

Current Report No. 36/2011

Date: 11 May 2011

Subject: Position of the Management Board on an announcement of a tender offer for shares in the Company

Legal basis: Article 80 of the Act on Offerings – position of the management board of a company concerning a tender offer announcement

Acting on the basis of Article 80 par. 1 of the Act on Public Offerings and the Conditions for Introducing Financial Instruments to the Organised Trading System and on Public Companies of 29 July 2005 (the "Act"), the Management Board of Energomontaż-Południe S.A. hereby presents its position on an announcement of a tender offer for shares in the Company Energomontaż-Południe S.A. (the "Offer") announced by PBG S.A. (the "Offeror") on 8 April 2011 under the procedure of Article 73 par. 1 of the Act.

In the opinion of the Management Board, the Offer is not contrary to the interests of the Company, given the fact that it has been made by an entity which up to now has been a significant shareholder of the Company. The Management Board of Energomontaż-Południe S.A. wishes to note that capital ties between the Company and PBG S.A. date back to 2009, when both entities signed an investment agreement under which Energomontaż-Południe S.A. conducted a private share issue directed at PBG S.A. As a result of that share capital increase, Energomontaż-Południe S.A. gained a significant investor: PBG S.A. PBG S.A. stands at the head of a capital group comprising contracting firms operating in the area of specialised construction. The companies in the PBG Capital Group construct natural gas, oil and fuel installations and also provide civil engineering services associated with environmental protection, hydraulic engineering, refurbishing water supply and sewage networks, and constructing roads and buildings (residential, industrial, and sports facilities). The PBG Capital Group is consistently implementing a strategy of expansion into foreign markets, and its almost 4,000-strong workforce participates in increasingly large and complex projects, continually increasing the value of its companies. At the stage of concluding the investment agreement, the new investor declared that it would proceed on the assumption that the Issuer would act as the focal point for businesses involved in the provision of assembly and installation services for the power industry. PBG S.A. would carry out investments in fixed or other assets, particularly purchasing or acquiring shares in companies which conduct activities related to the power industry, with the participation of Energomontaż-Południe as the leading company.

As a result of the private share issue, PBG S.A. became a significant shareholder of the Company, and Energomontaż-Południe S.A. obtained PLN 77.9 million. The funds obtained from the issue of series E shares have already been or will be used for such purposes as acquisitions of sector entities (the Company has allocated about PLN 50 million for that purpose), investments in fixed assets (about PLN 16.9 million has been allocated for investments which are essential for carrying out the basic activities of the Company), and working capital (about PLN 11 million).

In accordance with the Offer, the Offeror intends to maintain its capital involvement in the Company, treating that as a continuing investment in which it does not foresee a reduction in its shareholding, either in the short or the long term. The investment goal of the Offeror in the Company is to increase the value of the Company by making market investments and introducing the highest standards of management. This is in agreement with the interests of the work force, contractual partners and shareholders of the Company. The Offeror anticipates that, during the period of its involvement with the Company, the Company will maintain its existing business objectives and

undertake new ventures, and that its market share on the markets in which it participates will increase, both in the short and long term.

In view of the above, the Management Board considers the Offer as an opportunity to stabilise the shareholder's contribution to the Company, and that this will support the Company in implementing its development strategy. In the opinion of the Management Board, based on the content of the Offer, there are no grounds for holding that the implementation of the Offeror's strategic plans with regard to the Company will have a negative effect on the Company's employment or location. The Management Board maintains that the previous declarations and the strategic plans of the Offeror with regard to the Company are in fundamental agreement with the interests of the Company, and may lead to a growth in the value of the Company.

The price proposed by the Offeror of PLN 4.10 per share meets the criteria set out in the Act. In compliance with the requirements of Article 80 par. 2 of the Act, the Management Board states that, in its opinion, the price proposed by the Offeror falls within the range of the estimated current fair value of shares in the Company. In terms of market indicators as well, that price may be considered an advantageous one. At the same time, the Management Board is convinced of the positive long-term development prospects of the Company, and has faith that the value of its shares will increase in the future.

The price offered by the Offeror is higher than the Company's book value per share which, in the most recent periodic report, the annual report for 2010, was PLN 2.38, and the diluted book value per share was PLN 2.32.

The Management Board has not commissioned the preparation of any additional studies or valuations of the value of the Company in connection with the Offer, and in formulating this position concerning the Offer it has relied on an analysis of information given in the Offer itself and on information in the possession of the Company. In particular, the following were conducted:

- a review of the market prices of shares in the Company in the six months preceding the announcement of the Offer, and a review of information available on the prices for acquiring significant share stakes in the Company in the 12 months preceding the announcement of the Offer,
- a review and evaluation of publicly available information on the operations, financial position and current market valuation of shares in selected companies from the construction industry.

The Management Board's position on the Offer does not constitute a recommendation on acquiring or disposing of financial instruments in the meaning of Article 42 of the Act on Trading in Financial Instruments of 29 July 2005. The Management Board maintains that each shareholder, in making an investment decision in response to the call, should make his or her own evaluation of the conditions of the Offer in terms of the investment risk entailed in selling shares in the Company, on the basis of the information made available by the Offeror and by the Company in meeting their obligations resulting from the above-mentioned Act.

SIGNATURES OF PERSONS REPRESENTING THE COMPANY:

Radosław Kamiński
Jacek Fydrych

President of the Management Board
Vice-president of the Management Board