

**ELEKTROBUDOWA SPÓŁKA AKCYJNA  
KATOWICE, UL. PORCELANOWA 12**

**FINANCIAL STATEMENTS  
FOR THE 2012 FINANCIAL YEAR**

**WITH  
AUDITOR'S OPINION  
AND  
AUDIT REPORT**

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**FINANCIAL STATEMENTS OF ELEKTROBUDOWA SA  
FOR THE 2012 FINANCIAL YEAR**

1. Statement of Financial Position
2. Statement of Comprehensive Income
3. Statement of Changes in Equity
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**REPORT ON THE ACTIVITIES OF ELEKTROBUDOWA SA  
FOR THE 2012 FINANCIAL YEAR**

## AUDITOR'S OPINION

### To the Shareholders and Supervisory Board of ELEKTROBUDOWA SA

We have audited the attached financial statements of ELEKTROBUDOWA SA with registered office in Katowice at ul. Porcelanowa 12 including the statement of financial position prepared as at 31 December 2012, the income statement and statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the financial year from 1 January 2012 to 31 December 2012 and notes, comprising a summary of significant accounting policies and other explanatory information.

Preparation of financial statements and a report on the activities in line with the law is the responsibility of the Management Board of the Company.

The Management Board of the Company and members of its Supervisory Board are obliged to ensure that the financial statements and the report on the activities meet the requirements of the Accounting Act of 29 September 1994 (Journal of Laws of 2009, No. 152, item 1223, as amended), hereinafter referred to as the "Accounting Act".

Our responsibility was to audit and express an opinion on compliance of the financial statements with the accounting principles (policy) adopted by the Company, express an opinion whether the financial statements present fairly and clearly, in all material respects, the financial and economic position as well as the financial result of the Company and an opinion on the correctness of the underlying accounting records.

Our audit of the financial statements has been planned and performed in accordance with:

- section 7 of the Accounting Act;
- national auditing standards, issued by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the financial statements in such a way as to obtain reasonable assurance to express an opinion on the financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) and material estimates applied by the Company, verification – largely on a test basis – of the accounting evidence and records supporting the amounts and disclosures in the financial statements, as well as overall evaluation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the audited financial statements in all material respects:

- present fairly and clearly the information material to evaluate the economic and financial position of the Company as at 31 December 2012, as well as its profit/loss for the financial year from 1 January 2012 to 31 December 2012;
- have been prepared in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations, and in all matters not regulated in the standards - in accordance with the provisions of the Accounting Act, secondary legislation to the Act and based on properly kept accounting records;
- comply with the provisions of law and the by-laws of the Company which affect the contents of the financial statements.

The report on the activities of the Company for the 2012 financial year is complete within the meaning of Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009, on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states and consistent with underlying information disclosed in the audited financial statements.

Joanna Sklarz-Snopek  
Key certified auditor  
conducting the audit  
No. 10781

On Behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) – an entity authorized to audit financial statements recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors:

Artur Maziarka – Vice Chairman of the Management Board of Deloitte Polska Sp. z o.o. - general partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 20<sup>th</sup> March 2013

**The above audit opinion together with audit report is a translation from the original Polish version. In case of any discrepancies between the Polish and English version, the Polish version shall prevail.**

**REPORT SUPPLEMENTING THE OPINION ON THE AUDIT  
OF THE FINANCIAL STATEMENTS OF ELEKTROBUDOWA SA  
FOR THE 2012 FINANCIAL YEAR**

**I. GENERAL INFORMATION**

**1. Details of the audited Company**

The Company operates under the business name ELEKTROBUDOWA SA. The Company's registered office is located in Katowice, ul. Porcelanowa 12.

The Company operates as a joint stock company incorporated by a notarized deed on 9 January 1992 prepared by Paweł Błaszczak, notary public in Notary Office No. 18 in Warsaw (Repertory No. 225/92). The Company was registered in the commercial register kept by the District Court in Katowice, the Business Registry Division, under number 0000074725, based on a decision of 29 December 2001. Currently, the Company is recorded in the Register of Entrepreneurs kept by the District Court in Katowice – Wschód in Katowice, VIII Business Division under number KRS 0000074725.

The Company's tax identification number NIP 634-01-35-506 assigned to it by the Head of Tax Office in Katowice.

The REGON number assigned by the Statistical Office is 271173609.

The Company operates in accordance with the provisions of the Code of Commercial Companies.

In accordance with the Company's by-laws, the scope of its activities includes:

- assembly of electric installations;
- supply of energy equipment;
- providing services involving design, assembly measurement and startup related to the above activities.

In the audited period the Company conducted business activities listed in its Articles of Association.

As at 31 December 2012, the Company's share capital was divided into 4,747,608 ordinary shares with a face value of PLN 2 each.

The share capital of the Company including the impact of revaluation on hyperinflation as at 31 December 2012 amounted to PLN 26,374,9 thousand.

As at 31 December 2012, the Company's shareholders were:

- AVIVA OFE AVIVA BZ WBK SA – 15.19% of shares;
- ING Otwarty Fundusz Emerytalny – 9.95% of shares;
- Otwarty Fundusz Emerytalny PZU "Złota Jesień" – 6.06% of shares;
- Generali Otwarty Fundusz Emerytalny – 9.82% of shares;
- AXA Otwarty Fundusz Emerytalny – 9.41% of shares;
- Amplico Otwarty Fundusz Emerytalny – 6.10% of shares;
- Other shareholders – 43.47% of shares.

As at 31 December 2012 the Company's equity totalled PLN 344,324 thousand.

The Company's financial year is the calendar year.

The Company has the following related parties:

- |   |   |                  |
|---|---|------------------|
| – ENERGOTEST sp. z o.o.                     | - | 100% subsidiary; |
| – KONIP Sp. z o.o.                          | - | 100% subsidiary; |
| – ELEKTROBUDOWA UKRAINA Sp. z o.o.          | - | 62% subsidiary;  |
| – Zakład Produkcji Urządzeń                 |   |                  |
| – Elektroenergetycznych „VEKTOR” Sp. z o.o. | - | 49% associate;   |
| – KRUELTA Sp. z o.o.                        | - | 49% associate;   |
| – SAUDI ELEKTROBUDOWA Sp. z o.o.            | - | 33% associate.   |

Composition of the Management Board as at the date of the opinion:

- |                        |   |                                   |
|------------------------|---|-----------------------------------|
| – Jacek Faltnowicz     | - | Chairman of the Management Board; |
| – Ariusz Bober         | - | Member of the Management Board;   |
| – Jarosław Tomaszewski | - | Member of the Management Board;   |
| – Tomasz Jaźwiński     | - | Member of the Management Board;   |
| – Arkadiusz Klimowicz  | - | Member of the Management Board;   |
| – Janusz Juszczak      | - | Member of the Management Board.   |

## **2. Information about the financial statements for the previous financial year**

The activities of the Company in 2011 resulted in a net profit of PLN 40,689 thousand. The financial statements of the Company for 2011 were audited by a certified auditor. The audit was performed by authorized entity Deloitte Audyt Sp. z o.o. On 19 March 2012, the certified auditor issued an unqualified opinion on those financial statements.

The General Shareholders' Meeting which approved the financial statements for the 2011 financial year was held on 26 April 2012. The General Shareholders' Meeting decided about the following distribution of the net profit for 2011:

- |   |                        |
|---|------------------------|
| – dividends for shareholders                | – PLN 18,991 thousand; |
| – reclassification to supplementary capital | – PLN 21,698 thousand. |

The financial statements for the 2011 financial year were submitted in accordance with the law to the National Court Register on 27 April 2012 and filed for publication in Monitor Polski B on 8 May 2012. They were published in Monitor Polski B No. 1654 on 7 August 2012.

## **3. Details of the authorized entity and the key certified auditor acting on its behalf**

The audit of the financial statements was conducted in accordance with the agreement of 29 June 2012 concluded between ELEKTROBUDOWA SA and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.), with its registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the financial statements was conducted under the supervision of Joanna Sklarz-Snopek, key certified auditor, (No. 10781), in the registered office of the Company from 16 July to 20 July 2012, from 30 January to 8 February 2013, and outside the registered office until the opinion date.

The entity authorized to audit the financial statements was appointed by the resolution of the Supervisory Board of 26 April 2012.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (dawniej: Deloitte Audyt Sp. z o.o.) and Joanna Sklarz-Snopek, key certified auditor, confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the Act of statutory auditors and their self-regulation, entities authorized to audit financial statements and public supervision (Journal of Laws of 2009, No. 77, item 649 as amended), to express an unbiased and independent opinion on the financial statements of ELEKTROBUDOWA SA.

#### **4. Availability of data and the Company's management representations**

The scope of our audit was not limited.

During the audit, all necessary documents and data as well as detailed information and explanations were provided to the authorized entity and the key certified auditor, as confirmed e.g. in the written representation of the Company's Management Board of 20<sup>th</sup> March 2013.

**II. ECONOMIC AND FINANCIAL POSITION OF THE COMPANY**

Presented below are the main items from the profit and loss account as well as financial ratios describing the financial performance of the Company and its economic and financial position compared to the prior year.

<u>Main items from the profit and loss account (PLN '000)</u>	<u>2012</u>	<u>2011</u>
Sales revenue	985,421	902,458
Operating expenses	-941,594	-858,953
Other operating expenses	-3,941	-3,186
Other net profit (expense)	-1,961	5,555
Net financial revenue (expense)	4,667	5,050
Income tax	-6,606	-10,235
Net profit (loss)	35,986	40,689
Total comprehensive income	30,866	38,799

<u>Profitability ratios</u>	<u>2012</u>	<u>2011</u>
- gross profit margin	4%	5%
- net profit margin	4%	5%
- net return on equity	12%	14%

<u>Effectiveness ratios</u>		
- assets turnover ratio	1.43	1.37
- receivables turnover in days	96	100
- liabilities turnover in days	90	82
- inventory turnover in days	20	17

<u>Liquidity/Net working capital</u>		
- debt ratio	50%	49%
- equity to fixed assets ratio	50%	51%
- net working capital (PLN '000)	156,484	166,580
- current ratio	1.47	1.53
- quick ratio	1.33	1.35

An analysis of the above figures and ratios indicated the following trends in 2012:

- a decrease in profitability ratios;
- an increase in the assets turnover ratio;
- a decrease in receivables turnover ratio;
- an increase in inventory and liabilities turnover ratios in days;
- an increase in the debt ratio accompanied by a decrease in the equity to fixed assets ratio;
- a decrease in the net working capital;
- a decrease in current and quick ratio.



### **III. DETAILED INFORMATION**

#### **1. Evaluation of the accounting system**

The Company has valid documentation required by Article 10 of the Accounting Act referring in particular to: definition of the financial year and reporting periods thereof, methods of measuring assets and liabilities and determining the financial result, method of keeping the accounting records and the system of data and file protection. The documentation of the accounting policy was developed in line with the Accounting Act and in terms of measurement of assets and liabilities and presentation of the financial statements in line with IFRS, and approved for use from 1 January 2005 by Resolution No. 53/38/2004 of the Management Board of 26 November 2004. The principal methods for measurement of assets, liabilities and profit/loss have been presented in the notes.

The accounting principles which the Company many choose pursuant to IFRS have been selected in such a way so as to properly reflect the nature of the Company's business, its financial position and financial performance. The principles have been applied consistently and have not been changed as compared to the principles used to keep the accounting records and prepare the financial statements in the previous year.

The Company uses JD Edwards computerized accounting system to record all business transactions. The JD Edwards system is password-protected against unauthorized access and has functional access controls. The description of the IT system complies with the requirements of Article 10.1.3c of the Accounting Act.

The opening balance resulting from the approved financial statements for the prior financial year has been properly introduced into the accounting records of the audited period.

In the part we have audited, documentation of business transactions, accounting records and the relationships between accounting entries, documents and financial statements complied with the requirements of section 2 of the Accounting Act.

The accounting records and evidence, the documentation of the accounting system and the approved financial statements of the Company are stored in compliance with section 8 of the Accounting Act.

The Company performed a physical count of assets and liabilities within the scope, timing and frequency required by the Accounting Act. Identified differences have been recorded and settled in the accounting records for the audited period.

#### **2. Information about the audited financial statements**

The audited financial statements were prepared as at 31 December 2012 and comprise:

- statement of financial position prepared as at 31 December 2012, showing total assets, equity and liabilities of PLN 691,053 thousand;
- statement of comprehensive income for the period from 1 January 2012 to 31 December 2012, showing a net profit of PLN 35,986 thousand and total comprehensive income of PLN 30,866 thousand;
- statement of changes in equity for the period from 1 January 2012 to 31 December 2012, disclosing an increase in equity of PLN 11,875 thousand;

- statement of cash flows for the period from 1 January 2012 to 31 December 2012, disclosing a cash inflow of PLN 2,861 thousand;
- notes, comprising a summary of significant accounting policies and other explanatory information.

The structure of assets and liabilities plus equity as well as items affecting the financial result has been presented in the financial statements.

### **3. Information about selected material items of the financial statements**

#### Property, plant and equipment

The Company's property, plant and equipment include:

- fixed assets of PLN 84,247 thousand;
- fixed assets under construction of PLN 2,284 thousand.

The notes correctly describe changes in fixed assets and fixed assets under construction and disclose any impairment losses on such assets.

#### Shares in subsidiaries

The notes correctly describe changes in investments during the financial year.

#### Inventories

The structure of inventories has been correctly presented in the relevant explanatory note to the statement of financial position.

#### Receivables

The ageing analysis of trade receivables has been correctly presented in the respective explanatory note to the statement of financial position.

Key items of the Company's receivables include:

- short-term trade and other receivables of PLN 256,163 thousand;
- receivables due to construction contracts of PLN 138,841 thousand.

#### Liabilities

Ageing and structure of liabilities have been correctly presented in the relevant explanatory note to the statement of financial position.

Key items of the Company's liabilities include:

- short-term trade and other liabilities of PLN 276,475 thousand;
- liabilities to clients due to construction contracts of PLN 29,738 thousand;

The nature of the contracted loans and collateral has been presented in the notes. The audited sample did not include past-due or redeemed liabilities.

#### Prepayments, accruals and provisions for liabilities

The explanatory notes to prepayments, accruals and provisions for liabilities correctly present the structure of these items. Deferred expenses and income have been correctly classified with respect to the audited financial period. Provisions for liabilities have been determined at reliably estimated amounts. The items have been recognized completely and correctly in all material respects in relation to the financial statements as a whole.

**4. Completeness and correctness of the notes and explanations and the report on the activities of the Company**

The Company confirmed the validity of the going concern basis in preparation of the financial statements. The notes give a correct and complete description of measurement principles regarding assets, liabilities, profit/loss and principles of preparation of the financial statements.

Limitations imposed on individual assets disclosed in the statement of financial position arising from security granted to creditors have been described.

The notes give a complete description of the reporting items and clearly present other information required pursuant to IFRS.

The Management Board prepared and supplemented the financial statements with a report on the activities of the Company in 2012. The Report on the activities of the Capital Group is complete within the meaning of Article 49.2 of the Accounting Act and the Ordinance of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the rules of equal treatment of the information required by the laws of non-member states. We have audited the report with respect to the disclosed information derived directly from the audited financial statements.

**IV. FINAL NOTES**

Management Board's Representation

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) and the key certified auditor received a representation letter from the Company's Management Board, in which the Board stated that the Company complied with the laws in force.

Joanna Sklarz-Snopek  
Key certified auditor  
conducting the audit  
No. 10781

On Behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) – an entity authorized to audit financial statements recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors:

Artur Maziarka – Vice Chairman of the Management Board of Deloitte Polska Sp. z o.o. - general partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 20<sup>th</sup> March 2013