



ULMA Construcción Polska S.A.

**Opinion and Report
of the Independent Auditor
Financial Year ended
31 December 2016**



KPMG Audyt Spółka z ograniczoną odpowiedzialnością sp.k.
ul. Inflancka 4A
00-189 Warszawa, Polska
Tel. +48 (22) 528 11 00
Faks +48 (22) 528 10 09
kpmg@kpmg.pl

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 2016, the statement of profit or 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 preparation, on the basis of properly maintained accounting records, of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, as adopted by the European Union and with other applicable regulations. 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 2016, item 1047 with amendments) ("the Accounting Act"), Management of the Company and members of the Supervisory Board are required to ensure that the financial statements 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 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 resolution dated 10 February 2015 of the National Council of Certified Auditors as 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 are free from material misstatement.

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 of financial statements that give a true and fair view 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 Construcción Polska S.A.:

- give a true and fair view of the financial position of the Company as at 31 December 2016 and of 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;
- comply, in all material respects, with the applicable 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

Management of the Company is responsible for the report on the Company's activities.

Our opinion on the financial statements does not cover the report on the Company's activities.

As required by the Accounting Act and 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 of information required by the laws of a non-member state (Official Journal from 2014, item 133 with amendments) (the "Decree") we report that the accompanying report on the Company's and ULMA Construcción Polska S.A. Group's activities includes the information required by Art. 49 of the Accounting Act and the Decree and the information is consistent, in all material respects, with the financial statements. Furthermore, based on our knowledge about the Company and its environment obtained in the audit, we have not identified material misstatements in the report on the Company's activities.

As required by the Accounting Act and the Decree we report that the statement of corporate governance, which is a separate part of the report on the Company's and ULMA Construcción Polska S.A. activities, includes the information required by paragraph 91 subparagraph 5 point 4 letter a, b, g, j and k of the Decree. Furthermore we report that the information identified in paragraph 91 subparagraph 5 point 4 letter c, d, e, f, h and i of the Decree, included in the statement of corporate governance, in all material respects:

- has been prepared in accordance with the applicable regulations; and
- is consistent with the information contained in 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

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

16 March 2017



ULMA Construcción Polska S.A.

**Report on the audit
of the financial statements**

**Financial Year ended
31 December 2016**



ULMA Construcción Polska S.A.

The report on the audit of the financial statements
for the financial year ended 31 December 2016

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

Contents

1.	General	3
1.1.	General information about the Company	3
1.1.1.	Company name	3
1.1.2.	Registered office	3
1.1.3.	Registration in the register of entrepreneurs of the National Court Register	3
1.1.4.	Management of the Company	3
1.2.	Key Certified Auditor and Audit Firm Information	3
1.2.1.	Key Certified Auditor information	3
1.2.2.	Audit Firm information	4
1.3.	Prior period financial statements	4
1.4.	Audit scope and responsibilities	4
2.	Financial analysis of the Company	6
2.1.	Summary analysis of the financial statements	6
2.1.1.	Statement of financial position	6
2.1.2.	Statement of profit or loss and other comprehensive income	7
2.2.	Selected financial ratios	8
3.	Detailed report	9
3.1.	Accounting system	9



ULMA Construcción Polska S.A.

The report on the audit of the financial statements
for the financial year ended 31 December 2016
TRANSLATION

1. General

1.1. General information about the Company

1.1.1. Company name

ULMA Construcción Polska S.A.

1.1.2. Registered office

Koszajec 50
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 the 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 2016, the Management Board of the Company was comprised of the following members:

- Rodolfo Carlos Muñiz Urdampilleta – 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.

On 16 June 2016 Mr. Andrzej Kozłowski's term as President of the Management Board expired.

According to the resolution of the Supervisory Board dated 16 June 2016 Mr. Rodolfo Carlos Muñiz Urdampilleta was appointed to the position of President of the Management Board.

According to the resolution of the Supervisory Board dated 16 June 2016, Mr. Krzysztof Orzełowski, Mr. Ander Ollo Odriozola and Mr. Andrzej Piotr Sterczyński were chosen for the next 3 year term, as Members of the Management Board.

1.2. Key Certified Auditor and Audit Firm Information

1.2.1. Key Certified Auditor information

Name and surname:	Mirosław Matusik
Registration number:	90048



ULMA Construcción Polska S.A.

The report on the audit of the financial statements
for the financial year ended 31 December 2016
TRANSLATION

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 into 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 as at and for the financial year ended 31 December 2015 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 2016 where it was resolved to allocate the net profit for the prior financial year of PLN 31,662.69 to reserve capital.

The financial statements were submitted to the Registration Court on 23 June 2016.

1.4. Audit scope and responsibilities

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 General Meeting dated 24 May 2005.

The financial statements were audited in accordance with the contract dated 15 July 2016, concluded on the basis of the resolution of the Supervisory Board dated 5 May 2016 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 2016, item 1047 with amendments) ("the Accounting Act") and International Standards on Auditing as adopted by the resolution dated 10 February 2015 of the National Council of Certified Auditors as National Standards on Assurance.

We audited the financial statements at the Company during the period from 21 to 25 November 2016 and from 6 to 17 February 2017.

Management of the Company is responsible for the preparation, on the basis of properly maintained accounting records, of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with other applicable regulations. Management of the Company is also responsible for the Report on the Company's activities.

Our responsibility is to express an opinion and to prepare a report on the audit of the financial statements based on our audit.

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



ULMA Construcción Polska S.A.

The report on the audit of the financial statements
for the financial year ended 31 December 2016

TRANSLATION

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 are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants' as adopted by the resolution of National Council of Certified Auditors dated 13 June 2011 ("IESBA Code") and the impartiality and 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 2016, item 1000 with amendments) and have fulfilled other ethical responsibilities in accordance with these regulations and the IESBA Code.



ULMA Construcción Polska S.A.

The report on the audit of the financial statements
for the financial year ended 31 December 2016
TRANSLATION

2. Financial analysis of the Company

2.1. Summary analysis of the financial statements

2.1.1. Statement of financial position

ASSETS	31.12.2016	% of total	31.12.2015	% of total
	PLN '000		PLN '000	
Non-current assets				
Property, plant and equipment	194,063	57.4	194,780	58.0
Intangible assets	152	-	147	0.1
Investments in subsidiaries and associates	8,198	2.4	8,198	2.4
Other non-current assets	4,012	1.2	4,068	1.2
Long-term receivables	18,468	5.5	17,590	5.2
Total non-current assets	224,893	66.5	224,783	66.9
Current assets				
Inventories	2,374	0.7	2,383	0.7
Trade and other receivables	78,239	23.1	77,638	23.1
Income tax receivable	94	-	302	0.1
Cash and cash equivalents	32,717	9.7	31,061	9.2
Total current assets	113,424	33.5	111,384	33.1
TOTAL ASSETS	338,317	100.0	336,167	100.0
EQUITY AND LIABILITIES				
	31.12.2016	% of total	31.12.2015	% of total
	PLN '000		PLN '000	
Equity				
Share capital	10,511	3.0	10,511	3.1
Share premium	114,990	33.9	114,990	34.2
Retained earnings, including <i>Net profit/(loss) for the year</i>	181,368 10,711	53.5 3.1	170,657 32	50.8 -
Total equity	306,869	90.7	296,158	88.1
Liabilities				
Non-current liabilities				
Deferred tax liabilities	2,935	0.9	4,747	1.4
Long-term provisions for retirement and similar benefits	145	-	193	0.1
Total non-current liabilities	3,080	0.9	4,940	1.5
Current liabilities				
Short-term provisions for retirement and similar benefits	41	-	14	-
Short-term factoring liabilities	3,046	0.9	3,545	1.0
Derivatives	13	-	8	-
Trade and other payable	25,268	7.5	31,502	9.4
Total current liabilities	28,368	8.4	35,069	10.4
Total liabilities	31,448	9.3	40,009	11.9
TOTAL EQUITY AND LIABILITIES	338,317	100.0	336,167	100.0



ULMA Construcción Polska S.A.
 The report on the audit of the financial statements
 for the financial year ended 31 December 2016
 TRANSLATION

2.1.2. Statement of profit or loss and other comprehensive income

	1.01.2016 - 31.12.2016 PLN '000	% of total sales	1.01.2015 - 31.12.2015 PLN '000	% of total sales
Revenue	166,208	100.0	161,772	100.0
Cost of products, merchandise and raw materials sold	(138,541)	83.3	(144,564)	89.4
Gross profit on sales	27,667	16.7	17,208	10.6
Sales and marketing expenses	(5,961)	3.6	(11,089)	6.8
General and administrative expenses	(13,736)	8.3	(12,285)	7.6
Other operating income	6,289	3.8	3,469	2.1
Other operating expenses	(2,743)	1.7	(1,954)	1.2
Profit (loss) from operating activities	11,516	6.9	(4,651)	2.9
Finance income	2,013	1.2	4,207	2.6
Finance costs	607	0.4	314	0.2
<i>Net finance income (expenses)</i>	<i>2,620</i>	<i>1.6</i>	<i>4,521</i>	<i>2.8</i>
Profit/(loss) before tax	14,136	8.5	(130)	0.1
Income tax expense	(3,425)	2.1	162	0.1
Profit for the period	10,711	6.4	32	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	10,711	6.4	32	-
Weighted average number of ordinary shares	5,255,632		5,255,632	
Basic and diluted profit (loss) per share for the period (PLN)	2.04		0.01	



ULMA Construcción Polska S.A.

The report on the audit of the financial statements
for the financial year ended 31 December 2016

TRANSLATION

2.2. Selected financial ratios

	2016	2015	2014
1. Return on sales			
<u>profit for the period</u> x 100% revenue	6.4%	0.0%	negative value
2. Return on equity			
<u>profit for the period</u> x 100% equity - profit for the period	3.6%	0.0%	negative value
3. Debtors' days			
<u>average trade receivables (gross)</u> x 365 days revenue	176 days	201 days	211 days
4. Debt ratio			
<u>liabilities</u> x 100% equity and liabilities	9.3%	11.9%	12.7%
5. Current ratio			
<u>current assets</u> current liabilities	4.0	3.2	2.6

- Current assets exclude trade receivables due in more than 12 months.
- Current liabilities are comprised of short-term provisions for liabilities, short-term liabilities (excluding trade liabilities due in more than 12 months) and other short-term accruals.
- 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.



ULMA Construcción Polska S.A.
The report on the audit of the financial statements
for the financial year ended 31 December 2016
TRANSLATION

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.

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.

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

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

16 March 2017