ERBUD CAPITAL GROUP



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR 4 QUARTERS OF 2011

PREPARED PURSUANT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2011 (in PLN thousands)

	31.12.2011	30.09. 2011	31.12.2010	30.09.2010
Fixed assets	**129 664**	**130 241**	**112 611**	**95 759**
Intangibles	408	483	406	455
Goodwill	20102	20 102	20 102	20 102
Tangible fixed assets	27 545	32 807	33 343	34 262
Real estate investments	5 751	5 760	5 776	5 875
Financial assets available for sale	0	0	0	0
Other non-current financial assets	31 771	31 013	29 481	18 657
Non-current receivables	11	18	130	54
Long-term prepayments	0	0	11	18
Deferred tax assets	44 076	40 058	23 362	16 335
Current assets	**696 243**	**731 055**	**511 275**	**556 421**
Inventory	106 765	111 815	95 872	107 823
Delivery, services and other receivables	243 067	356 889	173 898	238 936
Income tax receivables	6 376	4 322	5 179	3 173
Financial assets	571	453	5 030	2 985
Building securities	37 890	38 685	32 016	35 539
Cash and cash equivalents	161 291	76 249	147 229	104 597
Short-term prepayments and accruals	695	687	546	2 578
Construction contracts	139 588	141 955	51 505	60 790
Total assets	**825 907**	**861 296**	**623 886**	**652 180**
Equity attributable to shareholders of the Parent Company	**217 866**	**216 060**	**239 199**	**261 117**
Share capital	1 264	1 264	1 260	1 260
Treasure shares	0	0	0	0
Exchange rate differences on translation of foreign entities	556	540	0	347
Supplementary capital	240 179	240 091	209 558	215 272
Capital reserves	0	0	0	0
Undistributed profits	-24 133	-25 835	28 381	44 238
Minority interests	**9 825**	**9 771**	**9 381**	**2 847**
Total equity	**227 691**	**225 831**	**248 580**	**263 964**
Long-term liabilities	**113 783**	**131 193**	**53 904**	**59 872**
Bank loans and borrowings	12 564	27 741	14 822	18 023
Provision for deferred income tax	36 199	34 485	22 415	19 998
Provision for retirement and similar benefits	1 163	2 162	1 358	2 328
Other provisions	1 816	1 130	1 074	1 970
Other financial liabilities	6 765	5 778	5 744	5 802
Liabilities from issuance of bonds	50 000	50 000	0	0
Other liabilities	5 276	9 897	8 491	11 751
Short-term liabilities	**484 433**	**504 272**	**321 402**	**328 344**
Credits and loans	66 970	33 108	24 146	28 696
Derivative financial instruments	0	0	56	0
Trade and other liabilities	214 199	283 956	191 454	194 093
Current tax liabilities	1 311	1 226	2 393	1 113
Other liabilities	0	0	3 468	0
Provision for retirement and similar benefits	4 827	4 194	3 109	2 756
Provisions	10 783	6 436	7 776	4 011
Building securities	79 211	79 397	68 108	60 639
Construction contracts	86 833	72 658	7 745	24 698
Other accruals	20 299	23 297	13 147	12 338
Liabilities due to fixed assets classified as held for sale	0	0	0	0
Total liabilities	**825 907**	**861 296**	**623 886**	**652 180**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 12-month period ended 31 December 2011 (in PLN thousands)

	Year to 31.12.2011	Quarter to 31.10.2011	Year to 31.12.2010	Quarter to 31.12.2010
CONTINUING OPERATIONS				
Revenues from sales of products and services and of goods and materials	**1 497 547**	**388 178**	**1 103 907**	**266 094**
Cost of sold products and services and of goods and materials	**1 461 125**	**364 046**	**1 028 031**	**268 918**
Profit (loss) from sales before tax	**36 422**	**24 132**	**75 876**	**-2 824**
Cost of sales	3 670	1 014	2 991	1 306
General and administrative costs	45 673	10 695	50 831	14 063
Other operating income	**10 965**	**3 239**	**5 769**	**2 230**
Other operating expenses	**10 667**	**7 290**	**6 951**	**3 267**
Profit (loss) on operating activities	**-12 623**	**8 372**	**20 872**	**-19 230**
Other gains (losses) on investments	**0**	**0**	**1 950**	**180**
Financial income	**7 990**	**445**	**4 347**	**2 274**
Financial expenses	**16 515**	**4 460**	**8 181**	**2 274**
Profit (loss) on continuing operations before tax	**-21 148**	**4 357**	**18 988**	**-19 050**
Income tax	-224	1 053	6 838	-3 494
Net profit (loss) for the financial period	**-20 924**	**3 304**	**12 150**	**-15 556**
attributable to:				
Shareholders of the Parent Company	-21 410	3 248	12 094	-15 893
Minority shareholders	486	56	56	337
Profit (loss) per share on continuing operations (in PLN)	**-1.69**	**0.26**	**0.97**	**-1.27**
Diluted profit (loss) per share on continuing operations (in PLN)	**-1.69**	**0.26**	**0.96**	**-1.26**

	12-month period ended 31.12.2011	12-month period ended 31.12.2010
Net profit for the financial period	-20 924	12 150
Exchange rate differences from translation of foreign branches and entities	-330	-579
Deferred income tax due to items of other total incomes	-330	-579
Other total profit (loss)		
Total profit for the financial period	-21 254	11 571
attributable to:		
Shareholders of the Parent Company	-21 698	11 578
Minority shareholders	444	-7

CONSOLIDATED STATEMENT OF CASH FLOW

as at 31 December 2011 (in PLN thousands)

	Year to 31.12.2011	Quarter to 31.10.2011	Year to 31.12.2010	Quarter to 31.12.2010
Cash flow from operating activities				
Net profit (loss)	**-20 924**	**3 304**	**12 150**	**-15 556**
Total adjustments	**-50 883**	**58 718**	**11 408**	**77 593**
Depreciation and amortization	7 903	2 281	8 162	2 399
Profit / losses from exchange rate differences	-1 503	-1 267	32	143
Interest and share in profit (dividends)	4 065	1 579	3 058	-3 902
Profit / loss on investment activities	176	-2 276	-1 955	155
Change in provisions	19 055	6 380	7 064	4 669
Change in inventory	-9 055	5 574	4 383	12 704
Change in receivables	-76 122	113 323	8 858	66 481
Change in short-term liabilities, excluding loans and borrowings	29 299	-76 022	27 078	12 391
Change in prepayments and accruals	-22 696	9 517	-48 034	-11 847
Other adjustments	-2 005	-371	2 762	-5 600
Net cash used in operating activities	**-71 807**	**62 022**	**23 558**	**62 037**
Cash flow from investment activities				
Inflows	**11 800**	**10 185**	**7 788**	**1 532**
Disposal of intangible and tangible fixed assets	4 418	3 724	5 509	1 527
Disposal of investments in real property	0	0	0	0
Disposal of financial assets	0	0	350	0
Dividends and interest received	2 241	1 501	1 735	0
Repayment of long-term loans	5 141	4 960	8	0
Other investment inflows	0	0	186	5
Outflows	**7 162**	**1 228**	**52 089**	**16 155**
Acquisition of intangible and tangible fixed assets	2 160	10	4 622	1 394
Investments in real property and intangible and tangible fixed assets	0	0	0	0
Acquisition of financial assets	3 534	0	21 787	14 761
Long-term loans granted	1 218	1 218	10 604	0
Other investment outflows	250	0	15 076	0
Net cash flow from investment activities	**4 638**	**8 957**	**-44 301**	**-14 623**

	Year to 31.12.2011	Quarter to 31.10.2011	Year to 31.12.2010	Quarter to 31.12.2010
Cash flow from financial activities				
Inflows	**148 175**	**25 211**	**40 806**	**1 0 935**
Net inflows from issue of shares and other capital instruments and from capital contributions	5 352	4 900	655	306
Credits and loans	92 655	19 743	37 673	9 033
Issue of debt instruments	50 000	400	0	0
Other financial inflows	168	168	2 478	1 596
Outflows	**66 944**	**11 148**	**45 381**	**15 718**
Retirement of own shares	4900	4 900	0	0
Dividends and other payments to the shareholders of the Parent Company	287	105	6 266	0
Dividends and other payments to the minority shareholders	0	0	0	0
Repayment of credits and loans	53 332	4 254	32 439	12 903
Repayment of debt instruments issued	0	0	0	0
Due to other financial liabilities	0	0	0	10
Payment of liabilities arising from financial leases	3 985	1 391	3 615	1 863
Interest	4 301	498	2 470	713
Other financial outflows	139	0	591	229
Net cash flow from financial activities	**81 231**	**14 063**	**-4 575**	**-4 783**
Total net cash flow	**14 062**	**85 042**	**-25 318**	**42 631**
Balance sheet change in cash, including:	**14 062**	**85 0420**	**-25 318**	**42 631**
- change in cash due to exchange differences	0	0	0	0
Cash opening balance	**147 229**	**76 249**	**172 547**	**104 598**
Closing balance of cash, including:	**161 291**	**161 291**	**147 229**	**147 229**
- restricted cash	2 789	2 408	27 280	18 249

Reconciliation of changes in balance sheet items to changes reported in the cash flow for the fourth quarter of 2011 is presented below:

	31 December 2011
Change in inventories in the balance sheet	**-10 893**
Deferred financing costs	1 838
Change in inventories in the cash flow	**-9 055**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

attributable to shareholders of the Parent Company as at 31 December 2011 (in PLN thousands)

	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Undistributed profit (loss)		Total	Minority interests	Total equity
					Retained profit / accumulated loss brought forward	Net profit / 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	-21 410	**-21 410**	486	**-20 924**
Other total incomes	0	0	0	556	-844	0	**-288**	-42	**-330**
Total revenue	**0**	**0**	**0**	**556**	**-844**	**-21 410**	**-21 698**	**444**	**-21 254**
Dividend paid to shareholders of the GWI subsidiary	0	0	0	0	-168	0	**-168**	0	**-168**
Share capital increase under authorised capital	4	0	451	0	0	0	**455**	0	**455**
Payment in shares									
Payment in form of shares - shares awarded	0	0	78	0	0	0	**78**	0	**78**
Parent's result of the previous year brought forward to the supplementary capital	0	0	30 004	0	-30 004	0	**0**	0	**0**
Presentation adjustment	0	0	88	0	-88	0	0	0	**0**
As at 31 December 2011	**1 264**	**0**	**240 179**	**556**	**-2 723**	**-21 410**	**217 866**	**9 825**	**227 691**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Undistributed profit (loss)		Total	Minority interests	Total shareholders' equity
					Retained profit / accumulated loss brought forward	Net profit / 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	-452	0	**-516**	-63	**-579**
Total comprehensive income for the period	**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**
Payment in form of shares - shares awarded	0	0	-6 292	0	0	0	**-6 292**	6 403	**111**
Acquisition of shares of Erbud Energetyka Sp. z o.o.	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 supplementary capital	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 Sp. z o.o. - 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 CHANGES IN EQUITY

attributable to shareholders of the Parent Company as at 30 September 2011 (in PLN thousands)

	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Undistributed profit (loss)		Total	Minority interests	Total shareholders' equity
					Retained profit / accumulated loss brought forward	Net profit / 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	-24 658	**-24 658**	430	**-24 228**
Other total incomes	0	0	0	540	614	0	**1 154**	-40	**1 114**
Total revenue for the period	**0**	**0**	**0**	**540**	**614**	**-24 658**	**-23 504**	**390**	**-23 114**
Dividend paid to shareholders of the GWI subsidiary	0	0	0	0	-168	0	**-168**	0	**-168**
Share capital increase under authorised capital	4	0	451	0	0	0	**455**	0	**455**
Payment in shares									
Payment in form of shares - shares awarded	0	0	78	0	0	0	**78**	0	**78**
Parent's result of the previous year brought forward to the supplementary capital	0	0	30 004	0	-30 004	0	**0**	0	**0**
As at 30 September 2011	**1 264**	**0**	**240 091**	**540**	**-1 177**	**-24 658**	**216 060**	**9 771**	**225 831**

The average PLN exchange rates against the EURO during the period covered by the financial statements

Period	Average exchange rate for the reported period	Exchange rate as of the last day of the period
31.12.2011	4.1401	4.4168
31.12.2010	4.0044	3.9603

Key items of the balance sheet converted to the EURO (as of the last day of the period, in thousands)

Balance-sheet item	31.12.2011		31.12.2010	
	PLN	EUR	PLN	EUR
Total assets	825 907	186 992	623 886	157 535
Fixed assets	129 664	29 357	112 611	28 435
Current assets	696 243	157 635	511 275	129 100

Balance-sheet item	31.12.2011		31.12.2010	
	PLN	EUR	PLN	EUR
Total liabilities	825 907	186 992	623 886	157 535
Equity	227 691	51 551	248 580	62 768
Liabilities and provisions for liabilities	598 216	135 441	375 306	94 767

For translating the balance sheet items as of 31 December 2011, it was applied the Euro exchange rate set by the NBP on that day, i.e. 4.4168 PLN/EUR.

For translating the balance sheet items as of 31 December 2010, it was applied the Euro exchange rate set by the NBP on that day, i.e. 3.9603 PLN/EUR.

Key items of the profit and loss statement converted to the EURO (during the reporting period, in thousands)

Profit and loss account item	12-month period ended 31.12.2011		12-month period ended 31.12.2010	
	PLN	EUR	PLN	EUR
Net revenues from sales of products	1 497 547	361 718	1 103 907	275 674
Manufacturing cost of products sold	1 461 125	352 920	1 028 031	256 725
Gross profit on sales	36 422	8 797	75 876	18 948
Profit from operating activities	-12 623	-3 049	20 872	5 212
Gross profit (loss)	-21 148	-5 108	18 988	4 742
Net profit (loss)	-20 924	-5 054	12 150	3 034

Items of the profit and loss account for the period of 1.01.2011 - 31.12.2011 were translated at the EURO mid-rate which was calculated as an arithmetic mean of average rates prevailing as at the last day of each month during the said period, set by the NBP as at that day, i.e. 4.1401 PLN/EUR.

Items of the profit and loss account for the period of 1.01.2010 - 31.12.2010 were translated at the mid-rate which was calculated as an arithmetic mean of average rates prevailing as at the last day of each month during the said period, set by the NBP as at that day, i.e. 4.0044 PLN/EUR.

Key items of cash flow converted to EURO (during the reporting period, in thousands)

Cash flow item	12-month period ended 31.12.2011		12-month period ended 31.12.2010	
	PLN	EUR	PLN	EUR
A. Cash flow from operating activities	-71 807	-17 344	23 558	5 883
B. Cash flow from investing activities	4 638	1 120	-44 301	-11 063
C. Cash flow from financing activities	81 231	19 621	-4 575	-1 142
D. Total net cash flow (A+/-B+/-C)	14 062	3 397	-25 318	-6 323
F. Cash and cash equivalents at the beginning of period	147 229	37 176	172 547	42 001
G. Cash and cash equivalents at the end of the period	161 291	36 518	147 229	37 176

Cash flow items for the period of 01 January 2011 - 31 December 2011 were converted as follows:

A, B, C, and D item figures - at the average exchange rate which was calculated as an arithmetic mean of average rates set by the NBP on the last day of given month in the period, i.e. 4.1401 PLN/EUR,

F item figures - at the exchange rate set by the NBP on the 31 December 2010, i.e. 3.9603 PLN/EUR,

G item figures- at the exchange rate set by the NBP on the 31 December 2011, i.e. 4.4168 PLN/EUR.

Cash flow items for the period of 01 January 2010 - 31 December 2010 were converted as follows:

A, B, C, and D item figures - at the average exchange rate which was calculated as an arithmetic mean of average rates set by the NBP on the last day of given month in the period, i.e. 4.0044 PLN/EUR,

F item figures - at the exchange rate set by the NBP on the 31 December 2009, i.e. 4.1082 PLN/EUR,

G item figures- at the exchange rate set by the NBP on the 31 December 2010, i.e. 3.9603 PLN/EUR.

Note 1. Tangible fixed assets

	31. 12. 2011	30.09.2011	31.12.2010	30.09.2010
a) Fixed assets, of which:	27 397	32 609	33 185	34 093
- Land (incl. perpetual usufruct)	1 908	5 892	5 802	6 110
- Buildings, premises and civil and water engineering structures	5 572	5 924	6 341	6 457
- Plant and equipment	11 292	12 253	12 620	13 611
- Means of transport	7 700	7 528	7 558	7 062
- Other tangible fixed assets	925	1 012	864	854
b) Fixed assets under construction	124	198	158	152
c) Prepaid tangible fixed assets under construction	24	0	0	16
Total tangible fixed assets	**27 545**	**32 807**	**33 343**	**34 262**

Note 2. Deferred income tax assets

Assets / liabilities due to	31. 12. 2011	30.09.2011	31.12.2010	30.09.2010
- Building contracts valuation	16 154	13 465	7 785	7 297
- Provisions	3 489	2 312	1 208	1 700
- Loss on taxes	13 827	17 163	5 074	2 045
- Margin on intra-Group sales	442	0	0	3 880
- Accrued expenses	1 249	0	2 060	0
- Other fees charged statistically	351	202	49	53
- Receivables revaluation	632	1 255	668	763
- Other financial liabilities	1 255	1 176	775	426
- Financial instruments	0	0	1 341	0
- Consolidation adjustments	5 964	3 364	3 350	0
- Other	713	1 121	1 052	0
Total deferred tax assets	**44 076**	**40 058**	**23 362**	**16 335**

Assets and liabilities due to deferred income tax assets are offset when there is a legally enforceable entitlement to offset tax receivables and current tax liabilities and when the deferred tax relates to the same tax jurisdiction and will be executed in similar periods.

Margin realized on the intra-Group sales results from the higher tax value of assets sold to the Group companies in relation to their carrying amount due to the exclusion of consolidated profits included in assets.

Note 3 . Short-term receivables
Note 3.1 Short-term trade receivables and other debts

	31. 12. 2011	30.09.2011	31.12.2010	30.09.2010
Short-term receivables before tax	**294 069**	**407 873**	**220 493**	**288 291**
Due to deliveries and services	268 639	378 424	191 786	272 208
- from associates	79	115	62	0
- from other entities	268 560	378 309	191 724	272 208
From the public sector	15 967	15 196	7 941	10 972
Other	9 463	13 526	20 766	5 110
Impairment of receivables	**6 736**	**7 250**	**9 400**	**10 643**
Net short-term receivables	**287 333**	**399 896**	**211 093**	**277 648**

Note 3.2 Allowances for short-term trade receivables and other debts

	31. 12. 2011	30.09.2011	31.12.2010	30.09.2010
Write-downs at the beginning of the period	**9 400**	**9 400**	**13 878**	**13 878**
Created to other operating costs	634	0	217	136
Reversed into other operating costs	3 701	2 542	-627	948
Used	53	1	4 999	2 094
Due to business combination	0	0	0	0
Foreign exchange differences	456	393	-323	-57
Write-downs on short-term receivables at the end of the period	**6 736**	**7 250**	**9 400**	**10 643**

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

Note 3.3 Trade receivables before tax

	31. 12. 2011	30.09.2011	31.12.2010	30.09.2010
a) up to 3 months	220 072	301 019	136 533	231 753
b) between 3 and 6 months	18 433	16 324	19 778	5 912
c) between 6 and 12 months	10 841	25 286	13 012	10 805
d) over 12 months	11 352	16 305	14 092	1 613
e) overdue debts	7 941	19 490	8 371	22 125
Total trade receivables (gross)	**268 639**	**378 424**	**191 786**	**272 208**
f) Allowances for trade receivables	6 736	6 391	8 525	9 784
Total net trade receivables	**261 903**	**372 033**	**183 261**	**262 425**

Write-offs on receivables are created for receivables over 180 days past due at their full value.

In single reasonable cases, it may be applied the individual principles of charging impairment.

There is no credit risk concentration for trade receivables, as the Group has a large number of clients, both domestic and foreign.

The fair value of receivables due to deliveries and services and other receivables is approximately equivalent to their balance value.

Note 4. Construction contracts

	31. 12. 2011	30.09.2011	31.12.2010	30.09.2010
Building contracts income	1 426 425	1 065 315	1 046 953	805 860
Building contracts costs, including:	1 391 514	1 052 339	974 188	730 313
- recorded loss	0	0	481	0
Profit before tax	**34 911**	**12 976**	**72 785**	**75 547**

The following table shows the value of recognized receivables and liabilities under long-term construction contracts in the Parent Company:

	31. 12. 2011	30.09.2011	31.12.2010	30.09.2010
Assets:				
Amounts due from customers	139 588	141 955	51 505	60 790
Contracts valuation	139 588	141 955	51 505	60 790
Liabilities:				
Amounts due to customers, including:	86 833	72 658	8 226	24 698
contracts valuation	86 833	72 658	7 745	24 698
provision for losses on contracts	0	0	481	0

Note 5. Share capital of ERBUD SA (structure)
Note 5.1 Structure of the share capital ownership as of 31 December 2011

The share capital of the Parent as of 31 December 2011 consisted of 12,644,169 shares with a total value of PLN 1,264,416,90. The structure of the share capital of the Parent Company as of 31 December 2011 was 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	2,23%	None
A	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	717 863	5,68%	None
B	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	3 152 865	24,94%	None
	Razem	**Ordinary**	**None**	**None**	**4 152 865**	**32,84%**	None
B	Juladal Investment Ltd	Ordinary	None	None	2 818 174	22,29%	None
A	Dariusz Grzeszczak	Ordinary	None	None	750 000	5,93%	None
D	AVIVA Otwarty Fundusz Emerytalny BZ WBK	Ordinary	None	None	1 183 146	9,36%	None
D	ING Otwarty Fundusz Emerytalny	Ordinary	None	None	1 269 709	10,04%	None
D,E,C,F	Free Float	Ordinary	None	None	2 470 275	19,54%	None
	Total				12 644 169	100%	

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

Within twelve months of 201, the main changes among the shareholders of the Parent were related to the reducing a stake hold by Wolff & Muller Baubeteiligungen Gmbh & Co.KG by 1.32 percentage point, increasing a stake hold by AVIVA O Otwarty Fundusz Emerytalny BZ WBK by 2 percentage points, increasing a stake hold by ING Otwarty Fundusz Emerytalny by 3,82 percentage point and increasing a stake hold by Juladal Investment Ltd by 0,17 percentage point

Apart from the powers arising from directly held shares of Erbud SA, major shareholders have no other voting rights at a general meeting.
Erbud's shares owned by the above mentioned entities are not preference 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.

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. The authorized capital after issuing shares of Series F was registered by the District Court for the Capitol City of Warsaw, XIII Commercial Department of the National Court Register on 26 September 2011.

The table below presents shareholders holding more than 5% of the capital.

The number of shares constituting the authorized capital is equal to the number of shares issued. The par value per share amounts to 0.10 zloty. No shares have been reserved for the issuance under the sale contract options.

Note 6. Change in deferred income tax provision
Note 6.1 Deferred income tax provision

Provision due to	31. 12. 2011	30.09.2011	31.12.2010	30.09.2010
- building contracts valuation	24 570	23 662	13 480	9 708
- assets revaluation	6 604	6 886	7 554	8 103
- amortisation	0	380	0	350
- lease	0	0	0	0
- financial costs activated	394	362	266	309
- balance sheet valuation - discounted liabilities	595	618	418	665
- other	1 169	1 095	697	863
- presentation adjustments	2 867	1 482	0	0
Total provision for deferred income tax	**36 199**	**34 485**	**22 415**	**19 998**

Deferred tax provisions are created on the rate basis of 19% for positive and negative temporary differences on domestic assets and liabilities, while the difference in the balance sheet items relating to the entitles operating abroad - on tax rates basis of the country of the primary economic environment in which the entity operates and pays obligations arising from income corporate tax.

Note 7.
Note 7.1 Other non-current liabilities

	31. 12. 2011	30.09.2011	31.12.2010	30.09.2010
Other financial liabilities, of which:				
- from financial lease	5 182	5 778	5 744	5 802
- derivative financial instruments	1 583	1 353	0	0
- debt securities issued	50 000	50 000	0	0
- other	5 276	8 544	8 491	0
Total long- term liabilities	**62 041**	**65 675**	**14 235**	**5 802**

Note 8. Trade liabilities and other debts, income tax liabilities and building securities

Short-term liabilities	31. 12. 2011	30.09.2011	31.12.2010	30.09.2010
a) Due to deliveries and services	265 381	336 844	218 859	217 005
- form associates	1 917	561	1 005	0
- form other entities	263 464	336 283	217 854	217 005
b) To public sector	13 794	9 129	15 660	20 646
- corporate income tax	1 311	1 226	2 393	1 174
- VAT	6 101	977	7 908	14 749
- income tax on natural persons	1 384	1 464	1 164	1 070
- other	4 998	5 462	4 195	3 654
c) Financial liabilities , incl.:	6 290	4 193	3 557	3 306
- lease	4 393	4 193	3 557	3 306
- interest on bonds	1 897	0	0	0
d) Other	9 256	14 413	27 347	14 888
- payroll	4 649	5 032	3 807	3 298

- prepayments received	0	8 931	19 470	0
- shares	3 499	0	3 468	0
- liabilities due to suppliers	854	0	0	10 986
- other	254	450	602	604
Total	**294 721**	**364 579**	**265 423**	**255 845**

Note 9. Finance lease liabilities

Fail value	**31. 12. 2011**	**30.09.2011**	**31.12.2010**
Up to 1 year	4 392	4 193	3 557
Over 1 and up to 5 years	5 182	5 778	5 744
Over 5 years	0	0	0
Total	**9 574**	**9 971**	**9 301**

The Group uses financial leasing of vehicles. The average lease duration is 3-4 years. Obligations under finance leases are secured by assets used on basis of these lease agreements.
The lease agreements have not included clauses providing for penalties for early repayment of obligations.

Note 10. Information on issue, redemption and repayment of debt instruments and securities issued
Note 10.1 Issue / Redemption / Repayment of debt instruments issued

Over the period ended 31 December 2011, the Group's companies issued the following debt securities and equity financial instruments.

On 14.07.2011, the Parent issued 50,000 unsecured three-years bearer Bonds with a total value of PLN 50 million. The issue price is equal to the par value and the interest rate was set based on WIBOR 6M plus a margin of 3.40% pa The maturity date falls on 15 July 2014.

On 2 August 2011, bearer Bonds of Series A issued by the Parent were introduced to trading in the alternative trading system operated by BondSpot within the Catalyst market of the WSE. The first day of trading fell on 9 August 2011.

Note 11. Acquisition / Sale of subsidiaries/ Disposal of long term-investments

In the period ended 30 September 2011 there were no changes in the composition of the Capital Group.

Note 12. Revenues from sales

	4 quarters cumulatively for the period from 1.01.2011 to 31.12.2011	**4 quarter for the period from 1.10.2011 to 31.12.2011**	**3 quarters cumulatively for the period from 1.01.2010 to 31.12.2010**	**3 quarter for the period from 1.10.2010 to 31.12.2010**
Revenues from finished products sold	67 219	25 548	51 176	23 040
Revenues from services sold	1 427 246	361 473	1 049 804	241 686
Revenues from goods and materials	3 082	1 157	2 927	1 368
Total	**1 497 547**	**388 178**	**1 103 907**	**266 094**

Note 13. Costs by type

	4 quarters cumulatively for the period from 1.01.2011 to 31.12.2011	4 quarter for the period from 1.10.2011 to 31.12.2011	3 quarters cumulatively for the period from 1.01.2010 to 31.12.2010	3 quarter for the period from 1.10.2010 to 31.12.2010
a) Depreciation and amortisation	7 903	2 281	8 162	2 369
b) Consumption of materials and power	230 661	43 310	163 284	52 636
c) External services	1 148 262	294 406	782 655	187 379
d) Taxes and charges	6 490	1 775	4 962	1 261
e) Payroll	104 333	28 531	92 929	24 316
f) Social security, health care and other benefits	23 019	5 948	18 396	5 249
g) Other costs	12 096	2 709	12 879	3 143
h) Value of goods and materials sold	2 571	905	2 049	971
Total expenses by type	**1 535 335**	**379 865**	**1 085 316**	**277 324**
Change in inventories, products and deferred expenditures due to construction contracts	-24 867	-4 110	-3 463	6 963
Cost of production for in-house use (negative value)	0	0	0	0
Cost of sales (negative value)	-3 670	-1 014	-2 991	-1 306
General and administrative costs (negative value)	-45 673	-10 695	-50 831	-14 063
Manufacturing cost of products sold	**1 461 125**	**364 046**	**1 028 031**	**268 918**

Note 14. Income tax

	31. 12. 2011	30.09.2011	31.12.2010	30.09.2010
Profit and loss account	**-224**	**1 053**	**6 838**	**10 332**
Deferred income tax relating to the origination and reversal of temporary differences	-4 057	1 135	4 514	9 014
Current income tax	3 833	-82	2 324	1 318
Equity				
Current income tax	0	0	0	0
Deferred income tax relating to the origination and reversal of temporary differ	0	0	0	0

Note 15. Net earnings per share

	4 quarters cumulatively for the period from 1.01.2011 to 31.12.2011	4 quarter for the period from 1.10.2011 to 31.12.2011	3 quarters cumulatively for the period from 1.01.2010 to 31.12.2010	3 quarter for the period from 1.10.2010 to 31.12.2010
Profit (loss) attributable to the Parent's shareholders	-21 410	3 248	12 094	-15 893
Weighted average number of shares (in units)	12 644 169	12 644 169	12 579 532	12 579 532
Earnings (loss) per share (in PLN)	-1.69	0.26	0.97	-1.27
Weighted average diluted number of shares	12 644 169	12 644 169	12 657 881	12 657 881
Diluted earnings (loss) per share (in PLN)	-1.69	0.26	0.96	-1.26

Basic earnings per share are calculated as a quotient of net income for the period attributable to ordinary shareholders of the Parent Company and the weighted average number of issued common shares outstanding for the period.

Diluted earnings per share are calculated by dividing net profit for the period attributable to ordinary shareholders (after deducting interest on redeemable preference shares convertible into ordinary shares) by the weighted average number of ordinary shares outstanding during the period (after adjusting the impact of dilutive options and dilutive redeemable preference shares convertible into ordinary shares).

Note 16. Income, expenditures and results on discontinued operations or operations to be discontinued in next period

There were no discontinued operations in the reporting period.

Note 17. Transactions with key executives

As of 31 December 2011, the managing staff (the Management Board members and procura holders) held the following number of shares:

Shareholder	Class of shares	Number of shares	Per cent of equity	Number of votes	Per cent of voting rights at a GM
Juladal Investments Ltd. (a company controlled by Board members of Erbud SA)	Common	2 818 174	22.29%	2 818 174	22.29%
Dariusz Grzeszczak	Common	750 000	5.93%	750 000	5.93%
Józef Adam Zubelewicz	Common	250 000	1.98%	250 000	1.98%
Walenty Twardy Procurist of Erbud S.A.	Common	12 384	0.10%	12 384	0.10%
Piotr Augustyniak Procurist of Erbud S.A.	Common	8 747	0.07%	8 747	0.07%
Agnieszka Głowacka Procurist of Erbud S.A.	Common	5 436	0.04%	5 436	0.04%
Grzegorz Krzywicki Procurist of Erbud S.A.	Common	3 033	0.02%	3 033	0.02%
Bogdan Duerr Procurist of Erbud S.A.	Common	6 712	0.05%	6 712	0.05%
Włodzimierz Czystowski Procurist of Erbud S.A.	Common	12 463	0.10%	12 463	0.10%
Tomasz Krzywicki Procurist (by a person related)	Common	3 636	0.05%	3 636	0.05%
Mirosław Młynarski Procurist	Common	4 479	0.04%	4 479	0.04%
Radosław Kałamaga Procurist	Common	3 704	0.03%	3 704	0.03%
Tomasz Krzywicki Procurist of Erbud S.A.	Common	2 750	0.02%	2 750	0.02%
Maciej Wyrzykowski Procurist of Erbud S.A.	Common	1 200	0.01%	1 200	0.01%
Mariola Zielińska Chief Accountant of Erbud S.A.	Common	4 318	0.03%	4 318	0.03%

Note 18. Information about key events occurred in the period of twelve nine months of 2011 and after the balance date.

Contracts concluded:

On 11 January 2011, GWI GmbH, a subsidiary in which the Issuer holds a 85% stake, signed a contract for construction works under the following conditions:
- The value of the entire contract: EUR 6,671,429.42, net and EUR 7,939,001.01 gross.
- Developer: PDI Düsseldorf Beuth Lofts & Houses GmbH, Kaiser-Wilhelm-Ring 23, 40545 Düsseldorf, Germany.
- Contract subject: the construction of residential buildings at Adlerstraße 18 and Adlerstraße 20-22/Beuthstraße, 40211 Düsseldorf: 51 apartments with an area of ca. 4,750sqm and 51 car parking spaces and 8 parking spaces for motorcycles - Performance of construction as General Contractor.
- Duration of works: commencement on 01/04/2011 and completion on 30/03/2012.
- Guarantee: 5% of the net contract value - to repair defects and faults.
- Penalties: 0.2% for each day of delay, up to 5% of the net contract value.

According to the average exchange rate of the Polish National Bank of 11 January 2011, the net value of the contract amounts to PLN 25,923,840.44.

On 17 January 2011, Erbud signed a contract with the West Pomeranian University of Technology in Szczecin to build the Teaching and Research Centre for Nanotechnology.
Net contract value: PLN 29,250,000.
The contract is to be completed by 30 September 2012 together with the receipt of an occupancy permit.

On 2 March 2011, Erbud signed a contract with Dom Development S.A. to construct a multi-family residential complex with retail area and underground garage, including technical infrastrukture, instalations and required facilities, named „ADRIA, II phase ".
Net contract value: PLN 43,001,636.
Duration of works: 17 months.

On 23 March 2011, Erbud entered into a contract with M-Alfa Osiedla Spółka z o.o, spółka komandytowa, Gdańsk, ul. Kołobrzeska 41C for erecting the Alfa Park Residential Estate (189 flats in 7 buildings).
Net contract value: PLN 40,990,000.
Duration of works: 18 months.

On 15 April 2011, Erbud signed a contract for the design and construction of the Hospital in Krosno. Building investor: Wojewódzki Szpital Podkarpacki im. Jana Pawła II, 38-400 Krosno, ul. Korczyńska 57.
Net contract value: PLN 23,443,000.
Completion deadline: 14.12.2012.

On 13 May 2011, Erbud entered into a contract with Dom Development S.A., Warszawa, ul.Pl. Piłsudskiego 3 to construct the multifamily residential complex "WILNO stage IIA, phase 1" with services and underground garages .
Net contract value: PLN 19,599,582.
Completion deadline: September 2012.

On 19 July 2011, Erbud signed a building contract with RED Real Estate Development Alpha Spółka z o.o., Warszawa, ul.Al.Jerozolimskie 53/120 for Skoroszewska Real Estate, Phase 1.
Net contract value: PLN 30,200,000.
Completion deadline: August 2013.

On 12 August 2011, it was concluded a construction contract with Województwo Wielkopolskie – Urząd Marszałkowski Województwa Wielkopolskiego in Poznań to erect the Marshal's Office and Regional Council headquarters in Poznań, al. Niepodległości 34.
Net contract value: PLN 133,526,923.18 .
Completion deadline: 30 months from the contract signing.

On 15 September 2011, a contract to build a concert hall for the Łodź Music Academy was concluded by Erbud SA with Akademia Muzyczna im. Grażyny i Kiejstuta Bacewiczów in Łódź.
Net contract value: PLN 21,943,089.43.
Completion deadline: 19 months from the contract signing.

On 26 September 2011, a development contract was concluded by GWI GmbH, a subsiadry of Erbud, for sale of two residential buildings with underground garage - 51 apartments of high-standard and parking spaces in the Pempelfort district of Düsseldorf.
Parties to the transaction:

- as the Seller: PDI Düsseldorf Beuth Lofts & Houses GmbH (special purpose company, in which GWI GmbH holds a 50% stake);
- as the Buyer: "Aachener" Grundvermögen-Kapitalanlagegesellschaft mit beschränkter Haftung.

Transaction value - the maximum price was set at EUR 17,553,390.66 and it represents a multiple of 19.5 net annual rental. the maximum price will be achieved when PDI Düsseldorf Beuth Lofts & Houses GmbH rents a 100% of apartments by 30 June 2013. If this condition is not meet, the price will be adjusted by the let rate.

On 14 Oktober 2011, Erbud entered into a contract with LEWANTER Sp. z o.o., based in Zawada 26, 28-230 Połaniec, a company of the GDF SUEZ Energia Polska SA Group, to deliver the comprehensive design, assembly and construction works for the development task: "Construction of the Pągów Wind Farm located in the municipalities of Wilków and Oleśnica, district of Opole" together with the necessary infrastructure.
Net contract value: PLN 79,000,000.
Completion deadline: 31 December 2012.

On 6 December 2011, Erbud S.A. concluded a contract for construction of residential buildings, located in Gdansk, with service area and underground parking places, including the surroundings and infrastructure for the company „Cedrowa" Sp. z o. o. seated in Warsaw.
Contract value: PLN 46,190,000.00 (of which Stage I - PLN 19,228,000.00 and Stage II - PLN 26,962,000.00).
Delivery dates: Stage I - commencement on December 9, 2011 and completion after 18 months from the date of commencement of works. Stage II - commencement within 12 months from starting the first Stage - depending on progress in apartment sales by the Builder and completion after 18 months from the date of commencement of works.

On 21 December 2011, the Issuer singed a design-buiid contract for shell and core of Auchan Bronowice according to the design documents delivered by the Builder for Auchan Polska Sp. z o.o. seated in Piaseczno.
Contract value: PLN 179,500,005.00 net (say: one hundred seventy nine million five hundred thousand and five zlotys).
Completion: 1 June 2013.

On 19 January 2012, GWI GmbH, a subsiadry of Erbud SA signed a contract for shell and steel frame of an innovation centre with laboratories and offices - CIC Clariant Innovation Center, Industriepark Höchst, Frankfurt am Main for Clariant Produkte (Deutschland) GmbH, 65926 Frankfurt am Main.
The Contractor: consortium consisting of GWI Bauunternehmung GmbH, Schiessstrasse 55, 40549 Düsseldorf - share of 50%, and August Prien Bauunternehmung Gmbh & Co.KG Niederlassung Köln, Niehler Strasse 102-116, 50733 Köln - 50%.
Contract value: € 11,633,123.45 net (of which GWI has 50 percent).
Duration of works: 26.01.2012 - 15.01.2013.

On 30 January 2012, ERBUD S.A. entered into a contract to build multifamily residential buildings with underground garage for DURHAM Sp. z o.o. 00-203 Warszawa, 17 Bonifraterska St.
Contract value: PLN 93,359,000.00.
Completion: 30.10.2013.

On 1 February 2012, ERBUD S.A. entered into a contract to build multifamily residential buildings with underground garage and infrastructure for LC Corp XIV Sp. z o.o., Wrocław, 2-4 Powstańców Śląskich St.
Contract value: 1st contract - PLN 12,489,721 net, 2nd contract - PLN 11,710,279 net; the aggregate value: PLN 24,200,000.00 net.
Duration of works: 02.2012 - 09.2013.

On 3 February 2012 ERBUD S.A. entered into a contract under to construct an office building with underground garage for Alfa Investments Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna based in Gdańsk.
Contract value: PLN 27,600,726.00 net.
Conditions precedent: the contract shall have effect upon its signing, subject to the following conditions taking place: provisions of the construction contract with Erbud S.A. and the lease contract for office space shall have been approved by the financing institution, what should occur no later than on 28.02.2012.
Duration of works: the commencement within 7 days after the notification by the Investor on fulfilling the condition (by 28.02.2012) and completion within 14 months from the site delivery (up to 7 days from the above notification).

In addition to the significant agreements for construction works, Erbud S.A. signed several contracts that do not exceed the criterion set by "Significant agreement".

Note 19. Other important events

On 25 February 2011, Erbud SA entered into a settlement agreement with ANGEL CITY Sp. z o.o., based in Krakow at Szlak St. 77/316 and SWIFT ANGEL INVEST Sp. o.o., based in Krakow at Sławskowska St. 6/7 as follows:

Acknowledging a claim of ANGEL CITY for reduction of the remuneration in connection with the execution of the 2006 Agreement, Erbud reduces the amount required and grants a discount of PLN 11,524,095.15 gross and recognizes the additional costs incurred by ANGEL CITY in the amount of PLN 247,130.92 gross.

For the performance of works under the 2005 Agreement, ANGEL INVEST should pay to Erbud the remuneration of PLN 3,945,156.20 gross. Recognizing the additional costs incurred by ANGEL INVEST in the amount of PLN 80,239.27 gross, both parties have agreed, that ANGEL INVEST will pay to Erbud an amount of PLN 3,500,000.00 gross, while Erbud grants a discount for the remaining part of the remuneration amounting to PLN 364,925.92 gross. Payment received on account of the company on 8 April 2011. The payment was effected to the company's bank account on 8 April 2011.

On 9 May 2011, Erbud signed the Annex No. 2 to the loan agreement with ING Bank Śląski SA. By virtue of this Annex Erbud SA, Budlex Sp. z o. o. and PBDI SA (subsidiaries of the Issuer) may benefit from an overdraft and the financial guarantees line. The line value is PLN 80 million, of which the borrower may fall into debt under the negative balance to the amount of PLN 32 million and arrange the issue of financial guarantees to the amount resulting from the difference between PLN 80 m. and balance of the loan used.

Sublimits for individual borrowers are:
- Erbud SA - PLN 32m,
- Budlex Sp. z o. o. - PLN 12m,
-PBDI - PLN 5m.

The total debt can not exceed PLN 32 million.

Within the financial guarantees limit, the individual borrower can request to issue a guarantee under sublimits:
- Erbud SA - the entire available sublimit,
- PBDI SA - guarantee to three years - 8m, guarantees over three years - 3m.

The agreement is secured by:
- assignment of receivables from Erbud SA contracts at 150% of the value of the line,
- security deposit of 10% of the guarantee value for guarantees over 2 years and 20% of the guarantee value in case of guarantees over 4 years,
- bail mortgage up to PLN 96m. on real estate belonging to PBDI SA and located in Toruń.

The interest rate on the line was established on the market conditions.

Relevant information on subsidiaries

On 28 January 2011, the Management Board of the Issuer was informed was notified today about entering into a contract on behalf of the Issuer, under which it has been established a possessory and registered pledge on 1,160 registered series B shares of the subsidiary - Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A (formerly: Przedsiębiorstwo Robót Drogowych S.A) based in Toruń (the "PBDI S.A.") with a nominal value of PLN 50 per one share and of the aggregate nominal value of PLN 59,160.00 (fifty-nine thousand one hundred and sixty) representing 6.65% of the share capital of the PBDI S.A.
Following the Definitive Agreement on sale of the Budlex Sp. z o. o. shares (the "Definitive Agreement") signed on 19 February 2010 between the Issuer and Rison Limited, on which the Issuer reported in the Current Report No. 9/2010 and the Share Pledge Agreement signed on 19 February 2010 between the Issuer and Rison Limited, the Issuer (the "Pledger") established a possessory and registered pledge to Rison Limited (the "Pledgee"). The total amount of the pledged shares is PLN 5,059 and the total nominal value is PLN 252,950 (two hundred fifty-two thousand nine hundred and fifty zlotys), which represents 29% of the share capital of PBDI S.A.
These 5,059 pledged shares is valued in the accounts of the Issuer at PLN 14,372,992. There is no relationship between the Issuer and persons managing or supervising the Issuer and the Pledgee. The Issuer holds 94.3% of the share capital and voting rights at a general meeting of PBDI S.A. and considers the investment in the PBDI equity as a long-term one.
The criterion to recognize the burden of assets i.e. shares in PBDI S.A. as significant is: total book value of the pledged shares amounts to more than EUR 1 million.

On 12 September 2011, the Issuer's Management Board was notified that Budlex Glinki A3 sp. z o.o - a company 100 per cent owned by Budlex sp. z o.o., which is a subsidiary of Erbud SA - signed a loan agreement with Bank BRE Bank Hipoteczny. The loan for mortgage and construction purposes up to PLN 26,000,000.00 (in words: twenty six million zlotys) will be released in tranches to finance a development project - a complex of two multi-family buildings with a net sellable area of 7558.26 sqm. Buildings will be erected on the "Zielone Tarasy" Housing Estate constructed by the Budlex Group in Bydgoszcz at Glinki Street.
The loan is secured by:

1. capped mortgage of up to 200% of the loan amount;
2. registered pledge on the shares;
3. promissory note guaranteed by Budlex sp;
4. transfer of rights to compensation from an insurance policy against the risks of construction;
5. assignment of present and future receivables due to sales agreements;
6. escrow account agreement, including a power of attorney for the Bank to dispose of the bank account balance;
7. authorisation to dispose of all other open in and operated by the Bank as well as other bank accounts in other bank as agreed with the Bank;
8. transfer of rights under a performance bond issued by a bank or insurance company;
9. agreement to project support by Budlex Sp. o.o.;
10. financial liabilities of Budlex Sp. z o. o. to the amount of PLN 670,372.00, including the Bank's right to request to assign an enforceability clause to the enforceable title within 2 years after the date the final repayment of the loan specified in the contract;
11. statement on voluntary submission to the enforcement of up to 200% of the loan amount;
12. statement of Budlex Sp. z o.o. on submission to the enforcement from shares of up to 100% of the loan amount;
13. agreement on escrow account for all settlements related to the project.

The loan interest has been determined on market conditions.

On 27 October 2011, the share capital of Ersteel Sp. o.o. has been increased to the amount of PLN 7.45 million

Note 20. Changes in accounting policy applied and method of preparation of financial statements, introduced in relation to the previous financial year (years), their causes and the impact on the asset and financial position, liquidity, result and profitability.

Over the current reporting period the Company did not make any changes in accounting policies and method of preparation of financial statements in relation to the previous financial year.

Note 21. Business combinations

In the period ended 31 December 2011 there were no changes in the composition of the Capital Group.

Note 22. Dividend policy - description of policy on the payment of dividends and any restrictions related. The dividend value per share for each financial year of the period covered by the historical financial information, adjusted in case of changes of the number of shares in order to make comparisons.

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

Note 23. Changes in accounting estimates

No changes in accounting estimates occurred in the comparable period and in the period ended 31 December 2011.

Note 24. Business segments

During the reporting period ended 31 December 2011 the Group was operating in the following business segments:

- Building – large-volume construction
- Housing development
- Road-engineering
- Construction for the power industry
- Steel structures and products.

During the reporting period ended 31 December 2011 the Group was operating in the following region segments:

- in Poland
- abroad (Germany, Belgium, Luxembourg and Holland).

The classification of the entities according to their statutory activities was the basis for dividing into segments. The Group applies the same policy of accounting for all segments.

Business segments

The following tables present data on proceeds and gains as well as certain assets and liabilities of the individual business segments of the Group for the period from 1 January to 31 December 2011 and as at 31 December 2011:

Proceeds and expenses by business segments

For the period from 1 January to 31 December 2011	Cubature construction	Housing development	Road engineering	Construction for the energy sector	Steel structures and products	Total
Income	**1 179 449**	**58 547**	**206 846**	**42 484**	**10 221**	**1 497 547**
Cost of products, goods and materials sold to external customers	**1 174 684**	**47 127**	**187 528**	**40 002**	**11 784**	**1 461 125**
Total gross sales	**4 765**	**11 420**	**19 318**	**2 482**	**-1 563**	**36 422**
Cost of sales	0	2 194	1 181	0	295	**3 670**
General and administrative costs	32 406	3 133	7 102	1 543	1 489	**45 673**
Profit (loss) on other operating activity	2 098	-1 467	446	-202	-577	298
Segment profit (loss)	**-25 543**	**4 626**	**11 481**	**737**	**-3 924**	**-12 623**
Profit (loss) on financing activity	-7 815	380	-928	-10	-152	**-8 525**
Income tax	-1 144	1 183	243	46	-552	**-224**
Net profit	**-32 214**	**3 823**	**10 310**	**681**	**-3 524**	**-20 924**

Other items by business segments

For the period from 1 January to 31 December 2011	Cubature construction	Housing development	Road engineering	Construction for the energy sector	Steel structures and products	Total
Segment depreciation and amortisation	2 645	687	4 230	33	308	**7 903**
Interest income	4 291	1 444	25	2	2	**5 764**
Interest cost	4 518	1 069	977	12	155	**6 731**
Impairment of assets	153	51	82	167	181	**634**
Reversal of impairment of assets	2 811	873	17	0	0	**3 701**
Capital expenditure for:	3 110	432	5 747	0	0	**9 289**
- Tangible fixed assets	1 050	420	560	0	0	**2 030**
- Intangible fixed assets	370	12	22	0	0	**404**
- Increase due to taking over	0	0	0	0	0	**0**
Other non-monetary outlays	1 690	0	5 165	0	0	**6 855**

Assets and liabilities by business segments

As at 31 December 2011	Cubature construction	Housing development	Road engineering	Construction for the energy sector	Steel structures and products	Total
Segment assets	577 707	156 446	44 279	670	2 729	**781 831**
Investment in associated company						
Deferred tax assets	31 663	8 174	2 468	31	1 740	**44 076**
Total assets	**609 370**	**164 620**	**46 747**	**701**	**4 469**	**825 907**
Total liabilities	**480 050**	**71 178**	**45 125**	**256**	**1 607**	**598 216**

The following tables present data on proceeds and gains as well as certain assets and liabilities of the individual business segments of the Group as at 31 December 2010:

Proceeds and expenses by business segments

For the period from 1 January to 31 December 2010	Cubature construction	Housing development	Road engineering	Construction for the energy sector	Steel structures and products	Exclusions	Total
Sale to external customers	941 588	45 329	83 322	24 447	9 221	0	**1 103 907**
Sale between segments	0	0	23 974	0	0	-23 974	**0**
Total income	**941 588**	**45 329**	**107 296**	**24 447**	**9 221**	**-23 974**	**1 103 907**
Cost of products, goods and materials sold to external customers	865 372	39 920	86 622	23 370	12 747	0	**1 028 031**
Cost of products, goods and materials sold to other segments	0	0	23 974	0	0	-23 974	**0**
Total cost of products, goods and materials sold	**865 372**	**39 920**	**110 596**	**23 370**	**12 747**	**-23 974**	**1 028 031**
Total gross sales	**76 216**	**5 409**	**-3 300**	**1 077**	**-3 526**	**0**	**75 876**
Cost of sales	0	2 181	0	0	810	0	**2 991**
General and administrative costs	40 759	2 110	6 076	551	1 335	0	**50 831**
Profit (loss) on other operating activity	1 673	-3 125	200	20	50	0	**-1 182**
Segment profit (loss)	**37 130**	**-2 007**	**-9 176**	**546**	**-5 621**	**0**	**20 872**
Profit (loss) on financing activity	-1 307	-60	-426	1	-92	0	**-1 884**
Income tax	7 930	985	-999	-63	-1 015	0	**6 838**
Net profit	**27 893**	**-3 052**	**-8 603**	**610**	**-4 698**	**0**	**12 150**

Other items by business segments

For the period from 1 January to 31 December 2010	Cubature construction	Housing development	Road engineering	Construction for the energy sector	Steel structures and products	Total
Segment depreciation and amortisation	2 243	974	4 498	61	386	**8 162**
Interest income	2 826	98	297	9	85	**3 315**
Interest cost	765	1 639	613	8	173	**3 198**
Impairment of assets	438	554	21	0	8	**1021**
Reversal of impairment of assets	-715	0	55	0	33	**-627**
Capital expenditure for:	4 447	727	4 941	179	1 423	**11 717**
- Tangible fixed assets	1 611	360	2 673	45	633	**5 322**
- Intangible fixed assets	163	39	36	29	20	**287**
- Increase due to taking over						
Other non-monetary outlays	2 673	328	2 232	105	770	**6 108**

Assets and liabilities by business segments

As at 31 December 2010	Cubature construction	Housing development	Road engineering	Construction for the energy sector	Steel structures and products	Total
Segment assets	417 310	130 841	41 950	1 558	8 865	**600 524**
Investment in associated company						
Deferred tax assets	14 509	4 127	3 051	74	1 601	**23 362**
Total assets	**431 819**	**134 968**	**45 001**	**1 632**	**10 466**	**623 886**
Total liabilities	**285 923**	**49 662**	**32 573**	**478**	**6 670**	**375 306**

The following tables present data on proceeds and gains as well as certain assets and liabilities of the individual business segments of the Group for the period from 1 January to 30 September 2011 and as at 30 September 2011:

Proceeds and expenses by business segments

For the period from 1 January to 30 September 2011	Cubature construction	Housing development	Road engineering	Construction for the energy sector	Steel structures and products	Total
Income	**888 450**	**33 415**	**141 161**	**37 316**	**9 027**	**1 109 369**
Cost of products, goods and materials sold to external customers	**897 521**	**27 174**	**128 450**	**33 778**	**10 156**	**1 097 079**
Total gross sales	**-9 071**	**6 241**	**12 711**	**3 538**	**-1 129**	**12 290**
Cost of sales	0	1566	826	0	264	**2 656**
General and administrative costs	24 877	2 751	4 990	1 218	1 142	**34 978**
Profit (loss) on other operating activity	3 567	266	687	-14	-157	4 349
Segment profit (loss)	**-30 381**	**2 190**	**7 582**	**2 306**	**-2 692**	**-20 995**
Profit (loss) on financing activity	-3 893	116	-638	-5	-90	**-4 510**
Income tax	-2 426	1 182	160	152	-345	**-1 277**
Net profit	**-31 848**	**1 124**	**6 784**	**2 149**	**-2 437**	**-24 228**

Other items by business segments

For the period from 1 January to 30 September 2011	Cubature construction	Housing development	Road engineering	Construction for the energy sector	Steel structures and products	Total
Segment depreciation and amortisation	1 645	502	3 201	26	248	**5 622**
Interest income	3 795	726	24	1	1	**4 547**
Interest cost	1 979	862	670	6	91	**3 608**
Impairment of assets	0	0	0	0	0	**0**
Reversal of impairment of assets	2 529	0	13	0	0	**2 542**
Capital expenditure for:	1 235	389	5 427	4	42	**7 097**
- Tangible fixed assets	1 235	380	451	3	42	**2 111**
- Intangible fixed assets	0	9	0	1	0	**10**
- Increase due to taking over	0	0	0	0	0	**0**
Other non-monetary outlays	0	0	4 976	0	0	**4 976**

Assets and liabilities by business segments

As at 30 September 2011	Cubature construction	Housing development	Road engineering	Construction for the energy sector	Steel structures and products	Total
Segment assets	601 253	155 466	56 031	1 369	7 119	**821 238**
Investment in associated company						
Deferred tax assets	32 127	4 980	1 307	115	1 529	**40 058**
Total assets	**633 380**	**160 446**	**57 338**	**1 484**	**8 648**	**861 296**
Total liabilities	**529 373**	**69 197**	**31 847**	**548**	**4 500**	**635 465**

Geographical segments

The following tables present data on proceeds and gains as well as certain assets and liabilities of the individual business segments of the Group for the period from 1 January to 31 December 2011 and as at 31 December 2011:

Proceeds and expenses by geographical segments

For the period from 1 January to 31 December 2011	Domestic	Abroad	Total
Sale to external customers	1 391 211	106 336	**1 497 547**
Total income	**1 391 211**	**106 336**	**1 497 547**
Cost of products, goods and materials sold to external customers	1 360 604	100 521	**1 461 125**
Total cost of products, goods and materials sold	**1 360 604**	**100 521**	**1 461 125**
Total gross sales	**30 607**	**5 815**	**36 422**
Cost of sales	3 670	0	**3 670**
General and administrative costs	37 672	8 001	**45 673**
Profit (loss) on other operating activity	-2 424	2 722	**298**
Segment profit (loss)	**-13 159**	**536**	**-12 623**
Profit (loss) on financing activity	-8 342	-183	**-8 525**
Income tax	-1 650	1 426	**-224**
Net profit	**-19 851**	**-1 073**	**-20 924**

For the period from 1 January to 31 December 2011	Domestic	Abroad	Total
Segment depreciation and amortisation	7 535	368	**7 903**
Interest income	4 101	1 663	**5 764**
Interest cost	5 852	879	**6 731**
Impairment of assets	634	0	**634**
Reversal of impairment of assets	1 103	2 598	**3 701**
Capital expenditure for:	**8 817**	**472**	**9 289**
- Tangible fixed assets	1 558	472	**2 030**
- Intangible fixed assets	404	0	**404**
- Increase due to taking over			
Other non-monetary outlays	6 855	0	**6 855**

Assets and liabilities by geographical segments

For the period from 1 January to 31 December 2011	Domestic	Abroad	Total
Segment assets	721 896	59 935	**781 831**
Deferred tax assets	42 154	1 922	**44 076**
Total assets	**764 050**	**61 857**	**825 907**
Segment liabilities	565 347	32 869	**598 216**
Total liabilities	**565 347**	**32 869**	**598 216**

The following tables present data on proceeds and gains as well as certain assets and liabilities of the individual business segments of the Group as at 31 December 2010:

Proceeds and expenses by geographical segments

Year ended 31 December 2010	Domestic	Abroad	Total
Sale to external customers	1 003 273	100 634	**1 103 907**
Total income	**1 003 273**	**100 634**	**1 103 907**
Cost of products, goods and materials sold to external customers	931 281	96 750	**1 028 031**
Total cost of products, goods and materials sold	**931 281**	**96 750**	**1 028 031**
Total gross sales	**71 992**	**3 884**	**75 876**
Cost of sales	2 991	0	**2 991**
General and administrative costs	42 731	8 100	**50 831**
Profit (loss) on other operating activity	-1 693	511	**-1 182**

Segment profit (loss)	**24 577**	**-3 705**	**20 872**
Profit (loss) on financing activity	-2 343	459	**-1 884**
Income tax	6 260	578	**6 838**
Net profit	**15 974**	**-3 824**	**12 150**

Year ended 31 December 2010	**Domestic**	**Abroad**	**Total**
Segment depreciation and amortisation	7 905	256	**8 161**
Interest income	2 426	889	**3 315**
Interest cost	2 866	332	**3 198**
Impairment of assets	758	0	**758**
Reversal of impairment of assets	1 455	-2 082	**-627**
Capital expenditure for:	**10 661**	**1 056**	**11 717**
Tangible fixed assets	4 270	1 052	**5 322**
Intangible fixed assets	283	4	**287**
Increase due to taking over			
Other non-monetary outlays	6 108	0	**6 108**

Assets and liabilities by geographical segments

Year ended 31 December 2010	**Domestic**	**Abroad**	**Total**
Segment assets	556 966	43 558	**600 524**
Deferred tax assets	22 349	1 013	**23 362**
Total assets	**579 315**	**44 571**	**623 886**
Segment liabilities	346 213	29 093	**375 306**
Total liabilities	**346 213**	**29 093**	**375 306**

The following tables present data on proceeds and gains as well as certain assets and liabilities of the individual business segments of the Group as at 30 September 2011:

Proceeds and expenses by geographical segments

For the period from 1 January to 30 September 2011	**Domestic**	**Abroad**	**Total**
Sale to external customers	1 040 694	68 675	**1 109 369**
Total income	**1 040 694**	**68 675**	**1 109 369**
Cost of products, goods and materials sold to external customers	1 029 543	67 536	**1 097 079**
Total cost of products, goods and materials sold	**1 029 543**	**67 536**	**1 097 079**
Total gross sales	**11 151**	**1 139**	**12 290**
Cost of sales	2 656	0	**2 656**
General and administrative costs	29 870	5 108	**34 978**
Profit (loss) on other operating activity	1 865	2 484	**4 349**
Segment profit (loss)	**-19 510**	**-1 485**	**-20 995**
Profit (loss) on financing activity	-4 827	317	**-4 510**
Income tax	-2 992	1 715	**-1 277**
Net profit	**-21 345**	**- 2 883**	**-24 228**

For the period from 1 January to 30 September 2011	**Domestic**	**Abroad**	**Total**
Segment depreciation and amortisation	5 322	300	**5622**
Interest income	3 743	804	**4 547**
Interest cost	3 124	484	**3 608**
Impairment of assets	0	0	**0**
Reversal of impairment of assets	211	2331	**2 542**
Capital expenditure for:	**6 670**	**427**	**7 097**
Tangible fixed assets	1 684	427	**2 111**

Intangible fixed assets	10	0	**10**
Increase due to taking over Other non-monetary outlays	4 976	0	**4 976**

Assets and liabilities by geographical segments

For the period from 1 January to 30 September 2011	**Domestic**	**Abroad**	**Total**
Segment assets	777 249	43 989	**821 238**
Deferred tax assets	38 929	1 129	**40 058**
Total assets	**816 178**	**45 118**	**861 296**
Segment liabilities	595 710	39 755	**635 465**
Total liabilities	**595 710**	**39 755**	**635 465**

Note 25. Construction contracts deposits

Construction contracts deposits as of 31 December 2011 were as follows:

	31.12.2011	**30.09. 2011**	**31.12 2010**
Deposits retained by customers			
Deposits to be returned beyond 12 months	4 699	6 537	6 341
Deposits to be returned within 12 months	33 191	32 148	25 675
Total	**37 890**	**38 685**	**32 016**
Deposits retained to suppliers			
Deposits to be returned beyond 12 months	8 374	9 759	8 007
Deposits to be returned within 12 months	70 837	69 638	60 101
Total	**79 211**	**79 397**	**68 108**

Note 26. 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.

Note 27. 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 SA and persons managing or supervising Erbud SA and the pledgee (the Seller):
None

4) 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.

Note 28. 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 Statements

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Board Member/

Dariusz Grzeszczak
/Board Member/

Warsaw, 28 February 2012