Translation from Polish

ERBUD S.A.
UL. PUŁAWSKA 300 A
02-819 WARSZAWA

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011,
INCLUDING
OPINION OF THE INDEPENDENT STATUTORY AUDITOR
AND REPORT SUPPLEMENTING THE AUDIT

TABLE OF CONTENTS **PAGE**

OPINION OF THE INDEPENDENT AUDITOR.....3

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF ERBUD S.A. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011.....5

I. GENERAL INFORMATION.....5

1. Identification of the audited Company.....5
2. Information on the financial statements for the previous financial year.....7
3. Identification of the entity certified and the auditor conducting the audit on its behalf 7
4. Disclosures availability and the Management's statement.....8
5. Financial standing and assets of the Company.....8

II. DETAILED INFORMATION 9

1. Correctness of the applied accounting system.....9
2. Information on selected material items of the financial statements.....10
3. Completeness and correctness of preparing the introduction to the financial statements supplementary information and explanations, and the Report on the Company's operations.....13
4. Information and final arrangements.....14

FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

1. INTRODUCTION TO THE CONDENSED FINANCIAL STATEMENT
2. BALANCE SHEET
3. PROFIT AND LOSS STATEMENT
4. STATEMENT OF CHANGES IN EQUITY
5. CASH FLOW STATEMENT
6. ADDITIONAL INFORMATION AND EXPLANATIONS

REPORT ON OPERATIONS OF THE COMPANY

OPINION OF THE INDEPENDENT STATUTORY AUDITOR

To the Shareholders and the Supervisory Board of Erbud S.A.

We have audited the attached financial statements of Erbud S.A., seated in Warsaw at 300A Puławska Street, which comprise:

- an introduction to the financial statements
- a balance sheet as at 31 December 2011 showing total assets and total liabilities of PLN 682,744,000;
- a profit and loss statement for the fiscal year from 1 January 2011 to 31 December 2011 showing a net loss of PLN 25,.284,000;
- a statement of changes in equity for the fiscal year from 1 January 2011 to 31 December 2011 showing a decrease in equity of PLN 22,754,000;
- a cash flow statement for the fiscal year from 1 January 2011 to 31 December 2011, showing a cash reduction of PLN 920,000;
- notes and additional explanations.

The Management Board of the Company is responsible for preparing the financial statements pursuant to the obligatory regulations. The Management Board and members of the Supervisory Board are required to ensure that the financial statements and the Report of the operations comply with the requirements foreseen in the the Accounting Act of 29 September 1994 (Journal of Laws of 2009, No. 152, item. 1223 as amended), hereinafter referred to as the " Accounting Law. "

Our task was to audit and express an opinion on the consistency of the financial statements with the accounting principles (policy) required to be applied, and whether they present - in all material respects - fair, true and clear view of financial standing and assets as well as financial result of the Company and on the correctness of the accounting books constituting the basis for their preparation.

We conducted the audit of the financial statements pursuant to the provisions of:

- chapter 7 of the Accounting Act,
- auditing standards issued by the National Council of Certified Auditors in Poland.

The audit of the financial statements was scheduled and conducted in such manner as to obtain reasonable certainty allowing to express the opinion on the statements. In particular, the audit covered the verifying of the correctness of accounting principles (policy) applied by the Company and the assessment of significant estimates, checking - mainly on a test basis - the accounting evidence and records, from which the figures and information result, contained in the financial statements as well as the entire assessment of the financial statements. We believe that the audit provided a significant basis to express our opinion.

In our opinion, the audited financial statements of Erbud SA - in all material - respects:

- present fair, true and clear view of all information material for the assessment of the financial standing and assets of the Company as at 31 December 2011, as well as for the results of its operations for the fiscal year from 1 January 2011 to 31 December 2011;
- were drawn up in line with the Accounting Act, the accountancy policy (principles) required to be applied and on the basis of the correctly conducted accounting books;
- are consistent with the law provisions and the provisions of the Company's Statute affecting the contents of the financial statements.

The Report on the Company's operations for the fiscal year 2011 is complete within the meaning of Article 49 clause 2 of the Accounting Act and the Decree of the Minister of Finance dated 19 February 2009 on current and periodic information submitted by the issuers of securities and the conditions for recognition as equivalent information required under the law of a non-member state (Journal of Laws of 2009, No. 33, item 259), and disclosures contained therein, derived from the audited financial statements, are consistent therewith.

For and on behalf of

TPA Horwath Horodko Audit Sp. z o.o.
ul. Murawa 12-18, 61-655 Poznan
Registration No. 3082

Krzysztof Dziekoński

illegible signature (on the Polish original)

.....
Leading certified auditor
conducting the audit
Reg. No. 10089

Warsaw, April 25, 2012

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS OF ERBUD S.A. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

I. GENERAL INFORMATION

1. Identification of the audited Company

The company operates under the name of Erbud S.A.

The seat of the Company is: Warszawa, 300A Puławska St.

The Company conducts the activity in the form of a joint stock company established on 15 November 2006 as a result of legal form conversion of Erbud Spółka z ograniczoną odpowiedzialnością [Erbud Limited Liability Company] on the Extraordinary General Meeting of Shareholders held before the notary public Dorota Kałowska, Warsaw, 12/14 Grzybowska St., room B2 - Index A No. 13165/2006. The Company's activity is regulated by its Statute under the deed of 15 November 2006, Index A No. 13165/2006, drawn up by Dorota Kałowska with later amendments. The consolidated text of the Statute was adopted by the Management Board on 16 August 2011.

The Company was registered on 29 November 2006 in the District Court for the Capital City of Warsaw in Warsaw, XIII Economic Department of the National Court Register under the registration number KRS 0000268667.

The Parent has the tax identification number NIP 879-017-22-53 granted by the Tax Office in Toruń.

The statistical office granted to the Company the identification number REGON 005728373.

The company operates on the basis of the Code of Commercial Companies.

In accordance with the Company's Statute, the subject of the activity includes:

- demolition of buildings and earthworks,
- general construction works connected with erection of buildings,
- construction of bridges,
- electrical installations on buildings and structures,
- electrical signalling systems,
- construction, urban and technological design,
- other finishing and fit out works.

During the reporting period there were movements in the Company's share capital. The capital increase was associated with the Management Share Option Scheme. Granted were 41,458 shares of Series F with par value of PLN 4,145.80. The overall increase in equity in connection with the issuance amounted to PLN 456,038.

As at 31 December 2011, the Company's registered share capital amounted to PLN 1,264,416.90 and was divided into 12,644,169 shares with a nominal value of PLN 0.10 each one.

According to information received from the Parent Company, the ownership of share capital structure as of the balance sheet date was as follows:

Shareholder	Number of shares	Number of votes	Shares par value	Percentage of equity held
Wolff & Müller Baubeteiligungen GmbH & Co. KG, incl. Wolff & Muller Holding Gmbh & Co.KG	4,152,865	4,152,865	415,286.50	32.84%
Juladal Investment Ltd	2,818,174	2,818,174	281,817.40	22.29%
Dariusz Grzeszczak	750,000	750,000	75,000.00	5.93%
AVIVA Otwarty Fundusz Emerytalny BZ WBK	1,183,146	1,183,146	118,314.60	9.36%
ING Otwarty Fundusz Emerytalny	1,269,709	1,269,709	126,970.90	10.04%
Free Float	2,470,275	2,470,275	247,027.50	19.54%
Total	**12,644,169**	**12,644,169**	**1,264,416.90**	**100.00%**

Significant changes in the ownership structure of the share capital during the period audited are described in Note 13.1 of additional information and explanations to the financial statements.

The calendar year is the Company's fiscal year.

The Company operates within the framework of the Erbud SA Capital Group as the Parent Company and treats the company's consisting the group as affiliates.

As at 31 December 2011, Erbud S.A. held at least a 20% stake in the share capital of the following entities:

Subsidiary name	Percentage of equity held
Erbud International Sp. z o.o.	100%
ER Services Sp. z o.o.	100%
GWI GmbH	85%
Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A.	94.27%
Grupa Budlex	89.96%
Ersteel Sp. z o.o.	100%
Erbud Rzeszów Sp. z o.o.	79%
Delta Sp. z o.o.	100%
Erbud Construction Sp. z o.o.	100%
Erbud Energetyka Sp. z o.o.	86.36%
Toruńska Sportowa S.A. under liquidation	39%
Erbud Ireland Ltd.	100%

As the dominant entity of the Group, the Company prepares consolidated financial statements.

The Management Board is a body authorized to represent the Company. Both as at 31 December 2011 and the date of issuing the opinion on the audit, the Management Board consisted of:

- Dariusz Grzeszczak – Member of the Management Board,
- Józef Adam Zubelewicz – Member of the Management Board.

There were no changes in the composition of the Management Board during the audited period.

The Supervisory Board is abody empowered to supervise. Both as at 31 December 2011 and the date of issuing the opinion on the audit, the Supervisory Board consisted of:

Udo Berner	– President of the Supervisory Board,
Józef Olszyński	– Vice-President of the Supervisory Board,
Albert Dürr	– Member of the Supervisory Board,
Gabriel Główka	– Member of the Supervisory Board,
Lech Wysokiński	– Member of the Supervisory Board,
Zofia Dzik	– Member of the Supervisory Board.

2. Information on the financial statements for the previous financial year

The activity of the Company in 2010 was closed with a net profit of PLN 30,004,000. The financial statements of the Company for the fiscal year 2010 have been audited by TPA Horwath Horodko Audit Sp. z o.o. On 28 April 2011, the auditor issued an unqualified opinion on this statements.

The financial statements for the financial year 2010 were approved by the Annual General Meeting by Resolution No.3 of 21 June 2011. According to the Resolution No. 5 of 21 June 2011, the Annual Meeting of Shareholders decided to allocate the net profit for 2010 amounted to PLN 30,004,000 in whole to the reserve fund.

The financial statements for the year ended 31 December 2010 were submitted to the National Court Register on 28 June 2011 and published in Monitor Polski B on 20 January 2012.

3. Identification of the entity certified and the auditor conducting the audit on its behalf

The audit of the financial statements has been conducted on the basis of the agreement of 5 July 2011, concluded by Erbud S.A. and TPA Horwath Audit Horodko Sp. z o.o. headquartered in Poznań, 16-18 Murawa St., entered on the list of entities licensed to audit the financial statements under No. 3082.
The consolidated financial statements have been audited on behalf of the entity authorised under the supervision of the auditor Krzysztof Dziekoński (Reg. No. 10089) during the period from 19 March to 25 April 2012, of which on-site bookkeeping of the Parent over the period from 19 March to 30 March 2012.

The certified entity was selected by the Company's Supervisory Board by Resolution dated 21 June 2011.

TPA Horwath Horodko Audit Sp. z o.o. and the leading statutory auditor Krzysztof Dziekoński confirm that they are entitled to audit the financial statements and meet the requirements set out in Article 56 item 3 and 4 of the Act on statutory auditors and their self-governing body, entities authorized to audit financial statements and public oversight (Journal of Laws of 2009, No. 77 item 649) to issue an impartial and independent opinion on the consolidated financial statements of Erbud S.A.

4. Disclosures availability and the Management's statement

The scope of the audit has not been limited in any way. In the course of the audit, the entity entitled and the auditor were provided with any required documents and data as well as sufficient information and explanations, as i.a. was confirmed in a written statement of the Company's Management Board of 25 April 2012.

5. Financial standing and assets of the Company

Below are presented the basic figures from the profits and loss account financial ratios describing the Company's financial result, financial position and assets as compared to the corresponding values for the previous year.

Basic figures from the consolidated statement of comprehensive income (in PLN thousands)	**2011**	**2010**
Revenues from sales	1,245,578	906,460
Operating costs	1,266,150	872,034
Other operating revenues	162	3,846
Other operating expenses	1,381	2,920
Financial revenues	7,380	5,630
Financial expenses	13,711	3,745
Profit (loss) on extraordinary events	0	0
Income tax	-2,838	7,233
Net profit (loss)	-25,284	30,004

Profitability	**2011**	**2010**
Return on assets	-4.05%	5.46%
Return on equity	-10.51%	12.57%
Gross margin on sales	-1.65%	3.80%
Net margin	-2.03%	3.31%

Financial liquidity and efficiency	**2011**	**2010**
Current liquidity index	1.46	1.48

Quick liquidity index	1.49	1.52
Debtors' days	60	73
Creditors' days	74	87
Sales of inventory days	1	1

Structure ratios	**2011**	**2010**
Fixed assets-to-assets ratio	30.25%	31.72%
Current assets-to-assets ratio	69.75%	68.28%
Equity-to-liabilities ratio	33.57%	44.42%
External funds-to-liabilities ratio	66.43%	55.58%

Analysis of the above presented figures and ratios indicates the following trends in 2011:

- Return ratios deteriorated as compared to the last year. The ROA decreased from 5.46% in the year ended 31 December 2010 to -4.05% in the year ended 31 December 2011. The ROE fell from 12.57% in the year ended 31 December 2010 to -10.51% in the year ended 31 December 2011. The ROS fell from 3.80% in the year ended 31 December 2010 to -1.65% in the year ended 31 December 2011.
- Liquidity ratios remained static and at a relatively high level over both fiscal years.
- Debtors' days ratio decreased in average from 73 days in the year ended 31 December 2010 to 60 days in the year ended 31 December 2011.
- Creditors' days ratio decreased in average from 87 days in the year ended 31 December 2010 to 74 days in the year ended 31 December 2011.
- Sales of inventory days ratio in 2011 remained static as compared with the previous year and was 1 day.
- Structure of assets ratios show a reduction of fixed assets in total assets in comparison to the previous year and increase of equity in total liabilities as compared to the last year.

II. DETAILED INFORMATION

1. Correctness of the applied accounting system

Accounting system

The Company possesses current documentation describing the assumed accounting principles, in particular concerning: defining the financial year and the reporting periods included, valuation methods of assets and liabilities and establishing the financial result, the method for conducting the accounting books, system of data protection and its sets.

The accounting rules adopted by the Company to prepare the financial statement are in accordance with the Accounting Act and were applied consistently.

An computer system of accounting registration CDN XL of Cormach, in which the accounting of all the economic events in the Company are made, is adopted In the Company. The CDN XL system possesses password security against the access of the unauthorized persons and functional limitations of access.

The system allows automatic recording of economic events related to the intra-group transactions, and then the continuous monitoring of them. The description of the CDN XL system meets the requirements of Art. 10 item 1 point 3 let. c) of the Accounting Act.

The closing balance as at 31 December 2010 was properly introduced into the accounting books as the 31 January 2011 opening balance.

In the part audited by us, the documentation of the economic operations, the accounting books and connection of accounting records with the documents and financial reports meet the requirements of Art. 2 of the Accounting Act.

The accounting books, accounting evidence, documentation of the adopted method of conducting the accountancy are stored in accordance with the Art. 8 of the Accounting Act.

Inventory

The Company carried out inventory of assets and liabilities to the extent and terms, and with the frequency required by the Accounting Act.

Internal audit

Management is responsible for establishing and maintaining the internal control system. For this purpose, the Management has to assess the potential costs and benefits of arrangements and implementation of certain rules and procedures of internal control.

During the planing of the audit of financial statements of Erbud SA for the year ended 31 December 2011, we took into account the Company's internal control system in order to determine our procedures for auditing.

2. Information on selected material items of the financial statements

Tangible fixed assets

The structure of net tangible assets and intangible assets as of 31 December 2011 is summarized below:

Tangible fixed assets	Value in PLN '000
Intangible fixed assets	388
Buildings, premises, civil and water engineering structures	3,532
Machinery and equipment	125
Means of transport	4,524
Other tangible fixed assets	415
Total	**8,984**

The detailed scope of changes in value of fixed assets and intangible assets has been properly presented in points 1 and 2 of additional information and explanations to the financial statements.

Long-term investments

The structure of long-term investments as at 31 December 2011 is summarized below:

Long-term investments	Value in PLN '000
Real property	515
Non-current financial assets in associates	171,827
Non-current financial assets in other units	723
Total	**173,065**

Notes 3, 4, 5 and 6 to the financial statements properly present the detailed information about changes in the Company's long-term investment.

Inventories

Inventories reported as at 31 December 2011 consisted of materials only.
The stocktaking was conducted in accordance with the requirements and deadlines set out by the Accounting Act.

Short-term receivables

The value of short-term receivables as at 31 December 2011 amounted to PLN 253,401,000 and consisted of the following items:

Short-term receivables	Value in PLN '000
Gross trade receivables	8,741
Impairment receivables	230,724
Public receivables	11,105
Other	2,831
Total	**253,401**

Short-term investments

Short-term investments consisted of the following items:

Short-term investments	Value in PLN '000
Loans granted to associates	1,437
Cash and other financial assets	120,271
- cash in hand and at bank	108,027
- other cash	12,244
Total	**121,707**

Cash and cash equivalents were properly presented in the financial statements for the year ended 31 December 2011. Short-term investments consisted of cash in the amount of PLN 120,271,000, which represented 98.8% of the whole item. The rest of the short-term investments relates to loans granted in the amount of PLN 1,437,000.

Short and long-term prepayments

Note 11 of additional information and explanations to the financial statements correctly describes the structure of prepayments.
Assets due to deferred tax were estimated correctly.

Equity

In the audited financial year the Company has properly presented the value of equity.

Long term liabilities

As at 31 December 2011, the Company had long-term liabilities of PLN 56,537,000, of which PLN 50,000,000 from bonds issued, PLN 1,261,000 due to financial liabilities and PLN 5,276,000 due to other obligations.

Short-term liabilities

Current liabilities as at 31 December 2011 amounted to PLN 324,560,000 and consisted of the following items:

Short-term liabilities	**Value in PLN '000**
Trade liabilities to associates	41,729
Trade liabilities to other entities	243,808
Loans and borrowings	28,663
Other financial liabilities	3,609
Public liabilities	1,931
Payroll liabilities, deliveries prepayments and other	4,820
Total	**324,560**

Accruals and provisions for liabilities

Explanatory notes to accruals and provisions correctly describe their structure.

Costs and deferred income were correctly classified in relation to the audited financial year.

The items were recognised completely and correctly in material respects in relation to the whole financial statements.

The structure of accruals as at 31 December 2011 is presented in the table below:

Accruals	**Value in PLN '000**
Costs surplus over expenses arising from the accounting costs by staging	29,523
Surplus on partial invoices over incomes by staging	12,628
Total	**42,151**

The structure of provision due to deferred tax liabilities as at 31 December 2011 is shown below:

Provisions	Value in PLN '000
Provision for deferred income tax, of which:	11,209
- recognized in profit and loss account	11,209
- recognized in revaluation capital	0
Total	**11,209**

Revenues and operating costs

Operating income and expenses are properly presented by the Company as at the balance sheet date of 31 December 2011.

The items were recognised completely and correctly in material respects in relation to the whole financial statements.

3. Completeness and correctness of preparing supplementary information and explanations, and the Report on the Company's operations

The introduction into the financial statements contains all the information required by the Appendix No. 1 to the Accounting Act. The Company confirmed the reasonability of the application of the principle of the activity's continuation while preparing the financial statements. The principles for valuation of assets and liabilities, the measurement of the financial result and the preparation method of the financial report were properly and completely described in this introduction.

The Company prepared the supplementary information and explanations in the form of tabular notes to the particular items of balance sheet and profits and loss account, and wording descriptions.

The explanatory notes to the particular positions of the balance sheet properly present the increases and decreases and the titles for these changes during the financial year.

Additional information and explanations to the financial report in the proper and complete manner describe the reporting positions and clearly present other information consistently with the requirements defined in the Appendix No. 1 to the Accounting Act.

The Report on the activities of the Group for the year ended 31 December 2011 is complete within the meaning of Article 49 section 2 of the Accounting Act and Regulations of the Minister of Finance of 19 February 2009 on current and periodic information submitted by issuers of securities and the conditions for recognition as equivalent information required under the law of a non-member state (Journal of Laws of 2009, No. 33, item 259). We reviewed the financial statements to the extend of information disclosed therein and derived directly from the audited statements.

Justification of the opinion issued

In our opinion, the audited financial statements of Erbud S.A. for the financial year 2011 have been prepared - in all material respects - in accordance with the Accounting Act and the articles of association, and it reflect accurately and fairly all information material for the assessment of financial situation of the audited Company as at 31 December 2011.

4. Information and final arrangements

Statement of the Management Board

TPA Horwath Horodko Audit Sp. z o.o. and the statuary auditor received from the Company's Management Board a written statement in which the Board concluded that the Company has complied with provisions of law.

Auditor's statement

The audit of the financial statements has been conducted in compliance with applicable legal regulations and auditing standards.

For and on behalf of

TPA Horwath Horodko Audit Sp. z o.o.
ul. Murawa 12-18, 61-655 Poznan
Registration No. 3082

Krzysztof Dziekoński

illegible signature (on the Polish original)

.....
Leading certified auditor
conducting the audit
Reg. No. 10089

Warsaw, April 25, 2012