

**THE POLIMEX-MOSTOSTAL CAPITAL GROUP
WARSAW,
UL. CZACKIEGO 15/17**

**CONSOLIDATED
FINANCIAL STATEMENTS
FOR FY 2013**

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

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REPORT ON THE ACTIVITIES OF THE POLIMEX-MOSTOSTAL CAPITAL GROUP FOR FY 2013

AUDITOR'S OPINION

To the Shareholders and Supervisory Board of Polimex – Mostostal S.A.

We have audited the attached consolidated financial statements of the Polimex-Mostostal Capital Group with Polimex-Mostostal S.A., with its registered office in Warsaw, at ul. Czackiego 15/17 as the Parent Company, comprising a consolidated balance sheet prepared as at 31 December 2013, consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the period from 1 January 2013 to 31 December 2013 and notes, comprising a summary of significant accounting policies and other explanatory information.

Preparation of consolidated financial statements and report on the activities of the Capital Group in line with the law is the responsibility of the Management Board of the Parent Company.

The Management Board of the Parent Company 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 2013 item 330 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, and 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 profit or loss 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) applied by the Parent Company and the subsidiaries, verification – largely on a test basis – of the basis for 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 2013, as well as its financial result in the financial year from 1 January 2013 to 31 December 2013;
- 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 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.

Without raising any qualifications as to the correctness and fairness of the audited consolidated financial statements, we would like to emphasize as follows:

- The attached consolidated financial statements were prepared on the assumption that the Capital Group would continue as a going concern. In the period of twelve months ended 31 December 2013, the Capital Group recognised an operating loss of PLN 173,607 thousand and a net loss on continuing activities of PLN 260,889 thousand. As at 31 December 2013, the current liabilities exceeded its current assets and assets available for sale by PLN 675,743 thousand. In point 6.1 Going concern assumption and threat, accounting policy and additional notes and explanations to the financial statements the Parent Company's Management Board has presented information about the current financial position of the Company, indicating the material circumstances constituting threat to continuation of the Capital Group's activities as a going concern within 12 months from the date of signing these financial statements. In the same point the management discussed the remedies that are being used for preventing the threat to the continuation as a going concern. No adjustments were made to the attached consolidated financial statements in respect of different methods for recognition and measurement of assets and liabilities that would be necessary should the going concern assumption was not justified.

Furthermore, the accumulated losses from previous years are greater than the sum of the Parent Company's supplementary and reserve capitals and a third of its share capital. Pursuant to Article 397 of the Code of Commercial Companies, the Management Board is obliged to immediately convene the General Shareholders' Meeting in order to pass a resolution on continuation of the Parent Company's activity. No such resolution had been adopted by this opinion date.

- On 14 January 2014, the consortia carrying out the following construction contracts: the Stryków – Tuszyn section of the A1 motorway; Rzeszów – Jarosław section of the A4 motorway; Bielsko Biała – Żywiec section of S69 expressway, gave their termination notices to the investor General Inspectorate of National Roads and Motorways ("GDDKiA"). In point 14.1 Material contractual risks in the additional notes and explanations to the financial statements the Management Board has presented the assumptions made in order to estimate the effect of the termination of the aforesaid agreements recognised in the financial statements. In addition, the Management Board has emphasised that the consortium has not completed internal settlement or settlements with GDDKiA and the subcontractors, so the measurement and recognition assumptions and the ultimate outcome of the aforesaid contracts can change in the future.

The Report on the activities of the Capital Group for FY 2013 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 (*Journal of Laws* of 2014 item 133) and consistent with underlying information disclosed in the audited consolidated financial statements.

Maciej Krason
Key certified auditor
conducting the audit
No. 10149

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – 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.

Zbigniew Adamkiewicz – Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o. – General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 21 March 2014

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 ON THE AUDIT OF THE CONSOLIDATED FINANCIAL
STATEMENTS OF THE POLIMEX-MOSTOSTAL CAPITAL GROUP
FOR FY 2013**

I. GENERAL INFORMATION

1. Details of the audited Parent Company

The Parent Company of the Capital Group operates under the business name Polimex-Mostostal S.A. The Parent Company's registered office is located in Warsaw, ul. Czackiego 15/17.

The Parent Company operates as a joint-stock company established by the notarized deed of 18 May 1993 before Jan Romanowski, Notary Public in Siedlce (Repertory A No. 4056/93). Currently, the Parent Company is recorded in the Register of Entrepreneurs kept by the District Court, XII Business-Registry Division in Warsaw, under KRS number 0000022460.

The Parent Company's tax identification number (NIP) assigned by the Head of the First Mazowiecki Tax Office in Warsaw on 3 August 1993 is 821-001-45-09.

The REGON number assigned by the Statistical Office on 27 July 1993 is: 710252031.

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

The Capital Group's core activities are as follows:

- construction and assembly services;
- assembly of devices and industrial installations;
- manufacture of metal products.

In the audited period, the Polimex-Mostostal Capital Group conducted activities in the following segments:

- manufacturing;
- industry;
- energy;
- petro chemistry;
- infrastructure construction;
- other activities.

As at 31 December 2013, the Parent Company's share capital amounted to PLN 58,694,731.60 and was divided into 1,467,368,290 ordinary shares with a par value of PLN 0.04 each.

As at 16 January 2014 (the date of the last General Shareholders' Meeting), the Parent Company's shareholders were:

- Agencja Rozwoju Przemysłu S.A. – 20.44% of shares;
- ING Otwarty Fundusz Emerytalny – 10.64 % of shares;
- Pozostali akcjonariusze – 68.92 % of shares.

Changes in the share capital of the Parent Company during the financial year:

An increase in the share capital of PLN 37,848,568.56 as a result of the following:

- Issue of 416,666,666 M-series ordinary bearer shares with a total value of PLN 16,666,666.64, registered in the Register of Entrepreneurs of the National Court Register on 22 January 2013;

- Issue of 300,000,000 N1-series ordinary bearer shares for Agencja Rozwoju Przemysłu with a total value of PLN 12,000,000.00, registered in the Register of Entrepreneurs of the National Court Register on 22 January 2013;
- Issue of 96,153,846 N1-series ordinary bearer shares for ING with a total value of PLN 3,846,153.84, registered in the Register of Entrepreneurs of the National Court Register on 22 January 2013;
- Issue of 133,393,702 P-series ordinary bearer shares with a total value of PLN 5,335,748, registered in the Register of Entrepreneurs of the National Court Register on 19 December 2013.

There were no other changes in the ownership structure of the Parent Company's share capital during the audited period.

After the balance sheet date, there were no changes in the Parent Company's share capital.

As at 31 December 2013, the Capital Group's equity amounted to PLN 363,202 thousand.

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

Composition of the Parent Company's Management Board on the date of the opinion:

- Mr. Gregor Sobisch – President of the Management Board;
- Ms. Joanna Makowiecka – Vice-President of the Management Board;
- Mr. Maciej Stańczuk – Vice-President of the Management Board.

Changes in the composition of the Management Board during the audited period before the date of the opinion:

- On 21 March 2013, Mr. Robert Oppenheim resigned from the position of Member acting as President of the Management Board of the Company;
- On 28 March 2013, the Supervisory Board of the Company delegated Mr. Dariusz Krawczyk, holding the position of Deputy Chairman of the Supervisory Board of Polimex-Mostostal S.A., to serve as Member acting as President of the Management Board of the Company until 30 April 2013;
- On 23 April 2013, the Company's Supervisory Board appointed Mr. Gregor Sobisch for the position of President of the Management Board for a three year individual term, effective from 3 June 2013;
- On 24 April 2013, the Company's Supervisory Board appointed Ms. Joanna Makowiecka for the position of Vice-President of the Management Board for a three year individual term, effective from 3 June 2013;
- On 24 April 2013, the Supervisory Board of the Company delegated Mr. Dariusz Krawczyk, holding the position of Deputy Chairman of the Supervisory Board of Polimex-Mostostal S.A., to serve as Member acting as President of the Management Board of the Company until 2 June 2013;
- On 10 May 2013, the Company's Supervisory Board appointed Mr. Arkadiusz Kropidłowski for the position of Vice-President of the Management Board for a three year individual term, effective from 1 July 2013;
- On 10 May 2013, the Company's Supervisory Board dismissed Mr. Aleksander Jonek from the position of Vice-President of the Management Board;
- On 31 December 2013, Mr. Robert Bednarski resigned from the position of Vice-President of the Management Board and Member of the Management Board of the Company with immediate effect;
- On 6 February 2014, the Company's Supervisory Board appointed Mr. Maciej Stańczuk for the position of Vice-President of the Management Board for a three year individual term, effective from 7 February 2014;
- On 12 February 2014, the Company's Supervisory Board dismissed Mr. Arkadiusz Kropidłowski from the position in the Management Board.

The above changes have been reported and registered in a competent registry court.

Composition of the Polimex-Mostostal Capital Group on 31 December 2013:

Parent Company – Polimex-Mostostal S.A. and the following subsidiaries:

- Depolma GmbH,
- Polimex Projekt Opole Sp. z o.o. (formerly: Polimex-Cekop Development Sp. z o.o., in liquidation),
- Naf Industriemontage Gmb,
- Modułowe Systemy Specjalistyczne Sp. z o.o., in liquidation (formerly: Moduł System Serwis Sp. z o.o.),
- Sinopol Trade Center Sp. z o.o. w likwidacji,
- Polimex-Development Kraków Sp. z o.o. (Capital Group),
- Stalfa Sp. z o.o.,
- Polimex-Mostostal ZUT Sp. z o.o.,
- Polimex-Mostostal Ukraina SAZ,
- Czerwonograd ZKM-Ukraine,
- Polimex-Hotele Sp. z o.o.,
- Polimex-Mostostal Development Sp. z o.o.,
- Torpol SA.(Capital Group),
- Polimex Venture Development Sp. z o.o. (formerly: Energomontaż-Nieruchomości Sp. z o.o.),
- Energomontaż-Magyarorszag Sp. z o.o.,
- Energomontaż-Północ-Technika Spawalnicza i Laboratorium Sp. z o.o.,
- Centrum Projektowe Polimex-Mostostal Sp. z o.o.,
- Przedsiębiorstwo Produkcyjno-Usługowe Elektra Sp. z o.o., in liquidation,
- Polimex Engineering Sp. z o.o. (formerly: PxM -Projekt - Południe Sp. z o.o.),
- S.C. Coifer Impex SRL,
- WBP Zabrze Sp. z o.o.,
- PRInż – 1 Sp. z o.o.,
- Pracownia Wodno-Chemiczna Ekonomia Sp. z o.o.,
- Polimex-Mostostal Wschód Sp. z o.o.,
- Grande Meccanica SpA,
- Mostostal Siedlce Sp. z o.o.,

Associates:

- PORTY S.A., in liquidation;
- Polimex - Sices Polska Sp. z o.o., in liquidation;
- Energomontaż – Północ Bełchatów Sp. z o.o. (Capital Group).

The consolidated financial statements as at 31 December 2013 included the following entities:

- a) Parent Company – Polimex-Mostostal S.A.;
- b) Depolma GmbH,
- c) Polimex Projekt Opole Sp. z o.o. (formerly: Polimex-Cekop Development Sp. z o.o., in liquidation),
- d) Polimex-Development Kraków Sp. z o.o. (Capital Group),
- e) Stalfa Sp. z o.o.,
- f) Polimex-Mostostal ZUT Sp. z o.o.,
- g) Polimex-Mostostal Ukraina SAZ,
- h) Czerwonograd ZKM-Ukraine,
- i) Polimex-Hotele Sp. z o.o.,
- j) Polimex-Mostostal Development Sp. z o.o.,
- k) Torpol S.A. (Capital Group),
- l) Polimex Venture Development Sp. z o.o. (formerly: Energomontaż-Nieruchomości Sp. z o.o.),
- m) Energomontaż-Północ-Technika Spawalnicza i Laboratorium Sp. z o.o.,
- n) Polimex Engineering Sp. z o.o. (formerly: PxM -Projekt - Południe Sp. z o.o.),
- o) WBP Zabrze Sp. z o.o.,

- p) PRInż – 1 Sp. z o.o.,
- q) Pracownia Wodno-Chemiczna Ekonomia Sp. z o.o.,
- r) Polimex-Mostostal Wschód Sp. z o.o.,
- s) Grande Meccanica SpA,
- t) Energomontaż – Północ Bełchatów Sp. z o.o. (Capital Group),
- u) Polimex - Sices Polska Sp. z o.o., in liquidation.

We have audited the financial statements of the Parent Company Polimex-Mostostal S.A. for the period from 1 January to 31 December 2013. As a result of our audit, on 21 March 2014 we issued an unqualified opinion on these financial statements, with an emphasis on the going concern risk and termination of road-construction contracts.

- a) Companies subject to full consolidation:

Name and registered office of the Company	Interest in the capital (%)	Name of entity that audited the financial statements and type of opinion issued	End of the reporting period of the consolidated entity	Opinion date
Depolma GmbH, Ratingen-Germany	100.00	no audit obligation	31 December 2013	N/A
Orbis Travel Corporate Sp. z o.o. (formerly: Polimex-Cekop Development Sp. z o.o.) Warsaw	100.00	no audit obligation	31 December 2013	N/A
Polimex-Development Kraków Sp. z o.o. (Capital group), Kraków	100.00	AVANTA Auditors & Advisors Witold Czyż (audit in progress)	31 December 2013	N/A
Stalfa Sp. z o.o., Sokółów Podlaski	100.00	AVANTA Auditors & Advisors Witold Czyż (unqualified)	31 December 2013	28 February 2014
Polimex-Mostostal ZUT Sp. z o.o., Siedlce	100.00	AVANTA Auditors & Advisors Witold Czyż (unqualified)	31 December 2013	28 February 2014
Polimex-Mostostal Ukraine SAZ, Kiev	100.00	no audit obligation	31 December 2013	
Czerwonograd ZKM-Ukraine, Czerwonograd-Ukraine	99.61	STL Audit (qualified opinion regarding absence of auditor during count of assets)	31 December 2013	15 March 2014
Polimex-Hotele Sp. z o.o., Warsaw	100.00	no audit obligation	31 December 2013	N/A
Polimex-Mostostal Development Sp. z o.o., Warsaw	100.00	AVANTA Auditors & Advisors Witold Czyż (audit in progress)	31 December 2013	N/A
Torpol S.A.(Capital Group), Poznań	100.00	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. Audit in progress	31 December 2013	N/A
Polimex Venture Development Sp. z o.o. (formerly: Energomontaż-Nieruchomości Sp. z o.o.) Warsaw	100.00	no audit obligation	31 December 2013	N/A
Energomontaż-Północ-Technika Spawalnicza i Laboratorium Sp. z o.o., Warsaw	99.96	AVANTA Auditors & Advisors Witold Czyż (unqualified)	31 December 2013	3 March 2014
Polimex Engineering Sp. z o.o., Kraków (formerly: PxM -Projekt - Południe Sp. z o.o.).	100.00	AVANTA Auditors & Advisors Witold Czyż (unqualified)	31 December 2013	28 February 2014
WBP Zabrze Sp. z o.o., Zabrze	99.97	AVANTA Auditors & Advisors Witold Czyż (unqualified)	31 December 2013	N/A
PRInż – 1 Sp. z o.o., Sosnowiec	91.06	AVANTA Auditors & Advisors Witold Czyż (unqualified)	31 December 2013	28 February 2014
Pracownia Wodno-Chemiczna Ekonomia Sp. z o.o., Bielsko Biała	100.00	AVANTA Auditors & Advisors Witold Czyż (unqualified)	31 December 2013	28 February 2014
Polimex-Mostostal Wschód Sp. z o.o., Moskwa, Russia	100.00	no audit obligation	31 December 2013	N/A
Grande Meccanica SpA, Narni, Italy	100.00	no audit obligation	31 December 2013	N/A

b) Companies consolidated using the equity method:

Name and registered office of the Company	Interest in the capital (%)	Name of entity that audited the financial statements and type of opinion issued	End of the reporting period of the consolidated entity	Opinion date
Polimex - Sices Polska Sp. z o.o., in liquidation, Warsaw	50.00	no audit obligation	31 December 2013	N/A
Energomontaż – Północ Bełchatów Sp. z o.o. (Capital Group), Bełchatów	32.82	no audit obligation	31 December 2013	N/A

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

In the audited financial year, the Parent Company excluded the following from consolidation:

- PORTY S.A. (in liquidation);
- S.C. Coifer Impex SRL (in liquidation);
- Centrum Projektowe Polimex-Mostostal Sp. z o.o.,
- Zakład Budowlano – Instalacyjny Turbud Sp. z o.o. (in liquidation);
- Przedsiębiorstwo Produkcyjno-Usługowe Elektra Sp. z o.o. (in liquidation);
- Energomontaż-Magyarorszag Sp. z o.o.,
- Modułowe Systemy Specjalistyczne Sp. z o.o. (formerly: Moduł System Serwis Sp. z o.o.),
- Sinopol Trade Center Sp. z o.o.,
- Naf Industriemontage GmbH +.

The aforementioned entities were excluded from consolidation because they had been sold, were in liquidation or had lost control.

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

The activities of the Capital Group in 2012 resulted in a net loss of PLN 1,244,044 thousand. The consolidated financial statements of the Capital Group for 2012 were audited by a certified auditor. The audit was performed by authorized entity Ernst & Young Audit Sp. z o.o. On 18 March 2013, the certified auditor issued an opinion with the following emphasis of matter:

Without qualifying the correctness and fairness of the audited consolidated financial statements, we would like to emphasise that in point 6.1 of the accounting policy and additional notes and explanations to the consolidated financial statements, the Management Board has presented information about the current financial position of the Capital Group, indicating the material circumstances constituting threat to continuation of the Parent Company's activities as a going concern within the next 12 months, as well as the remedies that are being used for preventing the threat to the continuation as a going concern.

In the period financial year ended 31 December 2012, the Capital Group recognised a gross loss on sales of PLN 635 million; the Capital Group's net loss amounted to PLN 1,244 million and its cash flows from operating activities were negative totalling (PLN 354 million). Furthermore, as at 31 December 2012, the Capital Group's current liabilities were PLN 131 million greater than its current assets and assets available for sale, and the accumulated losses from previous years were greater than the sum of the Capital Group's supplementary and reserve capitals and a third of its share capital. Pursuant to Article 397 of the Code of Commercial Companies, the Management Board is obliged to immediately convene the General Shareholders' Meeting in order to pass a resolution on continuation of the Parent Company's activity.

The aforementioned circumstances indicate a high degree of uncertainty and threat as to the Capital Group's ability to continue in operation as a going concern in the foreseeable future. According to the information in point 6.1 of the accounting policy and additional notes and explanations to the attached financial statements, the Parent Company's Management Board has identified and taken a number of steps regarding financial liquidity which are aimed at covering the negative

working capital and continuing in operation as a going concern in the same scope for at least 12 months from the date of this opinion. In particular, the Management Board stated that on 21 December 2012 the Company had concluded an agreement regarding servicing the Company's debt with the financing banks and bond holders; the agreement also covers previously granted caps, new terms of repayment of credit facilities and bonds, and conversion of a portion of the creditors' receivables into the Company's shares. On the same day the Company concluded an investment agreement with the new shareholder Agencja Rozwoju Przemysłu S.A.

As a result, the attached financial statements were prepared on the going-concern assumption and no adjustments were made to them in respect of different methods for recognition and measurement of assets and liabilities that would be necessary should the Capital Group be unable to continue its activities as a going concern within 12 months after the reporting date.

The General Shareholders Meeting, which approved the consolidated financial statements for the 2012 financial year, was held on 3 June 2013.

In accordance with applicable laws, the consolidated financial statements for the 2012 financial year were submitted to the National Court Register (KRS) on 20 June 2013.

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

The audit of the consolidated financial statements was conducted based on the agreement of 12 July 2013 concluded between Polimex-Mostostal S.A. and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k., 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 Maciej Krasoń, key certified auditor (No. 10149), in the registered office of the Parent Company 12 November 2013 to 6 December 2013, and from 10 February 2014 until the date of this opinion.

The entity authorized to audit the financial statements was appointed by the resolution of the Supervisory Board of 10 May 2013 based on authorization included in Article 38 of the Parent Company's By-laws.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and Maciej Krasoń, 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 the Polimex-Mostostal Capital Group.

4. Availability of data and management's 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 Company of 21 March 2014.

II. ECONOMIC AND FINANCIAL POSITION OF THE CAPITAL GROUP

Presented below are the main items from the consolidated income statement and consolidated statement of comprehensive income, as well as financial ratios describing the financial performance of the Capital Group and its economic and financial position compared to the prior year.

<u>Main items from the income statement (PLN '000)</u>	<u>2013</u>	<u>2012(*)</u>
Sales revenue	2,362,752	4,110,417
Cost of goods sold	(2,338,079)	(4,745,731)
Other operating revenue	137,587	25,493
Selling expenses	(26,538)	(34,263)
General and administrative expense	(120,916)	(182,755)
Other operating expenses	(188,413)	(358,264)
Financial revenue	46,817	14,995
Financial expenses	(134,765)	(153,456)
Interest in profit /(loss) of associates	3,720	1,973
Income tax	(3,054)	77,547
Net profit (loss)	(260,889)	(1,244,044)
Total comprehensive income	(184,386)	(1,250,130)

<u>Profitability ratios</u>	<u>2013</u>	<u>2012</u>
– gross profit margin	-7%	-29%
– net profit margin	-11%	-30%
– net return on equity	-42%	-72%

<u>Effectiveness ratios</u>		
– assets turnover ratio	0.71	1.07
– receivables turnover in days	173	137
– liabilities turnover in days	179	100
– inventories turnover in days	28	26

Liquidity/Net working capital

– debt ratio	89.15%	87.5%
– equity to fixed assets ratio	10.85%	12.5%
– net working capital (PLN '000)	(675,743)	113,348
– current ratio	0.75	1.05
– quick ratio	0.71	0.91

(*) *The Financial Statements for the year ended 31 December 2012 were not audited by Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.*

An analysis of the above figures and ratios indicated the following trends in 2013:

- an increase in the sales margins and net return on equity;
- a decrease in the assets turnover ratio, an increase in the liabilities and inventory turnover ratios and an increase in the receivables turnover ratio;
- an increase in the debt ratio and a decrease in the equity to fixed assets ratio; a decrease in the net working capital and a decrease in the current and quick liquidity ratios.

The attached consolidated financial statements were prepared on the assumption that the Capital Group would continue as a going concern. In the period of twelve months ended 31 December 2013, the Capital Group recognised an operating loss of PLN 173,607 thousand and a net loss on

continuing activities of PLN 260,889 thousand. As at 31 December 2013, the current liabilities exceeded its current assets and assets available for sale by PLN 675,743 thousand. In point 6.1 Going concern assumption and threat, accounting policy and additional notes and explanations to the financial statements the Parent Company's Management Board has presented information about the current financial position of the Company, indicating the material circumstances constituting threat to continuation of the Capital Group's activities as a going concern within 12 months from the date of signing these financial statements. In the same point the management discussed the remedies that are being used for preventing the threat to the continuation as a going concern. No adjustments were made to the attached consolidated financial statements in respect of different methods for recognition and measurement of assets and liabilities that would be necessary should the going concern assumption was not justified.

Furthermore, the accumulated losses from previous years are greater than the sum of the Parent Company's supplementary and reserve capitals and a third of its share capital. Pursuant to Article 397 of the Code of Commercial Companies, the Management Board is obliged to immediately convene the General Shareholders' Meeting in order to pass a resolution on continuation of the Parent Company's activity. No such resolution had been adopted by this opinion date.

III. DETAILED INFORMATION

1. Information about the audited consolidated financial statements

The audited consolidated financial statements were prepared as at 31 December 2013 and comprise:

- the consolidated balance sheet prepared as at 31 December 2013, with total assets, equity and liabilities of PLN 3,346,908 thousand;
- the consolidated income statement for the period from 1 January 2013 to 31 December 2013, disclosing a net loss of PLN 260,889 thousand;
- the consolidated statement of comprehensive income for the period from 1 January 2013 to 31 December 2013, disclosing a negative total comprehensive income of PLN 184,386 thousand;
- the consolidated statement of changes in equity for the period from 1 January 2013 to 31 December 2013, disclosing a decrease in equity of PLN 118,200 thousand;
- the consolidated cash flow statement for the period from 1 January 2013 to 31 December 2013, showing a cash inflow of PLN 339,885 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 profit or loss has been presented in the consolidated financial statements.

The audit covered the period from 1 January 2013 to 31 December 2013 and focused mainly on:

- verification of the correctness and fairness of the consolidated financial statements prepared by the Management Board of the Parent Company;
- 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 the 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 the preparation of the consolidated financial statements;
- 5) calculation of the fair value of the net assets of controlled entities;
- 6) calculation of goodwill and negative goodwill as well as their allowance, also due to impairment;
- 7) calculation of minority interest;
- 8) calculation of exchange differences arising from translation of the financial statements of controlled entities denominated in foreign currencies.

Basis for the preparation of the consolidated financial statements

The consolidated financial statements of the Capital Group for the 2013 financial year have been prepared in accordance with IFRS.

Entities in the Capital Group

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

Financial period

The consolidated financial statements have been prepared as at the same reporting date and for the same financial year as the financial statements of the Parent Company, i.e. Polimex-Mostostal S.A. Subsidiaries and associates included in consolidation prepared their financial statements as of the same balance sheet date as the Parent Company. The financial year of all subsidiaries and associates included in consolidation ended on 31 December 2013.

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.

After adding the values up, consolidation adjustments and eliminations were applied to:

- the cost of shares held by the Parent Company in subsidiaries and the part of net assets of subsidiaries corresponding to the interest of the Parent Company 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 Company's interest in the associated company was adjusted by increases or decreases in the equity of the associated company attributable to the Parent Company, which occurred in the period covered by consolidation, and decreased by dividends due from such companies.

3. Justification of the opinion issued

In our opinion we have emphasised the risk regarding the Parent Company's going concern risk and the following:

On 14 January 2014, the consortia carrying out the following construction contracts: the Stryków – Tuszyn section of the A1 motorway; Rzeszów – Jarosław section of the A4 motorway; Bielsko Biala – Żywiec section of S69 expressway, gave their termination notices to the investor General Inspectorate of National Roads and Motorways ("GDDKiA"). In point 14.1 Material contractual risks in the additional notes and explanations to the financial statements the Management Board has presented the assumptions made in order to estimate the effect of the termination of the aforesaid agreements recognised in the financial statements. In addition, the Management Board has emphasised that the consortium has not completed internal settlement or settlements with GDDKiA and the subcontractors, so the measurement and recognition assumptions and the ultimate outcome of the aforesaid contracts can change in the future.

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

The Parent Company 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, profit or loss and principles of preparation of the consolidated financial statements.

The Parent Company 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 requirements 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 balance sheet 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 Company in the consolidated financial statements. The consolidated balance sheet, 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 Management Board prepared and supplemented the consolidated financial statements with a report on the activities of the Capital Group in the 2013 financial year. The Report on the activities of the Parent Company 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 (*Journal of Laws* of 2014 item 133). 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 Representations

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

Maciej Krasoń
Key certified auditor
conducting the audit
No. 10149

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – 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.

Zbigniew Adamkiewicz – Deputy Chairman of the Management Board of Deloitte Polska Sp. z o.o. – General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 21 March 2014