

**Report of the Management Board
of Energomontaż – Południe Spółka Akcyjna
having its registered office in Katowice
(Acquiring Company)**

**justifying the merger of Energomontaż – Południe Spółka Akcyjna
and the Centrum Kapitałowe MODUS Spółka z ograniczoną odpowiedzialnością
having its registered office in Katowice (Company being acquired)**

1. Introduction

This Report justifying the merger, its legal grounds and economic justification (hereinafter referred to as the 'Report') of the merger of Energomontaż – Południe Spółka Akcyjna having its seat in Katowice (hereinafter referred to as 'Energomontaż - Południe S.A.' or the 'Acquiring Company') and the Centrum Kapitałowe MODUS Spółka z ograniczoną odpowiedzialnością having its registered office in Katowice (hereinafter referred to as 'CK MODUS Spółka z o.o.' or the 'Company being acquired') has been developed by the Management Board of Energomontaż – Południe Spółka Akcyjna pursuant to Article 501 of the Act dated 15 September 2000 – Code of Commercial Companies (Dz. U. [Dziennik Ustaw, Journal of Laws] No. 94, item 1037, as amended).

2. Basic information on the merging Companies

2.1 Acquiring Company

The Acquiring Company is Energomontaż– Południe Spółka Akcyjna having its seat in Katowice at ul. Mickiewicza 15, 40–951 Katowice, registered in the National Court Registry maintained by the District Court for Katowice - Wschód in Katowice, VIII Commercial Division of the National Court Registry, under KRS no. 0000080906.

Share capital of Energomontaż – Południe S.A. amounts to PLN 70,972,001.00 (in words: (seventy million, nine hundred and seventy-two thousand and one Polish zlotys) and is divided into 70,972,001 (in words: (seventy million, nine hundred and seventy-two thousand and one) ordinary bearer shares of the nominal value of PLN 1.00 (in words: one Polish zloty) each, out of which 7,430,000 (in words: seven million, four hundred and thirty thousand) are Series A shares; 3,570,000 (in words: three million, five hundred and seventy thousand) are Series B shares; 33,000,000 (in words: thirty-three million) are Series C shares; 4,390,000 (in words: four million, three hundred and ninety thousand) are Series D shares, and 22,582,001 (in words: twenty-two million, five hundred and eighty-two thousand and one) are Series E shares. Energomontaż – Południe S.A. is a public limited company listed at the Warsaw Stock Exchange in Warsaw S.A.

2.2 Company being acquired

The Company being acquired is the Centrum Kapitałowe MODUS Spółka z ograniczoną odpowiedzialnością having its registered office in Katowice at ul. Mickiewicza 15, 40–951 Katowice,

registered in the National Court Registry maintained by the District Court for Katowice - Wschód in Katowice, VIII Commercial Division of the National Court Registry, under KRS no. 0000112995.

Share capital of the CK Modus Spółka z o.o. amounts to PLN 15,900,000.00 (in words: fifteen million, nine hundred thousand Polish zlotys) and is divided into 31,800 (in words: thirty-one thousand, eight hundred) shares of the nominal value of PLN 500.00 (in words: five hundred Polish zlotys) each. The only partner of the CK MODUS Spółka z o.o. is Energomontaż – Południe S.A.

3. Manner of merger

The merger shall take place in the course of Article 492 § 1 of the Code of Commercial Companies (hereinafter referred to as the CCC), i.e. by means of transfer of the entire property of the CK MODUS Spółka z o.o. onto Energomontaż – Południe S.A. The merger shall be effected pursuant to the resolutions of the General Meeting of Energomontaż – Południe S.A. and of the Meeting of Partners of the CK MODUS Spółka z o.o., in accordance with the provisions of the CCC.

Due to the fact that the Acquiring Company holds all the shares of the Company being acquired, the merger shall take place in accordance with the provisions of Article 515 § 1 of the CCC, i.e. without increasing the share capital of the Company being acquired.

Bearing in mind the fact that the merger will take place pursuant to Article 515 § 1 of the CCC, i.e. without increasing the share capital of the Acquiring Company, and that it shall not result in new circumstances requiring disclosure in the Articles of Association of Energomontaż – Południe S.A., it shall not be amended. As a consequence of the foregoing, the premises provided for in Article 499 § 2 (2) of the CCC, pertaining to annexing the Merger Plan with draft amendments to the Articles of Association of the Acquiring Company shall not be applicable.

4. Legal grounds of the merger

Legal grounds of the merger of Energomontaż – Południe S.A. and the CK MODUS Spółka z o.o. shall be the provisions of the Code of Commercial Companies and the provisions of the Articles of Association of Energomontaż – Południe S.A. and of the Deed of Incorporation of the CK MODUS Spółka z o.o. in accordance with which bodies authorised to take a decision on the merger of the Companies are the General Meeting and the Meeting of Partners, respectively. One of the prerequisites

for the merger of the Companies is adoption by the General Meeting of Energomontaż – Południe S.A. and of the Meeting of Partners of the CK MODUS Spółka z o.o. of the resolutions on the merger.

Resolution of the General Meeting Energomontaż – Południe S.A. on the merger of Energomontaż – Południe S.A. and the CK MODUS Spółka z o.o. will be adopted pursuant to Article 492 § 1 (1) in relation to Article 515 § 1 of the Code of Commercial Companies and § 26 (1) (8) of the Articles of Association of Energomontaż – Południe S.A. The aforementioned resolution shall stipulate that the merger of the Companies shall take place through acquisition by Energomontaż – Południe S.A. of the CK MODUS Spółka z o.o. i.e. by means of transfer of the entire property of the CK MODUS Spółka z o.o. onto Energomontaż – Południe S.A.

A resolution of similar content shall also be adopted by the Meeting of Partners of the CK MODUS Spółka z o.o.

5. Economic justification of the merger

The primary objective of the merger of Energomontaż – Południe S.A. and the CK MODUS Spółka z o.o. is the execution of the allocation of powers strategy and development of a transparent organisation and competence structure within the Energomontaż – Południe S.A. Capital Group as well as utilisation of the reserves within the partially organisationally distributed allocation of powers between Companies belonging to the Energomontaż – Południe S.A. Capital Group.

The merger entails completion of a development investment called the 'Osiedle Książęce' Housing Estate in Katowice for the execution of which the subsidiary company to be acquired, the Centrum Kapitałowe MODUS Spółka z o.o. was incorporated. The investment has been completed so further operation of the Centrum Kapitałowe MODUS Spółka z o.o. has become implausible. Acquisition of the entity in the long-term perspective will contribute to the optimisation of the Energomontaż - Południe S.A. Capital Group operating costs.

It is expected that the Merger will result in the following, measurable benefits:

- optimisation of the costs of operation of the Companies merged, among other things due to the merger of the marketing departments and back office departments – administration, accounting and finances;

- complementation and reinforcement of the competences of the services offered, which enables competition on the national market;
- increase of the Company's potential and financial reliability, which will significantly increase safety and enable execution of large projects and contracts;
- popularisation and recognition of the brand as well as extension of the extensive reference list of both Companies, allowing for the authentication of the extensive competences of the products and services offered;
- obtainment of significant cost-related savings as a result of reduction of general costs associated with management and general costs incurred in direct support of the commercial activity; cost reduction will be significantly affected by the reorganisation of the back office facilities; in a long-time perspective, the foregoing activities will translate into increased profitability and increased operational effectiveness following the merger of the Companies;

Moreover, intended transparent structure will contribute to an increase of the value of Energomontaż – Południe S.A., which is in the interest of the Company stockholders.

6. Stock exchange parity

Due to the fact that the merger of Energomontaż – Południe S.A. and the CK MODUS Spółka z o.o. will take place without increasing the share capital of Energomontaż – Południe S.A., stock exchange or amendments to the Articles of Association of Energomontaż – Południe S.A. as the Company is the only partner of the CK MODUS Spółka z o.o., the element of the merger procedure involving determination of the parity of exchange of stock of the Company being acquired into the stock of the Acquiring Company is purposeless.

7. Recommendations of the Management Board

Economic and organisational premises, both with respect to the merging Companies and their stockholders and partners indicate plausibility of the merger through the acquisition of the CK MODUS Sp. z o.o. by Energomontaż – Południe S.A. The Merger is advisable in strategic, operating, cost-related and thus business respects.

Bearing the aforementioned in mind, the Management Board of Energomontaż – Południe S.A. recommends to stockholders a merger of Energomontaż – Południe S.A. and the CK MODUS Sp. z o.o. as well as adoption of a resolution on the merger of the Companies.

This Report has been adopted and signed by the Management Board of Energomontaż – Południe S.A. on 29 October 2010.

Andrzej Hołda

President of the Management Board

Alina Sowa

Vice-President of the Management Board

Jacek Fydrych

Member of the Management Board

Dariusz Kowzan

Member of the Management Board