R E P O R T

OF AN INDEPENDENT CERTIFIED AUDITOR

on an audit of financial statements, supplementing an opinion relating to

ENERGOMONTAŻ-POŁUDNIE

Spółka Akcyjna

in Katowice

1. The audit covered the financial statements for the period 1 January to 31 December 2009,in the period 1 October 2009 to 26 March 2009 with breaks.
2. The audit of the financial statements was carried out by chief certified auditor: **Bogusława Zemełka,** residing at ul. Orkana 9, Sosnowiec.
   Reg. No. 9368
3. The composition of the Management Board of Energomontaż-Południe S.A. from 1 January 2009 to the date of completing the audit was as follows:

President	**Mr Wojciech Nazarek –** to 29.04.2009
President	**Mr Andrzej Hołda** – from 29.04.2009 to date
Vice-President	**Ms Alina Sowa** – from 15.07.2009 to date
Member	**Mr Tadeusz Torbus –** to 5.03.2009
Member	**Mr Jacek Fydrych** – from 4.09.2009 to date
Member	**Mr Dariusz Kowzan** – from 2.02.2010 to date

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

- Resolution No. 6/2009 of 5 March 2009 on recalling Member of the Management Board Mr Tadeusz Torbus;
- Resolution No. 13/2009 of 29 April 2009 on recalling President of the Management Board Mr Wojciech Nazarek;
- 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. 3/2010 of 2 February 2010 on appointing Mr Dariusz Kowzan Member of the Management Board.

4. From 1 September 2007, the Chief Accountant was **Ms Wiesław Późniak**.

5. The composition of the Supervisory Board in the period for which the financial statements were audited was as follows:

Mr Sławomir Masiuk	- Chairman
Mr Andrzej Wilczyński	- Deputy Chairman from 22.09.2009
Mr Andrzej Kowalski	- Member
Mr Marek Wesołowski	- Member
Mr Krzysztof Radojewski	- Member until 15.05.2009
Mr Maciej Mikucki	- Member from 15.5.2009 to 22.09.2009,
Mr Waldemar Tevnell	- Member to 22.09.2009
Mr Tomasz Woroch	- Member from 22.09.2009

A. GENERAL PART

I. Legal form of the company

The name of the company is: **Energomontaż-Południe Spółka Akcyjna**

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

The Company can use the short name: **Energomontaż-Płd S.A.**

No organisational changes occurred in the Company.

II. Business activities

73 items are recorded in the National Court Register under the heading "business activities". The Company's core activities include:

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.

The activities actually conducted by the Company do not extend outside the scope of activities specified in the register and correspond to its industry identification number (*REGON*) and Statute.

III. 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 19 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 22 September 2009 – Rep. A No. 13435/2009.

IV. 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.

The last entry in the National Court Register was carried out on 19 March 2010.

The Company was established in perpetuity.

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

V. Amount of equity

The Company's equity is as follows:

1) Shareholders' equity amounts to PLN 208,165,000
   of which:
   a) stated capital PLN 69,725,000
   b) other capital funds (supplementary, reserve) PLN 118,031,000
   c) Retained loss - PLN 1,897,000
   d) profit for the current year PLN 22,306,000

2) The share capital of Energomontaż-Południe S.A. amounts to PLN 48,390,000, divided into 48,390,000 ordinary bearer shares with a par value of PLN 1.00 per share.
   The Company's shares have been the subject of stock exchange trading on the parallel market since 13 November 1997.

The ownership structure of the share capital as at 31 December 2009 was as follows:

Shareholders	Number of shares/ votes	Share in stated capital
Renata Gasinowicz	7,578,494	15.66
Stanisław Gasinowicz	4,854,023	10.03
Andrzej Mikucki and Piotr Mikucki	4,390,000	9.07
Others – holding less than 5% of the shares	31,567,483	65.24
Total:	48,390,000	100.00

3) On 22 March 2010, an increase in the share capital was registered in the National Court Register in connection with an issue of 22,582,001 series E shares.

The stated capital was covered in strict compliance with the law and actually exists.

VI. Average annual employment

Average employment for 2009 according to Z-06 amounted to 777 people.

VII. Information on the Management Board and the Supervisory Board

The composition of the Management Board, the functions of the members and changes in the audited year and up to the completion of the audit of the financial statements was as follows:

President	– Mr Wojciech Nazarek	from 1.9.2007 to 29.4.2009
President	– Mr Andrzej Hołda	From 29.4.2009 to date

Vice-President	–	Mr Andrzej Hołda	from 1.3.2008 to 29.4.2009
Member	–	Mr Tadeusz Torbus	from 1.10.2007 to 5.3.2009
Vice-President	–	Ms Alina Sowa	from 15.7.2009 to date
Member	–	Mr Jacek Fydrych	from 4.9.2009 to date
Member	–	Mr Dariusz Kowzan	from 2.2.2010 to date

The composition of the Supervisory Board from 1 January 2009 to 15 May 2009 was as follows:

1) Mr Sławomir Masiuk - Chairman
2) Mr Marek Wesołowski - Deputy Chairman
3) Mr Andrzej Kowalski - Member
4) Mr Krzysztof Radojewski - Member
5) Mr Waldemar Tevnell - Member

The composition of the Supervisory Board from 15 May 2009 to 22 September 2009 was as follows:

1) Mr Sławomir Masiuk - Chairman
2) Mr Marek Wesołowski - Deputy Chairman
3) Mr Andrzej Kowalski - Member
4) Mr Maciej Mikucki - Member
5) Mr Waldemar Tevnell - Member

The composition of the Supervisory Board from 22 September 2009 to the date when the audit of the financial statements was completed was as follows:

1) Mr Sławomir Masiuk - Chairman of
2) Mr Andrzej Wilczyński - Deputy Chairman
3) Mr Marek Wesołowski - Member

4) Mr Andrzej Kowalski - Member
5) Mr Tomasz Woroch - Member

VIII. The audited financial statements, drawn up

for the period 1 January 2009 to 31 December 2009 consist of:

- a statement of financial condition drawn up as at 31 December 2009, which on both the assets and liabilities side discloses a total of **PLN 461,892,000**
- statement of comprehensive income for the financial year 2009, disclosing a net profit of **PLN 22,306,000**
- statement of changes in equity, disclosing an increase in equity of **PLN 98,841,000**
- Cash flow statement, disclosing an increase in the net balance of cash in the course of the financial year of **PLN 11,650,000**
- additional information

IX. Basis for auditing the financial statements

The basis for auditing the financial statements is agreement No. 18/09/10 of 16 June 2009, together with annex 1 of 13 July 2009 and annex 2 of 29 December 2009, concluded with **MW RAFIN Marian Wcisło Spółka Komandytowa, 41-200 Sosnowiec, Al. Zwycięstwa 3,** authorised entity No. 3076.

That Agreement was concluded in performance of resolution of the Supervisory Board of Energomontaż-Południe S.A. No. 12/2009 of 29 April 2009, on the basis of Article 17 par. 2 pt. 5 of the Company's Statute.

The authorised entity and the certified auditor are independent of the company being audited.

X. **The director of the Company submitted all the declarations, clarifications and information requested by the certified auditor**. Neither the scope nor the methods of the audit were restricted during the audit.

XI. **The Company's financial statements for the previous period:**

1. were audited by MW RAFIN Marian Wcisło Biuro Usług Rachunkowości i Finansów Spółka Jawna in Sosnowiec, which issued an opinion without reservations.
2. were approved by resolution No. 3 of the Ordinary General Meeting of Shareholders of Energomontaż-Południe S.A. of 15 May 2009.
3. The closing balance was entered in the books of account for the period being audited as the opening balance.
4. The net profit for the previous year was distributed as follows:
   – PLN 5,229,878.06 on the payment of the dividend;
   – PLN 7,147,451.29 on covering retained losses.
5. The financial statements were published in *Monitor Polski – B* No. 1564 item 8856 of 8 September 2009.
6. The financial statements were submitted to the registry court on 22 May 2009.
7. The financial statements were submitted to tax authority on 21 May 2009.

XII. **Conclusions and recommendations of the certified auditor relating to the audit of the financial statements** for the previous financial year – none.

XIII. **The Company was inspected by inspection authorities during the year.**

Inspection authority	Date of	Scope of the inspection

	inspection	
First Siliesian Tax Authority in Sosnowiec	20.1.2009 to 11.2.2009 with breaks	Determining whether the Company had correctly fulfilled its obligation as a remitter of personal income tax with regard to remuneration paid to an employee in the period 2003-2005.

On 24 February 2009, the Company submitted reservations for inclusion in the tax inspection report, stating its own position regarding the inspectors' findings. Having analysed its clarifications, the Tax Authority accepted the Company's position.

The certified auditor did not use the results of the inspection.

XIV. List of affiliates

Energomontaż-Południe S.A. is a parent company which draws up consolidated financial statements.

Its affiliates are:

Affiliate	**Percentage share in voting rights**	**Type of affiliation**
CK Modus Spółka z o.o. in Katowice	100%	subsidiary
EP Hotele i Nieruchomości Spółka z o.o. in Katowice	100%	subsidiary
Modus II Spółka z o.o. in Katowice	100%	subsidiary
AMONTEX Sp. z o.o. in Radomsko	100%	subsidiary
Energomontaż-Zachód Sp. z o.o. in bankruptcy (*w upadłości*) in Warsaw	90.3%	subsidiary
Open Wrocław Sp. z o.o. in bankruptcy (*w upadłości*) in Wrocław	70%	subsidiary

B. DETAILED PART OF THE REPORT

I. The correctness of the accounting system used in the Company

1. Energomontaż-Południe S.A. possesses current documentation describing its accounting policy, as referred to in Article 10 of the amended Accountancy Act of 29 September 1994, in particular a corporate chart of accounts, introduced from 1 January 2005 by Order No. 8/2005 of the President of the Management Board of Energomontaż-Południe S.A.
   In 2009, the corporate chart of accounts was updated and Accounting Policy of Energomontaż-Południe S.A. Capital Group was drafted.

2. The books of account are maintained using computers using a finance and accounting system provided by KOMA S.A.

   The software is an integrated system, which consists of the following modules:
   - finance and accounting
   - fixed assets
   - materials management
   - staff and payroll

   The company has documentation for a computerised data processing system.

3. The Company's business operations were documented completely, adequately and clearly.

4. The books of account were opened on the basis of audited and approved financial statements drawn up as at 31 December 2008.
   Since 1 January 2005 the Company has conducted its accounting policy according to the rules set out in the International Financial Reporting Standards.

5. The books of accounts were maintained in the computer system correctly and the provisions of the corporate chart of accounts were complied with. In particular, the list of control accounts corresponded to the commentary and the

choice of accounting principles to be applied was appropriate.
Data is stored and processed securely.

6. The results of a test-basis audit of the books of account and the accounting documents being the basis for entries in them and relationships between data in the books of account and the audited financial statements, carried out for the purpose of assessing the financial statements, indicated that they generally meet the requirement of accuracy, correctness and verifiability.

II. The operation in the Company of the system of internal control linked to the accounting system

The operation of the internal control system in the Company subject to the audit is based on:

- functional control performed by persons in managerial and independent positions, within the scope of their competence;
- the application of internal instructions such as Instructions for the Circulation of Accounting Documents and Inventorisation Instructions.

The internal control system was audited to the extent that it relates to the financial statements. The audit concerned the following processes:

- purchasing and accepting materials into the warehouse; paying suppliers' invoices;
- selling and delivering products; payment of receivables;
- the accuracy of the system of calculating cost and valuing products;
- the determination and documentation of wages/salaries and social benefits;
- formal/accounting and substantive control of income generated and expenses incurred.

The audit did not reveal any significant shortcomings in the operation of the internal control system.

III. Inventorisation

1. The annual inventorisation of assets and liabilities was carried out on the basis of Order No. 7/2009 of 1 October 2009 of the President of the Management Board of Energomontaż-Południe S.A. on appointing the Inventorisation Committee and carrying out the inventorisation of materials and goods and Official Order of the President of the Management Board No. 12/2009 and 13/2009 of 22 December 2009 on appointing the Inventorisation Committee for the physical inventory of the balance of cash in hand, uncompleted construction and assembly work and industrial production in progress.

2. The organisation and procedure of inventorisation was correct.

3. The following were subject to inventorisation:

a) By physical inventory:

- cash in hand as at 31.12.2009
- inventories of materials and goods as at 18.11.2009
- inventories of production in progress as at 3.12. 2009

b) by confirmation:

- balance of cash in bank accounts and balance of contracted bank loans and credit facilities as at 31.12. 2009
- balance of receivables from contracting parties as at 31.12 2009

c) by verifying documents:

- other assets and liabilities as at 31.12. 2009

4. The certified auditor participated in the inventorisation of inventories of materials and goods and industrial production in progress. The auditor had no reservations regarding the inventorisation procedure.

   The auditor also took part in an unannounced payroll office inspection carried out on 7 January 2010. The balance of cash corresponded to the payroll office report.

5. The timeframe and frequency of inventorisation comply with Article 26 of the Accountancy Act of 29 September 1994.

   The inventorisation of assets and liabilities, carried out according to the procedure, scope, timeframe and frequency provided in the Accountancy Act, was found to be correct. There were no inventorisation differences.

IV. Assessment of the drafting of documentation of transactions with affiliates in the Company and its application

The audited Company possesses tax documentation for transactions with affiliates.

V. Assessment of whether the books of account, accounting documentation and financial statements are properly stored

Accounting documentation, approved financial statements and documentation describing the accounting principles applied in the Company are properly stored in the Accounting Department and the company archives.

C. ASSESSMENT OF ASSETS AND LIABILITIES AND THE COMPANY'S FINANCIAL CONDITION

1. The change in the balance of assets as at 31 December 2009 in relation to the balance as at 31 December 2008 and its structure are as follows:

PLN '000

Assets	**Current year**		**Previous year**		**Growth rate in % 2:4**
	Amount	**Structure %**	**Amount**	**Structure %**	
1	**2**	**3**	**4**	**5**	**6**
A. Non-current assets	228,846	49.55	106,540	37.04	214.80
1. Property, plant and equipment	53,669	11.62	38,541	13.40	139.25
2. Intangible assets	1,397	0.30	277	0.10	504.33
3. Investments in real property	93,998	20.35	15,328	5.33	613.24

4. Financial assets	63,721	13.80	49,020	17.04	129.99
5. Non-current receivables	-	-	63	0.02	-
6. Long-term accruals and deferred income	16,061	3.48	3,311	1.15	485.08
B. Current assets	233,046	50.45	181,114	62.96	128.67
1. Inventories	14,062	3.04	28,162	9.79	49.93
2. Current receivables	169,720	36.74	126,730	44.06	133.92
3. Short-term accruals and deferred income	30,427	6.59	16,656	5.79	182.68
4. Current financial assets	293	0.06	2,860	0.99	10.24
5. Cash and cash equivalents	18,544	4.02	6,706	2.33	276.53
Total assets	461,892	100.00	287,654	100.00	160.57

2. The change in the balance of sources of assets as at 31 December 2009 in relation to the balance as at 31 December 2008 and its structure are as follows:

PLN ’000

Liabilities	**Current year**		**Previous year**		**Growth rate in % 2:4**
	Amount	**Structure %**	**Amount**	**Structure %**	
1	**2**	**3**	**4**	**5**	**6**
A. Equity	208,165	45.07	109,324	38.00	190.41
B. Non-current liabilities	82,093	17.77	36,408	12.66	225.48
1. Provisions	11,355	2.46	10,037	3.49	113.13
2. Financial liabilities	70,738	15.31	26,37 1	9.17	268.24
C. Current liabilities	171,634	37.16	141,922	49.34	120.94
1. Provisions	2,909	0.63	649	0.22	448.23
2. Financial liabilities	35,345	7.65	46,93 3	16.32	75.31
3. Current liabilities	133,380	28.88	94,34	32.80	141.38

			0		
Total liabilities	461,892	100.00	287,654	100.00	160.57

An assessment of balance-sheet assets and liabilities for the year being audited and the previous year showed a significant:

- increase in plant, property and equipment PLN 15,128,000
- increase in investments in real property PLN 78,670,000
- increase in non-current financial assets PLN 14,701,000
- increase in long-term accruals and deferred income PLN 12,750,000
- decrease in inventories PLN 14,100,000
- increase in current receivables PLN 42,990,000
- increase in prepaid expenses PLN 13,771,000
- increase in cash and cash equivalents PLN 11,838,000
- increase in equity PLN 98,841,000
- increase in non-current financial liabilities PLN 44,367,000
- decrease in current financial liabilities PLN 11,588,000
- increase in current liabilities PLN 39,040,000

As a result, total assets increased by PLN 174,238,000.

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

PLN ’000

No.	**Item**	**Current year + profit - loss**	**Previous year + profit - loss**	**Ratio**	
				+ improvement - worsening	**% (5 : 4)**
1	**2**	**3**	**4**	**5**	**6**
1.	Earnings from sales	+ 41,569	+ 28,801	+ 12,768	+ 44.33
2.	Result from other revenues and costs	- 15,165	- 8,583	- 6,582	- 76.69
3.	Result from financial revenues and costs	- 1,067	- 4,449	+ 3,382	+ 76.02
4.	Gross profit	25,337	15,769	+ 9,568	+ 60.68
5.	Income tax	3,031	3,392	+ 361	x

6.	Other obligatory deductions from profit	-	-	-	-
7.	Net profit	22,306	12,377	+ 9,929	+ 80.22

A comparison of the financial results for the reporting year with the previous year showed that there has been a significant improvement in the financial result.

4. Key profitability, financial liquidity and debt raios are as follows:

No.	**Ratio**	**Current year**	**Previous year**	**Improvement + - deterioration**
1	**2**	**3**	**4**	**5**
1.	Sales profitability ratio	7.83 %	5.84 %	+ 1.99 %
2.	Current liquidity ratio	1.36	1.28	+ 0.08
3.	Quick liquidity ratio	1.10	0.96	+ 0.14
4.	Debt ratio	0.55	0.62	+ 0.07
5.	Receivables turnover rate	67 days	76 days	9 days
6.	Liabilities turnover rate	73 days	61 days	- 12 days
7.	Inventories turnover rate	44 days	26 days	- 18 days
8.	Earnings per share	0.47	0.27	+ 0.20
9.	Book value per share	4.36	2.42	+ 1.94

The profitability, financial liquidity and debt indicators show an improvement relative to the previous year and are at a good level. The liabilities and inventories turnover rates increased considerably.

An analysis of the Company’s assets, financial condition and financial result showed that the continuation of its activities in the next financial year is not threatened.

D. AUDIT OF ASSETS AND LIABILITIES AND ITEMS AFFECTING THE COMPANY'S OPERATING RESULT

I. NON-CURRENT ASSETS

1. **Property, plant and equipment** amounts to:

Fixed assets – initial value	PLN 89,274,000
Depreciation to date	PLN 40,409,000
Net value as at 31 December 2009	PLN 48,865,000
Fixed assets under construction	PLN 4,804,000
Total property, plant and equipment as at 31 December 2009	PLN 53,669,000
Share as % in the balance-sheet total	11.62 %
Annual amount of amortisation/depreciation	PLN 5,570,000

1.1. In the course of the year, the total value of fixed assets *increased* on account of:

– purchases	PLN 3,590,000
– modernisation	PLN 7,532,000
– leasing	PLN 8,262,000
– disclosures	PLN 54,000
total	**PLN 19,438,000**

and ***decreased*** on account of:

– liquidation	PLN 848,000
– sales	PLN 432,000
– theft	PLN 17,000
total	**PLN 1,297,000**

– lower depreciation of issues fixed assets

PLN 1,171,000

– net value of issued fixed assets

PLN 126,000

1.2. In 2009, outlays on purchases and the construction of tangible and intangible assets in relation to possible sources of finance amount to:

1) Outlays on the construction of tangible and intangible assets — PLN 22,983,000

2) Sources of finance

a)	amortisation/depreciation	PLN 5,719,000
b)	income from the sale of fixed assets	PLN 69,000
c)	financial leasing	PLN 8,262,000
d)	profit for the current period	PLN 8,933,000
	Total sources of finance	PLN 22,983,000

Financing of outlays on the construction of tangible and intangible is as follows:

-	liabilities as at 1 January 2009	PLN 8,465,000
-	outlays on the construction of tangible and intangible assets	PLN 22,983,000
	Total required funds to finance the construction of tangible and intangible assets	PLN 31,448,000
-	liabilities as at 31 December 2009	PLN 22,874,000
-	outlays financed	PLN 8,574,000

The liabilities on account of the construction of tangible and intangible assets as at 31 December 2009 are not overdue.

Fixed assets are fully disclosed in the books of account and their total is correctly disclosed in the financial statements.

Fixed assets are correctly classified into individual groups and have appropriate amortisation/depreciation rates which correspond to their expected period of economic usefulness.

Inflows and outflows of fixed assets and the construction of fixed assets are correctly documented.

Land and buildings are disclosed at fair value, on the basis of a periodic valuation by a property valuer. Differences resulting from the valuation are charged to the revaluation reserve.
Other fixed assets are valued at the amount of total costs incurred in connection with their purchase or manufacture, less any impairment write-downs.

No events occurred after the end of the reporting period that affect the Company's financial condition.

Plant, property and equipment are disclosed in the financial statements in the correct amount, which corresponds to the control and analytic record and the statement of turnover and balances.

2. Intangible assets amount to:

Intangible assets – initial value	PLN 3,451,000
Depreciation to date	PLN 1,198,000
Goodwill write-off	PLN 2,010,000
Net value as at 31 December 2009	PLN 243,000
Outlays on intangible assets	PLN 1,154,000
Total net value as at 31 December 2009	PLN 1,397,000
Percentage share in the balance-sheet total	0.30 %
Annual amortisation/depreciation	PLN 149,000

Intangible assets consist of:

1. goodwill	PLN -

2. other intangible assets PLN 243,000

3. intangible assets under construction PLN 1,154,000

Goodwill was generated due to the merger with the subsidiary Wica-Inwest Sp. z o.o. in Wrocław. As a result of an impairment test, a write-down was carried out and charged to expenses in 2007 and 2008.

Other intangible assets consist of software licences. Their classification as intangible assets is correct.

Intangible assets consisting of licences and software are amortised for the estimated period of their use, which is verified at the end of each financial year.

Intangible assets are fully disclosed in the books of account and the financial statements.

Changes in intangible assets are correctly documented.

Increases and decreases in the balance of intangible assets were as follows:

Item	**Initial value**	**Depreciation**
Balance as at 1 January 2009	PLN 3,188,000	PLN 3,059,000
of which: goodwill	PLN 2,010,000	PLN 2,010,000
Inflows for 2009	PLN 314,000	
Outflows for 2009	PLN 51,000	
Depreciation for 2009		PLN 149,000
Balance as at 31 December 2009	PLN 3,451,000	PLN 3,208,000
Net value	PLN 243,000	
Outlays on intangible assets	PLN 1,154,000	
Total intangible assets	**PLN 1,397,000**	

The intangible assets disclosed in the financial statements in the amount of PLN 1,397,000 are correct and correspond to the statement of turnover and balances.

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

Net investments in real property	PLN 92,946,000
Outlays on real property construction	PLN 1,052,000
Value of real property as at 31 December 2009	PLN 93,998,000
Percentage share in the balance-sheet total	20.35 %

Investment real properties consisting of land and buildings were valued at fair value as at 31 December 2007 by a property valuer. For the building structures comprising investments in real property, the net book value was taken to be the fair value. In 2009, a land property transferred from inventories to investments in real property was revalued.

Investments in real property are not subject to amortisation/depreciation. The gain from the revaluation was charged to revenues for the period in which it arose.

Changes in the course of the year in the balance of investments in real property are as follows:

Item	Initial value
Net value as at 1 January 2009	PLN 15,328,000
Revenues in 2009, of which:	PLN 81,524,000
- purchases	PLN 337,000
- modernisation	PLN 1,635,000
- leasing	PLN 68,548,000
- transfer from inventories	PLN 9,827,000

- valuation at fair value	PLN 1,177,000
Sales in 2009	PLN 3,900,000
Adjustment of depreciation relating to past periods	PLN 6,000
Net value as at 31 December 2009	PLN 92,946,000
Outlays on real property construction	PLN 1,052,000

Investments in real property were correctly valued and disclosed in the financial statements.

4. Financial assets

Item	Recorded value	Revaluation write-downs	Balance-sheet value
Non-current financial assets	PLN 80,442,000	PLN 16,721,000	PLN 63,721,000
a) in associated companies	PLN 79,456,000	PLN 16,068,000	PLN 63,388,000
- shares - loans granted	PLN 51,319,000 PLN 28,137,000	PLN 16,068,000 -	PLN 35,251,000 PLN 28,137,000
b) in other companies	PLN 986,000	PLN 653,000	PLN 333,000
- other shares - shares held for sale	PLN 770,000 PLN 216,000	PLN 675,000 PLN - 22,000	PLN 95,000 PLN 238,000
Total as at 31 December 2009	**PLN 80,442,000**	**PLN 16,721,000**	**PLN 63,721,000**
Share as % in the balance-sheet total			13.80 %

Financial assets are fully disclosed in the books of account and the financial statements.

Because it as not possible to reliably determine their fair value, shares held in external companies were valued at purchase price, after taking revaluation write-downs into account.

Shares in other companies were classified as financial assets held for sale and valued at the end of the reporting period on the basis of their market value.

Financial assets were disclosed in the financial statements in amounts corresponding to the statement of turnover and balances.

5. Long-term accruals and deferred income

Deferred income tax assets	PLN 4,076,000
Other accruals and deferred income	PLN 11,985,000
Total	PLN 16,061,000
Share as % in the balance-sheet total	3.48 %

The negative difference in income tax was calculated correctly.

Assets on account of deferred income tax were settled with the result for the current year in the amount of PLN 1,032,000.

Other accruals and deferred income consist of financial costs on account of financial leasing and accrued due interest on loans granted, falling due after 31 December 2010.

– interest under leasing agreements	PLN 10,086,000
– interest accrued but not due on loan agreements	PLN 1,899,000
Total:	PLN 11,985,000

The disclosed deferred income tax assets and other accruals and deferred income correspond to the statement of turnover and balances.

II. CURRENT ASSETS

1. Inventories **PLN 14,062,000**

Share as % in the balance-sheet total	3.04 %
of which:	
1) Materials	PLN 4,964,000
2) Semi-finished products and products in progress	PLN 1,764,000
3) Finished products	PLN 1,850,000
4) Goods	PLN 5,484,000

Inventories of materials and goods were inventorised by way of physical inventory as at 18 November 2009.

There were no inventorisation differences.

The physical inventory for work in progress was carried out as at 31 December 2009.

According to the accounting records, the balance of material inventories amounted to:

– materials in storage	PLN 5,123,000
– materials in transit	PLN 31,000
– settlement of gift purchases	PLN 10,000
Gross value of materials	PLN 5,164,000
Revaluation write-downs	PLN - 200,000
Net value of materials	PLN 4,964,000

On the basis of the accounting records, the balance of production in progress amounted to:

– basic production	PLN 104,000
– industrial production	PLN 1,660,000
Total value of production in progress	PLN 1,764,000

According to the accounting records, the balance of goods inventories amounted to:

– goods held for sale	PLN 1,900,000
– goods designated for housing construction	
	PLN 2,546,000
– goods in transit	PLN 1,038,000
Value of goods	PLN 5,484,000

The balance of inventories with turnover not exceeding 360 days is as follows:

Balance at the beginning of the period	PLN 472,000
Balance at the end of the period	PLN 323,000
Decrease	PLN 149,000

Non-rotating inventories were subject to a revaluation write-down in the amount of PLN 200,000.

Inventories are fully disclosed in the financial statements.

The valuation of inventories as at the balance-sheet date was carried out in accordance with the prudent valuation principle.

The balances of inventories disclosed in the financial statements are correct, correspond with the statement of turnover and balances and the analytical record and were confirmed by inventorisation.

2. Current receivables

Gross current receivables	PLN 175,951,000
less:	
- revaluation write-downs	PLN 6,231,000

Net current receivables

as at 31 December 2009	PLN 169,720,000
Share as % in the balance-sheet total	36.74 %
of which:	

Gross trade receivables	PLN 71,174,000
less:	
- revaluation write-downs	PLN 2,550,000
Net trade receivables	PLN 68,624,000

The amount of gross trade receivables consists of:

– not overdue	PLN 46,314,000
– overdue	PLN 24,860,000
of which, payable:	
a) up to 3 months	PLN 9,154,000
b) from 3 to 6 months	PLN 13,073,000
c) from 6 to 12 months	PLN 338,000
d) over 12 months	PLN 2,295,000
Total	PLN 71,174,000

Receivables overdue by more than 12 months are receivables in arrangement proceedings and bankruptcy, after judgements and interest notes.

Receivables from companies subject to arrangement, bankruptcy and liquidation proceedings amount to PLN 844,000.

The quantity of revaluation write-downs relating to receivables at risk of being uncollectible is sufficient.

Trade receivables are disclosed in the amounts of required payment.

Other receivables in the total amount of	PLN 101,096,000
consist of:	

- receivables on account of taxes, donations, duties, social insurance and others — PLN 17,175,000
- settlements on account of property, plant and equipment and investments — PLN 383,000
- others — PLN 83,538,000

Other receivables were subject to a revaluation write-down in the amount of PLN 639,000.

2.1. Receivables pursued through the courts are as follows:

Item	Current year	Previous year
– receivables pursued through the courts	PLN 3,042,000	PLN 3,172,000
– revaluation write-downs	PLN 3,042,000	PLN 3,172,000
– balance of receivables after the deduction of revaluation write-downs	PLN -	PLN -

The item receivables pursued through the courts is not disclosed in the financial statements because the entire value was subject to a revaluation write-off.

2.2. Settlement of payments of interest due on receivables on account of sales of products, services, property, plant and equipment and investments is as follows:

– balance as at 1 January 2009 — PLN 310,000
– accrued up to 31 December 2009 — PLN 69,000
– paid up to 31 December 2009 — PLN 54,000
– written off in 2009 — PLN 125,000
– balance as at 31 December 2009 — PLN 200,000

The balance of due interest was subject to a revaluation write-down in its entirety.

The accounting records of receivables are maintained by contracting parties, payment deadlines and individual invoices.

In the analytical record, receivables consist of:

Trade receivables from associated companies, which consist of:

Name	Amount	Revaluation write-down
Receivables after judgements and in bankruptcy and liquidation proceedings	PLN 301,000	PLN 301,000
Settlements with customers	PLN 2,170,000	
Total	**PLN 2,471,000**	**PLN 301,000**
Net receivables	**PLN 2,170,000**	

Trade receivables from other companies, which consist of:

Name	Amount	Revaluation write-down
Receivables after judgements and in bankruptcy and liquidation proceedings	PLN 726,000	PLN 726,000
Settlements with customers	PLN 38,206,000	PLN 222,000
Export settlements	PLN 25,688,000	PLN 885,000
Receivables in arrangement proceedings – principal	PLN 10,000	PLN 10,000
Settlements on account of materials supplied	PLN 24,000	
Settlements on account of services provided	PLN 216,000	PLN 4,000
Receivables on account of interest	PLN 168,000	PLN 168,000
Uncollectible interest	PLN 32,000	PLN 32,000
Settlements with customers of Wica - Inwest	PLN 202,000	PLN 202,000
Long-term receivables – guarantee deposits	PLN 3,431,000	
Total	**PLN 68,703,000**	**PLN 2,249,000**

Net receivables	**PLN 66,454,000**

The documenting of receivables with sales invoices, notes, and court judgements is complete and correct.

The Company sent to 231 contracting parties requests for confirmation of balances as at 30 November 2009 for an amount of PLN 61,855,000. The conformity of the balances was confirmed by customers up to 72.5 per cent of that amount. Unsettled receivables as at 28 February 2010 amount to PLN 42,683,000.

<u>Receivables on account of taxes, donations and social insurance,</u> which consist of:

Name	Amount	Revaluation write-down
Corporate income tax	PLN 586,000	
Input VAT to be settled with the Tax Authority	PLN 7,446,000	
VAT of the Branch in Germany	PLN 91,000	
Corporate income tax – Ireland	PLN 113,000	PLN 113,000
Output VAT to be settled	PLN 8,518,000	
Input VAT calculated to be settled in the next period	PLN 14,000	
Output VAT on account of adjustments	PLN 520,000	
Total	**PLN 17,288,000**	**PLN 113,000**
Net receivables	**PLN 17,175,000**	

<u>Other receivables</u> from associated companies, which consist of:

Name	Amount	Revaluation write-down
Settlements on account of advance payments and prepayments	**PLN 3,897,000**	

<u>Other receivables</u> from affiliates consist of:

Name	Amount	Revaluation write-down
Surplus of assets over liabilities on account of the Social Benefits Fund	PLN 449,000	
Other settlements with employees	PLN 70,000	PLN 48,000
Receivables from the sale of fixed assets	PLN 383,000	
Other settlements	PLN 79,648,000	PLN 478,000
Total	**PLN 80,550,000**	**PLN 526,000**
Net receivables	**PLN 80,024,000**	

Receivables disclosed in the financial statements are amounts that can be collected. They are disclosed in the correct amount which corresponds to the statement of transactions and balances.

3. Short-term accruals and deferred income

amount to	PLN 30,427,000
Percentage share in the balance-sheet total	6.59 %

The accruals and deferred income consist of:

– prepaid operating expenses	PLN 584,000
– costs of the next period	PLN 289,000
– un-invoiced sales relating to long-term contracts	PLN 24,816,000
– financial expenses relating to leasing agreements	PLN 2,970,000
– loan valuation	PLN 57,000
– costs of a bank guarantee	PLN 152,000
– expenses associated with a share issue	PLN 1,105,000
– others	PLN 454,000
Total:	PLN 30,427,000

The above items disclosed in prepaid expenses are qualified for settlement over time.

The valuation of accruals and deferred income is based on the record of costs incurred, settled over time, and recorded revenues.

The accruals and deferred income disclosed in the financial statements are correct and correspond to the statement of transactions and balances.

4. Current financial assets

Item	Gross value	Revaluation write-downs	Balance-sheet value
Current financial assets	PLN 293,000	-	PLN 293,000
Share as % in the balance-sheet total			0.06 %
a) in associated companies	-	-	-
b) in other companies	PLN 293,000	-	PLN 293,000
- FX forward transactions	PLN 293,000	-	PLN 293,000

The financial assets disclosed in the financial statements are correct and result from the books of account and the statement of transactions and balances.

5. Cash and cash equivalents

amount to	PLN 18,544,000
Percentage share in the balance-sheet total	4.02 %
of which:	
- cash in hand and in bank accounts	PLN 5,015,000
- term deposits	PLN 13,529,000
Total as at 31 December 2009	PLN 18,544,000

Cash in hand in the amount of PLN 9,000

corresponds to the cash reports of 31 December 2009 and were confirmed by inventorisation.

Cash in bank accounts amounting to PLN 18,535,000 corresponds to bank statements of 31 December 2009 and was confirmed by the banks.

Cash in foreign currencies was valued according to the average exchange rate of the National Bank of Poland prevailing on 31 December 2009.

Cash and cash equivalents were disclosed in the financial statements in the correct amount, in accordance with the statement of transactions and balances.

III. EQUITY

Equity amounts to		PLN 208,165,000
Percentage share in the balance-sheet total		45.07 %
and consists of:		
1)	stated capital	PLN 69,725,000
	– share capital	PLN 48,390,000
	– overvaluation of capital due to hyperinflation	PLN 21,335,000
2)	Supplementary capital	PLN 99,953,000
3)	Revaluation reserve	PLN 10,809,000
4)	Other capital reserves	PLN 7,269,000
5)	Retained loss	- PLN 1,897,000
6)	Net profit	PLN 22,306,000

Share capital disclosed in the amount of PLN 48,390,000 corresponds to the Company's Statute and the entry in the commercial register of the National Court Register under KRS 80906.

The share capital, amounting to PLN 48,390,000, is divided into 48,390,000 shares with a par value of PLN 1.00 per share.

In the audited period a conditional share capital increase was carried out by a par value of PLN 22,582,000 in connection with an issue of warrants convertible for series E shares. The surplus of the issue price over the par value of the issued warrants was recognised in supplementary capital.

Changes in supplementary capital are as follows:

- balance of capital as at 1 January 2009	PLN 20,511,000
- increase:	PLN 79,442,000
• issue of warrants above par value	PLN 77,908,000
• premium on the sale of own shares	PLN 1,534,000
- balance of capital as at 31 December 2009	PLN 99,953,000

The revaluation reserve changed in the audited period:

- balance of capital as at 1 January 2009	PLN 10,792,000
- decrease on account of:	PLN 17,000
• revaluation of financial assets	PLN 17,000
- balance of capital as at 31 December 2009	PLN 10,809,000

There were no changes in capital reserves for the purchase of own shares.

- balance of capital as at 1 January 2009 and 31 December 2009	PLN 7,269,000

Changes in retained earnings from previous years is as follows:

- retained loss as at 1 January 2009.	- PLN 9,096,000
- distribution of profit for 2008	PLN 7,147,000
- unpaid dividend relating to own shares	PLN 52,000
- retained loss as at 31 December 2009	- PLN 1,897,000

The changes in capital funds are in accordance with the provisions of the Commercial Companies Code.

The amount of stated capital is sufficient with regard to the scale of the Company's activities.

The individual items of capital and the financial result were disclosed correctly in the financial statements in amounts that correspond with the accounting records and the statement of transactions and balances.

IV. LIABILITIES AND PROVISIONS FOR NON-CURRENT LIABILITIES

1. **Provisions for liabilities** amount to PLN 11,355,000

   Share as % in the balance-sheet total 2.46 %

   and consist of:

a) provision for employee benefits PLN 5,708,000

b) provision for deferred income tax PLN 5,647,000

The provision for employee benefits relating to length-of-service awards, severance payments for employees retiring and leaving employment on invalidity benefit was established as at 31 December 2009 by an actuary.
In the audited period, the long-term provision for employee benefits increased by PLN 175,000.

The change in the balance of provisions for deferred income tax of PLN 1,143,000 was settled with the result for the current period.

The amount of long-term provisions disclosed in the financial statements corresponds to the statement of transactions and balances and the analytical record.

2. **Financial liabilities** amount to PLN 70,738,000

Share as % in the balance-sheet total 15.31 %

and consist of:

a) Credit facilities and loans PLN 9,764,000

b) Leasing liabilities PLN 60,974,000

Credit facilities and long-term loans were taken out in Polish zlotys.

Non-current liabilities were correctly valued and disclosed in the financial statements in amounts corresponding to the statement of transactions and balances.

V. LIABILITIES AND PROVISIONS FOR CURRENT LIABILITIES

1. **Provisions for liabilities** amount to PLN 2,909,000

Share as % in the balance-sheet total 0.63 %

and consist of:

a) provision for employee benefits PLN 909,000

b) other provisions PLN 2,000,000

The provision for employee benefits relates to length-of-service awards and severance payments for employees retiring and leaving employment on invalidity benefit, valued as at 31 December 2009 by an actuary.

Other provisions, in the amount of PLN 2,000,000, consist of provisions for future liabilities of the Company.

The balance of write-downs from the revaluation of assets and provisions for liabilities is as follows:

1) Balance at the beginning of the period PLN 35,970,000

2) Revaluation write-downs PLN 733,000

3) Creation of provisions charged to expenses PLN 4,577,000

4)	Other increases in write-downs and provisions	- PLN 12,000
	Total (2+3+4)	PLN 5,298,000
5)	Utilisation of write-downs and provisions	PLN 647,000
6)	Dissolution of write-downs and provisions due to cessation of the causes	PLN –
7)	Dissolution of write-downs and provisions	PLN 1,194,000
8)	Other decreases	PLN 1,000
	Total decreases in write-downs and provisions	PLN 1,842,000
9)	Balance at the end of the period	PLN 39,426,000
	of which:	
	– decrease in fixed assets	PLN 18,731,000
	– decrease in current assets	PLN 6,431,000
	– balance of balance-sheet provisions	PLN 14,264,000

The amount of provisions disclosed in the financial statements corresponds to the statement of transactions and balances and the analytical record.

2. **Financial liabilities** amount to PLN 35,345,000

Share as % in the balance-sheet total 7.65 %

and consist of:

a)	credit facilities and loans	PLN 20,254,000
b)	leasing liabilities	PLN 11,184,000
c)	FX forward contracts	PLN 3,907,000

<u>Credit facilities and loans</u> consist of:

Short-term loans	PLN 10,378,000
Credit facilities in a current account	PLN 9,576,000

Loan of the Provincial Environmental Protection and Water Management Fund	PLN 300,000
total	PLN 20,254,000

The audited company secures its revenues from foreign sales against fluctuations in exchange rates using foreign exchange forward contracts. The negative value of foreign exchange forward transactions valued by banks unrealised as at 31 December 2009 amounts to PLN 3,907,000.

Financial liabilities were disclosed in the correct amount, in accordance with the accounting records and the statement of transactions and balances.

3. Current liabilities amount to	PLN 133,380,000
Share as % in the balance-sheet total	28.88 %
and consist of liabilities:	
a) towards associated companies	PLN 21,792,000
– trade liabilities	PLN 21,792,000
– other liabilities	PLN -
b) towards other companies on account of:	PLN 93,920,000
– trade liabilities	PLN 53,225,000
– advance payments received for deliveries	PLN 25,775,000
– taxes, duties, insurance and others	PLN 4,948,000
– wages and salaries	PLN 3,394,000
– others	PLN 6,578,000
c) accruals and deferred income	PLN 17,668,000

3.1. The time structure of trade liabilities

is as follows:

a)	not overdue	PLN 60,255,000
b)	overdue	PLN 14,762,000
	payable:	
	- up to three months	PLN 10,508,000
	- from 3 to 6 months	PLN 439,000
	- from 6 to 12 months	PLN 1,901,000
	- over 12 months	PLN 1,914,000
	Total (a + b)	PLN 75,017,000

3.2. Accrued due interest on account of late payment of trade liabilities amounts to:

- balance at the beginning of the year	PLN 420,000
- accrued in 2009	PLN 357,000
- paid in 2009	PLN 159,000
- written off and overdue in 2009	PLN 39,000
- balance as at 31 December 2009	PLN 579,000

<u>Trade liabilities</u> towards associated companies consist of:

Settlements with suppliers	**PLN 21,792,000**

<u>Trade liabilities</u> towards other companies consist of:

Settlements with customers after judgements, in liquidation and bankruptcy – overpaid	PLN 22,000
Settlements with customers – overpaid	PLN 10,000
Settlements with suppliers of materials	PLN 15,066,000
Trade liabilities	PLN 24,592,000
Liabilities on account of imported services	PLN 2,204,000
Liabilities on account of imported materials	PLN 3,701,000
Settlements on account of guarantee deposits	PLN 3,452,000
Liabilities on account of interest	PLN 579,000

Settlements with a Protected Work Establishment	PLN 153,000
Current liabilities on account of guarantee deposits	PLN 236,000
Settlements with a Small Taxpayer	PLN 84,000
Non-current liabilities on account of guarantee deposits	PLN 3,126,000
total	PLN 53,225,000

The above balances are realistic and correspond with the statement of transactions and balances.

Liabilities on account of tax, duties, insurance and others consist of:

Personal income tax	PLN 656,000
Personal income tax of the branch in Germany	PLN 370,000
Settlements with the Social Security Office, the Labour Fund and the Guaranteed Employee Benefits Fund	PLN 2,974,000
Fee for the State Fund for the Rehabilitation of the Disabled	PLN 12,000
Settlements on account of output VAT	PLN 936,000
total	PLN 4,948,000

The liabilities towards the budget, the Social Security Office and the State Fund for the Rehabilitation of the Disabled result from tax returns.

Other liabilities consist of:

Advance payments received for deliveries	PLN 25,775,000
Settlements on account of wages and salaries	PLN 3,394,000
Liabilities on account of fixed assets under construction	PLN 5,624,000
Other settlements with employees	PLN 12,000

Other settlements	PLN 942,000
total	PLN 35,747,000

The liabilities disclosed in the financial statements are correct and related to accounting analysis.

Accruals and deferred income amount to	PLN 17,668,000
and consist of:	
– accruals	PLN 1,984,000
– settlement of long-term contracts	PLN 14,079,000
– revenues of future periods	PLN 1,605,000

The amount of PLN 17,668,000 disclosed in the financial statements corresponds with the statement of transactions and balances and the analytical record.

4. **Special funds** comprise the Social Benefits Fund PLN -

The Social Benefits Fund discloses the following transactions:

Balance at the beginning of the year	PLN 758,000
Increases	
– basic write-down	PLN 967,000
– interest on funds in an account, term deposits and loans	PLN 25,000
total increases	PLN 992,000
Decreases	
– providing material and financial assistance	PLN 666,000
– organisation of a holiday for children and young people	PLN 3,000
– special events	PLN 106,000

–	funding of holidays for employees	PLN 250,000
–	other expenses provided in the rules	PLN 34,000
	total decreases	PLN 1,059,000

Balance of the fund as at 31 December 2009	PLN 691,000
Balance of housing loans	PLN 91,000
Balance of funds in an account and term deposit	PLN 1,049,000
The surplus of funds in an account and receivables over the liability on account of the fund amounts to	PLN 449,000

The surplus of funds in the account and receivables on account of loans over the liability on account of the fund in the amount of PLN 449,000 is recognised in other receivables.

The write-down for the Social Benefits Fund for 2009 was established in the correct amount.

Expenses from the Social Benefits Fund correspond to the assumptions of the Fund and the work rules and depend on the employees' standard of living.

Funds were transferred to the Fund's separate account in the amount of the actual write-down according to the statutory timeframe.

VI. FINANCIAL RESULT AND TAXES

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

PLN '000

Item	Sales and other revenues	Corresponding costs	Result + profit - loss

1		2	3	4
A.	Revenues from the sale of products, goods and materials and costs incurred	284,833	243,264	
I.	Products	267,966	225,839	
II.	Goods and materials	16,867	17,425	
B.	Gross profit from sales (I-II)			+ 41,569
C.	Other revenues	9,964		
D.	Cost of sales		277	
E.	General management costs		14,169	
F.	Other costs		10,683	
G.	Operating profit (B+C-D-E-F)			+ 26,404
H.	Financial revenues	12,566		
I.	Financial expenses		13,633	
J.	Gross pre-tax profit (G+H-I)			+ 25,337
K.	Current income tax			2,920
L.	Deferred income tax			111
M.	Net profit from continuing operations (J-K+/-L)			+ 22,306
N.	Net profit from discontinued operations			-
O.	Net profit from continuing and discontinued operations			+ 22,306
P.	Other total income			17
R.	Total overall income			+ 22,323

Revenues from the sale of products are correct and complete and result from control and analytical accounts and the statement of transactions and balances.

Costs of obtaining revenues are complete and correctly classified and documented. They correspond to and are properly linked to revenues.

The relationship between costs and revenues is as follows:

Item	Revenues	Costs
Sales of basic production	PLN 133,551,000	PLN 106,648,000
Sales of residential buildings	PLN 14,682,000	PLN 13,254,000
Industrial production sales	PLN 57,245,000	PLN 36,938,000
General contracting sales	PLN 57,923,000	PLN 53,446,000
Sales of other services	PLN 4,565,000	PLN - 168,000
General departmental costs		PLN 15,721,000
Sales costs		PLN 277,000
General management costs		PLN 14,169,000
total	**PLN 267,966,000**	**PLN 240,285,000**

Change in the balance of products	PLN - 10,241,000
Cost of manufacturing products for the Company's own needs	PLN 413,000
Costs relating to sales of goods and materials	PLN 549,000
Costs by type	PLN 231,006,000

Settlement in the area of costs is correct.

Revenues and costs of obtaining revenues were presented in the income statement in amounts that correspond to the accounting records.

2. OTHER REVENUES AND COSTS

Other revenues	PLN 9,964,000
Cost of sales	PLN 277,000
General management costs	PLN 14,169,000
Other costs	PLN 10,683,000
Loss	PLN 15,165,000

<u>Other revenues</u>	**PLN 9,964,000**
consist of:	
– profit from the sale of non-financial fixed assets	PLN 69,000
– revenues from investments	PLN 6,678,000
– dissolved receivables revaluation write-downs	PLN 182,000
– release of provisions for employee benefits	PLN 714,000
– release of a provision for employees’ leave	PLN 13,000
– write-off of overdue liabilities	PLN 4,000
– reimbursement of court costs	PLN 14,000
– valuation of real property	PLN 1,177,000
– accident and other compensation	PLN 744,000
– consideration for the use of company cars	PLN 97,000
– other	PLN 272,000

<u>Other costs</u>	**PLN 10,683,000**
consist of:	
– costs relating to investments in real property	PLN 4,761,000
– established receivables revaluation write-downs	PLN 510,000
– established provisions for employee benefits	PLN 1,149,000
– established provisions for future liabilities	PLN 2,000,000
– compensation allowances	PLN 60,000
– donations	PLN 29,000
– court and enforcement costs	PLN 90,000
– contributions to organisations	PLN 45,000
– accident-related repairs and other damage	PLN 733,000
– write-off of receivables	PLN 59,000
– revaluation of inventories	PLN 383,000
– contractual penalties	PLN 270,000
– write-off of uncollectible receivables	PLN 143,000
– other	PLN 451,000

3. FINANCING ACTIVITIES

Financial revenues	PLN 12,566,000
Financial expenses	PLN 13,633,000
Loss	PLN 1,067,000

Financial revenues	**PLN 12,566,000**
consist of:	
– interest on loans granted	PLN 1,428,000
– other interest	PLN 206,000
– dissolution of a revaluation write-off on account of interest	PLN 13,000
– dividends received	PLN 1,960,000
– overdue and written off interest	PLN 39,000
– discounts and rebates	PLN 19,000
– valuation of FX forward transactions	PLN 293,000
– eliminating entry of the valuation of FX forward transactions	PLN 7,361,000
– compensation on account of debt recovery	PLN 179,000
– valuation of long-term loans	PLN 169,000
– surplus of positive exchange rate differences	PLN 741,000
– remuneration on account of pledges	PLN 111,000
– other	PLN 47,000

Financial expenses	**PLN 13,633,000**
consist of:	
– interest from credit facilities and loans	PLN 2,241,000
– other interest	PLN 2,307,000
– due interest revaluation write-downs	PLN 28,000
– valuation of long-term loans	PLN 20,000
– fees relating to guarantees	PLN 10,000
– commission on credit facilities and loans	PLN 234,000

– costs of selling claims	PLN 205,000
– loss from completed forward transactions	PLN 4,139,000
– valuation of FX forward transactions	PLN 3,907,000
– write-off of interest on loans granted	PLN 280,000
– revaluation of shares	PLN 194,000
– others	PLN 68,000

4. OBLIGATORY DEDUCTIONS FROM PROFITS

Income tax	PLN 3,031,000
Other deductions from profits	PLN -

– gross balance-sheet profit	PLN 25,337,000
– accounting revenues and profits which do not constitute tax revenue (-)	PLN 40,542,000
– tax revenues not recognised in the result for the financial year (+)	PLN 15,080,000
– accounting expenses and losses that do not constitute costs of obtaining revenues (+)	PLN 38,290,000
– tax expenses not recognised in the result for the financial year (+)	PLN 22,535,000
– other deductions from income (-)	PLN 1,606,000
– tax base	PLN 14,024,000
– deduction of donations	PLN 10,000
– tax base after deductions	PLN 14,014,000
– current income tax	PLN 2,663,000
– foreign income tax	PLN 254,000
– income tax on dividends	PLN 3,000
– deferred income tax	PLN 111,000
– total income tax	PLN 3,031,000

The income tax base was determined correctly. Income tax was correctly disclosed in the statement of comprehensive income.

5. TAX – SETTLEMENTS WITH THE BUDGET

1)	Corporate income tax	PLN 2,663,000
2)	Real estate tax	PLN 711,000
3)	Tax on vehicles	PLN 3,000
4)	VAT – surplus of output tax	PLN 9,326,000
5)	Personal income tax PIT-4	PLN 3,991,000
6)	Personal income tax PIT-8	PLN 6,000
7)	Contributions to the Social Security Office, the Labour Fund and the Guaranteed Employee Benefits Fund	PLN 19,428,000
8)	Fee for the State Fund for the Rehabilitation of the Disabled	PLN 499,000
9)	Perpetual usufruct fee	PLN 82,000

1. <u>Corporate income tax</u>

a)	opening balance	PLN 4,933,000
b)	due for 2009	PLN 2,663,000
	total	PLN 7,596,000
c)	paid in 2009	PLN 8,182,000
d)	Balance as at 31 December 2009 (overpayment)	PLN - 586,000

2. <u>Real estate tax</u>

a)	Opening balance	PLN -
b)	due for 2009	PLN 711,000
	total	PLN 711,000
c)	paid in 2009	PLN 714,000

d)	Returned by Wrocław City Office	PLN 3,000
e)	balance as at 31 December 2009	PLN -

3. <u>Tax on vehicles</u>

a)	opening balance	PLN -
b)	due for 2009	PLN 3,000
	total	PLN 3,000
c)	paid in 2009	PLN 3,000
d)	balance as at 31 December 2009	PLN -

4. <u>VAT</u>

a)	opening balance	PLN - 4,460,000
b)	adjustment 2008	PLN - 532,000
c)	output VAT for 2009	PLN 59,915,000
d)	input VAT for deduction	PLN 50,589,000
	total	PLN 4,334,000
e)	paid in 2009	PLN 4,444,000
f)	credited overpayment for income tax	PLN 1,046,000
g)	balance as at 31 December 2009	PLN 936,000

5. <u>Personal income tax PIT-4</u>

a)	opening balance	PLN 695,000
b)	due for 2009	PLN 3,991,000
	total	PLN 4,686,000
c)	paid in 2009	PLN 4,030,000
d)	balance as at 31 December 2009	PLN 656,000

6. <u>Personal income tax PIT-8A</u>

a)	opening balance	PLN -
b)	due for 2009	PLN 6,000

	total	PLN 6,000
c)	paid in 2009	PLN 6,000
d)	balance as at 31 December 2009	PLN -

7. Contributions to the Social Security Office, the Labour Fund and the Guaranteed Employee Benefits Fund

a)	opening balance	PLN 2,356,000
b)	adjustment relating to 2007 and 2008	PLN - 34,000
c)	due contributions for 2009	PLN 19,428,000
	total	PLN 21,750,000
d)	paid in 2009	PLN 17,889,000
e)	paid benefits	PLN 887,000
f)	balance as at 31 December 2009	PLN 2,974,000

8. Fee for the State Fund for the Rehabilitation of the Disabled

a)	opening balance	PLN 52,000
b)	due for 2009	PLN 499,000
	total	PLN 551,000
c)	paid in 2009	PLN 539,000
d)	balance as at 31 December 2009	PLN 12,000

9. Perpetual usufruct fee

a)	opening balance	PLN -
b)	due for 2009	PLN 82,000
	total	PLN 82,000
c)	paid in 2009	PLN 82,000
d)	balance as at 31 December 2009	PLN -

Settlements with the state budget and funds are fully recognised in the books of account.

The bases for tax and charging social security contributions and fees for the State Fund for the Rehabilitation of the Disabled are correct and properly documented.

Tax liabilities towards the Social Security Office and the State Fund for the Rehabilitation of the Disabled were calculated in accordance with applicable laws.

Completed tax returns were sent to the relevant offices on time. Taxes were paid on time.

Budget interest amounted to PLN 1,000.

Liabilities on account of taxes, duties, social security and others are correctly disclosed in the financial statements.

VII. CONTINGENT LIABILITIES AND RESTRICTIONS ON OWNERSHIP RIGHTS

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

PLN '000

Secured liability	Balance as at 31 December 2009			Balance as at 31 December 2008		
	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
Ordinary and capped mortgages	28,443	58,271		41,425	67,955	
Pledge on fixed assets	-	-		223	223	
Pledge on shares	10,500	148		15,000	148	
Registered pledge on inventories	10,500	5,000		22,600	13,400	
Assignment of claims	122,518	122,518		57,816	57,816	
Total		**185,937**	**40.26**		**139,542**	**48.51**

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

Type of liabilities guarantees and suretyships	Balance as at 31 December 2009		Balance as at 31 December 2008	
	Amount	as % of assets	Amount	as % of assets
Guarantees and suretyships granted	PLN 101,845,000		PLN 42,418,000	
Blank promissory notes	PLN 18,442,000		PLN 7,221,000	
Letter of credit granted	PLN 6,463,000			
Liability on account of an inspection by the Social Security Office	PLN 6,179,000			
Total contingent liabilities	**PLN 132,929,000**	**28.78**	**PLN 49,639,000**	**17.26**

VIII. 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 statement of comprehensive income and the books of account.

The additional information correctly and fully reflects the amounts and problems associated with the Company's activities.

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

IX. VIOLATIONS OF THE LAW

In the Company subject to the audit, no cases of a material breach of tax law, the Commercial Companies Code, or the Company's Statute were identified.

X. EVENTS AFTER THE DATE of the financial statements

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

E. ASSESSMENT OF THE FINANCIAL STATEMENTS FOR 2009

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

This report was discussed with the director of the Company subject to the audit, Energomontaż-Południe S.A.

F. FINAL FINDINGS

1. This report consists of 53 typed pages numbered consecutively.

   Each page contains a page number and the signature of the certified auditor alongside it.

2. Attached to this report are the Company's financial statements and:

1) Other conclusions and comments – none
2) Economic and financial results
3) Profitability, liquidity and debt indicators
4) Capital market indicators
5) Indicators from the cash flow statement
6) Balance of revaluation write-downs relating to assets and provisions for liabilities
7) Confirmation of receipt (in the auditor's copy)

Authorised entity

MW RAFIN Marian Wcisło
SPÓŁKA KOMANDYTOWA
41-200 Sosnowiec, al. Zwycięstwa 3
Podmiot uprawniony nr 3076 2

PREZES
Biegły Rewident
Marian Wcisło
nr ewid. 5424

Chief certified auditor

Bogusława Zemełka
Reg. No. 9368

Sosnowiec, 26 March 2010

Financial results

PLN '000

No.	RATIO	Level in current prices			Percentage rate	
		in the audited year	in the previous year	in 2007	3/4	3/5
1	2	3	4	5	6	7
1	**Total revenues including:**	**307 363**	**242 609**	**255 771**	**126,69%**	**120,17%**
	- sales of products	267 966	195 253	216 046	137,24%	124,03%
	- sales of goods and materials	16 867	16 847	15 511	100,12%	108,74%
	- other revenues	9 964	22 075	14 452	45,14%	68,95%
	- financial revenues	12 566	8 434	9 762	148,99%	128,72%
	- extraordinary profits					
2	**Costs of obtaining revenues including:**	**282 026**	**226 840**	**238 948**	**124,33%**	**118,03%**
	- products sold	225 839	167 508	199 347	134,82%	113,29%
	- goods and materials sold	17 425	15 791	14 537	110,35%	119,87%
	- cost of sales	277	1 187	94	23,34%	294,68%
	- general management costs	14 169	12 654	9 214	111,97%	153,78%
	- other expenses	10 683	16 817	11 696	63,53%	91,34%
	- financial expenses	13 633	12 883	4 060	105,82%	335,79%
	- extraordinary losses					
3	**Gross financial result**	**25 337**	**15 769**	**16 823**	**160,68%**	**150,61%**
4	Income tax	3 031	3 392	4 139	89,36%	73,23%
5	Other deductions from the financial result					
6	**Net financial result**	**22 306**	**12 377**	**12 684**	**180,22%**	**175,86%**

Appendix 3

PROFITABILITY, FINANCIAL LIQUIDITY AND DEBT RATIOS
(asset financing structures)
for 2009

[PLN '000]

Type of ratio and calculation method		Amounts		Ratio		Change in the ratio + improvement - deterioration
		Current year	Previous year	Current year	Previous 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	22,306 x 100 / 284,833	12,377 x 100 / 212,100	7.83	5.84	+ 1.99
2.	**Gross profitability of sales** Gross earnings from sales x 100 / Revenues from sales of products goods and materials	41,569 x 100 / 284,833	28,801 x 100 / 212,100	14.59	13.58	+ 1.01
3.	**Return on assets (ROA)** Net profit x 100 / Average balance of assets	22,306 x 100 / 374,773	12,377 x 100 / 240,667	5.95	5.14	+ 0.81
4.	**Adjusted return on assets (ROA_1)** Net profit + net paid interest (i.e. excluding corporate income tax) x 100 / Average balance of assets	22306+4548x100 / 374,773	12377+2343x100 / 240,667	7.17	6.12	+ 1.05
5.	**Non-current asset turnover** Revenues from sales of products goods and materials / Average balance of non-current assets	284,833 / 167,693	212,100 / 78,292	1.70	2.71	- 1.01
6.	**Return on equity** Net profit x 100 / Average balance of equity	22,306 x 100 / 158,745	12,377 x 100 / 100,507	14.05	12.31	+ 1.74
7.	**Scale of leverage** Return on equity (item 6) – adjusted return on assets (item 4)	14.05 – 7.17	12.31 – 6.12	6.88	6.19	+ 0.69

1		2	3	4	5	6
FINANCIAL LIQUIDITY RATIOS						
8.	**Ratio of coverage of current liabilities** Current assets / Current liabilities	233,046 / 171,634	181,114 / 141,922	1.36	1.28	+ 0.08
9.	**Ratio of payment of liabilities** Current assets – (inventories + short-term accruals and deferred income costs)x) / Current liabilities	188,557 / 171,634	136,296 / 141,922	1.10	0.96	+ 0.14
10.	**Cash ratio** Cash and other assets / Current liabilities	18,837 / 171,634	9,566 / 141,922	0.11	0.07	+ 0.04
11	**Receivables turnover ratio in times per year** Revenues from sales of products and goods / Average balance of receivables minus VAT [2)]	284,833 / 52,126	212,100 / 44,065	5.46	4.81	+ 0.65
12.	**Receivables turnover ratio in days** Number of days in the period (365) / Receivables turnover ratio in times per year	365 / 5.46	365 / 4.81	66.85	75.88	+ 9.03
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	243,264 / 48,976	183,299 / 30,653	4.97	5.98	- 1.01
14.	**Liabilities turnover ratio in days** Number of days in the period (365) / Liabilities turnover rate in times per year	365 / 4.97	365 / 5.98	73.44	61.04	- 12.40
15.	**Materials inventory turnover ratio in times per year** Cost of materials used / Average balance of materials inventory	38,301 / 4,585	50,006 / 3,513	8.35	14.23	- 5.88
16.	**Materials inventory turnover ratio in days** Number of days in the period (365) / Materials inventory turnover ratio in times per year	365 / 8.35	365 / 14.23	43.71	25.65	- 18.06
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 liability [3)] / Total assets	253,727 / 461,892	178,330 / 287,654	0.55	0.62	+ 0.07
20.	**Equity to assets ratio** Equity / Total assets	208,165 / 461,892	109,324 / 287,654	0.45	0.38	+ 0.07
21.	**Ratio of non-current assets to equity and long-term provisions** Equity + long-term liabilities + long-term provisions / Non-current assets	290,258 / 228,846	145,732 / 106,540	1.27	1.37	- 0.10
22.	**Sustainability of financing ratio** Equity + long-term liabilities + long-term provisions / Total assets	290,258 / 461,892	145,732 / 287,654	0.63	0.51	+ 0.12
23.	**Financial results to total debt ratio** Net profit + annual amortisation/depreciation / Average balance of total liabilities (non-current + current)	22,306+5,719 / 216,029	12,377+4,019 / 106,191	0.13	0.15	- 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 to 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 ratios with the financial details, not an arithmetic symbol.**

Appendix 4

CAPITAL MARKET RATIOS

Ratio and calculation method		Amounts [PLN]		Ratio		Change in 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 indicators (data from the company) – counted on the basis of the number of shares						
1.	**Sales per share**					
	Sales revenues	284,832,783.55	212,099,760.84	5.96	4.69	+ 1.27
	Weighted average number of shares	47,762,000	45,203,000			
2.	**Earnings per share**					
	Net profit	22,306,496.32	12,377,329.35	0.47	0.27	+ 0.20
	Weighted average number of shares	47,762,000	45,203,000			
3.	**Dividend per share**					
	Net profit designated for distribution among shareholders	5,230,000	4,400,000	0.11	0.10	
	Number of shares in circulation	48,390,000	47,544.346			
4.	**Cash flow per share**					
	Net profit + amortisation/depreciation	28,025,687.85	16,396,762.68	0.59	0.36	+ 0.23
	Weighted average number of shares	47,762,000	45,203,000			
5.	**Book value per share**					
	Equity	208,164,806.03	109,324,232.13	4.36	2.42	+ 1.94
	Weighted average number of shares	47,762,000	45,203,000			
6.	**Dividend cover ratio (CR)**					
	Net profit per share	0.47	0.27	4.27	2.70	+ 1.57
	Net profit designated for distribution among shareholders (dividend/share)	0.11	0.10			
7.	**Payout rate**					
	Dividend per share	0.11	0.10	0.23	0.37	+ 0.14
	Net profit per share	0.47	0.27			

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	0.47 x 100	0.27 x 100	10.93	10.19	+ 0.74
	Market price per share	4.30	2.65			
9.	**Dividend yield** Dividend per share x 100	0.11 x 100	0.10 x 100	2.56	3.77	- 1.21
	Market price per share	4.30	2.65			
10.	**Price to dividend ratio** Market price per share	4.30	2.65	39.09	26.50	+ 12.59
	Dividend per share	0.11	0.10			
11	**Price to earnings ratio** Market price per share	4.30	2.65	9.15	9.81	- 0.66
	Net profit per share	0.47	0.27			
12.	**Cash flow per share to price** Net profit + amortisation/depreciation per share x 100	0.59 x 100	0.36 x 100	13.72	13.58	- 0.14
	Market price per share	4.30	2.65			
13.	**Price to cash flow per share** Market price per share	4.30	2.65	7.29	7.36	+ 0.07
	Net profit + amortisation/depreciation per share	0.59	0.36			
14.	**Stock exchange share price ratio** Market price per share	4.30	2.65	4.30	2.65	+ 1.65
	Par value per share	1.00	1.00			
15.	**Price to book value per share** Market price per share	4.30	2.65	0.99	1.10	- 0.11
	Book value per share	4.36	2.42			

[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 indicators 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 5

Ratios from the cash flow statement

No.	Ratio	How the ratio is calculated	Period		Improvement + Deterioration – (4-5)
			audited	previous	
1	2	3	4	5	6
1.	Share of net profit in the balance of operating cash flow	net profit / operating cash flow	0.76	0.62	+ 0.14
2.	Share of amortisation/depreciation in the balance of operating cash flow	amortisation / depreciation / operating cash flow	0.19	0.20	+ 0.01
3.	Ability to generate operating cash flow	Net operating cash flow. / net operating cash flow + inflows from financing activities	0.32	0.19	+ 0.13
4.	Financing of investments in property, plant and equipment and intangible assets	outlays on tangible and intangible assets / operating cash flow	0.29	0.17	- 0.12
5.	Total sufficient quantity of funds	operating cash flow / outflows on investing activities	0.19	0.14	+ 0.05
6.	Interest coverage ratio	operating cash flow / interest from financing activities	7.03	17.78	- 10.75
7.	Cash flow return on invested capital from operating activities	operating cash flow / invested capital	0.07	0.09	- 0.02
8.	Cash return on assets	operating cash flow / total assets	0.06	0.07	- 0.01
9.	Cash return on sales	operating cash flow / revenues from the sale of products, goods and materials	0.10	0.09	+ 0.01

THE FINANCIAL CONTENT OF THE RATIOS

from the cash flow statement

1. The higher the value of this ratio, the better net profit reflects the actual surplus generated by the company.

2. This ratio having a high and increasing value is interpreted as a negative sign. It means that the company has a limited ability to generate its own sources of cash flow, as funds from amortisation/depreciation should be used for new investments in the company's tangible assets and not to finance ongoing operations or fulfil liabilities on account of loans and dividends.

3. An increase in the value of this ratio is usually interpreted as a positive sign regarding the company's self-financing ability. We should also remember to analyse other data (for example, taking out new loans to finance fixed assets under construction will decrease the value of the Ratio, which cannot be immediately interpreted as a negative sign regarding the company's situation).

4. If this ratio is lower, it shows that the company has larger surpluses to cover other expenses.

5. If the ratio is greater than one, it suggests that the company generates sufficient funds to enable it to cover expenses associated with its investing and financing activities.

6. If this ratio is less than 1, it indicates that the company is unable to secure funds from its basic operating activities to pay for its assets or take out new loans. This can certainly not be assessed as a positive sign. Please note that operating cash flow should cover not only interest but also amortisation/depreciation, which serves the purpose of regenerating tangible and intangible assets.

7.

$$\text{invested capital} = \text{equity and external capital} - \text{long-term and short-term investments (excluding cash)}$$

This Ratio measures the quantity of funds obtained from basic operating activities on capital invested in this area of capital.

8. If this Ratio increases, it means that the cash return on assets is increasing.

9. This Ratio shows what portion of revenues from sales (on an accrual basis) is covered by cash revenues. The higher it is, the better. If there is a difference between 1 and this Ratio, it means there is a lack of cash coverage in revenues.

Note:

It is essential to have a questioning approach to the cash flow statement. A positive surplus of cash does not conclusively confirm the company's ability to pay. Similarly, a negative value cannot be interpreted as a lack of funds for settling liabilities. A negative value often arises when there is a substantial share of credit sales in total turnover, which is associated with an increase in receivables. On the other hand, a positive surplus arises when accumulated materials are used without the balance of inventories also being regenerated. The situation will be similar when materials are purchased for trade credit. The analysis of the cash flow statement should therefore be combined with an assessment of the balance of receivables and liabilities or the level of inventories, etc.

As the above description shows, the value of individual Ratios cannot be interpreted unequivocally and specific conclusions cannot be drawn on that basis. However, an overall analysis enables the condition of the company and the risk of making a wrong decision to be generally determined.

Appendix 6

Balance of write-downs relating to the revaluation of assets and provisions for liabilities as at 31 December 2009

PLN '000

No.	Item	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 the beginning of the period**	**2 010**	**-**	**16 543**	**200**	**6 221**	**310**	**6 182**	**4 504**	**-**	**35 970**
2	Revaluation write-downs charged to expenses	-	-	195	-	510	28	-	-	-	**733**
3	Creation of a provision charged to expenses	-	-	-	-			1 149	1 428	2 000	**4 577**
4	Other	-	-	- 17	-	5		-		-	**- 12**
Total (2+3+4)		**-**	**-**	**178**	**-**	**515**	**28**	**1 149**	**1 428**	**2 000**	**5 298**
5	Utilisation	-	-	-	-	522	125	-	-	-	**647**
6	Cessation of the reasons for:	-	-	-	-	-		-		-	**-**
a)	write-downs	-	-		-			-	-	-	**-**
b)	creation of a provision	-	-	-	-			-	-		**-**
7	Dissolution of write-downs and provisions	-	-	-	-	182	13	714	285	-	**1 194**
8	Other	-	-	-	-	1				-	**1**
Total (5+6+7+8)		**-**	**-**	**-**	**-**	**705**	**138**	**714**	**285**	**-**	**1 842**
9	**Balance at the end of the period**	**2 010**	**-**	**16 721**	**200**	**6 031**	**200**	**6 617**	**5 647**	**2 000**	**39 426**