

**CAPITAL GROUP
POLIMEX-MOSTOSTAL**

**LONG-FORM AUDITORS' REPORT
ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

I. GENERAL NOTES

1. Background

The holding company of the Polimex-Mostostal Group (hereinafter 'the Group' or 'the Capital Group') is Polimex-Mostostal S.A. ('the holding company', 'the Company').

The holding company was incorporated on the basis of a Notarial Deed dated 18 May 1993. The Company's registered office is located in Warsaw at Czackiego 15/17.

The holding company is an issuer of securities as referred to in art. 4 of the Regulation (EC) No 1606/2002 of the European Parliament and of the Council of the European Union of 19 July 2002 on the application of international accounting standards (EC Official Journal L243 dated 11 September 2002, page 1, polish special edition chapter 13, title 29 page 609) and, based on the article 55.5 of the Accounting Act dated 29 September 1994 (2009 Journal of Laws No. 152 item 1223 with subsequent amendments – 'the Accounting Act'), prepares consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU.

The holding company was entered in the Register of Entrepreneurs of the National Court Register under no. KRS 0000022460 on 26 June 2001.

The Company was issued with tax identification number (NIP) PL 821-001-45-09 on 3 August 1993 and statistical number (REGON) 710252031 on 27 July 1993.

The principal activities of the holding company are as follows:

- execution of building and civil engineering works
- assembly of equipment, machinery and plant
- production of ironware

The Group operates in four primary segments:

- Chemistry
- Power engineering
- General construction
- Production

The scope of activities of the Group's subsidiaries, jointly controlled entities and associates are similar to this of the holding company.

On 31 December 2010 the District Court for the capital city of Warsaw, XII Commercial Division of the National Court Register issued a resolution regarding an incorporation by the parent company, Polimex-Mostostal S.A., of its subsidiaries: Energomontaż-Północ S.A. with its registered office in Warsaw, Naftoremont Sp. z o. o. with its registered office in Płock, Zakłady Remontowe Energetyki Kraków Sp. z o.o. with its registered office in Cracow, Zakłady Remontowe Energetyki Lublin S.A. z with its registered office in Lublin, EPE-Rybnik Sp. z o.o. with its registered office in Rybnik, ECeRemont Sp. z o.o. with its registered office in Zielona Góra and Naftobudowa S.A. with its registered office in Cracow according to Article 492 § 1 point 1 of the Code of Commercial Companies Act. The merger was settled by a transfer of all assets and liabilities of incorporated companies to

Polimex-Mostostal S.A. Along with the merger the Company registered an increase of share capital relating to acquisition of non-controlling shareholders of incorporated entities and introduced changes to its Articles of Association in accordance with resolution no. 1 of the Shareholder's Meeting held on 12 July 2010 and in case of Naftobudowa S.A. – resolution no. 2 of the Shareholder's Meeting held on that date (the pooling of interests method, with Polimex-Mostostal S.A. as an acquirer).

As of 31 December 2010 issued share capital amounted to 20,837 thousand zlotys at 31 December 2010. Equity as at that date amounted to 1,458,698 thousand zlotys.

According to the notifications issued by shareholders owning more than 5% of share capital of the Company, acting pursuant to Article 69 § 1 point 1 of the Act on Public Offer and Conditions of Organised Trade in Financial Instruments, and on Public Companies, the ownership structure of share capital as at 28 April 2011 was as follows:

	Number of shares	Number of votes	Par value of shares	% of issued share capital
AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK Pioneer Fundusz Inwestycyjny Otwarty	52,224	52,224	2,089	10.02%
ING Nationale-Nederlanden Polska OFE	52,139	52,139	2,085	10.005%
Polimex-Cekop Development Sp. z o.o.*	40,406	40,406	1,616	7.76%
Other	13,152	13,152	526	2.52%
	363,233	363,233	14,529	69.695%
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Total	521,154	521,154	20,846	100%

*subsidiary wholly owned by Polimex-Mostostal S.A.

According to the notifications issued by shareholders owning more than 5% of share capital of the Company, acting pursuant to Article 69 § 1 point 1 of the Act on Public Offer and Conditions of Organised Trade in Financial Instruments, and on Public Companies, the following changes in the ownership structure were registered:

- increase in number of shares of Polimex-Mostostal S.A. owned by AVIVA Otwarty Fundusz Emerytalny AVIVA BZ WBK to 50,902 thousand from 27,486 thousand, as a result of a purchase of shares during the year ended 31 December 2010.
- decrease of share percentage in share capital owned by Otwarty Fundusz Emerytalny PZU "Polska Jesień" below the level of 5%, as a result of registration on 31 December 2010 by the District Court for the capital city of Warsaw of the issue of series K and L stock issued due to the merger of Polimex-Mostostal S.A. and seven other companies.

After the balance sheet date, up to the date of the opinion the following changes in the structure of the parent company's share capital took place:

- an increase of the amount of shares of Polimex–Mostostal S.A. owned by AVIVA Otworthy Fundusz Emerytalny AVIVA BZ WBK to the level of 52,224 thousand as a result of a purchase on 25 January 2011.
- an increase of the amount of shares of Polimex–Mostostal S.A. owned by Pioneer Fundusz Inwestycyjny Otworthy to the level of 52,139 thousand as a result of purchases on 28 January 2011 and 17 March 2011.
- exercise, as part of a conditional increase of the Company's business capital, of the right to take up 118,749 series G bearer shares of the Company resulting from subscription warrants, at the issue price of PLN 2.35 per share and the nominal value of PLN 0.04 per share. The increase of share capital was registered on 29 March 2011. The taking up of the aforementioned shares was contributed in the entirety.

Movements in the issued share capital of the holding company in the financial year were as follows:

	Number of shares	Par value of shares
Opening balance	464,355,625	18,574,225.00
Increase in share capital as a result of incorporation (31.12.2010)		
Series K shares	38,733,090	1,549,323.60
Series L shares	17,829,488	713,179.52
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Closing balance	520,918,203	20,836,728.12
	=====	=====

As at 28 April 2011, the holding company's Management Board was composed of:

Konrad Jaskóła	- President
Aleksander Jonek	- Vice-President
Grzegorz Szkopek	- Vice-President
Zygmunt Artwik	- Vice-President

There were no changes in the holding company's Management Board during the reporting period as well as from the balance sheet date to the date of the opinion.

2. Group Structure

As at 31 December 2010, the Polimex–Mostostal Group consisted of the following subsidiaries (direct or indirect):

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Entity name	Consolidation method	Type of opinion	Name of authorised entity that audited financial statements	Balance sheet date
Depolma GmbH	Purchase accounting	No requirement to audit financial statements	Not applicable	31 December 2010
Polimex-Cekop Development Sp. z o.o.	Purchase accounting	No requirement to audit financial statements	Not applicable	31 December 2010
Fabryka Kotłów „Sefako” S.A. (Capital Group)	Purchase accounting	Unqualified	Ernst & Young Audit Sp. z o.o.	31 December 2010
Naf Industriemontage GmbH	Purchase accounting	No requirement to audit financial statements	Not applicable	31 December 2010
Grupa Kapitałowa Polimex-Development-Kraków Sp. z o.o.	Purchase accounting	Unqualified	MDDP Audyt Sp. z o.o.	31 December 2010
Sinopol Trade Center Sp. z o.o.	Purchase accounting	No requirement to audit financial statements	Not applicable	31 December 2010
Moduł System Serwis Sp. z o.o.	Purchase accounting	No requirement to audit financial statements	Not applicable	31 December 2010
Stalfa Sp. z o.o.	Purchase accounting	Unqualified	MDDP Audyt Sp. z o.o.	31 December 2010
Zakład Transportu Grupa Kapitałowa Polimex-Mostostal Sp. z o.o.	Purchase accounting	Qualified	MDDP Audyt Sp. z o.o.	31 December 2010
Polimex-Mostostal ZUT Sp. z o.o.	Purchase accounting	Unqualified	MDDP Audyt Sp. z o.o.	31 December 2010
Polimex-Mostostal Ukraina SAZ	Purchase accounting	Unqualified	Studio Audyt	31 December 2010
SPB Przembud Sp. z o.o. w likwidacji	Purchase accounting	No requirement to audit financial statements	Not applicable	31 December 2010
Czerwonograd ZKM-Ukraina	Purchase accounting	Unqualified	GalTex-Audit Sp. z o.o.	31 December 2010

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Polimex-Hotele Sp. z o.o.	Purchase accounting	No requirement to audit financial statements	Not applicable	31 December 2010
Polimex-Mostostal Development Sp. z o.o.	Purchase accounting	Unqualified	MDDP Audyt Sp. z o.o.	31 December 2010
Grupa Kapitałowa Torpol Sp. z o.o.	Purchase accounting	Qualified	Ernst & Young Audit Sp. z o.o.	31 December 2010
Energomontaż-Nieruchomości Sp. z o.o.	Purchase accounting	No requirement to audit financial statements	Not applicable	31 December 2010
Energomontaż-Magyarország Sp. z o.o.	Purchase accounting	Unqualified, with emphasis of matter	Jeszmás Tiborné Certified auditor no. 003493	31 December 2010
Energomontaż-Północ-Gdynia Sp. z o.o.	Purchase accounting	Unqualified	Ernst & Young Audit Sp. z o.o.	31 December 2010
Energop Sp. z o.o.	Purchase accounting	Unqualified	Moore Stephens Central Audit Sp. z o.o.	31 December 2010
Energomontaż-Północ-Technika Spawalnicza i Laboratorium” Sp. z o.o.	Purchase accounting	Unqualified	Moore Stephens Central Audit Sp. z o.o.	31 December 2010
Centrum Projektowe Polimex-Mostostal Sp. z o.o.	Purchase accounting	Unqualified	MDDP Audyt Sp. z o.o.	31 December 2010
Zakład Budowlano-Instalacyjny Turbud Sp. z o.o.	Purchase accounting	Audit in progress	MDDP Audyt Sp. z o.o.	31 December 2010
Zarząd Majątkiem Górczewska Sp. z o.o.	Purchase accounting	No requirement to audit financial statements	Not applicable	31 December 2010
Przedsiębiorstwo Produkcyjno-Usługowe Elektra Sp. z o.o.	Purchase accounting	No requirement to audit financial statements	Not applicable	31 December 2010
PxM Projekt Południe Sp. z o.o.	Purchase accounting	Audit in progress	MDDP Audyt Sp. z o.o.	31 December 2010

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Grupa Coifer	Kapitałowa	Purchase accounting	Audit progress	in BDO Audit	31 December 2010
WBP o.o.	Zabrze Sp. z o.o.	Purchase accounting	Unqualified	MDDP Audyt Sp. z o.o.	31 December 2010
PRInż – 1	Sp. z o.o.	Purchase accounting	Unqualified	MDDP Audyt Sp. z o.o.	31 December 2010
Pracownia Chemiczna Sp. z o.o.	Wodno Ekonomia	Purchase accounting	Unqualified	MDDP Audyt Sp. z o.o.	31 December 2010
Polimex-Mostostal Wschód Sp. z o.o.		Purchase accounting	No requirement to audit financial statements	Not applicable	31 December 2010
Centralne Konstrukcji S.A.	Biuro Kotłów	Purchase accounting	Unqualified, with emphasis of matter	MDDP Audyt Sp. z o.o.	31 December 2010

As at 31 December 2010 shares in the following associates (direct and indirect) were recognised in the Group's consolidated financial statements using the equity method:

Name and registered office	Type of activity
Polimex-Sices Sp. z o.o.	execution of civil engineering works
Energomontaż-Północ Bełchatów Sp. z o.o.	execution of customized building and civil engineering works

Details of the type and impact of changes in entities included in the consolidation as compared to the prior year may be found in Note 17 of the summary of significant accounting policies and other explanatory notes ("the additional notes and explanations") to the consolidated financial statements of the Group for the year ended 31 December 2010.

3. Consolidated Financial Statements

3.1 Auditors' opinion and audit of consolidated financial statements

Ernst & Young Audit sp. z o.o. with its registered office in Warsaw, at Rondo ONZ 1, is registered on the list of entities authorised to audit financial statements under no. 130.

Ernst & Young Audit sp. z o.o. was appointed by the Supervisory Board on 18 May 2010 to audit the Group's financial statements.

Ernst & Young Audit sp. z o.o. and the key certified auditor in charge of the audit meet the conditions required to express an impartial and independent opinion on the financial statements, as defined in Art. 56.3 and 56.4 of the Act on statutory auditors and their self-

governance, audit firms authorized to audit financial statements and public oversight, dated 7 May 2009 (Journal of Laws 2009, No. 77, item 649).

Under the contract executed on 15 June 2010 with the holding company's Management Board, we have audited the consolidated financial statements for the year ended 31 December 2010.

Our responsibility was to express an opinion on the consolidated financial statements based on our audit. The auditing procedures applied to the consolidated financial statements were designed to enable us to express an opinion on the consolidated financial statements taken as a whole. Our procedures did not extend to supplementary information that does not have an impact on the consolidated financial statements taken as a whole.

Based on our audit, we issued an auditors' unqualified opinion, with an emphasis of matter dated 28 April 2010, stating the following:

“To the Supervisory Board of Polimex–Mostostal S.A.

1. We have audited the attached consolidated financial statements of Polimex–Mostostal Group ('the Group'), for which the holding company is Polimex–Mostostal S.A. ('the Company') located in Warsaw at Czackiego 15/17, for the year ended 31 December 2010 containing the consolidated income statement and the consolidated statement of comprehensive income for the period from 1 January 2010 to 31 December 2010, the consolidated balance sheet as at 31 December 2010, the consolidated cash flow statement, the consolidated statement of changes in equity for the period from 1 January 2010 to 31 December 2010 and the summary of significant accounting policies and other explanatory notes ('the attached consolidated financial statements').
2. The truth and fairness¹ of the attached consolidated financial statements, the preparation of the attached consolidated financial statements in accordance with the required applicable accounting policies and the proper maintenance of the consolidation documentation are the responsibility of the Company's Management Board. In addition, the Company's Management Board and Members of the Supervisory Board are required to ensure that the attached consolidated financial statements and the Directors' Report meet the requirements of the Accounting Act dated 29 September 1994 (2009 Journal of Laws No. 152 item 1223 with subsequent amendments – 'the Accounting Act'). Our responsibility was to audit the attached consolidated financial statements and to express an opinion on whether, based on our audit, these financial statements comply, in all material respects, with the required applicable accounting policies and whether they truly and fairly² reflect, in all material respects, the financial position and results of the operations of the Group.
3. We conducted our audit of the attached consolidated financial statements in accordance with:
 - chapter 7 of the Accounting Act,

¹ Translation of the following expression in Polish: '*rzetelność i jasność*'

² Translation of the following expression in Polish: '*rzetelne i jasne*'

- national auditing standards issued by the National Council of Statutory Auditors,
- in order to obtain reasonable assurance whether these financial statements are free of material misstatement. In particular, the audit included examining, to a large extent on a test basis, documentation supporting the amounts and disclosures in the attached consolidated financial statements. The audit also included assessing the accounting principles adopted and used and significant estimates made by the Management Board, as well as evaluating the overall presentation of the attached consolidated financial statements. We believe our audit has provided a reasonable basis to express our opinion on the attached consolidated financial statements treated as a whole.
4. We audited the consolidated financial statements for the year ended 31 December 2009 and we issued a qualified opinion dated 26 April 2010, with an emphasis of matter regarding those consolidated financial statements. The qualifications related to the recognition of revenue from consortium agreements and to the amount of a deferred tax asset recognized in connection with activities carried out by the Group in the special economic zones. The emphasis of matter related to the uncertainty concerning realization of the assumptions used in the valuation of the investment in Coifer Group.
 5. In our opinion, the attached consolidated financial statements, in all material respects:
 - present truly and fairly all information material for the assessment of the results of the Group's operations for the period from 1 January 2010 to 31 December 2010, as well as its financial position³ as at 31 December 2010;
 - have been prepared in accordance with International Financial Reporting Standards as adopted by the EU;
 - are in respect of the form and content, in accordance with the legal regulations governing the preparation of financial statements.
 6. We have read the 'Directors' Report for the period from 1 January 2010 to 31 December 2010 and the rules of preparation of annual statements' ('the Directors' Report') and concluded that the information derived from the attached consolidated financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with the relevant regulations of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws No. 33, item 259)."

We conducted the audit of the consolidated financial statements during the period from 29 November 2010 to 28 April 2011. We were present at the holding company's head office from 29 November 2010 to 10 December 2010 and from 21 March 2011 to 28 April 2011.

3.2 Representations provided and data availability

The Management Board of the holding company confirmed its responsibility for the truth and fairness⁴ of the consolidated financial statements and the preparation of the financial statements in accordance with the required applicable accounting policies, and the

³ Translation of the following expression in Polish: 'sytuacja majątkowa i finansowa'

⁴ Translation of the following expression in Polish: "rzetelność i jasność"

correctness of consolidation documentation. The Board stated that it provided us with all financial statements of the Group companies included in the consolidated financial statements, consolidation documentation and other required documents as well as all necessary explanations. We also obtained a written representation dated 28 April 2011, from the Management Board of the holding company confirming that:

- the information included in the consolidation documentation was complete,
- all contingent liabilities had been disclosed in the consolidated financial statements, and
- all material events from the balance sheet date to the date of the representation letter had been disclosed in the consolidated financial statements,

and confirmed that the information provided to us was true and fair to the best of the holding company Management Board's knowledge and belief, and included all events that could have had an effect on the consolidated financial statements.

3.3 Consolidated financial statements for prior financial year

The consolidated financial statements of the Group for the year ended 31 December 2009 were audited by Sebastian Łyczba, key certified auditor no. 9946, acting on behalf of Ernst & Young Audit Sp. z o.o. with its registered office in Warsaw, at Rondo ONZ 1, registered on the list of entities authorised to audit financial statements under no. 130. The key certified auditor issued a qualified opinion with an emphasis of matter on the consolidated financial statements for the year ended 31 December 2009. The qualifications related to the recognition of revenue from consortium agreements and to the amount of a deferred tax asset recognized in connection with activities carried out by the Group in the special economic zones. The emphasis of matter related to the uncertainty concerning realization of the assumptions used in the valuation of the investment in Coifer Group.

The consolidated financial statements for the year ended 31 December 2009 were approved by the General Shareholders' Meeting on 30 June 2010.

The consolidated financial statements of the Group for the financial year ended 31 December 2009, together with the auditors' opinion, a copy of the resolution approving the consolidated financial statements and the Directors' Report, were filed on 16 July 2010 with the National Court Register.

The consolidated balance sheet as at 31 December 2009, the consolidated profit and loss account, the statement of changes in consolidated equity and the consolidated cash flow statement for the year ended 31 December 2009, together with the auditors' opinion and a copy of the resolution approving the financial statements were published in Monitor Polski B No. 1588 on 3 September 2010.

4. Analytical Review

4.1 Basic data and financial ratios

Presented below are selected financial ratios indicating the economic or financial performance of the Company for the years 2008 – 2010. The ratios were calculated on the basis of financial information included in the financial statements for the years ended

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31 December 2009 and 31 December 2010, not accounting for the impact of the qualifications included in the Independent Auditor's Opinion.

	2010	2009	2008*
Total assets	3,923,518	3,807,342	3,395,827
Shareholders' equity	1,458,698	1,363,079	1,127,832
Net profit/ loss	119,301	175,287	140,439
Return on assets (%)	3,0%	4,6%	4,1%
<div>Net profit x 100</div> <div>Total assets</div>			
Return on equity (%)	8,8%	15,5%	13,3%
<div>Net profit x 100</div> <div>Shareholders' equity at the beginning of the period</div>			
Profit margin (%)	2,9%	4,0%	3,3%
<div>Net profit x 100</div> <div>Sales of finished goods, goods for resale and raw materials</div>			
Liquidity I	1,3	1,3	1,2
<div>Current assets</div> <div>Short-term creditors</div>			
Liquidity III	0,2	0,3	0,2
<div>Cash and cash equivalents</div> <div>Short-term creditors</div>			
Debtors days	118 days	104 days	105 days
<div>Trade debtors x 365</div> <div>Sales of finished goods, goods for resale and raw materials</div>			
Creditors days	105 days	101 days	80 days
<div>Trade creditors x 365</div> <div>Costs of finished goods, goods for resale and raw materials sold</div>			

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	2010	2009	2008*
Inventory days	42 days	33 days	37 days
<hr/>			
Inventory x 365			
Costs of finished goods, goods for resale and raw materials sold			
Stability of financing (%)	56,5%	57,3%	55,5%
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(Equity + long-term provisions and liabilities) x 100			
Total liabilities, provisions and equity			
Debt ratio (%)	62,8%	64,2%	66,8%
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(Total liabilities and provisions) x 100			
Total assets			
Rate of inflation:			
Yearly average	2,6%	3,5%	4,2%
December to December	3,2%	3,5%	3,3%

** the financial data for the year 2009 used to calculate the ratios account for the prior year error relating to long-term contracts' valuation in Coifer subsidiary included in the consolidated financial statements for the year ended 31 December 2010.*

4.2 Comments

The following trends may be observed based on the above financial ratios:

- The return on assets ratio increased from 4,1% in 2008 to 4,6% in 2009 and then decreased to 3,0% in 2010.
- The return on equity ratio was 13,3% in 2008 and increased to 15,5% in 2009. In 2010 it fell to 8,8% in 2010.
- The profit margin ratio rose from 3,3% in 2008 to 4,0% in 2009 and decreased to 2,9% in 2010.
- The liquidity I ratio was 1,2 in 2008 and then increased to 1,3 in 2009 and remained constant 2010.
- The liquidity III ratio increased in 2009 to 0,3, as compared to the year 2008, when it was 0,2. In 2010 it decreased back to the level from 2008.
- The debtors days ratio was 104 days in 2009 and was lower than in 2008, when it equaled 105 days. In 2010 the ratio was 118 days.
- The creditors days ratio was 80 days in 2008 and increased to 101 days in and further to 105 days in 2010.
- The inventory days ratio was 37 days in 2008 and fell to 33 days in 2009. It increased to 42 days in 2010.
- The stability of financing ratio increased from 55,5% in 2008 to 57,3% in 2009 and then decreased to 56,5% in 2010.

- The debt ratio was 66,8% in 2008 and decreased to 64,2% in 2009. In 2010 the ratio was 62,8%.

4.3 Going concern

Nothing came to our attention during the audit that caused us to believe that the holding company is unable to continue as a going concern for at least twelve months subsequent to 31 December 2010 as a result of an intended or compulsory withdrawal from or a substantial limitation in its current operations.

In Note 6 of the additional notes and explanations to the audited consolidated financial statements for the year ended 31 December 2010, the Management Board of the holding company has stated that the financial statements of the Group entities included in the consolidated financial statements were prepared on the assumption that these entities will continue as a going concern for a period of at least twelve months subsequent to 31 December 2010 and that there are no circumstances that would indicate a threat to its continued activity, excluding the following entities:

- Nafto-Tour Sp. z o.o. w likwidacji;
- PORTY S.A. w likwidacji;
- „Energomontaż-Północ – Sochaczew” w upadłości.

II. DETAILED REPORT

1. Completeness and accuracy of consolidation documentation

During the audit no material irregularities were noted in the consolidation documentation which could have a material effect on the audited consolidated financial statements, and which were not subsequently adjusted. These would include matters related to the requirements applicable to the consolidation documentation (and in particular eliminations relating to consolidation adjustments).

2. Accounting policies for the valuation of assets and liabilities

The Group's accounting policies and rules for the presentation of data are detailed in note 13 of the additional notes and explanations to the Group's consolidated financial statements for the year ended 31 December 2010.

3. Structure of assets, liabilities and equity

The structure of the Group's assets and equity and liabilities is presented in the audited consolidated financial statements for the year ended 31 December 2010.

The data disclosed in the consolidated financial statements reconcile with the consolidation documentation.

3.1 Goodwill on consolidation and amortisation

The method of determining goodwill on consolidation, the method on determining impairment of goodwill, the impairment charged in the financial year and up to the balance sheet date were presented in note 17 and 23 of the additional notes and explanations to the consolidated financial statements.

3.2 Shareholders' funds including non-controlling interest

The amount of shareholders' funds is consistent with the amount stated in the consolidation documentation and appropriate legal documentation. Non-controlling interest amounted to 9,687 thousand zlotys as at 31 December 2010. It was correctly calculated and is consistent with the consolidation documentation.

Information on shareholders' funds has been presented in note 31 of the additional notes and explanations to the consolidated financial statements.

3.3 Financial year

The financial statements of all Group companies forming the basis for the preparation of the consolidated financial statements were prepared as at 31 December 2010 and include the financial data for the period from 1 January 2010 to 31 December 2010.

4. Consolidation adjustments

4.1 Elimination of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of consolidated entities.

All eliminations of inter-company balances (receivables and liabilities) and inter-company transactions (revenues and expenses) of the consolidated companies reconcile with the consolidation documentation.

4.2 Elimination of unrealised gains/losses of the consolidated companies, included in the value of assets, as well as relating to dividends

All eliminations of unrealised gains/losses of the consolidated companies, included in the value of assets, as well as relating to dividends reconcile with the consolidation documentation.

5. Disposal of all or part of shares in a subordinated entity

The effects of the sale of all the shares of Valmont Polska Sp. z o.o. were disclosed in the Group's consolidated financial statements in accordance with the appropriate legal documents and consolidation documentation.

6. Items which have an impact on the group's result for the year

Details of the items which have an impact on the Group's result for the year have been included in the audited consolidated financial statements for the year ended 31 December 2010.

7. The appropriateness of the departures from the consolidation methods and application of the equity accounting as defined in International Financial Reporting Standards as adopted by the EU

During the process of preparation of the consolidated financial statements there were no departures from the consolidation methods or application of the equity accounting

8. Additional Notes and Explanations to the Consolidated Financial Statements

The additional notes and explanations to the consolidated financial statements for the year ended 31 December 2010 were prepared, in all material respects, in accordance with International Financial Reporting Standards as adopted by the EU.

9. Directors' Report

We have read the 'Directors' Report for the period from 1 January 2010 to 31 December 2010 and the rules of preparation of annual statements' ('the Directors' Report') and concluded that the information derived from the attached consolidated financial statements reconciles with these financial statements. The information included in the Directors' Report corresponds with the relevant regulations of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and

conditions for recognition as equivalent the information required by laws of non-EU member states (Journal of Laws No. 33, item 259).

10. Conformity with Law and Regulations

We have obtained a letter of representations from the Management Board of the holding company confirming that no laws, regulations or provisions of the Group entities' Articles of Association were breached during the financial year.

11. Work of Experts

During our audit we have taken into account the results of the work of the following independent experts:

- An independent actuary in relation to the valuation of provisions for the costs of retirement benefits, jubilee bonuses and the Social Fund liabilities for former employees of the Parent Company and its subsidiaries;
- Independent appraisers for the purpose of real estate valuation for subsidiaries.

on behalf of
Ernst & Young Audit sp. z o.o.
Rondo ONZ 1, 00-124 Warsaw
Reg. No 130

Key Certified Auditor

Sebastian Łyczba
Certified Auditor
no. 9946

Warsaw, 28 April 2011