

ULMA Construcccion Polska S.A.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2015**

The opinion contains 2 pages
The supplementary report contains 9 pages
Opinion of the independent auditor
and supplementary report on the audit
of the financial statements
for the financial year ended
31 December 2015

OPINION OF THE INDEPENDENT AUDITOR



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

OPINION OF THE INDEPENDENT AUDITOR

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

Opinion on the Financial Statements

We have audited the accompanying financial statements of ULMA Construcción Polska S.A., with its registered office in Koszajec 50 ("the Company"), which comprise the statement of financial position as at 31 December 2015, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

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

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements and whether the financial statements are derived from properly maintained accounting records based on our audit. We conducted our audit in accordance with section 7 of the Accounting Act and International Standards on Auditing as adopted by the National Council of Certified Auditors as the National Standards on Assurance. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accounting records from which they are derived are free of material misstatements.

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

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

Opinion

In our opinion, the accompanying financial statements of ULMA Construcccion Polska S.A. have been prepared and present fairly, in all material respects, the financial position of the Company as at 31 December 2015 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, are in compliance with the respective regulations and the provisions of the Company's articles of association that apply to the Company's financial statements and have been prepared from accounting records, that, in all material respects, have been properly maintained.

Specific Comments on Other legal and Regulatory Requirements

Report on the Company's Activities

As required under the Accounting Act, we report that the accompanying report on the Company's activities includes, in all material respects, the information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2014, item 133) and the information is consistent with the financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
4A Inflancka Street
00-189 Warsaw

Signed on the Polish original

.....
Mirosław Matusik
Key Certified Auditor
Registration No. 90048
Limited Liability Partner with power of attorney

17 March 2016

REPORT OF THE INDEPENDENT AUDITOR

ULMA Construcción Polska S.A.

**Supplementary report
on the audit of the
financial statements
Financial Year ended
31 December 2015**

The supplementary report contains 9 pages
The supplementary report on audit
of the financial statements
for the financial year ended
31 December 2015

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1. General

1.1. General information about the Company

1.1.1. Company name

ULMA Construcción Polska S.A.

1.1.2. Registered office

50 Koszajec
05-840 Brwinów

1.1.3. Registration in the register of entrepreneurs of the National Court Register

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

1.1.4. Management of the Company

The Management Board is responsible for management of the Company.

As at 31 December 2015, the Management Board of the Company was comprised of the following members:

- | | |
|-------------------------------------|--------------------------------------|
| • Andrzej Kozłowski | – President of the Management Board, |
| • Krzysztof Orzełowski | – Member of the Management Board, |
| • Ander Ollo Odriozola | – Member of the Management Board, |
| • Andrzej Piotr Sterczyński | – Member of the Management Board, |
| • Rodolfo Carlos Muniz Urdampilleta | – Member of the Management Board. |

On 4 December 2014, Mr. José Ramón Anduaga Aguirre resigned from the position of Member of the Management Board, effective 31 January 2015.

According to the resolution of the Supervisory Board dated 30 January 2015, Mr. Ander Ollo Odriozola was appointed to the position of Member of the Management Board, effective 1 February 2015.

On 30 July 2015, Mr. José Irizar Lasa resigned from the position of Member of the Management Board, effective 1 August 2015.

According to the resolution of the Supervisory Board dated 7 August 2015, Mr. Rodolfo Carlos Muniz Urdampilleta was appointed to the position of Member of the Management Board, effective 1 September 2015.

1.2. Key Certified Auditor and Audit Firm Information

1.2.1. Key Certified Auditor information

Name and surname: Mirosław Matusik
Registration number: 90048

1.2.2. Audit Firm information

Name: KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Address of registered office: 4A Inflancka Street, 00-189 Warsaw
Registration number: KRS 0000339379
Registration court: District Court for the Capital City of Warsaw in Warsaw,
XII Commercial Department of the National Court Register
NIP number: 527-26-15-362

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

1.3. Prior period financial statements

The financial statements for the financial year ended 31 December 2014 were audited by KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k. and received an unmodified opinion.

The financial statements were approved at the General Meeting on 16 June 2015 where it was resolved to cover the net loss for the prior financial year of PLN 11,901,458.64 with reserve capital.

The financial statements were submitted to the Registry Court on 19 June 2015.

1.4. Audit scope and responsibilities

This report was prepared for the General Meeting of ULMA Construcción Polska S.A. with its registered office in Koszajec 50 and relates to the financial statements comprising: the statement of financial position as at 31 December 2015, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended and notes comprising a summary of significant accounting policies and other explanatory information.

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

The financial statements were audited in accordance with the contract dated 3 July 2015, concluded on the basis of the resolution of the Supervisory Board dated 5 May 2015 on the appointment of the auditor.

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

We audited the financial statements at the Company during the period from 23 November to 27 November 2015 and from 8 February to 19 February 2016.

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

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

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

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

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

The Key Certified Auditor and the Audit Firm fulfill the independence requirements as described in Art. 56 points 3 and 4 of the Act on Certified Auditors and their Self-Governance, Audit Firms authorized to Audit Financial Statements and Public Oversight dated 7 May 2009 (Official Journal from 2015, item 1011 with amendments).

2. Financial analysis of the Company

2.1. Summary analysis of the financial statements

2.1.1. Statement of financial position

| ASSETS | 31.12.2015 PLN '000 | % of total | 31.12.2014 PLN '000 | % of total |
|---|--------------------------------|-------------------|--------------------------------|-------------------|
| Non-current assets | | | | |
| Property, plant and equipment | 194,780 | 58.0 | 215,305 | 63.5 |
| Intangible assets | 147 | 0.1 | 172 | 0.1 |
| Investments in subsidiaries and associates | 8,198 | 2.4 | 8,198 | 2.4 |
| Other non-current assets | 4,068 | 1.2 | 4,123 | 1.2 |
| Long-term receivables | 17,590 | 5.2 | 20,462 | 6.0 |
| Total non-current assets | 224,783 | 66.9 | 248,260 | 73.2 |
| Current assets | | | | |
| Inventories | 2,383 | 0.7 | 2,277 | 0.7 |
| Trade and other receivables | 77,638 | 23.1 | 60,454 | 17.8 |
| Income tax receivable | 302 | 0.1 | 24 | - |
| Cash and cash equivalents | 31,061 | 9.2 | 28,315 | 8.3 |
| Total current assets | 111,384 | 33.1 | 91,070 | 26.8 |
| TOTAL ASSETS | 336,167 | 100.0 | 339,330 | 100.0 |
| EQUITY AND LIABILITIES | 31.12.2015 PLN '000 | % of total | 31.12.2014 PLN '000 | % of total |
| Equity | | | | |
| Share capital | 10,511 | 3.1 | 10,511 | 3.1 |
| Share premium | 114,990 | 34.2 | 114,990 | 33.9 |
| Retained earnings, including: | 170,657 | 50.8 | 170,625 | 50.3 |
| <i>Net profit (loss) for the year</i> | 32 | - | (11,901) | 3.5 |
| Total equity | 296,158 | 88.1 | 296,126 | 87.3 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 4,747 | 1.4 | 7,572 | 2.2 |
| Long-term provisions for retirement and similar benefits | 193 | 0.1 | 173 | 0.1 |
| Total non-current liabilities | 4,940 | 1.5 | 7,745 | 2.3 |
| Current liabilities | | | | |
| Credits and loans | - | - | 10,625 | 3.1 |
| Short-term provisions for retirement and similar benefits | 14 | - | 6 | - |
| Income tax payable | - | - | 352 | 0.1 |
| Short-term factoring liabilities | 3,545 | 1.0 | - | - |
| Derivatives | 8 | - | 76 | - |
| Trade and other payables | 31,502 | 9.4 | 24,400 | 7.2 |
| Total current liabilities | 35,069 | 10.4 | 35,459 | 10.4 |
| Total liabilities | 40,009 | 11.9 | 43,204 | 12.7 |
| TOTAL EQUITY AND LIABILITIES | 336,167 | 100.0 | 339,330 | 100.0 |

2.1.2. Statement of profit and loss and other comprehensive income

| | 1.01.2015 - 31.12.2015 PLN '000 | % of total sales | 1.01.2014 - 31.12.2014 PLN '000 | % of total sales |
|--|---------------------------------------|---------------------|---------------------------------------|---------------------|
| Revenue | 161,772 | 100.0 | 171,431 | 100.0 |
| Cost of products, merchandise and raw materials sold | (144,564) | 89.4 | (167,409) | 97.7 |
| Gross profit on sales | 17,208 | 10.6 | 4,022 | 2.3 |
| Sales and marketing expenses | (11,089) | 6.8 | (12,136) | 7.1 |
| General and administrative expenses | (12,285) | 7.6 | (10,681) | 6.2 |
| Other operating income | 3,469 | 2.1 | 3,597 | 2.1 |
| Other operating expenses | (1,954) | 1.2 | (1,917) | 1.1 |
| Profit (loss) from operating activities | (4,651) | 2.9 | (17,115) | 10.0 |
| Finance income | 4,207 | 2.6 | 3,476 | 2.0 |
| Finance expenses | 314 | 0.2 | (110) | - |
| <i>Net finance income (cost)</i> | <i>4,521</i> | <i>2.4</i> | <i>3,366</i> | <i>2.0</i> |
| Profit (loss) before tax | (130) | 0.1 | (13,749) | 8.0 |
| Income tax expense | 162 | 0.1 | 1,848 | 1.1 |
| Profit (loss) for the period | 32 | - | (11,901) | 6.9 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the period | 32 | - | (11,901) | 6.9 |
| Weighted average number of ordinary shares | 5,255,632 | | 5,255,632 | |
| Basic and diluted profit (loss) per share for the period (PLN) | 0.01 | | (2.26) | |

2.2. Selected financial ratios

| | 2015 | 2014 | 2013 |
|--|----------|----------------|----------------|
| 1. Return on sales | | | |
| $\frac{\text{profit for the period} \times 100\%}{\text{revenue}}$ | 0.0% | negative value | negative value |
| 2. Return on equity | | | |
| $\frac{\text{profit for the period} \times 100\%}{\text{equity} - \text{profit for the period}}$ | 0.0% | negative value | negative value |
| 3. Debtors' days | | | |
| $\frac{\text{average trade receivables (gross)} \times 365 \text{ days}}{\text{revenue}}$ | 201 days | 211 days | 196 days |
| 4. Debt ratio | | | |
| $\frac{\text{liabilities} \times 100\%}{\text{equity and liabilities}}$ | 11.9% | 12.7% | 20.9% |
| 5. Current ratio | | | |
| $\frac{\text{current assets}}{\text{current liabilities}}$ | 3.2 | 2.6 | 1.7 |

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

3. Detailed report

3.1. Accounting system

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

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

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

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

3.2. Notes to the financial statements

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

3.3. Report on the Company's activities

The report on the Company's activities includes, in all material respects, information required by Art. 49 of the Accounting Act and by the Decree of the Ministry of Finance dated 19 February 2009 on current and periodic information provided by issuers of securities and the conditions for recognition as equivalent information required by the law of a non-Member State (Official Journal from 2014, item 133) and the information is consistent with the financial statements.

On behalf of KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
Registration No. 3546
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00-189 Warsaw

Signed on the Polish original

.....
Miroslaw Matusik
Key Certified Auditor
Registration No. 90048
Limited Liability Partner with power of attorney

17 March 2016