



**Report of the Management Board concerning activities
OF THE CAPITAL GROUP
ULMA CONSTRUCCION POLSKA S.A.
in the period of 6 months ended on 30 June 2013**

Description of the Capital Group's organisation

As of 30 June 2013, ULMA Construcción Polska S.A. Capital Group ("Group", "Capital Group") was composed of the following entities:

- 1) ULMA Construcción Polska S.A. – the **parent entity** of ULMA Construcción Polska S.A. Capital Group, which takes care of management and administration for the entire Group and is responsible for commercial activities related to the products and services offered by the Group on the domestic market and on selected foreign markets;
- 2) ULMA Opalubka Ukraina, limited liability company – a **subsidiary** responsible for commercial activities related to the products and services offered by the Group on the Ukrainian market;
- 3) ULMA Opalubka Kazakhstan, limited liability company – a **subsidiary** responsible for commercial activities related to the products and services offered by the Group on the Kazakh market;
- 4) ULMA Construcción BALTIC, limited liability company – a **subsidiary** responsible for commercial activities related to the products and services offered by the Group on the Lithuanian, Latvian and Estonian markets;
- 5) ULMA Cofraje S.R.L. – an **associate** responsible for commercial activities related to the products and services offered by the Group on the Romanian market.

The subsidiaries are consolidated using the full method. The associate is consolidated using the equity method.

Object of activity of the Capital Group

ULMA Construcción Polska S.A. Capital Group operates in the construction industry. The business of the companies belonging to the Capital Group consists in the lease and sale of formwork systems and scaffolding for the purpose of the construction of buildings and engineering construction, performance of maintenance works and preparation of designs related to the applications of such systems, as well as the production and repair of formwork systems and other accessories used to install formwork systems.

Registered offices, dates of establishment and registration of activity of the entities belonging to the Capital Group.

- 1) ULMA Construcción Polska S.A. with its registered office at the following address: Koszajec 50, gm. [municipality] Brwinów, has been operating since 1 July 1995 on the basis of a resolution of the Extraordinary Meeting of Shareholders, converting a limited liability company under the Polish law into a joint-stock company under the Polish law (Notarial Deed of 15 September 1995, Rep. A No. 5500/95), entered in the National Court Register, Register of Entrepreneurs under the number KRS 0000055818 by the District Court for the capital city of St. of Warsaw in Warsaw, 13th Commercial Department of the National Court Register.
- 2) ULMA Opalubka Ukraina with its registered office in Kiev, address: Gnata Yury 9, entered on 18 July 2001 in the National Register of the Republic of Ukraine under the number 5878/01 (identification code 31563803),
- 3) ULMA Opalubka Kazakhstan, limited liability company with its registered office in Astana, address: Tashenova 25, entered on 27 August 2010 in the Economic Register of the Republic of Kazakhstan under the number 37635-1901-TOO (identification code 100840016085),
- 4) ULMA Construcción BALTIC Sp. z o.o. with its registered office in Vilnius, address: Pylimo 41-12 entered on 27 April 2012 in the Register of Legal Entities of the Republic of Lithuania under the number 302770757,
- 5) ULMA Cofraje S.R.L. with its registered office in Bragadiru, address: Soseaua de Centura no. 2-8 Corp C20 (Romania), established on 9.10.2007. Entered in the National Office of the Commercial Register in Bucharest, under the number 22679140.

Concise description of significant achievements or failures of the issuer in the period the report concerns, together with a list of the most important events related to them and a description of the factors and events, including in particular those of an atypical nature, having a significant impact on the financial results achieved

Market environment in Poland

In the 1st half of 2013 in Poland, the economic slowdown continued, although in Q2 of 2013 an improvement in the economic growth rate was recorded in some areas of activity compared to the dynamics observed at the start of the year. After the decline in Q1 2013, in fact, in the period between April and June sales in industry grew compared to the same period in the previous year. In Q2 2013, retail sales were also higher compared to the previous year. The decline in construction and installation production was deeper, however, than in the period between January and March of 2013, reaching the record low in May: -27.5% yoy. Consequently, in the first half of 2013 construction-related production shrank by 21.5%.

According to preliminary data from the Central Statistical Office of Poland, the biggest decline in the analysed period took place in the **engineering construction industry** (-30.7%) in the first half

of 2013 vs. -19.9% after Q1 2013, mainly due to the decreasing amount of works completed in the road construction sector, shrinking by nearly 50%. Railway construction and sports construction continued to yield poor results (respectively -22% and -50%). Industrial installations also suffered a slight drop, which is not surprising, given the continuing delays in the implementation of large power engineering projects. A strong decline was also recorded in the **residential construction sector**, by -26.4% vs. a decline by -18.1% after Q1 2013. The figures related to the growth in the number of new construction permits issued and in the number of flats whose construction started do not instil optimism either (they continue to be low and dropped respectively by -22.9% and -26.9 yoy). In both cases, however, the negative trend seems to have slowed down, which might suggest that the market has just recorded the lowest possible level and will start growing again from now on. The only segment of the market which recorded an improvement in Q2 2013 was the **non-residential construction** sector. The improvement in the growth rate in the category of hotel construction and industrial and warehouse construction, the sector recorded a decline by 8.9% in the whole first half of 2013 vs. the same period last year, but that was much better than the -11.2% in Q1 2013. The public utility construction sector and the commercial and services construction sector recorded poor results, dropping in each case by about a dozen per cent.

After many months of a negative growth rate in the level of employment and in the prices of construction works, which kept deteriorating, the ratio stabilized in Q2 2013, and the growth rate in remuneration at construction companies even improved. The coming months will show whether we are already dealing with the start of a new, positive trend or not.

Market environment abroad

According to the Polish government, Kazakhstan is one of the 5 markets with the best outlooks today for the further development of bilateral economic cooperation. In Q1 2013, the GDP growth rate there was 4.7%, and the construction market, after dropping by several per cent each time in the period between January and April 2013, recorded growth in May and June 2013, respectively by +3.1% and +5.5%. Soon, especially in Astana, one should expect a real investment boom in relation to the fact that Kazakhstan was selected to organize Expo 2017. Since last year, the Capital Group has been operating in Kazakhstan as a pioneer offering formwork for lease. Counting on the development of that strategic market, a new branch office of the limited liability company Ulma Opalubka Kazakhstan was opened in Almaty and actions were undertaken in order to supplement the product offering by adding accessories for monolithic works.

The situation seems less promising in the Ukraine, on the other hand: in Q1 2013, GDP dropped by 1.1%, and in the whole 1st half of 2013, construction production continued to decline (down by 19.2% yoy). Despite the unfavourable overall situation in the construction industry, the limited liability company Ulma Opalubka Ukraina continued to implement its new strategy of penetration of the Ukrainian market, which led to a definite improvement in the sales volume in the first half of 2013. Since 2011, the most important projects the Company provided services to on that market have included scaffolding technology (stair tower and suspended circulation and installation platforms) for the construction of a new structure covering the former nuclear power plant in Chernobyl.

Revenues from sales

In the 1st half of 2013, the Capital Group had total revenues from sales amounting to PLN 99,033,000 vs. PLN 128,316,000 in the same period of the previous year (down by 22.8%).

Revenues from the Capital Group's core activities, i.e. provision of services to construction sites, including lease of formwork systems and scaffolding, amounted to a total of PLN 83,288,000 in the first half of 2013, down by 27.1% vs. PLN 114,280,000 in the same period in the previous year. The amount of revenues in that segment of activity of the Capital Group fully reflects the market situation in the construction segment in Poland.

In the first half of 2013, the Capital Group recorded a total of PLN 19,117,000 in total revenues from export activities to the east (*i.e. activities performed through organisational structures the Capital Group established in Kazakhstan, Lithuania and Ukraine or through a group of intermediaries in countries such as Russia, Latvia etc.*). Said revenues were higher by PLN 8,349,000, i.e. by 78% compared the data for the same period in the previous year. The amount of said revenues from sales was significantly influenced by export activity in the Ukraine and in Kazakhstan, where the construction segment has been showing clear symptoms of animation, especially in the building construction segment.

The total revenues of the Capital Group from export activity after 6 months of 2013 corresponded to 22.5% of the total revenues of the Capital Group in relation to the consistent implementation of the geographical diversification strategy. Said ratio in the same period last year was 11%.

Operating profitability

In the first half of 2013, the Capital Group recorded a negative result of operating activities, amounting to PLN 783,000 vs. PLN 17,442,000 in the same period in the previous year (down by PLN 18,225,000).

The largest item among the generic costs of operating activities (approx. 40% recorded in the 1st half of 2013) was that corresponding to depreciation charges on the Group's assets (mainly formwork systems and scaffolding as well as Logistic Centres).

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

	Q1 2013	Q2 2013	1 st half of 2013	1 st half of 2012
Sales	46,239	52,794	99,033	128,316
EBIT	(3,344)	2,561	(783)	17,442
% to sales	(7.23)	4.85	(0.79)	13.59
Depreciation	20,378	20,717	41,095	43,641
EBITDA	17,034	23,278	40,312	61,083
% to sales	36.84	44.09	40.71	47.60

In the 1st half of 2013, the Capital Group recorded a drop in EBITDA in absolute terms by PLN 20,771,000 (i.e. by 34%) vs. the same period of the previous year.

The poor condition of the construction market in Poland in 2013 led to price wars among the participants of the construction equipment market, including the formwork system and scaffolding lease market. This phenomenon was particularly visible in the first four months of 2013, i.e. in the period when the construction market was negatively affected by the weather conditions, having an impact on the performance of construction works. Consequently, many new construction projects were initiated as late as in spring 2013, leading to a poor demand for services consisting in the lease of formwork systems and scaffolding in that period. As a result, the unit prices of those services dropped dramatically compared to the same period in the previous year. The phenomenon was the most significant negative factor impacting the operating profitability of the Capital Group, since despite the growing revenues from export activities of the Capital Group, profits on that activity could not compensate for the dropping profitability of economic activity on the domestic market.

In Q1 2013, the Management Board of Ulma Construcción Polska S.A. decided to initiate a savings programme at the parent company Ulma Construcción Polska S.A. The programme concerned nearly all business functions, including in particular:

- a. a review of incentive and bonus schemes,
- b. a review of the car fleet management process and of the use made of company cars by employees,

- c. a review of third party services, including in particular transport services and services related to the cost of administration of logistic centres,

Significant savings were generated as a result of the programme, owing to which, in Q2 2013, despite the still difficult market situation in Poland, the Capital Group recorded a positive operating profit, while EBITDA margin returned to a level above 40%. It needs to be pointed out here that the cost savings that were initiated will have a positive impact on the operating results generated by the Capital Group also in subsequent periods.

The profit and loss statement includes, under the item "Sales and marketing costs", revaluation write-downs on receivables, among other elements. The amount of such write-downs in the first half of 2013 was lower by approx. 1.3 million PLN compared to the same period in the previous year. This was caused by the need to establish, in the first half of 2012, exceptionally high revaluation write-downs on receivables in relation to problems encountered by large construction companies performing road contracts, including Radko sp. z o.o. and Hydrobudowa Polska S.A.

Transactions hedging against foreign exchange risk

Companies from the Capital Group purchase products (formwork systems and accessories and scaffolding), constituting the object of commercial and service activity, from the parent entity in Spain and from other third parties.

As part of its commercial activities, the Capital Group is active on export markets, especially in Kazakhstan, Ukraine and Lithuania, where business activity is carried out by subsidiaries.

As a result, companies from the Capital Group are exposed to foreign exchange risk which the Group seeks to limit by participating in the foreign exchange market and forward market, using Non Delivery Forward (NDF) contracts.

All the forward instruments (NDF) held by the Capital Group are concluded only and exclusively for the purpose of hedging against foreign exchange risk and they do not demonstrate an asymmetrical profile.

The Capital Group does not use hedge accounting, and consequently the positive and negative results of hedge transaction conclusion and measurement are taken to profit or loss of the period.

The results of hedge transactions in the 1st half of 2013 neutralize to a large extent the foreign exchange risk the Capital Group is exposed to.

Financial costs and other comprehensive income

The Capital Group used bank credit facilities to finance investments related to the purchasing of products held for lease (i.e. formwork systems and scaffolding systems).

The balance of short-term and long-term bank credit facilities together with interest accrued until the balance sheet date as of 30 June 2013 amounted to PLN 66,939,000 vs. PLN 116,146,000 as of 30 June 2012.

As a consequence of the reduction in the balance of credit facilities and of the decrease in interest rates in Poland, a decline in financial costs was recorded related to interest on credit, amounting to PLN 2,258,000 in the first half of 2013 vs. PLN 4,394,000 in the same period of the previous year (down by 48.6%).

Net profit

After taking into account income tax, the Capital Group recorded a negative net financial result in the first half of 2013 in the amount of (PLN 2,508,000) vs. PLN 10,454,000 of net profit in the 1st half of 2012.

It is worthwhile pointing out that as a result of the savings measures initiated already in Q1 2013, the net profit in Q2 2013 was positive and amounted to PLN 1,236,000.

Cash flows

The condensed cash flow statement for the Group in the analysed period is presented in the following table:

	6 months of 2013	12 months of 2012	6 months of 2012
Net profit (loss)	(2,508)	20,427	10,454
Depreciation	41,095	85,374	43,641
Total financial surplus	38,587	105,801	54,095
Other elements of net cash from operating activities	4,765	36,068	22,023
Net cash flow from operating activities	43,352	141,869	76,118
Net cash flow from investment activities	(18,042)	(47,461)	(9,340)
Net cash flow from financial activities	(23,852)	(82,549)	(37,116)
Net cash flows	1,458	11,859	29,662

Cash flow from operating activities

In the 1st half of 2013, the Capital Group had a positive financial surplus (net profit + depreciation), amounting to PLN 38,587,000.

In the same period, cash flow from operating activities amounted to PLN 43,352,000 vs. PLN 76,118,000 in the same period of the previous year (down by PLN 32,766,000).

From the point of view of working capital management, the 1st half of 2013 was characterized by the continued existence of payment backlogs in the market and a slower inflow of cash from receivables, following a poor overall situation and a slowdown of construction works. This affected the quality and the timeliness of cash flows in the entire construction sector.

The Capital Group seeks to reduce the risk related to the inflow of receivables by using internal procedures and rules for identifying, measuring and monitoring the financial situation and the liquidity of the Capital Group's customers at the start of collaboration as well as while it lasts.

	30 Jun 2013	31 Dec 2012	30 Jun 2012
1. Net trade receivables (after revaluation write-downs)	79,286	84,809	82,686
2. Grossed-up revenues from sales for the period of 12 months until the balance sheet date	283,034	319,053	370,128
3. Number of days	365	365	365
4. Turnover ratio (1*3/2)	102	97	82

Cash flow from investment activities

In the 1st half of 2013, the Capital Group made investment purchases in order to supplement the portfolio of products offered (especially formwork systems for the purposes of engineering construction and scaffolding) as well as in order to complete the erection of the Logistic Centre and the new facility in Koszajec.

Cash flow from financial activities

In the 1st half of 2013, net cash flow from financial activities amounted to (PLN 23,852,000) vs. (PLN 37,116,000) in the same period of 2012.

As has already been mentioned, the Capital Group used bank credit facilities to finance investments related to the purchasing of products held for lease. The Group's expenditures related to the repayment of credit instalments in the 1st half of 2013 amounted to PLN 22,529,000 (vs. PLN 26,699,000 in the same period of the previous year).

As a result of the phenomena described above, the balance of cash and overdraft as of the balance sheet date on 30 June 2013 amounted to PLN 31,320,000 vs. PLN 47,527,000 as of 30 June 2012 and PLN 29,538,000 as of the balance sheet date on 31 December 2012.

Selected financial data converted into EUR

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

SPECIFICATION	'000 PLN		'000 EUR	
	6 months of 2013	6 months of 2012	6 months of 2013	6 months of 2012
Net revenues from the sale of products, goods and materials	99,033	128,316	23,501	30,374
Profit on operating activities	(783)	17,442	(186)	4,129
Gross profit (loss)	(2,730)	13,207	(648)	3,126
Net profit (loss)	(2,508)	10,454	(595)	2,475
Net cash flow from operating activities	43,352	76,118	10,288	18,018
Net cash flow from investment activities	(18,042)	(9,340)	(4,282)	(2,211)
Net cash flow from financial activities	(23,852)	(37,116)	(5,660)	(8,786)
Net cash flows	1,458	29,662	346	7,021
Diluted profit/(loss) per share	(0.48)	1.99	(0.11)	0.47
Profit/(loss) per ordinary share (in PLN/EUR)	(0.48)	1.99	(0.11)	0.47

	'000 PLN		'000 EUR	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
Total assets	424,931	454,534	98,154	111,182
Payables	126,976	144,378	29,330	35,316
Long-term payables	34,853	52,053	8,051	12,733
Short-term payables	92,123	92,325	21,279	22,583
Equity	297,955	310,156	68,824	75,866
Share capital	10,511	10,511	2,428	2,571
Weighted average 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)	56.69	59.01	13.10	14.44

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 of the balance sheet date. The average EUR exchange rate as of 30 June 2013 was 4.3292 PLN, and as of 31 December 2012 it was 4.0882 PLN.

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 of the last day of each month in the specific period, i.e. data for the period 1 January – 30 June 2013 were converted at the

PLN/EUR exchange rate of 4.2140, and data for the same period in 2012 were converted at the PLN/EUR exchange rate of 4.2246.

Explanations related to the seasonal or cyclical nature of the issuer's activity in the presented period

Construction works constitute activity of highly seasonal nature, which translates directly into the revenues derived from the sales of products and services by the Capital Group. Particularly unfavourable weather conditions and frequent delays in the implementation of budget investments most often occur in the first quarter of the year. The factors discussed here usually improve in the subsequent quarters, and the peak of the construction season usually comes in the third quarter of the calendar year.

The above phenomena also cause a seasonal effect in the process of repairs of the products held by the Capital Group (formwork systems and scaffolding). The majority of those works are carried out in the construction season, i.e. in Q2 and Q3.

In the first four months of 2013, said phenomena were particularly unfavourable.

Information concerning the issue, redemption and repayment of debt securities and equity securities

No such operations took place in the 1st half of 2013.

Information concerning dividend paid (or declared), in total and per share, in a breakdown by ordinary and preference shares

The General Meeting of Shareholders held on 18 June 2013 adopted a resolution to allocate part of the Company's net profit for the business year 2012 in the amount of PLN 10,511,264.00 to be paid to the Company's shareholders as dividend.

In accordance with the above resolution of the General Meeting, the record date is 1 July 2013, and the dividend was paid on 12 July 2013.

Indication of events which took place after the date as of which the condensed quarterly financial statements were prepared, not included in these statements, which may, however, have a significant impact on future financial results of ULMA Construcción Polska S.A. Capital Group

The variability of the EUR/PLN as well as of the UAH/EUR exchange rates recently observed may have an impact on the future financial results of ULMA Construcción Polska S.A. Capital Group. Exchange rate fluctuations for the above currency pairs lead to positive or negative foreign exchange differences recognized in the statement of comprehensive income.

Information concerning changes in contingent liabilities or assets taking place after the end of the last business period

Since the end of the last business period, no changes in contingent liabilities or assets have taken place.

Indication of the effects of changes in the structure of the economic entity, including changes as a result of merger of economic entities, takeover or sale of Capital Group entities, long-term investments, demerger, restructuring and discontinuation of activities

No such economic operations took place in the 1st half of 2013.

The management board's position concerning the possibility of meeting the forecast results for the given year published earlier, in light of the results presented in the semi-annual report vs. the predicted results

The Capital Group does not publish forecasts concerning the Group's financial results.

Indication of shareholders holding, directly or indirectly through subsidiaries, at least 5% of the total number of votes at the general meeting of ULMA Construcción Polska S.A. as of the date of submission of the report, with an indication of the number of shares held by such entities, the percentage of share capital they hold and the number of votes at the general meeting, and indication of changes in the ownership structure in relation to holders of significant blocks of shares of ULMA Construcción Polska S.A. in the period since the submission of the previous report

As of the date of submission of this quarterly report, the following shareholders hold more than 5% of the total number of votes:

- ULMA C y E S, Coop. (Spain) which holds directly 3,967,290 shares of ULMA Construcción Polska S.A. accounting for 75.49% of the share capital of the Company and carrying 3,967,290 votes at the general meeting, accounting for 75.49% of the total number of votes;
- Aviva Otwarty Fundusz Emerytalny Aviva BZ WBK, which holds directly 466,679 shares of ULMA Construcción Polska S.A. accounting for 8.88% of the share capital of the Company and carrying 466,679 votes at the general meeting, accounting for 8.88% of the total number of votes.

In the period since the submission of the previous report, no changes have occurred in the structure of ownership of significant blocks of shares of ULMA Construcción Polska S.A.

Statement of changes of ownership of shares of ULMA Construcción Polska S.A. or of rights to them (options) held by the issuer's managing and supervising persons, in accordance with information held by ULMA Construcción Polska S.A., in the period since the submission of the previous report

According to information held by ULMA Construcción Polska S.A., in the period since the submission of the previous report, no changes of ownership of shares of ULMA Construcción Polska S.A. or of rights to them (options) held by the persons mentioned above have taken place. None of the managing or supervisory persons of ULMA Construcción Polska S.A. hold any of the issuer's shares.

Indication of proceedings before a court, a competent arbitration authority or a public administration body, including information related to the following:

- a) **proceedings related to liabilities or claims of ULMA Construcción Polska S.A. or its subsidiary, whose value corresponds to at least 10% of the shareholders' 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**
- b) **two or more proceedings related to liabilities or claims, whose total value accounts for, respectively, at least 10% of the 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**

In the period covered by the report, no proceedings were initiated against ULMA Construcción Polska S.A. or its subsidiaries whose value would exceed 10% of shareholders' equity.

Proceedings related to claims of ULMA Construcción Polska S.A. as of 30 June 2013:

ULMA Construcción Polska S.A. is currently conducting 85 court proceedings related to receivables (according to the balance as of 30 June 2013) amounting to a total of PLN 27,876,000. They include court proceedings which have not yet been ended by the court issuing an enforcement title (a legally binding order for payment) and claims towards debtors against whom the court has issued a decision declaring bankruptcy, both with the possibility of making an arrangement and with the possibility of liquidation.

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:

Current status of the case	Number of proceedings	Balance of receivables (as of)	Description
		2013-06-30	
court proceedings	33	8,081	
<i>including the 5 largest positions:</i>			
SIAC CONSTRUCTION LIMITED		4,357	Court proceedings in progress – The debtor was sued for payment as a jointly and severally liable member of a consortium with Hydrobudowa Polska SA at the construction site of the A4 motorway (Dębica – Rzeszów)
MAX BOGL SP. Z O.O.		1,290	Court proceedings in progress, the Court fixed the next hearing for January 2014
P.H.U. POLKON SP. Z O.O.		715	The court issued an order of payment against the Debtor and the Guarantor – waiting for the order to become final and for the enforcement title

FIRMA BUDOWL.MAKOMA		295		The court issued and order of payment against the Debtor – waiting for the order to become final and for the enforcement title
G.I.B. ASPEKT SP.Z O.O.		205		Three proceedings for payment are in progress against the Debtor, and an enforcement title has already been issued in one of them.
	total of those listed	6,862	85%	
bankruptcy proceedings (arrangement and liquidation)	52	19,795		
<i>including the 5 largest positions:</i>				
HYDROBUDOWA POLSKA SA		6,602		The trustee in bankruptcy recognized the claim of ULMA in the amount of PLN 6,823,258.17.
RADKO SP. Z O.O.		4,358		The court supervisor has not prepared a list of claims yet. Regardless of the above, an enforcement title has been successfully obtained in relation to the Debtor's Guarantors.
GRUPA BIP SP. Z O.O.		792		The claim has been submitted to the Trustee in Bankruptcy.
LPBO S.A.		762		The claim has been submitted to the Trustee in Bankruptcy.
FENIX SP. Z O.O.		696		A vote was held on the Debtor's arrangement proposal. Regardless of that, enforcement proceedings are in progress against the jointly and severally liable Debtor.
	total of those listed	13,210	67%	
total proceedings in progress	85	27,876		

The differences in values within the individual groups indicated above, i.e. “court proceedings” or “bankruptcy proceedings” vs. the previous quarter are related to the fact of recovery of the receivable or to the reclassification of the case after winning the lawsuit to enforcement proceedings or discontinuance of bankruptcy proceedings.

On 18 June 2013, the Constitutional Tribunal of the Republic of Poland issued a decision declaring unconstitutional the Act of 28 June 2012 on the repayment of certain outstanding debts of entrepreneurs, resulting from the performance of public procurement awarded, eliminating the possibility of large entrepreneurs, such as ULMA Construccjon Polska S.A., asserting claims not paid by Debtors performing road contracts awarded by the General Directorate of National Roads and Motorways. As a result, when said decision becomes final and binding, ULMA Construccjon Polska S.A. will be able to benefit from the provisions of said Act, which in the future may accelerate the recovery of receivables related to debtors such as Radko sp. z o.o., Hydrobudowa Polska S.A. and SIAC Construction Limited.

The Group makes revaluation write-downs on all doubtful accounts and receivables which are the subject-matter of court proceedings. The amounts of such revaluation write-downs are recognized

under “Sales and marketing costs”, and they correspond to the estimates related to the potential recovery of the receivables in litigation and debt recovery proceedings.

Information on the conclusion, by ULMA Construcción Polska S.A. or by its subsidiary, of one or more transactions with related entities, if the value of such transactions (the total value of all transactions concluded since the start of the business year) exceeds the equivalent expressed in Polish zloty of the amount of EUR 500,000 – unless they are typical and routine transactions concluded on an arm’s length basis between related entities, and their nature and conditions result from on-going operating activities performed by ULMA Construcción Polska S.A. or its subsidiary, with an indication of their total value, and, with regard to the contract with the highest value, information on the following:

- a) the entity with which the transaction was concluded,***
- b) the links between ULMA Construcción Polska S.A. or its subsidiary with the entity being a party to the transaction,***
- c) the object of the transaction,***
- d) significant contractual conditions, with particular regard to the financial conditions and with an indication of specific conditions determined by the parties, characteristic for this contract, in particular those which differ from conditions generally applied to such contracts***

Transactions concluded in the 1st half of 2013 by ULMA Construcción Polska S.A. and its subsidiaries with related entities were typical and routine transactions, concluded on an arm’s length basis, and their nature and conditions resulted from the carrying out of on-going operating activities.

The most significant transactions consisted in purchase mainly of formwork and lease services related to formwork systems, by ULMA Construcción Polska S.A. from ULMA C y E, S. Coop., with a value of PLN 8,990,000.

In the period of the last 12 months (from 1 July 2012 until 30 June 2013), the value of the above transactions amounted to PLN 17,933,000.

Apart from commercial transactions, ULMA Construcción Polska S.A. granted long-term loans to related entities in previous periods. A list of the loans granted in a breakdown by the balance of debt as of the balance sheet date and as of 31 December 2012 is shown in the table below.

Related entity	Value of the loan 31 Dec 2012	Value of the loan 30 Jun 2013
ULMA Opalubka Ukraina	1,470	1,412
ULMA Cofraje Romania	241	241
ULMA Opalubka Kazakhstan	165	40
ULMA Construcción BALTIC	115	1,100

The above loans granted to subsidiaries are treated as long-term investments in the consolidated financial statements.

Unrealized foreign exchange differences arising as a result of measurement of the above loans (with the exception of the loan to ULMA Cofraje Romania) are taken directly to the Group’s equity.

Information on the granting, by ULMA Construcccion Polska S.A. or by its subsidiary, of guarantees for a credit or loan or on the granting of another guarantee – to one entity or its subsidiary in total, if the total value of existing guarantees constitutes the equivalent of at least 10% of the equity of ULMA Construcccion Polska S.A., indicating the following:

- a) the name (business name) of the entity to which the guarantees were given,
- b) the total amount of the credits or loans guaranteed in their entirety or in part,
- c) the period for which the relevant guarantees were given,
- d) the financial conditions on which the guarantees were given, with an indication of the remuneration of ULMA Construcccion Polska S.A. or of its subsidiary due for the guarantee given,

the nature of the links between ULMA Construcccion Polska S.A. and the entity that took the credit or loan.

No economic operations of the above type occurred in the analysed period.

Other information which, according to ULMA Construcccion Polska S.A. Group, is significant for the assessment of its HR situation, assets, financial standing, financial results and changes thereof, as well as information significant for the assessment of the potential fulfilment of obligations by ULMA Construcccion Polska S.A. Group

No significant events occurred in the 1st half of 2013 other than those described earlier. The Management Board of ULMA Construcccion Polska S.A. does not know of any information which would be significant for the assessment of its HR situation, assets, financial standing, financial results and changes thereof, or for the assessment of the potential fulfilment of obligations by companies from the Capital Group.

Indication of the factors which, in the opinion of ULMA Construcccion Polska S.A., will have an impact on the results achieved by ULMA Construcccion Polska S.A. Capital Group in the remaining months of 2012

Risk related to competition and the overall situation in the construction industry

Market in Poland

According to the statistical data for June 2013, the rate of decline in the construction market should stop increasing. One should hope that in the 2nd half of 2013, the construction industry will try as much as possible to make up for the lost first half of the year.

Owing to the amendment passed by the Council of Ministers in early June of this year to the National Road Construction Programme for the years 2011-2015 currently in progress, the initiation of approximately 50 tender procedures for expressways with a total length of more than 700 km and a value of more than 35 billion PLN has become realistic. This amendment is the first step towards the development of a comprehensive programme of road investments, co-financed as part of the future European Union budget perspective (2014-2020), and should make it possible to maintain continuity of their implementation between the current perspective and the future one.

The construction sector also puts substantial hopes on the planned investments in power engineering. The construction stage is already in progress of several significant projects with total power of more than 2000 MW and a value of PLN 10 billion, the largest of which include the coal-fired unit in Kozienice and the gas-fired units in Stalowa Wola and in Włocławek. According to

the PMR report, investments are already at an advanced tender stage with a value of more than 37 billion PLN, and others at the stage of preparation to tender with a value of 56 billion PLN. Unfortunately, it happens increasingly often that after a period of laborious preparations for performance and selection of contractors, advanced projects are suspended. One should also bear in mind the fact that the share of construction works in the value of such investments is relatively low and that only a handful of contractors stand a chance of acquiring contracts in this sector: those who are suitably specialized and experienced, such as Ulma Construccjon Polska S.A.

In relation to the tightening of the lending policy and to the significant oversupply of flats on the market, no significant recovery is not be expected, on the other hand, in the residential construction sector.

Trade risk

According to Euler Hermes, in the 1st half of 2013 the number of construction companies becoming bankrupt dropped slightly (from 133 to 124 vs. the same period last year). Furthermore, the ones that did become bankrupt were nearly exclusively local companies with annual sales of up to 30 million zlotys. Given the current recession on the market, smaller companies must, in fact, enter into fierce competition, not only against one another, but also against their earlier ordering parties who often have not paid to them many of the amounts due for earlier investments. Consequently, the Capital Group does not rule out that further revaluation write-downs on receivables will be necessary, if another wave of bankruptcies sweeps through the construction industry.

Investor relations

As part of the activities aimed at building appropriate investor relations, the Group will appoint a person responsible for contacts with the Warsaw Stock Exchange (GPW), the Polish Financial Supervision Authority (KNF) and the shareholders.

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Statement of the Management Board of the Parent Entity

The consolidated financial statements of ULMA Construcción Polska S.A. Capital Group for the period of 6 months ended on 30 June 2013 and the condensed financial statements of ULMA Construcción Polska S.A. were approved by the Management Board of ULMA Construcción Polska S.A. on 14 August 2013.

The consolidated and separate financial statements for the period of 6 months ended on 30 June 2013 were prepared in order to present the assets and financial position and the results of activity of ULMA Construcción Polska S.A. Capital Group and of the Group's parent entity.

The consolidated and separate financial statements for the period of 6 months ended on 30 June 2013 were prepared in accordance with the International Financial Reporting Standard "Interim Financial Reporting".

The consolidated financial statements of ULMA Construcción Polska S.A. Capital Group for the period of 6 months ended on 30 June 2013 contain the following elements:

- consolidated statement of financial position
- consolidated profit and loss statement and other comprehensive income
- statement of changes in consolidated equity
- consolidated cash flow statement
- notes.

The condensed separate financial statements of ULMA Construcción Polska S.A. prepared for the period of 6 months ended on 30 June 2013 contain the following elements:

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

According to our best knowledge, the consolidated financial statements of ULMA Construcción Polska S.A. Capital Group for the period of 6 months ended on 30 June 2013 and the consolidated comparative data as well as the separate financial statements of ULMA Construcción Polska S.A. for the period of 6 months ended on 30 June 2013 and the comparative data were made in accordance with the applicable accounting principles in force and reflect in a true, reliable and clear manner the assets and financial position as well as the profit/loss of ULMA Construcción Polska S.A. Capital Group and of its parent entity, and the report of the Management Board concerning the activities of ULMA Construcción Polska S.A. Capital Group in the period of 6 months of 2013 contains a true description of the Group's development, achievements and situation, including a description of the basic risks and hazards.

The entity authorized to audit financial statements, performing a review of the consolidated financial statements of ULMA Construcción Polska S.A. Capital Group and of the separate financial statements of the parent entity for the period of 6 months ended on 30 June 2013 was selected in accordance with the provisions of the applicable law. Said entity and the statutory auditors reviewing these statements meet the conditions which are required to be met in order to issue an impartial and independent report on the review, in accordance with the applicable provisions of the national law in force.

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

José Ramón Anduaga Aguirre, Member of the Management Board

Koszajec, 14 August 2013