

**BUFIKS**

**Report**

**on the audit of the financial statements of  
Centrum Banku Śląskiego  
Spółka z ograniczoną odpowiedzialnością  
with its registered office in Katowice, ul. Chorzowska 50  
for the financial year from 1 January 2012 to 31 December 2012**

Katowice, February 2013

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## **A. General Part**

1. The Company operates on the basis of an agreement executed in the form of a notarial deed on 9 December 1997, Notary Public's Register A No. 8254/97 and annexes: Reg. A No. 386/2001 of 22 March 2001, Reg. A No. 4320/2004 of 23 December 2004, Reg. A No. 20555/2007 of 29 October 2007, Reg. A No. 3291/2009 of 13 March 2009, Reg. A No. 4551/2009 of 17 April 2009, and Reg. A No. 5978/2010 of 30 June 2010.
2. In addition, the Company has the following documents based on which it carries out its activity in accordance with legal regulations:
  - a) the first record in the register of companies of the National Court Register under the number **0000047713** of 9 October 2001 in the District Court for East Katowice in Katowice, 8<sup>th</sup> Commercial Division of the National Court Register;
  - b) a current transcript from the register of companies of the National Court Register under the number 0000047713 of 2 January 2013 kept by the District Court for East Katowice in Katowice;
  - c) a taxpayer identification number (NIP) **954-22-08-197** granted on 14 May 2009 by the Second Tax Office in Katowice; at present the Company reports to the First Tax Office in Sosnowiec;
  - d) a statistical identification number (Regon) **273842724** based on the certificate of 19 August 2010 granted by the Statistical Office in Katowice.
3. Based on the Articles of Incorporation and record in the relevant register, the Company's core activity comprises:
  - the demolition of buildings, earthworks;
  - excavations and geological and engineering drilling works;
  - general construction works connected with the erection of buildings;
  - construction works related to the assembly and erection of buildings and structures of precast elements;
  - the performance of roof constructions and roofings;
  - foundation works;
  - the performance of a function of a substitute investor;
  - painting and glazing;
  - other construction works;
  - other construction installations;
  - hotel services;
  - the operation of restaurants and other eating places;
  - the preparation and supply of food for third party recipients;
  - financial lease;
  - real estate agency activities;
  - the management of residential and non-residential buildings;
  - the rental of real property on own account;
  - the development and sale of real property on own account;
  - the purchase and sale of real property on own account;
  - the rental of passenger cars;
  - the rental of other means of land transport;
  - data processing;
  - activity related to databases;
  - activity related to construction, city planning and technological design;
  - the inspection of buildings, the preparation of expert and other opinions and analyses;
  - consultancy on business activity and management;
  - market and public opinion research;

- advertisement;
  - activity connected with the organisation of fairs and exhibitions;
  - information agency activities;
  - gallery and exhibition activities;
  - the sale of building materials, sanitary and electrical fittings;
  - survey services;
  - other commercial activity.
4. As of the balance-sheet date, the company was affiliated with other entities within the meaning of Art. 3.1.43 of the Accounting Act.  
The Company is a direct subsidiary of its parent: ING Bank Śląski Spółka Akcyjna with its registered office in Katowice and comes within the Capital Group of ING Bank Śląski S.A. The Company is an indirect subsidiary of a higher rank parent: ING Group in the Netherlands.
5. As referred to in Art. 4 above, the audited Company does not control any other entity and is not obliged to prepare consolidated financial statements of a capital group (Art. 56, 57 and 58 of the Accounting Act).
6. Authorities of the Company:
- a) General Assembly of Members  
√ ING bank Śląski Spółka Akcyjna with its registered office in Katowice 100%
- b) The Supervisory Board operating on a five-year term basis, as set out in the Company's Articles of Association, was composed of five members as of the balance-sheet date:  
√ Mirosław Boda, Chairman  
√ Justyna Kesler, Member  
√ Tomasz Biłous, Member  
√ Sławomir Stawczyk, Member  
√ Ilona Dzierżanowska, Member.  
During the financial year, the composition of the Supervisory Board did not change.
- c) The Board of Directors is composed of two members: Chairman and Vice-chairman that are appointed and dismissed by the Supervisory Board.  
The Board of Directors was composed of:  
√ Jacek Frejlich, Chairman  
√ Piotr Syrnicki, Vice-chairman.
7. The Company's Chief Accountant is Lucyna Bindas-Wilk.
8. Equity was as follows:

Specification	As of the balance-sheet date of the current year	As of the balance-sheet date of the previous year
<b>Equity</b>	<b>219 310 724.36</b>	<b>207 550 898.60</b>
Share capital	230 343 000.00	230 343 000.00
Called-up unpaid share capital (negative value)		
Own interests (shares) (negative value)		
Supplementary capital	87 526.12	87 526.12
Revaluation reserve		
Other reserves		
Profit (loss) of previous years	(22 879 627.52)	(33 289 882.59)
Net profit (loss)	11 759 825.76	10 410 255.07
Net profit deductions in the financial year (negative value)		

The Company's share capital as of 31 December 2012 was PLN 230 343 000.00 and was divided into 230 343 shares of the par value of PLN 1000.00 each.

The share capital was recognised:

- a) at an amount defined in the Company's Articles of Association and the register of Companies in accordance with Art. 36.1 and 26.2 of the Accounting Act;
  - b) in accordance with the book of shares kept in accordance with Art. 188 of the Commercial Companies Code;
  - c) was fully paid up in cash and covered with an in-kind contribution in accordance with Art. 167 § 1.2 of the Commercial Companies Code;
  - d) corresponds to an amount defined in Art. 154 of the Commercial Companies Code.
9. To achieve goals set out in Art. 3 above, the Company employed 16 persons on the average in the audited financial year and in the previous year.
10. On the basis of the resolution of the Supervisory Board No. 6/2012 of 5 March 2012, the Company selected BUFIKS Biuro Usług Finansowo-Księgowych Sp. z o.o. GRUPA FINANS-SERVIS with its registered office in Katowice recorded under the number 660 in the list of authorised entities kept by the National Board of Statutory Auditors to carry out the obligatory audit of its financial statements for the financial year in the light of Art. 64 of the Accounting Act in accordance with Art. 66.4 thereof.
11. In accordance with the agreement No. 001/12/13/BSF of 28 March 2012 executed under the resolution specified in Art. 10 above, the audit was conducted at the Company's premises in the period from 5 December 2012 to 7 December 2012 and from 28 January 2013 to 5 February 2013.
12. Both the audit company and Ilona Jaroszek (Reg. No. 10470), a key auditor who conducted the audit on the audit company's behalf, and Anna Jagiełło, who participated in the audit, represent that they are independent of the audited Company within the meaning of Art. 56.3 and 56.4 of the act of 7 May 2009 on statutory auditors and their self-government, entities authorised to audit financial statements, and public regulators.
13. The financial statements for the previous year were audited by BUFIKS Biuro Usług Finansowo-Księgowych Sp. z o.o. GRUPA FINANS-SERVIS with its registered office in Katowice, recorded under the number 660 in the list of authorised entities kept by the Polish Board of Statutory Auditors. The auditor issued an unqualified opinion. The statements were approved by the General Assembly of Members on the basis of the resolution No. 2/2012 of 28 March 2012. On the grounds of the Resolution No. 3/2012 of 28 March 2012, the General Assembly of Members allocated net profit earned by the Company in 2011 to cover the losses of previous years.
14. The approved financial statements for the previous year were:
- a) filed together with other documents with the District Court in Katowice, 8th Commercial Division of the National Court Register on 29 March 2012 in accordance with Art. 69 of the Accounting Act;
  - b) filed with the Tax Office on 29 March 2012 in accordance with Art. 27 of the Act of 15 February 1992;
  - c) announced in Monitor Polski No. 1241 item 6841 on 13 June 2012 in accordance with Art. 70 of the Accounting Act.
- Based on Art. 70 of the Accounting Act, the Company was not obliged to publish an announcement in Monitor Polski B. The books of account for the previous year were closed in such a manner so that it is not possible to make any book records in files coming within the closed books.
15. In accordance with Art. 45 of the Accounting Act, the audited financial statements for the current financial year, as signed by the Directors and the person that prepared them, are composed of:
- a) an introduction to the financial statements,

- b) a balance sheet as of 31 December 2012 recording total assets and total equity and liabilities both amounting to **PLN 225 405 587.13**,
- c) a profit and loss account recording the profit of the financial year of **PLN 11 759 825.76**,
- d) a statement of changes in equity in the financial year,
- e) a statement of cash flows in the financial year,
- f) supplementary information and explanatory notes,  
and the Directors' report on the Company's activities in the financial year.
16. In accordance with Art. 67 of the Accounting Act, the Company made its books of account and underlying documents available to the auditor and provided information required by the auditor to issue the auditor opinion on the audited financial statements. The scope of the audit was not limited.
17. In addition, in accordance with Art. 67 of the Accounting Act, the Directors of the Company made a written statement as of the audit final date that:
- a) the financial statements submitted for the audit and the supplementary report on the Company's activities are complete, accurate and reliable;
- b) supplementary information discloses all corresponding liabilities as of the balance-sheet date;
- c) no other events that substantially influence figures and disclosures in the financial statements had taken place.
18. This report was prepared by the auditor on the basis of the audit working documentation under Art. 65.6 of the Accounting Act, including:
- a) relevant trials to test reliability and compliance, including items of a significant value;
- b) the level of significance defined by the auditor for the financial statements;
- c) the auditor's professional judgement on compliance of economic operations with accounting operations;
- d) tax settlements and their compliance with data declared by the audited Company as a basis for their disclosure in the books of account.

## B. Economic and financial analysis

The economic and financial analysis of the Company was prepared on the basis of its performance in the years 2010-2012.

### 1. Analysis of the balance sheet

#### Assets in PLN '000, rounded to hundreds of PLN

	Specification	2012		2011		2010		Change			
		amount	% share	amount	% share	amount	% share	in PLN '000		in PLN '000	
								2012/2011	%	2012/2010	%
1	2	3	4	5	6	7	8	9	10	11	12
<b>A</b>	<b>Fixed assets</b>	<b>131 988.0</b>	<b>58.6</b>	<b>130 344.4</b>	<b>60.7</b>	<b>131 404.5</b>	<b>65.0</b>	<b>1 643.6</b>	<b>101.3</b>	<b>583.6</b>	<b>100.4</b>
I	Intangibles	147.8	0.1	192.3	0.1	235.4	0.1	(44.6)	76.8	(87.6)	62.8
II	Tangible fixed assets	17.1	0.0	100.2	0.0	81.9	0.0	(83.1)	17.1	(64.7)	20.9
III	Long-term receivables										
I	From affiliates										
IV	Long-term investments	131 781.0	58.5	129 900.0	60.5	129 101.6	63.9	1 881.0	101.4	2 679.4	102.1
a	In affiliates										
V	Long-term prepayments	42.2	0.0	151.9	0.1	1 985.6	1.0	(109.8)	27.8	(1 943.4)	2.1
<b>B</b>	<b>Current assets</b>	<b>93 417.5</b>	<b>41.4</b>	<b>84 317.7</b>	<b>39.3</b>	<b>70 807.7</b>	<b>35.0</b>	<b>9 099.8</b>	<b>110.8</b>	<b>22 609.8</b>	<b>131.9</b>
I	Inventories	6.6	0.0					6.6		6.6	
II	Short-term receivables	796.4	0.4	3 164.5	1.5	1 218.3	0.6	(2 368.1)	25.2	(421.9)	65.4
I	Receivables from affiliates	260.5	0.1	1 481.9	0.7	721.8	0.4	(1 221.4)	17.6	(461.0)	36.1
III	Short-term investments	92 613.0	41.1	81 152.1	37.8	69 559.8	34.4	11 460.9	114.1	23 053.2	133.1
a	in affiliates	50 137.0	22.2			61 783.6	30.6	50 137.0		(11 646.6)	81.1
IV	Short-term prepayments	1.5	0.0	1.1	0.0	29.6	0.0	0.4	133.5	(28.1)	5.1
	<b>Total assets</b>	<b>225 405.6</b>	<b>100.0</b>	<b>214 662.1</b>	<b>100.0</b>	<b>202 212.2</b>	<b>100.0</b>	<b>10 743.4</b>	<b>105.0</b>	<b>23 193.4</b>	<b>111.5</b>

## Equity and liabilities in PLN '000 rounded to hundreds of PLN

1	Specification	2012		2011		2010		Change			
		amount	% share	amount	% share	amount	% share	in PLN '000	%	in PLN '000	%
		2012/2011		2012/2010							
2	3	4	5	6	7	8	9	10	11	12	
<b>A</b>	<b>Equity</b>	<b>219 310.7</b>	<b>97.3</b>	<b>207 550.9</b>	<b>96.7</b>	<b>197 140.6</b>	<b>97.5</b>	<b>11 759.8</b>	<b>105.7</b>	<b>22 170.1</b>	<b>111.2</b>
I	Share capital	230 343.0	102.2	230 343.0	107.3	230 343.0	113.9		100.0		100.0
II	Called-up share capital (negative value)										
III	Own interests (shares) (negative value)										
IV	Supplementary capital	87.5	0.0	87.5	0.0	87.5	0.0		100.0		100.0
V	Revaluation reserve										
VI	Other reserves										
VII	Profit (loss) of previous years	(22 879.6)	(10.2)	(33 289.9)	(15.5)	(32 107.2)	(15.9)	10 410.3	68.7	9 227.6	71.3
VIII	Net profit (loss)	11 759.8	5.2	10 410.3	4.9	(1 182.6)	(0.6)	1 349.6	113.0	12 942.5	(994.4)
IX	Net profit deductions during the financial year (negative value)										
<b>B</b>	<b>Payables and provisions for payables</b>	<b>6 094.9</b>	<b>2.7</b>	<b>7 111.2</b>	<b>3.3</b>	<b>5 071.5</b>	<b>2.5</b>	<b>(1 016.4)</b>	<b>85.7</b>	<b>1 023.3</b>	<b>120.2</b>
I	Provisions for payables	2 560.8	1.1	1 537.8	0.7	1 085.8	0.5	1 023.1	166.5	1 475.1	235.9
II	Long-term payables										
1	To affiliates										
III	Short-term payables	3 534.0	1.6	5 573.5	2.6	3 122.4	1.6	(2 039.4)	63.4	411.7	113.2
1	To affiliates	152.4	0.1	262.5	0.1	133.8	0.1	(110.1)	68.1	18.6	113.9
IV	Accruals					863.4	0.4			(863.4)	
	<b>Total equity and liabilities</b>	<b>225 405.6</b>	<b>100.0</b>	<b>214 662.1</b>	<b>100.0</b>	<b>202 212.2</b>	<b>100.0</b>	<b>10 743.4</b>	<b>105.0</b>	<b>23 193.4</b>	<b>111.5</b>

## 2. Profit and loss account (in PLN '000) rounded up to hundreds of PLN

1	Specification	2012		2011		2010		Change			
		amount	% share	amount	% share	amount	% share	in PLN '000	%	in PLN '000	%
		2012/2011		2012/2010							
2	3	4	5	6	7	8	9	10	11	12	
<b>A</b>	<b>Core activity</b>										
1	net sales and sales equivalents, including	20 843.5	76.9	26 002.6	88.5	14 663.6	78.8	(5 159.2)	80.2	6 176.9	142.1
2	Own cost to sell	11 819.2	94.2	14 230.0	86.7	8 715.1	42.7	(2 410.8)	83.1	3 104.1	135.6
3	Profit (loss) from sale	9 024.2		11 772.6		5 948.4		(2 748.4)	76.7	3 075.8	151.7
<b>B</b>	<b>Other operating activities</b>										
1	Other operating income	1 766.5	6.5	344.6	1.2	1 405.4	7.6	1 411.9	509.7	351.0	125.0
2	Other operating expenses	732.4	5.8	1 917.2	11.7	11 699.4	57.3	(1 184.8)	38.2	(10 967.0)	6.3
3	Profit (loss) from operating activities	1 024.1		(1 572.6)		(10 294.0)		2 596.6	(66.1)	11 318.1	(9.9)
<b>C</b>	<b>Operating profit (loss) (A3+B3)</b>	<b>10 048.3</b>		<b>10 200.00</b>		<b>(4 345.6)</b>		<b>(151.7)</b>	<b>98.5</b>	<b>14 393.9</b>	<b>(231.2)</b>
<b>D</b>	<b>Financing activities</b>										
1	Financial income	4 512.5	16.6	3 022.5	10.3	2 540.4	13.6	1 490.0	149.3	1 972.1	177.6
2	Financial expenses	1.9	0.0	262.8	1.6	0.9	0.0	(260.9)	0.7	1.0	214.4
3	Profit (loss) from financing activities	4 510.5		2 759.7		2 539.5		1 750.9	163.4	1 971.0	177.6
<b>E</b>	<b>Extraordinary gains (losses)</b>										
1	Extraordinary gains										
2	Extraordinary losses										
3	Extraordinary profit (loss)										
<b>F</b>	<b>Profit (loss) before tax (C+D3+E3)</b>	<b>14 558.9</b>		<b>12 959.7</b>		<b>(1 806.1)</b>		<b>1 599.2</b>	<b>112.3</b>	<b>16 364.9</b>	<b>(808.1)</b>
1	Income tax	1 717.6		2 549.4		(623.4)		1 410.7	559.6	2 341.1	(275.5)
2	Other mandatory profit deductions (loss increase)	1 081.4						(1 161.1)	48.2	1 081.4	
<b>G</b>	<b>Total mandatory charges</b>	<b>2 799.0</b>		<b>2 549.4</b>		<b>(623.4)</b>		<b>249.6</b>	<b>109.8</b>	<b>3 422.5</b>	<b>(449.0)</b>
	<b>Profit (loss) after tax (F-G)</b>	<b>11 759.8</b>		<b>10 410.3</b>		<b>(1 182.6)</b>		<b>1 349.6</b>	<b>113.0</b>	<b>12 942.5</b>	<b>(994.4)</b>

Total income	27 112.4	100.0	29 369.7	100.0	18 609.4	100.0	(2 257.3)	92.3	8 503.0	145.7
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Total expenses	12 553.6	100.0	16 410.0	100.0	20 415.5	100.0	(3 856.5)	76.5	(7 861.9)	61.5
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### 3. Ratio analysis

#### 3.1 Profitability ratios

Profitability ratios	safe ratio	measure	2012	2011	2010
<b>Return on assets (ROA)</b> $\frac{\text{net profit (loss)} \times 100}{\text{total assets}}$	6-8	percent	5.22%	4.85%	-0.58%
<b>Net profitability</b> $\frac{\text{net profit (loss)} \times 100}{\text{total income}}$	3-8	percent	43.37%	35.45%	-6.36%
<b>Return on equity (ROE)</b> $\frac{\text{net profit (loss)} \times 100}{\text{equity}}$	15-25	percent	5.36%	5.02%	-0.60%

Thanks to profit earned in the audited year, return on assets, return on equity and net profitability for the audited year are positive. The Company's working assets generated profit of PLN 0.52 per PLN 1.00 invested in assets. This ratio increased in comparison to the previous year thanks to profit earned and the growth of balance-sheet assets.

#### 3.2 Financial liquidity ratios

Profitability ratios	safe ratio	measure	2012	2011	2010
<b>Financial liquidity ratio 1</b> $\frac{\text{current assets} - \text{trade receivables of above 12 months}}{\text{short-term payables} - \text{short-term payables of above 12 months}}$	1.2 – 2.0	times	24.92	14.69	17.22
<b>Financial liquidity ratio 2</b> $\frac{\text{current assets} - \text{inventories} - \text{short-term prepayments} - \text{trade receivables of above 12 months}}{\text{short-term payables} - \text{trade payables of above 12 months}}$	1.0	times	24.92	14.69	17.22
<b>Financial liquidity ratio 3</b> $\frac{\text{short-term investments}}{\text{short-term payables} - \text{trade payables of above 12 months}}$	0.1 – 0.2	times	24.71	14.14	16.92
<b>Commercial settlement capacity</b> $\frac{\text{trade receivables}}{\text{trade payables}}$	1.0	times	0.51	0.68	0.98

The comparison of the above ratios with the desired current liquidity ratio, which is a relation of current assets to short-term payables, reflects no disturbances to the timely settlement of the Company's liabilities.

Surplus cash is invested in bank deposits.

#### 3.3 Turnover ratios

Profitability ratios	safe ratio	measure	2012	2011	2010
<b>Turnover of inventories (in days)</b> $\frac{\text{average inventories} \times 365 \text{ days}}{\text{net sales of products, goods and materials}}$	decreasing ratio	days	x	x	x
<b>Payment of receivables (in days)</b> $\frac{\text{average trade payables} \times 365 \text{ days}}{\text{net sales of products, goods and materials}}$	number of days comparable to item 18	days	28	27	24
<b>Payment of payables (in days)</b> $\frac{\text{average trade payables} \times 365}{\text{net sales of products, goods and materials}}$	number of days comparable to item 17	days	43	35	x
<b>Productivity of assets</b> $\frac{\text{net sales of products, goods and materials}}{\text{total assets}}$	2.0	PLN/PLN	0.09	0.12	0.07

The period of the payment of receivables in days extended from 27 days in 2011 to 28 days in 2012. The period of the payment of payables in the audited year extended by 8 days in comparison to the previous year since the Company pays its payables slower than it obtains its receivables. A cash conversion cycle is 5, which is considered safe.

An asset productivity ratio, which is used to assess the effectiveness of asset management, is 0.09, which means that PLN 1.00 of assets generated PLN 0.09 of income.

### 3.4 Presentation of other ratios

#### 3.4.1 Ratios used for the purpose of horizontal and vertical analysis of the balance sheet

Profitability ratios	safe ratio	measure	2012	2011	2010
<b>Golden rule</b> $\frac{(\text{equity} + \text{long-term provisions}) \times 100}{\text{fixed assets}}$	100 – 150	percent	167.94%	160.28%	150.76%
<b>Golden rule 2</b> $\frac{\text{short-term third-party capital} \times 100}{\text{current assets}}$	40 – 80	percent	4.01%	6.81%	5.81%
<b>Golden financing rule</b> $\frac{\text{equity} \times 100}{\text{third-party capital}}$	above 100	percent	3598.29%	2918.63%	3887.21%
<b>Carrying amount of the Company</b> Total assets – total payables	increasing ratio	PLN '000	219 310.7	207 550.9	197 140.6
<b>Company's fixed asset ratio</b> $\frac{\text{fixed assets} \times 100}{\text{total assets}}$	30 - 50	percent	58.56%	60.72%	64.98%

A ratio reflecting the coverage of fixed assets with equity and long-term provisions, called "Golden Rule", is 167.94%. The bigger the ratio the safer solvency of the Company. The ratio above 100% shows that fixed assets are correctly financed with equity and the Company is able to maintain its financial balance.

In addition, the ratio may show that a part of equity was used to finance current assets.

## 4. Going concern

Taking into account ratios resulting from the economic and financial analysis and the results of the audit of the financial statements, as well as business events that took place after the balance-sheet date, the Company is able to carry on its activity in the foreseeable future without material changes to the scope of its activities.

It is necessary to note that the Company informed that it is capable of carrying on its activities without change in the Introduction to the Additional Information.

## C. Detailed Part

### 1. The Company's accounting system

#### 1.1 The Company's accounting

The Company keeps current documentation in accordance with the requirements of Art. 10 of the Accounting Act of 29 September 1994 (consolidated text: Journal of Laws No. 2002.76.694), which describes the Company's accounting principles (policy).

The accounting policy of Centrum Banku Śląskiego Sp. z o.o. in Katowice comprises:

- a) the definition of a financial year and reporting periods;
- b) the general description of rules to meet the requirements of the Accounting Act;
- c) methods used to measure assets, equity and liabilities and determine profit and loss;
- d) book-keeping rules, including:
  - the Company's Chart of Accounts,
  - the list of books of account,
  - principles for recording business operations in G/L control accounts,
- e) the list and description of permitted programmes and data processing system,
- f) data and data file protection system, including book evidence, books of account and other underlying documents.

Accounting principles and the chart of accounts are updated if necessary to adjust the Company's accounting policy to legal amendments to the Accounting Act, the Commercial Companies Code, and tax regulations.

### **1.2 As regards the book-keeping system, the auditor confirms that:**

- a) the Company complies with the principle of continuity of accounting principles and opens its books of account as of 1 January of the audited year correctly;
- b) the Company keeps its books of account correctly with the use of a relevant computer programme;
- c) business operations were recorded in accordance with key accounting principles, including accrual and prudent valuation principles;
- d) source documents based on which records in books of account were made were verified and qualified in accordance with Art. 21.1.6 of the Accounting Act, including, without limitation, evidence qualified in economic terms by authorised persons and technically approved to be recorded in the books of account.

### **1.3 The Company's internal control system connected with the accounting system**

Internal control is performed in the form of functional control.

As a result of internal control, business processes are carried out and recorded correctly and corresponding book records are accurate.

We verified the book-keeping system and a corresponding internal control system on a test basis.

We assessed in particular whether:

- a) business operation documentation is correct,
- b) electronic books of account are kept correctly,
- c) methods of protecting access to data and an electronic data processing system are reasonable,
- d) data resulting from books comply with financial statements, and accounting documentation, books of account and financial statements are protected,
- e) internal control operates correctly.

As a result of the assessment, given the results of the analysis of the reliability of particular financial statement items, we found that the book-keeping system and the

related internal control system may be considered correct. It was not the purpose of our audit to present a comprehensive opinion on the operation of those systems.

**1.4 As regards the protection of access to information resulting from the books of account and accounting documentation and computer protection, the auditor found that:**

- a) the Company keeps hardcopies of files;
- b) original accounting documents, books of account and financial statements are stored at the office of the Company Directors and are broken down into years and months;
- c) data storage periods comply with Art. 74 of the Accounting Act, i.e. financial statements are stored on a permanent basis and other files are stored for 5 years starting from the beginning of the following year.

The Company's financial year is a calendar year and a reporting period is a month.

**2. Inventory of assets, equity and liabilities**

Assets, equity and liabilities were measured for the purpose of the annual balance sheet mostly in accordance with Art. 26 of the Accounting Act:

- a) in the form of physical count:
  - cash in hand as of 31 December 2012;
  - fixed assets as of 31 December 2012;
- b) in the form of balance confirmation:
  - settlements with recipients as of 31 October 2012;
  - cash in bank accounts as of 31 December 2012;
- c) in the form of the verification of book records and valuation:
  - rights classified under real property as of 31 December 2012;
  - disputable and doubtful receivables as of 31 December 2012;
  - public and legal receivables as of 31 December 2012;
  - prepayments and accruals as of 31 December 2012;
  - equity as of 31 December 2012;
  - deferred income tax assets and provisions as of 31 December 2012.

The inventory conducted in the form of verification (Art. 26.1.3 of the Accounting Act) did not cover:

- payables that are excluded from obligatory balance confirmation by law.

The books of account and documentation based on which business operations were recorded there in are correct within the meaning of Art. 24 of the Accounting Act and form the basis for the preparation of the audited financial statements.

**3. Balance sheet**

**3.1 Assets – selected items**

**3.1.1 Long-term investments**

As of 31 December 2012, the Company owns two investment properties:

- a building at 64A Powsińska Street in Warsaw of fair value of PLN 10 905 000.00,

- a building at 50 Chorzowska Street in Katowice of fair value of PLN 120 876 000.00.

### 3.1.2 Short-term investments

Short-term investments comprise:

- cash in the current bank account of PLN 1 742 888.59,
- a deposit of PLN 89 000 000.00 plus interest of PLN 243 835.62,
- cash in bank accounts equal to deposits paid under rental agreements of PLN 1 618 763.98,
- cash in hand of PLN 7 552.36.

Cash in hand was physically counted and cash in bank accounts and deposits was confirmed by the Company's bank as of the balance-sheet date.

### 3.2 Equity and liabilities – selected items

#### 3.2.1 Short-term payables of PLN 3 534 041.44 comprise in particular:

- trade payables	PLN 1 309 774.60
- personal income tax	PLN 16 961.00
- corporate income tax	PLN 475 343.00
- social insurance (ZUS) premiums	PLN 59 999.11
- VAT	PLN 48 837.69
- wages and salaries	PLN 3 122.20
- deposits paid by tenants	PLN 1 618 763.98
- other liabilities (credit card)	PLN 1 239.86

### 3.3 Profit and loss account – selected items

The Company prepares its profit and loss account in a single-step format.

Income from core activity was recognised correctly in all material aspects in the financial year and comprise mainly the rental of office and commercial premises.

Operating expenses of PLN 11 819 231.74 reflect in all material aspects the actual course of business operations.

Other operating activity comprises mainly the measurement of long-term investments in the form of real properties.

Financial income comprise mainly deposit interest.

## 4. Audit of other elements of the financial statements

### 4.1 Statement of cash flows for the financial year

The statement of cash flows was prepared in accordance with Art. 48b of the Accounting Act in a reliable way, complies with the balance sheet, the profit and loss account, and the books of account.

In comparison to 2011, cash recognised in the balance sheet dropped by PLN 38 676 041.43, which is mainly noticeable in the investing activities and was caused by the fact that the Company deposited its free cash of PLN 50 000 000.00 in interest-bearing bank deposits (maturity: 7 June 2013).

## **4.2 Statement of changes in equity in the financial year**

The Company recorded items that contribute to the growth of its equity by PLN 11 759 825.76 completely and reliably in accordance with the balance sheet and the books of account.

## **4.3 Additional information**

Additional information comprises an introduction to the financial statements, as well as supplementary information and explanatory notes. Additional information includes the necessary scope of figures and disclosures.

Information is presented in all material aspects in accordance with the books of account.

## **4.4 Directors' report on the Company's activities**

The report on the Company's activities in the financial year meets the requirements of Art. 49.2 of the Accounting Act of 29 September 1994 and information and figures presented therein comply with the audited financial statements.

## **4.5 Non-compliance**

As a result of procedures applied during the audit of the financial statements for the financial year, the Company was not found to infringe legal regulations that are applicable to the financial statements.

## **4.6 Events after the balance-sheet date**

The auditor confirms that no material business events which would influence the financial statements and the balance-sheet profit took place between the balance-sheet date, i.e. 31 December 2012, and the audit completion date and the related statement made by Directors on 5 February 2013 is taken into account.

## **5. Summary**

The results of the audit are summarised in the auditor opinion, which forms a separate document required by the Accounting Act.

This report is made of 19 consecutively numbered pages which were signed by the auditor.

The following appendixes form an integral part of this report:

1. Introduction to the financial statements for the financial year
2. Balance sheet prepared as of 31 December 2012
3. Profit and loss account for the period from 1 January 2012 to 31 December 2012
4. Statement of changes in equity in the financial year
5. Statement of cash flows in the financial year
6. Supplementary information and explanatory notes for the financial year
7. Directors' report on the Company's activities in the financial year

Key auditor that conducted the audit  
on behalf of BUFIKS Biuro Usług  
Finansowo-Księgowych Sp. z o.o.  
GRUPA FINANS-SERVIS  
*illegible signature*  
Ilona Jaroszek, Reg. No. 10470

Board of Directors of  
BUFIKS Biuro Usług Finansowo-  
Księgowych Sp. z o.o. GRUPA FINANS-  
SERVIS  
*illegible signature*  
Piotr Kołodziejczyk, Auditor, No. 9324  
Chairman of the Board

BUFIKS Biuro Usług Finansowo-Księgowych Sp. z o.o.  
GRUPA FINANS-SERVIS  
40-084 Katowice, ul. Sokolska 3  
Entity authorised to audit financial statements  
(No. 660 in the list of the Polish Board of Statutory Auditors)

Katowice, 5 February 2013