

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

Hydrobudowa Polska SA

1 Information about the company

Hydrobudowa Polska SA (Company) was established on 6 November 1992. The company has been established for an indefinite period of time. The company registered office is located in Wysogotowo, at ul. Skórzewska 35.

The principal activities of the Company are 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.

The 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 Company, register files are kept by the District Court in Poznań - Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register.

The 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 Company at the end of financial year ended 31 December 2009 amounted to PLN 210 558 000. Shareholders' equity of the Company amounted to PLN 830 479 000 as at 31 December 2009

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

Shareholder	Number of shares of shares (PLN in thousand)	Number of votes (in thousand)	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 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 Spółek, 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 constituted 2.59% in the share capital. These shares carry 5 457 675 votes, which constitutes 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 Company is a part of PBG S.A. Capital Group. Moreover, the Company is the Parent Company in Hydrobudowa Polska S.A. Capital Group. The Group consists of the following subsidiaries:

- Przedsiębiorstwo Robót Górniczych „Metro” Sp. z o.o., with its registered office in Warszawa;
- Hydrobudowa 9 P.I.B. S.A., with its registered office in Wysogotowo;
- Gdyńska Projekt Sp. z o.o., with its registered office in Poznań.

All entities related to the Company as at the day of drawing up the balance sheet are presented in section 26 of the audited financial statements.

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

- Jerzy 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 Financial statements for the previous year

The financial statements of the Company for the financial year ended 31 December 2008 (the previous financial year) were audited by Grant Thornton Frąckowiak Sp. z o.o. [a] 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 for the financial year ended 31 December 2008 were approved by the General Meeting of Shareholders on 4 June 2009. Shareholders adopted a resolution that net profit for 2008 in the amount of PLN 53 371 000 would be paid to:

- reserve capital - PLN 1 505 000
- losses from previous years - PLN 50 766 000
- -Social Benefit Fund - PLN 100 000

The financial statements of the Company 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 Company were filed with the National Court Register on 24 June 2009

The Balance Sheet as at 31 December 2008, the profit and loss account, the statement of changes in shareholders' equity and the cash flow for the financial year ended 31 December 2008 (previous financial year) together with the auditor's opinion, a copy of resolution of the General Meeting of Shareholders approving the financial statements and a resolution approving the profit distribution were published in Monitor Polski B, no. 2348.

3 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 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 financial statements of the Company for the financial year ended 31 December 2009 by the Supervisory Board. The

audit was carried out following the agreement concluded on 24 July 2009 with the Board of Directors.

4 Scope and date of the audit

The aim of our audit was to express a written opinion together with a report, whether the 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 Company, 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

During the audit of specific items of the 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. The audit limited to specific test was done with regard to tax calculations and liabilities, therefore differences may occur between our audit and results of a potential inspections of tax authorities

Our audit did not cover events that could - if they occurred - initiate criminal proceedings by appropriate authorities. Moreover, issues that did not have an impact on the financial statements were not covered by the audit.

The audit of the financial statements of the Company for the financial year ended 31 December 2009 was carried out from 30 November 2009 to 22 March 2010, of which at the company's registered office from 30 November 2009 to 4 December 2009 and from 15 February 2010 to 24 February 2010.

5 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 Company, 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)

6 Availability of information and received statements.

On 22 March 2010 we have received a written statement from the Board of Directors of the Company about completeness, accuracy and reliability of the audited 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 Company and its assets and that would require to be included in the financial statements. The Board of Directors of the Parent Company confirmed its responsibility for the financial statements and declared that it made available all ledgers and financial

information. Moreover, the Board submitted explanations relevant to express an opinion about the financial statements.

7 Accounting Principles

The accounting ledgers of the Company are kept at the company's offices using the software of a company called REKORD The Company possesses updated documentation, in accordance with section 10 of the Accounting Act as well as the accounting policy (rules). In our opinion the accounting policy (rules) included in the explanatory information to the financial statements reconciles the company's activity

Closing balance as at 31 December 2008 was correctly entered into the accounting ledgers as an opening balance at 1 January 2009.

Our audit have not revealed any weaknesses that could have an impact on the financial data and information included in the audited financial statements and related to:

- documentation of business activities,
- completeness and accuracy of the accounting ledgers,
- correspondence of the accounting records with the audited financial statements,
- protection and processing of information,
- protection of accounting documentation, ledgers and financial statements.

8 Balance sheet

ASSETS (PLN in thousand)	31.12.2009	31.12.2008
FIXED ASSETS	467 182	509 287
Intangible assets	383	566
Goodwill	-	-
Tangible fixed assets (Property, Plant & Equipment)	78 482	88 102
Investment property	13 762	9 101
Investments in associates	371 084	374 115
Other long-term financial assets	92	25 998
Long-term receivables	1 267	4 272
Deferred income tax assets	-	3 639
Long-term accruals and deferred income	2 133	3 495
CURRENT ASSETS	880 834	660 774
Inventories	4 409	4 383
Receivables under contracts for construction services	316 791	300 187
Trade receivables	439 942	287 026
Current income tax receivables	-	-
Other receivables	1 742	9 669
Other short-term financial assets	74 916	6 167
Cash and cash equivalents	38 728	48 167
Short-term accruals and deferred income	4 305	5 175
Available-for-sale assets	-	-
TOTAL ASSETS:	1 348 017	1 170 061

LIABILITIES (PLN in thousand)	31.12.2009	31.12.2008
EQUITY	830 479	756 491
LONG-TERM PAYABLES	28 405	45 542
Credits and loans	11 929	27 344
Other long-term financial payables	1 590	1 930
Other long-term payables	5 688	3 389
Deferred income tax provision	4 389	-
Provisions for employee benefits	1 394	690
Other long-term provisions	3 416	2 090
Long-term accruals and deferred income	-	-
SHORT-TERM PAYABLES	489 133	368 029
Credits and loans	124 653	110 612
Other short-term financial payables	14 657	66 224
Trade payables	3 074 413	155 532
Payables under contracts for construction services	2 613	3 940
Deferred income tax liabilities	630	13 409
Other short-term payables	37 656	14 608
Provisions for employee benefits	-	130
Other short-term provisions	1063	584
Provisions for employee benefits	1373	1965
Short-term accruals and deferred income	2 075	1 153
Liabilities related to available-for-sale assets	-	-
TOTAL LIABILITIES:	1 348 017	1 170 061

9 Profit and loss account

(PLN in thousand)	2009	2008
CONTINUED ACTIVITIES		
Sales revenues	1 125 755	793 951
Operating costs	1 063 648	731 254
other operating income	7 885	2 900
Other operating costs	18 622	7 303
Operating profit (loss)	51 370	58 294
Financial revenues	7 873	22 864
Financial costs	10 327	13 424
Other profits (losses) from investments	950	-
Profit (loss) before tax	49 865	67 735
Income tax	10 969	14 364
Net profit (loss) from continuing operations	38 896	53 371

10 Statements from comprehensive income

(PLN in thousand)	2009	2008
Net profit (loss)	38 896	53 371
OTHER COMPREHENSIVE INCOME:		
Fixed assets revaluation	-	-
Available-for-sale financial assets	-	-
Cash flow hedges	44 681	-60 874

Foreign exchange differences from valuation of subsidiaries operating abroad	-	-
Foreign exchange differences recognised in the financial result from sale of foreign subsidiaries	-	-
Income tax related to other comprehensive income	-8 489	11 566
Other comprehensive income after tax	36 192	-49 308
Comprehensive income	75 088	4 063

11 Information about certain items of the financial statements

Structure of the Company's assets and liabilities is presented in the financial statements for the financial year ended 31 December 2009.

The company made the last inventory of tangible fixed assets in 2009. According to the Accounting Act the Company shall make inventory every four years.

The company made an inventory of stocks as at 31 December 2009. Differences between the state of stock resulting from the accounting ledgers and inventory were settled and clarified in the accounting ledgers for 2009.

We have confirmed trade revenues as at 31 December 2009. By the end of our audit we received confirmation of 78% of the selected samples of trade receivables as at the inventory day. The differences between the received confirmations and balances in the accounting ledgers have been explained and accounted for by the Company.

We have confirmed trade payables as at 31 December 2009. By the end of our audit we received confirmation of 87% of the selected samples of trade payables as at the inventory day. The differences between the received confirmations and balances in the accounting ledgers have been explained and accounted for by the Company.

Revenues and expenses included in the accounting ledgers are recognised on the accrual basis.

12 General information and financial ratios

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

Ratio	Calculation method	Value		
		2009	2008	2007
Sales revenues (PLN in thousand)		1 125 755	793 951	582 300
Net financial result (PLN in thousand)		38 895	53 371	40 232
equity (PLN in thousand)		830 478	756 491	139 353
total assets (PLN in thousand)		1 348 016	1 170 061	569 670

Ratio	Calculation method	2009	Value 2008	2007
Return on assets (%)	profit/total assets	2.9%	4.6%	7.1%
Return on equity (ROE) (%)	net financial result / shareholders' equity at the beginning of the period	5.1%	38.3	42.6
gross profit margin (%)	gross profit from sales / sales revenues	7.6%	11.7%	11.1%
liquidity ratio I	current assets/short-term payables	1.8	1.8	1.4
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 / sales revenues	149	137	144
payables turnover ratio (days)	payables from products and services x 365 days/ cost of sales	108	83	120
Inventory turnover ratio (days)	inventory x 365 days / cost of sales	2	2	4
Stability of financing	(equity + long-term payables) / total liabilities	63.7%	68.5%	37.9%
debt ratio (%)	(total liability - shareholders' equity) / total liabilities	38.4%	35.3%	75.5%
Rate of inflation:				
yearly average (%)		3.5	4.2	2.5
December to December (%)		3.5	3.3	4.0

* value before write-offs

13 Going concern

The Board of Directors of the 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 Company were drawn up on the assumption that it will continue as a going concern 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 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.

14 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)

15 Report on activities of the Company

We have checked the report on business activity of the Company for the period from 1 January 2009 to 31 December 2009, drawn up by the Board of Directors. Information included in this report on activities reconciles the audited financial statements for the financial year ended 31 December 2009. The report on activities of the Company, 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.

16 Conformity with law and regulations

We have obtained a letter from the Board of Directors confirming that no laws and regulations were breached, which could have a significant impact on the audited financial statements.

This report contains 10 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