CONSOLIDATED QUARTERLY REPORT

OF THE TRAKCJA - TILTRA CAPITAL GROUP

FOR THE 3-MONTH PERIOD ENDED ON MARCH 31 2012

published pursuant to § 82 sec. 1 point 1 of the Regulation of the Minister of Finance dated February 19, 2009 on current and periodic information to be published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a non-member state (Journal of Laws No 33 item 259, as amended)

Warsaw, May 2012

This document is a translation.
The polish original should be referred to in matters of interpretation.

Contents of the consolidated quarterly report:

APPROVAL OF THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENT

The Management Board of Trakcja – Tiltra Polska S.A. has approved the abridged consolidated financial statement of Trakcja – Tiltra Capital Group for the 3-month period ended on March 31,2012.

The abridged consolidated financial statement for the first quarter of 2012 was prepared according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("ISAB") and according to IFRS approved by the European Union applicable to interim reporting (MSR 34). Information included herein is presented in the following sequence:

1. Consolidated income statement for the period from January 1, 2012 to March 31, 2012 showing net loss amounting to **8,089** thousand PLN.
2. Consolidated statement of comprehensive income for the period from January 1, 2012 to March 31, 2012 showing net loss amounting to **15,655** thousand PLN.
3. Consolidated balance sheet as of March 31, 2012 showing the assets and liabilities in the amount of **1 621,262** thousand PLN.
4. Consolidated cash flow statement for the period from January 1, 2012 to March 31, 2012 showing decrease in net cash balance by **87,787** thousand PLN.
5. Balance of changes in the consolidated equity for the period from January 1, 2012 to March 31, 2012 showing increase of equity by **16,008** thousand PLN.
6. Additional information and explanations.

The abridged consolidated financial statement is expressed in thousand Polish Zloty, unless expressly indicated otherwise.

Maciej Radziwiłł
President of the Management Board

Tadeusz Bogdan
Vicepresident of the Management Board

Tadeusz Kałdonek
Vicepresident of the Management Board

Tadeusz Kozaczyński
Vicepresident of the Management Board

Dariusz Mańkowski
Vicepresident of the Management Board

Roman Przybył
Vicepresident of the Management Board

Warsaw, May 15, 2012

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I. SELECTED FINANCIAL DATA OF TRAKCJA – TILTRA CAPITAL GROUP

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

Financial year ended	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
March 31, 2012	4,1750	4,1062	4,5135	4,1616
December 31, 2011	4,1401	3,8403	4,5642	4,4168
March 31, 2011	3,9742	3,8403	4,0800	4,0119

**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:

	31.03.2012		31.12.2011	
	k PLN	**k EUR**	**k PLN**	**k EUR**
Fixed assets	836 758	201 066	850 230	192 499
Current assets	784 504	188 511	1 069 726	242 195
Assets in total	**1 621 262**	**389 577**	**1 919 956**	**434 694**
Equity	528 434	126 979	544 442	123 266
Non-current liabilities	321 596	77 277	354 895	80 351
Current liabilities	771 232	185 321	1 020 619	231 077
Liabilities in total	**1 621 262**	**389 577**	**1 919 956**	**434 694**

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

Basic items of the consolidated income statement in conversion to Euro:

	3-month period ended			
	31.03.2012		31.03.2011	
	k PLN	**k EUR**	**k PLN**	**k EUR**
Revenue on sale	201 204	48 193	78 112	19 655
Cost of goods sold	(194 182)	(46 511)	(73 815)	(18 574)
Gross profit (loss) on sales	7 022	1 682	4 297	1 081
Operating profit (loss)	(6 333)	(1 517)	(946)	(238)
Gross profit (loss)	(8 256)	(1 977)	(365)	(92)
Net profit (loss) from continued operations	(8 089)	(1 937)	(446)	(112)
Net profit (loss) from discontinued operations	-	-	-	-
Net profit for the period	(8 089)	(1 937)	(446)	(112)

When converting the data of the consolidated income statement, average Euro exchange rate 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 the National Bank of Poland at this day.

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

	3-month period ended			
	31.03.2012		31.03.2011	
	k PLN	**k EUR**	**k PLN**	**k EUR**
Cash flows from operating activities	(27 552)	(69)	(101 132)	(25 447)
Cash flows from investment activities	(15 097)	(38)	49 882	12 551
Cash flows from financial activities	(45 138)	(113)	1 953	491
Total net cash flows	**(87 787)**	**(219)**	**(49 297)**	**(12 405)**

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 the National Bank of Poland at this day.

	31.03.2012		31.12.2011	
	k PLN	**k EUR**	**k PLN**	**k EUR**
Cash at start of period	222 562	50 390	206 351	52 105
Cash at end of period	134 775	32 385	157 054	39 147

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

- exchange rate set by 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 the National Bank of Poland at the last day of each reporting period preceding the given reporting period – for item "Cash at the start of the period”.

Euro exchange rate at the last day of the reporting period ended on December 31, 2010 amounted to PLN/EUR 3,9603.

II. ABRIDGED CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED INCOME STATEMENTS

	For the 3-month period ended	
	31.03.2012	**31.03.2011**
	Not audited	*Not audited*
Continued operation		
Revenue on sale	**201 204**	**78 112**
Cost of goods sold	**(194 182)**	**(73 815)**
Gross profit on sales	**7 022**	**4 297**
Cost of sales, marketing and distribution	(1 643)	(557)
Overheads	(13 138)	(5 822)
Other operating revenue	2 404	1 465
Other operating costs	(978)	(329)
Operating profit	**(6 333)**	**(946)**
Financial revenues	4 572	2 020
Financial costs	(6 495)	(727)
Acquisition costs	-	(515)
Share in profit or loss of affiliates	-	(197)
Gross profit	**(8 256)**	**(365)**
Income tax	167	(81)
Net profit from continued operations	**(8 089)**	**(446)**
Discontinued operations		
Net profit (loss) from discontinued operations	-	-
Profit of affiliates		
Net profit for the period	**(8 089)**	**(446)**
Attributable to:		
Shareholders of parent entity	**(7 828)**	**(416)**
Non-controlling shareholders	**(261)**	**(30)**
Profit per share attributable to shareholders in the period (PLN per share)		
Basic	(0,03)	0,00
Diluted	(0,03)	0,00
Profit per share from continued operations attributable to shareholders in the period (PLN per share)		
Basic	(0,03)	0,00
Diluted	(0,03)	0,00
Profit per share attributable to shareholders of parent entity in the period (PLN per share)		
Basic	(0,03)	0,00
Diluted	(0,03)	0,00

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the 3-month period ended	
	31.03.2012	**31.03.2011**
	Not audited	*Not audited*
Net profit for the period	**(8 089)**	**(446)**
FX differences from conversion of foreign units	(7 566)	-
TOTAL INCOME FOR THE PERIOD	**(15 655)**	**(446)**
Attributable to:		
Shareholders of parent entity	(15 394)	(416)
Non-controlling shareholders	(261)	(30)

CONSOLIDATED BALANCE SHEET

	Note	31.03.2012	31.12.2011
		Not audited	*Transformed**
A s s e t s			
Fixed assets		**836 758**	**850 230**
Fixed assets		307 113	316 512
Investment real property		10 344	10 344
Goodwill upon consolidation	18	378 133	382 404
Intangible assets		61 683	60 382
Investments in affiliates		2 052	2 052
Investments in other entities		25	25
Other financial assets		27 214	31 228
Deferred tax assets		46 673	43 150
Prepaid expenses		3 521	4 133
Current assets		**784 504**	**1 069 726**
Inventory		128 913	150 741
Receivables due to supplies and services and other receivables		343 262	542 569
Income tax receivables		85	271
Other financial assets		29 696	28 767
Cash and cash equivalents		134 775	222 562
Prepaid expenses		13 683	9 967
Construction contracts		129 456	110 214
Assets available for sale		4 634	4 635
T o t a l A s s e t s		**1 621 262**	**1 919 956**

	Note	31.03.2012	31.12.2011
		Not audited	*Transformed**
L i a b i l i t i e s			
Equity attributable to shareholders of parent entity		**510 041**	**525 842**
Share capital		23 211	23 211
Surplus from the sale of share premium		231 810	231 591
Revaluation reserve		2 377	2 343
Other reserve capitals		215 756	199 775
Retained earnings		27 865	52 334
FX differences from conversion of foreign units		9 022	16 588
Non-controlling interests		**18 393**	**18 600**
Total equity		**528 434**	**544 442**
Non-current liabilities		**321 596**	**354 895**
Interest-bearing bank credits and loans		100 164	134 216
Bonds		160 195	160 040
Reserves		3 106	3 460
Liabilities due to employee benefits		16 212	17 008
Deferred tax reserve		41 746	40 089
Derivative financial instruments		50	58
Other financial liabilities		123	24
Current liabilities		**771 232**	**1 020 619**
Interest-bearing bank credits and loans		213 517	235 164
Bonds		2 816	5 695
Liabilities due to supplies and services and other liabilities		367 814	570 766
Reserves		20 081	21 842
Liabilities due to employee benefits		13 757	13 567
Other financial liabilities		16	-
Derivative financial instruments		83	95
Prepaid expenses		1 435	1 496
Construction contracts		146 936	151 451
Advances received towards flats		4 777	20 543
T o t a l l i a b i l i t i e s		**1 621 262**	**1 919 956**

Transformed) The Group settled the transaction related to the acquisition of shares and stock in AB Kauno Tiltai Group and Tiltra Group AB as well as establishment of the company's goodwill at fair values of assets and liabilities.*

CONSOLIDATED CASH FLOW ACCOUNT

	For the 3-month period ended	
	31.03.2012	**31.03.2011**
	Not audited	*Not audited*
Cash flows from operating activities		
Gross profit from continued operation	**(8 256)**	**(365)**
Gross profit (loss) from discontinued operation	**-**	**-**
Adjustments for:	**(19 296)**	**(100 767)**
Depreciation	6 089	2 874
FX differences	(2 224)	286
Net interest and dividends	(7 651)	252
Profit on investment activities	(386)	(298)
Change in receivables	274 992	92 866
Change in inventory	21 184	(23 810)
Change in liabilities, excluding credits and loans	(264 394)	(140 136)
Change in prepaid expenses	(19 629)	(3 311)
Change in reserves	533	(2 833)
Change in construction contracts	(22 100)	(25 235)
Income tax paid	(1 182)	(1 622)
Other	(1 944)	200
FX differences from conversion of foreign units	(2 584)	-
Net cash flows from operating activities	**(27 552)**	**(101 132)**
Cash flows from investment activities		
Sale (purchase) of intangible assets and fixed assets	(1 776)	(1 043)
- acquisition	(2 263)	(1 358)
- sale	487	315
Financial assets	(13 321)	50 649
- granted or acquired	(15 312)	-
- returned	1 991	50 649
Interest received	-	276
Net cash flows from investment activities	**(15 097)**	**49 882**
Cash flows from financial activities		
Proceeds on account of taken loans and credits	14 602	6 286
Repayment of loans and credits	(61 082)	(3 602)
Dividends paid to non-controlling shareholders	13 193	-
Interest paid	(8 307)	(438)
Payment of liabilities under financial lease agreements	(3 603)	(316)
Other	59	23
Net cash flows from financial activities	**(45 138)**	**1 953**
Total net cash flows	**(87 787)**	**(49 297)**
Net FX differences	-	-
Cash at start of period	**222 562**	**206 351**
Cash at end of period	**134 775**	**157 054**
- restricted cash	-	-

BALANCE OF CHANGES IN THE CONSOLIDATED EQUITY

	Equity attributable to shareholders of parent entity								
Not audited	**Share capital**	**Surplus from the sale of share premium**	**Revaluation reserve**	**Other reserve capitals**	**FX differences from conversion of foreign units**	**Retained earnings**	**In total**	**Non-controlling interests**	**Total equity**
As at 01.01.12 *Transformed**	**23 211**	**231 591**	**2 343**	**199 775**	**16 588**	**52 334**	**525 842**	**18 600**	**544 442**
Adjustment of errors	-	-	-	-	-	-	-	-	-
Changes of accounting standards	-	-	-	-	-	-	-	-	-
As at 01.01.12 after adjustments	**23 211**	**231 591**	**2 343**	**199 775**	**16 588**	**52 334**	**525 842**	**18 600**	**544 442**
Total income for the period	-	-	-	-	(7 566)	(7 828)	(15 394)	(261)	(15 655)
Profit distribution	-	-	-	16 641	-	(16 641)	-	-	-
Other changes	-	219	34	(660)	-	-	(407)	54	(353)
As at 31.03.12	**23 211**	**231 810**	**2 377**	**215 756**	**9 022**	**27 865**	**510 041**	**18 393**	**528 434**

	Equity attributable to shareholders of parent entity									
Not audited	**Share capital**	**Contingent share capital**	**Due payments towards share capital (negative value)**	**Surplus from the sale of share premium**	**Revaluation reserve**	**Other reserve capitals**	**Retained earnings**	**In total**	**Non-controlling interests**	**Total equity**
As at 01.01.11	**16 011**	**-**	**-**	**185 812**	**2 339**	**160 476**	**39 413**	**404 051**	**141**	**404 192**
Adjustment of errors	-	-	-	-	-	-	-	-	-	-
Changes of accounting standards	-	-	-	-	-	-	-	-	-	-
As at January 1, 2011 after adjustments	**16 011**	**-**	**-**	**185 812**	**2 339**	**160 476**	**39 413**	**404 051**	**141**	**404 192**
Total income for the period	-	-	-	-	-	-	(416)	(416)	(30)	(446)
Conditional increase of share capital	-	7 200	(7 200)	-	-	-		-	-	-
Other changes	-	-	-	-	-	1 098	(1 239)	(141)	-	(141)
As at March 31, 2011	**16 011**	**7 200**	**(7 200)**	**185 812**	**2 339**	**161 574**	**37 758**	**403 494**	**111**	**403 605**

Transformed) The Group settled the transaction related to the acquisition of shares and stock in AB Kauno Tiltai Group and Tiltra Group AB as well as establishment of the company's goodwill at fair values of assets and liabilities.*

III. ADDITIONAL INFORMATION AND EXPLANATIONS TO THE ABRIDGED CONSOLIDATED FINANCIAL STATEMENT

1. General information

This abridged consolidated financial statement of the Group covers the 3-month period ended on March 31, 2012.

Trakcja - Tiltra Capital Group (“Group”; “GK T-T”; "Capital Group") consists of parent company Trakcja - Tiltra S.A. ("T - T", "T - T S.A.", “Parent Company”, “Company”, “Mother company”) and its subsidiaries, joint subsidiaries and one associated company (see note no. 2).

Trakcja - Tiltra S.A in its present form was established on November 30, 2004 as a result of taking over the control of Trakcja Polska S.A. holding company by Przedsiębiorstwo Kolejowych Robót Elektryfikacyjnych S.A. (“PKRE S.A.”). The name of the Company, Trakcja Polska S.A., was changed by means of the Resolution No. 2 of the Extraordinary General Meeting of Shareholders of November 22, 2007. The change was confirmed by an entry to the National Court Register on December 10, 2007. The previous name of the Company was Trakcja Polska - PKRE S.A. The Company Trakcja – Tiltra S.A. operates based on the articles of association made in the form of a notarial deed on January 26, 1995 (Reg. A No. 863/95) as amended. On September 1, 2009, the District Court for the capital city of Warsaw, 12th Commercial Division of the National Court Register, registered the merge of Trakcja Polska S.A. as a surviving company with Przedsiębiorstwo Robót Komunikacyjnych-7 S.A. – as a target company. The merge of the companies was settled and recognized as at August 31, 2009 in the ledgers of the company, to which the assets of the merged companies, i.e. Trakcja Polska S.A., by pooling of interest method, were transferred. The actual merge of the companies, according to IFRS 3, took place at the moment of taking the control, i.e. September 1, 2007.

On June 22, 2011, the District Court for the capital city of Warsaw in Warsaw, 13th Commercial Division of the National Court Register (KRS) registered the change of the company name from Trakcja Polska S.A. to Trakcja – Tiltra S.A. The above change was registered on the basis of Resolution no. 3 of the Extraordinary General Meeting of Shareholders of June 15, 2011.

On January 29, 2002, the Company was entered to the National Court Register in the District Court in Warsaw, 19th Commercial Division under the KRS number 0000084266. Trakcja Polska – PKRE S.A. company has been assigned the statistical number REGON 010952900, Tax Identification Number NIP 525-000-24-39 and code PKD 4212Z.

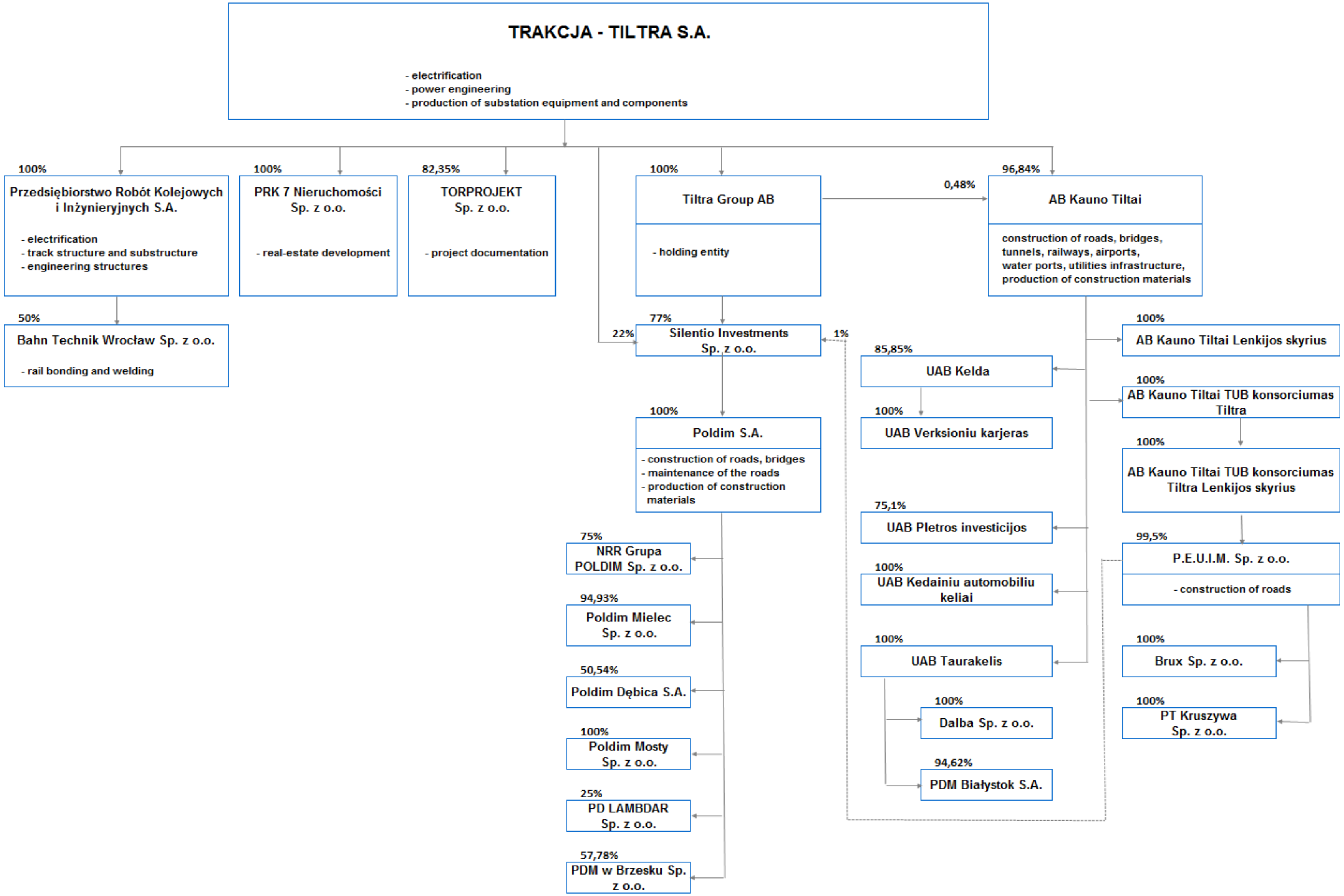
The registered office of the parent company is in Warsaw, ul. Złota 59. Time of operation of the parent company and the remaining companies included in the Group is indefinite.

According to the articles of association, the parent 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).

2. Group Composition

As of March 30, 2012, the Group consists of parent company Trakcja - Tiltra S.A. and subsidiaries:


TRAKCJA - TILTRA S.A.
- electrification
- power engineering
- production of substation equipment and components
100%
Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A.
- electrification
- track structure and substructure
- engineering structures
50%
Bahn Technik Wrocław Sp. z o.o.
- rail bonding and welding
100%
PRK 7 Nieruchomości Sp. z o.o.
- real-estate development
82,35%
TORPROJEKT Sp. z o.o.
- project documentation
100%
Tiltra Group AB
- holding entity
0,48%
96,84%
AB Kauno Tiltai
construction of roads, bridges, tunnels, railways, airports, water ports, utilities infrastructure, production of construction materials
77%
22%
Silentio Investments Sp. z o.o.
1%
100%
Poldim S.A.
- construction of roads, bridges
- maintenance of the roads
- production of construction materials
75%
NRR Grupa POLDIM Sp. z o.o.
94,93%
Poldim Mielec Sp. z o.o.
50,54%
Poldim Dębica S.A.
100%
Poldim Mosty Sp. z o.o.
25%
PD LAMBDAR Sp. z o.o.
57,78%
PDM w Brzesku Sp. z o.o.
85,85%
UAB Kelda
100%
UAB Verksioniu karjeras
75,1%
UAB Pletros investicijos
100%
UAB Kedainiu automobiliu keliai
100%
UAB Taurakelis
100%
Dalba Sp. z o.o.
94,62%
PDM Białystok S.A.
100%
AB Kauno Tiltai Lenkijos skyrius
100%
AB Kauno Tiltai TUB konsorciumas Tiltra
100%
AB Kauno Tiltai TUB konsorciumas Tiltra Lenkijos skyrius
99,5%
P.E.U.I.M. Sp. z o.o.
- construction of roads
100%
Brux Sp. z o.o.
100%
PT Kruszywa Sp. z o.o.

3. Changes in the Group

In the first quarter of 2012 no changes in the composition of the Trakcja – Tiltra Group took place.

On April 13, 2012 the Company Poldim S.A. with registered office in Tarnów filed with the District Court in Tarnów, 5th Commercial Division, a bankruptcy petition open to composition agreements. On April 13, 2012, Silentio Investments Sp. z o.o. with its registered office in Warsaw filed with the District Court for the capital city of Warsaw in Warsaw, 10th Commercial Division, for bankruptcy and reorganization proceedings, a bankruptcy petition with liquidation of the company's assets. As at the date of approval of this statement for publication, no decision on the abovementioned matters was issued by any of the courts.

4. Composition of the Management Board of the Parent Company

Maciej Radziwiłł	President of the Management Board;
Tadeusz Bogdan	Vicepresident of the Management Board;
Tadeusz Kałdonek	Vicepresident of the Management Board;
Tadeusz Kozaczyński	Vicepresident of the Management Board;
Dariusz Mańkowski	Vicepresident of the Management Board;
Roman Przybył	Vicepresident of the Management Board.

Within the period from January 1 to March 31, 2012, the composition of the Management Board of the parent company did not change.

After the balance sheet date, no changes in the composition of the Management Board of the Company took place.

5. Shareholder Structure of the Parent Company

According to knowledge of the Management Board of the parent company, the following shareholders held, directly or through subsidiaries, at least 5 per cent of the total number of votes at the General Meeting of Shareholders as of the approval of the Statement:

Shareholder	Number of shares	% share in share capital	Number of votes	% share in votes at GM
COMSA S.A.	81 145 510	34,96%	81 145 510	34,96%
AB INVALDA	29 017 087	12,50%	29 017 087	12,50%
Jonas Pilkauskas Angelė Černevičiūtė Vaida Balčiūnienė	19 645 318	8,46%	19 645 318	8,46%
ING	16 500 000	7,11%	16 500 000	7,11%
Other shareholders	85 797 565	36,97%	85 797 565	36,97%
Total number of shares	**232 105 480**	**100,00%**	**232 105 480**	**100,00%**

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

6. Number of shares in the Parent Company held by persons managing and supervising the company

As of the day of approving this statement, the shares in Trakcja – Tiltra S.A. 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	280	0,000%
Tadeusz Kałdonek	Vicepresident of the Manag	2 550 960	1,099%
Dariusz Mańkowski	Vicepresident of the Manag	450 500	0,194%
Roman Przybył	Vicepresident of the Manag	10 000	0,004%

7. Approval of the financial statement

This abridged consolidated financial statement has been approved by the Management Board of the parent company for publication on May 15, 2012.

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 for the book estimates, is professional judgement of the management. The professional judgement is applied first and for most in assessment of risk related to payment of overdue receivables. Therefore, at each balance sheet date, the Group verifies write-downs of the above mentioned receivables considering potential risk of significant delay (more than 180 days) in payment.

In addition, the Management Board of the parent company is guided by professional judgement when evaluating the time of starting the control over the related entities, considering all circumstances affecting the control.

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 adjustment of balance sheet assets and liabilities is related in the following fiscal year are presented below.

Valuation of reserves

The reserves due to employee benefits were estimated based on actuarial methods.

Reserves for correcting works

The reserves for correcting works were estimated based on the knowledge of managers of individual construction sites (contracts) related to the necessity or possibility of performing additional works for the ordering party, to fulfil the guarantee obligations.

Deferred tax component of assets

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

Fair value of financial instruments

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

Recognition of revenue

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

Depreciation rates

The amount of depreciation rates is set based on the expected period of economical usability of material components of non-current assets and intangible assets. The Group every year performs verification of the adopted periods of economical usability based on current estimations.

Impairment of financial assets

At the assessment whether the financial assets have not lost their value, the available and commonly applied methods of valuation were used taking into account the Group prospect cash flows in respect of the possessed assets.

9. Basis for preparation of the abridged consolidated financial statement

9.1. Basis for preparation of the quarterly consolidated financial statement

The abridged consolidated financial statement has been prepared according to historical cost principle, except for the derivative financial instruments and financial assets available for sale, which are estimated according to fair value. The balance sheet value of the recognized collaterals of assets and liabilities is adjusted according to the changes in fair value, which may be attributed to risk, against which the assets and liabilities are secured.

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

Some financial data recognized in this financial statement have been rounded. Therefore, some tables presented in the statement show the sum of amounts in a given column or row that slightly differ from the total amount given for such column or row.

The abridged consolidated financial statement for the first quarter of 2012 has been made assuming the continuity of economical operations of the companies within the Group that can be predicted in the future, except for the companies described below.

Due to the bankruptcy petitions filed by the subsidiaries - Poldim S.A. and Silentio Investments Sp. z o.o. - the continuity of the economic operation of these companies and their affiliates: Tiltra Group AB, Poldim Mosty Sp. z o.o., Poldim Mielec Sp. z o.o., Poldim Dębica Sp. z o.o, NRR Grupa Poldim Sp. z o.o. is at risk. Poldim S.A. with its registered office in Tarnów filed with the District Court in Tarnów, 5th Commercial Division, a bankruptcy petition open to composition agreements. Silentio Investments Sp. z o.o. with its registered office in Warsaw filed with the District Court for the capital city of Warsaw in Warsaw, 10th Commercial Division, for bankruptcy and reorganization proceedings, a bankruptcy petition with liquidation of the company's assets.

The Management Board of the parent company of Trakcja - Tiltra Group is of the opinion that in light of the financial position of Silentio Investments Sp. z o.o. and Poldim S.A. the probability of bankruptcy is high. The argument enhancing this probability is the fact that within the period from January to March this year the negotiations with the largest creditors were unsuccessful. Additionally, Silentio Investments Sp. z o.o. holds 100 per cent of shares in the share capital of Poldim S.A.; the decision issued by the Court on the examination of the bankruptcy petition filed by Silentio Investments Sp. z o.o. may be positive or the petition may be rejected by the Court. Upon rendering of the bankruptcy decision by the Court, the company's winding-up procedures will begin. If the Court rejects the petition, the Group will start the winding-up procedures. With the above in mind, the control over Silentio Investment Sp. z o.o. and its subsidiaries, i.e. Poldim Group will be lost.

Tiltra Group AB (Trakcja – Tiltra S.A. holds 100 per cent of shares in the share capital of this company) holds 100 % of shares in the share capital of Silentio Investments Sp. z o.o.. The declaration of bankruptcy of Silentio Investments Sp. z o.o. will probably result in the bankruptcy of Tiltra Group AB as well, due to, among other things, default in payment of the loan amounting to PLN 31 million granted to this company. Additionally, the operation of Tiltra Group AB is discontinued and the company's only assets are investments in Silentio Investments Sp. z o.o.

With respect to the above as well as to the risk of lack of continuity of economic operations performed by Tiltra Group AB, Silentio Investments Sp. z o.o. and Poldim Group, Trakcja – Tiltra has not recognized the results of the abovementioned companies in the consolidated income statement for the first quarter of 2012 and recognized balance sheets of these companies as at December 31, 2011. According to the Management Board of the Group's parent company, in case of composition the Group will not be liable for losses incurred by the companies in this period, which are closely related to the filed bankruptcy petitions (operating results of the abovementioned companies will be disclosed in the consolidated financial statement of the Group after the said uncertainty ceases to exist), and in case of declaring bankruptcy the Group will be indemnified against any risks related to net assets of the company (the Group will be liable only up to the exposure amount in net assets of these companies). PEUiM Sp. z o.o. provided Silentio Investments Sp. z o.o. with a guarantee of credit repayment. The guarantee became due and payable on January 4, 2012, which negatively affected the results of PEUiM Sp. z o.o. At the Group's level, the abovementioned event will have impact on the consolidated results at the time of issuing by the Court a decision on bankruptcy of Silentio Investments Sp. z o.o.

The impact not disclosed in the quarterly consolidated financial statement with respect to the amount of revenues and costs of Tiltra Group AB, Silentio Investments Sp. z o.o., Poldim Group, were recognized below:

Revenue on sale	51 249
Cost of goods sold	(96 323)
Gross profit (loss) on sales	(45 074)
Operating profit (loss)	(61 429)
Gross profit (loss)	(66 161)
Income tax	1 974
Net profit (loss) for the period	(64 187)

As at the date of approving this abridged consolidated financial statement, no other circumstances suggesting threat to the continuity of economic operation by the Group's companies were ascertained.

9.2. Declaration of conformity

The abridged consolidated financial statement was prepared according to the International Financial Reporting Standard ("IFRS") issued by the International Accounting Standards Board ("ISAB") according to IFRS approved by the European Union. 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 and the IFRS standards approved by the European Union. The standards that did not come into force on March 31, 2012 and were not approved by the European Union at the day of preparing this consolidated financial statement are presented in note No. 10.

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

Currency of measure and currency of financial statements

The currency of measure of the parent company and the majority of the Group's companies as well as the presentation currency in this abridged consolidation financial statement for the first quarter of 2012 is Polish Złoty. The currency of measure of companies with their registered office in Lithuania is litai (LTL).

10. Significant accountancy principles

The accountancy principles (policy) applied to prepare this abridged consolidated financial statement for the first quarter of 2012 are coherent with those which were applied while preparing the annual consolidated financial statements for 2011, with the exclusion of the changes specified below.

The same principles were applied for the current and comparable period. A detailed description of the accounting principles adopted by the Trakcja - Tiltra Capital Group was presented in the annual consolidated financial statement for 2011, published on March 20, 2012.

In this abridged consolidated financial statements, the Group did not take the decision on application of published standards and interpretations before the date of their entry 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:

- IFRS 9 *Financial instruments*

The new standard has been published on November 12, 2009 and is the first step of IASB in order to replace IAS 39 *Financial Instruments: posting and estimation*. Following the publication the new standard has been subject to further works and has been partially modified. The new standard will be effective as at January 1, 2015.

The Group will implement the new standard from January 1, 2015.

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

- IFRS 10 *Consolidated financial statements*

The new standard was published on May 12, 2011 and will replace the interpretation of *SCI 12 Consolidation – Special purpose entities* and a part of the provisions of*IAS 27 Consolidated and Separate Financial Statements*. The standard defines the notion of control as the factor determining whether an entity should be included in the consolidated financial statement and contains guidelines on the basis of which it is possible to establish whether a given entity exercises control.

The Group will implement the new standard from January 1, 2013.

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

- IFRS 11 *Joint ventures*

The new standard was published on May 12, 2011 and will replace the following interpretations: *SCI 13 Jointly Controlled Entities – Non-Monetary Contributions by Venturers* and *IAS 31 Interests in Joint Ventures.* The standard puts emphasis on the rights and duties resulting from the joint agreement regardless of its legal form and eliminates reporting inconsistencies by defining the settlement method with respect to interests in jointly controlled entities.

The Group will implement the new standard from January 1, 2013.

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

- IFRS 12 *Disclosure of Interests in other entities*

The new standard was published on May 12, 2011 and contains requirements related to disclosures on relations between entities.

The Group will implement the new standard from January 1, 2013.

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

- IFRS 13 *Fair value measurement*

The new standard was published on May 12, 2011 and in principle it is aimed at facilitating the application of fair value measurement by reducing complexity of solutions and increasing consistency as regards the application of the principles of fair value measurement. The standard clearly specifies the purpose of such measurement and provides a more precise definition of fair value.

The Group will implement the new standard from January 1, 2013.

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

- IAS 27 *Separate financial statements*

The new standard was published on May 12, 2011 and results above all from transfer of some provisions of the former IAS 27 to the new IFRS 10 and IFRS 11. The standard contains requirements concerning presentation and disclosures of investments in associated entities, subsidiaries and joint arrangements in the separate financial statement. The standard will replace IAS 27 *Consolidated and separate financial statements*.

The Group will implement the new standard from January 1, 2013.

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

- IAS 28 *Investments in associated entities and joint ventures*

The new standard was published on May 12, 2011 and relates to settlement of investments in associated entities. It also specifies requirements concerning application of the equity method in investments in associated entities and joint ventures. The standard will replace IAS 28 *Investments in associated entities*.

The Group will implement the new standard from January 1, 2013.

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

- Amendments to IAS 19 *Employee benefits*

The amendments to IFRS 19 were published on June 16, 2011 and apply to annual periods starting from January 1, 2013 or later. The amendments eliminate the possibility of delay in disclosure of profit and loss known as the “corridor” approach. Moreover, they improve presentation of amendments to the balance sheet resulting from the employee benefits schemes and necessary estimates presented in other comprehensive income, and extend the scope of disclosures required in relation thereto.

The Group will implement the changed IAS from January 1, 2013.

At the day of preparing this abridged consolidated financial statement, it was not possible to reliably estimate the influence of applying the changed standard.

- Changes in IAS 1 *Presentation Other comprehensive income item*

Changes to IAS 1 were published on June 16, 2011 and apply to annual periods starting on July 1, 2012 or later. The changes relate to grouping items of total comprehensive income which may be included in the income statement. The changes also confirm the possibility of presenting the total comprehensive items and income statement items in one or two separate reports.

The Group will implement the changed IAS from January 1, 2013.

At the day of preparing this abridged consolidated financial statement, it was not possible to reliably estimate the influence of applying the changed standard.

- Changes in IFRS 7 *Disclosures - offsetting financial assets and liabilities*

The changes in IFRS 7 were published on December 16, 2011 and apply to annual periods starting on January 1, 2013 or later. Without changing the general rules on offsetting financial assets and liabilities, the scope of disclosures of the amounts compensated with each other was expanded. Additionally, a requirement for broader (more transparent) disclosures related to credit risk management using collaterals (pledges) received or committed was introduced.

The Group will implement the changed IFRS from January 1, 2013.

At the day of preparing this abridged consolidated financial statement, it was not possible to reliably estimate the influence of applying the changed standard.

- Changes in IAS 32 *Offsetting financial assets and liabilities*

The changes in IAS 32 were published on December 16, 2011 and apply to annual periods starting on January 1, 2014 or later. The changes are response to the existing inconsistencies in applying the offsetting criteria in IAS 32.

The Group will implement the changed IAS from January 1, 2013.

At the day of preparing this abridged consolidated financial statement, it was not possible to reliably estimate the influence of applying the changed standard.

- Interpretation IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

The interpretation of IFRIC 20 was published on October 19, 2011 and applies to annual periods starting from January 1, 2013 or later. The interpretation contains guidelines related to posting costs of removing waste from a surface mine in order to gain access to mineral ore deposits.

The Group will implement the new interpretation from January 1, 2013.

As of the day of preparing this abridged consolidated financial statement, it was not possible to reliably estimate the influence of applying the new interpretation.

- Changes in IFRS 1

The changes in IFRS 1 were published on March 13, 2011 and apply to annual periods starting on January 1, 2013 or later. The aim of these changes is to enable the release of entities applying IFRS for the first time from full retrospective application of all the IFRS in cases where such entities benefit from government loans with the interest below market rates.

The Group will implement the changed IFRS 1 from January 1, 2013.

The changed IFRS 1 will not influence the abridged consolidated financial statement of the Group.

IFRS in the form approved by the European Union does not currently differ from the regulations adopted by the International Accounting Standards Board (IASB) in a significant way, except for the below standards, interpretations and amendments thereto, 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 November 12, 2009 (as amended),
- Changes in IFRS 1 Significant hyperinflation and removing fixed dates published on December 20, 2010,
- Change in IAS 12 Deferred tax: Recoverability of assets that form basis for its establishment published on December 20, 2010,
- IFRS 10 Consolidated Financial Statements published on May 12, 2011,
- IFRS 11 Joint Arrangements published on May 12, 2011,
- IFRS 12 Disclosure of Interests in Other Entities, published on May 12, 2011,
- IFRS 13 Fair Value Measurement, published on May 12, 2011,
- IAS 27 Separate Financial Statements, published on May 12, 2011,
- IAS 28 Investments in associated entities and joint ventures, published on May 12, 2011,
- Changes in IAS 19 Employee Benefits, published on June 16, 2011,
- Changes in IAS 1 Presentation of Financial Statements: Total Comprehensive Income, published on June 16, 2011,
- Changes in IFRS 7 Disclosures - offsetting financial assets and liabilities, published on December 16, 2011,
- Changes in IAS 32 Offsetting financial assets and liabilities, published on December 16, 2011,
- Interpretation of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, published on October 19, 2011.
- Changes in IFRS 1, published on March 13, 2012.

The following new or changed standards and interpretations issued by the International Accountancy Standard Board and the International Financial Reporting Interpretations Committee are effective as of January 1, 2012, but have not been approved by the EU for application, therefore were not applied by the Group in this abridged consolidated financial statement:

- Changes in IFRS 1 Significant hyperinflation and removing fixed dates published on December 20, 2010,
- Change in IAS 12 Deferred tax: Recoverability of assets that form basis for its establishment published on December 20, 2010.

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

The accountancy principles (policy) applied to prepare this abridged consolidated financial statement for the first quarter of 2012 are coherent with those which were applied while preparing the consolidated financial statement for fiscal year ended on December 31, 2011, excluding the changes given below. The same principles were applied for the current and comparable period, unless the standard or 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 are in force since January 1, 2011:

- Changes in IFRS 1 *Significant hyperinflation and removal of fixed dates*
- Change in IAS 12 *Deferred tax: Recoverability of assets that form basis for its establishment*
- Changes in IFRS 7 *Disclosures – Transfer of financial assets*

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:

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

The changes in IFRS 1 were published on December 20, 2010 and apply to annual periods starting from July 1, 2011 or later. The changes apply to the reference to the fixed date "January 1, 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 added guidelines related to another application of IFRS within periods which fall after the periods of hyperinflation, that preclude full conformity with IFRS.

The Group applies the amended IFRS 1 as of the effective date established by the European Commission.

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

- Change in IAS 12 *Deferred tax: Recoverability of assets that form basis for its establishment*

The change in IAS 12 were published on December 20, 2010 and applies to annual periods starting from January 1, 2012 or later. The change specifies, among other things, the method of valuation of assets and reserves due to deferred tax in case of investment real property valued according to the fair value model specified in IAS 4 *Investment real estates.* The entry into force of the changed standard will cause withdrawal of SIC – 21 *Income tax – recoverability of overestimated assets not subject to depreciation*.

The Group applies the amended IAS 12 as of the effective date established by the European Commission.

The changed IAS 12 does not influence the abridged consolidated financial statement of the Group.

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

The changes in IFRS 12 were published on October 7, 2010 and apply to annual periods starting from July 1, 2011 or later. The goal of the changes in the standard is to enable the users of financial statements to better understand financial assets transfer transactions (e.g. securitisation), including understanding of potential effects of risks, which remain in the company that transferred the assets. 4The changes enforce additional disclosures in case of transferring assets of significant value close to the end of the reporting period.

The changed IFRS 7 does not influence the abridged consolidated financial statement of the Group.

- **Changes introduced independently by the Group**

The Group did not make any adjustments to the financial statement in the first quarter of 2012.

12. Description of factors and occurrences having material impact on financial results of Trakcja - Tiltra Group for the first quarter of 2012

The increase of revenues, costs and particular items of the income statement in the first quarter of 2012 when compared to the first quarter of 2011 was due to acquisition of the Tiltra Group AB Capital

Group and AB Kauno Tiltai, which took place on April 19, 2011. The consolidated financial statement of Trakcja – Tiltra for the first quarter of 2012 does not include the results of Tiltra Group AB, and the assets and liabilities of Tiltra Group AB were consolidated as for December 31, 2011. The detailed information was contained in note 9 to this financial statement.

Within the period of three months ended on March 31, 2012, Trakcja - Tiltra recorded PLN 201,204,000 in revenue on sale, which increased by 158 per cent when compared to the analogous period in 2011.

The cost of goods sold within a 3-month period ended on March 31, 2012 increased by 163 per cent and its value amounted to PLN 194,182,000. The gross profit on sales was PLN 7,022,000 and increased by PLN 2,725,000, i.e by 63 per cent when compared to the analogous period in the previous year. The margin of gross profit on sales was decreased by 5,5 per cent in the first quarter of 2011 to 3,5 per cent in the first quarter of 2012.

The overheads were PLN 13,138,000 and increased by 126 per cent, i.e. by PLN 7,316,000 when compared to the comparable period. The costs of sale, marketing and distribution amounted to PLN 1,643,000 and increased by PLN 1,086,000. Other operating revenues were PLN 2,404,000, which is 64 per cent of increase when compared to the first quarter of 2011. Other operating costs were PLN 978,000 and increased by PLN 649,000. The Group recorded a loss on operating activities for a 3-month period in 2012 amounting to PLN 6,333,000. The result of operating activities decreased by PLN 5,387,000 when compared to the result for the 3-month period ended on March 31, 2011, when the loss was PLN 946,000.

The financial revenues of the Group reached PLN 4,572,000, which is 126 per cent of increase when compared to the revenues in the first quarter of the previous year. The financial costs increased by PLN 5,768,000 and reached PLN 6,495,000.

In the period from January 1, 2012 to March 31, 2012, the Group recorded a loss of PLN 8,256,000 gross. The gross result for the first quarter of 2012 decreased by PLN 7,891,000 when compared to the first quarter of 2011, when the loss was PLN 365,000. The income tax for the 3-month period in 2012 was PLN 167,000 and increased when compares to the analogous period in the previous year by PLN 248,000. The net result of the Group for the period from January 1, 2012 to March 31, 2012 was negative with the value of PLN 8,089,000. The net result decreased when compared to the result for the 3-month period in 2011 by PLN 7,643,000.

The balance sheet total as at the end of the first quarter of 2012 was PLN 1,621,262,000 and was lower by 298,694,000 than the balance sheet total at the end of 2011.

The non-current assets decreased by PLN 13,472,000 and reached PLN 836,758,000, whereas current assets decreased by PLN 285,222,000 and reached PLN 784,504,000 when compared to the balance as for December 31, 2011.

The current assets decreased by 27 per cent when compared to the balance as for December 31, 2011. The decrease in current assets was mostly due to decrease in receivables due to supplies and services as well as other receivables by PLN 199,307,000, i.e. 37 per cent, which were PLN 343,262,000 as for March 31, 2012. Additionally, the cash flows decreased by PLN 87,787,000, i.e. 39 per cent.

The equity of the Capital Group decreased as for March 31, 2012 by PLN 16,008,000 in comparison with the balance as for December 31, 2011. The decrease was caused by the decrease of the Group's retained earnings and decrease of exchange rate fluctuations due to conversion of foreign currencies.

As for March 31, 2012, the non-current liabilities reached the value of PLN 321,596,000 and decreased by 33,299,000, i.e. by 9 per cent in comparison with the balance as for December 31, 2011. Mostly the interest-bearing credits and long-term loans were decreased due to credit repayment. The current liabilities reached the value of PLN 771,232,000 and decreased by 24 per cent, i.e. by PLN 249,387,000 in comparison with the balance as for December 31, 2011. Among the current liabilities, the trade payables as well as other liabilities and interest-bearing loans and bank credits recorded the largest decrease. The trade payables as well as other liabilities reached PLN 367,814,000 and decreased by PLN 202,952,000. The situation was caused by repayment of due liabilities and decrease of invoicing in the first quarter of 2012 by subcontractors and consortium members with respect to performed works pursuant to currently realized contracts, which results from seasonality of the construction works in progress.

13. Seasonality and cyclicality

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

14. Information concerning issue, redemption and repayment of debt and equity securities

Within the period covered by this abridged consolidated financial statement, the Group did not issue and did not repay any debt and equity securities.

15. Description of factors that will influence the results attained by the Group in the perspective of at least one subsequent 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 having direct impact on decisions regarding the strategy of participating in tenders, 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 Group’s financial results are exposed to the fluctuations of foreign currency exchange rates, in particular, to the fluctuations of Polish zloty against Lithuanian litas. Due to the conversion of individual items in the income statement of the Lithuanian companies with the average rate for the period covered by consolidation, the consolidated financial results of the Group are subject to exchange rate fluctuations against LTL. Furthermore, there is currency risk arising from purchasing transactions made in EUR related to the implementation of contracts. In the past the Group’s activities were exposed to the fluctuations of foreign currency exchange rates, in particular, to the fluctuations of Polish zloty against Euro. In order to mitigate such risk, the Group adopted a policy of securing (hedging) the exchange rate in case of being granted new contracts in Euro through concluding FX forward transactions. As on March 31, 2011 the Group did not apply hedging accounting.
- The Central Bank’s monetary policy translated into changes in interest rate on credits. For the purpose of financing planned acquisitions, our Group may take bank credits 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.
- The acquisition of business entities may bring both positive effects on as well as threats to the financial performance 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 on the Preparation of the Final Playoffs of the UEFA Euro 2012 European Championship in Football* of 7 September 2007(Journal of Laws of September 21, 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 on *Public-Private Partnership* of July 28, 2005 (Journal of Laws of September 6, 2005),
- the financing of railway and road infrastructure,
- the environmental protection in the scope of implementation of individual projects, in particular, the Act on the Environmental Protection Law,
- the property development activities of PRK 7 Nieruchomości Sp. z o.o., the regulations governing transactions in real estate, in particular the Civil Code, Act on the *Real Estate Management* of August 21, 1997 (Journal of Laws, 04.261.263), Act on the *Acquisition of Real Estate by Foreigners* of March 24, 1920 (Journal of Laws, 04.167.1758), Act on the *Ownership of Premises* of June 24, 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 the implemented projects,
- Risk related to performance of construction contracts,
- Risk associated with the conditions and procedures for awarding tenders,
- Risk of growing portfolio of overdue receivables,
- Liquidity risk,
- Risk related to strategy implementation,
- Risk related to lack of business continuity of the companies Tiltra Group AB, Poldim Mosty Sp. z o.o., Poldim Mielec Sp. z o.o., Poldim Dębica Sp. z o.o, NRR Grupa Poldim Sp. z o.o. due to bankruptcy petitions filed by Poldim S.A. and Silentio Investments Sp. z o.o..

Other factors, apart from those described above, which may cause volatility of prices of shares in Trakcji – Tiltra S.A. include:

- Change of creditworthiness assessment of the Trakcja - Tiltra Group,
- Change of level of liabilities of the Trakcja - Tiltra Group,
- Sale or acquisition of assets of the Trakcja - Tiltra Group,
- Significant changes in the shareholding structure of the Trakcja - Tiltra Group,
- Changes made by the capital market analysts with respect to their forecasts and recommendations concerning Trakcja - Tiltra, its competitors, partners and economy segments, in which the Group is involved.

17. The position of the Management Board with regard to the published forecasts

The Trakcja - Tiltra Group did not publish any financial forecasts for 2012.

18. Goodwill due to consolidation

Goodwill upon consolidation according to the companies:

	31.03.2012	31.12.2011
Carrying value of goodwill from consolidation by companies:		
Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A.	2 051	2 051
Torprojekt Sp. z o.o.	822	822
Tiltra Group AB i AB Kauno Tiltai	374 960	379 231
(PDM w Brzesku Sp. z o.o.)	300	300
In total	**378 133**	**382 404**

On April 19, 2011 the Mother Company acquired:

- 150,000 shares in Tiltra Group AB with its registered office in Vilnius, with the nominal value of LTL 1 each, with the total nominal value of LTL 150,000, constituting 100 per cent of the share capital and granting the right to 100 per cent of votes at the general meeting of this company,
- 148,981 shares in AB Kauno Tiltai with its registered office in Kaunas, with the nominal value of LTL 130 each, with the total nominal value of LTL 19,367,530, constituting 96.84 per cent of the share capital and granting the right to 96.84 per cent of votes at the general meeting of this company
- and 22 stocks in Silentio Investments Sp. z o.o. with its registered office in Warsaw, with the nominal value of PLN 50 each, with the total nominal value of PLN 1,100, constituting 22 per cent of the share capital and granting the right to 22 per cent of votes at the general meeting of shareholders of this company. After making the above transaction and the transaction of acquisition of shares in Tiltra Group AB, the mother company, directly and indirectly through Tiltra Group AB and AB Kauno Tiltai, owns 100 stocks in Silentio Investments Sp. z o.o., with the nominal value of PLN 50 each, with the total nominal value of PLN 5,000, constituting 100 per cent of the share capital and giving the right to 100 per cent of votes at the general meeting of shareholders of this company.

The total price of the acquired assets was PLN 464,921,000.

The settlement of transaction of acquisition of shares and stock disclosed in the previously published financial statement for the comparable period was of temporary nature due to the on-going process of valuation at fair value as regards all acquired assets. The effects of valuation of assets and liabilities at fair value of the acquired companies were only partially recognized in the consolidated financial statement for 2011.

The final settlement of transaction of acquisition of shares and stock due to the end of the valuation process at fair value as regards all acquired assets and liabilities as well as establishment of goodwill were recognized in the abridged financial statement for the first quarter for 2011.

The following table presents a comparison of main values of assets and liabilities of Tiltra and Kauno according to carrying values with fair values established for the purpose of final settlement:

	Balance sheet date as at the date of takeover	Fair value upon takeover
Fixed assets	**283 368**	**298 827**
Fixed assets	226 569	232 734
Intangible assets	4 467	15 997
Investments in affiliates	4 299	2 063
Other non-current assets	48 033	48 033
Current assets	**434 576**	**434 576**
Total assets	**717 944**	**733 403**
Non-current liabilities	**163 599**	**166 500**
Deferred tax reserve	19 819	22 720
Other non-current liabilities	143 780	143 780
Current liabilities	**413 640**	**452 998**
Construction contracts	15 223	54 581
Other current liabilities	398 417	398 417
Purchase price at fair value		464 921
Fair value of net assets		113 905
Fair value of net assets attributable to parent entity		95 799
FX differences from conversion		5 838
Goodwill		**374 960**

The goodwill disclosed in this financial statement is lower by PLN 19,158,000 than the amount presented as a result of temporary settlement due to the fact that the final valuations at fair value of assets, liabilities and contingent liabilities were taken into account.

The goodwill is assigned to the road segment being the cash-generating center. With respect to goodwill of a company established as a result of acquisition of shares and stock in Tiltra Group AB and AB Kauno Tiltai, it is assumed that the cash-generating centers are companies being members of the composition of Tiltra Group AB and AB Kauno Tiltai.

The recoverable value of cash-generating centre is set using the method of discounted cash flows before tax, based on five-year-long forecasts made for the centre. The forecasts were based on budgets and schedules of long-term contracts, both currently realized and planned for acquisition.

Due to the circumstances threatening the business continuity of the following companies: Poldim S.A. and Silentio Investments Sp. z o.o. with their related companies: Tiltra Group AB, Poldim Mosty Sp. z o.o., Poldim Mielec Sp. z o.o., Poldim Dębica Sp. z o.o, NRR Grupa Poldim Sp. z o.o., an impairment test was performed as for March 31, 2012. On the basis of the conducted test, it was stated that there is no need for any impairment loss.

The final settlement of the transaction of acquisition of shares and stock in Tiltra Group AB and AB Kauno Tiltai affected the change of the comparable data in this financial statement when compared to the previously published data. The following table presents the impact of the final transaction settlement of the previously published comparable data:

	31.12.2011	
	published statement	recognized as comparable data
Net profit for the period	**62 969**	**51 820**
Attributable to:		
Shareholders of parent entity	109 417	98 782
Non-controlling shareholders	(46 448)	(46 962)
Fixed assets	**858 537**	**850 230**
Fixed assets	311 503	316 512
Intangible assets	58 811	60 382
Goodwill upon consolidation	397 291	382 404
Other non-current assets	90 932	90 932
Current assets	**1 069 726**	**1 069 726**
Total assets	**1 928 263**	**1 919 956**
Equity attributable to shareholders of parent entity	536 643	525 842
Share capital	23 211	23 211
Surplus from the sale of share premium	231 591	231 591
Revaluation reserve	2 343	2 343
Other reserve capitals	199 775	199 775
Retained earnings	62 969	52 334
FX differences from conversion of foreign units	16 754	16 588
Non-controlling interests	16 134	18 600
Total equity	**552 777**	**544 442**
Non-current liabilities	**354 867**	**354 895**
Deferred tax reserve	40 061	40 089
Other non-current liabilities	314 806	314 806
Current liabilities	**1 020 619**	**1 020 619**
Total liabilities	**1 928 263**	**1 919 956**

19. Information concerning segments

The operational segment is a part of the entity:

a) that engages into economic activity in relation to which it may obtain revenues and sustain costs (including revenues 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 a segment and evaluating the results of the segment operation, and

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

For management purposes, the Group has been divided into 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 are in line with individual entities of the Group. Moreover, a road construction segment was singled out in connection with the acquisition of stocks and shares of the Companies being members of AB Kauno Tiltai and Tiltra Group AB. As a result, the following operational reporting segments were identified:

- Railway construction segment, which is engaged in engineering, construction and installation works in the railway sector (T-T, PRKiI and Bahn Technik Wrocław).

- Road construction segment, which is engaged into engineering, construction and installation works in the road sector (AB Kauno Tiltai Group and Tiltra Group AB)
- Residential building sector, which is engaged in developer's operation in wide context (PRK 7 N).
- Design services segment, which is engaged in preparing projects for the railway contracts (Torprojekt).

In order to create the above operational reporting segments, two segments were combined. While making the decision on combining, it was considered that they show similar economic features and are similar with respect to 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 separately monitors operational results of the segments in order to take decisions concerning allocation of resources, assessment of the effects of such allocation and results of operations. The grounds for business performance evaluation is gross profit or loss.

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

The transaction prices applied during transactions between the operational segments are set based on the market principles likewise in case of transactions entered into with not related parties.

The main receiver of the Capital Group is PKP Polskie Linie Kolejowe SA, the remaining companies are: Generalna Dyrekcja Dróg Krajowych i Autostrad (General Directorate for National Roads and Motorways), Litewska Administracja Drogowa (Lithuanian Road Administration), Koleje Litewskie (Lithuanian Railways), Zarząd Dróg Wojewódzkich (Management for Provincial Roads) in Kraków

Operating segments

For the period from 01.01.12 to 31.03.12

	Continued operation						
Not audited	**Railway segment**	**Road segment**	**Other segments**	**In total**	**Discontinued operations**	**Exclusions**	**Total operations**
Revenue							
Sales to external customers	135 168	39 619	26 417	201 204	-	-	201 204
Sales between segments	827	4	213	1 044	-	(1 044)	-
Total segment revenues	**135 995**	**39 623**	**26 630**	**202 248**	**-**	**(1 044)**	**201 204**
Results							
Depreciation	3 211	2 759	118	6 088	-	-	6 088
Gross profit (loss) of segment	**6 934**	**(18 573)**	**6 495**	**(5 144)**	**-**	**(3 112)**	**(8 256)**

For the period from 1.01.11 to 31.03.11

	Continued operation					
Not audited	**Railway segment**	**Other segments**	**In total**	**Discontinued operations**	**Exclusions**	**Total operations**
Revenue						
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						
Depreciation	2 775	99	2 874	-	-	2 874
Share in profit or loss of affiliates	-	(197)	(197)	-	-	(197)
Gross profit (loss) of segment	**54 047**	**(285)**	**53 762**	**-**	**(54 127)**	**(365)**

As at March 31, 2012

	Continued operation						
Not audited	**Railway segment**	**Road segment**	**Other segments**	**In total**	**Discontinued operations**	**Exclusions**	**Total operations**
Operating assets	525 480	936 830	55 336	1 517 646	-	(751 935)	765 711
Operating liabilities	266 471	637 454	24 580	928 505	-	(157 273)	771 232
Other disclosures							
Capital expenditure	1 309	923	31	2 263	-	-	2 263

On December 31, 2011

	Continued operation						
Audited	**Railway segment**	**Road segment**	**Other segments**	**In total**	**Discontinued operations**	**Exclusions**	**Total operations**
Operating assets	710 233	1 054 159	70 532	1 834 924	-	(802 649)	1 032 275
Operating liabilities	446 802	697 029	44 895	1 188 726	-	(168 107)	1 020 619
Other disclosures							
Share in affiliated entity	-	2 052	-	2 052	-	-	2 052
Capital expenditure	10 211	25 941	444	36 596	-	-	36 596

Geographical segments

For the period from 01.01.12 to 31.03.12	**Continued operation**					
Not audited	**Home**	**Abroad**	**In total**	**Discontinued operations**	**Exclusions**	**Total operations**
Revenue						
Sales to external customers	163 722	37 482	201 204	-	-	201 204
Sales between segments	7 302	-	7 302	-	(7 302)	-
Sales between home and abroad	-	5	5	-	(5)	-
Total segment revenues	**171 024**	**37 487**	**208 511**	**-**	**(7 307)**	**201 204**

For the period from 1.01.11 to 31.03.11	**Continued operation**					
Not audited	**Home**	**Abroad**	**In total**	**Discontinued operations**	**Exclusions**	**Total operations**
Revenue						
Sales to external customers	78 112	-	78 112	-	-	78 112
Sales between segments	5 616	-	5 616	-	(5 616)	-
Total segment revenues	**83 728**	**-**	**83 728**	**-**	**(5 616)**	**78 112**

As at March 31, 2012	**Continued operation**					
Not audited	**Home**	**Abroad**	**In total**	**Discontinued operations**	**Exclusions**	**Total operations**
Assets of segment	1 135 211	382 435	1 517 646	-	(751 935)	765 711
Liabilities of segment	733 107	195 398	928 505	-	(157 273)	771 232

As at December 31, 2011	**Continued operation**					
Audited	**Home**	**Abroad**	**In total**	**Discontinued operations**	**Exclusions**	**Total operations**
Assets of segment	1 358 583	476 342	1 834 925	-	(802 649)	1 032 276
Liabilities of segment	929 738	258 988	1 188 726	-	(168 107)	1 020 619

20. Contingent receivables and liabilities

Contingent receivables and liabilities are presented in the below table:

	31.03.2012	31.12.2011
	Not audited	*Audited*
Contingent receivables		
From related entities due to:	**372 108**	**285 659**
Received guarantees and sureties	370 777	284 328
Bills of exchange received as collateral	1 331	1 331
From other entities due to:	**251 992**	**248 550**
Received guarantees and sureties	240 272	232 456
Bills of exchange received as collateral	11 720	16 094
Total contingent receivables	**624 100**	**534 209**
Contingent liabilities		
From related entities due to:	**372 108**	**285 659**
Provided guarantees and sureties	370 777	284 328
Promissory notes	1 331	1 331
From other entities due to:	**1 729 704**	**1 529 795**
Provided guarantees and sureties	697 614	778 088
Promissory notes	584 023	438 602
Mortgage	203 013	188 127
Assignment of receivables	134 739	239
Assignment of rights under insurance policy	72 765	68 233
Security deposits	3 899	3 769
Other liabilities	33 651	52 737
Total contingent liabilities	**2 101 812**	**1 815 454**

The subsidiary PRKiI S.A. extended the guarantee period for Trakcja – Tiltra S.A. with relation to the execution of an appendix to credit agreement for revolving credit on credit account of March 23, 2012 concluded with Alior Bank S.A. located in Warsaw. By virtue of the appendix, the bank extended the term of the loan up to PLN 60 million, guarantee amount - PLN 120 million; guarantee period – from March 23, 2012 to March 31, 2015.

The subsidiary PRKiI S.A. granted a guarantee to Trakcja – Tiltra S.A. with relation to the execution of the credit agreement for revolving credit on credit account of March 23, 2012 concluded with Alior Bank S.A. located in Warsaw. The guarantee amount - PLN 30 million; guarantee period – from March 23, 2012 to March 30, 2015.

Trakcja – Tiltra S.A. extended the guarantee period for PRKiI S.A. with relation to the execution of an appendix to credit agreement for revolving credit on credit account of March 31, 2012 concluded with Alior Bank S.A. located in Warsaw. The guarantee amount – PLN 40 million; guarantee period – from March 21, 2012 to March 31, 2015.

Due to employment contracts executed with the employees and Members of the Management Board, as for March 31, 2012 the Group had contingent receivables in the amount of PLN 1,821,000 and contingent liabilities in the amount of PLN 10,828,000. Furthermore, in case of breach of duties of a Manager as stipulated in the agreement on non-competition, the Manager will pay the Company, without any undue delay or termination notice or demand by the Company, liquidated damages as a counter value of EUR 25,000 in PLN for each case of breach, and counter value of EUR 1,000 in PLN for each day of breach.

Tax settlements and other fields of business activities governed by regulations (e.g. customs and currencies), may be subject of administrative bodies control, which are entitled to impose high penalties and sanctions. Lack of reference to fixed legal regulations in Poland and Lithuania causes the occurrence of ambiguities and inconsistencies in the mandatory provisions of the law. 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 than usually present in countries with a more developed tax system. Tax settlements may be the subject to control for the period of five years, starting at the end of a year, in which the tax was paid. As a result of the performed controls, the current tax settlements of the Group may be increased by additional tax obligations. In the Group's opinion, as for March 31, 2012 proper reserves were created for the recognized and measureable tax risk.

21. Material court and dispute matters

From January 1, 2012 to December 31, 2012, 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 per cent of the equity of Trakcja - Tiltra S.A., except for the proceedings specified below.

Case of shareholder Jacek Jurek 1.

The shareholder of the Company, Mr. Jacek Jurek, brought an action against the Company demanding that resolutions no. 3, no. 4, no. 5 and no. 7 of the Extraordinary General Meeting of the Company of January 19, 2011 be declared invalid ("Action 1"). On April 5, 2011, the Regional Court in Warsaw delivered the lawsuit to the Company. The Company sent to the abovementioned court its reply to the lawsuit. On September 6, 2011, the Company and Silentio Investments Sp. z o.o. ("Silentio"), Poldim S.A. ("Poldim"), former shareholders of Tiltra Group AB and AB Kauno Tiltai ("Tiltra Shareholders") entered into a settlement with Mr. Jacek Jurek and Mr. Radosław Jurek, based on which Mr. Jacek Jurek and Mr. Radosław Jurek waived any current or future claims against, inter alia, the Company, Poldim, and undertook not to proceed against these entities. Mr. Jacek Jurek made statements on cancellation of actions brought against the Company, Poldim and Silentio. On September 7, 2011, Mr. Jacek Jurek applied to the Regional Court in Warsaw for cancellation of Action 1 along with a declaration on waiving the claim and an application for discontinuance of the proceedings. On October 17, 2011, the Company's attorney was served with a decision of the Regional Court in Warsaw on discontinuance of the Proceedings 1.

Case of shareholder Jacek Jurek 2.

The shareholder of the Company, Mr. Jacek Jurek, brought an action against the Company demanding that resolutions no. 3 on amendment to the Statutes of the of the Extraordinary General Meeting of the Company of June 15, 2011 be declared invalid ("Action 2"). On September 5, 2011, the Company received from the Regional Court in Warsaw, through the agency of Poczta Polska (Polish Postal Service), a copy of the abovementioned action brought against the Company by its shareholder, Mr. Jacek Jurek. On September 6, 2011, the Company and Silentio Investments Sp. z o.o. ("Silentio"), Poldim S.A. ("Poldim"), former shareholders of Tiltra Group AB and AB Kauno Tiltai ("Tiltra Shareholders") entered into a settlement with Mr. Jacek Jurek and Mr. Radosław Jurek, based on which Mr. Jacek Jurek and Mr. Radosław Jurek waived any current or future claims against, inter alia, the Company, Poldim, and undertook not to proceed against these entities. Mr. Jacek Jurek made statements on cancellation of actions brought against the Company, Poldim and Silentio. On September 7, 2011, Mr. Jacek Jurek applied to the Regional Court in Warsaw for cancellation of Action 2 along with a declaration on waiving the claim and an application for discontinuance of the proceedings. On September 22, 2011, the Company's attorney was served with a decision of the Regional Court in Warsaw on discontinuance of the Proceedings 2.

Financial standing of Poldim S.A. and Silentio Investments sp. z o.o.

In accordance with the current report no 78/2011 of December 16, 2011, Trakcja – Tiltra S.A. terminated credit agreements with the following subsidiaries: Poldim S.A. with its registered office in Tarnów and Silentio Investments Sp. z o.o. with its registered office in Warsaw:

1. On December 9, 2011, the credit agreement with Poldim S.A., current account no 1/2011/PCK/D/RB, was terminated with a 7-day notice period, by Bank Polska Kasa Opieki S.A.. The overdraft along with the interest payable as at December 9, 2011 amounted to PLN

19,874,050.47 (nineteen million eight hundred seventy four thousand fifty Polish zlotys 47/100). The reason for termination was loss of creditworthiness and risk of bankruptcy of Poldim S.A.

2. On December 16, 2011 the credit agreement no CRD/33591/10 with Poldim S.A. was terminated with a 7-day notice period by Raiffeisen Bank Polska S.A. The overdraft along with the interest payable as at December 13, 2011 was in total PLN 13,425,827.64 (thirteen million four hundred twenty-five thousand eight hundred twenty-seven Polish zlotys 64/100). The reason for termination was significant deterioration of the economic situation and financial standing of Poldim S.A. when compared to the situation known to the bank at the time of execution of the agreement, as well as significant deterioration of prospects of further development of Poldim S.A.
3. On December 16, 2011 the credit agreement no CRD/33540/10 with Poldim S.A. was terminated with a 7-day notice period by Raiffeisen Bank Polska S.A. The overdraft along with the interest payable as at December 13, 2011 was in total PLN 18,083,094.90 (eighteen million eighty-three thousand ninety-four Polish zlotys 64/100). The reason for termination was significant deterioration of the economic situation and financial standing of Poldim S.A. when compared to the situation known to the bank at the time of execution of the agreement, as well as significant deterioration of prospects of further development of Poldim S.A.
4. On December 16, 2011 the debt limit agreement no CRD/L/34787/11 with Poldim S.A. was terminated with a 7-day notice period by Raiffeisen Bank Polska S.A. The reason for termination was significant deterioration of the economic situation and financial standing of Poldim S.A. when compared to the situation known to the bank at the time of execution of the agreement, as well as significant deterioration of prospects of further development of Poldim S.A.
5. The credit agreement no CRD/32322/10 with Silentio Investments Sp. z o.o. was terminated. The overdraft payable as at December 16, 2011 amounted to PLN 30,633,000.00 (thirty million six hundred thirty-three thousand Polish zlotys 00/100) plus the interest due and payable. The reason for termination was a significant deterioration of the economic situation and financial standing of Silentio Investments sp. z o.o. in relation when compared to the situation known to the bank at the time of execution of the agreement, as well as significant deterioration of prospects of further development of Silentio Investments Sp. z o.o.

In accordance with the current report no 82/2011 of December 23, 2011, Trakcja – Tiltra S.A. terminated credit agreements with the following subsidiaries: Poldim S.A. with its registered office in Tarnów:

a) On December 21, 2011 the credit agreement in the form of multi-purpose credit line no 41 1020 2892 0000 5502 0425 2631 was terminated with a 7-day notice period by Powszechna Kasa Oszczędności Bank Polski S.A. The overdraft along with the interest payable as at December 19, 2011 amounted to PLN 6,178,061.61 (six million one hundred seventy-eight thousand sixty-one Polish zlotys 61/100). The reason for termination was loss of creditworthiness and risk of bankruptcy of Poldim S.A.

b) On December 21, 2011 the framework agreement for bank guarantees no 02 1020 2892 0000 5602 0444 7769 was terminated with a 7-day notice period by Powszechna Kasa Oszczędności Bank Polski S.A. The reason for termination was loss of creditworthiness of Poldim S.A.

c) On December 22, 2011, the multi-product agreement no 8902006005000058/00 concluded with ING Bank Śląski S.A. located in Katowice was terminated with a 7-day notice period. The reason for termination was failure to perform duties under the agreements concluded with Bank Polska Kasa Opieki S.A. and Raiffeisen Bank Polska S.A. by Poldim S.A.

d) On December 22, 2011, the PLN credit agreement no 8902006008000557/01 concluded with ING Bank Śląski S.A. located in Katowice was terminated with a 7-day notice period. The overdraft plus interest payable as at December 22, 2011 amounted PLN 7,861,396.72 (seven million eight hundred sixty-one thousand three hundred ninety-six Polish zlotys 72/100). The reason for termination of the agreement was a) failure to fulfil obligations by Poldim S.A. resulting from any agreement concluded with the bank or any other financial institution (Bank

Polska Kasa Opieki S.A., Reiffeisen Bank Polska S.A.), b) any liability of Poldim S.A. became due and payable or circumstances occurred which entitle the creditor to place any liability on demand or any obligation to release the client's cash was terminated, c) circumstances occurred, which in the Bank's opinion, had significant negative impact on business activities or situation (financial or other) of Poldim S.A., in particular as regards a possibility of exercising the bank's rights resulting from the agreement or the framework agreement, collateral documents, agreements related to the agreement or the framework agreement or agreements related to collateral documents, d) Poldim S.A. due to financial difficulties entered into negotiations with one or many creditors, being the financial institutions, in order to postpone the payment deadline or redeem the debt, reorganize or refinance its liabilities, e) Poldim S.A. did not fulfil any of its obligations as stipulated in the agreement or the framework agreement or rules and regulations.

e) On December 23, 2011, the PLN revolving credit agreement no 76012989 was terminated by Bank Millenium S.A. located in Warsaw. The overdraft as at December 23, 2011 amounted to PLN 30,000,000.00 (thirty million Polish zlotys) plus interest. The reason for termination was risk of bankruptcy of Poldim S.A.

Furthermore, Poldim S.A. received a notification on credit release under the Multi-Product Agreement no 8902006005000058/00 concluded with ING Bank Śląski S.A. located in Katowice, and with respect thereto, the company paid the revolving credit under the aforesaid Multi-Product Agreement in total amount of PLN 8,000,000.00 (eight million Polish zlotys) for the purpose of establishing deposit of PLN 8,000,000.00 (eight million Polish zlotys), which is equivalent of the current revolving overdraft, and hence the request for payment within 5 business days as of December 30, 2011 in the amount of PLN 8,000,000.00 (eight million Polish zlotys) was forwarded to Poldim. The following cases of breach are the reason for releasing the revolving credit: a) failure to fulfil obligations by Poldim S.A. resulting from any agreement concluded with the bank or any other financial institution (Bank Polska Kasa Opieki S.A., Reiffeisen Bank Polska S.A.), b) any liability of Poldim S.A. became due and payable or circumstances occurred which entitle the creditor to place any liability on demand or any obligation to release the client's cash was terminated, c) circumstances occurred, which in the Bank's opinion, had significant negative impact on business activities or situation (financial or other) of Poldim S.A., in particular as regards a possibility of exercising the bank's rights resulting from the agreement or the framework agreement, collateral documents, agreements related to the agreement or the framework agreement or agreements related to collateral documents, d) Poldim S.A. due to financial difficulties entered into negotiations with one or many creditors, being the financial institutions, in order to postpone the payment deadline or redeem the debt, reorganize or refinance its liabilities, e) Poldim S.A. did not fulfil any of its obligations as stipulated in the agreement or the framework agreement or rules and regulations.

In connection with the above-specified actions taken by the abovementioned banks, the enforcement proceedings against Poldim S.A. and Silentio Investments sp. z o.o. were initiated.
On January 11, 2012, Poldim S.A. with its registered office in Tarnów ("Poldim") concluded an agreement for suspension of enforcement activities ("Agreement"). The Agreement was concluded between Poldim and Bank Polska Kasa Opieki S.A. with its registered office in Warsaw, Raiffeisen Bank Polska S.A. with its registered office in Warsaw, Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw, Bank Millennium S.A. with its registered office in Warsaw, ING Bank Śląski S.A. with its registered office in Katowice (hereinafter collectively referred to as the: "Creditors"). The agreement was concluded due to a possibility of debt reorganization, as considered by the Creditors, of the following entities:

1. Poldim;
2. NRR Grupa Poldim sp. z o.o.;
3. Poldim Mielec sp. z o.o.;
4. Poldim Dębica S.A.;
5. Poldim Mosty sp. z o.o.;

6. Silentio Investments Sp. z o.o.

and the need to provide the group of companies, referred to above (the "Group"), with a possibility to continue to conduct their business activities and perform their obligations related to the economic activities conducted by each of the Group's companies.
Pursuant to the Agreement each of the Creditors undertook that in the period from the date of the Agreement until February 28, 2012, or until the expiry of the Agreement (whichever occurs first) ("**Suspension Period**"):

1. will not take (and where taken – they will cease, as of the date of the Agreement), in connection with any enforcement order, any activities related to seeking or securing of any debts or claims (collectively referred to as the “Claims”) available to a given Creditor, against any member of the Group or against warrantors or guarantors ("Guarantors") of any liabilities incurred by members of the Group, arising from the agreements concluded with participation of the Creditors of the financial documents (“Financial Documents”), or documents related thereto (including, but not limited to the collateral documents), and in particular will not file any applications for the Claim’s securing; within the performance of an obligation to cease the enforcement, the Creditors who initiated the enforcement proceedings against any company of the Group or any Guarantor on the date of conclusion of the Agreement will file the applications for a suspension of the enforcement proceedings (suspension of any enforcement actions, including not transferring the recovered funds to the Creditors) and will submit Poldim copies of the relevant applications including confirmation of their receipt, confirming their submission to the competent Enforcement Officer who is conducting the enforcement proceedings; after expiry of the Transition Period (defined below), in the performance of their obligation to cease the enforcement proceedings, the Creditors who initiated the enforcement proceedings against any company of the Group or any Guarantor, on the first business day after expiry of the Transition Period, will file the application for discontinuance of the conducted enforcement proceedings and provide Poldim with copies of the relevant applications including confirmation of their receipt, confirming their submission to the competent Enforcement Officer who is conducting the enforcement proceedings;
2. if the Creditor has obtained or will obtain the enforceable title, it will take neither a factual nor legal action based on such the enforceable title (in particular, it will not file any application for initiation of the enforcement proceedings or the establishment of collateral under such a title).
3. Moreover, during the Suspension Period none of the Creditors will:
   a) file an application for bankruptcy declaration, nor take any action (either directly or through third parties) aimed at initiation of any bankruptcy proceedings of any kind with respect to Poldim or another member of the Group;
   b) deduct its Claims against any claims of Poldim or of another member of the Group;
   c) subject to point (d) below, assert repayment of the Claims or credit any of the amounts transferred to the bank accounts held by a given Creditor for any company of the Group or the Guarantor for payment of the outstanding claims for the given Creditor, while during the Transition Period the funds held in the bank accounts kept by the given Creditor for any company of the Group or the Guarantor will be seized by a given Creditor, and upon expiration of the Transition Period the above funds will be unseized and made available to the authorized company of the Group or the Guarantor;
   d) exercise any rights resulting from the under the Claim security agreements, provided that:

(i) during the Transition Period (as defined below) funds paid by debtors of Poldim and of other companies of the Group, in respect of trade claims transferred to the given Creditor before the date of conclusion of the Agreement (securing its due Claims) will be seized by the given Creditor on its own banking account, while during the Suspension Period they will not be credited for the debt repayment of the given Creditor to Poldim or to another company of the Group, and upon expiration of the Transition Period, the funds deposited during the Transition Period and thereafter by debtors of Poldim and of other companies of the Group for any trade claims, transferred to the given Creditor prior to the date of the Agreement will be transferred to the bank account indicated by Poldim; in order to avoid any doubts,

in the event of expiry of the Agreement the funds, which were seized by the authorized Creditors will be credited towards debt repayment of the given Creditor to Poldim or to another company of the Group
(ii) during the Transition Period (as defined below) the funds received by Bank Polska Kasa Opieki S.A. in the course of the enforcement proceedings conducted in connection with the suspension of the conducted proceedings will be seized by the Enforcement Officer acting on behalf of Bank Polska Kasa Opieki S.A. and will not be transferred to that bank as a creditor, and will not be credited towards debt repayment of Bank Polska Kasa Opieki S.A. to Poldim or to another company of the Group, while upon expiration of the Transition Period, the funds collected by the Enforcement Officer acting on behalf of Bank Polska Kasa Opieki S.A. in case of discontinuance of the enforcement proceedings will be transferred to the bank account indicated by Poldim; in order to avoid doubts, in the case of expiry of the Agreement the funds referred to above will be credited towards repayment of debt of Bank Polska Kasa Opieki S.A. to Poldim or to another company of the Group;
(iii) with respect to the Claims of ING Bank Śląski S.A. secured by a registered pledge on the road salt stocks, owned by Poldim, located in the selected Poldim's warehouses, the funds derived from sales by Poldim of the pledge's subject matter, conducted in the course of Poldim's current economic activity, will be credited towards repayment of the Claims of ING Bank Śląski S.A. under the multi-product agreement concluded with the abovementioned bank;
(iv) with respect to the Claims of Bank Millennium S.A. under the factoring agreement, the funds paid by the Poldim contractors to Bank Millennium S.A., whose invoices have been purchased out by Bank Millennium S.A. under the factoring agreement will be credited towards repayment of debts of Bank Millennium S.A. due to invoices repurchased until December 14, 2011, under the abovementioned factoring agreement. To avoid any doubt, Bank Millennium S.A. will not exercise the right of recourse against Poldim during the Suspension Period;

e) assign or transfer, in whole or in part, its rights or obligations arising from agreements and other activities resulting in Claims, in particular under the Financial Documents.

During the Suspension Period, Poldim will not take any actions and will cause that the other companies of the Group do not take any actions, which would result in the Claims payment or which otherwise would lead to a breach of the Agreement.
The interest on Claims as well as any fees and commissions due and payable in connection with the Claims will be accrued during the Suspension Period, but the Creditors will receive them after the Suspension Period or after the expiry of the Agreement.
The agreement is valid as of January 11, 2012.
The agreement was concluded under the resolutive condition consisting in abstaining from making by Powszechna Kasa Oszczędności Bank Polski S.A., Bank Millenium S.A. and ING Bank Śląski S.A., within the period until January 17, 2012 ("**Transition Period**") any statements on their agreement to transfer to the bank account indicated by Poldim of all and any funds deposited during the Transition Period and thereafter by debtors of Poldim and of other companies of the Group in respect of trade claims transferred to Powszechna Kasa Oszczędności Bank Polski S.A., Bank Millenium S.A. or ING Bank Śląski S.A. before the date of conclusion of the Agreement. To avoid any doubt, upon the transfer to the bank account indicated by Poldim the funds will become ownership of a given company of the Group or the Guarantor.
Each of the Creditors will be entitled to terminate the Agreement (as a result of which the Agreement expires on the date of service of the notice of termination to the other Parties) in the event of occurrence of any of the following situations:

a) filing by any member of the Group of an application for initiation of the recovery proceedings or bankruptcy of any member of the Group;

b) filing by any person or entity (in particular, by the Creditor, any bank or financial institution not being the Creditor or a public authority) of a bankruptcy petition with respect to any company of the Group, unless, within 3 business days after filing of the petition, it is withdrawn, rejected or dismissed, or Poldim or another company of the Group proves to the Creditors that it is manifestly unfounded or has no significant impact on the financial or legal situation of Poldim and other companies of the Group, or rights of the Creditors, and the Creditors confirm the assessment presented by Poldim or another company of the Group;

c) the initiation by any person or entity (in particular, the Creditor, any bank or financial institution, not being a Creditor or a public authority) of the enforcement or security (civil or administrative) proceedings or the occurrence of similar event regarding any assets of any company of the Group, unless within 3 business days from the initiation of the proceedings or occurrence of the event, that proceedings are discontinued or Poldim or another company of the Group proves to the Creditors that the application for initiating of the proceedings is manifestly unfounded or has no significant impact on the financial or legal situation of Poldim and other companies of the Group, or rights of the Creditors, and the Creditors will confirm the assessment presented by Poldim or another company of the Group;

d) establishment by Poldim or another company of the Group, after the conclusion of the Agreement, of any (i) collateral for any Creditor or any bank or financial institution, not being a Creditor, without the simultaneous establishment of analogous collateral for all other Creditors, under *the pari passu principle*, (ii) collateral for any entity, in the form of mortgage, ordinary pledge, financial or registry pledge, transfer or assignment for collateral or deposit,

e) performance by Poldim or another company of the Group of operations, which will result in the future obligation to establish the collateral referred to in point above;

f) breach by any of the Creditors of provisions of the Agreement, which in the opinion of any other Creditors will prevent the conclusion by the Parties to an agreement establishing the terms and conditions of the financial restructuring of the Group;

g) breach by members of the Group of any obligations arising from the statement made by the Group companies, concerning the prohibition of depletion of wealth to the detriment of creditors, or the requirement to obtain consent of the Creditors to conclude agreements regarding the financial debt;

h) expiration of the Transition Period.

On January 17, 2012, Powszechna Kasa Oszczędności Bank Polski S.A., Bank Millenium S.A. and ING Bank Śląski S.A. submitted statements on their consent to transferring to the bank account indicated by Poldim S.A. with its registered office in Tarnów of all and any funds deposited during the Transition Period and thereafter by debtors of Poldim S.A. and debtors of other companies of the Group in respect of trade claims transferred to Powszechna Kasa Oszczędności Bank Polski S.A., Bank Millenium S.A. or ING Bank Śląski S.A. before the date of conclusion of the agreement on suspending enforcement proceedings, entered into by Poldim S.A. on January 11, 2012. Therefore, the condition for terminating the abovementioned agreement is not fulfilled, which means that the agreement is still binding upon all parties thereto.

On March 2, 2012, the parties to the Agreement concluded an agreement prolonging the period in which the enforcement proceedings are suspended (“Agreement 2”), on the basis of which the parties to the Agreement restored all the obligations and provisions of the Agreement and stipulated that the Suspension Period should cover the period starting on the day of entry into force of Agreement 2 (i.e. March 2, 2012) (“Day of Entry into Force”) and ending on March 31, 2012, according to the following rules:

1. the Creditors who have undertaken any enforcement activities regarding the Claim in the period from the Date of Expiry of Suspension Period of Agreement to the Date of Entry into Force against any company of the Group or any Guarantor will, until 12:00 (noon), on the business day following the Day of Entry into Force, file applications for discontinuing enforcement proceedings and will present to Poldim S.A. copies of the relevant applications along with a confirmation of their receipt by the appropriate bailiff.

2. Any amounts enforced by any of the Creditor in the Suspension Period provided for in Agreement 2 will be returned not later than on the following business day. This means that any amounts sent to the given Creditor before the application for discontinuing the enforcement proceedings is served or before the deadline for serving the application for discontinuing the enforcement proceedings expires, depending on which occurs earlier, will be settled by way of a final restructuring agreement referred to in point 3 below, and the amounts sent to the given

Creditor after the expiry of the deadline referred to above will be returned to the bailiff without undue delay (for the purposes of performing the necessary settlements with the debtor).

3. The settlement of the reduction of Claims should be agreed upon as part of the final restructuring agreement. If such an agreement is not concluded or the Agreement is for any reason terminated, the Creditors who have undertaken any enforcement activities related to the Claims in the period between the expiry of the Agreement and the Day of Entry into Force will have the right to retain the amounts of claims obtained by way of activities undertaken in the period between the expiry of the Agreement and the Day of Entry into Force.
4. The Parties have also changed the contents of Agreement by adding a provision on the basis of which each of the Creditors will be entitled to terminate the Agreement (as a result of which the Agreement will expire on the date of service of the notice of termination to the other Parties) in the event of the Creditors not signing the term sheet (describing the most important conditions of Group restructuring) until March 14, 2012.
5. The remaining provisions of Agreement 1 have remained unchanged.

On April 13, 2012, the Management Board of Poldim S.A. filed a bankruptcy petition open to composition agreements, until the date of publication of the abridged consolidated financial statement the court has not issued a decision on this subject matter.
On April 13, 2012, the Management Board of Silentio Investments Sp. z o.o. filed a bankruptcy petition with liquidation, until the date of publication of the abridged consolidated financial statement the court has not issued a decision on this subject matter.

According to the mother company the operations of subsidiaries (Poldim S.A., Silentio Investments Sp. z o.o. and their affiliates: Tiltra Group AB, Poldim Mosty Sp. z o.o., Poldim Mielec Sp. z o.o., Poldim Dębica Sp. z o.o, NRR Grupa Poldim Sp. z o.o.) may not be sufficient to satisfy the claims of the abovementioned banks.

22. Dividends paid and declared

In the first quarter of 2012 and in the comparable period the parent company did not declare and did not pay any dividends.

23. Information on affiliates

Transactions concluded by the mother company and its subsidiaries (affiliates) are transactions concluded according to market terms and conditions and their nature results from the current activity conducted by the mother company and its subsidiaries.
Total amounts of transactions concluded with affiliates for the first quarter of 2012 are presented below.

Related entities	3-month period ended	Sale to related entities	Purchases from related entities	Interest revenues	Interest expenses	Financial revenues from FX differences and other	Financial costs from FX differences and other
Shareholders of parent company:							
Comsa	1.01-31.03.2012	-	278	-	-	-	-
	1.01-31.03.2011	-	-	-	-	-	-
In total							
	1.01-31.03.2012	**-**	**278**	**-**	**-**	**-**	**-**
	1.01-31.03.2011	**-**	**-**	**-**	**-**	**-**	**-**

The information concerning receivables and liabilities from / to affiliates at the end of the first quarter of 2012 is presented below.

Related entities	Balance sheet date	Receivables from related entities	Liabilities towards related entities	Loans granted	Borrowings
Shareholders of parent company:					
Comsa	31.03.2012	-	1 627	-	-
	31.12.2011	-	42	-	-
Affiliates:					
PD Lambdar	31.03.2012	-	-	-	-
Sp. z o.o.	31.12.2011	1 444	-	-	-
In total					
	31.03.2012	**-**	**1 627**	**-**	**-**
	31.12.2011	**1 444**	**42**	**-**	**-**

24. Important events during the first quarter of 2012 and after the balance sheet date

Important events in the quarter period

Other important events:

- On January 3, 2012, the Management Board of Trakcja - Tiltra S.A. found out that Przedsiębiorstwo Eksploatacji Ulic i Mostów Sp. z o.o. - the issuer's subsidiary - with its registered office in Białystok - was served a reminder letter by Raiffeisen Bank Polska S.A. located in Warsaw. The reminder letter was sent with respect to default of payment of credit granted by the Bank to the issuer's subsidiary - Silentio Investment Sp. z o.o. with its registered office in Warsaw as well as guarantee agreement for repayment of liabilities concluded between the Bank and PEUiM, as the abovementioned credit collateral. The company informed the Bank that the abovementioned credit of Silentio was cancelled in the current report of December 16, 2011.
- On January 4, 2012, the Management Board of Trakcja - Tiltra S.A. found out that the Enforcement Officer at the District Court for the city of Warsaw - Mokotów initiated enforcement

proceedings against Poldim S.A. with its registered office in Tarnów – the issuer's subsidiary. The enforcement proceedings against Poldim were initiated according to the Decision of the District Court in Tarnów dated January 28, 2011, under the Banking Enforcement Document of Raiffeisen Bank Polska S.A. located in Warsaw. The enforcement proceedings will cover: the principal in the amount of PLN 17,274,665.14 The interest calculated until January 3,2012 in the amount of PLN 26,664.90.

- The Management Board of Trakcja - Tiltra S.A. found out that on January 11, 2012, Poldim S.A. with its registered office in Tarnów concluded an agreement on suspension of the enforcement proceedings. The Agreement was concluded between Poldim and Bank Polska Kasa Opieki S.A. with its registered office in Warsaw, Raiffeisen Bank Polska S.A. with its registered office in Warsaw, Powszechna Kasa Oszczędności Bank Polski S.A. with its registered office in Warsaw, Bank Millennium S.A. with its registered office in Warsaw, ING Bank Śląski S.A. with its registered office in Katowice. The agreement was concluded due to the fact that the Creditors considered a possibility of debt reorganization and the necessity of providing the group of companies mentioned above with a possibility of performing further business activities and obligations related to operations of each of the company of the Group.
- The Management Board of Trakcja - Tiltra S.A. found out the statements made on January 17, 2012 by Powszechna Kasa Oszczędności Bank Polski S.A., Bank Millenium S.A. and ING Bank Śląski S.A. on their agreement to transfer to the bank account indicated by Poldim S.A. seated in Tarnów of all and any funds deposited during the Transition Period and thereafter by debtors of Poldim S.A . and of other companies of the Group in respect of trade claims transferred to Powszechna Kasa Oszczędności Bank Polski S.A., Bank Millenium S.A. or ING Bank Śląski S.A. prior to the date of conclusion of the Agreement concerning the suspension of enforcement proceedings concluded by Poldim S.A. on January 11, 2012.
- The Management Board of Trakcja - Tiltra S.A. found out on March 2, 2012 the parties to the agreement on the suspension of the enforcement proceedings ("Agreement 1") concluded between Poldim S.A. seated in Tarnów and Bank Polska Kasa Opieki S.A. seated in Warsaw, Raiffeisen Bank Polska S.A. seated in Warsaw, Powszechna Kasa Oszczędności Bank Polski S.A. seated in Warsaw, Bank Millenium S.A. seated in Warsaw, ING Bank Śląski S.A. seated in Katowice (hereinafter collectively referred to as the: “Creditors”), which provided for a period for which the enforcement proceedings conducted by the Creditors were to be suspended, ending on February 29, 2012, concluded an agreement prolonging the enforcement proceedings suspension period (“Agreement 2”). On the basis of Agreement 2, the parties to Agreement 1 restored the Suspension Period (as defined in report no. 3/2012 of January 11, 2012) for a period starting on the effective date of Agreement 2 (i.e. March 2, 2012) ("Date of Entry into Force"), and ending on March 31, 2012. Additional information has been presented in detail in the current report of March 2, 2012.
- Trakcja - Tiltra S.A. and the Company's subsidiary: Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A. with its registered seat in Wrocław entered into master agreements with Alior Bank Spółka Akcyjna located in Warsaw for a total amount of PLN 80,000,000.00 (eighty million Polish zlotys); the agreement of the highest amount is: Annex to the revolving overdraft agreement concluded between the Company and the Bank (the Company announced conclusion of the Agreement in the current report no. 18/2011 of April 1 2011), under the Annex the Bank extended term of the loan up to PLN 60,000,000.00 (sixty million), until March 31, 2013 (hereinafter referred to as the: "Annex"). The Annex also introduced a new consolidated text of the abovementioned agreement. The Annex was concluded on March 23, 2012;
- Trakcja – Tiltra S.A. subsidiary: Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A. with its registered office in Wrocław, by entering into the investment credit agreement on March 30, 2012, concluded within 12 months from the date of execution of the abovementioned agreement, master agreements with Bank Zachodni WBK Spółka Akcyjna located in Warsaw, for a total amount of PLN 61,000,000.00 (sixty-one million Polish zlotys). The agreement of the highest amount is: Overdraft revolving credit agreement concluded between PRKiI and the Bank. Under the Agreement, the Bank granted a credit in the amount of PLN 23,000,000.00 (twenty-three million zlotys) to finance the PRKiI demand for working capital, as resulting from

the implementation of the agreement within the task: Modernization of the E 30 railway line, Phase II section Zabrze - Katowice - Krakow, Tender No 1 - Modernization of sections: Jaworzno Szczakowa - Trzebinia (km 15.810 - 29.110, No. 133 railway line), Jaworzno Szczakowa - Sosnowiec Jęzor (km 0.000 - 6.847, No. 134 railway line), concluded on November 30, 2010 between the consortium of: PRKiI, Przedsiębiorstwo budownictwa kolejowego i inżynieryjnego INFRAKOL s.c. and Przedsiębiorstwo Napraw i Utrzymania Infrastruktury Kolejowej w Krakowie Sp. z o.o. a PKP PLK S.A. (the Company announced conclusion of the Agreement in the current report no. 37/2010 of November 30, 2010), within the amounts and deadlines stipulated in the Agreement. The agreement was concluded on November 29, 2011.

Important events after the balance sheet date

Other important events:

- On April 11, 2012, the Enforcement Officer of the District Court in Tarnów initiated enforcement proceedings against Poldim S.A. with its registered office in Tarnów – subsidiary of Trakcja – Tiltra S.A. The enforcement proceedings against Poldim were initiated according to the Decision of the District Court in Tarnów, dated January 12, 2012, under the Banking Enforcement Document of BTE ING Bank Śląski S.A. The enforcement proceedings will cover: the principal amount of PLN 3,568,393.74; the interest as for April 5, 2012 in the amount of PLN 231,936.52; in case of delay, further interests will be calculated in the amount of PLN 2,350.32 per day; court fees in the amount of PLN 647.12. Apart from the activities referred to above, yesterday the Company received from the Court Enforcement Officer at the District Court in Głogów a notice on attachment of claims of Poldim performed on the basis of the following enforcement title: payment order in the proceedings by writ of payment of the District Court in Gdańsk dated January 30, 2012 issued to: LOTOS Asfalt Sp. z o.o. with its registered office in Gdańsk ("Lotos"). The enforcement proceedings will cover: the principal in the amount of PLN 633,247.55; The interest as for April 6, 2012 in the amount of PLN 17,544.08; in case of delay - further interest in the amount of PLN 224.92 per day; the proceedings fees in the amount of PLN 32,217.00.
- On April 13, 2012 the Company Poldim S.A. with its registered office in Tarnów filed with the District Court in Tarnów, 5th Commercial Division, a bankruptcy petition open to composition agreements.
- On April 13, 2012, Silentio Investments Sp. z o.o. with its registered office in Warsaw filed with the District Court for the capital city of Warsaw in Warsaw, 10th Commercial Division, for bankruptcy and reorganization proceedings, a bankruptcy petition with liquidation of the company's assets.
- The Management Board of Trakcja - Tiltra S.A. ("Company") informs that on April 23, 2012, the Company withdrew from the master agreement concluded with the subsidiary Poldim S.A. ("Subcontractor") with its registered office in Tarnów (the Company announced conclusion of the Agreement in the current report no. 57/2011 of July 29, 2011). The effect of such withdrawal will occur at the time of delivery to Poldim S.A. the Company's statement on the performed withdrawal. Under the agreement, the Subcontractor will perform a complex realization of professional works (road works), related to No. 9 line modernization task, on the section from km 236.920 to km 275,920, covered by the Local Control Center, with its registered office in Malbork, under the Project: No. POIiŚ (OPIE) 7.1-1.3 "Modernization of the railway line E 65/CE 65 on the section Warsaw – Gdynia – LCS Ilawa, LCS Malbork" along with the drafting final and as-built designs of the railway signalling equipment, except for design, supply and installation of gates for the signalling devices and supply and installation of devices for repelling animals. The reason for withdrawing from the Agreement is failure to perform the duties thereunder by Poldim S.A. and significant delay in the performance of works compared to the work schedule.

IV. QUARTERNLY FINANCIAL INFORMATION

SEPARATE INCOME STATEMENT

	3-month period ended	
	31.03.2012	**31.03.2011**
	Not audited	*Not audited*
Continued operation		
Revenue on sale	**82 254**	**49 995**
Cost of goods sold	**(82 041)**	**(49 375)**
Gross profit on sales	**213**	**620**
Cost of sales, marketing and distribution	(327)	(211)
Overheads	(5 115)	(3 719)
Other operating revenue	824	275
Other operating costs	(137)	(199)
Operating profit	**(4 542)**	**(3 235)**
Financial revenues	14 456	55 680
Financial costs	(4 788)	(281)
Acquisition costs	-	(515)
Gross profit	**5 126**	**51 648**
Income tax	1 399	513
Net profit from continued operations	**6 525**	**52 161**
Discontinued operations		
Net profit (loss) from discontinued operations	-	-
Profit of affiliates		
Net profit for the period	**6 525**	**52 161**
Profit per share attributable to shareholders in the period (PLN per share)		
Basic	0,03	0,33
Diluted	0,03	0,33
Profit per share from continued operations attributable to shareholders in the period (PLN per share)		
Basic	0,03	0,33
Diluted	0,03	0,33

STATEMENT OF COMPREHENSIVE INCOME

	3-month period ended	
	31.03.2012	**31.03.2011**
	Not audited	*Not audited*
Net profit for the period	**6 525**	**52 161**
Other total income	-	-
TOTAL INCOME FOR THE PERIOD	**6 525**	**52 161**

SEPARATE BALANCE SHEET

	31.03.2012	31.12.2011
	Not audited	*Audited*
A s s e t s		
Fixed assets	**549 923**	**551 895**
Fixed assets	35 452	36 786
Investment real property	3 666	3 666
Intangible assets	55 066	55 027
Investments in subordinate entities	437 738	439 583
Other financial assets	69	69
Deferred tax assets	15 838	14 244
Prepaid expenses	2 094	2 520
Current assets	**254 941**	**403 663**
Inventory	14 425	15 772
Receivables due to supplies and services and other receivables	114 906	246 566
Other financial assets	8 376	4 223
Cash and cash equivalents	68 782	89 999
Prepaid expenses	3 710	2 441
Construction contracts	44 742	44 662
T o t a l A s s e t s	**804 864**	**955 558**

	31.03.2012	31.12.2011
	Not audited	*Audited*
L i a b i l i t i e s		
Equity	**431 357**	**426 112**
Share capital	23 211	23 211
Surplus from the sale of share premium	231 810	231 596
Revaluation reserve	10 211	11 705
Other reserve capitals	106 666	106 666
Retained earnings	59 459	52 934
Non-current liabilities	**187 220**	**186 994**
Interest-bearing bank credits and loans	4 824	3 737
Bonds	160 194	160 040
Reserves	551	759
Liabilities due to employee benefits	6 684	7 335
Deferred tax reserve	14 967	15 123
Current liabilities	**186 287**	**342 452**
Interest-bearing bank credits and loans	62 588	83 332
Bonds	2 816	5 695
Liabilities due to supplies and services and other liabilities	72 734	203 939
Reserves	851	1 273
Liabilities due to employee benefits	3 661	3 496
Construction contracts	43 637	44 717
T o t a l l i a b i l i t i e s	**804 864**	**955 558**

SEPARATE CASH FLOW STATEMENT

	3-month period ended	
	31.03.2012	**31.03.2011**
	Not audited	*Not audited*
Cash flows from operating activities		
Gross profit from continued operation	**5 126**	**51 648**
Gross profit (loss) from discontinued operation		**-**
Adjustments for:	**6 723**	**(119 010)**
Depreciation	1 489	1 250
FX differences	325	-
Net interest and dividends	(9 079)	(54 408)
Profit on investment activities	(28)	(244)
Change in receivables	144 528	45 284
Change in inventory	1 347	(11 179)
Change in liabilities, excluding credits and loans	(129 407)	(88 864)
Change in prepaid expenses	(842)	(2 352)
Change in reserves	(630)	(2 087)
Change in construction contracts	(1 160)	(6 411)
Other	180	-
Net cash flows from operating activities	**11 849**	**(67 361)**
Cash flows from investment activities		
Sale (purchase) of intangible assets and fixed assets	(478)	(588)
- acquisition	(506)	(591)
- sale	28	3
Loans	(4 000)	-
- granted	(4 000)	-
- returned	-	-
Financial assets	(110)	82 569
- granted or acquired	(130)	54 620
- returned	20	27 949
Interest received	-	10
Net cash flows from investment activities	**(4 588)**	**81 990**
Cash flows from financial activities		
Repayment of loans and credits	(20 834)	(2 750)
Interest paid	(7 029)	(247)
Payment of liabilities under financial lease agreements	(613)	(182)
Net cash flows from financial activities	**(28 476)**	**(3 179)**
Total net cash flows	**(21 215)**	**11 450**
Net FX differences	-	-
Cash at start of period	**89 999**	**132 307**
Cash at end of period	**68 784**	**143 757**

SEPARATE BALANCE OF CHANGES IN EQUITY

	Share capital	Surplus from the sale of share premium	Revaluation reserve	Other reserve capitals	Retained earnings	In total
As at 01.01.12	**23 211**	**231 596**	**11 705**	**106 666**	**52 934**	**426 112**
Adjustment of errors	-	-	-	-	-	**-**
Changes of accounting standards	-	-	-	-	-	**-**
As at 01.01.12 after adjustments	**23 211**	**231 596**	**11 705**	**106 666**	**52 934**	**426 112**
Total income for the period	-	-	-	-	6 525	6 525
Issue of shares	-	-	-	-	-	-
Profit distribution	-	-	-	-	-	-
Other changes	-	214	(1 494)	-	-	(1 280)
As at 31.03.12	**23 211**	**231 810**	**10 211**	**106 666**	**59 459**	**431 357**

	Share capital	Contingent share capital	Due payments towards share capital (negative value)	Surplus from the sale of share premium	Revaluation reserve	Other reserve capitals	Retained earnings	In total
As at 01.01.11	**16 011**	**-**	**-**	**185 812**	**12 853**	**62 927**	**43 739**	**404 051**
Adjustment of errors	-	-	-	-	-	-	-	**-**
Changes of accounting standards	-	-	-	-	-	-	-	**-**
As at 1.01.11 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 share capital	-	7 200	(7 200)	-	-	-	-	**-**
Profit distribution	-	-	-	-	-	-	-	**-**
Other changes	-	-	-	-	(124)	-	-	(124)
As at 31.01.11	**16 011**	**7 200**	**(7 200)**	**185 812**	**12 729**	**62 927**	**95 901**	**373 380**

V. ADDITIONAL INFORMATION AND EXPLANATIONS TO THE AABDRIDGED SEPARATE FINANCIAL STATEMENTS

1. Financial analysis of Trakcja - Tiltra S.A. for the first quarter of 2012

Within the period of three months ended on March 31, 2012, Trakcja - Tiltra S.A. obtained revenue on sales of PLN 82,254,000, which is 65 per cent increase when compared to the analogous period in 2011.

The cost of goods sold within 3 months ended on March 31, 2012 increased by PLN 32,666,000, i.e. by 66 per cent and amounted to PLN 82,041,000. Higher by one basis point the increase of the cost of goods sold in comparison with the increase of revenue on sale caused decrease of gross profit margin due to sales by PLN 407,000. The gross profit margin due to sales for the first quarter of 2012 was 0.3 per cent and decreased by 0.9 basis point when compared to the margin for the first quarter of 2011.
The overheads amounted to PLN 5,115,000 and increased by 38 per cent, i.e. by PLN 1,396,000 when compared to the comparable period. The increase of overheads was caused by the increase of remuneration and advisory costs due to acquisition of Tiltra Group AB and AB Kauno Tiltai. The costs related to sales, marketing and distribution amounted to PLN 327,000.

Other operating revenue amounted to PLN 824,000 and increased by PLN 549,000, i.e. by 200 per cent when compared to the data for the first quarter of 2011. The situation was caused mainly by the increase of the amount of reserves for the long service awards and retirement severance pay, and by the occurrence in the first quarter of 2012 of the revenue due to extinguishing the liabilities amounting to PLN 107,000. Other operating costs amounted to PLN 137,000 and decreased by 31 per cent when compared to the comparable period. For the period from January 1, 2012 to March 31, 2012, the Company incurred loss on the operating activities in the amount of PLN 4,542,000. The result due to operating activities decreased by PLN 1,307,000 when compared to the result for the period of 3 months ended on March 31, 2011, when the loss on operating activities amounted to PLN 3,235,000.

The Company's financial revenue amounted to PLN 14,456,000 and decreased when compared to the financial revenue for the first quarter of 2011 by PLN 41,224,000. zł. The decrease was caused by the dividend obtained from PRKII S.A. lower by PLN 41,426,000.
The financial costs increased by PLN 4,507,000 and amounted to PLN 4,788,000. The increase of financial costs was mainly due to the increase of the interest on bonds up to PLN 2,816,000 and the increase of the interest on credits up to PLN 695,000.

In the period from January 1, 2012 to March 31, 2012, the Company earned gross profit of PLN 5,126,000, which decreased by comparison with the gross profit in the first quarter of 2011 by PLN 46,522,000. The income tax for the period of 3 months in 2012 reached negative value, i.e. – PLN 1,399,000 and decreased by comparison with the analogous period in the previous year by PLN 886,000. The Company's net profit for the period from January 1, 2012 to March 31, 2012 amounted to PLN 6,525,000 and was lower by PLN 45,636,000 when compared to the analogous period in the previous year.

The Company's total balance sheet as at the end of the first quarter of 2012 amounted to PLN 804,864,000 and was lower by 150,694,000 than the total balance sheet as at the end of 2011.

The non-current assets slightly decreased, i.e. by PLN 1,972,000 and reached PLN 549,923,000. The current assets decreased by PLN 148,722,000 when compared to the balance as for December 31, 2011, which is 37 per cent decrease, and amounted to PLN 254,941,000. The decrease was mostly caused by the reduction in the receivables due to trade payables and other receivables by PLN 131,660,000, i.e. by 53 per cent, which as for March 31, 2012 amounted to PLN 114,906,000. Furthermore, cash and cash equivalents were also significantly decreased, i.e. by PLN 21,217,000, amounting to PLN 68,782,000 as on March 31, 2012.

The Company's equity increased as for March 31, 2012 by PLN 5,245,000 when compared to the balance as for December 31, 2011. The increase was caused by the increase of the Company's retained earnings.

The non-current liabilities slightly increased as for March 31, 2012 and reached PLN 187,220,000 and increased by PLN 226,000 when compared to the balance as for December 31, 2011. The current liabilities amounted to PLN 186,287,000 and decreased by 46 per cent, i.e. by PLN 156,165,000 when compared to the balance as at the end of the previous year. The trade payables and other interest-bearing bank credits and loans recorded the largest decreased among the current liabilities. The trade payables as well as other liabilities amounted to PLN 72,734,000 and decreased by PLN 131,205,000, i.e. by 64 per cent. The situation was caused by repayment of due liabilities and decrease of invoicing in the first quarter of 2012 by subcontractors and consortium members with respect to performed works pursuant to currently realized contracts. The short-term interest-bearing bank loans and credits decreased by PLN 20,744,000 amounting to PLN 62,588,000.

2. Seasonality and cyclicality

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

3. Contingent receivables and liabilities

Contingent receivables and liabilities are presented in the below table:

	31.03.2012	**31.12.2011**
	Not audited	*Audited*
Contingent receivables		
From related entities due to:	**109 326**	**117 315**
Received guarantees and sureties	105 146	115 984
Bills of exchange received as collateral	4 180	1 331
From other entities due to:	**93 044**	**95 076**
Received guarantees and sureties	85 588	84 770
Bills of exchange received as collateral	7 456	10 306
Receivables	-	-
Total contingent receivables	**202 370**	**212 391**
Contingent liabilities		
From related entities due to:	**47 000**	**46 856**
Provided guarantees and sureties	47 000	46 856
Promissory notes	-	-
From other entities due to:	**712 149**	**610 758**
Provided guarantees and sureties	298 590	254 779
Promissory notes	261 471	205 420
Mortgage	112 500	112 500
Assignment of receivables	36 665	32 133
Assignment of rights under insurance policy	2 923	2 793
Security deposits	-	3 133
Total contingent liabilities	**759 149**	**657 614**

Warsaw, May 15, 2012

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

Statement prepared by:

Elżbieta Okuła
Chief Accountant