

**INDEPENDENT CHARTERED AUDITOR'S
REPORT**

**from the audit of financial statements supplementing the opinion
on**

ENERGOMONTAŻ – POŁUDNIE

S.A.

in Katowice

1. The audit covered financial statements for the period from 1 January to 31 December 2008,
in the period from 03.11.2008 to 31.03.2009, including breaks.
2. The audit of financial statements was carried out by the chartered auditor:
Bogusław Zemelka residing in Sosnowiec, 9 Orkana Street
Reg. No. 9368|7008
3. The composition of the Management Board of Energomontaż - Południe S.A.
in the period from 01.01.2008 to 31.12.2008 was as follows:

President of the Management Board **Mr. Wojciech Nazarek**

Vice President of the Management Board **Mr. Andrzej Holda**

from 01.03.2008

Member of the Management Board

Mr. Tadeusz Torbus

4. Ms. Wiesława Późniak was the Chief Accountant as of 01.09.2007
5. The composition of the Supervisory Board in the period of the audited financial statements was as follows:
 - 1) Mr. Sławomir Masiuk - Chairman of the Supervisory Board
 - 2) Mr. Marek Wesołowski - Vice Chairman of the Supervisory Board
 - 3) Mr. Andrzej Kowalski - Member of the Supervisory Board
 - 4) Mr. Krzysztof Radojewski - Member of the Supervisory Board
 - 5) Mr. Waldemar Tevnell - Member of the Supervisory Board

A. GENERAL PART

I. Legal form of the entity

The name of the company reads: **Energomontaż-Południe Spółka Akcyjna**
address: **40-951 Katowice, 15 Mickiewicza Street**

The Company may use the abbreviation of the name of the company: **Energomontaż - Pld S.A.**

No organizational restructuring took place in the Company.

II. Object of the activity

73 items have been registered in the column object of activity in the National Court Register. The object of the activity that is performed in particular is:

1. execution of general construction works,
2. execution of construction works related to the erection of steel constructions as wells as buildings and structures of prefabricated elements.
3. construction of hydro engineering structures,
4. execution of electrical, gas, sewerage, central heating, ventilation and other construction systems,
5. execution of completion construction works,

6. execution of specialized construction works,
7. hire of construction and demolition equipment with operators' service,
8. wholesale of construction materials and sanitary outfit,
9. technical tests and analyses,
10. production of metal constructions and their parts,
11. purchase and sale of real estate on own account.

The activity conducted in fact does not exceed the registered scope of activity and is compliant with the REGON number and with the Articles of Association.

III. Legal basis for the activity

1. Law of 15.09.2000 - The Code of Commercial Companies (Journal of Laws of 2000 No. 94 item 1037),
2. Law of 29.07.2005 - Public tender and conditions of implementation of financial instruments to an organized sales system and listed companies (Journal of Laws of 2005 No. 184, item 1539 as amended),
3. Law of 29.07.2005 - Financial instruments purchase/sale (Journal of Laws of 2005 No. 183, item 1538 as amended),
4. The Ordinance of the Minister of Finance of 19.02.2009 on current and periodical information provided by the issuers of securities (Journal of Laws of 2009 No. 33 item 259),
5. The Articles of Association of the Joint Stock Company prepared in the form of the Notarial Deed Rep. A No. 1661/92 of 07.03.1992, latest amendment passed on 25.07.2008 – Rep. A No. 12606/2008.

IV. Registering body and date of entry into the register

The Decision of the District Court in Katowice, Economic Division of the National Court Register of 24.01.2002 on the entry to the Entrepreneurs' Register under KRS No.: 0000080906.

Previous registration was performed in the District Court in Katowice, 8th Economic and Registration Division, under RHB No. 7927.

The latest entry to the KRS register was performed on 07.10.2008.

The Company's duration is undesignated.

Tax and statistical registration

The identification number of Energomontaż - Południe S.A.

REGON 270649263

was vested by the Statistical Office in Katowice - Certificate of 20.09.2005 and the tax identification number

NIP 634-013-54-81

was vested by the Internal Revenue Service in Katowice on 08.06.1993

The Head of the First Silesian Internal Revenue Service in Sosnowiec confirmed the registration of the company on 24.04.2004 as a VAT UE tax payer under the number

PL 6340135481

V. The amount of share capital

The share capital of Energomontaż - Południe S.A. amounts to 48,390 thousand PLN and is divided to 48,390,000 common bearer shares of nominal value 1.00 PLN each.

The Company's shares are a subject of stock exchange at the parallel market from 13.11.1997.

The ownership structure of the share capital as of 31.12.2008 presented as follows:

Owners of the shares	Number of shares/votes	Share in the basic capital
Renata Gasinowicz	8,700,835	17.98
Andrzej Mikucki and Piotr Mikucki	4,390,000	9.07
others - with less than 5% of shares	35,299,165	72.95
Total:	48,390,000	100.00

The share capital of the Company was raised in the audited period by issuing 4,390,000 series D shares taken over for the contribution.

The basic capital was covered pursuant to the letter of law and exists practically.

VI. Average annual employment

The average employment for the year 2008 amounted to 708 people according to Z-06.

VII. Information on the Management Board and Supervisory Board.

The composition of the Management Board, the positions and the changes in the audited year presented as follows:

President of the Management Board	– Mr. Wojciech Nazarek	from 01.09.2007 to date
Member of the Management Board	– Mr. Andrzej Hołda	from 01.03.2008 to date
Member of the Management Board	– Mr. Tadeusz Torbus	from 01.10.2007 to 05.03.2009

The composition of the Supervisory Board until 06.06.2008 was as follows:

- 1) Mr. Sławomir Masiuk - Chairman of the Supervisory Board
- 2) Mr. Bogusław Oleksy - Vice Chairman of the Supervisory Board
- 3) Mr. Marek Czarnota - Secretary of the Supervisory Board
- 4) Mr. Piotr Góralewski - Member of the Supervisory Board
- 5) Mr. Sławomir Kamiński - Member of the Supervisory Board
- 6) Mr. Andrzej Kowalski - Member of the Supervisory Board
- 7) Mr. Marek Wesołowski - Member of the Supervisory Board

The composition of the Supervisory Board from 06.06.2008 to the day the audit of the financial statements ended was as follows:

- 1) Mr. Sławomir Masiuk - Chairman of the Supervisory Board
- 2) Mr. Marek Wesołowski - Vice Chairman of the Supervisory Board
- 3) Mr. Andrzej Kowalski - Member of the Supervisory Board
- 4) Mr. Krzysztof Radojewski - Member of the Supervisory Board
- 5) Mr. Waldemar Tevnell - Member of the Supervisory Board

VIII. The audited financial statements prepared

for the period from 1 January 2008 to 31 December 2008 consists of:

- balance sheet prepared as of 31.12.2008,
that on the side of assets and liabilities shows the sum of
287,654 thousand PLN
- profit and loss statement for the financial year 2008,
showing net profit of
12,377 thousand PLN
- statement of changes in equity showing
the increase of equity by the amount of
17,634 thousand PLN
- cash flow statement
showing the decrease of net cash within the financial year for the amount
27,899 thousand PLN

- additional information.

IX. The basis for the audit of financial statements

is Contract No. 14/08/09 of 04.06.2008r. concluded with **MW RAFIN Marian Wcisło Biuro Usług Rachunkowości i Finansów Spółka Jawna, 41-200 Sosnowiec, 3 Zwycięstwa Avenue** - the entitled entity No. 3076.

The Contract was concluded as a result of the Resolution of the Supervisory Board of Energomontaż - Południe S.A. No. 17 of 19.05.2008, on the grounds of § 17, art. 2.5 of the Articles of Association.

The entitled entity and the chartered auditor are independent of the entity audited.

X. The manager of the entity submitted all declarations, explanations and information required by the chartered auditor. There were no limitations of neither the scope nor the methods of audit during its performance.

XI. The financial statements of the entity for the previous financial year:

1. were audited by MW RAFIN Marian Wcisło Biuro Usług Rachunkowości i Finansów Spółka Jawna in Sosnowiec and obtained an opinion without reservations
2. were approved by the Resolution No. 3 of the Ordinary Shareholders' Meeting of Energomontaż - Południe S.A. of 06.06.2008
3. The closing balance was entered in the books of the period audited as the opening balance.
4. The net profit for the previous year was divided as follows:
 - 4,400,000.00 PLN for the payment of dividend,
 - 1,014,701.91 PLN for the supplementary capital,
 - 7,269,071.93 PLN for the reserve capital needed for the purchase of own shares to be redeemed.

5. The financial statements were published in the "Monitor Polski - B" No. 1750 item 9940 of 18.11.2008.
6. The financial statements were submitted in the register court on 16.06.2008.
7. The financial statements were submitted in the internal revenue service on 13.06.2008.

XII. The conclusions and recommendations of the chartered auditor from the audit of the financial statements for the previous financial year - were not expressed.

XIII. The entity was controlled by the control bodies throughout the year.

Control body	Date of control	Scope of control
ZUS (Social Insurance Institution) Division in Chorzów	04.08.2008 – 30.12.2008, including breaks	1) Correctness and credibility of estimating the premiums and submitting forms for health and social securities, 2) determination of the rights to pecuniary benefits from the social security, payment of such benefits and settlements due to the benefits, 3) correctness and punctuality of elaborating the motions for retirement and disability benefits, 4) correctness of issuing the motions and submitting information for the insurance for the period from 01.01.1999 – 31.12.1999 and the period from 01.01.2003 – 31.12.2004

On 20.02.2009 the Company submitted a reservation to the control official record. The chartered auditor did not use the results of the control.

XIV. Information on related entities

Energomontaż - Południe S.A. is the parent entity that prepares the consolidated financial statements.

The related entities are:

Related entity	Percentage of share in the rights to vote	Nature of the relation
CK Modus Spółka z o.o. in Katowice	100.00 %	subsidiary
EP Centrum Rekreacji Spółka z o.o. in Katowice	100.00 %	subsidiary
Modus II Spółka z o.o. in Katowice	100.00 %	subsidiary
AMONTEX Sp. z o.o. in Radomsko	100.00 %	subsidiary
Energomontaż – Zachód Sp. z o.o. in bankruptcy in Warszawa	90.3 %	subsidiary
Open Wrocław Sp. z o.o. in bankruptcy in Wrocław	70.00 %	subsidiary

B. DETAILED PART OF THE REPORT

I. Correctness of the accounting system applied

1. Energomontaż - Południe S.A. keeps current documentation that describes the accounting policy mentioned in article 10 of the amended Accounting Act of 29.09.1994, and in particular the Corporate Chart of Accounts carried into effect as of 01.01.2005 with the Disposition No. 8/2005 of the President of the Management Board of Energomontaż - Południe S.A.
In 2007 the Corporate Chart of Accounts was updated in the form of Annex No. 1 of 14.12.2007.
2. The accounting books are kept using the FK (financial and accounting) computer system by KOMA S.A.

The software is an integrated system consisting of the following modules:

- Finances & Accounting
- Tangible Fixed Assets
- Materials Management
- Personnel & Payroll.

The entity keeps documentation of the data processing system using the computer programs.

3. The economic operations were documented in a complete, sufficient and transparent manner.
4. The accounting books were opened on the basis of the audited and certified financial statements prepared as of 31.12.2007.

As of 01.01.2005 the entity maintains the accounting policy according to the principles specified in International Financial Reporting Standards.

5. The correctness of keeping the books in the computer system and conformity with the provisions of the Corporate Chart of Accounts, in particular conformity of the list of control accounts and the commentary, the rightness of choosing the accounting principles assumed for use, are confirmed.

Data storage and processing are safe.

6. The results of the random audit of the accounting books and accounting documents - that constitute the basis for book entries and the relations between data in the accounting books and in the audited financial statements - made for the purpose of assessing the financial statements allow to acknowledge them as meeting the condition of reliability, faultlessness and verifiability in general.

II. The operation of the internal control system in the entity related to the accounting system

The operation of the internal control system in the audited entity is based upon:

- functional control performed by people from the managerial and independent personnel, in accordance with their scope of duties,
- using internal instructions such as: Instruction on the Book Documents Circulation, Instruction on the Stock-taking.

The audit of the internal control system was carried out as far as it is related to the financial statements and regarded the process of:

- purchase, accepting materials to the storage, payments of invoices to the suppliers,
- sale, release of products, payments of receivables,
- the rightness of the system of costs estimation and pricing of products,
- settlements and documentation of remunerations and social benefits,
- formal, accounting and content-related control of the revenues obtained and expenses incurred.

The audit performed did not reveal any significant faults in the operation of the internal control system.

III. Stock-taking

1. Annual stock-taking of assets and liabilities was carried out on the basis of Official Orders of the President of the Management Board of Energomontaż - Południe S.A. No. 8/2008 of 29.10.2008 on the materials and goods stock-taking and No. 10/2008 of 30.12.2008 on the stock-taking of unfinished construction and assembly works, housing development works and industrial production in progress.

2. The organization and the procedure of carrying out the stock-taking was correct.
3. The stock-taking comprised:
 - a) by means of physical stock-taking:
 - cash in hand, cheques, bills of exchange, securities as of 31.12.2008
 - inventories of materials and goods as of 31.12.2008
 - inventories of production in progress as of 31.12.2008
 - b) by means of confirmation:
 - balance of cash on the bank accounts and balance of bank credits incurred as of 31.12.2008
 - receivables from the contracting parties as of 31.12.2008
 - c) by means of documents verification:
 - other assets and liabilities as of 31.12.2008
4. The chartered auditor participated in the stock-taking of inventories of materials and goods and industrial production in progress. There were no remarks on the stock-taking procedure.
Furthermore, he took part in an unexpected cash control carried out on 09.03.2009. Cash was compliant with the cash report.
5. The dates and frequency of the stock-taking are pursuant to the art. 26 of 29.09.1994 of the Accounting Act.

The stock-taking of assets and liabilities carried out in the manner, scope, dates and frequency as stipulated in the Accounting Law was acknowledged to be correct. The stock-taking differences were settled in books for the year 2008.

IV. Confirmation of keeping the tax documents of the transactions made with related entities

The audited entity keeps tax documents of the transactions performed with the related entities.

V. Assessment of proper storage of the accounting books, accounting documents and financial statements

The accounting documentation, the certified financial statements and the documentation that describes the accounting principles assumed are stored in a due manner in the Accounting Department and in the corporate archive.

C. ASSESSMENT OF ASSETS AND LIABILITIES AND ASSESSMENT OF FINANCIAL CONDITION

1. Change of assets (property) as of 31.12.2008 in relation to 31.12.2007 and the structure are as follows:

in '000 PLN

Components of assets	31.12.2008		31.12.2007		Dynamics in % 2:4
	Amount	% structure	Amount	% structure	
1	2	3	4	5	6
A. Fixed assets	106,540	37.04	50,044	25.84	212.89
1. Tangible fixed assets	38,541	13.40	34,589	17.86	111.43
2. Intangible assets	277	0.10	1,218	0.63	22.74
3. Investment real estate	15,328	5.33	10,936	5.65	140.16
4. Financial assets	49,020	17.04	2,245	1.16	2183.5
5. Long-term receivables	63	0.02	63	0.03	100.00
6. Long-term prepayments	3,311	1.15	993	0.51	333.43
B. Current assets	181,114	62.96	143,635	74.16	126.09

1. Inventories	28,162	9.79	42,270	21.83	66.62
2. Short-term receivables	126,730	44.06	57,724	29.80	219.54
3. Short-term prepayments					
	16,656	5.79	3,652	1.89	456.08
4. Current financial assets	2,860	0.99	5,718	2.95	50.02
5. Cash and equivalents					
	6,706	2.33	34,271	17.69	19.57
Total assets	287,654	100.00	193,679	100.00	148.52

2. Change of assets (property) origin sources as of 31.12.2008 in relation to 31.12.2007 and the structure are as follows:

in '000 PLN

Components of liabilities	31.12.2008		31.12.2007		Dynamics in % 2:4
	Amount	% structure	Amount	% structure	
1	2	3	4	5	6
A. Equity	109,324	38.00	91,690	47.34	119.23
B. Long-term payables					
	36,408	12.66	16,785	8.67	216.91
1. Provisions	10,037	3.49	9,457	4.88	106.13
2. Financial payables	26,371	9.17	7,328	3.79	359.87
C. Short-term payables					
	141,922	49.34	85,204	43.99	166.57
1. Provisions	649	0.22	1,636	0.84	39.67
2. Financial payables	46,933	16.32	17,017	8.79	275.80
3. Short-term payables					
	94,340	32.80	66,551	34.36	141.76
Total liabilities	287,654	100.00	193,679	100.00	148.52

The assessment of assets and liabilities of the balance sheet for the audited and previous years indicates a significant:

- increase of long-term financial assets 46,775 thousand
PLN
- decrease of inventories 14,108 thousand

	PLN
– increase of short-term receivables	69,006 thousand
	PLN
– increase of prepayments	13,004 thousand
	PLN
– decrease of cash and equivalents	27,565 thousand
	PLN
– increase of equity	17,634 thousand
	PLN
– increase of financial payables	48,959 thousand
	PLN
– increase of short-term payables	27,789 thousand
	PLN

As a result total assets increased by 93,975 thousand PLN.

3. The financial results in the period audited in relation to the previous year are as follows:

in '000 PLN					
Item	Content	Current year + profit - loss	Previous year + profit - loss	Ratio	
				+ improve- ment - worsening	% (3 : 4)
1	2	3	4	5	6
1.	Result on sales	+ 28,801	+ 17,673	+ 11,128	162.97
2.	Result on other revenues and costs	- 8,583	- 6,552	- 2,031	131.00
3.	Result on revenues and financial costs	- 4,449	+ 5,702	- 10,151	-
4.	Gross profit	15,769	16,823	- 1,054	93.73
5.	Income tax	3,392	4,139	+ 747	81.95
6.	Other obligatory de- creases of profit	-	-	-	-
7.	Net profit	12,377	12,684	- 307	97.58

Comparison of the results of economic activity of the reporting year with previous year indicates the stability of the financial result.

4. The significant profitability, financial liquidity and solvency ratios are as follows:

Item	Name of the ratio	Current year	Previous year	+ Improvement - worsening
1	2	3	4	5
1.	Sales profitability ratio	5.84 %	5.48 %	+ 0.36 %
2.	Current liquidity ratio	127.62 %	168.58 %	- 40.96 %
3.	Quick liquidity ratio	107.77 %	118.97 %	- 11.20 %
4.	Debt to asset ratio	61.99 %	52.66 %	- 9.33 %
5.	Receivables turnover ratio	76 days	55 days	- 21 days
6.	Payables turnover ratio	61 days	44 days	- 17 days
9.	Inventories turnover ratio	26 days	30 days	+ 4 days

The profitability, financial liquidity and solvency ratios show worsening in relation to the previous year, however they still remain on a good level.

The analysis of the property and financial condition and of the financial result indicates that the continuation of the entity's activity in the next financial year is not endangered.

ACTUAL AUDIT OF ASSETS AND LIABILITIES AND ITEMS AFFECTING THE RESULT OF THE ENTITY'S ACTIVITY

I. FIXED ASSETS

1. Tangible fixed assets amount to:

Tangible assets - original value	71,133 thousand PLN
Depreciation to date	35,998 thousand PLN
Net value as of 31.12.2008	35,135 thousand PLN
Tangible assets under construction	3,406 thousand PLN
Total tangible fixed assets as of 31.12.2008	38,541 thousand PLN
Percentage share in the balance sheet total	13.40 %
Annual amortization	3,882 thousand PLN

1.1. Within the year total fixed assets *increased*

due to:

– purchase	1,745 thousand PLN
– modernization	1,026 thousand PLN
– leasing	2,540 thousand PLN
	<hr/>
total	5,311 thousand PLN

and *decreased* due to:

– liquidation	1,829 thousand PLN
– theft	145 thousand PLN
– sales	1,985 thousand PLN
	<hr/>
total	3,959 thousand PLN
– minus depreciation of tangible assets spent	3,077 thousand PLN
– net of tangible assets spent	882 thousand PLN

1.2. In 2008 the expenditures for the construction of tangible assets and intangible fixed assets in relation to the obtainable financial sources amount to:

1) Expenditures for the construction of tangible assets	9,305 thousand PLN
2) Financial sources	
a) amortization	4,019 thousand PLN
b) revenues from sale of tangible assets	178 thousand PLN
c) own funds	5,108 thousand PLN

Total financial sources	9,305 thousand
	PLN

The financing of the expenditures for the construction of tangible assets and intangible fixed assets presents as follows:

- payables as of 01.01.2008	5,088 thousand
	PLN
- expenditures for the construction of tangible assets and intangible fixed assets	9,305 thousand
	PLN

Total funds necessary to finance the construction of tangible assets and intangible fixed assets	14,393 thousand
	PLN

- payables as of 31.12.2008	10,890 thousand
	PLN
- expenditures financed	3,503 thousand
	PLN

Payables due to the construction of tangible assets and intangible fixed assets as of 31.12.2008 are not overdue.

Tangible assets were presented in the books in a complete manner and their total was shown correctly in the financial statements.

Tangible assets are correctly qualified to particular generic groups and have adequate amortization rates in accordance with the anticipated period of their economic utility.

The revenues and spending of tangible assets as well as the construction of tangible assets were documented correctly.

Lands and buildings are shown in the fair value on the basis of a valuation carried out periodically by a real estate expert. Differences from the valuation are applied to the capital from revaluation.

Other tangible assets are valued in the amount of total costs that arise in relation to their purchase or manufacture diminished by possible write-offs due to permanent impairment.

No events affecting the company's financial condition took place after the balance sheet date.

Tangible fixed assets were shown in the financial statements in the correct amount, in accordance with the general and detailed register and with the trial balance.

2. Intangible assets amount to:

Intangible assets - original value	3,188 thousand PLN
Depreciation to date	1,049 thousand PLN
Goodwill write-off	2,010 thousand PLN
Net value as of 31.12.2008	129 thousand PLN
Expenditures for intangible assets	148 thousand PLN
Total net value as of 31.12.2008	277 thousand PLN
Percentage share in the balance sheet total	0.10 %
Annual amortization	137 thousand PLN
Intangible assets equal:	
1. goodwill	- '000 PLN
2. other intangible assets	129 thousand PLN
3. intangible assets under construction	148 thousand PLN

Goodwill arose as a result of the merger with the subsidiary Wica - Inwest Sp. z o.o. from Wrocław. As a result of carrying out an impairment test, a write-off in the costs was made partially in 2007 and the remaining part in 2008.

Other intangible assets comprise: licences for software. The classification of intangible assets is correct.

Intangible assets that comprise licences and software are depreciated throughout the estimated period of their use, which is subject to verification at the end of every financial year.

Intangible assets were presented in a complete manner in the books and in the financial statements.

The changes of intangible assets were documented correctly.

The decreases and increases of intangible assets presented as follows:

Specification	Original value	Depreciation
Status as of 01.01.2008	3,036 thousand PLN	1,818 thousand PLN
Revenues for the year 2008	152 thousand PLN	
Depreciation for the year 2008		137 thousand PLN
Goodwill write-off		1,104 thousand PLN
Status as of 31.12.2008	3,188 thousand PLN	3,059 thousand PLN
Net value	129 thousand PLN	

Intangible assets shown in the financial statements in the amount of 277 thousand PLN are correct and in accordance with the trial balance.

3. Investment real estate amount to:

Gross investment real estate	15,328 thousand PLN
Depreciation to date	- '000 PLN
Net value as of 31.12.2008	15,328 thousand PLN
Percentage share in the balance sheet total	5.33 %

Investment real estate that comprise lands and buildings were valued according to the fair value as of 31.12.2007 by a real estate expert. The fair value for buildings being a part of investment real estate was assumed to be the net book value. As of 31.12.2008 the investment real estate written in the property in 2008 at the cost of manufacturing were revalued. Investment real estate is not subject to amortization. The result of the revaluation was qualified to the revenues of the period when it arose.

There were the following changes in investment real estate within the year:

Specification	Original value
Gross value as of 01.01.2008	10,936 thousand PLN
Revenues in 2008, including:	55,492 thousand PLN
- purchase	492 thousand PLN
- movement from inventories	43,657 thousand PLN
- valuation according to the fair value	11,343 thousand PLN
Sales in 2008	51,100 thousand PLN

Gross value as of 31.12.2008	15,328 thousand PLN
Depreciation as of 31.12.2008	- '000 PLN
Net value as of 31.12.2008	15,328 thousand PLN

Investment real estate were estimated and shown correctly in the financial statements.

4. Financial assets

Specification	Register value	Allowances	Balance sheet value
Long-term financial assets	65,563 thousand PLN	16,543 thousand PLN	49,020 thousand PLN
a) in related entities	64,619 thousand PLN	15,997 thousand PLN	48,622 thousand PLN
divided to:			
- interests	49,619 thousand PLN	15,997 thousand PLN	33,622 thousand PLN
- loans given	15,000 thousand PLN	-	15,000 thousand PLN
b) in other entities	944 thousand PLN	546 thousand PLN	398 thousand PLN
divided to:			
- other interests	770 thousand PLN	51 thousand PLN	219 thousand PLN
- shares available for sale	174 thousand PLN	- 5 thousand PLN	179 thousand PLN
Total as of 31.12.2008	65,563 thousand PLN	16,543 thousand PLN	49,020 thousand PLN
Percentage share in the balance sheet total			17.04 %

Financial assets were presented in a complete manner in the books and in the financial statements.

Since the fair value of the interests in external entities could not be specified in a reliable manner, they were valued in purchase prices after having considered the allowances.

Shares in other entities were qualified as financial assets available for sale and valued in the fair value on the basis of the market value as of the balance sheet date.

Financial assets were presented in the balance sheet in the amounts compliant with the trial balance.

5. Long-term receivables

	From related entities	From other entities	Total
Gross receivables	-	63 thousand PLN	63 thousand PLN
Allowances		- '000 PLN	- '000 PLN
Net receivables as of 31.12.2008	-	63 thousand PLN	63 thousand PLN
Percentage share in the balance sheet total			0.02 %

Long-term receivables comprise bails paid that will be returned in a period longer than 12 months from the balance sheet date.

The classification to long-term receivables is correct.

Long-term receivables were shown correctly in the balance sheet.

6. Long-term prepayments

Assets due to deferred income tax

3,044 thousand

PLN

Other prepayments	267 thousand PLN
Total	<u>3,311 thousand</u> PLN
Percentage share in the balance sheet total	1.15 %

Negative difference of the income tax was calculated correctly.

Assets due to deferred income tax were settled with the result of the current year in the amount 2,214 thousand PLN.

Other prepayments comprise financial costs due to financial leasing in the amount of 267 thousand PLN, due after 31.12.2009.

Assets due to deferred income tax and other prepayments shown are compliant with the trial balance.

II. CURRENT ASSETS

1. Inventories **28,162 thousand PLN**

Percentage share in the balance sheet total 9.79 %

divided to:

1) Materials	4,206 thousand PLN
2) Semi-products and work in progress	1,920 thousand PLN
3) Finished products	7,976 thousand PLN
4) Goods	14,060 thousand PLN

Physical stock-taking of goods and materials inventories was made as of 31.10.2008.

Physical stock-taking of works in progress was made as of 31.12.2008.

The insignificant stock-taking differences found were settled in books for the year 2008.

In accordance with the book-keeping register, the materials inventories amounted to:

– materials in stock	4,308 thousand PLN
– materials in transit	87 thousand PLN
– settlement of souvenirs purchase	11 thousand PLN
	<hr/>
net materials	4,406 thousand PLN
allowance	- 200 thousand PLN
	<hr/>
net materials	4,206 thousand PLN

In accordance with the book-keeping register, production in progress amounted to:

– basic production	67 thousand PLN
– industrial production	1,853 thousand PLN
	<hr/>
Total production in progress	1,920 thousand PLN

Finished products in the amount of 7,976 thousand PLN comprise the products of housing development.

In accordance with the book-keeping register, the goods inventories amounted to:

– goods intended for sale	3,329 thousand PLN
– goods intended for housing development	905 thousand

	PLN
– lands intended for sale	9,826 thousand
	PLN
Value of goods	<u>14,060 thousand</u>
	PLN

Inventories that are not rotated more than 180 days present as follows:

Opening balance of the status	451 thousand PLN
Closing balance of the status	664 thousand PLN
Increase	213 thousand PLN

Allowance in the amount of 200 thousand PLN was made for non-rotary inventories.

Inventories were presented in the financial statements in a complete manner.

Inventories valuation as of the balance sheet date was made following the prudence concept.

Inventories as shown in the balance sheet are correct, in accordance with the trial balance and general accounts and were confirmed by the stock-taking.

2. Short-term receivables

Gross short-term receivables	133,261 thousand PLN
minus:	
- write-offs due to revaluation	6,531 thousand PLN
Net short-term receivables	
as of 31.12.2008	126,730 thousand PLN
Percentage share in the balance sheet total	44.06 %

divided to:

Gross trade receivables	56,575 thousand PLN
minus:	
- write-offs due to revaluation	2,599 thousand PLN
Net trade receivables	53,976 thousand PLN

Gross trade receivables are divided to receivables that:

- are not overdue	38,521 thousand PLN
- are overdue	18,054 thousand PLN
including to be paid:	
a) up to 3 months	15,391 thousand PLN
b) from 3 to 6 months	65 thousand PLN
c) from 6 to 12 months	85 thousand PLN
d) more than 12 months	2,513 thousand PLN
Total	<u>56,575 thousand PLN</u>

Receivables that are overdue more than 12 months are receivables in composition proceedings, bankruptcy proceedings, after judgements, interest notes.

Receivables from entities in composition, bankruptcy and liquidation proceedings amount to 1,325 thousand PLN.

The allowances for receivables that may become uncollectible are sufficient.

Trade receivables were shown in the amounts of the required payment.

Other receivables in the total amount of 72,754 thousand PLN are:

- receivables due to taxes, subsidies, customs, social and health insurances and other benefits 6,140 thousand PLN
- settlements due to tangible fixed assets and investments 62,342 thousand PLN
- other 4,272 thousand PLN

An allowance in the amount of 760 thousand PLN was made for other receivables.

2.1. Receivables claimed at court present as follows:

Specification	As of 31.12.2008	As of 31.12.2007
- receivables claimed at court	3,172 thousand PLN	3,428 thousand PLN
- write-offs due to revaluation	3,172 thousand PLN	3,428 thousand PLN
- receivables diminished by write-offs due to revaluation	- '000 PLN	- '000 PLN

Receivables claimed at court are not shown in the balance sheet as they are entirely written-off.

2.2. Settlement of payments of interest due from receivables due to the sale of products, services and tangible fixed assets and investments is as follows:

- status as of 01.01.2008 311 thousand PLN
- accrued until 31.12.2008 190 thousand PLN
- paid until 31.12.2008 133 thousand PLN
- depreciated in 2008 58 thousand PLN

– status as of 31.12.2008

310 thousand PLN

An allowance was made for the entire amount of interest due.

The book-keeping register for the receivables is kept according to the contracting parties, due dates and particular invoices.

In subsidiary books receivables comprise the following titles:

Trade receivables from the related entities are:

name	amount	allowance
Receivables after judgements, in bankruptcy and liquidation	301 thousand PLN	301 thousand PLN
Settlements with recipients	14,924 thousand PLN	
Total	15,225 thousand PLN	301 thousand PLN
Net receivables	14,924 thousand PLN	

Trade receivables from other entities are:

name	amount	allowance
Receivables after judgements, in bankruptcy and liquidation	985 thousand PLN	985 thousand PLN
Settlements with recipients	16,903 thousand PLN	25 thousand PLN
Export settlements	20,032 thousand PLN	734 thousand PLN
Receivables in composition proceedings-main receivables	39 thousand PLN	39 thousand PLN
Settlements due to deliveries of materials	9 thousand PLN	
Settlements due to deliveries of services	12 thousand PLN	
Receivables due to interest	170 thousand PLN	170 thousand PLN
Uncollectible interest	141 thousand PLN	141 thousand PLN

Settlements with Wica - Inwest recipients	204 thousand PLN	204 thousand PLN
Settlements due to Wica - Inwest works deliveries	2 thousand PLN	
Long-term receivables - guarantee bails	2,853 thousand PLN	
Total	41,350 thousand sand PLN	2,298 thousand PLN
Net receivables	39,052 thousand PLN	

Receivables are documented with sales invoices, notes, court judgements completely and correctly.

The Company sent motions for confirmation of balances as of 31.12.2008 for the amount of 95,977 thousand PLN to 320 contracting parties. The conformity of the balances was confirmed by the recipients in 91.33% of the amount. Receivables paid until 28.02.2009 amount to 15,135 thousand PLN.

Receivables due to taxes, subsidies, social insurances comprise:

name	amount	allowance
VAT to be settled with the Internal Revenue Service	4,460 thousand PLN	
VAT of the Division in Germany	34 thousand PLN	
Income tax from legal persons - Ireland	113 thousand PLN	113 thousand PLN
VAT accrued to be settled	1,164 thousand PLN	
VAT to be received due to adjustments	586 thousand PLN	104 thousand PLN
Total	6,357 thousand PLN	217 thousand PLN
Net receivables	6,140 thousand PLN	

Other receivables from other entities comprise:

name	amount	allowance
Payables overpaid due to tangible assets under construction	2 thousand PLN	
Surplus of assets over payables due to ZFŚS (the Company's Social Fund)	65 thousand PLN	
Other settlements with employees	19 thousand PLN	16 thousand PLN
Other settlements	4,725 thousand PLN	527 thousand PLN
Settlements due to advances	4 thousand PLN	
Receivables due to sale of tangible assets	62,342 thousand PLN	
Total	67,157 thousand PLN	543 thousand PLN
Net receivables	66,614 thousand PLN	

Receivables shown in the balance sheet are collectible. In the balance sheet they are shown in the correct amounts compliant with the trial balance.

3. Short-term prepayments

amount to	16,656 thousand PLN
Percentage share in the balance sheet total	5.79 %

Prepayments comprise:

– prepayments of operating costs	1,180 thousand PLN
– uninvoiced sales of long-term contracts	8,575 thousand PLN
– costs of the following period	416 thousand PLN
– financial costs regarding leasing contracts	322 thousand PLN

– interest from contracts of loans	750 thousand PLN
– costs of apartment sale	5,399 thousand PLN
– payments for brokerage office	14 thousand PLN
Total:	16,656 thou- sand PLN

The above titles presented in prepayments of costs are qualified as to be settled in time.

The valuation of prepayments of operating costs is based upon the records of the costs incurred, settled adequately to the lapse of time and the revenues booked.

Prepayments shown in the balance sheet are correct, compliant with the trial balance.

4. Current financial assets

Specification	Gross value	Allowances	Balance sheet value
Short-term financial assets	2,860 thousand PLN	-	2,860 thousand PLN
Percentage share in the balance sheet total			0.99 %
a) in related entities	2,860 thousand PLN	-	2,860 thousand PLN
- loans given	2,860 thousand PLN	-	2,860 thousand PLN
b) in other entities	- thousand PLN	-	- thousand PLN

Current financial assets shown in the balance sheet are correct and result from the accounting books and from the trial balance.

5. Cash and equivalents

amount to	6,706 thousand PLN
Percentage share in the balance sheet total	2,33 %
including:	
- cash in hand and in bank accounts	3,398 thousand PLN
- time deposits	3,308 thousand PLN
Total as of 31.12.2008	6,706 thousand PLN

Cash in hand amounting to 28 thousand PLN is compliant with the cash reports of 31.12.2008 and was confirmed by the stock-taking.

Cash in bank in the amount of 3,370 thousand PLN

is compliant with the bank reports of 31.12.2008 and was confirmed by the banks.

Cash in foreign currency was valued according to the average NBP exchange rate effective as of 31.12.2008.

Cash and its equivalents was shown in the balance sheet in the correct amounts compliant with the trial balance.

III. EQUITY

Equity amounts to	109,324 thousand PLN
Percentage share in the balance sheet total	38.00 %
and consists of:	
1) Basic capital	69,725 thousand PLN
– share capital	48,390 thousand PLN
– equity revaluation due to hyperinflation	21,335 thousand PLN
2) Own shares	- 2,254 thousand PLN
3) Supplementary capital	20,511 thousand PLN
4) Reserve capital from revaluation	10,792 thousand PLN
5) Other reserve capitals	7,269 thousand PLN
6) Previous years' losses	- 9,096 thousand PLN
7) Net profit	12,377 thousand PLN

Share capital shown in the amount of 48,390 thousand PLN is pursuant to the Articles of Association and to the entry in the Entrepreneurs' Register KRS 80906.

The share capital in the amount of 48,390 thousand PLN is divided to 48,390,000 shares of nominal value 1.00 PLN each.

The shares series D of nominal value 4,390 thousand PLN were issued in the audited period.

The changes in the supplementary capital present as follows:

- capital as of 01.01.2008	11,522 thousand PLN
- increase:	8,989 thousand PLN
• issue of shares above the nominal value	7,974 thousand PLN
• distribution of profit for 2007	1,015 thousand PLN
- capital as of 31.12.2008	20,511 thousand PLN

Reserve balance from revaluation underwent a change:

- capital as of 01.01.2008	11,245 thousand PLN
- decrease due to :	453 thousand PLN
• long-term assets valuation	453 thousand PLN
- capital as of 31.12.2008	10,792 thousand PLN

The changes in the reserve capital for the purchase of own shares present as follows:

- capital as of 01.01.2008	- thousand PLN
- increase:	7,269 thousand PLN

• distribution of net profit for 2007	7,269 thousand PLN
- capital as of 31.12.2008	7,269 thousand PLN

The changes in the retained profit from previous years did not occur.

The changes in the capitals are pursuant to the provisions of the Code of Commercial Companies.

The amount of the basic capital is sufficient in relation to the size of the activity conducted.

The particular items of capitals and financial result were presented correctly in the balance sheet, in the amounts compliant with the book register and with the trial balance.

IV. PAYABLES AND PROVISIONS FOR PAYABLES

LONG-TERM PAYABLES

1. Provisions for payables amount to	10,037 thousand sand PLN
Percentage share in the balance sheet total	3.49 %
and comprise:	
a) provision for employee benefits	5,533 thousand PLN
b) provision due to deferred income tax	4,504 thousand PLN

The provision for employee benefits regarding jubilee awards, gratuities and annuities was fixed on 31.12.2008 by an actuary.

The long-term provision for employee benefits increased by 152 thousand PLN in the audited period.

In the financial year the change of provision for the deferred income tax in the amount of 428 thousand PLN was applied to the financial result.

Long-term provisions shown in the balance sheet are compliant with the trial balance and with the detailed register.

2. Financial payables amount to	26,371 thousand PLN
Percentage share in the balance sheet total and comprise:	9.17 %
a) bank credits and loans	23,475 thousand PLN
b) leasing payables	2,896 thousand PLN

Long-term bank credits and loans were taken in the domestic currency.

Long-term payables were valued correctly and shown in the balance sheet in amounts compliant with the trial balance.

V. PAYABLES AND PROVISIONS FOR PAYABLES

SHORT-TERM PAYABLES

1. Provisions for payables amount to	649 thousand PLN
Percentage share in the balance sheet total and comprise:	0.22 %

a) provision for employee benefits	649 thousand PLN
b) other provisions	- thousand PLN

The provision for employee benefits regards jubilee awards, gratuities and annuities assessed as of 31.12.2008 by the actuary.

In the audited period the provision in the amount of 653 thousand PLN was created and the amount of 648 thousand PLN was used parallelly to the payments of benefits made.

Write-offs due to revaluation and valuation of assets and provisions for payables presents as follows:

1) Opening balance of the status	46,741 thousand PLN
2) Write-offs due to revaluation	1,635 thousand PLN
3) Establishment of provision in the costs	1,504 thousand PLN
4) Other increases of write-offs and provisions	12,559 thousand PLN
Total (2+3+4)	15,698 thousand PLN
5) Use of write-offs and provisions	7,800 thousand PLN
6) Release of write-offs and provisions as a result of reasons cessation	- thousand PLN

7) Release of write-offs and provisions	6,750 thousand PLN
8) Other decreases	11,919 thousand PLN
Total decreases of write-offs and provisions	26,469 thousand PLN
9) Closing balance of the status	35,970 thousand PLN
– fixed assets were decreased	18,553 thousand PLN
– current assets were decreased	6,731 thousand PLN
– balance sheet provisions	10,686 thousand PLN

The provisions shown in the balance sheet are compliant with the trial balance and with the detailed register.

2. Financial payables amount to	46,933 thousand sand PLN
Percentage share in the balance sheet total	16.32 %
and comprise:	
a) bank credits and loans	37,293 thousand sand PLN
b) leasing payables	2,279 thousand PLN
c) foreign currency forward contracts	7,361 thousand PLN

Credits and loans comprise:

Short-term credits	21,636 thousand PLN
Credits on current account	15,357 thousand PLN
Loan from WFOŚiGW (the Voivodship Fund for Environmental Protection and Water Management)	300 thousand PLN
total	<u>37,293 thousand PLN</u>

The audited entity secures the revenues from foreign sales against the fluctuations of the exchange rate using the foreign currency forward contracts. The balance sheet valuation of forward contracts not performed as of 31.12.2008 gave a negative result presented in the financial costs and as payables to the bank in the amount of 7,361 thousand PLN.

Financial payables were shown in the correct amount compliant with the book register and with the trial balance.

3. Short-term payables amount to	94,340 thousand PLN
Percentage share in the balance sheet total	32.80 %
and comprise:	
a) payables to related entities	1,219 thousand PLN
– trade payables	1,219 thousand PLN
– other payables	- thousand PLN

b) payables to other entities	70,758 thousand PLN
– trade payables	41,991 thousand PLN
– payables due to advances obtained for deliveries	3,784 thousand PLN
– payables due to income tax	4,933 thousand PLN
– payables due to taxes, customs, insurances and other benefits	12,135 thousand PLN
– payables due to remunerations	2,500 thousand PLN
– other payables	5,415 thousand PLN
c) accruals	22,363 thousand PLN

3.1. The time structure of trade payables

is as follows:

a) not overdue	23,092 thousand PLN
b) overdue	20,118 thousand PLN
to be paid:	
- up to 3 months	18,144 thousand PLN
- from 3 to 6 months	848 thousand PLN
- from 6 to 12 months	645 thousand PLN

- more than 12 months	481 thousand PLN
Total (a + b)	<u>43,210 thousand</u> PLN

3.2. The accrued interest due to untimely payments of trade payables amount to:

- status as of the beginning of the year	177 thousand PLN
- accrued in 2008	421 thousand PLN
- paid in 2008	153 thousand PLN
- depreciated in 2008	25 thousand PLN
- status as of 31.12.2008	420 thousand PLN

Trade payables to the related entities comprise:

Settlements with suppliers	1,219 thousand PLN
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Trade payables to other entities comprise:

Settlements with recipients after judgements, in bankruptcy and liquidation – overpaid	22 thousand PLN
Settlements with recipients - overpaid	18 thousand PLN
Settlements with suppliers	9,592 thousand PLN
Trade payables	24,512 thousand PLN
Payables due to import of services	429 thousand PLN
Payables due to import of materials	481 thousand PLN

Settlements due to guarantee bails	2,020 thousand PLN
Payables due to interest	420 thousand PLN
Settlements with ZPCHR (Sheltered Workshops)	88 thousand PLN
Short-term payables due to guarantee bails	1,106 thousand PLN
Settlements with Small Taxpayer	90 thousand PLN
Long-term payables due to guarantee bails	3,097 thousand PLN
Settlement of services purchase	116 thousand PLN
total	41,991 thousand PLN

The above balances are real and compliant with the trial balance.

Payables due to taxes, customs, insurances and other benefits comprise:

Income tax from legal persons	4,933 thousand PLN
Income tax from natural persons	695 thousand PLN
Income tax from natural persons from the division in Germany	182 thousand PLN
Settlements with ZUS (Social Insurance Institute), FP (Labor Fund), FGŚP (Guaranteed Employee Benefits Fund)	2,356 thousand PLN
Payment for PFRON (State Fund for Rehabilitation of the Disabled)	52 thousand PLN

Settlements due to VAT due	8,850 thousand
	PLN
	<hr/>
total	17,068 thousand
	PLN

Payables to the budget, ZUS (Social Insurance Institute) and PFRON (State Fund for the Rehabilitation of the Disabled) result from the tax return.

Other payables comprise:

Advances obtained for deliveries	3,784 thousand
	PLN
Settlements due to remunerations	2,500 thousand
	PLN
Payables due to tangible assets under construction	3,292 thousand
	PLN
Other settlements with employees	5 thousand
Other settlements	2,118 thousand
	PLN
	<hr/>
total	11,699 thousand
	PLN

Payables shown in the financial statements are correct and related to the detailed register.

<u>Accruals</u> amount to	22,363 thousand
	PLN

and comprise:

– passive accruals	5,416 thousand
	PLN

– long-term contracts settlement	10,934 thousand PLN
– deferred revenues	6,013 thousand PLN

The amount shown in the balance sheet is compliant with the trial balance and with the subsidiary books.

4. Special funds comprise the Company's Social Fund - thousand PLN

The Company's social fund shows the following turnover:

Fund as of the beginning of the year	792 thousand PLN
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Increases

– basic write-off	854 thousand PLN
– interest from cash in bank, deposits and loans	49 thousand PLN
total increases	903 thousand PLN

Decreases

– material and financial help given	661 thousand PLN
– organization of vacations for children and teenagers	3 thousand PLN
– special events	63 thousand PLN
– subsidies for employee vacations	207 thousand PLN

– other expenses specified by the statute	3 thousand PLN
total decreases	<u>937 thousand PLN</u>
Fund as of 31.12.2008	758 thousand PLN
Apartment loans	95 thousand PLN
Cash in bank and deposits	728 thousand PLN
total	823 thousand PLN

The surplus of cash in bank and receivables over payables due to the fund amounts to 65 thousand PLN

The surplus of cash in bank and receivables due to loans in the amount of 65 thousand PLN over payables due to the fund was presented in other receivables.

The write-off for ZFŚS (the Company's Social Fund) for the year 2008 was fixed in the correct amount.

The expenses from ZFŚS are compliant with the assumptions of the fund and the company's statute and depend on the employees living conditions.

The payment to the separate fund account was made in the amount of the actual write-off within the statutory time limits.

VI. FINANCIAL RESULT, TAXES

FINANCIAL RESULT

1. REVENUES AND COSTS

'000 PLN			
Content	Sales revenues and other	Costs related to them	Result + profit - loss
1	2	3	4
A. Revenues from sale of products, goods and materials and costs incurred	212,100	183,299	
I. Products	195,253	167,508	
II. Goods and materials	16,847	15,791	
B. Gross profit from sales (I-II)			+ 28,801
C. Other revenues	22,075		
D. Costs of sales		1,187	
E. General management costs		12,654	
F. Other costs		16,817	
G. Profit from operating activities (B+C-D-E-F)			+ 20,218
H. Financial revenues	8,434		
I. Financial costs		12,883	
J. Gross profit before taxes (G+H-I)			+ 15,769
K. Current income tax			5,179
L. Deferred income tax			- 1,787
M. Net profit from continued activity (J-K+/-L)			+ 12,377
N. Net profit from discontinued activity			-
O. Net profit from continued and discontinued activity			+ 12,377

Revenues from the sale of products are correct and complete, result from the control and detailed accounts and from the trial balance.

Tax deductible costs are complete, classified and documented correctly. They are compliant and properly related to the revenues.

The relation of the costs and the revenues presents as follows:

Specification	Revenues	Costs
Sales of basic production	117,144 thousand PLN	91,654 thousand PLN
Sales of housing development	6,052 thousand PLN	4,911 thousand PLN
Sales of industrial production	21,250 thousand PLN	12,243 thousand PLN
Sales of general contracting	44,428 thousand PLN	41,571 thousand PLN
Sales of other services	6,379 thousand PLN	2,528 thousand PLN
General division costs		14,601 thousand PLN
Costs of sales		1,187 thousand PLN
General management costs		12,654 thousand PLN
total	195,253 thou- sand PLN	181,349 thou- sand PLN

Change in products - 20,349 thousand
PLN

Cost of manufacturing products for internal purposes 40,994 thousand
PLN

Costs regarding sale of goods and materials 524 thousand PLN

Costs by type	202,518 thousand PLN
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The settlement of the area of costs is correct.

Revenues and tax deductible costs were presented in the profit and loss statement in the amounts compliant with the book register.

2. OTHER REVENUES AND COSTS

Other revenues	22,075 thousand PLN
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Costs of sales	1,187 thousand PLN
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General management costs	12,654 thousand PLN
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Other costs	16,817 thousand PLN
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Loss	8,583 thousand PLN
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<u>Other revenues</u>	22,075 thousand PLN
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comprise:

– profit from sale of non-financial fixed assets	177 thousand PLN
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– investment revenues	1,517 thousand PLN
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– provisions released	6,789 thousand PLN
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– prescribed paybles write-off	40 thousand PLN
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– legal costs repayment	71 thousand PLN
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– contractual fines	82 thousand PLN
– real estate valuation	11,343 thousand PLN
– post-accident compensations and other	212 thousand PLN
– payables write-offs	1,544 thousand PLN
– payables depreciation	123 thousand PLN
– other	177 thousand PLN
<u>Other costs</u>	16,817 thousand PLN
comprise:	
– costs regarding investment real estate	1,141 thousand PLN
– provisions established	3,538 thousand PLN
– compensatory pensions	76 thousand PLN
– donations	24 thousand PLN
– legal costs and attorney's fees	60 thousand PLN
– fees for the benefit of organizations	42 thousand PLN
– post-accident compensations and other damages	197 thousand PLN
– depreciation of receivables	10,956 thousand PLN
– revaluation of inventories	68 thousand PLN
– contractual fines	405 thousand PLN
– uncollectible debt write-off	29 thousand PLN

– other	281 thousand PLN
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3. FINANCIAL ACTIVITY

Financial revenues	8,434 thousand PLN
Financial costs	12,883 thousand PLN
Loss	4,449 thousand PLN

<u>Financial revenues</u>	8,434 thousand PLN
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comprise:

– interest due to loans given	653 thousand PLN
– other interest	887 thousand PLN
– release of provision due to interest	33 thousand PLN
– dividend	24 thousand PLN
– interest limitation and depreciation	24 thousand PLN
– discounts, rebates	33 thousand PLN
– profit from options	87 thousand PLN
– profit from foreign currency futures	2,284 thousand PLN
– compensations due to debt recovery	123 thousand PLN
– profit from sale of securities	176 thousand PLN
– surplus of positive exchange differences	4,091 thousand PLN
– other	19 thousand PLN

<u>Financial costs</u>	12,883 thousand
	PLN

comprise:

– interest from credits and loans	1,767 thousand
	PLN
– other interest	576 thousand PLN
– write-offs made for interest due to receivables	89 thousand PLN
– provisions made for interest due to payables	200 thousand PLN
– payments regarding guarantees	23 thousand PLN
– commissions from credits and loans	166 thousand PLN
– debt sales costs	197 thousand PLN
– loss on futures performed	1,055 thousand
	PLN
– valuation of foreign currency futures	7,361 thousand
	PLN
– reverse entry of futures	1,421 thousand
	PLN
– other	26 thousand PLN
– revaluation of financial fixed assets	2 thousand PLN

The effect of foreign currency derivative instruments on the financial results of the audited entity in 2008 is as follows:

– profit from options and forward contracts performance	+ 2,371 thousand
	PLN
– loss on forward contracts performed	- 1,055 thousand
	PLN
– reverse entry valuation of forward transactions performed	- 1,421 thousand
	PLN

– valuation as of 31.12.2008 of forward transactions unperformed	- 7,361 thousand PLN
Total result on foreign currency transactions	<u>- 7,466 thousand PLN</u>

4. OBLIGATORY PROFIT DECREASE

– gross balance sheet profit	15,769 thousand PLN
– tax deductible book revenues and profits (-)	41,663 thousand PLN
– tax revenues not presented in the result of the financial year (+)	11,694 thousand PLN
– tax deductible book costs and losses (+)	94,393 thousand PLN
– tax costs not presented in the result of the financial year (-)	51,651 thousand PLN
– other revenue decreases (-)	2,153 thousand PLN
– taxation base	26,389 thousand PLN
– donations write-off	4 thousand PLN
– taxation base after write-offs	26,385 thousand PLN

– current income tax	5,014 thousand PLN
– foreign income tax	164 thousand PLN
– income tax on dividend	1 thousand PLN
– deferred income tax	- 1,787 thousand PLN
– total income tax	3,392 thousand PLN

The settlement of the taxation base for the income tax is correct. Income tax was shown correctly in the profit and loss statement.

5. TAXES - SETTLEMENTS WITH THE BUDGET

1) Income tax from legal persons	5,014 thousand PLN
2) Real estate tax	695 thousand PLN
3) Tax from means of transport	1 thousand PLN
4) VAT - surplus of tax due	5,247 thousand PLN
5) Income tax from natural persons PIT-4	3,807 thousand PLN
6) Income tax from natural persons PIT-8	2 thousand PLN
7) Premiums to ZUS (Social Insurance Institute), FP (Labor Fund), FGŚP (Guaranteed Employee Benefits Fund)	14,480 thousand PLN
8) Payment for PFRON (State Fund for Rehabili- tation of the Disabled)	556 thousand PLN
9) Payment for perpetual right to usufruct	208 thousand PLN

1.	<u>Income tax from legal persons</u>	
	a) opening balance	2,278 thousand PLN
	b) due for the year 2008	5,014 thousand PLN
	total	<u>7,292 thousand PLN</u>
	c) paid in 2008	2,359 thousand PLN
	d) status as of 31.12.2008	4,933 thousand PLN
2.	<u>Real estate tax</u>	
	a) opening balance	- thousand PLN
	b) due for the year 2008	695 thousand PLN
	total	<u>695 thousand PLN</u>
	c) paid in 2008	738 thousand PLN
	d) returned by UM Katowice (Katowice Town Council)	43 thousand PLN
	e) status as of 31.12.2008	- thousand PLN
3.	<u>Tax from means of transport</u>	
	a) opening balance	- thousand PLN
	b) due for the year 2008	1 thousand PLN
	total	<u>1 thousand PLN</u>
	c) paid in 2008	1 thousand PLN
	d) status as of 31.12.2008	- thousand PLN
4.	<u>VAT</u>	
	a) opening balance	1,732 thousand PLN
	b) adjustment 2007	- 789 thousand

	PLN
c) due for the year 2008	39,141 thousand
	PLN
d) accrued to be deducted	33,894 thousand
	PLN
total	<u>6,190 thousand</u>
	PLN
e) paid in 2008	10,650 thousand
	PLN
f) status as of 31.12.2008	- 4,460 thousand
	PLN

5. Income tax from natural persons PIT-4

a) opening balance	626 thousand
	PLN
b) due for the year 2008	3,807 thousand
	PLN
total	<u>4,433 thousand</u>
	PLN
c) paid in 2008	3,738 thousand
	PLN
d) status as of 31.12.2008	695 thousand
	PLN

6. Income tax from natural persons PIT-8A

a) opening balance	- thousand PLN
b) due for the year 2008	2 thousand PLN
total	<u>2 thousand PLN</u>
c) paid in 2008	2 thousand PLN
d) status as of 31.12.2008	- thousand PLN

7. Premiums to ZUS (Social Insurance Institute), FP (Labor Fund), FGŚP (Guaranteed Employee Benefits Fund)

a) opening balance	2,162 thousand PLN
b) premiums due for the year 2008	14,480 thousand PLN
total	<hr/> 16,642 thousand PLN
c) paid in 2008	13,525 thousand PLN
d) benefits paid	761 thousand PLN
e) status as of 31.12.2008	2,356 thousand PLN

8. Payment for PFRON (State Fund for Rehabilitation of the Disabled)

a) opening balance	43 thousand PLN
b) due for the year 2008	556 thousand PLN
total	<hr/> 599 thousand PLN
c) paid in 2008	547 thousand PLN
d) status as of 31.12.2008	52 thousand PLN

9. Payment for perpetual right to usufruct

a) opening balance	- thousand PLN
b) due for the year 2008	208 thousand PLN

	total	208 thousand PLN
c)	paid in 2008	208 thousand PLN
d)	status as of 31.12.2008	- thousand PLN

Settlements with the budget and with the funds were presented in a complete manner in the books.

The taxation bases, the accrual of ZUS (Social Insurance Institute) premiums and the payments for PFRON (State Fund for Rehabilitation of the Disabled), are assumed and documented properly.

The accrual of tax payables to ZUS (Social Insurance Institute) and PFRON (State Fund for the Rehabilitation of the Disabled) is carried out in accordance with the effective regulations.

The tax returns were drawn up on time and sent to the competent authorities. The taxes were paid on time.

Budget interest amounted to 6 thousand PLN.

Payables due to taxes, customs, social insurances and other benefits are shown correctly in the financial statements.

VII. CONTINGENT PAYABLES, LIMITATIONS IN THE OWNERSHIP RIGHTS

1. A list of groups of payables secured on the Company's property:

'000 PLN

Secured payables	Status as of 31.12.2008			Status as of 31.12.2007		
	amount of credit, loan, other	amount of security	amount of security expressed as assets %	amount of credit, loan, other	amount of security	amount of security expressed as assets %
Ordinary and bail mortgages	41,425	67,955		18,214	98,961	
Pledge on tangible assets	223	223		-	-	
Pledge on interests	15,000	148				
Register pledge on inventories	22,600	13,400		2,122	700	
Assignment of debt	57,816	57,816		35,868	35,868	
Total		139.542	48.51		135,529	69.98

2. Contingent payables, including guarantees and warranties given by the entity, also in the form of bills of exchange:

Type of payables, guarantees, warranties	Status as of 31.12.2008		Status as of 31.12.2007	
	amount	% of assets	amount	% of assets
Guarantees and warranties given	42,418 thousand PLN		20,659 thousand PLN	
Blank promissory notes	7,221 thousand PLN		27,617 thousand PLN	
Disputed payables			2,390 thousand PLN	
Total contingent payables	49,639 thousand PLN	17.26	50,666 thousand PLN	26.16

VIII. CASH FLOW STATEMENT, ADDITIONAL INFORMATION, REPORT ON THE ACTIVITY

Additional information presents correctly and completely the amounts and problems related to the entity's activity.

The cash flow statement was prepared correctly and is related to the balance sheet, to the profit and loss statement and to the accounting books.

The report on the activity is complete within the meaning of the accounting law, art. 49.2 and information contained therein, originating from the audited financial statements is compliant therewith.

IX. LAW INFRINGEMENT

No cases of significant infringement of the tax law, of the code of commercial companies or of the Articles of Association were found in the audited entity.

X. EVENTS AFTER THE BALANCE SHEET DATE

There occurred no events after the end of the financial year that could have a significant effect on the results from the activity in the future periods.

E. ASSESSMENT OF THE FINANCIAL STATEMENTS FOR THE YEAR 2008

We find that the financial statements and the accounting books constituting their base are compliant with the legal regulations and with the accounting principles assumed commonly by the professionals in this area.

We find that the financial statements are correct and credible in that they show the results of the economic activity and the property and financial condition of the entity in accordance with the material truth.

The present report was discussed with the manager of the audited entity - Energomontaż - Południe S.A.

F. FINAL REMARKS

1. The present report contains 52 pages of typescript numbered in sequence. Every page was marked by putting the signature of the chartered auditor next to the number of page.
2. Enclosed to the present report are the financial statements as well as:
 - 1) Other conclusions and comments - not applicable
 - 2) Financial and economic results
 - 3) Profitability, financial liquidity and solvency ratios
 - 4) Ratios from the cash flow statement
 - 5) Status of write-offs due to revaluation of assets and provisions for payables
 - 6) A list of related entities
 - 7) Receipt acknowledgement (on the copy of the auditing party)

Chartered auditor

Bogusława Zemełka
Reg. No. 9368|7008

MW RAFIN Marian Wcisło
Biuro Usług Rachunkowości i Finansów Sp. j.
41-200 Sosnowiec, al. Zwycięstwa 3
Podmiot uprawniony nr 3076 [2]

P R E Z E S
Biegły Rewident
Marian Wcisło
nr ewid. 5424/785

The entitled entity

Sosnowiec, 31 March 2009

Financial and economic results

Item	INDEX	Execution			Percentage index	
		2008	2007	2006	3/4	4/5
1	2	3	4	5	6	7
1	Total revenues					
	including expenses due to:	242 609.00	255 771.00	151 233.00	94.85%	169.12%
	- sales of products	195 253.00	216 046.00	125 920.00	90.38%	171.57%
	- goods and materials sold	16 847.00	15 511.00	13 817.00	108.61%	112.26%
	- other revenues	22 075.00	14 452.00	8 785.00	152.75%	164.51%
	- financial revenues	8 434.00	9 762.00	2 711.00	86.40%	360.09%
	- extraordinary profits					
2	Tax deductible costs					
	including due to:	226 840.00	238 948.00	158 411.00	94.93%	150.84%
	- products sold	167 508.00	199 347.00	120 708.00	84.03%	165.15%
	- goods and materials sold	15 791.00	14 537.00	12 464.00	108.63%	116.63%
	- costs of sales	1 187.00	94.00	295.00	1262.77%	31.86%
	- general management costs	12 654.00	9 214.00	8 202.00	137.33%	112.34%
	- other costs	16 817.00	11 696.00	13 328.00	143.78%	87.76%
	- financial costs	12 883.00	4 060.00	3 414.00	317.32%	118.92%
	- extraordinary losses					
3	Gross financial result	15 769.00	16 823.00	- 7 178.00	93.73%	
4	Income tax	3 392.00	4 139.00	2 453.00	81.95%	168.73%
5	Other charges on the financial result					
6	Net financial result	12 377.00	12 684.00	- 9 631.00	97.58%	

**Profitability, financial liquidity and
solvency ratios for the year 2008**

in '000 PLN

Type of ratio and calculation method	Amounts		Ratio		Change of ratio + improve- ment - worsening
	Year current	Year previous	year current	year previous	
1	2	3	4	5	6
<u>PROFITABILITY RATIOS ¹</u>					
1. Return on sales					
Net profit x 100 ----- Revenues from the sale of products, goods and materials	$\frac{12,377 \times 100}{212,100}$	$\frac{12,684 \times 100}{231,557}$	5.84	5.48	+ 0.36
2. Return on assets ROA					
Net profit x 100 ----- Average assets	$\frac{12,377 \times 100}{240,667}$	$\frac{12,684 \times 100}{155,317}$	5.14	8.17	- 3.03
3. Return on assets after adjustment ROA¹					
Net profit + net interest paid (i.e. excluding corporate income tax) x 100 ----- Average assets	$\frac{12377+2343 \times 100}{240,667}$	$\frac{12,684+1,297}{155,317}$	6.12	9.00	- 2.88
4. Fixed assets productivity ratio					
Revenues from the sale of products, goods and materials ----- Average fixed assets	$\frac{212,100}{78,292}$	$\frac{231,557}{47,839}$	2.71	4.84	- 2.13
5. Return on equity ROE					
Net profit x 100 ----- Average equity	$\frac{12,377 \times 100}{100,507}$	$\frac{12,684 \times 100}{66,629}$	12.31	19.04	- 6.73
6. Return on total capital					
Net profit x 100 ----- Average total capital	$\frac{12,377 \times 100}{240,667}$	$\frac{12,684 \times 100}{155,317}$	5.14	8.17	- 3.03
7. Degree of financial leverage					
Return on equity (item 5) - return on assets after adjustment (item 3)	12.31 – 6.12	19.04 – 9.00	6.19	10.04	- 3.85
1	2	3	4	5	6

FINANCIAL LIQUIDITY RATIOS

8. Current payables coverage ratio					
Current assets x 100 ----- Short-term payables	<u>181,114 x 100</u> 141,922	<u>143,635 x 100</u> 85,204	127.62	168.58	- 40.96
9. Payables repayment ratio					
Current assets - inventories x 100 ----- Short-term payables	<u>152,952 x 100</u> 141,922	<u>101,365 x 100</u> 85,204	107.77	118.97	- 11.20
10. Very quick liquidity ratio					
Short-term investments x 100 ----- Short-term payables	<u>9,566 x 100</u> 141,922	<u>39,989 x 100</u> 85,204	6.74	46.93	- 40.19
11. Receivables turnover ratio, stated in times per year					
Revenues from the sale of products and goods ----- Average receivables minus VAT ²	<u>212,100</u> 44,065	<u>231,557</u> 34,957	4.81	6.62	- 1.81
12. Receivables turnover ratio, stated in days					
No. of days in the period (365) = ----- Receivables turnover ratio, stated in times per year	<u>365</u> 4.81	<u>365</u> 6.62	75.88	55.14	- 20.74
13. Payables turnover ratio, stated in times per year					
Cost of goods and materials sold + cost of products manufacture ----- Average trade payables minus VAT	<u>183,299</u> 30,653	<u>213,884</u> 25,816	5.98	8.28	- 2.30
14. Payables turnover ratio, stated in days					
No. of days in the period (365) = ----- Payables turnover ratio, stated in times per year	<u>365</u> 5.98	<u>365</u> 8.28	61.04	44.08	- 16.96
15. Inventories turnover ratio, stated in times per year					
Use of materials ----- Average materials inventories	<u>50,006</u> 3,513	<u>29,509</u> 2,418	14.23	12.20	+ 2.03
16. Inventories turnover ratio, stated in days					
No. of days in the period (365) ----- Materials inventories turnover ratio, stated in times per year	<u>365</u> 14.23	<u>365</u> 12.20	25.65	29.92	+ 4.27
17. Inventories turnover ratio, stated in times per year					
Revenue on sales of products ----- Average finished goods					
18. Inventories turnover ratio, stated in days					

No. of days in the period (365) ----- Turnover ratio, stated in times per year					
1	2	3	4	5	6
SOLVENCY RATIOS					
19. Interest coverage ratio, stated in times per year Gross profit + interest ----- Interest	$\frac{15.769 + 2.343}{2.343}$	$\frac{16.823 + 1.297}{1.297}$	7,73	13,97	- 6,24
20. Debt to asset ratio Total payables x 100 ³ ----- Total assets	$\frac{178.330 \times 100}{287.654}$	$\frac{101.989 \times 100}{193.679}$	61,99	52,66	- 9,33
21. Asset to equity ratio Equity x 100 ----- Total assets	$\frac{109.324 \times 100}{287.654}$	$\frac{91.690 \times 100}{193.679}$	38,01	47,34	- 9,33
22. Debt to equity ratio Average payables x 100 ³ ----- Equity	$\frac{140.160 \times 100}{109.324}$	$\frac{88.688 \times 100}{91.690}$	128,21	96,73	- 31,48
23. Payables to financial surplus ratio Financial surplus ----- Average payables	$\frac{12.377+4.019}{106.191}$	$\frac{12.684+4.065}{78.425}$	0,15	0,21	- 0,06

- In case of the net balance sheet loss only ratio 1 is estimated (ratios 2,3,5,6,7,19 and 23 are not estimated).*
- The net amount of average trade receivables is the result of dividing by the average VAT rate, e.g. by 122%, while the entire sales is taxed with the basic rate.*
- Without long-term revenues of future periods + reward from the previous year profit (dividend in Energomontaž S.A. and share in profit in limited liability companies)*

Ratios from the cash flow statement

Item	Name of the ratio	Method of ratio calculation	Period		Improve- ment + Worsening - (4-5) 6
			audited	previous	
1	2	3	4	5	6
1.	Ratio of net profit in cash from operating activity	$\frac{\text{Net profit}}{\text{cash from operating activity}}$	0.62	- 0.47	
2.	Ratio of amortization in cash from operating activities	$\frac{\text{amortization}}{\text{cash from operating activity}}$	0.20	-	
3.	Ratio of the ability to work out cash from operating activity	$\frac{\text{net cash from operating activity}}{\text{net cash from operating activity} + \text{proceeds from financial activity}}$	0.19	-	
4.	Ratio of investment financing in tangible fixed assets and in intangible fixed assets	$\frac{\text{expenditures for tangible assets and intangible fixed assets}}{\text{cash from operating activity}}$	0.17	-	
5.	Ratio of cash sufficient in general	$\frac{\text{cash from operating activity}}{\text{expenses for investment and financial activity}}$	0.14	-	
6.	Ratio of interest coverage	$\frac{\text{VI. interest from financial activity}}{\text{cash from operating activity}}$	0.12	-	
7.	Ratio of the efficiency of cash of the invested capital from operating activity	$\frac{\text{cash from operating activity}}{\text{invested capital}}$	0.09	-	
8.	Ratio of cash assets efficiency	$\frac{\text{cash from operating activity}}{\text{total assets}}$	0.07	-	
9.	Ratio of cash sales efficiency	$\frac{\text{cash from operating activity}}{\text{revenues from the sales of products, goods and materials}}$	0.09	-	

ECONOMIC CONTENT OF THE RATIOS

from the cash flow statement

1. The higher the ratio, the net profit better reflects the real surplus saved by the company.
2. High and increasing ratio is interpreted negatively. It means the company's little ability to generate own resources. The funds from amortization ought to be used for new investments in the company's fixed assets and not for financing of current activity or performance of payables due to credits and dividends.
3. The increase of this ratio should testify positively of the company's opportunities in the scope of self-financing. Concurrently one ought to remember to analyze other data (e.g. incurring new credits for the financing of tangible assets under construction will diminish the ratio, although it cannot be immediately interpreted as a negative signal on the subject of the company's condition).
4. The lower the ratio, the higher the company's surplus to cover other expenses.
5. The ratio on the level higher than one suggests that the company works out sufficient cash for covering the expenses connected with the investment and financial activity.
6. The ratio below 1 indicates that the company is not able to raise from its basic operating activity cash to repay assets or to incur new credits. Certainly it cannot be assessed positively. One ought to emphasize that cash from operating activity should cover not only interest, but also amortization that is to regenerate tangible assets and intangible fixed assets.

7.

$$\begin{array}{rcccl} \text{invested} & & \text{own and} & & \text{long-term and short-term in-} \\ \text{capital} & = & \text{external capitals} & - & \text{vestments} \\ & & & & \text{(w/o cash)} \end{array}$$

This index measures how much cash was gained from basic operating activity from capital invested in this capital area.

8. If the ratio increases, it means that assets cash efficiency increases.

9. This ratio shows what part of the revenues from sales (in accrual basis) is covered in the cash revenue. The higher the ratio the better. The difference between 1 and the ratio means that there is no cash coverage in cash basis in the revenue.

Remark:

Cash flow statement cannot be approached uncritically. Positive surplus of cash is not sufficient to determine solvency as well as negative surplus cannot be interpreted as lack of means to settle payables. Negative value often occurs along with significant credit sales in the entire turnover, which is connected with the increase of receivables, while positive surplus occurs when accumulated materials are used and inventories are not regenerated. The situation will be similar in cases of purchase of materials for trade credit. Thus the analysis of cash flow statement ought to be made in relation to the assessment of receivables, payables or level of inventories etc.

As in the above description, one cannot univocally interpret the value of individual ratios and draw concrete conclusions on this basis. However overall analysis allows to determine the company's general condition and concurrently the risk to undertake the improper decision.

**Write-offs due to revaluation of assets and provisions for payables
as of 31.12.2008**

in '000 PLN

Item	Content	Goodwill	Tangible fixed assets in use	Long-term investments	Inventories of current assets	Payables		Provision for employee benefits	Provision for deferred income tax	Other provisions	Total
						basic	interest				
1	2	3	4	5	6	7		9	10	11	12
1	Opening balance of the status	906		16 701	200	17 530	311	6 025	4 076	992	46 741
2	Write-offs due to revaluation in the costs	1 104	-	2	-	440	89	-	-	-	1 635
3	Establishment of provision in the costs	-	-	-	-			805	699		1 504
4	Other	-	-	452	-	12 107		-		-	12 559
Total (2+3+4)		1 104	-	454	-	12 547	89	805	699	-	15 698
5	Use	-	-	-	-	7 743	57	-	-	-	7 800
6	No longer reasons for	-	-	-	-	-		-		-	-
a).	write-offs	-	-	-	-			-	-	-	-
b).	establishment of provision	-	-	-	-			-	-		-
7	Release of write-offs and provisions	-	-	612	-	4 194	33	648	271	992	6 750
8	Other	-	-	-	-	11 919				-	11 919
Total (5+6+7+8)		-	-	612	-	23 856	90	648	271	992	26 469
9	Closing balance of the status	2 010	-	16 543	200	6 221	310	6 182	4 504	-	35 970

