Translation from Polish

ERBUD GROUP

INTERIM REPORT ON OPERATIONS OF THE ISSUER'S CAPITAL GROUP AS AT 30.06.2011

WARSAW, 30 AUGUST 2011

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1. Overview of economic and financial highlights

The financial position of Erbud SA in the firt half of 2011 is characterized by selected economic and financial figures recognized in the statements of balance sheet, profit or loss, cash flow and the notes, together with the auditor's opinion and report.

A) ANALYSIS OF THE BALANCE SHEET AS AT 30 JUNE 2011

- Balance sheet

BALANCE SHEET	30.06.2011	30.06.2010	CHANGE	CHANGE IN %
I. Fixed assets	**119,558.00**	**86,808.00**	**32,750.00**	**37.73**
1. Intangible fixed assets	32,944.00	35,626.00	-2,682.00	-7.53
2. Investment real property	5,770.00	6,609.00	-839.00	-12.69
3. Goodwill	20,102.00	20,102.00	0.00	0.00
4. Tangible fixed assets	531.00	439.00	92.00	20.96
5. Non-current financial assets	28,148.00	1,651.00	26,497.00	1,604.91
6. Long-term receivables	30.00	127.00	-97.00	-76.38
7. Long-term prepayments	0.00	19.00	-19.00	-100.00
8. Deferred tax assets	32,033.00	22,235.00	9,798.00	44.07
II. Current assets	**661,245.00**	**561,913.00**	**99,332.00**	**17.68**
1. Inventory	113,936.00	104,248.00	9,688.00	9.29
2. Current receivables	393,264.00	256,036.00	137,228.00	53.60
3. Financial assets	3,936.00	8,399.00	-4,463.00	-53.14
4. Short-term investments	60,698.00	109,633.00	-48,935.00	-44.64
5. Construction contracts	55,402.00	48,800.00	6,602.00	13.53
6. Short-term prepayments	515.00	2,023.00	-1,508.00	-74.54
8. Building securities	33,494.00	32,774.00	720.00	2.20
Total assets	**780,803.00**	**648,721.00**	**132,082.00**	**20.36**
I. Total equity	**219,976.00**	**254,062.00**	**-34,086.00**	**-13.42**
1. Equity attributable to shareholders of the Parent	**210,674.00**	**250,777.00**	**-40,103.00**	**-15.99**
2. Minority interests	**9,302.00**	**3,285.00**	**6,017.00**	**183.17**
II. Long-term liabilities, incl.	**61,161.00**	**70,117.00**	**-8,956.00**	**-12.77**
Credits and loans	18,988.00	26,522.00	-7,534.00	-28.41
III. Short-term liabilities, incl.	**499,666.00**	**324,542.00**	**175,124.00**	**53.96**
Credits and loans	63,777.00	5,422.00	58,355.00	1,076.26
Trade liabilities	303,134.00	221,478.00	81,656.00	36.87
Building securities	72,311.00	52,748.00	19,563.00	37.09
Building contracts	14,618.00	21,132.00	-6,514.00	-30.83
Total liabilities	**780,803.00**	**648,721.00**	**132,082.00**	**20.36**

The carrying value of the Group as compared to the same period of the previous year increased by 20,36%. The growth in total assets is primarily due to sales rise, and hence the rise of debts and obligations due to supplies and services and the settlement of long-term contracts. The Group constantly pursues a policy of growth by increasing the value of current assets and reducing the investment purchases to a secure minimum.

In principle, the structure of the balance sheet has not changed as compared to the same period of the last year. The proportions between the fixed and current assets are stable. There are some small differences the items of assets. The increase in short-term receivables shows the greatest difference,

what confirms the previously described regularity - linking growth of short-term receivables with sales rise. Analysis of liabilities also indicates the greatest change in the percentage of current liabilities.

BALANCE SHEET	30.06.2011	30.06.2010	%	%
I. Fixed assets	**119,558.00**	**86,808.00**	**15.31%**	**13.38%**
1. Intangible fixed assets	32,944.00	35,626.00	4.22%	5.49%
2. Investment real property	5,770.00	6,609.00	0.74%	1.02%
3. Goodwill	20,102.00	20,102.00	2.57%	3.10%
4. Tangible fixed assets	531.00	439.00	0.07%	0.07%
5. Non-current financial assets	28,148.00	1,651.00	3.61%	0.25%
6. Long-term receivables	30.00	127.00	0.00%	0.02%
7. Long-term prepayments	00.00	19.00	0.00%	0.00%
8. Deferred tax assets	32,033.00	22,235.00	4.10%	3.43%
II. Current assets	**661,245.00**	**561,913.00**	**84.69%**	**86.62%**
1. Inventory	113,936.00	104,248.00	14.59%	16.07%
2. Current receivables	393,264.00	256,036.00	50.37%	39.47%
3. Financial assets	3,936.00	8,399.00	0.50%	1.29%
4. Short-term investments	60,698.00	109,633.00	7.77%	16.90%
5. Construction contracts	55,402.00	48,800.00	7.10%	7.52%
6. Short-term prepayments	515.00	2,023.00	0.07%	0.31%
8. Building securities	33,494.00	32,774.00	4.29%	5.05%
Total assets	**780,803.00**	**648,721.00**	**100.00%**	**100.00%**
I. Total equity	**219,976.00**	**254,062.00**	**28.17%**	**39.16%**
1. Equity attributable to shareholders of the Parent	**210,674.00**	**250,777.00**	**26.98%**	**38.66%**
2. Minority interests	**9,302.00**	**3,285.00**	**1.19%**	**0.51%**
II. Long-term liabilities, incl.	**61,161.00**	**70,117.00**	**7.83%**	**10.81%**
Credits and loans	18,988.00	26,522.00	2.43%	4.09%
III. Short-term liabilities, incl.	**499,666.00**	**324,542.00**	**63.99%**	**50.03%**
Credits and loans	63,777.00	5,422.00	8.17%	0.84%
Trade liabilities	303,134.00	221,478.00	38.82%	34.14%
Building securities	72,311.00	52,748.00	9.26%	8.13%
Building contracts	14,618.00	21,132.00	1.87%	3.26%
Total liabilities	**780,803.00**	**648,721.00**	**100.00%**	**100.00%**

B) ANALYSIS OF THE PROFIT AND LOSS STATEMENT AS AT 30 JUNE 2011

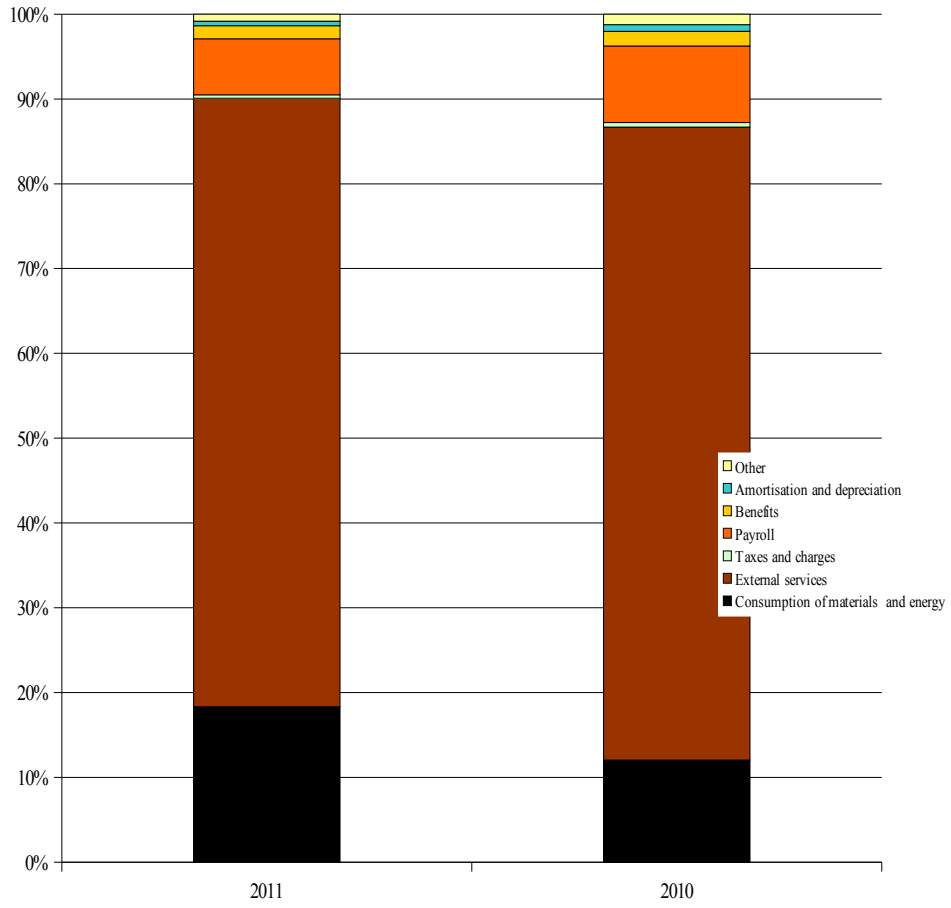
- Profit and loss statement

ITEM	30.06.2011	30.06.2010	Change	Change in %
A. Revenue from core business	**686,480.00**	**525,630.00**	**160,850.00**	**30.60**
B. Operating expenses	**716,466.00**	**497,878.00**	**218,588.00**	**43.90**
Amortisation and depreciation	3,884.00	3,941.00	-57.00	-1.45
Consumption of materials and energy	131,016.00	59,593.00	71,423.00	119.85
External services	512,938.00	369,893.00	143,045.00	38.67
Taxes and charges	2,930.00	2,683.00	247.00	9.21
Payroll	47,104.00	46,743.00	361.00	0.77
Social security and other benefits	11,060.00	8,450.00	2,610.00	30.89
Other costs by type	5,855.00	6,106.00	-251.00	-4.11
Value of goods and materials sold	1,679.00	469.00	1,210.00	
C. Profit (loss) on sales	**-29,986.00**	**27,752.00**	**-57,738.00**	**-208.05**
D. Other operating revenues	4,029.00	2,276.00	1,753.00	77.02
E. Other operating expenses	1,809.00	2,467.00	-658.00	-26.67
F. Profit (loss) on operating activities	**-27,766.00**	**27,561.00**	**-55,327.00**	**-200.74**
G. Financial revenues	3,249.00	1,631.00	1,618.00	99.20
H. Financial costs	7,737.00	4,436.00	3,301.00	74.41
I. Profit (loss) on business activities	**-32,254.00**	**25,019.00**	**-57,273.00**	**-228.92**
J. Profit (loss) before tax	**-32,254.00**	**25,019.00**	**-57,273.00**	**-228.92**
K. Income tax	-3,666.00	5,767.00	-9,433.00	-163.57
L. Other statutory reductions in profit	0.00	0.00	0.00	0.00
N. Net profit	**-28,588.00**	**19,252.00**	**-47,840.00**	**-248.49**

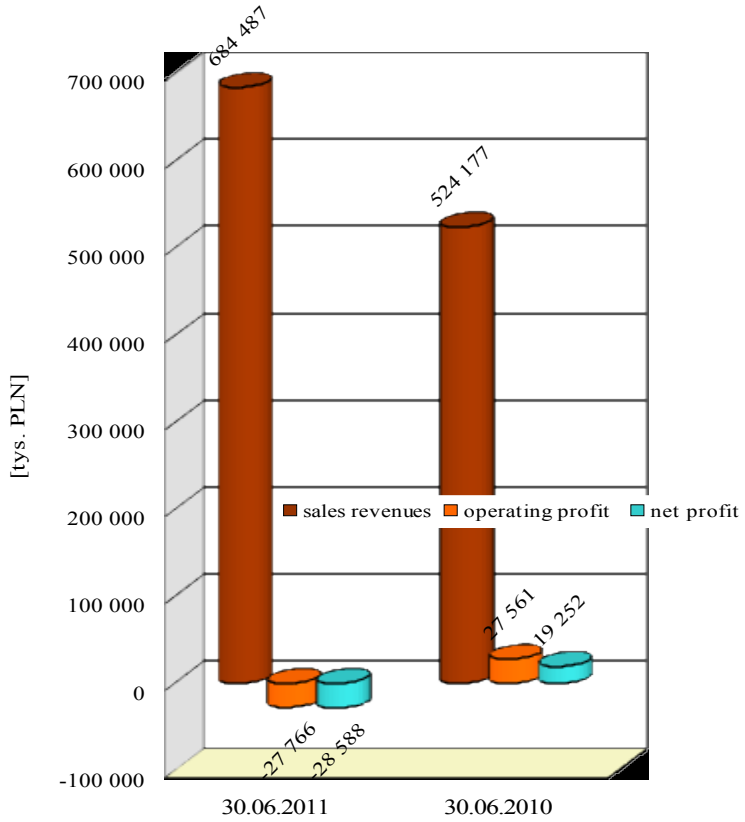
As at 30 June 2011 revenues from the core business amounted to PLN 686,480 thousand which represents an increase as compared to the corresponding period by 30.6%. However, during the reporting period costs rose faster than sales, what resulted in losses on all results. Negative profit on sales was PLN -29,986 thousand, EBIT: PLN -27,766 thousand, loss before tax: PLN -32,254 thousand; net loss: PLN -28,588 thousand.

- loss on the outgoing contract for the development of the SILESIA Shopping Centre in Krakow,
- reducing the margins on contracts due to huge price competition and rising prices of materials and services of subcontractors,
- increased cost of works carried out during the winter.

Cost structure by type over the reporting period and the comparable period



Basic results on operations as at 30.06.2011 and 30.06.2010 (in PLN 000')



C) KEY RATIOS

KEY FINANCIAL RATIOS

Item	***30.06.2011***	***30.06.2010***
ROE[1]	-13.00%	7.58%
ROA[2]	-3.66 %	2.97%
EBIT[3]	-4.06%	5.26%
EBITDA[4]	-3.49%	6.01%
Return on sales[5]	-4.38%	5.29%
Return on sales before tax[6]	-4.71%	5.28%
Return on net sales[7]	-4.18%	3.67%
Current liquidity ratio[8]	1.30	1.73
Quick liquidity ratio[9]	1.10	1.41
Overall debt ratio[10]	72%	61%
Debt to equity ratio[11]	2.55	1.55

[1] *Net income / Equity*
[2] *Net income / Total assets*
[3] *Operating profit / Net income on sales*
[4] *Operating profit + Amortization / Net income on sales*
[5] *Gross income on sales / Net income on sales*
[6] *Gross income / Net income on sales*
[7] *Net income / Net income on sales*
[8] *Current assets / Current liabilities*
[9] *Current assets – Inventories / Current liabilities*
[10] *Liabilities and provisions for liabilities / Total assets*
[11] *Liabilities and provisions for liabilities / Equity*

1. In this index and its trend are particularly interested shareholders (investors) of the company. A high ROE (Return on Equity) shows them whether the capital has been allocated properly. It suggests that the company is developing what creates opportunities for higher dividends.
2. The value of ROE is usually compared with the bank interest rate on long-term deposits. The level of this ratio should exceed the rate of long-term bank deposits.
3. ROA (Return on Assets) informs about the company's ability (and more strictly - its assets) to generate a profit. It shows how effectively a company manages its assets. The higher value of ROA, the better the company's financial situation. The ROA ratio is of particular interest of the company's lenders, since it is a valuable source of information about the ability of assets to raise revenue, which is the source of installments and interest on loans. Western banks expect this index to reach a level of 2-6 percent, while in small firms it should be higher than in large ones. Low ratio as compared to the index level of companies operating in the same business usually means under-utilization of company's capacity.
4. EBIT shows the sales profitability achieved by the company. So calculated profitability is"cleansed" of influences which interest on capital, taxes and extraordinary events have on the profit gained.
5. EBITDA shows the profitability of the company without taking into account interest, taxes, extraordinary events and depreciation.
6. The three presented profitability ratios inform about return on sales at different levels of the company's operations. Despite a reduction in the profitability of sales, the ratios achieve a satisfactory value as regards the construction industry.
7. Debt ratios indicate a company's ability to repay liabilities. The rates are expected to be ranged between 1 and 2.
8. The Overall Debt Ratio shows the structure of financing company's assets. It indicates the percentage of debt in sources of financing assets. The higher the ratio, the higher the debt, and the higher the financial risk. Too high level of overall debt ratio may arouse reservations as to the financial credibility of the company. According to the standards, the index should be in the range of 0.57 - 0.67.
9. The growth of the Debt to Equity Ratio means that borrowing sources are involved in a greater scale than the own sources of the company, and thus indicates an increase in the debt value. This directly affects the level of financial risk due to higher repayments of installments and interest. A limit value for small businesses is the ratio of 3:1. For medium and large firms requirements are stricter - 1:1 ratio.

The analysis of ratios presented above shows the company's situation. As already mentioned, certain one-time events caused that the Group had losses at all levels of results which resulted in negative values of profitability. Reported losses also contributed to the reduction in shareholders' equity which resulted in the debt coverage ratios.

Solvency ratios fallen in relation to the comparable period, however, they remain a safe level.

D) THE CASH FLOW ANALYSIS

The company began the year 2011 with cash amounting to PLN 147,229 thousand and cash balance as at 30 June 2011 of PLN 60,698 thousand. The reduction in cash is attributable primarily to losses incurred. Flows from operating activities showed the balance of PLN -121,476 which was mainly caused by increased level of receivables, accompanied by a disproportionate increase in liabilities. Balance of investment flows was PLN -2,843 and of financial flows PLN 37,648. Cash decreased by PLN 86,671 in overall.

2. Organization of the Issuer's Capital Group, indicating the consolidated companies.

Erbud SA is a parent company of the Erbud Group [the "Parent"]. The core business of the Group is performance of construction and assembly services as general contractor and subcontractor in the country and abroad, housing development, manufacturing and erection of steel structures and specialized construction for the power industry as well as earth works and road-engineering. ERBUD SA functions as the dominant entity of the Group.

As at 30 June 2011, there were no movements in shares held by the Parent in subsidiaries as well as no changes in the structure of subsidiaries in comparison to the state as of the publication date of the report for the first quarter.

Composition of the Group

The Group consists of ERBUD SA which is the dominant entity, seated in Warsaw, and the following subsidiaries:

Name	***Registered office***	***Core business***	***Percentage 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.

a) 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.

b) 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.)

3. Indication of the effects of changes in the structure of the enterprise, including results from business combination, acquisition or sale of companies comprising the Issuer's Capital Group, long-term investment, distribution, restructuring and discontinuing operations

During the reporting period, there were no changes in the composition of the company.

4. Opinion of the Management Board of Erbud SA regarding the feasibility of the previously published estimates.

Due to the rapidly changing economic circumstances throughout the world since September 2008, the Board of Erbud SA decided not to publish forecasts.

5. List of shareholders holding at least 5% of the total number of votes at a general meeting of shareholders - directly or indirectly through subsidiaries - as at the date of submission of this interim report.

As at 30 June 2011 the share capital amounts to PLN 1,260,271.10 and is divided into 12,602,711 shares with a nominal value of PLN 0.10 each. Shares have been acquired in the following manner:

Series	Number	Price in PLN	Value
A	2 000 000	0.10	200 000.00
B	8 000 000	0.10	800 000.00
C	71 025	0.10	7 102.50
D	2 500 000	0.10	250 000.00
E	31 686	0.10	3 168.60
Total	12 602 711	0.10	1 260 271.10

On 10 August 2011, the Issuer's Board adopted a resolution to increase the share capital from PLN 1,260,271.10 to PLN 1,264,416.90 within the framework of the issue of 41,458 registered shares at PLN 0.10 each one. The capital increase was made by issuing shares of Series F issued under the Employee Incentive Scheme.
Until the publication of this report, the Issuer has not received any information about the entry of the increased capital to the KRS (National Court Register).

As at 30.06.2011 the shareholding structure was as follows:

No.	***Shareholder***	***Class of shares***	***Number of shares held***	***% of shareholders' equity***	***Number of votes***	**% of voting rights at the AGM**
1	Wolff & Müller Baubeteiligungen GmbH & Co. KG, of which Wolff & Müller Holding GmbH & Co.KG	Common	4 152 865	32.95%	4 152 865	32.95%
2	Juladal Investment Limited	Common	2 761 147	21.91%	2 761 147	21.91%
3	Aviva OFE Aviva BZ WBK	Common	1 183 146	9.39%	1 183 146	9.39%
4	ING OFE	Common	786 677	6.24%	786 677	6.24%
5	Dariusz Grzeszczak	Common	750 000	5.95%	750 000	5.95%
6	Free Float	Common	2 968 876	23.56%	2 968 876	23.56%

As at the day of publication of the report the shareholding structure is as follows:

No.	***Shareholder***	***Class of shares***	***Number of shares held***	***% of shareholders' equity***	***Number of votes***	**% of voting rights at the AGM**
1	Wolff & Müller Baubeteiligungen GmbH & Co. KG, of which Wolff & Müller Holding GmbH & Co. KG	Common	4 152 865	32.95%	4 152 865	32.95%
2	Juladal Investment Limited	Common	2 761 147	21.91%	2 761 147	21.91%
3	Aviva OFE Aviva BZ WBK	Common	1 183 146	9.39%	1 183 146	9.39%
4	ING OFE	Common	786 677	6.24%	786 677	6.24%
5	Dariusz Grzeszczak	Common	750 000	5.95%	750 000	5.95%
6	Free Float	Common	2 968 876	23.56%	2 968 876	23.56%

On 19 January 2011, the Issuer's Management Board was noticed on the disposal of 152,000 shares of Erbud SA by Wolff & Müller Baubeteiligungen GmbH & Co. KG. Before the transaction Wolff & Müller Baubeteiligungen GmbH & Co. KG together with the associated entity Wolff & Müller Holding GmbH & Co. KG had 4,304,865 Issuer's shares representing 34.16% of the share capital of ERBUD S.A. entitling to the same voting rights at a General Meeting. After the transaction, the Wolff & Müller Group has 4,152,865 shares of ERBUD S.A. representing 32.95% of the Issuer's share capital and entitling to the same voting rights at at the AGM of Erbud SA.

On 4 March 2011, the Issuer's Management Board received information on acquiring shares of the Issuer by a person related. A procura holder of Erbud SA purchased 1,125 shares of Series D.

On 5 April 2011, the Issuer's Management Board was noticed about the increase of percentage of Erbud shares held by the Otwarty Fundusz Emerytalny Aviva BZ WBK, which as of 31.12.2010 amounted to 927,978 Series D shares. Until the publication of the report, the Board of the Issuer has not been informed about any transactions on shares of Erbud SA, which would change the presented above shareholding structure.

On 25 May 2011, the Issuer's Management Board received information on acquiring shares of the Issuer by a person related. A procura holder of Erbud SA purchased 1,074 shares of Series D.

On 6 July 2011, the Issuer's Management Board received information on disposal of the Issuer 's shares by a person related. A procura holder of Erbud SA sold 1,000 shares of Series C.

On 25 July 2011, the Issuer's Management Board received information on disposal of the Issuer 's shares by a person related. A procura holder of Erbud SA sold 1,000 shares of Series C.

On 26 July 2011, the Issuer's Management Board received information on disposal of the Issuer 's shares by a person related. A procura holder of Erbud SA sold 1,200 bearer shares.

On 26 July 2011, the Issuer's Management Board received information on acquiring shares of the Issuer by a person related. A procura holder of Erbud SA purchased 2,000 shares of Series D.

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

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

The Company's Statute does not give any personal rights in relation to Erbud SA, 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.

6. Breakdown of number of the Issuer's shares holding by the managing and supervising persons as at the date of submission of the interim report, including changes in ownership.

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	% of shareholders' equity	Number of votes	% of voting rights at the GM
Juladal Investments Ltd. (company under control of board members 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 Procurist of Erbud S.A.	Common	2,872	0.02%	2,872	0.02%
Bgdan 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%
Maciej Wyrzykowski Procurist of Erbud S.A.	Common	1,000	0.01%	1,000	0.01%
Mirosław Młynarski Procurist	Common	2,070	0.02%	2,070	0.02%
Waldemar Kozłowski Procurist	Common	0,00	0.00%	0,00	0.00%
Tomasz Krzywicki Procurist	Common	1,250	0.01%	1,250	0.01%
Tomasz Krzywicki Procurist (by a person related)	Common	3,636	0.03%	3,636	0.03%
Radosław Kałamaga Procurist	Common	2,021	0.02%	2,021	0.02%

By the completion of the review, 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	% of shareholders' equity	Number of votes	% of voting rights at the GM
Juladal Investments Ltd. (company under control of board members 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	6,397	0.05%	6,397	0.05%
Agnieszka Głowacka Procurist of Erbud S.A.	Common	2,936	0.02%	2,936	0.02%
Grzegorz Krzywicki Procurist of 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	7,524	0.06%	7,524	0.06%
Maciej Wyrzykowski Procurist of Erbud S.A.	Common	0,00	0.00%	0,00	0.00%
Mirosław Młynarski Procurist	Common	2,070	0.02%	2,070	0.02%
Waldemar Kozłowski Procurist	Common	0,00	0.00%	0,00	0.00%
Tomasz Krzywicki Procurist	Common	1,250	0.01%	1,250	0.01%
Tomasz Krzywicki Procurist (by a person related)	Common	3,636	0.03%	3,636	0.03%
Radosław Kałamaga Procurist	Common	2,021	0.02%	2,021	0.02%

By the date on which the review has been completed, the Board's members and holders of a commercial power of attorney do not have any Erbud's shares options.

The following number of shares of series E has been granted to the managers within the Staff Incentive Scheme:

Shareholder	Class of shares	Number of shares
Walenty Twardy Procurist of Erbud S.A.	Common	4,500
Piotr Augustyniak Procurist of Erbud S.A.	Common	2,350
Maciej Wyrzykowski Procurist of Erbud S.A.	Common	1,200
Agnieszka Głowacka Procurist of Erbud S.A.	Common	2,500
Bogdan Duerr Procurist of Erbud S.A.	Common	1,817
Tomasz Krzywicki Procurist of Erbud S.A.	Common	1,500
Włodzimierz Czystowski Procurist of Erbud S.A.	Common	1,800
Mariola Zielińska Chief Accountant of Erbud S.A.	Common	1,500
Grzegorz Krzywicki Procurist of Erbud S.A.	Common	161
Mirosław Młynarski Procurist of Erbud S.A.	Common	2,409
Radosław Kałamaga Procurist of Erbud S.A.	Common	1,683

Due to the fact that until the publication of the report, the authorized capital has not yet been registered following the issue of Series F shares, the Board does not specify the share percentage at a general meeting of the Issuer.

7. Information about the proceedings pending before a court, authority responsible for arbitration or public administration in accordance with paragraph 87 item 7 point 7 sub-points a) and b) of the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information disclosed by issuers of securities and the conditions for recognition as equivalent to information required by the law of a non-member state [the "Decree"].

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.

Until the publication of financial statements, not any decision has been issued on this case.

8. Information about one or more transactions with associates concluded by the Issuer or its subsidiary in accordance with paragraph 87 item 7 point 8 of the Decree.

In the first half of 2011 and until the report publication, the Issuer and its subsidiaries did not enter into transactions that deviated from the market principles.

The Issuer and its subsidiaries conclude contracts based only on the margins applicable to each type of agreements in the market. This is consistent with the transfer pricing policy binding in the Group.

Contracts on construction works, on project management and financial agreements on providing loans and guarantees are those, which are usually concluded within the Group.

Intra-group agreements

In I and IIQ 2011 and by the report publication, the following contracts have been concluded in the country with related entities:

No.	Contract concluding company	Agreement subject	Agreement value in PLN '000	Agreement concluded on	Comments
1	Erbud International	Contract No. 01/EI/W-1109/2011 on construction works - *Blue Center Shopping Mall, Żyrardów*	7 800	2011-02-06	
2	Erbud International	Contract No. 02/EI/W-1112/2011 on construction works - *Adria, Phase II, Warszawa*	21 000	2011-03-02	
3	Erbud International	Contract No. 03/EI/1105/OW/2011 on construction works - *single family and outbuilding, Chyliczki*	1 700	2011-01-31	
4	Erbud International	Contract No. 04/EI/W-1115/2011 on construction works - *Fish farm facilities, Bońki*	1 100	2011-04-02	
5	Erbud International	Contract No.05/EI/W-1119/2011 on construction works - *Wilno, Phase II A*	10 000	2011-05-13	
6	Erbud International	Contract No. 06/EI/W-1127/2011 on construction works - *Wilno, Phase II A*	14 000	2011-05-07	
7	Erbud International	Contract No.01/EI/**T**-1113/2011 on construction works - *Alfa Park, Gdańsk*	10 000	2011-03-23	
8	Erbud International	Annex to the contract No. 22/EI/**T**-1028/2010 on construction works - *Willa Ułańska, Gdynia*	1 000	2011-06-01	Changing the contract value from PLN 1,100, 000 to 1,000,000
9	Erbud International	Annex to the contract No. 09/EI/**T**-0912/2009 on construction works - *Invasive Medicine Centre, Gdańsk*	5 000	2011-06-01	Changing the contract value from PLN 3,878,000 to 5,000,000
10	Erbud International	Annex to the contract No.07/EI/W-0919/2009 - *shell and core - Inspektowa 1*	2 800	2010-01-01	Changing the contract value from PLN 1,935, 000 to 2,800,000

1	PBDI SA	Comprehensive earthworks, road substructures and concrete block paved surface	9 121,50	2011-01-05	
2	PBDI SA	Subcontract for construction works at two-level junctions, area of LCS Ciechanów, tender 2C	11 302,31	2011-01-19	
3	PBDI SA	Subcontract for construction works at two-level junctions, area of LCS Ciechanów, tender 2C	11 178,30	2011-01-20	

1	Ersteel Sp. z o.o.	Cash loan	600	2011-03-08	
2	Ersteel Sp. z o.o.	Cash loan	200	2011-03-29	
3	Ersteel Sp. z o.o.	Cash loan	200	2011-04-06	
4	Ersteel Sp. z o.o.	DEKADA Shopping Centre, Żyrardów	173	2011-07-19	

1	Budlex Invest	Lease agreement	55.8	2011-01-01	
2	Budlex	Sublease agreement	12.5	2011-01-01	
3	Budlex	Loan agreement	1 000	2011-04-01	

Agreements concluded within the ERBUD Group with related parties other than the Issuer:

1) The Budlex Group

Budlex Invest - the Customer	ER Services sp. z o.o.	Property management agreement	2.8	2011-01-22
Budlex Invest - the Seller	Wapienna PWB sp. z o.o.	Conditional sales contract for real estate located in Torun at Szosa Lubicka	18.8	2011-01-24
Budlex - the Borrower	Budlex Winnica	Loan agreement	100	2011-01-25
Budlex - the Borrower	Wapienna PWB sp. z o.o	Loan agreement	2 300	2011-01-27
Budlex Invest - the Seller	Wapienna PWB sp. z o.o.	Sales contract for real estate located in Torun at Szosa Lubicka	2 067	2011-01-24
Budlex - the Contractor	Budlex Winnica L4	Project management agreement	1 278	2011-01-28
Budlex Invest - the Borrower	Budlex	Loan agreement	2 230	2011-02-11
Budlex - the Borrower	Budlex Partner	Loan agreement	5 700	2011-02-24
Budlex - the Borrower	Budlex Partner	Loan agreement	2 000	2011-02-2
Budlex - the Borrower	Budlex Traugutta	Loan agreement	220	2011-02-21
Budlex - the Borrower	Budlex Serwis	Loan agreement	15	2011-02-25

Budlex - the Borrower	Domator Łódź	Loan agreement	100	2011-03-07
Budlex Serwis - the Seller	PB Budlex Nova	Agreement on acquiring shares of BSB Budlex sp. z o.o.	1.00	2011-03-11
Budlex Serwis - the Seller	PB Budlex Nova	Agreement on acquiring shares of Prodew Budlex sp. z o.o.	1.00	2011-03-11
Budlex - the Seller	PB Budlex Nova	Agreement on acquiring shares of TSB Budlex sp. z o.o.	1.00	2011-03-22
Budlex - the Seller	PB Budlex Nova	Agreement on acquiring shares of Santorin sp. z o.o.	1.00	2011-03-22
Budlex - the Seller	PB Budlex Nova	Agreement on acquiring shares of Torin I sp. z o.o.	1.00	2011-03-22
Budlex - the Seller	PB Budlex Nov	Agreement on acquiring shares of Budlex Serwis sp. z o.o.	130	2011-03-22
Budlex - the Seller	PB Budlex Nova	Agreement on acquiring shares of BudlexTraugutta sp. z o.o.	1.00	2011-03-22
Budlex - the Seller	Budlex Powstania Listopadowego	Sales contract for real estate located in Bydgoszcz at Powstania Listopadowego St.	984.8	2011-03-22
Budlex - the Contractor	Budlex Powstania Listopadowego	Project management agreement	1 809.6	2011-03-22
Budlex - the Borrower	Budlex Waryńskiego	Loan agreement	250	2011-03-30
Budlex - the Borrower	Budlex Powstania Listopadowego	Loan agreement	1 000	2011-04-04
Budlex - the Borrower	Budlex Koszarowa	Loan agreement	130	2011-04-04
Budlex Glinki A3 - the Borrower	Budlex	Loan agreement	40	2011-04-04
Budlex - the Contractor	Budlex Pestaozziego	Project management agreement	12 552	2011-04-06
Budlex - the Contractor	Budlex Glinki A3	Project management agreement	3.3	2011-05-09
Budlex Bratek - the Seller	Małgorzata Mellem (Proxy)	Dwelling sale agreement	200.5	2011-05-27
Budlex - the Borrower	Budlex Powstania Listopadowego	Loan agreement	1 000	2011-06-10
Budlex - the Borrower	Budlex Winnica	Loan agreement	100	2011-07-08
Budlex - the Borrower	Budlex Pestalozziego	Loan agreement	600	2011-07-08
Budlex - the Borrower	Budlex Glinki A3	Loan agreement	2 200	2011-07-14
Budlex Construction - the Seller	Budlex Glinki A3/3	Sales contract for real estate located in Bydgoszcz at Łomżyńska St.; area of 0,2673 ha	1 726	2011-07-22
Budlex Winnica 8 - the Borrower	Budlex	Loan agreement	1 100	2011-07-22

a) Ersteel Sp. z o.o.

Ersteel Sp. z o.o.	Budlex Invest Sp. z o.o.	Preliminary agreement on real estate sale	3 133.9	2011-01-24
Ersteel Sp. z o.o.	Budlex Sp. z o.o.	Consulting services	100	2011-02-25
Ersteel Sp. z o.o.	Budlex Sp. z o.o.	Sale of a Development Project	350	2011-04-18

9. Information about credit or loan guarantees provided by the Issuer or its subsidiary to an entity or a company controlled by this entity, if the total value of the guarantee is equal to at least 10% of the equity of the Issuer.

No.	Date of granting the guarantee	Guarantor	Entity	Value in PLN '000	Subject	For	Guarantee expiry date	Guarantee type
1	2010-07-30	Erbud S.A.	Ersteel	900	purchase of steel	Thyssen Group	2011-12-30	civil law guarantee
2	2010-07-05	Erbud S.A.	Erbud International	4 000	overdraft	Bank Millennium	2011-07-05	civil law guarantee
3	2009-09-28	Erbud S.A.	GWI GmbH	10 000	overdraft	Deutsche Bank		civil law guarantee
4	2010-09-23	Erbud S.A.	GWI GmbH	10 800	overdraft	Deutsche Bank	2012-09-30	guarantee provided by BRE at request of Erbud S.A.
5	2011-05-25	Erbud S.A.	GWI GmbH	4 000	overdraft	Commerzbank	2012-06-30	guarantee provided by BRE at request of Erbud S.A.
6	2011-07-26	Erbud S.A.	Budlex Pestalozziego Sp. z o.o.	12 286	loan for purchase of a property	BOŚ	2017-11-30	bill guarantee

Aggregate value of guarantees: PLN 41,986 thousand.

10. Other information, which in the Issuer's opinion are important for assessing its personnel situation, the asset and financial position, financial results and their changes that are relevant to assess the feasibility of the Issuer's obligations.

a) MANAGING THE ISSUER'S FINANCIAL ASSETS

In the first half of 2010, the company funded its activities partly by using overdrafts as well as its own assets.

Possible debts of the Erbud Group under the contracts signed are as follows:

Bank name	Type of liability	Amount in PLN '000	Currency	Interest rate	Maturity date	Instalments payment	Borrower
Fortis Bank S.A.	Overdraft credit	3,000	PLN	WIBOR 1M +margin	2016-09-14	In one amount	Erbud S.A.
BGŻ S.A.	Overdraft credit	15,000	PLN	WIBOR 1M +margin	2012-06-19	In one amount	Erbud S.A.
BRE Bank S.A.	Revolving credit for repayment of invoices	10,000	PLN	WIBOR 1M +margin	2011-12-31	In one amount	Erbud S.A.
PKO BP	Overdraft credit	20,000	PLN	Call rate of PKO BP +margin	2012-06-29	In one amount	Erbud S.A.
ING bank Śląski S.A.	Overdraft credit	32,000	PLN	WIBOR 1M +margin	2012-08-20	In one amount	Erbud S.A.
Fortis Bank Polska	Multi-purpose credit line	3,000	PLN	WIBOR 3M +margin	2011-08-30	In one amount	PBDI S.A.
ING bank Śląski S.A.	Overdraft credit	5,000	PLN	WIBOR 1M +margin	2012-08-20	In one amount	PBDI S.A.
Bank Millennium S.A.	Overdraft credit	4,000	PLN	WIBOR 1M +margin	2011-07-04	In one amount	Erbud International Sp. z oo.
KBC	Overdraft credit	1,500	EUR	EONIA +margin of 2,5%	21-10-2011	In one amount	GWI GmbH
Deutsche Bank AG	Investment credit	85	EUR	Fixed	15-04-2012	In equal monthly installments	GWI GmbH
Deutsche Bank AG	Investment credit	2,700	EUR	Fixed	30-06-2012	In one amount	GWI GmbH
Deutsche Bank AG	Investment credit	80	EUR	Fixed	30-06-2017	In one amount	GWI GmbH
Commerzbank	Overdraft credit	1,000	EUR	Fixed	31-05-2012	In one amount	GWI GmbH

Bank name	Type of liability	Amount in PLN '000	Currency	Company
Fortis Bank S.A.	Bid bonds, contract performance bonds, guarantee under repair works, repayment of advances, re-guarantees	21,000	PLN	Erbud S.A
BGŻ S.A.	Bid bonds, contract performance bonds, guarantee under repair works, repayment of advances, re-guarantees	65,000	PLN	Erbud S.A
BRE Bank S.A.	Bid bonds, contract performance bonds, guarantee under repair works	65,000	PLN/USD/USD	Erbud S.A
PKO BP	Bid bonds, contract performance bonds, guarantee under repair works	30,000	PLN	Erbud S.A
Kredyt Bank S.A.	Bid bonds, contract performance bonds, guarantee under repair works	24,000	PLN	Erbud S.A
ING Bank Śląski S.A.	Bid bonds, contract performance bonds, guarantee under repair works	40,000	PLN	Erbud S.A

ING Bank Śląski S.A.	Bid bonds, contract performance bonds, guarantee under repair works	8,000	PLN	PBDI S.A.
Fortis Bank S.A.	Bid bonds, contract performance bonds, guarantee under repair works	2,000	PLN	PBDI S.A.
KBC	Bid bonds, contract performance bonds, guarantee under repair works	500	EUR	GWI GmbH
Commerzbank	Bid bonds, contract performance bonds, guarantee under repair works	15	EUR	GWI GmbH
HERMES	Bid bonds, contract performance bonds, guarantee under repair works	5.000	EUR	GWI GmbH
ZURICH	Bid bonds, contract performance bonds, guarantee under repair works	2.500	EUR	GWI GmbH

Under § 40 section 2 and § 2 section 1 and 4 of the Rules of National Securities Depository the NSD registered on **14 July 2011** bearer bonds of series A to be issued by ERBUD SA pursuant to Resolution No. 1 of the Management Board dated 29 June 2011, in the amount of 50,000 (fifty thousand) and with a par value of PLN 1,000 (one thousand) each one. Bonds has been coded as PLERBUD00046, subject to section 2.

On 15 July 2011, Erbud SA issued 50 thousand unsecured three-year bearer bonds.

1) Purpose of the issue of debt securities

The Issuer intends to use funds raised primarily to finance the increased demand for working capital, which could be observed in 1Q 2011. The value of working capital of the Erbud S.A. Capital Group at the end of March 2011 amounted to PLN 183 million and grown by PLN 105 million in comparison to the end of December 2010, when it amounted to PLN 78 million. The increase in request for working capital is a result of extension of the receivables rotation cycle from 57 days at the end of December 2010 to 86 days at the end of March 2011, and shortening the cycle of rotation of commitments from 63 days at the end of December 2010 to 61 days at the end of March 2011.

Shortening the liabilities rotation cycle against subcontractors of Erbud S.A. and financing the increased demand for working capital associated therewith this is one of the main objectives of the Bonds issue. Shorten the term of payment to subcontractors allows to negotiate lower prices for services, and thus the higher margins for the Erbud S.A. Capital Group. The Issuer intends to continue its working capital management policy consisting on reducing of the liabilities rotation cycles and therefore expects to achieve economic benefits in the form of due improvement in margins generated by the Erbud S.A. Capital Group.

Extending the cycle of receivables rotation is associated with the current situation in the construction market, as well as results from the increase in percentage of public sector entities in the structure of the sale of the Issuer. Payment terms of public sector entities are usually longer than the payment terms of private sector companies. The value of contracts signed by Erbud SA with the public sector entities in 2008 amounted to only 5% of the aggregate value of contracts, and in 2010 it was 39%.

The Issuer reserves the right to change the above described way of use of the proceeds from Bonds, if there occur unforeseen circumstances which may affect the Group's activities. Any information regarding the changes in use of proceeds from the issued Bonds will be make available to the public in the form provided for by the law, immediately after the relevant decisions will be taken.

2) Type of bonds issued

Dematerialized and unsecured bearer bonds of Series A with floating rate.

3) Issue size

Total par value of Series A Bonds is PLN 50,000,000 (in words: fifty million zlotys).

4) The par value and issue price of debt instruments or how to fix them

The par value of one Bond is equal to the Bond issue price and amounts to PLN 1,000 (in words: one thousand zlotys) [the "Par Value"].

5) Terms and conditions for redemption and interest payment

INTEREST

5.1.1 Interest Periods

Bonds shall bear interest. Interest on the Bond par value shall be accrued from the Issue Date (inclusive) and paid for each Interest Payment Date, subject to paragraph 8.8 and paragraph 9.3 of the Issue Conditions annexed to this Information Note. The last date for which interest shall be accrued will be the day just before the Bonds redemption date.

5.1.2 Interest Rate

Interest Rate for a given Interest Period shall equal the sum of the Base Rate defined by the Issue Agent as provided below, and a premium of 3.40% per annum.

The Base Rate, which is a component of the Interest Rate shall be determined by the Issue Agent for the Interest Period on the Date of Fixing Base Interest for this Interest Period according to the following principles:

(i) of WIBOR6M published on the Screen at or about 11:00 on the Date of Fixing Base Interest; or

(ii) if at the time described in point (i) WIBOR6M does not appear on the Screen - in the amount calculated as the arithmetic mean (rounded up, if necessary, to four decimal places up) of interest rates for loans in Polish currency for an amount equal to the par value of one Bond for a period equal to the Interest Period, which will be given the Issue Agent, at its request, by at least two of the Reference Banks at or about 11:00 on the Date of Fixing Base Interest; or

(iii) if the Base Rate for the Interest Period can not be determined in accordance with points (i)-(ii), the Base Rate for this Interest period will be equal to the Base Rate fixed for the preceding Interest Period.

5.1.3 Amount of interest

Interest accrued at the Interest Rate for one Bond for a given Interest Period, subject to paragraph 8.8 of the Issue Conditions annexed to this Information Note will be calculated by the following formula:

$$Ki = \frac{N \times Oi \times Di}{R}$$

where:

Ki means the amount of interest for the Interest Period per one Bond

N means the Par Value of one Bond

Oi means the Interest Rate at a given Interest Period

Di means the number of days during the Interest Period

R means 365 days,

rounded to 1 grosz (half a grosz will be rounded up).

PAYMENT

5.2.1 Any payment for the Bonds shall be made through the NDS and entities managing Securities Accounts in accordance with relevant regulations of the NDS and entities managing Securities Accounts.

5.2.2 If the date, at which any payment for the Bonds is to be effected, falls on a day other than a Business Day, such payment shall be made on the first Business Day after this day, and the Bondholders will not have a claim for interest for that period.

5.2.3 Payment shall be made only to the Bondholder, who will have the bonds at the end of the Record Date.

5.2.4 The Issuer shall effect any payment for the Bonds without making any deduction of claims due to the Bondholder.

5.2.5 All payments shall be made by the Issuer in line with the applicable regulations, including rules specifying the maximum amount of interest arising from legal action.

5.2.6 In case of delay in payment by the Issuer, any payment in respect of the Bonds, the amount of payments for the Bonds will be increased by statutory interest calculated pursuant to provisions of the Civil Code.

5.2.7 Payment of interest shall be made according with the interest table as below:

Interest Period	Record Date	Interest Payment Date
15 July 2011 – 15 January 2012	5 January 2012	16 January 2012
16 January 2012 – 15 July 2012	6 July 2012	16 July 2012
16 July 2012 – 15 January 2013	8 January 2013	16 January 2013
16 January 2013 – 15 July 2013	8 July 2013	16 July 2013
16 July 2013 – 15 January 2014	8 January 2014	16 January 2014
16 January 2014 – 14 July 2014	7 July 2014	15 July 2014

REDEMPTION

The Issuer shall redeem the Bonds on the Redemption Date, i.e. on 15 July 2014 at their Par Value. 7 July 2014 is the Record Date for redemption.

6) The security amount and form; identification of the entity providing the security

Bonds are not secured.

Information about the loan / credit collaterals or guarantees granted to the Budlex Group by 30 June 2011:

Collateral	Loan amount in PLN '000	Guarantor	Borrower	Bank
guarantee to the amount of the loan, incl. interest and other receivables against the bank	3 032	Budlex Invest Sp. z o.o.	Budlex Sp. z o.o.	PEKAO Bank Hipoteczny S.A.
guarantee to the amount of the loan, incl. interest and other receivables against the bank	600	Budlex Invest Sp. z o.o.	Budlex Sp. z o.o.	PKO BP S.A.
promissory note	8 265	Budlex Sp. z o.o.	Budlex Sielanka Sp. z o.o.	PKO BP S.A
promissory note	8 238	Budlex Sp. z o.o.	Budlex Osiedle Nasze Sp. z o.o.	PKO BP S.A
promissory note	9 200	Budlex Sp. z o.o.	Budlex Koszarowa sp. z o.o.	BRE Bank Hipoteczny S.A.
promissory note	10 000	Budlex Sp. z o.o.	Budlex Partner Sp.zo.o.	BRE Bank Hipoteczny S.A
promissory note	11 437	Budlex Sp. z o.o.	Budlex Waryńskiego sp. z o.o.	PKO BP SA
promissory note	9 300	Budlex Sp. z o.o.	Budlex Winnica L4 sp. z o.o.	Bank Pocztowy SA
promissory note	600	Budlex Sp. z o.o.	Budlex Winnica L4 sp. z o.o.	Bank Pocztowy SA
promissory note	9 008	Budlex Sp. z o.o.	Budlex Sielanka Sp. z o.o.	PKO BP S.A

The list of credit agreements signed by the companies of the Budlex Group as at 30.08.2011:

Borrower	Bank name	Kind of liability	Amount in PLN '000	Interest rate	Maturity date
Budlex sp. z o.o.	Bank PKO BP SA	Overdraft	600	WIBOR 1M +margin	2012-01-24
Budlex sp. z o.o.	PEKAO BH SA	Working capital credit	3 032	WIBOR 6M +margin	2011-10-12
Budlex sp. z o.o.	ING Bank Śląski	Working capital credit	12 000	WIBOR 1M +margin	2012-08-20
Budlex Construction Sp. z o.o.	BRE BANK HIPOTECZNY SA	Mortgage credit to purchase land	8 367	WIBOR 6 M +margin	2012-12-28

Budlex Winnica sp. z o.o.	BRE BANK HIPOTECZNY SA	Investment loan	43 265	WIBOR 3M +margin	2011-10-15
Budlex Osiedle Nasze sp. z o.o.	PKO BP SA	Investment loan	8 238	WIBOR 3M +margin	2012-03-01
Budlex Sielanka sp. z o.o.	PKO BP SA	Investment loan	8 265	WIBOR 3M +margin	2012-02-01
Budlex Bratek sp. z o.o.	BRE BANK HIPOTECZNY SA	Investment loan	9 850	WIBOR 3M +margin	2014-10-15
Budlex Koszarowa sp. z o.o.	BRE BANK HIPOTECZNY SA	Investment loan	9 200	WIBOR 3M +margin	2015-01-31
Budlex Partner Sp. z o.o.	BRE BANK HIPOTECZNY SA	Investment loan	10 000	WIBOR 6M +margin	2014-05-15
Budlex Waryńskiego	PKO BP SA	Investment loan	11 436	WIBOR 3M +marża	2012-09-30
Budlex Winnica L4 Sp.zo.o	Bank Pocztowy SA	Non-revolving loan	9 300	WIBOR 1M +margin	2012-12-31
Budlex Winnica L4 Sp.zo.o	Bank Pocztowy SA	Revolving credit	600	WIBOR 1M +margin	2012-10-31
Budlex Sielanka sp. z o.o.	PKO BP SA	Development loan	9 007	WIBOR 3M +margin	2012-10-31
Budlex Pestalozziego sp. z o.o.	BOŚ BANK SA	Non-revolving loan	12 286	WIBOR 6M +margin	2014-11-30

b) OFF-BALANCE SHEET ITEMS OF THE ISSUER

As at 30.06.2011 the Company had the following contingent liabilities:

- Liabilities arising from guarantees provided:

Item	30.06.2011	30.06.2010
Liabilities payment guarantee	39,894	200
Performance bond	131,934	120,034
Guarantee under repair works	116,003	73,660
Total contingent liabilities	**287,831**	**193,894**

As at the date of report publication, the Issuer's off-balance sheet commitments in respect of guarantees issued associated with foreign operations amounted to € 538,428.85

As at 30.06.2011 in EUR	Erbud SA
Liabilities payment guarantee	- €
Performance bond	16,470.49 €
Guarantee under repair works	521,958.36 €
Total contingent liabilities	538,428.85 €

Guarantees granted by the Issuer as at 30.06.2011 were as follows:

Item	30.06.2010	30.06.2010
Loan repayment guarantee for Erbud International Sp. z o.o.	4 000	4 000
Loan repayment guarantee for GWI GmbH	10 000	0.00
Guarantee covering payment of trade receivables for Ersteel Sp. z o.o.	900	0.00
Total contingent liabilities	**14 900**	**4 000**

Guarantees granted by the Issuer as at 30.08.2011 were as follows:

Item	31.08.2011	31.08.2010
Loan repayment guarantee for Erbud International Sp. z o.o.	4 000	4 000
Loan repayment guarantee for GWI GmbH	10 000	
Guarantee covering payment of trade receivables for Ersteel Sp. z o.o.	900	900
Repayment guarantee due to a loan to purchase real estate for Budlex Pestalloziego	12 286	
Total contingent liabilities	**27 186**	**4 900**

As at the date of report publication, the off-balance sheet liabilities of the subsidiary **PBDI SA** amounted to PLN 6,347.45 thousand.

Contract guarantees	5 783.45
Other guarantees	564.00

As at the date of report publication, the off-balance sheet liabilities of the subsidiary **GWI GmbH** amounted to € 3,231,048.44

As at 30.06.2011 in EUR	**GWI GmbH**
Liabilities payment guarantee	- €
Performance bond	110,605.29 €
Guarantee under repair works	3,120,443.15 €
Total contingent liabilities	3,231,048.44 €

As at the date of report publication, the off-balance sheet liabilities of the subsidiary **Erbud International Sp. z o.o.** amounted to € 1,018,966.78.

As at 30.06.2011 in EUR	**Erbud International**
Liabilities payment guarantee	- €
Performance bond	202,751.05 €
Guarantee under repair works	816,215.73 €
Total contingent liabilities	1,018,966.78 €

c) INSURANCE AGREEMENTS

During the reporting period, the Company entered into the following insurance contracts:

No.	Policy number	Insurer	From	To	Insurance subject	Insurance value
1	901006349681	STU Ergo Hestia S.A.	01-01-2010	31-12-2011	Business liability insurance	PLN 50,000,000 for one event, and PLN 100,000,000 for all events
2	2361000337	Chartis Europe S.A.	01-03-2010	29-02-2012	Indemnity insurance of the company's body members and employees	PLN 20,000,000
3	00-10389-05704022	TUiR Allianz S.A.	05-08-2010	04-08-2011	Construction and assembly risks	Open limit

D) 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) 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.

Collaterals for repayment of loans incurred in the banks by the Capital Group:

1) Conventional real estate mortgages and capped mortgages on assets of the Group

2) Assignment of rights from construction contracts

3) Clauses on deductions from bank accounts receivables

4) Blank promissory notes

5) Assignments of rights to compensation from insurance policies.

A breakdown of these collaterals is presented in the Condensed Consolidated Semi-annual Financial Statements of the Erbud Group for the period from 1 January to 30 June 2011 in Note 12.

11. Factors which in the Issuer's opinion will have an impact on the results achieved over at least next quarter.

Currently, the Issuer does not identify any factors that would affect the results achieved by the Issuer. The portfolio consists of stable orders and there is no threat of "suspension" of any ongoing contracts. The Issuer does not foresee any acquisitions in the next quarter.

12. Description of the business outlook in the reporting period and the market environment in which the Issuer operates.

According to Eurostat, the growth of Euro-zone GDP declined in the second quarter of 2011 to 0.2% qoq and 1.7% yoy. The four largest Euro- zone economies grew at a rate of 0,0-0,3% per quarter.

The biggest disappointment is the rapid slowdown of the German economy, which in previous quarters was the engine of growth across the Europe. But in the second quarter, the GDP of our western neighbour increased only by 0.1% qoq, and the annual growth slowed from 5.0% to 2.8%. There also was a stagnation in France, where the Gross Domestic Product remained at the same level as in the first quarter. Economy of Italy and Spain "developed" respectively at a rate of 0.3% and 0.2%.

The fastest an upswing in the economy between the Euro-zone countries reached Estonia with a growth at a rate of 1.8% qoq and even 8.4% yoy. The second result reported Finland, which increased its GDP by 1.2% qoq and 3.7% yoy. Austria completed the podium with the result of 1.0% qoq and 4.1% yoy

Outside the Euro-zone, Sweden was coping the best reaching an annual rate of growth of 5.3% as well as Lithuania and Latvia, where the growth was respectively 5.9% and 5.7% yoy. Polish Statistical Office has not yet submitted data for the second quarter.[1)]

A) General characteristics of the market

In 2010, economic growth rate in Poland amounted to 3.8%. In the first quarter of 2011 growth stood at 4.4%, while the EU average was 2.5%. Higher growth than Poland has been noted in Estonia, Lithuania, Sweden, Finland and Germany. In the second quarter of 2011, economic growth has fluctuated around 4.1% which indicates a slight slowdown in the economy.

In terms of business sectors, once again was the construction industry the fastest growing part of the economy in the second quarter. The growth rate of value added in construction was 14.6%, and the sold building output rose by 18.8% in this period. Good results in building sector were largely caused by the infrastructure construction, while the residential construction is still not able to return to the path of faster growth. The added value in industry grew slightly slower than at the beginning of the year. The Institute estimates that the value added growth rate amounted to 5.2% in the second quarter, and the growth rate of sold industrial output was 5.4%. The growth of value added in market services was more slowly than in the construction industry. However, it is worth to note that in comparison with the first quarter, its growth rat will accelerate in the second quarter of 2011.[2)]

[1] Source: www.bankier.pl

[2] Source: Instytut Badań nad Gospodarką Rynkową – Stan i prognozy koniunktury gospodarczej nr 71

Figures provided by GUS on construction after 6 months of 2011 show an improvement of results (statistical growth rate of 20.8%); in June it was 17%. Even higher growth in infrastructural works allows to assess that in 2011 the infrastructure will be a key driver of growth of the sector (the same as in 2009).
A slight increase is observed in the general building. Since the crisis began, foreign investors limited their participation in the implementation of service facilities projects (such as commercials, hotels and warehouses) and are reluctant to return into the Polish construction market. Number of housing completions is decreasing.

Unfortunately, trends of the WIG-Construction index point to rather poor condition of building industry. According to Puls Biznesu, the WIG-Construction fell by over 31% over a year, while WIG-Developers dropped by 25% at that time.[3)]
Analysts of Ipopema think that the competitive pressure reduces margins and increased demand for working capital in the construction industry. In addition, the reduction of orders from the infrastructure segment makes the industry is currently valued at a deep discount and the prospects are not very promising.

Such a state is reflected in the rate of economic conditions, which in July this year amounted to 2, as compared with June, where he was 4. Also, more cautiously than in June, construction companies evaluate the order backlog.
In addition to a cut-throat competition contractors are faced with problems due to timely debt collection.

As regards the residential market, the housing sales in the first half of 2011 declined by 9.3% in comparison with the same period of last year despite the first quarter of 2011 had better results - increase of 14.5% - than the first quarter of 2010. The second quarter of 2011 brought a breakthrough in downward trend when it comes to housing prices. Perhaps it resulted in slight inhibition of apartment sales. According to statistics, the number of apartments offered for sale exceeds at the moment the demand for these apartments. This suggests that prices may start falling again.

Currently, the segment of road construction is top-rated in the road industry, and it is believed that it will be the driving force fore the entire line of business. It is estimated that the value of road works in Poland in 2011 will amount to PLN 31 billion. But in 2012 it is to be slowed down. The forecasts assume a double-digit declines. In 2013, the leadership baton should be taken by the energy engineering, what should reduce the effects of inhibition of road investments.

13. Main threats and risks

The business outlook in the construction industry is closely connected linked with overall economic growth, but the trends are noticeable with some delay in relation to the whole economy.

Currently, the Issuer's Group involved in large volume and infrastructure building is affected by a large price competition. Increasing competition forced prices lower level of construction services is not offset by falling prices of subcontractors and materials. For example, steel prices are rising steadily.

The continuous decline in prices of construction services enforced by competition is not compensated by lower prices for materials and services of subcontractors. For example, steel prices are rising steadily.

Dumping prices by some competitive companies are "spoiling the market". The Issuer's policy in this regard remains unchanged. There is no possible to sign a contract that will not bring a fair margin.

Very important for the operations conducted by the Issuer's Group are cash flows. Worrying is the risk arising from gridlock, in particular, reducing the public projects under construction due to lack of funds for their financing. At present, neither the Issuer nor any entity of the Erbud Group did not meet with

[3] Source: Kamil Zatoński – Puls Biznesu

gridlock problems, but the market observations show that the problem exists. Therefore, the Board relies on highly accurate identification of a potential business partner. Unfortunately, it is difficult to identify, or even impossible to assess whether funds for the implementation of the building investment has been provided to the public employer. Here important is good cooperation between the awarding entity and the contractor based on fair terms. After strengthening the Group's risk assessment program, the Board sees no risks stemming from the processes that are affected by the Board.

As at the date of report publication, the Board welcomes the order portfolio backlog in the Group. As at that date, the backlog amounted to PLN 1,232,257 thousand.

The Issuer signed in the country contracts amounting to:

Investor/Client	Branch Toruń	Branch Warszawa	Branch Rzeszów	Branch Wrocław	Branch Kraków	Power Construction Division	Branch Szczecin
West Pomeranian University of Technology, Szczecin							29 250
M1 Shopping Centre, Kraków					18 450		
Reinforced concrete silo						4 530	
Ashes facilities						2 070	
Suchodolska Gallery							14 800
Alstom Elbląg	13 000						
Shopping Centre, Żyrardów		14 800					
External network, Małe Błonia							7 089
Adria, Phase II		43 001					
Aleja Kwiatowa							5 766
Alfa Park	41 000						
Chyliczki		3 450					
Hospital, Krosno			23 443				
Chung production plant				15 300			
Trafostacja Sztuki							10 526
Heat source modernization, Bochnia			3 634				
Hospital, Krakow			5 976				
Wind Farm, Działoszyn	27 235						
Nowe Bielany, Phase III		26 480					
Skoroszewska Housing Estate, Phase I		30 200					
Zaira, Olsztyn		12 300					
Introl - conveyors lines to transport of biomass						1 955	
Poznań Town Hall							133 527
TOTAL (PLN 487,782 thousand)	**81 235**	**130 231**	**33 053**	**15 300**	**18 450**	**8 555**	**200 958**

Until the publication of the report, the Issuer signed in 2010 construction contracts in Poland amounting to PLN 487,782 thousand. As in the previous year, the structure of contracts concluded by the criterion of building investor is as follows:

P – private investors – 62.50%
PL – public investors – 37.50%

To recall - in 2010 the structure was as follows:

P – private investors – 64%
PL – public investors – 36%

The portfolio held allows for safe entry into the second half of 2011.

Besides the risk factors reported in this section, the Management Board does not see any other risks which may affect the Company's financial position.

Management Board Member	Management Board Member
Józef Adam Zubelewicz	Dariusz Grzeszczak