Translation from Polish

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

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

Letterfoot including the TPA Horwath company data

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CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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REPORT ON OPERATIONS OF THE CAPITAL GROUP

OPINION OF THE INDEPENDENT STATUTORY AUDITOR

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

We have audited the attached consolidated financial statements of the Erbud S.A. Capital Group (the "Group"), in which ERBUD S.A. whose dominant entity is ERBUD S.A with its registered office at ul. Puławska 300A, in Warsaw, which statements comprise:

- Consolidated statement of financial position as at 31 December 2011 showing a total of the assets and liabilities amounted to PLN 774,762,000;
- Consolidated statement of comprehensive income for the period from 1 January 2011 to 31 December 2011 showing a fall in revenues of PLN 18,574,000;
- statement of changes in consolidated equity for the period from 1 January 2011 to 31 December 2011 showing an decrease in equity of PLN 18,133,000;
- consolidated cash flow statement for the period from 1 January 2011 to 31 December 2011, showing a net increase in cash amounted of PLN 14,062,000;
- together with notes and additional explanations which show information on the accounting policy applied.

The Management Board of the Parent is responsible for the fairness, accuracy and clarity of the said consolidated financial statements and the correctness of the consolidation records.

The Management Board of the Company and members of the Supervisory Board are required to ensure that the consolidated financial statements and the Report of the Group's operations comply with the requirements set forth by the Act of 29 September 1994 (Journal of Laws of 2009, No. 152, item. 1223 as amended), hereinafter referred to as the " Accounting Law. "

Our task was to audit and express an opinion on compliance of the consolidated financial statements with the accounting policy applied by the Capital Group and whether they present - in all material respects - fair, true and clear view of financial standing and assets as well as financial result of the Capital Group.

The audit of the consolidated financial statements was scheduled and conducted pursuant to the provisions of:

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

The audit of the consolidated financial statements was scheduled and conducted so as to give reasonable assurance to express an opinion on the statements. In particular, the audit covered verifying the correctness of accounting principles applied by the Parent and its subsidisers and examining - mainly on a test basis - accounting records confirming the amounts and disclosures included in the consolidated financial statements as well as the comprehensive assessment of the consolidated financial statements. We believe that the audit evidence we have obtained provided a reasonable basis to express our opinion.

In our opinion, the audited consolidated financial statements, in all material respects,

- present fair, true and clear view of all information material for the assessment of the financial standing and assets of the Capital Group as at 31 December 2011, as well as for the results of its operations for the fiscal period from 1 January 2011 to 31 December 2011;
- have been drawn up in line with International Accounting Standards, International Financial Reporting Standards and related interpretations published as regulations by the European Commission ("IAS"), and to the extend not covered by IAS – pursuant to the requirements of the Accounting Act and and its implementing provisions;
- comply with all applicable to the Capital Group legal regulations affecting the content of the consolidated financial statements.

The Report on operations of the Capital Group for the fiscal year 2010 is complete within the meaning of Article 49 clause 2 of the Accountancy Act and the Decree of the Minister of Finance dated 19 February 2009 regarding current and periodic information submitted by the issuers of securities and the conditions for recognition as equivalent information required under the law of a non-member state, and disclosures contained therein, derived from the audited financial statements, are consistent therewith.

For and on behalf of

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

Krzysztof Dziekoński

illegible signature (on the Polish original)

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

Warsaw, April 25, 2012

REPORT SUPPLEMENTING THE OPINION ON THE AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS OF THE ERBUD S.A. CAPITAL GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

I. GENERAL INFORMATION

1. Identification of the audited Capital Group

Erbud S.A. is the Parent Company (the "Company" or the "Parent") of the Capital Group (the "Group" or the "Capital Group").

Erbud S.A. operates as a joint stock company company that has been established on 15 November 2006 as a result of legal form conversion of Erbud Spółka z ograniczoną odpowiedzialnością [Erbud Limited Liability Company]. The headquarters of the Company is in Warsaw at 300 A Puławska Street.

On 29 November 2006, the Parent has been registered by the District Court for the Capital City of Warsaw in Warsaw, XIII Economic Department of the National Court Register under the registration number KRS 0000268667.

The Parent has a tax identification number - NIP 879-017-22-53 and an identification number granted by the Central Statistical Office - REGON 005728373.

The Parent operates on the basis of the Commercial Companies Code and the Statute established by a deed of incorporation of 15 November 2006, Index A No. 13165/2006, drawn up by the Notary Dorota Kałowska with later amendments. The consolidated text of the Statute was adopted by the Management Board on 16 August 2011.

The business activities listed in the Company's Statute include, i.a. the following works:

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

The scope of activities of subsidiaries, associates and joint-ventures is associated with the Parent's operations.

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

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

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

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

Significant changes in the ownership structure of the Parent's share capital during the period audited are described in Note 17.1 of additional information and explanations to the consolidated financial statements.

A 12-month period ending 31 December is the financial year of the Capital Group.

As at 31 December 2011, the Erbud S.A. Capital Group consisted of the following subsidiaries:

Subsiadry name	Percentage of equity	Consolidation method
Erbud International Sp. z o.o.	100%	full consolidation
ER Services Sp. z o.o.	100%	not consolidated
GWI GmbH	85%	full consolidation
Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A.	94.27%	full consolidation
Grupa Budlex	89.96%	full consolidation
Ersteel Sp. z o.o.	100%	full consolidation
Erbud Rzeszów Sp. z o.o.	79%	not consolidated
Delta Sp. z o.o.	100%	not consolidated
Erbud Construction Sp. z o.o.	100%	not consolidated
Erbud Energetyka Sp. z o.o.	86.36%	full consolidation
Toruńska Sportowa S.A. under liquidation	39%	not consolidated
Erbud Ireland Ltd.	100%	not consolidated

Some companies have been excluded from consolidation due to the immateriality of their financial data.

In 2011, the composition of entities consolidated within the Capital Group has not changed. On 22 November 2011, an increase in the share capital of Ersteel Sp. z o.o. has been registered. The share capital was increased by PLN 4.9m and completely covered by an existing shareholder - Erbud SA

The Executive Board is a body authorized to represent the Parent. As at 31 December 2011 and at the date of issuing the opinion on the audit, the Executive Board consisted of:

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

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

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

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

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

In 2010, the Capital Group showed a net profit in the consolidated financial statements amounting to PLN 12,150,000 and a comprehensive income of PLN 11,571,000. The consolidated financial statements of the Capital Group for the year ended 31 December 2010 have been audited by TPA Horwath Horodko Audit Sp. z o.o., with its registered office in Poznań at 16-18 Murawa St., entered on the list of entities licensed to audit the financial statements under No. 3082. On 28 April 2011, the auditor issued an unqualified opinion on those consolidated financial statements.

The consolidated financial statements for the year ended 31 December 2010 were approved by the Annual General Meeting of the Company by Resolution No. 4/2010 of 21 June 2011.

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

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

The audit of the consolidated financial statements has been conducted under the agreement of 13 July 2011, signed by and between Erbud S.A. and TPA Horwath Audit Horodko Sp. z o.o. based in Poznań, 16-18 Murawa St., entered on the list of entities licensed to audit the financial statements under No. 3082. The consolidated financial statements have been audited on behalf of the entity authorised under the supervision of the auditor Krzysztof Dziekoński (Reg. No. 10089) during the period from 19 March to 25 April 2012, of which on-site bookkeeping of the Parent over the period from 19 March to 30 March 2012.

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

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

4. Disclosures availability and the Parent's Management statement

The scope of the audit has not been limited in any way. During the audit, the company provided to the entitled entity and the auditor all required documents, data, information and explanations what i.a. has been confirmed by written statement issued by the Management Board of the Parent on 25 April 2012.

5. Audit of the financial statements of companies consolidated

Separate financial reports of companies from the ERBUD S.A. Capital Group, drawn up as of 31 December 2011 under the Accounting Act, were the basis for preparing the consolidated financial statements for the period from 1 January 2011 to 31 December 2011 pursuant to International Accounting Standards and International Financial Reporting Standards. These reports have been converted to bring them into line with the principles of IAS.

Financial statements of the Parent for the year ended 31 December 2011 were audited by TPA Horwath Horodko Audit Sp. z o.o., the entity licensed to audit financial statements with reg. No.3082, and received an unqualified opinion.

Financial figures of the consolidated companies were audited or reviewed for the purpose of consolidation by TPA Horwath Audit Horodko Sp. z o.o..

Financial statements of Budlex S.A., Erbud International Sp. z o.o., Ersteel Sp. z o.o. and Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. were audited by TPA Horwath Horodko Audit Sp. z o.o. and received an unqualified opinion. The consolidated financial statements of Budlex Sp, z o. o. were audited by TPA Horwath Audit Horodko Sp. z o.o. and received an unqualified opinion with a comment.

Other companies from the Group are not subject to the audit and publication of financial statements.

6. Financial standing and assets of the Capital Group

Below are presented the basic figures from the consolidated statement of comprehensive income and financial ratios describing the Group's financial result, financial position and assets as compared to the corresponding values for the previous year.

Basic figures from the consolidated statement of comprehensive income (in PLN thousands)	**2011**	**2010**
Revenues from sales of products, goods and materials	1,527,832	1,103,907
Costs of products, goods and materials sold, costs of sales and general and administrative costs	1,540,972	1,081,853
Other operating income	5,244	5,769

Other operating expenses	4,365	6,951
Financial income	7,694	4,347
Financial expenses	16,436	8,181
Income tax	-1,288	6,838
Net profit (loss)	-19,715	12,150
Total income	-18,574	11,571

Profitability	**2011**	**2010**
Return on assets (net result/average assets)	-2.82%	1.97%
Return on equity (net result/average equity)	-8.23%	4.99%
Gross margin on sales	0.24%	6.87%
Net margin	-1.29%	1.10%

Financial liquidity and efficiency	**2011**	**2010**
Liquidity index I	1.49	1.59
Quick liquidity index II	1.24	1.29
Debtors days	58	70
Creditors days	67	84
Sales of inventory days	24	33

Structure ratios	**2011**	**2010**
Equity-to-assets ratio	16.35%	18.05%
Current assets-to-assets ratio	83.65%	81.95%
Equity-to-liabilities ratio	29.74%	39.84%
Current assets-to-liabilities ratio	70.26%	60.16%

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

- Return ratios deteriorated as compared to last year. The ROA decreased from 1.97% in the fiscal year ended 31 December 2010 to -2.82% in the fiscal year ended 31 December 2011. The ROE fell from 4.99% in the year ended 31 December 2010 to -8.23% in the fiscal year ended 31 December 2011. The gross ROS fell from 6.87% in the fiscal year ended 31 December 2010 to 0.24% in the audited period.

- Liquidity ratios remained static in both fiscal years. Debtors days ratio over the audited fiscal year decreased as compared with the previous year and amounted to 58 days. Creditors days ratio in the audited fiscal year dropped in comparison to the previous year and amounted to 67 days. Sales of inventory days ratio over the audited fiscal year fell to 24 days and was 9 days shorter as compared with the previous year
- Assets structure ratios show a slight reduction in tangible fixed assets in total assets as compared to the previous year. During the audited fiscal year, the Group increased its financing through borrowings.

II. DETAILED INFORMATION

1. The rules applied for consolidation of the financial statements

The consolidated financial statements of the Capital Group for the year 2011 were prepared in accordance with International Financial Reporting Standards, as adopted by the European Union.

The consolidated financial statements as at 31 December 2011 have been prepared on the basis of financial reports of entities composing the Capital Group in such way as to present the financial position and assets of the Capital Group as if the Group were a single unit.

Separated financial statements of all entities of the Group have been prepared as at 31 December 2011 and include financial data for the reporting period from 1 January 2011 to 31 December 2011.

The Parent and the subsidiaries have been consolidated using full method.

For determining the scope and methods of consolidation as well as the relationship were used the criteria set out in the International Financial Reporting Standards.

In course of consolidation all necessary eliminations were made in the field of mutual claims and liabilities, revenues and expenses relating to the operations between the consolidated entities as well as gains and losses included in the assets subjected to consolidation. Moreover, the shares held by the Parent in the capital of subsidiaries, valued at purchase price, with the part of net assets of subsidiaries valued by fair value, which corresponds to the participation of the Parent in the capital of subsidiaries, were excluded from the consolidation.

The figures resulting from financial statements, which formed a basis for consolidation have been established and converted by application of accounting policies set out by the managing person of the Parent, in order to a significant standardizing of accounting rules applied by the entities covered by the consolidated financial statements.

2. Consolidation records

Consolidation records have been drawn up on the basis of the Decree of Minister of Finance dated 25 September 2009 (Journal of Laws of 2009, No. 169 item 1327) on detailed principles of preparation of financial statements of the financial groups by the units other than banks and insurance companies.

Consolidation records include all documents necessary for the proper drawing up of the consolidated financial statements and for sufficient evidence of the consolidation eliminations.

3. Principles and methods of valuation of assets and liabilities, and equity

Rules (policy) of accounting and presentation of the disclosures were shown in the explanatory notes to the financial statements of the Group for the year ended 31 December 2011.

4. Characterization of items of the consolidated financial statements

The structure of assets, liabilities and equity of the Group was presented in the consolidated financial statements for the year ended 31 December 2011.
Figures shown in the consolidated financial statements are in accordance with the consolidation records.

The method of determining the consolidation value of the Company, the principles for the assessment of impairment and write-offs are presented in Note 10 in the supplementary information to the consolidated financial statements.

Shareholders' equity, including non-controlling interests shown in the financial reports is in accordance with the the consolidation records and relevant regulations. Minority interests as at 31 December 2011 amounted to PLN 9,983,000. The valuation of non-controlling interests was made on the basis of the percentage of minority interests in the equity of subsidiaries as at the balance sheet date. The data on shareholders' equity are presented in Note 17 in the supplementary information to the consolidated financial statements.

5. Completeness and correctness of preparing supplementary information and explanations, and the Report on the Group operations

Disclosures presented in the supplementary information to the consolidated financial statements, including the important accounting policies and other explanatory notes, are presented completely and correctly in all material respects. These data are an integral part of the consolidated financial statements.

The Parent has compiled the supplementary information and explanations in tabular form for each item in the consolidated profit and loss statement and descriptions, in accordance with the principles of the IAS.

The Parent has presented correctly the separate items of assets and liabilities as well as incomes and expenses in the consolidated financial statements. The consolidated statement of financial position, consolidated statement of comprehensive income, statement of changes in consolidated equity and consolidated cash flow statement, together with supplementary notes, information and explanations, that are an integral part thereof, include all items, the disclosure of which in the consolidated financial statements is required by IAS.

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

Justification of the opinion issued

In our opinion, the audited consolidated financial statements of the Erbud S.A. Capital Group for the year ended 31 December 2011 have been prepared - in all material respects - in accordance with the accounting rules (policy) under International Accounting Standards, International Financial Reporting Standards and related interpretations published in the form of regulations of the European Commission ("IAS") and, in the absence of IAS rules, in line with the requirements of the Accounting Act and implementing regulations issued under it and separate regulations for public companies, and it reflects accurately and fairly all information relevant to the assessment of assets and financial situation of the audited Capital Group as at 31 December 2011.

6. Information and final statements

Statement of the Management Board

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

Auditor's statement

The audit of the financial statements has been conducted in accordance with applicable provisions of law and auditing standards.

For and on behalf of

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

Krzysztof Dziekoński

illegible signature (on the Polish original)

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

Warsaw, April 25, 2012