

**ANNUAL FINANCIAL STATEMENTS OF
ENERGIOMONTAŻ-POŁUDNIE S.A.
FOR THE 12-MONTH PERIOD
ENDING ON 31 DECEMBER 2010**

PREPARED IN ACCORDANCE WITH
THE INTERNATIONAL FINANCIAL REPORTING
STANDARDS



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I. SUPPLEMENTARY INFORMATION TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS FOR 2010

(1) Name (business name) and registered office, appropriate registry court and register number, and basic subject of activity of issuer according to Polish classification of activities (PKD), and, if securities of the issuer are traded on the regulated market, also the business according to the classification accepted by the market

The basic subject of activity of Energomontaż-Południe S.A. in Katowice is conducting operations concerned with the assembly of machines and industrial equipment (PKD 45.34), registered in the District Court for Katowice – No. KRS 80906. The Company is classified as being in the construction industry on the stock exchange.

1.1 Duration of activity of issuer, if indicated

The duration of the activity of the Company is not indicated.

1.2 Periods for which the financial statements are presented

The financial statements presented cover:

- the current period from 1 January to 31 December 2010
- the comparative period from 1 January to 31 December 2009

Data shown in the statements are expressed in Polish zlotys and have been rounded off to the nearest whole thousand zlotys.

1.3 Information on the Management Board and the Supervisory Board

In 2010, there were changes in the composition of the corporate bodies of the parent company Energomontaż-Południe S.A. Those changes were described in detail in pt. I.1.9 of the Management Board Report on the Operations of the Capital Group in 2010.

Personal composition of the Management Board (as at the date of publication of these Statements)

NAME AND SURNAME	Position
Radosław Kamiński	President of the Management Board /delegated from the Supervisory Board since 27 December 2010/
Jacek Fydrych	Vice-President of the Management Board /from 17 January 2011, previously Member of the Management Board/
Dariusz Kowzan	Member of the Management Board /from 02.02.10/

Personal composition of the Supervisory Board (as at the date of publication of these Statements)

NAME AND SURNAME	Position
Stanisław Gasinowicz	Chairman /from 13 January 2011/
Andrzej Wilczyński	Deputy Chairman
Marek Skibiński	Secretary /from 13 January 2011/
Grzegorz Wojtkowiak	Member /Chairman from 13 January 2011, from 14 June 2010 to 12 January 2011/
Radosław Kamiński	Member /from 13 January 2011, Secretary from 14 June 2010 to 12 January 2011/
Andrzej Kowalski	Member
Tomasz Woroch	Member

(2) Ascertaining that the financial statements were changed in order to ensure comparability of data, and that the juxtaposition and explanations of differences being the result of corrections regarding changes in the principles (policy) of accountancy or corrections of basic mistakes were included.

There were no differences between the data disclosed in the financial statements (and comparable financial data) and the previously prepared and published financial statements for 2009.

In 2009, a faulty estimation was made of the value of the company "Amontex" Przedsiębiorstwo Montażowe Sp. z o.o. The value was adjusted by PLN (-)33 023 000.

The main reason for the correction was a faulty estimate of the value of balance-sheet revenue. The result of that error was that the test of lost value of the company Amontex as at 31 December 2009 was carried out incorrectly.

The Company, having reliable information on Amontex, should have written down the shares and the value of the business as recorded in the financial statements.

In 2010, changes were made in the Management Board of Amontex, and a recovery plan was initiated in order to improve the profitability of the company's activities. Currently, Amontex is showing negative equity. However, the company comprises an important executive resource for Energomontaż-Południe, and supports the Company in implementing its most important contracts.

(3) Indication of whether the financial statements and comparable financial data contain joint data – if the Issuer's business undertaking includes internal organisational units independently preparing financial statements

The business undertaking does not include internal organisational units independently preparing financial statements.

II. ACCOUNTING POLICY

(4) Description of the most significant accounting principles used

4.1 Declaration on compliance with the regulations

In these financial statements, the Company applied the accounting principles set out in the International Financial Reporting Standards (IFRS). These financial statements present a true, reliable and clear asset and financial situation for 2010 and 2009, as well as the financial results for 2010 and 2009. The statements give a true picture of the development, achievements and situation of the Issuer, and include a description of risks and dangers.

The financial data presented as at 31 December 2010 and 31 December 2009 were audited by an auditor.

The accounting principles applied in preparing these financial statements are consistent with those applied in preparing the annual financial statements of the Group for the year ending on 31 December 2009.

4.2 Property, plant and equipment (IAS 16)

Property, plant and equipment is recorded in accordance with the classification of property, plant and equipment (Central Statistical Office, Classification of Fixed Assets, Classification of Fixed Assets According to Type).

The initial value of an item of property, plant and equipment, except for land and buildings, is determined as its purchase price, and in the case of producing an item of property, plant and equipment, as the amount of the technical cost of production.

Land and buildings are shown at fair value, on the basis of periodic measurements, though not less often than once every three years, carried out by independent valuers, reduced by subsequent depreciation of the buildings.

An increase in the book value due to updating the appraisal of land and buildings increases the reserve capital from the appraisal update as part of equity. Reductions making up for earlier increases concerning the same item of property, plant and equipment reduce the capital arising from the fair value appraisal. All other reductions are recognised in the result for the current period.

If the end value of an item of property, plant and equipment increases to an amount which is higher than or equal to its book value, that item ceases to be depreciated until such time as its end value falls below the book value. The value of property, plant and equipment is subject to depreciation, taking account of the estimated period of use and the recovery value in the event of liquidation. Assets with an initial value below PLN 3 500 are, for balance-sheet and tax purposes, depreciated once at the moment they are accepted for use.

For tax purposes, depreciation rates are accepted as under the Act on Corporate Income Tax of 15 February 1992, which specifies the amount of depreciation constituting tax-deductible costs.

Property, plant and equipment is depreciated according to the linear method, starting from the month following the month in which it is ready for use in a period corresponding to the estimated period of its economic usefulness:

▪ own land	is not depreciated
▪ buildings and structures	10 – 50 years
▪ technical equipment and machinery	2.5 – 20 years
▪ means of transport	3 – 10 years
▪ other property, plant and equipment	2.5 – 14 years

The Company carried out a valuation of buildings according to fair value, and recognised that value as a cost as a cost incurred on 1 January 2004, which was the day on which the transition was made to IFRS. A further revaluation of buildings took place in 2007.

Land held in perpetual usufruct is shown off the balance sheet at fair value.

Property, plant and equipment in the process of construction is measured in the amount of the total costs remaining directly connected with its acquisition or production, reduced by write-offs on account of permanent impairment. Property, plant and equipment in the process of construction is not depreciated until the moment its construction is completed and it is handed over for use.

4.3 Intangible assets (IAS 38)

An intangible asset is shown in the acquisition price or the production cost reduced by amortisation and the total amount of write-downs from impairment. Writing down a value should be evenly distributed across the most correctly estimated period of its use. We commence amortisation at the moment when an intangible asset is ready for use.

Intangible assets are amortised using the straight-line method according to the following principles:

- licences and patents 2 years
- computer software 2 years

Intangible assets with an average purchase price equal to or lower than **PLN 3 500** are written down once in costs. Other intangible assets are amortised using the straight-line method across the correctly estimated period of their use. Periods of amortisation of intangible assets with a significant initial value are verified at least at the end of each financial year.

4.4 Investment property (IAS 40)

Investment property is property (land, a structure, building or part of a building) which the Company regards as a source of revenue from rents or keeps in its possession on account of its increasing value. Land and buildings are valued at fair value. The net book value of structures is accepted as their fair value. Investment property is not subject to depreciation. Profit and loss arising from changes in fair value are recognised in profit and loss in the period in which they arose.

4.5 Leases (IAS 17)

Leases of property, plant and equipment in which the Company takes over practically all benefits and kinds of risk arising from ownership are classified as finance leases.

Assets utilised on the basis of a finance lease agreement are regarded as assets of the Company and are measured at their fair value at the moment they are acquired, but not higher than the value of the minimum lease charges. The consequent liability towards the lessor is presented in the statement of financial position in the "finance lease" item as a liability.

Lease payments are divided into an interest part and a capital part, so that the rate of interest on the remaining liability is a fixed amount.

The interest part is regarded as financial costs for the period of the lease. Items of property, plant and equipment acquired under finance lease agreements are depreciated for the period of use of a given item or for the period of the lease.

Leases in which the lessor basically retains all kinds of risks and benefits as a result of ownership are classified as operating leases. Lease fees paid under an operating lease encumber the statement of comprehensive income linearly for the period in which the lease agreement is in force.

4.6 Inventories (IAS 2)

Inventories are valued at the purchase price or production cost, or net realisable value, whichever is lower. Write-downs of the value of inventories are made as at the day of preparation of the financial statements, if there are reasons justifying this. Write-downs are counted towards operating costs. As at the day of preparing the statement of financial position, inventories are shown in the purchase price reduced by write-downs.

The Company makes a disbursement of inventories according to the following methods:

- materials – according to the purchase price for materials purchased for a specific order,
- goods – according to the first-in, first-out (FIFO) method (the cost is measured at the prices of those items which the Company acquired the earliest).

Products in progress are measured according to the production cost covering direct costs and a justified part of indirect costs, excluding borrowing costs.

4.7 Current and non-current receivables

Trade receivables are shown in the amount of the payment demanded, reduced by write-downs. The value of a receivable is brought up to date by taking into account the degree of probability of its being paid when making a write-down.

Write-downs of the value of a receivable are counted towards operating costs or financial costs, depending on the type of receivable to which the write-down refers. Receivables which are amortised, time-barred or which cannot be collected decrease previously made write-downs.

If the influence of cash-in-time is significant, the value of the receivable is determined by discounting future cash flows forecast to the current value, in the application of the gross discount rate reflecting current assessments of the market value of the cash-in-time. If a method involving discounting has been applied, the increase of the receivable in connection with the lapse of time is recognised as financial revenue.

4.8 Transactions in a foreign currency (IAS 21)

The functional currency of the Company is the Polish zloty. Transactions in foreign currencies other than the Polish zloty are converted into Polish zlotys with the application of the rate applicable on the day of concluding the transaction.

As at the day of preparing the financial statements, cash, bank credit and other monetary assets and liabilities in currencies other than Polish zlotys are converted into Polish zlotys by applying the average rate of the National Bank of Poland. Exchange rate differences arising from conversion are recognised under revenue or financial expenses respectively.

Non-monetary assets and liabilities recognised according to their historical cost in a foreign currency are shown at the historical exchange rate on the transaction date. Non-monetary assets and liabilities recognised at fair value in a foreign currency are converted at the rate on the day of making the fair value measurement.

4.9 Cash and cash equivalents (IAS 39)

Cash in hand and in bank accounts as well as current investments deposited until maturity are measured at par value.

The balance of cash and equivalents shown in the cash flow is composed of the aforementioned cash and equivalents, excluding non-repaid credit on a current account.

The Company counts as cash with a limited possibility of availability that cash which has accumulated on the account of the Company Social Benefits Fund and cash in cash investments which is paid to hedge a guarantee that the Company's contracts will be well performed.

4.10 Non-current assets designated for sale and discontinued activity

Non-current assets whose sale is highly probable, for which there is an active programme to find a purchaser and whose sale plan is expected to be concluded within one year, are classified as non-current assets held for sale, and their amortisation is stopped.

4.11 Accruals and deferred income

Deferred charges are made if the costs incurred concern future reporting periods.

For example, the following are subject to settlement over time:

- property insurance,
- annual charges for land accepted in perpetual usufruct,
- annual deduction for the company social benefits fund,
- paid subscriptions for magazines for the following year,
- other costs referring to a number of reporting periods, if the reason for their activation results from the evidence documenting them,
- the surplus from the measurement of revenue determined as increasing over net advance payments accrued is shown under current accruals

Deferred charge titles which do not concern the normal cycle of the Company's operating activities and whose accounting period is a time longer than 12 months from the balance-sheet date are shown under non-current accruals.

Accruals and deferred income are made in the amount of probable liabilities falling in the current reporting period.

Accruals and deferred income include:

- a reserve for repairs under guarantee and warranties or goods of long-term use being sold,
- the planned costs of auditing the financial statements,
- the costs of unused holidays together with social insurance contributions,
- reserves for unpaid bonuses for employees, registered holders of a commercial power of attorney and management board members,
- the value of services rendered for the benefit of the Company which were not invoiced, and which the contractor was contractually not obliged to invoice,
- the costs of the current period, documented by an invoice in the following period,
- a reserve for future finance costs,
- the surplus of net advances accrued over revenue concerning agreements for construction services determined as increasing is itemised under other current accruals and deferred income and presented in liabilities under liabilities.

4.12 Share capital and reserve capital

Share capital is shown at the par value of shares issued in accordance with the Statute and the registered state in the National Court Register.

In accordance with the requirements of IAS 29, the Company made a conversion of equity in connection with the fact that this capital was created in conditions of hyperinflation.

Additional costs directly connected with an issue of new shares or options are shown under equity, as reducing the proceeds from the issue. In the event of buying up shares, the payment for the shares encumbers equity and is shown in the statement of financial position under own shares. Reserve capital is created in accordance with the Statute of the Company from profit retained and as a result of transferring other reserve capital. Reserve capital from updated measurements contains profit and loss from changes to the fair value of financial instruments and property, plant and equipment.

4.13 Provisions (IAS 37)

Reserves are created when the Company has an existing obligation (legal or ordinary) resulting from past events and when it is certain or highly probable that fulfilling that obligation will cause a need for an outflow of cash reflecting economic benefits, and when a reliable estimation can be made of the amount of that obligation.

4.14 Employee benefits (IAS 19)

In accordance with the Company's remuneration system, employees have the right to service anniversary awards after working for a specific number of years, and to retirement severance pay/disability benefits at the moment of retiring/switching to a disability pension. The Company recognises such costs on an accrual basis. The amount of a service anniversary award depends on the length of time worked and the average quarterly remuneration.

Employees also receive one-off payments when switching to a retirement or disability pension. The amount of the payment depends on an employee's remuneration.

Long- and short-term benefits are appraised at the end of each financial year on the basis of an actuarial valuation.

4.15 Financial instruments (IAS 32)

Financial instruments are divided into the following categories:

- held-to-maturity financial assets,
- financial instruments at fair value through profit or loss,
- loans and receivables, and
- available-for-sale financial assets.

Held-to-maturity financial assets are investments involving payments which are or can be specified and which have an established maturity period, and which the Company intends to keep in its possession, and has the possibility of doing so, until that time. Held-to-maturity financial assets are recognised at their cost depreciated in accordance with the effective interest rate.

Financial instruments acquired to generate profits as a result of short-term price fluctuations are classified as financial instruments recognised at fair value through profit or loss.

Financial instruments at fair value through profit or loss are recognised at their fair value without deducting transaction costs, taking into account their market value as at the day of preparing the financial statements. Changes in such financial instruments are taken into account in revenue or finance costs.

Loans and receivables are recognised at their depreciated cost.

All other financial assets are available-for-sale financial assets. Available-for-sale financial assets are recognised at fair value, without deducting transaction costs, taking into account their market value as at the balance-sheet date. In the event of an absence of listings on an active market and the impossibility of reliably determining their fair value by alternative methods, available-for-sale financial assets are recognised in the purchase price corrected by an impairment write-off.

A positive or negative difference between the fair value and the purchase price of available-for-sale assets after reduction by deferred tax (if the market price is determined on an active regulated market or the fair value can be determined in another reliable manner) is carried to the revaluation reserve. A drop in the value of available-for-sale assets caused by a loss in value is recorded as finance costs in the statement of comprehensive income.

Held-until-maturity financial assets are qualified as non-current assets if their maturity exceeds 12 months from the day as at which the financial statements were prepared.

Financial assets recognised at fair value through profit or loss are counted as current assets if the Management Board has the intention of realising them within 12 months from the day of preparing the financial statements.

Purchases or sales of financial assets are recognised as at the day a transaction is concluded. At the moment of initial recognition, they are measured at the purchase price, i.e. at fair value, including the transaction costs.

Financial liabilities which are not financial instruments recognised at fair value through profit or loss are recognised at their cost depreciated in accordance with the effective interest rate.

A financial instrument is removed from the statement of financial position if the Company loses control of the contractual rights making up a given financial instrument: this usually occurs in the event of the sale of an instrument or when all cash flows ascribed to a given instrument are transferred to an independent third party.

Hedging accountancy

For selected derivative instruments which can be classified as hedging instruments, hedge accounting is applied in order to recognise effects of compensating for changes in the fair value of the hedging instrument and the hedged item which have an impact on the income statement.

The hedging of fair value is recognised in the following manner:

- profits or losses from reassessing the fair value of a hedging instrument are recorded in the profit and loss of the current period,
- profits or losses connected with a hedged item, arising from a hedged risk, correct the book value of the hedged item and are recognised in the profit and loss of the current period.

The hedging of cash flows is recognised in the following manner:

- that part of the profits and losses connected with the hedging instrument which constitutes effective hedging is recognised directly in equity through listing changes in equity.
- profits or losses arising on a hedging instrument and carried to equity are recognised in the statement of comprehensive income in the same period in which the hedged transaction influences the profit and loss of the current period.
- the ineffective part of profits or losses connected with a hedging instrument is recognised in the statement of comprehensive income as revenue/finance costs.

4.16 Liabilities

Non-current liabilities cover liabilities or their part in relation to which the maturity date occurs after the lapse of at least one year counting from the balance-sheet date in relation to which the financial statements were prepared. In this item, the non-current part of bank credit and loans is shown, as are supplies and services for over 12 months, exceeding the normal operating cycle. Non-current liabilities exceeding the normal production cycle are measured as at the balance-sheet date at their cost depreciated in accordance with the effective interest rate. Bank credit is recognised according to the purchase price corresponding to the fair value of cash received. As at the balance-sheet date, it is measured as the cost depreciated in accordance with the effective interest rate. Current liabilities are all liabilities from supplies and services in the normal production cycle, and also all or part of other liabilities which become due within 12 months of preparing the financial statements. Liabilities are recognised as the amount to be paid.

4.17 Impairment of Assets (IAS 36)

For each day of preparing the financial statements, the Company assesses whether objective conditions exist which indicate impairment of an asset or a group of assets. If such conditions exist, the Company makes an estimate of the value of the asset component it is possible to recover. If the book value of a given asset or cash-generating unit exceeds its recoverable value, the loss in value is recognised and a write-down of its value is made to the level of the recoverable value. The recoverable value is one of two values, whichever is higher: the fair value minus cost of disposal or the value in use of a given asset component or cash-generating unit. The write-down is carried in the profit and loss of the current period. If a reassessment of assets has previously been made, the loss reduces the amount of capital from the reassessment and is then carried in the profit and loss of the current period.

4.18 Deferred income tax (IAS 12)

In connection with transitional differences between the value of assets and liabilities shown in the books of account and the tax value and the tax loss which can be deducted in the future, an entity creates a reserve and determines the assets from the deferred income tax which it pays.

The gross financial result determined on the basis of accounting records is subject to transformation into taxable income by:

- counting expenses not constituting tax-deductible costs in the gross profit, in accordance with the Corporate Income Tax Act,
- deducting revenue not recognised as taxable revenue from the gross profit, in accordance with the Act,
- counting statistical revenue in the gross profit.

The corrections to the gross profit referred to above can be either:

- permanent – such additions and deductions which are not taken into account in any way when measuring income, such as representation expenses, car depreciation and car insurance above the amounts regarded as border amounts,
- transitional – those which can be regarded as tax-deductible costs or revenue within the meaning of the Income Tax Act, but within a different period than is provided for in the Act on Accountancy.

A reserve for deferred income tax is created in the amount of the income tax to be paid in the future, in connection with positive transitional differences occurring, i.e., differences which will cause an increase in the income tax calculation base in the future.

The reserve for deferred income tax is measured by applying tax rates which will, according to expectations, be applied when the reserve is dissolved, assuming, as a base, the tax rates (and tax provisions) which were legally in force or were actually in force as on the balance-sheet date. Current and deferred tax is recognised as revenue or a cost affecting the net profit or loss of a given period, except for taxes resulting from:

- transactions or events recognised directly as capital, in the same or a different period, or
- mergers of business units.

The reserves for deferred tax and activated income tax must be analysed and accounted for in monthly periods on the basis of the titles under which they were established. Deferred tax should be shown in the statement of comprehensive income in the item "Income tax".

A reserve for income tax and activated income tax is created only with respect to corrections having a transitional character. The reserve and assets for deferred income tax concerning operations settled with equity are also carried as equity.

4.19 Recognition of revenue

4.19.1 Revenue from the sale of goods and materials (IAS 18)

Revenue is recognised if a significant risk and the benefits resulting from the ownership title to goods and products have been transferred to the purchaser and if the revenue can be reliably measured.

4.19.2 Revenue from construction contracts (IAS 11)

As at the day of preparing the financial statements, construction contracts are measured using the method of the degree of advancement of services. The degree of advancement is determined on the basis of the relation of costs already incurred to the planned and currently updated costs of performing the contract, i.e. the level of performance of the budget for the entire contract.

4.19.3 Financial revenue

Revenue from interest is recognised at the moment it is charged, taking into account the effective rate of return on assets. A write-down is made on revenue from interest, except for interest on loans.

4.19.4 Dividend income

Revenue from dividends is recognised at the moment the Company obtains a right to those dividends.

4.19.5 Revenue from leasing

Revenue from the lease of investment property is recognised according to the straight-line method for the period of the lease with respect to open contracts.

4.20 Net profit per share (IAS 33)

Earnings per share for each period are calculated by dividing the earnings ascribed to shareholders of the Company by the average weighted number of shares in a given period.

4.21 Provisions, contingent liabilities and contingent assets (IAS 37)

Contingent liabilities are understood as an obligation to perform services whose occurrence depends on specific events.

Contingent liabilities are not shown in the statement of financial position. However, information about a Contingent liability is disclosed unless there is only a slight probability of an outflow of resources embodying economic benefits.

Contingent receivables are not shown in the statement of financial position. However, information about a Contingent receivable is disclosed if an influx of resources embodying economic benefits is probable.

4.22 Financial instruments (IAS 39)

The Company uses derivatives mainly to limit the risk of negative fluctuations in interest rates, currency exchange rates, prices of goods and other kinds of market risks. Derivatives are shown at fair value.

4.22.1 Hedging of assets and liabilities (IAS 39)

If a derivative hedges against the changeability in fair value of a receivable or liability, all profits or losses from the hedging instrument arising as a result of that profit or loss are recognised in the income statement. Hedging items are also shown at fair value with regard to a hedged risk, while all profits or losses are recognised in the statement of comprehensive income.

4.23 Segment reporting

Activities are grouped primarily according to business criteria. A business segment is a group of assets and areas of activity involved in providing products or services subject to specific types of risk and benefits differing from the types of risk and benefits of other business segments. The basis for separating segment costs is the costs comprising the costs of selling products to customers and transaction costs realised with other segments which result from a given segment's operations and can be directly assigned to that segment.

(5) Selected financial data

PERIOD	2010		2009	
	[PLN '000]	[EUR '000]	[PLN '000]	[EUR '000]
STATEMENT OF COMPREHENSIVE INCOME				
I. Revenue from the sale of products, goods and materials	333 362	83 249	284 833	65 621
II. Cost of products, goods and materials sold	317 396	79 262	243 264	56 044
III. Gross profit on sales	15 966	3 987	41 569	9 577
IV. Other revenue	15 165	3 787	9 964	2 296
V. Sales costs	493	123	277	64
VI. General management costs	17 009	4 248	14 169	3 264
VII. Other costs	24 339	6 078	10 683	2 461
VIII. Operating profit	-10 710	-2 675	26 404	6 084
IX. Financial revenue	24 301	6 069	12 566	2 895
X. Finance costs	12 513	3 125	46 656	10 749
XI. Gross profit	1 078	269	- 7 686	- 1 770
XIV. Income tax	1 679	419	3 031	698
XV. Net profit on continuing operations	-601	-150	-10 717	- 2 468
STATEMENT OF FINANCIAL POSITION				
I. Non-current assets	171 212	43 232	195 823	47 666
II. Current assets	242 204	61 158	233 046	56 727
III. Total assets	413 416	104 390	428 869	104 393
IV. Equity	164 303	41 488	175 142	42 632
V. Non-current liabilities	76 144	19 227	82 093	19 983
VI. Current liabilities	172 969	43 676	171 634	41 778
VIII. Total liabilities	413 416	104 390	428 869	104 393
CASH FLOW STATEMENT				
I. Net cash flows from operating activities	-51 792	-12 934	29 341	6 760
II. Net cash flows from investment activities	-36 563	-9 131	48 447	11 161
III. Net cash flows from financing activities	82 814	20 681	-66 138	-15 237
IV. Net cash flows	-5 541	-1 384	11 650	2 684

Exchange rates used for conversions

In the periods covered by the financial statements and comparative data, the Company applied the average EUR/PLN exchange rates referred to below as determined by the National Bank of Poland.

	01.01.2010- 31.12.2010	01.01.2009- 31.12.2009
Rate applicable as at last day of period	3.9603	4.1082
Average rate	4.0044	4.3406

(6) Effect of applying new accounting standards and changes in accounting policy

To prepare the financial statements and obtain the effect of comparability for previous periods, it was not necessary to make changes for comparative periods.

(7) State of write-downs and provisions

Balance of asset revaluation write-downs and provisions for liabilities as at 31 December 2010

Item	Subject	Goodwill	Long-term investments	Reserves of current funds	Amount due		Provision for employee benefits	Provision for deferred income tax	Other provisions	Total
					principal	interest				
1.	Balance at beginning of period	2 010	49 744	200	6 032	200	6 617	5 647	2 000	72 450
2.	Revaluation write-downs charged to expenses	5	2 871	6 014	2 119	14	0	0	0	11 023
3.	Creation of a provision charged to expenses	0	0	0	0	0	1 065	1 809	0	2 874
4.	Other	0	5	0	23 113	0	0	0	0	23 118
Total (2+3+4)		5	2 876	6 014	25 232	14	1 065	1 809	0	37 015
5.	Utilisation	0	0	0	736	7	0	0	0	743
6.	Cessation of the reasons for:	0	0	0	0	0	0	0	0	0
a)	the write-downs	0	0	0	0	0	0	0	0	0
b)	creating the provision	0	0	0	0	0	0	0	0	0
7.	Dissolution of write-downs and provisions	0	0	0	2 812	0	842	1 329	1 000	5 983
8.	Other	0	15 422	0	5	0	0	0	0	15 427
Total (5+6+7+8)		0	15 422	0	3 553	7	842	1 329	1 000	22 153
9.	Balance at end of period	2 015	37 198	6 214	27 711	207	6 840	6 127	1 000	87 312

FINANCIAL DATA

III. STATEMENT OF FINANCIAL POSITION

	Note	2010	2009
Assets			
I. Non-current assets		171 212	195 823
1. Property, plant and equipment	8	60 741	53 669
2. Intangible assets	9	1 676	1 397
3. Goodwill		0	0
4. Investment properties	10	92 377	93 998
5. Financial assets	11	3 991	30 698
5a. Investments in subsidiaries		100	2 228
5b. Investments in affiliated companies		0	0
5c. Investments held for sale		214	238
5d. Other financial assets		95	95
5e. Loans granted		3 582	28 137
6. Non-current receivables		0	0
7. Deferred income tax assets	12	3 452	4 076
8. Accruals and deferred income	13	8 975	11 985
II. Current assets		242 204	233 046
1. Inventories	14	90 054	14 062
2. Current receivables	15	134 309	200 147
2a. Trade receivables		88 347	68 624
2b. Other receivables		21 796	100 510
2c. Income tax receivables		5 014	586
2c. Accruals and deferred income		19 152	30 427
3. Current financial assets	16	4 599	293
3a. Loans granted		1 576	0
3b. Financial assets designated for sale		0	0
3c. Foreign exchange forward contracts		3 023	293
4. Cash and cash equivalents	17	13 242	18 544
Total assets		413 416	428 869
Liabilities			
I. Equity		164 303	175 142
1. Equity, of which:	18	92 307	69 725
- share capital		70 972	48 390
- reassessment of capital on account of hyperinflation		21 335	21 335
2. Own shares		0	0
3. Capital reserves	19	32 492	99 953
4. Revaluation reserve	20	10 808	10 809
5. Other capital reserves	21	69 968	7 269
6. Retained profit (loss)		-40 671	-1 897
7. Profit (loss) for the current year		- 601	- 10 717
II. Non-current liabilities		76 144	82 093
1. Provisions	22	12 124	11 355
1a. Provisions for employee benefits		5 996	5 708
1b. Provision for deferred income tax		6 128	5 647
2. Financial liabilities	23	64 020	70 738
2a. Credit facilities and loans		4 775	9 764
2b. Leasing liabilities		59 245	60 974
III. Current liabilities		172 969	171 634
1. Provisions	24	1 844	2 909
1a. Provisions for employee benefits		844	909
1b. Other provisions		1 000	2 000
2. Financial liabilities	25	65 860	35 345
2a. Credit facilities and loans		54 241	20 254

	Note	2010	2009
2b. Leasing liabilities		11 334	11 184
2c. Foreign exchange forward contracts		285	3 907
3. Current liabilities	26	105 265	133 380
3a. Trade liabilities		50 756	75 017
3b. Other liabilities		34 847	40 695
3c. Income tax liabilities		0	0
3d. Accruals and deferred income		19 662	17 668
Total liabilities		413 416	428 869
Book value		164 303	175 142
Number of shares		70 972 001	48 390 000
Weighted average number of shares		68 965 694	47 762 256
Weighted average diluted number of shares		70 972 001	50 360 733
Book value per share (in PLN)		2.38	3.67
Diluted book value per share (in PLN)		2.32	3.48

OFF-BALANCE SHEET ITEMS

	2010	2009
1. Contingent receivables	44 042	113 736
1.1. From affiliated companies (on account of)	18 582	99 594
- promissory notes	18 582	99 594
1.2. From other companies (on account of)	25 460	14 142
- promissory notes	4 573	4 112
- guarantees granted	20 887	10 030
2. Contingent liabilities	69 196	120 287
2.1. To affiliated companies (on account of)	-	51 000
- guarantees and suretyships granted	-	51 000
2.2. To other companies (on account of)	69 196	69 287
- guarantees and suretyships granted	67 760	50 845
- a promissory note as security for the subject of a contract	1 436	18 442
3. Other (on account of)	89 049	12 643
- court costs	82 347	
- letter of credit	-	6 463
- liabilities towards the Social Security Office (ZUS)	6 702	6 180
Total off-balance sheet items	202 287	246 666

IV. STATEMENT OF COMPREHENSIVE INCOME

	Not e	2010	2009
I. Net revenues from the sale of products, goods and materials	27	333 362	284 833
II. Costs of products, goods and materials sold	28	317 396	243 264
III. Gross profit (loss) from sales		15 966	41 569
IV. Other revenue	29	15 165	9 964
V. Sales costs		493	277
VI. General management costs		17 009	14 169
VII. Other costs	30	24 339	10 683
VIII. Operating profit (loss)		-10 710	26 404
IX. Financial revenue	31	24 301	12 566
X. Finance costs	32	12 513	46 656
XI. Gross (pre-tax) profit (loss)		1 078	-7 686
XII. Income tax	33	1 679	3 031
XIII. Net profit (loss) from continuing operations		- 601	-10 717
XIV. Profit (loss) on discontinued operations		0	0
XV. Net profit (loss) on continuing and discontinued operations		-601	- 10 717
Item			
Net profit (loss)		-601	- 10 717
Other total income		-1	17
Financial assets held for sale		-1	17
Cash flow hedging			
Profit from revaluation of real property			
Share in other income of affiliated companies			
Total overall income		- 602	-10 700
Number of shares		70 972 001	48 390 000
Weighted average number of shares		68 965 694	47 762 256
Weighted average diluted number of shares		70 972 001	50 360 733
Net profit (loss)		- 601	-10 717
Profit (loss) per ordinary share (in PLN)		-0.01	-0.22
Diluted net profit per share		-0.01	-0.21

V. STATEMENT OF CHANGES IN EQUITY

	2010	2009
I. Equity at beginning of period	208 165	109 324
a) changes to accepted accounting principles (policy)	0	0
b) corrections of basic errors	- 33 023	
la. I. Equity at beginning of period	175 142	109 324
1. Share capital at beginning of period	69 725	69 725
1.1. Changes to share capital	22 582	0
a) increases (from)	22 582	0
exchange of warrants for shares	22 582	
- issue of shares	0	0
b) decreases (from)		
1.2. Share capital at end of period	92 307	69 725
2. Due payments for share capital at beginning of period		
2.1. Changes in due payments for share capital		
a) increases (from)		
b) decreases (from)		
2.2. Due payments for share capital at end of period		
3. Own shares (ownership interests) at beginning of period	0	- 2 254
3.1. Changes in own shares (ownership interests)	0	2 254
a) increases (from)	0	0
- purchase of own shares	0	0
b) decreases (from)	0	2 254
- sale	0	2 254
3.2. Own shares (ownership interests) at end of period	0	0
4. Capital reserves at beginning of period	99 953	20 511
4.1. Changes in capital reserves	-67 461	79 442
a) increases (from)	22 710	79 442
- warrants	0	77 908
- division of profit (above the statutory required minimum amount)	17 338	0
- dissolution of reserve for purchase of own shares	5 372	
- premium on the sale of own shares	0	1 534
- issue of shares	0	0
b) decreases (from)	90 171	0
- establishment of reserve for purchase of own shares	65 000	
exchange of warrants for shares	22 582	
costs of exchanging warrants for shares	2 589	
- coverage of retained loss	0	0
4.2. Capital reserves at end of period	32 492	99 953
5. Revaluation reserve at beginning of period	10 809	10 792
5.1. Changes to revaluation reserve	-1	17
a) increases (from)	0	17
- revaluation of financial assets	0	17
- revaluation of property, plant and equipment	0	0
- deferred tax from revaluation of property, plant and equipment	0	0
b) decreases (from)	1	0
- write-down of property, plant and equipment	0	0
- reversal of revaluation of financial assets	1	0
- sale of non-current assets	0	0
- deferred tax from revaluation of non-current assets	0	0
5.2. Revaluation reserve at end of period	10 808	10 809
6. Other reserves at beginning of period	7 269	7 269
6.1. Changes in other reserves	62 699	0
a) increases (from)	69 968	0
- establishment of reserve for purchase of own shares	65 000	
Creation of capital reserve for dividend payment	4 968	0
b) decreases (from)	7 269	0
- dissolution of reserve for purchase of own shares	7 269	0
6.2. Other reserves at end of period	69 968	7 269
7. Retained profit (loss) at beginning of period	20 409	0

	2010	2009
7.1. Retained profit at beginning of period	22 306	12 377
a) changes to accepted accounting principles (policy)		
b) corrections of basic errors		
7.2. Retained profit at beginning of period	22 306	12 377
a) increases (from)	0	0
- transfer from reserve due to sale of property, plant and equipment	0	0
b) decreases (from)	22 306	12 377
- coverage of retained loss	0	7 147
- payment of dividend	0	5 230
- division of retained profit to increase capital reserves	17 338	0
creation of capital reserve for dividend payment	4 968	0
7.3. Retained profit at end of period	0	0
7.4. Retained loss at beginning of period	1 897	9 096
a) changes to accepted accounting principles (policy)		
b) corrections of basic errors	33 023	
7.5. Retained loss at beginning of period after correction	34 920	9 096
a) increases (from)	7 648	
- merger with subsidiary	7 648	
b) decreases	1 897	7 199
- coverage of retained loss	0	7 147
- dissolution of reserve for purchase of own shares	1 897	
- unpaid dividend concerning own shares	0	52
7.6. Retained loss at end of period	40 671	1 897
7.7. Retained profit (loss) at end of period	- 40 671	-1 897
8. Net result	- 601	- 10 717
a) net profit		
b) net loss	601	10 717
c) write-downs from profit		
II. Equity at end of period	164 303	175 142
III. Equity, after taking proposed distribution of profit (coverage of loss) into account	164 303	175 142

VI. CASH FLOW STATEMENT

	2010	2009
A. CASH FLOW FROM OPERATING ACTIVITIES – INDIRECT METHOD		
I. Net profit (loss)	- 601	- 10 717
II. Total adjustments	-51 191	40 058
1. Share in net profits (losses) of subordinated companies valued by the equity method	0	0
2. Amortisation/depreciation	8 917	5 719
3. (Profit) loss from exchange rate differences	-239	-188
4. Interest and profit distribution (dividends)	4 862	735
5. (Profit) loss on investment activity	45	-69
6. Change in provisions	-296	3 578
7. Change in inventory	-75 992	14 100
8. Change in receivables	51 461	-104 887
9. Change in current liabilities, excluding credit facilities and loans	-14 063	37 949
10. Change in prepayments and accruals	16 902	-20 361
11. Other adjustments	- 42 788	103 482
III. Net cash flow from operating activities (I-II) – indirect method	-51 792	29 341
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
I. Inflows	4 256	72 218
1. Sale of intangible assets and property, plant and equipment	1 522	747
2. Sale of investments in real property and intangible assets	0	66 242
3. From financial assets, of which:	2 734	5 229
a) in affiliated companies	2 200	3 220
- sale of financial assets	0	0
- dividends and profit distribution		
- repayment of loans granted	500	3 220
- interest		
- other inflows from financial assets	1 700	0
b) in other entities	534	2 009
- sale of financial assets	0	0
- dividends and profit distribution	39	1 960
- repayment of loans granted	0	0
- interest	495	49
- other inflows from financial assets	0	0
4. Other investment inflows		
II. Outflows	40 819	23 771
1. Sale of intangible assets and property, plant and equipment	26 351	8 574
2. Investments in real property and intangible assets	0	0
3. On financial assets, of which:	14 468	15 197
a) in affiliated companies	14 468	15 197
- purchase of financial assets	2 902	1 700
- loans granted	11 566	13 497
b) in other entities	0	0
- purchase of financial assets	0	0
4. Other investment outflows	0	0
III. Net cash flow from investment activities (I-II)	-36 563	48 447
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
I. Inflows	189 504	60 991
1. Net inflow on issue of shares and other capital instruments and additional payments to capital	75 319	0
2. Borrowings	114 185	59 457
3. Issue of debt securities		
4. Sale of own shares	0	1 534
5. Other financial inflows	0	0
II. Outflows	106 690	127 129
1. Purchase of own shares	0	0
2. Dividends and other payments to owners	0	5 230
3. Profit distribution outflows other than payments to owners		

	2010	2009
4. Repayment of borrowings	85 187	90 207
5. Redemption of debt securities	0	0
6. Other financial outflows		
7. Payment of liabilities from finance lease agreements	16 107	27 520
8. Interest	5 396	4 172
9. Other financial outflows		
III. Net cash flow from financial activities (I-II)	82 814	-66 138
D. Total net cash flow (A.III+/-B.III+/-C.III)	-5 541	11 650
E. Balance-sheet change in cash, of which:	-5 302	11 838
- change in cash from foreign exchange differences	239	188
F. Cash at the beginning of the period	18 544	6 706
G. Cash at the end of the period (F+/- D)	13 003	18 356

VII. EXPLANATORY NOTES TO STATEMENT OF FINANCIAL POSITION

(8) Property, plant and equipment

	2010	2009
a) property, plant and equipment, of which:	56 483	48 865
- land (including right of perpetual usufruct of land)	408	410
- buildings, premises and civil engineering projects	30 693	30 515
- technical equipment and machinery	12 549	7 804
- means of transport	10 137	7 893
- other property, plant and equipment	2 696	2 243
b) property, plant and equipment in the process of construction	4 258	4 804
c) advance payments for property, plant and equipment in the process of construction	-	-
Total property, plant and equipment	60 741	53 669

8.1 Changes in property, plant and equipment (according to type groups) as at 31 December 2010

	Land (including right of perpetual usufruct of land)	Buildings, premises and civil engineering projects	Technical equipment and machinery	Means of transport	Other property, plant and equipment	Total property, plant and equipment
a) gross amount of property, plant and equipment at beginning of period	422	36 411	22 649	17 600	12 192	89 274
b) increases (from)	0	1 477	7 856	4 385	3 156	16 874
- purchase	0	16	1 466	104	2 792	4 378
- modernisation	0	1 461	5	0	4	1 470
- leasing			6 355	4 197	359	10 911
- disclosure	0	0	0	0	0	
- takeover of a subsidiary			30	84	1	115
c) decreases (from)	0	50	1 503	484	957	2 994
- liquidation		50	817	55	664	1 586
- sale			601	429	293	1 323
- theft			85			85
d) gross value of property, plant and equipment at end of period	422	37 838	29 002	21 501	14 391	103 154
e) accumulated depreciation at beginning of period	12	5 896	14 845	9 707	9 949	40 409
f) depreciation for period (from)	2	1 249	1 609	1 656	1 746	6 262
current depreciation [EP]	2	1 279	2 606	1 941	2 688	8 516
current depreciation, CK - Modus				17		17
- sale		0	-175	-341	-287	-803
- liquidation		-30	-802	-4	-657	-1 493
consolidation write-down						0
- theft			-31			-31
- disclosure						0
- takeover of a subsidiary			11	43	2	56
g) accumulated depreciation at end of period	14	7 145	16 454	11 363	11 695	46 671
h) write-downs from permanent impairment at beginning of period						
- increase						
- decrease						
i) write-downs from permanent impairment at end of period						
j) net amount of fixed assets at end of period	408	30 693	12 548	10 138	2 696	56 483
k) property, plant and equipment in the process of construction		89	4 167	2		4 258

	Land (including right of perpetual usufruct of land)	Buildings, premises and civil engineering projects	Technical equipment and machinery	Means of transport	Other property, plant and equipment	Total property, plant and equipment
Total property, plant and equipment – balance-sheet value	408	30 782	16 715	10 140	2 696	60 741

8.2 Changes in property, plant and equipment (according to type) as at 31 december 2009

	Land (including right of perpetual usufruct of land)	Buildings, premises and civil engineering projects	Technical equipment and machinery	Means of transport	Other property, plant and equipment	Total property, plant and equipment
a) gross amount of property, plant and equipment at beginning of period	421	28 607	19 707	12 399	9 999	71 133
b) increases (from)	0	7 804	3 346	5 511	2 777	19 438
- purchase	0	410	1 200	30	1 950	3 590
- leasing		0	2 018	5 480	764	8 262
- modernisation		7 394	128	1	9	7 532
- disclosure					54	54
c) decreases (from)	0	0	403	309	585	1 297
- liquidation		0	340	13	495	848
- theft		0	46	296	90	432
- sale		0	17	0	0	17
d) gross value of property, plant and equipment at end of period	421	36 411	22 650	17 601	12 191	89 274
e) accumulated depreciation at beginning of period	9	4 901	13 521	8 888	8 679	35 998
f) depreciation for period (from)	2	995	1 325	820	1 269	4 411
- write-offs	2	998	1 677	1 121	1 772	5 570
- sale		0	-7	-288	-24	-319
- liquidation		0	-340	-13	-494	-847
- theft		0	-5		0	-5
- disclosure					19	19
- other		-3			-4	-7
g) accumulated depreciation at end of period	11	5 896	14 846	9 708	9 948	40 409
h) write-downs from permanent impairment at beginning of period		0				0
- increase		0				0
- decrease		0				0

	Land (including right of perpetual usufruct of land)	Buildings, premises and civil engineering projects	Technical equipment and machinery	Means of transport	Other property, plant and equipment	Total property, plant and equipment
i) write-downs from permanent impairment at end of period		0				0
j) net amount of fixed assets at end of period	410	30 515	7 804	7 893	2 243	48 865
k) property, plant and equipment in the process of construction	0	1 202	3 602			4 804
Total property, plant and equipment – balance-sheet value	410	31 717	11 406	7 893	2 243	53 669

The income approach involves determining the value of property by assuming that its purchaser will pay a price for it the amount of which the purchaser will make dependent on the anticipated income obtained from the property, and that the purchaser will not pay more for it than the amount for which it could purchase another property with the same degree of profitability and level of risk.

The income approach is applied in determining the value of properties contributing income or which could potentially contribute income, provided that the amount of that income is known or can be determined.

The investment method is applied in determining the market value of property which contributes income from rent, the amount of which can be determined on the basis of an analysis of how market rates for a lease or rent stand.

Determining the market value of property with the application of the income approach is understood to mean appraising the right for the owner of that property to achieve income. Income from property is understood to mean income which can be achieved from land together with its constituent parts. In the case of the property in question, it is the value of the right of perpetual usufruct of the land and the concomitant right of ownership to the buildings on the land being utilised.

In applying the income approach, the market value of the property is specified. This means that it can be applied in appraising properties for which legal provisions, professional standards or the nature of the transferral of rights make it necessary or expedient to specify the market value of the property.

Net value of buildings before revaluation:

PLN 26 518 000

Net value of buildings after revaluation:

PLN 23 992 000

The Company has fixed assets from finance leases of which the value shown in the balance sheet is PLN 20 343 000.

ENCUMBRANCES ON PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES FROM:	2010	2009
Liabilities from credit and loans	196 962	58 271
Total:	196 962	58 271

8.3 Off-balance sheet property, plant and equipment

	2010	2009
Used on the basis of a lease, tenancy agreement or other agreement, including leasing agreement, of which:	5 585	6 419
a) value of fixed assets used on the basis of lease agreements	0	0
b) value of land in perpetual usufruct	5 585	6 419
- Katowice City Office	578	2 496
- Gryfice County Office	1 512	1 163
- Będzin County Office	3 380	2 760
- Mikołów County Office	101	
- Tychy City Office	14	
Total off-balance sheet property, plant and equipment	5 585	6 419

The annual fee for perpetual usufruct of land is PLN 90 000.

(9) Intangible assets

	2010	2009
a) costs of completed development works	-	
b) goodwill	-	-
c) concessions, patents and licences acquired, of which:	1 676	1 397
- computer software	1 676	1 397
d) other intangible assets		
e) advance payments for intangible assets		
Total intangible assets	1 676	1 397

9.1 Changes in intangible assets (according to type groups) as at 31 December 2010

	a	b	c	d	e	f	Total intangible assets
	Costs of completed development works	Goodwill	Concessions, patents, licences and similar assets acquired, of which:	computer software	Other intangible assets	Advance payments for intangible assets	
a) gross value of intangible assets at beginning of period	-	2 010	1 441	630		-	3 451
b) increases (from)	-	5	269	192	-	-	274
- purchase	-	-	259	156	-	-	259
- takeover from subsidiary after merger		5	10	10			15
transfer from a license			0	26			0
c) decreases (from)	-	-	0	0	-	-	0
- liquidation	-	-	0	0	-	-	0
d) gross value of intangible assets at end of period	-	2 015	1 710	822	-	-	3 725
e) accumulated depreciation at beginning of period	-	-	1 198	547	-	-	1 198
f) depreciation for period (from)	-	-	394	250	-	-	394
- write-offs	-	-	384	144	-	-	384
- liquidation			0	0			0
takeover of CK - Modus			10	10			10
transfer from a license			0	96			0
g) accumulated depreciation at end of period	-	-	1 592	797	-	-	1 592
h) write-downs from permanent impairment at beginning of period	-	2 010		0	-	-	2 010
increase – takeover of CK-Modus	-	5	0	0	-	-	5
- decrease	-	-	0	0	-	-	0
i) write-downs from permanent impairment at end of period	-	2 015	0	0	-	-	2 015
j) net value of intangible assets not accepted for balance			1 558	0			1 558
k) net value of intangible assets at end of period	-		1 676	25		-	1 676

9.2 Changes in intangible assets (according to type groups) as at 31 December 2009

	a	b	c	d	e	f	Total intangible assets
	Costs of completed development works	Goodwill	Concessions, patents, licences and similar assets acquired, of which:		Other intangible assets	Advance payments for intangible assets	
			computer software				
a) gross amount of intangible assets at beginning of period		2 010	1 178	585			3 188
b) increases (from)		0	314	96			314
- purchase			314	96			314
c) decreases (from)			51	51			51
- sale			51	51			51
d) gross amount of intangible assets at end of period		2 010	1 441	630			3 451
e) accumulated depreciation at beginning of period			1 049	476			1 049
f) depreciation for period (from)			149	71			149
- write-offs			149	71			149
g) accumulated depreciation at end of period			1 198	547			1 198
h) write-downs from permanent impairment at beginning of period		2 010					2 010
- increase		0					0
- decrease							0
i) write-downs from permanent impairment at end of period		2 010					2 010
j) intangible assets in the process of construction			148	148			148
- purchase			1 798				1 798
- sale			792				792
Total			1 154	148	0	0	1 154
k) net amount of intangible assets at end of period		0	1 397	282			1 397

(10) Investment properties

	Period from 1 January 2010 until 31 December 2010	Period from 1 January 2009 until 31 December 2009
Gross amount at beginning of period	94 418	15 742
Increases	5 567	82 576
- acquisition	591	337
- purchase from leasing	-	68 548
- renovation and modernisation	3 104	1 635
- appraisal	1 872	1 177
- investments commenced	-	1 052
- reclassification from inventories	-	9 827
Decreases	7 188	3 900
- sale	-	3 900
- loss of value from valuation	7 188	-
Gross amount at end of period	92 797	94 418
Amount of accumulated depreciation at beginning of period	420	414
- increases	-	6
- transfer from property, plant and equipment	-	6
decreases	-	-
Amount of accumulated depreciation at end of period	420	420
Write-down from impairment at beginning of period	-	-
Recognition in the period of write-down from impairment	-	-
Reversal in the period of write-down from impairment	-	-
Write-down from impairment at end of period	-	-
Net profit and loss from valuation adjustments to fair value	-	-
Net adjustment from exchange rate differences from conversion	-	-
Net amount at end of period	92 377	93 998

10.1 Revenue and costs concerning investment properties

	Period from 1.9.2007 2010 until 31 December 2010	Period from 1.9.2007 2009 until 31 December 2009
Revenue from rent	8 001	6 497
Other revenue	161	181
Total revenue	8 162	6 678
Direct operating costs concerning investment properties made available for lease, of which:	4 311	4 761
- costs of renovation and conservation	238	68
Total costs:	4 311	4 761

In investment properties, buildings are shown in revaluation.

To determine the market value of property, in accordance with the Regulation of the Council of Ministers of 7 July 1998 on the appraisal of property and the principles of preparing a valuation survey, a comparative approach or an income approach is adopted.

In the case of the present study, property has been appraised using an income approach, investment method and simple capitalisation technique.

The income approach involves determining the value of property by assuming that its purchaser will pay a price for it the amount of which the purchaser will make dependent on the anticipated income obtained from the property, and that the purchaser will not pay more for it than the amount for which it could purchase another property with the same degree of profitability and level of risk.

The income approach is applied in determining the value of properties contributing income or which could potentially contribute income, provided that the amount of that income is known or can be determined.

The investment method is applied in determining the market value of property which contributes income from rent, the amount of which can be determined on the basis of an analysis of how market rates for a lease or rent stand.

Determining the market value of property with the application of the income approach is understood to mean appraising the right for the owner of that property to achieve income. Income from property is understood to mean income which can be achieved from land together with its constituent parts. In the case of the property in question, it is the value of the right of perpetual usufruct of the land and the concomitant right of ownership to the buildings on the land being utilised.

In applying the income approach, the market value of the property is specified. This means that it can be applied in appraising properties for which legal provisions, professional standards or the nature of the transferral of rights make it necessary or expedient to specify the market value of the property.

10.2 Change in property status

	2010	2009
a) balance at beginning of period	93 998	15 328
b) increases (from)	5 567	81 524
- appraisal	1 872	1 177
- reclassification from inventories	-	9 827
- renovation and modernisation	3 104	1 635
- purchase	591	68 885
c) decreases	7 188	3 906
- appraisal	7 188	
- takeover of property in construction	-	
- sale	-	3 900
d) balance at end of period	92 377	92 946
e) investments commenced	-	1 052
Total change of balance of property	92 377	93 998

(11) Non-current financial assets

	2010	2009
a) in subsidiaries	100	2 228
- ownership interests	100	2 228
b) in other entities	309	333
- ownership interests or shares	309	333
c) non-current loans granted	3 582	28 137
Total non-current financial assets	3 991	30 698

Ownership interests are measured according to purchase prices reduced by write-downs, whereas shares are measured according to market prices except for shares in Huta Ostrowiec (100 per cent revalued) and shares in Autostrada Śląsk, which are measured according to purchase prices.

Ownership interests constitute a credit hedge of PLN 148 000.

11.1 Change in the state of non-current financial assets (by type group)

	2010	2009
a) balance at beginning of period	30 698	49 020
b) increases (from)	12 892	14 896
- purchase of ownership interests	-	1 700
additional payments to capital	2 902	42
- revaluation of shares	-	17
- loans granted	9 990	
- reclassification of loan from current to non-current	-	13 137
c) decreases (from)	39 599	33 218
- revaluation of ownership interests	2 852	33 218
- merger with subsidiary	478	-
- elimination of a loan after merger with subsidiary	34 045	-
- revaluation of shares	24	-
- other inflows from financial assets	1 700	

	2010	2009
- repayment of loan	500	-
d) balance at end of period	3 991	30 698

11.2 Ownership interests or shares in subordinated companies as at 31 December 2010

a	b	c	d	e	f	g	h	i	j	k	l
Name (business name) of entity and legal form	Registered office:	Subject of business	Form of association (subsidiary, co-subsidiary, associated, direct or indirect)	Applied consolidation method	Date of taking control / joint control /acquiring a significant influence	Value of ownership interests / shares according to purchase price	Total revaluation adjustments	Book value of ownership interests / shares	% of share capital held	Share in total no. of votes at general meeting	Other basis of control / joint control / significant influence than that given under j) or k)
EP Hotele i Nieruchomości Sp. z o.o.	Katowice	recreational and hotel services	subsidiary	full		71	71	0	100.00	100.00	
Energomontaż-Zachód Sp. z o.o.	Warsaw	engineering and installation works	subsidiary			470	470	0	90.30	90.30	
Open Wrocław Sp. z o.o.	Wrocław	engineering and installation works	subsidiary			105	105	0	70.00	70.00	
Modus II Sp. z o.o.	Katowice	construction works	subsidiary	full		100	-	100	100.00	100.00	
Amontex PM Sp. z o.o.	Piotrków Trybunalski	construction works	subsidiary	full		35 876	35 876	0	100.00	100.00	

11.3 Ownership interests or shares in subordinated companies - cont.

a Name of company	m Equity of company, including:						n Liabilities and provisions for company's liabilities, including:			o Receivables of company, including:			p Total assets of company	r Sales revenues
	Share capital	Due payments for share capital (negative value)	Capital reserves	other equity, including:		Non-current liabilities	Liabilities current	- receivables Non-currents	Current receivables					
				Retained profit (loss)	Net profit (loss)									
EP Hotele i Nieruchomości Sp. z o.o.	-605	70	0	-675	-1 074	399	1 232	12	1 220	388	0	388	628	1 932
Energomontaż -Zachód Sp. z o.o.	In administration			0							0	0	0	0
Open Wrocław Sp. z o.o.	n/d													
Modus II Sp. z o.o.	14	100	-86	0	-51	-34	2	0	2	4	0	4	16	0
Amontex PM Sp. z o.o.	-744	3 000	10 282	-14 026	-6 588	-7 462	14 308	4 099	14 122	13 460	0	13 460	17 476	30 575

* By a decision of 19 November 2008, the District Court for the City of Warsaw, Division X Bankruptcy, ended the bankruptcy proceedings of Energomontaż Zachód Sp. z o.o. We are currently waiting for the company to be deleted from the National Court Register.

** On 2 September 2002, the Management Board of Open Wrocław Sp. z o.o. announced that a motion to declare bankruptcy had been filed. On 2 September 2003, the Management Board of the Issuer received information that the motion had been rejected because the debtor's assets were insufficient to cover the costs of bankruptcy proceedings.

11.4 Ownership interests or shares in other companies

a	b	c	d	f	g	h	i
Name (business name) of company and legal form	Registered office:	Subject of business	Book value of ownership interests / shares	% of share capital held	Share in total no. of votes at general meeting	Value of shares not paid by issuer	Received or dividends due for previous financial year
Huta Ostrowiec S.A. in bankruptcy	Ostrowiec	production of steel, steel semi-fin. products, rods	0	0.008	0.008		
Konsorcjum Autostrada Śląsk S.A.	Katowice	construction and operation of motorways	20	0.51	1.17		12
Holdingspol Sp. z o.o.	Sosnowiec	comprehensive installation and renovation works	0	3.00	1.70		
POLNORD S.A.	Gdańsk	production, services and trading	133	0.11	0.11		3
EP Centrum Finansowe Sp. z o.o.	Katowice	lease of means of transport, machines and equipment	95	15.80	17.81		24
TAURON POLSKA ENERGIA S.A.	Katowice	heat and electricity production	61	0.05	0.05		
Kompleks Agro-Energetyczny Namysłów Sp. z o.o.	Namysłów	heat production, production of oils	0	15.22	15.22		
WLC INVEST Sp. z o.o.	Łódź	financial mediation, advertising, commercial activity	0	19.95	19.95		
Extem Sp. z o.o.	Łaziska Górne	implementing investment objectives	0	0.93	0.93		
Fabryka Maszyn FAMA S.A.	Kluczbork	production of cranes and machines for transport	0	0.10	0.10		

11.5 Total securities, ownership interests and other non-current financial assets (currency structure)

	2010	2009
a) in Polish currency	3 991	30 698
b) in foreign currencies (according to currencies and after conversion to PLN)	-	-
b1. unit/currency	-	-
Total securities, ownership interests and other non-current financial assets	3 991	30 698

11.6 Total securities, ownership interests and other non-current financial assets (by transferability)

	2010	2009
A. With unrestricted transferability, not listed on regulated market (book value)	3 991	30 698
a) shares (book value):	214	238
- adjustments revaluing amount (for period)	-24	16
- amount at beginning of period	238	179
b) other – according to type groups (book value):	195	2 323
b1 ownership interests (book value)	195	2 323
- adjustments revaluing amount (for period)	-2 852	-33 218
- amount at beginning of period	2 323	33 841
c) non-current loans (book value)	3 582	28 137
- elimination in result of merger with subsidiary	-28 137	0
- amount at beginning of period	28 137	15 000
Total amount at beginning of period	30 698	49 020
Total adjustments revaluing amount (for period)	-2 876	- 33 202
Total book value	3 991	30 698

11.7 Total non-current loans granted (currency structure)

	2010	2009
a) in Polish currency	3 582	28 137
b) in foreign currencies (according to currencies and after conversion to PLN)		
b1. unit/currency ... / ... [PLN '000]		
-		
other currencies in PLN „000		
Total non-current loans granted	3 582	28 137

(12) Change of balance of assets from deferred income tax

	2010	2009
1. Balance of deferred income tax assets at beginning of period, of which:	4 076	3 044
a) credited to financial result	3 567	2 502
b) credited to equity	509	542
2. Increases	2 616	3 431
a) credited to financial result of period in connection with negative temporary differences (on account of)	2 616	3 431
- provisions for future costs	855	220
- valuation of settlements	357	218
- Social Security Office (ZUS)	0	352
- non-current contracts	0	1 519
- provision for penalties	0	380
- valuation of property	1 365	
- valuation of forwards	39	742
3. Decreases	3 240	2 399
a) credited to financial result of period in connection with negative temporary differences (on account	3 240	2 399

	2010	2009
of)		
- valuation of forwards	742	1 399
- non-current contracts	1 519	0
- dissolution of revaluation of receivables	0	169
- valuation of settlements	218	
- dissolution of provision for future costs	220	829
- dissolution of provision for holidays	190	
- dissolution of provision for holidays	0	2
- Social Security Office (ZUS)	351	0
b) offset of current items	0	0
against provision for deferred tax		
- balance-sheet valuation	0	0
- sale of non-current financial assets	0	0
c) credited to equity in connection with negative temporary differences (on account of)		
4. Balance of deferred income tax provision at end of period at 19% rate	3 452	4 076
a) credited to financial result	2 943	3 567
-	0	0
b) credited to equity	509	509

(13) Non-current accruals and receivables

	2010	2009
a) costs accruals, of which:	8 975	11 985
- leasing	8 975	10 086
- valuation of interest on loans	-	1 899
b) receivables	-	-
- deposits	-	-
Total other accruals	8 975	11 985

(14) Inventories

	2010	2009
a) materials	4 746	5 164
b) semi-finished products and products in progress	6 056	1 764
c) ready products	66 371	1 850
d) goods	19 095	5 484
Gross value	96 268	14 262
Write-down of materials	6 214	200
Total inventories	90 054	14 062

Goods and materials inventories constitute a credit hedge of PLN 5 million.

In 2010, a write-down of products was made in the amount of PLN 4 642 000, and of land in the amount of PLN 1 372 000.

(15) Current receivables and accruals

	2010	2009
a) on subsidiaries	4 970	6 067
- on account of deliveries and services, with a repayment period of:	1 631	2 170
- up to 12 months	1 631	2 170
- other	3 339	3 897
b) receivables from other entities	110 187	163 653
- on account of deliveries and services, with a repayment period of:	86 716	66 454
- up to 12 months	82 179	63 024
- over 12 months	4 537	3 430
- other on account of	18 457	96 613

	2010	2009
- taxes and social insurance	17 155	16 589
- investment settlements	4	383
- warrants	-	77 908
- bid security	11	19
- Company Social Benefits Fund	78	449
- deposits	32	104
- suretyships	880	880
- security deposited	222	222
- insurance	3	34
- settlements with employees	34	22
- other	38	3
- income tax receivables	5 014	586
c) accruals	19 152	30 427
Total net current receivables	134 309	200 147
d) write-downs of receivables	27 918	6 231
Total gross current receivables	162 227	206 378

Receivables are not interest-bearing.

Encumbrances (assignments) of current receivables amount to PLN 94 095 000.

15.1 Current receivables from affiliated companies

	2010	2009
a) on account of deliveries and services, of which:	1 631	2 170
- from subsidiaries	1 631	2 170
b) other receivables	3 339	3 897
- from subsidiaries	3 339	3 897
Total net current receivables from affiliated entities	4 970	6 067
c) write-downs of receivables from affiliated entities	301	301
Total gross current receivables from affiliated entities	5 271	6 368

15.2 Change in write-downs of current receivables

	2010	2009
Balance at beginning of period	6 231	6 531
a) increases (from)	25 246	544
- work and services	3 437	428
- interest	13	29
- court	33	52
- court receivables	-62	
- other	21 825	35
b) decreases (from)	2 816	197
- work and services	407	39
- interest	-	13
- court receivables	963	94
- court receivables	- 62	
- other	1 508	51
c) usage	743	647
Balance of write-downs of current receivables at end of period	27 918	6 231

15.3 Gross current receivables and accruals (currency structure)

	2010	2009
a) in Polish currency	119 178	177 623
b) in foreign currencies (according to currencies and after conversion to PLN)	43 049	28 755
b1. unit/currency EUR 1	10 870	6 999
[PLN '000]	-	-

	2010	2009
Total current receivables	162 227	206 378

15.4 Short-term prepayments and deferred costs

	2010	2009
a) costs accruals, of which:	19 152	30 427
- insurance	440	574
- subscription	12	10
- power	3	-
- telecommunications services	146	-
- costs of next period	164	289
- revenue from sales, connected with valuation of long-term contracts	14 470	24 816
- leasing	3 030	2 970
- other loss	439	-
- costs of obtaining credit	68	-
- valuation of credit	70	57
- hedging	80	152
costs of accommodation concerning 2011	137	-
- other	93	1 559
Total current accruals	19 152	30 427

(16) Current financial assets

	2010	2009
a) in subsidiaries	1 576	-
- loans granted	1 576	-
b) in other entities	3 023	293
- other current financial assets (according to type)	3 023	293
- foreign exchange forward contracts	3 023	293
- ownership interests in investment funds	-	-
Total current financial assets	4 599	293

16.1 Securities, ownership interests and other financial assets intended for sale (currency structure)

	2010	2009
a) in Polish currency	-	-
b) in foreign currencies (according to currencies and after conversion to PLN)	-	-
Total securities, ownership interests and other current financial assets	-	-

16.2 Securities, ownership interests and other financial assets intended for sale (according to transferability)

	2010	2009
b) other – according to type groups (book value):		
a1 ownership interests in trust funds		
- market value		
- amount according to purchase prices		
Total amount according to purchase prices		
Total amount at beginning of period		
Total revaluation adjustments (for period)		
Total book value		

16.3 Total current loans granted (currency structure)

	2010	2009
a) in Polish currency	1 576	-
b) in foreign currencies (according to currencies and after conversion to PLN)	-	-

	2010	2009
Total current loans granted	1 576	-

(17) Cash and cash equivalents

	2010	2009
Cash in the bank and in hand	2 508	5 015
Current investments	10 734	13 529
including:	13 242	18 544

Cash is interest-bearing under agreements concluded with individual banks, in which there is a variable interest rate.

17.1 Cash and cash equivalents disclosed in the cash flow statement.

	2010	2009
Cash in the bank and in hand	2 508	5 015
Current investments	10 734	13 529
Credit in current accounts		
Total:	13 242	18 544

17.2 Cash and other pecuniary assets (currency structure)

	2010	2009
a) in Polish currency	1 111	1 762
b) in foreign currencies according to currencies and after conversion to PLN)	12 131	16 782
b1. unit/currency EUR 1 [PLN '000]	3 063 12 131	4 085 16 782
b2. unit/currency USD 1 [PLN '000]	- -	- -
b3. unit/currency DKK 1 [PLN '000]	- -	- -
Total cash and cash equivalents	13 242	18 544

(18) Share capital (structure)

Series / issue	Type of shares	Type of preference of shares	Type of restriction of rights to shares	Number of shares	Value of series/issue according to par value	End of registration	Right to - dividend (from date)
A		without		7 430	7 430	01.04.1992	01.01.1992
B	ordinary	without		3 570	3 570	18.09.1997	01.01.1997
C	bearer	without		33 000	33 000	31.08.2007	01.01.2007
D		without		4 390	4 390	07.10.2008	01.01.2008
E.		without		22 582	22 582	17.02.2010	01.01.2011
Number of shares				70 972	70 972		
Share capital					70 972		
Par value per share = PLN 1							
Registered share capital				70 972			
Revaluation of capital due to hyperinflation				21 335			
Total share capital				92 307			

All shares issued were paid up in full in cash.

In accordance with the requirements of IAS 29, the Company made a conversion of equity in connection with the fact that this capital was created in conditions of hyperinflation. The conversion was made in the following way:

PERIOD	Ratio	Before revaluation	After revaluation
April-December 1992	33.20%	7 430	9 897

PERIOD	Ratio	Before revaluation	After revaluation
1993	37.60%	9 897	13 618
1994	29.50%	13 618	17 635
1995	21.60%	17 635	21 444
1996	18.50%	21 444	25 411
1997	13.20%	25 411	28 765
	X	X	21 335

Below, we present a list of shareholders holding at least 5 per cent of the Company's share capital as at 31 December 2010.

SHAREHOLDER	Number of shares	% of share capital	Number of votes at General Meeting of Shareholders	% of votes at General Meeting of Shareholders
PBG S.A.	17 743	25.00	17 743	25.00
Renata Gasinowicz	14 504	20.44	14 504	20.44
Stanisław Gasinowicz	5 913	8.33	5 913	8.33
Others	32 812	46.23	32 812	46.23
Total:	70 972	100.00	70 972	100.00

(19) Capital reserves

	2010	2009
a) from sale of shares above their par value		21 030
b) statutorily established		1 015
c) established in accordance with statute/agreement, over statutorily required (minimum) amount		
d) warrants		77 908
e)	32 492	
Total capital reserves	32 492	99 953

(20) Revaluation reserve

	2010	2009
a) from revaluation of non-current assets	10 689	10 689
b) other (according to type)	119	120
- valuation of financial assets	119	120
Total revaluation reserve	10 808	10 809

(21) Other reserves (according to purpose)

	2010	2009
- reserve to purchase own shares	65 000	7 269
- creation of capital reserve for dividend payment	4 968	
Total other reserves	69 968	7 269

(22) Change in balance of provision for deferred income tax

	2010	2009
1. Balance of deferred income tax provision at beginning of period, of which:	5 647	4 504
2. Increases	1 810	1 428
a) credited to financial result of period on account of positive temporary differences (from)	1 810	1 428
- valuation of settlements	1 164	912
- valuation of interest on loans	-	236
- valuation of investment property	356	-
- valuation of non-current assets	40	

	2010	2009
- valuation of land	-	224
- valuation of forward contracts	250	56
b) credited to equity in connection with positive temporary differences(from)	-	-
- valuation of non-current assets	-	-
3. Decreases	1 329	285
a) credited to financial result of period in connection with negative temporary differences(on account of)	1 329	285
- valuation of settlements	912	281
- depreciation on investment allowance	-	4
- valuation of interest on loans	361	-
- valuation of forwards	56	-
b) offset of current items against assets on account of deferred tax	-	-
- valuation of financial assets	-	-
- balance-sheet valuation	-	-
- sale of non-current financial assets	-	-
c) credited to equity	-	-
- valuation of non-current assets	-	-
4. Balance of deferred income tax provision at end of period at 19% rate	6 128	5 647

22.1 Change in non-current provision for retirement and similar benefits (specified)

	2010	2009
a) balance at beginning of period	5 708	5 533
b) increases (from)	294	280
- retirement severance payments	121	61
- long-service bonuses	169	199
- disability benefits	4	20
c) dissolution (from)	6	105
- long-service bonuses	6	87
- disability benefits	-	18
- retirement severance payments	-	-
- reclassification of disability benefits as current	-	-
e) balance at end of period	5 996	5 708

Employee benefits encompass the non-current part of provisions for long-service bonuses, disability benefits and retirement severance payments. Provisions for bonuses, disability benefits and retirement severance payments have been estimated by an actuary and represent the current value of the Company towards its employees in those respects. The projected unit method was used to determine liabilities with respect to length of time worked. A long-term annual increase in remuneration at the level of 2 per cent was assumed. A 5.5 per cent discount rate was assumed, i.e. at the expected level of profitability of the safest non-current securities listed on the Polish capital market (ten- and twenty-year treasury bonds).

(23) Non-current financial liabilities

	2010	2009
a) towards other entities	64 020	70 738
- borrowings	4 775	9 764
- other financial liabilities, of which:	59 245	60 974
- finance lease agreements	59 245	60 974
Total non-current liabilities	64 020	70 738

23.1 Non-current financial liabilities (currency structure)

	2010	2009
a) in Polish currency	18 342	26 676
b) in foreign currencies (according to currencies and after conversion to PLN)	45 678	44 062

	2010	2009
b1. unit/currency EUR 1	11 533	10 725
Total non-current liabilities	64 020	70 738

23.2 Non-current liabilities from borrowings as at 31 December 2010

Name (business name) of entity	Registered office:	Amount of credit / loan acc. to agreement	Amount of credit / loan still to be repaid	Repayment date	Collateral	Other
		[PLN '000]	[PLN '000]			
Wojewódzki Fundusz Ochrony Środowiska i Gospodarki Wodnej	Kielce	2 616	275	20.12.2012	Civil law suretyship SEJ S.A., declaration in form of notarial deed of Guarantor on submission to enforcement procedure, declaration in form of notarial deed of Borrower on submission to enforcement procedure, assignment of rights under insurance policy.	Loan of 10.12.2003 to fund "Modernisation of thermal economy at Industrial Production Plant in Będzin Łagisza", repaid in monthly instalments – capital PLN 25 000 plus variable interest.
BRE Bank S.A. Regional Branch, Kielce	Warsaw	18 000	0	31.07.2011	Capped mortgage on property in Katowice ul. Mickiewicza - PLN 23 400 000 together with assignment of rights under insurance policy in accordance with Credit Agreement No. 11/172/06/Z/LX as amended.	Credit agreement No. 11/172/06/Z/LX of 2.08.2004 as amended in connection with Cooperation Agreement II No. 11/171/06/Z/PX of 2.08.2008 as amended; limit of PLN 18 000 000 under which bank products were made available.
DZ Bank S.A. in Katowice	Warsaw	8 000	0	30.05.2011	Ordinary collective mortgage of PLN 7 600 000 established on three properties located in Opole; capped collective mortgage of up to PLN 3 800 000 established on three properties located in Opole.	Medium-term investment credit; Agreement No. 2008/KI/0058 of 30.5.2008 to refinance purchase of properties located in Opole.
Kredyt Bank S.A. in Katowice	Warsaw	15 000	4 500	30.06.2013	Registered pledge on shares in Amontex Sp. z o.o., ordinary mortgage of PLN 7 000 000 on property in Będzin - Łagisza ul. Energetyczna 10.	Investment credit; Agreement No. 3054400KA12060800 of 12.6.2008 to finance/refinance the purchase of shares in Amontex Sp. z o.o.; annex of 13.8.2009.

23.3 Financial lease liabilities

	2010	2009
a) in period of up to 1 year	11 334	11 183
b) in period from 1 year to 5 years	26 524	30 099
c) in period above 5 years	32 721	30 876
Total financial liabilities	70 579	72 158

Liabilities from interest resulting from lease agreements at the end of 2010 amount to PLN 11 924 000; at the end of 2009 they amount to PLN 13 056 000.

The present value of minimum fees is PLN 58 655 000 as at 31 December 2010, and PLN 59 101 000 as at 31 December 2009.

In the reporting period, in the income statement the amount of PLN 3 271 000 was shown, resulting from interest concerning lease charges.

The lease agreements signed include the following conditions:

The subject of the agreement is the transfer, from the Financer to the User, of the right to use the subject of the lease chosen by the User in exchange for the agreed lease charges.

The User takes over all fees, taxes and other dues directly connected with the lease agreement or subject of the lease.

Lease charges may be changed as appropriate in the following cases:

1. A change in the price of the subject of the lease in the period between signing the agreement and releasing the subject of the lease to the User.
2. The introduction of new or amendment of existing legal regulations concerning taxes or other public institution fees connected with the agreement.
3. In the event of a change in the interest rate in the financing bank, the Financer can change the amount of lease charges.

Within a period of not longer than seven days after the lease agreement has ended, the User is obliged to ensure the sale of the subject of the lease at the price specified in the financial schedule. „Sale’ should be taken to mean the Financer’s conclusion of an agreement to sell the subject of the lease with a purchaser indicated by the User and the payment of the price into the Financer’s account. In particular, the User has the right to sell the subject of the lease.

(24) Change in current provision for retirement and similar benefits (specified)

	2010	2009
a) balance at beginning of period	909	649
b) increases (from)	772	869
- provision for length of service awards	692	728
- provision for retirement severance payments	78	133
- provision for disability benefits	2	8
c) dissolution (from)	837	609
- provision for length of service awards	729	544
- provision for retirement severance payments	108	58
- provision for disability benefits	-	7
e) balance at end of period	844	909

24.1 Change in the balance of current provisions (specified)

	2010	2009
a) balance at beginning of period	2 000	-
b) increases (from)	-	2 000
- provision for future liabilities	-	2 000
b) decreases (from)	1 000	-
- provision for future liabilities	1 000	-
e) balance at end of period	1 000	2 000

(25) Current financial liabilities

	2010	2009
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FINANCIAL STATEMENTS OF ENERGMONTAŻ-POŁUDNIE S.A.
for the 12-month period ending on 31 December 2010

	2010	2009
- borrowings	54 241	20 254
- from leasing	11 334	11 184
- foreign exchange forward contracts	285	3 907
Total financial liabilities	65 860	35 345

25.1 Current financial liabilities (currency structure)

	2010	2009
a) in Polish currency	61 348	32 738
b) in foreign currencies (according to currencies and after conversion to PLN)	4 512	2 607
b1. unit/currency EUR 1	1 139	635
Total non-current liabilities	65 860	35 345

(26) Current liabilities

	2010	2009
a) towards subsidiaries	5 665	21 792
- on account of deliveries and services, with a maturity period of:	4 949	21 792
- up to 12 months	4 627	21 792
- over 12 months	322	
- other	716	-
b) towards other entities	79 938	40 695
- on account of deliveries and services, with a maturity period of:	45 807	53 225
- up to 12 months	42 003	50 099
- over 12 months	3 804	3 126
- advance payments received for deliveries	21 507	25 775
- from taxes, customs duty, insurance and other fees	5 276	4 948
- from remuneration	4 479	3 394
- other (specified)	2 869	6 578
- deposits	437	420
- payroll deductions	224	131
- property, plant and equipment in the process of construction	678	5 624
- insurance	810	194
settlements with foreign branch	558	-
- other	162	209
c) income tax liabilities	-	-
c) accruals	19 662	17 668
Total current liabilities	105 265	133 380

Liabilities are not interest-bearing.

26.1 Current liabilities (currency structure)

	2010	2009
a) in Polish currency	102 925	126 253
b) in foreign currencies (according to currencies and after conversion to PLN)	2 340	7 127
b1. unit/currency 1/ EUR	591	1 735
[PLN '000]	-	-
b2. unit/currency 1/CZK	-	-
[PLN '000]	-	-
Total current liabilities	105 265	133 380

26.2 Current liabilities from borrowings as at 31 December 2010

Name (business name) of entity	Registered office:	Amount of credit / loan acc. to agreement [EUR '000]	Amount of credit / loan still to be repaid [EUR '000]	Repayment date	Collateral	Other
BRE Bank S.A. Regional Branch, Kielce	Warsaw	10 000	4 000	31.07.2011	Capped mortgage on property in Katowice ul. Mickiewicza - PLN 26 000 000 together with assignment of rights under insurance policy in accordance with Credit Agreement No. 11/172/06/Z/LX as amended (annex No. 8/10 of 17.12.2010)..	Credit agreement No. 11/172/06/Z/LX of 2.08.2004 as amended in connection with Cooperation Agreement II No. 11/171/06/Z/PX of 02.08.04 as amended; limit of PLN 20 000 000 under which bank products were made available.
Wojewódzki Fundusz Ochrony Środowiska i Gospodarki Wodnej	Kielce	2 616	300	20.12.2012	Civil law suretyship SEJ S.A., declaration in form of notarial deed of Guarantor on submission to enforcement procedure, declaration in form of notarial deed of Borrower on submission to enforcement procedure, assignment of rights under insurance policy.	Loan of 10.12.2003 to fund "Modernisation of thermal economy at Industrial Production Plant in Będzin Łagisza", repaid in monthly instalments – capital PLN 25 000 plus variable interest.
Bank Pekao S.A. I Śląskie Centrum Korporacyjne in Katowice	Kielce	13 000	11 086	30.06.2011	Capped mortgage of PLN 13 000 000 on property in Będzin-Łagisza KW 8065 together with assignment under insurance policy, power of attorney to manage funds on bank accounts kept in Bank Pekao S.A., BRE Bank S.A., Deutsche Bank S.A..	Credit on current account Agreement No. 12/2009/CKK of 22.07.2009 together with annex No. 1 of 30.06.2010.
Bank Pekao S.A. I Śląskie Centrum Korporacyjne in Katowice	Kielce	EUR 1 000	0	30.06.2011	Transfer of receivables from completed contracts for an amount not less than the credit amount; power of attorney to bank accounts in Pekao SA.	Credit on current account Agreement No. 2/2010/CKK of 31.03.10 together with annex No. 1 of 30.06.2010.

Name (business name) of entity	Registered office:	Amount of credit / loan acc. to agreement [EUR '000]	Amount of credit / loan still to be repaid [EUR '000]	Repayment date	Collateral	Other
Bank Pekao S.A. I Śląskie Centrum Korporacyjne in Katowice	Kielce	30 000	10 000	30.06.2011	Transfer of receivables from a Consortium Agreement of 17.08.2009 concluded with PBG Technologia Sp. z o.o. for the implementation of the second stage of construction work concerning the PGE Arena Gdansk stadium; power of attorney to accounts in Pekao SA.	Working capital facility; Agreement No. 6/2010/IŚCK of 17.06.10 together with annex No. 1 of 29.11.10.
Kredyt Bank S.A. in Katowice	Warsaw	15 000	3 000	30.06.2013	Registered pledge on shares in Amontex Sp. z o.o., ordinary mortgage of PLN 7 000 000 on property in Będzin – Łagisza, Land and Mortgage Register No. 30515.	Investment credit; Agreement No. 3054400KA12060800 of 12.6.2008 to finance/refinance the purchase of shares in Amontex Sp. z o.o.
Kredyt Bank S.A. in Katowice	Warsaw	5 000	0	29.06.2011	Blank promissory note, transfer of receivables from contracts, registered pledge on inventories together with assignment under insurance policy.	Working capital facility on current account to finance ongoing activity; Agreement No. 3054400KA17060800 of 1.7.2008, annex No. 3 of 07.04.2010.
Bank Gospodarki Żywnościowej S.A. Centrum Korporacyjne we Wrocławiu	Warsaw	2 000	0	25.03.2011	Blank promissory note, power of attorney to dispose of bank account in BGŻ, silent assignment of receivables from contracts, registered pledge on inventories, and assignment of rights from insurance policies on those inventories.	Working capital facility in current account; Agreement No. U/0002965011/0008/2010/1900.
PKO BP S.A.	Kielce	7 000	0	15.07.2011	Blank promissory note, transfer of receivables from a contract, capped mortgage of PLN 12 000 000 on property in Mrzeżyno, Land and Mortgage Register No. 3278 together with assignment of insurance policy.	Multi-purpose credit limit Agreement No. 80102023130000340203741485.

Name (business name) of entity	Registered office:	Amount of credit / loan acc. to agreement [EUR '000]	Amount of credit / loan still to be repaid [EUR '000]	Repayment date	Collateral	Other
FORTIS Bank Polska S.A.	Kielce	10 000	9 828	29.08.2011	Capped mortgage of PLN 30 000 000 on property in Opole, Land and Mortgage Register OP10/00021899/6 (joint security with a guarantee limit).	Multi-purpose line of credit agreement WAR/2321/10/107/CB of 31.08.2010 together with annex No. 1 of 15.12.2010; credit limit PLN 10 000 000; guarantee limit to a maximum debt of PLN 34 000 000 (guarantees above 24 months to PLN 14 000 000).
PKO BP S.A.	Kielce	51 000	16 027	30.06.2011	Blank promissory note, deduction clause on accounts kept in PKO BP SA, transfer of receivables from concluded and concluded future agreements for the sale of housing and parking spaces, joint contractual mortgage of PLN 51 000 000 as well as a joint mortgage.	Non-renewable working capital facility in current account; Agreement No. 62 102023130000399600337204 of 23.01.2009 as amended.

26.3 Other accruals

	2010	2009
Other accruals	19 662	17 668
a) liabilities towards customers from building contracts	12 737	14 079
b) accruals and deferred income	6 925	1 984
- provision for guarantee repairs	990	-
- provision for holidays	533	377
- balance-sheet audit	36	35
- costs of running accounting office in Germany	105	63
- guarantees	491	103
- provision for future costs	4 738	1 406
- interest on credit	32	-
c) revenue of future periods	-	1 605
Total other accruals	19 662	17 668

VIII. EXPLANATORY NOTES TO STATEMENT OF COMPREHENSIVE INCOME

(27) Net revenue from sale of products (structure – types of activity)

	2010	2009
- basic production	156 583	133 551
- developer operations	2 729	14 682
- industrial production	59 375	57 245
- general contracting	90 837	57 923
- services	7 077	4 565
Total net revenue from sale of products	316 601	267 966

27.1 Net revenue from sale of products (territorial structure)

	2010	2009
a) domestic	191 107	169 699
b) export	125 494	98 267
Total net revenue from sale of products	316 601	267 966

27.2 Net revenue from sale of goods and materials (structure – types of activity)

	2010	2009
- goods	16 030	16 426
- materials	731	441
Total net revenue from sale of goods and materials	16 761	16 867

27.3 Total net revenue from sale of goods and materials (territorial structure)

	2010	2009
a) domestic	16 703	16 867
b) export	58	-
Total net revenue from sale of goods and materials	16 761	16 867

(28) Costs according to type

	2010	2009
a) depreciation	8 599	5 690
b) materials and energy used	54 319	40 713
c) external services	166 959	105 986
d) taxes and charges	1 309	1 342
e) remuneration	63 807	54 948
f) social insurance and other benefits	19 548	14 836
g) other costs according to kind	13 279	7 491
Total costs according to kind	327 820	231 006
Change in inventories, products and accruals	-8 527	10 241
Costs of manufacturing products for entity's own purposes (negative amount)	-171	-413
Sale costs (negative amount)	-493	-277
General management costs (negative amount)	-17 009	-14 169
Trade costs	-583	
Value of goods and materials sold	16 359	16 876
Cost of manufacturing products, goods and materials sold	317 396	243 264

(29) Other revenue

	2010	2009
a) dissolved provisions (from)	3 260	909
- receivables	1 417	182
- length of service awards	735	631
- retirement severance payments	108	58
- disability benefits	-	25
- future liabilities	1 000	-

	2010	2009
- penalties	-	-
- holidays	-	13
- complaints	-	-
b) other, of which:	11 905	9 055
- write-off of time-barred liabilities	29	4
- return of court costs	84	14
- contractual penalties	5	1
- valuation of property	1 872	1 177
- accident indemnification	126	163
- overestimation of materials	50	-
- entering of liabilities	23	-
- other indemnification	64	581
- profit from sale of non-financial fixed assets	-	69
- liability write-off	-	-
- revenue from investment	8 162	6 678
- commission	-	12
- use of company cars	114	97
- consolidation adjustments	1 311	-
- other	65	259
Total other revenue	15 165	9 964

(30) Other costs

	2010	2009
a) loss from sale of non-financial fixed assets	45	-
b) provisions established for	3 349	3 659
- receivables	2 126	510
- length of service awards	861	927
- retirement severance payments	199	194
- disability benefits	6	28
- holidays	157	-
- future liabilities	-	2 000
c) other, of which:	20 945	7 024
- compensatory benefit	123	60
- donations	106	29
- court costs	20	90
- contributions to organisations	25	45
- valuation of investment property	7 188	-
- accident repairs	124	154
- other loss	54	579
- write-off of receivables	-	59
- shortages of materials	1	2
- revaluation of inventories	84	383
- contractual penalties	2 127	270
- entering of irrecoverable debts	15	143
- costs concerning investment properties	4 312	4 761
- complaints	62	-
write-down of land	1 372	-
- revaluation of products	4 642	-
write-off of project	408	-
- other	282	449
Total other costs	24 339	10 683

(31) Financial revenue from interest

	2010	2009
a) from loans granted	25	1 428
- from affiliated entities, of which:	25	1 428

	2010	2009
- from subsidiaries	25	1 428
- from jointly controlled entities		
- from associates		
- from a significant investor		
- from a dominant entity		
- from other entities		
b) other interest	590	206
- from other entities	590	206
Total financial revenue from interest	615	1 634

31.1 Other financial revenue

	2010	2009
a) revaluation of investments	-	-
a) dissolution of provision (for)	-	13
- interest	-	13
c) other, of which:	23 686	10 919
- dividend	39	1 960
- time-barred interest	16	29
- write-off of interest charged	79	10
- discounts	1	19
- profit from options	-	-
- profit from outright-forwards	1 104	-
- valuation of outright-forwards	3 023	293
- cancelled valuation of outright-forwards	3 907	7 361
- positive exchange rate differences	-	741
- compensation from recovery	-	179
- profits from the sale of securities	-	-
- valuation of credit	90	169
- remuneration from pledge	-	111
reversal of write-down of revaluation of ownership interests	15 422	
- other	5	47
Total other financial revenue	23 686	10 932

(32) Financial costs from interest

	2010	2009
a) from borrowings	2 114	2 241
- for other entities	2 114	2 241
b) other interest	3 441	2 307
- for other entities	3 441	2 307
Total financial costs from interest	5 555	4 548

32.1 Other financial costs

	2010	2009
a) negative exchange rate differences	1 356	-
b) provisions established (from)	5	28
- interest from receivables	5	28
- interest on liabilities	-	-
c) other, of which:	2 722	8 863
- valuation of credit	77	20
- charges concerning guarantees	6	10
- recovery costs	21	205
- fees from borrowings	665	234
- costs of sale of receivables	-	-
- loss on sale of outright-forwards	1 302	4 139
- valuation of outright-forwards	285	3 907
- cancelled valuation of outright-forwards	293	-

	2010	2009
- write-off of interest on loans	-	280
- other	73	68
d) revaluation of financial fixed assets	2 875	33 217
Total other financial costs	6 958	42 108

32.2

The Company prepares consolidated financial statements.

32.3 Total extraordinary profits

	2010	2009
a) as a result of misfortunes		
- accident repairs		
- indemnification as a result of theft		
b) other (specified)		
Total extraordinary profits		

(33) Income tax

	2010	2009
1. Gross profit (loss)	1 078	- 7 686
2. Differences between gross profit (loss) and income tax base (specified)	- 8 276	21 710
a) revenue not counted as taxable revenue (decrease in taxation base)	-34 492	-40 542
b) revenue not counted as non-taxable revenue (increase in taxation base)	11 211	15 080
c) costs and loss not recognised by tax regulations as tax-deductible costs (increase in taxation base)	39 982	71 313
d) costs and loss not counted as non-taxable costs (decrease in taxation base)	-20 279	-22 535
e) other increases/decreases in income for taxation	-4 698	-1 606
3. Income tax taxation base	-7 198	14 024
4. Deduction of retained loss	0	0
5. Deduction of donations	0	-10
6. Taxation base after deduction of loss	-7 198	14 014
7. Current income tax	0	2 663
8. Current income tax recognised in tax return	0	2 663
9. Income tax on export activities	568	254
10. Income tax on dividend	3	3
11. Income tax shown in income statement	568	2 917
12. Deferred tax	1 108	111
13. Total income tax	1 679	3 031

(34) Profit (loss) per ordinary share

The profit (loss) per ordinary share was determined as the quotient of the net profit (loss) for a given financial period and the average weighted number of shares appearing within that period.

In 2010, an issue of Series E shares was carried out.

In 2009, an issue of Series A subscription warrants was carried out, giving entitlement to take up Series E shares issued (1:1). A dilution of capital resulted from the issue of those warrants and Series E shares.

The diluted profit (loss) per ordinary share was determined as the quotient of the net profit (loss) for a given financial period and the average weighted number of shares appearing within that period. The weighted average applied in calculating the diluted profit (loss) per share takes into account the aforementioned diluting factors.

(35) Dividend

No dividend was paid in 2010.

IX. EXPLANATORY NOTES TO CASH FLOW STATEMENT**(36) Cash flow from operating activities (indirect method)**

Operating activities cover activities resulting from the Company's Statute, under which activities are undertaken which aim to achieve revenue from sales concerning construction and assembly, production, service and trading operations with respect to power industry and industrial construction. Investment activities are all transactions concerning the Company's fixed assets and financial assets. Financial activities are operations connected with external sources of financing.

The Company prepares the cash flow statement using the indirect method. Differences between balance-sheet changes and changes shown in the cash flow statement are presented in an explanatory note to the cash flow statement. Inconsistencies result from the transfer of some items from operating activities to investment or financial activities.

	2010	2009
Other adjustments	- 42 789	103 482
- revaluation of ownership interests	2 852	33 218
- dividend concerning own shares	0	52
- disclosure of fixed assets	0	-35
- sale of own shares	0	2 254
- revaluation of shares	22	0
- valuation of forward contracts	0	-293
- reclassification of land from inventories as investment property	0	-9 827
- valuation of interest on loans	0	1 428
- elimination of loan after merger with subsidiary	34 045	0
reversal of write-downs of ownership interests after merger with subsidiary	478	0
- takeover of fixed assets from subsidiary - merger	101	0
- valuation of investment property	5 316	-1 177
- warrants	-77 908	77 908
takeover of losses after merger with subsidiary	-7 648	
- other	-47	-46

X. ADDITIONAL EXPLANATORY NOTES**(37) Financial risk management****Exchange rate risk**

In connection with the activities it pursues, the Company is exposed to the risk of a change in the EUR/PLN rate of exchange. The Group currently hedges its position in a natural way, taking out credit in foreign currencies and through imports. The Group also has a limit on derivative transactions, thanks to which it can make appropriate transactions as necessary at any time.

An important element of the operations of a company exposed to exchange rate fluctuations is exports made in euros. The Company therefore conducts activities aimed at minimising the negative effects of exchange rate changes, by concluding forward hedging transactions.

Credit risk

The Company insures receivables in an insurance company of good repute. At the moment when a contractual partner does not maintain its limit, a decision to recognise this is taken each time by the insurance company, or by the Group independently, on the basis of its financial situation and any existing security.

Interest rate risk

Currently, the Group does not insure itself against interest rate risk. This is because the majority of non-current liabilities are granted on preferential terms below market rates. Current borrowings may be repaid in a short time or exchanged for other financing.

Price of goods risk

The Group is exposed to a limited extent, mainly to the risk of increases in the price of steel. To protect itself against such risk, it strives to prepare offers which allow for price changes. To a certain extent, this item is also hedged by having full access to the inventories of the branch of the Company dealing in foundry materials.

Risk connected with liquidity

The Company maintains a balance by adapting sources of financing to expenses. Therefore, the Group finances all purchases of fixed assets from its own equity, from credit or leasing in various financial institutions in order to lower the risk of concentration.

(38) Financial instruments

38.1 Financial liabilities

Liabilities from current borrowings

Balance at beginning	20 254
a) increases (from)	114 485
- credit contracted	114 185
- reclassification from non-current loan	300
b) decreases	80 498
- repayment of credit	80 198
- repayment of loan	300
Balance at end	54 241

Liabilities from non-current borrowings

Balance at beginning	9 764
a) increases	0
- credit contracted	0
b) decreases	4 989
- reclassification as non-current loan	300
- repayment of credit	4 689
Balance at end	9 775

The interest on credit, charged and paid, is PLN 2 114 000.

Loans granted

Balance at beginning	28 137
a) increases	11 566
a) from loans granted	13 497
b) decreases	34 545
on account of:	500
- takeover of a subsidiary	34 045
Balance at end	5 158

Interest charged on loans

Balance at beginning	1 899
a) increases (from)	1 717
- charging interest	1 717
b) decreases from	3 591
- takeover of a subsidiary	3 591
Balance at end	25

Interest on loans granted is charged at the end of each quarter. Interest measured regarding CK-Modus Sp. z o.o. amounts to PLN 25 000.

38.2 Derivative financial instruments - hedging

As at 31 December 2010, the Company possessed the following forward contracts hedging future sale transactions.

End of conclusion	Date of maturity	Par value [EUR '000]	Valuation [PLN '000]
12/08/2009	28/02/2011	152	49
10/03/2008	10/03/2011	1 022	-269
30/12/2009	31/03/2011	2 271	504
12/01/2010	29/04/2011	700	140
05/05/2010	30/06/2011	2 300	224
05/02/2010	30/12/2011	3 300	572
07/12/2009	30/03/2012	2 000	334
07/12/2009	30/03/2012	1 000	176
09/12/2009	30/03/2012	1 000	255
16/12/2009	29/06/2012	3 000	719
07/12/2010	31/08/2012	2 000	-16
08/12/2010	31/08/2012	1 000	3
07/12/2009	29/03/2013	800	47
Total:		20 545	2 738

The purpose of all forward contracts possessed by the Company is to hedge against exchange rate risk. With these transactions, the Company hedges cash flow resulting from probable planned sale transactions in foreign currencies.

As at 31 December 2010, forwards were valued at PLN 2 738 000. This amount was based on the present market value.

(39) Off-balance sheet items

Contingent liabilities

Guarantees and promissory notes granted to contractual parties (balance as at 31 December 2010)

	Amount [PLN '000]
- bank	17 045
- insurance	50 597
- promissory notes to hedge a contract	1 436
- suretyships	118
Total:	69 196

Contingent receivables

Guarantees and promissory notes granted (balance as at 31 December 2010)

	Amount [PLN '000]
- bank guarantees	8 702
- insurance	12 185
- promissory notes to hedge a contract	17 455
- promissory notes to hedge a loan	5 700
Total:	44 064

(40) Construction contracts

ITEM	31.12.2010	31.12.2009
Total amount of costs incurred	233 336	151 588
Amount of revenue from contracts, recognised in revenue	245 361	179 804
Total amount of profit and loss recognised	12 025	28 216

ITEM	31.12.2010	31.12.2009
Amount of deposits	0	0

(41)

Energomontaż-Południe S.A. does not have any liabilities towards the state budget or a district for obtaining ownership title to buildings and structures.

(42)

In 2010, there were no cases of ceasing the manufacture of our products and trading activities.

(43)

In 2010, no costs were incurred for the creation of fixed assets for own needs using own resources.

(44) Planned investment outlays in the next 12 months following the balance sheet date

	Total investments, including:	Intangible assets	Property, plant and equipment	Capital investments	Environmental protection
Planned in next reporting period	14 700	400	14 300	0	0

(45) Significant transactions with affiliated entities concerning transfer of rights and obligations

There were no significant transactions with affiliated entities concerning the transfer of rights and obligations. In 2010, the Company granted a loan in the amount of PLN 5 158 000 to the company Amontex PM Sp. z o.o., which is 100 per cent controlled by Energomontaż-Południe S.A. Figures on affiliated companies are provided below.

Business name	Registered office:	Business activities	% of capital held	Book value	Mutual receivables	Mutual liabilities	Revenue from mutual transactions	Costs from mutual transactions
EP Hotele i Nieruchomości Sp. z o.o.	Katowice	Recreational and hotel services	100	0	1 156	35	543	1 001
Modus II Sp. z o.o.	Katowice	Construction and design works	100	100	0	0	2	0
Amontex PM Sp. z o.o.	Piotrków Trybunalski	Production and assembly of steel constructions	100	0	3 814	5 629	5 662	22 126

(46)

The Company has not undertaken any joint ventures which are not subject to consolidation.

(47)

The Company has not granted any advance payments, loans, guarantees or suretyships to Management Board or Supervisory Board members.

(48)

No significant events occurred in 2010 concerning previous years, which had to be recognised in the balance-sheet and income statement.

(49)

Energomontaż-Południe S.A. was created as a result of the transformation of the state enterprise Przedsiębiorstwo Montażu Elektrowni i Urządzeń Przemysłowych Energomontaż-Południe with its registered office in Katowice into a company wholly-owned by the State Treasury. The transformation into a joint stock

company was carried out by virtue of a notarial deed, Register No. A 1661/92, with effect from the day on which the District Court issued a decision on an entry in the commercial register, which took place on 1 April 1992.

(50)

No significant changes have occurred in the accounting policy applied in relation to the previous financial year.

(51)

No basic errors have occurred which might have an influence on the Company's property and financial position, its liquidity, financial results or profitability. Comments are presented in Note 2.

(52) Possibility of continuing the activities of the Company

The financial statements of the Company were prepared on the assumption that the Company would not continue its economic activity in the foreseeable future to a lesser extent than it has pursued so far, and without being placed in liquidation or bankruptcy. As at the date of signing the financial statements, the Management Board of the Company has not ascertained the existence of facts and circumstances which would indicate any threat to the possibility of continuing the Company's activities in the foreseeable future (covering a period not less than one year from the balance-sheet date) as a result of an intentional or obligatory cessation or significant restriction of the Company's present activities.

(53)

No merger of companies occurred in the reporting period. As a result of the exclusion of unrealised margin on inventories, a loss from previous years was incurred in the amount of PLN 7 648 000.

Statements prepared after the merger of the companies

Item	Item	Description/figures
1.	Company name and description of business activity of the company which was deleted from the register in result of the merger	CK-Modus Sp. z o.o., whose business activity was the Development of building projects (41.10.Z)
2.	Date of merger (entry in court register)	31 December 2010
3.	Other data	
a)	Revenue for the period from the beginning of the financial year	372 828
b)	Costs for the period from the beginning of the financial year	372 828
c)	Profit for the period from the beginning of the financial year	- 1 078
d)	Change (increase, decrease) in equity of the merged companies for the period from the beginning of the financial year	-45 010
	CK-Modus Sp. z o.o.	-1 148
	Energomontaż-Południe S.A. after the merger	-43 862

(54)

The financial statements present the financial position and results of the activities of Energomontaż-Południe S.A. without taking into account the financial effects of operating in the Capital Group structure, and they might not provide a full picture of its financial position and the results of its activities. The consolidated financial statements of the Energomontaż-Południe S.A. Capital Group have been prepared separately.

XI. BUSINESS SEGMENTS

(55) Types of segments of activity, with an indication of the products (services) and goods within each business segment shown or the composition of each geographical segment shown, and an indication of which division of segments (business or geographical) constitutes a basic division, and which a supplementary one.

The basic division is the division into business segments.

Four business segments have been defined in the Energomontaż-Południe S.A. Capital Group:

- Construction
- Production
- Commerce

- Auxiliary activities

The accounting principles (policy) accepted in relation to reporting on segments, and particularly referring to: the manner of separating segments, valuating revenue and costs and assigning them to segments, determining profit and loss, the manner of valuating assets and liabilities and assigning them to segments, and methods of determining transfer pricing.

Business segments have been specified as separable areas of a business entity, in which there is a distribution of goods or provision of services or groups of connected goods or services, subject to risk and characterised by the level of the return on investment outlays made, which differs from those which are appropriate for other business segments.

The basis for determining dominant sources and types of risk, as well as different rates of return on typical investment outlays made, was, for the Energiomontaż-Południe S.A. Capital Group: the internal organisational structure and management structure of the Group, and its system of financial reporting intended for the management board.

Accounting principles

A segment's accounting principles are those principles accepted for the preparation and presentation of the consolidated financial statements of the Group, as well as accounting principles referring specifically to reporting concerning segments.

Revenue of a segment

The revenue of a segment is revenue earned either from sales to external customers or from transactions with other segments of the Group which are shown in the Group's income statement and can be directly assigned to a given segment, together with that part of Group revenue which can reasonably be attributed to that area. The revenue of a segment does not include:

- a) revenue from interest or dividends, including interest obtained from advance payments made or loans granted to other segments,
- b) profits from the sale of investments or profits resulting from the expiry of a debt.

The revenue of a segment includes the share of an economic entity in profits or losses of associates, joint ventures or other financial investments consolidated by the equity method, provided, however, that the above items are included in the consolidated or general revenue of the business entity.

Costs of a segment

The costs of a segment are costs made up of the costs of sales to external customers and the costs of transactions made with other segments within the Group which result from a given segment's operations and can be directly assigned to that segment, together with that part of the Group's costs which can reasonably be attributed to that segment. The costs of a segment do not include:

- a) interest, together with interest from advance payments or loans obtained from other segments,
- b) losses on the sale of investments, or losses suffered as a result of the expiry of a debt,
- c) income tax encumbrances or
- d) general administrative costs, head office costs and other costs arising at Group level and which concern the Group as a whole. However, sometimes costs arising at Group level are incurred on behalf of a segment. Such costs are a segment's costs if they concern the segment's operations and can be directly assigned or reasonably attributed to it.

Segment result

The result of a segment is the difference between its revenue and costs.

Assets of a segment

The assets of a segment are the operating assets used by the segment in its operations, which can be directly assigned or reasonably attributed to it.

If the result of a segment contains revenue from interest or dividends, the assets of a segment contain appropriate receivables, loans, investments or other assets causing revenue to arise.

The assets of a segment do not include assets arising on account of income tax.

The assets of a segment are determined after making appropriate deductions, which are shown in the balance-sheet of the business entity as direct offsets.

Liabilities of a segment

The liabilities of a segment are operating liabilities arising as a result of the segment's operations, which can be directly assigned or reasonably attributed to it.

If a segment's result contains the costs of interest, its liabilities contain the corresponding interest-bearing liabilities.

The liabilities of a segment do not include liabilities arising on account of income tax.

Definitions of the revenue, costs, assets and liabilities of a segment concern the amounts of those balance-sheet items which can be directly assigned to the segment, and the amounts of those items which can be reasonably attributed to it. The Group makes reference to its internal financial reporting system as the starting-point for determining which items can be directly assigned or reasonably attributed to segments. This means that it is assumed that the amounts separated in segments for internal financial reporting can be directly assigned or reasonably attributed to segments for the purpose of valuating the revenue, costs, assets and liabilities of a segment subject to financial reporting.

In the process of consolidation, the revenue, costs, assets and liabilities of a segment are determined before balances of settlements and transactions carried out among the Group's business entities are excluded, except for the case where such settlements and transactions among business entities of the Capital Group are balanced within a single segment.

Basic division according to business segments

Types of products (services) and goods under each business segment shown:

1. Construction

In this segment it is necessary to distinguish construction and assembly services, general contracting services for buildings, and developer activities.

2. Production

In this segment it is necessary to distinguish the manufacture of metal products.

3. Commerce

In this segment it is necessary to distinguish the sale of foundry products.

4. Auxiliary Activities

In this segment it is necessary to distinguish training services, laboratory and research services, refurbishment, maintenance and inspection of machines and equipment, renting real property, equipment and machines, and financial activities.

Non-consolidated comprehensive income statement as at 31 December 2010

DESCRIPTION OF ITEM [PLN '000]	Total	Production	Construction	Commerce	Auxiliary Activities
Net revenue from sale of products and materials	333 362	59 375	250 150	16 030	7 807
Costs of products, goods and materials of segment sold	317 396	51 721	244 917	15 570	5 188
Gross profit/loss from sales	15 966	7 654	5 233	460	2 619
Management costs	17 009				
Sales costs	493				
Net profit/loss on sales	-1 536	7 654	5 233	460	2 619
Other revenue	15 165	163	3 683	0	11 319
Other costs	24 339	1 809	8 495	31	14 004
Operating profit/loss	-10 710	6 007	420	428	-64
Financial revenue	24 301	5 819	2 261	12	16 209
Finance costs	12 513	3 010	2 922	-128	6 709
Gross financial result	1 078	8 816	- 241	569	9 436
Income tax not attributed to a particular segment	1 679				

DESCRIPTION OF ITEM [PLN '000]	Total	Production	Construction	Commerce	Auxiliary Activities
Net financial result	- 601				

Non-consolidated segmentation as at 31 December 2009

DESCRIPTION OF ITEM [PLN '000]	Total	Production	Construction	Commerce	Auxiliary Activities
Net revenue from sale of products and materials	284 833	57 245	206 156	16 426	5 006
Costs of products, goods and materials sold in the area	243 264	45 047	180 041	16 191	1 984
Gross profit/loss from sales	41 569	12 198	26 114	234	3 022
Management costs	14 169				
Sales costs	277				
Net profit/loss on sales	27 123	12 198	26 114	234	3 022
Other revenue	9 964	724	318	7	8 916
Other costs	10 683	1 238	3 006	42	6 397
Operating profit/loss	26 404	11 684	23 426	199	5 541
Financial revenue	12 566	3 385	4 459	103	4 619
Finance costs	46 656	7 964	975	94	37 023
Gross financial result	-7 686	7 105	26 910	209	5 560
Income tax not attributed to a particular segment	3 031				
Net financial result	-10 717				

Statement of financial position as at 31 December 2010

DESCRIPTION OF ITEM [PLN '000]	Total	Production	Construction	Commerce	Auxiliary Activities	Other, not attributed to segments
Assets of a segment	413 416	49 860	202 340	7 174	127 081	26 961
Liabilities of a segment	413 416	39 866	181 773	10 022	17 452	164 303

Statement of financial position as at 31 December 2009

DESCRIPTION OF ITEM [PLN '000]	Total	Production	Construction	Commerce	Auxiliary Activities	Other, not attributed to segments
Assets of a segment	428 869	26 130	105 451	8 469	102 234	186 585
Liabilities of a segment	428 869	45 607	183 387	13 437	11 296	175 142

Investment outlays and amortisation/depreciation as at 31 December 2010

DESCRIPTION OF ITEM [PLN '000]	Total	Production	Construction	Commerce	Auxiliary Activities
Investment outlays with assets in the process of construction	26 024	1 223	15 786	132	8 883
Amortisation/depreciation	8 917	2 072	4 486	79	2 280

Investment outlays and amortisation/depreciation as at 31 December 2009

DESCRIPTION OF ITEM [PLN '000]	Total	Production	Construction	Commerce	Auxiliary Activities
Investment outlays with assets in the process of construction	101 278	8 446	58 802	176	33 854
Amortisation/depreciation	5 719	1 553	2 864	60	1 242

Signatures of persons representing the Company:

Date: 14 March 2011

President of the Management Board



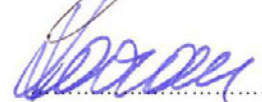
Date: 14 March 2011

Vice-President of the Management Board



Date: 14 March 2011

Member of the Management Board



Signature of person entrusted with keeping books of account:

Date: 14 March 2011

Chief Accountant

