R E P O R T

OF AN INDEPENDENT CERTIFIED AUDITOR

on the audit of the consolidated financial statements,

which supplements the opinion concerning

THE CAPITAL GROUP OF

ENERGOMONTAŻ - POŁUDNIE

SPÓŁKA AKCYJNA

in Katowice

1. ***The audit covered the consolidated financial statements***
   for the period from 1 January 2010 to 31 December 2010
   within the period from 2 March 2011 to 18 March 2011

2. ***The financial statements were audited by:***

   Bogusława Zemełka, certified auditor of the group
   domiciled in Sosnowiec, ul. Orkana 9, Reg. No. 9368

3. ***The composition of the Management Board of the parent company*** from 1 January 2010 to the date of completing the audit was as follows:

President of the Management Board	-	**Mr Andrzej Hołda** – from 29 April 2009 to 27 December 2010
Vice-President of the Management Board	-	**Ms Alina Sowa** – from 15 July 2009 to 27 December 2010
President of the Management Board	-	**Mr Radosław Kamiński** – from 27 December 2010 to date
Vice-President of the Management Board	-	**Mr Jacek Fydrych** – from 17 January 2011 to date
Member of the		**Mr Jacek Fydrych** – from 4 September 2009 to 17 January 2011

Management Board

Member of the Management Board - **Mr Dariusz Kowzan** – from 2 February 2010 to date

The members of the Management Board were appointed or recalled by the following resolutions of the Supervisory Board:

- Resolution No. 14/2009 of 29 April 2009 on appointing Mr Andrzej Hołda President of the Management Board,
- Resolution No. 1/2009 of 13 July 2009 on appointing Ms Alina Sowa Vice-President of the Management Board,
- Resolution No. 1/2009 of 4 September 2009 on appointing Mr Jacek Fydrych Member of the Management Board,
- Resolution No. 3/2009 of 2 February 2010 on appointing Mr Dariusz Kowzan Member of the Management Board,
- Resolution No. 65/2010 of 27 December 2010 on appointing Mr Radosław Kamiński President of the Company,
- Resolution No. 66/2010 and 67/2010 of 27 December 2010 concerning the resignation of Mr Andrzej Hołda from the function of President of the Management Board and Ms Alina Sowa from the position of Vice-President of the Management Board,
- Resolution No. 5/2011 of 17 January 2011 on appointing Mr Jacek Fydrych Vice-President of the Management Board.

4. From 1 September 2007, the ***Chief Accountant*** of the parent company was Ms Wiesława Późniak.

5. ***The composition of the Supervisory Board of the parent company*** on the day of completing the audit of the consolidated financial statements was as follows:

1)	Mr Stanisław Gasinowicz	- Chairman of the Supervisory Board
2)	Mr Andrzej Wilczyński	- Deputy Chairman of the Supervisory Board
3)	Mr Marek Skibiński	- Secretary of the Supervisory Board
4)	Mr Grzegorz Wojtkowiak	- Member of the Supervisory Board
5)	Mr Radosław Kamiński	- Member of the Supervisory Board
6)	Mr Andrzej Kowalski	- Member of the Supervisory Board
7)	Mr Tomasz Woroch	- Member of the Supervisory Board

6. The certified auditor of the group audited the financial statements on the basis of Agreement No. 15/10/11 of 14 May 2010, together with Annex 1/11 of 24 January 2011 concluded with ***MW RAFIN Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa*** in Sosnowiec, ul. Kilińskiego 54/III/3 **-** authorised entity No. 3076.

   That Agreement was concluded in performance of the resolution of the Supervisory Board of Energomontaż-Południe S.A. No. 12/2010 of 29 April 2010, authorised on the basis of Article 17 par. 2 pt. 5 of the Company's Statute.

   MW RAFIN Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa in Sosnowiec and ***the certified auditor of the group*** are independent of the entity audited.

A. GENERAL PART

I. Composition of the capital group

1. The capital group covered by the consolidated financial statements consists of:

   The parent company:

   Energomontaż – Południe Spółka Akcyjna

   and its subsidiaries:

   a) subsidiaries included directly in the consolidated financial statements:

      – EP Hotele i Nieruchomości Sp. z o.o. with its registered office in Katowice
      – Modus II Sp. z o.o. with its registered office in Katowice
      – AMONTEX PM Sp. z o.o. with its registered office in Piotrków Trybunalski

2. The capital group is not a tax capital group within the meaning of the Corporate Income Tax Act.

II. Specific features of entities of the capital group

1. THE PARENT COMPANY:

1.1 Name, address, legal form of parent company

Name: **Energomontaż – Południe S.A.**

Address: **40-951 Katowice, ul. Mickiewicza 15**

1.2 Business activities

The predominant business activities are:

1) general construction,
2) construction involving erecting steel structures and buildings and building structures made of prefabricated elements,
3) water engineering construction,
4) construction of electricity, gas, water and sewage, central heating and ventilation systems and other building installations,
5) building completion,
6) specialist construction work,
7) renting of construction and demolition equipment with operator,
8) wholesale of construction materials and sanitary equipment,
9) technical tests and analyses,
10) production of metal structures and parts thereof,
11) buying and selling of own real estate.

1.3 Legal basis for the company's business

1) The Commercial Companies Code of 15 September 2000 (Journal of Laws of 2000, No. 94, item 1037, as amended),
2) The Act on Public Offerings, Conditions for Introducing Financial Instruments into an Organised Trading System and Public Companies of 29 July 2005 (Journal of Laws of 2005 No. 184, item 1539, as amended);

3) The Act on Trading in Financial Instruments of 29 July 2005 (Journal of Laws of 2005, No. 183, item 1538, as amended);.

4) The Regulation of the Minister of Finance of 19 February 2009 on current and periodic information disclosed by issuers of securities (Journal of Laws of 2009 No. 33, item 259);

5) Statute of a Joint Stock Company (*spółka akcyjna*), drawn up in the form of notarial deed Rep. A No. 1661/92 of 7 March 1992; the last amendment was adopted on 20 December 2010 – Rep. A No. 24089/2010 .

1.4 Registration authority and date of registration

Ruling of the District Court in Katowice, Commercial Division of the National Court Register of 24 January 2002 on making an entry in the commercial register under No. KRS 0000080906.
An earlier registration was carried out in the District Court in Katowice, 8th Commercial and Register Division, under No. RHB 7927.

1.5 Tax and statistical registration

Energomontaż – Południe S.A. holds industry identification number

REGON 270649263

assigned by the Statistical Office in Katowice – certificate of 20 September 2005,
and tax identification number

NIP 634-013-54-81

assigned by the Tax Authority in Katowice on 8 June 1993.
The Head of the First Silesian Tax Authority in Sosnowiec confirmed, on 24 April 2004, the registration of the Company as an EU VAT tax payer with the following number:

PL 6340135481

1.6. Share capital

The share capital of the parent company is PLN 70 972 001 and is divided into 70 972 001 ordinary bearer shares with a par value of PLN 1.00 per share.

The shareholders are:

Shareholders	Number of shares	Percentage share in stated capital
PBG S.A.	17 743 002	25.00
Renata Gasinowicz	14 504 179	20.44
Stanisław Gasinowicz	5 913 186	8.33
Others	32 811 634	46.23
Total:	70 972 001	100.00

2. SUBSIDIARIES included in the consolidation

2.1. Name: **EP Hotele i Nieruchomości Sp. z o.o.**

address: **40-951 Katowice, ul. Mickiewicza 15**

The company's **business activities** consist of conducting tourism, hotel, recreation and catering activities, mostly in a holiday centre in Mrzeżyno and a hotel in Łagisza.

Legal basis for the company's business

1) The Commercial Companies Code of 15 September 2000 (Journal of Laws of 2000, No. 94, item 1037, as amended)
2) The Articles of Association of 10 February 2000 – notarial deed Rep. A 2315/2000, last amended - Rep. A nr 1367/2009 on 06.February 2009 concerning a change to the company name.

Registration authority and date of registration

The company was entered in the commercial register under KRS 0000134975 on 29 October 2002.

Tax and statistical registration

NIP	857-17-93-653	issued on 29 October 2002
REGON	277846660	issued on 3 July 2002

Stated capital

The share capital amounts to: PLN 70 500

All the shares and all the voting rights belong to Energomontaż - Południe S.A.

2.2. Name: **Modus II Sp. z o.o.**
address: **40-951 Katowice, ul. Mickiewicza 15**

The company's **business activities** consist of developing and selling real property for its own account.

Legal basis for the company's business

1) The Commercial Companies Code of 15 September 2000 (Journal of Laws of 2000, No. 94, item 1037, as amended);
2) The Articles of Association of 13 August 2007 (notarial deed Rep. A nr 10969/2007, uniform text Rep. A nr 10974/2010 of 08 June 2010r

Registration authority and date of registration

The company was entered in the commercial register under KRS 0000289248 on 27 September 2007.

Tax and statistical registration

NIP	634-265-1376	issued on 1 October 2007
REGON	240723787	issued on 27 September 2007

Stated capital

The share capital amounts to: PLN 100 000

All the shares and all the votes belong to Energomontaż - Południe S.A.

2.3 Name: **AMONTEX Przedsiębiorstwo Montażowe Sp. z o.o.**
address: **97-300 Piotrków Trybunalski, ul. Przemysłowa 25A**

The company's **business activities** consist of the manufacture and assembly of steel constructions.

Legal basis for the company's business

3) The Commercial Companies Code of 15 September 2000 (Journal of Laws of 2000, No. 94, item 1037, as amended),

4) Articles of Association of 27 november 2002. (notarial deed Rep. A No.4993/2002, last amended on 19 February 2008 Rep No.. 1467/2010

Registration authority and date of registration

The company was entered in the commercial register under KRS 0000154195 on 6 March 2003.

Tax and statistical registration

NIP	772-21-69-137	issued on 27 December 2004
REGON	592197700	issued on 24 February 2004

Stated capital

The share capital amounts to: PLN 3 000 000

All the shares and all the votes belong to Energomontaż - Południe S.A.

III. Average annual employment in the capital group

Total	1 300	employee
including:		
- in the parent company	995	employee
- in other companies	305	employee
including:		
- in individual companies consolidated using the full method:		
- EP Hotele i Nieruchomości Sp. z o.o.	5	employee
- Modus II Sp. z o.o.	1	employee

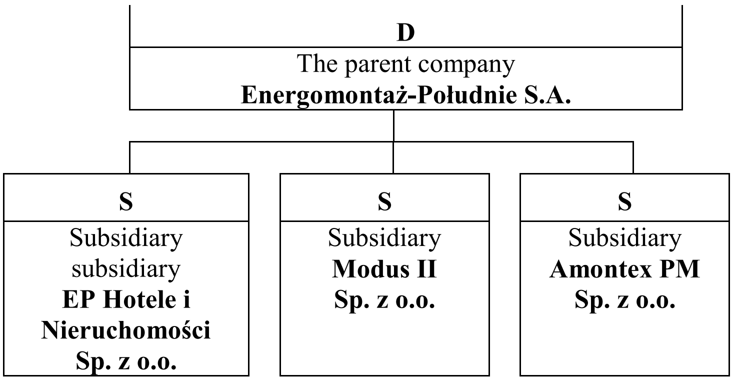
- AMONTEX PM Sp. z o.o. 299 employee

IV. Legal basis for preparing and auditing the consolidated financial statements:

1. International Financial Reporting Standards established by the International Accounting Standards Board,
2. Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002 concerning the application of international accounting standards,
3. Commission Regulation (EC) No. 1126/2008 of 3 November 2008 accepting specific international accounting standards in accordance with (EC) No. 1606/2002,
4. The Accountancy Act of 29 September 1994 (unified text Journal of Laws of 2009 No. 152, item 1223 as amended) and executive regulations issued on the basis thereof, to the extent not regulated by international financial reporting standards,
5. International Financial Reporting Standards.

V. Companies connected with the parent company by capital:

1. Outline of the capital group.



2. List of parent company and subsidiaries with data:

   – companies consolidated

[PLN '000]

	Percen	Value	Balance	Percent	Revenue	Percenta	Gross	Percenta	Average

Name	tage of shares	of shares as at 31 December 2010	sheet value as at 31 December 2010	age share in group	from sales and financial revenue 2010	ge share in group	financial result for 2010	ge share in group	annual employ ment
PARENT COMPANY									
Energomontaż – Płd. S.A.			413 416	95.80	357 663	91.62	1 078	17.48	995
SUBSIDIARIES									
EP Hotele i Nieruchomości Sp. z o.o.	100.00	70	628	0.15	1 942	0.50	396	6.42	5
Modus II Sp. z o.o.	100.00	100	16	-	-	-	- 34	- 0.55	1
AMONTEX PM Sp. z o.o.	100.00	35 875	17 476	4.05	30 770	7.88	- 7 607	- 123.35	299
Total companies consolidated		**36 045**	**431 536**	**100.00**	**390 375**	**100.00**	**- 6 167**	**100.00**	**1 300**

– subsidiaries not consolidated

Name	Percentage of shares	Value of shares as at 31 December 2010	Balance sheet value as at 31 December 2010	Percentage share in capital group	Revenue from sales and financial revenue 2010	Percentage share in capital group	Gross financial result for 2009	Percentage share in capital group	Average annual employ-ment
Open Wrocław Sp. z o.o. in bankruptcy	70.00	105							
Energomontaż-Zachód Sp. z o.o. in bankruptcy	90.30	470							
Total consolidated and non-consolidated subsidiaries		**36 020**	**431 536**	**100.00**	**390 375**	**100.00**	**- 6 167**	**100.00**	**1 300**

Bankruptcy and liquidation procedures are in progress in non-consolidated subsidiaries. Consequently the parent company does not have control over them.

VI. <u>Information concerning the influence of directors in the parent company on companies affiliated with it</u>

The influence of directors in the parent company on companies affiliated to it by capital in the period for which the financial statements were audited is as follows:

1. By sitting on supervisory boards:

AMONTEX PM Sp. z o.o.

- Mr Radosław Kamiński
- Mr Jacek Fydrych
- Mr Andrzej Hołda

2. By sitting on management boards:

   EP Hotele i Nieruchomości Sp. z o.o.
   - Mr Sławomir Chomiuk

VII. The consolidated financial statements of the Energomontaż-Południe S.A. capital group for 2009

1. The statements were audited by MW RAFIN Marian Wcisło Spółka Komandytowa in Sosnowiec, which issued a certified auditor's opinion without re servations. It c overed the financial state ments of the parent company Energomontaż – Południe S.A. and subsidiaries included in the statements.
2. The consolidated financial statements for 2009 of the Energomontaż - Południe S.A. capital group were approved by Resolution No. 6 of the Ordinary General Meeting of Shareholders of Energomontaż - Południe S.A. on 14 June 2010. (notarial deed Rep. A No. 11055/2010).
3. These fina ncial state ments were publi shed in *Monitor Polski – B* No. 2 050 item 11031 of 20 October 2010.
4. The consolidated financial statements for 2009 a nd the report on activities of the capital group, the opinion and report on the audit and the notarial deed of the General Meeting of S hareholders approving the above state ments were submitted:
   - to the District Court in Katowice through a filing dated 25 June 2010
   - to the Tax Authority in Sosnowiec through a filing dated 17 June 2010.

VIII. Conclusions and r ecommendations of the certified auditor of the group, concerning the audit of the consolidated financial statements for the previous year

were not provided.

IX. **The audited consolidated financial statements** prepared for the period from 1 January 2010 to 31 December 2010, i.e. as at the balance sheet day 31 December 2010, consist of:

a) the consolidated statement of financial position as at 31 December 2010, which discloses a total on both the assets and liabilities side of	**415 217**	**[PLN '000]**
b) the consolidated statement of comprehensive income for the period from 1 January 2010 to 31 December 2010, showing a **loss** of	**4 915**	**[PLN '000]**
c) the statement of changes in consolidated equity, showing a **decrease** in equity of	**7 505**	**[PLN '000]**
d) the consolidated cash flow statement, showing a **decrease** in the state of net cash and cash equivalents in the course of the financial year of	**8 769**	**[PLN '000]**
e) additional information		

X. **The director of the parent company** submitted all the declarations, clarifications and information requested by the certified auditor.

Neither the scope nor the methods of the audit were restricted in the course of the audit.

XI. **Audit of financial statements of the consolidated companies:**

1. The financial statements for 2010 of consolidated companies using the full method were audited by MW RAFIN Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa in Sosnowiec, as a result of which opinions without reservations and reports on the audit were issued.

a) in the parent company Energomontaż – Południe S.A.
   - under Agreement No. 14/10/10 of 14 May 2010 and Annex No. 1/11 of 24 January 2011.
   - opinion without reservations,

c) in the subsidiary EP Hotele i Nieruchomości Sp. z o.o.
   - under Agreement No. 81/10/11 of 4 October 2010 and the following annexes: No. 1/11 of 24 January 2011 and No. 2/11 of 18 February 2011.
   - opinion without reservations with a note on losses incurred in previous years in excess of the total amount of capital,

d) in the subsidiary Modus II Sp. z o.o.
   - under Agreement No. 82/10/11 of 4 October 2010 and Annex No. 1/11 of 24 January 2011.
   - opinion containing no reservations with a note concerning the loss incurred, which together with the loss from previous years exceeded one-half of the share capital and existing threat to the continuation of the company's operations in view of its temporary suspension,

e) in the subsidiary Amontex PM Sp. z o.o.
   - under Agreement No. 41/10/11 of 13 October 2010 and the following annexes: No. 1/10 of 14 October 2010 and No. 2/11 of 24 January 2011.
   - opinion containing no reservations with a note concerning the sum of the losses for the current period and previous years exceeding the capitals held and an unreliable estimation of the performed construction-assembly works.

2. The following were excluded from consolidation:

   - the subsidiaries:
     - Open Wrocław Sp. z o.o. – bankruptcy rejected by the court
     - Energomontaż - Zachód Sp. z o.o. in bankruptcy and liquidation

   because the parent company lost the possibility of directing the financial and operating policy of those companies in order to achieve economic benefits. This is in keeping with IAS 27 paragraph 21.

XII. Corporate structure and methods of consolidation of financial statements

The consolidated financial statements were prepared on the basis of the financial statements of the companies making up the capital group and were collated as if the group constituted a single economic entity.

The full consolidation method was used for the statements of:

- the parent company Energomontaż – Południe S.A.

and the subsidiaries:

- EP Hotele i Nieruchomości Sp. z o.o. in Katowice
- Modus II Spółka z o.o. in Katowice
- AMONTEX PM Sp. z o.o. in Piotrków Trybunalski.

B. DETAILED PART OF THE REPORT

The correctness of the accounting system used

1. The parent company and subsidiaries consolidated possess current documents describing the accounting principles (policy) followed by them.

   Since 1 January 2005 the parent company has accepted the accounting principles set out in the International Financial Reporting Standards and associated interpretations published in the form of executive regulations of the European Commission and, to the extent not regulated in those standards, in the Accountancy Act and executive provisions issued on its basis.
   The books of account were opened on the basis of the closing balance which was correctly drawn up, audited and approved.

2. The consolidated companies decided that the financial year was the calendar year, and that the reporting periods were calendar months making up the calendar year.

3. For consolidation purposes, the financial statements were prepared for the period

from 1 January 2010 to 31 December 2010, and the figures provided in them were compared with those of the previous year.

4. Subsidiaries prepare their financial statements in accordance with International Financial Reporting Standards.

   The consolidated companies accepted identical methods for the valuation of assets and liabilities and for drawing up the financial statements, in accordance with the accepted principles (policy) specified in IFRS, maintaining comparability and the possibility of a correctly prepared consolidation. The companies accepted the principle of preparing the income statement using the calculation method, and the cash flow statement using the indirect method.

   The companies audited within the consolidated financial statements used accounting principles and methods which were the condition for the correct preparation of the consolidation documents and consolidated statements.

5. In the assessment of the certified auditors auditing the financial statements of the consolidated companies, their IT systems are interconnected, ensuring full efficiency and compliance of the results of processing on the computer with the documentation and accounting evidence.

6. The correctness of the books of account maintained in the companies and their compliance with documents describing the accepted accounting principles was the subject of audit by the certified auditors of the non-consolidated financial statements.

   No irregularities in this respect were ascertained in the course of the audit.

   It was also established that:

   – the books of account are kept at the registered offices of the companies,
   – the companies have a proper system of archiving accounting evidence and books of account.

7. The consolidated financial statements were prepared in accordance with the obligatory form established in the “Accounting policy of Energomontaż - Południe S.A.”, on the basis of IFRS.

   With respect to matters not regulated by IFRS, consolidation is carried out in accordance with the requirements of the Accountancy Act and executive provisions issued on its basis.

8. Consolidation adjustments and exclusions were made in accordance with IAS 27 paragraphs 22 - 36 and clauses 10 – 17 of the regulation of the Minister of Finance of 8 August 2008 concerning detailed principles of preparing consolidated financial statements of capital groups by entities other than banks and insurance companies (Journal of Laws of 2008 No. 162 item 1004).

9. The parent company is in possession of consolidation documents required by law which constitute the basis for the preparation of the consolidated financial statements for 2010, and which consist of:

   – the financial statements of companies comprising the capital group in 2010,
   – all consolidation adjustments and exclusions necessary to prepare the consolidated financial statements,
   – the calculation of the fair value of net assets of a subsidiary,
   – the calculation of goodwill from consolidation.

8. In the companies consolidated using the full method, the certified auditors audited the correctness and reliability of keeping the books of account, as well as valuation and the preparation of the financial statements, providing positive opinions (Article 65 of the Accountancy Act) on the reliability and correctness of those statements as well as the correctness of books of account constituting the basis for preparing them.

C. ASSESSMENT OF ASSETS AND LIABILITIES AND FINANCIAL CONDITION

1. The change in the balance of assets as at 31 December 2010 in relation to the balance as at 31 December 2009 and its structure are as follows:

[PLN '000]

Assets	At the end of the period		At the beginning of the period		Change 2:4
	Amount	Structure %	Amount	Structure %	%
1	2	3	4	5	6
Non-current assets	**170 845**	**41.15**	**169 030**	**35.81**	**101.07**
1. Property, plant and equipment	63 752	15.35	57 268	12.13	111.32

2. Intangible assets	1 693	0.41	1 413	0.30	119.82
3. Goodwill of subsidiaries	-	-	1 700	0.36	
4. Investment properties	92 377	22.25	93 998	19.92	98.28
5. Financial assets	309	0.08	333	0.07	92.79
6. Non-current receivables	-	-	-	-	-
7. Long-term prepayments and deferred costs	12 714	3.06	14 318	3.03	88.80
Current assets	**244 372**	**58.85**	**302 929**	**64.19**	**80.67**
1. Inventories	90 409	21.77	67 338	14.27	134.26
2. Current receivables	112 847	27.18	180 505	38.25	62.52
3. Short-term prepayments and deferred costs	24 509	5.90	32 679	6.92	75.00
4. Current financial assets	3 023	0.73	293	0.06	1031.74
5. Cash and cash equivalents	13 584	3.27	22 114	4.69	61.43
Total assets	**415 217**	**100.00**	**471 959**	**100.00**	**87.98**

Assets decreased by PLN 56 742 000, which constitutes 12.02 %
of the total assets from the previous year and is:

- an increase in tangible assets by 1.07 %
- an increase in current assets by 19.33 %

The increase in assets occurred mainly in the items:

- property, plant and equipment 6 484 [PLN '000]
- inventories 23 071 [PLN '000]

Zmniejszenie aktywów dotyczy głównie:

- increase in current receivables 67 658 [PLN '000]
- current accruals 8 170 [PLN '000]
- cash and cash equivalents 8 530 [PLN '000]

2. **The change in the balance of the sources of origin of assets as at 31 December 2010 in relation to the balance as at 31 December 2009 and its structure are as follows:**

[PLN '000]

Liabilities	At the end of the period		At the beginning of the period		Change 2:4
	Amount	Structure %	Amount	Structure %	%
1	2	3	4	5	6
Equity	**162 441**	**39.12**	**169 946**	**36.01**	**95.58**
including:					
1. Stated capital	92 307	22.23	69 725	14.77	132.39
2. Other reserves	119 673	28.82	123 644	26.20	96.79
3. Retained loss	- 44 624	- 10.75	- 10 036	-2.13	444.64
4. Net profit (loss)	- 4 915	- 1.18	- 13 387	- 2.83	36.71
5. Minority capital	-	-	-	-	-
Non-current liabilities	**76 674**	**18.47**	**103 438**	**21.92**	**74.13**
1. Provisions	12 312	2.97	11 516	2.44	106.91
2. Financial liabilities	64 362	15.50	91 922	19.48	70.02
Current liabilities	**176 102**	**42.41**	**198 575**	**42.07**	**88.68**
1. Provisions	2 806	0.67	3 197	0.68	87.77
2. Financial liabilities	66 216	15.95	72 660	15.39	91.13
3. Current liabilities	107 080	25.79	122 718	26.00	87.26
TOTAL EQUITY AND LIABILITIES	**415 217**	**100.00**	**471 959**	**100.00**	**87.98**

Equity and liabilities also decreased by 56 742 [PLN '000]

and this decrease is mainly due to:

- decrease in equity 7 505 [PLN '000]
- decrease in non-current liabilities 26 764 [PLN '000]
- decrease in current liabilities 22 473 [PLN '000]

3. **Financial results of the capital group in the period being audited in relation to the previous year are as follows:**

[PLN '000]

Item	Subject	Current year + profit - loss	Previous year + profit - loss	Rate	
				+ improvement - deterioration	% (5 : 4)
1	2	3	4	5	6

1.	Result from sales of products, goods and materials	+ 14 473	+ 38 097	- 23 624	- 62.01
2.	Result from other revenues and costs	- 31 663	- 42 289	+ 10 626	+ 25.13
3.	Result from financial revenues and costs	+ 13 806	- 5 958	+ 19 764	+331.72
4.	Gross loss	- 3 384	- 10 150	+ 6 766	+ 66.66
5.	Income tax	1 531	3 237	+ 1 706	x
6.	Minority profits	-	-	-	-
7.	Net loss	- 4 915	- 13 387	+ 8 472	+ 63.29

In 2010 a net balance sheet loss was achieved 4 915 [PLN '000]

which is lower compared with 2009 by 8 472 [PLN '000]

It is mainly the outcome of a decrease in profit on:

- sales of products, goods and materials by 23 624 [PLN '000]

and an improvement of the result on:

- other revenue and costs 10 626 [PLN '000]
- revenue and finance costs 19 764 [PLN '000]

4. <u>Key p rofitability, financial li quidity, debt and c apital market ratios are as follows:</u>

Item	Ratio	Current year	Previous year	Improvemen t + Deterioratio n –
1	2	3	4	5
1.	Sales profitability ratio	- 1.45	- 4.88	+ 3.43
2.	Current liabilities coverage ratio	1.39	1.53	- 0.14
3.	Ratio of payment of liabilities	0.74	1.02	- 0.28
4.	Receivables turnover rate	70 days	60 days	- 10 days
5.	Liabilities turnover rate	49 days	65 days	16 days
6.	Debt ratio	0.61	0.64	+ 0.03
7.	Ratio of profit per share	- 0.07	- 0.28	+ 0.21

8.	Book value per share	2.36	3.56	- 1.20

The profitability ratios are negative. The financial liquidity ratios are at the correct level. The liabilities repayment cycle is 16 days shorter compared with the previous period and exceeds the receivables collection cycle by 21 days. The debt ratio is at a good level.
The ratios from the cash flow statement are negative.

5. Final conclusions

The presented assessment of the assets and financial situation shows a decrease in the assets of the capital group, and a decrease in equity and liabilities.

Revenue from sales shows an upward trend compared with previous reporting periods.

The profitability, financial liquidity, debt and capital market ratios are at a satisfactory level.

The losses in the current economic activity of the subsidiaries Modus II Sp. z o.o. and EP Hotele i Nieruchomości Sp. z o.o. do not significantly influence the assets situation and financial result of the capital group.
In the case of AMONTEX PM Sp. z o.o., the losses in the economic activity generated in the current year and previous periods are considerably affecting the financial result and assets situation of the group.

D. RESULTS OF THE AUDIT OF ASSETS, THEIR SOURCES OF ORIGIN AND ITEMS AFFECTING THE OPERATING RESULT OF THE CAPITAL GROUP

I. TANGIBLE ASSETS

1. Property, plant and equipment

1) The initial value of consolidated tangible assets is:

– of the parent company	103 154	[PLN '000]
– of subsidiaries	5 582	[PLN '000]
Total:	**108 736**	**[PLN '000]**
– consolidation adjustment	-	[PLN '000]
Initial value after adjustments	108 736	[PLN '000]

2) The depreciation of consolidated tangible assets is:

– of the parent company	46 671	[PLN '000]
– of subsidiaries	2 568	[PLN '000]
Total:	**49 239**	**[PLN '000]**
– consolidation adjustment	3	[PLN '000]
Depreciation after adjustments	49 242	[PLN '000]

3) The net value of tangible assets after consolidation adjustments, shown in the financial statements as at 31 December 2010 is (1-2) 59 494 [PLN '000]

The total net value of tangible assets is broken down into:

a) land (including right of perpetual usufruct of land)	408	[PLN '000]
b) constructions, premises and civil engineering projects	30 784	[PLN '000]
c) technical equipment and machinery	14 580	[PLN '000]
d) means of transport	10 816	[PLN '000]
e) other property, plant and equipment	2 906	[PLN '000]
Total tangible assets	**59 494**	**[PLN '000]**
f) tangible assets under construction	4 258	[PLN '000]
Total property, plant and equipment		

shown in the balance sheet as at 31 December 2010	**63 752**	**[PLN '000]**
Percentage share in the balance-sheet total	15.35	%

4) The increase in the balance of tangible assets compared with the previous year is due to the purchase and modernisation of tangible assets.

No write-downs were made due to loss of value of tangible assets.

5) In 2010 outlays for the construction of tangible assets and intangible assets are, according to the non-consolidated statements:

a) Outlays in:

– the parent company	21 271	[PLN '000]
– subsidiaries	473	[PLN '000]
Total outlays	**21 744**	**[PLN '000]**

b) Sources of finance 21 744 [PLN '000]

of which:

– amortisation/depreciation	9 981	[PLN '000]
– profit from sale of tangible assets	93	[PLN '000]
– financial leasing	10 911	[PLN '000]
– sale of shares	558	[PLN '000]
– own funds	36	[PLN '000]
Total sources of finance	21 579	[PLN '000]

Financing of outlays for the construction of tangible assets is as follows:

– liabilities at beginning of period	76 918	[PLN '000]
– outlays for the construction of tangible assets	22 302	[PLN '000]
Total funds needed	**99 220**	**[PLN '000]**
– liabilities at end of period	71 772	[PLN '000]
– outlays financed	27 448	[PLN '000]

Liabilities from the construction of tangible assets at the end of the period, amounting to PLN 264 000, are overdue.

2. Intangible assets

1) The initial value of consolidated intangible assets is:

– of the parent company	3 725	[PLN '000]
– of subsidiaries	29	[PLN '000]
Total:	**3 754**	**[PLN '000]**

2) The depreciation of intangible assets of the consolidated companies is as follows:

– of the parent company	1 592	[PLN '000]
– of subsidiaries	12	[PLN '000]
Total:	**1 604**	**[PLN '000]**

3) The write-down due to permanent loss of goodwill amounts to:	2 015	[PLN '000]
4) The net value of intangible assets shown as at 31 December 2010 is (1 - 2 - 3)	135	[PLN '000]
5) Outlays on intangible assets	1 558	[PLN '000]
6) Total net value as at 31 December 2009	1 693	[PLN '000]
Percentage share in the balance-sheet total	0.41	%

Tangible assets, intangible assets and tangible and intangible assets under construction have been shown correctly in the consolidated financial statements at the end of the period.

3. Goodwill of subsidiaries

Does not appear in the financial statements.

Goodwill amounting at the end of 2009 to	27 919	[PLN '000]

- was written off from the result of previous years in the amount of 26 219 [PLN '000]
- reduced on account of repayment of the additional payment to shares in the current year 1 700 [PLN '000]

4. **Investments in real property** amount to:

[PLN '000]

	Gross value	Depreciation	Net value
Real estate	92 377	-	92 377
Percentage share in the balance-sheet total			22.25 %

Investments in real property have been shown at fair value, on the basis of a market valuation provided by a property valuer.

Profits or losses resulting from changes of fair value have been recognised in the income statement.

Investments in real property have been correctly disclosed in the consolidated financial statements.

5. **Financial assets** *amount to:*

[PLN '000]

	Gross value	Write-downs	Balance-sheet valuation	Book value
Non-current financial assets	1 562	1 251	- 2	309
a) in subsidiaries and companies which are not trading companies, and jointly controlled companies, not measured by the full or proportional consolidation method	576	576	-	-
- ownership interests or shares	576	576	-	-
b) in other companies	986	675	- 2	309

- shares held for sale	216	-	- 2	214
- other shares	770	675	-	95
Total shown in statements	**1 562**	**1 251**	**- 2**	**309**

Percentage share in the balance-sheet total 0.08 %

As a result of consolidation by the full method, shares acquired by the parent company in the consolidated subsidiaries referred to below were excluded from non-current financial assets:

	Gross value	Write-downs	Net value	
– EP Hotele i Nieruchom. Sp. z o.o.	70	70	-	[PLN '000]
– Modus II Sp. z o.o.	100	-	100	[PLN '000]
AMONTEX PM Sp. z o.o.	35 875	35 875	-	[PLN '000]
Total	**36 045**	**35 945**	**100**	**[PLN '000]**

Total ownership interests and shares held by the parent company and sudsidiaries 37 607 [PLN '000]

Non-current loans granted in the amount of PLN 3 582 were also subject to consolidation exclusion.

Non-current financial assets have been correctly disclosed in the consolidated financial statements.
The exclusions and adjustments in the value of ownership interests and shares were determined in accordance with the required consolidation procedure.

6. Long-term prepayments and deferred costs:

Shown in the consolidated statements in the amount of 12 714 [PLN '000]
Percentage share in the balance-sheet total 3.06 %

consist of:

Deferred income tax assets 3 716 [PLN '000]
Other accruals 8 998 [PLN '000]

Deferred income tax assets were determined on the basis of negative temporary differences occurring between the book value and the tax amount of balance-sheet assets and liabilities in the parent company and subsidiaries.

Other accruals and deferred income are finance costs from finance leases, to be paid after 31 December 2011.

Long-term prepayments and deferred costs have been correctly disclosed in the consolidated financial statements.

II. CURRENT ASSETS

1. Inventories

Inventories at the end of the period amount to	90 409	[PLN '000]
Percentage share in the balance-sheet total	21.77	%

of which:

1) materials	5 171	[PLN '000]
2) semi-finished products and products in progress	6 246	[PLN '000]
3) finished products	66 371	[PLN '000]
4) goods	18 835	[PLN '000]
5) write-down of materials	- 6 214	[PLN '000]

The aforementioned total inventories are broken down as follows:

– parent company	90 054	[PLN '000]
– subsidiaries	355	[PLN '000]
Total:	90 409	[PLN '000]

Inventories shown in the consolidated financial statements were adjusted by:

– exclusions of unrealised margin on inventories	260	[PLN '000]

The value of inventories was correctly determined and disclosed in the consolidated financial statements.

1.1. Non-rotating inventories amount to	493	[PLN '000]

A write-down of PLN 200 000 was made in relation to non-rotating inventories. Other non-rotating inventories will be used for production.

2. Current receivables

Gross current receivables disclosed in the non-consolidated statements of companies amount to:	151 746	[PLN '000]
reduced by:		
– gross exclusions and consolidation adjustments	10 801	[PLN '000]
– revaluation write-downs	4 803	[PLN '000]
– equivalent of amounts increasing write-downs	23 295	[PLN '000]
Current receivables as at 31 December 2010	112 847	[PLN '000]
Percentage share in the balance-sheet total	27.18	%
of which:		
– receivables from affiliated companies	-	[PLN '000]
– receivables from other companies	112 847	[PLN '000]
Gross trade receivables amount to:	100 952	[PLN '000]
reduced by:		
– consolidation exclusions	6 580	[PLN '000]
– revaluation write-downs	4 340	[PLN '000]
– equivalent of amounts increasing write-downs	1 332	[PLN '000]
Net trade receivables	88 700	[PLN '000]

Write-downs counted towards other costs were made in the companies for doubtful and disputed receivables.

In accordance with the certified auditors' reports, receivables were measured at the required payment value.

Receivables disclosed in the financial statements of the companies in the capital group were adjusted by exclusions of mutual settlements made between the consolidated companies, and also by adjustments resulting from mutual settlements.

The amount of gross trade receivables consists of:

a)	not overdue	68 999	[PLN '000]
b)	overdue	31 953	[PLN '000]

of which, payable:

-	up to three months	29 083	[PLN '000]
-	from 3 to 6 months	505	[PLN '000]
-	from 6 to 12 months	146	[PLN '000]
-	over 12 months	2 219	[PLN '000]
	Total (a+b)	**100 952**	**[PLN '000]**

The balance of trade receivables as at 31 December 2010 disclosed in the non-consolidated statements of companies amounts to:	95 280	[PLN '000]
Exclusions of settlements made between companies of the capital group from receivables for mutual services and consolidation adjustments amount to:	6 580	[PLN '000]
The balance of trade receivables after making adjustments and consolidation exclusions as at 31 December 2010 amounts to:	**88 700**	**[PLN '000]**

Adjustments and exclusions were determined in accordance with IAS 27 and provisions of the regulation of the Minister of Finance of 8 August 2008 concerning detailed principles of preparing consolidated statements of capital groups by entities other than banks and insurance companies (Journal of Laws No. 162 item 1004).

Consolidated trade receivables were disclosed in the correct amount in the financial statements.

2.1. **Receivables referred to courts** are as follows:

	Balance as at the end of the period		Balance as at the beginning of the period	
- receivables referred to court	58	[PLN '000]	3 063	[PLN '000]
- revaluation write-down	58	[PLN '000]	3 063	[PLN '000]

- balance of receivables after reduction by revaluation write-downs	-	[PLN '000]	-	[PLN '000]
- in the parent company, disputed receivables amount to:	37	[PLN '000]	3 172	[PLN '000]

2.2. Receivables on account of taxes, donations, customs duties and social insurance

were determined as amounting to	22 913	[PLN '000]
and concern:		
- VAT	17 888	[PLN '000]
- corporate income tax advance overpayments	5 014	[PLN '000]
- others	11	[PLN '000]

No consolidation adjustments or exclusions were made in this item.

Other gross receivables amount to:	27 823	[PLN '000]

The following were made in this item:

– consolidation exclusions	4 221	[PLN '000]
– revaluation write-downs	405	[PLN '000]
– equivalent of amounts increasing write-downs	21 963	[PLN '000]

Other receivables were disclosed in the consolidated statements for the amount of	1 234	[PLN '000]

The item was correctly disclosed in the consolidated financial statements.

3. Short-term prepayments and deferred costs

amount to	24 509	[PLN '000]
Percentage share in the balance-sheet total	5.90	%
including:		
– insurance	455	[PLN '000]
– - telecommunications services	146	[PLN '000]
– costs of the next period	165	[PLN '000]
– uninvoiced sales relating to long-term contracts		

	19 761	[PLN '000]
– lease charges	3 062	[PLN '000]
– costs of loss on contracts	439	[PLN '000]
– accommodation costs payable in advance	137	[PLN '000]
– others	344	[PLN '000]

The aforementioned items of accruals and deferred income are correctly measured. In this item, consolidation exclusions in the amount of PLN 2 000 were made. The item was disclosed correctly in the consolidated financial statements.

4. Current financial assets amount to	3 023	[PLN '000]
Percentage share in the balance-sheet total	0.73	%

and constitute foreign exchange forward contracts.

In the current financial assets item, consolidation exclusions of PLN 1 576 000 were made for a loan granted.
Current financial assets have been correctly disclosed in the consolidated financial statements.

5. Cash and cash equivalents amount to

	Gross value	Write-downs	Carrying value	
Cash and other pecuniary assets	13 584	-	13 584	[PLN '000]
- cash in hand and in accounts	2 585	-	2 585	[PLN '000]
- current term deposits	10 999	-	10 999	[PLN '000]
Percentage share in the balance-sheet total			3.27	%

Cash and cash equivalents were disclosed correctly in the consolidated financial statements. No consolidation exclusions were made in this item.

III. EQUITY

1. Equity amounts to	162 441	[PLN '000]
Percentage share in the balance-sheet total	39.12	%
and consists of:		
1) Stated capital	92 307	[PLN '000]
2) Supplementary capital	39 308	[PLN '000]
3) Revaluation reserve	10 397	[PLN '000]
4) Other capital reserves	69 968	[PLN '000]
5) Retained loss	- 44 624	[PLN '000]
6) Net loss	- 4 915	[PLN '000]
7) Minority capital	-	[PLN '000]

2. The stated capital of the capital group

amounts to:	95 477	[PLN '000]
Exclusions and value adjustments of ownership interests of subsidiaries in the capital group as at 31 December 2010 amount to	3 170	[PLN '000]
The stated capital as at 31 December 2010 disclosed in the consolidated balance-sheet has been correctly determined and amounts to	92 307	[PLN '000]

Exclusions concerning ownership interests in subsidiaries constitute:

– EP Hotele i Nieruchomości Sp. z o.o.	70	[PLN '000]
– Modus II Sp. z o.o.	100	[PLN '000]
– AMONTEX PM Sp. z o.o.	3 000	[PLN '000]
Total	3 170	[PLN '000]

3. Capital reserves	39 308	[PLN '000]

The total capital of the parent company and subsidiaries in the capital group

as at 31 December 2010 amounts to	42 774	[PLN '000]
– consolidation exclusions concerning ownership interests acquired	- 5 399	[PLN '000]

– consolidation adjustment of due dividend	1 933	[PLN '000]

Capital reserves were correctly disclosed in the consolidated financial statements.

4. Revaluation reserve in the amount of	10 397	[PLN '000]

The total capital of the parent company and subsidiaries in the capital group

as at 31 December 2010 amounts to	10 832	[PLN '000]
– consolidation exclusions concerning ownership interests acquired	435	[PLN '000]

The revaluation reserve as at 31 December 2010 was disclosed correctly in the consolidated financial statements.

5. Other reserves in the amount of	69 968	[PLN '000]

apply to the parent company.

Other reserves as at 31 December 2010 were disclosed correctly in the consolidated financial statements.

6. Retained loss

The total retained loss of the parent company and subsidiaries of the capital group as at 31 December 2010 amounts to	48 384	[PLN '000]
Exclusions and consolidation adjustments amount to	3 760	[PLN '000]

The retained loss disclosed in the consolidated financial statements was determined correctly and amounts to PLN 44 624 000.

7. Net loss	4 915	[PLN '000]

of which:

– loss of the parent company	- 601	[PLN '000]
– loss of subsidiaries	- 7 098	[PLN '000]

including:

- EP Hotele i Nieruchomości Sp. z o.o. 398 [PLN '000]
- Modus II Sp. z o.o. - 34 [PLN '000]
- AMONTEX PM Sp. z o.o. - 7 462 [PLN '000]

– exclusions and consolidation adjustments 2 784 [PLN '000]

including:

- unrealised profits recognised in tangible assets - 2 [PLN '000]
- adjustment of re venues, credited to Company Social Benefits Fund - 66 [PLN '000]
- revaluation a djustment of ownership int erests in subsidiary 2 852 [PLN '000]

IV. LIABILITIES AND PROVISIONS FOR NON-CURRENT LIABILITIES

1. **Provisions for liabilities** amount to 12 312 [PLN '000]

Percentage share in the balance-sheet total 2.97 %

Provisions for liabilities consist of:

1) provision for deferred income tax 6 135 [PLN '000]
2) provisions for employee benefits 6 177 [PLN '000]

of which:

– parent company 12 124 [PLN '000]
– subsidiaries 188 [PLN '000]

No consolidation adjustments were made with respect to provisions.

Provisions for non -current liabilities were di sclosed correctly in th e consolidated financial statements.

2. **Financial liabilities**

in the audited capital group amount to	64 362	[PLN '000]
Percentage share in the balance-sheet total	15.50	%
and concern:		
- other companies	64 362	[PLN '000]
on account of:		
a) borrowings	4 831	[PLN '000]
b) finance leases	59 531	[PLN '000]
Consolidation exclusions of loans granted to subsidiaries amount to	3 582	[PLN '000]

Non-current financial liabilities were disclosed correctly in the consolidated financial statements.

V. LIABILITIES AND PROVISIONS FOR CURRENT LIABILITIES

1. Provisions for liabilities amount to	2 806	[PLN '000]
Percentage share in the balance-sheet total	0.67	%
Provisions for liabilities consist of:		
1) provisions for employee benefits	1 060	[PLN '000]
2) other provisions	1 746	[PLN '000]
of which:		
– parent company	1 844	[PLN '000]
– subsidiaries	962	[PLN '000]

No consolidation adjustments were made with respect to provisions.

Provisions for liabilities were disclosed correctly in the consolidated financial statements.

2. Financial liabilities

amount to	66 216	[PLN '000]
Percentage share in the balance-sheet total	15.95	%

and concern liabilities on account of:

1) borrowings	54 303	[PLN '000]
2) leasing liabilities	11 628	[PLN '000]
3) long-term currency contracts	285	[PLN '000]

With regard to current financial liabilities, consolidation exclusions of PLN 1 601 000 were made for loans.

Financial liabilities were correctly disclosed in the consolidated financial statements.

3. <u>Current liabilities</u>

amount to	107 080	[PLN '000]
Percentage share in the balance-sheet total	25.79	%

and concern liabilities:

1) Towards associated companies	-	[PLN '000]
2) Towards other companies	86 892	[PLN '000]
a) trade liabilities	49 922	[PLN '000]
b) advance payments received for deliveries	21 671	[PLN '000]
c) on account of taxes, customs duty, insurance and other fees	6 936	[PLN '000]
d) on account of remuneration	5 388	[PLN '000]
e) other	2 975	[PLN '000]
3) Accruals and deferred income	20 188	[PLN '000]

From the total amount of short-term liabilities, for:

– parent company	105 265	[PLN '000]
– subsidiaries	12 425	[PLN '000]
Total:	**117 690**	**[PLN '000]**

Consolidation exclusions amount to	10 610	[PLN '000]

and were correctly determined.

3.1. The time structure of trade liabilities

is as follows:

a) not overdue	37 686	[PLN '000]
b) overdue	18 816	[PLN '000]
payable:		
– up to three months	8 037	[PLN '000]
– from 3 to 6 months	8 485	[PLN '000]
– from 6 to 12 months	828	[PLN '000]
– over 12 months	1 466	[PLN '000]
Total (a + b)	56 502	[PLN '000]

In trade liabilities, exclusions were made amounting to	6 580	[PLN '000]

As a result of the audit, the certified auditor acknowledges that trade liabilities were disclosed in correct amounts in the consolidated statements.

3.2. Significant detailed items of current liabilities are:

<u>Advance payments received for deliveries</u>	21 671	[PLN '000]
concern:		
– of the parent company	21 507	[PLN '000]
– of subsidiaries	164	[PLN '000]

There were no consolidation exclusions on account of advance payments received for deliveries.

<u>Liabilities from taxes, customs duty, insurance and other fees</u>

amount to	6 936	[PLN '000]
and constitute:		
– personal income tax	1 426	[PLN '000]

– settlements with the Social Security Office	4 687	[PLN '000]
– settlements with the State Fund for the Rehabilitation of the Disabled	31	[PLN '000]
– VAT settlements	792	[PLN '000]

Liabilities from remuneration in the amount of	5 388	[PLN '000]

concern employee remuneration for December 2009 paid in January 2010

Other liabilities amounting to	2 975	[PLN '000]
concern:		
– deductions from remuneration	224	[PLN '000]
– insurance	820	[PLN '000]
– construction in progress	704	[PLN '000]
– - deposits	437	[PLN '000]
– other liabilities	790	[PLN '000]

3.3. Accruals and deferred income amount to	20 188	[PLN '000]
and consist of:		
1) accrued expenses	6 925	[PLN '000]
2) settlement of long-term contracts	12 941	[PLN '000]
3) subsidies	322	[PLN '000]

Accruals and deferred income were correctly disclosed in the consolidated financial statements.

VI. FINANCIAL RESULT

The consolidated statement of comprehensive income of the capital group was prepared by:

– ***combining,*** in a full amount, individual items of non-consolidated statements of comprehensive income of the parent company and subsidiaries and making exclusions of amounts of transactions occurring between companies, determined in accordance with IAS 27 and executive regulations of the

Accountancy Act,

– ***determining*** goodwill from consolidation and making a write-down of it,

– ***making*** consolidation adjustments concerning: the release of write-downs, the valuation of shares, write-downs of unrealised profits in inventories and tangible assets.

The statement of comprehensive income was prepared in accordance with IAS 27, IAS 28 and provisions of the regulation of the Minister of Finance of 8 August 2008 concerning detailed principles of preparing consolidated financial statements of capital groups by entities other than banks and insurance companies (Journal of Laws of 2008 No. 162 item 1004).

1. Revenues and costs and the financial result as stated in the statement of comprehensive income are as follows:

[PLN '000]

Subject	**Sales revenues and other revenues**	**Correspondin g costs**	**Result + profit - loss**
1	2	3	4
A. Revenues from the sale of products, goods and materials and costs incurred	338 115	323 642	
I. Products	324 939	307 175	
II. Goods and materials	13 176	16 467	
B. Gross profit on sales (I+II)			14 473
C. Other revenue	13 972		
D. Sales costs		470	
E. General management costs		20 535	
F. Other costs		24 630	
G. Operating profit (B+C-D-E-F)			- 17 190
H. Financial revenue	24 481		
I. Financial expenses		10 675	
J. Gross pre-tax loss (G+H-I)			- 3 384

K. Present income tax			571
L. Deferred income tax			960
M. Minority profits			-
N. Net loss (J-K+/-L-M)			-4 915
O. Other total income			8
P. Total overall income			- 4 907

1.1. Revenue from sales as at 31 December 2010 recognised in non-consolidated statements of comprehensive income amounts to	365 869	[PLN '000]
Exclusions and adjustments of revenue from activities of consolidated companies amount to	27 754	[PLN '000]
Revenue from sales, disclosed in the consolidated income statement, amounts to	338 115	[PLN '000]

Revenue from sales was correctly determined and disclosed in the consolidated statement of comprehensive income.

1.2. Costs of operating activities as at 31 December 2010 recognised in non-consolidated statements of comprehensive income amount to	352 537	[PLN '000]
Exclusions and adjustments of costs of activities of companies amount to	28 895	[PLN '000]
Costs of operating activities disclosed in the consolidated statement of comprehensive income	323 642	[PLN '000]
Profit from sales of the capital group (1.1. – 1.2.) – 1.2.)	14 473	[PLN '000]

Costs of operating activities were correctly determined and disclosed in the consolidated statement of comprehensive income.

2. Other revenue and costs

Other revenue according to non-consolidated financial statements amounts to:	15 527	[PLN '000]
Exclusions and consolidation adjustments	1 555	[PLN '000]
Other revenue after exclusions	13 972	[PLN '000]
Costs of sales before exclusions	493	[PLN '000]
Exclusions and consolidation adjustments	23	[PLN '000]
Costs of sales after exclusions	470	[PLN '000]
Costs of general management before exclusions	20 677	[PLN '000]
Exclusions and consolidation adjustments	142	[PLN '000]
Costs of general management after exclusions	20 535	[PLN '000]
Other costs before exclusions	24 794	[PLN '000]
Exclusions and consolidation adjustments	164	[PLN '000]
Other costs after exclusions	24 630	[PLN '000]
Loss on other revenue and costs disclosed in statement of comprehensive income	31 663	[PLN '000]

<u>Other revenue</u>	13 972	[PLN '000]
consist of:		
– receivables revaluation write-downs released	1 494	[PLN '000]
– provisions released for employee benefits	843	[PLN '000]
– other provisions	1 000	[PLN '000]
– valuation of real property	1 872	[PLN '000]
– accident and other compensation	239	[PLN '000]
– revenues from investments	6 609	[PLN '000]
– consideration for the use of passenger cars	114	[PLN '000]
– accounting for subsidies	131	[PLN '000]
– - adjustments of invoices from previous years	1 311	[PLN '000]

– other revenues	359	[PLN '000]

Other costs	24 630	[PLN '000]
consist of:		
– loss from the sale of non-financial fixed assets	95	[PLN '000]
– receivables revaluation write-downs made	2 231	[PLN '000]
– provisions created for employee benefits	1 067	[PLN '000]
– provisions created for employee holidays	157	[PLN '000]
– provisions created for future liabilities	103	[PLN '000]
– revaluation of inventories	84	[PLN '000]
– compensation allowances	123	[PLN '000]
– donations made	107	[PLN '000]
– contractual penalties	2 223	[PLN '000]
– costs relating to investments in real property	4 148	[PLN '000]
– costs of post-accident repairs	168	[PLN '000]
– - valuation of investment property	7 188	[PLN '000]
– write-down of land	1 372	[PLN '000]
– write-down of finished articles	4 642	[PLN '000]
– construction investment written off	408	[PLN '000]
– other costs	514	[PLN '000]

3. Financing activities

Financial revenue according to non-consolidated financial statements	24 506	[PLN '000]
Exclusions and consolidation adjustments	25	[PLN '000]
Financial revenue after exclusions	24 481	[PLN '000]
Finance costs before exclusions	13 569	[PLN '000]
Exclusion and consolidation adjustments	2 894	[PLN '000]
Finance costs after exclusions	10 675	[PLN '000]
Profit on financial activities disclosed in statement of comprehensive income	13 806	[PLN '000]

<u>Financial revenue</u>	24 481	[PLN '000]
consists of:		
– Revenue from interest	784	[PLN '000]
– - profit from FX forward transactions	1 104	[PLN '000]
– valuation of FX forward transactions	3 023	[PLN '000]
– cancelled valuation of FX forward transactions	3 907	[PLN '000]
– - release of write-down of shares	15 422	[PLN '000]
– other revenue	241	[PLN '000]
<u>Finance costs</u>	10 675	[PLN '000]
consist of:		
– interest from borrowings	2 949	[PLN '000]
– other interest	3 608	[PLN '000]
– a) surplus of negative over positive differences	1 356	[PLN '000]
– - cancelled valuation of forward transactions	293	[PLN '000]
– commission on borrowings	677	[PLN '000]
– loss from sale of FX forward transactions	1 302	[PLN '000]
– valuation of FX forward transactions	285	[PLN '000]
– other costs	205	[PLN '000]

4. <u>Obligatory reductions in profit due to:</u>

1) current income tax	568	[PLN '000]
2) deferred income tax	960	[PLN '000]
3) tax on dividend	3	[PLN '000]
4) other obligatory reductions in profit (increase in loss)	-	[PLN '000]
Total:	1 531	[PLN '000]

5. <u>The net loss of the capital group</u> for 2010 amounts to

4 915 [PLN '000]

and has been correctly determined and disclosed in the consolidated statement of comprehensive income.

The net loss comprises:

– net loss of parent company 601 [PLN '000]
– net loss of subsidiaries 7 098 [PLN '000]
– exclusions and consolidation adjustments + 2 784 [PLN '000]

VII. CONTINGENT LIABILITIES AND RESTRICTIONS ON OWNERSHIP RIGHTS

1. List of groups of liabilities secured with the capital group's assets

Secured liability	Balance as at 31 December 2010			Balance as at 31 December 2009		
	Amount of credit facility, loan and others	Amount of security	Amount of security expressed as % of assets	Amount of credit facility, loan and others	Amount of security	Amount of security expressed as % of assets
Mortgages	PLN 48 441 000	PLN 196 962 000		PLN 78 670 000	PLN 124 061 000	
Registered pledge on tangible assets	PLN 101 000	PLN 1 387 000		PLN 7 630 000	PLN 1 032 000	
Registered pledge on inventories		PLN 5 000 000		PLN 10 500 000	PLN 5 000 000	
Assignment of claims	PLN 10 000 000	PLN 94 611 000		PLN 130 003 000	PLN 183 095 000	
Pledge on shares		PLN 148 000		PLN 10 500 000	PLN 148 000	
Total		**PLN 298 108 000**	**71.80**		**PLN 313 336 000**	**66.39**

2. Contingent liabilities, including guarantees and suretyships granted (also promissory notes):

Type of liabilities, guarantees and suretyships	Balance as at 31 December 2010		Balance as at 31 December 2009	
	Amount	% % of assets	Amount	% % of assets
Guarantees and suretyships granted	PLN 68 025 000		PLN 50 845 000	
Blank promissory notes	PLN 3 159 000		PLN 70 440 000	
Assignment under insurance policy	PLN 825 000			

Letter of credit granted	PLN -		PLN 6 464 000	
Liabilities towards the Social Security Office (ZUS)	PLN 6 702 000		PLN 6 179 000	
Court case	PLN 82 347 000			
Total contingent liabilities	**PLN 161 058 000**	**38.79**	**PLN 133 928 000**	**28.38**

VIII. CONSOLIDATED CASH FLOW STATEMENT, ADDITIONAL INFORMATION AND REPORT ON OPERATIONS

The cash flow statement was drawn up correctly and discloses the relationship with the statement of financial condition, the total income statement and the books of account.

The additional information for the consolidated financial statements correctly and completely records the amounts and problems connected with the activities of the capital group.

The report on operations contains the information specified in Article 49 par. 2 and 3 of the Accountancy Act and corresponds to the audited financial statements.

IX. EVENTS AFTER THE DATE OF THE FINANCIAL STATEMENTS

No events occurred after the date of the financial statements that could significantly affect operating results in subsequent periods.

X. VIOLATIONS OF THE LAW

In the companies subject to the audit, no cases of a material breach of tax law, the Commercial Companies Code, or the Statute or the Articles of Association of the companies were identified.

E. ASSESSMENT OF CONSOLIDATED FINANCIAL STATEMENTS FOR 2010

We find that the consolidated financial statements and the documents on which they are based comply with the provisions of law and the accounting rules generally applied in the accounting profession.

We find that the consolidated financial statements are correct and accurate in that they give a substantively true representation of the results of the capital group's overall operations and its assets and financial situation.

F. FINAL FINDINGS

1. This Report consists of 45 typed pages numbered consecutively.
   Each page contains a page number and the signature of the certified auditor alongside it.

2. The following are attached to the Report:

   1) Conclusions and comments – none
   2) Economic and financial results
   3) Profitability, liquidity and debt indicators
   4) Capital market indicators
   5) Ratios from the cash flow statement
   6) Balance of asset revaluation write-downs and provisions for liabilities as at 31 December 2010
   7) Management report on the operations of the capital group
   8) Confirmation of receipt (in the auditor's copy).

Certified auditor of group

Bogusława Zemełka
Reg. No. 9368

Auditor

MW RAFIN
Spółka z ograniczoną odpowiedzialnością
SPÓŁKA KOMANDYTOWA
41-200 Sosnowiec, ul. Kilińskiego 54/III/3
Podmiot uprawniony nr 3076

PREZES
Biegły Rewident
Marian Wcisło
nr ewid. 5424

Sosnowiec, 18 March 2011

Appendix No. 2

Economic and financial results

[PLN '000]

No.	RATIO	Performance in current prices			Ratio %	
		2010	2009	2008	3/4	3/5
1	2	3	4	5	6	7
1	**Total revenue of which from:**	**376 568**	**296 194**	**269 860**	**127,14%**	**139,54%**
	- sale of products	324 939	259 001	222 941	125,46%	145,75%
	- sale of goods and materials	13 176	15 150	16 964	86,97%	77,67%
	- other revenue	13 972	12 516	22 032	111,63%	63,42%
	- financial revenue	24 481	9 527	7 923	256,96%	308,99%
	- extraordinary profits					
2	**Operating costs of which from:**	**379 952**	**306 344**	**249 963**	**124,03%**	**152,00%**
	- products sold	307 175	218 774	187 411	140,41%	163,90%
	- goods and materials sold	16 467	17 280	15 385	95,30%	107,03%
	- sales costs	470	183	956	256,83%	49,16%
	- general management costs	20 535	17 862	15 494	114,96%	132,54%
	- other costs	24 630	36 760	17 359	67,00%	141,89%
	- finance costs	10 675	15 485	13 358	68,94%	79,91%
	- extraordinary losses					
3	**Gross financial result**	**- 3 384**	**- 10 150**	**19 897**	**33,34%**	**-17,01%**
4	Income tax	1 531	3 237	4 212	47,30%	36,35%
5	Other expenses					
6	Minority profits			345		
7	**Net financial result**	**- 4 915**	**- 13 387**	**15 340**	**36,71%**	**-32,04%**

Appendix No. 3

PROFITABILITY, FINANCIAL LIQUIDITY AND DEBT RATIOS
(asset financing structures)
for 2010

[PLN '000]

Type of ratio and calculation method		Amounts		Ratio		Change in the ratio + improvement - deterioration
		Previous year	Previous year	Current year	Current year	
1		2	3	4	5	6
PROFITABILITY RATIOS [1)]						
1.	**Sales profitability ratio** Net profit x 100 Revenues from sales of products, goods and materials	- 4 915 x 100 338 115	- 13 387 x 100 274 151	- 1.45	- 4.88	+ 3.43
2.	**Gross profitability of sales** Gross earnings from sales x 100 Revenues from sales of products, goods and materials	14 473 x 100 338 115	38 097 x 100 274 151	4.28	13.90	- 9.62
3.	**Return on assets (ROA)** Net profit x 100 Average balance of assets	- 4 915 x 100 443 588	- 13 387 x 100 390 702			
4.	**Adjusted return on assets (ROA_1)** Net profit + net paid interest (i.e. excluding corporate income tax) x 100 Average balance of assets	-4915+5095x100 443 588	-13 3871+6144 390 702			
5.	**Tangible asset turnover** Revenues from sales of products, goods and materials Average balance of tangible assets	338 115 169 938	274 151 131 947	1.99	2.08	- 0.09
6.	**Return on equity (ROE)** Net profit x 100 Average balance of equity	- 4 915 x 100 166 194	-13 387 x 100 140 902			
7.	**Scale of leverage** Return on equity (item 6) – adjusted return on assets (item 4)					

1		2	3	4	5	6
FINANCIAL LIQUIDITY RATIOS						
8.	**Coverage of current liabilities** Current assets / Current liabilities	244 372 / 176 102	302 929 / 198 575	1.39	1.53	- 0.14
9.	**Ratio of payment of liabilities** Current assets – (inventories + short-term accruals and deferred income costs)[x)] / Current liabilities	129 454 / 176 102	202 912 / 198 575	0.74	1.02	- 0.28
10.	**Quick ratio** Cash and other assets / Current liabilities	13 584 / 176 102	22 114 / 198 575	0.08	0.11	- 0.03
11	**Receivables turnover ratio in times per year** Revenues from sales of products and goods / Average balance of receivables minus VAT [2)]	338 115 / 64 687	274 151 / 45 240	5.23	6.06	- 0.83
12.	**Receivables turnover ratio in days** Number of days in the period (365) / Receivables turnover ratio in times per year	365 / 5.23	365 / 6.06	69.79	60.23	- 9.56
13.	**Liabilities turnover ratio in times per year** Own costs of sold goods and materials + cost of manufacturing products / Average balance of trade liabilities minus VAT	323 642 / 43 596	236 054 / 42 320	7.42	5.58	+ 1.84
14.	**Liabilities turnover ratio in days** Number of days in the period (365) / Liabilities turnover ratio in times per year	365 / 7.42	365 / 5.58	49.19	65.41	+ 16.22
15.	**Materials inventory turnover ratio in times per year** Cost of materials used / Average balance of materials inventory	59 086 / 5 349	49 412 / 5 411	11.05	9.13	+ 1.92
16.	**Materials inventory turnover ratio in days** Number of days in the period (365) / Materials inventory turnover ratio in times per year	365 / 11.05	365 / 9.13	33.03	39.98	+ 6.95
17.	**Product inventory turnover ratio in times per year** Revenues from sales of products / Average balance of inventory of finished products					
18.	**Product inventory turnover ratio in days** Number of days in the period (365) / Turnover ratio in times per year					

x) Short-term accruals and deferred income

1		2	3	4	5	6
DEBT RATIOS (asset financing structures)						
19.	**Debt ratio - total** Total liability 3) / Total assets	252 776 / 415 217	302 013 / 471 959	0.61	0.64	+ 0.03
20.	**Equity to assets ratio** **:** Equity / Total assets	162 441 / 415 217	169 946 / 471 959	0.39	0.36	+ 0.03
21.	**Ratio of tangible assets to equity and long-term provisions** Equity + non-current liabilities + long-term provisions / Tangible assets	239 115 / 170 845	273 384 / 169 030	1.40	1.61	- 0.21
22.	**Sustainability of financing ratio** Equity + non-current liabilities + long-term provisions / Total assets	239 115 / 415 217	273 384 / 471 959	0.58	0.58	-
23.	**Ratio of net profit plus amortisation and depreciation to total liabilities** Net profit + annual amortisation/depreciation / Average balance of total liabilities (non-current + current)	- 4 915+9 981 / 277 395	- 13 387+6 711 / 249 800	0.02		

1) If there is a net balance-sheet loss we only calculate ratios 1 and 2 (we do not calculate ratios 3, 4, 6, 7 or 23 if the net balance-sheet loss exceeds amortisation/depreciation).

2) We “net” the average balance of trade receivables (B.II.1a + B.II.2a) by dividing it by the average rate of output VAT, e.g. by dividing by 122 % if all sales are taxed at the basic rate.

3) Excluding long-term revenues of future periods + bonuses granted from profits of the current year (dividends in joint stock and limited liability companies).

4) **Specify the improvement or deterioration (+|-) of a particular ratio with the financial details, not an arithmetic symbol.**

Appendix No. 4

CAPITAL MARKET RATIOS

Ratio and calculation method		Amounts [PLN]		Ratio		Change ratio
		for the audited year	for the previous year	for the audited year	for the previous year	+ improvement - deterioration
1		2	3	4	5	6
Internal ratios (data from the company) – counted on the basis of the number of shares						
1.	**Sales per share** Sales revenues	338 114 957.21	274 150 232.98	4.90	5.74	- 0.84
	Weighted average number of shares	68 965 694	47 762 256			
2.	**Earnings per share** Net profit	- 4 915 304.20	- 13 387 532.13	- 0.07	- 0.28	+ 0.21
	Weighted average number of shares	68 965 694	47 762 256			
3.	**Dividend per share** Net profit designated for distribution among shareholders	-	-			
	Number of shares in circulation	70 972 001	48 390 000			
4.	**Cash flow per share** Net profit + amortisation/depreciation	5 065 298.84	- 6 676 948.23	0.07	- 0.14	+ 0.21
	Weighted average number of shares	68 965.694	47 762 256			
5.	**Book value per share** Equity	162 441 720.32	169 944 903.58	2.36	3.56	- 1.20
	Weighted average number of shares	68 965 694	47 762 256			
6.	**Dividend cover ratio (CR)** Net profit per share	- 0.07	- 0.28			
	Net profit designated for distribution among shareholders (dividend/share)	-	-			
7.	**Payout rate** Dividend per share	-	-			
	Net profit per share	- 0.07	- 0.28			

1		2	3	4	5	6
External ratios (data from the capital market) – counted on the basis of the market value of shares						
8.	**Earnings per share to market price**					
	Net profit per share x 100	- 0.07 x 100	- 0.28 x 100			
	Market price per share	3.74	4.30			
9.	**Dividend yield**					
	Dividend per share x 100	-	-			
	Market price per share	3.74	4.30			
10.	**Price to dividend ratio**					
	Market price per share	3.74	4.30			
	Dividend per share	-	-			
11	**Price to earnings ratio**					
	Market price per share	3.74	4.30			
	Net profit per share	- 0.07	- 0.28			
12.	**Cash flow per share to price**					
	Net profit + amortisation/depreciation per share x 100	0.07 x 100	- 0.14 x 100	0.02		
	Market price per share	3.74	4.30			
13.	**Price to cash flow per share**					
	Market price per share	3.74	4.30	54.43		
	Net profit + amortisation/depreciation per share	0.07	- 0.14			
14.	**Stock exchange share price ratio**					
	Market price per share	3.74	4.30	3.74	4.30	- 0.56
	Par value per share	1.00	1.00			
15.	**Price to book value per share**					
	Market price per share	3.74	4.30	1.59	1.21	+ 0.38
	Book value per share	2.35	3.56			

[1] In the event of a net loss, we do not calculate the ratios, except for 4,12 and 13, if the net loss does not exceed the level of amortisation/depreciation write-downs, and those ratios in which the financial result does not figure directly

[2] When a ratio has changed we give the improvement or deterioration (+|-) of a particular ratio according to its financial content, not the arithmetical symbol.

Appendix No. 5

Ratios from the cash flow statement

Item	Ratio	Manner of calculating ratio	Period audited	Period year	Improvement + Deterioration – (4-5)
1	2	3	4	5	6
1.	Ratio of share of net profit in balance of cash generated from operating activities	$\frac{\text{Net profit}}{\text{cash generated from operating activities}}$	- 0.91	- 0.57	
2.	Ratio of share of amortisation/depreciation in balance of cash generated from operating activities	$\frac{\text{amortisation/depreciation}}{\text{cash generated from operating activities}}$	-	-	
3.	Ratio of capability of generating cash from operating activities	$\frac{\text{net cash from operating activities}}{\text{net cash from operating activities + proceeds from financing activities}}$	-	-	
4.	Ratio of financing investments in property, plant and equipment and intangible assets	$\frac{\text{outlays for fixed and intangible assets}}{\text{cash generated from operating activities}}$	-	-	
5.	Ratio of general sufficient amount of cash	$\frac{\text{cash generated from operating activities}}{\text{expenditure for investment and financing activities}}$	-	-	
6.	Ratio of coverage of interest	$\frac{\text{interest from financing activities}}{\text{cash generated from operating activities}}$	-	-	
7.	Ratio of performance of capital invested from operating activities	$\frac{\text{cash generated from operating activities}}{\text{capital invested}}$	-	-	
8.	Ratio of performance of assets	$\frac{\text{cash generated from operating activities}}{\text{total assets}}$	-	-	
9.	Ratio of performance of sales	$\frac{\text{cash generated from operating activities}}{\text{revenue from sales of products, goods and materials}}$	-	-	

ECONOMIC CONTENT OF RATIOS

from cash flow statement

1. The higher the value of such a ratio, the better the net profit reflects the actual surplus achieved by an entity.

2. A high and increasing value of this ratio is interpreted negatively. It denotes the entity's poor ability to generate its own sources. Funds from amortisation and depreciation should be used for new investments in fixed assets of an entity, and not serve to finance current activities or to meet liabilities from credit and dividends.

3. An increase in the value of this ratio should convey a positive impression about the company's possibilities with respect to self-financing. At the same time, the analysis of other data must be borne in mind (e.g. contracting new credit to finance construction-in-progress reduces the value of the ratio, which should not immediately be interpreted as a negative signal regarding the company's situation).

4. A smaller value of the ratio shows that the company has bigger surpluses to cover other expenses.

5. A ratio which is at a level higher than 1 suggests that the entity is generating a sufficient amount of cash to cover expenses connected with investment and financing activities.

6. If the ratio is below 1, this shows that the entity is unable to gain cash from its basic operating activities to pay off assets or contract new credit. This can definitely not be assessed in positive terms. It should be pointed out that cash from operating activities should cover not only interest, but also amortisation and depreciation, which serves to regenerate tangible and intangible assets.

7.

$$\text{capital invested} = \text{equity and outside capital} - \text{non-current and current investments (without cash)}$$

This ratio measures how much cash has been obtained from basic operating activities from capital invested in this capital area.

8. If the ratio increases, it means that the performance of assets is increasing.

9. This ratio shows what part of the revenue from sales (on an accrual basis) is covered in cash revenue. The higher this ratio is, the better. The difference between 1 and the ratio denotes the lack of cash coverage in cash in revenue.

Note:

One cannot approach the cash flow statement uncritically. A positive cash surplus does not yet mean solvency, just as a negative surplus cannot be interpreted as a lack of cash to settle liabilities. A negative value often arises in the case of a considerable share of credit sale in the entire turnover, which is connected with an increase in receivables. A positive surplus arises when use is made of accumulated materials without the simultaneous regeneration of inventories. The situation will be similar in the case of purchasing materials for trade credit. The cash flow statement must therefore be analysed in association with an assessment of the balance of receivables, liabilities, the level of inventories, etc.

As can be seen from the aforementioned description, one cannot unambiguously interpret the values of individual ratios and draw clear conclusions on their basis. However, a comprehensive analysis makes it possible to generally determine the condition of an entity and at the same time the risk of arriving at an inappropriate decision.

Appendix No. 6

Write-downs from revaluations of assets and provisions for liabilities as at 31 December 2010

[PLN '000]

Item	Subject	Goodwill	Tangible assets	Long-term investments	Inventories of current assets	Amount due		Provision for employee benefits	Provision for deferred income tax	Other provisions	Total
						principal	interest				
1	2	3	4	5	6	7		9	10	11	12
1	**Balance at beginning of period**	**2 015**		**1 229**	**200**	**6 107**	**200**	**7 057**	**5 656**	**2 000**	**24 464**
2	Revaluation write-downs charged to expenses	26 219	-	19	6 014	2 216	13	-	-	-	**34 481**
3	Creation of a provision charged to expenses	-	-	-	-	3	5	1 095	1 810	746	**3 659**
4	Other	-	-	5	-	23 271		-	-	-	**23 276**
Total (2+3+4)		**26 219**	**-**	**24**	**6 014**	**25 490**	**18**	**1 095**	**1 810**	**746**	**61 416**
5	Utilisation	-	-	-	-	736	7	72	-	-	**815**
6	Cessation of the reasons for:	-	-	-	-	-		-		-	**-**
a)	the write-downs	-	-		-	1		-	-	-	**1**
b)	creating the provision	-	-	-	-			-	-		**-**
7	Release of write-downs and provisions	-	-		-	2 811	-	843	1 331	1 000	**5 985**
8	Other	-	-	-	-	162				-	**162**
Total (5+6+7+8)		**-**	**-**	**-**	**-**	**3 710**	**7**	**915**	**1 331**	**1 000**	**6 963**
10	**Balance at end of period**	**28 234**	**-**	**1 253**	**6 214**	**27 887**	**211**	**7 237**	**6 135**	**1 746**	**78 917**