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Polimex-Mostostal concluded the year 2008 with outstanding results as compared to the sector.

The Company increased its involvement abroad and commenced realisation of investments in Special Economic Zones.

Results of Q4 and of the full year 2008 are satisfying.

In Q4 2008:

income from sales amounted to 1,234,017 thousand zlotys,
net profit amounted to 29,843 thousand zlotys and was 19,81 per cent higher than in the analogical period of 2007.
As compared to 2007, consolidated income from sales increased in 2008 by 16.02 per cent and amounted to 4,316,673 thousand zlotys.

Accumulatively, following four quarters of 2008, the operating profit amounted to 221,248 thousand zlotys and was 37,94 per cent higher than in the analogical period of 2007, while the net profit amounted to 121,857 thousand zlotys, which means an increase by 21.77 per cent.

Net margin in 2008 amounted to 2.8 per cent as compared to 2.7 per cent in 2007.

The Group’s portfolio of orders currently amounts to 7.643 billion zlotys.

Summary of Q4 and of the full year 2008.

Polimex-Mostostal summarised the next quarter with results which reflect the good financial standing of the company. Economic results constitute reliable grounds for planning the activity in the next quarters, says Konrad Jaskóła, President of the Management Board of Polimex-Mostostal.

In 2008, the Company recorded high demand for steel products. This positively affected the level of consolidated results. Individual companies of the Polimex-Mostostal Group took advantage of the good condition of the engineering and installation market and developed their activity, adds the President.

Q4 was a good period for Energomontaż – Północ in particular. Growing portfolio of orders allows for forecasting that the Company will in the next quarters achieve satisfying financial results.

- As a Group, in 2008 we took advantage of steady development in all the sectors. We treated the continuing good economic situation as a time during which we ought to, as promptly as possible, develop the potential of the companies while maintaining high standards with respect to the services provided and economic effectiveness, explains Konrad Jaskóła.

Acquisitions.

In January this year, the Management Board took a decision on the merger of Energotechnika and Biprokwas as well as locating the activity at new headquarters in Gliwice.
In February 2009, Polimex-Mostostal signed a contract of purchase of shares in the Pracownia Wodno – Chemiczna ‘EKONOMIA’ Sp. z o.o. with the seat in Bielsko - Biała. ‘EKONOMIA’ specialises in services with respect to water and industrial sewage treatment.
Polimex assumes development in the water and industrial sewage treatment industry due to the growing demand for services with respect to it. To do so, it is developing its execution and design capabilities, informs the President.
In December 2008, Polimex-Energo Sp. z o.o., - a 100% subsidiary company of Polimex-Mostostal, signed a contract of purchase of the organised part of the EceRemont enterprise with the seat in Zielona Góra. The subject matter of the activity of the purchased part of EceRemont is repairs, maintenance and installations of power equipment as well as production of power industry equipment, among others air, water and steam heaters, heat centres, steel chimneys and towers.
Polish power engineering industry requires significant financial investments related to the need to adjust to EU requirements (gas emissions), improving the

efficiency and increasing the power generated. Polimex plans to significantly participate in realisation of the task, explains Konrad Jaskóła.
In the second half of 2008, Polimex-Mostostal concluded contracts of purchase of shares in the Przedsiębiorstwo Robót InŜynieryjnych ‘PRInż1’ and the Przedsiębiorstwo Robót Inżynieryjnych ‘Prinż9’ providing services with respect to road building, road and sewage system infrastructure. In October 2008, a merger of the two companies took place.
The purchase of PRInż1 and Prinż9 corresponded with the plans of Polimex-Mostostal aimed at increasing the potential and share in the road and railway sector. Sales by Polimex-Mostostal in this market increases, comments the President.
Torpol – a 100% subsidiary company of Polimex-Mostostal – extended its current cooperation with Feroco S.A., signing in July last year the Linea Company deed. The Company executes design works with respect to railway infrastructure, in particular designs new and modernised railway transportation lines and accompanying infrastructure. -Establishment of the Linea Company will result in further increase of competitiveness of the bids made by groups of companies comprising Polimex, Torpol and Feroco in tenders regarding realisation of railway projects, explains the President.
In February 2008, Polimex-Mostostal, realising its development strategy in top margin market segments, took over control over the Romanian capital group Coifer.
- In this way, Polimex commenced foreign expansion in an area it finds growing and profitable. In this part of Europe, for the Company it is a bridgehead not only for the development of manufacturing segments but also of general contractorship. Coifer Group companies operate in the installation and building sectors, manufacture devices and equipment for the oil, chemical and power engineering industries. They are an important manufacturer of steel structures in Romania, of well-established reputation and rich credentials. Polimex’s involvement in increasing the quality of the services provided will convert into the increase of Coifer profitability, adds President Jaskóła.
Organic development.

Continued is the realisation of the programme adopted by the Management Board of Polimex regarding development of the production capacities of the Company and of the Group. Extension of the plants in Siedlce within the Tarnobrzeska Special Economic Zone has entered the decisive phase.

- In 2009, we will invest 140 million zlotys to double the output of the Zakłady Wyrobów Stalowych in Siedlce. Whereas, investments at the level of

approximately 30 million zlotys will make it possible to increase the production of platform grates by 50 per cent. In the field of rust4 proofing, we will launch a modern galvanising line in Siedlce. The new plant will commence production this year, says Konrad Jaskóła.

Also, the investment programme for Energomontaż-Północ and Sefako, companies of the Polimex-Mostostal Group, is being continued. At Sefako, at the expense of approximately 70 million zlotys, we will construct a new production hall, which will make it possible to double the volume of the power boilers produced. The investment in Sefako is also located within the Special Economic Zone.

- Our task is to commence, as soon as possible, production and sale of the continually and perspectively high margin steel structures, hot-dip zinc coating services and power boilers for various types of fuel. An important issue are the significant tax allowances which the Company is entitled to (approx. 100 million zlotys) arising from the realisation of key investments within the Tarnobrzeska and Starachowicka Special Economic Zones in Siedlce and Sędziszów, adds President Jaskóła.

Polimex-Mostostal is also developing its design potential, treating the task as one of the priorities. The Company is organising a multi-discipline design studio in Gliwice.

- This is a response to the too narrow design potential constituting the so-called 'bottleneck' of the timely development of designs. Moreover, more and more infrastructural investments are realised in the ‘design and construct’ formula. Our own design studio will result in further increase of competitiveness of our bids in tenders, informs Konrad Jaskóła.

Domestic demand.

In Q4 2008, a series of important contracts were signed. Here are a few examples:

A contract with the Municipality of Cracow, Administration of Municipal Infrastructure and Transportation in Cracow, worth over 118 million zlotys net and regarding reconstruction of the Wisła football stadium in Cracow.
A contract for the construction of the Centrum Edukacji Artystycznej in Gorzów Wielkopolski worth nearly 107 million zlotys net. The contract will be executed by a group of companies. The primary part of works will be executed by Polimex.
The Polimex Group of Companies signed with ALSTOM Power Systems GmbH a

contract for the installation of the pressure part of two power units of 800 MW each at Hamm-Uentrop. Net contract value amounts to over 31 million EUR. Polimex share constitutes 50% of all.
A contract with the WOSiR worth over 374 million zlotys net for the reconstruction of the Legia football stadium in Warsaw. The contract will be executed by a group of companies. The primary part of works will be executed by Polimex.
A contract for the realisation of the Trasa Nowohucka in Cracow worth 163 million zlotys net. The contract will be executed by a group of companies. Share of Polimex – the consortium leader – amounts to 51%.
Two contracts including Torpol – a 100% subsidiary company of Polimex – for the modernisation of the E-65 Warsaw – Gdynia railway line sections:
⇒ worth 146 million EUR net; share of Torpol – the consortium leader – amounts to 37 %,
⇒ worth 250,2 million EUR net; Torpol's share amounts to 9%.
Good perspectives for new contracts.

Increase of expenditures on the development of the national railway infrastructure as well as projects related to the organisation of the European Football Championships in 2012 constitute the grounds for optimistic perception of the level of orders in this sector.

For example, recent Polimex-Mostostal offer regarding construction of the A1 Sośnica - Maciejów motorway section has been deemed the most beneficial. We expect that a contract worth approx. 900 million zlotys will be signed in the first decade of March this year. Also in March we expect to sign a contract for the realisation of the western stand at the Wisła football stadium in Cracow. Polimex has pre-qualified for the tender regarding construction of the Baltic Arena.

- In infrastructural projects, through the absorption of the available EU resources and employing the execution capacities developed in the country, we can see the way to counteract the crisis. Unstable economic situation of Europe and Poland ought also to be used in order to most urgently develop the required, modern infrastructure of our country. We forecast that there will be signed new contracts in the road sector regarding motorway and expressway construction (also in the 'design and construct' system). Polimex-Mostostal has been developing its activity as a general contractor in the (road and railway) infrastructural projects sector for several years now, informs Konrad Jaskóła.

- We expect that there will also be signed large contracts in the power engineering sector regarding, among others, construction of emission desulphurisation systems and realisation of new power units. Polish power

engineering industry requires significant financial investments related to the need to adjust to EU requirements (gas emissions), improving the efficiency and increasing the power generated. In the long-time perspective, it has been planned to annually launch approx. 1,000 MWs of power, which means that each year approx. 2 billion EUR will have to be invested in the power engineering, informs Konrad Jaskóła.

- Polimex plans to significantly participate in the realisation of the task. For this purpose, we are developing our executive as well as design capacities so that in the long-time perspective we could offer investors comprehensive services with respect to the realisation of high capacity power units, adds the President.

Diversification of the services provided by the Company and the Group is also beneficial. Beside general contractorship on the oil, chemical and power engineering industries, Polimex is effectively operating in the field of projects financed from public resources, including EU funds; it also offers a wide range of steel products and services regarding modern rust-proofing utilised in infrastructural projects.

Stable and strong position of Polimex-Mostostal.

Perspectives for the Polish engineering and construction market as well as for Polimex in 2009 are good. The forecast is based on, among others, the following premises:

decrease of the prices of steel and materials,
decrease of inflation and interest rates,
expected decrease of the prices of land due to the Act on changing the status of farm land in cities,
ordinance of the Council of Ministers regarding 20% advances in infrastructural projects,
continuing domestic demand,
easier and easier acquisition of valuable personnel for the realisation of domestic investment projects resulting from the returns of part of the Poles from economic migration.
New Polimex strategy developed for the years 2009 – 2011 allows for:

further increasing pressure on cost optimisation and improvement of contract profitability, among others thanks to involvement in the realisation of more profitable contracts,
acceleration of the Group operation optimisation process by means of the

proceeding restructurisation. In the nearest period, it will cover merger of selected companies in the chemical and power engineering sectors as well as consolidation of small design companies,
reduction of acquisition activities. Of course, we continue to analyse the market with respect to possible potential takeovers of complementary companies,
intense continuation of the commenced investments in the organic development of the Company and of the Group. Investing in organic development is the method of extending the Group and increasing the value of the stock in the medium- and long-time perspective,
possible sale of selected assets if that is beneficial – mainly of real properties – as for example lands to be developed. These activities are aimed at further reduction of the Company financial management costs.
- It ought to be stated that in the coming period we will be facing a difficult market yet favouring large, diversified and well managed engineering and construction companies such as Polimex-Mostostal. We plan that the increase of Polimex sales in 2009 will amount to 20% + as compared to last year. Currently, the portfolio of orders amounts to 7.643 billion zlotys, out of which this year over 70 % is to be executed. We are intensely supplementing the portfolio of orders with further contracts to be executed this year and in 2010.Our objective is further dynamic development of the Group as well as improvement of profitability and reduction of the risk involved in operating activity. Our market position is stable. We are in a good financial situation resulting from, among others, contracts signed and beneficial relations with numerous cooperating banks, summarises President Jaskóła.

- It ought to be emphasised that in our case derivative transactions (currency options) have been concluded at levels guaranteeing required profitability of the primary activity. Possible losses on options (understood as outward payments of the purchase option settlement amounts) will be fully depreciated with the increased income from sales in foreign currencies expressed in zlotys. Derivative transactions concluded by Polimex have for 2009 been distributed uniformly and proportionally to the expected income from export. Our estimates imply that the Polish zloty weakness towards the Euro will provide us with greater benefits than costs related to the realisation of the obligations due to the purchase options issued. It ought also to be emphasised that the relation between the nominal value of the cash flow hedges to be realised in 2009 in the amount of 133,153 thousand EUR and the total exchange risk exposure in 2009 in the amount of 280,294 thousand EUR does not exceed 48%. In Q4 2008, the Group recorded a significant, 23%, decrease of net indebtedness (interest-bearing debt minus cash), which proves of good financial foundations to continue the organic

development in 2009 and consecutive years. This is convergent with market and banks’ expectations, concludes Konrad Jaskóła, President of the Management Board, CEO of Polimex-Mostostal.

Polimex-Mostostal and its Management Board has been recognised.

In the recent period, Polimex -Mostostal S.A. and the President of the Management Board have been awarded:

the title and statue of the Diamond Engineer in the 15th edition of the ‘Przegląd Techniczny’ readers’ vote for Konrad Jaskóła, President of the Management Board [02.2009],
Professor Stanisław Pilat Medal for Konrad Jaskóła, President of the Management Board, for the activity in favour of development of the oil industry in Poland and long-term, creative cooperation with the Institute of Petroleum Processing, awarded by the Chapter of the Medal in coordination with the Director of the Oil and Gas Institute and the Scientific Board of the Oil and Gas Institute [01.2009],
Nominations to the Best of European Business awards in the following categories: ‘Growth’ and ‘International Competitiveness’ [12.2008],
Perła Polskiej Gospodarki in the Perły Wielkie category. Recognition of Polimex-Mostostal S.A. for consequent realisation of the corporate policy and strategy and leading position among the most dynamic and effective enterprises in Poland awarded by the editorial team of the Polish Market monthly and the Institute of Economic Sciences of the Polish Academy of Sciences [11.2008],
the title of: ‘2008 high reputation company’ in the Construction category –distinction in the Independent Ranking of Listed Companies among Institutional Investors [14.11.2008],
the title of: ‘Employee of the Year 2007’ in the Construction category among large companies. Award for President of the Management Board Konrad Jaskóła awarded by the Polish Association of Construction Employers in the 11th edition of the Employer of the Year contest [09.2008],
1st place in the TOP TSR ranking – Total Shareholder Return 2003-2007 Warsaw Stock Exchange Index 20 (WIG 20) – Warsaw Stock Exchange [03.07.2008],
1st place in the TOP TSR ranking – Total Shareholder Return 2003-2007 Warsaw Stock Exchange Index Building Industry (WIG Budownictwo) – Warsaw Stock Exchange [03.07.2008],
the title of: ‘Polish Export Leader’ and the Cup of the Association of Polish Exporters [19.06.2008],
title and statue of the ‘Eagle of Management’ (“Orzeł Zarządzania”) for the President of the Management Board, Konrad Jaskóła – 2nd place in the ‘Rzeczpospolita’ vote for the manager of the twenty-year period [05.2008],

European Medal for the duplex system (galvanising and painting). Chapter of the 16th edition of the European Medal for services awarded our company with the European Medal for the duplex system. This is the second such award for the Zakład Zabezpieczeń Antykorozyjnych – in the 2nd edition of the contest in 2001 our hot-dip zinc galvanising services were awarded [03.2008],
the title of: ‘Manager of the Year’ awarded to the President of the Management Board, Konrad Jaskóła, by the ‘Home & Market’ economic magazine [03.2008].

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