

**Title:** Adjusted periodical report QSr covering Q3 2012

Current report incl. file no. 127/2012

Issuer's abbreviated name  
POLIMEX-MOSTOSTAL

Legal basis:

Article 56 1 (2) of the Act on Public Offering – current and periodical information

The Management Board of Polimex-Mostostal S.A. hereby informs that they have adjusted the consolidated quarterly report QSr covering Q3 2012 which was made public on 14 November 2012.

The adjustments have been justified as follows:

As described in the semi-annual report covering the period of 6 months ending on 30 June 2012, explanatory note 8.2 to the individual financial statement and, respectively, explanatory note 9.2 to the consolidated semi-annual financial statement covering the period of the second half of 2012, the Company stated:

*“In the course of verification of long-term contract budgets and analysing the reasons for significant adjustments regarding budgeted profitability of the long-term contracts being executed, there were also identified contracts and sub-contracting agreements specified hereinabove which should probably have been provided for in cost budgets pertaining to the preceding reporting periods. At the moment, the Company is comprehensively verifying contract budgets, in particular material progress of the works executed in collaboration with technical advisors. Moreover, the Company intends to commission supervisory explanatory proceedings in collaboration with independent experts. The objective of the works being carried out is to precisely determine the correct pricing of contracts, to explain the reasons for potential pricing incorrectness in the preceding reporting periods, and to evaluate potential impact of those adjustments on the opening balance and comparative data covering the year 2011. The Company has planned the process to be completed in the second half of 2012, possible resulting adjustments of the opening balance will be allowed for in the annual financial statement of the Company covering the year ending on 31 December 2012.”*

In the consolidated financial statement of Polimex-Mostostal S.A. Group covering the period of 9 months ending on 30 September 2012, published on 14 November 2012, following verification of 13 crucial and most significant contracts being executed by the Company as of 31 December 2011, the 2012 opening balance was adjusted with the amount of PLN 225,089 thousand. The 2012 opening balance adjustment was entered up in connection with identification of numerous existing contracts and orders entered into with subcontractors in 2011 which should have been allowed for in the budgets of the contracts being priced as of 31 December 2011. Moreover, budgets of part of the contracts provided for in the financial statement of the Company and of the Group, covering the year ending on 31 December 2011, did not allow for documented events of the year 2011 which required significant design adjustments and thorough adjustments of the material scope of works provided for in the technical documentation accompanying the contracts; consequently, given specific knowledge, the required updating of the budgets of the contracts being priced was

not carried out. During a further stage of verification of the long-term contracts, the analysis covered 28 contracts concluded by the Company, being of crucial importance from the perspective of its activity and having a significant impact on the financial results generated by the Company as of the end of 2011. Revenues recognised in 2011 due to those contracts, as compared to total revenues of the Company recognised due to the contracts being executed, amounted to approx. 26% (i.e. PLN 0.9 billion as compared to PLN 3.4 billion). Given the previously analysed 13 contracts due to verification of which the 2012 opening balance adjustment was allowed for in the consolidated financial statement of Polimex-Mostostal S.A. Group covering the period of 9 months ending on 30 September 2012, in total the analysis covered 41 contracts concluded by the Company, accounting for 66% of the total revenues of the Company recognised due to the contracts being executed in the year ending on 31 December 2011. The contracts also constituted a complete set of contracts involving amounts exceeding PLN 15 million of revenues recognised by the Company in 2011; moreover, several other less extensive contracts selected upon the basis of other criteria were subject to analysis. Verification of the pricing of 28 contracts showed a need to adjust the 2012 opening balance in the case of 9 long-term contracts, and the total impact on the 2011 net financial result amounted to PLN 8,920 thousand. By the end of the current year the Company will have completed the process of verification of the other contracts budgets; possible resulting adjustments of the opening balance will be allowed for in the annual financial statement of the Company covering the year ending on 31 December 2012.

Irrespective of the adjustment of the fundamental error described in the explanatory note 2.2.2. accompanying the consolidated financial statement covering the period of 9 months ending on 30 September 2012, the pricing of long-term contracts being executed by the Company as of 30 September 2012 was adjusted due to detailed verification of budgets. The impact of the aforementioned adjustment on the gross results of Polimex-Mostostal S.A. and Polimex-Mostostal S.A. Group amounts to PLN -70,469 thousand. The aforementioned adjustment applies to the following areas of operating activity with respect to profitability of the long-term contracts being executed:

In the Roads and Railways segment two long-term contracts were adjusted. The budget of the contract pertaining to: the construction of the A4 motorway along the Szarów – Brzesko section, developed for pricing purposes as of 30 September 2012, was adjusted with costs, in particular within the scope specified below, and the impact of the adjustment on the gross results of Polimex-Mostostal S.A. and Polimex-Mostostal S.A. Group amounts to PLN -20,489 thousand:

- increased mobilisation of sub-contracting potential (contracts with new sub-contractors of works),
- estimated loss on works executed with the Company's own resources,
- additional costs of equipment operation and maintenance in connection with prolongation of the contract execution period,
- additional costs of the Contractor's own laboratory due to prolongation of the contracted bituminous works execution.

The budget of the contract pertaining to the construction of the S-69 expressway along the Bielsko-Biala – Żywiec section, developed for pricing purposes as of 30 September 2012, was adjusted with costs, in particular within the scope specified below, and the impact of the adjustment on the gross results of Polimex-Mostostal S.A. and Polimex-Mostostal S.A. Group amounts to PLN -22,523 thousand:

- creation of a reserve for losses associated with the liquidation bankruptcy of a consortium member – Mostmar,
- additional loss on bridge-related works to be completed as abandoned by the consortium member.

In the General Construction segment, following verification of the long-term contract budgets, the impact of the adjustment on the gross results of Polimex-Mostostal S.A. and Polimex-Mostostal S.A. Group amounts to PLN -6,766 thousand. In the Power Engineering segment, following verification of the long-term contract budgets, the impact of the adjustment on the gross results of Polimex-Mostostal S.A. and Polimex-Mostostal S.A. Group amounts to PLN -20,691 thousand.

For the purpose of improvement of the quality of budgeting and reporting processes within the structures of Polimex-Mostostal S.A. there was appointed a controlling unit dedicated to the control of the long-term contract budgets and reporting directly to the Management Board. The responsibilities of the unit, among others, will include: co-ordination and implementation of a standard project management process within the structures of the Company; on-going verification and improvement of the budgeting model and of the reporting procedures with respect to contract monitoring; organisation of a review of the key long-term contracts status; verification of the material progress of the key projects. In addition, it was decided that the internal control function would be extended with a team controlling project budget execution.

As a result of the aforementioned, the adjusted elements were: abridged profit and loss account, abridged statement of total revenues, abridged balance sheet, abridged statement of changes in equity capital, abridged cash flow statement and, accordingly, abridged consolidated profit and loss account, abridged consolidated statement of total revenues, abridged consolidated balance sheet, abridged consolidated statement of changes in equity capital, abridged consolidated cash flow statement and selected explanatory notes.

Basic financial data to be adjusted and following the adjustment, provided for hereinabove, have been incorporated in the annex to this report.

Moreover, on 19 December this year the Company will publish a periodical report containing adjusted content of the report covering Q3 2012 allowing for the adjustments discussed hereinabove.

**Signatures of persons representing the Company:**

Robert Kosmal – Manager of the Mergers and Acquisitions Office

