TRAKCJA POLSKA S.A.

CONSOLIDATED QUARTERLY REPORT
OF TRAKCJA POLSKA CAPITAL GROUP
FOR THE PERIOF OF THREE MONTHS THAT ENDED ON MARCH 31 2011

published according to § 82 par. 2 of the Minister of Finances of February 19th, 2009

Warsaw, May 2011

Content of the consolidated quarterly report:

APPROVAL OF THE ABRIGED CONSOLIDATED FINANCIAL STATEMENT

The Board of Trakcja Polska SA company has approved the abridged consolidated financial report of Trakcja Polska Capital Group for the 3-month period that ended on March 31, 2011.

The abridged consolidated financial report for the first quarter of 2011 was prepared according to the International Financial Reporting Standard (IFRS) issued by the International Accounting Standards Board ("IASB") according to IFRS approved by the European Union that apply to the intermediate reporting (MSR 34). Information included herein, is presented in the following sequence:

1. Consolidated profit and loss account for the period from 1 January 2011 to 31 March 2011 showing net profit amounting 446 thousand PLN.
2. Consolidated total income report for the period from 1 January 2011 to 31 March 2011 showing loss net amounting 446 thousand PLN.
3. Consolidated balance sheet as per 31 March 2011 showing the assets and liabilities in amount 662,501 thousand PLN.
4. Consolidated cash flow statement for the period from 1 January 2011 to 31 March 2011 showing the decrease of cash balance by net amount 49,297 thousand PLN.
5. Balance of changes in the consolidated equity for the period from 1 January 2011 to 31 March 2011 showing the decrease of equity by 587 thousand PLN.
6. Additional information and explanations.

The abridged consolidated financial statement is prepared in thousand Polish Zloty, except the items showing expressly otherwise.

Maciej Radziwiłł
President of the Board

Tadeusz Bogdan
Vicepresident of the Board

Tadeusz Kałdonek
Vicepresident of the Board

Tadeusz Kozaczyński
Vicepresident of the Board

Dariusz Mańkowski
Vicepresident of the Board

Warsaw, 13 May 2011

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(data in thousand PLN, unless specified otherwise)

I. SELECTED FINANCIAL DATA OF TRAKCJA POLSKA CAPITAL GROUP

Average exchange rates of Polish Zloty in relation to Euro within the period covered by the consolidated financial statement:

Completed period	Average exchange rate in the period*	Minimum exchange rate in the period	Maximum exchange rate in the period	Exchange rate as at the last day of the period
31.03.2011	3.9742	3.8403	4.0800	4.0119
31.03.2010	3.9669	3.8622	4.1109	3.8622
31.12.2010	4.0044	3.8356	4.1770	3.9603

**Average exchange rate in force at the last day of each month within the given reporting period.*

Basic items of the consolidated balance sheet in conversion to Euro:

	31.03.2011		31.12.2010	
	thousand PLN	thousand EUR	thousand PLN	thousand EUR
Non-current assets	214 618	53 495	214 589	54 185
Current assets	447 883	111 639	539 776	136 297
Total assets	**662 501**	**165 134**	**754 365**	**190 482**
Equity	403 605	100 602	404 192	102 061
Long-term liabilities	51 010	12 715	52 004	13 131
Short-term liabilities	207 886	51 817	298 169	75 289
Total equity and liabilities	**662 501**	**165 134**	**754 365**	**190 481**

When converting the data of the consolidated balance sheet, the exchange rate established by Narodowy Bank Polski [The National Bank of Poland] at the last day of the reporting period was adopted.

Basic items of the consolidated profit and loss account in conversion to Euro:

	Period of three months that ended on 31.03.2011		Period of three months that ended on 31.03.2010	
	thousand PLN	thousand EUR	thousand PLN	thousand EUR
Sales revenues	78 112	19 655	50 296	12 679
Cost of goods sold	(73 815)	(18 574)	(40 521)	(10 215)
Gross profit (loss) on sales	4 297	1 081	9 775	2 464
Operating profit (loss)	(946)	(238)	4 495	1 133
Gross profit (loss)	(365)	(92)	4 785	1 206
Net profit (loss) from continued operations	(446)	(112)	3 603	908
Net profit (loss) from discontinued operations	-	-	-	-
Net profit (loss) for the period	(446)	(112)	3 603	908

When converting the data of the consolidated profit and loss account, average Euro exchange rated was adopted, calculated as the arithmetical mean of rates in force at the last day of each month within the given reporting period, established by Narodowy Bank Polski [The National Bank of Poland] at this day.

Basic items of the consolidated cash flow statement in conversion to Euro:

(data in thousand PLN, unless specified otherwise)

	Period of three months that ended on 31.03.2011		Period of three months that ended on 31.03.2010	
	thousand PLN	thousand EUR	thousand PLN	thousand EUR
Cash flows from operating activities	(101 132)	(25 447)	(30 488)	(7 686)
Cash flows from investment activities	49 882	12 551	(7 383)	(1 861)
Cash flows from financial activities	1 953	491	(4 191)	(1 057)
Total net cash flows	(49 297)	(12 405)	(42 062)	(10 604)

When converting the above data of the consolidated cash flow statement, average Euro exchange rated was adopted, calculated as the arithmetical mean of rates in force at the last day of each month within the given reporting period, established by Narodowy Bank Polski [The National Bank of Poland] at this day.

	31.03.2011		31.03.2010	
	thousand PLN	thousand EUR	thousand PLN	thousand EUR
Cash at start of period	206 351	52 105	185 534	45 162
Cash at end of period	157 054	39 147	143 472	37 148

To calculate the above data of the consolidated cash flow account, the following rates were adopted:

- exchange rate set by Narodowy Bank Polski [The National Bank of Poland] at the last day of each reporting period - for item "Cash at the end of the period".
- exchange rate set by Narodowy Bank Polski [The National Bank of Poland] at the last day of the reporting period preceding the given reporting period - for item "Cash at the beginning of the period".

Euro exchange rate at the last day of the reporting period that ended on 31 December 2009 amounted 4,1082 PLN / EUR.

(data in thousand PLN, unless specified otherwise)

II. Abridged CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	For the period of 3 months ended on	
	31.03.2011	**31.03.2010**
	Not audited	**Not audited**
Continued operation		
Sales revenues	**78 112**	**50 296**
Cost of goods sold	**(73 815)**	**(40 521)**
Gross profit (loss) on sales	**4 297**	**9 775**
Cost of sales, marketing and distribution	(557)	(546)
General and Administrative Costs	(5 822)	(5 185)
Other operating revenues	1 465	1 105
Other operating costs	(329)	(654)
Operating profit (loss)	**(946)**	**4 495**
Financial revenues	2 020	2 048
Financial costs	(727)	(986)
Acquisition cost	(515)	-
Share in profit or loss of affiliated entity	(197)	(772)
Gross profit (loss)	**(365)**	**4 785**
Income tax	(81)	(1 182)
Net profit (loss) from continued operations	**(446)**	**3 603**
Discontinued operations		
Net profit (loss) from discontinued operations	-	-
Net profit (loss) for the period	**(446)**	**3 603**
Attributable to:		
Shareholders of parent entity	(416)	3 603
Non-controlling shareholders	(30)	-
Profit (loss) per share attributable to shareholders in the period (PLN per share)		
Basic	0.00	0.02
Diluted	0.00	0.02
Profit (loss) per share from continued operation attributable to shareholders in the period (PLN per share)		
Basic	0.00	0.02
Diluted	0.00	0.02
Profit (loss) per share attributable to shareholders of parent entity in the period (PLN per share)		
Basic	0.00	0.02
Diluted	0.00	0.02

(data in thousand PLN, unless specified otherwise)

CONSOLIDATED TOTAL INCOMES REPORT

	For the period of 3 months ended on	
	31.03.2011	31.03.2010
	Not audited	Not audited
Net profit (loss) for the period	**(446)**	**3 603**
Other total income:	-	-
Adjustment of the right of perpetual usufruct of land	-	-
Other total net income	**-**	**-**
TOTAL INCOME FOR THE PERIOD	**(446)**	**3 603**
Attributable to:		
Shareholders of parent entity	(416)	3 603
Non-controlling shareholders	(30)	-
	(446)	**3 603**

(data in thousand PLN, unless specified otherwise)

CONSOLIDATED BALANCE SHEET

ASSETS	31.03.2011	31.12.2010
	Not audited	Audited
Non-current assets	**214 618**	**214 589**
Tangible non-current assets	92 744	95 114
Intangible assets	55 270	54 675
Goodwill upon consolidation	2 873	2 873
Investment properties	3 666	3 666
Investments in affiliates	35 086	35 427
Financial assets	1 182	1 182
Deferred tax assets	22 077	19 634
Long-term prepayments	1 720	2 018
Current assets	**447 883**	**539 776**
Inventory	133 116	109 221
Trade and other receivables	75 772	111 933
Income tax receivables	4	-
Financial assets	4 953	32 635
Cash and cash equivalents	162 164	234 309
Accruals	10 044	5 013
Construction contracts	61 830	46 665
TOTAL ASSETS	**662 501**	**754 365**

EQUITY AND LIABILITIES		
Equity (attributable to shareholders of parent entity)	**403 494**	**404 051**
Share capital	16 011	16 011
Basic conditional capital	7 200	-
Due payments for basic capital (negative value)	(7 200)	-
Share premium account	185 812	185 812
Revaluation reserve	2 339	2 339
Other reserve capitals	161 574	160 476
Retained earnings	37 758	39 413
Shares without voting right	**111**	**141**
Total equity	**403 605**	**404 192**
Long-term liabilities	**51 010**	**52 004**
Interest-bearing bank loans and borrowings	25 233	28 791
Provisions	901	1 008
Liabilities by virtue of employee benefits	7 866	7 724
Deferred income tax provision	16 987	14 463
Financial derivatives	-	-
Other liabilities	23	18
Short-term liabilities	**207 886**	**298 169**
Trade and other liabilities	72 976	156 435
Interest-bearing bank loans and borrowings	33 931	27 559
Provisions	9 197	11 924
Liabilities due to employee benefits	5 279	5 471
Income tax liabilities	-	1 714
Accruals	-	304
Construction contracts	82 413	92 397
Advances received towards flats	4 090	2 365
LIABILITIES TOTAL	**662 501**	**754 365**

(data in thousand PLN, unless specified otherwise)

CONSOLIDATED CASH FLOW ACCOUNT

	Period of 3 months ended on	
	31.03.2011	**31.03.2010**
	Not audited	Not audited
Cash flows from operating activities		
Gross profit (loss) from continued operations	**(365)**	**5 557**
Gross profit (loss) from discontinued operation	-	-
Adjustments for:	**(100 767)**	**(36 045)**
Amortisation	2 874	2 543
FX differences	286	(1 131)
Net interest and dividends	252	194
Profit/loss on investment activities	(298)	163
Change in receivables	92 866	47 873
Change in inventory	(23 810)	(2 558)
Change in liabilities	(140 136)	(61 859)
Change in accruals and advance payments	(3 311)	(5 572)
Change in provisions	(2 833)	(2 503)
Change in construction contracts	(25 235)	(5 220)
Change in derivatives	-	(4 737)
Paid income tax	(1 622)	(3 238)
Other corrections	200	-
Net cash flows from operating activities	**(101 132)**	**(30 488)**
Cash flows from investment activities		
Sale (purchase) of intangible assets and tangible non-current assets	(1 043)	(2 276)
- acquisition	(1 358)	(2 281)
- sale	315	5
Financial assets	50 649	(5 107)
- sold or returned	50 649	14 893
- acquired	-	(20 000)
Interest received	276	-
Net cash flows from investment activities	**49 882**	**(7 383)**
Cash flows from financial activities		
Proceeds on account of taken borrowings and loans	6 286	-
Repayment of borrowings and loans	(3 602)	(3 567)
Dividends paid to shareholders of parent company	-	-
Interest paid	(438)	(486)
Payment of liabilities under financial lease agreements	(316)	(138)
Other	23	-
Net cash flows from financial activities	**1 953**	**(4 191)**
Total net cash flows	**(49 297)**	**(42 062)**
Net FX differences		
Cash at start of period	**206 351**	**185 534**
Cash at end of period	**157 054**	**143 472**

(data in thousand PLN, unless specified otherwise)

BALANCE OF CHANGES IN THE CONSOLIDATED EQUITY

	Equity attributable to shareholders of parent entity								
Not audited	**Share capital**	**Basic conditional capital**	**Due payments for basic capital (negative value)**	**Share premium account**	**Equity from revaluation**	**Other reserve capitals**	**Retained earnings**	**Shares without voting right**	**Equity in total**
As per 01.01.2011	**16 011**	**-**	**-**	**185 812**	**2 339**	**160 476**	**39 413**	**141**	**404 192**
Corrections of mistakes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes of accounting standards	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
As per 01.01.2011 after adjustments	**16 011**	**-**	**-**	**185 812**	**2 339**	**160 476**	**39 413**	**141**	**404 192**
Total income for the period	-	-	-	-	-	-	(416)	(30)	**(446)**
Dividend payment	-	-	-	-	-	-	-	-	**-**
Profit distribution	-	-	-	-	-		-	-	**-**
Other	-	7 200	(7 200)	-		1 098	(1 239)	-	**(141)**
As per 31.03.2011	**16 011**	**7 200**	**(7 200)**	**185 812**	**2 339**	**161 574**	**37 758**	**111**	**403 605**
Not audited									
As per 1.01.2010	**16 011**	**-**		**185 812**	**2 637**	**84 736**	**80 229**	**7 483**	**376 908**
Corrections of mistakes	-	-		-	-	-	-	-	-
Changes of accounting standards	-	-		-	-	-	-	-	-
As per 01.01.2010 after adjustments	**16 011**	**-**		**185 812**	**2 637**	**84 736**	**80 229**	**7 483**	**376 908**
Total income for the period	-	-	-	-	-	-	3 603	-	**3 603**
Purchase of non controlling shares	-	-	-	-	-	2 350	-	(7 483)	**(5 133)**
As per 31.03.2010	**16 011**	**-**		**185 812**	**2 637**	**87 086**	**83 832**	**-**	**375 378**

III. ADDITIONAL INFORMATION AND EXPLANATION TO THE ABRIGED CONSOLIDATED FINANCIAL REPORT

1. General information

This abridged consolidated financial report of the Group covers the period of three months that ended on 31 March 2011.

Trakcja Polska Capita Group („Group"; „GK TP") consists of mother company Trakcja Polska S.A. („TP", „TP S.A.", „mother company", „Company", „parent company") and its subsidiaries, joint subsidiary and one affiliated company (see note No. 2).

Mother company of the Group has been established on 30 November 2004 as a result of taking over the control of Trakcja Polska SA holding company by Przedsiębiorstwo Kolejowych Robót Elektryfikacyjnych S.A. ("PKRE S.A."). Name of the Company is Trakcja Polska SA and has been changed by means of the Decree No. 2 of the Extraordinary Assembly of Shareholders of 22 November 2007. The change was confirmed by the to the National Court Register on 120.12.2007. Previous name of the Company was Trakcja Polska - PKRE S.A. The parent company operated based on the statute made in the form of notarial deed on 26 January 1995 (Rep. A No. 863/95) as amended.

On 1 September 2009, the District Court for the capital city of Warsaw, 12th Economic Department of the National Court Register, has registered the merge of Trakcja Polska SA as a taking over company with Przedsiębiorstwo Robót Komunikacyjnych-7 S.A. – as a company being taken over. The merge of the companies has been settled and included on 31 August 2009 in the accountancy books of the company, to which the property of the merged companies passed to, i.e. Trakcja Polska S.A. by means of bond merging method.

The actual merge of the companies, according to IFRS 3 took place at the moment of taking the control, i.e. 01.09.2007. Comparable data in the unitary financial statement of the merged company results from the consolidated financial report of the Capital Group.

Comparable data for the previous fiscal year was determined in a way as if the merge took place in the previous fiscal year.

On 29 January 2002, the Company has been entered to the National Court Register in the District Court in Warsaw, 19th Economic Department under the number KRS 0000084266. Trakcja Polska – PKRE S.A. company has been assigned with the statistical number REGON 010952900, Tax Identification Number NIP 525-000-24-39 and code PKD 4212Z. Since 22 March 2010, seat of the parent company is in Warsaw, ul. Złotej 59 18th floor.

Time of operation of the parent company and the remaining companies included in the Group is indefinite.

According to the articles of association, the company is engaged in specialist construction and installation services within the scope of railway and tram lines electrification. The company specializes in the following types of activity:

- foundation and network works,
- installation of traction substations and section cabs,
- installation of high and low voltage overhead and cable lines,
- Installation of local supply and control cables,
- manufacturing of products (high, medium and low voltage switching stations, traction network equipment and local control devices),
- specialist equipment services (excavators, railway and truck cranes, boring rigs, pile drivers).

(data in thousand PLN, unless specified otherwise)

2. Group Composition

The Group Consists of mother company Trakcja Polska SA and subsidiaries:

Company	Seat	Scope of activity	Percentage share in capital	
			31.03.2011	31.12.2010
Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A. („PRKiI", „PRKiI S.A.")	Wrocław	Engineering, construction and installation works	100.00%	100.00%
PRK 7 Nieruchomości Sp. z o.o. („PRK 7 Nieruchomości")	Warsaw	Developer operations, real estate administration related to cooperatives, upon contracts	100.00%	100.00%
Torprojekt Sp. z o.o. („Torprojekt")	Warsaw	Design activity	82.35%	82.35%

Company co-controlled by Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A.:

Company	Seat	Scope of activity	Percentage share in capital	
			31.03.2011	31.12.2010
Bahn Technik Wrocław Sp. z o.o. („Bahn Technik")	Wrocław	Track-related works, including welding, regeneration of vehicles and installation of	50.00%	50.00%

As per 31 March 2011, share in total number of votes owned by the Group in the subsidiaries was equal to the Group's share in the equity of these companies.

3. Changes in the Group Structure

On 19 April 2011, the Company as a purchaser and AB Invalda, UAB NDX Energia and the remaining natural persons concluded the agreement related to the purchase of:

- 150 000 shares of Tiltra Group AB with the seat in Vilnius, of nominal value 1 LTL each, and total nominal value of 150.000 LTL, representing 100% of initial capital and giving the right to 100% of votes at the general assembly of this company,
- 148 981 shares of AB Kauno with the seat in Kaunas, of nominal value 130 LTL each, and total nominal value of 19,367,530 LTL, representing 96.84% of initial capital and giving the right to 96.84% of votes at the general assembly of this company,
  and 22 shares in Silentio Investments Sp. z o.o. with the seat in Warsaw, of nominal value 50 PLN each share, and total nominal value 1.100, representing 22% of the initial capital and giving the right to 22% of votes at the general assembly of partners of this company. Having concluded the aforementioned transaction and the transaction related to purchase of Tiltra Group AB Shares, it owns directly and by the agency of Tiltra Group AB and AB Kauno Tiltai 100 shares in Silentio Investments Sp. z o.o., of nominal value 50 PLN each share, and total nominal value 1.100 PLN, representing 100% of the initial capital and giving the right to 22% of votes at the partners assembly of this company. Having concluded the aforementioned transaction and the transaction related to purchase of Tiltra Group AB Shares, it owns directly and by the agency of Tiltra Group AB and AB Kauno Tiltai 100 shares in Silentio Investments Sp. z o.o., of nominal value 50 PLN each share, and total nominal value 1.100 PLN, representing 100% of the initial capital and giving the right to 22% of votes at the partners assembly of this company.
  Details concerning the above transaction are described in note No. 26.

(data in thousand PLN, unless specified otherwise)

4. Composition of the Parent Company Management Board

As per 31 March 2011, the Management Board of the parent company consisted of the following persons:

- Maciej Radziwiłł — President of the Board,
- Tadeusz Bogdan — Vicepresident of the Board,
- Tadeusz Kałdonek — Vicepresident of the Board,
- Tadeusz Kozaczyński — Vicepresident of the Board,
- Dariusz Mańkowski — Vicepresident of the Board.

Within the period from 1 January 2011 to 31 March 2011, the Management Board composition of the Parent Company has not changed.
After the balance sheet date, no changes in the Management Board composition took place.

5. Shareholders of parent company

According to the parent company Management Board knowledge, status of shareholders possessing directly or by the agency of subsidiaries at least 5% of the general votes at the General Assembly of Shareholder at the day of approving the Statement is as follows:

Shareholder	Number of shares	% share in share capital	Number of votes	% share in votes at GM
COMSA S.A.	81 145 510	34.96%	153 145 510	65.98%
AB INVALDA	29 017 087	12.5%	-	-
ING	15 181 893	6.54%	15 181 893	6.54%
Jonas Pilkauskas Angelė Černevičiūtė Vaida Balčiūnienė	19 645 318	8.46%	-	-
Other shareholders	87 115 672	37.54%	63 778 077	27.48%
Total number of shares	**232 105 480**	**100.00%**	**232 105 480**	**100.00%**

The Company's Management Board members or Supervisory Board members do not hold shares in any entities within the Capital Group.

6. Status of ownership of parent company shares by persons managing and supervising the company

As of the approval of the report, Trakcja Polska SA shares held by its managing and supervising persons were as follows:

First name and surname	Function	Number of shares	% in the shareholding structure
Maciej Radziwiłł	President of the Board	280	0,.00%
Tadeusz Kałdonek	Vicepresident of the Board	2 550 960	1.10%
Dariusz Mańkowski	Vicepresident of the Board	450 500	0.19%

Since the day of passing the previous report in relation to increasing the initial capital of the Company, percentage share of shares owned by the Management Board Members decreased.

7. Approval of the financial statement

This abridged consolidated financial statement has been approved by the Management Board of the company for publication on 13 May 2011.

8. Significant values based on professional judgement and estimates

8.1. Professional judgement

Within the process of application the accountancy principles (policy), the most important thing, except the book estimates, is professional judgement of the management. The professional judgement is applied first and fore most in assessment of risk related to payment of overdue receivables. In relation to this, at each balance sheet day, the Groups carries out verification of write-downs of the above mentioned receivables considering potential risk of significant delay (above 180 days) in payment.

8.2. Uncertainty of estimates

The basic assumptions related to the future and other key sources of uncertainties present at the balance sheet date to which the risk of significant balance sheet assets and liabilities is related in the following fiscal year are presented below

Assessment of reserves

The reserves by virtue of employees benefits were estimated based on actuarial methods.

Reserves for correcting works

The reserves for correcting works were estimated based on the knowledge of individual construction sites managers related to necessity or possibility of performing additional works in aid of the Ordering Party, to fulfil the guarantee obligations.

Component of assets by virtue of deferred tax

The Group recognizes a component of assets by virtue of deferred tax based on the assumption that tax profit shall be attained in the future allowing its utilization. Deterioration of the obtained tax results in the future could cause that such assumption would be unjustified.

Fair value of financial instruments

Fair value of the financial instruments for which active market does not exist, are estimated by means of appropriate estimation methods. When selecting the methods and assumptions, the Group follows the professional judgement.

Incomes posting

To maintain relatively constant margin during all reporting periods, within which a contract is in force, the Group applies cost method for fixing the incomes (“cost plus”). Income on performing a construction and installation services covered by uncompleted contract is actually borne costs increased by the assumed margin in the given contract. The Group performs regular analysis and if necessary, verification of margins during individual contracts. The amount of incomes on sale in case of contracts concluded in foreign currency depends on the directions of shaping the currency exchange rate.

Amortization rates

The amount of amortisation rates is set based on the expected period of economical usability of material components of fixed assets and intangible property. Every year the Group performs verification of the adopted periods of economical usability based on current estimations.

9. Basis for preparing the abridged consolidated financial statement

9.1. Basis for preparing the quarterly consolidated financial statement

The annual consolidated financial statement has been prepared according to historical cost principle except the derivative financial instruments and financial assets available for sale, which are estimated according to fair value. The balance sheet value of the included securities of assets and liabilities is corrected by the changes in fair value which can be attributed to risk, against which the assets and liabilities are secured.

The abridged consolidated financial statement is presented in Złoty (PLN, zł), and all values, if not identified otherwise, are given in thousand Złoty.

Some financial data, included herein, has been rounded. Because of that, some tables presented in the report show the sum of amounts in a given column or row that differ from the total amount given for such column or row.

The abridged consolidated financial statement has been made assuming the continuity of economical operation of the Group that can be predicted in the future. At the day of approving this abridged consolidated financial statement, there are no circumstances threatening the operations of the Group.

9.2. Declaration of conformity

The abridged consolidated financial statement for the period from 1 January 2011 to 31 March 2011 was prepared according to the International Financial Reporting Standard (IFRS) that apply to the midterm reporting and which were approved by the European Union (IAS 34 "Midterm financial reporting").

The present abridged consolidated financial statement for the first quarter of 2011 has been prepared also according to the requirements applying to public companies.

This abridged consolidated financial report does not cover all information and disclosures required by the annual financial statement and it should be read together with the consolidated financial statement of Trakcja Polska Capital Group for 2010, that was published on 18 March 2011.

At the day of approving this financial statement, within the scope of accountancy principles applied by the Group, there are no differences between IFRS standards approved by the European Union, except for the different dates the regulations came into force.

The IFRS cover the standards and interpretations accepted by the International Accountancy Standard Board and the International Financial Reporting Interpretations Committee (“IFRIC”).

All companies within the Group except Bahn Technik Sp. z o.o. and Eco Wind Construction S.A. keep their accountancy books according to the International Accountancy Standards. Bahn Technik Sp. z o.o. and

Eco – Wind Construction S.A. keep its accountancy books according to the accountancy principles specified by the Law of 29 September 1994 on accountancy (“Law”) as amended and regulations issued on its base (“Polish Accountancy Standards", “PAS”).

10. Significant accountancy principles

The accountancy principles (policy) applied to prepare this abridged consolidated financial statement for the first quarter of 2011 are coherent with those which were applied while preparing the annual consolidated financial statement for 2010, excluding the changes given below.

The same principles were applied for the current and comparable period. Detailed description of accountancy principles adopted by Trakcja Polska Capital Group was presented in the annual consolidated financial statement for 2010, published on 18 March 2011.

In this financial statement, the Group did not make the decision on early application of published standards and interpretations before they came into force.

The following standards and interpretations were issued by the International Accountancy Standard Board and the International Financial Reporting Interpretations Committee and did not come into force at the balance sheet date:

- Changes in IFRS 1 *Significant hyperinflation and removal of fixed dates*

The changes in IFRS 1 have been published on 20 December 2010 and apply to annual periods starting from 1 July 2011 or later. The changes apply to the reference to the fixed date 1 January 2004 as the date the IFRS was applied for the first time and change it to “the day the IFRS was applied for the first time” in order to eliminate the necessity of transferring the transactions which occurred before the company implemented IFRS. Moreover, the standard includes guidelines related to another application of IFRS within periods which fall after the periods of hyperinflation, that preclude full conformity with IFRS.

The Group shall implement the changed IFRS 1 since 1 January 2012.

The changed IFRS 1 shall not influence the financial statement of the Group.

- Changed in IFRS 7 *Disclosures – Transfer of financial assets*

The changes in IFRS 7 have been published on 7 November 2010 and apply to annual periods starting from 1 July 2010 or later. The goal of the changes in the standard is to enable the financial statements users better comprehension of financial assets transfer transactions (e.g. securitization) including understanding of potential effects of risk, which remain in the company that transferred the assets. The changes enforce additional disclosures in case of transferring assets of significant value close to the end of the reporting period.

The Group shall implement the changed IFRS 7 since 1 January 2012.

At the day of preparing this financial statement, it was not possible to reliably estimate the influence of new standard application.

- IFRS 9 *Financial instruments*

The new standard has been published on 12 November 2009 and is the first step of IASB in order to replace IAS 39 *Financial Instruments: posting and estimation.*. The new standard shall come into force on 1 January 2013.

The Group shall implement the new standard on 1 January 2013.

At the day of preparing this financial statement, it was not possible to reliably estimate the influence of new standard application.

- Change in IAS 12 *Deferred tax: Recoverability of assets representing the grounds for its determination*

The change in IAS 12 has been published on 20 December 2010 and applies to annual periods starting from 1 January 2012 or later. The change specifies among the other things the method of appraisal of assets and reserves by virtue of deferred tax in case of investment real property assessed according to the real value model specified in IAS 40 *Investment real property.* The coming into force of the changed standard shall cause withdrawal of SIC – 21 *Income tax – recoverability of overestimated assets subject to amortization.*.

The Group shall implement the changed IAS 12 since 1 January 2012.

At the day of preparing this financial statement, it was not possible to reliably estimate the influence of new standard application.

IFRS in the shape approved by the European Union does not currently significantly differ from the regulations adopted by the International Accounting Standards Board (IASB), except the below standards, interpretations and their changes, which at the day of approving this financial statement for publication, have not yet been approved for application by the European Union:

- IFRS 9 *Financial instruments* published on 12 November 2009 (as amended),
- Changes in IFRS 7 *Disclosures - Transferring financial assets* published on 7 October 2010,
- Changes in IFRS 1 *Significant hyperinflation and removing fixed dates* published on 20 December 2010,
- Change in IAS 12 *Deferred tax: Recoverability of assets representing the grounds for its determination* published on 20 December 2010.

11. Effect of application of new accountancy standards and changes of accountancy policy

The Group prepared the first consolidated financial statement according to the International Financial Reporting Standards (IFRS), i.e. that includes unconditional statement of conformity with IFRS, within the fiscal year ended on 31 December 2006 and that includes comparable data for 2004 and 2005. January 1 2004 was the day the Group adopted IFRS.

Types of corrections that the Group had to implement in order to fully apply the IFRS for the first time and their influence on the financial result and equity of comparable periods, were presented in the historical consolidated financial information for years ended on 31 December 2006, 31 December 2005 and 31 December 2004, published in the emission folder of the mother company, prepared in relation to the public offer of its shares (“emission folder”).

The accountancy principles (policy) applied to prepare this abridged consolidated financial statement for the first quarter of 2011 are coherent with those which were applied while preparing the annual consolidated financial statement for the fiscal year that ended on 31 December 2010, excluding the changes given below. The same principles were applied for the current and comparable period, unless the standard and interpretation assumed only the prospective application.

- **Changes resulting from IFRS changes**

The following new or changed standards and interpretations issued by the International Accountancy Standard Board and the International Financial Reporting Interpretations Committee (“IFRIC”) were applied in this financial statement for the first time:

- Changed IFRS 1 *Application of International Financial Reporting Standards for the first time*
- Change in IAS 24 *Disclosure of information concerning affiliated companies* published on 4 November 2009.
- Change in IAS 32 *Financial instruments: presentation*
- Changes in different standards resulting from annual review of International Financial Reporting Standards (*Annual Improvement*)
- Change of interpretation IFRIC *14 Prepayments related to the minimum financial requirements*
- Interpretation of IFRIC 19 *Change of financial liabilities to capital instruments*

Their application did not influence the business results and financial standing of the Group, and resulted only in changes of the applied accountancy principles and possible extension of necessary posting or used terminology.

Main consequences of application of new regulations:

- Changed IFRS 1 *Application of International Financial Reporting Standards for the first time*

The changed IFRS 1 has been published on 28 January 2010 and applies to annual periods starting from 1 July 2010 or later. The changed standard contains regulations on the limited release from revealing comparable data within the scope of IFRS 7.

The changed IFRS 1 does not influence the financial statement of the Group.

- Change in IAS 24 *Disclosure of information concerning affiliated companies* published on 4 November 2009.

The change in IAS 24 has been published on 4 November 2009 and applies to annual periods starting from 1 January 2011 or later. The changes include simplification of definition of affiliated companies and introduction of simplifications related to disclosure of transactions with entities being owned by the Treasury.

The change in IAS 24 do not influence the financial statement of the Group.

- Change in IAS 32 *Financial instruments: presentation*

On 8 October 2009, a change concerning the regulations related to classification of preemptive right denominated in foreign currency was published. Previously, such rights as derivative instruments were presented in financial liabilities. After the change, and having met specified terms, they should be posted as components of equity, regardless of the fact in which currency they are denominated. Change in IAS 32 applies to annual statements starting on 1 February 2010 or later.

The change in IAS 32 do not influence the financial statement of the Group.

- Changes in different standards resulting from annual review of International Financial Reporting Standards (*Annual Improvement*)

In 6 May 2010, another changes to seven standards were published, related to the project of proposed changes to the International Financial Reporting Standards published in August 2009. They apply mostly to periods starting on 1 January 2011 or later (depending on the standard).

The Group applies the standards within the scope of made changes since 1 January 2011, unless other period of their application was determined.

Application of the changed standards does not influence the financial statement of the Group.

- Change of interpretation IFRIC *14 Prepayments related to the minimum financial requirements*

The change has been published on 26 November 2009 and applies to annual periods starting from 1 January 2011 or later. The change of interpretation shall apply in case when a company is subject to the minimum financial requirements in relation to the existing employees benefit programs and make prepayments of contributions in order to meet such requirements.

Changed interpretation does not influence the financial statement of the Group.

- Interpretation of IFRIC 19 *Change of financial liabilities to capital instruments*

The interpretation of IFRIC 19 has been published on 26 November 2009 and applies to annual periods starting from 1 July 2010 or later. The interpretation includes guidelines related to posting transactions changing the financial liabilities to capital instruments.

Changed interpretation does not influence the financial statement of the Group.

- **Changes introduced by the Group itself**

The Group made the correction of items presentation - share of the affiliated company in the profit and loss account result for the first quarter of 2010. Having applied this correction, share of the affiliated company in the result is presented before the gross profit.

12. Description of factors and events that significantly influenced the financial result of Trakcja Polska Capital Group in the first quarter of 2011.

Within the period of three months that ended on 31 March 2011, Trakcja Polska Capital Group obtained incomes on sale in amount 78,112 thousand PLN, that increased by 55% in relation to analogical period in 2010.

Own cost concerning sale within the period of three months that ended on 31 March 2011 increased by 82% and its value amounted 73,815 thousand PLN. Higher by 27 p.p. increase of own cost concerning sale comparing to the increase of income on sale caused reduction of gross profit by 5,478 thousand PLN, i.e. by 56% comparing to analogical period within the previous year. Gross margin on sale reduced from 19% within the first quarter of 2010 to 6% in the first quarter of 2011 and amounted 4,297 thousand PLN.

The general and administrative costs were 5,822 thousand PLN and increased by 12 percent, i.e. by 637 thousand PLN in relation to comparable period. Cost of sale, marketing and distribution was at the level close to the analogical period in the previous year. The remaining operational incomes amounted 1 465 thousand PLN. Increase of the remaining operational incomes by 360 thousand PLN, i.e. by 33% was caused by obtaining by the affiliated company of the paid penalties and damages. The other operating costs were 329 thousand PLN and decreased by 325 thousand PLN, which mainly resulted from the lower level of the created provisions for liabilities. Within the period of three months in 2011, the Group obtained loss on operational activity amounting 946 thousand PLN. Result on operational activity reduced by 5,441 thousand PLN comparing to the result on operational activity for the period of three months that ended on 31.03.2010 when it reached positive amount of 4 495 thousand PLN.

Financial incomes of the Group amounted 2,020 thousand PLN, but the financial costs reduced by 259 thousand PLN and amounted 727 thousand PLN. The Group presented in separated item of the profit and loss account the cost of acquisition amounting 515 thousand PLN. These costs are related to the purchase transaction of Tiltra Group shares.

The Group in the period from 1 January 2011 to 31 March 2011 obtained the gross loss amounting 365 thousand PLN. Gross result for the first quarter of 2011 decreased by 5,150 thousand PLN in relation to the first quarter of 2010 when it amounted 4,785 thousand PLN. Income tax for the period of 3 months in 2011 amounted 81 thousand PLN and decreased comparing to the analogical period in the previous year by 1 101 thousand PLN. Net result of the Group for the period from1 January 2011 to 31 March 2011 was negative and amounted 446 thousand PLN. Net result decreased comparing to the result for the period of 3 months in 2010 by 4,049 thousand PLN.

Balance sheet sum of the Group at the end of the first quarter of 2011 obtained the level of 662,501 thousand PLN and was lower by 91,864 thousand PLN than the balance sheet sum at the end of 2010.

Fixed assets increased by 29 thousand PLN and obtained the level of 214,618 thousand PLN but working assets decreased by 91,893 thousand PLN and amounted 447,883 thousand PLN comparing to the balance on 31.12.2010.

Working assets decreased by 17% comparing to the balance as per 31.12.2010. This reduction resulted mostly from the reduction of cash by amount 72,145 thousand PLN, i.e. by 31%. This was caused by an adjustment of current obligations towards contractors and purchase of stock for currently performed contracts. Balance of receivables by virtue of supplies and services and of other receivables was reduced by 36,161 thousand PLN, i.e. by 32%, and amounted as per 31.03.2011 the value of 75,772 thousand PLN. Financial assets were significantly reduced also, i.e. by 27 682 thousand PLN, and as per 31.03.2011 they amounted 4,953 thousand PLN. Reduction of financial assets was caused by the sale of share units in the money market fund.

Reduction of cash was partially caused by the increase of stock that at the balance sheet date amounted 133,116 thousand PLN. The Group applies the principle of purchased materials prices rationalization thus it purchases materials necessary for currently performed and commencing contracts. Over 50 % of the stock amount is represented by the stock related to developer's operation.

Equity of the Capital Group reduced as per 31.03.2011 by 587 thousand PLN in relation to the balance as per 31.12.2010. This drop was related to the reduction of non-distributed financial result of the Company.

Non-current liabilities as per 31.03.2011 amounted 51,010 thousand PLN and reduced by 994 thousand PLN, i.e. by 2% comparing to the balance on 31.12.2010. First and foremost, interest-bearing credits and long-term loans were reduced in relation to the payment of credit instalments. Current liabilities were 207,885 thousand PLN and decreased by 30%, i.e. by 90,284 thousand PLN as compared to their value as of 31 December 2010. Among the current liabilities, the biggest reduction was related to liabilities by virtue of supplies and services as well as construction contracts. Liabilities by virtue of supplies and services as well as other liabilities amounted 72,976 thousand PLN and reduced by 83,459 thousand PLN. This was caused by the payment of due liabilities and reduction of invoicing in the first quarter of 2011 by subcontractors and consortium members for the performed works on currently performed contracts.

13. Seasonality and cyclicity

Sales of the Group attains the lowest values in the first quarter of the year due to adverse weather conditions. Within the current year, weather conditions significantly influenced the volume of sales of the Group.

14. Information concerning emission, redemption and repayment of debentures and capital securities

Within the period covered by this report, Parent Company did not emit and did not repay debentures and capital securities.

Within the period falling after 31 March 2011 since the publication of this report, the Company emitted the following debentures:

1) On 19 April 2011 Trakcja Polska S.A. emitted: 148 608 non-secured bearer bonds of A series, which do not have the form of a document, of nominal value 1.000 PLN each, and total nominal value 148,608,000 PLN, 148 608 non-secured bearer obligations of B series, which do not have the form of a document, of nominal value 1,000 PLN each and total nominal value 148,608,000 PLN. Emission price of one Bond of A and B series is equal to the nominal value. The bonds bear interest according to the fixed interest rate 7% p.a., and the interest are payable on the day of interest payment falling on 30 June and 31 December of each year since the emission date to the Due Date of A and B Series Bonds and on the Due Date of A and B Series Bonds.

2) On 19 April 2011 the Company emitted 72 000 000 subscription warrants of A series of which each granted to its owner the right to take 1 bearer share of G series of the Company. The Subscription Warrants were offered to the Sellers. On 19 April 2011, the Sellers took all the offered Subscription Warrants and on 19 April 2011 they executed the rights in these Warrants taking in total 72 000 000 G series shares of the Company in the increased, based on the resolution No. 3 of Extraordinary Assembly of the Company on 19 January 2011, initial capital of the Company. Emission price of G series share was 4.56 PLN per each share. On 27 April 2011, the Management Board of the Stock Exchange in Warsaw made the decision about admitting for turnover at the basic market of the Exchange, 72 000 000 G series bearer shares of the Company of nominal value 0.10 PLN each, emitted within the scope of conditional increase of the initial capital based on the resolution No. 3 of Extraordinary Assembly of the Company on 19 January 2011. On 2 May 2011, persons who took the G series shares of the Company were given these shares by way of entering them on the securities accounts. In relation to the above, according to art. 452 par. 1 of the Commercial Companies Code, together with handing over the G series shares on 2 May 2011, increase of the initial capital of the Company took place by 7,200,000 PLN i.e., to 23,210,548 PLN.

15. Description of factors that influenced the results attained by the Group in the perspective of at least one quarter

The most important factors affecting in an essential way the financial performance of our Capital Group include the following:

- The ability to win new construction contracts, which on account of the profile of our Group's activities is determined by the level of expenditures on rail and tram infrastructure in Poland.
- The accuracy of estimating the costs of implemented projects as it exerts direct impact on decisions regarding the strategy of participating in tenders, the valuation of contracts for tenders and as a result the margins generated on the contracts. The accuracy of estimating cost budgets for contracts is related, in turn, to the methodological and external factors, such as changes in prices of materials and services rendered by subcontractors.
- The fluctuations of foreign currency exchange rates, in particular, the rate of Polish zloty in relation to euro. Our Group follows the hedging policy against changes in the foreign exchange rates and enters into currency forward or futures contracts. Our Group could not, however, apply the hedge accounting, because of the postponements to the schedules of construction works and the delays in payments made by customers. Taking the foregoing into account, the fluctuations on the currency market together with the delays in the payments made by customers in euro may have either a negative or positive effect charged directly to the financial profit or loss of the Capital Group.
- The Central Bank's monetary policy reflected in the changes in interest rates. For the purpose of financing planned acquisitions, our Group may apply for bank loans and therefore it may incur financial expenses determined by the level of interest rates.
- The timeliness in repayment of liabilities by our customers. A failure to do so by our customers may lead to the deterioration in our financial liquidity.
- Potential acquisitions of business entities may have both positive effects on and threats to the financial profit or loss of our Capital Group.

Moreover, in the future, the financial performance of the Group may be affected by changes in the legal regulations designating the scope of the Group's activities, including tax regulations and any provisions related to other encumbrances of a public and legal nature, and also any regulations referring to the following:

- The organisation of EURO 2012, in particular the performance and potential amendment to the Act of 7 September 2007 *on the Preparation of the Football Championships UEFA Euro 2012* (Journal of Laws of 21 September 2007),
- The procedure for awarding public procurements, in particular, the amendment to the *Act on the Public Procurement Law*,
- The public-private partnership, in particular, *the Act of 28 July 2005 on Public-Private* Partnership (Journal of Laws of 6 September 2005),
- The financing of railway infrastructure,
- The environmental protection in the scope of implementation of individual projects, in particular, the Act on the Environmental Protection Law,
- The renewable energy, in particular, the Act on the Energy Law of 10 April 1997 *(Journal of Laws, 06.89.625),*
- The property development activities of PRK 7 Nieruchomości Sp. z o.o., the regulations governing buying and selling real properties, in particular the Civil Code, Act on the *Real Estate Management of 21 August 1997* (Journal of Laws, 04.261.263), Act on the Acquisition of Real Estate by Foreigners of 24 March 1920 (Journal of Laws, 04.167.1758), Act on the Ownership of Premises of 24 June 1994 (Journal of Laws, 00.80.903) and the regulations referring to zoning and building..

16. Risk Factors

The factors that may significantly deteriorate the financial standing of our Group include the following:

- Risk of growing competition,
- Risk of being dependant on key customers,
- Risk of potential loss of subcontractors and potential rise in prices of services rendered by subcontractors,
- Risk associated with the lack of qualified employees,
- Currency risk,
- Risk associated with the volatility of prices for materials,
- Risk associated with the joint and several liability of members of construction consortiums and with the liability for subcontractors,
- Risk of underestimating the costs of projects,
- Risk of completing the construction contracts,
- Risk associated with the conditions and procedures for awarding tenders,
- Risk of growing portfolio of overdue receivables,
- Liquidity risk,
- Risk of implementing the strategy.

17. Position of the Management Board in relation to the published prognoses

The Trakcja Polska Group did not publish any financial forecast in 2011.

18. Information concerning segments

The operational segment is a part of the entity:

a) that engages into economic activity in relation to which it can obtain incomes and sustain costs (including incomes and costs related to transactions with other parts of the same entity),

b) which operational results are regularly reviewed by the general body responsible for taking operational decisions in the entity and using the results while deciding about allocation of resources to the segment and while evaluating the results of the segment operation, and

c) in case on which, separate financial information is available.

For management purposes, the Group is divided to segments based on the type of manufactured products and provided services. Due to relatively uniform character of operation of the companies composing the Group, the identified segments overlap with individual entities of the Group. Moreover, wind energy segment is separated related to investment into affiliated entity assessed by means of the property rights method. In result, the following operational reporting segments are identified:

- Railway construction segment which is engaged in engineering, construction and installation works in the railway sector (TP, PRKiI and Bahn Technik).
- Wind energy sector which is engaged in complex service of investment related to the wind farms (Eco-Wind Construction).
- Residential building sector, which is engaged in widely comprehended developer's operation (PRK 7 N).
- Design services sector (Torprojekt).

In order to create the above operational reporting segments, four segments were combined. While making the decision on combining, it was considered that they show similar economical features as well as they are similar as regards products and services, types of production processes, groups of customers of products and services and methods applied while distributing the products and performing services.

The Management Board monitors separately the operational results of the segments in order to take the decision concerning allocation of resources, assessment of the effects of such allocation and results of operations. The grounds for business results evaluation is gross profit or loss.

The income tax is monitored at the Group level and in relation to this, it is not subject to allocation to segments.

The transaction prices applied during transactions between the operational segments are set on the market principles alike while transaction with not related parties.

(data in thousand PLN, unless specified otherwise)

For the period from 01.01.2011 to 31.03.2011	**Continued operation**					
Not audited	**Railway segment**	**Other segments**	**Total**	**Discontinued operations**	**Exclusions**	**Total operations**
Revenues						
Sales to external customers	75 753	2 359	78 112	-	-	78 112
Sales between segments	5 470	146	5 616	-	(5 616)	-
Total segment revenues	**81 223**	**2 505**	**83 728**	**-**	**(5 616)**	**78 112**
Results						
Amortisation	2 775	99	2 874	-	-	2 874
Share in profit of affiliated entity	-	(197)	(197)	-	-	(197)
Segment profit (loss)	54 047	(285)	53 762	-	(54 127)	(365)

For the period from 01.01.2010 to 31.03.2010	**Continued operation**					
Not audited	**Railway segment**	**Other segments**	**Total**	**Discontinued operations**	**Exclusions**	**Total operations**
Revenues						
Sales to external customers	45 891	4 405	50 296	-	-	50 296
Sales between segments	4 100	18	4 118	-	(4 118)	-
Total segment revenues	**49 991**	**4 423**	**54 414**	**-**	**(4 118)**	**50 296**
Results						
Amortisation	2 534	10	2 544	-	-	2 544
Share in profit of affiliated entity	-	(772)	(772)	-	-	(772)
Segment profit (loss)	4 752	601	5 353	-	204	5 557

(data in thousand PLN, unless specified otherwise)

As per 31 March 2011	**Continued operation**					
Not audited	**Railway segment**	**Other segments**	**Total**	**Discontinued operations**	**Exclusions**	**Total operations**
Segment assets	629 172	73 492	702 664	-	(103 056)	599 608
Segment liabilities	193 029	51 943	244 972	-	(37 084)	207 888
Other disclosures						
Share in affiliated entity	-	35 086	35 086	-	-	35 086
Capital expenditure	1 272	86	1 358	-	-	1 358

As per 31 December 2010	**Continued operation**					
Audited	**Railway segment**	**Other segments**	**Total**	**Discontinued operations**	**Exclusions**	**Total operations**
Segment assets	763 748	69 483	833 231	-	(142 341)	690 890
Segment liabilities	322 725	47 629	370 354	-	(72 841)	297 513
Other disclosures						
Share in affiliated entity	-	35 427	35 427	-	-	35 427
Capital expenditure	7 616	375	7 991	-	-	7 991

(data in thousand PLN, unless specified otherwise)

19. Interest bearing bank credits and loans

Interest-bearing non-current credits and loans

Long-term

	31.03.2011 Not audited	31.12.2010 Audited
Bank loans	23 946	27 274
- investment loan	23 946	27 274
Financial lease agreement liabilities	1 287	1 517
Total, interest-bearing long-term loans and borrowings	**25 233**	**28 791**

Interest-bearing short-term credits and loans

Short-term

	31.03.2011 Not audited	31.12.2010 Audited
Bank loans	32 503	26 176
- investment loan	32 503	26 176
Borrowings from unrelated entities	201	198
- interest charged	1	-
Financial lease agreement liabilities	1 227	1 185
Total, interest-bearing short-term loans and borrowings	**33 931**	**27 559**
Total, interest-bearing bank loans and borrowings	**59 165**	**56 350**

Incurred credits of the parent company and credits of other Group's companies are presented in the below table:

Credits of the parent company:

Name of entity	Loan amount	Type of credit	Agreement date	Maturity date	Interes t	Amount of credit to be paid as per 31.03.2011
PEKAO SA	55 000 000 PLN	Investment loan	28.11.2007	30.11.2012	WIBOR 1M+0.55%	18 333 thousand PLN including: 7 333 - long-term liabilities, 11 000 - short-term liabilities
Alior Bank S.A.	60 000 thousand PLN	Revolvng credit on current account	31.03.2011	30.03.2012	WIBOR 1M+1.35%	-
					Total	**18 333 thousand PLN**

(data in thousand PLN, unless specified otherwise)

Credits of the other companies within the Group:

Debtor / Entity name	Loan amount	Type of credit	Agreement date	Maturity date	Interes t	Amount of credit to be paid as per 31.03.2011
PRKiI S.A. BRE Bank S.A.	10 000 thousand PLN	Overdraft	22.03. 2000 Annex No. 24 of 07.02.2011	06.02.2011	WIBOR O/N+1.4%	-
PRKiI S.A. Alior Bank S.A.	20 000 thousand PLN	Overdraft	31.03.2011	30.03.2012	WIBOR 1M+1.35%	-
Bahn Technik Wrocław Sp. z o.o. Kredyt Bank S.A.	up to 500 000 PLN	Overdraft limit	13.07. 1999 Annex No. 18 of 27.05.2010	22.05.2011	WIBOR O/N +3.5%	-
PRKiI S.A. Nordea Bank Polska S.A.	5 914 000 EUR i.e. 23 726 thousand PLN	Foreign currency investment loan	09.02.2009	07.02.2014	EURIBOR 1M+2.5%	4 690 thousand EUR i.e. 18 816 thousand PLN
PRKiI S.A. Nordea Bank Polska S.A.	562 000 thousand EUR i.e. 2 255 thousand PLN	Foreign currency investment loan	06.07.2009	31.07.2012	EURIBOR 1M+3.1%	250 thousand EUR i.e. 1 003 thousand PLN
Bahn Technik Wrocław Sp. z o.o. Leonard Weiss International GmbH	50 thousand EUR i.e. 198 000 thousand PLN	Borrowing	30.11.2009	30.11.2011	3%	50 thousand EUR i.e. 202 thousand PLN
PRK 7 NIERUCHOMOŚCI Sp. z o.o. BOŚ BANK S.A.	30 847 000 PLN	Non-renewable revolving loan in PLN	22.06.2010	28.02.2012	WIBOR O/N +1.95%	18 297 thousand PLN
					Total	**38 318 thousand PLN**
					Group, total	**56 651 thousand PLN**

20. Additional information to the cash flow statement

	31.03.2011 Not audited	31.03.2010 Not audited
Cash in hand	78	93
Cash at bank	2 384	7 483
Other cash - deposits up to 3 months	159 702	162 396
Overdraft	-	-
Total	**162 164**	**169 972**
Deposits adjusting cash at the end of the period	-5 110	-26 500
Cash at end of period	**157 054**	**143 472**

(data in thousand PLN, unless specified otherwise)

21. Conditional receivables and liabilities

Conditional receivables and liabilities are presented in the below table:

	31.03.2011 Not audited	31.12.2010 Audited
Contingent receivables		
From related entities due to:	**46 631**	**50 632**
Received guarantees and sureties	45 300	45 005
Bills of exchange received as collateral	1 331	5 627
From other entities due to:	**39 319**	**38 162**
Received guarantees and sureties	33 803	32 569
Bills of exchange received as collateral	5 516	5 593
Other	-	-
Total contingent receivables	**85 950**	**88 794**
Contingent liabilities		
From related entities due to:	**46 631**	**45 788**
Provided guarantees and sureties	45 300	45 005
Promissory notes	1 331	783
From other entities due to:	**1 127 813**	**983 391**
Provided guarantees and sureties	441 904	438 038
Promissory notes	359 904	351 733
Joint mortgages	58 271	59 151
Assignment of receivables	108 846	
Assignment of rights under insurance policy	108 882	79 846
Security deposits	4 839	10 008
Other liabilities	45 167	44 615
Total contingent liabilities	**1 174 444**	**1 029 179**

As a result of the concluded employment contracts with employees and the Management Board Members, the Group as per 31 March 2011 possessed conditional receivables amounting 1,352 thousand PLN and conditional liabilities amounting 4,489 thousand PLN.

Tax settlements and other fields of the business that are subject to regulations (e.g. customs and currencies), may the subject of administrative bodies control, which are entitled to impose high penalties and sanctions . Lack of reference to fixed legal regulations in Poland causes the occurrence of unclear and incoherent statements in the obligatory regulations. Frequent differences in opinions as to legal interpretation of tax regulations both inside the national bodies and between the national bodies and companies, create the fields of conflicts and uncertainty. These phenomena cause that tax risk in Poland is significantly higher that this usually present in the countries of more developed tax system. The tax settlements may be the subject of control for the period of five years, starting at the end of year in which the tax was paid. As a result of the performed controls, current tax settlements of the Group may be increased by additional tax obligations. In the Group's opinion, at the end of the first quarter of 2011, proper reserves were prepared for recognized and measureable tax risk.

22. Important court and disputable cases

From 1 January 2011 to 31 March 2010, the Company and its subsidiaries were not parties to any pending court proceedings, arbitration proceedings or any proceedings before any public administration authorities, whose value, individual or in total, exceeded 10% of the equity of Trakcja Polska SA, except for the proceedings specified below.

1. Case of shareholder Jacek Jurek.

Shareholder of the Company Mr. Jacek Jurek brought an action against the Company concerning rendering void the resolution No. 3, No. 4, No. 5 and No. 7 of the Extraordinary Assembly of 19 January 2011. District Court in Warsaw furnished the above mentioned actions to the Company. The Company sent a reply to the action. Currently the Company awaits further Court's decisions.

(data in thousand PLN, unless specified otherwise)

23. Dividends paid and declared

Within the first quarter of 2011 and in the comparable period, the parent company did not declare and pay any dividends.

24. Information on related companies

Transactions concluded by the Parent Company and affiliated companies with related companies are transactions concluded upon market terms and their character results from current business run by the parent company and its affiliated companies.

Total amounts of transactions concluded with related entities within the first quarter of 2011 are presented below.

Related entities	Period	Sale to related entities	Purchases from related entities	costs resulting from FX losses and other
Shareholders of parent company				
COMSA S.A.	01.01-31.03.2011	-	-	-
	01.01-31.03.2010	2	32	18
VALDITERRA	01.01-31.03.2011	-	-	-
	01.01-31.03.2010	-	-	-
Total	01.01-31.03.2011	**-**	**-**	**-**
	01.01-31.03.2010	**2**	**32**	**18**

Information concerning receivables and liabilities from / to related companies at the end of the first quarter of 2011 is presented below.

Related entities	Balance sheet date	Receivables from related entities	Liabilities towards related entities
Shareholders of parent company			
COMSA S.A.	31.03.2011	1	-
	31.12.2010	1	-
VALDITERRA	31.03.2011	-	-
	31.12.2010	-	-
Companies of Trakcja Polska Group			
Total	31.03.2011	**1**	**-**
	31.12.2010	**1**	**-**

25. Important events during the first quarter of 2011 and falling after the balance sheet date

Significant events within the quarter period

Other important events:

- On 19 January 2011 on of the conditions suspending the Transaction Closure was met (as defined in the current report No. 35/2011 of 18 November 2010) concerning the purchase of Tiltra Group shares. The General Assembly passed a resolution concerning conditional increase of the initial capital of the Company by 7,200,000 PLN by way of emission of 72 000 000 of shares of series G, excluding the preemptive right of current shareholders of the Company and the resolution on emission of 72 000 000 subscription warrants of series A, excluding the preemptive right of current shareholders of the Company and the resolution to pledge the shares in the initial capital of the Company which are owned by the Tiltra Group Shareholders.
- On 28.01.2011, District Court of the Capital City of Warsaw, 12th Economy Department of the National Court Register, passed a resolution on registering the change of the Articles of Association of the Company consisting in conditional increase of the initial capital by the amount no higher than 7,200,000 PLN by virtue of emission of 72 000 000 common bearer shares, series G, of nominal value 0.10 PLN each.
- On 31 January 2011, one of the conditions precedent of the Transaction Closure was met, i.e. about granting a permit by the financial institutions financing the companies of Tiltra Group for the transaction stipulated in the contract.
- On 1 February 2011, the Management Board of Trakcja Polskia S.A., passed the resolution on issuing 297 216 of shares of series A of nominal value 1,000 PLN each. The obligations shall be bearer obligations, not secured and shall not have the form of a document.
- On 1 February 2011, the Company obtained the decision of the President of the Office of Competition and Consumer Protection concerning the consent to the concentration involving the acquisition by the Company of AB Kauno Tiltai and Tiltra Group AB.
- On 14 February 2011, the Company obtained enforceable decision of the Court concerning the entering in the commercial register of the National Court Register of the conditional increase in the share capital on the basis of the resolution of the Company's General Meeting of Shareholders dated 19 January 2011.
- On 21 February 2011, the Management Board took the decision that the National Depository for Securities [Krajowy Depozyt Papierów Wartościowych] (hereinafter, the KDPW) agreed to accept for deposit up to 72 000 000 ordinary bearer shares series G with nominal value of PLN 0.10 each emitted as the conditional increase in the share capital under the Resolution No. 3 of the Extraordinary General Meeting of Shareholders of Trakcja Polska SA dated 19 January 2011, and to designate them with the PLTRKPL00014 code.
- On 22 February 2011, the Management Board of the Company was informed about the action being brought against the Company to the Regional Court in Warsaw on 18 February 2011 by the Company's shareholder, Jacek Jurek, requesting the resolutions adopted on 19 January 2011 be revoked. The information was delivered to the Company by Poczta Polska.
- On 3 March 2011, the Company obtained the information about the fact that one of the conditions precedent (as defined in the Current Report No. 35 of 18 November 2010) was met, i.e. on that day the Company obtained the resolution adopted by the Management Board of the National Depository for Securities No. 177/11 dated 3 March 2011 concerning the acceptance for deposit of up to 297.216 bearer bonds series A with a par value of PLN 1.000 per bond issued by the Company under the Resolution No. 1 of the Company's Management Board dated 1 February 2011, provided that such bonds were effectively issued and allocated.
  In relation to appealing against the resolution of the General Assembly of the Company of 19 January 2011 by the Company's shareholder, conditions suspending the Transaction Closure were not met (as defined in the current report No. 35 of 18 November 2010): court procedure brought by the Company's shareholder was not legally closed and the Management Board of the Stock Exchange did not pass the resolution on conditional introduction of G series shares to public turnover. In relation to the fact that the conditions were not met until 31 March 2011, according to provision of clause 6.4 of the Agreement, the Agreement was terminated.
- On 31 March 2011 the Company concluded with Alior Bank S.A. a credit agreement for revolving credit in credit account up to 60,000,000 PLN. The credit is destined for financing current operations of the Company. Crediting period ends on 30 March 2012. The following items secure the credit: power of attorney to dispose with the case on bank accounts of the Company, Total Mortgage up to 90,000,000 PLN on two properties: on the Company's property (perpetual usufruct) and on the property of affiliated company of the Issuer - Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A. (perpetual usufruct), together with assignment of rights from the above properties insurance policies and warranty acc. to civil

law by Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A. together with a declaration of the guarantor about submission to execution acc. to art. 97 of the act of 29 August 1997 Banking Law *(Journal of Laws of 2002, No. 72, item 665, as amended).*

Important events after the balance sheet date

Other important events:

- On 4 April 2011 Trakcja Polska S.A. furnished to Alior Bank S.A. (hereinafter called: „Bank") a solidary warrant for the affiliated company liabilities – Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A. in relation to the credit agreement for revolving credit in the credit account in amount 20,000,000 concluded between Przedsiębiorstwem Robót Kolejowych i Inżynieryjnych S.A and the Bank. Amount of the warrant granted by the Issuer: declaration about submission to execution based on the art. 97 of the act of 29 August 1997 Banking Law (Journal of Laws of 2002, No. 72, item 665, as amended) up to 40,000,000 PLN. Period the warranty was granted: 24 months since the Agreement dissolution.

- On 4 April 2011 the affiliated company of the Issuer - Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A. furnished to Alior Bank S.A. with the seat in Warsaw, a solidary warranty for the Issuer's liabilities, in relation to the credit agreement for revolving credit in the credit account in amount 60,000,000 PLN (say: sixty million PLN) (hereinafter called: "Agreement") concluded between the Issuer and the Bank. Amount of the warrant granted by PRKiI: declaration about submission to execution based on the art. 97 of the act of 29 August 1997 Banking Law (Journal of Laws of 2002, No. 72, item 665, as amended) up to 120,000, 000 PLN (say: one hundred twenty million PLN). Period the warranty is in force: 24 months since the Agreement dissolution.

- On 19 April 2011 Parties to the Agreement of 18 November 2010 mentioned in the report No. 35/2010 of 18 November 2010 (hereinafter called: "Agreement") decided to restore the applicability of the Agreement of 18 November 2010. (amended by annexes), of which the Company informed in current reports No. 35/2010, No. 38/2010 and 45/2010. The Parties decided to execute the Agreement as if it has never been dissolved. At the same time, the Parties decided to change the transaction provisions stipulated in the Agreement:

1. they introduced mechanism of reducing Tiltry Shares Price, amounting 777,536,000 PLN, in the way that if Tiltra Group AB and AB Kauno tiltai will not attain in total the assumed net profit and EBIDTA for the fiscal year ended on 31 March 2011 and fiscal year ended on 31 March 2012 the Tiltra Shares Price shall be reduced accordin to the formula given in the Agreement. Necessity of possible reduction of Tiltra Share Price shall be examined both based on the audited reports of Tiltra Group AB and AB Kauno tiltai for the fiscal year that ended on 31 March 2011 as well as for the year that ends on 31 March 2012. In relation to the above, the Parties decided that until the date of handing over by the auditor of (i) the opinion concerning the examination of financial statements of Tiltra Group AB and AB Kauno tiltai for teh fiscal year that ends on 31 March 2012 and (ii) calculation of possible reduction of Shares Price of Tiltra, Tiltra Group AB and AB Kauno tiltai and their affiliated companies shall be managed by the persons indicated by Tiltra Group shareholdes.
2. Dependence of the Agreement execution on the suspending condition in the form of passing a resolution by the Stock Exchange ("GWP") about introducing G series shares to the exchange turnover was abandoned.
3. The Parties decided that the Company shall emit bonds in two series, i.e. A series and B series, each of total value 148,608,000 PLN. In relation to that, emission of A series bonds, that the Company mentioned in the current report No. 10/2011 with buy out date falling on 12 December 2013 shall be properly reduced. B series bonds shall fall due on 12 December 2014 and shall bear interest acc. to fixed interest rate 7% p.a. All A series and B series bonds shall be taken by Tiltra Group Shareholders.
4. The Company shall be authorized to request from Tiltra Group Shareholders and from Comsa SA to extend the ban of selling and burdening the Company's shares. Upon the Company's request, the ban to sell and burden the Company's shares owned by Tiltra Group and Comsa SA Shareholders automatically extends since the moment of enforcing the entry to the National Court Register about conditional increase of the initial capital, mentioned in clause 5 below or since the date the action brought by shareholder Jacek Jurek, mentioned in current reports No. 15/2011 and 22/2011 is overruled.
5. Within 90 days since the Transaction Closure, the Company shall call general assembly that shall include voting on following resolutions (i) conditional increase of the initial capital of the Company by 32,021,096 PLN by way of issuing up to 320 210 960 shares excluding preemptive rights of current shareholders and related change of the Company's Articles and (ii) emission of 320 210 910 subscription warrants giving right to take shares in the conditionally increased initial capital of the Company. Emission price of the above shares shall be calculated as a product of the amount that the Company would be forced to return

to the shareholders in case of overruling the resolution of the Company's general assembly about emission of G series shares and the number of shares of new emission. The subscription warrants shall be emitted free of charge. The Management Board of the Company shall have the right to offer the subscription warrants to shareholders, who according to art. 56 of the act on financial instruments turnover, would be covered by the shares reduction in relation to overruling the general assembly resolution about emission of G series shares in the number proportional to their share in total amount subjected to return in aid of the shareholders as a result of such reduction. Major shareholder of the Company - Comsa SA and Tiltra Group Shareholders committed themselves to pass the above resolutions of the Company's General Assembly and to take and execute all subscription warrants offered to them by the Management Board according to the above principles.

6. Additional security of claims of the Company against the Tiltra Groups Shareholders by virtue of granted declarations and guarantees in the form of blockades on the Company's shares was introduced.
7. In relation to the action brought by Mr. Jacek Jurek about declaring invalidity of the transaction concerning the purchase by Silentio Investment Sp. z o.o (affiliated company of ABTiltra Group) of shares of Poldim S.A. company, the Parties decided that in case of legal verdict considering the above action of Mr. Jacek Jurek against Silentio SA and Poldim SA, Tiltra Shares Price shall be properly reduced. The Parties decided that after Closing the Transaction, court dispute with Mr. Jacek Jurek shall be pleaded by a legal counsel indicated by Tiltra Group Shareholders, upon the cost of Tiltra Group Shareholders.

- On 27 April 2011, the Management Board of the Stock Exchange in Warsaw made the decision about admitting for turnover at the basic market of the Exchange, 72 000 000 G series bearer shares of the Company of nominal value 0.10 PLN each, emitted within the scope of conditional increase of the initial capital based on the resolution No. 3 of Extraordinary Assembly of the Company on 19 January 2011.

- On 2 May 2011, persons who took the G series shares of the Company were given these shares by way of entering them on the securities accounts. In relation to the above, according to art. 452 par. 1 of the Commercial Companies Code, together with handing over the G series shares on 2 May 2011, increase of the initial capital of the Company took place by 7,200,000 PLN i.e., to 23,210,548 PLN.

- On 5 May 2011, the Company has received an information from AB INVALDA, Lithuanian company with the seat in Vilnius, concerning the fact that as a result of purchasing the Company's shares based on the transaction of 19 April 2011, AB INVALDA has become the owner of shares of new emission of the Company, that represent over 10% of votes at the Company's General Assembly of Shareholders. Before the acquisition of the above mentioned shares AB INVALDA owned no Company’s shares, whether directly or indirectly. On 2 May 2011, 29 017 087 Company’s shares were booked into the securities account of the Fund. These shares entitle to 29 017 087 votes in General Meeting of Company's Shareholders what is 12.502 % of the total number of votes.

- On 5 May 2011 the Company received information from Mr. Jonas Pilkauska, citizen of Lithuania, concerning the fact of purchasing the Company's shares based on the transaction of 19 April 2011, Mr. Jonas Pilkauskas in agreement with Mrs. Irena Angelė Černevičiūtė and Mrs. Vaida Balčiūnienė in the meaning of the art. 87, item 1 clause 5 in relation to par. 4 item 1 of the Act on bid, became the owners of new emission of shares of the Company, representing above 5% of votes at the General Assembly of Shareholders of the Company. Before the acquisition of the above mentioned shares Mr. Jonas Pilkauskas, Ms. Irena Angelė Černevičiūtė and Ms. Vaida Balčiūnienė owned no Company’s shares, whether directly or indirectly. On 2 May 2011, 19 645 318 Company’s shares were booked into the securities accounts of these above mentioned individuals. These shares entitle to 19 645 318 votes in General Meeting of Company's Shareholders what is 8.464 % of the total number of votes.

- On 6 May 2011 the Company received from COMSA S.A., a company under Spanish law based in Barcelona (“COMSA”) a notification of the fact that, as a result of the increase in the Company’s initial capital under the transaction dated 19 April 2011, the Company informed about in its current report No. 23/2011 of 19 April 2011 and current report No. 24/2011 of 19 April 2011, settled on 2 May 2011, COMSA decreased its share in the total number of votes at the General Assembly of Company’s Shareholders to below 50%. Before the increase of share capital, COMSA and its subsidiary Comsa Emte sp. z o.o. held 81,145,510 Company’s shares in total which was 50.68% of the Company’s share capital. These shares entitled to 81,145,510 votes in General Meeting of Company's Shareholders that was 50.68 % of the total number of votes. After the increase of share capital, COMSA and its subsidiary Comsa Emte sp. z o.o. hold 81,145,510 Company’s shares in total that is 34.96 % of the Company’s share capital. These shares entitle to 81,145,510 votes in General Meeting of Company's Shareholders what is 34.96 % of the total number of votes. At the same time COMSA informed the Company that according to the wording of art.

(data in thousand PLN, unless specified otherwise)

69 par.1 item 1 of the act of bid in relation to the art. 87, item 1 clause 3 letter c of the Act on bid it is a party to the agreement on assignment of the entitlement to exercise the right of voting dated 18 November 2010 (hereinafter the "Agreement") between COMSA and (i) AB INVALDA based in Vilnius, Lithuania, (ii) UAB NDX ENERGIJA based in Vilnius, Lithuania; (iii) Mr. Jonas Pilkauskas; (iv) Mr. Mindaugas Aniulis; (v) Mr. Nerijus Eidukevicius, (vi) Mr. Romas Matiukas, (vii) Ms. Vaida Balčiūnienė, (viii) Ms. Irena Angelė Černevičiūtė, (ix) Mr. Vidmantas Drizga, and Mr. Romanas Aniulis (hereinafter "Assignors"). Provisions of the Agreement provide for the assignment of voting rights on the new issue of shares Series G by Assignors to COMSA. Under provisions of the Agreement, COMSA is also entitled to exercise the voting rights on 72,000,000 shares held by Assignors, that is 31.02 % of the share capital of the Company, entitling to 72,000,000 votes in General Meeting of Shareholders, that is 31.02% of the total number of votes. Taking the above into consideration and due to the number of votes in General Meeting of Shareholders resulting from the number of Company's shares held by COMSA and its group and the votes resulting from provisions of the Agreement, COMSA is entitled to exercise the right of voting on 153,145,510 shares in total, that is 65.98% of the Company's share capital, entitling to 153,145,510 votes in General Meeting of Shareholders, that is 65.98 % of the total number of votes.

26. Information concerning Tiltra Group acquisition

On 19 April 2011 between the Company as a Buyer and AB Invalda, UAB Ndx Energia and the remaining natural persons: Mr. Jonas Pilkauskas, Mr. Mindaugas Aniulis, Mr. Nerijus Eidukevičius, Mr. Romas Matiukas, Mr. Vaida Balčiūnienė, Mrs. Irena Angelė Černevičiūtė as Sellers and shares sales agreement concluded on 19 April 2011 between the Company as Buyer and Mr. Jonas Pilkauskas, Mr. Romanas Aniulis, Mr. Vidmantas Drizga, Mr. Nerijus Eidukevičius, Mr. Romas Matiukas as Sellers, the Company purchased: 150 000 shares of Tiltra Group AB with the seat in Vilnius, of nominal value 1 LTL each, and of total nominal value 150,000 LTL, representing 100% of initial capital and giving the right to 100% of votes at the general assembly of the company, 148 981 of shares of AB Kauno tiltai with the seat in Kaunas of nominal value 130 LTL each and total nominal value of 19,367,530 LTL, representing 96.84% of the initial capital and giving the right to 96.84% of votes at the general assembly of the company and 22 shares in Silentio Investments Sp. z o.o. with the seat in Warsaw of nominal value 50 PLN each share and total nominal value of 1.100, representing 22% of the initial capital and giving the right to 22% of votes at teh general assembly of company's shareholders. Having concluded the aforementioned transaction and the transaction related to purchase of Tiltra Group AB Shares, it owns directly and by the agency of Tiltra Group AB and AB Kauno Tiltai 100 shares in Silentio Investments Sp. z o.o., of nominal value 50 PLN each share, and total nominal value 1.100 PLN, representing 100% of the initial capital and giving the right to 22% of votes at the partners assembly of this company.
Before the above mentioned transactions, the Company owned no Tiltra Group AB shares, no AB Kauno Tiltai share nor Silentio Investements Sp. z o.o. shares. The Company treats the investment into Acquired Assets and a long-term capital deposit.. Record value of the Acquired Assets is 216,283,000 PLN**.**
Total price for the Acquired Assets is 777,536 thousand PLN and was settled by way of deducting receivables of the Company in relation to the Sellers with the liabilities by virtue of emission price of G series shares of the Company, bonds emission price, however surplus in amount 152,000 thousand PLN was transferred in cash. Own resources of the Company were the source of financing the Acquired Assets.
Goodwill of the company as a result of acquiring Tiltra Group was 565,156 thousand PLN. Goodwill was established based on net assets in book value and its final settlement shall be performed within a year since the acquisition date.

Initial calculation of goodwill

Purchase price at fair value	686 670
Net assets in book value per Group	121 514
Net surplus of acquisition price over acquired net assets	**565 156**

The merger of activities of both entities will enable the establishment of an entity, which will become one of the leading entities on the road and railway construction market in Poland. Trakcja Polska SA and Tiltra have similar strategies according to which the diversification of operations is to be achieved by entering into new segments of the construction market. The support of the major shareholder of Trakcja Polska SA, i.e. Comsa SA should contribute to the expansion to the new markets of Eastern and Central Europe. The merged entities will strengthen their competitiveness and reinforce their negotiating position against their suppliers and subcontractors.

A development of new business areas is also planned, in particular, in the area of concessions, construction services for power sector and also further strengthening of the presence in the tram infrastructure construction sector.

On 19 April 2011 the Company emitted: 148 608 non-secured bearer bonds of A series, without the form of a document, of nominal value 1 000 PLN each and total nominal value of 148 608 thousand PLN, 148 608 non-secured bearer bonds of B series, without the form of a document of nominal value 1 000 PLN each and total nominal value of 148 608 thousand PLN. Emission price of single A and B series bond is equal to the nominal value. The bonds bear interest according to the fixed interest rate 7% p.a., and the interest are payable on the day of interest payment falling on 30 June and 31 December of each year since the emission date to the Due Date of A and B Series Bonds and on the Due Date of A and B Series Bonds.

On 19 April 2011 the Company emitted 72 000 000 subscription warrants of A series of which each granted to its owner the right to take 1 bearer share of G series of the Company. The Subscription Warrants were offered to the Sellers. On 19 April 2011, the Sellers took all the offered Subscription Warrants and on 19 April 2011 they executed the rights in these Warrants taking in total 72 000 000 G series shares of the Company in the increased, based on the resolution No. 3 of Extraordinary Assembly of the Company on 19 January 2011, initial capital of the Company. Emission price of G series share was 4.56 PLN per each share.

(data in thousand PLN, unless specified otherwise)

IV. QUARTERLY FINANCIAL INFORMATION

UNITARY PROFIT AND LOSS ACCOUNT

	Fiscal year ended		
	31.03.2011		31.03.2010
	Not audited		Not audited
Continued operation			
Sales revenues	**49 995**		**26 342**
Cost of goods sold	**(49 375)**		**(22 305)**
Gross profit (loss) on sales	**620**		**4 037**
Cost of sales, marketing and distribution	(211)		(240)
General and Administrative Costs	(3 719)		(3 341)
Other operating revenues	275		936
Other operating costs	(199)		(212)
Operating profit (loss)	**(3 235)**	**-**	**1 180**
Financial revenues	55 680		1 008
Financial costs	(281)		(1 323)
Acquisition cost	(515)		-
Gross profit (loss)	**51 648**		**860**
Income tax	513		(169)
Net profit (loss) from continued operations	**52 161**		**691**
Discontinued operations			
Net profit (loss) from discontinued operations	-		-
Net profit (loss) for the period	**52 161**		**691**
Profit (loss) per share attributable to shareholders in the period (PLN per share)			
Basic	0.33		0.00
Diluted	0.33		0.00
Profit (loss) per share from continued operation attributable to shareholders in the period (PLN per share)			
Basic	0.33		0.00
Diluted	0.33		0.00

TOTAL INCOME STATEMENT

	Fiscal year ended	
	31.03.2011	**31.03.2010**
	Not audited	**Not audited**
Net profit (loss) for the period	**52 161**	**691**
Other total income:	-	-
TOTAL INCOME FOR THE PERIOD	**52 161**	**691**

(data in thousand PLN, unless specified otherwise)

UNITARY BALANCE SHEET

ASSETS	31.03.2011 Not audited	31.12.2010 Audited
Non-current assets	**219 329**	**218 771**
Tangible non-current assets	31 804	32 785
Intangible assets	54 899	54 577
Investment properties	3 666	3 666
Investments in subordinate entities	76 738	76 891
Investments in affiliates	35 475	35 475
Financial assets	906	906
Financial derivatives	-	-
Deferred tax assets	14 121	12 453
Long-term prepayments	1 720	2 018
Current assets	**320 738**	**368 036**
Inventory	39 888	28 708
Trade and other receivables	70 913	116 197
Income tax receivables	-	-
Financial assets	4 752	32 434
Cash and cash equivalents	143 757	132 307
Accruals	4 886	2 240
Construction contracts	56 543	56 150
TOTAL ASSETS	**540 067**	**586 807**

EQUITY AND LIABILITIES		
Equity	**373 380**	**321 342**
Share capital	16 011	16 011
Basic conditional capital	7 200	-
Due payments for basic capital (negative value)	(7 200)	-
Share premium account	185 812	185 812
Revaluation reserve	12 729	12 853
Other reserve capitals	62 927	62 927
Retained earnings	95 901	43 739
Long-term liabilities	**31 966**	**33 912**
Interest-bearing bank loans and borrowings	7 967	10 942
Provisions	901	1 008
Liabilities by virtue of employee benefits	5 802	5 792
Deferred income tax provision	17 296	16 170
Financial derivatives	-	-
Short-term liabilities	**134 721**	**231 553**
Trade and other liabilities	43 323	132 101
Interest-bearing bank loans and borrowings	11 741	11 698
Provisions	8 402	10 382
Liabilities due to employee benefits	2 955	3 052
Accruals	-	4
Construction contracts	68 299	74 316
LIABILITIES TOTAL	**540 067**	**586 807**

(data in thousand PLN, unless specified otherwise)

UNITARY CASH FLOW STATEMENT

	Period of 3 months ended on	
	31.03.2011	**31.03.2010**
	Not audited	Not audited
Cash flows from operating activities		
Gross profit (loss) from continued operations	**51 648**	**860**
Gross profit (loss) from discontinued operation	-	-
Adjustments for:	**(119 010)**	**(12 482)**
Amortisation	1 250	1 051
FX differences	-	283
Net interest and dividends	(54 408)	(8)
Profit/loss on investment activities	(244)	168
Change in receivables	45 284	42 148
Change in inventory	(11 179)	(5 005)
Change in liabilities	(88 864)	(31 320)
Change in accruals and advance payments	(2 352)	(2 185)
Change in provisions	(2 087)	(2 362)
Change in construction contracts	(6 411)	(10 516)
Change in derivatives	-	(4 736)
Paid income tax	-	-
Other corrections	-	-
Net cash flows from operating activities	**(67 361)**	**(11 622)**
Cash flows from investment activities		
Sale (purchase) of intangible assets and tangible non-current assets	(588)	(1 401)
- acquisition	(591)	(1 401)
- sale	3	
Loans	-	1 500
- returned	-	1 500
Financial assets	82 569	2 893
- sold or returned	27 949	2 893
- acquired	54 620	-
Interest received	10	49
Net cash flows from investment activities	**81 990**	**3 041**
Cash flows from financial activities		
Net proceeds from issue of shares	-	-
Repayment of borrowings and loans	(2 750)	(2 750)
Interest paid	(247)	(330)
Payment of liabilities under financial lease agreements	(182)	(47)
Net cash flows from financial activities	**(3 179)**	**(3 127)**
Total net cash flows	**11 451**	**(11 708)**
Net FX differences		
Cash at start of period	**132 307**	**80 272**
Cash at end of period:	**143 757**	**68 564**

(data in thousand PLN, unless specified otherwise)

BALANCE OF CHANGES IN THE UNITARY EQUITY

Not audited	Share capital	Basic conditional capital	Due payments for basic capital (negative value)	Share premium account	Equity from revaluation	Other reserve capitals	Retained earnings	Equity in total
As per 01.01.2011	**16 011**	**-**	**-**	**185 812**	**12 853**	**62 927**	**43 739**	**321 342**
Corrections of mistakes	-	-	-	-	-	-	-	**-**
Changes of accounting standards	-	-	-	-	-	-	-	**-**
As per 01.01.2011 after adjustments	**16 011**	**-**	**-**	**185 812**	**12 853**	**62 927**	**43 739**	**321 342**
Total income for the period	-	-	-	-	-	-	52 162	**52 162**
Conditional increase of capital		7 200	(7 200)					
Other	-	-	-	-	(124)	-	-	**(124)**
As per 31.03.2011	**16 011**	**7 200**	**(7 200)**	**185 812**	**12 729**	**62 927**	**95 901**	**373 380**
Not audited								
As per 01.01.2010	**16 011**	**-**	**-**	**185 812**	**14 377**	**26 440**	**37 843**	**280 483**
Corrections of mistakes	-	-	-	-	-	-	-	-
Changes of accounting standards	-	-	-	-	-	-	-	-
As per 01.01.2010 after adjustments	**16 011**	**-**	**-**	**185 812**	**14 377**	**26 440**	**43 864**	**286 504**
Total income for the period	-	-	-	-	-	-	691	**691**
Profit distribution	-	-	-	-	-	-	-	**-**
Other	-	-	-	-	(171)	-	-	**(171)**
As per 31.03.2010	**16 011**	**-**	**-**	**185 812**	**14 206**	**26 440**	**44 555**	**287 024**

V. ADDITIONAL INFORMATION AND EXPLANATION TO THE ABRIGED UNITARY FINANCIAL REPORT

1. Analysis of financial results of Trakcja Polska SA company for the first quarter of 2011

Within the period of three months that ended on 31 March 2011, Trakcja Polska Capital Group obtained incomes on sale in amount 49,995 thousand PLN, that represents 90% increase in relation to analogical period in 2010.

Own cost concerning sale within the period of three months that ended on 31 March 2011 increased by 27,070 thousand PLN, i.e. by 121% and its value amounted 49,375 thousand PLN. Higher by 31 p.p. increase of own cost concerning sale comparing to the increase of income on sale caused reduction of gross profit margin by 3,417 thousand PLN, i.e. by 85%. Gross profit margin on sale for the first quarter of 2011 amounted 1% and was reduced by 14 p.p. comparing to the margin in the first quarter of 2010.

The general and administrative costs were 3,719 thousand PLN and increased by 11%, i.e. by 378 thousand PLN in relation to comparable period. The selling costs and the marketing and distribution costs were at the level similar to their values in the previous year and amounted to 211 thousand PLN The remaining operational costs amounted 275 thousand PLN and were reduced by 661 thousand PLN, i.e. by 71% comparing to data for the first quarter in 2010. This was caused by reduction of the amount related to reserves, including pension severance payments. The remaining operational costs amounted 199 thousand PLN and were reduces by 6% in relation to the comparable period. Within the period from 1 January 2011 to 31 March 2011, the Company obtained loss on operational activity amounting 3,235 thousand PLN. Result on operational activity reduced by 4,415 thousand PLN comparing to the result on operational activity for the period of three months that ended on 31.03.2010 when it reached positive amount of 1,180 thousand PLN.

Financial incomes of the Company amounted 55,680 thousand PLN and increased in relation to financial incomes in the first quarter of 2010 by 54,672 thousand PLN in relation to obtaining dividend from the affiliated company. Financial costs were reduced by amount 1,042 thousand PLN and amounted 281 thousand PLN. The reduction of financial costs was related to the reduction of paid bank credits. As a separate item of the profit and loss account, the Company presented the acquisition costs in the amount of 515 thousand PLN. These costs were related to the purchase of shares in the Tiltra Group.

Within the period from 1 January 2011 to 31 March 2011 the Company attained gross profit amounting 51,648 thousand PLN, that increased in relation to the gross result for the first quarter of 2010 by amount 50 788 thousand PLN. Income tax for the period of 3 months in 2011 obtained negative value, i.e. - 513 thousand PLN and was reduced comparing to the analogical period in the previous year by 682 thousand PLN. Net profit of the Company for the period from 1 January 2011 to 31 March 2011 amounted 52,161 thousand PLN and was higher by 51,470 thousand PLN in relation to the analogical period in the previous year. Balance sheet sum of the Company at the end of the first quarter of 2011 obtained the level of 540,067 thousand PLN and was lower by 46,741 thousand PLN than the balance sheet sum at the end of 2010.

Fixed assets increased by 558 thousand PLN and obtained the level of 219,329 thousand PLN. Working assets decreased by 47,298 thousand PLN and amounted 320,738 thousand PLN.

Increase of assets as per 31.03.2011 was caused mostly by the increase of the fixed asset amount by virtue of deferred tax. Working assets decreased by 13% comparing to the balance as per 31.12.2010. This decrease first and foremost resulted from the decrease of receivables by virtue of supplies and services and other receivables by 45,284 thousand PLN, i.e. by 39%, which as per 31.03.2011 amounted 70,913 thousand PLN. Financial assets were significantly reduced also i.e. by 27,682 thousand PLN and amounted as per 31.03.2011 – 4,752 thousand PLN. Reduction of the financial assets was caused by the sale of money market fund units.

Reduction of receivables by virtue of supplies and services and the remaining receivables and financial assets was partially caused by the increase of stock that at the balance sheet date amounted 39,888 thousand PLN. The Group applies the principle of purchased materials prices rationalization thus it purchases materials necessary for currently performed and commencing contracts.

Equity of the Company increased as per 31.03.2011 by 52,039 thousand PLN in relation to the balance as per 31.12.2010. This increase was related to the increase of non-distributed financial result of the Company.

Non-current liabilities as per 31.03.2011 amounted 31,966 thousand PLN and reduced by 1,947 thousand PLN, i.e. by 6% comparing to the balance on 31.12.2010. First and foremost, interest-bearing credits and long-term loans were reduced in relation to the payment of credit instalments. Current liabilities were 134,721 thousand PLN and decreased by 42%, i.e. by 96,832 thousand PLN as compared to their value at the end of the previous year. Among the current liabilities, the biggest reduction was related to liabilities by virtue of supplies and services as well as construction contracts. Liabilities by virtue of supplies and services amounted 43,323 thousand PLN and reduced by 88,778 thousand PLN by 67%. This was caused by the payment of due liabilities and reduction of invoicing within the first quarter of 2011 by subcontractors and consortium members for the performed works during currently executed contracts.

(data in thousand PLN, unless specified otherwise)

2. Seasonality and cyclicity

Sales of the Company attains the lowest values in the first quarter of the year due to adverse weather conditions. Within the current year, weather conditions significantly influenced the volume of sales of Trakcja Polska S.A.

3. Conditional receivables and liabilities

Conditional receivables and liabilities are presented in the below table:

	31.03.2011	31.12.2010
	Not audited	Audited
Contingent receivables		
From related entities due to:	**22 169**	**22 169**
Received guarantees and sureties	20 838	20 838
Bills of exchange received as collateral	1 331	1 331
From other entities due to:	**39 319**	**35 875**
Received guarantees and sureties	33 803	31 148
Bills of exchange received as collateral	5 516	4 727
Total contingent receivables	**61 488**	**58 044**
Contingent liabilities		
From related entities due to:	**24 462**	**25 108**
Provided guarantees and sureties	24 462	24 325
Promissory notes	-	783
From other entities due to:	**548 896**	**385 837**
Provided guarantees and sureties	273 945	199 042
Promissory notes	187 549	108 630
Joint mortgages	12 000	12 000
Assignment of rights under insurance policy	70 563	50 563
Security deposits	4 839	15 602
Total contingent liabilities	**573 358**	**410 945**

Maciej Radziwiłł	Tadeusz Bogdan	Tadeusz Kałdonek	Tadeusz Kozaczyński	Dariusz Mańkowski
President of the Board	Vicepresident of the Board	Vicepresident of the Board	Vicepresident of the Board	Vicepresident of the Board

Statement prepared by:

Elzbieta Okula
Chief Accountant

Warsaw, 13 May 2011