2002 from a decision to open a daughter company in Kiev, Ukraine, and subsequently, not fully satisfying business in Russia, then the most accurate decision to start the activities in Kazakhstan, participation in a joint project with Ulma in Romania, and the last project – launch of Ulma Baltic in Vilnius. Today, I would like to share with you the assessment of our achievements, as the Group, in 2015.

In the last year, the Capital Group generated total revenues from sales of PLN 182 million, as compared to PLN 192 million in the same period of the previous year. Decline in revenues from sales pertained mostly to the basic segment of the Capital Group's operations, i.e. sale of construction materials. In 2015, revenues on that account totalled PLN 31 million, as compared to PLN 45 million in 2014. Consequently, in 2015, the share of exports in the total sales revenues of the Capital Group accounted for approx. 22%, as compared to 29.3% of the revenues generated in 2014.

The geopolitical situation in the countries where individual companies making up the Group operate had a significant impact on the presented financial results of the Capital Group. After a period of prosperity in previous years, 2015 was a year of significant economic slowdown in Kazakhstan, resulting from the ongoing decline in oil prices, substantial reduction in trade with major partners, and a fall in domestic demand and devaluation of the local currency. As a consequence, many key investments were suspended. However, in order to alleviate the budget deficit and obtain resources for financing of development programmes, the government of Kazakhstan decided to launch a privatisation programme including major enterprises being the property of the State Treasury. We consider it our chance to return to sales levels similar to previous years'.

Meanwhile, in 2015, in Ukraine, the first long-awaited signs of gradual stabilisation of the economic situation could be noticed, as well as the first positive signals pertaining to the general market situation and the processes involving the implementation of the most urgent financial and economic reforms initiated by the government. However, in the construction sector, the downward trend continued, characterised by negative dynamics of the building and construction output.

At the same time, Lithuania recorded a slowing down of economic growth from 3% in 2014 to 1.9% in 2015. In the same period, the value of the building and construction output dropped by approx. 3.5% in this country.

In 2015, the Management Board of the Capital Group continued the process of optimisation of operating costs and adjusting them to the changing market condition, which started in previous years. Consequently, despite a drop of total revenues from sales, the Capital Group was able to maintain EBITDA profitability on a level similar to 2014. It is worth noting that in the last year, companies making up the Capital Group concluded various agreements pertaining to repayment of some "difficult" receivables, which resulted in improving the ratios related to working capital management and significantly enhanced the receivables turnover.

I strongly believe that the motivation and competences of our employees together with the product range constitute a stable foundation for the future success of the companies of the ULMA Capital Group.

I also hope that our existing business partners will appreciate our efforts and will rely on us in their operations for years to come.

Yours sincerely,

Andrzej Kozłowski

President of the Management Board of ULMA Construcccion Polska S.A.