

## INTRODUCTION

**a) Business name and seat of the issuer, indicating a proper registry court and number in the register, main object of the issuer's activity according to Polish Classification of Activity.**

Business name: Przedsiębiorstwo Modernizacji Urządzeń Energetycznych REMAK S.A.,  
Seat: 45-955 Opole, ul. Zielonogórska 3,  
Registry Court: District Court in Opole, VIII Commercial Division of the National Court Register  
Date of registration in KRS: 21.06. 2001; KRS number: 21123

Main area of business activity according to Polish Classification of Activity 2004:

2830 B Installation, repair and maintenance of steam generators (except central heating hot water boilers).

2811B Manufacture of metal construction except services,

2811C Services related to installation of metal construction,

7430 Technical research and analyses.

7020 Rental of real property on own account,

Main area of business activity according to Polish Classification of Activity 2007:

3320Z Installation of industrial machinery, equipment and plant,

4221Z Works related to the construction of transmission pipelines and distribution networks,

2511Z Manufacture of metal structures and parts of structures,

7120B Technical research and analyses,

6820Z Renting and management of own or leased real property.

According to industry classification of WSE in Warsaw the company is classified for the electromechanical industry.

**2) Time of duration of the issuer's activity, if it is specified.**

The duration of the Company is unlimited.

**3) Specifying the periods for which the financial statement and the comparative financial data is presented.**

Financial statement presents the data for 2009, from 1 January 2009 to 31 December 2009 as well as comparable financial data for 2008 i.e. from 1 January 2008 to 31 December 2008. Detailed information related to leading to comparability is presented in Section 9.

**4) Information concerning the make-up of the issuer's Management Board and Supervisory Board.**

In 2009 the composition of the Management Board was not changed.

Currently the Management Board of the Company is composed as follows: President - Marek Brejwo, Vice-President - Aleksandra Kowalska, Vice-President - Adam Rogala and Vice-President - Zbigniew Cudek.

In 2009 the composition of the Supervisory Board of the Company was changed.

As of 20 October 2009 Mr. Jarosław Popiołek resigned from his function of Supervisory Board member. On 21 October 2009, pursuant to a resolution on Extraordinary General Meeting of Shareholders, Mr. Wiesław Wilczyński was appointed a member of the Supervisory Board.

Currently the Supervisory Board is composed as follows: Tadeusz Szymański, Miguel Vegas Solano, Barbara Gronkiewicz, Andrzej Sitkiewicz and Wiesław Wilczyński.

**e) Information whether the financial statement and comparable financial data include joint data.**

The financial statement for 2009 and comparable financial data for 2008 include joint data, i.e. individual statements of the issuer and of foreign branches, preparing their own individual financial statements.

**6) Pointing out whether the issuer is a dominant entity, a shareholder in a subsidiary entity or a significant investor and whether he prepares consolidated financial statements.**

The issuer is neither a dominant entity nor a significant investor in relation to the remaining entities, in which he possesses shares (stock) and does not prepare a consolidated financial statement. However, the issuer is covered by a consolidated financial statement of Mostostal Warszawa S.A. seated in Warsaw, which is a public company listed at WSE obliged to disclose consolidated financial statements.

**7) Information whether the financial statement was prepared after a merger of companies.**

In the reporting period no merger of companies was carried out, thus this is not a statement after merger.

**8) Information whether the financial statement was prepared at the assumption of continuation of the issuer's activity or whether there are circumstances pointing to the fact that further carrying out of activity is threatened.**

The financial statement was prepared with the assumption that the business activity of the Company will be continued.

There are no circumstances pointing to the threat towards the continuation of the Issuer's activity in the foreseeable future.

**9) Information whether the financial statements were subject to transformation in order to ensure the comparability of data.**

The financial statements for 2009 and 2008 were not subject to transformation in order to ensure the comparability of data. The above statements are fully comparable.

In 2009 the Company changed the presentation of the following positions:

- a) received advance payments for performing the services,
- b) provisions for the costs of the audit,
- b) provisions for the costs.

Advance payments received from contracting parties in 2008 were presented in “Short-term liabilities” and in 2009 they are presented under “Other short-term prepayments”.

Provisions for the costs of audit and provisions for the costs in 2008 were presented under “Other short-term provisions” and in 2009 they are included under “Other short-term prepayments”.

In order to lead the balance sheet for 2008 to comparability the Company has transformed it.

	thousand PLN
<b>Other short-term provisions 2008</b>	<b>2,975</b>
Adjustment by the provisions for the costs of the audit,	-74
Adjustment by the provisions for the costs,	-2,296
<b>Other short-term provisions 2008 after adjustment</b>	<b>605</b>
<b>Short-term liabilities 2008</b>	<b>23,679</b>
Adjustment by received advance payments for performing the services,	-443
<b>Other short-term liabilities 2008 after adjustment</b>	<b>23,236</b>
<b>Other short-term prepayments 2008</b>	<b>28,011</b>
Adjustment by the provisions for the costs of the audit,	74
Adjustment by the provisions for the costs,	2,296
Adjustment by received advance payments for performing the services,	443
<b>Other short-term prepayments 2008 after adjustment</b>	<b>30,824</b>

The above changes in presentation in the balance sheet for 2008 influenced the presentation of statement of cash flows for 2008 in the following items: change in the provisions, change in prepayments and change in liabilities. The change does not influence the net cash flow on operating activity for 2008.

**10) The information whether there were adjustments made resulting from the auditors' opinion.**

In the prepared financial statement and comparable data for the analogical period of the previous financial year **no adjustments were introduced** resulting from the reservations in the opinion of the entity entitled to review, as there were no reservations in the auditors' opinions concerning the statements for the current period and the previous financial year.

**11) Description of the adopted principles (policy) of accounting including the assessment method of assets and liabilities as well as income and costs, determining the financial result and the manner of drawing up the financial statement and the comparable data.**

The Company adopted the following accounting principles (policy):

**I. GENERAL PRINCIPLES**

A financial year of the Company corresponds to the calendar year. Remak S.A. as an issuer of securities prepares quarterly, mid-year and annual financial statements. A reporting period is a calendar year.

The accounting books are maintained using a computer technique pursuant to the Accounting Principles, at the Company's seat.

**II. VALUATION PRINCIPLES**

- **Intangible assets** are valued pursuant to the purchase prices decreased by depreciation and amortization write-offs and impairment losses, if any. Straight line depreciation method is applied, in equal instalments every month, starting from the first day of the month following the month in which the value was accepted for use, until the end of the month in which the sum of depreciation and amortization write-offs with their opening value or in which they were put to liquidation, sold or a deficit was determined. Intangible assets are assessed and the write-offs are made with application of the provisions of Art. 31 section 2 and Article 32 sections 1-4 and 6 of the Accounting Act.
- **Fixed assets** are assessed pursuant to the purchase prices decreased by depreciation and amortization write-offs and impairment losses, if any. Fixed assets are depreciated with use of straight line method starting from the first day of the month following the month in which the value was accepted for use, until the end of the month in which the sum of depreciation and amortization write-offs is levelled with their initial value or in which they were put to liquidation, sold or a deficit was determined. In determining the period and the depreciation rate provisions of Art. 32 of the Accounting Act are applied. In case of the right of perpetual usufruct reported in the books, the purchase price is deemed as the value of the right specified by a real estate appraiser. The right of perpetual usufruct of land is redeemed in the period of 20 years.
- **Fixed assets under construction** are appraised in the amount of the costs incurred for purchase or creating of fixed assets or intangible assets, which will be created in result of completion of the construction.

- **Long-term fixed assets** are appraised according to their purchase prices decreased by the impairment losses. In case of sale of shares, stock or other fixed assets included in long-term assets the “first in, first out” principle (FIFO) is applied.
- **Long-term prepayments** are the assets arising in relation to deferred income tax. The assets arising from the deferred income tax are determined in the amount stipulated to be deducted from income tax in future in relation to the existing negative temporary differences, with consideration to the prudence principle.
- **Inventories of fixed assets** are assessed pursuant to their purchase prices or their costs of manufacturing not higher than the selling price on the balance sheet date. The Company applies the principle of including the value of materials on their purchase day in costs. Determining the situation of these assets and their valuation and adjustment of costs by the value of materials not consumed takes place at the end of every quarter of the financial year. The valuation is carried out with application of the FIFO principle.
- **Short-term liabilities** are reported in the amount of the due sum with preservation of the prudence principle. The value of liabilities is updated with consideration to the degree of probability of their payment through revaluation write-offs. The liabilities in currencies are valued in accordance with Art. 30 of the Accounting Act.
- **Short-term investments:**
  - Short-term financial assets in form of shares, stock and other securities are valued according to their purchase price not higher than their market value on the balance sheet day. In case of sale of shares, stock or other securities meant for trading the “first in, first out” principle (FIFO) is applied.
  - Securing derivative financial instruments are entered in the accounting books on the contract date according to their purchase price. The valuation on the balance sheet day is made in the reliably assessed fair value.Net cash in PLN is reported in its nominal value, and in currency is converted pursuant to Art. 30 of the Act. Outgoing of foreign currency from foreign currency account is made pursuant to FIFO method.
- **Short-term prepayments** include the costs related to future reporting periods. The settlements are made with consideration to prudence and materiality principles. A crucial position are costs and liabilities not reported to the settlement related to incomplete services determined pursuant to the cost-ratio method.
- **Provisions for liabilities**
  - *provisions against deferred income tax* are created in the situation of occurring positive temporary differences, which in future will result in the increase of the basis for income tax. The provision is created in the amount of the income tax value required to be paid in future.
  - *reserves for fringe benefits* include the provision for costs of service anniversary awards and retirement bonuses. The provisions are created on the basis of actuarial valuation. The Company creates provisions against not used holiday leaves. The provision is determined on the basis of the actual number of days of not used holiday leaves in the financial year and the daily remuneration rate for a particular employee group increased by settlement of premiums for national insurance contributions. This provision is created for employees of management units and auxiliary departments as of the balance sheet day and for the employees hired on realized long-term contracts as for the termination date of the contract.
  - *other provisions for liabilities* includes the provisions created against the operating costs within accrued liabilities and provisions for operating loss for activities in the course.

- **Short-term liabilities** are valued in the amount due to be paid. Liabilities in foreign currency are valued in accordance with Article 30 of the Accounting Act.
- **Accrued liabilities and deferred income** are created in relation to determining costs and income from unfinished services using the cost-ratio method and the costs in the amount of probable liabilities falling in the current reporting period. The entity also created long-term prepayments in relation to the right of perpetual usufruct of land received without payment within previous years recorded in the books.
- **Income and costs of unfinished services** are valued proportionally to the degree of advancement of the service, provided such a degree can be reliably established. If reliable determination of the degree of advancement is not possible, the income is established in the amount of the costs incurred in a particular period, not higher than the costs covering of which is probable. At including the income in the account of the results for particular period the income acknowledged in previous periods is deducted. The costs of production related to specified income due to incomplete service have impact on the reporting period in which the income is included. The costs of production of the incomplete service include the costs incurred from the date of signing the contract until the balance sheet day. The costs incurred before concluding the contract should be included as assets only when it is probable they will be covered by the income in future. Projected losses related to performing a service covered by the contract, not included in the result from previous periods also influence financial result of the entity. In result of application of the service advancement method in order to determine the income and the costs of the reporting period, the entity creates accrued expenses and deferred income settlements.
- The profit and loss account is prepared in the multi-step variant
- The statement of cash flows is prepared using indirect method.

**12) Information on average exchange rate of PLN in the periods covered by the financial statement and comparable financial data, in relation to Euro, set by NBP.**

Reporting period	Average exchange rate in the period	Minimum exchange rate in the period	Maximum exchange rate in the period	Exchange rate as for the last day of the period
2009	4.3406	3.9170	4.8999	4.1082
2008	3.5321	3.2026	4.1848	4.1724

**13) Information on basic items of balance sheet, profit and loss account and the statement of cash flows converted into EURO, with indication of the principles adopted for the conversion.**

No.	Detailed list	2009 (EUR thousand)	2008 (EUR thousand)
<b>I.</b>	<b>BALANCE SHEET</b>		
1.	Fixed assets	5,310	4,507
2.	Current assets	19,982	17,595
	<b>TOTAL ASSETS</b>	<b>25,292</b>	<b>22,102</b>
3.	Equity capital	10,469	8,065
4.	Liabilities and provisions for liabilities	14,823	14,037
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>25,292</b>	<b>22,102</b>
<b>II.</b>	<b>PROFIT AND LOSS ACCOUNT</b>		
1.	Net income from sales of products, goods and materials.	59,511	48,415
2.	Costs of sold products, goods and materials.	53,087	44,934
3.	Profit (loss) on sales	6,424	3,481
4.	Overheads	3,233	2,906
5.	Profit (loss) on sales	3,191	575
6.	Other operating income	611	298
7.	Other operating costs	475	221
8.	Operating profit (loss)	3,327	652
9.	Result on financial activity	332	985
10.	Profit (loss) on economic activity	3,659	1,637
11.	Gross profit (loss)	3,659	1,637
12.	Income tax	916	304
13.	Net profit (loss)	2,743	1,333
<b>III.</b>	<b>STATEMENT OF CASH FLOWS</b>		
1.	Operating cash flow (net)	3,488	6,304
2.	Investment cash flows (net)	-1,242	-786
3.	Net financial transaction cash flows	-587	-5,086
4.	Total net cash flows	1,658	432

Particular **items of assets and equity and liabilities** were converted into EURO according to average exchange rate announced by NBP binding on the balance sheet day i.e. according to the rate of PLN **4.1082** as of 31.12.2009 and the rate of PLN **4.1724** as of 31.12.2008.

**Particular items of profit and loss account and statement of cash flows** were converted into EURO according to an average exchange rate of EUR announced by NBP, binding on the last day of each month in the reporting period, i.e. according to the rate of **4.3406** for 2009 and the rate of **3.5321** for 2008.

**14) Indication and explanation of differences in the value of revealed data and material differences of adopted accounting principles (policy) between the financial statement and the comparable data and the financial statement and comparable data prepared according to International Accounting Standard (IAS).**

The Company has not prepared and does not prepare financial statement in accordance with International Financial Reporting Standards - IFRS. Were financial statements prepared according to International Financial Reporting Standards IFRS, the main differences between the accounting principles adopted for the attached statement and IFRS with the assumption that the day of changing into IFRS is 01.01.2004 would concern in particular the following areas:

1. Tangible fixed assets.

In accordance with IFRS 1, as for the day of the first application of IFRS an entity may evaluate fixed assets to their fair value and acknowledge their fair value as the assumed cost for this date. The Company has established the cost of chosen tangible fixed assets by specifying the fair value of these assets as for 1 January 2004 i.e. the day of changing into IFRS.

The company revealed in its books for 2002 the right of perpetual usufruct of land received for free within previous years. The right of perpetual usufruct of land was included in the books in the value determined by a real property appraiser, increasing the value of tangible fixed assets and long-term prepayments. In the financial statement prepared pursuant to the Accounting Act, this right is depreciated towards depreciation costs with simultaneous approval of the remaining operating costs due to decreasing the balance of deferred income. In accordance with IFRS 1, the Company recognized a fair value of these assets also in the value following from the appraiser's valuation without adjusting the presentation of deferred income. In 2009 the Company changed the previously adopted way of calculating deferred income, which for IFRS purposes were moved to own capital within the effect of valuation of tangible fixed assets and intangible assets. Simultaneously, a provision for deferred income tax has been recognized corresponding to own capital. The comparable data in this note was also adjusted.

The below table presents the differences which would occur in result of applying the aforementioned adjustments.

Values in PLN thousand	Equity acc. to PAS	Equity acc. to IFRS	Adjustment of value
Adjustment as of 31.12.2009			
Tangible fixed assets.	18,903	39,019	20,116
Prepaid items	1,214	0	-1,214
Equity capital	0	16,294	16,294
Deferred tax liability	0	3,822	3,822
Adjustment as of 31.12.2008			
Tangible fixed assets.	15,895	36,474	20,579
Prepaid items	1,316	0	-1,316
Equity capital	0	16,669	16,669
Deferred tax liability	0	3,910	3,910

## 2. Long-term receivables and liabilities

In accordance with PAS as for the balance sheet date, receivables and liabilities due to deliveries of works and services with due date exceeding 12 months were reported in the amount required to be paid. In accordance with IAS 39 long-term deposits are assessed according to depreciated cost with application of effective percent rate. For the assessment of long-term liabilities and receivables as for 31 December 2009, the Company adopted the percent rate equal to WIBOR 1Y i.e. 4.53%. The result of the valuation of receivables and liabilities to the current value is presented in the below table:

	balance sheet value Acc. to PSR 31.12.2009	balance sheet value acc. to IFRS 31.12.2009	adjustment of value
Long-term receivables /PLN thousand /	6,527	5,692	(835)
Long-term liabilities /PLN thousand /	0	0	0

### List of results of revealed differences in the area of net profit and equity in PLN thousand\*

	31.12.2009	31.12.2008
<b>Net profit acc. to PAS</b>	<b>11,906</b>	<b>4,711</b>
Adjustment due to depreciation of tangible fixed assets	(376)	(390)
Long-term receivables discount	(104)	(557)
Long-term liabilities discount	(26)	(49)
<b>Net profit acc. to IFRS</b>	<b>11,400</b>	<b>3,714</b>
	<b>31.12.2009</b>	<b>31.12.2008</b>
<b>Equity acc. to PAS</b>	<b>43,008</b>	<b>33,649</b>
Valuation of tangible fixed assets	16,294	16,669
Long-term receivables discount	(676)	(572)
Long-term liabilities discount	0	26
<b>Equity acc. to IFRS</b>	<b>58,626</b>	<b>49,772</b>

\*given amounts of adjustments include the influence of the deferred tax

### 3. Differences in presentation

The presentation of some items of financial statements according to the Polish accounting principles and IFRS may be different. The differences in presentation will not have influence on equity capital and net result of the Company.

### 4. The scope of additional information.

The items of particular positions of the financial statement as well as the scope of additional information for the financial statement according to Polish Accounting Principles and IFRS may be significantly different.

The identification of differences and their valuation requires making assessments and assumptions which have impact on specified values. Despite the fact that adopted assumptions and estimates are based on the best knowledge of the Company, real values may be different than the projected ones. This note identifying main areas of differences between Polish accounting standards and IFRS was prepared on the basis of IFRS binding on 31.12.2009 and with the assumption that the day of moving to IFRS is 01 January 2004. Due to the fact that further standards are still being prepared and the current standards are subject to change there is a possibility that the standards according to which the Company will prepare its first financial statement according to IFRS will be different from the standards used for preparing this note. The assumption related to the date as to which the values of assets and liabilities were determined in the financial statement of the Company prepared in accordance with IFRS results from the possibility of the Management Board's using the exempt provided for in paragraph 24 IFRS 1, according to which the Company may adopt the values reported in the consolidated financial statement concordant with IFRS of the dominant entity on the basis of the transition date to applying IFRS of the dominant entity i.e. 01 January 2004. However, the Management Board of the company may change this decision in any situation and assume its own date of transition into IFRS.

In accordance with MSSF only complete financial statement including the balance sheet, profit and loss account, list of changes in equity, statement of cash flows with comparable data and explaining notes can provide a reliable assessment of financial situation, results of activities and cash flows in accordance with IFRS.

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