

Press Release

Selena – Further Increase in Sales

In the first quarter of 2011, Selena Group achieved revenue from sales of PLN 170 m, which is by 29% more than in the corresponding period of 2010. Selena sustains its declaration to pay dividend of 30% of the consolidated net profit for 2010. The Group expects its sales to increase by 15% by the end of 2011.

The highest sales increase in Q1 2011 was achieved in the domestic market. Following its recent acquisitions, the Group expanded its product range. Sales of the new products in the Polish market increased by 50% during the first three months of 2011. In the strategic eastern markets - Russia, Kazakhstan and the Ukraine, the Group's revenue increased by 30%. The Group's performance in the **Central Europe** is also on the upward trend.

In the first quarter of 2011, Selena Group posted an operating loss of PLN 10.6 m and a net loss of PLN 4.3 m. Both EBIT and the net profit were heavily affected by the following non-recurring items:

- A substantial increase in the prices of the key commodities that are used for manufacture of the Group's products;
- A provision of PLN 3 m raised by Selena for restructure of its business in Turkey; at the same time, as a result of debt reduction of PLN 5.5 m, the Turkish Polyfoam reported an improved net profit for Q1 2011;
- Adverse FX rates, particularly in Kazakhstan, Turkey, the Ukraine and China, causing losses of PLN 5.5 m;
- The cost of launching and commissioning the Chinese company in Nantong.

"The first quarter is traditionally a difficult period for the whole construction sector, which is subject to a strong seasonality. However, this by no means an indication of the annual performance. Results in the first three months of the year are usually weaker than those achieved in the second half of the year. In the corresponding period of 2010, Selena posted similar results. The results for the second and the third quarter will have the key impact on the annual performance. We sustain the declaration to pay the dividend of 30% of the consolidated net profit for 2010. For the whole of 2011, we expect to achieve a more than 15% increase in sales compared with 2010" – said Krzysztof Domarecki, CEO of SELENA FM SA, the Group's holding company.

Additional information available from:

Eliza Misińska, Joanna Kwiatkowska, Magdalena Kalisiewicz, Anna Kapcia
GENESIS PR
(22) 327 1690, (607) 373-273

In 2011, Selena Group intends to focus on integration of its previous acquisitions and use the ensuing synergies to continue organic sales growth and increase its economic efficiency.

In 2010 and 2011, Selena Group completed numerous investments, the major ones being:

- **Acquisition of 100% stake in Industrias Químicas Löwenberg SL (Quilosa), leader in the Iberian market of sealants and adhesives in Spain.** Since July 2009, the Group had already owned a majority stake (51%) in the Spanish company. **In March 2011, it acquired the remaining 49%.**
- **Acquisition of 100% stake in Przedsiębiorstwo Materiałów Izolacyjnych Izolacja - Matizol SA of Gorlice.** The investment provided Selena Group with **new production competencies** and allowed it to **expand its proposition** with roofing products and solutions designed for construction of buildings.
- Launch of regular production in the new mounting foams production plant in **Nantong**, the special economic zone in China. The investment allows the company to increase its production capacity. **Ultimately, the plant is to generate annual sales of EUR 30 m.**

The Group's priority for the next three quarters of 2011 will be to **grow organically**. However, the Group intends to **continue reasonably priced acquisitions**. The Group will target entities from the **construction materials sector** that offer products that are complementary to the Group's product range and that operate in **Europe and Asia**, recording turnover of several / several dozen million euro. **Possible future acquisitions will be funded from equity or debt.**

In 2010, Selena Group posted sales of PLN 879 m, which is an increase by 37% on 2009, when PLN 641 m was achieved. The gross profit in this period amounted to PLN 267 m, up 23% on the previous year. The Group's carries on its trading activity through its own entities **operating in 4 continents**, which allows it to **take orders from more than 50 countries**. In 2010, **exports accounted for 67%** of the Group's total sales.

Additional information available from:

Eliza Misińska, Joanna Kwiatkowska, Magdalena Kalisiewicz, Anna Kapcia

GENESIS PR

(22) 327 1690, (607) 373-273