Translation from Polish

ERBUD S.A.

Condensed Financial Statements for 1Q 2012

Financial Statements for the period of 3 months ended 31 March 2012

Balance Sheet

ASSETS

		31.03.2012	31.12.2011	31.03.2011
A.	**Fixed assets**	**205 012**	**206 539**	**176 897**
I.	**Intangible fixed assets**	**397**	**388**	**319**
1.	Development costs	0	0	0
2.	Goodwill	0	0	0
3.	Other intangibles	50	71	319
4.	Advances for intangibles	347	317	0
II.	**Tangible fixed assets**	**8 544**	**8 596**	**8 637**
1.	Fixed assets	8 544	8 596	8 637
a)	Land (incl. perpetual usufruct)	0	0	0
b)	Buildings, premises and civil and water engineering structures	3 507	3 532	3 606
c)	Plant and equipment	116	125	259
d)	Means of transport	4 512	4 524	4 326
e)	Other tangible fixed assets	409	415	446
2.	Fixed assets under construction	0	0	0
3.	Prepaid tangible fixed assets under construction	0	0	0
III.	**Short-term receivables**	**0**	**0**	**0**
1.	From associates	0	0	0
2.	From other entities	0	0	0
IV.	**Long-term investments**	**173 065**	**173 065**	**151 436**
1.	Real property	515	515	515
2.	Intangibles	0	0	0
3.	Non-current financial assets	172 550	172 550	150 921
a)	In associates:	171 827	171 827	150 207
	- shares or stocks	132 965	132 965	130 914
	- other securities	0	0	0
	- loans granted	38 862	38 862	19 293
	- other non-current financial assets	0	0	0
b)	In other entities:	723	723	714
	- shares or stocks	5	5	5
	- other securities	0	0	0
	- loans granted	0	0	0
	- other non-current financial assets	718	718	709
4.	Other long-term investments	0	0	0
V.	**Long-term prepayments**	**23 006**	**24 490**	**16 505**
1.	Deferred tax assets	23 006	24 490	16 505
2.	Other prepayments	0	0	0

		31.03.2012	31.12.2011	31.03.2011
B.	**Current assets**	**419 643**	**476 205**	**405 435**
I.	**Inventory**	**7 338**	**1 127**	**0**
1.	Materials	0	1 127	0
2.	Semi-products and unfinished products	0	0	0
3.	Finished products	0	0	0
4.	Goods	7 338	0	0
5.	Advances for deliveries	0	0	0
II.	**Short-term accounts receivable**	**271 542**	**253 401**	**286 845**
1.	From associates	16 026	8 741	12 269
a)	Deliveries and services, payable:	16 023	8 741	9 486
	- up to 12 months	16 023	8 741	9 486
	- over 12 months	0	0	0
b)	Other	3	0	2 783
2.	Receivables from other entities	255 516	244 660	274 576
a)	Deliveries and services, payable:	244 670	230 724	244 710
	- up to 12 months	243 360	229 146	242 013
	- over 12 months	1 310	1 578	2 697
b)	Tax, subsidies, duty, social security, health care and other benefits	10 453	11 105	7 256
c)	Other	393	2 831	22 610
d)	Receivables claimed at court	0	0	0
III.	**Short-term financial assets**	**42 427**	**121 707**	**49 588**
1.	Current securities and other financial assets	42 427	121 707	49 588
a)	In associates, incl.:	1 436	1 436	21 973
	- shares or stocks	0	0	0
	- other securities	0	0	0
	- loans granted	1 436	1 436	21 973
	- other current investments	0	0	0
b)	In other entities, incl.:	0	0	0
	- shares or stocks	0	0	0
	- other securities	0	0	0
	- loans granted	0	0	0
	- other current financial assets	0	0	0
c)	Cash and cash equivalents	40 991	120 271	27 615
	- cash at bank and in hand	26 126	108 027	15 193
	- other cash	14 865	12 244	12 422
	- other financial assets	0	0	0
2.	Other current financial investments	0	0	0
IV.	**Short-term prepayments**	**98 336**	**99 970**	**69 002**
	TOTAL ASSETS	**624 655**	**682 744**	**582 332**

LIABILITIES

		31.03.2012	31.12.2011	31.03.2011
A.	**Equity**	**231 392**	**229 219**	**240 333**
I.	**Share capital**	1 264	1 264	1 260
II.	**Called-up share capital not paid (negative value)**	0	0	0
III.	**Treasury shares (negative value)**	0	0	0
IV.	**Capital reserves**	253 239	253 239	220 709
V.	**Revaluation capital reserve**	0	0	0
VI.	**Other capital reserves (funds)**	0	0	0
VII.	**Retained profit / accumulated loss brought forward**	-25 284	0	30 004
VIII.	**Net profit (loss)**	2 173	-25 284	-11 641
IX.	**Write-offs from net profit for the financial year (negative value)**	0	0	0
B.	**Liabilities and provisions for liabilities**	**393 263**	**453 525**	**341 999**
I.	**Provisions for liabilities**	**30 259**	**30 277**	**20 165**
1.	Deferred income tax provision	19 206	19 928	13 110
2.	Provision for retirement and related benefits	2 985	2 985	2 570
	- non-current	420	420	640
	- current	2 565	2 565	1 930
3.	Other provisions	8 068	7 364	4 484
	- non-current	0	0	0
	- current	8 068	7 364	4 484
II.	**Long-term liabilities**	**56 600**	**56 537**	**10 892**
1.	To associates	0	0	0
2.	To other entities	56 600	56 537	10 892
a)	Loans and borrowings	0	0	0
b)	Issuance of debt securities	50 000	50 000	0
c)	Other financial liabilities	1 261	1 261	1 691
d)	Other	5 339	5 276	9 201
III.	**Short-term liabilities**	**262 689**	**324 560**	**277 369**
1.	To associates	33 403	41 729	23 875
a)	Deliveries and services, with maturity:	33 403	41 729	23 875
	- up to 12 months	33 403	41 729	23 540
	- over 12 months	0	0	335
b)	Other	0	0	0
2.	To other entities	229 286	282 831	253 493
a)	Loans and borrowings	8 414	28 663	21 485
b)	Issuance of debt securities	0	0	0
c)	Other financial liabilities	2 720	3 609	1 459
d)	Deliveries and services, with maturity :	197 141	243 808	205 126
	- up to 12 months	189 453	236 321	198 441
	- over 12 months	7 688	7 487	6 685
e)	Advances for deliveries	14 565	16	18 345
f)	Bills	0	0	0
g)	Taxes, customs, social insurance and other benefits	1 983	1 931	2 039
h)	Payroll	944	1 306	1 380
i)	Other	3 519	3 498	3 659
3.	Special funds	0	0	0
IV.	**Accruals**	**43 714**	**42 151**	**33 574**
1.	Other accruals	43 714	42 151	33 574
	TOTAL LIABILITIES	**624 655**	**682 744**	**582 332**

Calculation of book value per share

	31.03.2012	31.12.2011	31.03.2011
Book value (in PLN '000)	231 392	229 219	240 333
Number of shares (in units)	12 644 169	12 644 169	12 602 711
Book value per share (in PLN)	18.30	18.13	19.07

PROFIT AND LOSS STATEMENT

	Quarter to 31.03.2012	Year to 31.12.2011	Quarter to 31.03.2011	Year to 31.12.2010
Income from sales of products, goods and materials, incl.:	**193 207**	**1 245 578**	**233 400**	**906 460**
- from associates	4 375	3 080	301	10 156
Net revenues on sales of products	189 529	1 245 574	233 396	906 094
Net revenues on sales of goods and materials	3 678	4	4	366
Cost of sold products, goods and materials, incl.:	**179 939**	**1 231 809**	**238 348**	**838 782**
- to associates	21 015	113 987	15 278	78 851
Cost of manufacturing products sold	176 270	1 231 809	238 348	838 782
Value of manufacturing goods and materials sold	3 669	0	0	0
Profit (loss) before taxes on sales	**13 268**	**13 769**	**-4 948**	**67 678**
Selling costs	0	0	0	0
General and administrative expenses	7 907	34 341	8 013	33 252
Profit (loss) on sales	**5 361**	**-20 572**	**-12 961**	**34 426**
Other operating income	**767**	**162**	**80**	**3 846**
Gain on disposal of non-financial fixed assets	11	0	11	3
Subsidies	0	0	0	0
Other operating income	756	162	69	3 843
Other operating expenses	**882**	**1 381**	**35**	**2 920**
Loss on disposal of non-financial fixed assets	0	41	0	0
Revaluation of non-financial assets	0	0	0	0
Other operating expenses	882	1 340	35	2 920
Profit (loss) on operating activity	**5 246**	**-21 791**	**-12 915**	**35 352**
Financial income	**375**	**7 380**	**399**	**5 630**
Dividends and other share in profit	0	950	0	2 000
- from associates	0	950	0	2 000
Interests	290	5 929	247	3 234
- from associates	0	3 302	0	1 414
Gain on disposal of investments	0	0	0	263
Investment revaluation	0	0	0	0
Other	85	501	152	133
Financial expenses	**2 684**	**13 711**	**1 044**	**3 745**
Interests	1 671	3 983	241	426
- to associates	0	0	0	10
Loss on disposal of investments	0	0	0	0
Investment revaluation	0	6 092	0	19
Other	1 013	3 636	803	3 300
Profit (loss) on economic activity	**2 936**	**-28 122**	**-13 561**	**37 237**
Result on extraordinary items	**0**	**0**	**0**	**0**
Extraordinary gains	0	0	0	0
Extraordinary losses	0	0	0	0
Profit (loss) before taxes	**2 936**	**-28 122**	**-13 561**	**37 237**
Income tax	763	-2 838	-1 920	7 233
Other mandatory decrease of profit (increase of loss)	0	0	0	0
Net profit (loss)	**2 173**	**-25 284**	**-11 641**	**30 004**
Weighted average number of ordinary shares/	**12 644 169 /**	**12 614 864 /**	**12 602 711 /**	**12 579 532 /**
Weighted average diluted number of shares (in pcs)	**12 648 833**	**12 621 415**	**12 679 988**	**12 657 881**
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)	**0.17 / 0.17**	**-2.004 / -2.003**	**-0.92 / -0.92**	**2.39 / 2.37**

CASH FLOW STATEMENT

	Quarter to 31.03.2012	Year to 31.12.2011	Quarter to 31.03.2011	Year to 31.12.2010
Net profit (loss)	**2 173**	**-25 284**	**-11 641**	**30 004**
Total adjustments	**-59 138**	**-36 633**	**-96 733**	**-4 994**
Amortisation and depreciation	168	2 141	171	1 932
FX profit (loss)	185	343	-6	222
Interest and profit sharing (dividends)	1 897	410	0	-4 535
(Profit (loss) on investment activities	46	5 383	0	514
Change in provisions	-688	11 907	1 795	7 716
Change in inventories	-6 211	62	1 189	-886
Change in receivables	-18 142	-59 715	-92 422	5 153
Change in short-term liabilities, excluding credits and loans	-40 733	36 572	-3 583	34 301
Change in prepayments and accruals	4 684	-34 255	-3 878	-47 490
Other adjustments	-343	519	0	79
Net cash flows from operating activities	**-56 965**	**-61 917**	**-108 374**	**25 010**
Cash flows from investment activities				
Inflows	**476**	**2 210**	**259**	**8 204**
Disposal of intangible and tangible fixed assets	186	203	24	44
Disposal of investments in real property and intangible assets	0	0	0	0
From financial assets, incl.:	290	2 007	235	8 160
a) In associates	0	1 247	0	6 457
- Disposal of financial assets	0	0	0	300
- Dividends and profit sharing	0	700	0	2 000
- Repayment of granted long-term loans	0	547	0	4 157
- Other inflows from financial assets	0	0	0	0
b) In other entities	290	760	235	1 703
- Disposal of financial assets	0	0	0	0
- Dividends and profit sharing	0	0	0	0
- Repayment of granted long-term loans	0	0	0	0
- Interest	290	760	235	1 703
- Other inflows from financial assets	0	0	0	0
Other inflows from investment activities	0	0	0	0
Outflows	**355**	**16 644**	**6 800**	**50 613**
Purchase of intangible assets and tangible fixed assets	355	947	527	668
Investments in real property and intangible assets		0	0	0
Due to financial assets, incl.:	0	15 697	6 272	34 869
a) In associates	0	15 697	6 272	34 869
- Purchase of financial assets	0	4 884	0	7 625
- Loans granted	0	10 813	6 272	27 244
b) In other entities	0	0	0	0
- Purchase of financial assets	0	0	0	0
- Loans granted	0	0	0	0
Other outflows from investment activities	0	0	0	15 076
- due to currency options	0	0	0	15 076
Net cash flows from investment activities	**121**	**-14 434**	**-6 541**	**-42 409**

	Quarter to 31.03.2012	Year to 31.12.2011	Quarter to 31.03.2011	Year to 31.12.2010
Cash flow from financing activities				
Inflows	**0**	**79 119**	**21 485**	**3 098**
Net proceeds from issue of shares and other equity instruments, and additional contributions to equity	0	456	0	348
Loans and borrowings	0	28 663	21 485	272
Issuance of debt securities	0	50 000	0	0
Other financing inflow	0	0	0	2 478
Outflows	**22 436**	**3 688**	**146**	**8 055**
Acquisition of treasury shares	0	0	0	0
Dividends and other distributions to shareholders	0	0	0	6 266
Expenses due to profit sharing other than payments to shareholders	0	0	0	0
Repayment of loans and borrowings	20 249	0	0	0
Redemption of debt securities	0	0	0	0
Other financial liabilities	0	0	0	0
Finance lease liabilities	0	1 859	0	1 475
Interest	2 187	1 829	146	314
Other financing outflows	0	0	0	0
Net cash flow from financing activities	**-22 436**	**75 431**	**21 339**	**-4 957**
Total net cash flow	**-79 280**	**-920**	**-93 576**	**-22 356**
Balance-sheet change in cash, incl.:	**-79 280**	**-920**	**-93 576**	**-22 356**
- Change in cash due to exchange rate differences				
Cash at the beginning of the period	**120 271**	**121 191**	**121 191**	**143 547**
Cash at the end of the period, incl.:	**40 991**	**120 271**	**27 615**	**121 191**
- Restricted cash	14 865	12 244	12 422	16 625

RECONCILIATION OF MOVEMENTS IN EQUITY

	Quarter to 31.03.2012	Year to 31.12.2011	Year to 31.12.2010	Quarter to 31.03.2011
I. Equity opening balance	**229 219**	**251 973**	**225 494**	**251 973**
– Changes to accepted accounting principles (policy)	0	0	0	0
– Adjustments of basic errors	0	0	0	0
I.a. Equity opening balance after adjustment	**229 219**	**251 973**	**225 494**	**251 973**
1. Share capital at the beginning of the period	**1 264**	**1 260**	**1 257**	**1 260**
1.1. Changes to share capital	**0**	**4**	**3**	**0**
a) Increases from	0	4	3	0
– issue of shares of Series E	0	0	3	0
– issue of shares of Series F	0	4	0	0
b) Decreases from	0	0	0	0
– redemption of shares	0	0	0	0
1.2. Share capital at the end of the period	**1 264**	**1 264**	**1 260**	**1 260**
2. Called-up share capital at the beginning of the period	**0**	**0**	**0**	**0**
2.1. Changes in due payments for share capital	0	**0**	**0**	0
a) Increases	0	0	0	0
b) Decreases	0	0	0	0
2.2. Called-up share capital at the end of the period	**0**	0	0	**0**
3. Own shares at the beginning of the period	**0**	**0**	**1 994**	**0**
a) Increases	0	0	0	0
b) Decreases	0	0	1 994	0
3.1. Own shares at the end of the period	**0**	**0**	**0**	**0**
4. Capital reserves at the beginning of the period	**253 239**	**220 709**	**185 169**	**220 709**
4.1. Changes in capital reserves	0	32 530	35 540	0
a) Increases from	0	32 530	35 540	0
– transfer of the capital reserves	0	0	2 000	0
– profit distribution	0	30 004	32 704	0
– redemption of own shares	0	0	485	0
– issue of Series E shares above face value	0	0	345	0
– payment for Series C shares	0	0	6	0
– issue of Series F shares above face value	0	452	0	0
– manager options	0	2 074	0	0
b) Decreases from	0	0	0	0
– distribution to shareholders	0	0	0	0
– presentation adjustment	0	0	0	0
– redemption of shares	0	0	0	0
4.2. Capital reserves at the end of the period	**253 239**	**253 239**	**220 709**	**220 709**
5. Revaluation reserve at the beginning of the period	**0**	**0**	**92**	**0**
5.1.Changes in revaluation reserve	0	0	92	0
a) Increases from	0	0	0	0
– revaluation of financial assets	0	0	0	0
– conversion of the balance of German Branch from EUR to PLN	0	0	0	0
b) Decreases from	0	0	92	0
– conversion of the balance of German Branch from EUR to PLN	0	0	92	0
5.2. Revaluation reserve at the end of the period	**0**	**0**	**0**	**0**
6. Other capital reserves at the beginning of the period	**0**	**0**	**2 000**	**0**
6.1. Changes in other capital reserves	0	0	2 000	0
a) Increases from	0	0	0	0
- reserves for Staff Incentive Scheme	0	0	0	0
b) Decreases - transfer to the capital reserves	0	0	2 000	0
6.2. Other capital reserves at the end of the period	**0**	**0**	**0**	**0**
7. Retained profit (loss) at the beginning of the period	**0**	**30 004**	**-525**	0
7.1. Retained profit at the beginning of the period	0	30 004	0	0
– adjustments of basic errors	0	0	0	0
7.2 Retained profit at the beginning of the period after adjustment	0	30 004	0	0
a) Increase due to profit	0	0	39 495	30 004
– undistributed profit carried forward	0	0	39 495	30 004
– FX differences from conversion of German Branch	0	0	0	0
b) Decreases from	0	30 004	39 495	0
– profit distribution allocated to capital reserves	0	30 004	32 704	0
– profit distribution allocated to dividends	0	0	6 266	0
– profit distribution allocated to cover losses from previous FY	0	0	525	0
7.3. Retained profit at the end of the period	**0**	**0**	**0**	**30 004**
7.4. Retained loss at the beginning of the period	**0**	**0**	**525**	**0**
– adjustments of basic errors	0	0	0	0
7.5. Retained loss at the beginning of the period after adjustment	0	0	525	0

a) Increases	-25 284	0	0	0
b) Decreases (distribution of profit to cover losses)	0	0	525	0
7.6. Retained loss at the end of the period	**-25 284**	**0**	**0**	**0**
7.7 Retained profit (loss) at the end of the period	**-25 284**	**0**	**0**	**0**
8. Net result	**2 173**	**-25 284**	**30 004**	**-11 641**
a) Net profit	2 173	0	30 004	0
b) Net loss	0	25 284	0	11 641
c) Write-downs from profit	0	0	0	0
II. Equity closing balance	**231 392**	**229 219**	**251 973**	**240 333**
III. Equity after proposed distribution of profits (loss coverage)	**231 392**	**229 219**	**251 973**	**240 333**

1. Policies adopted to prepare the report

1.1. Accounting principles applied

The Financial Statement of ERBUD SA for the first quarter of 2012 and comparable data has been drawn up in accordance with accounting principles prevailing in Poland, described in the introduction to the Company's Financial Report.

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

Selected financial data were converted to the euro as follows:

- Assets and liabilities items - at the average exchange rate as at 31 March 2012, i.e. 4.1616 PLN/EUR;
- Items of the profit and loss statement and cash flow for 1Q 2012 - at the rate calculated as an arithmetic mean of the average exchange rates published by Polish National Bank on the last day of each month during the period from 1 January to 31 March 2012, i.e. 4.1750 PLN/EUR;
- Assets and liabilities items of comparable financial data for 1Q 2011 - at the average exchange rate as at 31 March 2011, i.e. 4.0119 PLN/EUR;
- Items of the profit and loss statement and cash flow of comparable financial data for 1Q 2011 - at the rate calculated as an arithmetic mean of the average exchange rates published by Polish National Bank on the last day of each month during the period from 1 January to 31 March 2011, i.e. 3.9742 PLN/EUR.

KEY ITEMS CONVERTED TO THE EURO

	31 March 2012		31 March 2011	
	PLN	EUR	PLN	EUR
Fixed assets	205 012	49 263	176 897	44 093
Current assets	419 643	100 837	405 435	101 058
Shareholders' equity	231 392	55 602	240 333	59 905
Liabilities and provisions for liabilities	393 263	94 498	341 999	85 246

	3-month period ended 31.03.2012		3-month period ended 31.03.2011	
	PLN	EUR	PLN	EUR
Revenues from sales of products and services and of goods and materials	193 207	46 277	233 400	58 729
Cost of sold products and services and of goods and materials	179 939	43 099	238 348	59 974
Profit on sales before taxes	13 268	3 178	-4 948	-1 245
Profit on operating activities	5 246	1 257	-12 915	-3 249
Profit (loss) before taxes	2 936	703	-13 561	-3 412
Net profit (loss)	2 173	520	-11 641	-2 929

	3-month period ended 31.03.2012		3-month period ended 31.03.2011	
	PLN	**EUR**	**PLN**	**EUR**
Cash flow from operating activities	-56 965	-13 644	-108 374	-27 269
Cash flow from investing activities	121	29	-6 541	-1 646
Cash flow from financing activities	-22 436	-5 374	21 339	5 369
Net cash flow	-79 280	-18 989	-93 576	-23 546
Cash at the beginning of the period	120 271	27 230	121 191	30 601
Cash at the end of the period	40 991	9 850	27 615	6 883

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

Construction Contracts

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

Prepayments for construction contracts

	31.03.2012	**31.12.2011**	**31.03.2011**
Revenue surplus over partial invoices, by staging	64 842	63 470	53 020
Costs surplus over expenses arising from the accounting costs, by staging	29 529	29 523	32 678
Surplus on partial invoices over incomes, by staging	14 185	12 628	896
Surplus on costs resulting from the accounting costs over expenses, by staging	32 175	36 079	15 982
Total amounts presented in deferred expenditures	97 017	99 549	69 002
Total amounts presented in deferred revenues	43 714	42 151	33 574

Provisions and assets due to deferred income tax

Assets due to deferred income tax	**31.03.2012**	**31.12.2011**	**31.03.2011**
- valuation of long-term contracts	8 306	8 009	6 379
- tax loss	10 791	10 359	981
- deferred costs	840	2 841	4 625
- provision for loss on contracts	0	31	0
- other	3 069	3 250	4 520
Total assets due to deferred income tax	**23 006**	**24 490**	**16 505**

Provisions	**31.03.2012**	**31.12.2011**	**31.03.2011**
- valuation of long-term contracts	19 206	18 573	13 110
- other	0	1 355	0
Total provisions due to deferred income tax	**19 206**	**19 928**	**13 110**

Impairment allowances for receivables

Change in write-downs on short-term receivables

	31.03.2012	31.12.2011	31.03.2010
At the beginning of the period	2 848	2 908	2 908
a) Increase (due to)	0	153	0
- creation of write-offs	0	153	0
b) Decrease (due to)	0	213	0
- impairment loss	0	213	0
- use of write-offs	0	0	0
Write-downs on short-term debts at the end of the period	**2 848**	**2 848**	**2 908**

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

Significant amount of impairment losses recognized and reversed

Impairment of long-term financial assets	**31.03.2012**	**31.12.2011**	**31.12.2010**
Opening balance sheet	**2 960**	**110**	**110**
Increase / Decrease	0	2 850	0
Closing balance sheet	**2 960**	**2 960**	**110**

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

Signature of person preparing Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

Warsaw, 15 May 2012