



ENERGMONTAŻ-POŁUDNIE S.A.
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**EXTENDED CONSOLIDATED
QUARTERLY REPORT
OF ENERGMONTAŻ POŁUDNIE
for Q1 2008**

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INTRODUCTORY INFORMATION TO THE QUARTERLY REPORT

1. Introductory information

The consolidated report for the first quarter of 2008 was prepared according to art. 91 par. 1-9 of the regulation of the Minister of Finance dated 19 October 2005 concerning current and periodical information submitted by issuers of securities (Journal of Laws Dz. U. No. 209, item 1744), and includes the financial data of the company Energomontaż – Południe S.A. and of its subsidiaries. This report is based on the International Accounting Standards and on the International Financial Reporting Standards (IAS/IFRS). If not stated otherwise, the financial data is expressed in thousands of PLN.

The report was based on the assumption of a going concern for the companies that constitute the Capital Group Energomontaż – Południe S.A. in the foreseeable future. As of the date of preparation of this report, no circumstances were found that would point to the existence of any threats to the continuation of activities by the Capital Group.

2. Selected financial data of the Capital Group

SELECTED FINANCIAL DATA OF THE CAPITAL GROUP	PLN '000		EUR '000	
	Q1 (current year) period from 01 Jan 2008 to 31 Mar 2008	Q1 (previous year) period from 01 Jan 2007 to 31 Mar 2007	Q1 (current year) period from 01 Jan 2008 to 31 Mar 2008	Q1 (previous year) period from 01 Jan 2007 to 31 Mar 2007
I. Net revenues from the sales of products, goods and materials	39 196	35 424	11 018	9 068
II. Profit (loss) on operating activities	2 398	-41	674	-10
III. Gross profit (loss)	2 875	87	808	22
IV. Net profit (loss)	536	87	151	22
V. Net cash flows from operating activities	-12 063	1 658	-3 391	424
VI. Net cash flows from investment activities	-199	-1 924	-56	-493
VII. Net cash flows from financial activities	3 671	1 444	1 032	370
VIII. Total net cash flows	-8 591	1 178	-2 415	302
IX. Total assets	193 423	132 602	54 859	34 269
X. Long-term payables	16 383	19 429	4 647	5 021
XI. Short-term payables	85 070	74 012	24 128	19 127
XII. Shareholders' equity	91 970	39 161	26 085	10 120
XIII. Number of ordinary shares (in thousands)	44 000	11 000	44 000	11 000
XIV. Profit (loss) per ordinary share (PLN / EUR)	0.31	-0.98	0.09	-0.25
XV. Book value of each share (PLN / EUR)	2.09	3.56	0.59	0.92

Exchange rates adopted for conversion of the data into EUR:

- for the balance sheet items: exchange rate as of 31 March 2008: 3.5258 PLN/EUR (for comparative data: 3.8695 PLN/EUR)
- for the remaining items, the exchange rate that was applied corresponds to the mean of the exchange rates at the end of each month covered by the report: 3.5574 PLN/EUR (for comparative data: 3.9063 PLN/EUR)

3. Organisation of the Energomontaż-Południe S.A. Capital Group with an indication of the entities subject to consolidation

In the first quarter of 2008, the business activity of the Capital Group was carried out by the parent entity and by three subsidiaries subject to consolidation using the full method.

PARENT ENTITY

Energomontaż Południe S.A.

The Company was entered into the National Court Register kept by the District Court in Katowice, Commercial Section of the National Court Register, under the number KRS 0000080906.

Energomontaż Południe S.A. has been operating for over 50 years in the Polish and international power and industrial construction markets.

The Company's basic business involves services related to building and assembly production, general contractorship of investments, assembly, modernisation, repairs of equipment, as well as of power and industrial systems.

The main customers receiving the Issuer's services and products belong to the professional and industrial power engineering sector, and others include metallurgical works, coke plants and chemical plants. The Company has also been extending its operations as property developer.

SUBSIDIARIES

Centrum Kapitałowe-Modus sp. z o.o. [Modus Equity Centre, limited liability company]

The company was entered into the National Court Register under the number 0000112995. The entity's share capital is PLN 15,900,000 divided into 31,800 shares with a nominal value of PLN 500 each.

The entity's principal business involves the performance of civil works related to the erection of buildings. The company is currently carrying out construction of the first stage of the housing estate "Osiedle Książęce" in Katowice-Ligota.

Modus II sp. z o.o. [Modus II, limited liability company]

The company was entered into the National Court Register under the number 0000289248. The share capital of Modus II sp. z o.o. is PLN 50,000 divided into 100 shares with a nominal value of PLN 500 each.

The entity's principal business involves the development and sale of real estate for its own account. The company was established in order to carry out a property development investment "Willa nad potokiem", located in Katowice-Piotrowice.

EP Centrum Rekreacji sp. z o.o. [EP Recreation Centre, limited liability company]

The company was entered into the National Court Register under the number 0000134975. The entity's share capital is PLN 70,500 divided into 141 shares with a nominal value of PLN 500 each.

The company carries out activities related to tourism, hospitality, recreation and restaurant service, mostly at a recreational centre in Mrzeżyno and at a hotel in Łagisza.

The Issuer also holds shares in companies that are not subject to consolidation, such as:

- Energomontaż–Zachód sp. z o.o. in bankruptcy (90.3% of the share capital, total nominal value of the shares held: PLN 470,000); shares fully subjected to a revaluation write-down
- Open Wrocław sp. z o.o. (70.0% of the share capital, total nominal value of the shares held: PLN 105,000); shares fully subjected to a revaluation write-down
- EP Centrum Finansowe sp. z o.o. (15.8% of the share capital, total nominal value of the shares held: PLN 95,000)
- KAE Namysłów sp. z o.o. (15.2% of the share capital, total nominal value of the shares held: PLN 350,000); shares fully subjected to a revaluation write-down
- WLC Invest sp. z o.o. (6.65% of the share capital, total nominal value of the shares held: PLN 199,500); shares fully subjected to a revaluation write-down
- Centrozap S.A. (0.93% of the share capital, total nominal value of the shares held: PLN 1,021,000); shares partly subjected to a revaluation write-down; balance sheet value of the shares: PLN 919,000
- Polnord S.A. (0.02% of the share capital, total nominal value of the shares held: PLN 8,000); shares not subjected to a revaluation write-down; balance sheet value of the shares: PLN 466,000

4. Indication of the results of the changes in the Capital Group's structure

The following changes occurred in the structure of the Energomontaż Południe Capital Group in the reporting period:

Increase of the share capital of CK-Modus Sp. z o.o.

On 25 January 2008, an increase of the share capital of CK-Modus Sp. z o.o. was registered in court. After the increase, the entity's share capital is PLN 15.9 million PLN and it is divided into 31,800 shares with a nominal value of PLN 500 each. The shares were acquired by Energomontaż-Południe S.A. at face value, in exchange for a contribution in the form of an organised part of the Issuer's business.

As a result of this contribution, the entity CK-Modus Sp. z o.o. received the assets needed to complete the erection of the housing estate "Osiedle Książęce" in Katowice Ligota and it will be able to gain easier access to investment financing.

Acquisition of PM Amontex Sp. z o.o.

In Q1 2008 the parent entity began extending the Capital Group. In order to fulfil the most important purpose of the issue of C-series shares of Energomontaż-Południe S.A., it signed a preliminary agreement on 18 February 2008 to transfer to the Issuer 100% of the shares of the assembly company Przedsiębiorstwo Montażowe Amontex Sp. z o.o. The preliminary agreement shall be carried out in two stages:

- stage I – purchase of 60% of the shares of Amontex with cash
- stage II – purchase of 40% of the shares of Amontex in exchange for the acquisition of a private issue intended for Amontex shareholders

Energomontaż Południe will have the following benefits from the purchase of the shares of Amontex:

- increase of consolidated revenues and profits
- increase of the Capital Group's potential
- extension of the scope of business and increased competitiveness
- larger share in the market
- participation in large, comprehensive projects based on a high diversification of services with regard to various kinds of works performed for industrial construction
- acquisition of new orders in the power engineering sector
- acquisition of new markets, including for instance lignite mines, the food industry, the chemical industry, metallurgy and biofuels

Energomontaż-Południe S.A. has a production plant making steel structures in Łagisza, which is similar to Amontex's plant. The purchase of Amontex and the large synergy effect should increase both companies' profitability. The purchase of Amontex will also allow Energomontaż Południe to focus on the production of structures that are processed to a greater extent and more specialised at its own plant.

5. Opinion of the Management Board of Energomontaż-Południe S.A. concerning the possibility of meeting the forecasts published earlier

The Company did not publish forecasts of financial results for 2008.

6. Shareholding structure as of the date of submission of the quarterly report

The share capital of Energomontaż Południe S.A. is PLN 44,000,000.00 and it is divided into 44,000,000 ordinary bearer shares with a nominal value of PLN 1.00 each.

Shareholding structure (as of 15 May 2008)

SHAREHOLDER	Number of shares/votes	% share in the share capital and in the total number of votes
Renata Gasinowicz	5.746.520	13,06
IPOPEMA TFI S.A.	4.390.000	9.98
UBS AG	2.372.333	5.39
Stanisław Gasinowicz	2.314.708	5.26
Radosław Kamiński (agreement)	2.258.260	5.13
Other shareholders :	26,918,179	61.18
Total :	44,000,000	100.00

In the period from the submission of the consolidated quarterly report for Q4 2007, i.e. from 29 February 2008, until the date of publication of this periodical report, no changes occurred in the shareholding structure with regard to larger blocks of the Issuer's shares.

7. Shares held by members of the management and supervisory bodies of Energomontaż Południe S.A.

GIVEN NAME AND SURNAME	Position	Number of shares as of 29 Feb 2008	Number of shares as of 15 May 2008
Sławomir Masiuk	President of the Supervisory Board	1,200,000	1,200,000
Marek Wesołowski	Member of the Supervisory Board	60,000	60,000
Wojciech Nazarek	President of the Management Board	30,190	30,190
Andrzej Hołda	Vice-President of the Management Board	not applicable	43,712
Total :		1,290,190	1,333,902

Mr Andrzej Hołda became Vice-President of the Management Board and Sales Director at the Issuer's company on 1 March 2008, which is the reason why the Issuer has not shown the shares held by Mr Hołda earlier.

The remaining members of the Company's supervisory and management bodies do not hold any shares of the Issuer. Members of the management and supervisory bodies do not hold options for the Issuer's shares, either.

8. Description of proceedings in progress before courts, competent arbitration bodies or public administration entities.

No proceedings were in progress in the reporting period before courts, competent arbitration bodies or public administration entities with an individual or total value of at least 10% of the shareholders' equity of Energomontaż Południe.

9. Information on the conclusion of one or more transactions with related entities by Energomontaż-Południe S.A. or by its subsidiary, if the total value of these transactions since the beginning of the business year exceeded the equivalent of EUR 500,000 , and provided that the transactions are not typical or routinely performed ones.

In the first quarter of 2008, certain transactions were concluded between the entities forming the Capital Group that met the criterion described above. Debt transfer agreements were concluded between the parent entity, Energomontaż Południe S.A., and a subsidiary, CK-Modus Sp. z o.o., with a total value of about PLN 25.9 million in the reporting period.

10. Information on the granting of loan or credit warranties or on guarantees with a value exceeding 10% of the Issuer's equity by Energomontaż-Południe S.A. and by the Issuer's subsidiaries.

No such events took place in the reporting period.

11. Factors which would have an influence, in the Issuer's opinion, on the results achieved by the Capital Group in the perspective of at least the next quarter of the year

The following factors will have a significant impact on the results achieved in the next reporting periods of 2008:

- acquisition of Przedsiębiorstwo Montażowe Amontex Sp. z o.o. and consolidation of that entity's results
- current operating activity of the Group's entities, including the amount of margin received by the entities forming the Capital Group
- recording revenues from the sales of remaining flats in the Legnicka Park Popowice building in Wrocław
- sale of offices in the Legnicka Park Popowice building complex, planned for the second half of 2008
- the EUR/PLN exchange rate
- seasonal nature of sales

FINANCIAL DATA OF THE CAPITAL GROUP

CONSOLIDATED BALANCE SHEET (PLN '000)	As of 31 Mar 2008 end of quarter 2008	As of 31 Dec 2007 end of quarter 2007	As of 31 Mar 2007 end of quarter 2007	As of 31 Dec 2006 end of quarter 2006
Assets				
I. Long-term fixed assets	49 423	49 684	45 163	44 124
1. Tangible fixed assets	34 611	34 822	32 992	32 031
2. Intangible assets	97	114	117	88
3. Goodwill	1 109	1 109	220	220
4. Investment property	10 936	10 936	10 281	10 281
5. Financial assets	1 647	1 647	483	483
5a. Investments in associated entities	0	0	0	0
5b. Investments in subsidiaries	0	0	0	0
5c. Investments available for sale	1 550	1 550	387	387
5d. Other financial assets	97	97	96	96
6. Long-term receivables	63	63	71	71
7. Deferred income tax assets	830	830	834	834
8. Prepayments	130	163	165	116
II. Short-term current assets	144 000	144 687	87 439	88 389
1. Inventories	55 283	45 700	38 166	31 682
2. Short-term receivables	61 431	62 254	35 298	43 923
2a. Trade receivables	37 363	55 362	21 881	33 569
2b. Other receivables	20 231	3 331	3 892	3 560
2c. Income tax receivables	0	0	0	318
2d. Prepayments	3 837	3 561	9 525	6 476

3. Current financial assets	565	1 421	756	743
3a. Loans given	0	0	0	0
3b. Financial assets intended for sale	0	0	756	0
3c. Foreign currency forward contracts	565	1 421		743
4. Cash and equivalents	26 721	35 312	13 219	12 041
III. Fixed assets intended for sale	0	0	0	0
Total assets	193 423	194 371	132 602	132 513
Liabilities				
I. Equity with minority interest	91 970	92 017	39 161	39 074
1. Share capital	65 335	65 335	32 335	32 335
- including revaluation due to hyperinflation	21 335	21 335	21 335	21 335
2. Supplementary capital	11 566	11 566	7 982	7 982
3. Reserve capital from asset revaluation	11 245	11 245	10 109	10 109
4. Other reserve capital	0	0	1 000	1 000
5. Profit (loss) from previous years	3 288	-9 171	-12 352	-901
6. Profit (loss) from current year	536	13 042	87	-11 451
Ia. Equity without minority interest	91 970	92 017	39 161	39 074
6. Minority interest	0	0	0	0
II. Long-term payables	16 383	16 807	19 429	17 676
1. Provisions	9 457	9 457	7 930	7 930
1a. Provisions for employee benefits	5 381	5 381	4 201	4 201
1b. Deferred income tax provision	4 076	4 076	3 729	3 729
1c. Other provisions	0	0	0	0
2. Financial payables	6 926	7 350	11 499	9 746
2a. Bank loans and credits	4 600	4 675	9 276	8 138
2b. Lease payables	2 275	2 653	2 223	1 608
2c. Other	51	22		0
III. Short-term payables	85 070	85 547	74 012	75 763
1. Provisions	644	1 636	921	1 504
1a. Provisions for employee benefits	644	644	504	504
1b. Other provisions	0	992	417	1 000
2. Financial payables	20 821	17 052	4 725	4 084
2a. Bank loans and credits	18 859	15 014	3 255	2 818
2b. Lease payables	1 930	2 038	1 470	1 266
2c. Foreign currency forward contracts	32	0	0	0
3. Short-term payables	63 605	66 859	68 366	70 175
3a. Trade payables	31 203	31 039	26 996	32 292
3b. Other payables	8 618	9 797	32 002	26 687
3c. Income tax payables	2 323	2 227	0	0
3d. Accruals	21 461	23 796	9 368	11 196
IV. Payables related to fixed assets intended for sale	0	0	0	0
Total liabilities	193 423	194 371	132 602	132 513

OFF-BALANCE SHEET ITEMS (PLN '000)	As of 31 Mar 2008 end of quarter 2008	As of 31 Dec 2007 end of quarter 2007	As of 31 Mar 2007 end of quarter 2007	As of 31 Dec 2006 end of quarter 2006
1. Contingent receivables	7 392	5 510	8 766	8 113
1.1. From related entities (due to)	0	0	0	0
- bills of exchange	0	0	0	0
1.2. From other entities (due to)	7 392	5 510	8 766	8 113
- bills of exchange	2 717	2 876	2 655	2 516
- guarantees given	4 675	2 634	6 111	5 597
2. Contingent payables	60 784	48 276	30 410	46 544
2.1. To related entities (due to)	0	0	0	0
- guarantees and warranties given	0	0	0	0
2.2. To other entities (due to)	60 784	48 276	30 410	46 544

- guarantees and warranties given	22 574	20 659	17 530	15 094
- bill of exchange as security for contract	38 210	27 617	12 880	31 450
3. Other (due to)	3 154	2 390	0	0
- disputed payables	3 154	2 390		0
Total off-balance sheet items	71 330	56 176	39 176	54 657

CONSOLIDATED PROFIT AND LOSS STATEMENT (PLN '000)	Q1 (current year) period from 01 Jan 2008 to 31 Mar 2008	Q1 (previous year) period from 01 Jan 2007 to 31 Mar 2007
I. Net revenues from the sale of products, goods and materials	39 196	35 424
II. Costs of sold products, goods and materials	35 114	33 359
III. Gross profit (loss) from sales	4 082	2 065
IV. Other revenues	2 197	534
V. Costs of sales	8	8
VI. General management costs	3 001	2 031
VII. Other costs	872	601
VIII. Profit (loss) from operating activities	2 398	-41
IX. Financial revenues	2 209	1 059
X. Financial costs	1 732	931
XI. Income (loss) from shares in related entities	0	0
XII. Gross profit (loss) before tax	2 875	87
XIII. Income tax	2 339	0
XIV. Minority profit	0	0
XV. Net profit (loss) from continued activities	536	87
XVI. Profit (loss) from discontinued activities	0	0
XVII. Net profit (loss) from continued and discontinued activities	536	87
Attributed to:	0	0
Owners of parent entity capital	87	87
Minority interest	0	0
	0	0
Net profit (loss) (annualised)	13 491	-10 726
Weighted average number of ordinary shares (number of units)	44 000	11 000
Profit (loss) per ordinary share (in PLN)	0,31	-0,98

CONSOLIDATED CASH FLOW STATEMENT (PLN '000)	Q1 (current year) period from 01 Jan 2008 to 31 Mar 2008	Q1 (previous year) period from 01 Jan 2007 to 31 Mar 2007
A. Cash flows from operating activity, indirect method		
I. Net profit (loss)	536	87
II. Total adjustments	-12 599	1 571
1. Minority profit (loss)	0	0
2. Share in net profit (loss) of subsidiaries valued using the equity method	0	0
3. Depreciation	940	1 088
4. Profit (loss) on foreign exchange differences	0	0
5. Interest and profit sharing (dividends)	-417	-38
6. Profit (loss) from investment activity	-85	875
7. Movements in provisions	-992	-583

8. Movements in inventories	5 839	-6 484
9. Movements in receivables	1 155	11 674
10. Movements in short-term payables, except loans and credit	-1 981	-35
11. Movements in prepayments and accruals	-2 578	-4 926
12. Other adjustments	-14 480	0
III. Net cash flows from operating activities (I+/-II)	-12 063	1 658
B. Cash flows from investment activities		
I. Proceeds	522	154
1. Disposal of intangible and tangible fixed assets	95	-11
2. Disposal of investments in real estate and in intangible fixed assets		
3. From financial assets, including:	427	165
a) in related entities	0	0
- disposal of financial assets	0	0
- dividends and profit sharing	0	0
- repayment of loans	0	0
- interest	0	0
- other proceeds from financial assets	0	0
b) in other entities	427	165
- disposal of financial assets	0	0
- dividends and profit sharing	0	0
- repayment of loans	0	0
- interest	427	165
- other proceeds from financial assets	0	0
4. Other investment proceeds	0	0
II. Disbursements	721	2 078
1. Acquisition of intangible and tangible fixed assets	721	2 078
2. Investments in real estate and in intangible fixed assets	0	0
3. For financial assets, including:	0	0
a) in related entities	0	0
- acquisition of financial assets	0	0
- short-term loans given	0	0
b) in other entities	0	0
- acquisition of financial assets	0	0
- loans given	0	0
4. Other investment expenses	0	0
III. Net cash flows from investment activities (I-II)	-199	-1 924
C. Cash flows from financial activities		
I. Proceeds	15 713	5 782
1. Net proceeds from issue of shares (interests) or other equity instruments and contributions to capital	0	0
2. Credits and loans	15 713	5 764
3. Issue of debt securities	0	0
4. Other financial proceeds	0	18
II. Disbursements	12 042	4 338
1. Acquisition of own shares (interests)	0	0
2. Dividends and other payments to shareholders	0	0
3. Other disbursements due to profit sharing, except payments to shareholders	0	0
4. Repayment of credits and loans	11 943	4 191
5. Redemption of debt securities	0	0
6. Other financial payables	0	0
7. Payments due to financial lease	0	63
8. Interest	99	84
9. Other financial expenses	0	0

III. Net cash flows from financial activities (I-II)	3 671	1 444
D. Total net cash flows (A.III+/-B.III+/-C.III)	-8 591	1 178
E. Balance sheet movements in cash, including:	-8 591	1 178
- movements in cash due to foreign exchange differences	-1 448	-591
F. Cash at the beginning of the period	35 312	12 041
G. Cash at the end of the period (F+/- D)	26 721	13 219

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 January 2008	Share capital	Supplementary capital	Revaluation capital	Other reserve capital	Profit (loss) from previous years and from the current year	Equity without minority interest
Balance at the beginning of the period	80 757	11 566	11 245	0	3 288	106 856
Changes in accounting principles	0	0	0	0	0	0
Correction of basic errors	0	0	0	0	0	0
Opening balance after changes	0	0	0	0	0	0
Transition to IAS	0	0	0	0	0	0
Opening balance according to IAS	80 757	11 566	11 245	0	3 288	106 856
Increase (+)/decrease (-) due to deferred tax on fixed asset revaluation	0	0	0	0	0	0
Increase (+)/decrease (-) from statutory profit sharing	0	0	0	0	0	0
Increase (+)/decrease (-) Settlement of loss	0	0	0	0	0	0
Net profit (loss)	0	0	0	0	536	536
Increase (+)/decrease (-) Revaluation of financial assets		0	0		0	0
Consolidation adjustments	0	0	0	0	0	0
Valuation of financial assets	0	0	0	0	0	0
Other increase (+)/decrease (-)	0	0	0	0		0
31 March 2008	65 335	11 566	11 245	0	3 824	91 970

1 January 2007	Share capital	Supplementary capital	Revaluation capital	Other reserve capital	Profit (loss) from previous years and from the current year	Equity without minority interest
Balance at the beginning of the period	32 335	7 982	10 109	1 000	-12 352	39 074
Changes in accounting principles	0	0	0	0	0	0
Correction of basic errors	0	0	0	0	0	0
Opening balance after changes	0	0	0	0	0	0
Transition to IAS	0	0	0	0	0	0
Opening balance according to IAS	32 335	7 982	10 109	1 000	-12 352	39 074
Increase (+)/decrease (-) deferred tax on disposal of fixed assets	0	0	0	0	0	0
Increase (+)/decrease (-) from profit sharing	0	0	0	0	0	0
Transfer from Share Purchase Support Fund	0	0	0	0	0	0
Net profit (loss)	0	0	0	0	87	87
Consolidation adjustments	0	0	0	0	0	0
Capital group extension	0	0	0	0	0	0
Revaluation of financial assets			0			0
Other increase (+) /decrease (-)	0	0	0	0	0	0
31 March 2007	32 335	7 982	10 109	1 000	-12 265	39 161

FINANCIAL DATA OF THE COMPANY

BALANCE SHEET (PLN '000)	As of 31 Mar 2008 end of quarter 2008	As of 31 Dec 2007 end of quarter 2007	As of 31 Mar 2007 end of quarter 2007	As of 31 Dec 2006 end of quarter 2006
Assets				
I. Long-term fixed assets	49 787	50 044	46 617	45 633
1. Tangible fixed assets	34 382	34 589	32 776	31 811
2. Intangible assets	97	114	117	88
3. Goodwill	1 104	1 104		
4. Investment property	10 936	10 936	10 281	10 281
5. Financial assets	2 245	2 245	2 440	2 440
5a. Investments in subsidiaries	599	599	1 871	1 871
5b. Investments available for sale	1 550	1 550	387	387
5c. Other financial assets	96	96	96	96
5d. Loans given	0	0	86	86
6. Long-term receivables	63	63	63	63
7. Deferred income tax assets	830	830	834	834
8. Prepayments	130	163	106	116
II. Current and short-term assets	143 194	143 681	63 247	71 322
1. Inventories	50 623	42 269	4 262	5 112
2. Short-term receivables	60 803	61 423	36 917	44 886
2a. Trade receivables	36 761	49 721	25 257	35 622
2b. Other receivables	20 023	8 050	2 604	2 646
2c. Income tax receivables	0	0	0	318
2d. Prepayments	4 019	3 652	9 056	6 300
3. Current financial assets	5 162	5 718	11 549	11 438
3a. Loans given	4 597	4 297	10 793	10 695
3b. Financial assets intended for sale	0	0	0	0
3c. Foreign currency forward contracts	565	1 421	756	743
4. Cash and equivalents	26 606	34 271	10 519	9 886
III. Fixed assets intended for sale	0	0	0	0
Total assets	192 981	193 725	109 864	116 955
Liabilities				
I. Shareholders' equity	92 272	91 689	42 039	41 568
1. Share capital	65 335	65 335	32 335	32 335
including revaluation due to hyperinflation	21 335	21 335	21 335	21 335
2. Supplementary capital	11 522	11 522	7 755	7 755
3. Reserve capital from asset revaluation	11 245	11 245	10 109	10 109
4. Other reserve capital	0	0	1 000	1 000
5. Profit (loss) from the previous years	3 587	-9 097	-9 631	0
6. Profit (loss) from the current year	583	12 684	471	-9 631
II. Long-term payables	16 333	16 785	15 001	14 457
1. Provisions	9 457	9 457	7 930	7 930
1a. Provisions for employee benefits	5 381	5 381	4 201	4 201
1b. Deferred income tax provision	4 076	4 076	3 729	3 729
1c. Other provisions	0	0	0	0
2. Financial payables	6 876	7 328	7 071	6 527
2a. Bank loans and credits	4 600	4 675	4 900	4 975
2b. Lease payables	2 276	2 653	2 171	1 552

III. Short-term payables	84 376	85 251	52 824	60 930
1. Provisions	644	1 636	921	1 504
1a. Provisions for employee benefits	644	644	504	504
1b. Other provisions	0	992	417	1 000
2. Financial payables	20 821	17 017	4 725	4 084
2a. Bank loans and credits	18 859	15 015	3 255	2 818
2b. Lease payables	1 930	2 002	1 470	1 266
2c. Foreign currency forward contracts	32	0	0	0
3. Short-term payables	62 911	66 598	47 178	55 342
3a. Trade payables	30 579	30 803	26 851	32 236
3b. Other payables	8 566	9 771	10 959	11 910
3c. Income tax payables	2 323	2 228	0	0
3d. Accruals	21 443	23 796	9 368	11 196
IV. Payables related to fixed assets intended for sale	0	0	0	0
Total liabilities	192 981	193 725	109 864	116 955

OFF-BALANCE SHEET ITEMS (PLN '000)	As of 31 Mar 2008 end of quarter 2008	As of 31 Dec 2007 end of quarter 2007	As of 31 Mar 2007 end of quarter 2007	As of 31 Dec 2006 end of quarter 2006
1. Contingent receivables	16 072	10 290	19 809	19 058
1.1. From related entities (due to)	8 680	4 780	11 043	10 945
- bills of exchange	8 680	4 780	11 043	10 945
1.2. From other entities (due to)	7 392	5 510	8 766	8 113
- bills of exchange	2 717	2 876	2 655	2 516
- guarantees given	4 675	2 634	6 111	5 597
2. Contingent payables	60 784	48 276	30 410	46 544
2.1. To related entities (due to)				
- guarantees and warranties given				
2.2. To other entities (due to)	60 784	48 276	30 410	46 544
- guarantees and warranties given	22 574	20 659	17 530	15 094
- bill of exchange as security for contract	38 210	27 617	12 880	31 450
3. Other (due to)	3 154	2 390	0	0
- disputed payables	3 154	2 390		0
- letter of credit	0		0	
Total off-balance sheet items	80 010	60 956	50 219	65 602

PROFIT AND LOSS STATEMENT (PLN '000)	Q1 (current year) period from 01 Jan 2008 to 31 Mar 2008	Q1 (previous year) period from 01 Jan 2007 to 31 Mar 2007
I. Net revenues from the sale of products, goods and materials	39 125	42 603
II. Costs of sold products, goods and materials	35 005	40 310
III. Gross profit (loss) from sales	4 120	2 293
IV. Other revenues	2 251	534
V. Costs of sales	8	8
VI. General management costs	2 989	1 866
VII. Other costs	842	595
VIII. Profit (loss) from operating activities	2 532	358
IX. Financial revenues	2 297	1 221
X. Financial costs	1 910	1 108
XI. Gross profit (loss) before tax	2 919	471
XII. Income tax	2 336	0
XIII. Net profit (loss) from continued activities	583	471
XIV. Profit (loss) from discontinued activities	0	0
XV. Net profit (loss) from continued and discontinued activities	583	471
Net profit (loss) (annualised)	12 796	-8 656
Weighted average number of ordinary shares (number of units)	44 000	11 000
Profit (loss) per ordinary share (in PLN)	0.29	-0.79

CASH FLOW STATEMENT (PLN '000)	Q1 (current year) period from 01 Jan 2008 to 31 Mar 2008	Q1 (previous year) period from 01 Jan 2007 to 31 Mar 2007
A. Cash flows from operating activity, indirect method		
I. Net profit (loss)	583	471
II. Total adjustments	-11 437	1 943
1. Share in net profit (loss) of subsidiaries valued using the equity method	0	0
2. Depreciation	918	1 059
3. Profit (loss) on foreign exchange differences	0	0
4. Interest and profit sharing (dividends)	-417	39
5. Profit (loss) from investment activity	-85	777
6. Movements in provisions	-992	-583
7. Movements in inventories	-8 353	850
8. Movements in receivables	940	10 724
9. Movements in short-term payables, except loans and credit	-1 706	-6 335
10. Movements in prepayments and accruals	-2 687	-4 574
11. Other adjustments	945	-14
III. Net cash flows from operating activities (I+/-II)	-10 854	2 414
B. Cash flows from investment activities		
I. Proceeds	521	91

1. Disposal of intangible and tangible fixed assets	94	46
2. Disposal of investments in real estate and in intangible fixed assets	0	0
3. From financial assets, including:	427	45
a) in related entities	0	0
- disposal of financial assets	0	0
- dividends and profit sharing	0	0
- repayment of loans	0	0
- interest	0	0
b) in other entities	427	45
- disposal of financial assets	0	0
- dividends and profit sharing	0	0
- repayment of loans	0	0
- interest	427	45
4. Other investment proceeds	0	0
II. Disbursements	1 003	2 150
1. Acquisition of intangible and tangible fixed assets	703	2 052
2. Investments in real estate and in intangible fixed assets	0	0
3. For financial assets, including:	300	98
a) in related entities	300	98
- acquisition of financial assets	0	0
- loans given	300	98
b) in other entities	0	0
- acquisition of financial assets	0	0
- loans given	0	0
4. Other investment expenses	0	0
III. Net cash flows from investment activities (I-II)	-482	-2 059
C. Cash flows from financial activities		
I. Proceeds	15 713	4 552
1. Net proceeds from the issue of shares (interests) or other equity instruments and contributions to capital	0	0
2. Credits and loans	15 713	4 552
3. Issue of debt securities	0	0
4. Other financial proceeds	0	0
II. Disbursements	12 042	4 274
1. Acquisition of own shares (interests)	0	0
2. Dividends and other payments to shareholders	0	0
3. Other disbursements due to profit sharing except payments to shareholders	0	0
4. Repayment of credits and loans	11 943	4 190
5. Redemption of debt securities	0	0
6. Other financial payables	0	0
7. Payments due to financial lease	0	0
8. Interest	99	84
9. Other financial expenses	0	0
III. Net cash flows from financial activities (I-II)	3 671	278
D. Total net cash flows (A.III+/-B.III+/-C.III)	-7 665	633
E. Balance sheet movements in cash, including:	-7 665	633
- movements in cash due to foreign exchange differences	-1 448	-897
F. Cash at the beginning of the period	34 271	9 886
G. Cash at the end of the period (F+/- D)	26 606	10 519

STATEMENT OF CHANGES IN EQUITY

1 January 2008	Share capital	Supplementary capital	Revaluation capital	Other reserve capital	Profit (loss) from previous years and from the current year	Shareholders' equity
Balance at the beginning of the period	65 335	11 522	11 245	0	3 587	91 689
Changes in accounting principles	0	0	0	0	0	0
Correction of basic errors	0	0	0	0	0	0
Opening balance according to IAS	65 335	11 522	11 245	0	3 587	91 689
Increase (+)/decrease (-) from liquidation and disposal of fixed assets	0	0	0	0	0	0
Increase (+)/decrease (-) from profit sharing	0	0	0	0	0	0
Increase (+)/decrease (-) valuation of fixed assets			0			
Dividend	0	0	0	0		0
Transfer of Share Purchase Support Fund		0	0			
Valuation of financial assets			0			
Net profit (loss)	0	0	0	0	583	583
Correction of basic errors	0	0	0	0	0	0
Other increase (+)/decrease (-)	0	0	0	0		0
31 March 2008	65 335	11 522	11 245	0	4 170	92 272

1 January 2007	Share capital	Supplementary capital	Revaluation capital	Other reserve capital	Profit (loss) from previous years and from the current year	Shareholders' equity
Balance at the beginning of the period	32 335	7 755	10 109	1 000	-9 631	41 568
Changes in accounting principles	0	0	0	0	0	0
Correction of basic errors	0	0	0	0	0	0
Opening balance after changes	0	0	0	0	0	0
Transition to IAS	0	0	0	0	0	0
Opening balance according to IAS	32 335	7 755	10 109	1 000	-9 631	41 568
Increase (+)/decrease (-) from liquidation and disposal of fixed assets	0	0	0	0	0	0
Increase (+)/decrease (-) from revaluation of fixed assets			0			0
Increase (+)/decrease (-) - deferred tax on revaluation of fixed assets		0	0		0	0
Transfer from Share Purchase Support Fund		0			0	0
Increase (+)/decrease (-) from profit sharing	0	0	0	0	0	0
Dividend	0	0	0	0	0	0
Net profit (loss)	0	0	0	0	471	471
Valuation of financial assets	0	0	0	0	0	0
Other increase (+) /decrease (-)	0	0	0	0	0	0
31 March 2007	32 335	7 755	10 109	1 000	-9 160	42 039

ADDITIONAL INFORMATION

1. Accounting principles adopted for the preparation of the report

Detailed information containing the principles adopted during the preparation of the report for Q4 2007 were included in the individual and consolidated annual report for the year 2006. The reports were published on 12 June 2007, and they are also available on the Issuer's website, www.energomontaz.pl

2. Description of significant changes to the accounting principles with respect to the ones used in the previous business year

No changes were made in the accounting principles in the reporting year compared to the accounting principles used in the previous reporting year.

3. Description of significant achievements and failures of the Company and of the Capital Group in the reporting period

The Issuer has classified the Group's activity in a breakdown by the following segments:

1. Construction

This segment includes building and assembly services (performed for industry), general contractorship of buildings and property development.

2. Production

This segment includes the manufacturing of metal products (industrial production).

3. Trade

This segment includes the sale of metallurgical products.

4. Auxiliary activity

This segment includes training services, laboratory and research services, repairs, maintenance, inspections of machines and equipment, lease of property, machines and equipment, as well as financial activity.

Information concerning the revenues and results related to the individual industry segments of the Capital Group of Energomontaż Południe was presented in [section 10](#) of the additional information.

Sales

In Q1 2008, the Capital Group of Energomontaż Południe obtained almost 11% more revenues from sales compared to the analogous period in the previous year. The consolidated net revenues from the sales of products, goods and materials amounted

to PLN 39,196 in Q1 2008. The consolidated revenues from sales in Q1 2008 increased mostly due to the Company's basic business, which the Issuer classified within the construction industry segment. The group observed a significant increase of sales in this segment (by 19%; revenues from sales in the segment increased by PLN 5.1 million) compared to the analogous period in the previous year. The highest increase in the Group's sales was observed in relation to its basic activity related to building and assembly services for industry. The value of sales in this category rose by 56% compared to the first quarter of the previous year.

A strong growth tendency was also observed in the trade segment. Sales in this segment increased by 51%. The Capital Group had smaller revenues than in the analogous period of the previous year in another segment of the industry, i.e. production, since the Group focused on fulfilling orders with a high profitability level. As a result of this trade policy, the Group achieved a significant growth in terms of gross profitability of sales in Q1 2008, compared to the analogous period in 2007. This margin was 10.4% in Q1 2008, which is twice as much as in the analogous period of the previous year, where it amounted to 5.8%.

In the reporting period, the Company's net revenues from sales equalled PLN 39,125,000. The decrease of the parent entity's revenues by 8.2% compared to Q1 2007 resulted from the fact that the Group's parent entity performed transactions for the subsidiary Wica-Invest Sp. z o.o. in the first quarter of 2007 in relation to the erection of a building in Wrocław. Such transactions were not carried out in the reporting period due to the merger of the entities. The decrease in the parent entity's revenues is temporary, since in the following months of 2008 they are going to increase due to the commencement of housing estate construction in Katowice. The Company is going to operate as general contractor for its subsidiaries.

Result of operating activities

The Capital Group of Energomontaż Południe obtained a profit from its operating activities in the reporting period amounting to PLN 2.4 million, while in the first quarter of 2007 the Group had a negative result in relation to this activity, in the amount of PLN 41,000. This result should be considered as satisfactory mostly due to the fact that it stems from the growth of sales related to the Company's basic business, as well as from the almost doubled gross profit margin on sales of the Capital Group. In Q1 2008, management costs rose, and this resulted from the hiring of highly qualified staff and from additional costs and expenditure related to the start of the implementation of an integrated management computer system for the Capital Group.

The parent entity achieved a profit from its operating activities in Q1 2008 in the amount of PLN 2.5 million. The result from this activity in the reporting period is seven times that achieved in Q1 2007. For the sake of comparison, the profit achieved by the Company on operating activities in Q1 2007 was PLN 358,000.

Net result

The Capital Group had a gross profit of PLN 2.9 million in the reporting period. The gross result was decreased by the income tax payable in the amount of PLN 2.3 million on the revenue from additional works that were carried in the amount of PLN 11.9 million, for which the parent entity raised invoices to its customer. Due to the complex and long-term nature of the settlements with the customer, revenues from these additional works exceeding the basic scope of the contract were disclosed in the balance sheet liabilities under the item "revenues of future periods".

The Capital Group achieved a net profit in the amount of PLN 536,000 in the reporting period. The net result achieved in Q1 2008 is six times that achieved in Q1 2007. The most significant factor that shaped the net result of the reporting period was the good result in operating activity.

Energomontaż-Południe S.A. achieved a net profit in the amount of PLN 583,000 in Q1 2008, which means that net profit rose by 24% compared to the analogous period in the previous year.

The following corporate events occurred in the first quarter of 2008:

- RB 7/2008 – decision of the Management Board of Energomontaż Południe to call an Extraordinary General Meeting of Shareholders with a motion to buy back own shares for redemption
- RB 10/2008 – recording of the increase of the share capital of the subsidiary CK-Modus sp. z o.o.
- RB 12/2008 – total value of orders obtained from the company Austrian Energy & Environment AG & Co KG in the last 12 months equalled PLN 12.7 million
- RB 15/2008 – conclusion of a preliminary agreement to purchase 100% of the shares of PM Amontex Sp. z o.o. – the maximum share purchase price will amount to PLN 34.5 million
- RB 18/2008 – conclusion of a preliminary conditional agreement for the purchase of land property in Opole; value of the purchase: PLN 9.6 million
- RB 19/2008 – appointment of Mr Andrzej Hołda to the position of Vice-President of the Management Board
- RB 21/2008 – change of auditor to MW RAFIN Marian Wcisło Biuro Usług Rachunkowości i Finansów Spółka Jawna [Accounting and Financial Office] with its registered office in Sosnowiec
- RB 22/2008 – transfer of debt to CK-Modus Sp. z o.o. – the total value of the contracts concluded within the last 3 months with that subsidiary amounted to ca. PLN 24.9 million
- RB 26/2008 – conclusion of a contract with Południowy Koncern Energetyczny S.A. with a value of PLN 8.2 million, related to the construction of a biomass plant; the total value of the contracts concluded with this contracting party in the last 5 months was PLN 15.5 million

- RB 27/2008 – receipt of an order from the company Austrian Energy & Environment AG & Co KG with the value of ca. PLN 10.2 million
- RB 28/2008 – receipt of a supplementary order from the company Polimex-Mostostal S.A. with a net value of ca. PLN 8 million related to the execution, delivery, assembly and commissioning of technological pipelines at facilities of the Coal Derivative Production Department of the coking plant Koksownia "Przyjaźń" Sp. z o.o.

4. Description of atypical factors and events having a significant influence on the financial result in Q1 2008.

No atypical events occurred in the reporting period.

5. Explanations related to the seasonal and cyclical nature of the Capital Group of Energomontaż Południe

The market of building and assembly services has a seasonal nature, caused predominantly by weather conditions. Another factor that causes this seasonality is the working cycle of the power engineering sector, which is the main customer for the services of the parent entity. Repairs and modernisation of power equipment are carried out mostly in the summer period since winter is when they have to function. In order to reduce the seasonal nature of operation, the parent entity has been diversifying its activities by increasing its involvement in branches other than the power sector, by rendering general contractorship services and by acquiring orders for manufacturing activity.

6. Information related to the issue, buyback and repayment of debt securities and equity securities, as well as other information related to securities

No operations involving the issue, buyback and repayment of securities were carried out in the presented reporting period.

Share buyback programme

The Extraordinary General Meeting of Shareholders of Energomontaż-Południe S.A. adopted resolution No. 1 on 14 March 2008 to authorise the Management Board to acquire the Company's own shares for redemption.

The own share buyback programme has the following essential parameters:

- the total number of the Company's shares acquired for redemption will not exceed 4,390,000
- the funds intended for buying back own shares for redemption will not exceed PLN 8,400,000
- the average acquisition price of one share must not exceed PLN 5.15
- the Management Board is authorised to buy back own shares for redemption from the day of adoption of the above resolution until one year of this date

Issue of D-series shares

In 2008 Energomontaż-Południe S.A. will issue D-series shares intended for two shareholders of Amontex (private issue). The value of the issue will be PLN 13.8 million. The issue price for D-series shares will be determined as the arithmetic average of the stock exchange quotations of shares of Energomontaż Południe S.A., calculated according to the closing quotations at Giełda Papierów Wartościowych S.A. (Warsaw Stock Exchange), in sessions held in June 2008.

Other information

On 30 March 2008, the shares of Energomontaż Południe S.A. became part of the sWIG80 Warsaw Stock Exchange Index of Small Companies. The Issuer's shares were previously included in the reserve list of participants of that index.

7. Information concerning paid or declared dividends

The Company does not pay quarterly dividends. The dividend for 2007 will equal PLN 0.10 (gross) per share. The dividend corresponds to ca. 1/3 of the net profit achieved by the Company in 2007. The dividend date (day D) and the date for its payment (day W) will be determined by the nearest general meeting.

8. Indication of events after the balance sheet date not recognised in the financial report, which could have a significant impact on the Company's or on the Energomontaż Południe Capital Group's financial results.

A contract was concluded on 21 April 2008 with Mr Andrzej Mikucki and Mr Piotr Mikucki (the Sellers), shareholders of Przedsiębiorstwo Montażowe "Amontex" Sp. z o.o. (Amontex) to transfer to Energomontaż Południe 60% of the shares of Amontex. The purchase price for 60% of the shares of Amontex was PLN 19 million in cash, and the remaining 40% of the shares of Amontex, purchased according to the provisions of the preliminary agreement of 18 February 2008, is going to cost PLN 13.8 million, paid with shares of Energomontaż Południe (D-series ordinary bearer shares). According to the provisions of the preliminary agreement, Energomontaż-Południe will pay the Sellers a bonus of a maximum of PLN 1.7 million, depending on the value of the audited net profit achieved by Amontex for 2008. The total purchase price of 100% of the shares of Amontex will amount to a maximum of PLN 34.5 million. The Company will finance a part of the purchase price with a bank loan. The results of Amontex may have a significant impact on the future results of the Energomontaż Południe Capital Group. The amount of revenues and net profit of Amontex will be included in part in the consolidated profit and loss statement for Q2 2008.

On 29 April 2008, ownership of land property (land for building) located in the Wójtowa Wieś district of Opole was transferred to Energomontaż-Południe S.A. The land includes three plots without any buildings, with a total surface area of 8 hectares. Energomontaż-Południe S.A. paid PLN 9.6 million for the land. The aim of the purchase was to carry out a property development investment with an estimated useful area of flats of ca. 42,000 m², or commercialisation of the land.

9. Revaluation write-downs on assets and deferred income tax assets and provisions

REVALUATION WRITE-DOWNS ON THE PARENT ENTITY'S ASSETS

	Long-term financial assets	Inventories	Receivables	Income tax assets	Contract valuation	Total
01-Jan-08	17 264	200	16 054	830	2 936	37 284
Increase	15 499	0	15	0	3 190	18 704
Decrease	968	0	1 384	0	3 656	6 008
31-Dec-08	31 795	200	14 685	830	2 470	49 980

MOVEMENTS IN PROVISIONS SHOWN IN THE PARENT ENTITY'S BALANCE SHEET

	Provision for jubilee awards, retirement and pension allowance	Provision for leave	Provision for future costs	Contract valuation	Deferred income tax provision	Provision for penalties	Provision for guarantee repairs	Provision for payables	Other provisions	Total
01-Jan-08	6 026	574	460	12 869	4 076	444	185	1 189	82	25 905
Increase	0	0	1 373	10 793	0	0	0	0	5	12 171
Decrease	0		207	12 977	0	390	0	0	6	13 580
31-Dec-08	6 026	574	1 626	10 685	4 076	54	185	1 189	81	24 496

10. Information on the revenues and results attributed to the individual industry segments of the Energomontaż Południe Capital Group

As of 31 March 2008

Item description	Total	Production segment	Construction segment	Trade segment	Auxiliary activity segment
Net revenues from the sale of products and materials	39 196	991	32 905	4 040	1 260
Cost of sold products, goods and materials in the segment	35 114	2 911	27 782	3 739	682
Gross profit/loss from sales	4 082	-1 920	5 123	301	578
Management costs	3 001				
Sales costs	8				
Net profit/loss from sales	1 073	-1 920	5 123	301	578
Other revenues	2 197	420	1 093	5	679
Other costs	872	393	50	0	429
Profit/loss on operating activity	2 398	-1 893	6 166	306	828
Financial revenues	2 209	-51	-24	17	2 267
Financial expenses	1 732	36	93	24	1 579
Gross financial result	2 875	-1 980	6 049	299	1 516
Income tax not attributed to the segments	2 339				
Net financial result	536				

As of 31 March 2007

Item description	Total	Production segment	Construction segment	Trade segment	Auxiliary activity segment
Net revenues from the sale of products and materials	35 424	3 600	27 751	2 671	1 402
Cost of sold products, goods and materials in the segment	33 359	3 645	26 050	2 607	1 057
Gross profit/loss from sales	2 065	-45	1 701	64	345
Management costs	2 031				
Sales costs	8				
Net profit/loss from sales	26	-45	1 701	64	345
Other revenues	534	19	55	0	460
Other costs	601	0	129	3	469
Profit/loss on operating activity	-41	-26	1 627	61	336
Financial revenues	1 059	0	-201	55	1 205
Financial expenses	931	22	-136	13	1 032
Gross financial result	87	-48	1 562	103	509
Income tax not attributed to the segments	0				
Net financial result	87				

11. Information concerning movements in contingent payables

As of 31 March 2008, the Issuer's contingent payables increased by PLN 12,508,000 compared to 31 December 2007, mostly as a result of the issue of bills of exchange as security for contracts. The Energomontaż Południe Capital Group's contingent payables in the analogous comparative period increased by the same value. The increase in the value of contingent payables results from the increase in the Group's revenues.

Signatures of the people representing the Company:

President of the Management Board

Vice-President of the Management Board

Member of the Board

