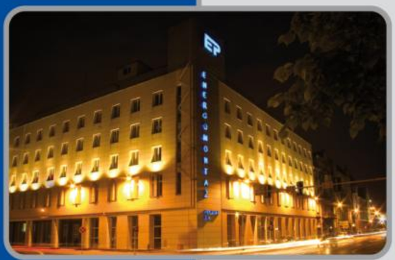
ANNUAL FINANCIAL STATEMENTS OF ENERGOMONTAŻ-POŁUDNIE S.A. CAPITAL GROUP FOR THE 12-MONTH PERIOD ENDING ON 31 DECEMBER 2010

PREPARED IN ACCORDANCE WITH
THE INTERNATIONAL FINANCIAL REPORTING
STANDARDS



2010

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I. SUPPLEMENTARY INFORMATION TO THE 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 the Energomontaż-Południe S.A. parent company in Katowice is conducting operations concerned with the assembly of machines and industrial equipment (PKD 4329Z), registered in the District Court for Katowice – No. KRS 80906. The Company is classified on the stock exchange as being in the construction industry.

(2) Duration of activity of issuer, if indicated

The duration of the activity of the Company and the Capital Group is not indicated.

(3) 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.

(4) 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 / from 13 January 2011, Chairman 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

Composition of the Management Board of EP Hotele i Nieruchomości Sp. z o.o.

NAME AND SURNAME	Position
Sławomir Chomiuk	President of the Management Board /from 31 January 2011/
Maciej Łobejko	President of the Management Board /to 25 November 2010/
Maciej Kokoszka	President of the Management Board /from 1 December 2010 to 25 January 2011/
Zbigniew Wójcik	Vice-President of the Management Board /from 1 December 2010 to 25 January 2011/

Composition of the Management Board of Modus II Sp. z o.o.

NAME AND SURNAME	Position
Marek Kwaśnicki	President of the Management Board /from 30 November 2010/
Piotr Nowak	President of the Management

NAME AND SURNAME	Position
	Board /to 30 November 2010/

Composition of the Management Board of Amontex PM Sp. z o.o.

NAME AND SURNAME	Position
Robert Rulkiewicz	President of the Management Board /from 12 October 2010/
Sebastian Tajber	Vice-President of the Management Board /from 16 March 2010/
Renata Dyk	Member of the Management Board /from 5 May 2010/

Composition of the Supervisory Board of Amontex PM Sp. z o.o.

NAME AND SURNAME	Position
Radosław Kamiński	Chairman /from 1 December 2010/
Andrzej Hołda	Chairman /from 16 March 2010 to 12 October 2010/
Jacek Fydrych	Deputy Chairman
Grzegorz Wojtkowiak	Member

As at 31 December 2010, the companies EP Hotele i Nieruchomości Sp. z o.o. and Modus II Sp. z o.o. had no supervisory boards.

(5) 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 financial statements do not contain joint data, because the Company and companies of the Capital Group do not include internal organisational units independently preparing financial statements.

(6) Merger of companies

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	371 750
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

(7) Assumption of continuation of economic activity

The economic activity of both the parent company and subsidiaries will be continued.

(8) Companies consolidated

NAME OF COMPANY	Type of connection	% of capital held
EP Hotele i Nieruchomości Sp. z o.o.	subsidiary	100
Modus II Sp. z o.o.	subsidiary	100
Amontex PM Sp. z o.o.	subsidiary	100

Energomontaż-Południe S.A. holds 70 per cent of the shares in Open Sp. z o.o. of Wrocław, and 90.3 per cent of the shares in Energomontaż Zachód Sp. z o.o. of Warsaw. We have no control over those companies on account of pending bankruptcy procedures.

(9) The consolidation encompassed the companies EP Hotele i Nieruchomości Sp. z o.o., Modus II Sp. z o.o. and Amontex PM Sp. z o.o., in which Energomontaż-Południe S.A. holds 100 per cent of the shares.

NAME	EP Hotele i Nieruchomości Sp. z o.o.	Modus II Sp. z o.o.	Amontex PM Sp. z o.o.
	subsidiary	subsidiary	subsidiary
Sales revenues	1 932	0	30 575
Other revenue	3	0	360
Profit/loss	399	-34	-7 462
Balance-sheet total	**628**	**16**	**17 476**

Other revenue: (operating and financial)

The basic activity of **EP Hotele i Nieruchomości Sp. z o.o.** is leasing other short-stay accommodation places PKD 5523Z. The company was registered in the District Court in Katowice - KRS 0000134975.

The basic activity of **Modus II Sp. z o.o.** is the management and sale of real property for its own purposes. The company was registered in the National Commercial Register in Katowice under No. 0000289248.

The basic activity of **Amontex PM Sp. z o.o.** is the manufacture of products and construction. The company was registered in the National Commercial Register in Łódź under No. 0000154195.

The companies in the Capital Group do not hold shares in the capital of other companies comprising the Capital Group.

(10) 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 in the supplementary explanatory notes

In 2009, a faulty estimate was made of the value of the company „Amontex" Przedsiębiorstwo Montażowe Sp. z o.o. In that connection, a revaluation of the value of its shares was made in the non-consolidated financial statements, in the amount of PLN -33 023 000, and of the value of the business in the consolidated financial statements, in the amount of PLN 26 219 000, and of revenue from sales in Amontex, in the amount of PLN 1 499 000.
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.

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.

II. ACCOUNTING POLICY

(11) Description of the most significant accounting principles used

11.1 Declaration on compliance with the regulations

In these financial statements, the Group 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 2000, 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.

11.2 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 – 7 years

The Company appraised buildings at their fair value and recognised that value as the assumed cost as at 1 January 2004, i.e. the day of switching 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. Investment materials are also recorded within property, plant and equipment in the process of construction.
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.

11.3 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 striaght-line method, evenly distributed across the most correctly estimated period of use. The amortisation periods of intangible assets with a significant initial value are verified at least at the end of each financial year.

11.4 Goodwill

Goodwill is the surplus of the takeover cost over the fair value of the share of the parent company in identifiable net assets of a subsidiary or associate taken over as at the day of takeover. Goodwill is subject to testing from the perspective of impairment. In the balance-sheet, goodwill is disclosed according to the cost reduced by accumulated permanent impairment write-downs, which are recognised in the income statement.

11.5 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 valuated 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.

11.6 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 as a liability in the statement of financial position in the “finance lease” item.
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.

11.7 Inventories (IAS 2)

Inventories are valuated 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.

11.8 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.

11.9 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.

11.10 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.

11.11 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.

11.12 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,
- the 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 recognised under current accruals and is shown in assets.

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 invoices, 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.

11.13 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 (NCR).
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.

11.14 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.

11.15 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.

11.16 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 affects 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.

11.17 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 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 are 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.

11.18 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.

11.19 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.

11.20 Recognition of revenues

11.20.1 Revenues from the sale of goods and materials (IAS 18)

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

11.20.2 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.

11.20.3 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.

11.20.4 Dividend income

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

11.20.5 Revenue from services

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.

11.21 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.

11.22 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.

11.23 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.

11.23.1 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.

11.24 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.

(12) Selected financial data

PERIOD	2010		2009	
SELECTED FINANCIAL DATA	[PLN '000]	[EUR '000]	[PLN '000]	[EUR '000]
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
I. Revenue from the sale of products, goods and materials	338 115	84 436	274 151	63 160
II. Cost of products, goods and materials sold	323 642	80 822	236 054	54 383
III. Gross profit on sales	14 473	3 614	38 097	8 777
IV. Other revenue	13 972	3 489	12 516	2 883
V. Sales costs	470	117	183	42
VI. General management costs	20 535	5 128	17 862	4 115
VII. Other costs	24 630	6 151	36 760	8 469
VIII. Operating profit	-17 190	-4 293	-4 192	-966
IX. Financial revenue	24 481	6 114	9 527	2 195
X. Finance costs	10 675	2 666	15 485	3 567
XI. Gross profit	-3 384	-845	-10 150	- 2 337
XII. Income tax	1 531	382	3 237	746
XIII. Net profit on continuing operations	-4 915	-1 227	13 387	3 083
XIV. Net profit of minority shareholders	0	0	0	0
XV. Net profit of parent company	-4 915	-1 227	- 13 387	- 3 083
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION				
I. Non-current assets	170 845	43 139	169 030	41 145
II. Current assets	244 372	61 706	302 929	73 738
III. Total assets	415 217	104 845	471 959	114 882
IV. Shareholders' equity with minority interests	162 441	41 017	169 946	41 368
V. Non-current liabilities	76 674	19 361	103 438	25 178
VI. Current liabilities	176 102	44 467	198 575	48 336
VIII. Total liabilities	415 217	104 845	471 959	114 882
CONSOLIDATED CASH FLOW STATEMENT				
I. Net cash flows from operating activities	-5 426	-1 355	-23 569	-5 430
II. Net cash flows from investment activities	-27 434	-6 851	59 861	13 791
III. Net cash flows from financing activities	24 091	6 016	-22 194	-5 113
IV. Net cash flows	-8 769	-2 190	14 098	3 248

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

To convert selected data from the statement of comprehensive income and the cash flow statement as at 31 December 2010, the average rate from four quarters was applied, while to convert selected data from the statement of financial position, the average rate of the National Bank of Poland applicable as at the last day of the period was applied.

(13) 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.

FINANCIAL DATA FOR THE CAPITAL GROUP

III. CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

	Note	2010	2009
Assets			
I. Non-current assets		**170 845**	**169 030**
1. Property, plant and equipment	14	63 752	57 268
2. Intangible assets	15	1693	1 413
3. Goodwill	16	0	0
4. Goodwill of subsidiaries	16	0	1 700
5. Investment properties	17	92 377	93 998
6. Financial assets	18	309	333
6a. Investments in subsidiaries		0	0
6b. Investments in affiliated companies		0	0
6c. Investments held for sale		214	238
6d. Other financial assets		95	95
7. Non-current receivables		0	0
8. Deferred income tax assets	19	3 716	4 195
9. Accruals and deferred income	20	8 998	10 123
II. Current assets		**244 372**	**302 929**
1. Inventories	21	90 409	67 338
2. Current receivables	22	137 356	213 184
2a. Trade receivables		88 700	69 136
2b. Other receivables		19 133	109 953
2c. Income tax receivables		5 014	1 416
2d. Accruals and deferred income		24 509	32 679
3. Current financial assets	23	3 023	293
3a. Loans granted		0	0
3b. Financial assets designated for sale		0	0
3c. Foreign exchange forward contracts		3 023	293
4. Cash and cash equivalents	24	13 584	22 114
Total assets		**415 217**	**471 959**
Liabilities			
I. Shareholders' equity with minority interests		**162 441**	**169 946**
1. Share capital	25	92 307	69 725
- registered share		70 972	48 390
- reassessment of capital on account of hyperinflation		21 335	21 335
2. Capital reserves	26	39 308	105 967
3. Revaluation reserve	27	10 397	10 408
4. Own shares		0	0
5. Other capital reserves	28	69 968	7 269
6. Retained profit (loss)		-44 624	-10 036
7. Profit (loss) for the current year		-4 915	-13 387
Ia. Shareholders' equity without minority interests		**162 441**	**169 946**
8. Minority capital	29	0	0
II. Non-current liabilities		**76 674**	**103 438**
1. Provisions	30	12 312	11 516
1a. Provisions for employee benefits		6 177	5 860
1b. Provision for deferred income tax		6 135	5 656
2. Financial liabilities	31	64 362	91 922
2a. Credit facilities and loans		4 831	30 487
2b. Leasing liabilities		59 531	61 435
2c. Other		0	0
III. Current liabilities		**176 102**	**198 575**
1. Provisions	32	2 806	3 197
1a. Provisions for employee benefits		1 060	1 197
1b. Other provisions		1 746	2 000

	Note	2010	2009
2. Financial liabilities	33	66 216	72 660
2a. Credit facilities and loans		54 303	57 193
2b. Leasing liabilities		11 628	11 560
2c. Foreign exchange forward contracts		285	3 907
3. Current liabilities	34	107 080	122 718
3a. Trade liabilities		49 922	56 452
3b. Other liabilities		36 970	47 399
3c. Income tax liabilities		0	111
3d. Accruals and deferred income		20 188	18 756
IV. Liabilities associated with non-current assets designated for sale	**35**	**0**	**0**
Total liabilities		**415 217**	**471 959**
Value (PLN ’000)		162 441	169 946
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)		2.36	3.56
Diluted book value per share (in PLN)		2.29	3.37

OFF-BALANCE SHEET ITEMS

	2010	2009
1. Contingent receivables	**25 460**	**14 142**
1.1. From affiliated companies (on account of)	0	0
1.2. From other companies (on account of)	25 460	14 142
- guarantees and suretyships received	0	10 030
- promissory notes	4 573	4 112
- guarantees granted	20 887	0
2. Contingent liabilities	**72 009**	**121 285**
2.1. To affiliated companies (on account of)	0	0
2.2. To other companies (on account of)	**72 009**	**121 285**
- guarantees and suretyships granted	68 025	50 845
- a promissory note as security for the subject of a contract	3 159	70 440
assignment of a receivable (from an insurance policy on a subsidy)	825	0
3. Other (on account of)	**89 049**	**12 643**
- letter of credit	0	6 463
- court costs	82 347	0
- liabilities towards the Social Security Office (ZUS)	6 702	6 180
Total off-balance sheet items	**186 518**	**148 070**

IV. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2010	2009
I. Net revenues from the sale of products, goods and materials	36;36.2	**338 115**	**274 151**
II. Costs of products, goods and materials sold	37	323 642	236 054
III. Gross profit (loss) from sales (I-II)		**14 473**	**38 097**
IV. Other revenue	38	13 972	12 516
V. Sales costs		470	183
VI. General management costs		20 535	17 862
VII. Other costs	39	24 630	36 760
VIII. Operating profit (loss)		**-17 190**	**-4 192**
IX. Financial revenue	40;40.1	24 481	9 527
X. Finance costs	41;41.1	10 675	15 485
XI. Gross (pre-tax) profit (loss)		**-3 384**	**-10 150**
XII. Income tax	42	1 531	3 237
XIII. Net profit (loss) from continuing operations		**-4 915**	**-13 387**
XIV. Net profit (loss) of minority shareholders		0	0
XV. Net profit (loss) of the parent company		**-4 915**	**-13 387**
Net profit (loss)		-4 915	-13 387
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
Profit (loss) per ordinary share (in PLN)	44	-0.07	-0.28
Diluted profit (loss) per ordinary share (in PLN)		-0.07	-0.27
Net profit (loss)		**-4 915**	**-13 387**
Other total income		**8**	**-380**
Financial assets held for sale		-1	17
Effects of revaluation of tangible assets (sale of tangible assets)		11	-490
Income tax concerning revaluation of tangible assets		-2	93
Total overall income		**-4 907**	**-13 767**

V. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	2010	2009
I. Equity at beginning of period	**197 664**	**111 857**
a) changes to accepted accounting principles (policy)	0	0
b) corrections of basic errors	-27 718	0
I.a. Equity at beginning of period, after restatement to comparative data	**169 946**	**111 857**
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	0
b) decreases (from)	0	0
1.2. Share capital at end of period	92 307	69 725
2. Due payments for share capital at beginning of period	0	0
2.1. Changes in due payments for share capital	0	0
a) increases (from)	0	0
b) decreases (from)	0	0
2.2. Due payments for share capital at end of period	0	0
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
b) decreases (from)	0	2 254
3.2. Own shares (ownership interests) at end of period	0	0
4. Capital reserves at beginning of period	105 967	20 597
4.1. Changes in capital reserves	-66 659	85 370
a) increases (from)	23 840	85 370
- dissolution of reserve for purchase of own shares	5 372	0
- issue of warrants	0	77 908
- from distribution of profit (statutorily)	1 130	3 995
- division of profit (above the statutory required minimum amount)	17 338	0
- premium on the sale of own shares	0	1 534
- consolidation adjustments	0	1 933
b) decreases (from)	90 499	0
exchange of warrants for shares	22 582	0
costs of exchanging warrants for shares	2 589	0
- establishment of reserve for purchase of own shares	65 000	0
- coverage of loss	328	0
4.2. Capital reserves at end of period	39 308	105 967
5. Revaluation reserve at beginning of period	10 408	10 788
5.1. Changes to revaluation reserve	-11	-380
a) increases (from)	2	808
- revaluation of property, plant and equipment	0	792
- deferred tax from revaluation of property, plant and equipment	2	0
- revaluation of financial assets	0	16
b) decreases (from)	13	1 188
- sale of tangible assets	11	0
- revaluation of non-current financial assets	1	0
- sale of tangible assets	0	1 188
- consolidation adjustments	1	0
5.2. Revaluation reserve at end of period	10 397	10 408
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
creation of capital reserve for dividend payment	4 968	0
- establishment of reserve for purchase of own shares	65 000	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

	2010	2009
7. Exchange rate differences from conversion of subsidiaries	0	0
8. Retained profit (loss) at beginning of period	4 295	5 732
8.1. Retained profit at beginning of period	15 420	15 539
a) changes to accepted accounting principles (policy)	0	0
b) corrections of basic errors	-15 420	0
8.2. Retained profit, at beginning of period, after restatement to comparative data	0	15 439
a) increases (from)	23 517	0
- consolidation adjustments	23 517	0
b) decreases (from)	23 517	15 439
- distribution of retained profit	18 468	15 439
creation of capital reserve for dividend payment	4 968	0
- coverage of retained loss	81	0
8.3. Retained profit at end of period	0	0
8.4. Retained loss at beginning of period	11 125	9 707
a) changes to accepted accounting principles (policy)	0	0
b) corrections of basic errors	12 298	0
8.5. Retained loss, at beginning of period, after adjustment to comparative data	23 423	9 707
a) increases (from)	23 518	9 010
- adjustments of errors from previous years	0	6 284
- consolidation adjustments	15 870	2 726
- merger with subsidiary	7 648	0
b) decreases (from)	2 317	8 681
- coverage of retained loss	2 306	7 161
- adjustments of errors from previous years	0	1 343
- sale of tangible assets	11	0
- consolidation adjustments	0	177
8.6. Retained loss at end of period	44 624	10 036
8.7. Retained profit (loss) at end of period	-44 624	-10 036
9. Net result	-4 915	-13 387
a) net profit	0	0
b) net loss	4 915	13 387
c) write-downs from profit	0	0
9. Minority capital at beginning of period	0	0
a) increases	0	0
b) decreases	0	0
9.1. Minority capital at end of period	0	0
II. Equity at end of period	**162 441**	**169 946**
III. Equity, after taking proposed distribution of profit (coverage of loss) into account - coverage of loss	**162 441**	**169 946**

VI. CONSOLIDATED CASH FLOW STATEMENT

	Note	2010	2009
A. Net cash flow from operating activities (indirect method)			
I. Net profit (loss)		-4 915	-13 387
II. Total adjustments		-511	-10 182
1. Minority profit (loss)		0	0
2. Share in net (profit) loss of subordinated companies valued by the equity method		0	0
3. Amortisation/depreciation, of which:		9 981	6 711
- write-offs of goodwill of subsidiaries or negative goodwill of subsidiaries		0	0
4. (Profit) loss from exchange rate differences		-239	-188
5. Interest and profit distribution (dividends)		5 588	2 321
6. (Profit) loss on investment activity		95	-5 253
7. Change in provisions		405	3 837
8. Change in inventory		-38 493	-7 808
9. Change in receivables		62 677	-116 058
10. Change in current liabilities, excluding credit facilities and loans		-115	17 332
11. Change in prepayments and accruals		12 706	-8 261
12. Other adjustments	45	-53 116	97 185
III. Net cash flow from operating activities (I +/- II) – indirect method		**-5 426**	**-23 569**
B. Cash flow from investing activities			
I. Inflows		5 922	72 134
1. Sale of intangible assets and property, plant and equipment		3 520	5 816
2. Sale of investments in real property and intangible assets		0	66 242
3. From financial assets, of which:		2 402	76
a) in affiliated companies		0	0
b) in other entities		2 402	76
- sale of financial assets		0	0
- dividends and profit distribution		39	27
- repayment of long-term loans granted		0	0
- interest		663	49
- other inflows from financial assets		1 700	0
4 . Other investment inflows		0	0
II. Outflows		33 356	12 273
1. Purchase of intangible assets and property, plant and equipment		27 448	10 573
2. Investments in real property and intangible assets		0	0
3. On financial assets, of which:		5 908	1 700
a) in affiliated companies		5 908	1 700
- purchase of financial assets		0	1 700
- long-term loans granted		5 908	0
b) in other entities		0	0
4. Dividends and other shares in profits, paid to minority		0	0
5. Other investment outflows		0	0
III. Net cash flow from investment activities (I-II)		**-27 434**	**59 861**
C. Cash flow from financial activities			
I. Inflows		189 504	120 218
1. Net inflow on issue of shares and other capital instruments and additional payments to capital		75 319	0
2. Borrowings		114 185	118 684
3. Issue of debt securities		0	0
4. Sale of own shares		0	1 534
5. Other financial inflows		0	0
II. Outflows		165 413	142 412
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		0	0
4. Repayment of borrowings		142 731	101 803
5. Redemption of debt securities		0	0
6. Other financial outflows		0	0

	Note	2010	2009
7. Payment of liabilities from finance lease agreements		16 392	27 794
8. Interest		6 290	7 585
9. Other financial outflows		0	0
III. Net cash flow from investment activities (I-II)		**24 091**	**-22 194**
D. Total net cash flow (A.II+/-B.II+/-C.III)		**-8 769**	**14 098**
E. Balance-sheet change in cash, of which:		**-8 530**	**14 286**
- change in cash from foreign exchange differences		239	188
F. Cash at the beginning of the period		**22 114**	**7 828**
G. Cash at the end of the period (F+/- D)		**13 345**	**21 926**

VII. EXPLANATORY NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(14) Property, plant and equipment

	2010	2009
a) property, plant and equipment, of which:	59 494	52 345
- land (including right of perpetual usufruct of land)	408	410
- buildings, premises and civil engineering projects	30 784	30 586
- technical equipment and machinery	14 580	10 168
- means of transport	10 816	8 790
- other property, plant and equipment	2 906	2 391
b) property, plant and equipment in the process of construction	4 258	4 923
c) advance payments for property, plant and equipment	0	0
Total property, plant and equipment	**63 752**	**57 268**

14.1 PROPERTY, PLANT AND EQUIPMENT ON BALANCE SHEET (OWNERSHIP STRUCTURE)

	2010	2009
a) own	42 837	43 295
b) used on the basis of a lease, tenancy agreement or other agreement, including leasing agreement, of which:	20 915	13 973
Total property, plant and equipment on balance sheet	**63 752**	**57 268**

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	**421**	**36 500**	**26 206**	**19 014**	**12 542**	**94 683**
b) increases (from)	**0**	**1 503**	**8 210**	**4 518**	**3 290**	**17 521**
- purchase	0	42	1 829	179	2 914	4 964
- modernisation	0	1 461	5	0	4	1 470
- leasing	0	0	6 355	4 339	359	11 053
- disclosure	0	0	21	0	13	34
c) decreases (from)	**0**	**50**	**1 773**	**680**	**965**	**3 468**
- liquidation	0	50	1 058	251	672	2 031
- sale	0	0	630	429	293	1 352
- theft	0	0	85	0	0	85
d) gross value of property, plant and equipment at end of period	**421**	**37 953**	**32 643**	**22 852**	**14 867**	**108 736**
e) accumulated depreciation at beginning of period	**11**	**5 914**	**16 038**	**10 224**	**10 151**	**42 338**
f) depreciation for period (from)	**2**	**1 255**	**2 025**	**1 812**	**1 810**	**6 904**
- write-offs	2	1 285	3 194	2 353	2 758	9 592
- sale	0	0	-175	-340	-288	-803
- liquidation	0	-30	-858	-186	-656	-1 730
- theft	0	0	-31	0	0	-31
- other	0	0	-105	-15	-4	-124
g) accumulated depreciation at end of period	**13**	**7 169**	**18 063**	**12 036**	**11 961**	**49 242**
h) write-downs from permanent impairment at beginning of period	**0**	**0**	**0**	**0**	**0**	**0**
- increase	0	0	0	0	0	0
- decrease	0	0	0	0	0	0
i) write-downs from permanent impairment at end of period	**0**	**0**	**0**	**0**	**0**	**0**
j) net amount of fixed assets at end of period	**408**	**30 784**	**14 580**	**10 816**	**2 906**	**59 494**
k) property, plant and equipment in the process of construction	**0**	**89**	**4 167**	**2**	**0**	**4 258**
Total property, plant and equipment – balance-sheet value	**408**	**30 873**	**18 747**	**10 818**	**2 906**	**63 752**

Changes in property, plant and equipment (according to type groups) 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**	**30 943**	**23 005**	**13 317**	**10 283**	**77 969**
b) increases (from)	**663**	**13 236**	**4 603**	**6184**	**2914**	**27 600**
- purchase		5 841	2 456	31	2 086	10 414
- modernisation	0	7 395	129	1	9	7 534
- leasing	0	0	2 018	6 152	764	8 934
- other	0	0	0	0	55	55
- reinstatement	663	0	0	0	0	663
c) decreases (from)	**663**	**7679**	**1402**	**487**	**655**	**10 886**
- liquidation	0	0	341	13	565	919
- theft	0	0	17	0	0	17
- sale	663	7679	1 044	474	90	9 950
d) gross value of property, plant and equipment at end of period	**421**	**36 500**	**26 206**	**19 014**	**12 542**	**94 683**
e) accumulated depreciation at beginning of period	**9**	**5 182**	**14 195**	**9 301**	**8 860**	**37 547**
f) depreciation for period (from)	**2**	**732**	**1 843**	**923**	**1 291**	**4 791**
- write-offs	2	1 120	2 216	1 402	1 818	6 558
- sale	0	-384	-29	-466	-24	-903
- liquidation	0	0	-340	-13	-520	-873
- theft	0	0	-5	0	0	-5
- other	0	-4	1	0	17	14
- purchase of subsidiary	0	0	0	0	0	0
g) accumulated depreciation at end of period	11	5 914	16 038	10 224	10 151	42 338
h) write-downs from permanent impairment at beginning of period	0	0	0	0	0	0
i) write-downs from permanent impairment at end of period	0	0	0	0	0	0
j) net amount of fixed assets at end of period	410	30 586	10 168	8 790	2 391	52 345
k) property, plant and equipment in the process of construction	0	1 320	3 603	0	0	4 923
l) Property, plant and equipment	**410**	**31 906**	**13 771**	**8 790**	**2 391**	**57 268**

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 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.

Emcumbrance of property, plant and equipment, of which:	**2010**	**2009**
- liabilities from borrowings (mortgages)	198 349	124 061
Other	**0**	**1 032**
Total:	**198 349**	**125 093**

14.2 Total 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:	24 959	22 506
a) value of land in perpetual usufruct	6 193	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	0
- Tychy City Office	14	0
- Piotrków Trybunalski City Office	608	0
b) value of non-current assets used on the basis of lease agreements	12 513	15 050
b) value of non-current assets used on the basis of lease agreements (lease of equipment, vehicles, specialist machines)	1 665	0
d) value of leased real property (buildings, facilities)	4 588	0
Total off-balance sheet property, plant and equipment	**24 959**	**22 506**

(15) Intangible assets

	2010	2009
a) costs of completed development works	0	0
b) goodwill	0	0
c) concessions, patents, licences and similar assets acquired, of which:	1 693	1 413
- computer software	1 693	1 413
d) other intangible assets	0	0
e) advance payments for intangible assets	0	0
Total intangible assets	**1 693**	**1 413**

15.1 Intangible assets (ownership structure)

	2010	2009
a) own	432	602
b) used on the basis of a lease, tenancy agreement or other agreement, including leasing agreement, of which:	1 261	811
Total intangible assets	**1 693**	**1 413**

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

	a	b	c	d	e	Total intangible assets
	Costs of completed development works	Goodwill	c) concessions, patents, licences and similar assets acquired, of which:	computer software	Other intangible assets	
a) gross value of intangible assets at beginning of period	**0**	**2 015**	**1 474**	**663**	**0**	**3 489**
b) increases (from)	**0**	**0**	**265**	**187**	**0**	**265**
- purchase	0	0	265	161	0	265
transfer from a license	0	0	0	26	0	0
c) decreases (from)	**0**	**0**	**0**	**0**	**0**	**0**
d) gross value of intangible assets at end of period	**0**	**2 015**	**1 739**	**850**	**0**	**3 754**
e) accumulated depreciation at beginning of period	**0**	**0**	**1 215**	**563**	**0**	**1 215**
f) depreciation for period (from)	**0**	**0**	**389**	**246**	**0**	**389**
- write-offs	0	0	389	150	0	389
transfer from a license	0	0	0	96		0
g) accumulated depreciation at end of period	**0**	**0**	**1 604**	**809**	**0**	**1 604**
h) write-downs from permanent impairment at beginning of period	**0**	**2 015**	**0**	**0**	**0**	**2 010**
increase – takeover of CK - Modus	0	0	0	0	0	5
- decrease	0	0	0	0	0	0
i) write-downs from permanent impairment at end of period	**0**	**2 015**	**0**	**0**	**0**	**2 015**
j) net value of intangible assets not accepted for balance	**0**	**0**	**1558**	**0**	**0**	**1558**
k) net value of intangible assets at end of period	**0**	**0**	**1 693**	**41**	**0**	**1 693**

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

	a	b	c	d	e	Total intangible assets
	Costs of completed development works	Goodwill	c) concessions, patents, licences and similar assets acquired, of which:	computer software	Other intangible assets	
a) gross value of intangible assets at beginning of period	**0**	**2 015**	**1 200**	**607**	**0**	**3 215**
b) increases (from)	**0**	**0**	**325**	**107**	**0**	**325**
- purchase	0	0	325	107	0	325
c) decreases (from)	**0**	**0**	**51**	**51**	**0**	**51**
- sale	0	0	51	51	0	51
d) gross value of intangible assets at end of period	**0**	**2 015**	**1 474**	**663**	**0**	**3 489**
e) accumulated depreciation at beginning of period	**0**	**0**	**1 062**	**489**	**0**	**1 062**
f) depreciation for period (from)	**0**	**0**	**153**	**138**	**0**	**153**
- write-offs	0	0	153	74	0	153
g) accumulated depreciation at end of period	**0**	**0**	**1 215**	**563**	**0**	**1 215**
h) write-downs from permanent impairment at beginning of period	**0**	**2 010**	**0**	**0**	**0**	**2 010**
- increases	0	5	0	0	0	5
i) write-downs from permanent impairment at end of period	**0**	**2 015**	**0**	**0**	**0**	**2 015**
j) intangible assets in the process of construction	**0**	**0**	**148**	**148**	**0**	**148**
- purchase	0	0	1 798	0	0	1 798
- sale	0	0	792	0	0	792
Total construction in progress	**0**	**0**	**1 154**	**148**	**0**	**1 154**
k) net value of intangible assets at end of period	**0**	**0**	**1 413**	**248**	**0**	**1 413**

(16) Total goodwill of subordinated companies

	2010	2009
a) goodwill of subsidiaries	0	1 700
b) goodwill of jointly controlled companies	0	0
a) goodwill of associated companies	0	0
Total goodwill of subordinated companies	**0**	**1 700**

16.1 Change in goodwill of subsidiaries

	2010	2009
a) gross goodwill at beginning of period	27 919	26 219
b) increases (from)	0	1 700
- purchase of ownership interests	0	1 700
c) decreases (from)	1 700	0
- other	1 700	0
a) gross goodwill at end of period	26 219	27 919
e) write-off of goodwill at beginning of period	26 219	0
f) write-off of goodwill for period (from)	0	26 219
e) write-off of goodwill at end of period	26 219	26 219
h) net goodwill at end of period	**0**	**1 700**

(17) Investment properties

	2010	2009
Gross amount at beginning of period	94 418	15 742
a) increases	5 567	82 576
- acquisition	591	337
- reclassification from inventories	0	9 827
- appraisal	1 872	1 177
- renovation and modernisation	3 104	1 635
- purchase from leasing	0	68 548
- investments commenced	0	1 052
b) decreases	7 188	3 900
- appraisal	7 188	0
- sale	0	3 900
Gross amount at end of period	92 797	94 418
Amount of accumulated depreciation at beginning of period	420	414
a) increases	0	6
b) decreases	0	0
Amount of accumulated depreciation at end of period	420	420
Net amount at end of period	**92 377**	**93 998**

17.1 Revenue and costs concerning investment properties

	2010	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**

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.

(18) Non-current financial assets

	2010	2009
a) in subsidiaries and jointly controlled companies not subject to consolidation	0	0
b) in subsidiaries and jointly controlled and associated companies valued by the equity method	0	0
c) in other companies	309	333
- ownership interests or shares	309	333
Total non-current financial assets	**309**	**333**

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.

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

	2010	2009
a) balance at beginning of period	**333**	**398**
b) increases (from)	**0**	**59**
- change in value of shares	0	42
- revaluation of shares	0	17
c) decreases (from)	**24**	**124**
- revaluation of ownership interests	0	124
- revaluation of shares	24	0
d) balance at end of period	**309**	**333**

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

	2010	2009
a) in Polish currency	309	333
b) in foreign currencies (according to currencies and after conversion to PLN)	0	0
b1. unit/currency 100/ SKK	0	0
[PLN '000]	0	0
Total securities, ownership interests and other non-current financial assets	**309**	**333**

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

	2010	2009
A. With unrestricted transferability, listed on stock markets (book value)	0	0
B. With unrestricted transferability, listed on over-the-counter markets (book value)	0	0

	2010	2009
A. With unrestricted transferability, not listed on a regulated market (book value)	309	398
a) shares (book value):	214	238
- adjustments revaluing amount (for period)	-24	59
- amount at beginning of period	238	179
b) bonds (book value)	0	0
c) other – according to type groups (book value):	95	95
c1 ownership interests	95	95
- adjustments revaluing amount (for period)	0	-124
- amount at beginning of period	95	219
Total amount at beginning of period	333	398
Total adjustments revaluing amount (for period)	-24	-65
Total book value	**309**	**333**

18.4 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
Holdingpol Sp. z o.o.	Sosnowiec	comprehensive installation and renovation works	0	3.00	1.70		
POLNORD S.A.	Gdańsk	production, services and trading	135	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	83	0.05	0.05		
Komleks 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 FAMAK S.A.	Kluczbork	production of cranes and machines for transport	0	0.10	0.10		

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

	2010	2009
1. Balance of deferred income tax assets at beginning of period, of which:	**4 195**	**3 257**
a) credited to financial result	3 653	2 715
b) credited to equity	542	542
c) credited to goodwill or to negative goodwill	0	0
2. Increases	**2 801**	**3 447**
a) credited to financial result of period in connection with negative temporary differences (on account of)	2 801	3 447
- valuation of forwards	39	742
- provision for future costs	918	220
- non-current contracts	0	1 519
- valuation of settlements	357	218
- Social Security Office (ZUS)	4	352
- unpaid interest charged on liabilities	0	3
- provision for penalties	0	380
- negative exchange-rate differences from invoices	0	11
consolidation write-down	2	0
- valuation of property	1 365	0
- provision for losses	116	0
- production in progress write-down	0	2
b) credited to profit or loss of period in connection with tax loss (from)	0	0
c) credited to equity in connection with negative temporary differences (on account of)	0	0
d) credited to equity in connection with tax loss (on account of)	0	0
e) credited to goodwill or negative goodwill in connection with negative temporary differences (on account of)	0	0
3. Decreases	**3 280**	**2 509**
a) credited to financial result of period in connection with negative temporary differences (on account of)	**3 247**	**2 509**
- valuation of forwards	742	1 399
- dissolution of provisions for holidays	190	0
- dissolution of revaluation of receivables	0	169
- non-current contracts	1 519	0
- Social Security Office (ZUS)	351	0
- release of provisions for future costs	220	829
- released provision for holidays	0	2
- released provision for retirement severance payments	0	110
- valuation of settlements	225	0
b) offset of current items against provision for deferred tax	**0**	**0**
c) credited to equity in connection with negative temporary differences (on account of)	33	0
- other	33	0
d) credited to equity in connection with tax loss (on account of)	0	0
e) credited to goodwill or negative goodwill in connection with negative temporary differences (on account of)	0	0
4. Balance of assets from deferred income tax at end of period, total, of which:	**3 716**	**4 195**
a) credited to financial result	3 207	3 653
b) credited to equity	509	542
c) credited to goodwill or to negative goodwill	0	0

(20) Non-current receivables and accruals

	2010	2009
a) costs accruals, of which:	**8 998**	**10 123**
- leasing	8 998	10 123
b) non-current receivables, of which:	**0**	**0**
Total non-current accruals and deferred income	**8 998**	**10 123**

(21) Inventories

	2010	2009
a) materials	5 171	5 527
b) semi-finished products and products in progress	6 246	56 022
c) ready products	66 371	1 850
d) goods	18 835	4 139
Gross inventories, gross total	96 623	67 538
Write-down of materials	6 214	200
Net inventories, total	**90 409**	**67 338**

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.

(22) Current receivables and accruals

	2010	2009
a) on subsidiaries	**0**	**0**
b) receivables from other entities	**112 847**	**180 505**
- on account of deliveries and services, with a repayment period of:	88 700	69 136
- up to 12 months	82 497	65 706
- over 12 months	6 203	3 430
- other	19 133	109 953
- income tax receivables	5 014	1 416
- accruals and deferred income	24 509	32 679
b) total net current receivables and accruals and deferred income	**137 356**	**213 184**
d) write-downs of receivables	**28 098**	**6 307**
Total gross current receivables and accruals and deferred income	**165 454**	**219 491**

Receivables are not interest-bearing.
Current asset expenses – (assignment) in the amount of PLN 94 611 000.

22.1 Current receivables from affiliated companies

	2010	2009
Total net current receivables from affiliated entities	0	0
d) write-downs of receivables from affiliated companies	301	301
Total gross current receivables from affiliated entities	**301**	**301**

22.2 Change in write-downs of current receivables

	2010	2009
Balance at beginning of period	**6 307**	**6 933**
a) increases (from)	**25 508**	**702**
- work and services	3 695	429
- interest	13	136
- court	33	52
- other	21 828	85
transfer from court receivables under arrangements	-61	0
b) decreases (from)	**2 974**	**681**
- work and services	565	46
- interest	0	121

	2010	2009
- other	963	112
- court receivables	1 508	402
transfer from court receivables under arrangements	-62	0
c) usage	**743**	**647**
Balance of write-downs of current receivables at end of period	**28 098**	**6 307**

22.3 Total gross current receivables (currency structure)

	2010	2009
a) in Polish currency	118 962	195 143
b) in foreign currencies (according to currencies and after conversion to PLN)	46 492	24 348
b1. unit/currency 1/ EUR	11 694	5 980
[PLN '000]	46 492	24 348
Total current receivables	**165 454**	**219 491**

22.4 Short-term prepayments and deferred costs

	2010	2009
a) prepaid expenses	**24 509**	**32 679**
- insurance	455	596
- subscription	17	13
- building contracts	0	2 173
- power	3	0
- telecommunications services	146	0
- costs of next period	165	291
- revenue from sales, connected with valuation of long-term contracts	19 761	24 816
- valuation of credit	70	57
- leasing	3 062	3 019
- bank guarantee costs	0	152
- other loss	439	0
- costs of obtaining credit	68	0
- hedging	80	0
costs of accommodation concerning 2011	137	0
- other	106	1 562
b) other accruals and deferred income	**0**	**0**
Total current accruals	**24 509**	**32 679**

(23) Current financial assets

	2010	2009
b) in other companies	3 023	293
- foreign exchange forward contracts	3 023	293
Total current financial assets	**3 023**	**293**

(24) Cash and cash equivalents

	2010	2009
Cash in the bank and in hand	2 585	8 585
Current investments	10 999	13 529
Total:	**13 584**	**22 114**

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

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

	2010	2009
Cash in the bank and in hand	2 585	8 585

	2010	2009
Current investments	10 999	13 529
Total:	**13 584**	**22 114**

24.2 Cash and other pecuniary assets (currency structure)

	2010	2009
a) in Polish currency	1 434	5 330
b) in foreign currencies (according to currencies and after conversion to PLN)	12 150	16 784
b1. unit/currency 1/ EUR	3 068	4 085
[PLN '000]	12 150	16 784
Total cash and cash equivalents	**13 584**	**22 114**

(25) 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	Date of registration	Right to dividend (from date)
A		without		7 430	7 430	01.04.1992	01.01.1992
B	ordinary bearer	without		3 570	3 570	18.09.1997	01.01.1997
C		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	Rate	Before revaluation	After revaluation
April-December 1992	33.20%	7 430	9 897
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**

(26) Capital reserves

	2010	2009
a) from sale of shares above their par value	0	21 030
b) statutorily established	6 816	6 702
c) established in accordance with statute/agreement, over statutorily required (minimum) amount	0	327
d) others - warrants	0	77 908
e) other (according to type)	32 492	0
Total capital reserves	**39 308**	**105 967**

(27) Revaluation reserve

	2010	2009
a) from revaluation of non-current assets	10 278	10 721
b) from profit/loss from valuation of financial instruments, of which	0	0
c) deferred income tax	0	0
d) exchange rate differences from conversion of foreign branches	0	0
e) other (according to type)	119	-313
- consolidation adjustments	0	-435
- valuation of financial assets	119	122
Total revaluation reserve	**10 397**	**10 408**

(28) 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	0
Total other reserves	**69 968**	**7 269**
- consolidation adjustments	0	0
Other capital reserves	**69 968**	**7 269**

(29) Change in minority capital

	2010	2009
Balance at beginning of period	**0**	**0**
a) increases	0	0
b) decreases	0	0
Balance of minority capital at end of period	**0**	**0**

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

	2010	2009
a) balance at beginning of period	**5 860**	**5 623**
b) increases (from)	**323**	**342**
- retirement severance payments	149	123
- long-service bonuses	170	199
- disability benefits	4	20
c) usage (from)	**0**	**0**
d) release (on account of)	**6**	**105**
- long-service bonuses	6	87
- retirement severance payments	0	0
- disability benefits	0	18
e) balance at end of period	**6 177**	**5 860**

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).

30.1 Change in balance of provisions from deferred income tax

	2010	2009
1. Balance of deferred income tax provision at beginning of period, of which:	**5 656**	**4 605**
2. Increases	**1 810**	**1 465**
a) credited to financial result of period on account of positive temporary differences (from)	1 810	1 429
- valuation of interest on loans	0	236
- valuation of property	356	224
- valuation of settlements	1 164	912
- valuation of forward contracts	250	56
- valuation of non-current assets	40	0
- other	0	1
b) credited to equity in connection with positive temporary differences (from)	0	36
- valuation of property, plant and equipment	0	36
c) credited to goodwill or negative goodwill in connection with positive temporary differences (on account of)	0	0
3. Decreases	**1 331**	**414**
a) credited to financial result of period in connection with negative temporary differences (on account of)	1 329	285
- depreciation on investment allowance	0	4
- valuation of settlements	912	281
- valuation of interest on loans	361	0
- valuation of forwards	56	0
b) offset of current items against assets on account of deferred tax	0	0
c) credited to goodwill or negative goodwill in connection with positive temporary differences (on account of)	0	129
- valuation of property, plant and equipment	0	129
d) credited to equity	2	0
4. Total balance of deferred income tax provision at end of period	**6 135**	**5 656**

(31) Non-current financial liabilities

	2010	2009
a) towards other entities	64 362	91 922
- borrowings	4 831	30 487
- leasing	59 531	61 435
Total non-current liabilities	**64 362**	**91 922**

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	Hedging	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.

Name (business name) of entity	Registered office:	Amount of credit / loan acc. to agreement	Amount of credit / loan still to be repaid	Repayment date	Hedging	Other
		[PLN '000]	[PLN '000]			
Raiffeisen Bank Polska S.A.	Warsaw	825	56	29.03.2013	Assignment of receivables towards PARP PLN 515 900; registered pledge on organised part of enterprise (subject of subsidy) PLN 1 031 800; power of attorney with statement.	Agreement No. CRD/24424/07;28.03.2007; Annex 4 of 25.8.2009; credit-investment project – purchase of modern equipment (EU subsidy); instalment PLN 3 728.94 + proceeds from subsidy.

31.1 Non-current financial liabilities (currency structure)

	2010	2009
a) in Polish currency	18 684	47 860
b) in foreign currencies (according to currencies and after conversion to PLN)	45 678	44 062
EUR	11 533	10 725
Total non-current liabilities	**64 362**	**91 922**

31.2 Current and Non-current leasing liabilities

	2010	2009
a) up to 1 year	11 628	11 560
b) above 1 year to 5 years	26 810	30 560
c) above 5 years	32 721	30 875
Total financial liabilities	**71 159**	**72 995**

Liabilities from interest resulting from lease agreements at the end of 2010 amount to PLN 11 973 000; at the end of 2009 they amounted to PLN 13 150 000.
The present value of minimum fees is PLN 59 186 000 as at 31 December 2010, and PLN 59 834 000 in 2009.
In the reporting period, in the income statement the amount of PLN 3 330 000 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.

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

	2010	2009
a) balance at beginning of period	**1 197**	**649**
b) increases (from)	**772**	**1 256**
- provision for length of service awards	692	728
- provision for retirement severance payments	78	258
- provision for vacation benefits		262
- 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 vacation benefits	0	0
- provision for disability benefits	0	7
d) usage	**72**	**99**
- provision for vacation benefits	72	99
e) balance at end of period	**1 060**	**1 197**

32.1 Change in the balance of current provisions (specified)

	2010	2009
a) balance at beginning of period	2 000	0
b) increases (from)	746	2 000
- provision for future liabilities – court proceedings	136	2 000
- provision for losses from contracts	610	0
c) usage (from)	0	0
d) release (on account of)	1 000	0
- release of provision for liabilities	1 000	0
e) balance at end of period	**1 746**	**2 000**

(33) Current financial liabilities

	2010	2009
f) financial liabilities	66 216	72 660
- borrowings	54 303	57 193
- from leasing	11 628	11 560
- foreign exchange forward contracts	285	3 907
Total financial liabilities	**66 216**	**72 660**

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	Hedging	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	Hedging	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 Areana 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 w Mrzeżyn, 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	Hedging	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 1020231300003996003337204 of 23.01.2009 as amended.
Raiffeisen Bank Polska S.A.	Warsaw	825	45	29.03.2013	Registered pledge on the organised part of a business (subject of subsidy) of PLN 1 031 800; assignment of rights from insurance on the subject of the pledge.	Agreement No. CRD/24424/07;28.03.2007; Annex 4 of 25.8.2009; credit-investment project – purchase of modern equipment (EU subsidy); instalment PLN 3 728.94 + proceeds from subsidy.
Raiffeisen Bank Polska S.A.	Warsaw	17	17	31.08.2011	Power of attorney for current and other accounts; assignment of receivables under contract from Energomontaż Południe S.A. – 237.	Agreement on forward and derivative transactions.

(34) Current liabilities

	2010	2009
a) towards other entities	86 892	103 851
- on account of deliveries and services, with a maturity period of:	49 922	56 452
- up to 12 months	46 057	53 326
- over 12 months	3 865	3 126
- advance payments received for deliveries	21 671	26 022
- from taxes, customs duty, insurance and other fees	6 936	10 229
- from remuneration	5 388	4 284
- other (specified)	2 975	6 864
- payroll deductions	224	139
- insurance	820	207
- property, plant and equipment in the process of construction	704	5 694
- deposits	437	429
- guarantees	0	90
- settlements with employees	13	0
settlements with foreign branch	558	0
- other	219	305
b) income tax liabilities	0	111
c) accruals	20 188	18 756
Total current liabilities	**107 080**	**122 718**

Liabilities are not interest-bearing.

34.1 Current liabilities (currency structure)

	2010	2009
a) in Polish currency	102 267	116 846
b) in foreign currencies (according to currencies and after conversion to PLN)	4 813	5 872
b1. unit/currency 1/ EUR	1 112	2 378
[PLN '000]	4 813	5 872
Total current liabilities	**107 080**	**122 718**

34.2 Short-term prepayments and deferred costs

	2010	2009
- non-current (specified)	251	453
- subsidy	251	453
- current (specified)	19 937	18 303
a) liabilities towards customers from building contracts	12 941	14 387
b) accruals and deferred income	6 925	1 983
- provision for holidays	533	377
- provision for balance-sheet audit	36	35
- costs of running accounting office in Germany	105	63
- provision for future costs	4 738	1 405
- interest on credit	32	0
- provision for guarantee repairs	990	0
- guarantees	491	103
c) accruals and deferred revenue	71	1 933
Total other accruals	**20 188**	**18 756**

VIII. EXPLANATORY NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

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

	2010	2009
- basic production (construction and assembly services)	164 850	127 985
- developer operations	2 729	14 682
- industrial production	59 375	57 245
- general contracting	90 837	55 063
- services	7 148	4 026
Total net revenue from sale of products	**324 939**	**259 001**

36.1 Net revenue from sale of products (territorial structure)

	2010	2009
a) domestic	199 445	160 734
b) export	125 494	98 267
Total net revenue from sale of products	**324 939**	**259 001**

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

	2010	2009
- goods	12 371	14 709
- materials	805	441
Total net revenue from sale of goods and materials	**13 176**	**15 150**

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

	2010	2009
a) domestic	13 118	15 150
b) export	58	0
Total net revenue from sale of goods and materials	**13 176**	**15 150**

(37) Costs according to kind

	2010	2009
a) depreciation	9 662	6 681
b) materials and energy used	57 761	49 711
c) external services	153 000	131 527
d) taxes and charges	1 722	2 162
e) remuneration	78 807	67 921
f) social insurance and other benefits	23 072	18 478
g) other costs according to kind (from)	13 054	7 510
Total costs according to kind	337 078	283 990
Change in inventories, products and accruals	-8 152	-46 758
Costs of manufacturing products for entity's own purposes (negative amount)	-171	-413
Sale costs (negative amount)	-470	-183
General management costs (negative amount)	-20 535	-17 862
Trade costs	-575	17 280
Value of goods and materials sold	16 467	0
Cost of manufacturing products, goods and materials sold	**323 642**	**236 054**

(38) Other revenue

	2010	2009
a) dissolved provisions (from)	3 337	1 287
- receivables	1 494	560
- long-service bonuses	735	631
- holidays	0	13
- retirement severance payments	108	58
- disability benefits	0	25

	2010	2009
- future liabilities	1 000	0
b) profit from the sale of non-financial fixed assets	0	5 253
c) other, of which:	10 635	5 976
- return of court costs	96	29
- contractual penalties	5	1
- write-off of time-barred liabilities	32	19
- valuation of property	1 872	1 177
- revenue from investment	6 609	3 613
- commission	0	12
- other indemnification	113	581
- accident indemnification	126	179
- entering of liabilities	23	19
- use of company cars	114	97
- other	86	249
accounting for subsidies	131	0
- property, plant and equipment liquidation costs	67	0
- correction of invoices	1 311	0
- overestimation of materials	50	0
Total other operating revenue	**13 972**	**12 516**

(39) Other costs

	2010	2009
a) loss from sale of non-financial fixed assets	95	0
b) revaluation of non-financial assets	0	0
c) provisions established for	3 558	29 934
- receivables	2 231	561
- length of service awards	861	927
- disability benefits	6	194
- retirement severance payments	200	28
- holidays	157	0
- future liabilities	103	2 000
- goodwill	0	26 224
d) other, of which:	20 977	6 826
- revaluation of inventories	84	383
- compensatory benefit	123	60
- liquidation of inessential assets	0	128
- donations	107	35
- court costs	21	135
- contributions to organisations	29	49
costs of legal representation in proceedings	39	0
- fiscal enforcement	0	33
- complaints	62	0
- costs concerning investment properties	4 148	4 002
- contractual penalties	2 223	433
- entering of irrecoverable debts	24	192
- unused investment outlays	0	0
- other loss	54	579
- accident repairs	168	175
- write-off of other receivables	0	158
- shortages of materials	1	2
- valuation of investment property	7 188	0
write-down of land	1 372	0
- revaluation of products	4 642	0
write-off of construction project	408	0
- other	284	462
Total other operating costs	**24 630**	**36 760**

(40) Financial revenue from interest

	2010	2009
a) from loans granted	0	0
- from other entities	0	0
b) other interest	784	553
- from other entities	784	553
Total financial revenue from interest	**784**	**553**

40.1 Other financial revenue

	2010	2009
a) positive exchange rate differences	2	741
a) dissolution of provision (for)	0	121
- interest due	0	121
c) other, of which:	23 695	8 112
- dividend	39	27
- discounts	1	19
- time-barred interest	16	29
- write-off of interest charged	83	10
- profit from outright-forwards	1 104	0
- valuation of outright-forwards	3 023	293
- cancelled valuation of currency transactions	3 907	7 361
- compensation from recovery	0	179
- valuation of credit	90	142
reversal of write-down of revaluation of ownership interests	15 422	0
bank charges and commission	5	0
- other	5	52
Total other financial revenue	**23 697**	**8 974**

(41) Financial costs from interest

	2010	2009
a) from borrowings	2 949	3 320
- for other entities	2 949	3 320
b) other interest	3 608	2 454
- for other entities	3 608	2 454
Total financial costs from interest	**6 557**	**5 774**

41.1 Other financial costs

	2010	2009
a) surplus of negative over positive differences	1 356	152
b) provisions established (from)	5	136
- interest from receivables	5	0
- interest from liabilities	0	136
c) other, of which:	2 734	9 299
- cancelled valuation of outright-forwards	293	0
- charges concerning guarantees	6	0
- recovery costs	21	205
- fees from borrowings	677	617
- loss on sale of outright-forwards	1 302	4 139
- valuation of outright-forwards	285	3 907
- valuation of credit	77	20
- write-off of interest on loans	0	280
- other	73	131
d) revaluation of financial fixed assets	23	124
Total other financial costs	**4 118**	**9 711**

(42) Current income tax

	2010	2009
1. Gross profit (loss)	-3 384	-10 150
2. Differences between gross profit (loss) and income tax base (specified)	-9 363	12 549
a) revenue not counted as taxable revenue (decrease in taxation base)	-37 713	-36 529
b) revenue not counted as non-taxable revenue (increase in taxation base)	4 748	13 584
c) costs and loss not recognised by tax regulations as tax-deductible costs (increase in taxation base)	50 963	59 653
d) costs and loss not counted as non-taxable costs (decrease in taxation base)	-22 663	-22 553
e) other decreases in taxable income	-4 698	-1 606
3. Income tax taxation base	-12 747	2 399
4. Deduction of retained loss	-404	-59
5. Deduction of donations	0	-10
6. Taxation base after deduction of loss	-13 151	-9 514
7. Current income tax	0	2 774
8. Current income tax recognised in tax return	0	2 774
9. Tax on export activities	568	254
10. Income tax shown in income statement	960	3 028
11. Deferred tax	568	207
12. Tax on dividend	3	2
Total income tax	**1 531**	**3 237**

(43) Net profit (loss)

	2010	2009
a) net profit (loss) of the parent company	-601	22 306
b) net profit (loss) of subsidiaries	-7 098	-2 359
c) net profit (loss) of jointly controlled companies		
d) net profit (loss) of associated companies		
e) consolidation adjustments	2 784	-33 334
Net profit (loss)	**-4 915**	**-13 387**

(44) 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.

IX. EXPLANATORY NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(45) 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.

	2010	2009
11. Other adjustments	-53 116	97 185
- disclosure of fixed assets	0	-35

	2010	2009
- sale of own shares	0	2 254
- reclassification of land from inventories as investment property	0	-9 827
- revaluation of goodwill	0	26 224
- revaluation of non-financial assets	0	43
- valuation of interest on loans	0	1 428
- issue of warrants	-77 908	77 908
- takeover of fixed assets from subsidiary - merger	101	0
takeover of losses after merger with subsidiary	-7 648	0
- adjustments of errors from previous years	-1 499	0
- dividend concerning own shares	0	52
- revaluation of non-current financial assets	22	125
- write-off of interest – consolidation adjustment	0	280
- valuation of foreign exchange forward contracts	0	-293
- interest consolidation adjustments	0	143
non-depreciated part of initial value of subject of leasing	-67	0
- elimination of loan after merger with subsidiary	28 137	0
- valuation of investment property	5 316	-1 177
- other	-48	60
takeover of write-downs after merger with subsidiary	478	0

X. ADDITIONAL EXPLANATORY NOTES

(46) Aims and rules of 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 exchange rate. The Group currently hedges its position in a antural 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
Currently, the Company insures most of its transactions 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
Currenlty, 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 prices changes. To a certain extent, this item is also hedged by having full access to the investories of the branch of the Company dealing in foundry materials.

Risk connected with liquidity
The Company's goal is to maintain 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.

(47) Financial instruments

Liabilities from credit and loans [PLN '000]

Balance at beginning	**87 680**
a) increases (from)	**114 185**
- credit contracted	114 185
b) decreases	**142 731**

Balance at beginning	**87 680**
- repayment of credit	142 431
- repayment of loan	300
Balance at end	**59 134**

47.1 Derivative financial instruments - hedging

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

Date 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.

(48) 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	50 862
- promissory notes to hedge a contract	3 159
- suretyships	**118**
- assignment of receivables	**825**
Total:	**72 009**

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	4 573
Total:	**25 460**

(49) CONSTRUCTION CONTRACTS

Item	31.12.2010	31.12.2009
Total amount of costs incurred	260 365	151 588
Amount of revenue from contracts, recognised in revenue	270 239	179 804
Total amount of profit and loss recognised	9 874	28 216

(50)

The Capital Group does not have any liabilities towards the state budget or a district for obtaining ownership title to buildings and structures.

(51)

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

(52)

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

(53) 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	15 500	400	15 100	0	0

(54) 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 Południa 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	Rental of other short-term accommodation	100	**0**	**1 156**	**35**	**543**	**1 001**
Modus II Sp. z o.o.	Katowice	Construction and design works	100	**50**	**0**	**0**	**2**	**0**
Amontex PM Sp. z o.o.	Piotrków Trybunalski	Production and construction	100	**0**	**3 814**	**5 629**	**5 662**	**22 126**

No significant transactions were made with other affiliated entities.

(55)

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

(56)

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

(57)

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

(58)

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.

(59)

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

(60)

No basic errors have occurred which might have an influence on the Company's property and financial position, its liquidity, financial results or profitability. A comment is presented in Note 10.

(61) Possibility of the Capital Group's operations continuing

The financial statements of the Company were prepared on the assumption that the Company will continue its economic activity in the foreseeable future in a scope not less 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.

XI. BUSINESS SEGMENTS

(62) 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.

Geographical segments have been separated as separable areas of a business entity in which there is a distribution of goods or provision of services within a specific economic environment, subject to risk and characterised by their level of return on investment outlays made, which differs from those which are appropriate for other elements operating in a different economic environment.

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 Energomontaż-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 necesary 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.

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	338 115	59 375	254 087	16 030	8 623
Costs of products, goods and materials of segment sold	323 642	51 721	251 042	15 570	5 309
Gross profit/loss from sales	14 473	7 653	3 045	460	3 313
Management costs	20 535				
Sales costs	470				
Net profit/loss on sales	-6 532	7 653	3 045	460	3 313
Other revenue	13 972	163	2 915	0	10 894
Other costs	24 630	1 809	8 938	31	13 852
Operating profit/loss	-17 190	6 007	-2 978	428	356
Financial revenue	24 481	5 819	2 430	12	16 220
Financial expenses	10 675	3 010	3 931	-128	3 863
Gross financial result	-3 384	8 816	-4 479	569	12 713
Income tax not attributed to a particular segment	1 532				
Net financial result	**-4 915**				

Consolidated comprehensive income statement as at 31 December 2009

DESCRIPTION OF ITEM [PLN '000]	Total	Production	Construction	Commerce	Auxiliary Activities
Net revenue from sale of products and materials	274 151	57 245	194 242	16 426	6 238
Costs of products, goods and materials sold in the segment	236 054	45 047	172 558	16 191	2 257
Gross profit/loss from sales	38 097	12 198	21 684	235	3 980
Management costs	17 862				

DESCRIPTION OF ITEM [PLN '000]	Total	Production	Construction	Commerce	Auxiliary Activities
Sales costs	183				
Net profit/loss on sales	20 053	12 198	21 684	235	3 980
Other revenue	12 516	724	2 870	7	8 915
Other costs	36 760	1 238	2 853	42	32 627
Operating profit/loss	- 4 192	11 684	21 701	200	-19 731
Financial revenue	9 527	3 385	1 419	103	4 620
Financial costs	15 485	7 964	2 822	94	4 605
Gross financial result	- 10 150	7 105	21 796	209	6 504
Income tax not attributed to a particular segment	3 237				
Net financial result	**- 13 387**				

Consolidated 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 segment	415 217	49 644	207 486	7 121	127 689	23 277
Liabilities of segment	415 217	39 387	193 746	9 891	14 865	157 328

Consolidated 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 segment	471 959	26 130	140 893	8 469	103 077	193 390
Liabilities of segment	471 959	84 281	181 888	13 437	10 407	181 946

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	27 497	1 223	17 153	132	8 989
Amortisation/depreciation	9 980	2 072	5 482	79	2 347

Investment outlays and amortisation/depreciation as at 31 December 2009

DESCRIPTION OF ITEM [PLN '000]	Total	Production	Construction	Commerce	Auxiliary Activities
Investment outlays	101 279	8 446	58 802	176	33 854
Amortisation/depreciation	6 711	1 553	3 799	60	1 299

Signatures of persons representing the parent company:

Date: 17 March 2011 President of the Management Board ....

Date: 17 March 2011 Vice-President of the Management Board ....

Date: 17 March 2011 Member of the Management Board ....

Signature of person entrusted with keeping books of account:

Date: 17 March 2011 Chief Accountant ....