

## Polimex-Mostostal with a record high portfolio of orders following Q3 2010.

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Summary of Q3 2010.

Consolidated revenues from sale following three quarters of 2010 amounted to PLN 2,979 million (following Q3 2009 - PLN 3,083 million, i.e. a decrease by 3.4%).

Operating profit following three quarters of 2010 amounted to PLN 129 million (following Q3 2009 - PLN 191 million, i.e. a decrease by 32.6%).

The net income amounted to PLN 60 million (following Q3 2009 - PLN 106 million, i.e. a decrease by 43.3%).

Gross margin of profit on sales amounted to 10.1% (following Q3 2009 - 11.9%, i.e. a decrease by 1.8%).

Net margin of profit following three quarters of 2010 amounted to 2.0 % (following Q3 2009 - 3.4%, i.e. a decrease by 1.4%).

The portfolio of orders (contract signed) currently amounts to:

- PLN 9.0 billion (inclusive of consortium partners),
- PLN 7.0 billion (exclusive of consortium partners).

The results generated were adversely affected by the results generated by the Group companies which were significantly lower than planned (among others, results generated by Coifer Group and Energomontaż Północ or ZRE Cracow), which significantly reduced the consolidated result. Nevertheless, one ought to emphasise the results generated by Polimex-Mostostal S.A. - the parent company

which were better than last year.

Income from sales amounted to PLN 2,214 million and were 7.5% higher than in the first three quarters of 2009, while the net income amounted to PLN 82 million and increased by 35.1 % as compared to the analogical period of 2009.

This is particularly important in relation to the forthcoming official conclusion of the process of acquisition by Polimex-Mostostal of 7 subsidiary companies and indicates that the reorganisation launched within Polimex-Mostostal will positively affect the companies being acquired in 2011.

- Worth emphasising is the fact that the portfolio of orders of Polimex-Mostostal currently amounts to historically record high values. We have ensured, to a significant extent, realisation of the budgets in 2011 and 2012, adds President Jaskóła.

Recently concluded contracts.

Polimex-Mostostal has recently concluded numerous contracts, including contracts for the realisation of large investments, for instance:

- a contract worth PLN 2,196 million gross, concluded with the General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad), Branch Office in Rzeszów, for the construction of a section of the A-4 motorway along the section: Rzeszów (Rzeszów East junction) – Jarosław (Wierzbna junction),
- a contract worth PLN 788.1 million gross, concluded with the GDDKiA (Generalna Dyrekcja Dróg Krajowych i Autostrad, the General Directorate for National Roads and Motorways), for the construction of a section of the S69 expressway,
- a contract worth EUR 52 million net, concluded with Botlek Tank Terminal B.V., for the turnkey construction of a tank terminal of the capacity of 185.000 m<sup>3</sup> to store mineral oils, vegetable oils and liquid fuels at the port of Rotterdam,
- a contract worth PLN 157 million gross, concluded with the City of Gdansk, for the construction of the Solidarity Centre in Gdansk,

- a contract worth PLN 81.8 million gross, concluded with the Park Wodny (Aqua Park) in Ruda Śląska Sp. z o.o., for the development of a detailed design documentation and construction of the Aqua Park – Sports and Recreation Swimming Centre – in the Kłodnica River Valley, Ruda Śląska,
- a contract worth PLN 73 million gross, concluded with the Lublin University of Technology, for the construction of the Centre for Innovation and Advanced Technologies of the Lublin University of Technology,
- a contract worth PLN 60 million net, concluded with Alstom Power, for the installation of 21 thousand tons of steel structures at Mannheim Power Plant in Germany,
- a contract worth PLN 30.2 million gross, concluded with the Małopolska Agencja Rozwoju Regionalnego S.A., for the construction of a complex of production and service buildings with office and personnel facilities, inclusive of internal traffic roads extensions at the premises of the MARR Business Park in Cracow,
- a contract worth EUR 3.9 million net, concluded with Hitachi Power Europe GmbH, for the installation and welding of 1,000 MW boiler pressure pipelines at the KW Wilhelmshaven power plant in Germany,
- a contract worth PLN 51 million gross, concluded with the Municipality of Puławy, for the construction of the Puławy Science and Technology Park,
- a contract worth over PLN 54.1 million gross, concluded with the Gliwice City Council, for the construction of a football stadium in Gliwice,
- a contract worth PLN 54.3 million gross for the extension of the Raczyńskis Library building in Poznan with a new part integrated functionally and communicatively with the existing, historic building, inclusive of a purchase of permanent fixtures required to conduct library, information and scientific activity.

Reconstruction of the former Warszawa Hotel has also been commenced. The value of the works will amount to minimum PLN 90 million gross.

Future contracts.

In the recent weeks, Polimex-Mostostal has placed bids with best prices as well as bids which have been considered by the Ordering Parties to be the most advantageous ones, for instance:

- for the amount of over PLN 1,157 billion gross for the design and construction of

the A1 motorway section – the Tuszyn junction along section from km 295+850 (from Stryków I junction, exclusive of the junction) to km 335+937.65,

- for the amount of over PLN 1 billion gross, made by consortiums of companies featuring Torpol of the Polimex-Mostostal Group, in two tenders regarding reconstruction of sections of the E-65 Warsaw – Gdynia railway line,

- for the amount of over PLN 656.6 million gross, made by a consortium of companies featuring Torpol of the Polimex-Mostostal Group, in a tender regarding reconstruction of sections of the E-3 Cracow – Medyka – state boundary railway line,

- for PLN 51 million gross for the construction of the Puławy Science and Technology Park in Puławy.

The value of the bids considered the most advantageous or featuring the best price amounts to:

- PLN 1.8 billion (inclusive of consortium partners),
- PLN 0.7 billion (exclusive of consortium partners).

Following the awaited signature of the contracts, the value of the portfolio of orders will amount to:

- PLN 10.8 billion (inclusive of consortium partners),
- PLN 7.7 billion (exclusive of consortium partners).

Market perspectives.

Worth recognition among the activities conducted by the Group are the road and railway building engineering where some material contracts are being executed. In this sector, the Group has assured itself work for the years to come, and the revenues from the activity continue to increase successively.

At the moment, Polimex-Mostostal is concurrently executing, among other things, sections of the A1, A2 and A4 motorways, and the S69 expressway. The Company is also participating in pre-qualification procedures regarding large road and railway projects.

The Company continues to record a high and continually growing portfolio of orders in the area of industrial and general building, and an increasing number of orders from abroad. Realisation of the projects also requires deliveries and

installation of the steel products manufactured by the Company, inclusive of hot-dip zinc galvanised products.

- Following some kind of stagnation at the end of last year, the number of orders for steel structures and products is increasing. Greater demand also makes it possible to better utilise the capacities of our plant in Romania which was struggling with difficulties for several months. This is an important change of the trend as steel products have an approximately 20% share in our sales, informs President Jaskóła.

Power engineering is one of the most developing areas of economy. In this sector, Polimex-Mostostal has significant experience and a strong position of a general contractor. Polimex-Mostostal cooperates with renowned, most important world leaders in the power engineering sector, such as: Alstom Power, Tecnimont SpA, BWE, Siemens, Ansaldo, Austrian Energy, and Hitachi. The Company's portfolio features contracts with the largest Polish and foreign power engineering companies. Tenders for the construction of the largest domestic investment projects ought to be concluded in the 1st half of next year with respect to, among others, construction of power units at the Opole and the Koźienice Power Plants as well as at the Siekierki Heat and Power Generating Plant. Polimex-Mostostal has placed bids in all those tenders.

- As a general contractor, we are realising a 200 MW power unit at Bielsko-Biała Heat and Power Generating Plant. It is a construction important to us, and its budget amounts to PLN 500 million. In turn, Energomontaż Północ – a Group company – has won the tender for the construction of an exhaust gas desulphurisation system at Koźienice Power Plant worth PLN 132 million, says President Jaskóła.

Acquisitions.

- Wishing to be a leading general contractor of investments in the power engineering sector which – in our opinion – in approx. two years may even have the largest share in our sales, we have decided to purchase the Centralne Biuro Konstrukcji Kotłów, informs Jaskóła.

Centralne Biuro Konstrukcji Kotłów S.A. (Boiler Engineering Design Office ) of Tarnowskie Góry is an enterprise offering a wide range of services related to the execution of research, design, engineering and implementation works with respect to the production of boilers and equipment for the conventional, nuclear, industrial and heating power engineering. CBKK has extensive experience in the

execution of contracts both on the Polish market and abroad.

Acquisition of CBKK significantly increases the capacities of Polimex-Mostostal with respect to offering comprehensive solutions for the power engineering industry and reinforces Polimex-Mostostal's competitive position with respect to competing for significant orders on the market.

- The market of new power engineering-related investments in Poland is estimated to be worth several billion euros annually, from 2011 for at least 10 years. Having a design studio capable of designing a boiler meeting specific customer's needs and comprehensively developing the investment process significantly increases our chances of winning large orders regarding execution of investments in this prospective sector of the economy, explains Konrad Jaskóła.

- The demand for pro-ecological solutions is also growing. Among other things, the Group has provided several dozen boilers for incinerating plants to customers throughout Europe. It has been planned to execute numerous systems of this type in Poland, each worth several hundred million Polish zlotys. CBKK conducts research and development works focused on designing systems facilitating environmental protection, adds K. Jaskóła.

- The purchase of CBKK will also increase the technological facilities for the Fabryka Kotłów Sefako – a company of the Polimex-Mostostal Group. The acquired design office, CBKK, provides the possibility of offering our own products, which in turn will make it possible to have higher margins on sales, explains the President.

- Fabryka Kotłów Energetycznych Sefako of our Group, in cooperation with the studio purchased, will extend the activity in a manner enabling it to produce ever greater units of various outputs and fuelled with various fuels. We expect that eventually Sefako will become a company manufacturing power boilers based on both own and licensed technologies, adds Konrad Jaskóła.

Polimex-Mostostal is also the Polish leader with respect to rendering maintenance and repair services to the power and engineering sector.

The Company is developing the activity in the wind power engineering sector. Total value of the current contracts concluded by Polimex-Mostostal for the execution of wind farms has exceeded PLN 51 million net.

The Company intends to develop its activity as a general contractor in that

respect, that is to execute projects comprehensively.

Reorganisation.

The merger of Polimex-Mostostal and seven subsidiary companies will be registered at the turn of the year.

- At the moment, we are completing complicated and long-lasting official procedures, informs Konrad Jaskóła.

- Works on the incorporation into Polimex of seven subsidiary companies are slowly beginning to be completed. Works on the Information Memorandum have been concluded. The document was submitted to the Financial Supervision Commission (Komisja Nadzoru Finansowego, KNF) on 13 September this year. In accordance with the applicable regulations, the procedure to be conducted by the Financial Supervision Commission ought not to last more than two months. Following obtainment of a positive decision from the Commission, resolutions on the merger will be submitted to the National Court Registry (Krajowy Rejestr Sądowy, KRS). Registration by the Court of the merger in the National Court Registry means official acquisition of the companies by Polimex-Mostostal. The next steps to be taken include: issue of Polimex stock to stockholders and partners of the companies being acquired, registration of the stock with the National Depository for Securities and authorisation to list the stock on the Warsaw Stock Exchange by the end of this year. In this way, from the formal point of view, the merger process will be completed in January 2011.

Concurrently, there are being conducted works aimed at centralisation of such support services as accounting, ownership supervision, human resources management or controlling. The first stage of the works ought to be completed in December 2010, concludes the President.

As a result of reorganisation, the output capacity of Polimex-Mostostal and its ability to comprehensively realise even the largest investments will be significantly increased.

The share of the Company's own resources in the realisation of works and deliveries of significant importance to the realisation of entire orders will be extended.

Thanks to increasing the ability to freely relocate the resources between

individual business units, the Company will also become less susceptible to the negative impact of seasonality and cyclicity of the building market. Also, the costs incurred by the Company will be further optimised.

Polimex-Mostostal and its Management Board have been recognised.

In 2010, Polimex-Mostostal S.A has been recognised with:

1st and 3rd degree awards in the 'Construction of the Year 2009' contest held by the Polski Związek Inżynierów i Techników Budownictwa (PZITB, Polish Association of Construction Engineers and Technicians) for the realisation of the SOLPARK Education and Sports Complex in Kleszczów and of a new seat of the Instytut Podstawowych Problemów Techniki (Institute of Fundamental Technological Research) of the Polish Academy of Sciences in Warsaw, granted by the PZITB, the Main Construction Supervision Office and the Ministry of Infrastructure.

The title of the 'Change and Progress Creator' – for the President of the Management Board Konrad Jaskóła – in recognition of popularisation and propagation of democratic and free market standards, promotion of innovative solutions and propagation of the ideas of civil society in the years 1990-2010, granted by the Regional Chamber of Commerce in Katowice.

The title of the 'Employee-Friendly Company' – granted by the Związek Pracodawców Warszawy i Mazowsza (Association of Employers of Warsaw and the Mazovian Region) in the 1st edition of the contest held as part of the 'Adaptiveness Through Development of Local and Regional Instruments of Social Dialogue' project co-funded with the European Union resources under the European Social Fund.

1st place in the "Orły Polskiego Budownictwa" ('Eagles of the Polish Construction Industry') contest in the category of engineering / road / railway and power engineering infrastructure for Polimex-Mostostal S.A., awarded by the Chapter and Organisers of the Contest under the patronage of the Ministry of Infrastructure.

European Medal in the 21st edition of the contest for Polimex-Mostostal, awarded by the Business Centre Club and the European Economic and Social Committee for the product: road barriers systems.

The title of the Maecenas of Sport in Siedlce 2009 and Maecenas of Culture in Siedlce 2009 for Polimex-Mostostal granted by the Siedlce City Council.

The title of the Leader of Restructurisation – for the President of the Management Board, Konrad Jaskóła, awarded by the Stowarzyszenie Inżynierów i Techników Przemysłu Chemicznego (Association of Chemical Engineers and Technicians) for



the ability to formulate visions and for the professional realisation of them, and effective development of relations between science and industry.

The title of the Manager of the Year - for the President of the Management Board, Konrad Jaskóła, awarded by the 'Home & Market' economic magazine.

Award in the Forbes Diamonds 2010 Ranking in the category of companies of the level of revenues above PLN 250 million in the Mazowieckie Voivodeship.

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