ERBUD CAPITAL GROUP



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR 4 QUARTERS OF 2012

PREPARED PURSUANT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

Photo: Brown coal power station in Wilhelmshaven

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2012 (in PLN thousands)

	31.12.2012	30.09. 2012	31.12.2011	30.09.2011
Fixed assets	**116 987**	**117 578**	**126 702**	**130 241**
Intangibles	2 067	577	602	483
Goodwill	20 102	20 102	20 102	20 102
Tangible fixed assets	31 232	28 580	29 666	32 807
Real estate investments	5 519	5 527	5 693	5 760
Other non-current financial assets	21 152	18 317	31 770	31 013
Non-current receivables	1 550	1 550	120	18
Deferred tax assets	35 365	42 925	38 749	40 058
Current assets	**738 783**	**773 126**	**648 060**	**731 055**
Inventory	116 321	124 339	107 943	111 815
Delivery, services and other receivables	273 345	370 698	235 606	356 889
Income tax receivables	6 618	1 002	6 957	4 322
Financial assets	4 302	13 996	571	453
Building securities	36 600	37 142	42 067	38 685
Cash and cash equivalents	201 769	93 536	161 291	76 249
Short-term prepayments and accruals	3 068	2 387	729	687
Construction contracts	96 760	130 026	92 896	141 955
Total assets	**855 770**	**890 704**	**774 762**	**861 296**
Equity attributable to shareholders of the Parent Company	**236 412**	**232 058**	**220 464**	**216 060**
Share capital	1 268	1 264	1 264	1 264
Treasure shares	0	0	0	0
Exchange rate differences on translation of foreign entities	455	539	1 014	540
Supplementary capital	215 336	214 967	240 255	240 091
Capital reserves	0	0	0	0
Undistributed profits	19 353	15 288	-22 069	-25 835
Minority interests	**13 215**	**10 539**	**9 983**	**9 771**
Total equity	**249 627**	**242 597**	**230 447**	**225 831**
Long-term liabilities	**114 735**	**103 517**	**108 668**	**131 193**
Bank loans and borrowings	12 616	12 567	12 564	27 741
Provision for deferred income tax	28 566	34 001	30 927	34 485
Provision for retirement and similar benefits	6 980	1 346	1 320	2 162
Other provisions	13 862	1 798	1 816	1 130
Other financial liabilities	2 711	3 805	5 182	5 778
Liabilities from issuance of bonds	50 000	50 000	50 000	50 000
Other liabilities	0	0	6 859	9 897
Short-term liabilities	**491 408**	**544 590**	**435 647**	**504 272**
Credits and loans	37 987	66 057	66 978	33 108
Trade and other liabilities	293 241	292 164	223 493	283 956
Current tax liabilities	138	562	1 311	1 226
Other liabilities	0	0	0	0
Provision for retirement and similar benefits	5 722	4 220	4 826	4 194
Other provisions	6 375	10 342	10 960	6 436
Building securities	79 422	79 377	79 211	79 397
Construction contracts	52 537	59 354	29 034	72 658
Other accruals	15 986	32 514	19 834	23 297
Total liabilities	**855 770**	**890 704**	**774 762**	**861 296**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 12-month period ended 31 December 2012 (in PLN thousands)

	Year to 31.12.2012	Quarter to 31.12.2012	Year to 31.12.2011	Quarter to 31.12.2011
CONTINUING OPERATIONS				
Revenues from sales of products and services and of goods and materials	**1 384 395**	**418 615**	**1 527 832**	**388 178**
Cost of sold products and services and of goods and materials	**1 298 809**	**392 843**	**1 491 405**	**364 046**
Profit (loss) from sales before tax	**85 586**	**25 772**	**36 427**	**24 132**
Cost of sales	2 692	889	3 670	1 014
General and administrative costs	47 489	12 510	45 897	10 695
Other operating income	**2 869**	**-363**	**5 244**	**3 239**
Other operating expenses	**7 579**	**4 857**	**4 365**	**7 290**
Profit (loss) on operating activities	**30 695**	**7 153**	**-12 261**	**8 372**
Other gains (losses) on investments	**0**	**0**	**0**	**0**
Financial income	**6 677**	**2 165**	**7 694**	**445**
Financial expenses	**14 773**	**3 254**	**16 436**	**4 460**
Profit (loss) on continuing operations before tax	**22 599**	**6 064**	**-21 003**	**4 357**
Income tax	5 158	1 534	-1 288	1 053
Net profit (loss) for the financial period	**17 441**	**4 530**	**-19 715**	**3 304**
attributable to:				
Shareholders of the Parent Company	16 109	4 042	-20 358	3 248
Minority shareholders	1 332	488	643	56
Weighted average number of ordinary shares / Diluted weighted average number of ordinary shares (in units)	**12 677 956/ 12 717 719**	**0.32**	**12 614 864/ 12 621415**	**0.26**
Profit (loss) per share / Diluted profit (loss) per share on continuing operations (in PLN)	**1.27/1.27**	**0.32**	**-1.61/-1.61**	**0.26**

	12-month period ended 31.12.2012	12-month period ended 31.12.2011
Consolidated net profit (loss)	17 441	**-19 715**
Exchange rate differences from translation of foreign branches and entities	-775	1 141
Deferred income tax due to items of other total incomes	0	0
Other total profit (loss)	-775	**1 141**
Total profit (loss) for the financial period	16 666	**-18 874**
attributable to:		
Shareholders of the Parent Company	15 579	-19 344
Minority shareholders	1 087	770

CONSOLIDATED STATEMENT OF CASH FLOW

as at 31 December 2012 (in PLN thousands)

	Year to 31.12.2012	Quarter to 31.12.2012	Year to 31.12.2011	Quarter to 31.12.2011
Cash flow from operating activities				
Net profit (loss)	**17 441**	**4 530**	**-21 003**	**3 304**
Total adjustments	**68 986**	**124 437**	**-45 778**	**58 718**
Depreciation and amortization	7 529	2 285	7 797	2 281
Profit / losses from exchange rate differences	-1 957	-1 135	158	-1 267
Interest and share in profit (dividends)	4 665	641	5 274	1 579
Profit / loss on investment activities	-1 813	-896	2 378	-2 276
Change in provisions	3 417	1 559	5 605	6 380
Change in inventory	-5 542	9 453	-11 812	5 574
Change in receivables	-11 297	106 992	-72 792	113 323
Change in short-term liabilities, excluding loans and borrowings	53 947	-15 245	38 592	-76 022
Change in prepayments and accruals	18 631	18 593	-13 589	9 517
Other adjustments	1 406	2 190	-531	-371
Net cash used in operating activities	**86 427**	**128 967**	**-66 781**	**62 022**
Cash flow from investment activities				
Inflows	**34 120**	**15 777**	**8 378**	**10 185**
Disposal of intangible and tangible fixed assets	748	98	2 273	3 724
Disposal of investments in real property	180	99	0	0
Disposal of financial assets				
- Repayment of loans	22 262	8 761	5 133	4 960
- Dividends and interest received	1 055	162	971	1 501
- Sale of financial assets	228	10	1	0
Other investment inflows	9 647	6 647	0	0
Outflows	**38 808**	**6 794**	**6 948**	**1 228**
Acquisition of intangible and tangible fixed assets	4 129	264	2 172	10
Investments in real property	0	0	0	0
Acquisition of financial assets	18 120	3 492	4 752	1 218
Long-term loans granted	16 559	3 038		
Other investment outflows	0	0	24	0
Net cash flow from investment activities	**-4 688**	**8 983**	**1 430**	**8 957**

	Year to 31.12.2012	Quarter to 31.12.2012	Year to 31.12.2011	Quarter to 31.12.2011
Cash flow from financial activities				
Inflows	**57 238**	**2 122**	**131 769**	**25 211**
Net inflows from issue of shares and other capital instruments and from capital contributions	597	373	456	4 900
Credits and loans	56 641	1 583	81 145	19 743
Issue of debt instruments	0	0	50 000	400
Other financial inflows	0	166	168	168
Outflows	**98 499**	**31 839**	**52 356**	**11 148**
Retirement of own shares	5	5	0	4 900
Dividends and other payments to the shareholders	134	0	287	105
Repayment of credits and loans	84 326	28 350	41 821	4 254
Payment of liabilities arising from financial leases	4 789	1 997	4 246	1 391
Interest paid	9 245	1 487	5 869	498
Other financial outflows	0	0	133	0
Net cash flow from financial activities	**-41 261**	**-29 717**	**79 413**	**14 063**
Total net cash flow	**40 478**	**108 233**	**14 062**	**85 042**
Balance sheet change in cash, including:	**40 478**	**108 233**	**14 062**	**85 042**
- change in cash due to exchange differences	0	0	0	0
Cash opening balance	**161 291**	**93 536**	**147 229**	**76 249**
Closing balance of cash, including:	**201 769**	**201 769**	**161 291**	**161 291**
- restricted cash	18 880		35 437	2 408

	31.12.2012
Change in receivables in the balance sheet	**-33 361**
Balance as at the date of entity acquisition	22 328
Receivables discount	-264
Change in receivables in the cash flow	**-11 297**

	31.12.2012
Change in inventories in the balance sheet	**-8 379**
Balance as at the date of entity acquisition	897
Financial costs activated	1 940
Change in inventories in the cash flow	**-5 542**

	31.12.2012
Change in liabilities in the balance sheet	**70 026**
Balance as at the date of entity acquisition	-15 997
Liabilities discount	-82
Change in liabilities in the cash flow	**53 947**

	31.12.2012

Change in provisions in the balance sheet	**11 656**
Balance as at the date of entity acquisition	-7 835
Deferred tax provision on revaluation of assets of the acquiree	-404
Change in provisions in the cash flow	**3 417**

	31.12.2012
Change in deferred income in the balance sheet	**16 838**
Balance as at the date of entity acquisition	1 793
Change in deferred income in the cash flow	**18 631**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

attributable to shareholders of the Parent Company as at 31 December 2012 (in PLN thousands)

	Equity attributable to shareholders of the Parent								
	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Undistributed profit (loss)		Total	Minority interests	Total equity
					Retained profit / accumulated loss brought forward	Net profit / net loss			
As at 1 January 2012	**1 264**	**0**	**240 255**	**1 014**	**-22 069**	**0**	**220 464**	**9 983**	**230 447**
Profit/loss for the period	0	0	0	0	0	16 114	**16 114**	1 327	**17 441**
Other total incomes	0	0	0	-559	24	0	**-535**	-240	**-775**
Total revenue	**0**	**0**	**0**	**-559**	**24**	**16 114**	**15 579**	**1 087**	**16 666**
Buyout of minority shares in Engorem	0	0	0	0	0	0	**0**	2 205	**2 205**
Buyout of minority shares in Erbud Energetyka	0	0	58	0	0	0	**58**	-60	**-2**
Share capital increase	4	0	0	0	0	0	**4**	0	**4**
Payment in form of shares - shares awarded	0	0	407	0	0	0	**407**	0	**407**
Parent's result of the previous year brought forward to the supplementary capital	0	0	-25 284	0	25 284	0	**0**	0	**0**
Merger of subsidiaries	0	0	-100	0	0	0	**-100**	0	**-100**
As at 31 December 2012	**1 268**	**0**	**215 336**	**455**	**3 239**	**16 114**	**236 412**	**13 215**	**249 627**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

attributable to shareholders of the Parent Company as at 31 December 2011 (in PLN thousands)

	Equity attributable to shareholders of the Parent								
	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Undistributed profit (loss)		Total	Minority interests	Total equity
					Retained profit / accumulated loss brought forward	Net profit / net loss			
As at 1 January 2011	**1 260**	**0**	**209 558**	**0**	**28 381**	**0**	**239 199**	**9 381**	**248 580**
Profit/loss for the period	0	0	0	0	0	-20 358	**-20 358**	643	**-19 715**
Other total incomes	0	0	0	1 014	0	0	**1 014**	127	**1 141**
Total revenue	**0**	**0**	**0**	**1 014**	**0**	**-20 358**	**-19 344**	**770**	**-18 574**
Dividend paid to shareholders of the GWI subsidiary	0	0	0	0	0	0	**0**	-168	**-168**
Share capital increase	4	0	451	0	0	0	**455**	0	**455**
Payment in form of shares - shares awarded	0	0	154	0	0	0	**154**	0	**154**
Parent's result of the previous year brought forward to the supplementary capital	0	0	30 004	0	-30 004	0	**0**	0	**0**
Presentation adjustment	0	0	88	0	-88	0	**0**	0	**0**
As at 31 December 2011	**1 264**	**0**	**240 255**	**1 014**	**-1 711**	**-20 358**	**220 464**	**9 983**	**230 447**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

attributable to shareholders of the Parent Company as at 30 September 2012 (in PLN thousands)

	Equity attributable to shareholders of the Parent								
	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Undistributed profit (loss)		Total	Minority interests	Total equity
					Retained profit / accumulated loss brought forward	Net profit / net loss			
As at 1 January 2012	**1 264**	**0**	**240 255**	**1 014**	**-22 069**	**0**	**220 464**	**9 983**	**230 447**
Profit/loss for the period	0	0	0	0	0	12 067	**12 067**	844	**12 911**
Other total incomes	0	0	0	-475	6	0	**-469**	-288	**-757**
Total revenue for the period	**0**	**0**	**0**	**-475**	**6**	**12 067**	**11 598**	**556**	**12 154**
Dividend paid to shareholders of the GWI subsidiary	0	0	0	0	0	0	**0**	0	**0**
Share capital increase	0	0	0	0	0	0	**0**	0	**0**
Payment in form of shares - shares awarded	0	0	38	0	0	0	**38**	0	**38**
Parent's result of the previous year brought forward to the supplementary capital	0	0	-25 284	0	25 284	0	**0**	0	**0**
Merger of subsidiaries	0	0	-100	0	0	0	**-100**	0	**-100**
Buyout of shares in subsidiary Erbud Energetyka	0	0	58	0	0	0	**58**	0	**58**
As at 30 September 2012	**1 264**	**0**	**214 967**	**539**	**3 221**	**12 067**	**232 058**	**10 539**	**242 597**

The average PLN exchange rates against the EURO during the period covered by the financial statements

Period	Average exchange rate for the reported period	Exchange rate as of the last day of the period
31.12.2012	4.1736	4.0882
31.12.2011	4.1401	4.4168

Key items of the balance sheet converted to the EURO (as of the last day of the period, in thousands)

Balance-sheet item	31.12.2012		31.12.2011	
	PLN	EUR	PLN	EUR
Fixed assets	116 987	28 616	126 702	28 686
Current assets	738 783	180 711	648 060	146 726
Equity	249 627	61 060	230 447	52 175
Liabilities and provisions for liabilities	606 143	148 267	544 315	123 237

For translating the balance sheet items as of 31 December 2012, it was applied the Euro exchange rate set by the NBP on that day, i.e. 4.0882 PLN/EUR.

For translating the balance sheet items as of 31 December 2011, it was applied the Euro exchange rate set by the NBP on that day, i.e. 4.4168 PLN/EUR.

Key items of the profit and loss converted to the EURO (during the reporting period, in thousands)

Profit and loss account item	12-month period ended 31.12.2012		12-month period ended 31.12.2011	
	PLN	EUR	PLN	EUR
Net revenues from sales of products	1 384 395	331 703	1 527 832	369 033
Manufacturing cost of products sold	1 298 809	311 196	1 491 405	360 234
Gross profit on sales	85 586	20 507	36 427	8 799
Profit from operating activities	30 695	7 355	-12 261	-2 962
Gross profit (loss)	22 599	5 415	-21 003	-5 073
Net profit (loss)	17 441	4 179	-19 715	-4 762

Items of the profit and loss account for the period of 1.01.2012 - 31.12.2012 were translated at the EURO mid-rate which was calculated as an arithmetic mean of average rates prevailing as at the last day of each month during the said period, set by the NBP as at that day, i.e. 4.1736 PLN/EUR.

Items of the profit and loss account for the period of 1.01.2011 - 31.12.2011 were translated at the EURO mid-rate which was calculated as an arithmetic mean of average rates prevailing as at the last day of each month during the said period, set by the NBP as at that day, i.e. 4.1401 PLN/EUR.

Key items of cash flow converted to EURO (during the reporting period, in thousands)

Cash flow item	12-month period ended 31.12.2012		12-month period ended 31.12.2011	
	PLN	EUR	PLN	EUR
A. Cash flow from operating activities	86 427	20 708	-66 781	-16 130
B. Cash flow from investing activities	-4 688	-1 123	1 430	345
C. Cash flow from financing activities	-41 261	-9 886	79 413	19 181
D. Total net cash flow (A+/-B+/-C)	40 478	9 699	14 062	3 397
F. Cash and cash equivalents at the beginning of period	161 291	36 518	147 229	37 176
G. Cash and cash equivalents at the end of the period	201 769	49 354	161 291	36 518

Cash flow items for the period of 01 January 2012 - 31 December 2012 were converted as follows:

A, B, C, and D item figures - at the average exchange rate which was calculated as an arithmetic mean of average rates set by the NBP on the last day of given month in the period, i.e. 4.1736 PLN/EUR,

F item figures - at the exchange rate set by the NBP on the 31 December 2011, i.e. 4.4168 PLN/EUR,

G item figures- at the exchange rate set by the NBP on the 31 December 2012, i.e. 4.0882 PLN/EUR.

Cash flow items for the period of 01 January 2011 - 31 December 2011 were converted as follows:

A, B, C, and D item figures - at the average exchange rate which was calculated as an arithmetic mean of average rates set by the NBP on the last day of given month in the period, i.e. 4.1401 PLN/EUR,

F item figures - at the exchange rate set by the NBP on the 31 December 2010, i.e. 3.9603 PLN/EUR,

G item figures- at the exchange rate set by the NBP on the 31 December 2011, i.e. 4.4168 PLN/EUR.

Note 1. Significant acquisitions and sales of property, plant and equipment and significant liabilities arising from the purchase of property, plant and equipment

No significant acquisitions and sales of property, plant and equipment did not occur in the reporting period.
As of 31 December 2012, the Group has no material commitments for the purchase of fixed assets.

Note 2. Deferred income tax assets

Assets / liabilities due to	**31.12. 2012**	**30.09.2012**	**31.12.2011**	**30.09.2011**
- Building contracts valuation	10 042	15 070	11 306	13 465
- Provisions	5 876	3 719	2 779	2 312
- Loss on taxes	10 194	14 621	14 703	17 163
- Margin on intra-Group sales	3 917	4 216	487	0
- Accrued expenses	1 656	2 792	2 841	0
- Other fees charged statistically	235	200	806	202
- Receivables revaluation	507	137	1 193	1 255
- Other financial liabilities	1 683	562	0	1 176
- Financial instruments	0	709	1 143	0
- Consolidation adjustments	0	0	2 456	3 364
- Valuation of bonds	359	0	0	0
- Other	896	899	1 035	1 121
Total deferred tax assets	**35 365**	**42 925**	**38 749**	**40 058**

Assets and liabilities due to deferred income tax assets are offset when there is a legally enforceable entitlement to offset tax receivables and current tax liabilities and when the deferred tax relates to the same tax jurisdiction and will be executed in similar periods.

Margin realized on the intra-Group sales results from the higher tax value of assets sold to the Group companies in relation to their carrying amount due to the exclusion of consolidated profits included in assets.

Note 3. Short-term receivables
Note 3.1 Short-term trade receivables and other debts

	31.12. 2012	30.09.2012	31.12.2011	30.09.2011
Short-term receivables before tax				
Due to deliveries and services	264 979	364 934	267 068	378 424
- from associates	153	238	90	115
- from other entities	264 826	364 696	266 978	378 309
From the public sector	11 509	7 660	16 526	15 196
Other	50 027	42 853	7 822	13 526
Impairment of receivables	**9 952**	**6 605**	**6 786**	**7 250**
Net short-term receivables	**316 563**	**408 842**	**284 630**	**399 896**

Note 3.2 Allowances for short-term trade receivables and other debts

	31.12. 2012	30.09.2012	31.12.2011	30.09.2011
Write-downs at the beginning of the period	**6 786**	**6 786**	**9 400**	**9 400**
Created to other operating costs	1 913	406	639	0
Reversed into other operating costs	400	360	3 672	2 542
Used	0	0	37	1
Due to business combination	1 929	0	0	0
Foreign exchange differences	-276	-227	456	393
Write-downs on short-term receivables at the end of the period	**9 952**	**6 605**	**6 786**	**7 250**

The Group creates impairment losses on receivables in case there is an objective evidence proofs that the Group will not receive all amounts due under the original terms of receivables.

There is no credit risk concentration for trade receivables, as the Group has a large number of clients, both domestic and foreign

Note 3.3 Allowances for other financial assets (long-term)

During the reporting period, there were no write-downs due to other long-term financial assets.

Note 4. Construction contracts

	31.12. 2012	30.09.2012	31.12.2011	30.09.2011
Building contracts income	1 295 241	916 394	1 454 666	1 065 315
Building contracts costs, incl.	1 216 137	860 181	1 427 904	1 052 339
- recorded loss	373	0	162	0
Profit before tax	**79 104**	**56 213**	**26 762**	**12 976**

The following table shows the value of recognized receivables and liabilities under long-term contracts for construction services in the Parent Company::

	31.12. 2012	30.09.2012	31.12.2011	30.09.2011
Assets:				
Amounts due from customers	96 760	130 026	92 896	141 955
Contracts valuation	96 760	130 026	92 896	141 955
Liabilities:				
Amounts due to customers, incl.:	52 537	59 354	29 034	72 658
Contracts valuation	52 537	59 354	29 034	72 658

Provision for losses on contracts	0	0	0	0

Note 5. Share capital of ERBUD SA (structure)
Note 5.1 Structure of the share capital ownership as at 31 December 2012

The share capital of the Parent as of 31 December 2012 consisted of 12,677,956 shares with a total value of PLN 1,267,795.60.

Series	Shareholder	Class of shares	Preferences on shares	Restrictions on shares	Number of shares	Equity percentage	Disposal restrictions
A	Wolff & Muller Holding Gmbh & Co.KG	Ordinary	None	None	282 137	2,23%	None
A	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	717 863	5,66%	None
B	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	3 152 865	24,87%	None
	Total	**Ordinary**	**None**	**None**	**4 152 865**	**32,76%**	None
B	Juladal Investment Ltd	Ordinary	None	None	2 818 174	22,47%	None
A	Dariusz Grzeszczak	Ordinary	None	None	773 900	6,10%	None
D	AVIVA Otwarty Fundusz Emerytalny BZ WBK	Ordinary	None	None	1 183 146	9,33%	None
D	ING Otwarty Fundusz Emerytalny	Ordinary	None	None	1 269 709	10,02%	None
D,E,C,F	Free Float	Ordinary	None	None	2 449 989	19,32%	None
	Total				**1 267 795.60**	**100%**	

Par value of shares of all series	PLN 0.10	Share capital value	1 267 795.60	

This table presents the shareholders holding over 5% of the share capital and has been prepared on the basis of the stocks book.

Number of shares comprising the authorized capital is equal to the number of shares issued. The nominal value of each share is PLN 0.10. No shares have been reserved for the purpose of issuance under sale contrats options.

Note 6 Change in deferred income tax provision
Note 6.1 Deferred income tax provision

Provision due to	31.12. 2012	30.09.2012	31.12.2011	30.09.2011
- building contracts valuation	19 101	24 838	21 482	23 662
- assets revaluation	5 867	5 981	6 832	6 886
- amortisation	268	0	0	380
- lease	0	0	0	0
- financial costs activated	86	368	321	362
- balance sheet valuation	1 309	495	493	618
- balance sheet valuation - interest	1 590	1 350	986	0
- other	345	969	813	1 095
- presentation adjustments	0	0	0	1 482
Total provision for deferred income tax	**28 566**	**34 001**	**30 927**	**34 485**

Deferred tax provisions are created on the rate basis of 19% for positive and negative temporary differences on domestic assets and liabilities, while the difference in the balance sheet items relating to the entitles operating abroad - on tax rates basis of the country of the primary economic environment in which the entity operates and pays obligations arising from income corporate tax.

Note 7.
Note 7.1 Other non-current liabilities

	31.12. 2012	30.09.2012	31.12.2011	30.09.2011
Other financial liabilities, of which:				
- from financial lease	2 699	3 515	5 182	5 778
- derivative financial instruments	0	0	0	1 353
- debt securities issued	50 000	50 000	50 000	50 000
- other	12	290	6 859	8 544
Total long- term liabilities	**52 711**	**53 805**	**62 041**	**65 675**

Note 8. Trade liabilities and other debts, income tax liabilities and building securities

Short-term liabilities	**31.12. 2012**	**30.09.2012**	**31.12.2011**	**30.09.2011**
a) Due to deliveries and services	304 608	318 169	274 220	336 844
- form associates	646	510	852	561
- form other entities	303 962	317 659	273 368	336 283
b) To public sector	14 434	9 464	13 794	9 129
- corporate income tax	199	562	1 311	1 226
- VAT	7 424	2 403	6 101	977
- income tax on natural persons	1 246	1 125	1 384	1 464
- other	5 565	5 374	4 998	5 462
c) Financial liabilities , incl.:	5 319	5 666	6 372	4 193
- lease	3 360	4 016	4 393	4 193
- interest on bonds	1 890	1 650	1 889	0
- due to interest	69	0	90	0
d) Other	48 440	38 804	9 629	14 413
- payroll	4 310	4 068	4 946	5 032
- prepayments received	34 349	29 333	127	8 931
- shares	5 553	5 403	3 451	0
- liabilities due to suppliers	4 155	0	0	0
- other	73	0	1 105	450
Total	**372 801**	**372 103**	**304 015**	**364 579**

Note 9. Finance lease liabilities

Fail value	**31.12. 2012**	**30.09.2012**	**31.12. 2011**
Up to 1 year	3 360	4 016	4 393
Over 1 and up to 5 years	2 699	3 515	5 182
Over 5 years			0
Total	**6 059**	**7 531**	**9 575**

The Group uses financial leasing of vehicles. The average lease duration is 3-4 years. Obligations under finance leases are secured by assets used on basis of these lease agreements.
The lease agreements do not include clauses providing for penalties for early repayment of obligations..

Note 10. Information on issue, redemption and repayment of debt instruments and securities issued
Note 10.1 Issue / Redemption / Repayment of debt instruments issued

Over the period ended 31 December 2012, the Group's companies issued the following debt securities and equity financial instruments.

On 14.07.2011, the Parent issued 50,000 unsecured three-years bearer Bonds with a total value of PLN 50 million. The issue price is equal to the par value and the interest rate was set based on WIBOR 6M plus a margin of 3.40% pa The maturity date falls on 15 July 2014.

On 2 August 2011, bearer Bonds of Series A issued by the Parent were introduced to trading in the alternative trading system operated by BondSpot within the Catalyst market of the WSE. The first day of trading fell on 9 August 2011.

On 23 April 2012, the Management Board adopted Resolution No. 5/2012 on the share capital increase under the authorised capital by the issue of shares of series G and of their pre-emptive rights to series G shares. The issue will be addressed to employees entitled in connection with the third tranche of the Staff Incentive Scheme, and the number of shares that would be granted to persons entitled cannot exceed 50 000 shares.

By the Resolution No. 22/2012, the Annual General Meeting of Shareholders of Erbud S.A. agreed that the Company will conduct a Manager Option Scheme over the period of 2013-2015, within the scope of which entitled persons will be granted the possibility to subscribe for shares of the Company issued within the scope of the authorised capital. Shares will be offered to the persons entitled to subscribe in the years 2013 - 2015 in a number not more than 50 000 shares per year. The Manager Option Scheme refers to financial years 2012-2014. The employee may be covered by an option program, if he/she has been working for at least 24 months. As far as concerned persons working in subsidiaries, the company must be a member of the group for at least two years. Moreover, the subscription will be effected on the condition that the Capital Group will achieve in the financial year for which the shares will be offered a consolidated net profit of at least ten million Zlotys. In addition, the person who would be entitled may not be upon notice of termination of the employment contract.

Note 11. Acquisition / Disposal of subsidiaries/ Disposal of long term-investments

On 22.11.2012, Erbud SA signed an agreement to purchase from Dalkia Lodz SA shares, representing 57.56% of the capital of ENGOREM Sp. z o.o. in Łódź, that entitled to 57.56% votes at the shareholders' meeting. At the same time, the Management Board of Erbud SA acquired shares from minority investors – a group of a few dozen of employees, representing 22.66% of the capital of ENGOREM Sp. z o.o. in Łódź and giving 22.66% votes at the shareholders' meeting. The price was set at PLN 8 million. The transaction was financed with own funds of Erbud SA. As a result of the transaction, Erbud SA became the owner of 80.22% of shares in ENGOREM Sp. z o.o. In the coming months, Erbud SA plans to hold ultimately shares representing 100% of the capital of ENGOREM Sp. z o.o. seated in Łódź.

ENGOREM Sp. z o.o. was established in 1994 and operates in the field of comprehensive investment services, repair and diagnostics for the power industry, mainly in the region of city of Łódź. Due diligence conducted prior to the purchase of shares, confirmed the good economic position of the company. End October, ENGOREM Sp. z o.o achieved revenues of PLN 35m and operating profit of around PLN 1.0m. It has no liabilities. The company employs 270 people.

Acquisition of shares in ENGOREM is presented below:

	Carrying value	Fair value
Tangible Fixed Assets	3 726	4 383
Intangible assets	10	1 505
Cash and cash equivalents	4 530	4 530
Inventories	897	897
Receivables	22 328	22 328
Prepayments and accruals	1 200	1 200
deferred tax assets	2 280	2 280
Total	**34 971**	**37 123**
Accounts payable and accruals	25 258	25 258
deferred tax assets	309	718
Total	**25 567**	**25 976**
Fair value of the net asset		11 148
Gain on bargain purchase		921
purchase price		**8 022**
Cash payment		**8 022**

The initial accounting for a business combination has been not completed before the end of the reporting period. In its financial statements the Group presented the estimated figures for which the settlement is not yet completed. The above amounts may be adjusted during the measurement period and will be included in subsequent reporting periods retrospectively.

On 4 January 2013, Erbud SA sold all its shares in the subsidiary ENGOREM the subsidiary Delta Sp. z o.o. for PLN 9, 500 thousand. Delta Sp. z o.o. is 100 per cent owned by Erbud SA.
Delta Sp. z o.o

Note 12. Revenues from sales

	4 quarters cumulatively for the period from 1.01.2012 to 31.12.2012	4Q for the period from 1.10.2012 to 31.12.2012	3 quarters cumulatively for the period from 1.01.2011to 31.12.2011	3Q for the period from 1.10.2011 to 31.12.2011
Revenues from finished products sold	63 239	29 452	68 750	25 548
Revenues from services sold	1 303 007	388 065	1 455 487	361 473
Revenues from goods and materials	18 149	1 098	3 595	1 157
Total	**1 384 395**	**418 615**	**1 527 832**	**388 178**

Note 13. Costs by type

	4 quarters cumulatively for the period from 1.01.2012 to 31.12.2012	4Q for the period from 1.10.2012 to 31.12.2012	3 quarters cumulatively for the period from 1.01.2011to 31.12.2011	3Q for the period from 1.10.2011 to 31.12.2011
a) Depreciation and amortisation	7 529	2 285	7 797	2 281
b) Consumption of materials and power	227 822	54 295	228 132	43 310
c) External services	916 303	294 116	1 159 444	294 406
d) Taxes and charges	7 405	1 880	6 514	1 775
e) Payroll	105 765	28 780	104 865	28 531
f) Social security, health care and other benefits	23 297	6 011	23 028	5 948
g) Other costs	12 588	4 198	14 427	2 709
h) Value of goods and materials sold	17 938	1 069	3 084	905
Total expenses by type	**1 318 647**	**392 634**	**1 547 291**	**379 865**
Change in inventories, products and deferred expenditures due to construction contracts	30 357	13 622	-6 319	-4 110
Cost of production for in-house use (negative value)	-14	-14	0	0
Cost of sales (negative value)	-2 692	-889	-3 670	-1 014
General and administrative costs (negative value)	-47 489	-12 510	-45 897	-10 695
Manufacturing cost of products sold	**1 298 809**	**392 843**	**1 491 405**	**364 046**

Note 14. Income tax

	31.12. 2012	30.09.2012	31.12.2011	30.09.2011
Profit and loss account	**5 158**	**3 624**	**-1 288**	**1 053**
Deferred income tax relating to the origination and reversal of temporary differences	2 738	-1 888	-6 775	1 135
Current income tax	2 420	5 512	5 487	-82

Note 15. Net earnings per share

	4 quarters cumulatively for the period from 1.01.2012 to 31.12.2012	4Q for the period from 1.10.2012 to 31.12.2012	3 quarters cumulatively for the period from 1.01.2011to 31.12.2011	3Q for the period from 1.10.2011 to 31.12.2011
Profit (loss) attributable to the Parent's shareholders	16 109	4 042	-20 358	3 248
Weighted average number of shares (in units)	12 677 956	12 677 956	12 614 864	12 644 169
Earnings (loss) per share (in PLN)	1.27	0.32	**-1.61**	0.26
Weighted average diluted number of shares	12 717 719	12 717 719	12 621 415	12 644 169
Diluted earnings (loss) per share (in PLN)	1.27	0.32	**-1.61**	0.26

Basic earnings per share are calculated as a quotient of net income for the period attributable to ordinary shareholders of the Parent Company and the weighted average number of issued common shares outstanding for the period.

Diluted earnings per share are calculated by dividing net profit for the period attributable to ordinary shareholders (after deducting interest on redeemable preference shares convertible into ordinary shares) by the weighted average number of ordinary shares outstanding during the period (after adjusting the impact of dilutive options and dilutive redeemable preference shares convertible into ordinary shares).

Note 16. Income, expenditures and results on discontinued operations or operations to be discontinued in next period

There were no discontinued operations in the reporting period.

Note 17. Transactions with key executives

As of 31 December 2012, the managing staff (the Management Board members and procura holders) held the following number of shares:

Shareholder	Class of shares	Number of shares	Per cent of equity	Number of votes	Per cent of voting rights at the GM
Juladal Investments Ltd. (a company controlled by Board members of Erbud SA)	Common	2 848 347	22.47%	2 848 347	22.47%
Dariusz Grzeszczak	Common	773 900	6.10%	773 900	6.10%
Józef Adam Zubelewicz	Common	259 500	2.05%	259 500	2.05%
Albert Duerr – Supervisory Board member	Common	8 500	0.07%	8 500	0.07%
Walenty Twardy Procurist of Erbud S.A.	Common	19 852	0.16%	19 852	0.16%
Piotr Augustyniak Procurist of Erbud S.A.	Common	9 811	0.08%	9 811	0.08%
Agnieszka Głowacka Procurist of Erbud S.A.	Common	5 836	0.05%	5 836	0.05%
Grzegorz Krzywicki Procurist of Erbud S.A..	Common	3 033	0.02%	3 033	0.02%
Bogdan Duerr Procurist of Erbud S.A.	Common	6 712	0.05%	6 712	0.05%
Włodzimierz Czystowski Procurist of Erbud S.A.	Common	10 525	0.08%	10 525	0.08%

Tomasz Krzywicki Procurist (by person related)	Common	3 636	0.03%	3 636	0.03%
Mirosław Młynarski Procurist	Common	6 778	0.05%	6 778	0.05%
Radosław Kałamaga Procurist	Common	5 494	0.04%	5 494	0.04%
Tomasz Krzywicki Procurist of Erbud S.A.	Common	3 950	0.03%	3 950	0.03%
Maciej Wyrzykowski Procurist of Erbud S.A.	Common	1 200	0.01%	1 200	0.01%
Mariola Zielińska Chief Accountant of Erbud S.A	Common	4 018	0.03%	4 018	0.03%

Members of the Supervisory Board, the Management Board of the Parent and the key management personnel, both as at 30 September 2012 and as at 31 December 2011 did not have outstanding loans, credits or guarantees granted by the companies of the Erbud Group.

Members of the Supervisory Board, the Management Board of the Parent and the key management personnel, both as at 30 September 2012 and as at 31 December 2011 were not a party to the contract obliging to render services to the companies of the Erbud Group.

As of 31 December 2011, the managing staff (the Management Board members and procura holders) held the following number of shares:

Shareholder	Class of shares	Number of shares	Per cent of equity	Number of votes	Per cent of voting rights at the GM
Juladal Investments Ltd. (a company controlled by Board members of Erbud SA)	Common	2 818 174	22.29%	2 818 174	22.29%
Dariusz Grzeszczak	Common	750 000	5.93%	750 000	5.93%
Józef Adam Zubelewicz	Common	250 000	1.98%	250 000	1.98%
Walenty Twardy Procurist of Erbud S.A.	Common	12 384	0.10%	12 384	0.10%
Piotr Augustyniak Procurist of Erbud S.A.	Common	8 747	0.07%	8 747	0.07%
Agnieszka Głowacka Procurist of Erbud S.A.	Common	5 436	0.04%	5 436	0.04%
Grzegorz Krzywicki Procurist of Erbud S.A.	Common	3 033	0.02%	3 033	0.02%
Bogdan Duerr Procurist of Erbud S.A.	Common	6 712	0.05%	6 712	0.05%
Włodzimierz Czystowski Procurist of Erbud S.A.	Common	12 463	0.10%	12 463	0.10%
Tomasz Krzywicki Procurist (by a person related)	Common	3 636	0.05%	3 636	0.05%
Mirosław Młynarski Procurist	Common	4 479	0.04%	4 479	0.04%
Radosław Kałamaga Procurist	Common	3 704	0.03%	3 704	0.03%
Tomasz Krzywicki Procurist of Erbud S.A.	Common	2 750	0.02%	2 750	0.02%
Maciej Wyrzykowski Procurist of Erbud S.A.	Common	1 200	0.01%	1 200	0.01%
Mariola Zielińska Chief Accountant of Erbud S.A.	Common	4 318	0.03%	4 318	0.03%

Note 18. Information about key events occurred in the period of nine months of 2012 and after the balance date

Contracts concluded:

On 30 January 2012, Erbud S.A. signed a contract for construction of multifamily residential buildings with underground garage for DURHAM Sp. z o.o., seated in Warsawa, Bonifraterska St. 17.
Net contract value: PLN 93,359,000.
Scheduled completion: 30.10.2013.

On 1 February 2012, Erbud S.A. entered into a construction contract for erecting multifamily residential buildings with underground garage and infrastructure for LC Corp XIV Sp. z o.o., seated in Wrocław, Powstańców Śląskich St. 2-4.
Contract value: 1st contract - PLN 12,489,721 net, 2nd contract - PLN 11,710,279 net; the aggregate value is PLN 24,200,000 net.
Duration of works: 02.2012 - 09.2013.

On 3 February 2012, Erbud S.A entered into a construction contract to erect an office building with underground garage for Alfa Investments Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna seated in Gdańsk.

Contract value: PLN 27,600,726 net.

Conditions precedent - the contract shall have effect upon its signing, subject to the approval by the financing institution of the provisions of the construction contract with Erbud SA and the lease contract for office space , what should occur no later than by 28.02.2012

Duration of works: commencement within 7 days after the notification by the Investor on fulfilling the condition (by 28.02.2012) and completion within 14 months from the site delivery (up to 7 days from the above notification).**On**

On 9 March 2012, Erbud S.A. concluded a conditional contract to construct a class A office building ,16 floors and underground garage for DAKOTA Spółka z ograniczoną odpowiedzialnością Spółka, Grupa Capital Park, seated in Warszawa, Marynarska St. 11.
Contract value: € 80,936,083.94 net. Parties agreed fixed clearing rate at 4.16 PLN/EUR. The contract value converted into PLN amounts to 336,694,109.19. The Issuer bears no exchange rate risk.
Conditions precedent: written instruction to start the works made by the Builder at the latest by 30 June 2012.
Duration of works: commencement - not later than the end of June 2012; completion: not later than 45 months from the instruction to start the works.

On 19 April 2012, Erbud S.A. signed a contract with Ulma Construccion Polska S.A. for comprehensive construction of the logistics centre and warehouse in Koszajec.
The contract value amounts to PLN 26,000,000.00 (say: twenty six million zlotys) and meets the criteria of a significant agreement.
The commencement of work is scheduled for April this year and the completion for December 2012.

On 26 April 2012, The Issuer in consortium with its subsidiary PBDI S.A. signed on 26 April 2012 as the consortium leader a contract to build a wind farm in the community of Rząśnia with a capacity of 5.85 MW, including power transmission equipment and associated infrastructure.
The contract was concluded with EKOPAL Sp. o. o. seated in Rząśnia
Net contract value:
a) PLN 8,728,081.48
b) EUR 8,280,851.06.
The performance bond is granted by the Consortium to the Investor as the insurance guarantee and amounts to 10% of the gross contract price.
Deadline: 14 months from the contract conclusion.
This is already the 8th wind farm constructed by the consortium formed by Erbud S.A. and PBDI S.A.

On 27 April 2012, entered into a contract to build a bakery for FSB Piekarnie Sp. o. o., based in Michałów Reginów at 9 Leśna St.
The net contract value is PLN 22,650,000.00. The aggregate value of transactions with FSB Piekarnie Sp. z o.o. after signing of this contract amounts to PLN 24,450,000.00 net.
Commencement: 30.04.2012
Completion: 31.12.2012.

On 6 June 2012, Erbud concluded a contract with ACE 1 Sp. z o.o., based in Kraków, to build the "Galeria Solna" Shopping Centre.

Net contract value: PLN 77,425,987.

Duration of works: 11.06.2012 – 08.05.2013.

On 22 June 2012, Erbud S.A. signed an agreement worth PLN14.5m net to build a three-story retail mall in Sopot on Bohaterów Monte Casino Street. PMP Sopot Sp. z is the Builder. The sole partner of the Builder is the company Otorino Investment Limited and a person related – Dariusz Grzeszczak, Board member - is the shareholder. Completion date: September 2013.

On 09 July 2012, Erbud entered into a significant construction contract to build the Office Park Łopuszańska, (Phase I) located in Warsaw on Równoległa St., incl. on-site infrastructure and landscaping. The contract was signed with Bolero Investment Sp. z o.o., seated in Warsaw (zip code 02-647) at 11 Marynarska St.
Contract value: PLN 46,800,000 plus the VAT due (of which the lump sum remuneration amounts to PLN 37,192,165.54 plus the VAT due, while the amount of PLN 9,607,834.46 plus the VAT due is a Provisional Sum earmarked for the execution of works on rental areas.
Completion:15 months from the date of site delivery.

On 5 October 2012, Erbud signed a significant contract with Kępska S.A., based in Poznań, 6 Samuela Lindego St. to construct and renovate a Trade and Exhibition Centre.
Contract value: PLN 32 million net + the VAT due.
Duration of works: 02.11.2012 – 30.06.2013

On 18 October 2012, Erbud entered into a significant construction contract with Dom Development S.A., seated in Warsaw Pl. Piłsudskiego 3 to erect the ADRIA multi-family residential complex (Phase 3) with retail area, underground garage, including services and utilities, located in Warsaw.
Contract value: PLN 34,491,750.00 plus the VAT due.
Duration of works: 17 months from the site delivery; the commencement of work is scheduled for October 2012.

On 26 October 2012, ERBUD S.A. signed a construction contract under the following terms and conditions:
- Builder: THV Jan De Nul – CEI- De Meyer, Naamloze Vennootschap, Tragel 60, B-9308 Hofstade (Aalst);
- Contract value: € 5,191,677. + VAT due;
- Contract subject: shall and core of the Hospital in Kortrijk, Belgium;
- Duration of works:: 23.11.2012 – 31.10.2013;
- Penalties: the total value of the penalties shall not exceed 5% of the contract price. Other terms and conditions of this contract do not differ from the market ones.

Projected output:
2012 – € 816,000
2013 – € 4,375,677.56.

On 19 November 2012, ERBUD S.A. concluded an agreement – Contract No. 1 “Design-Build Contract" to construct the municipal waste thermal plant in Konin for the Investor: Miejski Zakład Gospodarki Odpadami Komunalnymi Spółka z o.o. seated in Koninie, 13 Sulańska St.
Contract value: Consortium of INTEGRAL-ERBUD-INTROL – PLN 296 million net
Consortium leader: Integral Engineering und Umwelttechnik GmbH – PLN 142,161,544.60 net;
Partner: ERBUD SA – PLN 103,808,443.40 net;
Partner: Introl SA – PLN 50,030,012.00 net.
Place of performance: Konin, Sulańska St.
Duration of works: 40 months from contract signature
Payment: on quarterly basis, the minimum amount of Interim Payment Certificates is PLN 5,000,000.00

On 17 December 2012, an agreement was signed to construct the Magnolia Shopping Centre in Wrocław.
Contract price: PLN 144,384,750.00 net.
Builder: Kasama INVESTMENTS Sp. z o.o. with its registered office in Warsaw, 19/3 Książęca St.
The project will be completed end of April 2014.

In addition to the significant agreements for construction works, Erbud SA signed several contracts that do not exceed the criterion set by "Significant agreement".

Note 19. Other important events

In the period from 27 December 2012 to 4 January 2013, it has been done works related to the removal of damages on two thresholds of a runway in Modlin. Cost of works executed amounted to PLN 450 thousand. The company DSH, a subcontractor responsible for the completion of the runway in Modlin was charged by the incurred costs. The cost of final removal of defects at the airport will be known after a detailed technology development and its approval by the Investor. For this purpose Erbud created a reserve of PLN 2 million.

On 27 September 2012, the Issuer signed with Alior Bank SA seated in Warsaw a credit agreement No. U0002139462604 in the amount of PLN 50m (fifty million zlotys). Under this agreement Erbud S.A. may benefit from an overdraft of up to PLN 10m (ten million zlotys), and place orders for providing financial guarantees by the Bank within the limits of up to PLN 40m (forty million). The line has been made available for a period of 12 months. Bank debt is secured by assignment of construction contracts receivables in the amount of 150% of the limit granted. Other conditions of this agreement do not differ from the market terms. This is the first agreement entered into by Erbud SA with Alior Bank SA.

Relevant information on the subsidiaries

On 27 September 2012, the Management Board of the Issuer received information, that the company Deptak Projekt P2 Sp. z o.o., in which Budlex S.A. - a subsidiary of the Issuer - holds a 50% stake, has signed with BRE Bank Hipoteczny S.A a credit agreement to finance the development of a retail centre in Poznan at Półwiejska 2 Street. The loan amount is EUR 16,500,000. The loan will be available subject to prior obtaining of final building permit, which is expected to be issued in October this year.

On 23 October 2012, Annex No.6 to the Loan Agreement was signed with ING Bank Śląski SA. Under this Annex, the Issuer as well as its subsidiaries PBDI SA and Budlex SA are allowed to use the credit line and financial guarantees line. The total value of lines amounts to PLN 80 million, of which the debt financing line (overdraft) is PLN 35 million. Other conditions are similar to those on the market. The line will be available by 20 August 2013.

Note 20. Changes in accounting policy applied and method of preparation of financial statements, introduced in relation to the previous financial year (years), their causes and the impact on the asset and financial position, liquidity, result and profitability.

Over the current reporting period the Company did not make any changes in accounting policies and method of preparation of financial statements in relation to the previous financial year.

Note 21. Business combinations

On 31 August 2012, the District Court in Toruń, VII Commercial Division of the National Court Register, registered under the decree No. TO.VII NS-REJ.KRS/007753/12/019 the merger of ERSTEEL Limited Liability Company based in Torun as the acquiring company with the acquired company ER SERVICES Limited Liability Company with its registered office in Warsaw as per Art. 492 § 1 item 1 of the Commercial Companies Code, i.e. by transferring the assets of the acquired company to the acquiring company against shares in the increased capital of the acquiring company awarded to the shareholders of the acquired company.

In the period ended 31December 2011, there were no changes in the composition of the Group.

Note 22. Dividend policy - description of policy on the payment of dividends and any restrictions related. The dividend value per share for each financial year of the period covered by the historical financial information, adjusted in case of changes of the number of shares, in order to make comparisons

In the reporting period, the Parent Company neither declared not paid dividends.

Note 23. Changes in accounting estimates

There were no changes in the method used for accounting estimates in the comparable period and in the period ended 31 December 2012.

Note 24. Business segments

During the reporting period ended 31 December 2012 the Group was operating in the following business segments:

- Large-volume construction
- Housing development
- Road-engineering
- Construction for the power industry
- Steel structures and products.

During the reporting period ended 31 December 2012 the Group was operating in the following region segments:

- in Poland
- abroad (Germany, Belgium, Luxembourg and Holland).

The classification of the entities according to their statutory activities was the basis for dividing into segments. The Group applies the same policy of accounting for all segments.

Business segments

The following tables present data on proceeds and gains as well as certain assets and liabilities of the individual business segments of the Group for the period from 1 January to 31 December 2012

Proceeds and expenses by business segments

For the period from 1 January to 31 December 2012	Cubature construction	Housing development	Road engineering	Construction for the energy sector	Other segments	Total
Income	**1 136 374**	**63 981**	**142 534**	**41 200**	**306**	**1 384 395**
Total cost of products, goods and materials sold	**1 091 453**	**50 321**	**122 074**	**35 271**	**-310**	**1 298 809**
Total gross sales	**44 921**	**13 660**	**20 460**	**5 929**	**616**	**85 586**
Cost of sales	0	2 495	190	0	7	**2 692**
General and administrative costs	30 378	2 965	9 432	3 585	1 129	**47 489**
Profit (loss) on other operating activity	-2 745	-869	-761	7	-342	**-4 710**
Segment profit (loss)	**11 798**	**7 331**	**10 077**	**2 351**	**-862**	**30 695**
Profit (loss) on financing activity	-9 404	555	-123	961	-85	**-8 096**
Income tax	883	913	2 454	940	-32	**5 158**
Net profit	**1 511**	**6 973**	**7 500**	**2 372**	**-915**	**17 441**

Business segments

The following tables present data on proceeds and gains as well as certain assets and liabilities of the individual business segments of the Group as of 31 December 2011

Proceeds and expenses by business segments

For the period from 1 January to 31 December 2011	Cubature construction	Housing development	Road engineering	Construction for the energy sector	Steel structures and products	Exclusions	Total
Sale to external customers	1 182 737	58 548	233 842	42 484	10 221	0	**1 527 832**
Sale between segments	0	0	89 605	0	0	-89 605	**0**
Total income	**1 182 737**	**58 548**	**323 447**	**42 484**	**10 221**	**-89 605**	**1 527 832**
Cost of products, goods and materials sold to external customers	1 176 102	49 091	214 336	40 018	11 858	0	**1 491 405**
Cost of products, goods and materials sold to other segments	0	0	89 605	0	0	-89 605	**0**
Total cost of products, goods and materials sold	**1 176 102**	**49 091**	**303 941**	**40 018**	**11 858**	**-89 605**	**1 491 405**
Total gross sales	**6 635**	**9 457**	**19 506**	**2 466**	**-1 637**	**0**	**36 427**
Cost of sales	0	2 194	1 181	0	295	0	**3 670**
General and administrative costs	32 553	3 210	7 102	1 543	1 489	0	**45 897**
Profit (loss) on other operating activity	1 212	227	267	-202	-625	0	**879**
Segment profit (loss)	**-24 706**	**4 280**	**11 490**	**721**	**-4 046**	**0**	**-12 261**
Profit (loss) on financing activity	-7 845	193	-927	-10	-153	0	**-8 742**
Income tax	-1 707	726	243	46	-596	0	**-1 288**
Net profit	**-30 844**	**3 747**	**10 320**	**665**	**-3 603**	**0**	**-19 715**

The following tables present data on proceeds and gains as well as certain assets and liabilities of the individual business segments of the Group for the period from 1 January to 30 September 2012

Proceeds and expenses by business segments

For the period from 1 January to 30 September 2012	Cubature construction	Housing development	Road engineering	Construction for the energy sector	Other segments	Total
Income	**785 017**	**34 321**	**118 408**	**27 964**	**70**	**965 780**
Total cost of products, goods and materials sold	**753 426**	**26 840**	**100 765**	**24 698**	**237**	**905 966**
Total gross sales	**31 591**	**7 481**	**17 643**	**3 266**	**-167**	**59 814**
Cost of sales	0	1 670	133	0	0	**1 803**
General and administrative costs	25 289	1 949	6 092	1 132	517	**34 979**
Profit (loss) on other operating activity	-633	1 306	-44	77	-196	**510**
Segment profit (loss)	**5 669**	**5 168**	**11 374**	**2 211**	**-880**	**23 542**
Profit (loss) on financing activity	-6 777	-31	-177	22	-44	**-7 007**
Income tax	598	195	2 427	484	-80	**3 624**
Net profit	**-1 706**	**4 942**	**8 770**	**1 749**	**-844**	**12 911**

The following tables present data on proceeds and gains as well as certain assets and liabilities of the individual business segments of the Group for the period from 1 January to 30 September 2011

Proceeds and expenses by business segments

For the period from 1 January to 30 September 2011	Cubature construction	Housing development	Road engineering	Construction for the energy sector	Other segments	Total
Income	**888 450**	**33 415**	**141 161**	**37 316**	**9 027**	**1 109 369**
Total cost of products, goods and materials sold	**897 521**	**27 174**	**128 450**	**33 778**	**10 156**	**1 097 079**
Total gross sales	**-9 071**	**6 241**	**12 711**	**3 538**	**-1 129**	**12 290**
Cost of sales	0	1566	826	0	264	**2 656**
General and administrative costs	24 877	2 751	4 990	1 218	1 142	**34 978**
Profit (loss) on other operating activity	3 567	266	687	-14	-157	4 349
Segment profit (loss)	**-30 381**	**2 190**	**7 582**	**2 306**	**-2 692**	**-20 995**
Profit (loss) on financing activity	-3 893	116	-638	-5	-90	**-4 510**
Income tax	-2 426	1 182	160	152	-345	**-1 277**
Net profit	**-31 848**	**1 124**	**6 784**	**2 149**	**-2 437**	**-24 228**

Geographical segments

The following tables present data on proceeds and gains as well as certain assets and liabilities of the individual geographical segments of the Group as of 31 December 2012

Proceeds and expenses by geographical segments

For the period from 1 January to 31 December 2012	Domestic	Abroad	Total
Sale to external customers	1 234 398	149 997	**1 384 395**
Total income	**1 234 398**	**149 997**	**1 384 395**
Cost of products, goods and materials sold to external customers	1 161 042	137 767	**1 298 809**
Total cost of products, goods and materials sold	**1 161 042**	**137 767**	**1 298 809**
Total gross sales	**73 356**	**12 230**	**85 586**
Cost of sales	2 692	0	**2 692**
General and administrative costs	40 543	6 946	**47 489**
Profit (loss) on other operating activity	-3 439	-1 271	**-4 710**
Segment profit (loss)	**26 682**	**4 013**	**30 695**
Profit (loss) on financing activity	-6 878	-1 218	**-8 096**
Income tax	4 426	732	**5 158**
Net profit	**15 378**	**2 063**	**17 441**

The following tables present data on proceeds and gains as well as certain assets and liabilities of the individual geographical segments of the Group as of 30 September 2012

Proceeds and expenses by geographical segments

For the period from 1 January to 30 September 2012	Domestic	Abroad	Total
Sale to external customers	859 322	106 458	**965 780**
Total income	**859 322**	**106 458**	**965 780**
Cost of products, goods and materials sold to external customers	807 458	98 508	**905 966**
Total cost of products, goods and materials sold	**807 458**	**98 508**	**905 966**
Total gross sales	**51 864**	**7 950**	**59 814**
Cost of sales	1 803	0	**1 803**
General and administrative costs	29 591	5 388	**34 979**
Profit (loss) on other operating activity	215	295	**510**
Segment profit (loss)	**20 685**	**2 857**	**23 542**
Profit (loss) on financing activity	-6 222	-785	**-7 007**
Income tax	2 870	754	**3 624**
Net profit	**11 593**	**1 318**	**12 911**

The following tables present data on proceeds and gains as well as certain assets and liabilities of the individual geographical segments of the Group as of 31 December 2011

Proceeds and expenses by geographical segments

Year ended 31 December 2011	Domestic	Abroad	Total
Sale to external customers	1 420 460	107 372	**1 527 832**
Total income	**1 420 460**	**107 372**	**1 527 832**
Cost of products, goods and materials sold to external customers	1 390 872	100 533	**1 491 405**
Total cost of products, goods and materials sold	**1 390 872**	**100 533**	**1 491 405**
Total gross sales	**29 588**	**6 839**	**36 427**
Cost of sales	3 670	0	**3 670**
General and administrative costs	37 897	8 000	**45 897**
Profit (loss) on other operating activity	-1 839	2 718	**879**
Segment profit (loss)	**-13 818**	**1 557**	**-12 261**

Profit (loss) on financing activity	-8 529	-213	**-8 742**
Income tax	-2 872	1 584	**-1 288**
Net profit	**-19 475**	**-240**	**-19 715**

Note 25. Construction contracts deposits

Construction contracts deposits as of 31 December 2012 were as follows:

	31.12. 2012	30.09.2012	31.12. 2011
Deposits retained by customers			
Deposits to be returned beyond 12 months	6 559	9 896	8 593
Deposits to be returned within 12 months	30 041	27 246	33 474
Total	**36 600**	**37 142**	**42 067**
Deposits retained to suppliers			
Deposits to be returned beyond 12 months	5 380	4 456	8 248
Deposits to be returned within 12 months	74 042	74 921	70 963
Total	**79 422**	**79 377**	**79 211**

Note 26. Litigation and claims

The register of court cases in relation to the 31 December 2011, in which the Erbud Capital Group is a party to the proceedings as plaintiff and defendant, did not change significantly. Therefore, during the reporting period, there were no substantial changes in the amount of provisions for liabilities created under litigation.

Note 27. Asset-backed securities

Possessory lien on assets of substantial value i.e. on 5,059 shares in the company Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A with its registered seat in Toruń.

1) The basic characteristics of assets (type and number votes at the GM), on which the pledge was established: In order to secure an agreement with the Seller, the Issuer has entered with the Buyer (Rison Limited with registered office in Nicosia, Cyprus) into a lien agreement (possessory and registered), under which the Buyer established to the Seller an possessory lien and upon entry in pledge register will establish an registered lien on 5,059 shares representing 29% stake in Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A headquartered in Toruń. The possessory lien shall expire upon entry of the registered lien in the register of pledges.

2) Inventory value of the above shares in the books of the Issuer:

Name and legal form of the subsidiary	Seat	Core business	Type of the relationship (subsidiary, interdependent, associate, detailing the direct and indirect relationships)	Method of consolidation / equity method or indication that the unit is not subject to consolidation / to valuation by equity method	Value adjustment (total)	Carrying amount of shares /stocks	Equity stake held	Voting power at the GM
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A	Toruń	Road engineering	subsidiary	full method	0	49 554	94.27%	94.27%

3) Relationship type between Erbud SA and persons managing or supervising Erbud SA and the pledgee (Rison Limited with registered office in Nicosia, Cyprus):
None

4) Percentage of the pledged shares in the nominal capital of PRD and the value at par of shares and their character as long-term or current capital investment of Erbud:

Pledged shares represent 29% of the nominal capital of PRD S.A. The Issuer considers the investment in PRD shares as a long-term one.

Note 28. Information on changes in economic outlook and business conditions, which have a significant impact on the fair value of Company's financial assets and financial liabilities

In relation to the financial year ended 31 December 2011, this type of significant changes did not occur.

Note 31. Information on changes in the method of determining the value of financial instruments measured at their fair value

In the period ended 30 December 2012, the Group did not change the method of determining the value of financial instruments measured at fair value.

Note 32. Information on changes in the classification of financial assets as a result of target exchange or use of these assets

In the period ended 31 December 2012, the Group did not change the classification of financial assets as a result of target exchange or use of these assets.

Note 33. Events subsequent to the balance sheet date

After the balance sheet date by the date of the financial statements there were no events which have not been, and should be recognized in the accounts of the financial year.

Signature of person preparing the Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Board Member/

Dariusz Grzeszczak
/Board Member/

Warsaw, 25 February 2013