

ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP



ENERGOMONTAŻ-POŁUDNIE

GRUPA PBG

**Mid-year consolidated financial statements for the first
quarter of 2012**

**Prepared in accordance with the International Financial Reporting
Standards**

Katowice, 15 May 2012

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
Period covered by the financial statements:	1 Jan 2012 – 31 Mar 2012	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts denominated in thousands of Polish zlotys (unless stated otherwise)		

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CONSOLIDATED FINANCIAL STATEMENTS OF THE ENERGOMONTAŻ-POŁUDNIE S.A. CAPITAL GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Item	as on 31 Mar 2012	as on 31 Dec 2011	as on 31 Mar 2011
Assets			
I. Non-current assets	183 660	182 577	170 042
1. Property, plant and equipment	69 590	71 006	74 088
2. Intangible assets	3 033	2 916	1 595
3. Goodwill	0	0	0
4. Goodwill of subsidiaries	0	0	0
5. Investment properties	82 657	82 657	83 964
6. Financial assets	393	401	511
6a. Investments in affiliated companies	0	0	0
6b. Investments in subsidiaries	0	0	0
6c. Investments available for sale	124	124	214
6d. Other financial assets	95	95	95
6e. Loans granted	174	182	202
7. Non-current receivables	11 752	8 487	4 010
8. Deferred income tax assets	16 235	17 110	5 771
9. Prepayments and accrued income	0	0	103
II. Current assets	195 944	206 882	247 357
1. Inventories	69 728	78 758	110 900
2. Current receivables	122 474	125 176	124 761
2a. Trade receivables	65 714	59 240	69 729
2b. Other receivables	23 125	22 491	21 686
2c. Income tax receivables	2 663	2 663	5 458
2d. Prepayments and accrued income	30 972	40 782	27 888
3. Current financial assets	45	41	2 050
3a. Loans granted	45	41	48
3b. Financial assets designated for sale	0	0	0
3c. Foreign exchange forward contracts	0	0	2 002
4. Cash and cash equivalents	3 697	2 907	9 646
III. Non-current assets designated for sale	0	0	0
Total assets	379 604	389 459	417 399
Liabilities			
I. Total shareholders' equity	98 270	94 090	105 630
1. Share capital	92 307	92 307	92 307
- including revaluation of capital due to hyperinflation	21 335	21 335	21 335
2. Capital reserves	38 268	38 268	39 308
3. Own shares	0	0	-11 165
4. Revaluation reserve	17 967	14 447	19 032
5. Other capital reserves	69 968	69 968	69 968
6. Retained profit (loss) from previous years	-120 900	-103 227	-105 209
7. Profit (loss) for the current year	660	-17 673	1 389
Ia. Equity attributable to equity holders of the parent company	98 270	94 090	105 630
8. Non-controlling shares	0	0	0

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Item	as on 31 Mar 2012	as on 31 Dec 2011	as on 31 Mar 2011
II. Non-current liabilities	62 497	69 892	75 267
1. Provisions	17 610	17 610	17 970
1a. Provisions for employee benefits	5 935	5 935	6 177
1b. Provision for deferred income tax	11 675	11 675	11 793
1c. Other provisions	0	0	0
2. Financial liabilities	44 166	48 636	53 493
2a. Credit facilities and loans	0	0	3 995
2b. Leasing liabilities	44 166	48 636	49 498
3. Other non-current liabilities	721	3 646	3 804
III. Current liabilities	218 837	225 477	236 502
1. Provisions	2 568	2 568	1 524
1a. Provisions for employee benefits	987	987	1 060
1b. Other provisions	1 581	1 581	464
2. Financial liabilities	68 794	71 167	63 082
2a. Credit facilities and loans	59 965	58 755	54 212
2b. Leasing liabilities	8 676	8 901	8 478
2c. Foreign exchange forward contracts	153	3 511	392
3. Current liabilities	147 475	151 742	171 896
3a. Trade liabilities	44 335	49 451	45 430
3b. Other liabilities	56 201	60 741	89 214
3c. Income tax liabilities	0	0	0
3d. Accruals and deferred income	46 939	41 550	37 252
IV. Liabilities associated with non-current assets designated for sale	0	0	0
Total liabilities	379 604	389 459	417 399
Book value	98 270	94 090	105 630
Weighted average number of ordinary shares (in '000s)	70 972	69 846	69 204
Book value per share (in PLN)	1.38	1.35	1.53

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011
I. Net revenues from the sale of products, goods and materials	91 235	75 760
II. Costs of products, goods and materials sold	86 529	69 471
III. Gross profit (loss) from sales	4 706	6 289
IV. Other revenue	3 869	3 592
V. Cost of sales	0	87
VI. General management costs	5 626	4 874
VII. Other costs	3 344	2 373
VIII. Operating profit (loss)	-395	2 547
IX. Financial revenue	2 901	35
X. Financial expenses	1 692	1 717
XI. Income (loss) from shares in affiliated companies	0	0
XII. Profit (loss) before tax	814	865
XIII. Income tax	154	-524
XIV. Net profit (loss) on continued operations	660	1 389
XV. Net profit (loss) on discontinued operations	0	0
XVI. Net profit (loss) allocated to:	660	1 389
- shareholders of the parent company	660	1 389
- non-controlling entities	0	0
Item		
Net profit (loss)	660	1 389
Other total income	3 520	0
Financial assets available for sale	0	0
Hedging of cash flows	4 346	0
Effects of reassessments of real property	0	0
Income tax on other comprehensive income items	-826	0
Total comprehensive income	4 180	1 389
Net profit (loss)	660	1 389
Weighted average number of ordinary shares (in '000s)	70 972	69 204
Profit (loss) per ordinary share (in PLN)	0.01	0.02
Attributed to:		
Shareholders of the parent company	660	1 389
Minority interest in equity	0	0

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

1 January 2012	Share capital	Capital reserves	Revaluation reserve	Other capital reserves	Own shares	Retained profit (loss) from previous years and the current year	Shareholders' equity without minority interests	Minority capital	Shareholders' equity with minority interests	Equity attributable to shareholders of the parent company
Balance at beginning of period	92 307	38 268	14 447	69 968	0	-120 900	94 090	0	94 090	94 090
- including revaluation of capital due to hyperinflation	21 335	0	0	0	0	0	21 335	0	21 335	21 335
Changes in accounting policies	0	0	0	0	0	0	0	0	0	0
Correction of basic errors	0	0	0	0	0	0	0	0	0	0
Opening balance sheet after changes	92 307	38 268	14 447	69 968	0	-120 900	94 090	0	94 090	94 090
Increases (+) / decreases (-) in valuation of fixed assets	0	0	0	0	0	0	0	0	0	0
Increases (+) / decreases (-) from profit distribution	0	0	0	0	0	0	0	0	0	0
Increases (+) / decreases (-) from loss accounting	0	0	0	0	0	0	0	0	0	0
Net profit (loss)	0	0	0	0	0	660	660	0	660	660
Increases (+) / decreases (-) from revaluation of financial assets	0	0	3 520	0	0	0	3 520	0	3 520	3 520
Merger with a subsidiary	0	0	0	0	0	0	0	0	0	0
Expansion of capital group	0	0	0	0	0	0	0	0	0	0
Own shares	0	0	0	0	0	0	0	0	0	0
Other increases (+) / decreases (-)	0	0	0	0	0	0	0	0	0	0
31 March 2012	92 307	38 268	17 967	69 968	0	-120 240	98 270	0	98 270	98 270

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1 January 2011	Share capital	Capital reserves	Revaluation reserve	Other capital reserves	Own shares	Retained profit (loss) from previous years and the current year	Shareholders' equity without minority interests	Minority capital	Shareholders' equity with minority interests	Equity attributable to shareholders of the parent company
Balance at beginning of period	92 307	39 308	10 397	69 968	0	-49 539	162 441	0	162 441	162 441
- including revaluation of capital due to hyperinflation	21 335	0	0	0	0	0	21 335	0	21 335	21 335
Changes in accounting policies	0	0	0	0	0	0	0	0	0	0
Correction of basic errors	0	0	8 635	0	0	-55 670	-47 035	0	-47 035	-47 035
Opening balance sheet after changes	92 307	39 308	19 032	69 968	0	-105 209	115 406	0	115 406	115 406
Increases (+) / decreases (-) on account of deferred income tax on the valuation of fixed assets	0	0	0	0	0	0	0	0	0	0
Increases (+) / decreases (-) from profit distribution	0	0	0	0	0	0	0	0	0	0
Increases (+) / decreases (-) from loss accounting	0	0	0	0	0	0	0	0	0	0
Net profit (loss)	0	0	0	0	0	1 389	1 389	0	1 389	1 389
Increases (+) / decreases (-) from revaluation of financial assets	0	0	0	0	0	0	0	0	0	0
Consolidation adjustments	0	0	0	0	0	0	0	0	0	0
Purchase of own shares	0	0	0	0	-11 165	0	-11 165	0	-11 165	-11 165
Premium on sale of own shares	0	0	0	0	0	0	0	0	0	0
Establishment of hedging transaction valuation capital	0	0	0	0	0	0	0	0	0	0
Other increases (+) / decreases (-)	0	0	0	0	0	0	0	0	0	0
31 March 2011	92 307	39 308	19 032	69 968	-11 165	-103 820	105 630	0	105 630	105 630

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CONSOLIDATED CASH FLOW STATEMENT

Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Dec 2011	for the period from 1 Jan 2011 to 31 Mar 2011
A. Cash flow from operating activities – indirect method			
I. Gross profit (loss)	814	-26 237	865
II. Total adjustments	5 491	44 750	13 928
1. Minority profit (loss)	0	0	0
2. Share in net (profit) loss of subsidiary companies valued using the equity method	0	0	0
3. Depreciation	1 963	8 911	2 067
4. Profit (loss) from exchange rate differences	0	0	-179
5. Interest and shares in profits (or dividends)	1 633	-1 536	1 740
6. Profit (loss) on investment activity	-258	-715	55
7. Change in provisions	0	-480	-2 580
8. Change in inventory	9 025	35 460	3 319
9. Change in receivables	-10 557	17 889	13 424
10. Change in current liabilities, excluding borrowings	-11 772	-3 283	6 578
11. Change in prepayments and accruals	15 457	-19 319	-10 052
12. Income tax paid	0	2 351	-444
13. Other adjustments	0	5 472	0
III. Net cash flow from operating activities (I+/-II)	6 305	18 513	14 793
B. Cash flow from investment activities			
I. Inflows	8	730	234
1. Sale of intangible assets and property, plant and equipment	0	338	184
2. Sale of investments in real property and intangible assets	0	0	0
3. From financial assets, of which:	8	392	50
a) in related companies	0	0	0
- sale of financial assets	0	0	0
- dividends and profit distribution	0	0	0
- repayment of loans granted	0	0	0
- interest payments	0	0	0
- other inflows from financial assets	0	0	0
b) in other entities	8	392	50
- sale of financial assets	0	0	0
- dividends and profit distribution	0	38	0
- repayment of loans granted	6	27	0
- interest payments	2	327	50
- other inflows from financial assets	0	0	0
4. Other investment inflows	0	0	0
II. Outflows	401	7 190	3 893
1. Purchase of intangible assets and property, plant and equipment	401	6 940	3 643
2. Investments in real property and intangible assets	0	0	0
3. On financial assets, of which:	0	250	250
a) in affiliated companies	0	0	0
- purchase of financial assets	0	0	0

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Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Dec 2011	for the period from 1 Jan 2011 to 31 Mar 2011
- short-term loans granted	0	0	0
b) in other entities	0	250	250
- purchase of financial assets	0	0	0
- loans granted	0	250	250
4. Other investment outflows	0	0	0
III. Net cash flow from investment activities (I-II)	-393	-6 460	-3 659
C. Cash flow from financial activities			
I. Inflows	1 210	12 057	0
1. Net inflow on issue of shares and other capital instruments and additional payments to capital	0	0	0
2. Borrowings	1 210	0	0
3. Issue of debt securities	0	0	0
4. Sale of own shares	0	12 057	0
II. Outflows	6 332	34 787	15 251
1. Purchase of own shares	0	11 165	11 165
2. Dividends and other distributions to owners	0	0	0
3. Profit distribution outflows other than distributions to owners	0	0	0
4. Repayment of borrowings	0	379	1 000
5. Redemption of debt securities	0	0	0
6. Other financial outflows	0	0	0
7. Payment of liabilities under financial lease agreements	4 696	15 582	1 296
8. Interest payments	1 636	7 661	1 790
9. Other financial outflows	0	0	0
III. Net cash flow from investment activities (I-II)	-5 122	-22 730	-15 251
D. Total net cash flow (A.III+/-B.III+/-C.III)	790	-10 677	-4 117
E. Balance-sheet change in cash, of which:	-5 949	-10 677	-3 938
- change in cash from exchange rate differences	0	0	179
F. Cash at beginning of period	2 907	13 584	13 584
G. Cash at end of period (F+/- D)	3 697	2 907	9 467

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COMMENTARY OF THE MANAGEMENT BOARD ON THE PERFORMANCE OF THE ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP

Referring to the Q1 2012 performance, the Company's Management Board emphasises the high revenue (20-percent increase over Q1 2011), more importantly, achieved in wintertime. It involved intensive efforts on several construction sites in Germany and the Netherlands. The gross profit margin from sales was reported at approximately 5 percent, compared to more than 8 percent in the preceding year.

Loss of profitability results from the need to carry out several unprofitable contracts obtained in 2009-2010.

The Company's negative operating profitability resulted primarily from currency translation differences on operating activity (valuation of receivables and liabilities), which lowered its operating profit by PLN 2.5 million, and from the negative result on derivatives relating to its operating activity of over PLN 0.6 million.

These two factors lowered the Company's result by a total of PLN 3.1 million.

The surprisingly good result on financial activity is mainly a result of the approximately PLN 2.6 million in financial revenue from the valuation of foreign currency financial liabilities, primarily leasing liabilities.

The gross financial result was similar to that reported for the first quarter of the previous year, amounting to more than PLN 0.8 million. The net profit was reported at under PLN 0.7 million.

In the period covered by these mid-year condensed consolidated financial statements:

- **Revenues from sales** in the first quarter of 2012 amounted to **PLN 91.2 million**, which means an increase of over 20 percent compared to the corresponding period of 2011,
- **Gross profit from sales** was **PLN 4.7 million** and was about 25.2 percent lower than that generated in the first quarter of 2011,
- The Group reported a **PLN 0.4 million loss on operations** in Q1 2012 compared to the operating **profit of PLN 2.5 million** the year before,
- **Net profit attributable to the shareholders of the parent company** was **PLN 0.7 million** in the first quarter of 2012, compared to the net profit of **PLN 1.4 million** in the comparable period,
- At the end of the first quarter of 2012, **the EP Group** employed **1,377** persons, a slight increase over the previous year (a 0.3 percent year-on-year increase).

Some of the most important **sources of revenue** from the core business of the Energomontaż-Południe Capital Group (hereinafter referred to as the "EP Group" or "EP CG", with the parent company in the EP Group being referred to as the "Company") in the first quarter of 2012 included assembly contracts carried out in Germany and the Netherlands for ALSTOM. These contracts accounted for nearly 82 percent of the consolidated revenue in the reporting period in question.

Profitability indicators

Profitability indicators	Q1 2012	Q1 2011
Gross profitability from sales ¹	5.2%	8.3%
Operating profitability ²	-0.4%	3.4%
Net profitability ³	0.7%	1.8%

¹gross profit from sales / revenue from sales*100

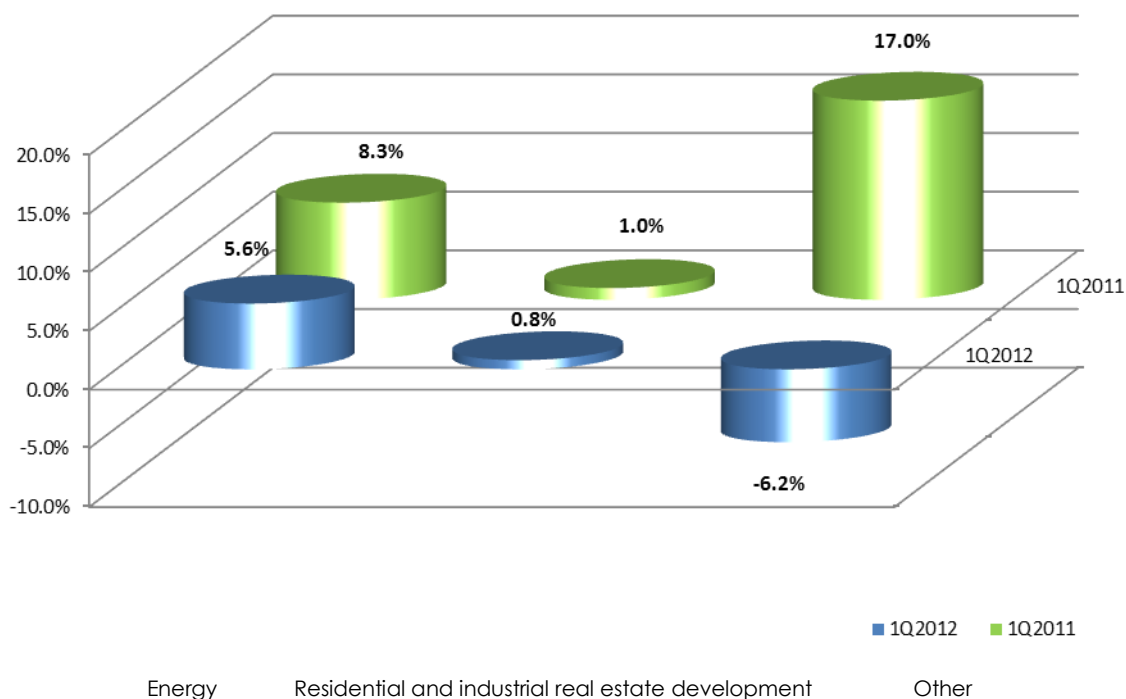
²profit from operating activity / revenue from sales*100

³net profits attributable to the shareholders of the parent company/revenue from sales*100

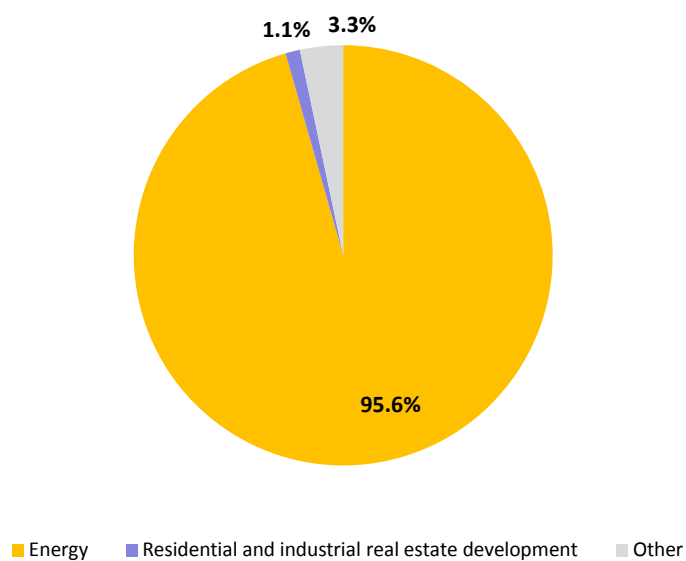
A comparison of the financial performance of the EP Group in the first quarter of 2012 and the corresponding period of the preceding year reveals decreased profitability on all levels of the consolidated statement of comprehensive income.

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**Gross margin from sales by segment
in the first quarter of 2012 and the first quarter of 2011**



**Share of business segments in revenue from sales
of the EP CG in the first quarter of 2012**



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In the first quarter of 2012, the largest share in revenue from sales in the EP CG was reported by the Energy segment (95.6 percent of consolidated revenue from sales). The segment's importance to the revenue of the EP Capital Group is increasing (in the first quarter of 2011, the segment's share in the revenue of the CG was 88 percent). The Energy segment includes revenue from domestic and foreign (Germany and the Netherlands) contracts completed by the EP Group. A large portion of those contracts is carried out for Alstom Power - the energy division of the multinational ALSTOM corporation. In comparing the quarters in question in the Energy segment, a decrease of 2.7 percentage points in the gross margin on sales was noted.

Compared to the first quarter of 2011, in the first quarter of 2012 the share of the "Residential and industrial real estate development" segment in the EP Group's revenue has decreased (in Q1 2011, the segment's share in the revenue of the CG was 6.4 percent). The main reason for its decreasing importance in the Group's operations was the completion of the contract for the construction of the roof over the PGE Arena Gdańsk soccer stadium. The gross margin on sales in the "Residential and industrial real estate development" segment in the reporting period amounted to 0.8 percent, i.e. was slightly lower than the gross margin on sales reported for the corresponding period of the preceding year.

Revenue in the "Other" segment accounted for approximately 3.3 percent of the EP Group's consolidated revenue from sales. In the segment in question, a decrease of 23.2 percentage points in the gross margin on sales was noted compared to the first quarter of the preceding year. In the corresponding period, the margin amounted to 17.0 percent.

OTHER OPERATING REVENUE AND COSTS AS WELL AS FINANCIAL REVENUE AND COSTS

Prime cost of sales

In the first quarter of 2012, the prime cost of sales amounted to **PLN 92.2 million**.

The table below breaks down costs by type:

Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011
Depreciation	1 963	2 045
Materials and energy used	15 983	7 398
Third-party services	25 072	29 008
Taxes and charges	831	503
Employee benefits	48 128	27 813
Other costs by type	2 362	3 253
Total costs by type	94 339	70 020
Value of goods and materials sold	1 003	3 066
Change in products, work-in-progress (-)	- 3 187	1 389
Cost of manufacturing products for the Company's own needs		- 43
Prime cost of sales, cost of sales and general administrative expenses	92 155	74 432

Other operating revenue

In the first quarter of 2012, other operating revenue amounted to **PLN 3.9 million**, of which the majority comprised leasing revenue.

Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011
a) profit from the sale of non-financial fixed assets	258	-
b) reversal of valuation write-downs of assets	-	267
- receivables	-	102

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Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011
- inventories	-	165
c) compensation obtained under insurance agreements, penalties and fines	1 712	419
d) leases	1 866	1 734
e) liquidation of unutilised provisions	-	1 000
f) currency translation differences on operating activity	-	22
g) result on derivatives relating to operating activity	-	5
h) other	33	145
Total other revenue	3 869	3 592

Other operating costs

In the first quarter of 2012, other operating costs amounted to **PLN 3.3 million** compared to PLN 2.4 million in the corresponding period of the previous year. In the current reporting period, the most important item under operating costs is currency translation differences on operating activity.

Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011
a) loss on sale of non-financial fixed assets	-	(55)
b) valuation write-downs of assets	-	(33)
- receivables	-	(33)
c) compensation obtained under insurance agreements, penalties and fines	(34)	-
d) interest on trade liabilities and other liabilities	(54)	(149)
e) investment maintenance costs	(39)	(872)
f) currency translation differences on operating activity	(2 464)	-
g) result on derivatives relating to operating activity	(632)	-
h) other, of which:	(121)	(1 264)
- compensation obtained under insurance agreements, penalties and fines	-	(979)
- warranty and guarantee services	-	(15)
- costs of court proceedings	(66)	(167)
- other	(55)	(103)
Total other costs	(3 344)	(2 373)

Financial revenue

In the first quarter of 2012, financial revenue amounted to **PLN 2.9 million**. Currency translation differences constitute the most important item under financial revenue for the period.

Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011
Revenue from interest relating to financial instruments not valued at fair value through financial result	-	-
Profits on valuation and realisation of financial instruments valued at fair value through the income statement	-	-
<i>Profit (loss) (+/-) from exchange rate differences:</i>		
Cash and cash equivalents	351	35
Borrowings and receivables (exchange rate differences for loans attributable to financial activity still entered here)		

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Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011
Financial liabilities valued at depreciated cost (e.g. leasing)	2 550	
Profit (loss) (+/-) from exchange rate differences	2 901	35
Total financial revenue	2 901	35

Financial costs

In the first quarter of 2012, the financial cost of PLN 1.7 million concerns debt service for the parent company.

Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011
<i>Cost of interest relating to financial instruments not valued at fair value through financial result:</i>		
Financial lease liabilities	(733)	(851)
Credit accounts		
Overdrafts	(959)	(800)
Loans		
Debt securities		
Cost of interest relating to financial instruments not valued at fair value through financial result	(1 692)	(1 651)
Losses on valuation and realisation of financial instruments valued at fair value through the income statement	-	-
Profit (loss) (+/-) from exchange rate differences	-	-
Other financial costs		(66)
Total financial costs	(1 692)	(1 717)

ADDITIONAL INFORMATION AND NOTES TO THE MID-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Overview

1.1. Information about the Company and the EP Capital Group

As on the date of publishing these statements, the ENERGOMONTAŻ-POŁUDNIE Capital Group is composed of two main entities, i.e. parent company ENERGOMONTAŻ-POŁUDNIE S.A. and subsidiary MODUS II sp. z o.o. [MODUS II], fully consolidated.

ENERGOMONTAŻ-POŁUDNIE S.A. also holds 70 percent of the shares in OPEN sp. z o.o. in liquidation in Wrocław, whose liquidation process has been under way since 2008. This entity is not consolidated.

ENERGOMONTAŻ-POŁUDNIE S.A. with its registered office in Katowice at ul. Mickiewicza 15; 40-951 Katowice has been operating on the Polish and international energy and industrial construction market for more than fifty years.

Its core business is providing services involving construction and assembly production, general contracting for investments, and assembling, upgrading and refurbishing power production and industrial equipment and installations. The main customers for its services and products are commercial and industrial power companies, foundries, coking plants and chemical works.

In the first quarter of 2012, there were no changes in the structure of the entity.

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These condensed consolidated financial statements cover ENERGOMONTAŻ-POŁUDNIE S.A. and the subsidiary under the name MODUS II.

Name of subsidiary	Registered office	EP's share in share capital:	
		31 Mar 2012	31 Dec 2011
MODUS II	Katowice	100 %	100 %

MODUS II does not hold shares in the share capitals of other companies. The Issuer holds shares in other entities. The Issuer's relationships with those entities have no material effect on the performance of the EP Capital Group.

1.2. Composition of the Company's Management and Supervisory Boards

As on the day of approving the financial statements for publication, the Company's Management Board was composed of:

- Krzysztof Jan Diduch - President of the Management Board,
- Waldemar Barański - Vice-President of the Management Board,
- Radosław Kamiński - Vice-President of the Management Board.

In the period from 1 January 2012 to the day of approving these financial statements for publication, no changes were made to the Management Board of ENERGOMONTAŻ-POŁUDNIE S.A.

As on the day of approving the financial statements for publication, the Company's Supervisory Board was composed of:

- Wiesław Różacki – Chairman of the Supervisory Board,
- Dariusz Karwacki – Deputy Chairman of the Supervisory Board,
- Piotr Rutkowski - Secretary of the Supervisory Board,
- Janusz Koszarny – Member of the Supervisory Board,
- Andrzej Kowalski – Member of the Supervisory Board,
- Przemysław Szkudlarczyk – Member of the Supervisory Board.

In the period from 1 January 2012 to the day of publication of these financial statements, the following changes were made to EP's Supervisory Board:

- as of 12 April 2012, the following persons resigned from their positions on the Supervisory Board: Stanisław Gasinowicz, Marek Skibiński, Grzegorz Wojtkowiak and Andrzej Wilczyński (Current Report 14/2012 of 12 April 2012);
- on 12 April 2012, the Extraordinary General Meeting of Shareholders recalled Tomasz Woroch from the Supervisory Board and appointed the following new EP Supervisory Board members: Wiesław Różacki, Piotr Rutkowski, Janusz Koszarny, Dariusz Karwacki and Przemysław Szkudlarczyk (Current Report 16/2012 of 13 April 2012),
- on 24 April 2012, the Supervisory Board of the Company was formed.

2. Basis for preparation and accounting principles

2.1. Basis for preparation

This consolidated report for the first quarter of 2012 was drawn up in accordance with Clause 87 par. 1-10 of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information disclosed by issuers of securities [...] (Journal of Laws No. 33, item 259, as amended) and includes financial data for ENERGOMONTAŻ-POŁUDNIE S.A. (the "Company") and its subsidiaries. The non-consolidated and consolidated financial statements set out in this report were drawn up in accordance with International Accounting Standards and International Financial Reporting Standards (IAS/IFRS).

Unless stated otherwise, all financial data are given in thousands of Polish zlotys.

The Company also declares that, acting on the basis of Clause 83 par. 1 of the aforementioned Regulation, Energomontaż-Południe S.A. will not provide a separate non-consolidated quarterly report. The condensed non-consolidated financial statements of ENERGOMONTAŻ-POŁUDNIE S.A. are included in this extended consolidated quarterly report.

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The mid-year condensed financial statements and mid-year condensed consolidated financial statements were approved for publication by the Management Board of ENERGOMONTAŻ-POŁUDNIE S.A. on 15 May 2012.

2.2. Accounting policies

The non-consolidated and consolidated financial statements in this report have been drawn up in accordance with International Financial Reporting Standards (IFRS). Detailed information about the principles applied in preparing the report for the first quarter of 2012 was included in the non-consolidated and consolidated interim report for 2011. The reports were published with the aid of the ESPI system on 30 April 2012. The Company makes the content of the reports available on <http://www.energomontaz.pl>.

2.3. Changes in accounting principles

There were no changes in accounting principles in the reporting period in relation to those applied in the previous financial year.

3. Important achievements and failures of the Capital Group

3.1. Significant events and transactions

The following may be regarded as some of the most important events in the first quarter of 2012 and in the period after the balance sheet date until the preparation of these statements:

- **ENERGOMONTAŻ-POŁUDNIE S.A.'s accession** on 10 January 2012 to the line of credit agreement concluded between PBG Capital Group companies and Bank Gospodarki Żywnościowej S.A. **The line of credit is PLN 157 million and its term expires on 30 November 2012.** The Company announced its accession to that agreement in Current Report 2/2012 of 10 January 2012.
- **conclusion by ENERGOMONTAŻ-POŁUDNIE S.A.** on 24 January 2012 of an agreement with **Alstom Power Systems GmbH** concerning the assembly of auxiliary pipes for the pressure element of a 910MW furnace in the Rheinhafen-Dampfkraftwerk Karlsruhe power plant. The agreement is valued at **EUR 6.75 million**. The agreement represents another series of works commissioned to the Company in the above location. Each level of the series of works had a different completion deadline, but none of them went beyond 5 May 2012. The Company announced its conclusion of that agreement in Current Report 5/2012 of 25 January 2012.
- **conclusion by ENERGOMONTAŻ-POŁUDNIE S.A.** on 31 January 2012 of a subcontractor agreement with IDS Industieservice + Anlagenbau GmbH concerning the completion of a portion of the series of assembly works in the Rheinhafen-Dampfkraftwerk Karlsruhe power plant. The subcontractor agreement is valued at **EUR 4.4 million** and its completion deadline is the end of April 2012. The Company announced its conclusion of that agreement in Current Report 7/2012 of 1 February 2012.
- **extension of the agreement** concerning contract guarantees with **HDI Asekuracja Towarzystwo Ubezpieczeń S.A.** On 13 February 2012, the Company's Management Board signed an annex to the above agreement under which the term of the agreement was extended until 14 November 2012, and the amount of the renewable limit for the guarantees to be granted was increased to PLN 90 million, with the maximum sum guaranteed on a single tender guarantee amounting to PLN 4 million. The Company announced its accession to that agreement in Current Report 78/2011 of 28 October 2011, and then the Company announced the signing of the above annex in Current Report 8/2012 of 13 February 2012.
- the total value of the contracts concluded by **ENERGOMONTAŻ-POŁUDNIE S.A.** with **RAFAKO S.A.** **exceeded** the threshold of 10 percent of the Issuer's shareholders' equity. The total value of the agreements concluded between the above entities in the period of twelve months preceding the publication of the information on the event amounted to PLN 18.4 million. The Company announced the above event in Current Report 11/2012 of 29 March 2012.
- **changes to the composition of EP's Supervisory Board** made by the Extraordinary General Meeting of Shareholders of the Company on 12 April 2012, referred to in pt. 1.2 above.
- **conclusion** on 5 April 2012 of loan agreements with **Bank Ochrony Środowiska S.A.** The total value of the agreements concluded with the Bank as on the date of publishing the information on the event is **PLN 20.2 million**. The Company announced the conclusion of the loan agreements with Bank Ochrony Środowiska S.A. in Current Report 12/2012 of 6 April 2012.
- **receiving and accepting on 10 April 2012 a conditional order** for works on the LNG terminal in Świnoujście. The order concerns mechanical works to be performed by the Issuer on the LNG terminal in Świnoujście. The order value is **PLN 61 million** and its completion deadline falls in the period from June 2012 to the end of November 2013. A prerequisite for the above order to take

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effect is the absence of any objection from the customer - Polskie LNG S.A. The Issuer announced its receipt of that order in Current Report 13/2012 of 10 April 2012.

- **conclusion** on 17 April 2012 with PBG Technologia sp. z o.o. (Assignor) of an agreement concerning the assignment of rights and obligations (Assignment Agreement), under which **ENERGOMONTAŻ-POŁUDNIE S.A. entered into the rights and obligations of a party to the subcontractor agreement** (Subcontractor Agreement) concluded on 18 January 2011 by the Assignor and HYDROBUDOWA POLSKA S.A. (Ordering Party). The estimated value of the agreement as on the date of publication of the current report is **PLN 32.8 million** and its completion deadline was defined as 30 June 2014. The agreement concerns the manufacture of fuel tanks as part of the update and expansion project for the MPS warehouse located in Poland. The Company announced the conclusion of this agreement in Current Report 18/2012 of 18 April 2012.
- the total value of the contracts concluded by **ENERGOMONTAŻ-POŁUDNIE S.A.** with **TAURON Wytwarzanie S.A. exceeded** the threshold of 10 percent of the Issuer's shareholders' equity. The total value of the contracts concluded with that entity since the date of publication of the previous report (Current Report 56/2011 of 14 July 2011, but in August 2011 the name of the company was changed from Południowy Koncern Energetyczny S.A. to TAURON Wytwarzanie S.A.) amounted to **PLN 10.6 million**. The Company announced the above event in Current Report 19/2012 of 10 May 2012.

Construction agreements

In the reporting period and after the balance sheet date, the following material construction agreements were concluded.

Agreement with Alstom Power Systems GmbH

On 24 January 2012, the Company concluded an agreement with **Alstom Power Systems GmbH** concerning the assembly of auxiliary pipes for the pressure element of a 910MW boiler in the Rheinhafen-Dampfkraftwerk Karlsruhe power plant. The agreement, valued at **EUR 6.75 million**, represents another series of works commissioned to the Company in the above location. Each level of series 4 (the subject of the order) has a different completion deadline, but none of them go beyond 5 May 2012. The agreement contains provisions on the contractual penalties which may be imposed on the Contractor in the amount of 1 percent of the agreement value for each commenced week of delay, but no more than a total of 10 percent of the agreement value.

Subcontractor agreement with IDS Industrieservice + Anlagenbau GmbH

On 31 January 2012, the Company and the German company **IDS Industrieservice + Anlagenbau GmbH** (Subcontractor) concluded an agreement concerning subcontractor services for a portion of assembly works carried out by the Issuer in the Rheinhafen-Dampfkraftwerk Karlsruhe Power Plant, commissioned to the Issuer by Alstom Power Systems GmbH (Alstom). As part of its initial orders, Alstom ordered from the Company two series of works for a total of EUR 10.1 million. The subcontractor agreement with a value of **EUR 4.4 million** concerns the commissioning of a portion of one of the above assembly work series carried out on the pressure element of the 910MW supercritical boiler in the above power plant. The agreement contains provisions on the contractual penalties which may be imposed on the Subcontractor in the amount of 1 percent of the agreement value for each commenced week of delay, but no more than a total of 5 percent of the agreement value.

The subcontractor agreement was to be completed by the end of April 2012.

Financial agreements

In the reporting period and after the balance sheet date, the Company reported the following events concerning financial agreements.

Loan agreement with Bank Gospodarki Żywnościowej S.A.

On 10 January 2012, ENERGOMONTAŻ-POŁUDNIE S.A. acceded jointly and severally with the Borrowers (other PBG CG companies - PBG S.A., HYDROBUDOWA POLSKA S.A., HYDROBUDOWA 9 S.A., APRIVIA S.A.) to the loan agreement concluded with **Bank Gospodarki Żywnościowej S.A.** (Bank). The line of credit extended by the Bank to the above entities was increased to **PLN 157 million**. The line is in effect until 30 November 2012, and the date of final repayment of the line of credit (Line) was defined as 30

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December 2017. The Line may be utilised by each of the borrowers, and the limit for each borrower was not defined.

The line of credit extended under the annex may be utilised by the Borrowers:

1. Up to PLN 100 million until 30 November 2012 or the EUR or USD equivalent of these amounts in the form of revolving loans in PLN, EUR or USD, to be used for financing day-to-day supply, manufacturing and sale needs or the provision of services, the cash settlement process, and to finance inventories, accruals and receivables resulting from settlements with business partners and to cover amounts disbursed by the Bank under letters of credit.

2. Up to PLN 157 million or the EUR or USD equivalent of that amount until 30 November 2012 in the form of bank guarantees, in particular: tender guarantees, advance refund guarantees, performance bonds, guarantees securing product or service warranty claims, guarantees securing payment for goods purchased/services performed, guarantees securing customs dues, guarantees securing excise tax dues, guarantees securing payments on tax on goods and services, with the term of the longest guarantee under the limit being 5 years and 30 days, and the last day on which the Bank may issue a guarantee being 30 November 2012,

3. Up to PLN 40 million or the EUR or USD equivalent of that amount, to be allocated towards granting documentary letters of credit and standby letters of credit until 30 December 2014, with the term of the longest letter of credit under the Limit being two years, and the latest date on which the Bank may issue a letter of credit being 30 November 2012.

The line of credit and the revolving loans granted thereunder are revolving in nature, which means that each repayment of the entire debt or a portion thereof, expiry of a guarantee granted or letter of credit opened enables Borrowers to utilise them again, while revolving loans in the credit account as part of the Line are non-revolving loans.

If the sum of the limit utilised exceeds the amount of the limit granted due to exchange rate fluctuations, Borrowers are required to pay the Bank the difference no later than on the third business day after calculating the difference. The Borrowers are jointly and severally liable for paying the difference. The Bank calculates the difference in the event of any instruction from the Borrowers to make a transaction as part of the limit but no less than once a month, on the last business day of each month.

Borrowers are required to jointly and severally repay any loans incurred as part of the Line, and the Bank will debit, in the first instance, the current account of the borrower who utilised the Line.

Revolving loans in credit accounts bear interest at a floating annual interest rate applicable during the time for which the interest is charged, calculated as a sum of the 1M WIBOR rate for PLN loans and 1M EURIBOR rate for EUR loans or 1M LIBOR rate for USD loans and the Bank's margin. Late payment interest on due and unpaid guaranteed amounts is charged at 1.5 times the statutory interest rate.

Due to extending the deadline for the repayment of the credit limit, the Borrowers, including the Issuer, have made declarations on submission to enforcement up to PLN 235.5 million, which enable the Bank to add an enforceability clause to the banking writ of execution until 30 December 2020.

Portfolio of orders

As on the date of publication of this report, i.e. 15 May 2012, the EP Group's portfolio of orders was valued at **nearly PLN 312 million**, of which approximately PLN 254 million was to be carried out in 2012. The largest share in the structure of the Group's portfolio of orders is held by "Energy" segment contracts, which represent approximately 71 percent of the EP GC's portfolio.

The value of the portfolio was estimated using the euro exchange rate accepted by the parent company in calculating orders. The portfolio takes into account the estimated value of the orders to be carried out in each reporting period.

3.2. Description of factors and events, especially extraordinary, that had a material effect on the consolidated financial result

In the first quarter of 2012, there were no extraordinary factors or events that would have a material effect on the financial result.

EFFECT OF CURRENCY HEDGING ON THE EP CAPITAL GROUP'S PERFORMANCE

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Due to open positions on the currency market, the EP Capital Group remains hedged for a large portion of cash flows (concerning revenue from sales) to be accounted for in 2012 in the amount of EUR 6.1 million and in 2013 in the amount of EUR 0.8 million. These transactions were concluded at the average weighted forward exchange rate of 4.2065 PLN/EUR. On the basis of information obtained from banks, the balance sheet valuation of open positions on forward hedging instruments as on 31 March 2012 was PLN (minus) 0.2 million (and due to revenue hedging the Group's result included the amount of PLN (plus) 1.1 million), of which PLN (plus) 0.2 million was recorded in the consolidated income statement in the first quarter of 2012, and PLN (minus) 1.2 million in shareholders' equity.

Hedging contracts are concluded in compliance with the EP Group's strategy for hedging business activity against currency risk.

The EP Capital Group has been applying the principles of hedge accounting since 1 July 2011. Hedging instruments (forward contracts) are used for hedging the profitability of specific contracts of the EP Capital Group and are not and have never been concluded for reasons other than hedging generated cash flows.

4. Earnings per share

Basic/diluted earnings per share are calculated in accordance with the formula of net earnings per share attributable to the shareholders of the parent company divided by the average weighted number of ordinary shares existing at the time. In the first quarter of 2012, earnings per share were **PLN 0.01**, compared to the earnings per share of PLN 0.02 in the corresponding period of the previous year.

5. Seasonality of operations

The market for construction/assembly services is subject to seasonal cycles, largely due to the weather. The cycle of work in the power engineering sector, the main customer for the parent company's services, is also seasonal in nature. Refurbishment and modernisation work on power generation equipment is performed mostly in the summer, since it is in use during the winter season.

6. Operating segments

In defining its operating segments, the Management Board relies on areas that represent the main services and products offered by the Capital Group.

In the Capital Group, the operating segment is the primary reporting reference.

The list of segments is in line with the presentation of the operating segments in the consolidated statements of the ultimate parent company, i.e. PBG S.A.

The EP Capital Group recognises three segments in which operations are conducted:

- **Energy,**
- **Residential and industrial real estate development,**
- **Other.**

In those segments, the following services are offered:

ENERGY	RESIDENTIAL AND INDUSTRIAL REAL ESTATE DEVELOPMENT	OTHER
<ul style="list-style-type: none"> ▪ assembly services for commercial and industrial power companies ▪ construction and assembly services for industry ▪ industrial production of metal products 	<ul style="list-style-type: none"> ▪ developer operations ▪ general contracting 	<ul style="list-style-type: none"> ▪ sale of foundry products ▪ training services ▪ laboratory and research services ▪ renovation, maintenance and inspection services for machinery and plants ▪ equipment services ▪ lease of real estate, equipment, machines and plants ▪ financing activities

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The Group presents its revenue from sales, costs and result (gross margin) categorised by the above segments, but does not present the assets and liabilities of the balance sheet categorised by operating segments due to the fact that some fixed assets are used for production classified in various segments and materials inventories cannot be allocated to individual segments and it is impossible to allocate trade liabilities and revenues and costs of other operating and financing activity to any segments.

Information on the operating segments is presented in the table below.

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
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Revenues and results of the operating segments:

Item	Segments			Other	Consolidated value
	Energy	Residential and industrial real estate development			
<i>Financial results of the segments for the period from 1 January to 31 March 2012</i>					
Total revenue	87 184	1 022		3 029	91 235
Sales to third parties	87 184	1 022		3 029	91 235
Sales between segments	-	-		-	-
Total costs	82 298	1 014		3 217	86 529
Result of the segment	4 886	8		- 188	4 706
<i>Financial results of the segments for the period from 1 January to 31 March 2011</i>					
Total revenue	66 641	4 827		4 292	75 760
Sales to third parties	66 641	4 827		4 292	75 760
Sales between segments	-	-		-	-
Total costs	61 128	4 779		3 564	69 471
Result of the segment	5 513	48		728	6 289

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7. Property, plant and equipment

The table below categorises property, plant and equipment into groups by type.

Item	as on 31 Mar 2012	as on 31 Dec 2011	as on 31 Mar 2011
Land	7 687	7 687	7 614
Buildings and structures	39 071	39 461	34 810
Plant and machinery	10 574	11 219	14 071
Means of transport	8 983	9 599	10 443
Other tangible assets	2 733	2 898	2 922
Net balance sheet value	69 048	70 864	69 860
Property, plant and equipment under construction	542	142	4 228
Advance payments on property, plant and equipment			
Total property, plant and equipment	69 590	71 006	74 088
Property, plant and equipment classified as held for sale	-	-	-
Property, plant and equipment	69 590	71 006	74 088

8. Share capital

In the first quarter of 2012, Energomontaż-Południe S.A. did not issue any shares.

Share capital as on the balance sheet date:

	31 Mar 2012	31 Dec 2011
Number of shares	70 972 001	70 972 001
Nominal value per share (PLN)	1,00	1,00
Share capital	70 972	70 972

8.1. Significant shareholders

Shareholders holding directly or indirectly (through subsidiaries) 5 percent or more of the overall number of votes at the Issuer's General Meeting of Shareholders, as on the date of publication of the consolidated quarterly report, and an indication of the number of shares held by those entities, their percentage share in the share capital, the number of votes they carry and their percentage share in the overall number of votes at the General Meeting of Shareholders and an indication of changes in the ownership structure of significant blocks of shares in the parent company during the period since the publication of the previous interim report are presented below.

The table below presents the shareholding structure of the Company on the basis of notices received from the shareholders, as on the date of publication of this interim report, i.e. **as on 15 May 2012**.

Item	Shareholder	Number of shares / votes:	Share in the share capital / overall number of votes
1.	RAFAKO S.A.	46 021 520	64.84%
2.	Customers of PIONEER Pekao Investment Management S.A.	3 594 619	5.06%
3.	Renata Gasinowicz*	3 550 525	5.00%
4.	Other shareholders	17 805 337	25.10%
	TOTAL	70 972 001	100.00%

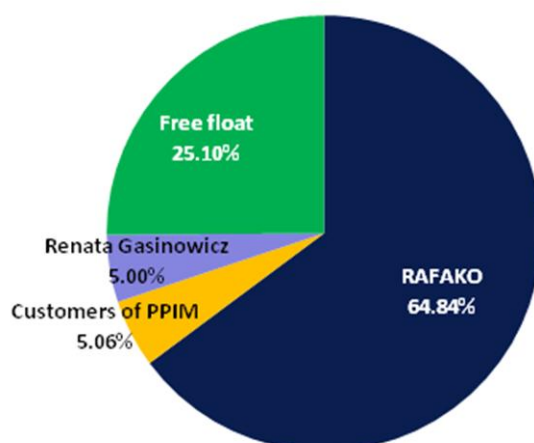
* at the Extraordinary General Meeting of Shareholders of the Issuer on 12 April 2012, Ms Renata Gasinowicz held 3,803,595 shares, which carried 3,803,595 votes, which represented 5.36 percent of the share capital and the overall number of votes in the Company.

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Changes in the ownership structure of large blocks of shares

Subject to the note below the table above, during the period since the publication of the previous interim report (annual report), i.e. **since 30 April 2012**, and since the publication of the previous quarterly report, i.e. **since 29 February 2012**, until the date of publication of this report, no changes in the ownership structure of large blocks of shares were reported.

Shareholding by number of shares / number of votes attached to the shares - as on 15 May 2012



8.2. Information on shares held by supervisory / management personnel

The Management Board of the Company	Number of shares held 29 Feb 2012	Increases	Decreases	Number of shares held 15 May 2012
Krzysztof Jan Diduch	0	-	-	0
Radostaw Kamiński	1 547 656	-	-	1 547 656
Waldemar Barański	0	-	-	0

The Supervisory Board	Number of shares held 29 Feb 2012	Increases	Decreases	Number of shares held 15 May 2012
Wiesław Różacki	-*	-	-	0
Dariusz Karwacki	-*	-	-	0
Piotr Rutkowski	-*	-	-	0
Janusz Koszarny	-*	-	-	0
Andrzej Kowalski	0	-	-	0
Przemysław Szkudlarczyk	-*	-	-	0

* as on the date of submitting the previous quarterly report the person listed was not a member of the Issuer's Supervisory Board

9. Dividend

In the first quarter of 2012, the Company did not pay out or declare the payment of any dividend.

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Period covered by the financial statements:	1 Jan 2012 – 31 Mar 2012	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts denominated in thousands of Polish zlotys (unless stated otherwise)		

10. Issue and redemption of debt securities

In the first quarter of 2012, the EP Group did not issue debt securities. The EP Group has no debt securities that would warrant redemption.

11. Contingent liabilities

The value of contingent liabilities as at the end of each period (including for affiliates) was as follows:

Item	as on 31 Mar 2012	as on 31 Dec 2011	as on 31 Mar 2011
Towards affiliated, non-consolidated companies:			
Security for loan repayment			
Security for repayment of trade and other liabilities			
Security for contract guarantees			
Security for current and future leases			
Security for credit and guarantee limit			
Security for derivative transactions limit			
Performance bonds			
Guarantees for proper removal of defects			
Tender guarantees			
Guarantees for repayment of trade liabilities			
Guarantees for advance payment refund			
Amount withheld guarantees			
Payment guarantees			
Other			
Affiliated, non-consolidated companies, in total:	0	0	0
Towards associates:			
Security for loan repayment			
Security for repayment of trade and other liabilities			
Security for contract guarantees			
Security for current and future leases			
Security for credit and guarantee limit			
Security for derivative transactions limit			
Performance bonds			
Guarantees for proper removal of defects			
Tender guarantees			
Guarantees for repayment of trade liabilities			
Guarantees for advance payment refund			
Amount withheld guarantees			
Payment guarantees			
Other			
Associates in total	0	0	0
Towards affiliated companies:			
Security for loan repayment	96 020	114 807	1 124
Security for repayment of trade and other liabilities			
Security for contract guarantees			
Security for current and future leases			
Security for credit and guarantee limit	52 196		

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
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<i>Item</i>	as on 31 Mar 2012	as on 31 Dec 2011	as on 31 Mar 2011
Security for derivative transactions limit			
Performance bonds			
Guarantees for proper removal of defects			
Tender guarantees			
Guarantees for repayment of trade liabilities			
Guarantees for advance payment refund			
Amount withheld guarantees			
Payment guarantees			
Other bonds guarantees, promissory notes issued	833 308	876 346	
Affiliates in total	981 524	991 153	1 124
Towards other companies:			
Security for loan repayment			
Security for repayment of trade and other liabilities			
Security for contract guarantees			
Security for current and future leases	47	49	59
Security for credit and guarantee limit			
Security for derivative transactions limit			
Performance bonds	46 772	47 881	45 431
Guarantees for proper removal of defects	19 424	17 568	13 858
Tender guarantees	1 920	1 935	4 256
Guarantees for repayment of trade liabilities			
Guarantees for advance payment refund	20 563	15 757	23 625
Amount withheld guarantees			
Payment guarantees			
Other, promissory notes issued	559	316	2 788
Other companies in total	89 285	83 506	90 017
Total contingent liabilities	1 070 809	1 074 659	91 141

In the first quarter of 2012, the Group did not grant warranties or guarantees with a value of more than 10 percent of the Company's shareholders' equity.

12. Information on material court, arbitration and administrative proceedings

As on the date of publishing this report, Energomontaż-Południe S.A. is party to court proceedings whose value constitutes at least 10 percent of the Company's equity.

- On 17 January 2011, the Company received a copy of a claim by Martifer Polska Sp. z o.o. with its registered office in Gliwice (the "Claimant") for payment, together with a motion for granting security of the claim. The value of the dispute as stated by the Claimant is PLN 90,753,000. The Claimant maintained that the amount sought was owed to it as payment for the construction works completed under the construction works agreement of 29 October 2009, the contractual penalty for withdrawing from the agreement and damages for other instances of failing to perform the construction works agreement in question. The defendants are: Energomontaż-Południe S.A., Hydrobudowa Polska S.A., Hydrobudowa 9 S.A., Alpine Construction Polska Sp. z o.o., PBG Technologia Sp. z o.o. In the opinion of the parent company's Management Board, the claim is unreasonable and has no factual or legal grounds. In the opinion of the Management Board of Energomontaż-Południe S.A., the claim brought by Martifer Polska Sp. z o.o. is a strategic move, designed to improve the negotiation standing of Martifer Polska Sp. z o.o. due to Martifer Polska Sp. z o.o.'s flagrant breaches of the construction works agreement concluded with the Issuer, from which

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
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the Issuer, for reasons attributable to Martifer Polska Sp. z o.o., withdrew on 2 September 2010, as notified in Current Report 41/2010 on 3 September 2010.

The conclusion of the agreement with the Consortium of Hydrobudowa Polska S.A. and Alpine Construction Polska Sp. z o.o. relating to the construction of a steel frame for the roof of the Baltic Arena (currently PGE Arena Gdańsk) was notified by the Company in Current Report 58/2009 of 21 October 2009. Part of the works, valued at PLN 44 million, was subcontracted to the Consortium of Martifer Polska Sp. z o.o. and Ocekon Engineering s.r.o. of Slovakia. The works were to have been completed by 30 June 2010.

Martifer Polska sp. z o.o. did not meet the work completion deadline, which gave rise to the dispute in question. Currently, the value of the claim was limited to PLN 60,313,000, among other things due to providing Martifer Polska Sp. z o.o. with a supporting construction.

2. On 18 January 2012, the Issuer filed, with the Regional Court in Katowice, Division 13 Commercial, a claim against the Consortium of Martifer Polska Sp. z o.o. and Ocekon Engineering s.r.o. of Slovakia (the Consortium or Martifer, respectively) for joint and several payment of PLN 24.3 million together with statutory interest on additional costs incurred by the Issuer for reasons attributable to the defendants, as a result of performing the contractual responsibilities of the Consortium of the defendants, including substitute works, which were not performed for reasons attributable to the Consortium of the defendants. The amount sought by the Issuer from the Consortium is not comparable to the amount of the claim brought by Martifer Polska Sp. z o.o. against, among others, the Issuer (joint and several liability) in December 2010. This stems from the fact that the Company sought reimbursement solely of costs reasonably borne from the Consortium of Martifer Polska Sp. z o.o. and Ocekon Engineering s.r.o. The Company emphasises that the value of the subject of the dispute under the claim of Martifer Polska Sp. z o.o. was reduced by approximately PLN 30 million (compared to the initial value), even though there have not been any material grounds therefor since. This demonstrates the absurd level of the amounts stated in the claim brought against the Company.

Aside from the above, in the reporting period, neither the Issuer nor its subsidiary were parties to proceedings underway before a court, an arbitration body or a public administration body regarding the Issuer's or its subsidiary's liabilities or debts whose value would equal 10 percent or more of the Issuer's equity, or to two or more proceedings regarding liabilities or debts whose total value would equal 10 percent or more of the Issuer's equity.

13. Mergers of business units

In the first quarter of 2012, no such events occurred.

14. Discontinued operations

The Group has no discontinued operations.

15. Transactions with affiliates

Material transactions with affiliates are described in detail in point 11 hereof. In the reporting period, the Company also concluded the transactions set forth below with its affiliates.

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
Period covered by the financial statements:	1 Jan 2012 – 31 Mar 2012	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts denominated in thousands of Polish zlotys (unless stated otherwise)		

INFORMATION ABOUT AFFILIATES - SALES AND RECEIVABLES

	Revenue from operating activities			Receivables		
	1 Jan-31 Mar 2012	1 Jan-31 Dec 2011	1 Jan-31 Mar 2011	31 Mar 2012	31 Dec 2011	31 Mar 2011
Sales to:						
The parent company	2 823	267		644		
Subsidiary	0	-	1 253	0	-	10 121
Associated company						
Joint venture						
Key management personnel						
Other affiliated companies	432	9 308		2 197	2 409	
Total	3 255	9 575	1 253	2 841	2 409	10 121

INFORMATION ABOUT AFFILIATES - PURCHASE AND LIABILITIES

	Purchase (costs, assets)			Liabilities		
	1 Jan-31 Mar 2012	1 Jan-31 Dec 2011	1 Jan-31 Mar 2011	31 Mar 2012	31 Dec 2011	31 Mar 2011
Purchase from:						
The parent company	35	519	-	53	430	
Subsidiary	0	-	7 352	0	-	3 244
Associated company						
Joint venture						
Key management personnel						
Other affiliated companies	56	71		3 279	2 206	
Total	91	590	7 352	3 332	2 636	3 244

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
Period covered by the financial statements:	1 Jan 2012 – 31 Mar 2012	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts denominated in thousands of Polish zlotys (unless stated otherwise)		

INFORMATION ABOUT AFFILIATES - LOANS GRANTED

	31 Mar 2012		31 Dec 2011		31 Mar 2011	
	Granted in the reference period	Accumulated balance	Granted in the reference period	Accumulated balance	Granted in the reference period	Accumulated balance
Loans granted to:						
The parent company						
Subsidiary	4	15	11	11	5 014	5 014
Associated company						
Joint venture						
Key management personnel						
Other affiliated companies						
Total	4	15	11	11	5 014	5 014

INFORMATION ABOUT AFFILIATES - LOANS RECEIVED

	31 Mar 2012		31 Dec 2011		31 Mar 2011	
	Received in the reference period	Accumulated balance	Received in the reference period	Accumulated balance	Received in the reference period	Accumulated balance
Loans received from:						
The parent company			4 000	4 000		
Subsidiary						
Associated company						
Joint venture						
Key management personnel						
Other affiliated companies	459	459				
Total	459	459	4 000	4 000	-	-

Transactions with affiliated companies are concluded on market terms in the ordinary course of business.

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
Period covered by the financial statements:	1 Jan 2012 – 31 Mar 2012	Reporting currency:	Polish zloty (PLN)
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16. Events after the balance sheet date

After the balance sheet date, there were no events other than those set forth in point 3.1 hereof that would have a material effect on the consolidated result.

17. Position of the Management Board in relation to the Group's ability to achieve previously published forecasts

The Company did not publish any forecasts of financial results for 2012.

18. Factors that will affect future financial performance

Some of the most important factors that may affect the financial standing of the Issuer in at least the next quarter include:

- the industry outlook,
- the Company's presence in the RAFAKO Group in terms of increasing its ability to secure contracts of considerable value,
- the profitability of contracts performed in Poland and abroad (Germany, the Netherlands),
- prices of construction materials and services,
- the costs of employing and the availability of qualified employees (welders, fitters),
- the disposal of non-productive assets.

19. Selected financial data restated in euros

The following average zloty/euro exchange rates established by the National Bank of Poland have been used to convert selected financial data for the periods covered by the condensed consolidated financial statements:

- rate applicable as on the last day of the reporting period: 31 Mar 2012 4.1616 PLN/EUR, 31 Mar 2011 4.0119 PLN/EUR,
- average exchange rate in the period, calculated as an arithmetical mean of the rates in effect as on the last day of each month in the period: 1 Jan - 31 Mar 2012 4.1750 PLN/EUR, 1 Jan - 31 Mar 2011 3.9742 PLN/EUR,
- highest and lowest rate in each period: 1 Jan - 31 Mar 2012 4.1062 - 4.5135 PLN/EUR, 1 Jan - 31 Mar 2011 3.8403 - 4.0800 PLN/EUR.

Basic items from the consolidated statement of financial position, consolidated statement of comprehensive income and the consolidated cash flow statement, converted into euros, are presented in the table below:

Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011
	[PLN '000]		[EUR '000]	
Statement of comprehensive income				
Sales revenue	91 235	75 760	21 853	19 063
Profit (loss) from operating activities	(395)	2 547	(95)	641
Profit (loss) before tax	814	865	195	218
Net profit (loss)	660	1 389	158	350
Profit (loss) per ordinary share (PLN / EUR)	0,01	0,02	0,00	0,01
Average PLN / EUR exchange rate	X	X	4.1750	3.9742
Cash flow statement				
Net cash flows generated on operating activities	6 305	14 793	1 510	3 722
Net cash flows utilised in investment activities	(393)	(3 659)	(94)	(921)
Net cash flows from financing activities	(5 122)	(15 251)	(1 227)	(3 838)
Net change in cash and cash equivalents	790	(4 117)	189	(1 036)

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
Period covered by the financial statements:	1 Jan 2012 – 31 Mar 2012	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts denominated in thousands of Polish zlotys (unless stated otherwise)		

Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011
	[PLN '000]	[PLN '000]	[EUR '000]	[EUR '000]
Average PLN / EUR exchange rate	X	X	4.1750	3.9742
Statement of financial position				
Assets	379 604	389 459	91 216	97 076
Non-current liabilities	62 497	69 892	15 018	17 421
Current liabilities	218 837	225 477	52 585	56 202
Equity attributable to equity holders of the parent company	98 270	94 090	23 614	23 453
Share capital	70 972	70 972	17 054	17 690
Average weighted number of ordinary shares	70 972	69 204	70 972	69 204
Book value per share (in PLN/EUR)	1.38	1.35	0.33	0.34
Dividend declared or paid per share (in PLN/EUR)	-	-	-	-
PLN / EUR exchange rate at end of period	X	X	4.1616	4.0119

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
Period covered by the financial statements:	1 Jan 2012 – 31 Mar 2012	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts denominated in thousands of Polish zlotys (unless stated otherwise)		

CONDENSED NON-CONSOLIDATED FINANCIAL STATEMENTS OF ENERGOMONTAŻ-POŁUDNIE S.A.

STATEMENT OF FINANCIAL POSITION

Item	as on 31 Mar 2012	as on 31 Dec 2011	as on 31 Mar 2011
Assets			
I. Non-current assets	183 015	181 884	169 386
1. Property, plant and equipment	69 483	70 900	71 201
2. Intangible assets	3 033	2 916	1 580
3. Goodwill	0	0	0
4. Investment properties	82 657	82 657	83 964
5. Financial assets	393	401	3 763
5a. Investments in subsidiaries	0	0	100
5b. Investments available for sale	124	124	214
5c. Other financial assets	95	95	95
5d. Loans granted	174	182	3 354
6. Non-current receivables	11 752	8 487	4 011
7. Deferred income tax assets	15 697	16 523	4 787
8. Prepayments and accrued income	0	0	80
II. Current assets	196 182	207 100	244 475
1. Inventories	69 988	79 018	110 904
2. Current receivables	122 460	125 127	120 402
2a. Trade receivables	67 681	59 199	70 103
2b. Other receivables	21 145	22 485	23 325
2c. Income tax receivables	2 663	2 663	5 457
2d. Prepayments and accrued income	30 971	40 780	21 517
3. Current financial assets	60	52	3 913
3a. Loans granted	60	52	1 911
3b. Financial assets designated for sale	0	0	0
3c. Foreign exchange forward contracts	0	0	2 002
4. Cash and cash equivalents	3 674	2 903	9 256
III. Non-current assets designated for sale	0	0	0
Total assets	379 197	388 984	413 861
Liabilities			
I. Equity	100 694	96 724	114 505
1. Share capital	92 307	92 307	92 307
- including revaluation of capital due to hyperinflation	21 335	21 335	21 335
2. Own shares	0	0	-11 165
3. Capital reserves	33 385	33 385	32 492
4. Revaluation reserve	18 377	14 858	19 443
5. Other capital reserves	69 968	69 968	69 968
6. Retained profit (loss) from previous years	-113 793	-93 323	-92 602
7. Profit (loss) for the current year	450	-20 471	4 062
II. Non-current liabilities	62 495	69 891	73 813
1. Provisions	17 609	17 609	16 779

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
Period covered by the financial statements:	1 Jan 2012 – 31 Mar 2012	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts denominated in thousands of Polish zlotys (unless stated otherwise)		

Item	as on 31 Mar 2012	as on 31 Dec 2011	as on 31 Mar 2011
1a. Provisions for employee benefits	5 934	5 934	5 996
1b. Provision for deferred income tax	11 675	11 675	10 783
1c. Other provisions	0	0	0
2. Financial liabilities	44 165	48 636	53 230
2a. Credit facilities and loans	0	0	3 950
2b. Leasing liabilities	44 165	48 636	49 280
3. Other non-current liabilities	721	3 646	3 804
III. Current liabilities	216 008	222 369	225 543
1. Provisions	2 568	2 568	844
1a. Provisions for employee benefits	987	987	844
1b. Other provisions	1 581	1 581	0
2. Financial liabilities	68 794	71 167	62 751
2a. Credit facilities and loans	59 965	58 755	54 167
2b. Leasing liabilities	8 676	8 901	8 192
2c. Foreign exchange forward contracts	153	3 511	392
3. Current liabilities	144 646	148 634	161 948
3a. Trade liabilities	44 335	49 441	43 109
3b. Other liabilities	56 202	60 740	86 202
3c. Income tax liabilities	0	0	0
3d. Accruals and deferred income	44 109	38 453	32 637
III. Liabilities associated with non-current assets designated for sale	0	0	0
Total liabilities	379 197	388 984	413 861
Book value	100 694	96 724	114 505
Weighted average number of ordinary shares (in '000s)	70 972	69 846	69 204
Book value per share (in PLN)	1.42	1.38	1.65

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
Period covered by the financial statements:	1 Jan 2012 – 31 Mar 2012	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts denominated in thousands of Polish zlotys (unless stated otherwise)		

STATEMENT OF COMPREHENSIVE INCOME

Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011
I. Net revenues from the sale of products, goods and materials	91 229	75 479
II. Costs of products, goods and materials sold	86 528	67 839
III. Gross profit (loss) from sales	4 701	7 640
IV. Other revenue	3 612	3 852
V. Costs of sales	0	87
VI. General management costs	5 623	3 942
VII. Other costs	3 344	2 370
VIII. Operating profit (loss)	-654	5 093
IX. Financial revenue	2 901	35
X. Financial expenses	1 692	1 651
XI. Profit (loss) before tax	555	3 477
XII. Income tax	105	-585
XIII. Net profit (loss) from continued operations	450	4 062
XIV. Profit (loss) on discontinued operations	0	0
XV. Net profit (loss) on continued and discontinued operations	450	4 062
Item		
Net profit (loss)	450	4 062
Other total income	3 520	0
Financial assets available for sale	0	0
Hedging of cash flows	4 346	0
Effects of reassessments of real property	0	0
Income tax on other comprehensive income items	-826	0
Total comprehensive income	3 970	4 062
Net profit (loss)	450	4 062
Weighted average number of ordinary shares (in '000s)	70 972	69 204
Profit (loss) per ordinary share (in PLN)	0,01	0,06

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
Period covered by the financial statements:	1 Jan 2012 – 31 Mar 2012	Reporting currency:	Polish zloty (PLN)
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STATEMENT OF CHANGES IN EQUITY

1 January 2012	Share capital	Own shares	Capital reserves	Revaluation reserve	Other capital reserves	Retained profit (loss) from previous years and the current year	Shareholders' equity
Balance at beginning of period	92 307	0	33 385	14 858	69 968	-113 794	96 724
- including revaluation of capital due to hyperinflation	21 335	0	0	0	0	0	21 335
Changes in accounting policies	0	0	0	0	0	0	0
Correction of basic errors	0	0	0	0	0	0	0
Opening balance sheet after changes	92 307	0	33 385	14 858	69 968	-113 794	96 724
Increases (+) / decreases (-) from share issues	0	0	0	0	0	0	0
Increases (+) / decreases (-) from liquidation and sale of tangible assets	0	0	0	0	0	0	0
Increases (+) / decreases (-) from profit distribution	0	0	0	0	0	0	0
Increases (+) / decreases (-) in valuation of tangible assets	0	0	0	0	0	0	0
Valuation of financial assets	0	0	0	3 520	0	0	3 520
Net profit (loss)	0	0	0	0	0	450	450
Other increases (+) / decreases (-)	0	0	0	0	0	0	0
31 March 2012	92 307	0	33 385	18 378	69 968	-113 344	100 694

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
Period covered by the financial statements:	1 Jan 2012 – 31 Mar 2012	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts denominated in thousands of Polish zlotys (unless stated otherwise)		

1 January 2011	Share capital	Own shares	Capital reserves	Revaluation reserve	Other capital reserves	Retained profit (loss) from previous years and the current year	Shareholders' equity
Balance at beginning of period	92 307	0	32 492	10 808	69 968	-41 272	164 303
- including revaluation of capital due to hyperinflation	21 335	0	0	0	0	0	21 335
Changes in accounting policies	0	0	0	0	0	0	0
Correction of basic errors	0	0	0	8 635	0	-51 330	-42 695
Opening balance sheet after changes	92 307	0	32 492	19 443	69 968	-92 602	121 608
Increases (+) / decreases (-) from liquidation and sale of tangible assets	0	0	0	0	0	0	0
Increases (+) / decreases (-) from profit distribution	0	0	0	0	0	0	0
Increases (+) / decreases (-) in valuation of tangible assets	0	0	0	0	0	0	0
Purchase of own shares	0	-111 65	0	0	0	0	-11 165
Valuation of financial assets	0	0	0	0	0	0	0
Establishment of hedging transaction valuation capital	0	0	0	0	0	0	0
Net profit (loss)	0	0	0	0	0	4 062	4 062
Premium on sale of own shares	0	0	0	0	0	0	0
Other increases (+) / decreases (-)	0	0	0	0	0	0	0
31 March 2011	92 307	-11 165	32 492	19 443	69 968	-88 540	114 505

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
Period covered by the financial statements:	1 Jan 2012 – 31 Mar 2012	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts denominated in thousands of Polish zlotys (unless stated otherwise)		

CASH FLOW STATEMENT

Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Dec 2011	for the period from 1 Jan 2011 to 31 Mar 2011
A. Cash flow from operating activities – indirect method			
I. Gross profit (loss)	555	-29 951	3 477
II. Total adjustments	5 735	48 204	10 848
1. Share in net (profit) loss of subsidiary companies valued using the equity method	0	0	0
2. Depreciation	1 963	8 365	1 822
3. Profit (loss) from exchange rate differences	0	0	-179
4. Interest and shares in profits (or dividends)	1 633	8 081	1 675
5. Profit (loss) on investment activity	0	144	55
6. Change in provisions	0	662	-2 298
7. Change in inventories	9 025	34 845	2 959
8. Change in receivables	-10 591	17 155	13 785
9. Change in current liabilities, excluding borrowings	-11 761	-5 364	2 544
10. Change in prepayments and accruals	15 466	-23 150	-9 071
11. Income tax paid	0	2 351	-444
12. Other adjustments	0	5 115	0
III. Net cash flow from operating activities (I+/-II)	6 290	18 253	14 325
B. Cash flow from investment activities			
I. Inflows	8	758	334
1. Sale of intangible assets and property, plant and equipment	0	313	183
2. Sale of investments in real property and intangible assets	0	0	0
3. From financial assets, of which:	8	445	151
a) in related companies	0	143	144
- sale of financial assets	0	0	0
- dividends and profit distribution	0	0	0
- repayment of loans granted	0	143	144
- other inflows	0	0	0
- Interest payments	0	0	0
b) in other entities	8	302	7
- sale of financial assets	0	0	0
- dividends and profit distribution	0	38	0
- repayment of loans granted	6	27	0
- Interest payments	2	237	7
- other inflows from financial assets	0	0	0
4. Other investment inflows	0	0	0
II. Outflows	405	7 117	3 849
1. Purchase of intangible assets and property, plant and equipment	401	6 856	3 599
2. Investments in real property and intangible assets	0	0	0
3. On financial assets, of which:	4	261	250
a) in related companies	0	11	0
- purchase of financial assets	0	0	0

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
Period covered by the financial statements:	1 Jan 2012 – 31 Mar 2012	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts denominated in thousands of Polish zlotys (unless stated otherwise)		

Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Dec 2011	for the period from 1 Jan 2011 to 31 Mar 2011
- loans granted	0	11	0
b) in other entities	4	250	250
- purchase of financial assets	0	0	0
- loans granted	4	250	250
4. Other investment outflows	0	0	0
III. Net cash flow from investment activities (I-II)	-397	-6 359	-3 515
C. Cash flow from financial activities			
I. Inflows	1 210	12 057	0
1. Net inflow on issue of shares and other capital instruments and additional payments to capital	0	0	0
2. Borrowings	1 210	0	0
3. Issue of debt securities	0	0	0
4. Sale of own shares	0	12 057	0
II. Outflows	6 332	34 290	14 975
1. Purchase of own shares	0	11 164	11 165
2. Dividends and other distributions to owners	0	0	0
3. Profit distribution outflows other than distributions to owners	0	0	0
4. Repayment of borrowings	0	261	899
5. Redemption of debt securities	0	0	0
6. Other financial outflows	0	0	0
7. Payment of liabilities under financial lease agreements	4 696	15 451	1 229
8. Interest payments	1 636	7 414	1 682
9. Other financial outflows	0	0	0
III. Net cash flow from investment activities (I-II)	-5 122	-22 233	-14 975
D. Total net cash flow (A.III+/-B.III+/-C.III)	771	-10 339	-4 165
E. Balance-sheet change in cash, of which:	771	-10 339	-3 986
- change in cash from exchange rate differences	0	0	179
F. Cash at beginning of period	2 903	13 242	13 242
G. Cash at end of period (F+/- D)	3 674	2 903	9 077

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
Period covered by the financial statements:	1 Jan 2012 – 31 Mar 2012	Reporting currency:	Polish zloty (PLN)
Rounding level:	all amounts denominated in thousands of Polish zlotys (unless stated otherwise)		

COMMENTS ON THE FINANCIAL RESULTS OF ENERGOMONTAŻ-POŁUDNIE S.A.

Sales revenue

In the first quarter of 2012, the sales revenue of ENERGOMONTAŻ-POŁUDNIE S.A. amounted to **PLN 91.2 million**, which is an increase of nearly 21 percent compared with the sales revenue generated in the corresponding period the previous year. The level of the Company's revenue from sales differs only slightly from the value of consolidated revenue from sales due to the insignificant influence of the consolidated entity - Modus II.

Result on operating activities

In the first quarter of 2012, ENERGOMONTAŻ-POŁUDNIE S.A. posted an operating loss of **PLN 0.7 million** compared to the PLN 5.1 million operating profit in the corresponding period in 2011. In the reporting periods in question, there is a noticeable increase in the cost of general management and an increase in other operating costs.

Result on financing activities

ENERGOMONTAŻ-POŁUDNIE S.A. posted a profit of **PLN 1.2 million** on financial activities in the first quarter of 2012, compared to a loss of PLN 1.6 million on those activities in the corresponding period of the previous year.

Net result

In the first quarter of 2012, the Company achieved a **net profit of PLN 0.5 million** compared to PLN 4.1 million net profit in the first quarter of 2011.

EBITDA

Depreciation costs in the first quarter of 2012 amounted to slightly under PLN 2.0 million, compared to slightly above PLN 1.8 million in the corresponding period of the previous year.

The EBITDA (operating profit plus depreciation) result in the first quarter of 2012 amounted to **plus PLN 1.3 million** and was approximately PLN 5.6 million lower than the value recorded in the corresponding period of the previous year.

Profitability indicators

A comparison of the financial performance of the Company in the first quarter of 2012 and the corresponding period of the preceding year reveals decreased profitability on all levels of the consolidated statement of comprehensive income.

Profitability indicators	Q1 2012	Q1 2011
Gross profitability on sales ¹	5.2%	10.1%
Operating profitability ²	-0.7%	6.7%
Net profitability ³	0.5%	5.4%

¹gross profit from sales / revenue from sales*100

²profit from operating activity / revenue from sales*100

³net profit attributable to the shareholders of the parent company/revenue from sales*100

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
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**SELECTED NON-CONSOLIDATED FINANCIAL INFORMATION OF ENERGOMONTAŻ-POŁUDNIE S.A.
CONVERTED INTO EUROS**

Item	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011	for the period from 1 Jan 2012 to 31 Mar 2012	for the period from 1 Jan 2011 to 31 Mar 2011
	[PLN '000]	[PLN '000]	[EUR '000]	[EUR '000]
Statement of comprehensive income				
Sales revenue	91 229	75 479	21 851	18 992
Profit (loss) from operating activities	(654)	5 093	(157)	1 282
Profit (loss) before tax	555	3 477	133	875
Net profit (loss)	450	4 062	108	1 022
Profit (loss) per ordinary share (PLN / EUR)	0,01	0,06	0,00	0,01
Average PLN / EUR exchange rate	X	X	4.1750	3.9742
Cash flow statement				
Net cash generated on operating activities	6 290	14 325	1 507	3 604
Net cash utilised in investment activities	(397)	(3 515)	(95)	(884)
Net cash flows from financing activities	(5 122)	(14 975)	(1 227)	(3 768)
Net change in cash and cash equivalents	771	(4 165)	185	(1 048)
Average PLN / EUR exchange rate	X	X	4.1750	3.9742
Statement of financial position				
Assets	379 197	388 984	91 118	96 958
Non-current liabilities	62 495	69 891	15 017	17 421
Current liabilities	216 008	222 369	51 905	55 427
Equity attributable to equity holders of the parent company	100 694	96 724	24 196	24 109
Share capital	70 972	70 972	17 054	17 690
Average weighted number of ordinary shares	70 972	69 204	70 972	69 204
Book value per share (in PLN/EUR)	1,42	1,38	0,34	0,35
Dividend declared or paid per share (in PLN/EUR)	-	-	-	-
PLN / EUR exchange rate at end of period	X	X	4.1616	4.0119

Name of the capital group:	ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP		
Period covered by the financial statements:	<i>1 Jan 2012 – 31 Mar 2012</i>	Reporting currency:	<i>Polish zloty (PLN)</i>
Rounding level:	<i>all amounts denominated in thousands of Polish zlotys (unless stated otherwise)</i>		

Signatures of all of the Company's Management Board Members			
Date	Name and surname	Position	Signature
15 May 2012	Krzysztof Jan Diduch	President of the Management Board	<i>Krzysztof Jan Diduch</i>
15 May 2012	Radosław Kamiński	Vice-President of the Management Board	<i>Radosław Kamiński</i>
15 May 2012	Waldemar Barański	Vice-President of the Management Board	<i>Waldemar Barański</i>