

**ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP**



**ENERGOMONTAŻ-POŁUDNIE**  

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**GRUPA PBG**

**Interim consolidated financial statements for the fourth  
quarter of 2011**

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

Katowice, 29 February 2012

Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-POŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

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

### CONSOLIDATED STATEMENT OF FINANCIAL CONDITION

Item	at 31.12.2011	at 31.12.2010
<b>Assets</b>		
<b>I. Non-current assets</b>	<b>182 053</b>	<b>171 893</b>
1. Property, plant and equipment	71 006	75 345
2. Intangible assets	2 916	1 693
3. Goodwill	0	0
4. Goodwill of subsidiaries	0	0
5. Investment properties	82 657	83 887
6. Financial assets	401	309
6a. Investments in affiliated companies	0	0
6b. Investments in subsidiaries	0	0
6c. Investments held for sale	124	214
6d. Other financial assets	95	95
6e. Loans granted	182	0
7. Non-current receivables	8 487	4 010
8. Deferred income tax assets	16 586	6 546
9. Prepayments and accrued income	0	103
<b>II. Current assets</b>	<b>215 042</b>	<b>259 570</b>
1. Inventories	81 516	114 218
2. Current receivables	130 578	128 744
2a. Trade receivables	59 240	84 162
2b. Other receivables	22 491	19 133
2c. Income tax receivables	2 663	5 014
2d. Prepayments and accrued income	46 184	20 435
3. Current financial assets	41	3 024
3a. Loans granted	41	0
3b. Financial assets designated for sale	0	0
3c. Foreign exchange forward contracts	0	3 024
4. Cash and cash equivalents	2 907	13 584
<b>III. Non-current assets designated for sale</b>	<b>0</b>	<b>0</b>
<b>Total assets</b>	<b>397 095</b>	<b>431 463</b>
<b>Liabilities</b>		
<b>I. Shareholders' equity with minority interests</b>	<b>118 911</b>	<b>129 905</b>
1. Share capital	92 307	92 307
-- including revaluation of capital due to hyperinflation	21 335	21 335
2. Capital reserves	38 268	39 308
3. Own shares	0	0
4. Revaluation reserve	14 447	19 032
5. Other capital reserves	69 968	69 968
6. Retained profit (loss)	-88 728	-70 906

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Item	at 31.12.2011	at 31.12.2010
7. Profit (loss) for the current year	-7 351	-19 804
<b>Ia. Shareholders' equity without minority interests</b>	<b>118 911</b>	<b>129 905</b>
8. Minority capital	0	0
<b>II. Non-current liabilities</b>	<b>69 892</b>	<b>79 148</b>
1. Provisions	17 610	19 269
1a. Provisions for employee benefits	5 935	6 177
1b. Provision for deferred income tax	11 675	13 092
1c. Other provisions	0	0
2. Financial liabilities	48 636	56 075
2a. Credit facilities and loans	0	4 831
2b. Leasing liabilities	48 636	51 244
3. Other non-current liabilities	3 646	3 804
<b>III. Current liabilities</b>	<b>208 292</b>	<b>222 410</b>
1. Provisions	2 568	2 806
1a. Provisions for employee benefits	987	1 060
1b. Other provisions	1 581	1 746
2. Financial liabilities	71 167	63 187
2a. Credit facilities and loans	58 755	54 303
2b. Leasing liabilities	8 901	8 599
2c. Foreign exchange forward contracts	3 511	285
3. Current liabilities	134 557	156 417
3a. Trade liabilities	49 451	45 729
3b. Other liabilities	60 741	84 562
3c. Income tax liabilities	0	0
3d. Accruals and deferred income	24 365	26 126
<b>IV. Liabilities associated with non-current assets designated for sale</b>	<b>0</b>	<b>0</b>
<b>Total liabilities</b>	<b>397 095</b>	<b>431 463</b>
<b>Book value</b>	<b>118 911</b>	<b>129 905</b>
Average weighted number of ordinary shares (in '000s)	69 846	68 966
<b>Book value per share (in PLN)</b>	<b>1.70</b>	<b>1.88</b>

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## CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

Item	for the period from 01.10.2011 to 31.12.2011	for the period from 01.01.2011 to 31.12.2011	for the period from 01.10.2010 to 31.12.2010	for the period from 01.01.2010 to 31.12.2010
<b>I. Net revenues from the sale of products, goods and materials</b>	<b>105 116</b>	<b>337 156</b>	<b>89 627</b>	<b>313 687</b>
II. Costs of products, goods and materials sold	98 283	314 733	83 015	304 787
<b>III. Gross profit (loss) from sales</b>	<b>6 833</b>	<b>22 423</b>	<b>6 612</b>	<b>8 900</b>
IV. Other revenue	4 114	11 597	6 565	21 156
V. Sales costs	150	440	132	470
VI. General management costs	5 827	20 118	5 140	20 535
VII. Other costs	6 687	19 258	15 710	23 968
<b>VIII. Operating profit (loss)</b>	<b>-1 717</b>	<b>-5 796</b>	<b>-7 805</b>	<b>-14 917</b>
IX. Financial revenue	1 588	533	964	1 941
X. Finance costs	1 831	10 128	2 135	6 318
XI. Income (loss) from shares in affiliated companies	0	0	0	0
<b>XII. Gross (pre-tax) profit (loss)</b>	<b>-1 960</b>	<b>-15 391</b>	<b>-8 976</b>	<b>-19 294</b>
XIII. Income tax	-6 266	-8 040	-2 250	510
<b>XIV. Net profit (loss) from continued operations</b>	<b>4 306</b>	<b>-7 351</b>	<b>-6 726</b>	<b>-19 804</b>
XV. Profit (loss) on discontinued operations	0	0	0	0
XVI. Minority profits	0	0	0	0
<b>XVII. Net profit (loss) on continued and discontinued operations</b>	<b>4 306</b>	<b>-7 351</b>	<b>-6 726</b>	<b>-19 804</b>
Item				
<b>Net profit (loss)</b>	<b>4 306</b>	<b>-7 351</b>	<b>-6 726</b>	<b>-19 804</b>
<b>Other comprehensive income</b>	<b>2 071</b>	<b>-4 585</b>	<b>3 510</b>	<b>3 504</b>
Financial assets held for sale	-60	-90	-5	-11
Cash flow hedging	1 381	-5 549	0	0
Effects of revaluation of property	0	0	3 515	3 515
Income tax relating to components of other comprehensive income	750	1 054	0	0
<b>Total comprehensive income</b>	<b>6 377</b>	<b>-11 936</b>	<b>-3 216</b>	<b>-16 300</b>
<b>Net profit (loss)</b>	<b>4 306</b>	<b>-7 351</b>	<b>-6 726</b>	<b>-19 804</b>
Average weighted number of ordinary shares (in '000s)	70 972	69 846	70 972	68 966
<b>Profit (loss) per ordinary share (in PLN)</b>	<b>0.06</b>	<b>-0.11</b>	<b>-0.09</b>	<b>-0.29</b>
Attributed to:				
Owners of the parent company's capital	4 306	-7 351	-6 726	-19 804
Minority interest in equity	0	0	0	0

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### CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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 holders of equity in parent company
<b>Balance at beginning of period</b>	<b>92 307</b>	<b>39 308</b>	<b>10 397</b>	<b>69 968</b>	<b>0</b>	<b>-49 539</b>	<b>162 441</b>	<b>0</b>	<b>162 441</b>	<b>162 441</b>
-- 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	-41 171	-32 536	0	-32 536	-32 536
<b>Opening balance after changes</b>	<b>92 307</b>	<b>39 308</b>	<b>19 032</b>	<b>69 968</b>	<b>0</b>	<b>-90 710</b>	<b>129 905</b>	<b>0</b>	<b>129 905</b>	<b>129 905</b>
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 accounting for losses	0	0	0	0	0	0	0	0	0	0
Net profit (loss)	0	0	0	0	0	-7 351	-7 351	0	-7 351	-7 351
Increases (+) / decreases (-) from revaluation of financial assets	0	0	-90	0	0	0	-90	0	-90	-90
Consolidation adjustments	0	-1 933	0	0	0	1 982	49	0	49	49
Purchase of own shares	0	0	0	0	0	0	0	0	0	0
Premium on the sale of own shares	0	893	0	0	0	0	893	0	893	893
Creation of capital from the valuation of hedging transactions	0	0	-4 495	0	0	0	-4 495	0	-4 495	-4 495
Other increases (+) / decreases (-)	0	0	0	0	0	0	0	0	0	0
31 December 2011	<b>92 307</b>	<b>38 268</b>	<b>14 447</b>	<b>69 968</b>	<b>0</b>	<b>-96 079</b>	<b>118 911</b>	<b>0</b>	<b>118 911</b>	<b>118 911</b>

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1 January 2010	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 holders of equity in parent company
<b>Balance at beginning of period</b>	<b>69 725</b>	<b>105 967</b>	<b>10 408</b>	<b>7 269</b>	<b>0</b>	<b>4 295</b>	<b>197 664</b>	<b>0</b>	<b>197 664</b>	<b>197 664</b>
- - 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	5 120	0	0	-54 000	-48 880	0	-48 880	-48 880
<b>Opening balance after changes</b>	<b>69 725</b>	<b>105 967</b>	<b>15 528</b>	<b>7 269</b>	<b>0</b>	<b>-49 705</b>	<b>148 784</b>	<b>0</b>	<b>148 784</b>	<b>148 784</b>
Increases (+) / decreases (-) from revaluation of tangible assets	0	0	3 515	0	0	0	3 515	0	3 515	3 515
Increases (+) / decreases (-) from profit distribution	0	18 468	0	0	0	-16 162	2 306	0	2 306	2 306
Increases (+) / decreases (-) from accounting for losses	0	-328	0	0	0	-81	-409	0	-409	-409
Exchange of warrants for shares	22 582	-25 171	0	0	0	0	-2 589	0	-2 589	-2 589
Net profit (loss)	0	0	0	0	0	-19 804	-19 804	0	-19 804	-19 804
Increases (+) / decreases (-) from revaluation of financial assets	0	0	-11	0	0	0	-11	0	-11	-11
Merger with subsidiary	0	0	0	0	0	7 647	7 647	0	7 647	7 647
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
Dissolution of reserve for purchase of own shares	0	5 372	0	-7 269	0	0	-1 897	0	-1 897	-1 897
Creation of reserve for dividend payment	0	0	0	4 968	0	-4 968	0	0	0	0
Creation of reserve for purchase of own shares	0	-65 000	0	65 000	0	0	0	0	0	0
Merger with subsidiary	0	0	0	0	0	-7 648	-7 648	0	-7 648	-7 648
Other increases (+) / decreases (-)	0	0	0	0	0	11	11	0	11	11
31 December 2010	<b>92 307</b>	<b>39 308</b>	<b>19 032</b>	<b>69 968</b>	<b>0</b>	<b>-90 710</b>	<b>129 905</b>	<b>0</b>	<b>129 905</b>	<b>129 905</b>

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## CONSOLIDATED CASH FLOW STATEMENT

Item	for the period from 01.01.2011 to 31.12.2011	for the period from 01.01.2010 to 31.12.2010
<b>A. Cash flow from operating activities (indirect method)</b>		
<b>I. Net profit (loss)</b>	<b>-15 391</b>	<b>-19 294</b>
<b>II. Total adjustments</b>	<b>33 904</b>	<b>13 868</b>
1. Minority profit (loss)	0	0
2. Share in net (profit) loss of subordinated companies valued by the equity method	0	0
3. Depreciation	8 911	9 981
4. Profit (loss) from exchange rate differences	0	-239
5. Interest and profit distribution (dividends)	-1 536	5 588
6. Profit (loss) on investment activity	-715	95
7. Change in provisions	-480	-73
8. Change in inventory	32 702	-62 302
9. Change in receivables	17 889	67 632
10. Change in current liabilities, excluding credit facilities and loans	-3 283	47 089
11. Change in prepayments and accruals	-27 407	19 210
12. Income tax paid	2 351	-5 003
13. Other adjustments	5 472	-68 110
<b>III. Net cash flow from operating activities (I+/-II)</b>	<b>18 513</b>	<b>-5 426</b>
<b>B. Cash flow from investing activities</b>		
<b>I. Inflows</b>	<b>730</b>	<b>5 922</b>
1. Sale of intangible assets and property, plant and equipment	338	3 520
2. Sale of investments in real property and intangible assets	0	0
3. From financial assets, of which:	392	2 402
a) in affiliated companies	0	0
- sale of financial assets	0	0
- dividends and participations in profits	0	0
- - repayment of loans granted	0	0
- interest payments	0	0
- other inflows from financial assets	0	0
b) in other entities	392	2 402
- sale of financial assets	0	0
- dividends and participations in profits	38	39
- - repayment of loans granted	27	0
- interest payments	327	663
- other inflows from financial assets	0	1 700
4. Other investment inflows	0	0
<b>II. Outflows</b>	<b>7 190</b>	<b>33 356</b>
1. Purchase of intangible assets and property, plant and equipment	6 940	27 448
2. Investments in real property and intangible assets	0	0
3. On financial assets, of which:	250	5 908
a) in affiliated companies	0	5 908
- purchase of financial assets	0	0
- short-term loans granted	0	5 908



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Item	for the period from 01.01.2011 to 31.12.2011	for the period from 01.01.2010 to 31.12.2010
b) in other entities	250	0
- purchase of financial assets	0	0
- loans granted	250	0
4. Other investment outflows	0	0
<b>III. Net cash flow from investment activities (I-II)</b>	<b>-6 460</b>	<b>-27 434</b>
<b>C. Cash flow from financial activities</b>		
<b>I. Inflows</b>	<b>12 057</b>	<b>75 319</b>
1. Net inflow on issue of shares and other capital instruments and additional payments to capital	0	75 319
2. Borrowings	0	0
3. Issue of debt securities	0	0
4. Sale of own shares	12 057	0
<b>II. Outflows</b>	<b>28 584</b>	<b>51 228</b>
1. Purchase of own shares	11 165	0
2. Dividends and other payments to owners	0	0
3. Profit distribution outflows other than payments to owners	0	0
4. Repayment of borrowings	379	28 546
5. Redemption of debt securities	0	0
6. Other financial outflows	0	0
7. Payment of liabilities from financial lease agreements	15 582	16 392
8. Interest payments	7 661	6 290
9. Other financial outflows	0	0
<b>III. Net cash flow from investment activities (I-II)</b>	<b>-22 730</b>	<b>24 091</b>
<b>D. Total net cash flow (A.III+/-B.III+/-C.III)</b>	<b>-10 677</b>	<b>-8 769</b>
<b>E. Balance-sheet change in cash, of which:</b>	<b>-10 677</b>	<b>-8 530</b>
- change in cash from exchange rate differences	0	239
<b>F. Cash at the beginning of the period</b>	<b>13 584</b>	<b>22 114</b>
<b>G. Cash at the end of the period (F+/- D)</b>	<b>2 907</b>	<b>13 345</b>

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## COMMENTARY OF THE MANAGEMENT BOARD ON THE RESULTS OF THE ENERGOMONTAŻ-POŁUDNIE CAPITAL GROUP

In commenting on the Company's results for the fourth quarter of 2011, the Management Board wishes to begin by drawing attention to the change in the presentation of results in the current period and in comparable periods as a result of a change in the classification of events as belonging to operational or financial activities. A brief description of that change is contained in point 2.3 of this report.

The primary effect of these changes is a clear shift of a number of revenue and cost items to other operating activities. This significantly worsened the operating result and influenced the appearance of operating losses in both the fourth quarter and in 2011 taken as a whole. To illustrate the scale of the changes one can only observe that, as previously defined, the operating loss for the year would have been slightly in excess of PLN 1 million while the fourth quarter would have shown a profit of nearly PLN 3 million.

The Management Board of the Company believes the new way of presenting results, apart from being in line with the policy of the whole PBG Group, will simplify the future evaluation of the Company's results.

Apart from the presentational matter described above, the Management Board draws attention to the high revenues achieved in the fourth quarter of 2011. Lower than expected profitability measured by the gross profit margin on sales results from the recognition of several low-margin export contracts and the incurring of additional costs related to the financial and formal closure of old contracts executed in previous periods. This is related to the Management Board's policy leading to the closure of all open contractual settlements which, because of mutual claims between the Company and customers, had not been closed previously.

We also draw attention to the fact that general management costs in the fourth quarter were approximately PLN 1 million higher than expected; this was related to a number of non-recurring write-offs.

In the period covered by the interim condensed consolidated financial statements:

- **Sales revenues** in the fourth quarter of 2011 amounted to **PLN 105.1 million**, which meant an increase of over 17% compared with the corresponding period of 2010,
- **Gross profit on sales** was **PLN 6.8 million** and was about 3.3% higher than that generated in the fourth quarter of 2010,
- The Group incurred **a loss of PLN 1.7 million on operating activities** in the fourth quarter of 2011, compared with the operating **loss of PLN 7.8 million** a year earlier,
- **Net profit attributable to shareholders of the parent company** in the fourth quarter of 2011 was **PLN 4.3 million** as against a net **loss of PLN 6.7 million** in the comparable period.
- **Employment in the EP Capital Group** at the end of the fourth quarter of 2011 was **1 383** persons, which means a slight drop in employment (down by 0.6% yr/yr).

The most important **sources of revenue** from core operations of the Energomontaż-Południe Capital Group (referred to later in this report as the "EP Group" or the "EP CG", and in relation to the parent company of the EP Group as the "Company") included in the fourth quarter of 2011 assembly contracts performed in Germany and the Netherlands for ALSTOM. These contracts accounted for more than 50% of consolidated revenues in the reporting period.

### Profitability indicators

Profitability indicators	Q4 2010	Q4 2011
Gross profitability from sales <sup>1</sup>	7.4%	6.5%
Operating profitability <sup>2</sup>	-8.7%	-1.6%
Net profitability <sup>3</sup>	-7.5%	4.1%

<sup>1</sup> gross profit from sales / revenue from sales \* 100

<sup>2</sup> profit from from operating activity / revenue from sales \* 100

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

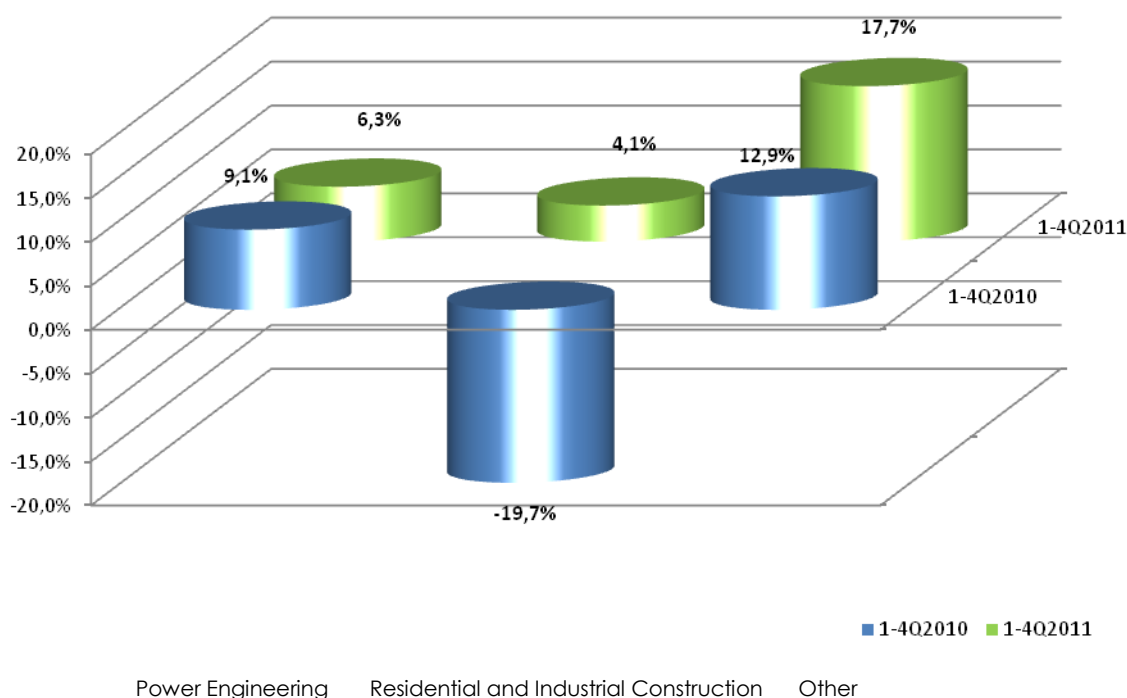
Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-PÓŁUDNIE S.A.		
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Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

Comparing the financial results of the EP Group achieved in the fourth quarter of 2011 and in the same period of the previous year, one can see a slight decrease in profitability at the level of gross profits on sales and a significant improvement in profitability at both the operating profit and net profit levels.

The gross margin on sales in the fourth quarter of 2011 was 6.5%, compared to 7.4% in the fourth quarter of the previous year, which means a slight decrease in the margin (by 0.9 percentage points yr/yr). The main cause of the decline in the gross margin was an increase in the cost of sales in the fourth quarter of 2011.

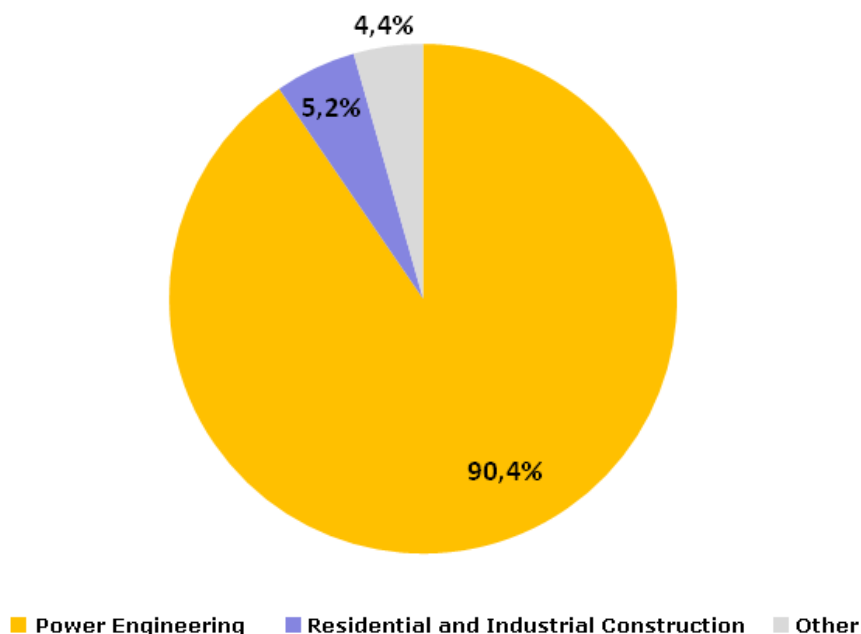
In contrast to the gross margin, operating margin and profitability at the level of net profits improved significantly, by, respectively, 7.1 and 11.6 percentage points.

### Gross margin on sales in particular segments in the four quarters of 2010 and 2011



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**Share of business segments in revenue from sales of the EP CG in the four quarters of 2010 and 2011**



In the four quarters of 2011 the largest share in the EP CG's revenue from sales belonged to "Power Engineering" (90.4% of consolidated revenue from sales). In the Power Engineering segment, revenue is recognised from contracts performed by the EP Group in Poland and abroad (in Germany and the Netherlands). A significant portion of these contracts is performed for Alstom Power – the power engineering division of the international corporation ALSTOM. The other two segments - "Residential and Industrial Construction" and "Other" - recorded a visible improvement year-on-year in gross margins on sales. In comparison to the four quarters of 2010, in 2011 the share of the Residential and Industrial Construction segment in the revenue of the EP Group fell significantly (in 2010 the share of the segment in the revenue of the Group was 22.8%). The main reason for the decline in the significance of this segment in operating activities was the completion of the contract for construction of the roof of the PGE Arena football stadium in Gdańsk. The gross margin on sales in the segment of Residential and Industrial Construction achieved a positive value and amounted to 4.1%, compared with a negative value in the comparable period of the previous year.

Revenues from the Other segment accounted for approximately 4.5% of the consolidated sales revenue of the EP Group. In this segment, too, the gross margin on sales recorded an increase (of 4.8 percentage points) in comparison with the four quarters of the previous year. This margin in 2011 was 17.7%.

## **DISCUSSION OF OTHER ITEMS OF REVENUE AND OPERATING EXPENSES AND OF FINANCIAL INCOME AND EXPENSES**

### **Cost of sales**

In the fourth quarter of 2011 the cost of sales amounted to **PLN 104.3 million**.

Costs by type are shown in the table below:

Item	for the period from 01.10.2011 to 31.12.2011	for the period from 01.01.2011 to 31.12.2011	for the period from 01.10.2010 to 31.12.2010	for the period from 01.01.2010 to 31.12.2010
Depreciation	2 445	8 800	2 500	9 790

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<b>Rounding-off level:</b>	<b>all amounts are expressed in PLN '000 (unless stated otherwise)</b>		

Item	for the period from 01.10.2011 to 31.12.2011	for the period from 01.01.2011 to 31.12.2011	for the period from 01.10.2010 to 31.12.2010	for the period from 01.01.2010 to 31.12.2010
Consumption of materials and electricity	9 150	32 772	11 285	57 761
Third party services	26 843	97 064	47 200	153 000
Taxes and charges	734	2 289	398	1 722
Employee benefits	45 441	138 340	27 265	101 879
Other specific costs	2 474	10 280	4 459	13 054
<b>Total costs by type</b>	<b>87 087</b>	<b>289 545</b>	<b>93 107</b>	<b>337 206</b>
Value of goods and materials sold	988	10 698	3 209	15 892
Change in balance of stocks of products and work in hand (-)	16 440	35 410	- 7 863	- 27 135
Cost of producing products and services to meet the Company's own needs	- 255	- 362	- 166	- 171
<b>Cost of goods sold, selling expenses and general management expenses</b>	<b>104 260</b>	<b>335 291</b>	<b>88 287</b>	<b>325 792</b>

### Other operating income

In the fourth quarter of 2011, other operating income amounted to **PLN 4.1 million**, the major part of which was from rentals and leases.

Item	for the period from 01.10.2011 to 31.12.2011	for the period from 01.01.2011 to 31.12.2011	for the period from 01.10.2010 to 31.12.2010	for the period from 01.01.2010 to 31.12.2010
profit from the sale of non-financial fixed assets	258	911	199	1 030
reversal of write-downs of assets	1 456	432	181	1 494
- receivables	1 456	405	181	1 494
- stocks	0	27	0	0
subsidies	0	36	69	131
compensation received under insurance contracts, penalties and fines	79	774	45	244
release of provisions for employee benefits	0	0	843	843
rentals, leases	1 867	7 409	1 804	6 609
other	454	859	238	468
release of provision for future Wrocław liabilities	0	0	0	1 000
correction of invoices	0	0	0	1 311
revaluation of real property	0	0	1 872	1 872
exchange differences on operating activities	0	1 176	0	0
profit on derivatives relating to operating activities	0	0	1 293	6 154
discount on long-term settlements	0	0	21	0
<b>Total other operating revenue</b>	<b>4 114</b>	<b>11 597</b>	<b>6 565</b>	<b>21 156</b>

### Other operating costs

In the fourth quarter of 2011, other operating expenses amounted to **PLN 6.7 million**, which compares with PLN 15.7 million in the same period of the previous year. In the current reporting period there is a noticeable lack of one-off events that generated high costs during the comparable period.

Item	for the period from 01.10.2011 to 31.12.2011	for the period from 01.01.2011 to 31.12.2011	for the period from 01.10.2010 to 31.12.2010	for the period from 01.01.2010 to 31.12.2010
Loss on sale of nonfinancial fixed assets	0	0	95	95

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Item	for the period from 01.10.2011 to 31.12.2011	for the period from 01.01.2011 to 31.12.2011	for the period from 01.10.2010 to 31.12.2010	for the period from 01.01.2010 to 31.12.2010
impairment of assets	545	801	2 743	2 995
- receivables	545	801	1 979	2 231
- stocks	0	0	764	764
donations	0	102	9	107
compensation under insurance contracts, penalties and fines	478	2 846	693	2 223
time-barred, written off or uncollectable receivables	20	34	0	24
expenses not treatable as costs of sales	0	620	0	0
accident-related repairs and other damage	0	0	126	325
provision for holidays, court and enforcement expenses, disability compensation, other	163	1 179	306	1 314
costs of rental of investment property	1 026	4 204	1 281	4 148
taxes, including VAT - relief for bad debts, gratuitous transfer of infrastructure, other	87	2 571	0	0
loss on sale of subsidiary	0	2 372	0	0
provision for Wrocław penalties and housing allowances	195	1 222	0	0
creation of provisions for employee benefits	0	0	1 067	1 067
revaluation of real property	0	0	8 347	8 347
Interest on payables relating to supplies and services together with other payables	113	148	93	337
exchange differences on operating activities	1 691	0	950	2 971
loss on derivatives relating to operating activities	1 696	637	0	0
discount on long-term settlements	673	2 522	0	15
<b>Total other operating expenses</b>	<b>6 687</b>	<b>19 258</b>	<b>15 710</b>	<b>23 968</b>

### Financial revenue

Financial revenue in the fourth quarter of 2011 amounted to **PLN 1.6 million**, compared with less than PLN 1.0 million in the same period of the previous year. The most important item in financial revenue was exchange differences.

Item	for the period from 01.10.2011 to 31.12.2011	for the period from 01.01.2011 to 31.12.2011	for the period from 01.10.2010 to 31.12.2010	for the period from 01.01.2010 to 31.12.2010
exchange differences	992	0	382	1 617
income from financial transactions	128	329	0	0
income from dividends and participations in profits	3	39	0	39
Other	465	165	582	285
<b>Total financial revenue</b>	<b>1 588</b>	<b>533</b>	<b>964</b>	<b>1 941</b>

### Financial expenses

Financial expenses in the fourth quarter of 2011 amounted to **PLN 1.8 million**, compared with PLN 2.1 million in the same period of the previous year. The most important item in financial expenses were the costs of servicing the debt of the parent amounting to PLN 1.8 million.

Item	for the period from 01.10.2011 to 31.12.2011	for the period from 01.01.2011 to 31.12.2011	for the period from 01.10.2010 to 31.12.2010	for the period from 01.01.2010 to 31.12.2010
interest, bank charges	1 831	7 445	2 135	6 113
- Interest and fees on bank loans	986	4 070	1 289	2 842

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Item	for the period from 01.10.2011 to 31.12.2011	for the period from 01.01.2011 to 31.12.2011	for the period from 01.10.2010 to 31.12.2010	for the period from 01.01.2010 to 31.12.2010
- other interest	845	3 375	846	3 271
exchange differences	0	2 470	0	0
other	0	213	0	205
<b>Total financial expenses</b>	<b>1 831</b>	<b>10 128</b>	<b>2 135</b>	<b>6 318</b>

## ADDITIONAL INFORMATION AND EXPLANATIONS CONCERNING THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. General Information

#### 1.1. Information about the Parent Company and the Capital Group

At the date of publication of this report the ENERGOMONTAŻ-POŁUDNIE Capital Group consists of two major entities: the parent company ENERGOMONTAŻ-POŁUDNIE S.A. and its subsidiary MODUS II Sp. z o.o. [MODUS II], which is consolidated using the full method.

ENERGOMONTAŻ-POŁUDNIE S.A. also holds 70% of the shares of OPEN Sp. z o.o. in liquidation in Wrocław, which has been in liquidation since 2008. The EP Group also included the company EP Energomontaż Zachód Sp. z o.o. The liquidation of that entity began in 2004 and has now been completed. This entity has not been consolidated because of its insignificance.

The parent company ENERGOMONTAŻ-POŁUDNIE S.A. with its registered office in Katowice, ul. Mickiewicz 15, 40-951 Katowice has operated for over half-a-century on the Polish and international power engineering and industrial construction market.

Its core business is providing services in the fields of construction and assembly, general contracting for investment projects, installation, modernisation and repair of equipment and power industry and industrial installations. The main recipients of its services and products are power companies and industrial power generators, steel mills, coking plants and chemical works.

The parent company and its subsidiary MODUS II are covered by the interim condensed consolidated financial statements.

Name of subsidiary	Registered office:	Proportion of shares held by EP	
		31.12.2011	31.12.2010
MODUS II	Katowice	100 %	100 %

MODUS II does not have shareholdings in other entities. The parent company has shareholdings in other entities. The parent company's connections with those entities do not significantly affect the results of the EP Group.

These interim condensed consolidated financial statements were approved for publication by the parent company's Management Board on 29 February 2012.

#### 1.2. Composition of the Company's Management Board and Supervisory Board

The Company's Management Board on the date of approval of the financial statements for publication consisted of:

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

Between 1 January 2011 and the date of approval of the financial statements for publication, the following changes took place in the composition of the Management Board of the parent company:

- on 22 March 2011 the Supervisory Board of ENERGOMONTAŻ-POŁUDNIE S.A. appointed Mr Radosław Kamiński to exercise the function of President of the Company's Management Board (in the period from 1 January 2011 Mr. Kamiński was temporarily delegated by the Supervisory Board of the parent company to perform the duties of President of the Management Board),

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- on 22 March 2011 the Supervisory Board of ENERGOMONTAŻ-POŁUDNIE S.A. appointed Mr Ryszard Radomski a member of the Management Board,
- on 22 March 2011 the Company's Supervisory Board recalled Mr Dariusz Kowzan from membership of the Management Board,
- on 28 June 2011 Mr Radostaw Kamiński resigned from exercising the function of President of the Management Board while remaining a member of the Management Board of the Company,
- on 28 June 2011 the Company's Supervisory Board appointed Mr Krzysztof Jan Diduch to the position of President of the Issuer's Management Board,
- on 3 August 2011 the Company's Supervisory Board appointed Mr Waldemar Barański a member of the Management Board,
- on 27 October 2011 the Supervisory Board of the Company recalled Mr Ryszard Radomski and Mr Jacek Fydrych from membership of the Management Board.

The Company's Supervisory Board on the date of approval of the financial statements for publication consisted of:

- Andrzej Wilczyński Chairman of the Supervisory Board,
- Stanisław Gasinowicz - Deputy Chairman of the Supervisory Board,
- Marek Skibiński - Secretary of the Supervisory Board,
- Grzegorz Wojtkowiak – Member of the Supervisory Board,
- Andrzej Kowalski – Member of the Supervisory Board, and
- Tomasz Woroch – Member of the Supervisory Board.

Between 1 January 2011 and the date of publication of the financial statements the following changes took place in the composition of EP's Supervisory Board:

- on 13 January 2011 the Extraordinary General Meeting of Shareholders of the Company appointed Mr Stanisław Gasinowicz and Mr Marek Skibiński members of the Supervisory Board of ENERGOMONTAŻ-POŁUDNIE S.A.,
- on 22 April 2011 Mr Radostaw Kamiński resigned from exercising the function of member of the Supervisory Board of ENERGOMONTAŻ-POŁUDNIE S.A.,
- on 27 October 2011 Mr Stanisław Gasinowicz resigned from exercising the function of Chairman of the Company's Supervisory Board. That resignation applied to the function of Chairman of the Company's Supervisory Board but not to membership of the Company's Supervisory Board. On the same date the Company's Supervisory Board appointed, from among its ranks, Mr Andrzej Wilczyński Chairman of the Supervisory Board. In connection with the resignation, Mr Stanisław Gasinowicz was appointed by the Supervisory Board to exercise the functions of Deputy Chairman of the Supervisory Board.

## 2. Basis for preparation and accounting principles

### 2.1. Basis for preparation

This consolidated report for the fourth quarter of 2011 has been drawn up in accordance with Clause 87 paragraphs 1-10 of the Minister of Finance's Regulation on Current and Periodic Information Disclosed by Issuers of Securities [...] of 19 February 2009 (Journal of Laws No. 33, item 259 as amended) and covers 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 paragraph 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.

The interim condensed financial statements were authorised for publication by the Management Board of ENERGOMONTAŻ-POŁUDNIE S.A. on 29 February 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 drawing up the Report for the fourth quarter of 2011 was included in the non-



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consolidated and consolidated periodic report for 2010. The reports were published using the ESPI system on 21 March 2011. The Company is making the content of the reports available on the website [www.energomontaz.pl](http://www.energomontaz.pl).

### 2.3. Changes in accounting policies

In these condensed consolidated financial statements, changes have been made in the presentation of both current and comparable periods as a result of a change in the approach taken in categorising transactions as belonging to operating or financial activities.

This change of approach was dictated by several factors:

- presentation should focus on recognition in financial activity only of those transactions and activities of Group companies that are related to obtaining financing, while the effects of investment activity related to the placement and commitment of funds for the benefit of Group companies are recognised in operating activities,
- the Management Board's aim is to let the recipient of the financial statements better understand the transactions presented in the financial statements, the Company should change its accounting policies if: that is required by IFRS; or when, as a result of the change, the financial statements will provide better and more reliable information about events taking place in the Company and the about the conditions affecting the entity's financial position, financial performance and cash flows,
- consistency in the presentation of transactions presented in the income statement with the report on cash flows.

## 3. Important achievements and failures of the Capital Group

### 3.1. Significant events and transactions

Among the most important events in the fourth quarter of 2011 and in the period between the balance sheet date and the date of drawing up this report have been:

- **completion of the purchase of own shares** – the buyback of EP's own shares ended on 27 October 2011 with the approval of the Supervisory Board. EP's Management Board adopted the decision to bring forward the completion of the purchase of the Company's own shares since, after the end of the first stage of purchase, the Management Board does not envisage further stages of purchase of the Company's own shares. The Company reported on the completion of its purchase of own shares in Current Report No. 77/2011 of 28 October 2011.
- **accession by ENERGOMONTAŻ-POŁUDNIE S.A.** on 27 October 2011 to the contract for the extension of contractual guarantees concluded by companies from the PBG Capital Group with **HDI Asekuracja Towarzystwo Ubezpieczeń S.A.** The guarantees will be extended within a limit, the amount of which was originally set at PLN 80 million, and in February 2012 as a result of the conclusion of an annex to the contract the limit was increased to **PLN 90 million**, with a maximum amount of cover under a single deposit guarantee of PLN 4 million. In accordance with the provisions of the annex, the duration of the contract was prolonged until 14 November 2012. Accession to this contract and signing the annex were reported on by the Company in, respectively, Current Report No. 78/2011 of 28 October 2011 and Current Report No. 8/2012 of 13 February 2012.
- **accession by ENERGOMONTAŻ-POŁUDNIE S.A.** on 10 January 2012 to a contract on a line of credit concluded between the companies of the PBG Capital Group and Bank Gospodarki Żywnościowej S.A. The amount of the line of credit made available is **PLN 157 million** and its term runs until 30 November 2012. The Company reported on its accession to this contract in Current Report No. 2/2012 of 10 January 2012.
- **conclusion by ENERGOMONTAŻ-POŁUDNIE S.A.** on 24 January 2012 of a contract with **Alstom Power Systems GmbH** on the installation of auxiliary pipelines for the pressure component of a 910MW boiler at the Rheinhafen-Dampfkraftwerk Karlsruhe power station. The value of the contract is **EUR 6.75 million**. The contract is for a further package of works commissioned from the Company for performance at this site. Particular items in that package are to be completed by various dates, none of them later than 5 May 2012. The Company reported on the conclusion of this contract in Current Report No. 5/2012 of 25 January 2012.
- **conclusion by ENERGOMONTAŻ-POŁUDNIE S.A.** on 31 January 2012 of a contract on subcontracting with IDS Industrieservice + Anlagenbau GmbH on the performance of parts of a package of assembly works at the Rheinhafen-Dampfkraftwerk Karlsruhe power station. The value of the contract on subcontracting is **EUR 4.4 million**, and work under it is to be completed by the end of April 2012. The Company reported on the conclusion of this contract in Current Report No. 7/2012 of 1 February 2012.

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### New construction contracts

The Company did not conclude any significant commercial contracts in the reporting period. After the balance sheet date the construction contracts listed below were concluded.

#### Contract with Alstom Power Systems GmbH

On 24 January 2012 the Company concluded a contract with **Alstom Power Systems GmbH** on the installation of auxiliary pipelines for the pressure component of a 910MW boiler at the Rheinhafen-Dampfkraftwerk Karlsruhe power station. The contract has a value of EUR 6.75 million and is for a further package of works commissioned from the Company for performance at this site. Particular items in package 4 (the subject of the order) are to be completed by various dates, none of them later than 5 May 2012.

#### Contract on subcontracting with IDS Industrieservice + Anlagenbau GmbH

On 31 January 2012 the Company concluded a contract with the German company **IDS Industrieservice + Anlagenbau GmbH** (the subcontractor) on subcontracting assembly works performed by the Issuer in the Rheinhafen-Dampfkraftwerk Karlsruhe Power Station commissioned from the Issuer by Alstom Power Systems GmbH (Alstom). Under the original contract, Alstom commissioned from the Company the performance of two packages of works with a total value of EUR 10.1 million. The Contract on subcontracting with a value of **EUR 4.4 million** relates to an order for carrying out part of one of these packages of assembly works performed on the pressure component of a supercritical 910MW boiler at the power station. Works under the contract on subcontracting are to be completed by the end of April 2012.

### New financial agreements

In the reporting period the Company reported the occurrence of the events described below relating to financial agreements.

#### Credit Agreements with KREDYT Bank S.A.

The Company on 3 October 2011 received a statement from Kredyt Bank S.A. ("the Bank") on changes to the terms and conditions of making use of banking products made available to the Issuer by the Bank in the areas described below:

- the schedule for repayment of the investment loan was revised - the outstanding part of that loan amounting to **PLN 6 million** will be settled by 31 December 2012 in 16 monthly instalments beginning on 30 September 2011; at the same time additional security was established for the loan in the form of the assignment of sums due under contracts to the amount of PLN 5 million and a surety under civil law by PBG S.A. of PLN 5.5 million;
- the term of a working capital loan of **PLN 5 million** in the current account was prolonged to 30 September 2012; at the same time additional security was established for that loan in the form of the assignment of sums due under contracts to the amount of PLN 6 million and a surety under civil law by PBG S.A. of PLN 6.6 million,
- a line of guarantees amounting to **PLN 10 million** was prolonged, with the availability of the guarantee line being fixed as the period up to 30 September 2012 and the period of validity of guarantees under the line as the period up to 30 September 2018; at the same time additional security for the guarantee line was established in the form of an assignment of sums due under contracts to the amount of PLN 10 million and a surety under civil law by PBG S.A. of PLN 11 million.

#### Loan agreement with Bank Gospodarki Żywnościowej S.A.

On 10 January 2012, i.e. after the balance sheet date, ENERGOMONTAŻ-POŁUDNIE S.A. entered jointly and severally with the Borrowers (other companies from the PBG Capital Group - PBG S.A., HYDROBUDOWA POLSKA S.A., HYDROBUDOWA 9 S.A., APRIVIA S.A.) into a loan agreement with **Bank Gospodarki Żywnościowej S.A.** ("the Bank"). The amount of the credit line provided by the Bank to those entities was increased to **EUR 157 million**, the line will remain available until 30 November 2012 with a final date of repayment of loans under the credit line ("the Line") was fixed at 30 December 2017. The Line may be used by any of the borrowers; no limit was set for particular borrowers. The credit line granted under the annex may be used by the Borrowers:

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1. Up to PLN 100 million for the period to 30 November 2012 or the equivalent of those amounts in EUR or USD in the form of revolving credit in PLN, EUR or USD, for the purpose of financing current needs related to the procurement, manufacture and sale of goods or services, and to the billing and collection process and for financing inventories, prepayments and receivables from customers and to cover the amounts paid by the Bank under letters of credit,

2. To the amount of PLN 157 million or its equivalent in EUR or USD in the period to 30 November 2012, in the form of bank guarantees, and in particular: tender guarantees, guarantees of reimbursement of advance payments, guarantees of proper performance of contracts, guarantees securing obligations under a warranty or guarantee of quality, guarantees of proper performance and securing obligations under a warranty or guarantee of quality, guarantees securing payment for goods purchased and services performed, guarantees securing customs duties receivables, guarantees securing excise tax receivables, and guarantees securing payment of value-added tax, with the duration of the longest guarantee extended under the limit being 5 years and 30 days and with the last day on which the Bank may issue a guarantee being 30 November 2012,

3. Up to the amount of PLN 40 million or its equivalent in EUR or USD for the purpose of issuing letters of credit and stand-by letters of credit in the period to 30 December 2014, with the duration for which the longest letter of credit is issued under the agreement being 2 years and the last date on which the Bank may issue a letter of credit being 30 November 2012.

The credit line and revolving loans concluded under it are renewable, which means that every payment of the whole or a part of the debt, the expiry of a guarantee extended or of a letter of credit issued, allows borrowers to use them again, while working capital loans in the credit account under the Line are non-renewable.

If the amount of the limit used exceeds the amount of the limit granted as a result of exchange rate fluctuations, the Borrowers must pay the difference to the Bank no later than on the third business day after the existence of the difference is established. The Borrowers are responsible jointly and severally for payment of the difference. The Bank shall establish whether the difference exists each time the Borrowers give an instruction concerning a transaction under the limit, but not less than once a month on the last working day of each month.

Borrowers are required jointly and severally to repay loans extended under the Line, with the Bank first debiting the current account of the borrower who used the Line.

Revolving loans and short-term loans on credit accounts bear interest at a variable annual interest rate applicable during the period for which interest is charged, which is defined as the sum of 1M WIBOR for a loan in PLN or 1M EURIBOR for a loan in EUR or 1M LIBOR for a loan in USD and the Bank's margin. Default interest for a delay on a due but unpaid amount of a guarantee is charged at 1.5 times the statutory interest rate.

In connection with the extension of the period for repayment of the credit limit, the Borrowers, including the Issuer, lodged a declaration of readiness to submit to enforcement of up to PLN 235.5 million which entitles the Bank to apply for an enforcement clause until 30 December 2020.

### Order portfolio

As at 1 January 2012 the value of the EP Group's portfolio of orders **amounted to almost PLN 281 million**, with over PLN 261 million being due for performance in 2012.

The value of the portfolio has been estimated on the basis of the exchange rates against the euro used by the parent company in calculating orders. The portfolio includes the estimated value of orders that will be implemented in subsequent reporting periods.

The greatest part of the order portfolio is made up of contracts with the "power engineering" segment, while other segments, i.e. "residential and industrial construction" and "other", have little effect in practice on the structure of the Group's portfolio of orders.

### 3.2. Description of extraordinary factors and events, and in particular of those that had a material effect on the consolidated financial results

There were no such events in the fourth quarter of 2011.

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## INFLUENCE OF HEDGING AGAINST EXCHANGE RATE CHANGES ON THE RESULTS ACHIEVED BY THE EP CAPITAL GROUP

As a result of open positions in the foreign exchange market, the EP Capital Group is protected in respect of a substantial part of the cash flows (relating to revenue from sales) of EUR 12.6 million that are due to be received in 2012 and of EUR 0.8 million due to be received in 2013. These transactions were concluded at a weighted average forward rate of 4.2256 PLN/EUR. On the basis of data received from banks, the balance sheet valuation of open positions in the forward hedging instruments at 31 December 2011 amounted to minus PLN 3.5 million (of which, in connection with the appearance of revenues protected, an amount of plus PLN 2.04 million was recorded in the Group's results), of which plus PLN 0.8 million was recorded in the consolidated income statement in 2011 while minus PLN 5.5 million was recorded in shareholders' equity. The cumulative result since the beginning of the year on forward contracts settled amounted to minus PLN 1.06 million.

Hedging contracts are concluded in accordance with the EP Group's strategy of protecting its commercial activity against the exchange rate risk.

Since 1 July 2011 the EP Group has applied the principles of hedge accounting. Hedging instruments (forward foreign exchange contracts) are used to protect the profitability of specific commercial contracts of the EP Capital Group; they are not and never have been concluded for purposes other than protection of the financial flows generated.

### 4. Earnings per share

Basic/diluted earnings per share are calculated using the formula net profit attributable to equity holders of the parent company divided by the weighted average number of ordinary shares outstanding in the relevant period. Earnings per share amounted in the fourth quarter of 2011 to plus **PLN 0.06** as against a loss per share of minus PLN 0.09 in the same period of the previous year.

### 5. Seasonal nature 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 separating out operating segments, the Management Board is guided by the areas that represent the main services and products offered by the Capital Group.

In the Capital Group, the operating segment has been established as the primary model for reporting. The list of segments is consistent with the presentation of operating segments in the consolidated statements of the ultimate parent entity, i.e. PBG S.A.

The EP Capital Group identifies three segments in which operational activity is carried out:

- **Power engineering**
- **Residential and industrial construction, and**
- **Other.**

Within these segments the following areas of services are distinguished:

POWER ENGINEERING	RESIDENTIAL AND INDUSTRIAL CONSTRUCTION	OTHER
<ul style="list-style-type: none"> <li>▪ assembly services undertaken for the power industry and for companies generating electricity for their own use</li> <li>▪ construction and assembly services performed for industry</li> <li>▪ industrial manufacture of metal products</li> </ul>	<ul style="list-style-type: none"> <li>▪ property development</li> <li>▪ general contracting</li> </ul>	<ul style="list-style-type: none"> <li>▪ sale of metallurgical products</li> <li>▪ training services</li> <li>▪ laboratory and research services</li> <li>▪ repair, maintenance and servicing of machinery and equipment</li> <li>▪ equipment services</li> <li>▪ letting of rental property, equipment, machinery and</li> </ul>

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POWER ENGINEERING	RESIDENTIAL AND INDUSTRIAL CONSTRUCTION	OTHER
		devices <ul style="list-style-type: none"> <li>▪ financial activities</li> </ul>

The Group presents its sales revenues, expenses and profits (gross margin) by division into these segments but does not present its assets and liabilities by segment of activity since some fixed assets are used for production that is classified in different segments, stocks of materials cannot be identified as relating to particular segments, and it is impossible to allocate to segments liabilities for goods and services or revenues and expenses of other operational and financial activities.

Information about the individual operating segments is presented in the table below.

Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-POŁUDNIE S.A.		
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Revenues and financial results of operating segments:

Item	Segments		Other	Consolidated value
	Power engineering	Residential and industrial construction		
<i>Financial results by segment for the period from 01.01.2011 to 31.12.2011</i>				
<b>Total revenue</b>	<b>304 678</b>	<b>17 434</b>	<b>15 044</b>	<b>337 156</b>
External sales	304 678	17 434	15 044	337 156
Sales between segments	-	-	-	-
<b>Total costs</b>	<b>285 634</b>	<b>16 719</b>	<b>12 380</b>	<b>314 733</b>
<b>Segment result</b>	<b>19 044</b>	<b>715</b>	<b>2 664</b>	<b>22 423</b>
<i>Financial results by segment for the period from 01.01.2010 to 31.12.2010</i>				
<b>Total revenue</b>	<b>218 227</b>	<b>71 622</b>	<b>23 838</b>	<b>313 687</b>
External sales	218 227	71 622	23 838	313 687
Sales between segments	-	-	-	-
<b>Total costs</b>	<b>198 297</b>	<b>85 732</b>	<b>20 758</b>	<b>304 787</b>
<b>Segment result</b>	<b>19 930</b>	<b>- 14 110</b>	<b>3 080</b>	<b>8 900</b>

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Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

## 7. Property, plant and equipment

The following table shows the division of property, plant and equipment by type.

Item	at 31.12.2011	at 31.12.2010
Land	7 687	7 613
Buildings and structures	39 461	35 173
Machinery and equipment	11 219	14 579
Means of transport	9 599	10 817
Other tangible assets	2 898	2 905
<b>Net balance sheet value</b>	<b>70 864</b>	<b>71 087</b>
Property, plant and equipment in the course of production	142	4 258
Advance payments for property, plant and equipment		
<b>Total property, plant and equipment</b>	<b>71 006</b>	<b>75 345</b>
Classification of property, plant and equipment as held for sale	-	-
<b>Property, plant and equipment</b>	<b>71 006</b>	<b>75 345</b>

In 2011 the Group made no substantial investments in property, plant and equipment.

## 8. Share capital

The parent company did not make any issue of shares during the four quarters of 2011.

Share capital at the balance sheet date:

	31.12.2011	31.12.2010
Number of shares	70 972 001	70 972 001
Nominal value of shares (PLN)	1.00	1.00
<b>Share capital</b>	<b>70 972</b>	<b>70 972</b>

### 8.1. Significant shareholders

Shareholders owning directly or indirectly through subsidiaries at least 5% of the total number of votes at the general meeting of the Issuer at the date of presentation of the consolidated quarterly report together with an indication of the number of shares held by those entities, the proportion of share capital held by them, the number of votes resulting from them and their percentage share in the total number of votes at the general meeting together with an indication of changes in the structure of ownership of large blocks of shares in the parent company in the period since the presentation of the previous periodic report are presented below.

The following table shows the shareholder structure of the Company, on the basis of notifications received from shareholders, in terms of votes at the General Meeting of Shareholders of the Company as of the date of publication of the previous periodic report, i.e. on **14 November 2011**.

No.	Shareholder	Number of shares	Number of votes	Share in share capital	Share in total number of votes
1.	PBG S.A.	46 021 520	46 021 520	64.84%	64.84%
2.	VENA Sp. z o.o. Projekt 2 S.K.A.	4 214 296	4 214 296	5.94%	5.94%
3.	Clients of PIONEER Pekao Investment Management S.A.	3 594 619	3 594 619	5.06%	5.06%
4.	Other shareholders	17 141 566	17 141 566	24.16%	24.16%
	<b>Total</b>	<b>70 972 001</b>	<b>70 972 001</b>	<b>100.00%</b>	<b>100.00%</b>

**Changes in the ownership structure of large blocks of shares:**

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In the period between the presentation of the last periodic report and the date of publication of this report the following changes in the structure of ownership of large blocks of shares occurred:

- **sale of shares in the Issuer (fall in shareholding below 5% of share capital/votes)** - Vena sp. z o.o. Project 2 spółka komandytowo akcyjna ("the Shareholder"), in connection with the transaction to sell 1,150,000 shares in the Company settled in the National Securities Depository on 18 November 2011 held, after that transaction, i.e. on 18 November 2011, 3,377,020 shares, which constituted 4.76% of the Company's share capital and gave entitlement to 3,377,020 votes at the General Meeting of Shareholders, which constituted 4.76% of the total number of votes. On the day before that sale transaction the Shareholder held 4,527,020 shares in the Company, which constituted 6.38% of the share capital of the Company and gave entitlement to 4,527,020 votes at the General Meeting of Shareholders, which constituted 6.38% of the total number of votes.
- **change in indirect control over Energomontaż-Południe S.A. within the PBG Group** - under a contract for the sale of shares dated 20 December 2011, the company PBG SA sold 46,021,520 shares in Energomontaż-Południe S.A. to RAFAKO S.A., through DM BZ WBK S.A. in a transaction outside the regulated market. The company RAFAKO S.A. thereby acquired shares constituting 64.84% of the share capital of the Company and giving entitlement to exercise 46,021,520 votes, i.e. 64.84% of the total number of votes, at the general meeting of shareholders of Energomontaż-Południe S.A. RAFAKO has no plans to increase further, in the next 12 months, its share in the share capital and in the total number of votes at the general meeting of shareholders in Energomontaż-Południe S.A. After the conclusion of this transaction, PBG S.A. does not directly hold any shares in Energomontaż-Południe S.A.
- **acquisition of shares in the Issuer (increase in shareholding to more than the threshold of 5% of share capital/votes)** - Ms Renata Gasinowicz ("the Shareholder"), in connection with transactions for the purchase of a total of 13,000 shares settled in the National Securities Depository on 17 January 2012, held after that transaction, i.e. on 17 January 2012, a total of 3,550,525 shares constituting 5.003% of the share capital of the Company and giving entitlement to 3,550,525 votes at the General Meeting of Shareholders, which constituted 5.003% of the total number of votes. On the day prior to the purchase transaction, the Shareholder held 3,537,525 shares in the Company, which constituted 4.984% of the share capital of the Company and gave entitlement to 3,537,525 votes at the General Meeting of Shareholders, which constituted 4.984% of the total number of votes.

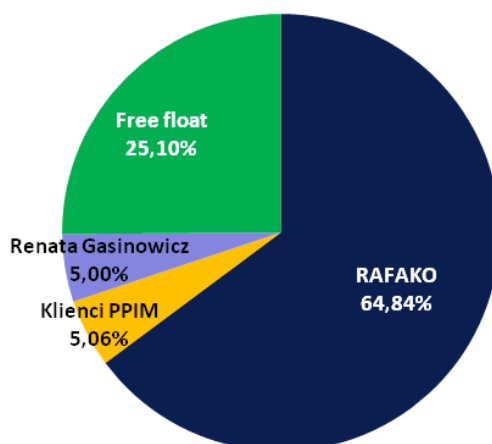
We present below the structure of shareholdings in the Company, on the basis of notifications received from shareholders, in terms of votes at the General Meeting of Shareholders as of the date of publication of this interim report, i.e. on **29 February 2012**.

No.	Shareholder	Number of shares	Number of votes	Share in share capital	Share in total number of votes
1.	RAFAKO S.A.	46 021 520	46 021 520	64.84%	64.84%
2.	Clients of PIONEER Pekao Investment Management S.A.	3 594 619	3 594 619	5.06%	5.06%
3.	Renata Gasinowicz	3 550 525	3 550 525	5.00%	5.00%
4.	Other shareholders	17 805 337	17 805 337	25.10%	25.10%
<b>Total</b>		<b>70 972 001</b>	<b>70 972 001</b>	<b>100.00%</b>	<b>100.00%</b>



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**Shareholdings by number of shares / votes attached to shares  
- as at 29 February 2012**



**8.2. Schedule of shares held by members of management and supervisory bodies**

Management Board of the Company	Number of shares held	Increases	Decreases	Number of shares held
	14 November 2011			29 February 2012
Krzysztof Jan Diduch	-	-	-	-
Radosław Kamiński	2 078 500	227 456	758 300	1 547 656
Waldemar Barański	-	-	-	-

Supervisory Board	Number of shares held	Increases	Decreases	Number of shares held
	14 November 2011			29 February 2012
Andrzej Wilczyński	-	-	-	-
Stanisław Gasinowicz	1 450 203	-	-	1 450 203
Marek Skibiński	-	-	-	-
Grzegorz Wojtkowiak	-	-	-	-
Andrzej Kowalski	-	-	-	-
Tomasz Woroch	-	-	-	-

**9. Dividends**

In the fourth quarter of 2011 the Company neither paid nor declared dividends.

**10. Issue and redemption of debt securities**

In the fourth quarter of 2011 the EP Group did not issue any debt securities. The EP Group has no debt securities which would give rise to a redemption obligation.

**11. Contingent liabilities**

The value of contingent liabilities at the end of each period (including those concerning related parties) was as follows:

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Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
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Contingent liabilities	at 31.12.2011	at 31.12.2010
<b>Guarantees</b>		
For the benefit of related parties:	<b>0</b>	<b>0</b>
<b>For the benefit of third entities:</b>	<b>83 141</b>	<b>71 657</b>
- of proper performance	47 881	43 830
- of proper rectification of defects and faults	17 568	11 503
- of bid deposits	1 935	802
- of refund of advance payments	15 757	15 522
- of retained amounts	0	0
- of payments	0	0
<b>Sureties</b>		
<b>For the benefit of related parties:</b>	<b>991 153</b>	
- of payment of contractual guarantees		
- of repayment of loans and credit	114 807	
- of repayment of bonds	825 000	
- of repayment of limits on transactions in financial instruments (Treasury limits)		
- other	51 346	
- of present and future lease agreements		
<b>For the benefit of third parties:</b>	<b>49</b>	<b>119</b>
- of payment of contractual guarantees		
- of repayment of loans and credit		
- of repayment of bonds		
- of repayment of limits on transactions in financial instruments (Treasury limits)		
- other		
- of trading liabilities		
- of present and future lease agreements	49	119
<b>Promissory notes</b>		
For the benefit of related parties:		
- protection of contractual obligations		
<b>For the benefit of third parties:</b>	<b>316</b>	<b>1 436</b>
- protection of contractual obligations	316	1 436
<b>Total contingent liabilities</b>	<b>1 234 006</b>	<b>73 212</b>

In the fourth quarter of 2011 the Group extended sureties and guarantees with a value of more than 10% of the Group's shareholders equity.

On 28 October 2011, ENERGOMONTAŻ-POŁUDNIE S.A. joined the agreement on the extension of contract guarantees concluded by companies of the PBG Capital Group with HDI Asekuracja Towarzystwo Ubezpieczeń S.A. Under the terms of this contract the amount of the renewable limit, under which the Insured Parties (companies belonging to the PBG Capital Group - PBG S.A., HYDROBUDOWA POLSKA S.A., HYDROBUDOWA 9 S.A., APRIVIA S.A., "KWG" S.A., ENERGOMONTAŻ-POŁUDNIE S.A.) will be granted security guarantees, was fixed at PLN 80 million. Security for any claims by HDI that may arise from payments under all the guarantees extended is thirty blank promissory notes with promissory note declarations by the policyholders - five bills issued by each policyholder, each of them guaranteed by the other policyholders (so-called cross-guarantees).

## 12. Information about significant court, arbitration and administrative proceedings

On the date of publication of this report, Energomontaż-Południe S.A. is a party in court proceedings the value of which amounts to at least 10 per cent of shareholders' equity in the Company.

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- 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 identified by the claimant is PLN 90,753,000. The Claimant claimed that the amount demanded was due to it as payment for construction works performed under a contract on construction works dated 29 October 2009, the contractual penalty for withdrawal from the contract and compensation for other cases of non-performance of the contract for construction works.  
The respondents are the companies Energomontaż-Południe S.A., Hydrobudowa Polska S.A., Hydrobudowa 9 S.A., Alpine Construction Polska Sp. z o.o. and PBG Technologia Sp. z o.o.  
In the opinion of the parent company's Management Board, the claimant's demands are unjustified and without any factual or legal grounds. Lodging of this claim by Martifer Polska Sp. z o.o. is, in the opinion of the Management Board of Energomontaż-Południe S.A., a tactical move aimed at improving Martifer Polska Sp. z o.o.'s negotiating position regarding Martifer Polska Sp. z o.o.'s flagrant breaches of the contract on construction works concluded with the Issuer, from which the Issuer, for reasons due to Martifer Polska Sp. z o.o., withdrew on 2 September 2010, as reported in Current Report No. 41/2010 of 3 September 2010.  
The Company reported the conclusion of a contract with Consortium Hydrobudowa Polska S.A. and Alpine Construction Polska Sp. z o.o. consortium for the construction of the steel roof structure of the Baltic Arena (now known as PGE Arena Gdańsk), in Current Report No. 58/2009 of 21 October 2009. The performance of part of the works with a value of PLN 44 million was subcontracted to the consortium composed of Martifer Polska Sp. z o.o. and Ocekon Engineering sro of Slovakia. The works were to have been completed by 30 June 2010.  
Martifer Polska sp. z o.o. did not meet the deadline for completion of the works, resulting in the continuing dispute. Currently the amount of the claim has been limited to PLN 60,313,000, among other things because of the transfer to the company Martifer Polska Sp. z o.o. of the so-called supporting structure.
- On 18 January 2012 the parent company lodged in the Regional Court in Katowice, Division 13 Commercial, a claim against the consortium of the companies Martifer Polska Sp. z o.o. and Ocekon Engineering sro of Slovakia (respectively, "the Consortium" or "Martifer") jointly and severally for payment of the amount of PLN 24.3 million together with statutory interest corresponding to the additional costs that the Issuer incurred as a result of performing contractual actions which were to have been performed by the consortium of the respondents, including substitution works, and were not performed for reasons due to the consortium of the respondents. The amount which the Issuer is claiming from the consortium is not comparable to the amount of the claim which Martifer Polska Sp. z o.o. made against the Issuer and other parties (asserting joint and several liability) in December 2010. This is due to the fact that the Company is claiming compensation from the consortium of the companies Martifer Polska Sp. z o.o. and Ocekon Engineering sro only for justifiably incurred costs. The Company draws attention to the fact that the amount in dispute in Martifer Polska Sp. z o.o.'s claim has been reduced by approximately PLN 30 million (compared with the original value of the claim) though no significant circumstances have emerged to justify this. This demonstrates the absurdity of the amounts indicated in the claim made against the Company.

Apart from those described above, during the reporting period neither the Issuer nor a subsidiary of the Issuer was a party to any proceedings before a court, a competent arbitration authority or a public administration authority, whose value for single, two or more proceedings regarding liabilities or claims amount to at least 10% of the Issuer's shareholders' equity.

### 13. Mergers of business units.

During the fourth quarter of 2011 no mergers of business units occurred.

### 14. Discontinued operations

The Group has no discontinued operations.

### 15. Transactions with related parties

Significant transactions with related parties have been described in detail in point 11 of this report. In the reporting period the Company also concluded transactions with related parties listed in the tables below.

Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-POŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

#### INFORMATION ABOUT RELATED PARTIES - SALES AND RECEIVABLES

	Revenues from operating activities			Receivables		
	01.01 - 31.12.2011	01.01 - 30.09.2011	01.01. - 31.12.2010	31.12.2011	30.09.2011	31.12.2010
<b>Sales to:</b>						
Parent company	267	2	-		54	-
Subsidiaries	-	-	17 010	-	-	4 970
Associated parties						
Joint ventures						
Persons performing key management functions						
Other related parties	9 308	2 478	-	2 409	1 409	-
<b>Total</b>	<b>9 575</b>	<b>2 480</b>	<b>17 010</b>	<b>2 409</b>	<b>1 463</b>	<b>4 970</b>

#### INFORMATION ABOUT RELATED PARTIES - PURCHASES AND LIABILITIES

	Purchases (costs or assets)			Liabilities		
	01.01 - 31.12.2011	01.01 - 30.09.2011	01.01. - 31.12.2010	31.12.2011	30.09.2011	31.12.2010
<b>Purchases from:</b>						
Parent company	519	13		430	26	-
Subsidiaries	-	-	39 820	-		5 665
Associated parties						
Joint ventures						
Persons performing key management functions						
Other related parties	71	1 762	-	2 206	318	
<b>Total</b>	<b>590</b>	<b>1 775</b>	<b>39 820</b>	<b>2 636</b>	<b>344</b>	<b>5 665</b>

Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-POŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
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#### INFORMATION ABOUT RELATED PARTIES - LOANS EXTENDED

	31.12.2011		30.09.2011		31.12.2010	
	Extended during the period	Cumulative balance	Extended during the period	Cumulative balance	Extended during the period	Cumulative balance
<b>Loans extended to:</b>						
Parent company						
Subsidiaries	11	11	11	11	6 091	5 158
Associated parties						
Joint ventures						
Persons performing key management functions						
Other related entities						
<b>Total</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>11</b>	<b>6 091</b>	<b>5 158</b>

#### INFORMATION ABOUT RELATED PARTIES - LOANS RECEIVED

	31.12.2011		30.09.2011		31.12.2010	
	Received during the period	Cumulative balance	Received during the period	Cumulative balance	Received during the period	Cumulative balance
<b>Loans received from:</b>						
Parent company	4 000	4 000				
Subsidiaries						
Associated parties						
Joint ventures						
Persons performing key management functions						
Other related parties						
<b>Total</b>	<b>4 000</b>	<b>4 000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Transactions with related parties are concluded on market terms in the normal course of business.

Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-PÓŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

#### 16. Events after the balance sheet date

No events with a significant impact on the consolidated financial result occurred after the balance sheet date other than those described in point 3.1 of this report.

#### 17. The position of the Management Board regarding the possibility of meeting previously published forecasts

The Company did not publish any forecasts of financial results for 2011.

#### 18. Factors that will affect the future financial results

The most important factors that may affect the Issuer's financial situation during at least the next quarter include:

- development in the sector,
- the presence of the Company in the RAFAKO Group seen through the prism of its increasing the ability to obtain high-value contracts,
- the profitability of contracts executed on domestic and foreign markets (Germany and the Netherlands),
- the level of prices of construction materials and services,
- the costs of employment and the availability of qualified employees (welders and fitters), and
- the sale 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:

- the rates applicable on the last day of the reporting period - 31 December 2011: 4.4168 PLN / EUR and 31 December 2010: 3.9603 PLN / EUR,
- the average exchange rate in the period, calculated as the arithmetic average of the exchange rates on the last day of each month in the period - 1 January – 31 December 2011: 4.1401 PLN/EUR and 1 January – 31 December 2010: 4.0044 PLN/EUR,
- the highest and lowest exchange rates applicable in each period - 1 January – 31 December 2011: 3.8403 - 4.5642 PLN/EUR and 1 January – 31 December 2010 3.8356 - 4.1770 PLN/EUR.

Basic items of the consolidated statement of financial position, the consolidated income statement and the consolidated cash flow statement expressed in EUROS are presented in the following table:

Item	from 01.01.2011 to 31.12.2011	from 01.01.2010 to 31.12.2010	from 01.01.2011 to 31.12.2011	from 01.01.2011 to 31.12.2010
	PLN '000s		EUR '000s	
<b>Report on total income</b>				
Sales revenue	337 156	313 687	81 437	78 336
Operating profit (loss)	(5 796)	(14 917)	(1 400)	(3 725)
Profit (loss) before tax	(15 391)	(19 294)	(3 718)	(4 818)
Net profit (loss)	(7 351)	(19 804)	(1 776)	(4 946)
Net profit (loss) attributable to shareholders of the parent company	(7 351)	(19 804)	(1 776)	(4 946)
Earnings per share (PLN)	(0.11)	(0.29)	(0.03)	(0.07)
Average PLN / EUR exchange rate in the period	X	X	4.1401	4.0044
<b>Cash flow statement</b>				
Net cash flows from operating activities	18 513	(5 426)	4 472	(1 355)
Net cash flows from investment activities	(6 460)	(27 434)	(1 560)	(6 851)
Net cash flows from financing activities	(22 730)	24 091	(5 490)	6 016

Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-PÓŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

Item	from 01.01.2011 to 31.12.2011	from 01.01.2010 to 31.12.2010	from 01.01.2011 to 31.12.2011	from 01.01.2011 to 31.12.2010
	PLN '000s		EUR '000s	
Net change in cash and cash equivalents	(10 677)	(8 769)	(2 579)	(2 190)
Average PLN / EUR exchange rate in the period	X	X	4.1401	4.0044
<b>Statement of financial condition</b>				
Assets	397 095	431 463	89 906	108 947
Non-current liabilities	69 892	79 148	15 824	19 985
Current liabilities	208 292	222 410	47 159	56 160
Shareholders' equity	118 911	129 905	26 922	32 802
PLN / EUR exchange rate at the end of the period		X	4.4168	3.9603

Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-POŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

## CONDENSED UNCONSOLIDATED FINANCIAL STATEMENTS OF ENERGOMONTAŻ-POŁUDNIE S.A.

### STATEMENT OF FINANCIAL POSITION

Item	at 31.12.2011	at 31.12.2010
<b>Assets</b>		
<b>I. Non-current assets</b>	<b>181 360</b>	<b>171 478</b>
1. Property, plant and equipment	70 900	72 333
2. Intangible assets	2 916	1 676
3. Goodwill	0	0
4. Property investment	82 657	83 887
5. Financial assets	401	3 991
5a. Investments in subsidiaries	0	100
5b. Investments held for sale	124	214
5c. Other financial assets	95	95
5d. Loans extended	182	3 582
6. Non-current receivables	8 487	4 011
7. Deferred income tax assets	15 999	5 500
8. Prepayments and accrued income	0	80
<b>II. Current assets</b>	<b>215 260</b>	<b>257 402</b>
1. Inventories	81 776	113 863
2. Current receivables	130 529	125 698
2a. Trade receivables	59 199	83 810
2b. Other receivables	22 485	21 796
2c. Income tax receivables	2 663	5 014
2d. Prepayments and accrued income	46 182	15 078
3. Current financial assets	52	4 599
3a. Loans extended	52	1 576
3b. Financial assets designated for sale	0	0
3c. Foreign exchange forward contracts	0	3 023
4. Cash and cash equivalents	2 903	13 242
<b>III. Non-current assets designated for sale</b>	<b>0</b>	<b>0</b>
<b>Total assets</b>	<b>396 620</b>	<b>428 880</b>
<b>Liabilities</b>		
<b>I. Equity</b>	<b>121 545</b>	<b>136 107</b>
1. Share capital	92 307	92 307
- - including revaluation of capital due to hyperinflation	21 335	21 335
2. Own shares	0	0
3. Capital reserves	33 385	32 492
4. Revaluation reserve	14 858	19 443
5. Other capital reserves	69 968	69 968
6. Retained profit (loss) from previous years	-78 824	-62 292
7. Profit (loss) for the current year	-10 149	-15 811
<b>II. Non-current liabilities</b>	<b>69 891</b>	<b>77 615</b>
1. Provisions	17 609	18 077
1a. Provisions for employee benefits	5 934	5 996



Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-PÓŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

Item	at 31.12.2011	at 31.12.2010
1b. Provision for deferred income tax	11 675	12 081
1c. Other provisions	0	0
2. Financial liabilities	48 636	55 734
2a. Credit facilities and loans	0	4 775
2b. Leasing liabilities	48 636	50 959
3. Other non-current liabilities	3 646	3 804
<b>III. Current liabilities</b>	<b>205 184</b>	<b>215 158</b>
1. Provisions	2 568	1 844
1a. Provisions for employee benefits	987	844
1b. Other provisions	1 581	1 000
2. Financial liabilities	71 167	62 830
2a. Credit facilities and loans	58 755	54 241
2b. Leasing liabilities	8 901	8 304
2c. Foreign exchange forward contracts	3 511	285
3. Current liabilities	131 449	150 484
3a. Trade liabilities	49 441	46 564
3b. Other liabilities	60 740	82 438
3c. Income tax liabilities	0	0
3d. Accruals and deferred income	21 268	21 482
<b>III. Liabilities associated with non-current assets designated for sale</b>	<b>0</b>	<b>0</b>
<b>Total liabilities</b>	<b>396 620</b>	<b>428 880</b>
<b>Book value</b>	<b>121 545</b>	<b>136 107</b>
Weighted average number of ordinary shares (in '000s)	69 846	68 966
<b>Book value per share (in PLN)</b>	<b>1.74</b>	<b>1.97</b>

Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-PÓŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

## INCOME STATEMENT

Item	for the period from 01.10.2011 to 31.12.2011	for the period from 01.01.2011 to 31.12.2011	for the period from 01.10.2010 to 31.12.2010	for the period from 01.01.2010 to 31.12.2010
<b>I. Net revenues from the sale of products, goods and materials</b>	<b>105 081</b>	<b>333 444</b>	<b>79 237</b>	<b>308 935</b>
II. Costs of products, goods and materials sold	98 257	306 655	72 901	298 541
<b>III. Gross profit (loss) from sales</b>	<b>6 824</b>	<b>26 789</b>	<b>6 336</b>	<b>10 394</b>
IV. Other revenue	3 354	11 031	6 774	21 512
V. Costs of sales	150	440	147	493
VI. General management costs	5 826	18 260	4 629	17 009
VII. Other costs	6 078	28 753	18 583	26 542
<b>VIII. Operating profit (loss)</b>	<b>-1 876</b>	<b>-9 633</b>	<b>-10 249</b>	<b>-12 138</b>
IX. Financial revenue	1 720	367	784	1 711
X. Financial expenses	2 086	9 839	3 269	5 435
<b>XI. Gross (pre-tax) profit (loss)</b>	<b>-2 242</b>	<b>-19 105</b>	<b>-12 734</b>	<b>-15 862</b>
XII. Income tax	-6 316	-8 956	-2 528	-51
<b>XIII. Net profit (loss) from continued operations</b>	<b>4 074</b>	<b>-10 149</b>	<b>-10 206</b>	<b>-15 811</b>
XIV. Profit (loss) on discontinued operations	0	0	0	0
<b>XV. Net profit (loss) on continued and discontinued operations</b>	<b>4 074</b>	<b>-10 149</b>	<b>-10 206</b>	<b>-15 811</b>
Item				
<b>Net profit (loss)</b>	<b>4 074</b>	<b>-10 149</b>	<b>-10 206</b>	<b>-15 811</b>
<b>Other comprehensive income</b>	<b>2 071</b>	<b>-4 585</b>	<b>3 520</b>	<b>3 514</b>
Financial assets held for sale	-60	-90	5	-1
Hedging of cash flows	1 381	-5 549	0	0
Effects of revaluation of property	0	0	3 515	3 515
Income tax relating to components of other income	750	1 054	0	0
<b>Total comprehensive income</b>	<b>6 145</b>	<b>-14 734</b>	<b>-6 686</b>	<b>-12 297</b>
<b>Net profit (loss)</b>	<b>4 074</b>	<b>-10 149</b>	<b>-10 206</b>	<b>-15 811</b>
Weighted average number of ordinary shares (in '000s)	70 972	69 846	70 972	68 966
<b>Profit (loss) per ordinary share (in PLN)</b>	<b>0.06</b>	<b>-0.15</b>	<b>-0.14</b>	<b>-0.23</b>

Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-POŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

#### STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Own shares	Capital reserves	Revaluation reserve	Other capital reserves	Retained profit (loss) from previous years and the current year	Shareholders' equity
1 January 2011							
<b>Balance at beginning of period</b>	<b>92 307</b>	<b>0</b>	<b>32 492</b>	<b>10 808</b>	<b>69 968</b>	<b>-41 272</b>	<b>164 303</b>
-- 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	-36 831	-28 196
<b>Opening balance after changes</b>	<b>92 307</b>	<b>0</b>	<b>32 492</b>	<b>19 443</b>	<b>69 968</b>	<b>-78 103</b>	<b>136 107</b>
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
Dividend	0	0	0	0	0	0	0
Purchase of own shares	0	0	0	0	0	0	0
Valuation of financial assets	0	0	0	-90	0	0	-90
Creation of capital from valuation of hedging transactions	0	0	0	-4 495	0	0	-4 495
Net profit (loss)	0	0	0	0	0	-10 149	-10 149
Premium on sale of own shares	0	0	893	0	0	0	893
Other increases (+) / decreases (-)	0	0	0	0	0	-721	-721
31 December 2011	<b>92 307</b>	<b>0</b>	<b>33 385</b>	<b>14 858</b>	<b>69 968</b>	<b>-88 973</b>	<b>121 545</b>

	Share capital	Own shares	Capital reserves	Revaluation reserve	Other capital reserves	Retained profit (loss) from previous years and the current year	Shareholders' equity
1 January 2010							
<b>Balance at beginning of period</b>	<b>69 725</b>	<b>0</b>	<b>99 953</b>	<b>10 809</b>	<b>7 269</b>	<b>20 409</b>	<b>208 165</b>
-- including revaluation of capital due to hyperinflation	21 335	0	0	0	0	0	21 335

Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-POŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

1 January 2010	Share capital	Own shares	Capital reserves	Revaluation reserve	Other capital reserves	Retained profit (loss) from previous years and the current year	Shareholders' equity
Changes in accounting policies	0	0	0	0	0	0	0
Correction of basic errors	0	0	0	5 120	0	-54 643	-49 523
<b>Opening balance after changes</b>	<b>69 725</b>	<b>0</b>	<b>99 953</b>	<b>15 929</b>	<b>7 269</b>	<b>-34 234</b>	<b>158 642</b>
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	17 338	0	0	-22 306	-4 968
Increases (+) / decreases (-) in valuation of tangible assets	0	0	0	3 515	0	0	3 515
Dividend	0	0	0	0	0	0	0
Transfer from the Share Purchase Support Fund	0	0	0	0	0	0	0
Exchange of warrants for shares	22 582	0	-22 582	0	0	0	0
Valuation of financial assets	0	0	0	0	0	0	0
Creation of capital reserve for payment of dividend	0	0	0	0	4 968	0	4 968
Establishment of capital reserve for purchase of own shares	0	0	-65 000	0	65 000	0	0
Net profit (loss)	0	0	0	0	0	-15 811	-15 811
Premium on sale of own shares	0	0	0	0	0	0	0
Other increases (+) / decreases (-)	0	0	2 783	-1	-7 269	-5 752	-10 239
31 December 2010	<b>92 307</b>	<b>0</b>	<b>32 492</b>	<b>19 443</b>	<b>69 968</b>	<b>-78 103</b>	<b>136 107</b>

Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-PÓŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

## CASH FLOW STATEMENT

Item	for the period from 01.01.2011 to 31.12.2011	for the period from 01.01.2010 to 31.12.2010
<b>A. Cash flow from operating activities (indirect method)</b>		
<b>I. Net profit (loss)</b>	<b>-19 105</b>	<b>-15 862</b>
<b>II. Total adjustments</b>	<b>37 358</b>	<b>-35 930</b>
1. Share in net (profit) loss of subordinated companies valued by the equity method	0	0
2. Depreciation	8 365	8 917
3. Profit (loss) from exchange rate differences	0	-239
4. Interest and shares in profits (or dividends)	8 081	4 862
5. Profit (loss) on investment activity	144	45
6. Change in provisions	662	-777
7. Change in stocks	32 087	-99 801
8. Change in receivables	17 155	56 415
9. Change in current liabilities, excluding borrowings	-5 364	33 141
10. Change in prepayments and accruals	-31 238	19 143
11. Tax paid	2 351	-5 003
12. Other adjustments	5 115	-52 633
<b>III. Net cash flow from operating activities (I+/-II)</b>	<b>18 253</b>	<b>-51 792</b>
<b>B. Cash flow from investment activities</b>		
<b>I. Inflows</b>	<b>758</b>	<b>4 256</b>
1. Sale of intangible assets and property, plant and equipment	313	1 522
2. Sale of investments in real property and intangible assets	0	0
3. From financial assets, of which:	445	2 734
a) in related companies	143	2 200
- sale of financial assets	0	0
- dividends and profit shares	0	0
- repayment of loans extended	143	500
- other inflows	0	1 700
- interest payments	0	0
b) in other entities	302	534
- sale of financial assets	0	0
- dividends and profit shares	38	39
- repayment of loans extended	27	0
- interest payments	237	495
- other inflows from financial assets	0	0
4. Other investment inflows	0	0
<b>II. Outflows</b>	<b>7 117</b>	<b>40 819</b>
1. Purchase of intangible assets and property, plant and equipment	6 856	26 351
2. Investments in real property and intangible assets	0	0
3. On financial assets, of which:	261	14 468
a) in related companies	11	14 468
- purchase of financial assets	0	2 902
- loans extended	11	11 566

Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-PÓŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

Item	for the period from 01.01.2011 to 31.12.2011	for the period from 01.01.2010 to 31.12.2010
b) in other entities	250	0
- purchase of financial assets	0	0
- loans extended	250	0
4. Other investment outflows	0	0
<b>III. Net cash flow from investment activities (I-II)</b>	<b>-6 359</b>	<b>-36 563</b>
<b>C. Cash flow from financial activities</b>		
<b>I. Inflows</b>	<b>12 057</b>	<b>104 317</b>
1. Net inflow from issue of shares and other capital instruments and additional payments to capital	0	75 319
2. Borrowings	0	28 998
3. Issue of debt securities	0	0
4. Sale of own shares	12 057	0
<b>II. Outflows</b>	<b>34 290</b>	<b>21 503</b>
1. Purchase of own shares	11 164	0
2. Dividends and other payments to owners	0	0
3. Profit distribution outflows other than payments to owners	0	0
4. Repayment of borrowings	261	0
5. Redemption of debt securities	0	0
6. Other financial outflows	0	0
7. Payment of liabilities under financial lease agreements	15 451	16 107
8. Interest payments	7 414	5 396
9. Other financial outflows	0	0
<b>III. Net cash flow from investment activities (I-II)</b>	<b>-22 233</b>	<b>82 814</b>
<b>D. Total net cash flow (A.III+/-B.III+/-C.III)</b>	<b>-10 339</b>	<b>-5 541</b>
<b>E. Balance-sheet change in cash, of which:</b>	<b>-10 339</b>	<b>-5 302</b>
- change in cash from exchange rate differences	0	239
<b>F. Cash at beginning of period</b>	<b>13 242</b>	<b>18 544</b>
<b>G. Cash at end of period (F+/- D)</b>	<b>2 903</b>	<b>13 003</b>

Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-POŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

## COMMENTARY ON THE RESULTS OF ENERGOMONTAŻ-POŁUDNIE S.A.

### Sales revenue

In the fourth quarter of 2011, the sales revenue of ENERGOMONTAŻ-POŁUDNIE S.A. amounted to **PLN 105.1 million**, which constitutes an increase of nearly 33% in comparison with the sales revenue generated in the same period of the previous year.

### Result on operating activities

In the fourth quarter of 2011, ENERGOMONTAŻ-POŁUDNIE S.A. recorded an operating loss of **minus PLN 1.9 million** as against a PLN 10.2 million operating loss in the same period of 2010. Quarter-on-quarter the operating loss decreased more than threefold mainly because in the fourth quarter of 2011 a number of negative non-recurring events which had taken place in the fourth quarter of 2010 were not noted (including a fall in the value of real property and a write-down of the value of finished goods and land).

### Result on financial activities

ENERGOMONTAŻ-POŁUDNIE S.A. incurred a loss of **PLN 0.4 million** on financial activities in the fourth quarter of 2011, as against a loss of almost PLN 2.5 million on those activities in the same period of the previous year.

### Net result

The Company achieved a **net profit of plus 4.1 million** in the fourth quarter of 2011, which compares with the net loss of PLN 10.2 million recorded in the fourth quarter of 2010. A tax loss was recognised in the current reporting period, which helped to improve the net result. The tax loss is the result of the sale of shares in a subordinate entity (AMONTEX). The Company reported this share sale transaction in Current Report No. 63/2011 of 19 August 2011 and Current Report No. 72/2011 of 3 October 2011.

### EBITDA

Depreciation costs in the fourth quarter of 2011 amounted to a little over PLN 2.2 million, compared with close to PLN 2.3 million in the same period of the previous year.

The EBITDA (operating profit plus depreciation) result in the fourth quarter of 2011 amounted to **plus PLN 0.4 million** and was over PLN 8.3 million higher than the value recorded in the same period of the previous year.

### Profitability indicators

In the fourth quarter of 2011 an increase was recorded in the cost of sales, which negatively affected the level of gross profitability. The gross margin on sales in the fourth quarter of 2011 was 6.5%, compared to 8.0% in the fourth quarter of the previous year, which constitutes a decrease in the margin of 1.5 percentage points.

In comparison with the comparable period, the fourth quarter of 2011 saw an improvement in profitability both at the operating level and in the net result.

**The operating margin** in the fourth quarter of 2011 stood at **minus 1.8%**. The operating margin improved by 11.1 percentage points in comparison with that recorded in the fourth quarter of 2010.

**The net margin** in the fourth quarter of 2011 amounted to **plus 3.9%**, as against the negative net result for the fourth quarter of 2010.

Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-POŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

Profitability indicators	Q4 2010	Q4 2011	
Gross profitability from sales <sup>1</sup>	8,0%	6,5%	1 gross profit from sales / revenue from sales * 100
Operating profitability <sup>2</sup>	-12,9%	-1,8%	
Net profitability <sup>3</sup>	-12,9%	3,9%	

<sup>2</sup> profit from operating activity / revenue from sales \* 100

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

#### SELECTED NON-CONSOLIDATED FINANCIAL DATA OF ENERGOMONTAŻ-POŁUDNIE S.A. RESTATED IN EUROS

Item	from 01.01.2011 to 31.12.2011	from 01.01.2010 to 31.12.2010	from 01.01.2011 to 31.12.2011	from 01.01.2010 to 31.12.2010
	PLN '000s		EUR '000s	
<b>Income statement</b>				
Sales revenue	333 444	308 935	80 540	77 149
Operating profit (loss)	(9 633)	(12 138)	(2 327)	(3 031)
Profit (loss) before tax	(19 105)	(15 862)	(4 615)	(3 961)
Net profit (loss)	(10 149)	(15 811)	(2 451)	(3 948)
Net profit (loss) attributable to shareholders of the parent company	(10 149)	(15 811)	(2 451)	(3 948)
Earnings per share	(0.15)	(0.23)	(0.04)	(0.06)
Diluted net profit per share	(0.15)	(0.23)	(0.04)	(0.06)
Average PLN / EUR exchange rate in the period	X	X	4.1401	4.0044
<b>Cash flow statement</b>				
Net cash flows from operating activities	18 253	(51 792)	4 409	(12 934)
Net cash flows from investment activities	(6 359)	(36 563)	(1 536)	(9 131)
Net cash flows from financing activities	(22 233)	82 814	(5 370)	20 681
Net change in cash and cash equivalents	(10 339)	(5 541)	(2 497)	(1 384)
Average PLN / EUR exchange rate in the period	X	X	4.1401	4.0044
<b>Statement of financial condition</b>				
Assets	396 620	428 880	89 798	108 295
Non-current liabilities	69 891	77 615	15 824	19 598
Current liabilities	205 184	215 158	46 455	54 329
Shareholders' equity	121 545	136 107	27 519	34 368
Equity attributable to shareholders of parent company	121 545	136 107	27 519	34 368
PLN / EUR exchange rate at the end of the period	X	X	4.4168	3.9603



Name of capital group:	GRUPA KAPITAŁOWA ENERGOMONTAŻ-PÓŁUDNIE S.A.		
Period covered by financial statements:	01.10.2011 – 31.12.2011	Reporting currency:	Polish zloty (PLN)
Rounding-off level:	all amounts are expressed in PLN '000 (unless stated otherwise)		

Signatures of all members of the Management Board of the parent company			
Date	First name and surname	Position	Signature
29 February 2012	Krzysztof Jan Diduch	President of the Management Board	
29 February 2012	Radosław Kamiński	Vice-President of the Management Board	
29 February 2012	Waldemar Barański	Vice-President of the Management Board	