Translation from Polish

ERBUD S.A.

Condensed Financial Statements for I Q 2011

Financial Statements for the period of 3 months ended 31 March 2011

Balance Sheet

ASSETS

		31.03.2011	31.12.2010	31.03.2010
A.	**Fixed assets**	**176 897**	**179 890**	**156 309**
I.	**Intangible fixed assets**	**319**	**124**	**52**
1.	Development costs	0	0	0
2.	Goodwill	0	0	0
3.	Other intangibles	319	124	52
4.	Advances for intangibles	0	0	0
II.	**Tangible fixed assets**	**8 637**	**8 582**	**7 737**
1.	Fixed assets	8 637	8 582	7 737
a)	Land (incl. perpetual usufruct)	0	0	129
b)	Buildings, premises and civil and water engineering structures	3 606	3 631	4 046
c)	Plant and equipment	259	275	316
d)	Means of transport	4 326	4 312	2 926
e)	Other tangible fixed assets	446	364	320
2.	Fixed assets under construction	0	0	0
3.	Prepaid tangible fixed assets under construction	0	0	0
III.	**Short-term receivables**	**0**	**0**	**0**
1.	From associates	0	0	0
2.	From other entities	0	0	0
IV.	**Long-term investments**	**151 436**	**158 501**	**134 412**
1.	Real property	515	515	515
2.	Intangibles	0	0	0
3.	Non-current financial assets	150 921	157 986	133 897
a)	In associates, incl.:	150 207	157 272	133 164
	- shares or stocks	130 914	130 914	125 195
	- other securities	0	0	0
	- loans granted	19 293	26 358	7 969
	- other non-current financial assets	0	0	0
b)	In other entities, incl.:	714	714	733
	- shares or stocks	5	5	5
	- other securities	0	0	0
	- loans granted	0	0	0
	- other non-current financial assets	709	709	728
4.	Other long-term investments	0	0	0
V.	**Long-term prepayments**	**16 505**	**12 683**	**14 108**
1.	Deferred tax assets	16 505	12 683	14 108
2.	Other prepayments	0	0	0

		31.03.2011	31.12.2010	31.03.2009
B.	**Current assets**	**405 435**	**387 306**	**369 977**
I.	**Inventory**	**0**	**1 189**	**0**
1.	Materials	0	1 189	0
2.	Semi-products and unfinished products	0	0	0
3.	Finished products	0	0	0
4.	Goods	0	0	0
5.	Advances for deliveries	0	0	0
II.	**Short-term accounts receivable**	**286 845**	**194 423**	**209 373**
1.	From associates	12 269	10 674	10 561
a)	Deliveries and services, payable:	9 486	7 287	10 429
	- up to 12 months	9 486	7 287	10 429
	- over 12 months	0	0	0
b)	Other	2 783	3 387	132
2.	Receivables from other entities	274 576	183 749	198 812
a)	Deliveries and services, payable:	244 710	161 648	196 381
	- up to 12 months	242 013	159 123	194 697
	- over 12 months	2 697	2 525	1 684
b)	Tax, subsidies, duty, social security, health care and other benefits	7 256	4 695	1 904
c)	Other	22 610	17 406	527
d)	Receivables claimed at court	0	0	0
III.	**Short-term financial assets**	**49 588**	**129 827**	**116 210**
1.	Current securities and other financial assets	49 588	129 827	116 210
a)	In associates, incl.:	21 973	8 636	12 819
	- shares or stocks	0	0	0
	- other securities	0	0	0
	- loans granted	21 973	8 636	12 819
	- other current investments	0	0	0
b)	In other entities, incl.:	0	0	0
	- shares or stocks	0	0	0
	- other securities	0	0	0
	- loans granted	0	0	0
	- other current financial assets	0	0	0
c)	Cash and cash equivalents	27 615	121 191	103 391
	- cash at bank and in hand	15 193	104 566	83 595
	- other cash	12 422	16 625	19 796
	- other financial assets	0	0	0
2.	Other current financial investments	0	0	0
IV.	**Short-term prepayments**	**69 002**	**61 867**	**44 394**
	TOTAL ASSETS	**582 332**	**567 196**	**526 286**

LIABILITIES

		31.03.2011	31.12.2010	31.03.2010
A.	**Equity**	**240 333**	**251 973**	**233 364**
I.	**Share capital**	1 260	1 260	1 257
II.	**Called-up share capital not paid (negative value)**	0	0	0
III.	**Treasury shares (negative value)**	0	0	-1 994
IV.	**Capital reserves**	220 709	220 709	185 169
V.	**Revaluation capital reserve**	0	0	108
VI.	**Other capital reserves**	0	0	2 000
VII.	**Retained profit / accumulated loss brought forward**	30 004	0	38 970
VIII.	**Net profit (loss)**	-11 641	30 004	7 854
IX.	**Write-offs from net profit for the financial year (negative value)**	0	0	0
B.	**Liabilities and provisions for liabilities**	**341 999**	**315 223**	**292 922**
I.	**Provisions for liabilities**	**20 165**	**18 370**	**13 009**
1.	Deferred income tax provision	13 110	11 209	7 309
2.	Provision for retirement and related benefits	2 570	2 570	2 843
	- non-current	640	640	1 677
	- current	1 930	1 930	1 166
3.	Other provisions	4 484	4 591	2 857
	- non-current	0	0	0
	- current	4 484	4 591	2 857
II.	**Long-term liabilities**	**10 892**	**10 892**	**13 715**
1.	To associates	0	0	0
2.	To other entities	10 892	10 892	13 715
a)	Loans and borrowings	0	0	0
b)	Issuance of debt securities	0	0	0
c)	Other financial liabilities	1 691	1 691	980
d)	Other	9 201	9 201	12 735
III.	**Short-term liabilities**	**277 369**	**259 467**	**221 040**
1.	To associates	23 875	35 783	17 390
a)	Deliveries and services, with maturity:	23 875	35 747	17 390
	- up to 12 months	23 540	35 384	17 390
	- over 12 months	335	363	0
b)	Other	0	36	0
2.	To other entities	253 493	223 684	203 650
a)	Loans and borrowings	21 485	0	165
b)	Issuance of debt securities	0	0	0
c)	Other financial liabilities	1 459	1 459	9 643
d)	Deliveries and services, with maturity :	205 126	190 561	163 937
	- up to 12 months	198 441	183 408	158 891
	- over 12 months	6 685	7 153	5 046
e)	Advances for deliveries	18 345	19 277	10 016
f)	Bills	0	0	0
g)	Taxes, customs, social insurance and other benefits	2 039	6 645	10 519
h)	Payroll	1 380	2 145	1 714
i)	Other	3 659	3 597	7 656
3.	Special funds	0	0	0
IV.	**Accruals**	**33 574**	**26 494**	**45 158**
1.	Other accruals	33 574	26 494	45 158
	TOTAL LIABILITIES	**582 332**	**567 196**	**526 286**

Calculation of book value per share

	31.03.2011	31.12.2010	31.03.2010
Book value (in PLN '000)	240 333	251 973	233 364
Number of shares (in pieces)	12 602 711	12 602 711	12 571 025
Book value per share (in PLN)	19.07	19.99	18.56

PROFIT AND LOSS STATEMENT

	Quarter to 31.03.2011	Year to 31.12.2010	Quarter to 31.03.2010	Year to 31.12.2009
Income from sales of products, goods and materials, incl.:	**233 400**	**906 460**	**165 767**	**649 463**
- from associates	301	10 156	2 966	1 235
Net revenues on sales of products	233 396	906 094	165 767	649 316
Net revenues on sales of goods and materials	4	366	0	147
Cost of sold products, goods and materials, incl.:	**238 348**	**838 782**	**147 075**	**572 348**
- to associates	15 278	78 851	9 236	44 212
Cost of manufacturing products sold	238 348	838 782	147 075	572 298
Value of manufacturing goods and materials sold	0	0	0	50
Profit (loss) before taxes on sales	**-4 948**	**67 678**	**18 692**	**77 115**
Selling costs	0	0	0	0
General and administrative expenses	8 013	33 252	7 449	27 560
Profit (loss) on sales	**-12 961**	**34 426**	**11 243**	**49 555**
Other operating income	**80**	**3 846**	**62**	**917**
Gain on disposal of non-financial fixed assets	11	3	8	134
Subsidies	0	0	0	37
Other operating income	69	3 843	54	746
Other operating expenses	**35**	**2 920**	**9**	**3 480**
Loss on disposal of non-financial fixed assets	0	0	0	0
Revaluation of non-financial assets	0	0	0	0
Other operating expenses	35	2 920	9	3 480
Profit (loss) on operating activity	**-12 915**	**35 352**	**11 296**	**46 992**
Financial income	**399**	**5 630**	**414**	**7 536**
Dividends and other share in profit	0	2 000	0	4 515
- from associates	0	2 000	0	4 515
Interests	247	3 234	152	2 981
- from associates	0	1 414		
Gain on disposal of investments	0	263	262	0
Investment revaluation	0	0	0	37
Other	152	133	0	3
Financial expenses	**1 044**	**3 745**	**1 972**	**4 528**
Interests	241	426	492	583
- to associates	0	10		
Loss on disposal of investments	0	0	0	22
Investment revaluation	0	19	0	0
Other	803	3 300	1 480	3 923
Profit (loss) on economic activity	**-13 561**	**37 237**	**9 738**	**50 000**
Result on extraordinary items	**0**	**0**	**0**	**0**
Extraordinary gains	0	0	0	0
Extraordinary losses	0	0	0	0
Profit (loss) before taxes	**-13 561**	**37 237**	**9 738**	**50 000**

Income tax	-1 920	7 233	1 884	10 505
Other mandatory decrease of profit (increase of loss)	0	0	0	0
Net profit (loss)	**-11 641**	**30 004**	**7 854**	**39 495**
Weighted average number of ordinary shares/ Weighted average diluted number of shares (in pcs)	**12 602 711 / 12 679 988**	**12 579 532/ 12 657 881**	**12 571 025**	**12 571 025**
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)	**-0.92 / -0.92**	**2.39 / 2.37**	**0.62**	**3.14**

CASH FLOW STATEMENT

	Quarter to 31.03.2011	Year to 31.12.2010	Quarter to 31.03.2010	Year to 31.12.2009
Net profit (loss)	**-11 641**	**30 004**	**7 854**	**39 495**
Total adjustments	**-96 733**	**-4 994**	**-37 396**	**78 294**
Amortisation and depreciation	171	1 932	141	1 588
FX profit (loss)	-6	222	400	70
Interest and profit sharing (dividends)	0	-4 535	0	-6 280
(Profit (loss) on investment activities	0	514	262	-72
Change in provisions	1 795	7 716	2 355	375
Change in inventories	1 189	-886	303	1 061
Change in receivables	-92 422	5 153	-15 427	6 743
Change in short-term liabilities, excluding credits and loans	-3 583	34 301	-12 652	65 303
Change in prepayments and accruals	-3 878	-47 490	-12 778	8 261
Other adjustments	0	79	0	1 245
- due to currency options	0	0	0	1 322
Net cash flows from operating activities	**-108 374**	**25 010**	**-29 542**	**117 789**
Cash flows from investment activities				
Inflows	**259**	**8 204**	**699**	**10 244**
Disposal of intangible and tangible fixed assets	24	44	12	18
Disposal of investments in real property and intangible assets	0	0	0	122
From financial assets, incl.:	235	8 160	688	10 104
a) In associates	0	6 457	417	7 703
- Disposal of financial assets	0	300	300	71
- Dividends and profit sharing	0	2 000	0	0
- Repayment of granted long-term loans	0	4 157	0	0
- Other inflows from financial assets	0	0	117	7 632
b) In other entities	235	1 703	271	2 401
- Disposal of financial assets	0	0	0	0
- Dividends and profit sharing	0	0	0	0
- Repayment of granted long-term loans	0	0	152	0
- Interest	235	1 703	119	2 401
- Other inflows from financial assets	0	0	0	2 401
Other inflows from investment activities	0	0	0	0
Outflows	**6 800**	**50 613**	**10 775**	**52 529**
Purchase of intangible assets and tangible fixed assets	527	668	0	437
Investments in real property and intangible assets	0	0	0	0
Due to financial assets, incl.:	6 272	34 869	4 539	23 718
a) In associates	6 272	34 869	4 539	23 718
- Purchase of financial assets	0	7 625	0	1 491
- Loans granted	6 272	27 244	4 539	22 227
b) In other entities	0	0	0	0
- Purchase of financial assets	0	0	0	0
- Loans granted	0	0	0	0
Other outflows from investment activities	0	15 076	6 236	28 374
- due to currency options	0	15 076	6 236	28 374
Net cash flows from investment activities	**-6 541**	**-42 409**	**-10 076**	**-42 285**

	Quarter to 31.03.2011	Year to 31.12.2010	Quarter to 31.03.2010	Year to 31.12.2009
Cash flow from financing activities				
Inflows	**21 485**	**3 098**	**165**	**767**
Net proceeds from issue of shares and other equity instruments, and additional contributions to equity	0	348	0	0
Loans and borrowings	21 485	272	165	0
Issuance of debt securities	0	0	0	0
Other financing inflow	0	2 478	0	767
Outflows	**146**	**8 055**	**703**	**3 448**
Acquisition of treasury shares	0	0	0	1 994
Dividends and other distributions to shareholders	0	6 266	0	0
Expenses due to profit sharing other than payments to shareholders	0	0	0	0
Repayment of loans and borrowings	0	0	0	125
Redemption of debt securities	0	0	0	0
Other financial liabilities	0	0	0	0
Finance lease liabilities	0	1 475	500	1 004
Interest	146	314	203	325
Other financing outflows	0	0	0	0
Net cash flow from financing activities	**21 339**	**-4 957**	**-538**	**-2 681**
Total net cash flow	**-93 576**	**-22 356**	**-40 156**	**72 823**
Balance-sheet change in cash, incl.:	**-93 576**	**-22 356**	**-40 156**	**72 823**
- Change in cash due to exchange rate differences				
Cash at the beginning of the period	**121 191**	**143 547**	**143 547**	**70 724**
Cash at the end of the period, incl.:	**27 615**	**121 191**	**103 391**	**143 547**
- Restricted cash	12 422	16 625	19 976	24 734

STATEMENT OF MOVEMENTS IN EQUITY

	Quarter to 31.03.2011	Year to 31.12.2010	Quarter to 31.03.2010	Year to 31.12.2009
I. Equity opening balance	**251 973**	**225 494**	**187 215**	**225 494**
– Changes to accepted accounting principles (policy)	0	0	0	0
– Adjustments of basic errors	0	0	0	0
I.a. Equity opening balance after adjustment	**251 973**	**225 494**	**187 215**	**225 494**
1. Share capital at the beginning of the period	**1 260**	**1 257**	**1 257**	**1 257**
1.1. Changes to share capital	**0**	**3**	**0**	**0**
a) Increases from	0	3	0	0
– issue of shares of Series E	0	3	0	0
– issue of shares of Series D	0	0	0	0
b) Decreases from	0	0	0	0
– redemption of shares	0	0	0	0
1.2. Share capital at the end of the period	**0**	0	0	**0**
2. Called-up share capital at the beginning of the period	**1 260**	**1 260**	**1 257**	**1 257**
2.1. Changes in due payments for share capital	0	**0**	**0**	0
a) Increases	0	0	0	0
b) Decreases	0	0	0	0
2.2. Called-up share capital at the end of the period	**0**	0	0	**0**
3. Own shares at the beginning of the period	**0**	**1 994**	**0**	**1 994**
a) Increases	0	0	1 994	0
b) Decreases	0	1 994	0	0
3.1. Own shares at the end of the period	**0**	**0**	**1 994**	**1 994**
4. Capital reserves at the beginning of the period	**220 709**	**185 169**	**183 936**	**185 169**
4.1. Changes in capital reserves	0	35 540	1 233	0
a) Increases from	0	35 540	1 233	0
– transfer of the capital reserves	0	2 000	0	0
– profit distribution	0	32 704	466	0
– cost adjustment due to issuance (income tax)	0	0	767	0
– redemption of own shares	0	485	0	0
– issue of Series E shares above face value	0	345	0	0
– payment for Series C shares	0	6	0	0
b) Decreases from	0	0	0	0
– distribution to shareholders	0	0	0	0
– presentation adjustment	0	0	0	0
– redemption of shares	0	0	0	0
4.2. Capital reserves at the end of the period	**220 709**	**220 709**	**185 169**	**185 169**
5. Revaluation reserve at the beginning of the period	**0**	**92**	**80**	**92**
5.1.Changes in revaluation reserve	0	92	12	16
a) Increases from	0	0	12	25
– revaluation of financial assets	0	0	0	0
– conversion of the balance of German Branch from EUR to PLN	0	0	12	25
b) Decreases from	0	92	0	9
– conversion of the balance of German Branch from EUR to PLN	0	92	0	9
5.2. Revaluation reserve at the end of the period	**0**	**0**	**92**	**108**
6. Other capital reserves at the beginning of the period	**0**	**2 000**	**0**	**2 000**
6.1. Changes in other capital reserves	0	2 000	2 000	0
a) Increases from	0	0	2 000	0
- reserves for Staff Incentive Scheme	0	0	2 000	0
b) Decreases - transfer to the capital reserves	0	2 000	0	0
6.2. Other capital reserves at the end of the period	**0**	**0**	**2 000**	**2 000**

	Quarter to 31.03.2011	Year to 31.12.2010	Quarter to 31.03.2010	Year to 31.12.2009
7. Retained profit (loss) at the beginning of the period	**0**	**-525**	**-525**	**-525**
7.1. Retained profit at the beginning of the period	0	0	0	0
– adjustments of basic errors	0	0	0	0
7.2 Retained profit at the beginning of the period after adjustment	0	0	0	0
a) Increase due to profit	30 004	39 495	0	39 495
– undistributed profit carried forward	30 004	39 495	0	39 495
– FX differences from conversion of German Branch	0	0	0	0
b) Decreases from	0	39 495	0	0
– profit distribution allocated to capital reserves	0	32 704	0	0
– profit distribution allocated to dividends	0	6 266	0	0
– profit distribution allocated to cover losses from previous FY	0	525		
7.3. Retained profit at the end of the period	**30 004**	**0**	**0**	**39 495**
7.4. Retained loss at the beginning of the period	**0**	**525**	**525**	**525**
– adjustments of basic errors	0	0	0	0
7.5. Retained loss at the beginning of the period after adjustment	0	525	525	525
a) Increases	0	0	0	0
– presentation adjustment	0	0	0	0
b) Decreases	0	525	0	0
7.6. Retained loss at the end of the period	**0**	**0**	**525**	**525**
7.7 Retained profit (loss) at the end of the period	**0**	**0**	**-525**	**38 970**
8. Net result	**-11 641**	**30 004**	**39 495**	**7 854**
a) Net profit	0	30 004	39 495	7 854
b) Net loss	11 641	0	0	0
c) Write-downs from profit	0	0	0	0
II. Equity closing balance	**240 333**	**251 973**	**225 494**	**233 364**
III. Equity after proposed distribution of profits (loss coverage)	**240 333**	**251 973**	**225 494**	**233 364**

1. Policy adopted to prepare the report

1.1. Accounting principles applied

The Financial Statements of ERBUD SA for the first quarter of 2011 and comparable data has been drawn up in accordance with accounting principles prevailing in Poland, described in the introduction to the Company's Financial Statements.

1.2. The rules adopted for the conversion of selected financial data into euro

Selected financial data were converted to euro according to the following principles:

- Items of assets and liabilities - at the average exchange rate prevailing as at 31 March 2011, i.e. 4.0119 PLN/EUR;
- Items of profit or loss and cash flow statement for the IQ 2011 - at the rate calculated as as an arithmetic mean of average rates published by the National Bank of Poland on the last day of each month period from 1 January to 31 March 2011, i.e. 3.9742 PLN/EUR;
- Assets and liabilities items of comparable financial data for the IQ 2010 - at the average exchange rate prevailing as at 31 March 2010, i.e.3.8622 PLN/EUR;
- Items of profit or loss and cash flow statement for the IQ 2011 - at the rate calculated as as an arithmetic mean of average rates published by the National Bank of Poland on the last day of each month period from 1 January to 31 March 2010, i.e. 3.9669 PLN/EUR.

KEY ITEMS CONVERTED INTO EURO

	31 March 2011		31 March 2010	
	PLN	EUR	PLN	EUR
Fixed assets	176 897	44 093	156 309	40 471
Current assets	405 435	101 058	369 977	95 794
Equity	240 333	59 905	233 364	60 422
Liabilities and provisions for liabilities	341 999	85 246	292 922	75 843

	Period of 3 months ended 31.03.2011		Period of 3 months ended 31.03.2010	
	PLN	EUR	PLN	EUR
Revenues from sales of products, services, goods and materials	233 400	58 729	165 767	41 787
Cost of products, services, goods and materials sold	238 348	59 974	147 075	37 075
Profit on sales before tax	-4 948	-1 245	18 692	4 712
Profit on operating activities	-12 915	-3 249	11 296	2 847
Gross profit (loss)	-13 561	-3 412	9 738	2 455
Net profit (loss)	-11 641	-2 929	7 854	1 980

	Period of 3 months ended 31.03.2011		Period of 3 months ended 31.03.2010	
	PLN	EUR	PLN	EUR
Cash flows from operating activities	-108 374	-27 269	-29 542	-7 447
Cash flows from investment activities	-6 541	-1 646	-10 076	-2 540
Cash flows from financial activities	21 339	5 369	-538	-136
Net cash flows	-93 576	-23 546	-40 156	-10 123
Cash opening balance	121 191	30 601	143 547	
Cash closing balance	27 615	6 883	103 391	26 770

2. Description of factors and events, which had a significant impact on financial results achieved by ERBUD SA.

Construction contracts

In accordance with accepted accounting principles for valuation of the long-term building services, the Company applied a percentage method. Revenues, costs and profit were shown in proportion to the stage of works. To qualify the progress of works, it was used a method of proportional contract costs incurred for work performed to date in relation to the estimated cost of the contract.

CONSTRUCTION CONTRACTS	31.03.2011	31.12.2010	31.03.2010
Revenue surplus over partial invoices, by staging	53 020	34 250	17 184
Costs surplus over expenses arising from the accounting costs, by staging	32 678	17 316	19 179
Surplus on partial invoices over incomes, by staging	896	9 178	25 979
Surplus on costs resulting from the accounting costs over expenses, by staging	15 982	27 617	21 133
Total amounts presented in deferred expenditures	69 002	61 867	38 317
Total amounts presented in deferred revenues	33 574	26 494	45 158

Reserves and assets due to deferred income tax

In the first quarter of 2011, assets due to deferred income tax rose by PLN 3,822 thousand (an increase of PLN 800 thousand in comparison to the level reported as at 31 March 2010), while reserve for deferred income tax rose by PLN 1,795 thousand (a growth of PLN 2,684 thousand in comparison to the level reported as at 31 March 2010).

Impairment allowances for receivables

Change in write-downs on short-term receivables

	31.03.2011	31.12.2010	31.03.2010
At the beginning of the period	2 908	4 100	4 100
a) Increase (due to)	0	175	0
- creation of write-offs	0	175	0
b) Decrease (due to)	0	1 367	0
- impairment loss	0	1 367	0
- use of write-offs	0	0	0
Write-downs on short-term debts at the end of the period	**2 908**	**2 908**	**4 100**

Impairment allowances for assets

There were neither write-downs nor reversals of impairment on other assets.

Asset-backed securities

Possessory lien on assets of substantial value i.e. on 5,059 shares in the company Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A seated in Toruń.

1) Inventory value of the above shares in the books of the Issuer:

Name and legal form of the subsidiary	Seat	Core business	Type of the relationship (subsidiary, interdependent, associate, detailing the direct and indirect relationships)	Method of consolidation / equity method or indication that the unit is not subject to consolidation / to valuation by equity method	Value adjustment (total)	Carrying amount of shares /stocks	Equity stake held	Voting power at the GM
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A	Toruń	road engineering	subsidiary	full method	0	49 554	94,27%	94,27%

2) Relationship type between Erbud SA and persons managing or supervising Erbud SA and the pledgee (the Seller):

None

3) Percentage of the pledged shares in the nominal capital of PRD and the value at par of shares and their character as long-term or current capital investment of Erbud:

Pledged shares represent 29% of the nominal capital of PRD S.A. The Issuer considers the investment in PRD shares as a long-term one.

The Agreement on guarantee and credit line with PKO BP SA provides for to secure the limit by capped mortgage to the amount of PLN 65,000 thousand for the property, which are undeveloped parcels No. 275/3, 288/10 and 288/17 entered into the land register managed by business District Court in Torun under No. TO1T00003133/2 and transfer of receivables due to construction work amounting to PLN 157,444 thousand net. The agreement was concluded for the period from 30 June 2009 to 29 June 2012.

Contingent liabilities arising from guarantees given by banks are also secured by transfers of receivables from customers for construction works, in blanco promissory notes and freezing of term deposits

Legal claims

On 22 December 2010, Erbud SA brought to the Regional Court in Warsaw, XVI Commercial Division an action for payment against Bank Millennium S.A.
Value of the dispute: PLN 71,065,496.
The respondent: Bank Millennium S.A. in Warsaw.

In 2008, the Bank Millennium S.A. advised the Issuer (Erbud S.A.) concluding a transaction on currency options to protect euro-denominated contracts executed by the Issuer against an exchange rate risk. The Bank's offer resulted from the Issuer's need to adequate secure its situation.
The product was presented by the Bank as an instrument optimally adapted to the requirements of Erbud S.A. In the fourth quarter of 2008, as a result of the drastic depreciation of the Polish zloty against euro, the Bank Millennium S.A. reported to the Issuer a negative valuation of its exposure. At the same time, there arose a dispute as to content of the currency options transactions, primarily concerning exclusion of optional structures.
During many talks, the Issuer presented its position to the Bank, which required execution of the transaction, including action for compulsory execution of claims. In order to reduce the amount of potential loss, the disputed transactions were restructured, and the Bank has been informed about future legal action to compensate damage resulting from the transactions of currency options.

The restructuring details were announced by the Issuer in the Current Report No. 43/2008 of 21.11.2008, and in the financial statements for the year 2008. The Issuer has never agreed with the position of the Bank Millennium S.A. and therefore call the Bank twice to pay the amount of PLN 71,065,496, which consists of amounts collected by the Bank from the Issuer's bank account, lost benefits and legal and financial advisors' fees. Accordingly, the Issuer has decided to enter a lawsuit for payment in order to compensate the damage suffered.

Signature of person preparing the Financial Statement

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

Warsaw, 28 April 2011