ERBUD S.A.

Condensed Separate Financial Statements for four quarters of 2011

Financial Statements for the period of 12-month ended 31 December 2011

Balance Sheet

ASSETS

		31.12.2011	30.09.2011	31.12.2010	30.09.2010
A.	**Fixed assets**	**210 472**	**195 669**	**179 890**	**146 676**
I.	**Intangible fixed assets**	**194**	**245**	**124**	**116**
1.	Development costs	0	0	0	0
2.	Goodwill	0	0	0	0
3.	Other intangibles	194	245	124	116
4.	Advances for intangibles	0	0	0	0
II.	**Tangible fixed assets**	**8 770**	**8 820**	**8 582**	**8 394**
1.	Fixed assets	8 680	8 770	8 582	8 394
a)	Land (incl. perpetual usufruct)	0	0	0	133
b)	Buildings, premises and civil and water engineering structures	3 532	3 557	3 631	4 003
c)	Plant and equipment	219	239	275	294
d)	Means of transport	4 524	4 518	4 312	3 610
e)	Other tangible fixed assets	405	456	364	354
2.	Fixed assets under construction	90	50	0	0
3.	Prepaid tangible fixed assets under construction	0	0	0	0
III.	**Long-term receivables**	**0**	**0**	**0**	**0**
1.	From associates	0	0	0	0
2.	From other entities	0	0	0	0
IV.	**Long-term investments**	**173 065**	**156 747**	**158 501**	**132 144**
1.	Real property	515	515	515	515
2.	Intangibles	0	0	0	0
3.	Non-current financial assets	172 550	156 232	157 986	131 629
a)	In associates, incl.:	171 827	155 446	157 272	130 915
–	shares or stocks	132 965	128 065	130 914	130 915
–	other securities	0	0	0	0
–	loans granted	38 862	27 382	26 358	0
–	other non-current financial assets	0	0	0	0
b)	In other entities, incl.:	723	786	714	714
–	shares or stocks	5	5	5	5
–	other securities	0	0	0	0
–	loans granted	0	0	0	0
–	other non-current financial assets	718	781	709	709
4.	Other long-term investments	0	0	0	0
V.	**Long-term prepayments**	**28 443**	**29 857**	**12 683**	**6 023**
1.	Deferred tax assets	28 443	29 857	12 683	6 023
2.	Other prepayments	0	0	0	0

		31.12.2011	30.09.2011	31.12.2010	30.09.2010
B.	**Current assets**	**500 149**	**544 655**	**387 306**	**389 852**
I.	**Inventory**	**874**	**0**	**1 189**	**0**
1.	Materials	874	0	1 189	0
2.	Semi-products and unfinished products	0	0	0	0
3.	Finished products	0	0	0	0
4.	Goods	0	0	0	0
5.	Advances for deliveries	0	0	0	0
II.	**Short-term accounts receivable**	**254 697**	**365 802**	**194 423**	**238 070**
1.	From associates	8 730	7 006	10 674	7 585
a)	Deliveries and services, with maturity	8 730	7 006	7 287	7 564
–	up to 12 months	8 730	7 006	7 287	7 564
–	over 12 months	0	0	0	0
b)	Other	0	0	3 387	21
2.	Receivables from other entities	245 967	358 796	183 749	230 485
a)	Deliveries and services, with maturity	232 380	339 838	161 648	226 052
–	up to 12 months	231 129	336 800	159 123	223 951
–	over 12 months	1 251	3 038	2 525	2 101
b)	Tax, subsidies, duty, social security, health care and other benefits	10 713	11 742	4 695	3 826
c)	Other	2 874	7 216	17 406	608
d)	Receivables claimed at court	0	0	0	0
III.	**Short-term financial assets**	**121 707**	**57 704**	**129 827**	**112 746**
1.	Current financial assets	121 707	57 704	129 827	112 746
a)	In associates, incl.:	1 436	16 553	8 636	20 508
–	shares or stocks	0	0	0	0
–	other securities	0	0	0	0
–	loans granted	1 436	16 553	8 636	20 508
–	other current investments	0	0	0	0
b)	In other entities, incl.:	0	0	0	0
–	shares or stocks	0	0	0	0
–	other securities	0	0	0	0
–	loans granted	0	0	0	0
–	other current financial assets	0	0	0	0
c)	Cash and cash equivalents	120 271	41 151	121 191	92 238
–	cash at bank and in hand	108 027	23 658	104 566	75 010
–	other cash	12 244	17 493	16 625	17 228
–	other financial assets	0	0	0	0
2.	Other current financial investments	0	0	0	0
IV.	**Short-term prepayments**	**122 871**	**121 149**	**61 867**	**39 036**
	TOTAL ASSETS	**710 621**	**740 324**	**567 196**	**536 528**

LIABILITIES

		31.12.2011	30.09.2011	31.12.2010	30.09.2010
A.	**Equity**	**227 840**	**227 258**	**251 973**	**261 397**
I.	**Share capital**	1 264	1 264	1 260	1 260
II.	**Called-up share capital not paid (negative value)**	0	0	0	0
III.	**Treasury shares (negative value)**	0	0	0	0
IV.	**Capital reserves**	253 239	253 239	220 709	220 703
V.	**Revaluation capital reserve**	0	0	0	93
VI.	**Other capital reserves**	0	0	0	0
VII.	**Retained profit / accumulated loss brought forward**	0	0	0	0
VIII.	**Net profit (loss)**	-26 663	-27 245	30 004	39 341
IX.	**Write-offs from net profit for the financial year (negative value)**	0	0	0	0
B.	**Liabilities and provisions for liabilities**	**482 781**	**513 066**	**315 223**	**275 131**
I.	**Provisions for liabilities**	**34 442**	**32 259**	**18 370**	**13 140**
1.	Deferred income tax provision	24 338	24 086	11 209	7 244
2.	Provision for retirement and related benefits	2 901	2 995	2 570	3 349
–	non-current	336	887	640	1 712
–	current	2 565	2 108	1 930	1 637
3.	Other provisions	7 203	5 178	4 591	2 547
–	non-current	0	0	0	0
–	current	7 203	5 178	4 591	2 547
II.	**Long-term liabilities**	**56 537**	**60 052**	**10 892**	**14 050**
1.	To associates	0	0	0	0
2.	To other entities	56 537	60 052	10 892	14 050
a)	Loans and borrowings	0	0	0	0
b)	Issuance of debt securities	50 000	50 000	0	0
c)	Other financial liabilities	1 261	1 514	1 691	1 315
d)	Other	5 276	8 538	9 201	12 735
III.	**Short-term liabilities**	**315 608**	**351 806**	**259 467**	**226 029**
1.	To associates	42 796	16 577	35 783	15 269
a)	Deliveries and services, with maturity:	42 796	16 577	35 747	15 269
–	up to 12 months	42 195	15 953	35 384	14 436
–	over 12 months	601	624	363	833
b)	Other	0	0	36	0
2.	To other entities	272 812	335 229	223 684	210 760
a)	Loans and borrowings	28 663	14 786	0	429
b)	Issuance of debt securities	0	0	0	0
c)	Other financial liabilities	3 609	1 636	1 459	1 249
d)	Deliveries and services, with maturity :	234 086	307 839	190 561	181 947
–	up to 12 months	226 599	298 994	183 408	176 570
–	over 12 months	7 487	8 845	7 153	5 377
e)	Advances for deliveries	16	7 922	19 277	10 147
f)	Bills	0	0	0	0
g)	Taxes, customs, social insurance and other benefits	1 931	1 831	6 645	14 827
h)	Payroll	1 008	1 158	2 145	1 575

i)	Other	3 499	56	3 597	586
3.	Special funds	0	0	0	0
IV.	**Accruals**	**76 194**	**68 949**	**26 494**	**21 912**
1.	Other accruals	76 194	68 949	26 494	21 912
	TOTAL LIABILITIES	**710 621**	**740 324**	**567 196**	**536 528**

Calculation of book value per share

	31.12.2011	**30.09.2011**	**31.12.2010**	**30.09.2010**
Book value (in PLN '000)	227 840	227 258	251 973	261 397
Number of shares	12 644 169	12 644 169	12 602 711	12 602 711
Book value per share	18.02	17.97	19.99	20.74

PROFIT AND LOSS STATEMENT

	Quarter to 31.12.2011	Year to 31.12.2011	Quarter to 31.12.2010	Year to 31.12.2010
Income from sales of products, goods and materials, incl.:	**298 789**	**1 215 293**	**215 683**	**906 460**
- from associates	1 527	3 027	1 509	10 156
Net revenues on sales of products	298 789	1 215 289	215 335	906 094
Net revenues on sales of goods and materials	0	4	348	366
Cost of sold products, goods and materials, incl.:	**285 633**	**1 203 401**	**207 206**	**838 782**
- to associates	35 998	110 986	31 617	78 851
Cost of manufacturing products sold	285 633	1 203 401	207 206	838 782
Cost of manufacturing goods and materials sold	0	0	0	0
Profit (loss) on sales before taxes	**13 157**	**11 892**	**8 477**	**67 678**
Selling costs	0	0	0	0
General and administrative expenses	7 223	34 267	9 686	33 252
Profit (loss) on sales	**5 934**	**-22 375**	**-1 209**	**34 426**
Other operating income	**1 592**	**4 257**	**1 654**	**3 846**
Gain on disposal of non-financial fixed assets	8	34	-7	3
Subsidies and donations	0	0	0	0
Other operating income	1 584	4 223	1 661	3 843
Other operating expenses	**2 953**	**4 595**	**9 159**	**2 920**
Loss on disposal of non-financial fixed assets	0	0	0	0
Revaluation of non-financial assets	0	0	0	0
Other operating expenses	2 953	4 595	9 158	2 920
Profit (loss) on operating activity	**4 573**	**-22 713**	**-8 817**	**35 352**
Financial income	**1 139**	**7 380**	**1 484**	**5 630**
Dividends and other share in profit	0	950	0	2 000
- from associates	0	950	0	2 000
Interests	1 765	5 929	1 352	3 234
- from associates	1 652	3 302	776	1 414
Gain on disposal of investments	0	0	0	263
Investment revaluation	0	0	0	0
Other	-626	502	132	133
Financial expenses	**3 464**	**13 711**	**662**	**3 745**
Interests	2 427	3 913	55	426
- to associates	0	0	2	10
Loss on disposal of investments	0	0	0	0
Investment revaluation	-2 811	2 850	0	19
Other	3 849	6 948	608	3 300
Result on extraordinary items	**2 247**	**-29 044**	**-7 892**	**37 237**
Extraordinary gains	**0**	**0**	**0**	**0**
Extraordinary losses	0	0	0	0
Profit (loss) before taxes	0	0	0	0
Income tax	**2 247**	**-29 044**	**-7 892**	**37 237**
Other mandatory decrease of profit (increase of loss)	1 666	-2 381	-1 126	7 233
Net profit (loss)	0	0	0	0
Net earnings (loss) per share	**581**	**-26 663**	**-6 766**	**30 004**
Current	**0.05**	**-2.11**	**-0.54**	**2.38**
Differed	**0.05**	**-2.11**	**-0.54**	**2.38**
Weighted average number of shares	**12 644 169**	**12 644 169**	**12 602 711**	**12 602 711**

STATEMENT OF CASH FLOW

	Quarter to 31.12.2011	Year to 31.12.2011	Quarter to 31.12.2010	Year to 31.12.2010
Net profit (loss)	**581**	**-26 663**	**-6 766**	**30 004**
Total adjustments	**62 260**	**-39 128**	**50 776**	**-4 994**
Depreciation and amortization	904	2 245	859	1 932
Gains / losses from foreign exchange differences	-57	100	9	222
Interest and share in profit (dividends)	259	410	-608	-4 535
Profit / loss on investment activities	-2 872	2 072	11	514
Change in provisions	2 182	16 072	6 802	7 716
Change in inventory	-874	315	-1 377	-886
Change in accounts receivable	111 288	-61 011	59 168	3 153
Change in short-term liabilities, net of loans and borrowings	-55 676	27 228	25 609	34 301
Change in prepayments and accruals	6 938	-27 064	-39 947	-47 490
Other adjustments	168	504	250	79
Net cash flow from operating activities	**62 842**	**-65 791**	**44 010**	**25 010**
Cash flow from investing activities				
Inflows	**5 632**	**7 359**	**594**	**8 204**
Disposal of intangible and tangible fixed assets	71	203	23	44
Disposal of investments in real property and intangible fixed assets	0	0	0	0
From financial assets, incl.:	5 561	7 155	608	8 160
a) In associates	5 436	6 395	0	6 457
- disposal of financial assets	0	0	0	300
- dividends and share in profits	0	700	0	2 000
- repayment of long-term borrowings	0	0	0	4 157
- interest	0	0	0	0
- other income from financial assets	5 436	5 695	0	0
b) In other entities	125	760	608	1 703
- disposal of financial assets	0	0	0	0
- dividends and share in profits	0	0	0	0
- repayment of long-term borrowings	0	0	0	0
- interest	125	760	608	1 703
- other income from financial assets	0	0	0	0
Other investing inflow	0	0	-37	0
Outflows	**140**	**14 748**	**14 277**	**50 613**
Acquisition of tangible and intangible fixed assets	140	948	184	668
Investments in real property and intangible fixed assets	0	0	0	0
Financial assets, incl.	0	13 800	14 093	34 869
a) In associates	0	13 800	14 212	34 869
- other outflow from financial assets	0	0	0	7 625
- loaans granted		13 800	14 212	27 244
b) In other entities	0	0	-118	0
- acquisition of financial assets	0	0	0	0
- long-term borrowings granted	0	0	-118	0
Other investing outflow	0	0	0	15 075
- due to currency options				15 076
Net cash flow from investing activities	**5 492**	**-7 389**	**-13 683**	**-42 409**

	Quarter to 31.12.2011	Year to 31.12.2011	Quarter to 31.12.2010	Year to 31.12.2010
Cash flow from financing activities				
Inflows	**15 787**	**79 115**	**0**	**3 098**
Net proceeds from issue of shares, other equity instruments and additional contributions to equity	0	452	0	348
Loans and borrowings	15 387	28 663	0	272
Issuance of debt securities	0	50 000	0	0
Other financing inflow	400	0	0	2 478
Outflows	**5 001**	**6 855**	**1 374**	**8 055**
Repurchase of treasury shares	4 900	4 900	0	0
Dividends and other distributions to shareholders	0	0	0	6 266
Profit distribution other than distributions to shareholders	0	0	0	0
Repayment of loans and borrowings	0	0	430	0
Redemption of debt securities	0	0	0	0
Other financial liabilities	0	0	0	0
Finance lease liabilities	754	1 690	815	1 475
Interests	-653	264	129	314
Other financing cash outflow	0	0	0	0
Net cash flow from financing activities	**10 785**	**72 260**	**-1 374**	**-4 957**
Total net cash flow	**79 119**	**-920**	**28 953**	**-22 356**
Balance-sheet change in cash, incl.:	**79 119**	**-920**	**28 953**	**-22 356**
- change in cash due to foreign exchange differences	-100	-100	188	
Cash at the beginning of the period	**41 151**	**121 191**	**92 238**	**143 547**
Cash at the end of the period, incl.:	**120 271**	**120 271**	**121 191**	**121 191**
- restricted cash		12 244		16 625

RECONCILIATION OF MOVEMENTS IN EQUITY

	Quarter to 31.12.2011	Year to 31.12.2011	Quarter to 31.12.2010	Year to 31.12.2010
I. Equity at the beginning of the period	**251 974**	**251 974**	**225 494**	**225 494**
– changes in accounting principles (policies)	0	0	0	0
– error adjustment	0	0	0	0
I.a. Equity at the beginning of the period, after adjustments	**251 974**	**251 974**	**225 494**	**225 494**
1. Share capital at the beginning of the period	**1 260**	**1 260**	**1 257**	**1 257**
1.1. Change in share capital (fund)	**4**	**4**	**3**	**3**
a) Increase	4	**4**	**3**	3
- issue of Series E Shares	0	0	0	3
- issue of Series F Shares	4	4	0	0
b) Decrease	0	0	0	0
– redemption of shares	0	0	0	0
1.2. Share capital (fund) at the end of the period	**1 264**	**1 264**	**1 260**	**1 260**
2. Called-up share capital not paid at the beginning of the period	**0**	0	0	**0**
2.1. Change in called-up share capital not paid	0	**0**	**0**	0
a) Increase	0	**0**	**0**	0
b) Decrease	0	0	0	0
2.2. Called-up share capital not paid at the end of the period	**0**	0	0	**0**
3. Treasury shares/stocks at the beginning of the period	**0**	0	**1 994**	**1 994**
a) Increase – repurchase of own shares	0	**0**	**0**	484
b) Decrease	0	**0**	1 994	2 478
3.1. Treasury shares/stocks at the end of the period	**0**	0	0	**0**
4. Capital reserves (fund) at the beginning of the period	**220 709**	**220 709**	**185 169**	**185 169**
4.1. Change in capital reserves (fund)	32 530	32 530	35 540	35 534
a) Increase	32 530	32 530	35 540	35 534
- capital reserves transfer	0	0	2 000	2 000
- profit distribution	30 004	30 004	32 704	32 704
- repurchase of own shares	0	0	485	484
- issue of Series E Shares above their par value	0	0	345	345
- issue of Series F Shares above their par value	452	452	0	0
- payments for Series C	0	0	6	0
- manager options	2 074	2 074	0	0
b) Decrease	0	0	0	0
– distribution to Shreholders	0	0	0	0
– redemption of shares	0	0	6	0
4.2. Capital reserves at the end of the period	**253 239**	**253 239**	**220 709**	**220 703**
5. Revalued capital reserves (fund) at the beginning of the period	**0**	0	**92**	**92**
5.1. Change in revaluation of capital reserves (fund)	0	0	-92	1
a) Increase	0	0	0	1
- valuation of financial assets	0	**0**	**0**	0
- conversion of balance of Branch Germany from EUR to PLN	0	**0**	**0**	1
b) Decrease	0	0	92	0
- valuation of financial assets	0	0	0	0
- conversion of balance of Branch Germany from EUR to PLN	0	0	92	0
5.2. Capital reserves at the end of the period	**0**	**0**	**0**	**93**
6. Other capital reserves at the beginning of the period	**0**	0	**2 000**	**2 000**
6.1. Change in other capital reserves	0	0	-2 000	-2 000
a) Increase	0	**0**	**0**	0
- resources reserved for the Staff Incentive Program	0	**0**	**0**	0
b) Decrease - transfer to the capital reserves	0	0	-2 000	2 000
6.2. Other capital reserves (funds) at the end of the period	**0**	0	0	**0**

	Quarter to 31.12.2011	Year to 31.12.2011	Quarter to 31.12.2010	Year to 31.12.2010
7. Accumulated loss/retained profit brought forward at the beginning of the period	**0**	**30 004**	**-525**	**38 970**
7.1. Retained profit brought forward at the beginning of the period	0	30 004	0	38 970
- changes in accounting principles (policies)	0	0	0	0
- correction of basic errors	0	0	0	0
7.2. Retained profit brought forward at the beginning of the period, after adjustments	0	30 004	-525	38 970
a) Increase(due to)	0	0	39 945	0
b) Decrease (due to)	0			38 970
- allocation of retained profit to capital reserves	0	30 004	32 704	32 704
- allocation of retained profit to dividend	0	0	6 266	6 266
- allocation of retained profit to cover losses from previous years	0	0	525	0
7.3. Retained profit brought forward at the end of the period	**0**	**0**	**0**	**0**
7.4. Accumulated loss brought forward at the beginning of the period	**0**	**0**	**525**	**525**
- changes in accounting principles (policies)	0	0	0	0
- correction of basic errors	0	0	0	0
7.5. Accumulated loss brought forward at the beginning of the period, after adjustments	0	0	525	525
a) Increase (due to)	0	0	0	0
b) Decrease (due to)	0	0	525	525
- allocation of retained profit to cover losses	0	0	525	0
7.6. Loss form previous years brought forward at the end of the period	**0**	**0**	**0**	**0**
7.7. Retained profit or accumulated loss brought forward at the end of the period	**0**	**0**	**0**	**0**
8. Net result	**-26 663**	**-27 245**	**30 004**	**39 341**
a) Net profit	0	0	30 004	39 341
b) Net loss	-26 663	27 245	0	0
c) Write-offs from profit				0
II. Equity at the end of the period	**227 840**	**227 258**	**251 973**	**261 397**
III. Equity, after proposed distribution of profit (coverage of loss)	**227 840**	**227 258**	**251 973**	**261 397**

1. Policies adopted to prepare the report

1.1. Accounting principles applied

The Financial Statement of ERBUD SA for four quarters of 2011 and comparable data has been drawn up in accordance with accounting principles prevailing in Poland, described in the introduction to the Company's Financial Report for the year 2010.

1.2. The principles adopted for the conversion of selected financial data to the euro

Selected financial data were converted to the euro as follows:

- Assets and liabilities items - at the average exchange rate as at 31 December 2011, i.e. 4.4168 PLN/EUR;
- Items of the profit and loss statement and cash flow for four quarters of 2011 - at the rate calculated as an arithmetic mean of the average exchange rates published by Polish National Bank on the last day of each month during the period from 1 January to 31 December 2010, i.e. 4.1401 PLN/EUR;

- Assets and liabilities items - at the average exchange rate as at 31 December 2010, i.e. 3.9603 PLN/EUR;
- Items of the profit and loss statement and cash flow for four quarters of 2010 - at the rate calculated as an arithmetic mean of the average exchange rates published by Polish National Bank on the last day of each month during the period from 1 January to 31 December 2010, i.e. 4.0044 PLN/EUR.

KEY ITEMS CONVERTED TO THE EURO

	31 December 2011		31 December 2010	
	PLN	EUR	PLN	EUR
Fixed assets	210 472	47 652	179 890	45 423
Current assets	500 149	113 238	387 306	97 797
Shareholders' equity	227 840	51 584	251 973	63 624
Liabilities and provisions for liabilities	482 781	109 306	315 223	79 596

	12-month period ended 31.12.2011		12-month period ended 31.12.2010	
	PLN	EUR	PLN	EUR
Revenues from sales of products and services and of goods and materials	1 274 613	307 870	913 328	228 081
Cost of sold products and services and of goods and materials	1 262 721	304 998	833 185	208 067
Profit on sales before taxes	11 892	2 872	80 143	20 014
Profit on operating activities	-22 713	-5 486	39 469	9 856
Profit (loss) before taxes	-29 044	-7 015	41 353	10 327
Net profit (loss)	-26 663	-6 440	32 575	8 135

	12-month period ended 31.12.2011		12-month period ended 31.12.2010	
	PLN	**EUR**	**PLN**	**EUR**
Cash flow form operating activities	-65 791	-15 891	25 010	6 246
Cash flow from investing activities	-7 389	-1 785	-42 409	-10 591
Cash flow from financing activities	72 260	17 454	-4 957	-1 238
Net cash flow	-920	-222	-22 356	-5 583
Cash at the beginning of the period	121 191	34 942	143 547	34 942
Cash at the end of the period	120 271	27 230	121 191	30 601

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

2.1. Changes in estimates

Construction Contracts

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

Prepayments for construction contracts

	31.12.2011	**30.09.2011**	**31.12.2010**
Revenue surplus over partial invoices, by staging	61 617	73 224	19 042
Costs surplus over expenses arising from the accounting costs, by staging	36 537	39 702	14 997
Surplus on partial invoices over incomes, by staging	39 657	29 247	6 914
Surplus on costs resulting from the accounting costs over expenses, by staging	60 868	47 925	17 838
Total amounts presented in deferred expenditures	122 485	121 149	36 880
Total amounts presented in deferred revenues	76 194	68 949	21 911

Provisions and assets due to deferred income tax

Assets due to deferred income tax	**31.12.2011**	**30.09.2011**	**31.12.2010**	**30.09.2010**
- valuation of long-term contracts	14 477	13 100	5 034	4 163
- tax loss	9 841	13 175	2 426	370
- adjustment of revenues - Angel	0	0	2 060	0
- deferred costs	1 249	364	1 341	0
- provision for loss on contracts	0	0	57	0
- other	2 876	3 218	1 765	1 490
Total assets due to deferred income tax	**28 443**	**29 857**	**12 683**	**6 023**

Provisions	**31.12.2011**	**30.09.2011**	**31.12.2010**	**30.09.2010**
- valuation of long-term contracts	23 127	23 018	11 009	7 007
- other	1 211	1 068	200	237
Total provisions due to deferred income tax	**24 338**	**24 086**	**11 209**	**7 244**

Impairment allowances for receivables

Change in write-downs on short-term receivables

	31.12.2011	30.09.2011	31.12.2010
At the beginning of the period	**2 710**	2 908	**4 100**
a) Increase (due to)	153	0	175
- creation of write-offs	153	0	175
b) Decrease (due to)	213	198	1 367
- impairment loss	213	198	1 367
- use of write-offs	0	0	0
Write-downs on short-term debts at the end of the period	**2 848**	**2 710**	**2 908**

Impairment charges are created on overdue receivables over 180 days at it full value.
In single reasonable cases, it can be applied the individual principles of calculating write-downs.

Significant amount of impairment losses recognized and reversed

Impairment of long-term financial assets	**31.12.2011**	**31.12.2010**
Opening balance sheet	**110**	**110**
Increase / Decrease	2 850	0
Closing balance sheet	**2 960**	**110**

The posted impairment of shares in Ersteel Sp. of o.o. amounted to PLN 2,850 thousand is the value of increased write-off .

Signature of person preparing the Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

Warsaw, 28 February 2012