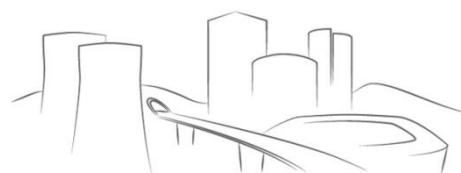


**REPORT OF THE MANAGEMENT BOARD ON THE
OPERATIONS OF THE**

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

FOR THE PERIOD OF 6 MONTHS ENDED ON

30 JUNE, 2015





Description of the Capital Group

As of 30 June 2015, the ULMA Construcción Polska S.A. Capital Group ("Group", "Capital Group") was composed of the following entities

- ULMA Construcción Polska S.A. - ULMA Construcción Polska S.A. - the **parent company** of the ULMA Construcción Polska S.A. Capital Group, performing the managing and administrative function for the entire Group and responsible for trading operations concerning the products and services offered by the Group on the domestic market and on the selected foreign markets,
- ULMA Opalubka Ukraina Sp. z o.o. - a **subsidiary company** responsible for trading operations concerning the products and services offered by the Capital Group on the Ukrainian market,
- ULMA Cofraje S.R.L. - an **associated company** responsible for trading operations concerning the products and services offered by the Capital Group on the Romanian market.
- ULMA Opalubka Kazachstan sp. z o.o. - a **subsidiary company** responsible for trading operations concerning the products and services offered by the Capital Group on the Kazakh market.
- ULMA Construcción BALTIC sp. z o.o. - a **subsidiary company** responsible for trading operations concerning the products and services offered by the Capital Group on the Lithuanian and other Baltic states markets.

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 the commercial, industrial and engineering construction purposes, performance of maintenance works and designs of the 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.

- ULMA 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. A 5500/95), registered in the Register of Entrepreneurs of the National Court Register under the number 0000055818 by the District Court for the Capital City of Warsaw, 13th Economic 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 the 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,

All amounts expressed in PLN thousand, unless indicated otherwise



- ULMA Opalubka Kazakhstan 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/.
- 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.

Brief description of significant successes or failures of the Issuer in the period covered by the concerned report, along with presentation of key related events and description of factors and events, including in particular of non-typical nature, having a significant impact on the delivered financial results

I Market environment in Poland

In the 1H 2015, the Polish economy featured continuous moderate and stable growth rate, provided that comparing to the indicators for the 1Q of the current year, this dynamics has been slightly weakened both in the industry and construction sectors.

In the analyzed period, total construction and assembly production in the group of enterprises employing more than 9 employees increased by 1%, comparing to 3.5% after the 1Q of the current year. The highest dynamics was recorded in the **residential construction sector** (+4.1%), primarily due to residential investments commenced by the developers (+26.5%), whereas current demand for residential apartments allows to expect that this positive market trend will encourage the investors to continue launching the new projects. **In the non-residential construction industry**, which recorded a drop by -2.3%, the highest growth was recorded in the office construction industry (+10.9%), whereas the remaining branches of this segment featured significant drops (in particular commercial and service construction sector: -12% and public utility construction sector -19%). In the **engineering construction sector**, the construction and assembly production increased in the 1H by +2.3%, however the activity level in the largest in terms of value **vehicle road segment** and in the **bridge construction segment** of the key significance for the Capital Group was highly disappointing: due to delays in the delivery of the new projects, the construction and assembly production in these sectors decreased in the 1H by 15% and 11%, respectively.

In the 1H of the current year, the market situation described above was accompanied by noticeable improvement in the bankruptcy statistics in the industry. In the analyzed period, bankruptcy has been announced by 67 companies comparing to 84 in the comparable period of the previous year (decrease by Y/Y, according to Coface). This however does not change the fact that the sector continues to generate past due liabilities and the risk of liquidity loss remains high, in particular with a view to smaller entities, dependent on timely payments from the supply chain actors placed at its higher levels (general contractors or investors).

I Market environment abroad

Kazakhstan continues to suffer from drop of crude oil prices and its impact on the budget investment, resulting in, among others, suspension of certain infrastructural projects and restriction of investment plans of the companies from the extraction industry. Ruble devaluation followed by establishing of the Euroasian Economic Union on 1 January 2015 resulted in additional diminishing of the competitive position of the

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non-Union entities comparing to the Russian enterprises, which remains one of the key challenges for development of the Capital Group activity on this market.

In Ukraine, in the 1H 2015, gradual decline of the war conflict and military activities has been observed, which translated into deliberate stabilization of the economic situation in the country. However, total construction and assembly production in this period continued to record drops.

Slow increase has been recorded in the **residential construction segment**. Upon the previous decision of the Central Bank of Ukraine preventing holding cash in exchangeable currencies, there are no active forms of capital allocation available in Ukraine, enabling its protection in the case of devaluation. This resulted in the increased interest of the society in the investments in tangible fixed assets, such as real estates, including primarily the apartments.

Revenues from sales

In the period of 6 months 2015, the Capital Group reached total revenues from sales in the amount of PLN 90 229 thousand, comparing to PLN 96 700 thousand in the same period of the preceding year (drop by 6.7%).

Decline in revenues from sales was recorded in the 'Sales of construction materials (formworks and accessories). Revenues from this activities amounted in the 1H 2015 to the total of PLN 16 258 thousand comparing to PLN 26 188 thousand in the same period of the previous year (drop by PLN 9 930 thousand i.e. by 37.9%).

Revenues recorded in 1H 2014 recognized one-off events related to final settlement of the contracts executed as early as in 2013 with one of the debtors – 'Struktury sp z o.o.' – settlements of damages and losses of equipment of significant value of net PLN 7 493 thousand. This case was finally decided before the court and the effect was described further in this report. The revenues recorded in the 1H 2015 cover no events of such significant unit value.

In the 1H 2015, the Capital Group obtained total revenues from commercial and service export activities of PLN 21 192 thousand (*i.e. activities performed through organizational structures the Capital Group established in Kazakhstan, Lithuania and Ukraine or through a group of dealers and end consumers in such countries as Russia, Belarus, Germany, etc.*). These revenues were by 29% lower comparing to data for the same period of the previous year. The amount of these revenues was influenced primarily by export activity to Kazakhstan, facing certain difficulties in the construction sector, which were described above. Amount of revenues recorded by the Capital Group in Ukraine, where upon devaluation of the local currency the revenues converted into PLN are significantly lower comparing to the same period of the previous year, is also of importance. In effect, share of commercial export activity in total revenues decreased in the 1H 2015 to 23.5% comparing to 30.9% in the same period of the preceding year.

Operating profitability

In the 1H 2015, the Capital Group recorded a positive result of operating activity of PLN 1 682 thousand comparing to PLN (8 169) thousand in the previous year (increase by PLN 9 851 thousand). The basic amounts related to EBIT (operating profit) and EBITDA (operating profit + depreciation) in the analyzed period were as follows:

All amounts expressed in PLN thousand, unless indicated otherwise



	1Q 2015	IIQ 2015	6 months of 2015	6 months of 2014
Sales	43 025	47 204	90 229	96 700
EBIT	1 211	471	1 682	(8 169)
% to sales	2.81	1.00	1.86	(8.45)
Depreciation	14 985	13 825	28 810	37 027
EBITDA	16 196	14 296	30 492	28 858
% to sales	37.64	30.28	33.79	29.84

In the 1H 2015, the Capital Group recorded the EBITDA increase in absolute terms by PLN 1 634 thousand (i.e. by 5.7%) comparing to the level obtained in the same period in the previous year. EBITDA profitability (calculated as EBITDA to sales ratio) was app. 34% comparing to 30% in the preceding year.

The a/m improvement in the result on the operating activity and operating profitability rates was enabled by positive effects of reorganization and saving-oriented activities, concerning in particular the operation of the Capital Group in Poland, which have been consistently implemented by the Management Board of the Capital Group in 2014. These actions were focused on multi-level operating cost optimization and their adjustment to the current market situation, including: adjustment of employment and wage bill, renegotiations of contracts for external services related to the management and operation of logistics centers, optimization of the car fleet management and optimizations in repair activities related to the formwork and scaffolding systems owned.

The positive effects of these actions on the operating results of the Capital Group have been visible from the beginning of 2014, however these were clearly revealed in the financial results of the Capital Group starting from the second half of 2014. Positive effects are also noticeable in the 1H 2015 comparing to the same period in the previous year.

Since last year, the Capital Group have consistently executed the policy of strengthening its position on the export markets (Kazakhstan, Ukraine and Lithuania), aiming at geographical diversification of its operation. Commercial activities on these markets have been executed by the subsidiaries or under the direct export transactions.

Since 2014, the Capital Group has developed its structures on the eastern markets (Lithuania, Kazakhstan), focused on building the Group's market position on the territory of Latvia.

In addition, the Management Board of ULMA decided to modernize the financial and accounting system and the MRP system for construction site management and to implement IT tools in these areas, operating at the general shareholder - ULMA C y E S, Coop. (Spain) – as a corporate solution. In effect, the current year faced increase in the IT service costs related to implementation and on-going support for the new systems.

Both a/m phenomena were reflected by the Management costs, which increased comparing to the same period of the previous year.

In the 1H 2015, the Capital Group created write-downs for receivables in the amount of PLN 7 164 thousand comparing to PLN 6 816 thousand in the same period of the previous year (presented in the "sales and marketing costs" item). This phenomenon results from estimation of risk associated with the recovery of receivables in connection with the court proceedings conducted by the Capital Group against its debtors.

All amounts expressed in PLN thousand, unless indicated otherwise



Transactions hedging against the exchange risk

The companies of the Capital Group purchase the products (formwork and scaffolding systems and accessories) being the subject-matter of the commercial and service activity from the parent company in Spain, other companies of the ULMA Group and other third companies.

Within the commercial activities, the Capital Group operates on the export markets, in particular in Ukraine, Lithuania and Kazakhstan, by its subsidiaries: Ulma Opałubka Ukraina sp. z o.o., Ulma Construcción BALTIC sp. z o.o. and Ulma Opałubka Kazachstan Sp. z o.o. In effect, the companies of the Capital Group are exposed to the exchange risk, attempted to be reduced by the Capital Group by the following measures:

- participation on the currency market and application of Non Delivery Forward (NDF) futures contracts or
- by adjustment process for the offered prices of services and materials, which is insufficiently effective

All futures contracts held by the Capital Group (NDF) are concluded only and exclusively for the needs of hedging against the exchange risk and are not of asymmetrical nature.

The Capital Group does not apply the "hedge accounting", in effect of which the results and valuations of hedging transactions (positive and negative) are recognized in the periodic results.

Other operating income (costs)

Besides the economic results on settlement and valuation of the NDF contracts hedging against foreign exchange risk, the other operating activity (item: "Other net operating costs") includes the economic effects on customizing elements of the formwork systems to the needs of individual customers and general results of management of the held assets (inventory surpluses and shortages, as well as provisions for stock impairment). In the 1H 2015, the revenues from these phenomena amounted to PLN 116 thousand comparing to PLN 119 thousand in 1H 2014.

In 1H 2015, other operating income were higher comparing to other operating costs, due to which the 'Other operating costs' item recognized in the profit and loss account is positive and amounts to PLN 629 thousand (in 1H 2014 – positive value of PLN 976 thousand).

Financial expenses and other total income

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

The balance of bank credit along with interests accrued until the balance sheet day as of 30 June 2015 was PLN 0 thousand, comparing to PLN 10 625 thousand as of 31 December 2014 and PLN 24 299 thousand as of 30 June 2014. Within the 1H 2015, the Group paid entirely the final installments from the bank credits incurred in the preceding periods and is deprived of long-term bank financing costs.

The consequence of decrease in the balance of credits in financing activities was decrease in the financial expenses related to interest on credit and credit service (i.e. bank commissions) – in the 1H 2015 these amounted to PLN 106 thousand comparing to PLN 994 thousand in 1H 2014.

All amounts expressed in PLN thousand, unless indicated otherwise



Rapid change to the foreign currency exchange rates resulted in decrease of share capital of the Group in the 1H 2015 by PLN 1 190 thousand. This amount was recognized in the “Other total income” item and covers:

- negative foreign exchange differences from conversion of financial statements of foreign entities in the amount of PLN 2 236 thousand,
- positive foreign exchange differences from valuation of intra-group loans recognized according to IAS 21 as net investment in foreign entities in the amount of PLN 1 046 thousand.

Net profit

Upon considering the income tax, the Capital Group obtained in the 1H 2015 the positive net financial result of PLN 162 thousand in comparing to the negative net financial result in the previous year of PLN (8 323) thousand (increase by 8 485 thousand).

Cash flows

The abridged cash flow statement of the Group in the analyzed periods is presented in the table below:

	6 months of 2015	6 months of 2014	Growth
Net profit (loss)	162	(8 323)	-
Depreciation	28 810	37 027	77.8
Total financial surplus	28 972	28 704	100.9
Other elements of net cash from operating activities	9 115	(687)	-
Net cash flow from operating activities	38 117	28 017	136.0
Net cash flow from investment activities	(18 391)	(10 991)	167.3
Net cash flow from financial activities	(10 731)	(20 624)	52.0
Net cash flows	8 995	(3 598)	-

Flows from operating activities

In the 1H 2015, the Capital Group recorded minor increase in cash flows from operating activities of PLN 28 972 thousand comparing to PLN 28 017 thousand in the same period of the previous year.

In the 1H 2015, the receivables turnover ratio maintained at the same level as in 1H 2014 (presented in the table below).

All amounts expressed in PLN thousand, unless indicated otherwise



		30 June 2015	30 June 2014
1.	Net trade receivables (after revaluation write-downs)	67 616	75 487
2.	Gross revenues from sales for the period of 12 months following the balance sheet date	226 946	252 709
3.	Number of days	365	365
4.	Turnover ratio (1*3/2)	109	109

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 clients at the commencement of cooperation and in the progress thereof.

Flows from investment activities

In the 1H 2015, the Capital Group made investment purchases, for the most to supplement the portfolio of the offered products (formwork and scaffolding systems). In effect, the investment expenditures for this purpose amounted to PLN 18 843 thousand.

Flows from financing activities

In the 1H 2015, flows from financing activities amounted to PLN (10 731) thousand comparing to PLN (20 624) thousand in the same period of 2014.

As already mentioned, the Capital Group uses bank credits to finance the investments related to purchases of products intended for lease. In the 1H 2015, the Group's expenditures for payment of incurred credits amounted to PLN 10 604 thousand comparing to PLN 19 519 thousand in the 1H 2014.

In effect of these phenomena in the 1H 2015, the Group recorded the increase in cash and overdraft up to PLN 41 066 thousand as of 30 June 2015.



Conversion of selected financial data to euro

The selected financial data converted into EUR are presented in the following table:

SPECIFICATION	PLN thousand		EUR thousand	
	6 months of 2015	6 months of 2014	6 months of 2015	6 months of 2014
Net revenues from the sale of products, goods and materials	90 229	96 700	21 825	23 143
Profit (loss) on operating activities	1 682	(8 169)	407	(1 955)
Gross profit (loss)	467	(9 819)	113	(2 350)
Net profit (loss)	162	(8 323)	39	(1 992)
Net cash flow from operating activities	38 117	28 017	9 220	6 705
Net cash flow from investment activities	(18 391)	(10 991)	(4 449)	(2 630)
Net cash flow from financing activities	(10 731)	(20 624)	(2 596)	(4 936)
Net cash flow	8 995	(3 598)	2 176	(861)
Diluted profit per share	0.03	(1.58)	0.01	(0.38)
Profit/(loss) per ordinary share (in PLN/EUR)	0.03	(1.58)	0.01	(0.38)
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Total assets	327 057	332 140	77 975	77 925
Liabilities	39 931	43 986	9 520	10 320
Long-term liabilities	2 406	5 224	574	1 225
Short-term liabilities	37 525	38 762	8 946	9 094
Equity	287 126	288 154	68 455	67 605
Share capital	10 511	10 511	2 506	2 466
Average weighted number of shares	5 255 632	5 255 632	5 255 632	5 255 632
Number of shares as of the balance sheet date	5 255 632	5 255 632	5 255 632	5 255 632
Book value per share (in PLN/EUR)	54.63	54.83	13.02	12.86

The individual items of assets as well as equity and liabilities were converted to EUR using the average exchange rates announced by the President of the National Bank of Poland in force as of the balance day. Average EUR exchange rate as of 31 June 2015 was PLN 4.1944, and PLN 4.2623 as of 31 December 2014.

The items of the statement of total income as well as the cash flow statement items were converted using the exchange rate representing the arithmetical mean of the exchange rates in force as of the last day of each month in the given period, i.e. data for the period i.e. data for 1.01. – 30.06.2015 were converted according to the exchange rate = 4.1341 PLN/EUR, whereas data for the same period in 2014 according to the exchange rate = 4.1784 PLN/EUR.

Explanations of the seasonality or cyclicity of the issuer's business activities in the presented period

Execution of construction works is characterized by high seasonality, translating directly into the revenues obtained from the sales of products and services of the Capital Group. Particularly disadvantageous atmospheric conditions and frequent delays in execution of the budget investments occur usually in the first quarter of the year. The discussed factors usually improve in the subsequent quarters, with the peak of the construction season typically falling in the third quarter of the calendar year.

All amounts expressed in PLN thousand, unless indicated otherwise



These phenomena induce also the effect of seasonality in repairs of the products owned by the Capital Group (formwork and scaffolding systems). The largest part of these works falls for the construction season, i.e. the second and third quarter of the year.

Information on the issue, redemption and repayment of debt securities and capital securities

No operations of such nature took place in the 1H 2015.

Information on the paid (or declared) dividend, total and per share, separately for ordinary and privileged shares

The Capital Group paid no dividend for the 2014 accounting year.

Information on the events which occurred after the day as at which the report was prepared, not covered by this report, but which might have a significant impact on the future financial results of the ULMA Construcción Polska S.A. Capital Group

Despite high achievable effectiveness of activities hedging against the exchange risk, net result from these transactions continues to be influenced by the exchange rate fluctuations. This applies in particular to the transactions hedging the exchange risk arising from balance of internal loans granted by ULMA Construcción Polska S.A. to “daughter” companies.

In result, the exchange rate fluctuations of EUR and USD to PLN, UAH (Ukrainian hryvnia) and KZT (tenge in Kazakhstan) continue to affect total income generated by the Capital Group.

Information on changes in contingent liabilities or contingent assets which have taken place since the end of the last accounting year

Since the end of the last accounting year, no changes to contingent liabilities and assets have taken place.

Information on the results of changes to the business entity structure, including changes resulting from merger of business entities, takeover or sales of Capital Group entities, long-term investments, division, restructuring and cessation of business activity

In the 1H 2015 no such economic operations took place.

Position of the Management Board on the possibility of delivering the previously published result forecasts for this year, with a view to the results presented in the report comparing to the forecasted results

The Capital Group publishes no forecasts of financial results.



Information on the shareholders holding either directly or indirectly via subsidiary companies at least 5% of the overall number of votes at the general meeting of ULMA Construcción Polska S.A. as of the day of submitting the report, together with information on the number of shares held by these entities, their percentage share in share capital, number of votes at the general meeting of shareholders and information on changes in the ownership structure of the major shareholdings in ULMA Construcción Polska S.A. in the period upon the submission of the previous report

As of the day of submission of this report, the shareholders holding over 5% of the overall number of votes include:

- **ULMA C y E S, Coop.** (Spain), holding directly 3 967 290 shares in ULMA Construcción Polska S.A., which constitutes 75.49% of share in the Company's share capital and gives the right to 3 967 290 votes at the general meeting, which represents 75.49% of the overall number of votes
- **Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK**, holding directly 466 679*) shares in ULMA Construcción Polska S.A., which constitutes 8.88% share in the Company's share capital and gives the right to 466 679 votes at the general meeting, which represents 8.88% of the overall number of votes

In the period from submission of the previous report, there have been no changes in the ownership structure of significant shareholdings in ULMA Construcción Polska S.A.

List of changes in the ownership of shares in ULMA Construcción Polska S.A. or rights to them (options) by the persons managing and supervising the issuer, according to information held by ULMA Construcción Polska S.A., in the period from submission of the previous report

According to information held by ULMA Construcción Polska S.A. in the period from submission of the previous report, no changes in the ownership of shares in ULMA Construcción Polska S.A. or rights to them (options) by the above-mentioned persons occurred. None of the persons managing and supervising ULMA Construcción Polska S.A. holds shares of the issuer.

Information on proceedings pending before a court, authority competent for arbitration proceedings or a public administration authority, including information on:

proceedings concerning the liabilities or claims of ULMA Construcción Polska S.A. or its subsidiary entity, value of which constitutes at least 10% of the equity of ULMA Construcción Polska S.A., with specification of: subject matter of the proceedings, value of the subject matter of the proceedings, proceeding commencement date, parties to the commenced proceedings and the Company's position

- two or more proceedings concerning the liabilities or claims, total value of which constitutes, respectively, at least 10% of the equity of ULMA Construcción Polska S.A., with specification of the total value of the proceedings separately in the liabilities and claims, together with the Company's position in such issue, and, with reference to the

All amounts expressed in PLN thousand, unless indicated otherwise



most significant proceedings in the liabilities and claims groups – with information on their subject matter, value of the subject matter of the dispute, proceeding commencement date and parties to the commenced proceedings

ULMA Construcción Polska S.A. or any of its subsidiaries is not a party to any proceeding concerning the claims and liabilities of the Company, value of which would exceed 10% of the shareholders' equity of the Company

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

Proceedings concerning claims of ULMA Construcción Polska S.A.:

As of the balance sheet date, ULMA Construcción Polska S.A. has been conducting 71 court proceedings, covering the claims (as of the balance sheet as of 30 June 2015) in the total amount of PLN 28 333 thousand. These cases include court proceedings which have not been completed yet by issuing a writ of execution by the court (legal order for payment) or claims from the debtors, against which the court issued a decision on declaring bankruptcy with both the arrangement and liquidation option.

No court proceeding conducted by ULMA Construcción Polska S.A. exceeds 10% of the value of equity of ULMA Construcción Polska S.A.

List specifying the individual groups of court proceedings is presented in the table below:

Specification	Number of proceedings	Balance of claims as of 30-06-2015	Current status of the case
Court proceedings	23	7 290	
<i>including 5 largest cases:</i>			
SIAC CONSTRUCTION Ltd.		4 139	Awaited resumption of the court proceeding in Poland upon the completed recovery proceeding in Ireland
P.H.U. POLKON Sp. z o.o.		715	Proceedings against the Debtor and the guarantor. Awaiting the issuance of writ of execution against Debtors
MARBUD Konstrukcje Sp. z o.o.		648	Proceedings against the Debtor and the guarantor. Awaiting the issuance of writ of execution against Debtors
KPRM Budownictwo Sp. z o.o.		545	Proceedings against the Debtor and the guarantor. Awaiting the issuance of writ of execution against Debtors
EDITEC POLSKA SP. Z O.O.		235	The Company awaits the issuance of the writ of execution and the opportunity of launching the execution proceeding against the Debtor.
	Total	6 280	86% of total
Specification	Number of proceedings	Balance of claims as of 30-06-2015	Current status of the case

All amounts expressed in PLN thousand, unless indicated otherwise



Bankruptcy proceedings	48	21 044	
<i>including 5 largest cases</i>			
HYDROBUDOWA POLSKA SA		6 602	Notification to a trustee includes receivables from the Debtor from all the deliveries contracts, including construction of A4 motorway (Dębica-Rzeszów), which was carried out by the Debtor in consortium with SIAC Construction Ltd.
RADKO Sp. z o.o.		4 358	Regardless of the claim submitted in bankruptcy proceedings (with the option of arrangement), the Company conducts simultaneously several different proceedings, including among others: <ul style="list-style-type: none"> • enforcement proceedings against the guarantors • 'actio Pauliana' proceeding (residential premises). On 9 January 2015, the Court of Appeal sustained the decision of the court of first instance in favour of the Company. The enforcement proceeding is under way. • Payment claim against the State Treasury for compensation due to non-compliance with the Constitution of so called 'Special Act' of 28 June 2012 (Journal of Laws item 891). On 16 February 2015, the Regional Court decided to dismiss the suit of the Company. The Company appealed from this dismissal and awaits the decision of the court
HENPOL Sp. z o.o.		1 010	Claim submitted to the trustee
WROBIS SA		844	Claim submitted to the trustee
ALPINE BAU GmbH Sp. z o.o.		815	The claim was submitted both to the trustee in Austria and in Poland within the secondary bankruptcy proceedings, thereby fulfilling the mandatory condition under the Polish 'Special Act' of 28 June 2012 (Journal of Laws, item 891). The Company awaits the preparation of the list of claims and execution of payments by the GDDKiA.
	Total listed	13 629	65% of the total
Total pending proceedings	71	28 333	

The Group creates write-downs for receivables, including for all doubtful receivables and receivables under court proceedings. The amounts of these write-downs are presented in the "Sales and marketing costs" item and their value corresponds to the estimated possibility of recovering the receivables under the judicial and debt collection proceedings.

On 11 June 2015, the Management Board of the Capital Group entered into the court settlement with the debtor - Struktury sp z o.o. – under which the debtor obliged itself to pay compensation agreed in the settlement for damages and losses of equipment leased by ULMA Construcción Polska S.A. in an agreed period of time after the balance sheet day and re-include ULMA Construcción Polska S.A. in the acquisition

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process concerning the newly-offered contracts for lease of formwork and scaffolding systems – carrying-out the proceeding against the debtor has excluded such option.

On 5 July 2015, ULMA Construcción Polska SA received cashed agreed under the settlement, which completed the dispute lasting since 2014.

Information on concluding by ULMA Construcción Polska S.A. or its subsidiary entity of one or multiple transactions with the related entities, provided that the value of such transactions (total value of all transactions concluded since the beginning of the accounting year) exceeds the equivalence of EUR 500 000 expressed in PLN – provided that these are not standard and routine transactions concluded under the market terms and conditions between the related entities and their nature and conditions result from the current operating activity conducted by ULMA Construcción Polska S.A. or its subsidiary, along with determination of their total value and with regard to the agreement of the highest value with information on:

**entity, with which the transaction was concluded,
relations between ULMA Construcción Polska S.A. or its subsidiary with the entity being a party to the transaction,
subject matter of the transaction,
essential terms and conditions of the transaction, with particular focus on financial terms and information on the specific terms and conditions of this agreement laid down by the parties, in particular terms and conditions deviating from those commonly used for this type of agreements**

Transactions concluded in the 1H 2015 by ULMA Construcción Polska S.A. and its subsidiaries with the related entities were of standard and routine nature, were entered into on the market conditions and their nature and terms and conditions resulted from the on-going operating activity

The key transactions included purchases of form works and lease services for the formwork systems made by ULMA Construcción Polska S.A. od ULMA C y E, S. Coop. of a value of PLN 11 813 thousand.

Within the last 12 months (from 1.07.2014 to 31.06.2015) value of these transactions amounted to PLN 20 793 thousand.

Apart from commercial transactions, ULMA Construcción Polska S.A. granted long-term loans to related entities. List of loans granted as of the indebtedness status on the balance sheet date and as of 31.12.2014 and 30.06.2015 is shown in table below.

Related entity	Value of loan as of 30.06.2015	Value of loan as of 31.12.2014
ULMA Opařubka Ukraine (EUR thousand)	314	1 110
ULMA Opařubka Ukraine (USD thousand)	1 500	1 500
ULMA Cofraje Romania (EUR thousand)	221	221
ULMA Construcción BALTIC (EUR thousand)	400	-

All amounts expressed in PLN thousand, unless indicated otherwise



ULMA	Opałubka	Kazakhstan	(USD	2 200	2 200
thousand)					

The above loans granted to the subsidiary companies are perceived as net investments in the subsidiary entity. Unrealized exchange differences arising from the valuation of the aforementioned loans (excluding loan to ULMA Cofraje Romania) are recognized directly in equity of the Group.

Apart from the long-term loans referred to above, ULMA Construcción Polska S.A. granted several short-term loan tranches to ULMA C y E S. Coop. – a mother company. Total value of granted and paid tranches in the 1H 2015 amounted to PLN 50 001 thousand.

Information on granting by ULMA Construcción Polska S.A. or its subsidiary of loan surety a loan or granting a guarantee – jointly to one entity or its subsidiary, provided that total value of the existing sureties or guarantees is an equivalent of at least 10% of the equity of ULMA Construcción Polska S.A., with specification of: name (business name) of the entity, to which the sureties or guarantees were granted, total amount of credits or loans, which was respectively secured or guaranteed in whole or in part, period for which the sureties or guarantees were granted, financial terms, on which the sureties or guarantees were granted, with specification of remuneration of ULMA Construcción Polska S.A. or its subsidiary entity for granting such sureties or guarantees, nature of the relations between ULMA Construcción Polska S.A. and the entity, which incurred the credits or loans.

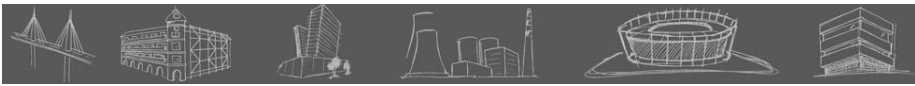
No such economic operations were performed in the analyzed period.

Other information which, in the opinion of the ULMA Construcción Polska S.A. Group, is important for assessing its HR, property condition and financial condition as well as its financial result and changes thereto and information important for assessing the capability of the ULMA Construcción Polska S.A. Group to satisfy its liabilities

In the 1Q 2015 no other significant events, apart from these described above, were present. The Management Board of ULMA Construcción Polska S.A. is unaware of any other information, which would be of significance for assessment of HR, property and financial conditions, financial result and changes thereto and for assessment of capability of the Capital Group companies to satisfy their liabilities.

Information on the factors which, in the opinion of ULMA Construcción Polska S.A., will influence the results achieved by the ULMA Construcción Polska S.A. Capital Group in the perspective of the remaining months of 2014

All amounts expressed in PLN thousand, unless indicated otherwise



■ Risk of competition and construction industry trends

In the opinion of the analysts and construction market participants, more noticeable upturn in the construction sector should take place at the end of the current year. Despite the statistical data for the 1H 2015 are visibly lower comparing to the previous expectations and forecasts, we have been already observing the growing demand and increase in prices of the construction materials (in particular cement, aggregates and asphalts). In addition, greater number of job offers in the construction sector and extended average time of works contracting are observed.

Perspectives for the **residential** sector continue to be promising. Increase in apartment sales is boosted by: extremely low NBP interest rate, positive economic trends and execution of the MdM programme, whereas well-estimated demand in the previous periods and lack of oversupply encourages the developers to launch the new investment, in effect of which the 1H 2015 recorded growth of 15.4% for building permits Y/Y. The analysts estimate that the new projects will occur also in the **office real-estate** segment due to highly positive assessments of the region with a view to investment attractiveness, in particular in terms of foreign direct investments in the area of outsourcing. The forecasts for the **commercial and service construction industry** are less positive with drop by app. 12% in the 1H and decrease in the number of building permits in 2014 indicating no opportunity of trend reversal in the upcoming months. The highest market recovery is expected in the upcoming months in the **national roads and highways** segment. The final version of the National Road Construction Programme by 2023 should be approved by the government in September of the current year. This document assumes the construction or completion of construction of the express roads and highway routes and construction of 35 beltways in the national road router for the total amount of PLN 92.8 billion and despite slight delays in the projects launching, a significant increase in the value of throughput in this segment should be noticeable already at the end of 2015.

Confirmation of advantageous forecasts for the construction sector acts also as the construction sector trend index in the Central Statistical Office, which, since December 2014, demonstrates a continuous increase from -18% to -2%.

■ Trade risk on the export markets

The factors, which in the upcoming months may influence the Company's revenues, executed on the foreign markets, include among others:

- Diminishing of the war conflict on the east of Ukraine, encouraging gradual adjustment of economy to the current political situation and reestablishing the investment activity in particular in the residential sector;
- Continuation of servicing the prestigious construction of the new sarcophagus in the non-operating atomic power plant in Tschernobyl in the area of scaffolding designing and supplies;
- Maintaining low crude oil prices, limiting the financing opportunities of numerous investment by the Government of Kazakhstan, which may result in weakening of the construction sector operation in this country;
- Increasing competitiveness from the formwork and scaffolding systems supplies from Russia at the territory of Kazakhstan, resulting in extreme price pressure for the EU suppliers.
- Gradual opening of the contracting companies in Kazakhstan to cooperation in a form of lease and valuing off-price offer parameters guaranteed by the Company (among others experience in technologically advanced construction sites servicing and project security).

■ Foreign exchange risk

The 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 the export markets. As a result, the Capital Group is

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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 concluding Non-Delivery Forward (NDF) contracts.

The subsidiary company Opalubka Ukraina Sp. z o.o. has been granted with an intra-group loan denominated in EUR. Due to no possibility of effective hedging against foreign exchange risk related to the transaction, the Company is exposed to EUR-UAH volatility (there are still no derivative instruments for which the Ukrainian Hryvnia would be the base currency available on the Ukrainian capital market).

The Management Board seeks to mitigate that risk by updating the prices of the offered goods and services in accordance with the changes in the EUR-UAH exchange rates – *a subsidiary operating at the territory of Ukraine introduced applicable provisions securing the amount of revenues in the case of devaluation of UAH in the agreements signed with clients*. However, in the case of downward trends, such security does not guarantee a full success.

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 6 months ended on 30 June 2015.

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 the shareholders.

Jolanta Szeląg

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(22) 506-70-00



Statement by the Management Board of the Parent Company

The consolidated financial statements of the ULMA Construcción Polska S.A. Capital Group for the period of 6 months ended on 30 June 2015 were approved by the Management Board of ULMA Construcción Polska S.A. on 14 August 2015.

The consolidated financial statements for the period of 6 months ended on 30 June 2015 were prepared in order to present the economic and financial standing as well as the results of operations of the ULMA Construcción Polska S.A. Capital Group and the parent company of the Group.

The consolidated financial statements for the period of 6 months ended on 30 June 2015 were prepared in compliance with the International Financial Reporting Standard – ‘Interim Financial Reporting’.

The consolidated financial statements ULMA Construcción Polska S.A. Capital Group for the period of 6 months ended on 30 June 2015 contains:

- 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

The individual abridged financial statement of ULMA Construcción Polska S.A. for the period of 6 months ended on 30 June 2015 contains:

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

According to our best knowledge, the consolidated financial statements of the ULMA Construcción Polska S.A. Capital Group for the period of 6 months ended on 30 June 2015 and consolidated comparable data as well as the individual financial statement of ULMA Construcción Polska S.A. for the period of 6 months ended on 30 June 2015 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 Construcción Polska S.A. Capital Group and its parent company, and its financial result and the report of the Management Board on operations of the ULMA Construcción Polska S.A. Capital Group for the period of 6 months ended on 30 June 2015 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 Construcción Polska S.A. Capital Group for the period of 6 months ended on 30 June 2015 and the individual financial statement of ULMA Construcción Polska S.A. for the period of 6 months ended on 30 June 2015 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

All amounts expressed in PLN thousand, unless indicated otherwise



opinion on the audited statements 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

Ander Ollo Odriozola, Member of the Management Board

Koszajec, on 14 August 2015