ERBUD S.A.

Current Report No. 8/2011
Date of Report: 2011-02-19

Topic:
Information on the preliminary estimates of financial results achieved by the Issuer's subsidiaries in the segment of road-engineering (PRD and Rembert Plus) and Ersteel Sp. z o. o.
Legal basis: Article 56 section 1 of the Act on Public Offering - confidential information

Content of report:

The Management Board of ERBUD S.A. (the Issuer) announces that yesterday it was notified by the subsidiaries operating in the segment of road-engineering (i.e. PRD S.A. and Rembet PLUS Sp. z o.o.; after the merger of entities, since 31.12.2010, renamed to PBDI S.A.) and Ersteel Sp. z o. o. operating in the steel industry on the preliminary estimates of financial results achieved by these entities in the IV quarter of 2010.

Based on information submitted, the Issuer's Board decided to publish a report concerning the evaluation of the effect of such information on the Erbud's Group financial performance in 2010.
Given the preliminary estimates of financial results of the above said entities for the period of the the fourth quarter of 2010, the Board of the Issuer expects that the road-engineering segment will have a negative impact on the Erbud's Group consolidated operating profit for IVQ 2010, at around of PLN 6 million, and cumulatively for the period of I-IVQ 2010 this segment will reduce the Group's consolidated operating profit by PLN 10.5 million. The worsening of the economic and financial position of both companies in the IV quarter of last year, is the result of significantly lower margin on road contracts than expected due to the downturn the road branch and poor weather conditions during spring and winter of 2010, when prices of materials and remuneration of subcontractors were rising.

On the basis of preliminary estimates of financial results for IVQ 2010 of Ersteel, a subsidiary operating in the steel industry, the Issuer's Board expects that the results of the steel structures segment will have a negative impact on the Erbud's Group consolidated operating profit for the fourth quarter of 2010 at about of PLN 3 million, and cumulatively for the period I-IV quarter 2010 this segment will reduce the Group's consolidated operating profit by PLN 5 million. The steel segment results are derived from a very difficult business outlook of this market segment.

This evaluation was formulated taking into account the current state of knowledge of the Issuer's Board based on the preliminary estimates of financial results of the above subsidiaries and refers to the possible future economic and financial data of the Erbud Group for 2010.