

The report supplementing the
independent auditor's opinion on the
consolidated financial statements
for 2009

Hydrobudowa Polska
Capital Group

1 Information about the Parent Company

Hydrobudowa Polska S.A is the parent company in the Capital Group. It was established on 6 November 1992. The parent entity has been established for an indefinite period of time. The company registered office is located in Wysogotowo, at ul. Skórzewska 35.

The core business of the Parent Company is as follows:

- manufacture of metal structures,
- preparation of construction sites,
- construction of whole buildings and structures or their parts; civil engineering,
- assembly of building installations,
- outfitting works,
- rental of construction and demolishing equipment together with operator services,
- architectural and civil engineering services,
- research and technical analyses.

Business activities of affiliates are related to construction services of a wide range of specialisation

The Parent Company was registered on 6 June 2001 in the National Court Register, District Court in Toruń, VII Commercial Division of the National Court Register, entry no. KRS 0000017342 Due to a change in registered office of the Parent Company, register files are kept by the District Court in Poznań - Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register.

The Parent Company was issued a tax identification number (NIP) 888 020 59 44 on 14 June 1993 and a statistical number (REGON) 910097080 on 23 January 2002.

Share capital of the Parent Company at the end of financial year ended 31 December 2009 amounted to PLN 210 558 000. Shareholders' equity of the Capital Group on 31 December 2009 amounted to PLN 391 363 000.

According to note no. 15 of the explanatory information to the consolidated financial statements on 31 December 2009, the structure of share capital was as follows:

Shareholder	Number of shares (in thousand)	Number of votes (in thousand)	Nominal value of shares (PLN in thousand)	% of share capital
PBG S.A.	132 098	132 098	132 098	62.74%
ING OFE	10 550	10 550	10 550	5.01%
Other shareholders	67 910	67 910	67 910	32.25%
Total	210 558	210 558	210 558	100.00%

The following changes in the ownership structure of the Parent Company took place from 1 January 2009 to 31 December 2009, and between the end date of the financial year and the date of this opinion:

On 18 December 2009 the Board of Directors of the Company received an announcement from ING Towarzystwo Funduszy Inwestycyjnych S.A., acting on behalf of ING Fundusz Inwestycyjny Otwarty Akcji, ING Fundusz Inwestycyjny Otwarty Średnich i Małych Spólek, ING Specjalistyczny Fundusz Inwestycyjny Otwarty Akcji 2 and ING Parasol Funduszu Inwestycyjnego Otwartego that due to sale of the Company's shares on 16 December 2009, the Funds represented less than 5% of the total number of votes at the General Meeting of Shareholders of HYDROBUDOWA POLSKA S.A. As of the date of drawing up of this report investment funds managed by ING TFI S.A. held 10 210 606 shares of HYDROBUDOWA POLSKA S.A., which constituted 4.85% of the issuer's share capital and carried 10 210 606 votes during General Meeting of the Issuer, i.e. 4.85% of the total number of votes at the General Meeting of HYDROBUDOWA POLSKA S.A. ;

On 28 December 2009, two purchases were made of total 2,371,377 ordinary bearer shares of HYDROBUDOWA S.A. and the Board of Directors of PBG S.A informed that before the transaction PBG S.A. owned 129,726,808 ordinary shares of HYDROBUDOWA POLSKA S.A., which equalled 61.61% of share capital of the Company and carried 129,726,808 votes, i.e. 61.61% of all votes. After the transaction PBG S.A. owned 132,098,185 ordinary shares of HYDROBUDOWA POLSKA S.A., which equalled 62.74% of the share capital of the Company and carried 132,098,185 votes, i.e. 62.74% of all votes. Therefore, the share of PBG S.A. in the number of share capital and votes increased by 1.13%

On 31 December 2009 the Board of Directors of the Company received an announcement from BZ WBK AIB Asset Management S.A., with its registered office in Poznań about the sale of shares of HYDROBUDOWA POLSKA S.A., made on 23 December 2009.

Due to this transaction, made on 23 December 2009, customers of BZ WBK AIB Asset Management S.A. became holders of shares carrying less than 5% in the total number of votes at General Meeting of Shareholders of HYDROBUDOWA POLSKA S.A.

On 23 December 2009 clients of BZ WBK AIB Asset Management S.A., whose accounts were covered by management agreements held jointly 5 457 675 shares, which constitute 2.59% in the share capital. These shares carry 5 457 675 votes, which constitute 2.59% in the total number of votes at a General Meeting of Shareholders of HYDROBUDOWA POLSKA S.A.

From 1 January 2010 to 22 March 2010 there were no changes in the ownership structure of the issuer.

The Parent Company is a part of PBG S.A. Capital Group.

As of 22 March 2010 the Board of Directors of the Parent Company consisted of:

- Ciechanowski – President of the Board,
- Edward Kasprzak – Vice President of the Board,
- Jarosław Dusilo – Vice President of the Board
- Szymon Tamborski – Vice President of the Board,
- Rafał Damasiewicz – Member of the Board,
- Andrzej Zwierzchowski – Member of the Board.

The following changes in the Board of Directors of the Parent Company took place from 1 January 2009 to 22 March 2010:

-On 19 October 2009 Mrs. Joanna Zwolak resigned from the position of the Member of the Board,

On the same day, the Supervisory Board of the Company appointed Mr. Szymon Tamborski to the Board and appointed him the Vice President of the Board.

2 Companies of the Capital Group

As of 31 December 2009 HYDROBUDOWA POLSKA S.A. Capital Group consisted of the following subsidiaries (direct and indirect) and common enterprises:

Company name	Consolidation method	Type of opinion	Name of authorized entity auditing financial statements	End of financial year
Hydrobudowa 9 PIB SA	full consolidation	unqualified	Grant Thornton Frąckowiak Sp. z o.o.	31.12.2009
PRG METRO Sp. z o.o.	full consolidation	unqualified	Grant Thornton Frąckowiak Sp. z o.o.	31.12.2009
Gdyńska Projekt Sp. z o.o.	full consolidation	not audited	not applicable	31.12.2009

Changes compared to the previous year for the companies covered by the consolidation and the impact of these changes on the consolidated financial statements are included in the explanatory information to the consolidated financial statements of the Capital Group for the financial year, which ended on 31 December 2009.

3 Consolidated financial statements for the previous year

The consolidated financial statements of the Capital Group for the financial year ended on 31 December 2008 (previous financial year) was audited by Grant Thornton Frąckowiak Sp. z o.o., on behalf of which acted Jan Letkiewicz, an independent auditor, entry no. 9530 The auditor issued an unqualified opinion about the audited financial statements.

The consolidated financial statements of the Capital Group for the financial year ended on 31 December 2008 were approved by the General Meeting of Shareholders of the Parent Company on 4 June 2009.

The consolidated financial statements of the Capital Group for the financial year ended 31 December 2008 (the previous financial year) together with the auditor's opinion, a copy of resolution approving the consolidated financial statements and the report on activities of the Group were filed with the National Court Register on 24 June 2009.

Explanatory information, the consolidated balance sheet as at 31 December 2008, the consolidated profit and loss account, the statement of changes in shareholders' equity and consolidated cash flow for the financial year ended 31 December 2008 (previous financial year) together with the auditor's opinion and a copy of resolution of the General Meeting of Shareholders approving the consolidated financial statements were submitted for publication in Monitor Polski B.

4 Information about an entity authorized to make the audit and about the independent auditor.

Grant Thornton Frąckowiak Sp. z o.o. with its registered office in Poznań, pl. Wiosny Ludów 2, is an entity authorized to audit financial statements, registered in the National Council of Certified Auditors in Poland, entry no. 238.

The consolidated financial statements of the Capital Group were audited by Jan Letkiewicz, an independent auditor no. 9530, who was acting on behalf of Grant Thornton Frąckowiak Sp. z o.o.

Grant Thornton Frąckowiak Sp. z o.o. was chosen on 23 July 2009 to audit the consolidated financial statements of the Capital Group for the financial year, ended 31 December 2009. The audit of these consolidated financial statements was carried out following the agreement concluded on 24 July 2009 with the Board of Directors of the Capital Group.

5 Scope and date of the audit

The aim of our audit was to express a written opinion together with a report, whether the consolidated financial statements for the financial year ended 31 December 2009 present, in all aspects, correct and accurate financial situation, assets and financial result of the Capital Group, in accordance with accounting rules (policy), which are based on the International Accounting Standards, International Financial Reporting Standards and related interpretations announced under the form of regulations by the European Commission, and to the extent not covered by these Standards, in accordance with provisions of the Accounting Act of 29 September 1994 (uniform text Journal of Laws of 2009, no. 152, item 1223, as amended) and its executive provisions.

During the audit of specific items of the consolidated financial statements and the consolidated documentation we used tests in accordance with financial audit activities. We expressed an unqualified opinion on the basis of these tests.

Issues that did not have an impact on the consolidated financial statements were not covered by the audit.

The audit of the consolidated financial statements of the Capital Group for financial year ended 31 December 2009 was executed from 1 March 2010 to 22 March 2010..

6 Statement of impartiality

Grant Thornton Frąckowiak Sp. z o.o., members of the board and supervisory boards, network, which the entity authorized to audit belongs to, independent auditor and other persons that audited the financial statements, meet the criteria of express impartial and independent opinions about the audited consolidated financial statements of the Capital Group, pursuant to the Act on independent auditors and their self-governing council, entities authorized to audit the financial statements and on public supervision. (Journal of Laws, No. 77, item 649)

7 Availability of information and received statements.

On 22 March 2010 we have received a written statement from the Board of Directors of the Parent Company about completeness, accuracy and reliability of the audited consolidated financial statements and that between the end of the financial year and the audit day there were no events that could have a significant impact on a financial situation of the Capital Group and its assets and that would require to be included in the consolidated financial statements. The Board of Directors of the Parent Company confirmed its responsibility for the consolidated financial statements and declared that it made available financial statements of all companies covered by the consolidation, consolidation documentation, information and other relevant documentation. Moreover, the Board submitted explanations relevant to express an opinion about the consolidated financial statements.

8 Consolidated balance sheet

ASSETS (PLN in thousand)	31.12.2009	31.12.2008
FIXED ASSETS	246 565	247 766
Goodwill	37 605	37 586
Intangible assets	1 898	2 167
Tangible fixed assets (Property, Plant & Equipment)	142 116	150 917
Investment property	29 299	14 307
Other long-term financial assets	92	89
Long-term receivables – derivatives	2 331	-
Long-term receivables	4 636	9 405
Deferred income tax assets	24 455	28 395
Long-term accruals and deferred income	4 133	4 900
CURRENT ASSETS	1 217 909	956 747
Inventories	6 602	12 419
Receivables under contracts for construction services	435 014	436 193
Trade and other receivables	658 194	401 822
Current income tax receivables	2	-
Other short-term receivables	2 172	21 696
Other short-term financial assets	16 731	924
Short-term receivables - derivatives	5 936	-
Cash and cash equivalents	84 144	74 315
Short-term accruals and deferred income	9 114	9 378
TOTAL ASSETS:	1 464 474	1 204 513
LIABILITIES (PLN in thousand)	31.12.2009	31.12.2008
EQUITY	391 363	229 825
Equity of the Parent Company shareholders	391 114	229 158
Minority interest	249	667
LONG-TERM PAYABLES	1 073 111	974 688
Long-term credits and loans	11 929	27 344
Other long-term financial payables	12 707	4 874
Long-term payables - derivatives	-	49 279
Other long-term payables	15 640	9 604
Deferred income tax provision	4 775	-
Provisions for employee benefits	3 739	2 442
Other long-term provisions	4 773	3 417
Long-term accruals and deferred income	-	-
SHORT-TERM PAYABLES	1 019 548	877 728

Short-term borrowings (credits and loans)	289 466	253 219
Other short-term financial payables	13 577	7 450
Short-term payables – derivatives	59 020	124 070
Trade payables	541 082	359 066
Payables under contracts for construction services	13 619	9 160
Deferred income tax liabilities	778	13 322
Other short-term payables	61 962	27 743
Provisions for employee benefits	3 698	5 033
Other short-term provisions	34 182	77 407
Short-term accruals and deferred income	2 164	1 258
TOTAL LIABILITIES:	1 464 474	1 204 513

9 Consolidated profit and loss account

(PLN in thousand)	2009	2008
CONTINUING OPERATIONS		
Revenues from sales	1 675 623	1 225 492
OPERATING EXPENSES	1 511 879	1 133 667
OTHER OPERATING REVENUES	23 142	14 282
Other operating expenses	22 076	26 279
Operating profit (loss)	115 244	58 868
Financial revenues	7 727	27 557
Financial expenses	18 988	25 353
Profit (loss) before tax	103 983	61 072
Income tax	(6 049)	2 433
Net profit (loss) from continuing operations	97 934	63 505
DISCONTINUED OPERATIONS		
Net profit (loss) from discontinued operations		
Net profit (loss)	97 934	63 505
Net profit (loss), of:		
- shareholders of the Parent Company	156 578	(47 858)
- minor shareholders	24	1 066

10 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(PLN in thousand)	2009	2008
Net profit (loss)	97 934	63 505
OTHER COMPREHENSIVE INCOME:		
Fixed assets revaluation	1 085	(234)
Available-for-sale financial assets		
Cash flow hedges	72 096	(135 008)
Foreign exchange differences from valuation of subsidiaries operating abroad		
Foreign exchange differences recognised in the financial result from sale of foreign subsidiaries		
Income tax relating to other comprehensive income	(14 513)	25 817
Other comprehensive income after tax	58 668	110 297
Comprehensive income	156 602	46 792
Comprehensive income of:		

- shareholders of the Parent Company	156 578	(47 858)
- minor shareholders	24	1 066

11 General information and financial ratios

The following information and financial ratios show the financial situation of the Capital Group in 2007, 2008 and 2009. All financial ratios were calculated on the basis of information from the consolidated financial statements of the Capital Group for financial year ended 31 December 2009 and 31 December 2008.

Ratio	Calculation method	2009	Value 2008	2007
Sales revenues (PLN in thousand)		1 675 623	1 225 492	845 055
Net financial result (PLN in thousand)		97 934	63 505	58 997
shareholders' equity ** (PLN in thousand)		391 363	229 825	-10 306
total assets (PLN in thousand)		1 464 474	1 204 513	829 371
Return on assets (%)	profit/total assets	6.69	5.27	7.11
gross profit margin (%)	gross profit from sales / sales revenues	9.83	9.95	11.2
liquidity ratio I	current assets/short-term payables	1.2	1.1	0.9
Liquidity ratio III	cash and cash equivalents / short-term payables	0.1	0.1	0.1
Receivable turnover ratio (days)	receivables from sales of products, goods and materials* x 365 days / revenues from sales of products, goods and materials	143	120	125
payables turnover ratio (days)	payables from products and services x 365 days/ cost of finished products, goods and services	131	119	148
Inventory turnover ratio (days)	inventory x 365 days / cost of sales	2	4	5
Stability of financing	(equity + long-term payables) / total liabilities	30	27	12
debt ratio (%)	(total liability - equity) / total liabilities	73.3	81.0	101.2
Rate of inflation:				
yearly average (%)		3.5	4.2	2.5
December to December (%)		3.5	3.3	4.0

* value before write-offs

** shareholders' equity contains also an equity attributable to shareholders of the Parent Company and minor shareholders; net financial result includes a result attributable to shareholders of the Parent Company and minor shareholders.

12 Going concern

The Board of Directors of the Parent Company informed in the explanatory information to the audited financial statements for the financial year ended 31 December 2009 that the financial statements of the Parent Company and the financial statements of subsidiaries were drawn up on the assumption that these entities will continue as going concerns for a period of at least twelve months subsequent to 31 December 2009 and that there are no circumstances that would indicate a threat to its continued activity.

Nothing came to our attention during the audit that caused us to believe that the Parent Company is unable to continue as a going concern for at least twelve months subsequent to 31 December 2009 as a result of intended or compulsory withdrawal from or a substantial limitation in its current operations.

13 Financial year

The financial statements of all Capital Group forming the basis for drawing up the consolidated financial statements, were drawn up as at 31 December 2009 and include financial data for the period from 1 January 2009 to 31 December 2009.

14 Accounting rules (policy) and presentation methods of financial data

The Board of Directors of the Parent Company presented the accounting rules (policy) and the methods of presentation of financial data for the financial year ended 31 December 2009 in the explanatory information to the consolidated financial statements. There were no changes in the accounting rules (policy) and methods of presentation of financial data of the Capital Group during drawing up the consolidated financial statements.

15 Goodwill on consolidation, surplus of the Parent Company in the net fair value of assets; liabilities and conditional liabilities of the acquired companies over the costs.

Rules of determining goodwill on consolidation, making write-offs and information that enable making changes in balance value of the company for the period from 1 January 2009 to 31 December 2009 were disclosed in note 4 of the explanatory information to the consolidated financial statements.

16 Equity

The value of shareholders' equity from the consolidated balance sheet as at 31 December 2009 reconciles with the consolidation documentation. The equity of minor shareholders amounted to

PLN 249 000 as at 31 December 2009. Financial data relating to shareholders' equity are set out in note 15 of the explanatory information to the consolidated financial statements.

17 Consolidation adjustments

Consolidation adjustments of the consolidated companies:

- elimination of inter-company balances (receivables and liabilities)
- inter-company transactions (revenues and expenses)
- elimination of unrealised gain/losses of the consolidated companies, included in the value of assets,
- as well as relating to dividends

reconcile with the consolidation documentation.

18 Disposal of shares in the subordinated entity

Impact of disposal off all shares in Hydrobudowa Polska Konstrukcje Sp. z o.o. and Górecka Projekt Sp. z o.o.. were disclosed in the consolidated financial statements of the Capital Group in accordance with proper source documents and the consolidation documentation.

19 Completeness and accuracy of consolidation documentation

During the audit no material irregularities were noted in the consolidation documentation which could have a material effect on the consolidated financial statements. These include matters related to requirements applicable to the consolidation documentation. And in particular eliminations relating to consolidation adjustments.

20 Structure of assets and liabilities

The structure of the Group's assets and liabilities is presented in the consolidated financial statements for the financial year ended 31 December 2009. The data disclosed in the consolidated financial statements reconcile with the consolidation documentation.

21 Items which have an impact on the Capital Group's financial result

Details of the items which have an impact on the Capital Group's financial result were presented in the audited consolidated financial statements for the year ended 31 December 2009. The data disclosed in the consolidated financial statements reconcile with the consolidation documentation.

22 Accounting policies and other explanatory information

Accounting rules and other explanatory information to the consolidated financial statements for the financial year ended 31 December 2009, were drawn up, in all relevant aspects, in accordance with the accounting rules (policy) resulting from the International Accounting Standards, International Financial Reporting Standards and related interpretations announced under the form of regulations by the European Commission, and to the extent not covered by these Standards, in accordance with

provisions of the Accounting Act and its executive provisions, and in accordance with regulations of the Decree of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent, the information required by laws of non-EU member states (Journal of Laws of 2009, no. 33, item 259, as amended)

23 Report on activities of the Capital Group

We have checked the report on business activity of the Capital Group for the period from 1 January 2009 to 31 December 2009, drawn up the Board of Directors. Information included in this report on activity reconcile the audited financial statements for the financial year ended 31 December 2009. The report on activities of the Capital Group, is in accordance with section 49(2) of the Accounting Act and regulations of the Decree of Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent, the information required by laws of non-EU member states.

This report contains 11 pages.

Jan Letkiewicz

Certified Auditor no. 9530

Grant Thornton Frąckowiak Sp. z o.o.,
Poznań, pl. Wiosny Ludów 2, entity authorised to audit
financial statement, entry no. 238

Poznań, 22 March 2010