Dear Shareholders

Together with the publication of the annual report for 2011 we would like to share our assessment of the Erbud Group's achievements during last year and to draw your attention to the growth prospects for the coming year.

The management's priority in 2011 was to strengthen the Group's position in its core construction activities. Despite the increased competition on the market, the Group achieved a 25% increase in sales in the area of large-scale building projects. Further growth in road building resulted in a 180% increase in sales in that sector. The development sector showed an almost 30% growth in sales in 2011. The Erbud Group's consolidated revenues at the end of 2011 came through at some up PLN 1.5 bn – an increase of 38% year on year.

Despite record revenues during the year, the Group did not achieve the expected profits. In the first half of 2011, Erbud incurred losses on the expansion of the Silesia retail centre, which had an adverse effect on the Group's consolidated results for the full year. The loss on the contract was the result of mistakes in the evaluation of the project. Despite an improvement in the second half of the year, the Group ended 2011 with an operating loss of PLN 12.3 m and a net loss of PLN 19.7 m. The steel construction sector also had an adverse affect on Group results, by reducing its profits by PLN 4.0 m. The loss was the result of the closure of the steel construction subsidiary.

Positive contributions to the consolidated profits came from development – with its PLN 4.2 m operating profit – and road building, with an operating profit of PLN 11.5 m. In addition, large-scale building projects abroad and the energy sector added over PLN 2.3 m to the Group's consolidated profits.

In Q3 of 2011 Erbud issued bonds worth PLN 50 m. The funds obtained in this way were allocated to working capital for the completion of new projects. At the end of 2011 the Group held PLN 162 m in cash. A stable cash flow and access to debt finance guarantees the safe completion of the current construction contracts and illustrates the company's financial and construction capacity during the current year.

The Group entered 2012 with an order book worth over PLN 1 bn. Given the changes in the law concerning real estate development, the industry is expecting increased payment bottlenecks. The Group's Board, being aware of potential dangers, will concentrate on the careful selection of subcontractors and clients for the projects in which it becomes involved. The search for new projects will be dependent on the achieving predefined parameters concerning the Group's operating efficiency. The Board's priority in 2012 will be to rebuild the Group's profits while maintaining revenues at above PLN 1 bn. The Group envisages that the potential for projects will lie primarily in the areas of large-scale buildings and in civil engineering. The Board will also concentrate on further improving the Group's operating efficiency. This year the internal audit systems will be modified to take into account the needs of the expanded Group. In the longer term, the improvement of the business processes should increase the Group's efficiency and limit its financial risk.

Last year was particularly challenging for our staff. We would like to sincerely thank them all for their contribution and involvement in the growth of the Group. We would also like to thank the members of the Supervisory Board for their support of the management in the strategic decisions which it had to take. We would like to pass special thanks to our Clients, Subcontractors, Partners, Financial Institutions and Advisors who have helped us to build our business. We hope that we will be able to expand our work with you.

We are faced with another difficult year in the construction sector. The management believes that the severe competition in public tenders will continue and that the level of risk involved in the construction of projects in various areas of the market will remain high. We are convinced that the

experience of previous years will enable the management to make the right decisions which will stimulate the further growth of the company, based on its strong foundations.

The Management Board