ERBUD CAPITAL GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY TO 30 JUNE 2011

PREPARED PURSUANT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the 6-month period ended 30 June 2011 (in thousands of PLN)

	Note	6- month period ended 30.06.2011	6- month period ended 30.06.2010
CONTINUING OPERATIONS	**6**		
Revenues from sales of products and services and of goods and materials		684 487	524 177
Cost of sold products and services and of goods and materials		690 081	470 265
Profit (loss) from sales		-5 594	53 912
Cost of sales		1 616	1 070
General and administrative costs		22 776	25 090
Other operating income		4 029	2 276
Other operating expenses		1 809	2 467
Profit (loss) on operating activities		-27 766	27 561
Other gains (losses) on investments		0	263
Financial income		3 249	1 631
Financial expenses		7 737	4 436
Net gain (loss) on share in subordinates valued using equity method		0	0
Profit (loss) on continuing operations		-32 254	-25 019
Income tax	**15**	-3 666	5 767
Net Profit (loss) on continuing operations		-28 588	19 252
Net Profit (loss) on discontinued operations		0	0
Net profit (loss) for the financial period attributable to:			
- Shareholders of the parent company		-28 668	19 115
- Minority shareholders		80	137
Weighted average number of ordinary shares / Diluted weighted average number of ordinary shares (in units)		12 602 711/ 12 680 526	12 571 025/ 12 575 895
Earnings (loss) per share (in PLN) / Diluted earnings (loss) per share (in PLN) on continuing operations		-2.27 / -2.25	1.52 / 1.52

Consolidated net profit	**-28 588**	**19 252**
Foreign exchange differences from translation of foreign branches and entities	74	75
Deferred income tax due to items of other total incomes	0	0
Other total net incomes	**74**	**75**
Total revenue	**-28 514**	**19 327**
attributable to:		
Shareholders of the parent company	-28 435	19 211
Minority shareholders	-79	116

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, 30 August 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2011 (in thousands of PLN)

	Note	30.06.2011	31.12.2010	30.06.2010
ASSETS		**780 803**	**623 886**	**648 721**
Fixed assets		**119 558**	**112 611**	**86 808**
Intangibles	**7.1**	32 944	33 343	35 626
Real estate investments		5 770	5 776	6 609
Goodwill		20 102	20 102	20 102
Tangible fixed assets	**7.2**	531	406	439
Financial assets available for sale		0	0	0
Other non-current financial assets	**11**	28 148	29 481	1 651
Non-current receivables	**9**	30	130	127
Long-term prepayments		0	11	19
Deferred tax assets		32 033	23 362	22 235
Current assets		**661 245**	**511 275**	**561 913**
Inventory	**8**	113 936	95 872	104 248
Delivery, services and other receivables	**9**	386 994	173 898	252 305
Income tax receivables	**9**	6 270	5 179	3 731
Financial assets		3 936	5 030	8 399
Cash and cash equivalents	**10**	60 698	147 229	109 633
Construction contracts		55 402	51 505	48 800
Short-term prepayments and accruals		515	546	2 023
Building securities		33 494	32 016	32 774
LIABILITIES		**780 803**	**623 886**	**648 721**
Equity attributable to shareholders of the parent company		**210 674**	**239 199**	**250 777**
Share capital		1 260	1 260	1 257
Exchange rate differences on translation of foreign entiti		164	0	260
Treasure shares		0	0	(1 571)
Supplementary capital		239 640	209 558	214 547
Capital reserves		0	0	0
Undistributed profits		-30 390	28 381	36 284
Minority interests		**9 302**	**9 381**	**3 285**
Total shareholders' equity		**219 976**	**248 580**	**254 062**
Long-term liabilities		**61 161**	**53 904**	**70 117**
Bank loans and borrowings	**12**	18 988	14 822	26 522
Other financial liabilities		5 547	5 744	6 271
Provision for retirement and similar benefits	**13**	2 162	1 358	2 381
Other provisions	**13**	1 118	1 074	1 714
Other liabilities		8 544	8 491	11 751
Deferred tax provision		24 802	22 415	21 478
Short-term liabilities		**499 666**	**321 402**	**324 542**
Credits and loans	**12**	63 777	24 146	5 422
Derivative financial instruments		0	56	2 515
Trade and other liabilities	**14**	303 134	191 454	221 478
Current tax liabilities	**15**	1 380	2 393	1 679
Provision for retirement and similar benefits	**13**	3 879	3 109	2 914
Provisions	**13**	13 058	7 776	4 640
Building securities		72 311	68 108	52 748
Liabilities due to fixed assets classified as held for sale		0	0	0
Construction contracts		14 618	7 745	22 132
Other accruals		27 509	13 147	11 014
Other liabilities		0	3 468	0

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, 30 August 2011

CONSOLIDATED STATEMENT OF CASH FLOW
for the 6-month period ended 30 June 2011 (in thousands of PLN)

	Note	6- month period ended 30.06.2011	6- month period ended 30.06.2010
Cash flow from operating activities			
Net profit (loss)		-28 588	19 252
Total adjustments:		-92 888	-59 224
Depreciation and amortization		3 884	3 941
Gains / losses from exchange rate differences		-28	366
Interest and share in profit (dividends)		239	495
Profit / loss on investment activities		3 233	1 419
Change in provisions		9 288	4 459
Change in inventory	**10**	-17 325	-4 747
Change in receivables	**10**	-216 320	-68 857
Change in short-term liabilities, excluding loans and borrowings	**10**	117 073	34 746
Change in prepayments and accruals		8 708	-33 432
Other adjustments		-1 640	2 386
Net cash used in operating activities		-121 476	- 39 972
Cash flow from investment activities			
Inflows		3 908	5 012
Disposal of intangible and tangible fixed assets		528	3 939
Disposal of investments in real property		0	0
Disposal of financial assets		445	300
Repayment of loans		14	7
Dividends and interest received		871	766
Other		2 050	0
Outflows		6 751	22 942
Acquisition of intangible and tangible fixed assets		1 971	2 780
Investments in real property		0	0
Acquisition of financial assets		0	7 605
Loans granted		0	0
Net cash acquired with subsidiary		0	0
Other		4 780	12 557
Net cash flow from investment activities		-2 843	-17 930
Cash flow from financial activities			
Inflows		62 716	11 206
Net inflows from issuance of shares and other capital instruments and from capital contributions		0	221
Credits and loans		62 702	10 692
Other		14	293
Outflows		25 068	16 338
Repayment of credits and loans		20 596	12 684

Redemption of debt securities	0	0
Due to other financial liabilities	4	0
Payment of liabilities arising from financial leases	2 092	1 694
Interest paid	1 835	1 714
Other	541	246
Net cash flow from financial activities	37 648	-5 132
Total net cash flow	-86 671	-63 034
Balance sheet change in cash, including:	-86 531	-62 914
- change in cash due to exchange differences	140	120
Cash opening balance	147 229	172 547
Closing balance of cash, including:	60 698	109 633
- restricted cash	20 454	24 672

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Dariusz Grzeszczak
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Warsaw, 30 August 2011

CONSOLIDATED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' EQUITY

attributable to shareholders of the Parent Company for the 6-month period ended 30 June 2011 (in thousands of PLN)

	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Undistributed profit (loss)		Total	Non-controlling interests	Total shareholders' equity
					Retained profit / accumulated loss brought forward	Net earnings / net loss			
As at 1 January 2011	**1 260**	**0**	**209 558**	**0**	**28 381**	**0**	**239 199**	**9 381**	**248 580**
Profit/loss for the period	0	0	0	0	0	-28 668	**-28 668**	80	**-28 668**
Other total incomes	0	0	0	164	69	0	**233**	-159	**74**
Total revenue	**0**	**0**	**0**	**164**	**69**	**-28 668**	**-28 435**	**-79**	**-28 514**
Dividend to shareholders of GWI subsidiary	0	0	0	0	-168	0	**-168**	0	**-168**
Initial capital increase under the authorised capital	0	0	0	0	0	0	**0**	0	**0**
Payment in form of shares	0	0	78	0	0	0	**78**	0	**78**
Shares awarded	0	0	0	0	0	0	**0**	0	**0**
Acquisition of shares in Erbud Energetyka sp. z oo	0	0	0	0	0	0	**0**	0	**0**
Capital increase in PBDI	0	0	0	0	0	0	**0**	0	**0**
Parent's result of the previous year brought forward to capital reserve	0	0	30 004	0	-30 004	0	**0**	0	**0**
Presentation adjustment	0	0	0	0	0	0	**0**	0	**0**
Redemption of own shares	0	0	0	0	0	0	**0**	0	**0**
Dividend - Budlex subsidiary	0	0	0	0	0	0	0	0	0
Budlex - capital increase agio	0	0	0	0	0	0	**0**	0	**0**
Budlex Sp. z o.o. – agio uzyskane na podwyższeniu kapitału	0	0	0	0	0	0	**0**	0	**0**
As at 31 June 2011	**1 260**	**0**	**239 640**	**164**	**-1 722**	**-28 668**	**210 674**	**9 302**	**219 976**

Signature of person preparing the Financial Statement

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Józef Zubelewicz
/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

Warsaw, 30 August 2011

CONSOLIDATED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' EQUITY

attributable to shareholders of the Parent Company as at 31 December 2010 (in thousands of PLN)

	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Undistributed profit (loss)		Total	Non-controlling interests	Total shareholders' equity
					Retained profit / accumulated loss brought forward	Net earnings / net loss			
As at 1 January 2010	**1 257**	**-1 994**	**180 510**	**64**	**55 710**	**0**	**235 547**	**2 892**	**238 439**
Profit/loss for the period						12 094	**12 094**	56	**12 150**
Other total incomes	0	0	0	-64	43	0	**-21**	-63	**-84**
Total revenue	**0**	**0**	**0**	**-64**	**-452**	**12 094**	**11 578**	**-7**	**11 571**
Dividend to shareholders of ERBUD S.A.	0	0	0	0	-6 266	0	**-6 266**	0	**-6 266**
Initial capital increase under the authorised capital	3	0	345	0	0	0	**348**	0	**348**
Payment in form of shares	0	0	2 053	0	0	0	**2 053**	0	**2 053**
Disposal of shares of Budlex Sp. z o,o.	0	0	-6 292	0	0	0	**-6 292**	6 403	**111**
Acquisition of shares of Erbud Energetyka sp. z oo	0	0	214	0	0	0	**214**	-234	**-20**
PRD - capital increase	0	0	150	0	0	0	**150**	50	**200**
Parent's result of the previous year brought forward to capital reserve	0	0	32 704	0	-32 704	0	**0**	0	**0**
Presentation adjustment	0	0	-806	0	529	0	**-277**	277	**0**
Redemption of own shares	0	1 994	484	0	0	0	**2 478**	0	**2 478**
Other	0	0	8	0	0	0	**8**	0	**8**
Dividend - Budlex subsidiary	0	0	0	0	-530	0	**-530**	0	**-530**
Budlex - capital increase agio	0	0	188	0	0	0	**188**	0	**188**
As at 31 December 2010	**1 260**	**0**	**209 558**	**0**	**16 287**	**12 094**	**239 199**	**9 381**	**248 580**

CONSOLIDATED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' EQUITY

attributable to shareholders of the Parent Company for the 6 month period ended 30 June 2010 (in thousands of PLN)

	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Undistributed profit (loss)		Total	Non-controlling interests	Total shareholders' equity
					Retained earnings / accumulated loss brought forward	Net earnings / net loss			
As at 1 January 2010	**1 257**	**(1 994)**	**180 510**	**64**	**55 710**	**0**	**235 547**	**2 892**	**238 439**
Profit/loss for the period	0	0	0	0	0	19 115	**19 115**	137	**19 252**
Other total incomes	0	0	0	196	(100)	0	**96**	(21)	**75**
Total revenue	**0**	**0**	**0**	**196**	**(100)**	**19 115**	**19 211**	**116**	**19 327**
Dividend for ERBUD SA Shareholders	0	0	0	0	(6 266)	0	**(6 266)**	0	**(6 266)**
Payment in shares	0	0	2 034	0	0	0	**2 034**	0	**2 034**
Previous years result of the Parent brought forward to supplementary capital	0	0	32 704	0	(32 704)	0	**0**	0	**0**
Disposal of treasury shares	0	423	105	0	0	0	**528**	0	**528**
Presentation adjustment	0	0	(806)	0	529	0	**(277)**	277	**0**
As at 30 June 2010	**1 257**	**(1 571)**	**214 547**	**260**	**17 169**	**19 115**	**250 777**	**3 285**	**254 062**

KEY ITEMS CONVERTED TO THE EURO

	30.06.2011		31.12.2010		30.96.2010	
	PLN	**EUR**	**PLN**	**EUR**	**PLN**	**EUR**
Fixed assets	119 558	29 990	112 611	28 435	86 808	20 939
Current assets	661 245	165 867	511 275	129 100	561 913	135 538
Shareholders' equity	219 976	55 179	248 580	62 768	254 062	61 282
Liabilities and provisions for liabilities	560 827	140 678	375 306	94 767	394 659	95 195

Items of the balance sheet data as at 30 June 2011 were converted at the Euro rate which was set by the NBP as of that day i.e. 3.9866 PLN/EUR.

Items of the balance sheet data as at 31 December 2011 were converted at the Euro rate which was set by the NBP as of that day i.e. 3.9603 PLN/EUR.

Items of the balance sheet data as at 30 June 2010 were converted at the Euro rate which was set by the NBP as of that day i.e. 4.1458 PLN/EUR.

	6- month period ended 30.06.2011		6- month period ended 30.06.2010	
	PLN	**EUR**	**PLN**	**EUR**
Revenues from sales of products, services, goods and materials	684 487	172 532	524 177	130 907
Cost of products, services, goods and materials sold	690 081	173 942	470 265	117 443
Profit on sales before tax	-5 594	-1 410	53 912	13 464
Profit on operating activities	-27 766	-6 999	27 561	6 883
Profit (loss) before tax	-32 254	-8 130	25 019	6 248
Net profit (loss)	-28 588	-7 206	19 252	4 808

Items of the profit and loss statement for the period from 1.01.2011 to 30.06.2011 were translated at the rate which was calculated as an arithmetic mean of average rates prevailing on the last day of given month in the period, set by the NBP as of that day, i.e. 3.9673 PLN/EUR.

Items of the profit and loss statement for the period from 1.01.2010 to 30.06.2010 were translated at the rate which was calculated as an arithmetic mean of average rates prevailing on the last day of given month in the period, set by the NBP as of that day, i.e. 4.0042 PLN/EUR.

	6- month period ended 30.06.2011		6- month period ended 30.06.2010	
	PLN	**EUR**	**PLN**	**EUR**
Cash flows from operating activities	-121 476	-30 619	-39 972	-9 983
Cash flows from investment activities	-2 843	-717	-17 930	-4 253

Cash flows from financial activities	37 648	9 489	-5 132	-1 282
Net cash flows	-86 671	-21 846	-63 034	-15 742
Cash opening balance	147 229	37 176	172 547	42 000
Cash closing balance	60 698	15 225	109 633	26 444

Items of the cash flow for the period from 1.01.2011 to 30.06.2010 were translated at the rate which was calculated as an arithmetic mean of average rates prevailing on the last day of given month in the period, set by the NBP as of that day, i.e. 3.9673 PLN/EUR.

Items of the cash flow for the period from 1.01.2010 to 30.06.2010 were translated at the rate which was calculated as an arithmetic mean of average rates prevailing on the last day of given month in the period, set by the NBP as of that day, i.e. 4.0042 PLN/EUR.

For translating cash as at 30 June 2011, the exchange rate set by the NBP as of that day, i.e. 3.9866 PLN/EUR, was applied.

For translating cash as at 30 June 2010, the exchange rate set by the NBP as of that day, i.e. 4,1458 PLN/EUR, was applied.

ADDITIONAL INFORMATION AND EXPLANATIONS

1 General information

The joint stock company ERBUD SA is the Parent Company (the "Parent") of the ERBUD Group (the "Group"). ERBUD SA was established in way of conversion of the Erbud limited liability company, registered in the National Court Register on 29 November 2006 under the KRS number 0000268667 and based in Warsaw, 300 Puławska Strret.

The Erbud limited liability company was founded on 28 August 1990 and registered in the National Court Register on 8 August 2001 under the KRS number 0000034299.

The subject of the Parent main activity are services in the field of comprehensive cubature civil engineering (PKD 4521A).

The core business of the Group are widely understood construction and assembly works performed in general contracting in Poland and abroad. Erbud S.A. is the management, financial and advisory centre of the Group.

The duration of the Parent and entities of the Group and is not definite.

These consolidated financial statements have been approved for publication by the Management Board on 30 August 2011.

These consolidated financial statements have been prepared as of 30 June 2011 for the six month period ended 30 June 2011, and the comparative figures as of 30 June 2010 and for the the six month period ended 30 June 2010, and as of 31 December 2010.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in particular with International Accounting Standard applicable to interim financial reporting (IAS 34), which was approved by the European Union.

The items of consolidated financial statement are presented in Polish currency ("PLN") and all figures are given in thousands of PLN.

1.1 Composition of the Group

The Group consists from the Parent Company ERBUD S.A. based in Warsaw and the following subsidiaries:

Name	Registered office	Activity range	Percentage share of the Parent in the share capital and voting rights at the AGM as at		
			30. 06.2011	31.12.2010	30.06.2010
Erbud International Sp. z o.o.	Toruń	Construction	100%	100%	100%
ER Services Sp. z o.o. (formerly TOPLUX Sp. z o.o.)	Toruń	Construction	100%	100%	100%
GWI GmbH	Germany	Construction	85%	85%	85%
Ersteel Sp. z o.o.**.	Toruń	Steel structures	100%	100%	0%
Erbud Rzeszów Sp. z o.o.	Rzeszów	Construction	79%	79%	79%
Delta Sp. z o.o.	Toruń	Construction	100%	100%	100%
Toruńska Sportowa S.A. w likwidacji	Toruń	Sports, leisure and shows	39%	39%	39%
Erbud Ireland.	Ireland	Construction	100%	100%	100%
Grupa Budlex	Warszawa	Housing development	90%	90%	100%
Rembet Plus Sp. z o.o.*	Toruń	Road-engineering	0%	0%	75%
Przedsiębiorstwo Robót Drogowych S.A.*	Toruń	Road-engineering	0%	0%	100%
Przedsiębiorstwo Budownictwa Drogowo -Inżynieryjnego S.A.*	Toruń	Road-engineering	94.27%	94.27%	0%
Erbud Energetyka sp. z o.o.	Toruń	Construction	86.36%	86.36%	69.70%
Erbud Construction	Toruń	Construction	100%	100%	100%

* Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. was founded as a business combination of Rembet Plus Sp. z o.o. and Przedsiębiorstwa Robót Drogowych S.A.

** Ersteel Sp. z o.o. was acquired by Erbud S.A. form the Budlex Group.

The Parent

The Parent Company ERBUD S.A is not controlled by any other unit.

Subsidiaries included in the consolidated financial statements of the Group by full method:

- Erbud International Sp. z o.o.
- GWI GmbH
- Grupa Budlex
- Przedsiębiorswo Budownictwa Drogowo Inżynieryjnego S.A.
- Erbud Energetyka Sp. z o.o.
- Ersteel Sp. z o.o.

Subsidiaries excluded from the consolidated financial statements:

- Erbud Rzeszów Sp. z o.o.
- Erbud Construction Sp. z o.o.
- Delta Sp. z o.o.
- Erbud Ireland LTD.
- ER Services Sp. z o.o. (formerly TOPLUX Sp. z o.o.)

The above subsidiaries were not consolidated in view of the immateriality.

1.2 Joint controlled entities

There are no joint controlled companies within the Group.

1.3 Membership of the Management Board of the Parent

During the period from 1 January 2011 to the date of preparing this financial statement the composition of the Management Board of the Company was constant.

As at 30 June 2011 the Management Board of the Parent consisted of:

Dariusz Grzeszczak - Board Member

Józef Zubelewicz - Board Member.

1.4 Shareholders of the Parent

The share capital of the Parent Company as at 30 June 2011 consists of 12,602,711 shares with a total value of PLN 1,260,271.10. The structure of the share capital of the Parent as at 30 June 2011 is as follows:

Series	Shareholder	Class of shares	Preferences on shares	Restrictions on shares	Number of shares	Equity percentage	Disposal restrictions
A	Wolff & Muller Holding Gmbh & Co.KG	Ordinary	None	None	282 137	2.24%	None
A	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	717 863	5.70%	None
B	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	3 152 865	25.01%	None
	Total	**Ordinary**	**None**	**None**	**4 152 865**	**32.95%**	None
B	Juladal Investment Ltd	Ordinary	None	None	2 761 147	21.91%	None
A	Dariusz Grzeszczak	Ordinary	None	None	750 000	5.95%	None
D	AVIVA Otwarty Fundusz Emerytalny BZ WBK	Ordinary	None	None	1 183 146	9.39%	None
D	ING Otwarty Fundusz Emerytalny	Ordinary	None	None	786 677	6.24%	None
D,E,C	Free Float	Ordinary	None	None	2 968 876	23.59%	None
	Total				12 602 711	100%	

This table presents the shareholders holding over 5% of the share capital.

Description of significant movements in the Company's share capital during the period from 1 January 2011 to the date of preparing financial statements

In the first half of 2011, the main changes among the shareholders of the Parent were related to the reduction of ownership of the shares holding by Wolff & Muller Baubeteiligungen Gmbh & Co.KG by 1.21 percentage point and increasing the ownership of shares by AVIVA Otwarty Fundusz Emerytalny BZ WBK by 2.03 percentage point.

In addition to the powers arising from directly held shares of Erbud S.A., the major shareholders have no other voting rights at a general meeting.

Shares of Erbud S.A. held by the above mentioned persons are not preferred ones.

The Company's Statute does not give any personal rights in relation to Erbud S.A., Company's to the shareholders referred to above, in particular, does not give the right to appoint members of the Management Board or members of the Supervisory Board of the Company.

On 24 May 2011, the Management Board passed Resolution No. 2/2011 on the Company's share capital increase under the authorised capital by issuing shares of series F and depriving the existing shareholders of their pre-emptive rights to acquire shares Series F. The issue was addressed to employees authorized in connection with the second tranche of the Staff Incentive Scheme. On 10 August 2011, the Management Board adopted Resolution No. 4/2011 on the amount the share capital and on specifying the value of subscribed capital in the Articles of Association. In the increased share capital of the Company (under the authorised capital) acquired was an additional number of 41,458 ordinary bearer shares of series F with a nominal value of PLN 0.10 each one. Therefore, the share capital of PLN 4,145.80 has been subscribed under the capital increase. The share capital after increase amounts to PLN 1,264,416.90. Until the statements publication, the authorized capital after issuing shares of Series F has not yet been registered.

1.5 Assuming of activity continuation

The consolidated financial statements of the Group as of 30 June 2011 were prepared under the presumption, that the Group units will continue the business activity during the period of 12 months after the balance sheet date. The Management Board of the Parent Company does not states as at the day of signing the financial statements facts and circumstances which would indicate the possibility of risk to continue operations in the period of 12 months after the closing balance date as a result of intentional or involuntary omissions or significantly operations run-down.

2 Basis of preparing the statements and accounting policy (principles)

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting ("IAS 34") and in line with relevant International Financial Reporting Standards ("IFRS") as well as with IFRS as adopted by the EU for financial statements beginning on 1 January 2008. IFRS comprise standards and interpretations approved by the International Accounting Standards Board ("IASB") and the Committee on International Financial Reporting Interpretations ("IFRIC").

Taking into account the approval process for IFRS by the European Union, as at the day of publication of this consolidated financial report, there are no differences in accounting principles adopted by the Group under IFRS and IFRS, which have been approved by the European Union.

The detailed accounting policies adopted by the Group are described in the Group's consolidated financial statements for the year ended 31 December 2010 and published on 28 April 2011. In this report, it has been observed the same rules (policies) and methods of computation that were used in the last annual financial statements.

New and revised standards and interpretations

Adopted rules (policy) are consistent with the accounting principles applied in previous years except for the following new or revised IFRS regulations and new IFRIC interpretations being in force since 1 January 2011 or later.

- *IAS 24 Related Party Disclosures (revised)*

  The IASB has issued an amendment to IAS 24. The purpose of this amendment is to simplify and clarify more precisely the definition of a related party. The new definition emphasizes a symmetrical view of related party relationships and explains in which circumstances persons and key management personnel affect related party relationships of an entity.. In addition, the amendment cancelled the requirement to disclose information about transactions with a government that has control, joint control or significant influence over the reporting entity and another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity. This amendment did not have any impact on the financial position or performance of the Group.

- *IAS 32 Financial Instruments: Presentation (revised)*

  The definition of financial liability stated in IAS 32 has been revised in order to include the issuance of subscription rights and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of non-derivative equity instruments, and entitled to purchase a fixed number of the equity instruments for a fixed amount in any currency. This amendment did not have any impact on the financial position or results of operations of the Group.

- *IFRIC 14 Prepayments of a Minimum Funding Requirements (revised)*

  The amendment removes the unintended consequences of IFRIC 14 on voluntary prepayments for pension purposes in the event there are minimum funding requirements. The change allows the recognize a surplus resulting from the voluntary early payment of minimum required contributions for future employment as an asset item. The Group is not subject to minimum funding requirements in Euro-zone. Therefore, the amendment to the Interpretation did not have any impact on the financial position or performance of the Group.

- *IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*

  IFRIC 19 is applicable for fiscal years beginning on 1 July 2010 or later. The interpretation clarifies that an equity instrument issued to a creditor to extinguish a financial liability is classified as a payment. The equity instruments issued are measured at their fair value. If their fair value cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. All gains and losses are recognized immediately in profit or loss. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

- Improvements to IFRSs arising from the every-year revisions project announced in May 2010 and effective for fiscal years beginning on 1 July 2010 or later, depending on which IFRS the amendment relates to. The application of the amendment did not have any impact on the financial position or performance of the Group.

Published standards that are not yet effective

New accounting standards and amendments to existing standards and interpretations issued that are not in force in 2011 are presented below:

- IFRS 9 *Financial Instruments* applicable for fiscal years beginning on or after 1 January 2013. IFRS 9 is the first part of Phase I of the IASB project to replace IAS 39. IFRS 9 introduces an improved and simplified approach to classification and valuation of financial assets as compared with the requirements of IAS 39 This standard has not yet been approved by the EU.

- IFRS 10 *Consolidated Financial Statements* applicable to fiscal years beginning on or after 1 January 2013. IFRS 10 will replace IAS 27 and the interpretations of SIC 12. This standard has not yet been approved by the EU.

- IFRS 11 *Joint Arrangements* to be applied for fiscal years beginning on or after 1 January 2013. IFRS 11 will replace IAS 31 and the interpretations of SIC 13. This standard has not yet been approved by the EU.

- IFRS 12 *Disclosure of Interests in Other Entities* to be applied for fiscal years beginning on or after 1 January 2013. IFRS 12 requires expanded disclosures regarding the reporting entity's shareholdings in subsidiaries, associates, joint ventures and structured non-consolidated units. An entity shall disclose information useful to the users of financial statements in assessing the nature of shares held and the types of risks associated as well as the impact of the shares held on the financial statements. This standard has not yet been approved by the EU.

- IFRS 13 *Fair Value Measurement* to be applied for fiscal years beginning on or after 1 January 2013. IFRS 13 provides guidance on the concept of fair value. This standard has not yet been approved by the EU.

- Amendments to IFRS 7 D*isclosures - Transfer of Financial Assets*. The changes will allow the users of financial statements to asses risks associated with the transfer of financial assets and the impact of these risks on the financial position of the unit and promote transparency in reporting the transfer transaction, and in particular those that include the securitization of financial assets. Units are required to apply the changes for fiscal years beginning on or after 1 July 2011. The amendments have not yet been approved by the EU.

- Amendments to IAS 12 *Income Taxes: Deferred tax: Recovery of Underlying Assets* - effective for fiscal years beginning on or after 1 January 2012. The amendments have not yet been approved by the EU.

- Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards: S*evere Hyperinflation and Removal of Fixed Dates for First-time Adopters, effective for fiscal years beginning on or after 1 July 2011. The amendments have not yet been approved by the EU.

- The revised IAS 27 *Separate Financial Statements*, effective for fiscal years beginning on or after 1 January 2013. The amendments have not yet been approved by the EU.

- The revised IAS 28 *Investments in Associates and Joint Ventures*, effective for fiscal years beginning on or after 1 January 2013. The amendments have not yet been approved by the EU.

- Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*, effective for fiscal years beginning on on or after 1 July 2012. The amendments have not yet been approved by the EU.

- Amendments to IAS 19 *Amendments to Accounting for Post-employment Benefits,* effective for fiscal years beginning on or after 1 January 2013. The amendments have not yet been approved by the EU.

Currently, the Group is evaluating the impact of these standards and interpretations on the Group's reporting.

3 Seasonality

Sales of construction and assembly services in Poland is characterized by some seasonality related primarily to weather conditions. Typically, the highest revenues are achieved in the third quarter, while the lowest - in the first quarter. However, it cannot be considered typical seasonal activities.

4 Rules applied to convert selected financial data to the Euro

The selected financial data were converted into the Euro according to the following principles:

Items of assets and liabilities - at the average exchange rate prevailing on 30 June 2011, i.e. 3.9866 PLN/Euro.

Items of the income statement and the statement of cash flows for the first half of 2011 - at the the arithmetic average of average exchange rates published by the Polish National Bank on the last day of each month during the period from January 1 to 30 June 2011, i.e. 3.9673 PLN/Euro.

Items of assets and liabilities of comparable financial data in 2010 - at the average exchange rate prevailing on 31 December 2010, i.e. 3.9603 PLN/Euro.

Items of the income statement and the statement of cash flows of comparable financial data for the first half of 2010 - at the the arithmetic average of average exchange rates published by the Polish National Bank on the last day of each month during the period from January 1 to 30 June 2010, i.e. 4.0042 PLN/Euro.

5 Changes in accounting policy applied

5.1 Error adjustment

No error adjustment, that would impact on the current or next periods, were recognised during the reporting period ended 30 June 2011.

5.2 Changes in estimates

There were no changes in estimates during the reporting period ended 30 June 2011.

5.3 Discontinued operations

There were no discontinued operations under provisions of IFRS 5 during the reporting period ended 30 June 2011.

6 Information on business segments

During the reporting period ended 30 June 2011 the Group has conducted business under the following business segments:

- civil engineering - cubage construction
- housing development
- road-engineering
- construction for the power industry
- production of steel structures

During the reporting period ended 30 June 2011 the Group has conducted business in the following geographical segments:

- domestic
- abroad (Germany, Belgium, Luxembourg, Holland).

The segmentation was made on the basis of statutory activities of the individual entities. The Group applies an uniform accounting policies for all segments.

Business segments

The following tables present figures on income and profit as well as selected assets and liabilities related to the Group's business segments for the period from 1 January to 30 June 2011 and as at 30 June 2011:

Incomes and expenses by business segments

Period from 1 January to 30 June 2011	Cubage building	Housing development	Road engineering	Construction for power industry	Production of steel structures	Exclusions	Total
Sale to external clients	583 020	11 502	59 540	24 000	6 427	0	**684 487**
Sale between segments	0	0	46 791	0	0	-46 791	**0**
Total income	**583 020**	**11 502**	**106 331**	**24 000**	**6 427**	**-46 791**	**684 487**
Cost of products, goods and materials sold to external clients	596 911	10 927	54 088	21 236	6 919	0	**690 081**
Cost of products, goods and materials sold to other segments	0	0	46 791	0	0	-46 791	**0**
Total cost of products, goods and materials sold	**596 911**	**10 927**	**100 879**	**21 236**	**6 919**	**-46 791**	**690 081**
Total gross sales	**-13 893**	**575**	**5 452**	**2 764**	**-492**		**-5 594**
Cost of sales	0	1 026	514	0	76	0	**1 616**
General and administrative costs	18 776	833	2 827	340	0	0	**22 776**
Profit (loss) on other operating activity	2 169	-91	333	-9	-182	0	**2 220**
Segment profit (loss)	**-30 500**	**-1 375**	**2 444**	**2 415**	**-750**		**-27 766**
Profit (loss) on other financing activity	-4 413	316	-335	-3	-53	0	**-4 488**
Income tax	-4 050	331	180	-3	-124	0	**-3 666**
Net profit	**-30 863**	**-1 390**	**1 929**	**2 415**	**-679**	**0**	**-28 588**

Other items by business segments

Period from 1 January to 30 June 2011	Cubage building	Housing development	Road engineering	Construction for power industry	Production of steel structures	Total
Segment depreciation and amortisation	1 347	331	2 017	19	170	**3 884**
Interest income	1 827	648	19	0	1	**2 495**
Interest costs	1 404	598	397	3	55	**2 457**
Impairment write-offs	0	0	0	0	0	**0**
Reversal of impairment write-offs	2 288	0	13	0	0	**2 301**
Capital expenditure for:	1 859	242	2 029	4	0	**4 134**
- tangible fixed assets	683	141	610	3	0	**1 437**
- intangible fixed assets	240	9	22	1	0	**272**
- increase due to taking over	0	0	0	0	0	**0**
Other non-cash outlays	936	92	1 397	0	0	**2 425**

Assets and liabilities by business segments

As at 30 June 2011	Cubage building	Housing development	Road engineering	Construction for power industry	Production of steel structures	Total
Segment assets	543 295	147 399	47 194	1 744	9 138	**748 770**
Investment in associate	0	0	0	0	0	**0**
Deferred tax assets	24 767	4 326	1 356	273	1 311	**32 033**
Total assets	**568 062**	**151 725**	**48 550**	**2 017**	**10 449**	**780 803**
Total liabilities	**440 233**	**63 416**	**50 722**	**1 082**	**5 374**	**560 827**

The following tables present figures on income and profit as well as selected assets and liabilities related to the Group's business segments for the period from 1 January to 30 June 2010 and as at 30 June 2010:

Revenue and costs by business segments

Period from 1 January to 30 June 2010	Cubage building	Housing development	Road engineering	Construction for power industry	Production of steel structures	Total
Sale to external clients	461 009	14 359	42 930	3 196	2 683	**524 177**
Sale between segments						
Total income	**461 009**	**14 359**	**42 930**	**3 196**	**2 683**	**524 177**
Cost of products, goods and materials sold to external clients	410 882	12 479	40 427	2 930	3 547	**470 265**
Cost of products, goods and materials sold to other segments	0	0	0	0	0	**0**
Total cost of products, goods and materials sold	**410 882**	**12 479**	**40 427**	**2 930**	**3 547**	**470 265**
Total gross sales	**50 127**	**1 880**	**2 503**	**266**	**-864**	**53 912**
Sales costs	0	748	0	0	322	**1 070**
General and administrative costs	18 799	2 304	3 437	219	331	**25 090**
Result on other operating activity	680	-1 350	140	-6	345	-191
Segment result	**32 008**	**-2 522**	**-794**	**41**	**-1 172**	**27 561**
Result on financing activity	-1 308	-965	-197	3	-75	**-2 542**
Income tax	7 214	-890	-228	-39	-290	**5 767**
Net profit	**23 486**	**-2 597**	**-763**	**83**	**-957**	**19 252**

Other items by business segments

Period from 1 January to 30 June 2010	Cubage building	Housing development	Road engineering	Construction for power industry	Production of steel structures	Total
Segment depreciation and amortisation	1 047	501	2 145	49	199	**3 941**
Interest income	1 116	13	271	7	2	**1 409**
Interest costs	359	885	258	4	78	**1 584**
Impairment of assets	397	0	0	0	0	**397**
Reversal of impairment losses on assets	760	0	44	0	0	**804**
Capital expenditure for:	1 998	672	4 525	179	1 096	**8 472**
- Tangible fixed assets	667	609	2 531	45	312	**4 164**
a) Intangible fixed assets	58	64	36	29	14	**201**
b) Increase due to acquisition	0	0	0	0	0	**0**
Other non-cash outlays	1 274	0	1 957	**105**	**771**	**4 107**

Assets and liabilities by business segments

As at 30 June 2010	Cubage building	Housing development	Road engineering	Construction for power industry	Production of steel structures	Total
Segment assets	439 301	117 401	58 997	1 773	9 014	**626 486**
Deferred tax assets	12 380	6 456	2 895	56	448	**22 235**
Total assets	**451 680**	**123 857**	**61 892**	**1 830**	**9 461**	**648 721**
Total liabilities	**302 228**	**51 843**	**33 860**	**716**	**6 012**	**394 659**

Region segments

The following tables present figures on income and profit as well as selected assets related the Group's geographical segments as at 30 June 2011:

Incomes and expenses by region segments

Year ended 30 June 2011	Country	Abroad	Total
Sale to external clients	646 215	38 272	**684 487**
Total income	**646 215**	**38 272**	**684 487**
Cost of products, goods and materials sold to external clients	649 575	40 506	**690 081**
Total cost of products, goods and materials sold	**649 575**	**40 506**	**690 081**
Total gross sales	**-3 360**	**-2 234**	**-5 594**

Cost of sales	1 616	0	**1 616**
General and administrative costs	19 409	3 367	**22 776**
Profit (loss) on other operating activity	-73	2 293	**2 220**
Segment profit (loss)	**-24 459**	**-3 307**	**-27 766**
Profit (loss) on other financing activity	-3 437	-1 051	**-4 488**
Income tax	-4 241	575	**-3 666**
Net profit	**-23 655**	**-4 933**	**-28 588**

Year ended 30 June 2011	**Country**	**Abroad**	**Total**
Segment depreciation and amortisation	3 690	194	**3 884**
Interest income	1 622	873	**2 495**
Interest costs	2 069	388	**2 457**
Impairment write-offs	0	0	**0**
Reversal of impairment write-offs	13	2 288	**2 301**
Capital expenditure for:	**3 831**	**303**	**4 134**
- tangible fixed assets	1 134	303	**1 437**
- intangible fixed assets	272	0	**272**
- increase due to taking over			
Other non-cash outlays	2 425	0	**2 425**

Assets and liabilities by region segments

Year ended 30 June 2011	Country	Abroad	Total
Segment assets	693 048	55 722	**748 770**
Deferred tax assets	30 523	1 510	**32 033**
Total assets	**723 571**	**57 232**	**780 803**
Segment liabilities			
Total liabilities	**526 460**	**34 367**	**560 827**

The following tables present figures on revenues and expenditures as well as certain assets related to the Group's geographical segments for the period 1 January to 30 June 2010 and as at 30 June 2010:

Incomes and expenses by region segments

Period from 1 January to 30 June 2010	Country	Abroad	Total
Sale to external clients	472 253	51 924	**524 177**
Total income	**472 253**	**51 924**	**524 177**
Cost of products, goods and materials sold to external clients	421 015	49 250	**470 265**
Total cost of products, goods and materials sold	**421015**	**49 250**	**470 265**
Total gross sales	**51 238**	**2 675**	**53 912**
Cost of sales	1 070	0	**1 070**

General and administrative costs	21 574	3 516	**25 090**
Profit (loss) on other operating activity	-951	760	**-191**
Segment profit (loss)	**27 643**	**-81**	**27 561**
Profit (loss) on other financing activity	-2 663	121	**-2 542**
Income tax	5 643	124	**5 767**
Net profit	**19 336**	**-84**	**19 252**

Other items by region segments

Period from 1 January to 30 June 2010	**Country**	**Abroad**	**Total**
Segment depreciation and amortisation	3 828	113	**3 941**
Interest income	1 136	273	**1 409**
Interest costs	1 497	87	**1 584**
Impairment write-offs	397	0	**397**
Reversal of impairment write-offs	44	760	**804**
Capital expenditure for:	8 107	365	**8 472**
- tangible fixed assets	3 799	365	**4 164**
- intangible fixed assets	201	0	**201**
- increase due to taking over	0	0	**0**
Other non-cash outlays	4 107	0	**4 107**

Assets and liabilities by region segments

As at 30 June 2010	Country	Abroad	Total
Segment assets	596 322	30 164	**626 486**
Deferred tax assets	21 512	723	**22 235**
Total assets	**617 833**	**30 888**	**648 721**
Segment liabilities	376 811	17 848	**394 659**
Total liabilities	**376 811**	**17 848**	**394 659**

During the period from 1 January to 30 June 2011, the Group reached revenues of over 10% of the total revenue from a customer:

1) NOWE CENTRUM Sp. z o.o. (contract for construction of the Silesia Shopping Mall in Katowice) - revenues of approximately PLN 80.5 million.

7 Tangible and intangible fixed assets

7.1 Changes in tangible assets (by sort)

Period from 1.01.2011 to 30.06.2011	Land (incl. perpetual usufruct)	Buildings and structures	Plant and equipment	Means of transport	Other tangible fixed assets	Fixed assets under construction	Prepaid tangible fixed assets under construction	Total
Gross book value as at 1 January 2011	**5 813**	**10 880**	**22 486**	**14 911**	**2 856**	**158**	**0**	**57 104**
Increases, including:	1	8	1 010	1 956	453	128	330	**3 886**
- acquisition	0	0	77	542	360	128	330	**1 437**
- lease	0	0	1 016	1 409	0	0	0	**2 425**
- foreign exchange differences	1	8	5	5	5	0	0	**24**
- transfers from assets under construction	0	0	0	0	0	0	0	**0**
Transfers	0	0	-88	0	88	0	0	**0**
Decreases, including	0	0	4	494	0	135	0	**633**
- sale	0	0	0	256	0	135	0	**391**
- liquidation	0	0	4	0	0	0	0	**4**
- internal transfers	0	0	0	2380		0	0	**238**
Gross book value as at 30 June 2011	**5 814**	**10 888**	**23 492**	**16 373**	**3 309**	**151**	**330**	**60 357**
Accumulated depreciation as at 1 January 2011	**11**	**4 539**	**9 866**	**7 353**	**1 992**	**0**	**0**	**23 761**
Accumulated depreciation for the period:								
Amortization	2	259	1 721	1 455	293	0	0	**3 730**
Decreases, including:	0	-5	-1	88	-4	0	0	**78**
- liquidation	0	0	0	0	0	0	0	**0**
- sale	0	0	0	43	0	0	0	**43**
- foreign exchange differences	0	-5	-1	-3	-4	0	0	**-13**
- lease	0	0	0	0	0	0	0	**0**
- reclassification adjustments	0	0	0	48	0	0	0	**48**

Accumulated depreciation as at 30 June 2011	**13**	**4 803**	**11 588**	**8 720**	**2 289**	**0**	**0**	**27 413**
Impairment write-offs as at 1 January 2011	**0**	**0**	**0**	**0**	0	**0**	**0**	**0**
- increases	0	0	0	0	0	0	0	**0**
- decreases	0	0	0	0	0	0	0	**0**
Impairment write-offs as at 30 June 2011	**0**	**0**	**0**	**0**	0	**0**	**0**	**0**
Net book value as at 1 January 2011	**5 802**	**6 341**	**12 620**	**7 558**	**864**	**158**	**0**	**33 343**
Net book value as at 30 June 2011	**5 801**	**6 085**	**11 904**	**7 653**	**1 020**	**151**	**330**	**32 944**

7.2 Changes in intangible assets

	Other	**Total**
Gross book value as at 1 January 2011	**1 388**	**1 388**
Increases, including:	**272**	**272**
- acquisition	272	272
- transfers from assets under construction	0	0
- reclassification adjustments	0	0
Decreases, including	**0**	**0**
- sale	0	0
- liquidation	0	0
- foreign exchange differences	0	0
Gross book value as at 30 June 2011	**1 660**	**1 660**
Accumulated depreciation as at 1 January 2011	**982**	**982**
- amortization for the period	147	147
- increases	**0**	**0**
Impairment write-offs as at 30 June 2011	**1 129**	**1 129**
Net book value as at 1 January 2011	**406**	**406**
Net book value as at 30 June 2011	**531**	**531**

7.3 Contractual obligations amounts

As at 30 June 2011 and 31 December 2010, there were no outstanding contractual obligations to acquire property, plant and equipment and intangible assets by the companies incorporated in the Group.

8 Inventories

	30 June 2011	31 December 2010	30 June 2010
Materials	7 879	6 632	5 476
Semi-products and unfinished products	47 602	35 170	38 641
Finished products	33 692	26 648	31 435
Goods	23 874	28 398	29 041
Advances for deliveries	1 455	0	0
Gross book value of inventories at the period end	**114 502**	**96 848**	**104 593**
Write-offs of inventories at the period beginning	**976**	**473**	**473**
Created in other operating costs	0	542	0
Created in production cost of products sold	0	0	0
Reversed into other operating costs	0	0	128
Used	410	39	0
Write-offs of inventories at the period end	**566**	976	**345**
Net book value of inventories at the period end	**113 936**	**95 872**	**104 248**

9 Trade receivables and other receivables

	30 June 2011	31 December 2010	30 June 2010
Long-term receivables before tax			
Due to deliveries and services	30	130	197
From associates	0	0	0
From other entities	30	130	197
From the public sector	0	0	0
Other	0	0	0
Impairment of receivables	**0**	**0**	**70**
Long-term net receivables	**30**	**130**	**127**

	30 June 2011	31 December 2010	30 June 2010
Short-term receivables before tax			
Due to deliveries and services	412 460	191 786	283 367
From associates	62	62	38
From other entities	412 398	191 724	283 329
From the public sector	10 664	7 941	11 284
Other	10 749	20 766	5 511
Impairment of receivables	**7 115**	**9 400**	**11 352**
Short-term net receivables	**426 758**	**211 093**	**288 810**

The fair value of trade receivables and other receivables is nearly equal to their carrying amount.

The age structure of the receivables is presented in the table below:

	30 June 2011	31 December 2010	30 June 2010
a) up to 3 months	358 614	136 533	234 626
b) between 3 and 6 months	7 053	19 778	3 599
c) between 6 and 12 months	17 611	13 012	32982
d) over 12 months	10 591	14 092	3874
e) overdue debts	18 591	8 371	8 286
Total gross trade receivables	**412 460**	**191 786**	**283 367**
f) write-offs from trade receivables	6 240	8 525	10 493
Total net trade receivables	**406 220**	**183 261**	**272 874**

The Group creates impairment on receivables, when there is objective evidence that the Group will not be able to receive all amounts due under the original terms of receivables.

The following table presents the value of write-offs from trade receivables and other receivables:

	30 June 2011	31 December 2010	30 June 2010
Write-offs at the beginning of the period	**9 400**	**13 878**	**13 878**
Created in other operating costs	0	217	397
Reversed into other operating costs	2 301	-627	804
Used	0	4 999	2 022
Currency translation differences	16	-323	-27
Write-offs at the end of the period	**7 115**	**9 400**	**11 422**

As the Group has a large number of customers both on domestic and foreign market, there is no concentration of credit risk for trade receivables.

10 Cash and cash equivalents

	30 June 2011	31 December 2010	30 June 2010
Cash in hand	83	46	69
Cash at bank	41 021	130 558	90 844
- current accounts	35 149	62 451	46 598
- one-day deposits	2 209	6 587	2 677
- other deposits	342	1 547	1 067
- term investments	3 321	59 973	40 502
Other cash	19 594	16 625	18 720
Cash total	**60 698**	**147 229**	**109 633**
Restricted cash and cash equivalents	32 455	27 280	24 672
Cash for cash flow markets	**60 698**	**147 229**	**109 633**

As restricted cash and cash equivalents the Group recognizes:

	30 June 2011	31 December 2010	30 June 2010
Cash deposits to secure bank guarantees	20 211	18 161	19 892
Works Staff Welfare Fund	245	71	0
Cash to secure repayment of credits	0	0	0

Funds accumulated on trust accounts	11 999	9 048	4 780
Total	**32 455**	**27 280**	**24 672**

Reconciliation of movements in balance sheet items to changes shown in the statement of cash flows for the first half of 2011 is presented below:

	30 June 2011
Change in balance accounts receivable	**-215 566**
Receivables discount	-754
Change in receivables in the cash flow account	**-216 320**

	30 June 2011
Change in balance inventories	**-18 064**
Capitalised financing costs	739
Change in inventories in the cash flow account	**-17 325**

	30 June 2011
Change in balance liabilities	**111 403**
Liabilities discount	2 202
Payment of obligations arising from the acquisition of shares in Budlex	3 468
Change in liabilities in the cash flow account	**117 073**

11 Impairment of other financial assets (long term)

During the reporting period has been made impairment losses on loan granted to the subsidiary Erbud Ireland Ltd. in the amount of PLN 2,811 thousand. The loan was presented under the position Other financial assets (long term).

12 Bank credits and loans

	30 June 2011	31 December 2010	30 June 2010
Long-term	**18 988**	**14 822**	**26 522**
Bank credits	18 988	14 822	26 522
Short-term	**63 777**	**24 146**	**5 422**
Credits in current account	52 984	7 177	4 845
Bank credits and loans	10 793	16 969	577
Total bank credits and loans	**82 765**	**38 968**	**31 944**

The maturity structure of long-term credits and loans is as follows::

	30 June 2011	31 December 2010	30 June 2010
a) up to 1 year	63 777	24 146	5 422
b) between 1 and 3 years	15 204	14 822	26 522
c) between 3 and 5 years	3 784	0	0
d) over 5 years	0	0	0
Total	**82 765**	**38 968**	**31 944**

The carrying amount of long-term loans approximates their fair value because contract conditions of interest rates of credit are based on the variable rate of interest.

During the reporting period, there were no unpaid loans within the Capital Group.

The increase in balances of loans in the first half of 2011 is connected mainly with incurring overdrafts in 3 banks by the Parent. Below are summarized debts as at 30 June 2011:

1) PKO BP - overdraft debt amounting to PLN 15,122 thousand
2) BRE Bank SA - overdraft debt amounting to PLN 7,589 thousand
3) ING Bank Slaski SA - overdraft debt amounting to PLN 10,956 thousand.

Liabilities due to loans as at 30 June 2011

Bank - the Creditor (Company - the Borrower)	Limit of credit available under the agreement PLN '000	Loan currency	Overdraft debt PLN '000	Interest rate	Maturity date
PKO Bank Polski (Erbud S.A.)	20 000	PLN	15 122	Call rate of PKO BP + magin	2012-06-29

Final collateral:
- Capped mortgage to the amount of PLN 65 m. on the property, which are the undeveloped plots Nos. 275/3, 288/10 and 288/17, for which the District Court in Torun keeps Land and Mortgage Register under No. No. TO1T/00003133/2.
- Assignment of receivables under the contract GUM/CMI/BIII/88/2009 dated 20.05.2009 on construction works as general contractor concluded with the Medical University of Gdansk, based in Gdansk.
- Assignment of receivables from the contract No PLM/K/96/2010 of 14.09..2010 for the construction of the part of the Warszwa Modlin Airport concluded with Mazowiecki Port Lotniczy Warszawa Modlin Sp. z o.o. with a net value of PLN 87,911,621.
- Blank bill of exchange issued by Erbud SA together with the bill declaration
- Clause on claim deductions from accounts of Erbud SA conducted by PKO BP

Bank - the Creditor (Company - the Borrower)	Limit of credit available under the agreement PLN '000	Loan currency	Overdraft debt PLN '000	Interest rate	Maturity date
BRE Bank S.A.. (Erbud S.A.)	10 000	PLN	7 589	WIBOR for overnight deposits add bank margin	2011-12-31

Final collateral:
- Blank bill of exchange
- Assignment of debts covering the value of the loan granted

Bank - the Creditor (Company - the Borrower)	Limit of credit available under the agreement PLN '000	Loan currency	Overdraft debt PLN '000	Interest rate	Maturity date
ING Bank Śląski S.A. (Erbud S.A.; Przeds. Budowonictwa Drogowo Inżynieryjnego S.A.; Budlex Sp. z o.o.)	32 000	PLN	10 956	Arithmetic average for WIBOR 1M from a given calendar month on the last working day of each calendar month add bank margin	2012-08-20

Final collateral:

- Assignments of the receivables from contracts concluded by the Erbud SA within the framework of conducting business, in each case approved by the Bank, transferred to the Bank under the a transfer agreement for receivables due to a trade agreement.
- Conventional mortgage on real estate established by PBDI SA (a subsidiary of the borrower) to the amount of PLN 96 m. under the perpetual lease of land and the ownership of buildings and facilities on property located in Torun, 113 Polna St. - plots Nos. 128/1, 131/3 and 1/3, 658/2, for which the District Court in Torun keeps Land and Mortgage Register under No. TO1T/00040713/3.

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
Fortis Bank Polska S.A. (Przeds. Budowonictwa Drogowo Inżynieryjnego S.A.)	3 000	3 000 PLN	1 166	1 166 PLN	Wibor 3M+3,5%	31.08.2011

Final collateral:

- Blank promissory note, incl. bill declaration
- Statement on submission to enforcement
- Assignment of future receivables

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
ING Bank Śląski S.A. (Przeds. Budownictwa Drogowo Inżynieryjnego S.A.)	5 000	5 000 PLN	4 981	4 981 PLN	Wibor 1M+1,9%	20.08.2011

Final collateral:

- Statement on submission to enforcement.
- Capped mortgage up to PLN 96 m. under the perpetual usufruct of land and the building ownership.

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
Deutsche Bank (GWI GmbH)	320	80 EUR	311	78 EUR	2,99%	Overdraft

Final collateral:

- Mortgage on real estate

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
Deutsche Bank (GWI GmbH)	340	85 EUR	32	8 EUR	5,6%	31.03.2012

Final collateral:

- Mortgage on real estate

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
Deutsche Bank (GWI GmbH)	10 763	2 700 EUR	10 763	2 700 EUR	2,59%	31.07.2012

Final collateral:

- Guarantee of € 2,700,000 provided by Erbud SA.

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
KBC Bank (GWI GmbH)	5 977	1 500 EUR	5 843	1 466 EUR	2,5%	25.10.2011

Final collateral:

- Guarantee of € 2,000,000 provided by Erbud SA.

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
Commerzbank (GWI GmbH)	3 986	1 000 EUR	1 993	500 EUR	5,5%	18.11.2011

Final collateral:

- Guarantee of € 1,000,000 provided by Erbud SA.

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
PKO Bank Polski (Budlex)	3 032	3 032 PLN	1 282	1 282 PLN	Wibor 6M+3,7%	2011-10-12

Final collateral:

- Fixed-rate mortgage in the amount of PLN 3,032,000
- Capped mortgage up to PLN 1,516,000
- Assignment of the receivables under the property insurance policy
- Statement of the Borrower on submission to enforcement up to PLN 4,548,000
- Assignment of debts from lease contracts
- Assignment of claims from the bank account agreement held at the name of the Guarantor
- Power of attorney for the Bank to dispose of bank accounts of the Borrower

Temporary collateral:

- Guarantee under civil law by Budlex Inwest Sp.z o.o.
- Blank bill of exchange issued by the Borrower together with the bill declaration

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
ING Bank Śląski SA (Budlex)	12 000	12 000 PLN	6 781	6 781 PLN	Wibor 1M+2,00%	2011-08-20

Final collateral:

- Assignment of the receivables from contracts concluded by Erbud SA
- Security deposit established by Erbud SA

Bank - the Creditor (Company - the Borrower))	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
PKO Bank Polski S.A. (Budlex Sielanka Sp. z o.o.)	8 265	8 265 PLN	4 703	4 703 PLN	Wibor 3M+2,8%	2012-02-01

Final collateral:

- Fixed-rate mortgage in the amount of PLN 8,265,062
- Capped mortgage up to PLN 1,653,012.40
- Claim deductions clause from the accounts of the company held at PKO BP SA
- Blank promissory note together with the note declaration issued by the Borrower and a guarantee by Budlex Sp.z o.o.
- Assignment of rights to compensation under an insurance policy against the building risks in connection with the construction of the building and after the completion - an insurance against fire and other perils
- Agreement on the transfer of receivables for the benefit of the Bank due to already signed and future agreements on the sale of apartments, parking places and utilities
- Statement by the Borrower on submission to enforcement up to PLN 12,397,600

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
PKO Bank Polski S.A. (Budlex Sp. z o.o.)	600	600 PLN	545	545 PLN	Wibor 1M+2,1%	2012-01-24

Final collateral:

- Capped mortgage up to PLN 900,000
- Civil law guarantee by Budlex Sp. z o.o.
- Blank promissory note together with the note declaration

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
BRE BANK HIPOTECZNY SA (Budlex Construcion Sp. z o.o.)	8 367	8 367 PLN	4 129	4 129 PLN	Wibor 6M+5,5%	2012-12-28

Final collateral:

- Capped mortgage up to PLN 10,556,246.98
- Registered pledge on all shares of the Company established by the shareholders together with a statement on submission to enforcement of the shareholders as Assets Debtors
- Guarantee covering the loan amount, including interests, granted by the Shareholders of the Borrower until the final entry of mortgages and the establishment of a registered pledge
- Deposit of PLN 360,000 which will be supplemented and from which interest will be paid
- Subordination of all commitments and payments of the Borrower to the Shareholders with respect to the payments under the Loan Agreement
- Attorney for the Bank to dispose of all the Borrower's bank accounts
- Attorney for the Bank to operate the escrow accounts of Budlex Magnuszewska and Budlex Partner until the total loan repayment
- Statement by the Borrower on submission to enforcement up to PLN 16,733,692
- Blank promissory note issued by the Shareholder
- Agreement on Supporting the Project by the Borrower's Shareholder which is obliged to provide funds for the required interest instalment from the date due
- Agreement on escrow account held by the Bank for all settlements connected with the Project

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
BRE Bank Hipoteczny S.A. (Budlex Winnica Spółka z o.o.)	43 265	43 265 PLN	1 508	1 508 PLN	Wibor 3M+3,5%	2011-10-15

Final collateral:

- Capped mortgage up to PLN 86,530,000
- Registered pledge on all shares of the Borrower established by the Shareholder in favour of the Bank
- Attorney for the Bank to dispose of all the Borrower's bank accounts
- Assignment of rights arising form the current and future Apartments Sale Contracts
- Assignment a contract performance guarantee in favour to the Bank in the form of an irrevocable and unconditional transfer of a bank or insurance guarantee.
- Assignment of rights to compensation under an insurance policy against the building risks in connection with the construction of the building and after the completion - an insurance against fire and other perils
- Project Support Agreement by the Shareholders including their commitment to the make additional payments to the escrow account in the event of failure of balances in accordance with the submitted balance plan, not to pay dividends, dispose of shares and initiate procedures of shares redemption
- Statement by Borrower's Shareholders including they commitment to make additional capital contributions in the amount that allows to maintenance the equity at the level approved by the Bank
- The Shareholders' commitment not to dispose shares he owns and to make changes in the Borrower's Company Board during the term of Loan Agreement without the consent of the Bank
- Agreement on sharing the mortgage
- Agreement on escrow account held by the Bank for all settlements connected with the Project
- Statement by the Borrower on submission to enforcement up to PLN 86,530,000
- Statement by the General Contractor that all claims have been paid to subcontractors as so far

Risk of loan repayment maturity in case when certain economic conditions occur

The Lender is entitled to demand repayment of debts due to the loan granted when the Borrower will a have negative equity, or the Borrower's loss listed in the quarterly reports F-01-GUS will exceed 5% of the equity.

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
BRE Bank Hipoteczny SA (Budlex Bratek Sp. z o.o.)	9 850	9 850 PLN	3 308	3 308 PLN	Wibor 3M+3,5%	2014-10-15

- Capped mortgage up to PLN 19,700,000
- Registered pledge on all shares of the Borrower
- Blank promissory note, incl. bill declaration issued by the Borrower and guaranteed by the Shareholders until the effective establishment of capped mortgage and registered pledge to the Bank
- Assignment of rights under sale contracts and insurance or bank guarantee agreement.
- Assignment of rights to compensation under an insurance policy against the building risks in connection with the construction of the building and after the completion - an insurance against fire and other perils
- Agreement on subordination of all payments to the shareholders and the project sponsor ((Budlex Sp. z o.o.)
- Support Agreement providing the subordination of payments, and including the Shareholder's statement on his commitments to cover the additional paid-in capital, to support the budget if the costs are exceeded, to grant subordinated loans or to increase the Borrower's share capital
- Bank account agreement, including a power of attorney for the Bank to dispose of the balance of bank account
- Power of attorney to dispose of the bank account in BRE Bank Hipoteczny S.A and of all Borrower's accounts
- Agreement on sharing the mortgage
- Statement of the Borrower on submission to execution up to PLN 19,700,000
- The Shareholders' commitment not to made additional payments into the escrow account according to the income schedule, distribute dividends before credit repayment, incur debts, redeem shares and give guarantees

The Lender is entitled to demand repayment of debts due to the loan granted when the Borrower will a have negative equity, or the Borrower's loss listed in the quarterly reports F-01-GUS will exceed 5% of the equity.

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
BRE Bank Hipoteczny SA (Budlex Koszarowa Sp. z o.o.)	9 200	9 200 PLN	476	476 PLN	Wibor 3M+3,3%	2015-01-15

- Capped mortgage up to PLN 18,400,000
- Registered pledge on all shares of the Borrower
- Blank promissory note, incl. bill declaration issued by the Borrower and guaranteed by the shareholders until the effective establishment of capped mortgage and registered pledge to the Bank
- Assignment of rights under sale contracts and insurance or bank guarantee agreement
- Assignment of rights to compensation under an insurance policy against the building risks in connection with the construction of the building and after the completion - an insurance against fire and other perils
- Agreement on subordination of all payments to the shareholders and the project sponsor ((Budlex Sp. z o.o.)
- Support Agreement providing the subordination of payments, and including the Shareholder's statement on his commitments to cover the additional paid-in capital, to support the budget if the costs are exceeded, to grant subordinated loans or to increase the Borrower's share capital
- Bank account agreement, including a power of attorney for the Bank to dispose of the balance of bank account
- Power of attorney to dispose of the bank account in BRE Bank Hipoteczny S.A and of all Borrower's accounts
- Agreement on sharing the mortgage
- Statement of the Borrower on submission to execution up to PLN 18,400,000
- The Shareholders' commitment not to made additional payments into the escrow account according to the income schedule, distribute dividends before credit repayment, incur debts, redeem shares and give guarantees

The Lender is entitled to demand repayment of debts due to the loan granted when the Borrower will a have negative equity, or the Borrower's loss listed in the quarterly reports F-01-GUS will exceed 5% of the equity.

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
PKO Bank Polski SA (Budlex Osiedle Nasze Sp. z o.o.)	8 238	8 238 PLN	1 205	1 205 PLN	Wibor 3M+3%	2012-03-01

Final collateral:

- Fixed-rate mortgage up to PLN 8,238,000
- Capped mortgage up to PLN 1,647,600
- Assignment of rights to compensation under an insurance policy against the building risks in connection with the construction of the building and after the completion - an insurance against fire and other perils
- Statement by the Borrower on submission to execution up to PLN 12,357,000
- Claim deductions clause from the accounts held by PKO BP
- Power of attorney to dispose of the bank account in BPH SA
- Agreement on the transfer of receivables for the benefit of the Bank due to already concluded and future contracts for the sale of apartments

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
Bank Pocztowy SA (Budlex Winnica L4 Sp. z o.o.)	9 300	300 PLN	0	0 PLN	Wibor 1M+2,4%	2012-12-31

Final collateral:

- Fixed-rate mortgage up to PLN 14,880,000
- Assignment of rights to compensation under an insurance policy against the building risks in connection with the construction of the building and after the completion - an insurance against fire and other perils
- Blank promissory note together with the bill declaration, guaranteed by a shareholder
- Assignment of the sale receivables
- Renewable deposit in the amount of PLN 250,000.00
- Power of attorney to dispose of the current account and of all other Borrower's accounts held by the Bank
- Assignment of receivables from construction contract signed by the Borrower with the General Contractor
- Statement of the Borrower on submission to execution up to PLN 13,950,000
- Statement by the Borrower to submit to enforcement to the delivery of a real estate
- Agreement on sharing the mortgage

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
Bank Pocztowy SA (Budlex Winnica L4 Sp. z o.o.)	600	600 PLN	0	0 PLN	Wibor 1M+2,4%	2012-10-31

Final collateral:

- Fixed-rate mortgage up to PLN 960,000
- Assignment of rights to compensation under an insurance policy against the building risks in connection with the construction of the building and after the completion - an insurance against fire and other perils
- Blank promissory note together with the bill declaration, guaranteed by a shareholder
- Assignment of the sale receivables
- Renewable deposit in the amount of PLN 250,000.00
- Power of attorney to dispose of the current account and of all other Borrower's accounts held by the Bank
- Assignment of receivables from construction contract signed by the Borrower with the General Contractor
- Statement by the Borrower on submission to execution up to PLN 960,000
- Statement by the Borrower on submission to enforcement to the delivery of a real estate
- Agreement on sharing the mortgage

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
BRE BANK HIPOTECZNY SA (Budlex Partner Sp. z o.o.)	10 000	10 000 PLN	0	0 PLN	Wibor 6M+3,5%	2014-05-15

Final collateral:

- Capped mortgage up to PLN 20,000,000
- Registered pledge on all shares of the Borrower
- Blank promissory note, incl. bill declaration issued by the Borrower and guaranteed by the shareholders until the effective establishment of capped mortgage and registered pledge to the Bank
- Assignment of rights under sale contracts and insurance or bank guarantee agreement
- Assignment of rights to compensation under an insurance policy against the building risks in connection with the construction of the building and after the completion - an insurance against fire and other perils
- Bank account agreement, including a power of attorney for the Bank to dispose of the balance of bank account
- Support Agreement providing the subordination of payments, and including the Shareholder's statement on his commitments to cover the additional paid-in capital, to support the budget if the costs are exceeded, to grant subordinated loans or to increase the Borrower's share capital
- Statement of the Borrower on submission to execution up to PLN 20,000,000
- The Shareholders' commitment not to made additional payments into the escrow account according to the income schedule, distribute dividends before credit repayment, incur debts, redeem shares and give guarantees
- Power of attorney to dispose of the bank account in BRE Bank Hipoteczny S.A and of all Borrower's accounts in other banks
- Agreement on sharing the mortgage
- Assignment of rights under a bank or insurance performance bond, penalties and other guarantees on contract performance with the General Contractor, provided by the General Contractor

The Lender is entitled to demand repayment of debts due to the loan granted when the Borrower will a have negative equity, or the Borrower's loss listed in the quarterly reports F-01-GUS will exceed 5% of the equity.

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
PKO Bank Polski SA (Budlex Sielanka Sp. z o.o.)	9 008	9 008 PLN	0	0 PLN	Wibor 3M+2,8%	2012-12-31

Final collateral:

- Fixed-rate mortgage up to PLN 15,313,480
- Claim deductions clause from the accounts held by PKO BP
- Blank promissory note issued by the Borrower and guaranteed by Budlex Sp. z o.o.
- Assignment of rights to compensation under an insurance policy against the building risks in connection with the construction of the building and after the completion - an insurance against fire and other perils
- Agreement on the transfer of receivables for the benefit of the Bank due to already concluded and future contracts for the sale of apartments, parking places and utilities
- Statement of the Borrower on submission to execution up to PLN 13,511,897

Bank - the Creditor (Company - the Borrower)	Loan amount under the agreement		Loan amount outstanding		Interest	Maturity date
	PLN '000	CU '000	PLN '000	CU '000		
PKO Bank Polski SA (Budlex Waryńskiego Sp. z o.o.)	11 437	11 437 PLN	0	0 PLN	Wibor 3M+2,8%	2012-09-30

Final collateral:

- Fixed-rate mortge up to PLN 19,442,580
- Claim deductions clause from the accounts held by PKO BP
- Blank promissory note issued by the Borrower and guaranteed by Budlex Sp. z o.o.
- Assignment of rights to compensation under an insurance policy against the building risks in connection with the construction of the building and after the completion - an insurance against fire and other perils
- Agreement on the transfer of receivables for the benefit of the Bank due to already concluded and future contracts for the sale of apartments, parking places and utilities
- Statement of the Borrower on submission to execution up to PLN 17,155,214
- Irrevocable assignment of rights to current account of the Borrower

13 Provisions for liabilities and other charges

	Provision for guarantee works	Provision for legal claims and indemnity	Provision for work-related benefits and pension benefits	Other	Total
As at 1 January 2011	**6 351**	**619**	**4 467**	**1 880**	**13 317**
Increase	1 230	26	2 804	6 622	**10 682**
Transfers	58	0	32	-185	**-95**
Released	368	0	850	474	**1 692**
Used	585	0	412	998	**1 995**
As at 30 June 2011	**6 686**	**645**	**6 041**	**6 845**	**20 217**

The Group has recognized the balance provision for guarantee repairs in the amount of PLN 6,686 thousand as at 31 June 2010 and PLN 6,351 thousand as at 31 December 2010. The Group creates a provision for anticipated guarantee repair costs based on the level of repair works recorded in previous years. The assumptions used to calculate the reserve for guarantee repairs and refunds were grounded on records of repair works carried out in the years 2007-2011.

The Other Provisions item includes mainly the provision for loss on a contract for construction of the Silesia Shopping Centre in Katowice worth PLN 6,615 thousand, executed by the Parent.

The provision as at 31 December 2011 consists mainly of the reserve created in 2007 related to proceedings at law brought by Euroconstruction Sp. z o.o., seated in Poznań. The legal status as of the balance sheet date: first instance, the value of dispute: PLN 451 thousand. The Court of Appeal in the Szczecin quashed the sentence issued by the Regional Court and refereed the case to reheard. The final is difficult to predict because of its complicated nature.

14 Trade and other liabilities, income tax liabilities

Short-term liabilities	**30.06.2011**	**31.12.2010**	**30.06.2010**
Deliveries and services	350 745	218 859	224 361
From associates	449	1 005	438
From other entities	350 296	217 854	223 923
From the public sector	10 773	15 660	23 899
Corporate income tax	1 380	2 393	1 679
Value Added Tax	3 672	7 908	16 893
Income tax on natural persons	1 322	1 164	1 100
Other	4 399	4 195	4 227
Financial liabilities, incl.	3 922	3 557	3 474
Leases	3 922	3 557	3 474
Other	11 385	27 347	24 171
Payroll	4 171	3 807	3 505
Advance payments received	6 680	19 470	0

Liabilities due to shares	0	3 468	0
Liabilities due to suppliers	0	0	14 195
Liabilities due to dividend	0	0	6 266
Other	534	602	205
Total	**376 825**	**265 423**	**275 905**

15 Current and deferred income tax

The main tax burden as at 30 June 2011 and 30 June 2010 were as follows:

	6-month period ended 30 June 2011	6-month period ended 30 June 2010
Profit or loss	**-3 666**	**5 767**
Deferred tax on origination and reversal of temporary differences	-6 275	4 615
Current tax	2 609	1 152

The reconciliation of income tax on profit before tax to the tax calculated at effective tax rate for the Group as at 31 June 2011 and 31 June 2010 is presented in the following table:

	6-month period ended 30 June 2011	6-month period ended 30 June 2010
Profit before tax	**-33 686**	**29 692**
Tax at the statutory tax rate applicable in Poland which was 19% in 2010 and 2011	**-6 400**	**5 641**
Additional burden arising from the rate exceeding 19% in Germany	388	49
Tax on dividends paid by a foreign company	250	0
Tax on unrecognised tax losses	613	84
Excess costs which are not tax deductibles over income not recognized as taxable income	1 483	-7
Current income tax	**-3 666**	**5 767**

As at 30 June 2011 and the year ended 31 December 2010, the applicable tax rate has not been changed as compared to the previous financial period.

As at 30 June 2011 and the year ended 31 December 2010 there were no temporary differences so neither deferred tax assets was recognized in the balance sheet nor provision for deferred tax was established.

Provision on deferred tax	**6-month period ended 30 June 2011**	**6-month period ended 30 June 2010**
Valuation of long-term contracts	15 269	11 655
Revaluation of assets	7 150	8 688
Balance valuation - discount obligations	505	208
Lease	402	38
Financial expenses capitalized	337	301
Other	1 139	588
Total	**24 802**	**21 478**

Deferred tax assets	**6-month period ended 30 June 2011**	**6-month period ended 30 June 2010**
Valuation of building contracts	9 219	9 714
Provisions	3 745	1 730
Tax loss to be deducted in next years	9 643	2 773
Profit margin on intra-Group sales	3 126	4 176
Other fees charged statistically	672	49
Claims capitalization	1 110	795
Other financial liabilities	787	755
Valuation of liabilities from derivatives	0	478
Accrued expenses	3 080	0
Other	651	1 765
Total	**32 033**	**22 235**

The assets and liabilities for deferred taxes are compensated when there is a legal title for admission to offset the tax and current tax liabilities and when deferred taxes is under the same tax jurisdiction and will be paid in similar periods.

Margin gained on intra-Group sales results from the higher tax charge on assets sold to the companies consisting the Group in relation to their carrying amount due to the exclusion of gains recognized in the assets in consolidation.

16 Transactions with associates

The following tables summarized the total amount of transactions entered into by the Parent and subsidiaries with associates that are not subject to consolidation for the period of six months ended 30 June 2011 and 30 June 2010.

	Receivables/assets	Liabilities	Income	Expenses
	30 June 2011		6- month period ended 30 June 2011	
Deliveries and services	62	449	177	0
Disposal of fixed assets	0	0	0	0
Other	0	0	0	0
Inventory	0	0	0	0
Loans	14 826	0	625	0

	Receivables/assets	Liabilities	Income	Expenses
	30 June 2010		6- month period ended 30 June 2010	
Deliveries and services	38	437	62	1 138
Disposal of fixed assets	0	0	0	0
Other	0	0	0	0
Inventory	0	0	0	0
Loans	3 051	258	3	0

Transactions with associates are concluded on market conditions.

17 Transactions with key members of the company's management

As at 30 June 2011 the managing staff (members of the Board and holders of a commercial power of attorney) held the following number of shares:

Shareholder	Class of shares	Number of shares	Percentage of equity	Number of votes	Percentage of voting rights at a GM
Juladal Investments Ltd. (a company controlled by members of the Board of Erbud SA)	Common	2,761,147	21.91%	2,761,147	21.91%
Dariusz Grzeszczak	Common	750,000	5.95%	750,000	5.95%
Józef Adam Zubelewicz	Common	250,000	1.98%	250,000	1.98%
Walenty Twardy procurist of Erbud S.A.	Common	5,884	0.05%	5,884	0.05%

Piotr Augustyniak procurist of Erbud S.A.	Common	7,397	0.06%	7,397	0.06%
Agnieszka Głowacka procurist of Erbud S.A.	Common	4,136	0.03%	4,136	0.03%
Grzegorz Krzywicki prokurent Erbud S.A.	Common	2,872	0.02%	2,872	0.02%
Bogdan Duerr procurist of Erbud S.A.	Common	4,895	0.04%	4,895	0.04%
Włodzimierz Czystowski procurist of Erbud S.A.	Common	5,524	0.05%	5,524	0.05%
Tomasz Krzywicki procurist	Common	3,636	0.03%	3,636	0.03%
Mirosław Młynarski	Common	2,070	0.02%	2,070	0.02%
Radosław Kałamaga procurist	Common	2,021	0.02%	2,021	0.02%
Tomasz Krzywicki procurist of Erbud S.A.	Common	1,250	0.01%	1,250	0.01%
Maciej Wyrzykowski procurist of Erbud S.A.	Common	1,000	0.01%	1,000	0.01%

Both as at 31 June 2011 and as at 31 December 2010, members of the Supervisory Board and the Management Board of the Parent as well as the key management personnel did not have outstanding loans, credits or guarantees granted by the companies of the Erbud Group.

Both as at 31 June 2011 and as at 31 December 2010, members of the Supervisory Board and the Management Board of the Parent as well as the key management personnel were not a party to the contract obliging to render services to the companies of the Erbud Group.

18 Dividends paid and proposed, dividend per share

In the reporting period, the Parent Company did not declare and not pay any dividends.

19 Liabilities arising from issuance of debt and equity securities

In the period ended 30 June 2011, the companies incorporated in the Group did not issue any debt securities or equity financial instruments.

On 14 July 2011, the Parent issued 50,000 unsecured three-year bearer bonds with a total par value of PLN 50,000,000. The issue price of bonds equals the nominal value and the interest rate was set based on WIBOR 6M plus a margin of 3.4% per year. 15 July 2014 is the Redemption Date.

Bearer bonds of Series A issued by the Parent were introduced on 2 August 2011 to the BondSpot alternative trading system on the Catalyst market. The first day of trading fell on 9 August 2011.

During the period by the date of preparing the condensed consolidated interim financial statements, the Company increased the share capital under authorised capital. Data on the increase are included in Note 1.4 related to equity.

20 Changes in the composition of the Capital Group

During the period ended 30 June 2011, there were no changes in the composition of the Capital Group.

21 Contingent liabilities and receivables

The off-balance sheet items of the Group due to contingent debts and liabilities, and other off-balance sheet items were as follows:

	6-month period ended 30 June 2011	Year ended 31 December 2010	6-month period ended 30 June 2010
Contingent receivables	2 134	0	0
From associated	0	0	0
Guarantees received	0	0	0
Litigation and claims	0	0	0
Bills of exchange received as collateral	0	0	0
From other entities	0	0	0
Guarantees received	2 134	0	0
Litigation and claims	0	0	0
Bills of exchange received as collateral	0	0	0
Contingent receivables total	2 134	20	0
Contingent liabilities	**296 254**	**301 712**	**200 792**
To associated	0	14 557	15 497
Guarantees granted	0	0	15 497
Litigation and claims	0	0	0
Promissory notes	0	0	0
To other entities	200 792	158 975	118 762
Guarantees granted	200 792	158 975	118 762
Litigation and claims	0	0	0
Promissory notes	0	0	0
Contingent liabilities total	200 792	173 532	134 259
Off-balance sheet items total	200 792	173 532	134 259

22 Objectives and principles of financial risk management

In the course of conducting its business, the ERBUD Group is exposed to various types of financial risks: currency risk, price risk, interest rate risk, credit risk and liquidity risk. The Management Board verifies and lays down the management principles of each of these risks.

Currency risk

As a part of the key operating area, the subsidiaries incorporated in the Group conclude construction contracts, which are denominated in foreign currencies (primarily in the Euro). The currency risk management policy adopted by the Management Board is to match the contract currency to the currency of expenses incurred in connection with this contract. Contracts which are performed in Poland are concluded in Polish currency (PLN) and those executed by foreign companies and units are signed in Euros.
The companies of the Group do not apply hedge accounting.

Interest rates risk

The risk of interest rates is mainly due to the use by companies of the bank credits, borrowings and finance lease. These financial instruments are based on variable rates and expose the Group to the risk of changes in cash flows.

The interest rates risk associated with existing debts was considered to be irrelevant from the point of view of impacting the results of the Group, therefore the currently management by interest rate risk is limited to monitoring the present market situation. In case of growth of debts due to bank loans, means will be taken in order to prevent a change in interest rates.

Price risk

The Group is exposed to the price risk related to increases in the prices of construction materials most purchased such as steel and concrete. Opening of the European labour markets results in the outflow abroad of skilled construction workforce and its reduced supply causes a rise in wage costs. Following the increase in material prices and labour costs, prices of services provided for the Group by the subcontracting companies can rise as well. Prices in the agreements concluded with the builders are usually fixed for the contract performance duration - usually between 6 and 36 months, while contracts with subcontractors are signed at a later date, according to work progress.
In order to reduce price risks, the Erbud Group monitors the prices of most building materials purchased and the contracts are signed with the observance of parameters in respect to the market situation, inter alia, duration and value of contracts.

Credit risk

Trade receivables are the financial assets of the Group that are exposed to the increased credit risk. The Erbud Group applies the policy of evaluation and verification of credit risk connected with all contracts, whether on the before-offer stage as well as during the execution of contracts.

Before signing a contract, each contracting partner is appraised for the possibility of meeting its financial obligations. In the event of a negative assessment of the contractor's payment capacity, the establishment of appropriate financial or property guarantees decided whether the agreement is entered into. Moreover, the conditions of agreements with builders provide for the right to suspend the performance of works, in case of any delay in payment for services rendered.

If possible, agreements include provisions which are conditioning payments to the subcontractors from the inflow of funds from the builder.

Liquidity risk

In order to reduce the liquidity risk, the Group's companies keep an adequate amount of cash and transferable securities, and enter into contracts for credit lines, which are an additional security measure of liquidity. To finance investment purchases, the Group uses its own funds or long-term financial leases providing adequate financing structure of such assets.

The Group's companies collaborate both in monetary and capital transactions with financial institutions of high reliability, without causing a significant concentration of credit risk. The Group applies also a policy of limiting credit exposure to the individual financial institutions and issuers of debt securities that are purchased under the periodic placement of surplus cash.

The liquidity management is supported by the current system of reporting liquidity forecasts by the companies of the Group.

23 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 with its registered seat in Toruń.

1) The basic characteristics of assets (type and number votes at the GM), on which the pledge was established: In order to secure an agreement with the Seller, the Issuer has entered into an lien agreement (possessory and registered), under which the Buyer established to the Seller an possessory lien and upon entry in pledge register will establish an registered lien on 3,899 shares representing 29% stake in Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A headquartered in Toruń. The possessory lien shall expire upon entry of the registered lien in the register of pledges.

2) 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%

3) Relationship type between Erbud and persons managing or supervising Erbud and the pledgee (Rison Limited, based in Nicosia, Cyprus):
None

4) Percentage of the pledged shares in the nominal capital of PBDI S.A. 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 PBDI S.A The Issuer considers the investment in PBDI S.A shares as a long-term one.

Collaterals for repayment of loans incurred with banks by the Group are described in Note No. 12.

24 Litigation and 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.

The legal status of proceedings from the publishing date of the annual financial statements for 2010 has not changed. Determining the result of proceedings it is not possible at this stage.

25 Events subsequent to the balance sheet date

After the balance sheet date by the date of the financial statements there were no events which have not been, and should be recognized in the accounts of the financial year.

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, 30 August 2011