

A Complementary Report to the Opinion
from the Consolidated Financial
Statement Audit for 2008

Capital Group
Hydrobudowa Polska Joint Stock
Company

1 Information about the Dominating Company

The Dominating Company in the Capital Group is Hydrobudowa Polska S.A. The Dominating Company was created on 6th November 1992. Until 7th January 2008 the Dominating Company operated under the company name Hydrobudowa Włocławek S.A. The Dominating Company was set up for an unlimited period of time. The seat of the Dominating Company is located in Wysogotowo, Skórzewska 35.

The basic subject of activity of the Dominating Company is:

- the production of metal construction elements,
- the preparation of the ground for construction,
- constructing complete buildings and structures or their parts; civil and water engineering,
- performing construction installations,
- performing construction finishing works,
- renting construction and demolishing equipment with operator's services,
- activity in the sphere of architecture and engineering,
- examinations and technical analyses.

The subject of activity of subsidiaries is connected with the construction activity with a wide scope of specialization.

The Dominating Company entered into the register of entrepreneurs of the National Court Register held by the District Court in Toruń, VII Economic Division of the National Court Register, under the number KRS 0000017342 on 6th June 2001. Due to the change of the seat of the Dominating Company, presently the registering documents of the Company are held by the District Court of Poznań – Nowe Miasto and Wilda, VIII Economic Division of the National Court Register.

The Dominating Company has the Tax Payer number NIP 888 020 59 44 assigned on 14th June 1993 and the REGON symbol 910097080 assigned on 23rd January 2002.

The share capital of the Dominating Company as for the day ending the fiscal year, i.e. 31st December 2008, was 210 558 thousand PLN. The equity capital of the Capital Group as for this day was 231 863 thousand PLN.

According to the note no. 12 of the explanatory information to the consolidated financial statement as of 31st December 2008, the ownership structure of the share capital of the Dominating Company was as follows:

Stockholder	Number of stocks	Number of votes	Face value of one stock	Equity participation
PBG S.A.	129 726 808	129 726 808	129 727	61,61%
ING TFI S.A.	17 282 900	17 282 900	17 283	8,21%
BZ WBK Asset Management S.A.	11 233 756	11 233 756	11 234	5,34%
ING OFE	10 550 000	10 550 000	10 550	5,01%
Other stockholders	41 764 981	41 764 981	41 765	19,83%
	210 558 445	210 558 445	210 558	100,00%

In the period from 1st January 2008 until 31st December 2008 and after the balance day, until the day of issuing this report, there occurred the following changes concerning the owners of the Dominating Company:

- On 5th May 2008 BZ WBK AIB TFI S.A. informed about exceeding as of 29th May 2008 the 5% threshold in the overall number of votes at the General Shareholders' Meeting of the Dominating Company, concerning the assignation of the K series stocks. After the change, BZ WBK AIB TFI S.A. has 11 177 472 stocks of the Dominating Company, what constitutes 6.44% of the share capital and the overall number of votes at the General Meeting of Shareholders of the Dominating Company;
- On 6th May 2008 BZ WBK AIB Asset Management S.A. informed about exceeding as of 28th April 2008 the 5% threshold in the overall number of votes at the General Shareholders' Meeting of the Dominating Company, concerning the assignation of the K series stocks. After the change, BZ WBK AIB TFI S.A. has 11 233 756 stocks of the Dominating Company, what constitutes 6.47% of the share capital and the overall number of votes at the General Meeting of Shareholders of the Dominating Company;
- On 9th May 2008 ING OFE informed about exceeding the 5% threshold in the overall number of votes at the General Meeting of Shareholders of the Dominating Company, in relation to the assignation of the K series of stocks. After the change, ING OFE has 10 550 000 stocks of the Dominating Company, what constitutes 6.07% of the share capital and the overall number of votes at the General Meeting of Shareholders of the Dominating Company;
- On 30th May 2008 the Company PBG S.A. informed that in relation to the registration of the increase of the share capital of the Dominating Company by the issue of the K series stocks, the participation of the Company PBG S.A. in the overall number of votes in the Dominating Company decreased below 75%. After the registration of the increase of the share capital of the Dominating Company, PBG S.A. has 105 397 300 stocks of the Dominating Company, constituting 60.69% of the share capital and the participation in the overall number of votes at the General Shareholders' Meeting of the Dominating Company.
- On 11th July 2008 ING TFI S.A. informed that as the result of selling the stocks of the Dominating Company on 8th July 2008 the total number of votes at the General Shareholders' Meeting of the Dominating Company owned by all funds managed by ING TFI S.A. decreased below the 10% threshold of the total number of votes. After the change, ING TFI S.A. owns in total 17 282 900 stocks of the Dominating Company what constitutes 9.95% of the share capital and the overall number of votes at the General Meeting of Shareholders of the Dominating Company;
- On 30th September 2008 the increase of the share capital of the Dominating Company was registered from the amount 173 673 200 PLN to the amount 210 558 445 PLN due to the issuing of 36 885 245 stocks of the L series with the face value 1.00 PLN each. All the stocks of the L series were offered to the stockholders of the company HYDROBUDOWA 9 Przedsiębiorstwo Inżynieryjno-Budowlane S.A. with the seat in Poznań in the mode of the private subscription. As the result of the transaction carried out the number of stocks of the Dominating Company owned by PBG S.A. changed. After the registration of the increase of the share capital of the Company, PBG S.A. has 129 726 808 stocks of the Dominating Company, constituting 60.69% of the share capital and the participation in the overall number of votes in the Dominating Company.

The Dominating Company belongs to the Capital Group PBG S.A.

The Management Board of the Dominating Company as of 27th April 2009 consisted of:

- Jerzy Ciecchanowski – President of the Management Board,

- Jarosław Dusilo – Vice-President of the Management Board,
- Edward Kasprzak – Vice-President of the Management Board,
- Rafał Damasiewicz – Member of the Management Board,
- Andrzej Zwierzchowski – Member of the Management Board,
- Joanna Zwolak – Member of the Management Board.

In the period from 1st January 2008 until 27th April 2009 there occurred the following changes in the Management Board of the Dominating Company:

- On 30th June 2008 Krzysztof Diduch resigned from the function of the Member of the Management Board;
- On 30th October 2008 the President of the Management Board of the Company Tomasz Woroch and the Vice-President of the Management Board, Tomasz Starzak, resigned from their functions in the Management Board of the Company. The same day the Supervisory Board appointed Jerzy Ciechanowski to the position of the Management Board and the position of the Vice-President of the Company was given to Jarosław Dusilo, until then the Member of the Management Board.

2 The contents of the Capital Group

On 31st December 2008 the Capital Group of Hydrobudowa Polska S.A. consisted of subsidiaries (direct and indirect ones) and joint ventures:

Company name	Consolidation method	The name of entity which audited the consolidation package	Balance day on which the consolidation package was prepared
Hydrobudowa 9 PIB SA	total consolidation	Grant Thornton Frąckowiak Sp. z o.o.	31.12.2008
Hydrobudowa Polska Konstrukcje Sp. z o.o.	total consolidation	No obligation for an audit	31.12.2008
PRG METRO Sp. z o.o.	total consolidation	Grant Thornton Frąckowiak Sp. z o.o.	31.12.2008
Gdyńska Projekt Sp. z o.o.	total consolidation	No obligation for an audit	31.12.2008
Górecka Projekt Sp. z o.o.	total consolidation	No obligation for an audit	31.12.2008

The changes in comparison to the previous year in the sphere of companies covered by consolidation and the influence of these changes on the consolidated financial statement were presented in item 1.2 of the consolidated financial statement and in the note no.3 of the explanatory information to the consolidated financial statement of the Capital Group for the fiscal year which ended on 31st December 2008.

3 The consolidated financial statement for the previous year

The company has drawn for the first time the consolidated financial statement for the fiscal year which ended on 31st December 2008. In previous years the Company had no subsidiary entities. The Capital Group Hydrobudowa Polska S.A. was set up in 2008. As comparative data the joint data of the Company Hydrobudowa Polska S.A. were presented as well as data of the subsidiary Hydrobudowa 9 PIB S.A. covering the period from the day of acquiring control over this company by PBG S.A. The acquisition of the company under the joint control was settled beyond the International Financial Reporting Standards 3. The act of joining was settled by the method of

joining shares. The description of the settlement for the needs of consolidation was presented in the note no.3 of the audited financial statement.

4 Information about the entity entitled to perform the audit and about the statutory auditor

Grant Thornton Frąckowiak Sp. z o.o. with the seat in Poznań, pl. Wiosny Ludów 2, is an entity authorized to perform audits of financial statements, registered under the number 238 on the list of the National Assembly of Statutory Auditors in Poland.

On behalf of Grant Thornton Frąckowiak Sp. z o.o. the audit of the consolidated financial statement of the Capital Group was managed by the statutory auditor Jan Letkiewicz, number 9530/7106.

Grant Thornton Frąckowiak Sp. z o.o was chosen on 29th August 2009 to perform the audit of the consolidated financial statement of the Capital Group for the fiscal year which ended 31st December 2008. We carried out the audit of this consolidated financial statement on the basis of the contract concluded with the Management Board of the Company on 3rd July 2008 together with later annexes.

5 The scope and the date of the audit

The aim of our audit was to express a written opinion including a report concerning whether the consolidated financial statement for the fiscal year which ended 31st December 2008 in all essential aspects reliably and clearly presents the property and financial situation as well as the financial result of the Capital Group, according to the accounting principles (policy) resulting from the International Financial Reporting Standards and interpretation related to them announced in the form of resolutions of the European Commission within the scope not regulated in these Standards – accordingly to the requirements of the Accounting Act and executive regulations issued on the basis of this act.

In auditing specific items of the consolidated financial statement and the consolidation documentation we used the tests and trials appropriate for financial revision. On the basis of the results of these tests and trials we concluded about the correctness of the audited items.

The subject of our audit were not the issues not influencing the consolidated financial statement we audited.

We carried out the audit of the consolidated financial statement of the Capital Group for the fiscal year which ended 31st December 2008 in the period from 2nd to 27th April 2009.

6 The statement of impartiality

Grant Thornton Frąckowiak Sp. z o.o., the statutory auditor managing the audit and other persons participating in the audit meet the requirements, specified in the Accounting Act article 66 item 2 and 3, concerning expressing impartial and independent opinion about the audited consolidated financial statement of the Capital Group.

7 The accessibility of data and received declarations

The Management Board of the Dominating Company has given us a written declaration as of 27th April 2009 about the completeness, reliability and correctness of the audited consolidated financial statement and stating that between the balance day and the day of completing the audit there were no occurrences which could significantly influence the financial situation of the Capital Group and which would require to include them in the audited consolidated financial statement. The Management Board of the Dominating Company confirmed its responsibility for the approved consolidated financial statement as well as declared that it made accessible for us during the audit all financial statements of the companies under consolidation, the consolidation documentation, information and other required documents as well as gave us explanations necessary to express the opinion about the audited consolidated financial statement.

8 The consolidated balance sheet

ASSETS (in thousand PLN)	31.12.2008	31.12.2007
FIXED ASSETS	247 766	152 114
Intangible assets	2 167	2 916
Goodwill acquired within joining the economic entities	37 586	-
Tangible assets	152 927	112 312
Investment property	12 297	5 000
Investment in subsidiaries	-	-
Investments in affiliated entities settled by proprietary methods	-	-
Other long-term financial assets	89	16 490
Long-term receivables	9 405	11 731
Deferred corporate tax	28 395	-
Long-term accruals	4 900	3 665
CURRENT ASSETS	956 747	677 257
Inventories	12 419	10 318
Receivables from orderers due to works resulting from construction service contracts / long-term	436 193	234 518
Receivables from deliveries and services	401 822	289 515
Income tax receivables	-	141
Other short-term receivables	21 696	47 517
Other short-term financial assets	924	25 659
Cash and equivalents	74 315	63 435
Short-term accruals	9 378	6 154
Fixed assets classified for sale	0	0
TOTAL ASSETS:	1 204 513	829 371
LIABILITIES (in thousand PLN)	31.12.2008	31.12.2007
EQUITY CAPITAL	231 863	-10 306
Equity for the stockholders of the dominating entity	231 196	-10 306
Minority interest	667	-
LONG-TERM LIABILITIES	96 960	114 600
Long-term credits and loans	27 344	11 477
Other long-term financial liabilities	54 153	58 566
Other long-term liabilities	9 604	12 393
Deferred corporate tax	-	12 913
Provisions for liabilities due to employee benefits	2 442	2 354
Other long-term provisions	3 417	16 897
Government grants	0	0
Long-term accruals	0	0
SHORT-TERM LIABILITIES	875 690	725 077
Short-term credits and loans	253 219	231 189
Other short-term financial liabilities	131 520	1 717
Liabilities from deliveries and services	359 066	303 278

Liabilities due to the construction services contract	9 160	15 826
Current income tax liabilities	13 322	11 113
Other short-term liabilities	25 705	38 594
Provisions for liabilities due to employee benefits	730	897
Other short-term provisions	77 490	116 922
Government grants	-	-
Short-term accruals	5 478	5 541
Liabilities for fixed assets assigned for sale	-	-
TOTAL LIABILITIES:	1 204 513	829 371

9 The consolidated profit and loss account

INCOMES AND COSTS (in thousand PLN)	2008	2007
CONTINUED ACTIVITY		
Revenue from sales	1 225 492	845 055
Own cost of sale	1 103 500	750 422
Gross sales profit (loss)	121 992	94 632
Cost of sale	-	-
General management costs	49 089	33 459
Other operational revenue	14 282	14 607
Other operating expenses	26 279	9 425
Share in profits of entities settled with ownership rights method	0	0
Costs of restructuring	0	0
Profit (loss) on operating activities	60 906	66 356
Financial revenue	27 556	6 575
Financial costs	25 353	19 684
Other profit (loss) from investment	-	16 150
Profit (loss) before taxation	63 110	69 397
Corporate income tax	2 433	10 400
Net profit (loss) on continued activities	65 543	58 997
DISCONTINUED OPERATIONS		
Net profit (loss) on discontinued activities	-	-
Net profit (loss)	65 543	58 997
Net profit (loss) for:	65 543	58 997
- stockholders of the dominating entity	64 477	58 997
- minority stockholders	1 066	

10 Basic data and financial indices

Below selected data and financial indices have been presented for the years 2007 and 2008 characterising the financial situation of the Capital Group in that period. We calculated all the indices on the basis of the data included in the consolidated financial statements of the Capital Group for the years which ended 31st December 2008 and 31st December 2007.

Index	Calculating form	2008	2007
Incomes from sales (thousand PLN)		1 225 492	845 055
net financial result (thousand PLN)		65 543	58 997
equity capitals (thousand PLN)		231 863	-10 306
sum of assets (thousand PLN)		1 204 513	829 371

Index	Calculating form	2008	2007
return on assets (ROA) (%)	net financial result / sum of assets at the end of the period	5,44	7,11
gross return on sales (%)	gross profit from sales/ income from the sale of products and goods	10,0	11,2
current ratio I	total current assets* / short-term liabilities	1,1	0,9
current ratio III	cash / short-term liabilities*	0,1	0,1
receivables turnover ratio (in days)	receivables from deliveries and services x 365 days / income from the sale of products and goods	120	125
period of paying liabilities (in days)	liabilities due to deliveries and services x 365 days / own cost of sale	119	148
inventory turnover rate (in days)	inventory x 365 days / own cost of sale	4	5
sustainability of financing ratio (%)	(equity capitals + long term liabilities) / total liabilities	27,3	12,6
debt-to-assets ratio (%)	(total liabilities – equity capital) / total liabilities	80,8	101,2
Inflation ratio:			
in the middle of the year (%)		4,2	2,5
from December to December (%)		3,3	4,0

* without receivables/liabilities due to deliveries and services exceeding 12 months

11 Continuing business activity

In the item 2.3 of the audited consolidated financial statement of the Capital Group for the year which ended 31st December 2008, the Management Board of the Dominating Company informed that the financial statements of the Dominating Company and financial statements of subsidiaries and co-subsidiaries, which were the basis for preparing the consolidated financial statement were drawn at the assumption of continuing activity by these Companies for the period not shorter than 12 months from the day 31st December 2008, *and* that there are no circumstances indicating danger as to continuing activity by the Dominating Company and subsidiaries and co-subsidiaries.

During our audit we have not noted any significant circumstances which might make us think that the Dominating Company is not able to continue business activity for at least 12 months counting from the balance day, i.e. from 31st December 2008 as the effect of an intended or obligatory abandonment or significant limitation of the present business activity.

12 The fiscal year

The financial statements of all the companies constituting the Capital Group, which were the basis for drawing the consolidated financial statement, were prepared as of 31st December 2008 and include financial data for the reporting period starting 1st January 2008 and ending 31st December 2008.

13 The accounting principles (policy) and methods of presenting financial data

In item 3 of the audited consolidated financial statement for the year which ended 31st December 2008, the Management Board of the Dominating Company presented accounting principles (policy) and the methods of presenting financial data of the Capital Group. In the period for which the consolidated financial statements were made there occurred changes in the accounting principles (policy) and in the methods of presenting financial data of the Capital Group, which were described in item 3.1. of the audited financial statement.

14 The goodwill from the consolidation, the surplus of the share of the Dominating Company in the fair value of net assets, liabilities and conditional liabilities of companies taken over costs

The principles concerning defining the goodwill from consolidation, the principles of making write offs due to the loss of goodwill and information enabling the evaluation of changes in the balance value of goodwill in the period from 1st January 2008 until 31st December 2008 were disclosed in the note 3 of the explanatory information to the consolidated financial statement.

15 The equity capital

The equity capital presented in the consolidated balance sheet as of 31st December 2008 corresponds to the consolidation documentation. The financial data concerning equity capital was presented in the note no.12 of the explanatory information to the consolidated financial statement.

16 The capital of minority stockholders

The capital of minority stockholders as of 31st December 2008 was 667 thousand PLN. This capital is concordant with the consolidation documentation.

17 The consolidation exclusions

The exclusions concerning companies under consolidation related to:

- mutual settlements (receivables and liabilities)
- internal turnovers (incomes and costs),
- results not realised by companies under consolidation, included in the value of their assets,
- dividends

are concordant with the consolidation documentation.

18 The sale of stocks or shares in the subsidiary

In the fiscal year which ended 31st December 2008, the Capital Group did not sell any stocks nor shares in subsidiaries.

19 The completeness and correctness of the consolidation documentation

As the result of our audit we assumed that the consolidation documentation is in all essential aspects complete and correct and that it meets significant conditions which the consolidation documentation should meet. It especially concerns exclusions due to consolidation corrections.

20 The structure of assets and liabilities of the consolidated balance sheet

The structure of assets and liabilities of the Capital Group is presented in the consolidated financial statement for the year which ended 31st December 2008. The data shown in the consolidated financial statement are concordant with the consolidation documentation.

21 The items influencing the financial result of the Capital Group

The characteristics of the item influencing the financial result of the Capital Group has been presented in the audited consolidated financial statement for the year which ended 31st December 2008. The data shown in the consolidated financial statement are concordant with the consolidation documentation.

22 Additional information concerning the adopted accountancy principles as well as other descriptive information

Additional information about the adopted accounting principles and other explanatory information to the consolidated financial statement for the fiscal year which ended 31st December 2008, were made in all essential aspects according to the accounting principles (policy), resulting from the International Accounting Standards, International Financial Reporting Standards and their interpretations announced in the form of resolutions of the European Commission, and in the scope not regulated in these Standards – according to the requirements of the Accounting Act and executive regulations issued on the basis of this Act, as well as according to the requirements of the Resolution of the Minister of Finance of 19th February 2009 concerning current and periodical information passed by the issuers of securities and the terms of accepting as equivalent the information required by the regulations of law of a state not being a member state.

23 The report from the activity of the Capital Group

We got acquainted with the report of the Management Board of the Dominating Company from the activity of the Capital Group for the fiscal year which ended 31st December 2008. Information included in this activity report originating from the audited by us consolidated financial statement for the fiscal year which ended 31st December 2008 are concordant with it. The report from the activity of the Capital Group in essential aspects conforms to the requirements of the Article 49 item 2 of the Accounting Act and of the regulations of the Resolution of the Minister of Finances of 19th February 2009 concerning current and periodical information passed by the issuers of securities as well as terms of accepting as equivalent the information required by the regulations of law of the state which is not a member state.

This report contains 10 pages.

Jan Letkiewicz

Przemysław Kędzia

Statutory Auditor

Member of the Management Board

No. 9530/7106

Grant Thornton Frąckowiak Sp. z o.o.,
Poznań, pl. Wiosny Ludów 2,
the entity authorized to examine financial statements,
registered on the list of entities authorized to perform
examinations under the number 238
Statutory Auditor no. 9527/7103

Poznań, 27th April, 2009.