Translation from Polish

ERBUD S.A.

Annual Financial Statements
for the year ended 31 December 2011

Introduction to the Financial Statements

1. Name, business address, the subject of activity and number in the Court Register

Erbud is a joint stock company established as a result of conversion of Erbud limited liability company registered on 29.11.2006 in the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register under number 0000268667, seated in Warsaw, ul. Puławska 300 A.
Erbud limited liability company was founded on 28.8.1990 and registered on 08.08.2001 in the National Court Register, under number 0000034299.
The Company's core business is conducting general large-volume civil engineering (PKD 4521A - Polish Classification of Activities).
The Company is a parent entity.
The Company prepares the consolidated financial statements of the Erbud Group.

2. Duration of activity

The duration of the activity of the Company is not indicated.

3. Presentation periods

The Financial Statements cover the period from 1 January 2011 to 31 December 2011 and comparable data covering the period from 1 January 2010 to 31 December 200. The Financial Statements have been prepared in accordance with the accounting rules in force in Poland.

4. Composition of the Management Board and the Supervisory Board

Management Board

Dariusz Grzeszczak	- Board Member
Józef Zubelewicz	- Board Member

Supervisory Board

Udo Berner	- Chairman of the Supervisory Board
Józef Olszyński	- Deputy Chairman
Albert Durr	- 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

5. Internal organizational business units

Due to winding up of the Branch Office figures from the financial statements of the Branch have been included in the accounts of the Parent already as at 31 December 2010. In the current reporting period the Company did not have separate internal organizational units.

6. Controlling other units

Erbud S.A. controls the following entities:

Company	Date of taking control	Equity as at 31.12.2011 (in PLN '000)	Sales revenue for 2011 fiscal year (in PLN '000)	Net result for 2011 fiscal year (in PLN '000)	Percentage of capital held
ER Services Spółka z o.o.	15-10-1999	202	1 009	-221	100%
Erbud International Spółka z o.o.	20-12-2002	4 909	78 780	2 853	100%
GWI GmbH	9-02-2004	7 230	45 763	1 927	85%
Erbud Construction Spółka z o.o.	22-02-2006	-37	0,00	-26	100%
Erbud Rzeszów Spółka z o.o.	31-12-2002	1 069	3 636	61	79%
Delta Spółka z o.o.	26-05-2004	-5	0,00	-1	100%
Budlex S.A. (formerly Budlex Sp. z o.o.)	27-09-2007	68 755	72 171	2 860	90%
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	31-03-2008	30 057	140 779	-241	94.27%
Erbud Energetyka Sp. z o.o.	19-11-2009	439	847	-762	86.36%
Ersteel Sp. z o.o.	1-07-2010	2 095	9 839	-3 574	100%

7. Going-concern assumption and comparability of financial statements

The financial statements of the Company presented in this report were prepared on the assumption that Erbud would continue its economic activity during 12 months after the balance sheet date i.e. 31.12.2011. As at the acceptance date of financial statements, the Management Board does not see any facts and circumstances which would suggest that the possibility of continuing the Company's activities over next 12 months from the balance sheet date is being jeopardised due to an intentional or obligatory cessation, or a significant restriction, of the Company's present activities.

Until preparing the financial statements as at 31.12.2011 no events occurred which have not been but should be included in the accounts for the reporting period.

8. Description of accounting principles (policy) applied, including methods of valuation of assets and liabilities, revenues and costs.

The financial statements have been prepared in accordance with accounting principles set in the the Accountancy Act of 29 September 1994 (Journal of Laws of 2009 No. 152, item 1223, as amended) and the executive order issued on the basis thereof, as well as the requirements of the Law on Public Companies (Journal of Laws of 2009, No. 185, item 1439, as amended) and the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and the conditions for acknowledging that

information required by the laws of a country which is not a member state (Journal of Laws of 2009, No. 33, item 259) is equally valid.

8.1. Intangible assets

Intangible assets are recognized if it is likely that in the future they will bring to the unit an inflow of economic benefits that can be directly related to those assets.
The initial recognition of intangible assets is recorded by the purchase price or cost of production. After initial recognition, intangible assets are valued at purchase price or production cost less any accumulated amortization and write-downs due to permanent impairment. Intangible assets are amortised using the straight-line method across the correctly estimated period of their use and are as follows:
- patents and licenses 5 -15 years;
- computer software 1-5 years

We commence depreciation not earlier than at the first day of the month following the handing over for use.

Estimates on the economic lifetime and depreciation method are reviewed at the end of each financial year in order to verify whether the method used and period of amortization are consistent with the expected time shift of economic benefits provided by the intangibles.
At every balance sheet date the Company assesses whether the carrying value of the reported assets does not exceed the value of expected future economic benefits. If there are such indications, the carrying amount of the asset is reduced to the net selling price. Write-downs from impairment are recognized in other operating costs.

8.2. Property, plant and equipment

Property, plant and equipment is depreciated according to the straight-line method over a period of its estimated economic usefulness. Annual depreciation rates correspond to the particular periods as presented below:

Buildings and civil engineering structures	2 - 4.5%
Technical equipment and machines	6 - 30%
Means of transport	12.5% - 20%

Assets with an initial value below PLN 3,500 are depreciated once at the the acquisition date. In the case of fixed assets, which have permanently lost their economic usefulness, unplanned depreciation is recognised as other operating costs.
Estimates on the economic lifetime and depreciation method are reviewed at the end of each financial year in order to verify whether the method used and period of amortization are consistent with the expected time shift of economic benefits provided by the asset.
Inventory of fixed assets is conducted every four years.

8.3. Property, plant and equipment not yet available for use

The item of Property, plant and equipment not yet available for use is measured in the amount of the total costs remaining directly connected with its acquisition or production, taking into account non-deductible tax on goods and services and excise duty, as well as the cost of liabilities due to finance assets and related foreign exchange differences, reduced by income from it. The balance of fixed assets, which are not yet available for use, is reduced by write-offs on account of permanent impairment.

Property, plant and equipment not yet available for use are not depreciated until the moment its construction is completed and it is handed over for use.

8.4. Leases

Finance lease in which the Company takes over practically all risks and benefits arising from owning the leased asset, are capitalized at the inception of the lease at the lower of the following two values: a measure of fair value of the subject leased or value of the minimum lease charges. Lease payments are divided into an interest part and a capital part, such that the rate of interest on the liability is a fixed amount.
Financial expenses are recognized in the profit or loss account. Fixed assets used under finance leases are subject to depreciation according to the rules applied to the own items of assets.
In absence of certainty, that after the end of the lease agreement the Company receives the right to property, assets are written off over a shorter of two following periods: the lease period or the period of economic usefulness.
Lease contracts under which the lessor retains substantially all the risks and rewards of ownership of the assets under a lease are classified in accordance with Article 3 section 4 of the Act on Accounting as operating leases.

8.5. Investment property

Investment property is the property which is treated as a source of revenue from rents or is kept in possession on account of an increase in its value or for both of these benefits, where such property is neither:

- used for the purpose manufacturing, supply of goods or services or for administrative activity, nor
- held for sale in the course of ordinary business of the unit.

Real estate investment is initially valued at purchase price or cost of production. Transaction costs are included in the initial valuation.
Subsequent expenditures on investment property increase its value if the undertaking will become in future economic benefits associated with this property exceeding the costs incurred for the investment property.
To appraise the property after the initial recognition, the Company has chosen the cost model, under which all of its investment properties are valued at acquisition price or production cost less any accumulated depreciation and write-off due to permanent impairment.

8.6. Long-term investments

Investments in subsidiaries, i.e. in entities under control, and associates are valued at its historical cost less potential loss of value resulting from the tests for impairment.
Interest in jointly controlled entities is measured using the equity method.
Permanent loss of value of shares in subsidiary companies is estimated as of every balance sheet date.
The carrying value of such assets is individually reviewed to determine if it exceeds or not the value of future economic benefits. Where the carrying amount exceeds the expected economic benefits, it shall be reduced to net selling price. Reduction of the value of investments previously revalued to the amount by which the revaluation capital (fund) has been increased, reduces this capital (fund) in the event that the amount of the difference due the revaluation was not cleared until the date of valuation.

In other cases, the effects of decreasing the value of investments are classified as financial costs. The rise in investment value directly connected with a prior reduction of its value, classified in the financial costs, is recognized to the level of such costs as financial income.

8.7. Financial assets

At the time of entry into the accounting books, financial assets measured at cost (purchase price) representing the fair value. Transaction costs are recognized at the initial value of those financial instruments. Financial assets are entered into the accounts at the settlement date.
After initial recognition, financial assets are classified into one of four categories and valued, excluding financial fixed assets which are measured at purchase cost and not revalued to their value at market price, as follows:

- Financial assets and liabilities available for sale

  Fair-value measurement, without reducing transaction costs; gains and losses on revaluation are recognized in the profit or loss account.
- Loans granted and receivables

  Measurement at the adjusted purchase price (amortized cost) determined using the effective interest rate. Receivables with a short maturity, for which interest rate was not determined are measured at amounts due.
- Financial assets held to maturity

  Measurement at the adjusted purchase price (amortized cost) determined using the effective interest rate.
- Financial assets available for sale

  Measurement at fair value; gains and losses on revaluation are recognized in the revaluation capital until the sale of investment or reducing its value. At this time, the cumulative gain or loss from revaluation is recognized in the profit and loss account.

8.8. Impairment of assets

At each balance sheet date, the Company assesses whether objective conditions exist which indicate the impairment of an asset a group of assets. If such conditions exist, the Company determines an estimated value possible for recovering the value of the asset and writes-down in an amount equal to the difference between the value of recoverable and the carrying value.

8.9. Inventories

Materials, goods, work in progress and finished goods are current assets inventories.
The Group applies the following rules of inventory classification to the specific categories:

- ***materials*** - elements stored in the storage places for use in manufacturing processes, particularly for construction purposes
- ***work in progress*** - includes costs of development projects under construction as well as materials of general-purpose stock and low-processing materials, which can easily and without incurring significant costs be used for other contracts or sold (if they are unnecessary to execute this contract)

- ***goods*** - the stock acquired in the purpose of their resale, including land for development projects in the implementation of development projects
- ***finished goods*** - products of own production, which proceeding been fully completed, apartments.

Elements stored on construction sites to be used by the Company or a subcontractor for specific purposes on particular site only, which probably cannot be used by execution of other contracts or sold, are not included to the inventories. These items are related directly to the cost of the contract and included in the valuation of the contract according to the stage.
Inventories are estimated at the lower of the two values: purchase cost or net selling price.
Net selling price is the sale price without VAT and excise taxes, less discounts and other costs related to the adaptation of the item for sale and to selling it, achievable as at the balance sheet date.
Materials are valued at purchase cost determined by the using the FIFO method and work in progress and goods finished - at the direct costs of materials and labour and a fair share of indirect costs of production fixed at normal capacity utilization.

8.10. Long-term construction contracts

The initial costs incurred before the conclusion of a contract, due to salaries, travel expenses (personal), etc. are included in operating cots of the period in which they were incurred. They are not included in technical production costs of performance of a given order at the time of concluding a contract. If the entity is sure that the contract will be concluded and the ordering party will pay the costs before signing such a contract cost are capitalized. This may relate only to costs of services and materials purchased outside (services of subcontractors, materials, etc.).

8.10.1. Settlement and presentation of the financial consequences of long-term contracts

Large-volume construction contracts

In the event that the entity may reliably determine the stage of completion a percentage method is used. Contract income is shown commensurate with the costs incurred for a specific moment of its realisation. Revenues, costs and profits are shown in proportion to the status of completion.
While determining the progress of contract implementation, the entity uses a method that will allow to fix the work performed in a credible way. Depending on the contract type, the methods may, include:

- proportion of contract costs incurred for work performed to date compared to the estimated total contract costs
- quantity survey of work performed.

In setting the status of works on the basis of contract costs incurred up to the date only those costs are taking into account which reflect the work performed.
If the stage of completion of a long-term construction contract cannot be estimated reliably, revenues are recognized only to the level of expenses which are likely to be recovered.
The valuation results are recognized in assets and liabilities respectively in the position B.IV "Short-term prepayments" and B.IV.2 "Other accruals" of the financial statements.

8.11. Current and non-current trade receivables

Trade receivables are shown observing precautions in the amount of the payment demanded.
The value of a receivable is brought up to date by taking into account the degree of probability of its being paid, by making a write-down. Impairments are created on overdue debts of over 180 days at its full value. The individual principles of charging of an impairment may be applied in particular, justified cases.
Write-downs of the value of a receivable are counted towards operating costs or financial expenses, depending on the type of receivable to which the write-down refers. Receivables which are amortised, time-barred or which cannot be collected decrease previously made write-downs.
Claims amortised, time-barred, or not to be collected, in relation to which no impairment or non-full write-offs were made, are classified accordingly as other operating expenses or financial costs.

8.12. Cash and cash equivalents

Cash in hand and in bank accounts are measured at their par value.
Cash and cash equivalents include cash on hand and bank and short-term deposits with an original maturity not exceeding three months.

8.13. Prepayments

The Company makes prepayments if they relate to future reporting periods, taking into account the principles of materiality and prudence.

8.14. Capitals

Original capital includes ordinary shares and is shown at their par value according to the Statute and its state registered in the National Court Register.
Capital reserves are created from profit retained, as a result of transferring revaluation capital and issue of shares above their nominal value.

8.15. Provisions for liabilities

Provisions are created when the Company has an existing obligation (legal or ordinary) resulting from past events, and when it is certain or highly probable that fulfilment of that obligation will cause a need for an outflow of resources embodying economic benefits, and when a reliable estimation can be made of the amount of that obligation.
Provisions for liabilities include, among other:

- guarantee repair provision,
- deferred tax provision,
- unused leave provision,
- provision for retirement.

Guarantee repair provision
In the case of construction contracts Erbud is obliged to provide guarantees on their services.

A general principle is the creation of reserves for warranty costs in the amount fixed by warranty cost index, calculated as the quotient of warranty repair costs to revenues from the given contract. This value is subject to individual review and may be increased or decreased in justified cases.
Provision for guarantee repairs is recognized as at balance sheet date in the amount fixed on the basis of past experience in the field of a guarantee repairs.

Tax return

There are numerous regulations In Poland concerning tax on goods and services, excise duty, corporate income tax and social security contributions. Provisions related to these taxes are subject to frequent changes what results in ambiguities and inconsistencies. Often there are differences of opinion as to the legal interpretations of tax law both within the state authorities and between state authorities and taxpayers, causing uncertainties and conflicts. Tax settlements and other areas regulated may be subject to inspection for a period of five years. The relevant inspection authorities are entitled to impose heavy sanctions and penalties, including penal interest. There is a risk that the authorities will take a different position as the company by interpretation of regulations, which could have a significant impact on the Company's tax liability.

8.16. Employee benefits

The Company is obliged to retirement and pension severance payments, in accordance with relevant regulations. The company also committed itself to running the jubilee awards program. Therefore, there are created provisions for the current obligations due to both titles. Payouts from the titles listed above are written off within the profit or loss costs so as to spread the benefits for the entire period of employment of employees in companies.
The Company does not create a special fund for collecting payments for future benefits.
The basis for calculating the reserve for unused leave is a compilation of unused leave days at the balance sheet, broken down by individual employees and their daily gross wage plus employer social security blankets.
Provision for unused leave is calculated on the basis of a list of unused leave days as at the balance sheet date, in respect to the individual employees and their daily gross salary plus the employer's social security charges.

8.17. Bank credits and loans

At the time of initial recognition, bank loans and credits are recorded at cost equal to the fair value of cash received, including costs related to obtaining bank credits or loans. As at the balance sheet date, loans and borrowings, except for liabilities held for trading, are valued at adjusted purchase cost (amortized cost), using the effective interest rate.
Liabilities held for trading are measured at fair value. Profit or loss due to revaluation to fair value are recognized in the profit and loss account of the current period.

8.18. Borrowing costs

At the time of initial recognition, bank loans and credits are recognised at cost equal to the fair value of cash received, including costs related to obtaining bank credits or loans. As at the balance sheet date, loans and borrowings, except for liabilities held for trading, are valued at adjusted purchase cost (amortized cost), using the effective interest rate.

Liabilities held for trading are measured at fair value. Profit or loss due to revaluation to fair value are recognized in the profit and loss account of the current period.

8.19. Deferred income tax

Provision and assets from the deferred income tax are determined in connection with transitional differences between the amount of assets and liabilities and the tax amount shown in the books of account and the tax loss which can be deducted in the future.
Deferred tax liability is created in respect of taxable temporary differences in the amount of income tax to be paid in the future.
Assets from the deferred income tax shall be equal to the amount expected to be deducted from income tax in respect of deductible temporary differences and tax loss which can be deducted in the future observing the principle of precaution.
Carrying amount of the assets from deferred tax is reviewed as of every balance sheet date and is reduced appropriately inasmuch as achieving the sufficient taxable income in order to realize partially or in sum the item of assets from deferred tax is no longer likely.
Assets from the deferred tax and deferred tax provision are measured using tax rates that will be valid during the period when the asset is realized or the liability is released, based on tax legislation in force as at the balance sheet date.

8.20. Liabilities

Liabilities are commitments resulting from future circumstances to meet obligations of a reliably estimated value, that will use current or future assets of the entity.
Due to the characteristics, liabilities can be divided into:

- provisions,
- contingent liabilities,
- financial liabilities,
- current liabilities,
- non-current liabilities.

Contingent liabilities are commitments to performance obligations which may arise upon the occurrence of certain events. These commitments are disclosed in the additional information and explanations.
Financial liabilities are obligations to deliver financial assets or to exchange the financial instrument with another entity under adverse conditions.
Current liabilities are all liabilities from supplies and services, and also all or part of other liabilities which will become due within 12 months from the balance sheet date.
Non-current liabilities are the part of liabilities other than from supplies and services with the maturity of over 12 months from the balance sheet date.
Liabilities are recognized in the amount due as at the balance-sheet date.

8.21. Receivables and liabilities in foreign currency

Receivables and liabilities quoted in foreign currencies are valued as at the balance sheet date by applying the mid-rate for the given currency fixed by the National Bank of Poland as at the balance sheet date.

Claims quoted in foreign currencies arising during the financial year are converted into Polish zlotys at the rate as at the date the claim has arisen (invoice date).
Liabilities in foreign currencies arising during the financial year are converted into Polish zlotys at the exchange rates applied in customs documents. In the case of importing services or intra-EU supplies the rate of NBP on business transaction date (invoice date) is used.
In the case of debt payment quoted in foreign currency, the sale rate at which the bank has booked it on the account of entity is applied. The difference between the rate at which the payment was accounted and the rate resulting from arising of receivables is classified to the financial costs or income.
In the case of settlement of liabilities in foreign currency, the rate at which the currency was acquired in the bank, and when the payment is effected from the own account of the entity, the foreign exchange rate which the cooperating bank would have applied if the entity would have bought currency in this bank is used. The resulting difference between the rate at which the liabilities have been converted into Polish zlotys and the rate at which the currency needed have been purchased is classified to the financial costs or income.

8.22. Accruals

Accruals are made in the amount of likely liabilities falling due in the current reporting period.

8.23. Revenues and operating costs

Revenues are accounted at the accrual basis, i.e. in the periods to which they relate, regardless of the date of payment receipt.
Sales revenues include the fair value of revenue from the sale of goods and services, less tax on goods and services, discounts and deductions.
Revenues from sales of products and goods are recognized when the Company has provided products to the customer, the customer has accepted the products, and claims are reasonably certain to collect.
Income from execution of construction contracts is recognized in accordance with the Company's accounting policy set out in the section on long-term construction contracts.
Dividend income is recognized when the shareholders' right to receive them is confirmed.
According to the accrual basis the Company recorded all costs in the reporting period in the profit and loss account regardless of the duration of their settlement. Costs incurred and not related to this period are included in the assets as prepayments, while the costs not incurred and falling for that period are recognized as accruals.

8.24. Other revenues, costs, gains and losses, and financial incomes and expenses

Other operating income and expenses are revenues and costs non-directly connected with operating activity.
Financial income and expenses include, inter alia: interest on credits and loans granted and used, interest on arrears received and paid, exchange differences, commissions paid and received, gains and losses on the sale of securities, released and created provisions classified to financial costs.
Interest income is recognized according to the accrual basis using the effective interest rate method.
When the debt loses its value, the Company reduces its carrying amount to recoverable amount, equal to the estimated future cash flows and discounted at the original effective interest rate on the financier instrument; then the amount of the discount is gradually settled in correspondence with the revenue from interest. Extraordinary earnings and losses reflect the financial consequences of unique events from outside the core business.

8.25. Income tax, including deferred tax liability

Current tax is calculated on the basis of the tax result (tax base) of the financial year. Tax profit (loss) differs from accounting profit (loss) in connection with dercognicion of tax deductible costs which are tax deductibles in the following years and the items of costs and revenues, which will never be subject to tax. Taxes are calculated on the basis of tax rates in force during the financial year.
Income tax on income earned in the country is calculated in accordance Polish tax law and income of units operating abroad is subject to local tax regulations, having regard to the agreements on the avoidance of double taxation.

Deferred income tax

Provision and assets from deferred income tax shall are determined taking into account the existing temporary differences between the value of assets and liabilities and their tax value shown in the books and the tax loss which can be deducted in the future from tax base.
Deferred tax liability is created in respect of taxable temporary differences in the amount of income tax to be paid in the future.

Assets from the deferred income tax are determinated in the amount expected to be deducted from income tax in respect of deductible temporary differences and tax loss which can be deducted in the future applying the principle of precaution.

Carrying amount of the assets from deferred tax is revised as of each balance sheet date and is reduced appropriately as far as it is no longer likely to achieve the sufficient taxable income in order to realize partially or in sum the item of assets from deferred tax

Assets from the deferred tax and deferred tax provision are measured using tax rates that will be applied during the period when the asset is realized or reserve is resolved, based on tax regulations which were in force as at the balance sheet date.

Financial Statements for the 12-month period year ended 31 December 2011 (in PLN '000)

BALANCE SHEET

ASSETS

		Note	31 December 2011	31 December 2010
A.	**Fixed assets**		**206 539**	**179 890**
I.	**Intangible assets**	**1**	**388**	**124**
1.	R&D expenses		0	0
2.	Goodwill		0	0
3.	Other intangible assets		71	124
4.	Advances for intangible assets		317	0
II.	**Tangible assets**	**2**	**8 596**	**8 582**
1.	Tangible fixed assets		8 596	8 582
a)	Property, incl. perpetual usufruct		0	0
b)	Buildings, premises and civil and water engineering structures		3 532	3 631
c)	Plant and equipment		125	275
d)	Means of transport		4 524	4 312
e)	Other tangible fixed assets		415	364
2.	Fixed assets under construction		0	0
3.	Prepaid tangible fixed assets under construction		0	0
III.	**Long-term receivables**		**0**	**0**
1.	From associates		0	0
2.	From other entities		0	0
IV.	**Long-term investments**		**173 065**	**158 501**
1.	Real property	3	515	515
2.	Intangibles		0	0
3.	Non-current financial assets	4,6	172 550	157 986
a)	In associates, incl.:		171 827	157 272
–	Shares or stocks	5	132 965	130 914
–	Other securities		0	0
–	Loans granted		38 862	26 358
–	Other non-current financial assets		0	0
b)	In other entities, incl.:		723	714
–	Shares or stocks		5	5
–	Other securities		0	0
–	Loans granted		0	0
–	Other non-current financial assets		718	709
4.	Other non-current investments		0	0
V.	**Long-term prepayments**		**24 490**	**12 683**
1.	Deferred tax assets	7	24 490	12 683
2.	Other prepayments		0	0

		Note	31 December 2011	31 December 2010
B.	**Current assets**		**476 205**	**387 306**
I.	**Inventories**	**8**	**1 127**	**1 189**
1.	Materials		1 127	1 189
2.	Semi-finished products and products in progress		0	0
3.	Finished products		0	0
4.	Goods		0	0
5.	Advances for deliveries		0	0
II.	**Short-term receivables**	**9**	**253 401**	**194 423**
1.	From affiliated entities		8 741	10 674
a)	Trade receivables with a maturity:		8 741	7 287
–	up to 12 months		8 741	7 287
–	above 12 months		0	0
b)	Other		0	3 387
2.	Receivables from other entities		244 660	183 749
a)	trade receivables with a maturity:		230 724	161 648
–	up to 12 months		229 146	159 123
–	above 12 months		1 578	2 525
b)	receivables from tax, subsidy, customs, social security and other benefits		11 105	4 695
c)	Other		2 831	17 406
d)	Claimed at court		0	0
III.	**Short-term investments**		**121 707**	**129 827**
1.	Current financial assets	10	121 707	129 827
a)	In affiliated entities		1 436	8 636
–	Shares or stocks		0	0
–	Other securities		0	0
–	Loans granted		1 436	8 636
–	Other current financial assets		0	0
b)	In other entities		0	0
–	Shares or stocks		0	0
–	Other securities		0	0
–	Loans granted		0	0
–	Other current financial assets		0	0
c)	Cash and other cash assets		120 271	121 191
–	Cash in hand and at bank		108 027	104 566
–	Other cash		12 244	16 625
–	Other cash assets		0	0
2.	Other current investments		0	0
IV.	**Short-term prepayments**	**11**	**99 970**	**61 867**
	TOTAL ASSETS		**682 744**	**567 196**

LIABILITIES

		Note	31 December 2011	31 December 2010
A.	**Equity**		**229 219**	**251 973**
I.	**Share capital**	13	1 264	1 260
II.	**Called-up share capital (negative value)**		0	0
III.	**Treasury shares (negative value)**		0	0
IV.	**Capital reserve**	15	253 239	220 709
V.	**Revaluation reserve**	14	0	0
VI.	**Other reserves**		0	0
VII.	**Retained profit / accumulated loss brought forward**		0	0
VIII	**Net profit (loss)**		-25 284	30 004
IX.	**Write-offs due to net profit over the financial year (negative value)**		0	0
B.	**Liabilities and provisions for liabilities**		**453 525**	**315 223**
I.	**Provisions for liabilities**		**30 277**	**18 370**
1.	Deferred income tax provision	16	19 928	11 209
2.	Provision for retirement and related benefits		2 985	2 570
–	Non-current	17	420	640
–	Current	18	2 565	1 930
3.	Other provisions		7 364	4 591
–	Non-current	19	0	0
–	Current	20	7 364	4 591
II.	**Long-term liabilities**	**21**	**56 537**	**10 892**
1.	To associates		0	0
2.	To other entities		56 537	10 892
a)	Loans and borrowings		0	0
b)	Issuance of debt securities		50 000	0
c)	Other financial liabilities	23	1 261	1 691
d)	Other		5 276	9 201
III.	**Short-term liabilities**	**22**	**324 560**	**259 467**
1.	To associates		41 729	35 783
a)	Deliveries and services with a maturity:		41 729	35 747
–	up to 12 months		41 729	35 384
–	above 12 months		0	363
b)	Other		0	36
2.	To other entities		282 831	223 684
a)	Loans and borrowings	24	28 663	0
b)	Issuance of debt securities		0	0
c)	Other financial liabilities	23	3 609	1 459
d)	Deliveries and services with a maturity:		243 808	190 561
–	up to 12 months		236 321	183 408
–	above 12 months		7 487	7 153
e)	Advances for deliveries		16	19 277
f)	Bills		0	0
g)	Taxes, customs, social insurance and other benefits		1 931	6 645
h)	Salaries and wages		1 306	2 145
i)	Other		3 498	3 597
3.	Special funds		0	0
IV.	**Accruals**		**42 151**	**26 494**
1.	Other accruals	11.1	42 151	26 494
	TOTAL LIABILITIES		**682 744**	**567 196**

Calculation of book value per share

	Note	31 December 2011	31 December 2010
Book value (in PLN '000)		229 219	251 973
Number of shares		12 644 169	12 602 711
Book value per share (in PLN)	25	18.13	19.99

Off-balance sheet items

	Note	31 December 2011	31 December 2010
1. Conditional receivables		0	0
1.1. From affiliated entities (due to)		0	0
- guarantees received		0	0
1.2 From other entities (due to)		0	0
- guarantees received		0	0
2. Conditional liabilities		356 254	281 010
2.1. To affiliated entities (due to)	52	25 120	0
- guarantees granted		25 120	0
2.2. To other entities (due to)	52	331 134	281 010
- guarantees granted		331 134	281 010
3.Other		0	0
Total off-balance sheet items		**356 254**	**281 010**

Signature of person preparing the Financial Statement

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

Warsaw, 25 April 2012

PROFIT AND LOSS STATEMENT

	Note	Period of 12 months ended 31.12.2011	Period of 12 months ended 31.12.2010
Revenues from sales of products, goods and materials, incl.		**1 245 578**	**906 460**
- From associates		3 080	10 156
Net revenues from sales of products	28,29	1 245 574	906 094
Net revenues from sales of goods and materials	30	4	366
Cost of products, goods and materials sold, incl.	**31**	**1 231 809**	**838 782**
- To associates		113 987	78 851
Manufacturing cost of products sold		1 231 809	838 782
Value of goods and materials sold		0	0
Gross profit (loss) on sales		**13 769**	**67 678**
Selling costs	31	0	0
General and administrative costs	31	34 341	33 252
Profit (loss) on sales		**-20 572**	**34 426**
Other operating revenues	**32**	**162**	**3 846**
Profit on disposal of non-financial fixed assets		0	3
Subsidies		0	0
Other operating revenues		162	3 843
Other operating expenses	**33**	**1 381**	**2 920**
Loss on disposal of non-financial assets		41	0
Revaluation of non-financial fixed assets		0	0
Other operating expenses		1 340	2 920
Profit (loss) on operating activities		**-21 791**	**35 352**
Financial revenues		**7 380**	**5 630**
Dividends and profit sharing, incl.:		950	2 000
- From associates		950	2 000
Interest, incl.:	33.1	5 929	3 234
- From associates		3 302	1 414
Profit on sale of investments		0	263
Revaluation of investments		0	0
Other	33.2	501	133
Financial costs		**13 711**	**3 745**
Interest, incl.:	34.1	3 983	426
- To associates		0	10
Loss on selling investments		0	0
Revaluation of investments	34.2	6 092	19
Other	34.3	3 636	3 300
Profit (loss) on business activities		**-28 122**	**37 237**
Result on extraordinary events		**0**	**0**
Extraordinary profit		0	0
Extraordinary loss		0	0
Gross profit (loss)		**-28 122**	**37 237**
Income tax	35	-2 838	7 233
Other statutory reductions in profit (increases in loss)		0	0
Net profit (loss)	**37**	**-25 284**	**30 004**
Weighted average number of ordinary shares / Diluted weighted average number of shares (in units)		**12 614 864/ 12 621 415**	**12 579 532/ 12 657 881**
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)		**-2.004 / -2.003**	**2.39 / 2.37**

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Warsaw, 25 April 2012

CASH FLOW STATEMENT

	Note	Period of 12 months ended 31.12.2011	Period of 12 months ended 31.12.2010
Net profit (loss)		**-25 284**	**30 004**
Total adjustments		**-36 633**	**-4 994**
Amortisation and depreciation		2 141	1 932
FX profit (loss)		343	222
Interest and profit sharing (dividends)		410	-4 535
(Profit (loss) on investment activities		5 383	514
Change in provisions		11 907	7 716
Change in inventories		62	-886
Change in receivables	38	-59 715	3 153
Change in short-term liabilities, excluding credits and loans	38	36 572	34 301
Change in prepayments and accruals		-34 255	-47 490
Other adjustments		519	79
Net cash flows from operating activities		**-61 917**	**25 010**
Cash flows from investment activities			
Inflows		**2 210**	**8 204**
Disposal of intangible and tangible fixed assets		203	44
Disposal of investments in real property and intangible assets		0	0
From financial assets, incl.:		2 007	8 160
a) In associates		1 247	6 457
- Disposal of financial assets		0	300
- Dividends and profit sharing		700	2 000
- Repayment of granted long-term loans		547	4 157
- Interest		0	0
- Other inflows from financial assets		0	0
b) In other entities		760	1 703
- Disposal of financial assets		0	0
- Dividends and profit sharing		0	0
- Repayment of granted long-term loans		0	0
- Interest		760	1 703
- Other inflows from financial assets		0	0
Other inflows from investment activities		0	0
Outflows		**16 644**	**50 613**
Purchase of intangible assets and tangible fixed assets		947	668
Investments in real property and intangible assets		0	0
Due to financial assets, incl.:		15 697	34 869
a) In associates		15 697	34 869
- Purchase of financial assets		4 884	7 625
- Loans granted		10 813	27 244
b) In other entities		0	0
- Purchase of financial assets		0	0
- Long-term loans granted		0	0
Other outflows from investment activities		0	15 076
- due to currency options		0	15 076
Net cash flows from investment activities		**-14 434**	**-42 409**

	Note	Period of 12 months ended 31.12.2011	Period of 12 months ended 31.12.2010
Cash flow from financing activities			
Inflows		**79 119**	**3 098**
Net proceeds from issue of shares and other equity instruments; additional contributions to equity		456	348
Loans and borrowings		28 663	272
Issuance of debt securities		50 000	0
Other financing inflow		0	2 478
Outflows		**3 688**	**8 055**
Acquisition of treasury shares		0	0
Dividends and other distributions to shareholders		0	6 266
Expenses due to profit sharing other than payments to shareholders		0	0
Repayment of loans and borrowings		0	0
Redemption of debt securities		0	0
Other financial liabilities		0	0
Finance lease liabilities		1 859	1 475
Interest		1 829	314
Other financing outflows		0	0
Net cash flow from financing activities		**75 431**	**-4 957**
Total net cash flow		**-920**	**-22 356**
Balance-sheet change in cash, incl.:	**38**	**-920**	**-22 356**
- Change in cash due to exchange rate differences			
Cash at the beginning of the period	**38**	**121 191**	**143 547**
Cash at the end of the period, incl.:	**38**	**120 271**	**121 191**
- Restricted cash		12 244	16 625

Signature of person preparing the Financial Statement

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/Member of the Board/

Warsaw, 25 April 2012

STATEMENT OF MOVEMENTS IN EQUITY

	Period of 12 months ended 31.12.2011	Period of 12 months ended 31.12.2010
I. Equity at the beginning of the period (Opening balance)	**251 973**	**225 494**
– Changes to applied accounting principles (policy)	0	0
– Adjustments of basic errors	0	0
I.a. Equity opening balance after adjustment to comparative data	**251 973**	**225 494**
1. Share capital at the beginning of the period	**1 260**	**1 257**
1.1. Changes to share capital	**4**	**3**
a) Increases from	4	3
– issue of shares of Series E	0	3
– issue of shares of Series F	4	0
b) Decreases from	0	0
– redemption of shares	0	0
1.2. Share capital at the end of the period	**1 264**	**1 260**
2. Called-up share capital at the beginning of the period	**0**	**0**
2.1. Changes in due payments for share capital	0	0
a) Increases	0	0
b) Decreases	0	0
2.2. Called-up share capital at the end of the period	**0**	**0**
3. Own shares at the beginning of the period	**0**	**1 994**
a) Increases	0	0
b) Decreases	0	1 994
3.1. Own shares at the end of the period	**0**	**0**
4. Capital reserves at the beginning of the period	**220 709**	**185 169**
4.1. Changes in capital reserves	32 530	35 540
a) Increases from	32 530	35 540
– transfer of the capital reserves	0	2 000
– profit distribution	30 004	32 704
– redemption of own shares	0	485
– issue of Series E shares above face value	0	345
– issue of Series F shares above face value	452	0
– payment for Series C shares	0	6
– manager options	2 074	0
b) Decreases from	0	0
– distribution to shareholders	0	0
– redemption of shares	0	0
4.2. Capital reserves at the end of the period	**253 239**	**220 709**
5. Revaluation reserve at the beginning of the period	**0**	**92**
5.1.Changes in revaluation reserve	0	92
a) Increases from	0	0
– revaluation of financial assets	0	0
– conversion of balance of German Branch from EUR to PLN	0	0
b) Decreases from	0	92
– adjustment as at the acquisition day	0	0
– conversion of balance of German Branch from EUR to PLN	0	92
5.2. Revaluation reserve at the end of the period	**0**	**0**
6. Other capital reserves at the beginning of the period	**0**	**2 000**
6.1. Changes in other capital reserves	0	2 000
a) Increases from	0	0
- reserves for Staff Incentive Scheme	0	0
b) Decreases - transfer to capital reserves	0	2 000
6.2. Other capital reserves at the end of the period	**0**	**0**

	Period of 12 months ended 31.12.2011	Period of 12 months ended 31.12.2010
7. Retained profit (loss) at the beginning of the period	**30 004**	**-525**
7.1. Retained profit at the beginning of the period	30 004	0
– changes to accepted accounting principles (policy)	0	0
– adjustments of basic errors	0	0
7.2 Retained profit at the beginning of the period after adjustment to comparative data	30 004	0
a) Increases – undistributed profit for 2009 carried forward	0	39 495
b) Decreases from	30 004	39 495
– profit distribution allocated to capital reserves	30 004	32 704
– profit distribution allocated to dividends	0	6 266
– profit distribution allocated to cover losses from previous FY	0	525
7.3. Retained profit at the end of the period	**0**	**0**
7.4. Retained loss at the beginning of the period	**0**	**525**
– changes to accepted accounting principles (policy)	0	0
– adjustments of basic errors	0	0
7.5. Retained loss at the beginning of the period after adjustment to comparative data	0	525
a) Increases	0	0
b) Decreases (profit distribution to cover losses)	0	525
7.6. Retained loss at the end of the period	**0**	**0**
7.7 Retained profit (loss) at the end of the period	**0**	**0**
8. Net result	**-25 284**	**30 004**
a) Net profit	0	30 004
b) Net loss	-25 284	0
c) Write-downs from profit	0	0
II. Equity at the end of the period (Closing balance)	**229 219**	**251 973**
III. Equity after proposed distribution of profits (loss coverage)	**229 219**	**251 973**

Signature of person preparing the Financial Statement

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Warsaw, 25 April 2012

KEY ITEMS CONVERTED TO THE EURO

	31 December 2011		31 December 2010	
	PLN	EUR	PLN	EUR
Fixed assets	206 539	46 762	179 890	206 539
Current assets	476 205	107 817	387 306	476 205
Shareholders' equity	229 219	51 897	251 973	229 219
Liabilities and provisions for liabilities	453 525	102 682	315 223	453 525

Items of the balance sheet as at 31 December 2011 were converted at the Euro rate which was set by the NBP on that date i.e. 4.4168 PLN/EUR.

Items of the balance sheet as at 31 December 2010 were converted at the Euro rate which was set by the NBP on that date i.e. 3.9603 PLN/EUR.

	Year ended 31 December 2011		Year ended 31 December 2010	
	PLN	EUR	PLN	EUR
Revenues from sales of products, services, goods and materials	1 527 832	369 033	1 103 907	275 674
Cost of products, services, goods and materials sold	1 491 405	360 234	1 028 031	256 725
Profit on sales before tax	36 427	8 799	75 876	18 948
Profit on operating activities	-12 261	-2 962	20 872	5 212
Gross profit (loss)	-21 003	-5 073	18 988	4 742
Net profit (loss)	-19 715	-4 762	12 150	3 034

Items of the profit and loss statement 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 date, i.e. 4.1401 PLN/EUR.

Items of the profit and loss statement f 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 date, i.e. 4.0044 PLN/EUR.

	Year ended 31 December 2010		Year ended 31 December 2009	
	PLN	EUR	PLN	EUR
Cash flows from operating activities	-61 917	-14 955	25 010	6 245
Cash flows from investment activities	-14 434	-3 486	-42 409	-10 590
Cash flows from financial activities	75 431	18 219	-4 957	-1 238
Net cash flows	-920	-222	-22 356	-5 583
Cash opening balance	121 191	30 601	143 547	34 942
Cash closing balance	120 271	27 230	121 191	30 601

Cash flow items for the period of 1.01.2011 - 31.12.2011 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 date, i.e. 4.1401 PLN/EUR.

Cash flow items for the period of 1.01.2011 - 31.12.2011 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 date, i.e. 4.0044 PLN/EUR.

For translating cash as at 1 January 2011 it was applied the exchange rate set by the NBP as of that day, i.e. 3.9603 PLN/EUR.

For translating cash as at 1 January 2010 it was applied the exchange rate set by the NBP as of that day, i.e. 4,1082 PLN/EUR.

For translating cash as at 31 December 2011 it was applied the exchange rate set by the NBP as of that day, i.e. 4.4168 PLN/EUR.

For translating cash as at 31 December 2010 it was applied the exchange rate set by the NBP as of that day, i.e. 3,9603 PLN/EUR.

EXPLANATORY NOTES

Note 1. Intangible assets

	31.12.2011	31.12.2010
Intangible assets		
a) R&D expenses	0	0
b) Goodwill	0	0
c) Concessions, patents, licenses and similar assets, incl.:	0	0
- computer software	0	0
d) Other intangible assets	71	124
e) Advances for intangible assets	317	0
Total tangible assets	**388**	**124**

Note 1.1. Changes in other intangible assets (by type)

Item	Other	Total
a) Gross value of intangible assets as at 1 January 2011	467	467
b) Increases (from)	53	53
- acquisition	53	53
c) Decreases (from)	0	0
d) Gross value of intangible assets as at 31 December 2011	520	520
e) Cumulative depreciation as at 1 January 2011	343	343
f) Depreciation for the period	106	106
g) Cumulative depreciation as at 31 December 2011	449	449
h) Net value of intangible assets as at 31 December 2011	71	71

Item	Other	Total
a) Gross value of intangible assets as at 1 January 2010	313	313
b) Increases (from)	154	154
- acquisition	154	154
c) Decreases (from)	0	0
d) Gross value of intangible assets as at 31 December 2010	467	467
e) Cumulative depreciation as at 1 January 2010	293	293
f) Depreciation for the period	50	50
g) Cumulative depreciation as at 31 December 2010	343	343
h) Net value of intangible assets as at 31 December 2010	124	124

Note 1.2. Intangible assets (ownership structure)

	31.12.2011	31.12.2010
Other intangible assets		
a) own	71	124
Other intangible assets in total	**71**	**124**

Note 2. Tangible assets

	31.12.2011	31.12.2010
Tangible assets		
Fixed assets, incl.:	8 596	8 582
- Property (incl. perpetual usufruct)	0	0
- Buildings, premises and civil and water engineering structures	3 532	3 631
- Plant and equipment	125	275
- Means of transport	4 524	4 312
- Other fixed assets	415	364
Total tangible assets	**8 596**	**8 582**

Note 2.1. Balance sheet assets (ownership structure)

	31.12.2011	31.12.2010
Balance sheet assets		
a) own	4 193	4 411
b) used under the lease, rent or other contract, incl. lease contract	4 403	4 171
- lease	4 403	4 171
Total balance sheet assets	**8 596**	**8 582**

Note 2.2. Changes in tangible assets (by type)

Item	Property (incl. perpetual usufruct)	Buildings, premises and civil and water engineering structures	Plant and equipment	Means of transport	Other fixed assets	Fixed assets under construction	Advances for fixed assets under construction	Total tangible assets
a) Gross value of fixed assets as at 1 January 2011	**0**	**3 966**	**831**	**9 310**	**1 780**	**0**	**0**	**15 887**
b) Increases (from)			26	1 864	389			**2 279**
- acquisition			26	173	389			**588**
- lease				1 691				**1 691**
- transfer								
c) Decreases (from)			356	1 253	13			**1 622**
- sale				354	7			**361**
- revaluation								
- liquidation			356		6			**362**
- transfer				899				**899**
- exchange rate differences								
d) Gross value of fixed assets as at 31 December 2011		**3 966**	**501**	**9 921**	**2 156**			**16 544**
e) Cumulative depreciation at the beginning of the period	**0**	**335**	**557**	**4 998**	**1415**	**0**	**0**	**7 306**
f) Amortisation for the period		99	80	1 518	338			**2 035**
g) Decreases, incl.:			261	1 119	12			**1 392**
- liquidation			261		6			**267**
- sale				220	6			**226**
- lease								
- other				899				**899**
h) Cumulative depreciation as at 31 December 2011		**434**	**376**	**5 397**	**1 741**			**7 948**
i) Net value of fixed assets as at 1 January 2011	**0**	**3 631**	**275**	**4 312**	**364**	**0**	**0**	**8 582**
j) Net value of fixed assets as at 31 December 2011		**3 532**	**125**	**4 524**	**415**			**8 596**

Item	Property (incl. perpetual usufruct)	Buildings, premises and civil and water engineering structures	Plant and equipment	Means of transport	Other fixed assets	Fixed assets under construction	Advances for fixed assets under construction	Total tangible assets
a) Gross value of fixed assets as at 1 January 2010	140	4 970	1 168	7 118	1 450	0	0	14 846
b) Increases (from)	**0**	**0**	**96**	**2 687**	**405**	**0**	**0**	**3 188**
- acquisition	0	0	96	14	405	0	0	515
- lease	0	0	0	2 673	0	0	0	2 673
- transfer	0	0	0	0	0	0	0	0
c) Decreases (from)	**140**	**1 004**	**433**	**466**	**145**	**0**	**0**	**2 188**
- sale	140	1 004	0	85	10	0	0	1 239
- revaluation	0	0	0	0	0	0	0	0
- liquidation	0	0	0	1	88	0	0	89
- lease clearance	0	0	433	380	47	0	0	860
- exchange rate differences	0	0	0	0	0	0	0	0
d) Gross value of fixed assets as at 31 December 2010	**0**	**3 966**	**831**	**9 339**	**1 710**	**0**	**0**	**15 846**
e) Cumulative depreciation at the beginning of the period	**-2**	**869**	**865**	**4 168**	**1 130**	**0**	**0**	**7 031**
f) Amortisation for the period	**0**	**109**	**120**	**1 300**	**353**	**0**	**0**	**1 882**
g) Decreases, incl.:	**-2**	**643**	**429**	**441**	**137**	**0**	**0**	**1 649**
- liquidation	0	0	0	0	86	0	0	86
- sale	2	648	0	55	7	0	0	713
- lease		0	426	380	44	0	0	850
- other	-4	-5	3	6	0	0	0	0
h) Cumulative depreciation as at 31 December 2010	**0**	**335**	**556**	**5027**	**1346**	**0**	**0**	**7 264**
i) Net value of fixed assets as at 1 January 2010	**138**	**4 095**	**305**	**2 955**	**321**	**0**	**0**	**7 814**
j) Net value of fixed assets as at 31 December 2010	**0**	**3 631**	**275**	**4 312**	**364**	**0**	**0**	**8 582**

Note 2.3. Cost of manufacturing of fixed assets under construction, including interest and capitalized exchange rate differences on liabilities incurred to finance these assets

As at 31 December 2011 and 31 December 2010, the position has not occurred.

Note 2.4. Value of assets non-depreciated or non-amortized by the business unit, used under rental and other agreements, including leases.

As at 31 December 2011 and 31 December 2010, the position has not occurred.

Note 3. Changes in real property

	31.12.2011	31.12.2010
Changes in real property		
a) As at the beginning of the period	515	515
b) Increases	0	0
c) Decreases	0	0
- Sale	0	0
d) As at the end of the period	515	515

Note 4. Non-current financial assets

	31.12.2011	31.12.2010
Długoterminowe aktywa finansowe		
Long-term financial assets	171 827	157 272
a) In affiliated units	132 965	130 914
- Shares or stocks	38 862	26 358
- Loans granted	723	714
b) In associated units	5	5
- Other long-term financial assets	718	709
Total long-term financial assets	**172 550**	**157 986**

Note 4.1. Changes in non-current financial assets (by type)

Changes in long-term financial assets	31.12.2011	31.12.2010
a) As at the beginning of the period - 1 January 2011	157 986	133 935
- Shares	130 919	125 237
- Loans granted	26 358	7 969
- Other long-term financial assets	709	729
b) Increases (from)	17 414	24 109
- Shares	4 900	5 720
- Loans granted	12 504	18 389
- Other long-term financial assets	10	0
c) Decreases (from)	2 850	58
- Allowance for shares	2 850	38
- Other long-term financial assets	0	20
d) As at the end of the period - 31 December 2011	172 550	157 986
- Shares	132 970	130 919
- Loans granted	38 862	26 358
- Other long-term financial assets	718	709

The balance of long-term loans to related parties comprised of:
- the long-term portion of loan to Erbud International Sp. o.o. in the amount of PLN 11,485,000 at interest rate of WIBOR 1M + margin with the maturity date of 31 December 2013,
- the loan for Budlex S.A. in the amount of PLN 27,377,000 at interest rate of WIBOR 1M + margin with the maturity dates of 30 June 2013 to 31 December 2015.

Change in shares is due to capital increase in the subordinated unit of Ersteel Sp. z o.o. amounting to PLN 4,900,000 and creating an allowance for shares in this unit in the amount of PLN 2,850,000.

Note 5. Shares or stocks in subsidiaries as at 31 December 2011

No.	Entity name (business name) and form of incorporation	Seat	Core business	Type of relationship (subsidiary, joint controlled subsidiary or affiliated, specifying direct and indirect connections)	Applied method of consolidation / equity method or indication that the entity is not subject to consolidation/valuation by equity method	Total value adjustments	Carrying amount of shares /stocks	Equity stake held	Share of total vote number at the GM
1.	Delta Sp. z o.o.	Toruń	construction	subsidiary	non consolidated due to immateriality	32	0	100.00%	100.00%
2.	Erbud Construction Sp. z o.o.	Toruń	construction	subsidiary	non consolidated due to immateriality	39	0	100.00%	100.00%
3.	Toruńska Sportowa S A	Toruń	construction	associated	non consolidated due to immateriality	39	0	39.00%	39.00%
4.	Erbud Rzeszów Sp. z o.o.	Rzeszów	construction	subsidiary	non consolidated due to immateriality	0	79	79.00%	79.00%
5.	Erbud International Sp. z o.o.	Toruń	construction	subsidiary	full method	0	50	100.00%	100.00%
6.	ER Services Sp. z o.o.	Toruń	construction	subsidiary	non consolidated due to immateriality	0	100	100.00%	100.00%
7.	GWI GmbH	Dusseldorf, Germany	construction	subsidiary	full method	0	347	85.00%	85.00%
8.	Budlex SA **	Toruń	housing development	subsidiary	full method	0	73 575	89.96%	89.96%
9.	Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego	Toruń	road engineering	subsidiary	full method	0	49 554	94.27%	94.27%
10.	Erbud Energetyka Sp. z o.o.	Katowice	construction	subsidiary	full method	0	1 510	86.36%	86.36%
11.	Erbud Ireland Limited	Dublin, Ireland	construction	indirect controlled subsidiary	non consolidated due to immateriality	0	50	100.00%	100.00%
12.	ErsteelSp. z o.o.	Toruń	steel structures	subsidiary	full method	2 850	7 750	100.00%	100.00%
					Shares or stocks in subsidiaries as at 31.12.2011	2 960	133 015		
					of which in subsidiaries directly controlled as at 31.12.2011	2 960	132 965		

During the current reporting period, the share capital in the unit subordinated to Ersteel Sp. z o.o. has been increased by PLN 4,900,000 and created allowance for shares in this unit in the amount of PLN 2,850,000.

** In the financial year ended 31 December 2011, Budlex Sp. z o.o. was transformed into Budlex SA.

Shares or stocks in subsidiaries as at 31 December 2010

No.	Entity name (business name) and form of incorporation	Seat	Core business	Type of relationship (subsidiary, joint controlled subsidiary or affiliated, specifying direct and indirect connections)	Applied method of consolidation / equity method or indication that the entity is not subject to consolidation/valuation by equity method	Total value adjustments	Carrying amount of shares /stocks	Equity stake held	Share of total vote number at the GM
1.	Delta Sp. z o.o.	Toruń	construction	subsidiary	non consolidated due to immateriality	32	0	100%	100%
2.	Erbud Construction Sp. z o.o.	Toruń	construction	subsidiary	non consolidated due to immateriality	39	0	100%	100%
3.	Toruńska Sportowa S A	Toruń	construction	associated	non consolidated due to immateriality	39	0	39%	39%
4.	Erbud Rzeszów Sp. z o.o.	Rzeszów	construction	subsidiary	non consolidated due to immateriality	0	79	79%	79%
5.	Erbud International Sp. z o.o.	Toruń	construction	subsidiary	full method	0	50	100%	100%
6.	ER Services Sp. z o.o.	Toruń	construction	subsidiary	non consolidated due to immateriality	0	100	100%	100%
7.	GWI GmbH	Dusseldorf, Germany	construction	subsidiary	full method	0	347	85%	85%
8.	Budlex Sp. z o.o.	Toruń	housing development	subsidiary	full method	0	73 575	90%	90%
9.	Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego	Toruń	road engineering	subsidiary	full method	0	49 554	94.27%	94.27%
10.	Erbud Energetyka Sp. z o.o.	Katowice	construction	subsidiary	full method	0	1 510	86.36%	86.36%
11.	Erbud Ireland Limited	Dublin, Ireland	construction	indirect controlled subsidiary	non consolidated due to immateriality	0	50	100%	100%
12.	ErsteelSp. z o.o.	Toruń	steel structures	subsidiary	full method	0	5 700	100%	100%

Shares or stocks in subsidiaries as at 31.12.2010	110	130 964
of which in subsidiaries directly controlled as at 31.12.2010	110	130 914

Note 5.1. Profit (loss) attributable to fully consolidated companies

	31.12.2011	**31.12.2010**
Erbud International Sp. z o.o.	2 853	-1 232
GWI GmbH	1 927	2 146
Budlex S.A.*	2 860	-6 000
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	-241	-5 171
Erbud Energetyka Sp. z o.o.	-762	-280
Ersteel Sp. z o.o.	-3 574	-540

The above results relate to the performance of individual companies adopted for the consolidation purpose of the ERBUD Group, i.e. after taking into account the conversion result in accordance with IFRS.

* In the financial year ended 31 December 2011, Budlex Sp. z o.o. was transformed into Budlex SA.

Note 6. Securities, shares and other long-term financial assets (by tradability)

	31.12.2011	31.12.2010
Securities, shares and other non-current financial assets		
A. With non-restricted transferability, listed on stock exchange market (carrying value)	0	0
B. With non-restricted transferability, listed on OTC market (Value adjustments)	0	0
C. With non-restricted transferability, not listed on a regulated market (carrying value)	0	0
D. With restricted transferability (carrying value)	172 550	157 986
a) Shares and stocks (carrying value)	132 970	130 919
- Value adjustments (cumulative)	-2 960	-110
- Value at the beginning of the period	0	0
- Value at acquisition prices	135 930	131 029
b) Bonds (carrying value)	0	0
c) Loans granted (carrying value)	38 862	26 358
d) Other - by type (carrying value)	718	709
- Value at acquisition prices	810	810
- Value adjustments (cumulative)	-92	-101
Total carrying value	**172 550**	**157 986**

Note 6.1. Securities, shares and other long-term financial assets (by currency)

	31.12.2011	31.12.2010
Securities, shares and other non-current financial assets		
a) In Polish currency (PLN)	172 203	157 639
b) In foreign currency (by currency and converted to PLN)		
- EUR currency	100	100
- in PLN (historic rate)	347	347
Total securities, shares and other non-current financial assets	**172 550**	**157 986**

Note 7. Changes in assets from deferred income tax

	31.12.2011	31.12.2010
1. Deferred tax assets at the beginning of the period, incl.:	**12 683**	**13 308**
a) Credited to financial result	**12 683**	**13 308**
- Holiday provision	367	221
- Retirement severance provision	122	82
- Guarantee repair provision	698	404
- Impairment on receivables	484	620
- Accruals	1 342	1 246
- Valuation of building contracts	5 034	7 417
- Adjustment of revenues in connection with the settlement (Angel)	2 060	0
- Other financial liabilities	0	2 832
- Tax loss	2 426	0
- Balance sheet valuation of liabilities	15	94
- Balance sheet valuation of receivables	30	225
- Provision on cost	211	222
- Write-offs from inventories and investments	74	66
- Balance sheet valuation of cash	6	69
- Lease liabilities	598	333
- Fixed assets under lease	-793	-523
- Other	9	0
b) Credited to equity	**0**	**0**
2. Increases	**24 490**	**12 683**

a) Credited to financial result	**24 490**	**12 683**
- Holiday provision	487	367
- Retirement severance provision	80	122
- Guarantee repair provision	1 222	698
- Provision for loss on long-term contracts	31	0
- Impairment on receivables	425	434
- Impairment on loan	0	50
- Accruals	2 841	1 342
- Valuation of building contracts	8 009	5 034
- Income adjustment (Angel)	0	2 060
- Balance sheet valuation of liabilities	0	15
- Tax loss	10 359	2 426
- Write-offs from inventories and investments	53	74
- Balance sheet valuation of cash	0	6
- Long-term investment impairment	562	0
- Provision on cost	184	211
- Lease liabilities	566	598
- Fixed assets under lease	-837	-793
- Balance sheet valuation of liabilities	0	30
- Other	508	9
b) Credited to equity	**0**	**0**
3. Decreases	**12 683**	**13 308**
a) Credited to financial result	**12 683**	**13 308**
- Holiday provision	367	221
- Retirement severance provision	122	82
- Guarantee repair provision	698	404
- Valuation of building contracts	5 034	7 417
- Impairment on receivables	484	620
- Balance sheet valuation of liabilities	15	94
- Tax loss	2 426	0
- Balance sheet valuation of receivables	30	225
- Write-offs from inventories and investments	74	66
- Provision on cost	211	222
- Accruals	1 342	1 246
- Adjustment of revenues in connection with the settlement (Angel)	2 060	0
- Balance sheet valuation of cash	6	69
- Lease liabilities	598	333
- Fixed assets under lease	-793	-523
- Other financial liabilities	0	2 832
- Other	9	0
b) Credited to equity	**0**	**0**
4. Deferred tax assets at the end of the period, incl.:	**24 490**	**12 683**
a) Credited to financial result	**24 490**	**12 683**
- Holiday provision	487	367
- Retirement severance provision	80	122
- Guarantee repair provision	1 222	698
- Impairment on receivables	425	484
- Accruals	2 841	1 342
- Valuation of building contracts	8 009	5 034
- Adjustment of revenues in connection with the settlement (Angel)	0	2 060
- Write-offs from inventories and provisions	53	74
- Write-offs from inventories and investments	562	0
- Provision for loss on contracts	31	
- Tax loss	10 359	2 426
- Balance sheet valuation of liabilities	0	15
- Provision on cost	184	211
- Balance sheet valuation of cash	0	6
- Lease liabilities	566	598
- Fixed assets under lease	-837	-793

- Balance sheet valuation of receivables	0	30
- Other	508	9
b) Credited to equity	**0**	**0**

Note 7.1. Assets from deferred income tax

	31.12.2011	31.12.2010
Assets from deferred income tax		
- Valuation of long-term contracts	8 009	5 034
- Accruals	2 841	1 341
- Tax loss	10 359	2 426
- Income adjustment (Angel)	0	2 060
- Provision for loss on contracts	31	57
- Other	3 250	1 765
Total assets from deferred income tax	**24 490**	**12 683**

Deferred income tax is created on the rate basis of 19% for positive and negative taxable temporary differences relating to assets and liabilities.

Deferred income tax due to tax losses relates to income loss in 2010 and 2011. Assets of the Company may use within 5 years after that date. These assets may be used by the Company within 5 years after the balance sheet date.

Note 8. Inventories

	31.12.2011	31.12.2010
Inventories		
a) Materials	1 127	1 189
b) Products and semi-products in progress	0	0
Total Inventories	**1 127**	**1 189**

Note 8.1. Impairment of inventories. Write-offs from inventories

	31.12.2011	31.12.2010
At the beginning of the period	262	279
Increases/Decreases	0	-17
At the end of the period	**262**	**262**

Note 9. Short-term receivables

	31.12.2011	31.12.2010
Current receivables		
a) From associates	**8 741**	**10 674**
- due to deliveries and services with a maturity:	8 741	7 287
- up to 12 months	8 741	7 287
- over 12 months	0	0
- other	0	3 387
- claimed at court	0	0
b) From other entities	**244 660**	**183 749**
- due to deliveries and services with a maturity:	230 724	161 648
- up to 12 months	229 146	159 123
- over 12 months	1 578	2 525
- due to taxes, subsidies, duties, social and health insurance and other benefits	11 105	4 695
- other	2 831	17 406

- claimed at court	0	0
Total net current receivables	**253 401**	**194 423**
c) Write-offs from receivables	2 848	2 908
Total gross current receivables	**256 249**	**197 331**

Note 9.1. Short-term receivables from associates

	31.12.2011	31.12.2010
Current receivables from associates		
a) Due to deliveries and services, incl.:	**8 741**	**7 287**
- from subsidiaries	8 741	7 287
b) Other	**0**	**3 387**
- from subsidiaries	0	3 387
c) Claimed at court	**0**	**0**
Total net current receivables from associates	**8 741**	**10 674**
Total gross current receivables from associates	**8 741**	**10 674**

Note 9.2. Changes in write-offs from current debts

	31.12.2011	31.12.2010
At the beginning of the period	**2 908**	**4 100**
a) Increases	153	175
- Creations	153	175
b) Decreases	213	1 367
- Impairment loss release	213	1 367
Short-term write-offs from receivables at end of the period	**2 848**	**2 908**

Note 9.3. Short-term gross receivables (by currency)

	31.12.2011	31.12.2010
Current gross receivables		
a) In Polish currency	254 856	190 992
b) Equivalent in Polish currency when converted at the average exchange rate of the NBP as at the balance sheet date (Euro is the original settlement currency)	1 393	6 339
Total net current receivables	**256 249**	**197 331**

Note 9.4. Gross trade receivables of the remaining maturity since the balance sheet date

	31.12.2011	31.12.2010
Receivables from deliveries and services		
a) Up to 1 month	161 752	126 850
b) Between 1 and 3 months	39 029	0
c) Between 3 and 6 months	0	8 316
d) Between 6 and 12 months	0	0
e) Over 12 months	0	6 137
f) Deposits up to 12 months	31 853	24 765
g) Deposits over to 12 months	1 578	2 525
h) Overdue debts	8 101	3 250
Total receivables from deliveries and services (gross)	242 313	171 843
i) Write-offs from trade receivables	2 848	2 908
Total receivables from deliveries and services (net)	**239 465**	**168 935**

Impairment charges are created on overdue debts of over 180 days at their full value. In separated, justified cases, may be applied individual principles of charging impairment.

Note 9.5. Overdue trade receivables (gross)

	31.12.2011	31.12.2010
Overdue receivables from deliveries and services		
a) Up to 1 month	0	0
b) Between 1 and 3 months	0	0
c) Between 3 and 6 months	0	0
d) Between 6 and 12 months	0	0
e) Over 12 months	8 101	3 250
Total overdue receivables from deliveries and services (gross)	8 101	3 250
f) Overdue write-offs from trade receivables	2 848	2 908
Total overdue receivables from deliveries and services (net)	**5 253**	**342**

The amount of overdue of more than 1 year, that is not covered by the write-down charge, consists mainly receivables of PLN 3,815,000 from Koncepta Spółka z o.o., on which was established a mortgage security on the property belonging to the firm Koncepta.

Note 10. Short-term financial assets

	31.12.2011	31.12.2010
Current financial assets		
a) In subsidiaries	1 436	8 636
- Loans granted	1 436	8 636
b) in joint controlled entities	0	0
c) In associates	0	0
d) In major investor	0	0
e) In Parent	0	0
f) In other entities	0	0
g) Cash and cash equivalents	120 271	121 191
- Cash at bank and in hand	108 027	104 566
- Other cash	12 244	16 625
Total current financial assets	**121 707**	**129 827**

Note 10.1. Cash and cash equivalents (by currency)

	31.12.2011	31.12.2010
Cash and cash equivalents		
a) In Polish currency	117 491	115 126
b) In foreign currency (by currency and translated in PLN)		
- unit/currency PLN / 1 EUR (4.4168 and 3.9603)	630	1 531
- PLN	2 780	6 065
Total cash and cash equivalents	**120 271**	**121 191**

Note 10.2. Short-term loans granted (by currency)

	31.12.2011	31.12.2010
a) In Polish currency	1 436	7 959
b) In foreign currency (by currency and translated in PLN)		
- unit/currency PLN / 1 EUR (4.4168 and 3.9603)	0	171
- PLN	0	677
Total current loans granted	**1 436**	**8 636**

Note 11. Short-term prepayments

	31.12.2011	31.12.2010
a) Current prepayments, incl.:	99 970	61 867
- other costs	421	0
- long term contracts	99 549	61 867
Total current prepayments	**99 970**	**61 867**

Note 11.1. Prepayments due to construction contracts

	31.12.2011	31.12.2010
Expected revenues from ongoing projects	1 595 458	1 498 521
Expected costs of ongoing projects	1 448 486	1 390 259
Expected margin on ongoing projects	146 972	108 262
Cumulative revenues recognized in the profit and loss account	903 846	516 089
Cumulative costs recognized in the profit and loss account	823 865	475 456
Cumulative margin recognized in the profit and loss account	79 981	40 633
Margin remaining to be recognized in next periods	66 991	67 629
Percentage of margin remaining to be recognized in next periods	45,58%	62,46%
Revenue surplus over partial invoices by staging	63 470	34 250
Costs surplus over expenses arising from the accounting costs by staging	29 523	17 316
Surplus on partial invoices over incomes by staging	12 628	9 178
Surplus on costs resulting from the accounting costs over expenses by staging	36 079	27 617
Total amounts presented in deferred expenditures	99 549	61 867
Total amounts presented in deferred revenues	42 151	26 494

Long-term construction services have been valued using method of progress of works resulting from measurement. Revenues, expenses and profit have been recognized in proportion to the stage of completion of works.

Note 12. Significant amount of write-offs recognized and reversed due to impairment

Write-offs due to impairment of long-term assets	**31.12.2011**	**31.12.2010**
Opening balance	**110**	**110**
Increases/Decreases	2 850	0
Closing balance	**2 960**	**110**

Write-offs due to impairment of short-term financial assets	**31.12.2011**	**31.12.2010**
Opening balance	**264**	**0**
Increases/Decreases	-264	264
Closing balance	**0**	**264**

Write-offs due to impairment of inventories	**31.12.2011**	**31.12.2010**
Opening balance	**262**	**279**
Increases/Decreases	0	-17
Closing balance	**262**	**262**

Note 13. Share capital of ERBUD S.A. (structure)

Note 13.1 Shareholding structure as at 31.12.2011

Series	Shareholder	Class of shares	Preferences on shares	Restrictions on shares	Number of shares	Equity stake held	Restrictions on disposal
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
	Total	**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%	
	The nominal value of of all series shares		PLN 0.10		Equity	PLN 1 264 416,90	

The table shows shareholders having more than 5% of the share capital and has been prepared based on the book of shares.

Significant movements in the share capital of the Company during the period from 1 January 2011 to the preparation of financial statements.

In the twelve months of 2011, the main changes concerned the shareholders of the Parent Company were: reducing the ownership of shares by Wolff & Muller Baubeteiligungen Gmbh & Co.KG by 1.32 percentage point, increase in ownership of shares by AVIVA Otwarty Fundusz Emerytalny BZ WBK by 2 percentage point, increase in ownership of shares by ING Otwarty Fundusz Emerytalny by 3.82 percentage point and increase in ownership of shares by Juladal Investment Ltd by 0.17 percentage point.

Except for rights arising from the directly held shares of Erbud SA, the major shareholders have no other voting rights at a general meeting.
Shares of Erbud SA owned by the above mentioned persons are not preference ones.

The Company's Statute does not grant the below mentioned shareholders any personal rights in relation to Erbud SA, in particular, does not give the right to appoint members neither of the Management Board nor the Supervisory Board of Erbud SA.

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 share capital after issuing shares of Series F was registered on 15 September 2011 by the District Court for the Capital City of Warsaw, XIII Commercial Department.

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

The number of shares comprising the authorized capital is equal to the number of shares outstanding. The nominal value per share is PLN 0.10. No shares have been reserved for issuance under options of sales contracts.

Note 13.2. Shareholding structure as at 31.12.2010

Series	Shareholder	Class of shares	Preferences on shares	Restrictions on shares	Number of shares	Equity percentage	Disposal restrictions
A	Wolff & Muller Holding Gmbh & Co.KG	Ordinary	None	None	282 137	2.24%	None
A	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	717 863	5.70%	None
B	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	3 304 865	26.22%	None
	Total	Ordinary	None	None	**4 304 865**	**34.16%**	None
B	Juladal Investment Ltd	Ordinary	None	None	2 761 147	21.91%	None
A	Dariusz Grzeszczak	Ordinary	None	None	750 000	5.95%	None
D	AVIVA Otwarty Fundusz Emerytalny BZ WBK	Ordinary	None	None	927 978	7.36%	None
D	ING Otwarty Fundusz Emerytalny	Ordinary	None	None	786 677	6.24%	None
D,E,C	Free Float	Ordinary	None	None	3 072 044	24.38%	None
	Total				**12 602 711**	**100%**	

Shares of all series are entitled to dividends from the date of registration in the National Court Register.

Note 14. Revaluation capital

	31.12.2011	31.12.2010
Capital at the beginning of the period	0	92
a) due to profit /loss from valuation of financial instruments	0	0
b) due to other adjustment s	0	92
Total revaluation capital at the end of the period	**0**	**0**

Note 15. Supplementary capital (structure)

	31.12.2011	31.12.2010
a) From sale of shares over their nominal value	13 840	13 840
b) Distribution to shareholders	-550	-550
c) Other (by type)	239 949	207 419
- issue of Series C shares (agio)	796	796
- issue of Series D share (agio)	119 896	119 896
- from profit	117 782	87 778
- from redemption of shares	-4 647	-4 647
- adjustment of CIT tax due to issue costs	767	767
- repurchase of own shares	484	484
-transfer from reserve capital	2 000	2 000
- issue of Series E shares	345	345
- issue of Series F shares	452	0
- manager options	2 074	0
Total supplementary capital	**253 239**	**220 709**

Note 16. Changes in provision for deferred income tax

	31.12.2011	31.12.2010
1. Provision for deferred income tax at the beginning of period, incl.:	**11 209**	**4 625**
a) Credited to financial result	**11 209**	**4 625**
Valuation of loans as at the balance-sheet day	201	80
Valuation of construction contracts	11 008	4 545
Other	0	0
b) Credited to own capital	**0**	**0**
2. Increases	**19 928**	**11 209**
a) Credited to financial result	**19 928**	**11 209**
Interest charged on loans	735	200
Valuation of construction contracts	18 573	11 009
Liabilities discount	435	0
Other	185	0
b) Credited to equity	**0**	**0**
3. Decreases	**11 209**	**4 625**
a) Credited to financial result	**11 209**	**4625**
Valuation of construction contracts	201	80
Valuation of construction contracts	11 008	4 545
Other		0
b) Credited to equity	**0**	**0**
4. Provision for deferred income tax at the end of period, incl.:	**19 928**	**11 209**
a) Credited to financial result	**19 928**	**11 209**
Valuation of loans as at the balance-sheet day	735	200
Valuation of construction contracts	18 573	11 009
Liabilities discount	435	0
Other	185	0
b) Credited to equity	**0**	**0**

Note 16.1. Provision for deferred income tax

Provision due to	31.12.2011	31.12.2010
- Valuation of construction contracts	18 573	11 009
- Other	1 355	200
Total provision for deferred income tax	**19 928**	**11 209**

Provision for deferred tax liability is created basing on the rate of 19% for taxable and deductible temporary differences on domestic assets and liabilities.

Note 17. Changes in non-current provision for retirement and similar benefits

	31.12.2011	31.12.2010
a) As at the beginning of the period	640	1 756
b) Increases (from)	99	207
- Retirement severance payments	99	158
c) Use (from)	0	0
d) Dissolution (from)	319	1 323
Jubilee	319	0
e) As at the end of the period	420	640

Note 18. Changes in current provision for retirement and similar benefits

	31.12.2011	31.12.2010
a) As at the beginning of the period	1 930	1 166
b) Increases (from)	635	764
c) Use (from)	0	0
d) Dissolution (from)	0	0
e) **As at the end of the period**	2 565	1 930

Note 19. Changes in other non-current provisions (by titles)

There were no items.

Note 20. Changes in other current provisions (by titles)

	31.12.2011	31.12.2010
a) As at the beginning of the period	4 591	3 107
b) Increases (from)	3 074	1 915
- Litigation and claims	155	66
- Guarantee repair	2 758	1 548
- Losses on long-term contracts	161	301
- Tax on civil law transactions	0	0
c) Use (from)	0	250
- Tax on civil law transactions	0	250
d) Dissolution (from)	301	181
- Litigation and claims	0	173
- German Branch	0	8
- loss on long-term contracts	301	0
e) As at the end of the period	7 364	4 591

Note 21. Non-current liabilities

Note 21.1. Long-term liabilities

	31.12.2011	31.12.2010
a) To subsidiaries	0	0
b) To other entities	1 261	1 691
- Other financial liabilities, of which	1 261	1 691
- due to finance lease	1 261	1 691
c) From issue of debt securities	50 000	0
d) Other	5 276	9 201
Total long-term liabilities	**56 537**	**10 892**

Note 21.2. Long-term liabilities of the remaining maturity since the balance sheet date

	31.12.2011	31.12.2010
a) Over 1 up to 3 years	56 537	10 892
Total long-term liabilities	**56 537**	**10 892**

Note 21.3. Long-term liabilities (currency structure)

	31.12.2011	31.12.2010
a) In Polish currency (PLN)	56 537	10 892
b) In foreign currencies (converted into PLN)	0	0
Total long-term liabilities	**56 537**	**10 892**

Note 22. Current liabilities

	31.12.2011	31.12.2010
a) To associates	**41 729**	**35 783**
- Loans and credits	0	0
- Issue of debt securities	0	0
- Dividends	0	0
- Other financial liabilities	0	0
- Deliveries and services, with a maturity:	41 729	35 747
- up to 12 months	41 729	35 384
- over 12 months	0	363
- Advances received for deliveries	0	0
- Liabilities due to bills of exchange	0	0
- Other	0	36
b) To other entities	**282 831**	**223 684**
- Loans and credits	28 663	0
- Issue of debt securities	0	0
- Dividends	0	0
- Other financial liabilities, incl.:	3 609	1 459
- Lease	1 720	1 459
- Interest on bonds	1 889	0
- Deliveries and services, with a maturity:	243 808	190 561
- up to 12 months	236 321	183 408
- over 12 months	7 487	7 153
- Advances received for deliveries	16	19 277
- Liabilities due to bills of exchange	0	0
- Taxes, customs, social insurance and other benefits	1 931	6 645
- Remuneration	1 306	2 145
- Other (by type), incl.:	3 498	3 597
- Investment purchases	3 451	3 534
- Other	47	63
Total short-term liabilities	**324 560**	**259 467**

Note 22.1. Short-term liabilities (currency structure)

	31.12.2011	31.12.2010
a) in Polish currency (PLN)	323 648	256 487
b) Equivalent in Polish currency when converted at the average exchange rate of the NBP as at the balance sheet date (Euro is the original settlement currency)	912	2 980
Total short-term liabilities	**324 560**	**259 467**

Note 23. Finance lease liabilities

Fail value

	31.12.2011	31.12.2010
Within 1 year	1 720	1 459
From 1 to 5 years	1 261	1 691
Over 5 years	0	0
Total	**2 981**	**3 150**

Group uses financial leasing of means of transport. The average lease duration is 3 years. Assets used under a finance lease are used to secure liabilities due to lease contracts.
Liabilities from financial leasing, both long-and short-term ones, the Company presents in the balance sheet under the item "Other financial liabilities".

Note 24. Loans and credits

To finance current operations the Company had as at 30.12.2011 three overdraft loans within the bank credit lines.

Conditions of loan agreements
Under the loan agreements, the Companies of Erbud Group are obliged to meet certain financial ratios (so-called loan covenants). As required by IAS 1, a breach of loan covenants which could potentially result in a reduction of unconditional access to credit during the next year, makes it necessary to qualify such liabilities as current ones.

In the twelve months of 2011, loan covenants were breaking by Erbud SA related to overdrive credits in PKO BP, BRE Bank and BGŻ. The violation concerned the following ratios: return on sales, current liquidity, net profit margin, debt service coverage.

Total liabilities from loans in the overdraft has been presented as current liabilities.

The following tables provide information on loans held:

Bank - the Creditor	Limit of credit available under the agreement PLN '000	Loan currency	Overdraft debt PLN '000	Interest rate	Maturity date
PKO BP	20 000	PLN	9 270	Call rate of PKO BP + magin	2012-06-29

Final collateral:
- Capped mortgage to the amount of PLN 65m. on the property, which are the undeveloped plots Nos. 275/3, 288/10 and 288/17, for which the District Court in Torun keeps Land and Mortgage Register under No. No. TO1T/00003133/2.
- Assignment of receivables from the construction contract with REW Real Etate Development for Skoroszewska Estate, Phase I
- Assignment of receivables from the construction contract with Global Fisch Sp z o.o. for exotic fish farm in Bońki
- Assignment of receivables from the construction contract with Akademia Muzyczna in Łódź for concert hall

- Blank bill of exchange issued by Erbud SA together with the bill declaration
- Clause on claim deductions from accounts of Erbud SA conducted by PKO BP

Breach of loan covenants: return on sales, current liquidity

Bank - the Creditor	Limit of credit available under the agreement PLN '000	Loan currency	Overdraft debt PLN '000	Interest rate	Maturity date
BRE Bank S.A.	10 000	PLN	8 490	WIBOR for overnight deposits add bank margin	2012-12-31

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

Breach of loan covenants: net profit margin, current liquidity

Bank - the Creditor	Limit of credit available under the agreement PLN '000	Loan currency	Overdraft debt PLN '000	Interest rate	Maturity date
BGŻ	15 000	PLN	10 903	Arithmetic average for WIBOR 1M from a given calendar month on the last working day of each calendar month add bank margin	2012-06-19

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

Breach of loan covenants: return on sales, current liquidity, debt service coverage.

As at the date of this financial statements, the Board does not foresee significant problems with maintaining the current bank financing despite the breach of loan covenants in the agreements.

Total liabilities due to short-term loans in overdrafts held by the Company was PLN 28,663,000 as at 31 December 2011.

Note 25. Calculation of book value per share

Book value per share is calculated by dividing the equity by the number of shares as at the balance sheet date.

2011: book value - PLN 229,219 (equity), 12,644,169 shares = PLN 18.13

2010: book value - PLN 251,983 (equity), 12,602,711 shares = PLN 19.99

Diluted book value per share is calculated by dividing the book value by number of ordinary shares in issue and those due to be issued.

2011: book value - PLN 229,219 (equity), 12,621,415 shares = PLN 18.16

2010: book value - PLN 251,983 (equity), 12,681,060 shares = PLN 19.87

Note 26. Issuance / Redemption / Repayment of debt and equity securities

Note 26.1. Issuance / Redemption / Repayment of debt securities

On 14 July 2011, the Parent issued 50,000 units of unsecured three-year bearer bonds with a total par value of PLN 50,000,000. The issue price of bonds equals the nominal value and the interest rate was set based on WIBOR 6M plus a margin of 3.4% per year. Interest is payable every 6 months, and the next interest payment date fell on 15 January 2011.

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

As at 31 December 2011, the Company incurred financing costs in respect of accrued interest on bonds issued in the amount of PLN 1,960,000. The amount includes interest accrued as at 31 December 2011, as well as some of the issuance costs (PLN 70,000) rated as accruals.

Note 26.2. Issuance / Redemption / Repayment of equity securities

On 9 July 2010, the Issuer's Board adopted at its meeting Resolution No. 4/2010 on specifying the value of subscribed capital in connection with the Board's Resolution No. 3 / 2010. In accordance with Resolution No. 4/2010 the capital increase was of PLN 3,168.60 to value of PLN 1,260,271.10. The increase in share capital has been carried out in accordance with Art. 5 item 5 of the Company's Statute and the Executive Board's Resolution No. 3/2010 of 17 May 2010 on share capital increase under the authorised capital by issuing shares of Series E and depriving existing shareholders of their pre-emptive rights to acquire shares Series E. The capital increase took place within the framework of the Staff Incentive Scheme. 31,696 shares of series E were registered and introduced to trading on 22 December. The capital increase resulted from the implementation of the I tranche of the Management Stock Option Program, which provides for three issues of shares for persons entitled employed by the Company and its subsidiaries. Next two issues should be carried out respectively by the end of May 2011 and the end of May 2012. Each of the successive equity increases provides for a maximum of 50,000 shares with a maximum value of PLN 5,000. On the basis of results set out in the Program Rules, the Board will determinate the number of shares to be offered to the person entitled.
Impact of the management options was recognized in the consolidated financial statements of the Group in salary costs and as an increase in share capital.

On 16 June and 2 September 2010, the Issuer sold within the procedure of an ordinary session transaction all treasury shares he held and respectively 10,500 and 39,016 units. The reason and purpose of disposing shares was the implementation of resolution of the Extraordinary General Shareholders Meeting of 8 December 2009 on the repeal of Resolution No. 14/2009 adopted by the Annual General Meeting of Shareholders on 25 June 2009 and on consent to sale the treasury shares which the Company has acquired in accordance with the above mentioned resolution and the authorisation for the Board to determine terms and conditions for sale of these shares.

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 the 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.

Note 27. Acquisitions / Sale of subsidiaries / Sale of long-term investments

In the current reporting period, there was neither acquisition nor sale of subsidiaries nor long-term investments.

Note 28. Trade net income (structure by type)

	31.12.2011	31.12.2010
- Sale of products	0	0
- of which: from associates	0	0
- Sale of services	1 245 574	906 094
- of which: from associates	3 080	10 156
Total trade net income	**1 245 574**	**906 094**
- of which: from associates	**3 080**	**10 156**

Note 29. Trade net income (geographical structure)

	31.12.2011	31.12.2010
a) Domestic	1 242 315	885 513
- Sale of products	0	0
- of which: to associates	0	0
- Sale of services	1 242 319	885 513
- of which: to associates	3 080	10 115
b) Export	3 259	20 581
- Sale of products	0	0
- of which: to associates	0	0
- Sale of services	3 259	20 581
- of which: to associates	0	41
Total trade net income	**1 245 574**	**906 094**
- of which: to associates	**3 080**	**10 156**

Note 30. Net income on sales of goods and materials (geographical structure)

	31.12.2011	31.12.2010
a) Domestic	**4**	**366**
- Sale of goods	4	366
of which: to associates	0	0
b) Export	0	0
- Sale of goods	0	0
of which: to associates	**0**	**0**
Total net income on sales of goods and materials	**4**	**366**
of which: to associates	**0**	**0**

Note 31. Operating costs

Note 31.1. Expenses by type

	31.12.2011	31.12.2010
a) Depreciation and amortisation	2 141	1 932
b) Consumption of materials and power	155 392	93 623
c) External services	1 048 814	727 515
d) Taxes and charges	2 078	2 469
e) Remuneration	40 454	45 479
f) Social security and other benefits	10 760	9 577
g) Other costs	2 766	3 725
h) Goods and materials sold	0	0
Total expenses by type	**1 262 405**	**884 320**
Change in products and accrued expenses due to construction contracts	3 745	-12 286
Cost of products manufactured for in-house use (negative value)	0	0
Sales cost (negative value)	0	0
General and administrative costs (negative value)	-34 341	-33 252
Value of goods and materials sold	0	0
Manufacturing cost of products sold	**1 231 809**	**838 782**

Note 31.2. Sale costs

The Company does not identify the costs of sales due to their insignificant.

Note 32. Other operating income

	31.12.2011	31.12.2010
a) Profit on disposal of non-financial fixed assets, incl.:	0	3
- Fixed assets and fixed assets in progress	0	3
b) Subsidies	0	0
c) Other, incl.:	162	3 843
- Indemnities	0	314
- Provisions released	0	172
- Other	44	263
- Subsidies	43	64
- Release of provisions for receivables	0	1 367
- Penalties imposed, indemnities	0	374
- Other (Branch Germany)	0	1 289
- VAT refund (France)	75	0
Total other operating income	**162**	**3 846**

Note 33. Other operating expenses

	31.12.2011	31.12.2010
a) Loss on disposal of non-financial fixed assets	41	0
b) Revaluation of non-financial assets	0	0
- Write-offs from receivables	0	0
- Write-offs from inventories	0	0
c) Other, incl.:	1 340	2 920
- Impairment of receivables	153	175
- Written-down claims	479	441
- Penalties, fines and indemnities	298	405
- Legal action costs	0	0
- Branch Germany	0	229
- Creation of provision for guarantee repairs	0	1 548

- Creation of provision for litigation	155	66
- Donations	42	24
- Other	213	32
Total other operating expenses	**1 381**	**2 920**

Note 33.1. Income from interest

	31.12.2011	31.12.2010
a) Due to loans granted	3 302	1 414
- from associates, of which:	3 302	1 414
- from subsidiaries	3 302	0
- form other entities	0	0
b) Other interest	2 627	1 820
- from associates	0	0
- from other entities, of which:	2 627	1 820
- from investments	924	1 703
- other	1 703	117
Total income from interest	**5 929**	**3 234**

Note 33.2. Other financial income

	31.12.2011	31.12.2010
a) Foreign exchange profits	0	0
- realized	0	0
- unrealized	0	0
b) Provisions released	0	0
c) Other	501	133
Total other financial income	**501**	**133**

Note 33.3. Financial income from dividends and share in profit

In the reporting period ended 31 December 2011, the Company recorded financial income due to the dividend from a subsidiary GWI GmbH in the amount of PLN 950,000.

In the reporting period ended 31 December 2010, the Company recorded financial income due to the dividend from a subsidiary Przedsiębiorstwo Robót Drogowych S.A. in the amount of PLN 2,000,000.

Note 34. Financial costs

Note 34.1. 1 Financial costs due to interest

	31.12.2011	31.12.2010
a) Interest due to loans and borrowings to	1 565	217
- associated entities	0	10
- other entities	1 565	207
b) Other interest to	2 418	209
- associated entities	0	0
- other entities, incl.;	2 418	209
financial liabilities due to lease	211	160
interest on outstanding tax	195	13
interest on bonds	1 960	0
other interest	52	36
other current liabilities	0	0
Total financial cost due to interest	**3 983**	**426**

Note 34.2. Financial costs - revaluation of investments

In the reporting period ended 31 December 2011, the Company recorded costs associated with the revaluation of shares in Ersteel Sp. z o.o. and amounted of PLN 2,850,000, as well as the amortisation of credit granted to Erbud Ireland Ltd in the amount of PLN 3,242,000. The total amount of financial expenses due write-downs from investments was PLN 6,092,000.

Note 34.3. Other financial costs

	31.12.2011	31.12.2010
a) Foreign exchange losses	496	566
b) Provisions created	0	0
c) Other, incl.:	3 140	2 753
- charges on bank guarantee	536	585
- origination fees and commissions	2 391	1 710
- calculated liabilities to bank due to currency options	0	169
- other	213	270
Total other financial costs	**3 636**	**3 300**

Note 35. Current income tax

	31.12.2011	31.12.2010
1. Gross profit (loss), of which:	**-28 122**	**37 237**
- gross profit (loss)	**-28 122**	**37 237**
Tax non-deductible costs	**30 617**	**34 818**
Revaluation of receivables	153	703
Revaluation of long-term financial assets	2 850	19
Representation and advertising	1 092	2 003
Balance sheet valuation of receivables	0	0
Litigation costs	12	0
Interest on outstanding tax	195	11
Other	695	626
Penalties and sanctions	150	303
Contribution to National Disabled Persons Rehabilitation Fund (PFRON)	520	429
Creation of provision for leaves	635	765
Creation of provision for repair works	2 758	1 548
Creation of provision for retirement severance payments	99	158
Creation of provision for balance sheet audit	195	194
Creation of provision for loss on long- term contracts	162	301
Creation of provision for anniversary awards	595	49
Non-deductible VAT	569	395
Accrued expenses of the period	7 890	505
Provisions for litigation	155	66
Balance sheet valuation of bank accounts	0	8
Write-down of claims	696	0
Unpaid social security contributions (ZUS)	444	0
Balance sheet valuation of loan	0	102
Donations	42	25
Balance sheet valuation of liabilities	183	0
Balance sheet valuation of receivables	51	0
Contributions to the organization	77	0
Depreciation of fixed assets leased	1 459	1 242
Financial costs on lease	211	160
Costs due to valuation of construction contracts	0	0
Exclusion of costs from long-term contract taxed in Belgium	1 041	12 433
Branch Germany	0	1 496
Financial liabilities (options)	0	166

Income adjustment - project Angel	0	11 111
Discounting of receivables deposit	737	0
Management options	2 073	0
Interest expense on bonds (accrued)	1 889	0
Amortisation of credit granted to Erbud Ireland	2 989	0
Book income not counted as tax income	**34 749**	**67 656**
Reversal of balance sheet valuation of liabilities	0	577
Reversal of balance sheet valuation of receivables	0	1 341
Revaluation of investments	9	0
Surplus of balance sheet revenue over tax income from the valuation of contracts	23 350	46 559
Reversal of impairment losses on receivables	213	1 367
Long-term contract revenue taxed in Belgium	1 891	9 450
Balance sheet valuation of loans	443	0
Balance sheet valuation of cash	271	0
Release of provision for anniversary awards	644	0
Dividend	950	2 000
Branch Germany	0	1 378
Interest on loans	2 547	1 055
Contract WR-0913 Limanowa	0	3 929
Release of provision for losses on long-term contracts	301	0
Discounting of instalment payments for the shares in Budlex	474	0
Discounting of liabilities deposit	1 817	0
Release of provisions for retirement	270	0
Revenues from contracts (accrued)	1 569	0
Tax costs not accounted as book costs	**2 322**	**17 165**
Release of provision for costs	0	172
Use of provision for tax on civil law transactions	0	250
Costs - project Angel	269	0
Release of provision for balance sheet audit	194	194
Lease payments	1 859	1 473
Payment due to option obligations	0	15 076
Tax income not accounted as book income	**-7 182**	**0**
Proceeds - project Angel	-11 111	0
Contract WR-0913 Limanowa	3 929	0
2. Income tax base	**-41 758**	**-12 766**
3. Deductions from tax base	**0**	**0**
- Retained loss	0	0
4. Tax base after deductions (tax loss)	**-41 758**	**-12 766**
5. Income tax paid in Germany	0	0
6. Income tax according to rate of 19%	0	0
7. Current income tax shown in the tax return for the period	0	0
8. Change in assets due to deferred tax (19%)	-11 808	625
9. Change in provision due to deferred tax (19%)	8 719	6 584
10. Change in assets credited to capital from previous yeas	0	0
11. Change in provision credited to revaluation capital	0	0
12. Change in assets and deferred tax provision	**-3 089**	**7 209**
14. Other liabilities - Branch Germany	**0**	**24**
15. Tax on dividends from a foreign company	**251**	**0**
16. Tax liability shown in total profit or loss, incl. Branch Germany	**-2 838**	**7 233**

Note 36. Net earnings per share

	31.12.2011	31.12.2010
Net earnings (loss)	-25 284	30 004
Weighted average number of shares / Diluted weighted average number of shares (in units)	12 614 864/ 12 621 415	12 579 532/ 12 657 881
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)	-2.004 / -2.003	2.39 / 2.37

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company, and weighted average number of ordinary shares in use during the year.

Note 37. Net profit (loss) – profit distribution

By Resolution No. 5/2011 of 21 June 2011 adopted by the Annual General Meeting of Erbud SA, the net profit for the year 2010 of PLN 30,004 was earmarked for the supplementary capital.

The Management Board will propose to cover the net loss for the year 2011 from the supplementary capital.

Note 38. Cash at the beginning and end of the period (structure)

	31.12.2011	31.12.2010
a) Total cash (as of the beginning of the period)	121 191	143 547
- Cash in hand and at bank	104 566	118 938
- Other cash	16 625	24 609
b) Total cash (as of the end of the period)	120 271	121 191
- Cash in hand and at bank	108 027	104 566
- Other cash	12 244	16 625
Change in cash	**-920**	**-22 356**
Change in cash due to exchange rate differences	-343	0
Cash generated from operating activities	-61 917	25 010
Cash from investing activities	-14 434	-42 409
Cash from financing activities	75 431	-4 957

Reconciliation of changes movements in balance sheet items to changes reported in the statement of cash flows as at 31 December 2011 is presented below:

	31.12. 2011
Change in balance sheet receivables	**-58 978**
Receivables discount	-737
Change in receivables in the cash flows statement	**-59 715**

	31.12. 2011
Change in balance sheet liabilities	**36 431**
Interest on bonds	-1 889
Lease	-261
Reclassification of liabilities for the purchase of Budlex shares	-3 450
Partly payment of liabilities for the purchase of Budlex shares	3 534
Other	1 816
Change in liabilities in the statement of cash flows	391
Lease	**36 572**

Reconciliation of changes in the balance sheet items to changes shown in the statement of cash flows for 2010 is presented below:

	31.12. 2010
Change in balance sheet liabilities	**16 076**
Settlement of the liabilities due to options	15 076
Lease	-489
Reclassification of liabilities for the purchase of Budlex shares	-3 534
Partly payment of liabilities for the purchase of Budlex shares	7 606
Other	-434
Change in liabilities in the statement of cash flows	**34 301**

Note 39. Information on financial instruments

39.1. Carrying amount

Carrying amounts of all financial instruments of the Group by classes and categories of assets and liabilities as at 31 December 2011 are summarized in the table below:

Classes of financial instruments	Financial instruments					
	Available for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Loans granted						
Financial assets (stakes in non-consolidated entities)	184	0	0	0	0	**184**
Building contracts securities	0	0	33 431	0	-76 948	**-43 517**
Delivery and services receivables, excluding building securities	0	0	197 348	0	0	**197 348**
Receivables from customers under building contracts presented in prepayments	0	0	99 548	0	0	**99 548**
Derivative financial instruments	0	0	0	0	0	**0**
Other financial assets	0	718	0	0	0	**718**
Cash and cash equivalents	0	120 271	0	0	0	**120 271**
Credits, loans and other borrowing costs	0	0	0	0	-83 533	**-83 533**
Liabilities to customers under building contracts	0	0	0	0	-42 151	**-42 151**
Delivery and services liabilities, excluding building securities	0	0	0	0	-167 699	**-167 699**
Other receivables and liabilities	0	0	2 831	0	-10 081	**-7 250**
Total	**184**	**120 989**	**333 158**	**0**	**-380 411**	**73 920**

Carrying amounts of all financial instruments of the Group by classes and categories of assets and liabilities as at 31 December 2010 are summarized in the table below

Classes of financial instruments	Financial instruments					
	Available for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Loans granted			2 713			**2 713**
Financial assets (stakes in non-consolidated entities)	184					**184**
Building contracts securities			27 290		-68 331	**-41 041**
Delivery and services receivables, excluding building securities			134 419			**134 419**
Receivables from customers under building contracts presented in prepayments			61 867			**61 867**
Derivative financial instruments						
Other financial assets	709					**709**
Cash and cash equivalents		121 191				**121 191**
Credits, loans and other borrowing costs					-3 150	**-3 150**
Liabilities to customers under building contracts					-26 494	**-26 494**
Delivery and services liabilities, excluding building securities					-123 235	**-123 235**
Other receivables and liabilities			17 406		-14 943	**2 463**
Total	**893**	**121 191**	**243 695**	**0**	**-236 153**	**129 626**

39.2. Income, expenses, gains and losses recognized in profit or loss by categories of financial instruments

for the period from 1 January 2011 to 31 December 2011

Classes of financial instruments	Financial instruments					
	Available for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Interest income (expense)	0	818	336	0	-3 832	**-2 678**
Gains (losses) from exchange rate differences	0	-200	-234	0	-62	**-496**
Impairment charges (impairment release)	0	0	-631	0	0	**-631**
Gains (losses) on valuation	0	-9	-737	0	2 291	**1 545**
Gains (losses) on sale / implementation of financial instruments	0	0	-3 242	0	0	**-3 242**
Interest income (expense)	**0**	**609**	**-4 508**	**0**	**-1 603**	**-5 502**

Income, expenses, gains and losses recognized in profit or loss by categories of financial instruments

for the period from 1 January 2010 to 31 December 2010

Classes of financial instruments	Financial instruments					
	Available for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Interest income (expense)		**1 790**	**117**		**-393**	**1 514**
Gains (losses) from exchange rate differences		**-274**	**-716**		**424**	**-566**
Impairment charges (impairment release)			**751**			**751**
Gains (losses) on valuation				-169		**-169**
Gains (losses) on sale / implementation of financial instruments	263					**263**
Interest income (expense)	**263**	**1 516**	**152**	**-169**	**31**	**1 793**

The Company holds 5,872 share units in Allianz Stabilnego Wzrostu FIO (Allianz Stable Growth Fund). The purchase value of units as at 31.12.2011 was PLN 718,000 and the income from revaluation as at 31 December 2011 was PLN 9,000. The Revaluation has been recognised in the result of the reporting period.

Note 40. Revenues, costs and results of discontinued operations during the reporting period, or intended to be discontinued in the subsequent period

There were no discontinued operations over the reporting period. Any type of activity is not intended to be discontinued.

Note 41. Information about transactions with affiliated entities (mutual receivables and liabilities, as well as costs and revenues from mutual transactions) that are subject to consolidation and those not to be consolidated.

Item	Receivables/assets as at 31 December 2011	Liabilities	Income as at 31 December 2011	Expenses
Total affiliated entities	**49 040**	**41 729**	**6 878**	**114 190**
- Deliveries and services	8 741	41 729	3 080	113 987
- Loans and interest liabilities	40 299	0	3 302	0
- Other		0	496	203
Affiliated entities that are subject to consolidation	48 985	40 890	6 671	111 189
- Deliveries and services	8 686	40 890	3 027	110 986
- Loans and interest liabilities	40 299	0	3 148	0
- Other		0	496	203
Affiliated entities that are not subject to consolidation	55	839	207	3 001
- Deliveries and services	55	839	53	3 001
- Other	0	0	0	0
- Loans and interest liabilities	0	0	154	0

Item	Receivables/assets as at 31 December 2010	Liabilities	Income as at 31 December 2010	Expenses
Total affiliated entities	**45 668**	**35 783**	**13 585**	**78 861**
- Deliveries and services	7 287	35 747	10 156	78 851
- Loans and interest liabilities	34 994	36	1 414	10
- Other	3 387	0	2 133	0
Affiliated entities that are subject to consolidation	42 893	34 778	13 585	78 861
- Deliveries and services	7 225	34 742	10 156	78 851
- Loans and interest liabilities	32 281	36	1 297	10
- Other	3 387	0	2 132	0
Affiliated entities that are not subject to consolidation	2 775	1 005	0	0
- Deliveries and services	62	1 005	0	0
- Other	0	0	0	0
- Loans and interest liabilities	2 713	0	117	0

Note 42.

As at 31 December 2011 the managing persons (members of the Board and holders of a commercial power of attorney) held the following number of shares:

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

As at 31 December 2010 the managing persons (members of the Board and holders of a commercial power of attorney) held the following number of shares:

Shareholder	Class of shares	Number of shares	Equity stake held	Number of votes	% of voting rights at the AGM
Juladal Investments Ltd. (controlled by members of the Board of Erbud SA)	Ordinary	2,761,147	21.91%	2,761,147	21.91%
Dariusz Grzeszczak	Ordinary	750,000	5.95%	750,000	5.95%
Józef Adam Zubelewicz	Ordinary	250,000	1.98%	250,000	1.98%
Walenty Twardy Procurator of ERBUD SA	Ordinary	5,884	0.05%	5,884	0.05%
Piotr Augustyniak Procurator of ERBUD SA	Ordinary	7,397	0.06%	7,397	0.06%
Agnieszka Głowacka Procurator of ERBUD SA	Ordinary	4,136	0.03%	4,136	0.03%
Grzegorz Krzywicki Procurator of ERBUD SA	Ordinary	2,872	0.02%	2,872	0.02%
Bogdan Duerr Procurator of ERBUD SA	Ordinary	4,895	0.04%	4,895	0.04%
Włodzimierz Czystowski Procurator of ERBUD SA	Ordinary	3,225	0.03%	3,225	0.03%
Tomasz Krzywicki Procurator of ERBUD SA	Ordinary	1,250	0.01%	1,250	0.01%
Maciej Wyrzykowski Procurator of ERBUD SA	Ordinary	1,000	0.01%	1,000	0.01%

Radosław Kałamaga Procurator of ERBUD SA	Ordinary	2,021	0.02%	2,021	0.02%
Mirosław Młynarski Procurator of ERBUD SA	Ordinary	2,070	0.02%	2,070	0.02%

As of the day of submitting the statements, the Board members and procurists do not have any Erbud's stock options. In accordance with Resolution No. 6/2009 of the Extraordinary General Meeting of 8 December 2009, the Company carried out in the current reporting period the II tranche of the of the Management Stock Option Program, under which the holders were given the opportunity to acquire shares issued within the authorised capital.

On 24 May 2011, the Management Board adopted 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.

On 10 August 2011, the Management Board adopted Resolution No. 4/2011 on specifying the value of subscribed capital and the share capital in the Articles of Association. In the equity increased under the authorized capital, an additional number of 41,458 ordinary bearer shares of series F with par value of PLN 0.10 each has been acquired; thus the share capital of PLN 4,145.80 has been covered under the capital increase. The Company's share capital after the increase amounts to PLN 1,264,416.90.

Under the Employee Incentive Scheme Program the following number of shares of series F have been granted to the managing staff:

Shareholder	**Class of shares**	**Number of shares**
Walenty Twardy procurist of Erbud S.A.	Ordinary	4 500
Piotr Augustyniak Procurist of Erbud S.A.	Ordinary	2 350
Maciej Wyrzykowski Procurist of Erbud S.A.	Ordinary	1 200
Agnieszka Głowacka Procurist of Erbud S.A.	Ordinary	2 500
Grzegorz Krzywicki Procurist of Erbud S.A.	Ordinary	161
BogdanDuerr Procurist of Erbud S.A.	Ordinary	1 817
Tomasz Krzywicki Procurist of Erbud S.A.	Ordinary	1 500
Włodzimierz Czystowski Procurist of Erbud S.A.	Ordinary	1 800
Radosław Kałamaga Procurist of Erbud S.A.	Ordinary	1 683
Mirosław Młynarski procurist of Erbud S.A.	Ordinary	2 409M

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

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

Note 42.1. Remuneration of the senior management members

Remuneration of the Management Board members of ERBUD SA paid by ERBUD SA and its subsidiaries

Name and surname	Position/Function	Total value of remuneration paid and benefits in kind granted in the year ended 31 December 2011	Total value of remuneration paid and benefits in kind granted in the year ended 31 December 2010
Dariusz Grzeszczak	Member of the Management Board	1 282	1 481
Józef Adam Zubelewicz	Member of the Management Board	1 216	1 446

Remuneration of the Supervisory Board members of ERBUD SA in the year ended 31 December 2011 and as at 31 December 2010 roku paid by ERBUD SA and its subsidiaries

Name and surname	Position/Function	Total value of remuneration paid and benefits in kind granted in the year ended 31 December 2011	Total value of remuneration paid and benefits in kind granted in the year ended 31 December 2010
Udo Berner	President of the Supervisory Board	60	60
Józef Olszyński	Vice-President of the Supervisory Board	44	44
Albert Durr	Member of the Supervisory Board	40	40
Gabriel Główka	Member of the Supervisory Board	40	40
Lech Wysokiński	Member of the Supervisory Board	40	40
Zofia Dzik	Member of the Supervisory Board	21	0

Note 43. Information about joint ventures that are not subject to consolidation

The Company does not conduct any non-consolidated joint ventures.

Note 44. Information about significant events that occurred during the period of twelve months of 2011 and after the balance sheet date.

On 11 January 2011, GWI GmbH, a subsidiary in which the Issuer holds 85% shares, 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.
- The 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. 4,750 m2 and 51 car parking spaces and 8 parking spaces for motorcycles - Construction in General contracting.
- 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, the Issuer entered into a contract with the West Pomeranian University of Technology, Szczecin to build the Teaching and Research Centre for Nanotechnology.
The net contract value: PLN 29,250,000.00.
The contract is to be completed till 30 September 2012 together with the receipt of permission to use.

On 2 March 2011, Erbud SA signed an agreement with Dom Development S.A. to construct the "ADRIA, phase II" residential complex with services and underground garage, incl. technical infrastructure, installations and necessary land facilities, located in Warsaw at Jugosławiańska St.
Net contract value: PLN 43,001,636.
Works will last 17 months.

On 23 March 2011, Erbud SA signed an agreement with M-Alfa Osiedle sp. z o.o. joint-stock partnership, based 80-391 Gdańsk, at 41C Kołobrzeska St. for erection of the Alfa Park Housing Estate (189 apartments in 7 buildings).
Net contract value: PLN 40,990,000.00.
Works will last 18 months.

On 15 April 2011, Erbud signed an agreement to design and construct the Hospital in Krosno. Builder: Wojewódzki Szpital Podkarpacki im. Jana Pawła II, ul. Korczyńska 57, 38-400 Krosno.
Net contract value: PLN 23,443,000.
Works will last till 14.12.2012.

On 13 May 2011, Erbud signed an agreement with Dom Development SA, seated 00-078 Warszawa, Pl. 3 Piłsudskiego for construction of the multifamily residential complex WILNO (stage IIA, phase 1) with services and underground garages.
Net contract value: PLN 19,599,582.
Works will last till September 2012.

On 19 July 2011, Erbud signed an agreement with RED Real Estate Development Alpha Spółka z o.o., Warszawa, Al.Jerozolimskie 53/120 to construct the Skoroszewska Housing Estate, Phase 1.
Net contract value: PLN 30,200,000.
Works will last till August 2013.

On 12 August 2011, Erbud signed with the Wielkopolska Region represented by Marshal Office of Wielkopolska in Poznań an agreement for construction of Marshal's Office and the Assembly of the Wielkopolska Region at 34 Niepodległości St. in Poznań.
Net contract value: PLN 133,526,923.18
Works will last 30 months from singing the contract.

On 15 September 2011, Erbud signed with Akademia Muzyczna im. Grażyny i Kiejstuta Bacewiczów in Łódź an agreement to construct a concert hall for the Music Academy in Łódź.
Net contract value: PLN 21,943,089.43.
Works will last: 19 months from singing the contract.

On 14 October 2011, Erbud signed an agreement 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" together with necessary infrastructure.
Net contract value: PLN 79,000,000.
Works will last: till 31.12.2012.

On 6 December 2011, Erbud signed an agreement for construction of residential buildings, located in Gdansk, with service area and underground parking places, including the surroundings and infrastructure for "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 9 December 2011; 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; completion after 18 months from the date of commencement of works.

On 21 December 2011, Erbud signed an agreement to 3. Design and building of shell & core of Auchan Bronowice project in accordance with the design documents of the building Investor for Auchan Polska Sp. z o.o. seated in Piaseczno.
Net contract value: PLN 179,500,005.00.
Works will last till 1.06.2013.

After the balance sheet date, to the date of publication of the Statements, the Company entered into the following construction contracts:

On 30 January 2012, Erbud concluded an agreement to construct multifamily residential buildings with underground garage for DURHAM Sp. z o.o. ul. Bonifraterska 17, 00-203 Warszawa.
Net contract value: PLN 93,359,000.00.
Works will last till 30.10.2013.

On 1 February 2012, Erbud concluded an agreement for construction of multifamily residential buildings with underground garage and infrastructure for LC Corp XIV Sp. z o.o., ul. Powstańców Śląskich 2-4, Wrocław.
Aggregate net contract value: PLN 24,200,000.00, of which contract No. I - PLN 12,489,721 net and contract No. II - PLN 11,710,279 net.
Works will be executed in the period of 02.2012 - 09.2013
On 3 February 2012, Erbud concluded an contingent agreement to construct an office building with underground garage for Alfa Investments Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna seated in Gdańsk.
Net contract value: PLN 27,600,726.00.
Conditions precedent: the contract shall have effect upon its signing, subject to the following conditions taking place: provisions of the construction contract with Erbud SA and the lease contract for office space shall have been approved by the financing institution, what should occur not later than on 28.02.2012.
Duration of works: 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).

Apart from significant contracts to execute construction works, Erbud signed several contracts not exceeding the criterion set by the term "Significant agreement".

Other important events

On 25 February 2011 Erbud entered into a settlement agreement with ANGEL CITY Sp. z o.o., based in Krakow at Szlak St. 77/316 and ANGEL INVEST Sp. o.o., based in Krakow at Sławskowska St. 6/7 as follows:
Erbud acknowledges the claim of ANGEL CITY for reduction of the remuneration in connection with the execution of the 2006 Agreement and reduces the amount required, grants a discount of PLN 11,524,095.15 gross as well as 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 for the remaining part of the remuneration amounting to PLN 364,925.92 gross, Erbud grants a discount. 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.
Costs associated with the transaction as described above were included in the result for 2010 and did not affect the result of 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 32 m,
- Budlex Sp. z o. o. - PLN 12 m,
-PBDI - PLN 5 m.

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 - 8 m, guarantees over three years - 3 m.

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 96 m. on real estate belonging to PBDI SA and located in Toruń.

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

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 hads been informed, that The Management Board of the Issuer's announces that on 19 September 2011 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 SA.
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 m2. Buildings will be erected by the Budlex Group on the "Zielone Tarasy" Housing Estate in Bydgoszcz at Glinki Street.
Deadline for the final repayment of the loan has been fixed for 09.15.2015.
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 30 September 2011, the District Court for the Capital City Warsaw decided to transform the company Budlex Sp. z o.o. into a joint stock company.

On 27 October 2011, the share capital of Ersteel Sp. o.o. has been increased to the amount of PLN 7,450,000.

Note 45. Changes in the applied accounting rules (policy) and principles of preparing financial statement in relation to the previous financial year (financial years), their causes, titles and influence of financial effects caused by this on the asset and financial position, liquidity, profits and profitability.

In the current reporting period the Company has not made any changes in accounting policies and method of preparation of financial statements as compared with the previous fiscal year.

Note 46. Business combinations

There were no business combinations between the Company and other entities in 2011.

On 4 October 2010, the Issuer informed about the planned merger of two companies: Przedsiębiorstwo Robót Drogowych S.A. and Rembet Plus Sp. z o.o..
Erbud SA is the sole shareholder of PRD S.A. and has a 75% stake in Rembet Plus Sp. z o.o.
The merger is held under Art. 492 § 1 point 1) of the Commercial Companies Code by acquiring assets of Rembet Plus Sp. z o. o. by Przedsiębiorstwo Robót Drogowych S.A. against shares. As a result of the merger, the share capital of the transferee company will be increased by PLN 200.000 through the issuance of 4,000 new ordinary bearer shares of series B with a value of PLN 50 each share, which will be acquired by the shareholders of Rembet Plus Sp. z o.o. in exchange for shares, while the current percentage of shares held in the offeree company will be the same.
A strengthen of the economic and production potential of both entities and creation of a company that using the increased capacity, experience and credentials of the merged companies will be able to play an important role in the market of road-engineering construction is the purpose of the transfer.

On 31 December 2010, the District Court in Toruń, VII Economic Division of the National Court Register issued a sentence on the business combination of Rembet Plus Sp. z o. o. and PRD SA according to the merger plan. Erbud SA holds a 94.27% stake in the share capital of a new entity and the same voting power at a general meeting.
Mr. Jacek Leczkowski, a former partner of Erbud S.A. in the subsidiary Rembet Plus Sp. z o. o. is a minority shareholder.

Note 47. Dividend policy - description of the dividends payment policy and any restrictions connected. The dividend value per share for each financial year of the period covered by the historical financial information, adjusted for comparison purposes in case of changes in the number of shares.

In the current reporting period the company did not pay dividends.

Note 48. Information on average employment by occupational groups

Average employment	**31.12.2011**	**31.12.2010**
White-collar workers	305	305
Blue-collar workers	202	333
Total	**507**	**638**

Note 49. Information on commitments to the state budget or local self-government units due to ownership right to buildings and structures

As at 31.12.2011 and 31.12.2010, the Company had no obligations towards the state budget or local self-government units due to ownership right to buildings and structures.

Note 50. Contingent liabilities related parties

	31.12.2011	**31.12.2010**
Contingent liabilities to affiliated entities from		
a) guarantees and sureties provided. of which	25 120	0
- to subsidiaries	25 120	0
- to associates	0	0
b) other, of which	0	0
- to subsidiaries	0	0
- to associates	0	0
Total contingent liabilities to affiliated entities	**25 120**	**0**

Item	**31.12.2011**	**31.12.2010**
Repayment surety for Erbud International Sp. z o.o.	4 000	0
Surety for Budlex Pestalozziego Sp. z o.o.	12 286	0
Loan repayment guarantee for GWI GmbH	8 834	0
Total contingent liabilities	**25 120**	**0**

Note 51. Derivative financial instruments

As at 31 December 2011 and as at 31 December 2010, the Company has no liabilities due to derivative financial instruments.

Note 52. Off-balance items

As at 31 December 2011 the Company had the following contingent liabilities:

- Liabilities under guarantees granted

Item	31.12.2011	31.12.2010
Guarantee to pay obligations	53 728	35 341
Performance bond	181 704	141 587
Repair works guarantee	95 702	77 875
Other guarantees	0	26 207
Total contingent liabilities	**331 134**	**281 010**

- Guarantees to subsidiaries

Item	31.12.2011	31.12.2010
Repayment surety for Erbud International Sp. z o.o.	4 000	0
Surety for Budlex Pestalozziego Sp. z o.o.	12 286	0
Loan repayment guarantee for GWI GmbH	8 834	0
Total contingent liabilities	**25 120**	**0**

Note 53. Information on operating segments

In the year ended 31 December 2011, the Group conducted operations within the following business segments:
- large-volume building,
- road-engineering,
- construction for the energy sector,

In the year ended 31 December 2011, the Group conducted operations within the following geographical segments:
- domestic market,
- abroad (Germany, France, Belgium. Luxembourg).

The segmentation has been made by classification of the individual entities on basis of their statutory activities. The Group applies an uniform accounting policies for all segments.

Business segments

The following tables present data on income and profit as well as selected assets and liabilities of business segments of the Group as at 31 December 2011:

Revenue and costs by business segments

For the period from 1 January to 31 December 2011	Large-volume building	Road-engineering	Construction for power sector	Total
Sale to external clients	1 082 100	121 219	42 259	**1 245 578**
Total income	**1 082 100**	**121 219**	**42 259**	**1 245 578**
Cost of products, goods and materials sold to external clients	1 082 640	109 283	39 886	**1 231 809**
Total cost of products, goods and materials sold	**1 082 640**	**109 283**	**39 886**	**1 231 809**
Total gross sales	**-540**	**11 936**	**2 373**	**13 769**
Sales costs	0	0	0	**0**
General and administrative costs	32 021	1 376	944	**34 341**
Result on other operating activity	-1 219	0	0	**-1 219**
Segment result	**-33 780**	**10 560**	**1 429**	**-21 791**
Result on financing activity	-6 331	0	0	**-6 331**
Income tax	-2 838	0	0	**-2 838**
Net profit	**-37 273**	**10 560**	**1 429**	**-25 284**

Other items by business segments

For the period from 1 January to 31 December 2011	Large-volume building	Road-engineering	Construction for power sector	Total
Segment depreciation and amortisation	2 140	0	0	**2 140**
Interest income	5 928	0	0	**5 928**
Interest costs	3 983	0	0	**3 983**
Impairment of assets	152	0	0	**152**
Reversal of impairment losses on assets	212	0	0	**212**
Capital expenditure for:	2 648	0	0	**2 648**
- Tangible fixed assets	587	0	0	**587**
- Intangible fixed assets	370	0	0	**370**
- Increase due to acquisition	0	0	0	**0**
Other non-cash outlays	1 690	0	0	**1 690**

Assets and liabilities by business segments

As at 31 December 2011	Large-volume building	Road-engineering	Construction for power sector	Total
Segment assets	621 712	22 833	13 709	**658 254**
Investment in associates	0	0	0	**0**
Deferred tax assets	24 490	0	0	**24 490**
Total assets	**646 202**	**22 833**	**13 709**	**682 744**
Segment liabilities	414 600	34 697	4 228	453 525
Total liabilities	**414 600**	**34 697**	**4 228**	**453 525**

Business segments

The following tables present data on income and profit as well as selected assets and liabilities of business segments of the Group as at 31 December 2010:

For the period from 1 January to 31 December 2010	Large-volume building	Road-engineering	Construction for power sector	Total
Sale to external clients	871 641	10 926	23 893	**906 460**
Sale between segments	0	0	0	**0**
Total income	**871 641**	**10 926**	**23 893**	**906 460**
Cost of products, goods and materials sold to external clients	801 420	14 359	23 003	**838 782**
Cost of products, goods and materials sold to other segments	0	0	0	**0**
Total cost of products, goods and materials sold	**801 420**	**14 359**	**23 003**	**838 782**
Total gross sales	**70 221**	**-3 433**	**890**	**67 678**
Sales costs	0	0	0	**0**
General and administrative costs	33 252	0	0	**33 252**
Result on other operating activity	927	0	0	**927**
Segment result	**37 896**	**-3 433**	**890**	**35 353**
Result on financing activity	1 884	0	0	**1 884**
Income tax	7 233	0	0	**7 233**
Net profit	**32 547**	**-3 433**	**890**	**30 004**

For the period from 1 January to 31 December 2010	Large-volume building	Road-engineering	Construction for power sector	Total
Segment depreciation and amortisation	1 932	0	0	**1 932**
Interest income	3 234	0	0	**3 234**

Interest costs	426	0	0	**426**
Impairment of assets	175	0	0	**175**
Reversal of impairment losses on assets	1 367	0	0	**1 367**
Capital expenditure for:	3 341	0	0	**3 341**
- Tangible fixed assets	514	0	0	**514**
- Intangible fixed assets	153	0	0	**153**
- Increase due to acquisition	0	0	0	**0**
Other non-cash outlays	2 673	0	0	**2 673**

Assets and liabilities by business segments

As at 31 December 2010	Large-volume building	Road-engineering	Construction for power sector	Total
Segment assets	550 512	2 156	1 845	**554 513**
Investment in associates	0	0	0	**0**
Deferred tax assets	12 683	0	0	**12 683**
Total assets	**563 195**	**2 156**	**1 845**	**567 196**
Total liabilities	**308 851**	**2 096**	**4 275**	**315 222**

Geographical segments

The following tables present data on income, expenditures and selected assets of geographical segments of the Group as at 31 December 2011:

Income and expenses by geographical segments

Year ended 31 December 2011	Domestic market	Overseas	Total
Sale to external clients	1 241 449	4 129	**1 245 578**
Total income	**1 241 449**	**4 129**	**1 245 578**
Cost of products, goods and materials sold to external clients	1 226 542	5 267	**1 231 809**
Total cost of products, goods and materials sold	**1 226 542**	**5 267**	**1 231 809**
Total gross sales	**14 907**	**-1 138**	**13 769**
Sales costs	0	0	**0**
General and administrative costs	32 096	2 245	**34 341**
Result on other operating activity	-1 303	84	**-1 219**
Segment result	**-18 492**	**-3 299**	**-21 791**
Result on financing activity	-6 076	-255	**- 6 331**
Income tax	-3 088	250	**-2 838**
Net profit	**-21 480**	**-3 804**	**-25 284**

Year ended 31 December 2011	Domestic market	Overseas	Total
Segment depreciation and amortisation	2 140	0	**2 140**
Interest income	4 939	989	**5 928**
Interest costs	3 696	287	**3 983**
Impairment of assets	152	0	**152**
Reversal of impairment losses on assets	212	0	**212**
Capital expenditure for:	**2 648**	**0**	**2 648**
- Tangible fixed assets	588	0	**588**
- Intangible fixed assets	370	0	**370**
- Increase due to acquisition			
Other non-cash outlays	1 690	0	**1 690**

Assets and liabilities by geographical segments

Year ended 31 December 2011	Domestic market	Overseas	Total
Segment assets	638 797	19 457	**658 254**
Deferred tax assets	24 490	0	**24 490**
Total assets	**663 287**	**19 457**	**682 744**
Segment liabilities	450 992	2 533	**435 525**
Total liabilities	**450 992**	**2 533**	**435 525**

The following tables present data on income, expenditures and selected assets of geographical segments of the Group as at 31 December 2010:

Income and expenses by geographical segments

Year ended 31 December 2010	Domestic market	Overseas	Total
Sale to external clients	885 880	20 580	**906 460**
Total income	**885 880**	**20 580**	**906 460**
Cost of products, goods and materials sold to external clients	817 243	21 539	**838 782**
Total cost of products, goods and materials sold	**817 243**	**21 539**	**838 782**
Total gross sales	**68 637**	**-959**	**67 678**
Sales costs	0	0	**0**
General and administrative costs	30 976	2 276	**33 252**
Result on other operating activity	926	0	**926**
Segment result	**38 587**	**-3 235**	**35 352**
Result on financing activity	1 771	114	**1 885**
Income tax	7 233	0	**7 233**
Net profit	**33 125**	**-3 121**	**30 004**

Year ended 31 December 2010	Domestic market	Overseas	Total
Segment depreciation and amortisation	1 931	0	**1 931**
Interest income	2 686	548	**3 234**
Interest costs	425	0	**425**
Impairment of assets	175	0	**175**
Reversal of impairment losses on assets	1 367	0	**1 367**
Capital expenditure for:	**3 341**	**0**	**3 341**
- Tangible fixed assets	514	0	**514**
- Intangible fixed assets	153	0	**153**
- Increase due to acquisition			
Other non-cash outlays	2 674	0	**2 674**

Assets and liabilities by geographical segments

Year ended 31 December 2010	Domestic market	Overseas	Total
Segment assets	538 217	16 296	**554 513**
Deferred tax assets	12 683	0	**12 683**
Total assets	**550 900**	**16 296**	**567 196**
Segment liabilities	310 388	4 834	**315 222**
Total liabilities	**310 388**	**4 834**	**315 222**

Note 54. Differences between financial statements prepared under Polish Accounting Standards and financial statements prepared under IFRS

In the period ended 31 December 2011, financial statements prepared by the the Company under PAS and IFRS did not show any significant differences.

Note 55. Remuneration of an auditor or entity authorized to audit financial statements, paid or payable for the financial year

Under the agreement to audit and review the financial statements respectively dated July 5, 2011 and July 13, 2011, the Company incurred in the current reporting period a cost of PLN 417,000 associated with the review of separate and consolidated financial statements prepared as at 30 June 2011 and with the audit of separate and consolidated financial statements prepared as at 31 December 2011.

Note 56. Significant transactions concluded by the Company with related parties under conditions other than market ones.

Such transactions did not occur.

Note 57. Information on the nature and economic purpose of agreements concluded by the Company, which are not included in the balance sheet as necessary to assess their impact on the assets, financial position and financial result of the Company.

There were no such contracts.

Note 58. Information on significant events from previous years, included in the financial statements for the current period.

There were no such contracts.

Note 59. Information on significant events that occurred after the balance sheet date, not included in the financial statements.

Such events did not occur.

Note 60. Asset-backed securities

Possessory lien on assets of substantial value i.e. on 5,059 shares in the company Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A with its registered seat in Toruń.

1) Inventory value of the above shares in the books of the Issuer:

Name and legal form of the subsidiary	Seat	Core business	Type of the relationship (subsidiary, interdependent, associate, detailing the direct and indirect relationships)	Method of consolidation / equity method or indication that the unit is not subject to consolidation / to valuation by equity method	Value adjustment (total)	Carrying amount of shares /stocks	Equity stake held	Voting power at the GM
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A	Toruń	road engineering	subsidiary	full method	0	49 554	94.27%	94.27%

2) Relationship type between Erbud SA and persons managing or supervising Erbud SA and the pledgee (the Seller):

None

3) Percentage of the pledged shares in the nominal capital of PRD and the value at par of shares and their character as long-term or current capital investment of Erbud:

Pledged shares represent 29% of the nominal capital of PRD S.A. The Issuer considers the investment in PRD shares as a long-term one.

The Agreement on guarantee and credit line with PKO BP SA provides for to secure the limit by capped mortgage to the amount of PLN 65,000 thousand for the property, which are undeveloped parcels No. 275/3, 288/10 and 288/17 entered into the land register managed by business District Court in Torun under No. TO1T00003133/2 and transfer of receivables due to construction work amounting to PLN 157,444 thousand net. The agreement was concluded for the period from 30 June 2009 to 29 June 2012.

Contingent liabilities arising from guarantees given by banks are also secured by transfers of receivables from customers for construction works, in blanco promissory notes and freezing of term deposits

Note 61. Legal 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.

In 2008, the Bank Millennium S.A. advised the Issuer (Erbud S.A.) concluding a transaction on currency options to protect euro-denominated contracts executed by the Issuer against an exchange rate risk. The Bank's offer resulted from the Issuer's need to adequate secure its situation.
The product was presented by the Bank as an instrument optimally adapted to the requirements of Erbud S.A. In the fourth quarter of 2008, as a result of the drastic depreciation of the Polish zloty against euro, the Bank Millennium S.A. reported to the Issuer a negative valuation of its exposure. At the same time, there arose a dispute as to content of the currency options transactions, primarily concerning exclusion of optional structures.
During many talks, the Issuer presented its position to the Bank, which required execution of the transaction, including action for compulsory execution of claims. In order to reduce the amount of potential loss, the disputed transactions were restructured, and the Bank has been informed about future legal action to compensate damage resulting from the transactions of currency options.
The restructuring details were announced by the Issuer in the Current Report No. 43/2008 of 21.11.2008, and in the financial statements for the year 2008. The Issuer has never agreed with the position of the Bank Millennium S.A. and therefore call the Bank twice to pay the amount of PLN 71,065,496, which consists of amounts collected by the Bank from the Issuer's bank account, lost benefits and legal and financial advisors' fees. Accordingly, the Issuer has decided to enter a lawsuit for payment in order to compensate the damage suffered.

Note 62. Information on expenditure on non-financial assets incurred in the last year and planned for the next one, including the incurred and planned environmental protection expenditure.

Expenditures on non-financial assets during the reporting period amounted to PLN 958,000. Planned capital outlays for non-financial assets in 2012 are PLN 1,000,000.
As at 31 December 2011 and in the previous financial year the Company did not incur any environmental protection expenditure.

Note 63. Extraordinary earnings or loss (random and others)

Such events did not occur.

Note 64. Income tax on result of exceptional operations

There were no exceptional operations.

Note 65. Seasonality

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

Signature of person preparing the Financial Statement

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

Warsaw, 25 April 2012