Polimex-Mostostal positively ended Q4 of 2009.

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Polimex-Mostostal ended Q4 of 2009 with results which distinguish it in comparison with other entities from the sector. The Company increased its production capacity, started and has been successfully carrying out a wide-scale restructuring process and invested in the acquisition of some of Gdynia Shipyard assets.

Results achieved in Q4 of 2009 are satisfactory.

In Q4 of 2009:

sales revenues amounted to 1 540 790 thousand PLN and were by 26.5 % higher than the value of sales achieved in Q4 of 2008,
net profit reached 49 794 thousand PLN and was by 77.1 % higher than during the corresponding period in year 2008.
In comparison with 2008, consolidated sales revenues increased in 2009 by 12.8 % and amounted to 4 852 730 thousand PLN.

Cumulatively, after four quarters of 2009 operating profit amounted to 271 891 thousand PLN and was by 19.2 % higher than in the corresponding period of 2008, while net profit reached 155 727 thousand PLN which constitutes an increase by 29.6 %.

Net margin in 2009 r. was 3.21 % in contrast to 2.79 % in 2008.

Net debt at the end of 2009 was 320 216 thousand PLN and was lower than at the end of 2008 by 30.1 %.

At present, the order portfolio of the Group amounts to 7.4 billion PLN.

Restructuring

The Management Board of Polimex-Mostostal S.A. has been dynamically carrying out a complex restructuring process of the Group. Incorporation of the subsidiary companies operating in energy and chemistry sectors was deemed the most effective form of further development.

In accordance with the plans, the following companies are to be incorporated into Polimex-Mostostal:

Energomontaż-Północ S.A.
Naftobudowa S.A.
Naftoremont sp. z o.o.
ZRE Kraków sp. z o.o.
ZRE Lublin S.A.
EPE-Rybnik sp. z o.o.
ECeRemont sp. z o.o.
The following goals will be achieved as a result of the restructuring process:

strengthening competitive advantage in the sectors characterised by high development potential – first of all in the energy sector,
increasing Polimex-Mostostal S.A. profit through the consolidation of the overall result achieved by the subsidiary companies,
increasing the value of profit attributable to the shareholders and partners of the merging companies,
concentration of stock and development of new products enabling the realisation of large projects,
increasing the liquidity of assets held by the investors of subsidiary companies,
expanding the scope of services provided with the use of own forces,
increasing sales as a result of strengthened competitive advantage,
improving the effectiveness of the conducted activity by means of streamlined management,
cost reduction connected with the hitherto independent operation of the companies, at the level of general administration costs and financial costs.
The merger will be carried out through the transfer of all assets of the abovementioned companies to Polimex-Mostostal with a simultaneous increase in the business capital of Polimex-Mostostal by a new share issue which will be taken up by the shareholders of the acquired companies.
The Company is finishing its works on the information memorandum on the basis of which the shares are to be issued. The Company is intending to submit the document to the Financial Supervision Commission (KNF) in mid March 2010.

The Management Board is planning that the merger will have been registered by the end of June 2010, so that in the second half of 2010 Polimex-Mostostal will be able to fully consolidate the results of the incorporated companies.
At present, General Meetings are being held and during such meetings company stockholders approve of the plan of merger with Polimex-Mostostal. So far, the Meetings in 5 companies have been held. The others should end by 5th March 2010 when the second part of the General Meeting of Shareholders of Polimex-Mostostal that commenced on 26th February will be held. The General Meeting was temporarily adjourned following the motion of one of the Shareholders in order to obtain corporate consents to the verified resolutions.

Canvassing

Polimex-Mostostal increased export capacity of high margin steel production. On 26th November 2009 Energomontaż Północ – a Group Company for over 33 million PLN acquired a part of Gdynia Shipyard assets – the so called Complex no. 4, which among other things consists of a dry dock and access to the waterside. The area is equipped with overhead cranes and cranes. Polimex-Mostostal, which incorporates EnergomontaŜ Północ as a result of the restructuring process, will use the waterside and shipyard equipment to a large extent. Production of EnergomontaŜ Północ Gdynia will be transferred there from the area of the Naval Shipyard. Thanks to the realisation of the newly planned investments, it will increase production capacity of specialist structures, the so called off shore ones, such as oil rigs, large size structures of wind farms or elements of power units, including nuclear power units. The Group produces and supplies a wide range of technologically advanced large size steel structures for customers all over the world in the sectors of key importance for the economy: energy, chemistry, petrochemistry.

- Own port waterside adapted to the specific needs of the Group will significantly facilitate the process of preparing the structures and devices for shipment, shorten the time of delivery to a customer as well as the time needed for the assembly of elements on the spot at the consignee’s and will also lower the related costs. It constitutes a new quality which exquisitely facilitates final assembly at the consignee’s. Maximum prefabrication of devices and structures prior to their shipment to the ordering party is compliant with world trends. In this way the waterside is used by the companies of the Group, such as: Naftobudowa, Naftoremont, Sefako and also Polimex-Mostostal within the scope of export of large spherical structures, large size apparatus and other steel structures. Previously, the Group used rented port infrastructure for these purposes, which

led to some difficulties and involved higher costs – informs President of the Management Board Konrad Jaskóła.

Total value of the investment to be realised there amounts to several dozen thousand of PLN. The Group is considering various possibilities of partial cost reimbursement, including covering this activity by a special economic zone.

Organic development

A new Steel Product Plant in Siedlce launched production on 5th November 2009.

- Thanks to the new plant we have increased production capacity of high margin steel structures by 60%. We have become even more competitive in the production and service segments. I am sure that this investment will significantly benefit the Company – adds Konrad Jaskóła.

- Within the framework of this new investment Polimex-Mostostal S.A. launched state-of-the-art technological lines, created possibilities for the production of heavy steel structures, used efficient machines for the processing of materials and sub-assemblies and painting possibilities as well as implemented computer programmes which facilitate production management. Installation of a new galvanisation line is being completed. Project implementation also means further improvement of employee safety and work conditions as well as higher level of environmental protection. We have created a number of workplaces – informs President Jaskóła.

The new Plant produces all types of structures: for energy, metallurgy, petrochemistry, chemistry, exhaust gas treatment, combustion plant, mining, telecommunication, road construction (bridges, footpaths, flyovers), automobile industry as well as for public utility facilities (shopping centres, market halls, sports facilities, observation towers) and also production and warehouse premises, support structures for technological lines, pipelines and steel racks.

In Częstochowa Polimex-Mostostal launched a line for the road barrier production On 6th November 2009 within the premises of its own galvanisation plant in Częstochowa the Company launched a state-of-the-art line for the production of road barriers. As a result of this investment Polimex-Mostostal has become one of the largest road barrier suppliers in Poland. The production line is highly efficient and the production cycle is fully automated. Owing to the extensive production capacity Polimex-Mostostal is capable of satisfying within this scope the needs of most road investments carried out in Poland. In addition to design and production the Plant also offers assembly of road barriers and acoustic screens.

Recently concluded contracts

Recently Polimex-Mostostal has signed a number of contracts, including contracts for the realisation of large investments, such as:

A contract with the General Directorate of National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) branch in Kraków worth 779 million PLN gross for the construction of the section of A4 motorway from Szarów junction to Brzesko junction.
A contract worth nearly 500 million PLN with Południowy Koncern Energetyczny SA for the construction of a heating block with the electric power of approx. 51 MWe together with a heating unit with the heating power of approx. 106 MWe in the Power Station Bielsko-Biała.
A contract worth 80 million PLN with Zarząd Infrastruktury Komunalnej i Transportu in Kraków for the reconstruction of Surzyckiego - Christo Botewa streets and the construction of Śliwiaka street in Kraków.
A contract worth over 121 million PLN gross for the construction of the system for carrying dredged material from the shaft 2.1 in the Stefanów Field to the Mechanical Coal Processing Plant (Zakład Przeróbki Mechanicznej Węgla) in the Bogdanka Field in Lubelski Węgiel “Bogdanka” SA.
A contract with Agencja Rozwoju Miasta Siedlce Sp. z o.o. for the construction of a sports facility worth over 28.5 million PLN gross.
A contract with the company Hitachi Power Europe GmbH worth approx. 4.8 million euro gross for the assembly and welding of pressure pipelines for the boiler with the power of 1000 MW in the power plant KW Wilhelmshaven in Germany.
Prospective new contracts

Polish energy requires significant outlays for the development of new capacities and modernisation of the existing production capacity as well as transmission lines.

- Methods of financing projects in the energy sector are being agreed upon and tender processes are gathering momentum. Polimex-Mostostal is planning to participate in these investments to a large extent. Therefore we are building an organisation, with a strong position in Poland and this part of Europe, which will be a reliable partner for investors in the course of realisation under general contractorship of large investments for energy and heating sectors, including also those based on renewably sources – informs President Jaskóła.

- We have opened the Design Centre located in Gliwice, which was created on the basis of merging the companies Energotechnika and Biprokwas. In the Design Centre as well as in other design centres which belong to the Group several dozen of highly specialised engineers design also power installations – explains the President.

At present Polimex-Mostostal as a consortium leader and general contractor is taking part in a tender process for the construction of a block with the power of 480 MW in the Power Plant Siekierki. The Company has been qualified to the tender for the construction of two power boilers with the power of 900 MW each in the Power Plant Opole.

- We are also interested in operator activity in the energy sector. Hence our agreement with Polish Oil and Gas Company (Polskie Górnictwo Naftowe i Gazownictwo S.A.), Azoty Tarnów (Zakłady Azotowe w Tarnowie-Mościskach S.A.) and Tauron Polska Energia S.A. for the construction of a new power plant with the power of 200 MW within the premises of Azoty Tarnów which produces energy based on natural gas. We are at the stage of obtaining corporate consents for the establishment and incorporation of a special purpose vehicle. Economic and feasibility study for this undertaking shows its high effectiveness – outlays are expected to return themselves within 5-6 years. – informs the President.

- In the forthcoming months there are expected further tenders for the construction and modernisation of motorways, expressways and city ring roads as well as bigger contracts in the railway construction segment. Polimex-Mostostal intends to further participate in the realisation of these investments. – adds the President.

- Improved communication infrastructure and maintained competitiveness of the Polish economy will facilitate successive growth of foreign investments and increase in orders for the construction of industrial facilities or logistics basis. This in turn will result in a growing demand for steel products and galvanisation service of Polimex-Mostostal. – supplements President Jaskóła

In December 2009 Polimex-Mostostal sold a Warsaw real estate – former Prudential.
The real estate sale transaction was concluded on 31st December 2009 r. Simultaneously, Polimex-Mostostal signed with the purchaser an agreement for general contractorship of the construction work in this facility for the gross sum of over 90 million PLN with an option to extend the scope of work and increase the abovementioned sum following the working out of a detailed design

documentation. Construction work will commence in the spring 2010.

Polimex-Mostostal and its Management Board are appreciated
In 2009 and 2010 r. Polimex-Mostostal S.A. and the President of the Management Board have been awarded with:

The Title of “Restructuring Leader” – an individual award for the President of the Management Board Konrad Jaskóła granted by the Polish Association of Chemical Industry Engineers and Technicians for his ability to formulate visions and professionalism in their realisation and for building effective relations between science and industry,
The Title of the “Manager of the Year” – title for the President of the Management Board Konrad Jaskóła granted by the economic magazine Home & Market,
European Medal for Polimex-Mostostal granted by the Business Center Club and the European Economic and Social Committee for the product: Power Transformers,
Polish Quality Award for Polimex-Mostostal in the 15th edition of the competition organised by the Polish Chamber of Commerce, Polish Centre for Testing and Certification and Polish Forum ISO 9000,
Polish Quality Award “Perfect Leader” for Konrad Jaskóła, President of the Management Board, in the 3rd edition of the competition organised by the Polish Chamber of Commerce, Polish Centre for Testing and Certification and Polish Forum ISO 9000,
The Title of the “Leader of Polish Transformation” for Polimex-Mostostal in the ranking “20 years of Polish Transformation” (in the category: Infrastructure and Construction) organised by the monthly Forbes,
The Title of the Ambassador of Polish Economy in the category European Brand – title for Polimex-Mostostal S.A. in the competition organised by the Business Center Club under a honorary patronage of the Minister of Foreign Affairs of the Republic of Poland,
1st place in the WIG 20 group in the TOP TSR (Total Shareholder Return) 2004 - 2008 ranking of the monthly CEO Magazyn TOP Menedżerów (Chief Executive Officer Magazine), · 3rd place among the “100 Most Valuable Companies in Poland” in the year 2008 in the construction sector. Newsweek and A.T.Kearney’s ranking.
Title and statue of the “Diamond Engineer” for Konrad Jaskóła President of the Management Board in the jubilee 15th edition of the Plebiscite of the Readers of the engineering magazine Przegląd Techniczny,
Stanisław Pilat’s Medal for Konrad Jaskóła President of the Management Board for activity aimed at the development of petroleum industry in Poland and many years of creative cooperation with the Institute of Petroleum Processing granted

by the Chapter of the Medal in cooperation with the Director of the Oil and Gas Institute and the Scientific Council of the Oil and Gas Institute.

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