URALITA GROUP

INTERIM MANAGEMENT REPORT
FIRST HALF 2012

INTRODUCTION

Increased geographic diversification (international sales grew 4% and now account for 73% of Uralita'ssales) and positioning in the energy savings sector (83% of sales from Insulation and Pladur®)

- ***7.6% drop in Group's sales compared to the first half of 2011, with very different dynamics by geography: consolidation of growth in international sales (+4.1% vs. 2011) due to the strength of the insulation business, while sales dropped 29.5% in Spain as a result of the additional decline in the construction and public works sectors.***

- ***In terms of business segments, Interior Solutions sales were similar to those of H1 2011 (-3.2%), despite the slowdown in the Gypsum business in Spain. The Roof Tile business was also affected by the downturn in the sector with a 12.4% sales drop. Finally, the Pipes business saw the biggest decreases (30.1% drop in sales)due to its exposure to the public works sector.***

- ***Overall, cumulative sales for the first half of 2012 were €309.4 million (down 7.6% on H1 2011), resulting in a 43.9% drop in gross operating profit, EBITDA, that amounted to €24.3 million.***

- ***Lastly, Uralita had negative net earnings of €1.4 million in the second quarter of 2012, for a first half cumulative total of €-9.7 million. This is primarily the result of the operating profit decline and of a more conservative policy when recording deferred tax assets.***

- ***Looking forward to the second half,and with very limited visibility at the present, we expect the businesses with greater exposure to the Iberian Peninsula to increase their profitability thanks to the restructuring and cost savings measures implemented during the first half of the year, and to the strong push towards exports.***

1. MAIN PROFIT AND LOSS ACCOUNT FIGURES

	H1 11	H1 12	Difference
SALES	334.9	309.4	-7.6%
EBITDA	43.2	24.3	-43.9%
ATTRIBUTABLE NET PROFIT	-0.5	-9.7	n.a.

2. SALES BY GEOGRAPHICAL AREA AND BUSINESS SEGMENT

Sales differed in each geographical area: in Western and Central Europe (Uralita's largest region, with 49% of sales in H1 2012), sales were up 4.4%, mainly due to growth in sales of insulation in the German and French markets.

Turning to Eastern Europe (24% of sales in H1 2012), the increase was 3.8%, with different dynamics in the markets where Ursa, Uralita'sinsulation business, operates.

Finally, sales in Spain (27% of the group's sales in H1 2012) fell by 29.5% in the midst of a significant downturn in the construction market and a virtual halt in public works.

Sales by region (million euros)

	H1 11	*H1 12*	Difference
WESTERN AND CENTRAL EUROPE	146.2	152.7	+4.4%
EASTERN EUROPE, RUSSIA AND TURKEY	71.2	73.8	+3.8 %
SPAIN	117.5	82.9	-29.5%
TOTAL	334.9	309.4	-7.6 %

Looking at the different business areas, the Interior Solutions segment saw a slight drop in sales (-3.3%), although with two very different dynamics: due to its positioning as an energy saving product and its extensive international diversification, the Insulation business was able to maintain its level of activity (+0.8% vs. H1 2011). However, the Gypsum business (plasterboard and plasters) experienced a significant drop in sales due to a lower volume of activity, affected by the major slowdown in the Spanish construction market.

The Roof Tiles segment was also affected by decreased activity in Spain and although sales were up in export markets, as a whole, sales dropped 12.4%.

Finally, sales in the Pipes segment were down 30.1% compared to H1 2011 due to the sharp decline in the public works market.

Sales by business segment (million euros)

	H1 11	*H1 12*	Difference
INTERIOR SOLUTIONS	266.6	258.0	-3.2%
PIPES	47.5	33.2	-30.1%
ROOF TILES	20.8	18.2	-12.4 %
TOTAL	334.9	309.4	-7.6%

3. *CONSOLIDATED EBITDA, NET PROFITS AND DEBT*

Gross operating profit, EBITDA, for the half was **€**24.3 million, a 43.9% decline compared to the same period of 2011.

The significant drop in EBITDA occurred in the businesses with greater exposure to the Iberian market (Gypsum, Roof Tiles and Pipes), which were heavily affected by the decline in activity. Although restructuring and cost savings measures were implemented during the first half of the year and there was a strong push towards exports in these businesses, these measures were not yet reflected in first half results. They are expected to make up for the decline in activity in the second half of 2012.

On the other hand, the Insulation business was able to maintain its EBITDA due to itsinternational diversification, which made it possible to maintain the level of activity. Measures to improve efficiency made it possible to compensate for the increased cost of raw materials.

The attributable net result for 2Q 2012 totalled €-1.4 million, due to lower operating income. For the entire half, the result was €-9.7 million (compared to €-0.5 million in H1 2011), primarily because of the almost €19 million less in EBITDA.

Finally, Uralita kept up a strict cash optimisation and control programme, which helped it to more or less maintain its debt level, ending the first half of 2012 with gross financial debt of €341 million, almost €6 million less than at the end of the first half of 2011.

4. *SIGNIFICANT EVENTS DURING THE FIRST HALF OF 2012 AND THEIR EFFECTS*

In the first half of 2012, the group recovered some of a €9.9 million deposit paid in previous years in connection with an administrative ruling handed down by the European Union for unfair business practices in the group's former Chemical Division, which was appealed by Uralita. In 2011, there was a ruling on the appeal which went partially in Uralita's favour, resulting in the return of €5.7 million to the company. Uralita has lodged a new appeal for the amount not recovered,€4.2 million. A ruling is not expected to be made until 2013.

In April 2012, Uralita reached an agreement with its financial lenders to extend the due date of its financial debt, for approximately €265 million, to March 2014. This agreement was formalised in a public instrument on 13 July.

5. *EVENTS TAKING PLACE AFTER THE REPORTING PERIOD*

No significant events occurred between the date of the half-yearly accounts and management report and the date they were prepared.

6. MAIN RISKS AND UNCERTAINTIES FOR THE SECOND HALF OF 2012

1. Deceleration or slowing-down of growth in the European markets where Uralita operates brought about by doubts concerning the strength of the economic and financial recovery in the euro zone.

2. Higher energy costs and prices for certain raw materials which may be difficult to pass on in the form of increased prices.

7. FUTURE GROWTH

Regarding the second half of 2012, it is very difficult to make forecasts given the very limited current visibility and doubts about the financial situation in the euro zone.

In any event, we expect current levels of activity to continue in the European markets where Uralita operates. Meanwhile, for the Iberian businesses, while we do not anticipate that activity will recover in the short term, we expect these businesses to return to profitability due to the restructuring and cost savings measures implemented during the first half, as well a strong push towards exports.

8. RESEARCH & DEVELOPMENT

During the first half of the 2012 financial year, the group invested €0.2 million in research & development projects.

9. TREASURY STOCK

At 30 June 2012, 10,114,216 parent company shares were held as treasury stock (acquisition cost of €44 million), which represented 5.12% of Uralita S.A.'s share capital. In the first half of 2012, 38,058 shares were purchased for €51,000, with no purchases being made in the second quarter.

10. RISK MANAGEMENT

The group's exposure to financial risk is mitigated by a Risk Management System which creates a suitable environment of risk detection and prevention. Price, credit, liquidity and cash-flow risks are periodically evaluated, monitored and controlled at the company level.

The effectiveness of this system is based on creating an appropriate environment of prevention, encouraging active participation in detecting and preventing risks before they occur and reporting risks to the appropriate decision-making level, and through a systematic follow-up of the measures taken.

Therefore, the group's policies to adequately manage certain financial risks to which it is exposed, such as exchange rate and interest rate risk, establish hedging contracts, which mitigate exposure to the risk resulting from changes in exchange and interest rates.