ELEKTROBUDOWA SA CAPITAL GROUP

KATOWICE, UL. PORCELANOWA 12

CONSOLIDATED FINANCIAL STATEMENTS FOR THE 2012 FINANCIAL YEAR

WITH
AUDITOR'S OPINION
AND
AUDIT REPORT

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REPORT ON THE ACTIVITIES OF THE ELEKTROBUDOWA SA CAPITAL GROUP FOR THE 2012 FINANCIAL YEAR

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AUDITOR'S OPINION

To the Shareholders and Supervisory Board of ELEKTROBUDOWA SA

We have audited the attached consolidated financial statements of ELEKTROBUDOWA SA Capital Group, with ELEKTROBUDOWA SA with its registered office in Katowice, ul. Porcelanowa 12 as the parent, including the consolidated income statement prepared as of 31 December 2012 and consolidated statement of comprehensive income, the statement of changes in consolidated equity, the statement of consolidated 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 the consolidated financial statements and a report on the activities of the Capital Group in line with the law is the responsibility of the Management Board of the Parent.

The Management Board of the Parent and members of its Supervisory Body are obliged to ensure that the consolidated financial statements and the report on the activities of the capital group 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 consolidated financial statements with the accounting principles (policy) adopted by the Capital Group, express an opinion whether the consolidated financial statements present fairly and clearly, in all material respects, the financial and economic position as well as the financial result of the Capital Group.

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 consolidated 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 Parent and subsidiaries, verification – largely on a test basis – of the accounting evidence and records supporting the amounts and disclosures in the consolidated financial statements, as well as overall evaluation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

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

- present fairly and clearly the information material to evaluate the economic and financial position of the Capital Group as at 31 December 2012, as well as its financial result in 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 Commission regulations, and in all matters not regulated in the standards – in accordance with the provisions of the Accounting Act and secondary legislation to the Act;
- comply with the provisions of law applicable to the Capital Group which affect the contents of the consolidated financial statements.

The Report on the activities of the Capital Group 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 consolidated 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 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 CONSOLIDATED FINANCIAL STATEMENTS OF ELEKTROBUDOWA SA CAPITAL GROUP FOR THE 2012 FINANCIAL YEAR

I. GENERAL INFORMATION

1. Details of the audited Parent

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

The Parent 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 Parent 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 for Katowice – Wschód in Katowice, VIII Business Division under number KRS 0000074725.

The Parent's tax identification number NIP assigned by the Head of the First Tax Office in Katowice is 634-01-35-506.

The REGON number assigned by the Statistical Office is 271173609.

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

According to its By-laws, in the audited period the Parent's core business included:

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

In the audited period the Parent 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 Parent'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 Parent's equity amounted to PLN 344,324 thousand.

The Capital Group's financial year is the calendar year.

Composition of the Management Board as at the date of the opinion:
- Jacek Faltynowicz - 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 Juszczyk - Member of the Management Board.

As of 31 December 2012, the ELEKTROBUDOWA SA Capital Group included:

- Parent – ELEKTROBUDOWA SA, and
- subsidiaries:
  - ENERGOTEST sp. z o.o.;
  - KONIP Sp. z o.o.;
  - ELEKTROBUDOWA UKRAINA Sp. z o.o.;
- associates:
  - Zakład Produkcji Urządzeń Elektroenergetycznych „VEKTOR" Sp. z o.o.
  - KRUELTA Sp. z o.o.;
  - SAUDI ELEKTROBUDOWA Sp. z o.o.

The consolidated financial statements as at 31 December 2012 included the following entities:

a) Parent – ELEKTROBUDOWA SA

We have audited the financial statements of the parent ELEKTROBUDOWA SA for the period from 1 January to 31 December 2012. As a result of our audit, on 20 March 2013 we issued an unqualified opinion.

b) Companies subject to full consolidation:

Name and address of the Company	**Interest in capital (%)**	**Name of entity that audited the financial statements and type of opinion issued**	**Balance sheet date of the consolidated entity**	**Opinion date**
Energotest sp. z o. o. ul. Chorzowska 44b 44-100 Gliwice	100%	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) Unqualified opinion	31 December 2012	12 February 2013
Konip Sp. z o o	100%	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. (formerly: Deloitte Audyt Sp. z o.o.) Unqualified opinion	31 December 2012	4 March 2013
ELEKTROBUDOWA UKRAINA Sp. z o.o.;	62%	The company is not subject to audit	31 December 2012	Not applicable

c) Companies subject to equity method of consolidation:

Name and address of the Company	Interest in capital (%)	Name of entity that audited the financial statements and type of opinion issued	Balance sheet date of the consolidated entity	Opinion date
Zakład Produkcji Urządzeń Elektroenergetycznych „VEKTOR" Sp. z o.o..	49%	Baker Tilly International Unqualified opinion	31 December 2012	25 February 2013
Kruelta sp. z o. o.	49%	The company is not subject to audit	31 December 2012	Not applicable
Saudi ELEKTROBUDOWA Sp. z o.o.	33%	EL SAYED EL AYOUTY & CO.	31 December 2012	Not issued till the date of issuing the opinion on consolidated financial statements

The Parent preparing the consolidated financial statements has not applied any material simplifications and exceptions to the consolidation principles with respect to the controlled entities.

During the financial year the composition of the audited Capital Group consolidated entities, which have been prepared the audited consolidated financial statements by the Company, did not change.

2. Information about the consolidated financial statements for the prior financial year

The activities of the Capital Group in 2011 resulted in a net profit of PLN 38,136 thousand. The consolidated financial statements of the Capital Group 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 consolidated financial statements for the 2011 financial year was held on 26 April 2012.

The consolidated 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 consolidated 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 consolidated 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. (formerly: 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 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 Management Board of the Parent dated 20 March 2013.

II. ECONOMIC AND FINANCIAL POSITION OF THE CAPITAL GROUP

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

Main items from the profit and loss account (PLN '000)	2012	2011
Sales revenue	1,029,362	945,215
Operating expenses	(981,224)	(897,578)
Other operating expenses	(4,129)	(3,356)
Other net profits (expense)	(1,007)	5,003
Net financial revenue (expense)	165	259
Interest in net profit of controlled entities measured using the equity method	5,231	(423)
Income tax	(8,542)	(10,984)
Net profit (loss)	39,856	38,136
Total comprehensive income	33,679	38,290

Profitability ratios	2012	2011
- gross profit margin	4%	5%
- net profit margin	4%	4%
- net return on equity	13%	13%

Effectiveness ratios		
- assets turnover ratio	1.47	1.43
- receivables turnover in days	97	100
- liabilities turnover in days	74	66
- inventory turnover in days	14	13

Liquidity/Net working capital		
- debt ratio	51%	50%
- equity to fixed assets ratio	49%	50%
- net working capital (PLN '000)	174,049	181,250
- current ratio	1.51	1.57
- quick ratio	1.37	1.39

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

- a decrease in the gross and net profit margins;
- an increase in the assets turnover ratio;
- a decrease in receivables turnover in days;
- an increase in liabilities turnover in days;
- an increase in inventory turnover in days;
- an increase in the debt ratio accompanied by a decrease in the equity to fixed assets ratio;
- a decrease in the liquidity ratios.

III. DETAILED INFORMATION

1. Information about the audited consolidated financial statements

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

- consolidated statement of financial position prepared as at 31 December 2012, with total assets and liabilities plus equity of PLN 699,038 thousand;
- consolidated statement of comprehensive income for the period from 1 January 2012 to 31 December 2012 disclosing a net profit of PLN 39.856 thousand and total comprehensive income of PLN 33,679 thousand;
- consolidated statement of changes in equity for the period from 1 January 2012 to 31 December 2012, disclosing an increase in equity of PLN 14,636 thousand;
- consolidated statement of cash flows for the period from 1 January 2012 to 31 December 2012, showing a cash inflow of PLN 6,496 thousand;
- notes, comprising a summary of significant accounting policies and other explanatory information.

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

The audit covered the period from 1 January 2012 to 31 December 2012 and focused mainly on:

- verification of the correctness and fairness of the consolidated financial statements prepared by the Management Board of the Parent;
- verification of the consolidation documentation;
- evaluation of the correctness of the consolidation methods and procedures applied during consolidation;
- review of opinions and reports on audits of financial statements of subsidiaries and associated companies included in consolidation, prepared by other certified auditors.

2. Consolidation documentation

The Parent Company presented the consolidation documentation including:

1) financial statements of entities included in the consolidated financial statements;
2) financial statements of controlled entities, adjusted to the accounting principles (policy) applied during consolidation;
3) financial statements of controlled entities translated into the Polish currency;
4) all consolidation adjustments and eliminations necessary for preparation of the consolidated financial statements;
5) calculation of the fair value of the net assets of controlled entities;
6) calculation of goodwill;
7) calculation of minority interest;
8) calculation of exchange differences arising from translation of the financial statements of controlled entities denominated in foreign currencies.

<u>Basis for the preparation of the consolidated financial statements</u>

The consolidated financial statements of the Capital Group for the 2012 financial year were prepared in accordance with IFRS.

Entities in the Capital Group

The scope and methods of consolidation as well as relationship between the entities have been determined based on the criteria specified in IFRS.

Financial period

The consolidated financial statements have been prepared as of the same balance sheet date and for the same financial year as the financial statements of the Parent – ELEKTROBUDOWA SA. Subsidiaries and associated companies included in consolidation prepared their financial statements as at the same balance sheet date as the Parent. The financial year of all subsidiaries and associated companies included in the consolidation ended on 31 December 2012.

Consolidation method

The financial statements of the subsidiaries were consolidated using the full method, i.e. full amounts of all relevant items of the financial statements of the Parent and the subsidiaries included in consolidation were summed up.

Once the values had been summed up, consolidation adjustments and eliminations were applied to:

- the cost of shares held by the Parent in subsidiaries and the part of net assets of subsidiaries corresponding to the interest of the Parent in these companies;
- mutual receivables and liabilities of entities included in consolidation;
- material revenue and expenses related to transactions between entities included in consolidation.

The equity method was applied with respect to associated entities. The value of the Parent's interest in the associated company was adjusted by increases or decreases in the equity of the associated company attributable to the Parent, which occurred in the period covered by consolidation, and decreased by dividends due from such companies.

3. Completeness and correctness of drawing up the notes and the report on the activities of the Capital Group

The Parent confirmed the validity of the going concern basis in preparation of the consolidated financial statements. The notes to the consolidated financial statements give a correct and complete description of measurement principles regarding assets, liabilities, financial result and principles of preparation of the consolidated financial statements.

The Parent prepared notes in the form of tables to individual items of the consolidated statement of financial position and statement of comprehensive income as well as narrative descriptions, in line with the requirement of IFRS.

Notes describing property, plant and equipment, intangible assets, investments, liabilities and provisions correctly present increases and decreases as well as their basis during the financial year.

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

Individual assets and liabilities as well as revenue and expenses have been correctly presented by the Parent in the consolidated financial statements. The consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows as well as notes which constitute an integral part of

the financial statements include all items required for disclosure in the consolidated financial statements under IFRS.

The consolidated financial statements have been supplemented with the Management Board's report on the activities of the Capital Group in the 2012 financial year. 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 consolidated 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 March 2013