Translation from Polish

ERBUD S.A.

Separate Financial Statements
for the year ended 31 December 2012

Introduction to the Financial Statements

1. Name, business address, the subject of activity and number in the Court Register

Erbud is a joint stock company established as a result of conversion of Erbud Limited Liability Company registered on 29.11.2006 in the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register under number 0000268667, seated in Warsaw, ul. Puławska 300 A.
Erbud Limited Liability Company was founded on 28.8.1990 and registered on 08.08.2001 in the National Court Register, under number 0000034299.
The Company's core business is conducting general large-volume civil engineering (PKD 4521A - Polish Classification of Activities).
The Company is a parent entity.
The Company prepares the consolidated financial statements of the Erbud Group.

2. Duration of activity

The duration of the activity of the Company is not indicated.

3. Presentation periods

The Financial Statements cover the period from 1 January 2012 to 31 December 2012 and comparable data covering the period from 1 January 2011 to 31 December 2011. The Financial Statements have been prepared in accordance with the accounting rules in force in Poland.

4. Composition of the Management Board and the Supervisory Board

Management Board

Dariusz Grzeszczak	- Board Member
Józef Zubelewicz	- Board Member

Supervisory Board

Udo Berner	- Chairman of the Supervisory Board
Józef Olszyński	- Deputy Chairman
Albert Durr	- Member of the Supervisory Board
Gabriel Główka	- Member of the Supervisory Board
Lech Wysokiński	- Member of the Supervisory Board
Zofia Dzik	- Member of the Supervisory Board
Michał Otto	- Member of the Supervisory Board

5. Internal organizational business units

In the current reporting period the Company did not have separate internal organizational units.

6. Controlling other units

Erbud S.A. controls the following entities:

Company	Date of taking control	Equity as at 31.12.2012 (in PLN '000)	Revenue from sales for 2012 FY (in PLN '000)	Net result for 2012 FY (in PLN '000)	Percentage of capital held
Erbud International Spółka z o.o.	20-12-2002	4 476	80 881	-306	100%
GWI GmbH	09-02-2004	10 310	80 798	3 074	85%
Erbud Construction Spółka z o.o.	22-02-2006	-41	0	-4	100%
Erbud Rzeszów Spółka z o.o.	31-12-2002	1 816	4 164	747	79%
Delta Spółka z o.o.	26-05-2004	-124	0	-119	100%
Budlex S.A. (formerly Budlex Sp. z o.o.)	27-09-2007	74 729	65 170	5 974	90%
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	31-03-2008	32 930	160 691	2 837	94.27%
Erbud Energetyka Sp. z o.o.	19-11-2009	414	249	-24	100%
Ersteel Sp. z o.o.	01-07-2010	2 306	1 443	-205	100%
Engorem Sp. z o.o.	22-11-2012	9 836	6 058*	403*	80.22%

* Since the date of taking control until 31.12.2012

Company	Date of taking control	Equity as at 31.12.2011 (in PLN '000)	Revenue from sales for 2012 FY (in PLN '000)	Net result for 2011 FY (in PLN '000)	Percentage of capital held
ER Services Spółka z o.o.	15-10-1999	202	1 009	-221	100%
Erbud International Spółka z o.o.	20-12-2002	4 909	78 780	2 853	100%
GWI GmbH	9-02-2004	7 230	45 763	1 927	85%
Erbud Construction Spółka z o.o.	22-02-2006	-37	0,00	-26	100%
Erbud Rzeszów Spółka z o.o.	31-12-2002	1 069	3 636	61	79%
Delta Spółka z o.o.	26-05-2004	-5	0,00	-1	100%
Budlex S.A. (dawniej Budlex Sp. z o.o.)	27-09-2007	68 755	72 171	2 860	90%
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	31-03-2008	30 057	140 779	-241	94,27%
Erbud Energetyka Sp. z o.o.	19-11-2009	439	847	-762	86,36%
Ersteel Sp. z o.o.	1-07-2010	2 095	9 839	-3 574	100%

7. Going-concern assumption and comparability of financial statements

The financial statements presented in this report were prepared on the assumption that Erbud will continue its economic activity during 12 months after the balance sheet date i.e. 31.12.2012. As at the acceptance date of financial statements, the Management Board does not see any facts and circumstances which would suggest that the possibility of continuing the Company's activities over next 12 months from the balance sheet date is being jeopardised due to an intentional or obligatory cessation, or a significant restriction of the Company's present activities.

Until preparing the Separate Financial Statements no events occurred that were not, and should be included in the accounts of the reporting period.

8. Description of accounting principles (policy) applied, including methods of valuation of assets and liabilities, revenues and costs.

The financial statements have been prepared in accordance with accounting principles set in the Accountancy Act of 29 September 1994 (Journal of Laws of 2009 No. 152, item 1223, as amended) and the executive order issued on the basis thereof, as well as the requirements of the Law on Public Companies (Journal of Laws of 2009, No. 185, item 1439, as amended) and the Regulation of the Minister of Finance dated 19 February 2009 on current and periodic information published by issuers of securities and the conditions for acknowledging that information required by the laws of a country which is not a member state (Journal of Laws of 2009, No. 33, item 259) is equally valid.

8.1. Intangible assets

Intangible assets are recognized if it is likely that in the future they will bring to the unit an inflow of economic benefits that can be directly related to those assets.

The initial recognition of intangible assets is recorded by the purchase price or cost of production. After initial recognition, intangible assets are valued at purchase price or production cost less any accumulated amortization and write-downs due to permanent impairment. Intangible assets are amortised using the straight-line method across the correctly estimated period of their use and are as follows:

- patents and licenses 5 -15 years;
- computer software 1-5 years

Depreciation commences no earlier than at the first day of the month after an intangible asset has been taken for use.

Estimates on the economic lifetime and depreciation method are reviewed at the end of each financial year in order to verify whether the method used and period of amortization are consistent with the expected time shift of economic benefits provided by the intangibles.

At every balance sheet date the Company assesses whether the carrying value of the reported assets does not exceed the value of expected future economic benefits. If there are such indications, the carrying amount of the asset is reduced to the net selling price. Allowances for impairment losses are recognized in other operating costs.

8.2. Property, plant and equipment

The complete assets owned by the Company and fit to be used with an expected life-time for longer than one year are classified as fixed assets.

Fixed assets are valued and recognized in the financial statements at the purchase price or manufacturing cost less accumulated depreciation and write-downs on impairment.
Costs related to an fixed asset, incurred after the asset has been taken for use are recognized in the income statement, except where it can be proved that the costs caused an increase in expected future economic benefits due to the ownership of the asset. Then the costs incurred increase the value of the asset.
Property, plant and equipment are depreciated according to the straight-line method over a period of its estimated economic usefulness. Annual depreciation rates correspond to the particular periods as presented below:

Buildings and civil engineering structures	2% - 4.5%
Technical equipment and machines	6% - 30%
Means of transport	12.5% - 20%.

Assets with an initial value below PLN 3,500 are depreciated once at the purchase date. In case of fixed assets, which have permanently lost their economic usefulness, unscheduled depreciation is charged to the other operating costs.
Estimates on the economic lifetime and depreciation method are reviewed at the end of each financial year in order to verify whether the method used and period of amortization are consistent with the expected time shift of economic benefits provided by the asset.
An inventory of fixed assets is conducted each four years.

8.3. Fixed assets in progress

Fixed assets in progress are measured in the amount of the total costs remaining directly connected with its acquisition or production, taking into account non-deductible tax on goods and services and excise duty, as well as the cost of liabilities due to finance assets and related foreign exchange differences, reduced by income from it. The balance of fixed assets, which are not yet available for use, is reduced by write-downs on account of permanent impairment.
Fixed assets in progress are not depreciated until they are completed and commissioned.

8.4. Lease

Finance leases, which substantially transfer to the Company all the risks and benefits of ownership of the leased, are capitalized at the inception of the lease at the lower of the following two values: a measure of fair value of the subject leased or value of the minimum lease charges. Lease payments are divided into an interest part and a capital part, such that the rate of interest on the liability is a fixed amount.
Financial expenses are recognized in the profit or loss account. Fixed assets used under finance leases are subject to depreciation according to the rules applied to the own items of assets.
In absence of certainty, that after the end of the lease agreement the Company receives the right to property, assets are written off over a shorter of two following periods: the lease period or the period of economic usefulness.
Lease contracts under which the lessor retains substantially all the risks and rewards of ownership of the assets under a lease are classified in accordance with Article 3 section 4 of the Act on Accounting as operating leases.

8.5. Investment property

Investment property is a real estate which is treated as a source of revenues from rents or is kept in possession in view of increase of its value or for both of these benefits, where such property is neither:

- used for the purpose manufacturing, supply of goods or services or for administrative activity, nor

- held for sale in the course of ordinary business of the unit.

Real estate investment is initially valued at purchase price or cost of production. Transaction costs are included in the initial valuation.

Subsequent expenditures on investment property increase its value if the undertaking will become in future economic benefits associated with this property exceeding the costs incurred for the investment property.

To appraise the property after the initial recognition, the Company has chosen the cost model, under which all of its investment properties are valued at acquisition price or production cost less any accumulated depreciation and write-off due to permanent impairment.

8.6. Long-term investments

Investments in subsidiaries, i.e. in entities under control, as well as associates are valued at its historical cost less potential loss of value resulting from the tests for impairment.

Interest in jointly controlled entities is measured using the equity method.

Permanent loss of value of shares in subsidiary companies is estimated as of every balance sheet date.

The carrying value of such assets is individually reviewed to determine if it exceeds or not the value of future economic benefits. Where the carrying amount exceeds the expected economic benefits, it shall be reduced to net selling price.

Reduction of the value of investments previously revalued to the amount, by which the revaluation capital (fund) has been increased, reduces this capital (fund) in the event that the amount of the difference due to the revaluation was not cleared until the date of valuation.

In other cases, the effects of decreasing the value of investments are classified as financial costs. The rise in investment value directly connected with a prior reduction of its value, classified in the financial costs, is recognized to the level of such costs as financial income.

8.7. Financial assets

At the time of entry in the accounts, financial assets are measured at cost (purchase price) representing the fair value. Transaction costs are recognized at the initial value of those financial instruments. Financial assets are accounted at the settlement date.

After the initial recognition, financial assets are classified into one of four categories and valued, excluding financial fixed assets which are measured at purchase cost and not revalued to their value at market price, as follows:

1. Financial assets and liabilities available for sale

   Fair-value measurement, without reducing transaction costs; gains and losses on revaluation are recognized in the profit or loss account.
2. Loans granted and receivables

   Measurement at the adjusted purchase price (amortized cost) determined using the effective interest rate. Receivables with a short maturity, for which interest rate was not determined, are measured at amounts due.
3. Financial assets held to maturity

   Measurement at the adjusted purchase price (amortized cost) determined using the effective interest rate.
4. Financial assets available for sale

Measurement at fair value; gains and losses on revaluation are recognized in the revaluation capital until the sale of investment or reducing its value. At this time, the cumulative gain or loss from revaluation is recognized in the profit and loss account.

8.8. Impairment of financial assets

At each balance sheet date, the Company assesses whether objective conditions exist which indicate the impairment of an asset or a group of assets. If such conditions exist, the Company determines an estimated value possible for recovering the value of the asset and writes-down in an amount equal to the difference between the value of recoverable and the carrying value.

8.9. Inventories

Materials, goods, work in progress and finished goods are current assets inventories.
The Group applies the following rules of inventory classification to the specific categories:

- ***materials*** - elements stored in the storage places for use in manufacturing processes, particularly for construction purposes
- ***work in progress*** - includes costs of development projects under construction as well as materials of general-purpose stock and low-processing materials, which can easily and without incurring significant costs be used for other contracts or sold (if they are unnecessary to execute this contract)
- ***goods*** - the stock acquired in the purpose of their resale, including land for development projects in the implementation of development projects
- ***finished goods*** - products of own production, which proceeding been fully completed, apartments.

Elements stored on construction sites to be used by the Company or a subcontractor for specific purposes on particular site only, which probably cannot be used by execution of other contracts or sold, are not included to the inventories. Such items are directly counted towards contract costs and included in the valuation of the contract according to the stage of performance.
Inventories are estimated at the lower of the two values: purchase cost or net selling price.
Net selling price is the sale price without VAT and excise taxes, less discounts and other costs related to the adaptation of the item for sale and to selling it, achievable as at the balance sheet date.
Materials are valued at purchase cost determined by the using the FIFO method and work in progress and goods finished - at the direct costs of materials and labour and a fair share of indirect costs of production fixed at normal capacity utilization.

8.10. Long-term construction contracts

The initial costs incurred before the execution of a contract, related to salaries, business travels (personal), etc. are included in operating costs of the period in which they has been incurred. They are not included in technical production costs of performance of a given order at the time of concluding a contract. If the entity is sure that the contract will be concluded and the ordering party will pay the costs before signing such a contract, such costs are capitalized. This may relate only to costs of services and materials purchased outside (services of subcontractors, materials, etc.).

8.10.1. Settlement and presentation of the financial consequences of long-term contracts

Large-volume construction contracts

If an entity can reliably determine the stage of completion of construction in progress, the percentage method is used. A contract income is shown proportionately to costs incurred for a specific moment of its completion.
While determining the progress of contract execution, the entity uses a method that will allow measuring the work performed in a credible way. Depending on the contract type, the methods may include:

- proportion of contract costs incurred for work performed to date compared to the estimated total contract costs
- quantity survey of work performed.

In setting the status of works on the basis of contract costs incurred up to the date only those costs are taking into account which reflect the work performed.
If the stage of completion of a long-term construction contract cannot be estimated reliably, revenues are recognized only to the level of expenses which are likely to be recovered.
The results of valuation are recognized in assets and liabilities respectively in the position B.IV "Short-term prepayments" and B.IV.2 "Other accruals" of the financial statements.

8.11. Current and non-current trade receivables

Trade claims are recognized in the balance sheet at receivable amount, observing precautions.
Receivables are revaluated by taking into account the probability their payment, through a write-down. Impairments are created on overdue debts of over 180 days at its full value. The individual principles of charging of impairment may be applied in particular justified cases.
Write-downs of the value of a receivable are counted towards operating costs or financial expenses, depending on the type of receivable to which the write-down refers. Receivables which are amortized, time-barred or which cannot be collected decrease previously made write-downs.
Claims amortized, time-barred, or not to be collected, in relation to which no impairment or non-full write-downs were made, are classified accordingly as other operating expenses or financial costs.

8.12. Cash and cash equivalents

Cash in hand and in bank accounts are measured at their par value.
Cash and cash equivalents include cash on hand and bank and short-term deposits with an original maturity not exceeding three months.

8.13. Prepayments

The Company makes prepayments if they relate to future reporting periods, respecting the principle of materiality and applying the precautionary principle.

8.14. Capitals

Original capital includes ordinary shares and is shown at their par value according to the Statute and registration in the National Court Register.
Capital reserves are created from profit retained, as a result of transferring revaluation capital and issue of shares above their nominal value.

8.15. Provisions for liabilities

Provisions are created when the Company has an existing obligation (legal or ordinary) resulting from past events, and when it is certain or highly probable that fulfilment of that obligation will cause a need for an outflow of resources embodying economic benefits, and when a reliable estimation can be made of the amount of that obligation.

Provisions for liabilities include, among other:

- guarantee repair provision,
- deferred tax provision,
- unused leave provision,
- provision for retirement.

Guarantee repair provision

In the case of construction contracts Erbud is obliged to provide guarantees on their services.

A general principle is, that there are created provisions for warranty costs in the amount fixed by warranty cost index, calculated as the quotient of warranty repair costs to revenues from the given contract. This value is subject to individual review and may be increased or decreased in justified cases.

Provision for guarantee repairs is recognized as at balance sheet date in the amount fixed on the basis of past experience in the field of a guarantee repairs.

Tax settlements

There are numerous regulations In Poland concerning tax on goods and services, excise duty, corporate income tax and social security contributions. Provisions related to these taxes are subject to frequent changes what results in ambiguities and inconsistencies. Often there are differences of opinion as to the legal interpretations of tax law both within the state authorities and between state authorities and taxpayers, causing uncertainties and conflicts. Tax settlements and other areas under regulations may be subject to inspection for a period of five years. The relevant inspection authorities are entitled to impose heavy sanctions and penalties, including penal interest. There is a risk that the authorities will take a different position as the company by interpretation of regulations, which could have a significant impact on the Company's tax liability.

8.16. Employee benefits

The Company is obliged to retirement and pension severance payments, in accordance with relevant regulations. Therefore, there are created provisions for the current value of these liabilities. Payments due to the above titles are written off within the profit or loss costs so as to spread the benefits for the entire period of employment of employees in companies.

The Company does not create a special fund for collecting payments for future benefits.

Provision for unused leave is calculated on the basis of a list of unused leave days as at the balance sheet date, in respect to the individual employees and their daily gross salary plus the employer's social security charges.

8.17. Bank borrowings and loans

At the time of initial recognition, bank loans and credits are recorded at cost equal to the fair value of cash received, including costs related to obtaining bank credits or loans. As at the balance sheet date, loans and

borrowings, except for liabilities held for trading, are valued at adjusted purchase cost (amortized cost), using the effective interest rate.
Liabilities held for trading are measured at fair value. Profit or loss due to revaluation to fair value is recognized in the income statement for the current period.

8.18. Borrowing costs

Borrowing costs related to the construction, adaptation, installation or improvement of fixed assets or intangible assets, for a period of construction, adaptation, installation or improvement are included in the value of these assets if the liabilities were incurred for this purpose.
Borrowing costs related to manufacturing the products with a long production period are recognized in the income statement in the period in which they incurred. Other borrowing costs are recognized also in the profit or loss account.

8.19. Deferred income tax

Provision and assets from the deferred income tax are determined in connection with transitional differences between the amount of assets and liabilities and the tax amount shown in the accounts books and the tax loss which can be deducted in the future.
Deferred tax liability is created in respect of taxable temporary differences in the amount of income tax to be paid in the future.
Assets from the deferred income tax shall be equal to the amount expected to be deducted from income tax in respect of deductible temporary differences and tax loss which can be deducted in the future observing the precautionary principle.
Carrying amount of the assets from deferred tax is reviewed as of every balance sheet date and is reduced appropriately inasmuch as achieving the sufficient taxable income in order to realize partially or in sum the item of assets from deferred tax is no longer likely.
Assets from the deferred tax and deferred tax provision are measured using tax rates that will be valid during the period when the asset is realized or the liability is released, based on tax legislation in force as at the balance sheet date.

8.20. Liabilities

Liabilities are commitments resulting from future circumstances to meet obligations of a reliably estimated value that will use current or future assets of the entity.
Due to the characteristics, liabilities can be divided into:

- provisions,
- contingent liabilities,
- financial liabilities,
- current liabilities,
- non-current liabilities.

Contingent liabilities are commitments to performance obligations which may arise upon the occurrence of certain events. These commitments are disclosed in the additional information and explanations.
Financial liabilities are obligations to deliver financial assets or to exchange the financial instrument with another entity under adverse conditions.
Current liabilities are all liabilities from supplies and services, and also all or part of other liabilities which will become due within 12 months from the balance sheet date.

Non-current liabilities are the part of liabilities other than from supplies and services with the maturity of over 12 months from the balance sheet date.
Liabilities are recognized in the amount due as at the balance-sheet date.

8.21. Foreign currency receivables and liabilities

Receivables and liabilities quoted in foreign currencies are valued as at the balance sheet date by applying the mid-rate for the given currency fixed by the National Bank of Poland as at the balance sheet date.
Claims quoted in foreign currencies arising during the financial year are converted into Polish zlotys at the rate as at the date the claim has arisen (invoice date).
Foreign currency liabilities arising during the financial year are converted into Polish zlotys at the exchange rates applied in customs documents. In the case of importing services or intra-EU supplies the rate of NBP on business transaction date (invoice date) is used.
In the case of debt payment quoted in foreign currency, the sale rate at which the bank has booked it on the account of entity is applied. The difference between the rate at which the payment was accounted and the rate resulting from arising of receivables is classified to the financial costs or income.
In the case of settlement of foreign currency liabilities, the rate at which the currency was purchased at the bank is used, and where the payment is make from the own foreign currency account, the foreign exchange rate which the cooperating bank would have applied if the entity would have bought currency in this bank is used. The resulting difference between the exchange rate used to translate the liabilities into Polish zlotys and the rate at which the currency needed for the payment has been purchased is classified to the financial costs or income.

8.22. Accruals

Accruals are made in the amount of probable liabilities falling due in the current reporting period.

8.23. Revenues and operating costs

Revenues are accounted at the accrual basis, i.e. in the periods to which they relate, regardless of the date of payment receipt.
Sales revenues include the fair value of revenue from the sale of goods and services, less tax on goods and services, discounts and deductions.
Revenues from sales of products and goods are recognized when the Company has provided products to the customer, the customer has accepted the products, and claims are reasonably certain to collect.
Income from execution of construction contracts is recognized in accordance with the Company's accounting policy set out in the section on long-term construction contracts.
Dividend income is recognized when the shareholders' right to receive them is confirmed.
According to the accrual basis, the Company recorded all costs in the reporting period in the profit and loss account regardless of the duration of their settlement. Costs incurred and not related to this period are included in the assets as prepayments, while the costs not incurred and falling for that period are recognized as accruals.

8.24. Other revenues, costs, gains and losses, and financial incomes and expenses

Revenues and costs non-directly connected with operating activity are other operating income and expenses.
Financial income and expenses include, inter alia: interest on credits and loans granted and used, interest on arrears received and paid, exchange differences, commissions paid and received, gains and losses on the sale of securities, released and created provisions classified to financial costs.
Interest income is recognized according to the accrual basis using the effective interest rate method.

When the debt loses its value, the Company reduces its carrying amount to recoverable amount, equal to the estimated future cash flows and discounted at the original effective interest rate on the financier instrument; then the amount of the discount is gradually settled in correspondence with the revenue from interest. Extraordinary earnings and losses reflect the financial consequences of unique events from outside the core business.

8.25. Income tax, including deferred tax liability

Current tax is calculated on the basis of the tax result (tax base) of the financial year. Tax profit (loss) differs from accounting profit (loss) in connection with dercognicion of tax deductible costs which are tax deductibles in the following years and the items of costs and revenues, which will never be subject to tax. Taxes are calculated on the basis of tax rates in force during the financial year.
Income tax on income earned in the country is calculated in accordance Polish tax law and income of units operating abroad is subject to local tax regulations, having regard to the agreements on the avoidance of double taxation.

Deferred income tax

Provision and assets from deferred income tax shall are determined taking into account the existing temporary differences between the value of assets and liabilities and their tax value shown in the books and the tax loss which can be deducted in the future from tax base.
Deferred tax liability is created in respect of taxable temporary differences in the amount of income tax to be paid in the future.
Assets from the deferred income tax are determinated in the amount expected to be deducted from income tax in respect of deductible temporary differences and tax loss which can be deducted in the future applying the principle of precaution.
Carrying amount of the assets from deferred tax is revised as of each balance sheet date and is reduced appropriately as far as it is no longer likely to achieve the sufficient taxable income in order to realize partially or in sum the item of assets from deferred tax
Assets from the deferred tax and deferred tax provision are measured using tax rates that will be applied during the period when the asset is realized or reserve is resolved, based on tax regulations which were in force as at the balance sheet date.

Financial statements for the 12-month period year ended 31 December 2012 (in PLN '000)

BALANCE SHEET

ASSETS

		Note	31 December 2012	31 December 2011
A.	**Fixed assets**		**214 391**	**206 539**
I.	**Intangible assets**	**1**	**437**	**388**
1.	R&D expenses		0	0
2.	Goodwill		0	0
3.	Other intangible assets		70	71
4.	Intangible assets		367	317
II.	**Tangible assets**	**2**	**7 605**	**8 596**
1.	Prepaid tangible fixed assets		7 605	8 596
a)	Property, incl. perpetual usufruct		0	0
b)	Buildings, premises and civil and water engineering structures		3 432	3 532
c)	Plant and equipment		89	125
d)	Means of transport		3 723	4 524
e)	Other tangible fixed assets		361	415
2.	Fixed assets under construction		0	0
3.	Prepaid tangible fixed assets under construction		0	0
III.	**Long-term receivables**		**0**	**0**
1.	From associates		0	0
2.	From other entities		0	0
IV.	**Long-term investments**		**185 489**	**173 065**
1.	Real property	3	515	515
2.	Intangibles		0	0
3.	Non-current financial assets	4,6	184 974	172 550
a)	In associates, incl.:		184 197	171 827
–	Shares or stocks	5	142 485	132 965
–	Other securities		0	0
–	Loans granted		41 712	38 862
–	Other non-current financial assets		0	0
b)	In other entities, incl.:		777	723
–	Shares or stocks		5	5
–	Other securities		0	0
–	Loans granted		0	0
–	Other non-current financial assets		772	718
4.	Other non-current investments		0	0
V.	**Long-term prepayments**		**20 860**	**24 490**
1.	Deferred tax assets	7	20 860	24 490
2.	Other prepayments		0	0

		Note	31 December 2012	31 December 2011
B.	**Current assets**		**504 883**	**476 205**
I.	**Inventories**	**8**	**1 110**	**1 127**
1.	Materials		1 110	1 127
2.	Semi-finished products and products in progress		0	0
3.	Finished products		0	0
4.	Goods		0	0
5.	Prepaid deliveries		0	0
II.	**Short-term receivables**	**9**	**260 197**	**253 401**
1.	From affiliated entities		3 133	8 741
a)	Trade receivables with a maturity:		3 133	8 741
–	up to 12 months		3 133	8 741
–	above 12 months		0	0
b)	Other		0	0
2.	Receivables from other entities		257 064	244 660
a)	trade receivables with a maturity:		207 121	230 724
–	up to 12 months		201 282	229 146
–	above 12 months		5 839	1 578
b)	receivables from tax, subsidy, customs, social security and other benefits		6 923	11 105
c)	Other		43 020	2 831
d)	Claimed at court		0	0
III.	**Short-term investments**		**152 193**	**121 707**
1.	Current financial assets	10	152 193	121 707
a)	In affiliated entities		0	1 436
–	Shares or stocks		0	0
–	Other securities		0	0
–	Loans granted		0	1 436
–	Other current financial assets		0	0
b)	In other entities		0	0
–	Shares or stocks		0	0
–	Other securities		0	0
–	Loans granted		0	0
–	Other current financial assets		0	0
c)	Cash and other cash assets		152 193	120 271
–	Cash in hand and at bank		134 435	108 027
–	Other cash		17 758	12 244
–	Other cash assets		0	0
2.	Other current investments		0	0
IV.	**Short-term prepayments**	**11**	**91 383**	**99 970**
	TOTAL ASSETS		**719 274**	**682 744**

LIABILITIES

		Note	31 December 2012	31 December 2011
A.	**Equity**		**235 313**	**229 219**
I.	**Share capital**	13	1 268	1 264
II.	**Called-up share capital (negative value)**		0	0
III.	**Treasury shares (negative value)**		0	0
IV.	**Capital reserve**	15	228 454	253 239
V.	**Revaluation reserve**	14	0	0
VI.	**Other reserves**		0	0
VII.	**Retained profit / accumulated loss brought forward**		0	0
VIII	**Net profit (loss)**		5 591	-25 284
IX.	**Write-downs on net profit over the financial year (negative value)**		0	0
B.	**Liabilities and provisions for liabilities**		**483 961**	**453 525**
I.	**Provisions for liabilities**		**33 829**	**30 277**
1.	Deferred income tax provision	16	18 288	19 928
2.	Provision for retirement and related benefits		3 423	2 985
–	Non-current	17	349	420
–	Current	18	3 074	2 565
3.	Other provisions		12 118	7 364
–	Non-current	19	0	0
–	Current	20	12 118	7 364
II.	**Long-term liabilities**	**21**	**50 556**	**56 537**
1.	To associates		0	0
2.	To other entities		50 556	56 537
a)	Loans and borrowings		0	0
b)	Issuance of debt securities		50 000	50 000
c)	Other financial liabilities	23	556	1 261
d)	Other		0	5 276
III.	**Short-term liabilities**	**22**	**358 003**	**324 560**
1.	To associates		49 588	41 729
a)	Deliveries and services with a maturity:		49 588	41 729
–	up to 12 months		48 992	41 729
–	above 12 months		596	0
b)	Other		0	0
2.	To other entities		308 415	282 831
a)	Loans and borrowings	24	262	28 663
b)	Issuance of debt securities		0	0
c)	Other financial liabilities	23	3 057	3 609
d)	Deliveries and services with a maturity:		258 272	243 808
–	up to 12 months		253 674	236 321
–	above 12 months		4 598	7 487
e)	Prepaid deliveries		34 009	16
f)	Bills		0	0
g)	Taxes, customs, social insurance and other benefits		2 220	1 931
h)	Salaries and wages		1 538	1 306
i)	Other		9 057	3 498
3.	Special funds		0	0
IV.	**Accruals**		**41 573**	**42 151**
1.	Other accruals	11.1	41 573	42 151
	TOTAL LIABILITIES		**719 274**	**682 744**

Calculation of book value per share

	Note	31 December 2012	31 December 2011
Book value (in PLN '000)		235 313	229 219
Number of shares		12 677 956	12 644 169
Book value per share (in PLN)	25	18.56	18.13

Off-balance sheet items

	Note	31 December 2012	31 December 2011
1. Conditional receivables		0	0
1.1. From affiliated entities (due to)		0	0
- guarantees received		0	0
1.2 From other entities (due to)		0	0
- guarantees received		0	0
2. Conditional liabilities		378 896	356 254
2.1. To affiliated entities (due to)	52	66 250	25 120
- guarantees granted		66 250	25 120
2.2. To other entities (due to)	52	312 646	331 134
- guarantees granted		312 646	331 134
3.Other		0	0
Total off-balance sheet items		**378 896**	**356 254**

Signature of person preparing the Financial Statement

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

Warsaw, 26 April 2013

PROFIT AND LOSS STATEMENT

	Note	Period of 12 months ended 31.12.2012	Period of 12 months ended 31.12.2011
Revenues from sales of products, goods and materials, incl.		**1 078 582**	**1 245 578**
- From associates		15 909	3 080
Net revenues from sales of products	28,29	1 065 771	1 245 574
Net revenues from sales of goods and materials	30	12 811	4
Cost of products, goods and materials sold, incl.	**31**	**1 031 874**	**1 231 809**
- To associates		144 632	113 987
Manufacturing cost of products sold		1 019 094	1 231 809
Value of goods and materials sold		12 780	0
Gross profit (loss) on sales		**46 708**	**13 769**
Selling costs	31	0	0
General and administrative costs	31	32 211	34 341
Profit (loss) on sales		**14 497**	**-20 572**
Other operating revenues	**32**	**1 426**	**162**
Profit on disposal of non-financial fixed assets		82	0
Subsidies		0	0
Other operating revenues		1 344	162
Other operating expenses	**33**	**2 633**	**1 381**
Loss on disposal of non-financial assets		0	41
Revaluation of non-financial fixed assets		0	0
Other operating expenses		2 633	1 340
Profit (loss) on operating activities		**13 290**	**-21 791**
Financial revenues		**4 308**	**7 380**
Dividends and profit sharing, incl.:		750	950
- From associates		750	950
Interest, incl.:	33.1	2 981	5 929
- From associates		2 214	3 302
Profit on sale of investments		0	0
Revaluation of investments		32	0
Other	33.2	545	501
Financial costs		**10 017**	**13 711**
Interest, incl.:	34.1	6 831	3 983
- To associates		0	0
Loss on selling investments		0	0
Revaluation of investments	34.2	0	6 092
Other	34.3	3 186	3 636
Profit (loss) on business activities		**7 581**	**-28 122**
Result on extraordinary events		**0**	**0**
Extraordinary profit		0	0
Extraordinary loss		0	0
Gross profit (loss)		**7 581**	**-28 122**
Income tax	35	1 990	-2 838
Other statutory reductions in profit (increases in loss)		0	0
Net profit (loss)	**37**	**5 591**	**-25 284**
Weighted average number of ordinary shares / Diluted weighted average number of shares (in units)		**12 661 062 / 12 710 858**	**12 614 864 / 12 621 415**
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)		**0.4416 / 0.4399**	**-2.004 / -2.003**

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/Member of the Board/

Warsaw, 26 April 2013

CASH FLOW STATEMENT

	Note	Period of 12 months ended 31.12.2012	Period of 12 months ended 31.12.2011
Net profit (loss)		**5 591**	**-25 284**
Total adjustments		**75 157**	**-36 633**
Amortisation and depreciation		2 139	2 141
FX profit (loss)		-265	343
Interest and profit sharing (dividends)		4 325	410
(Profit (loss) on investment activities		-1 397	5 383
Change in provisions		3 552	11 907
Change in inventories		17	62
Change in receivables	38	-5 587	-59 715
Change in short-term liabilities, excluding credits and loans	38	60 602	36 572
Change in prepayments and accruals		11 640	-34 255
Other adjustments		131	519
Net cash flows from operating activities		**80 748**	**-61 917**
Cash flows from investment activities			
Inflows		**11 665**	**2 210**
Disposal of intangible and tangible fixed assets		293	203
Disposal of investments in real property and intangible assets		0	0
From financial assets, incl.:		3 072	2 007
a) In associates		2 360	1 247
- Disposal of financial assets		0	0
- Dividends and profit sharing		750	700
- Repayment of granted long-term loans		0	547
- Interest		0	0
- Other inflows from financial assets		1 610	0
b) In other entities		712	760
- Disposal of financial assets		0	0
- Dividends and profit sharing		0	0
- Repayment of granted long-term loans		0	0
- Interest		712	760
- Other inflows from financial assets		0	0
Other inflows from investment activities		8 300	0
Outflows		**25 050**	**16 644**
Purchase of intangible assets and tangible fixed assets		670	947
Investments in real property and intangible assets		0	0
Due to financial assets, incl.:		24 380	15 697
a) In associates		14 110	15 697
- Purchase of financial assets		13 022	4 884
- Long-term loans granted		1 088	10 813
b) In other entities		10 270	0
- Purchase of financial assets		10 270	0
- Long-term loans granted		0	0
Other outflows from investment activities		0	0
Net cash flows from investment activities		**-13 385**	**-14 434**

	Note	Period of 12 months ended 31.12.2012	Period of 12 months ended 31.12.2011
Cash flow from financing activities			
Inflows		**372**	**79 119**
Net proceeds from issue of shares and other equity instruments; additional contributions to equity		372	456
Loans and borrowings		0	28 663
Issuance of debt securities		0	50 000
Other financing inflow		0	0
Outflows		**36 078**	**3 688**
Redemption of treasury shares		0	0
Dividends and other distributions to shareholders		0	0
Expenses due to profit sharing other than payments to shareholders		0	0
Repayment of loans and borrowings		28 401	0
Redemption of debt securities		0	0
Other financial liabilities		0	0
Finance lease liabilities		1 890	1 859
Interest		5 787	1 829
Other financing outflows		0	0
Net cash flow from financing activities		**-35 706**	**75 431**
Total net cash flow		**31 657**	**-920**
Balance-sheet change in cash, incl.:	**38**	**31 922**	**-920**
- Change in cash due to exchange rate differences		265	
Cash at the beginning of the period	**38**	**120 271**	**121 191**
Cash at the end of the period, incl.:	**38**	**152 193**	**120 271**
- Restricted cash		17 758	12 244

Signature of person preparing the Financial Statement

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/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

Warsaw, 26 April 2013

STATEMENT OF MOVEMENTS IN EQUITY

	Period of 12 months ended 31.12.2012	Period of 12 months ended 31.12.2011
I. Equity at the beginning of the period (Opening balance)	**229 219**	**251 973**
– Changes to applied accounting principles (policy)	0	0
– Adjustments of basic errors	0	0
I.a. Equity opening balance after adjustment to comparative data	**229 219**	**251 973**
1. Share capital at the beginning of the period	**1 264**	**1 260**
1.1. Changes to share capital	**4**	**4**
a) Increases from	4	4
– issue of shares of Series G	4	0
– issue of shares of Series F	0	4
b) Decreases from	0	0
– redemption of shares	0	0
1.2. Share capital at the end of the period	**1 268**	**1 264**
2. Called-up share capital at the beginning of the period	**0**	**0**
2.1. Changes in due payments for share capital	0	0
a) Increases	0	0
b) Decreases	0	0
2.2. Called-up share capital at the end of the period	**0**	**0**
3. Own shares at the beginning of the period	**0**	**0**
a) Increases	0	0
b) Decreases	0	0
3.1. Own shares at the end of the period	**0**	**0**
4. Capital reserves at the beginning of the period	**253 239**	**220 709**
4.1. Changes in capital reserves	-24 785	32 530
a) Increases from	499	32 530
– transfer of the capital reserves	0	0
– profit distribution	0	30 004
– redemption of own shares	0	0
– issue of Series G shares above face value	369	0
– issue of Series F shares above face value	0	452
– contribution to Series C shares	0	0
– manager options	130	2 074
b) Decreases from	25 284	0
– cover of loss for 2011 years	25 284	0
– redemption of shares	0	0
4.2. Capital reserves at the end of the period	**228 454**	**253 239**
5. Revaluation reserve at the beginning of the period	**0**	**0**
5.1.Changes in revaluation reserve	0	0
a) Increases from	0	0
– revaluation of financial assets	0	0
– conversion of balance of German Branch from EUR to PLN	0	0
b) Decreases from	0	0
– adjustment as at the acquisition date	0	0
– conversion of balance of German Branch from EUR to PLN	0	0
5.2. Revaluation reserve at the end of the period	**0**	**0**
6. Other capital reserves at the beginning of the period	**0**	**0**
6.1. Changes in other capital reserves	0	0
a) Increases from	0	0
- reserves for Staff Incentive Scheme	0	0
b) Decreases - transfer to capital reserves	0	0
6.2. Other capital reserves at the end of the period	**0**	**0**

	Period of 12 months ended 31.12.2012	Period of 12 months ended 31.12.2011
7. Retained profit (loss) at the beginning of the period	**-25 284**	**30 004**
7.1. Retained profit at the beginning of the period	0	30 004
– changes to accepted accounting principles (policy)	0	0
– adjustments of basic errors	0	0
7.2 Retained profit at the beginning of the period after adjustment to comparative data	0	30 004
a) Increases – undistributed profit for 2009 carried forward	0	0
b) Decreases from	0	30 004
– profit distribution allocated to capital reserves	0	30 004
– profit distribution allocated to dividends	0	0
– profit distribution allocated to cover losses from previous FY	0	0
7.3. Retained profit at the end of the period	**0**	**0**
7.4. Retained loss at the beginning of the period	**-25 284**	**0**
– changes to accepted accounting principles (policy)	0	0
– adjustments of basic errors	0	0
7.5. Retained loss at the beginning of the period after adjustment to comparative data	-25 284	0
a) Increases	0	0
b) Decreases (profit distribution to cover losses)	25 284	0
7.6. Retained loss at the end of the period	**0**	**0**
7.7 Retained profit (loss) at the end of the period	**0**	**0**
8. Net result	**5 591**	**-25 284**
a) Net profit	5 591	0
b) Net loss	0	-25 284
c) Write-downs of profit	0	0
II. Equity at the end of the period (Closing balance)	**235 313**	**229 219**
III. Equity after proposed distribution of profits (loss coverage)	**235 313**	**229 219**

Signature of person preparing the Financial Statement

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Warsaw, 26 April 2013

KEY ITEMS CONVERTED TO THE EURO

	31 December 2012		31 December 2011	
	PLN	EUR	PLN	EUR
Fixed assets	214 391	52 441	206 539	46 762
Current assets	504 883	123 498	476 205	107 817
Shareholders' equity	235 313	57 559	229 219	51 897
Liabilities and provisions for liabilities	483 961	118 380	453 525	102 682

Items of the balance sheet as at 31 December 2012 were converted at the Euro rate which was set by the NBP on that date i.e. 4.0882 PLN/EUR.

Items of the balance sheet as at 31 December 2011 were converted at the Euro rate which was set by the NBP on that date i.e. 4.4168 PLN/EUR.

	Period of 12 months ended 31.12.2012		Period of 12 months ended 31.12.2012	
	PLN	EUR	PLN	EUR
Revenues from sales of products, services, goods and materials	1 078 582	258 430	1 245 578	300 857
Cost of products, services, goods and materials sold	1 031 874	247 238	1 231 809	297 531
Profit on sales before tax	46 708	11 192	13 769	3 326
Profit on operating activities	13 290	3 184	-21 791	-5 263
Gross profit (loss)	7 581	1 816	-28 122	-6 793
Net profit (loss)	5 591	1 340	-25 284	-6 107

Items of the profit and loss statement 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 date, i.e. 4.1736 PLN/EUR.

Items of the profit and loss statement 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 date, i.e. 4.1401 PLN/EUR.

	Period of 12 months ended 31.12.2012		Period of 12 months ended 31.12.2012	
	PLN	EUR	PLN	EUR
Cash flows from operating activities	80 748	19 347	-61 917	-14 955
Cash flows from investment activities	-13 385	-3 207	-14 434	-3 486
Cash flows from financial activities	-35 706	-8 555	75 431	18 219
Net cash flows	31 657	7 585	-920	-222
Cash opening balance	120 271	27 230	121 191	30 601
Cash closing balance	152 193	37 227	120 271	27 230

Cash flow items for the period of 1.01.2012 - 31.12.2012 were translated at the 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 date, i.e. 4.1736 PLN/EUR.

Cash flow items for the period of 1.01.2011 - 31.12.2011 were translated at the 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 date, i.e. 4.0044 PLN/EUR.

For translating cash as at 1 January 2012 it was applied the exchange rate set by the NBP as of that day, i.e. 4.4168 PLN/EUR.

For translating cash as at 1 January 2011 it was applied the exchange rate set by the NBP as of that day, i.e. 3.9603 PLN/EUR.

For translating cash as at 31 December 2012 it was applied the exchange rate set by the NBP as of that day, i.e. 4.0882 PLN/EUR.

For translating cash as at 31 December 2011 it was applied the exchange rate set by the NBP as of that day, i.e. 4.4168 PLN/EUR.

EXPLANATORY NOTES

Note 1. Intangible assets

	31.12.2012	31.12.2011
Intangible assets		
a) R&D expenses	0	0
b) Goodwill	0	0
c) Concessions, patents, licenses and similar assets, incl.:	0	0
- computer software	0	0
d) Other intangible assets	70	71
e) Prepaid intangible assets	367	317
Total tangible assets	**437**	**388**

Note 1.1. Changes in other intangible assets (by type)

Item	Other	Total
a) Gross value of intangible assets as at 1 January 2012	520	520
b) Increases (from)	114	114
- acquisition	114	114
c) Decreases (from)	0	0
d) Gross value of intangible assets as at 31 December 2012	634	634
e) Cumulative depreciation as at 1 January 2012	449	449
f) Depreciation for the period	115	115
g) Cumulative depreciation as at 31 December 2012	564	564
h) Net value of intangible assets as at 31 December 2012	70	70

Item	Other	Total
a) Gross value of intangible assets as at 1 January 2011	467	467
b) Increases (from)	53	53
- acquisition	53	53
c) Decreases (from)	0	0
d) Gross value of intangible assets as at 31 December 2011	520	520
e) Cumulative depreciation as at 1 January 2011	343	343
f) Depreciation for the period	106	106
g) Cumulative depreciation as at 31 December 2011	449	449
h) Net value of intangible assets as at 31 December 2011	71	71

Note 1.2. Intangible assets (ownership structure)

	31.12.2012	31.12.2011
Other intangible assets		
a) own	70	71
Other intangible assets in total	**70**	**71**

Note 2. Tangible assets

	31.12.2012	31.12.2011
Tangible assets		
Fixed assets, incl.:	7 605	8 596
- Land (incl. perpetual usufruct)	0	0
- Buildings, premises and civil and water engineering structures	3 432	3 532
- Plant and equipment	89	125
- Means of transport	3 723	4 524
- Other fixed assets	361	415
Total tangible assets	**7 605**	**8 596**

Note 2.1. Balance sheet assets (ownership structure)

	31.12.2012	31.12.2011
Balance sheet assets		
a) own	4 085	4 193
b) used under the lease, rent or other contract, incl. lease contract	3 520	4 403
- lease	3 520	4 403
Total balance sheet assets	**7 605**	**8 596**

Note 2.2. Changes in tangible assets (by type)

Item	Land (incl. perpetual usufruct)	Buildings, premises and civil and water engineering structures	Plant and equipment	Means of transport	Other fixed assets	Fixed assets under construction	Advances for fixed assets under construction	Total tangible assets
a) Gross value of fixed assets as at 1 January 2012	**0**	**3 966**	**501**	**9 921**	**2 156**	**0**	**0**	**16 544**
b) Increases (from)			7	939	412			**1 358**
- acquisition			7	356	204			**567**
- lease			0	583	49			**633**
- transfer					159			
c) Decreases (from)			176	596	234			**1 006**
- sale				195				**195**
- revaluation								
- liquidation			113	0	138			**251**
- derecognition of lease				401				**401**
- adjustments			63		96			**159**
d) Gross value of fixed assets as at 31 December 2012	**0**	**3 966**	**332**	**10 264**	**2 334**	**0**	**0**	**16 895**
e) Cumulative depreciation at the beginning of the period	**0**	**434**	**376**	**5 397**	**1 741**	**0**	**0**	**7 948**
f) Amortisation for the period		99	38	1 575	312			**2 024**
g) Decreases, incl.:			171	431	80			**682**
- liquidation			114		137			**251**
- sale				30				**30**
- adjustments			57		-57			**0**
- derecognition of lease				401				**401**
h) Cumulative depreciation as at 31 December 2012	**0**	**533**	**243**	**6 541**	**1 973**	**0**	**0**	**9 290**
i) Net value of fixed assets as at 1 January 2012	**0**	**3 532**	**125**	**4 524**	**415**	**0**	**0**	**8 596**
j) Net value of fixed assets as at 31 December 2012	**0**	**3 432**	**89**	**3 723**	**361**	**0**	**0**	**7 605**

Item	Land (incl. perpetual usufruct)	Buildings, premises and civil and water engineering structures	Plant and equipment	Means of transport	Other fixed assets	Fixed assets under construction	Advances for fixed assets under construction	Total tangible assets
a) Gross value of fixed assets as at 1 January 2011	**0**	**3 966**	**831**	**9 310**	**1 780**	**0**	**0**	**15 887**
b) Increases (from)			26	1 864	389			**2 279**
- acquisition			26	173	389			**588**
- lease				1 691				**1 691**
- transfer								
c) Decreases (from)			356	1 253	13			**1 622**
- sale				354	7			**361**
- revaluation								
- liquidation			356		6			**362**
- transfer				899				**899**
- exchange rate differences								
d) Gross value of fixed assets as at 31 December 2011		**3 966**	**501**	**9 921**	**2 156**			**16 544**
e) Cumulative depreciation at the beginning of the period	**0**	**335**	**557**	**4 998**	**1415**	**0**	**0**	**7 306**
f) Amortisation for the period		99	80	1 518	338			**2 035**
g) Decreases, incl.:			261	1 119	12			**1 392**
- liquidation			261		6			**267**
- sale				220	6			**226**
- lease								
- other				899				**899**
h) Cumulative depreciation as at 31 December 2011		**434**	**376**	**5 397**	**1 741**			**7 948**
i) Net value of fixed assets as at 1 January 2011	**0**	**3 631**	**275**	**4 312**	**364**	**0**	**0**	**8 582**
j) Net value of fixed assets as at 31 December 2011		**3 532**	**125**	**4 524**	**415**			**8 596**

Note 2.3. Cost of manufacturing of fixed assets under construction, including interest and capitalized exchange rate differences on liabilities incurred to finance these assets

As at 31 December 2012 and 31 December 2011, the position has not occurred.

Note 2.4. Value of assets non-depreciated or non-amortized by the business unit, used under rental and other agreements, including leases.

As at 31 December 2012 and 31 December 2011, the position has not occurred.

Note 3. Changes in real property

	31.12.2012	31.12.2011
Changes in real property		
a) As at the beginning of the period	515	515
b) Increases	0	0
c) Decreases	0	0
- Sale	0	0
d) As at the end of the period	515	515

Note 4. Non-current financial assets

	31.12.2012	31.12.2011
Long-term financial assets		
a) In affiliates	184 197	171 827
- Shares or stocks	142 485	132 965
- Loans granted	41 712	38 862
b) In associates	777	723
- Other long-term financial assets	5	5
Total long-term financial assets	772	718
Long-term financial assets	**184 974**	**172 550**

Note 4.1. Changes in non-current financial assets (by type)

Changes in long-term financial assets	**31.12.2012**	**31.12.2011**
a) As at the beginning of the period - 1 January 2012	172 550	157 986
- Shares	132 970	130 919
- Loans granted	38 862	26 358
- Other long-term financial assets	718	709
b) Increases (from)	12 424	17 414
- Shares	9 520	4 900
- Loans granted	2 850	12 504
- Other long-term financial assets	54	10
c) Decreases (from)	0	2 850
- Allowance for shares	0	2 850
- Other long-term financial assets	0	0
d) As at the end of the period - 31 December 2012	184 974	172 550
- Shares	142 490	132 970
- Loans granted	41 712	38 862
- Other long-term financial assets	772	718

The balance of long-term loans to related parties included:
- Loan for ERBUD International Sp. z o.o. in the amount of PLN 12,773,000 at WIBOR 1M rate plus margin,
- Loan for Budlex SA in the amount of PLN 28,939,000 at WIBOR 1M rate plus margin.

Change in shares results from the acquisition of shares in ENGOREM Sp. z o.o. (PLN 9,272 thousand), additional capital payments in a subordinated entity Ersteel Sp. z o.o. (PLN 214 thousand), withdrawal of the allowance for shares in Delta Sp. z o.o. (PLN 32 thousand), and the purchase of shares in Erbud Energetyka (PLN 2 thousand).

Note 5. Shares or stocks in subsidiaries as at 31 December 2012

No.	Entity name (business name) and form of incorporation	Seat	Core business	Type of relationship (subsidiary, joint controlled subsidiary or affiliated, specifying direct and indirect connections)	Applied method of consolidation / equity method or indication that the entity is not subject to consolidation/valuation by equity method	Total value adjustments	Carrying amount of shares /stocks	Equity stake held	Share of total vote number at the GM
1.	Delta Sp. z o.o.	Toruń	construction	subsidiary	non-consolidated due to immateriality	0	32	100.00%	100.00%
2.	Erbud Construction Sp. z o.o.	Toruń	construction	subsidiary	non-consolidated due to immateriality	39	0	100.00%	100.00%
3.	Toruńska Sportowa S.A. w likwidacji	Toruń	construction	associated	non-consolidated due to immateriality	39	0	39.00%	39.00%
4.	Erbud Rzeszów Sp. z o.o.	Rzeszów	construction	subsidiary	non-consolidated due to immateriality	0	79	79.00%	79.00%
5.	Erbud International Sp. z o.o.	Toruń	construction	subsidiary	full method	0	50	100.00%	100.00%
6.	GWI GmbH	Dusseldorf, Germany	construction	subsidiary	full method	0	347	85.00%	85.00%
7.	Budlex S.A.	Toruń	housing development	subsidiary	full method	0	73 575	89.96%	89.96%
8.	Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego	Toruń	road engineering	subsidiary	full method	0	49 554	94.27%	94.27%
9.	Erbud Energetyka Sp. z o.o.	Katowice	construction	subsidiary	full method	0	1 512	100.00%	100.00%
10.	Erbud Ireland Limited	Dublin, Ireland	construction	indirect controlled subsidiary	non-consolidated due to immateriality	0	50	100.00%	100.00%
11.	Ersteel Sp. z o.o.	Toruń	steel structures	subsidiary	full method	2 850	8 064	100.00%	100.00%
12.	Engorem Sp z o.o.	Łódź	energy services	subsidiary	full method	0	9 272	80.22%	80.22%
				Shares or stocks in subsidiaries as at 31.12.2012		2 928	142 535		
				of which in subsidiaries directly controlled as at 31.12.2012		2 928	142 485		

Shares or stocks in subsidiaries as at 31 December 2011

No.	Entity name (business name) and form of incorporation	Seat	Core business	Type of relationship (subsidiary, joint controlled subsidiary or affiliated, specifying direct and indirect connections)	Applied method of consolidation / equity method or indication that the entity is not subject to consolidation/valuation by equity method	Total value adjustments	Carrying amount of shares /stocks	Equity stake held	Share of total vote number at the GM
1.	Delta Sp. z o.o.	Toruń	construction	subsidiary	non-consolidated due to immateriality	32	0	100.00%	100.00%
2.	Erbud Construction Sp. z o.o.	Toruń	construction	subsidiary	non-consolidated due to immateriality	39	0	100.00%	100.00%
3.	Toruńska Sportowa S A	Toruń	construction	associated	non-consolidated due to immateriality	39	0	39.00%	39.00%
4.	Erbud Rzeszów Sp. z o.o.	Rzeszów	construction	subsidiary	non-consolidated due to immateriality	0	79	79.00%	79.00%
5.	Erbud International Sp. z o.o.	Toruń	construction	subsidiary	full method	0	50	100.00%	100.00%
6.	ER Services Sp. z o.o.	Toruń	construction	subsidiary	non-consolidated due to immateriality	0	100	100.00%	100.00%
7.	GWI GmbH	Dusseldorf, Germany	construction	subsidiary	full method	0	347	85.00%	85.00%
8.	Budlex SA	Toruń	housing development	subsidiary	full method	0	73 575	89.96%	89.96%
9.	Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego	Toruń	road engineering	subsidiary	full method	0	49 554	94.27%	94.27%
10.	Erbud Energetyka Sp. z o.o.	Katowice	construction	subsidiary	full method	0	1 510	86.36%	86.36%
11.	Erbud Ireland Limited	Dublin, Ireland	construction	indirect controlled subsidiary	non-consolidated due to immateriality	0	50	100.00%	100.00%
12.	ErsteelSp. z o.o.	Toruń	steel structures	subsidiary	full method	2 850	7 750	100.00%	100.00%
					Shares or stocks in subsidiaries as at 31.12.2011	2 960	133 015		
					of which in subsidiaries directly controlled as at 31.12.2011	2 960	132 965		

Note 5.1. Profit (loss) attributable to fully consolidated companies

	31.12.2012	31.12.2011
Erbud International Sp. z o.o.	-306	2 853
GWI GmbH	3 074	1 927
Budlex S.A.	5 974	2 860
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	2 873	-241
Erbud Energetyka Sp. z o.o.	-24	-762
Ersteel Sp. z o.o.	-205	-3 574
Engorem Sp. z o.o.*	403	0

The above results relate to the performance of individual companies adopted for the consolidation purpose of the ERBUD Group, i.e. after taking into account the conversion result in accordance with IFRS.

* A company acquired over the year 2012

Note 6. Securities, shares and other long-term financial assets (by tradability)

	31.12.2012	31.12.2011
Securities, shares and other non-current financial assets		
A. With non-restricted transferability, listed on stock exchange market (carrying value)	0	0
B. With non-restricted transferability, listed on OTC market (carrying value)	0	0
C. With non-restricted transferability, not listed on a regulated market (carrying value)	0	0
D. With restricted transferability (carrying value)	172 145	172 550
a) Shares and stocks (carrying value)	142 490	132 970
- Value adjustments (cumulative)	-2 928	-2 960
- Value at the beginning of the period	0	0
- Value at acquisition prices	145 418	135 930
b) Bonds (carrying value)	0	0
c) Loans granted (carrying value)	41 712	38 862
d) Other - by type (carrying value)	772	718
- Value at acquisition prices	810	810
- Value adjustments (cumulative)	-38	-92
Total carrying value	**184 974**	**172 550**

Note 6.1. Securities, shares and other long-term financial assets (by currency)

	31.12.2012	31.12.2011
Securities, shares and other long-term financial assets		
a) in Polish currency	184 627	172 203
b) in foreign currencies (by currency and converted into PLN)		
- in EUR	100	100
- In PLN (historical rate)	347	347
Total of securities, shares and other long-term financial assets	**184 974**	**172 550**

Note 7. Changes in assets due to deferred income tax

	31.12.2012	31.12.2011
1. Deferred tax assets at the beginning of the period, incl.:	**24 490**	**12 683**
a) Credited to financial result	**24 490**	**12 683**
- Holiday provision	487	367
- Retirement severance provision	80	122
- Guarantee repair provision	1 222	698
- Provision for loss on long-term contracts	31	0
- Impairment on receivables	425	484
- Accruals	2 841	1 342

- Valuation of building contracts	8 009	5 034
- Adjustment of revenues in connection with amicable settlement (Angel)	0	2 060
- Other financial liabilities	0	0
- Tax loss	10 359	2 426
- Balance sheet valuation of liabilities	0	15
- Balance sheet valuation of receivables	0	30
- Provision on cost	184	211
- Write-downs of inventories and investments	53	74
- Balance sheet valuation of cash	0	6
- Long-term investment impairment	562	
- Lease liabilities	566	598
- Fixed assets under lease	-837	-793
- Other	508	9
b) Credited to equity	**0**	**0**
2. Increases	**20 860**	**24 490**
a) Credited to financial result	**20 860**	**24 490**
- Holiday provision	584	487
- Retirement severance provision	66	80
- Guarantee repair provision	1 973	1 222
- Provision for loss on long-term contracts	71	31
- Impairment on receivables	393	425
- Accruals	2 036	2 841
- Valuation of building contracts	7 899	8 009
- Tax loss	6 665	10 359
- Write-downs of inventories and investments	53	53
- Long-term investment impairment	556	562
- Provision on cost	293	184
- Lease liabilities	328	566
- Fixed assets under lease	-669	-837
- Balance sheet valuation of liabilities	155	0
- Balance sheet valuation of bond interest	359	0
- Other	98	508
b) Credited to equity	**0**	**0**
3. Decreases	**24 490**	**12 683**
a) Credited to financial result	**24 490**	**12 683**
- Holiday provision	487	367
- Retirement severance provision	80	122
- Guarantee repair provision	1 222	698
- Provision for loss on long-term contracts	31	0
- Valuation of building contracts	8 009	5 034
- Impairment on receivables	425	484
- Balance sheet valuation of liabilities	0	15
- Tax loss	10 359	2 426
- Balance sheet valuation of receivables	0	30
- Write-downs of inventories and investments	53	74
- Long-term investment impairment	562	0
- Provision on cost	184	211
- Accruals	2 841	1 342
- Adjustment of revenues in connection with amicable settlement (Angel)	0	2 060
- Balance sheet valuation of cash	0	6
- Lease liabilities	566	598
- Fixed assets under lease	-837	-793
- Other financial liabilities	0	0
- Other	508	9
b) Credited to equity	**0**	**0**
4. Deferred tax assets at the end of the period, incl.:	**20 860**	**24 490**
a) Credited to financial result	**20 860**	**24 490**
- Holiday provision	584	487
- Retirement severance provision	66	80
- Guarantee repair provision	1 973	1 222
- Impairment on receivables	393	425

- Accruals	2 036	2 841
- Valuation of building contracts	7 899	8 009
- Adjustment of revenues in connection with amicable settlement (Angel)	0	0
- Write-downs of inventories and provisions	53	53
- Long-term investment impairment	556	562
- Provision for loss on contracts	71	31
- Tax loss	6 665	10 359
- Provision on cost	293	184
- Lease liabilities	328	566
- Fixed assets under lease	-669	-837
- Balance sheet valuation of receivables	155	0
- Balance sheet valuation of bond interest	359	0
- Other	98	508
b) Credited to equity	**0**	**0**

Note 7.1. Assets from deferred income tax

	31.12.2012	31.12.2011
Assets from deferred income tax		
- Valuation of long-term contracts	7 899	8 009
- Accruals	2 036	2 841
- Tax loss	6 665	10 359
- Provision for loss on contracts	71	31
- Other	4 189	3 250
Total assets from deferred income tax	**20 860**	**24 490**

Deferred income tax is created on the rate basis of 19% for positive and negative taxable temporary differences relating to assets and liabilities.

Deferred income tax due to tax losses relates to income loss in 20120 and 2011. Assets of the Company may use within 5 years after that date. These assets may be used by the Company within 5 years after the balance sheet date.

Note 8. Inventories

	31.12.2012	31.12.2011
Inventories		
a) Materials	1 110	1 127
b) Products and semi-products in progress	0	0
Total inventories	**1 110**	**1 127**

Note 8.1. Impairment of inventories; write-downs of inventories

	31.12.2012	31.12.2011
At the beginning of the period	262	262
Increases/Decreases	0	0
At the end of the period	**262**	**262**

Note 9. Short-term receivables

	31.12.2012	31.12.2011
Current receivables		
a) From associates	**3 133**	**8 741**
- due to deliveries and services with a maturity:	3 133	8 741
- up to 12 months	3 133	8 741
- over 12 months	0	0
- other	0	0
- claimed at court	0	0
b) From other entities	**257 064**	**244 660**
- due to deliveries and services with a maturity:	207 121	230 724
- up to 12 months	201 282	229 146

- over 12 months	5 839	1 578
- due to taxes, subsidies, duties, social and health insurance and other benefits	6 923	11 105
- other	43 020	2 831
- claimed at court	0	0
Total net current receivables	**260 197**	**253 401**
c) Write-downs of receivables	2 645	2 848
Total gross current receivables	**262 842**	**256 249**

Note 9.1. Short-term receivables from associates

	31.12.2012	31.12.2011
Current receivables from associates		
a) Due to deliveries and services, incl.:	**3 133**	**8 741**
- from subsidiaries	3 133	8 741
b) Other	**0**	**0**
- from subsidiaries	0	0
c) Claimed at court	**0**	**0**
Total net current receivables from associates	**3 133**	**8 741**
Total gross current receivables from associates	**3 133**	**8 741**

Note 9.2. Changes in write-downs of current debts

	31.12.2012	31.12.2011
At the beginning of the period	**2 848**	**2 908**
a) Increases	0	153
- Creations	0	153
b) Decreases	203	213
- Impairment loss release	203	213
Short-term write-downs of receivables at end of the period	**2 645**	**2 848**

Note 9.3. Short-term gross receivables (by currency)

	31.12.2012	31.12.2011
Current gross receivables		
a) In Polish currency	220 529	254 856
b) Equivalent in Polish currency when converted at the average exchange rate of the NBP as at the balance sheet date (Euro is the original settlement currency)	42 313	1 393
Total net current receivables	**262 842**	**256 249**

Note 9.4. Gross trade receivables of the remaining maturity since the balance sheet date

	31.12.2012	31.12.2011
Receivables from deliveries and services		
a) Up to 1 month	154 267	161 752
b) Between 1 and 3 months	0	39 029
c) Between 3 and 6 months	0	0
d) Between 6 and 12 months	0	0
e) Over 12 months	0	0
f) Deposits up to 12 months	29 350	31 853
g) Deposits over to 12 months	5 839	1 578
h) Overdue debts	23 443	8 101
Total receivables from deliveries and services (gross)	212 899	242 313
i) Write-downs of trade receivables	2 645	2 848
Total receivables from deliveries and services (net)	**210 254**	**239 465**

Impairment charges are created on overdue debts of over 180 days at their full value. In separated, justified cases, may be applied individual principles of charging the impairment.

Note 9.5. Overdue trade receivables (gross)

	31.12.2012	31.12.2011
Overdue receivables from deliveries and services		
a) Up to 1 month	0	0
b) Between 1 and 3 months	0	0
c) Between 3 and 6 months	3 839	16 765
d) Between 6 and 12 months	3 264	5 933
e) Over 12 months	16 340	7 128
Total overdue receivables from deliveries and services (gross)	23 443	29 826
f) Overdue of from trade receivables	2 645	2 848
Total overdue receivables from deliveries and services (net)	**20 798**	**26 978**

The amount of overdue of more than 1 year, that is not covered by the write-down charge, consists mainly receivables of PLN 3,815,000 from Koncepta Spółka z o.o., on which was established a mortgage security on the property belonging to the firm Koncepta, and receivables Międzyzdrojski Rynek Sp.z o.o. in the amount of PLN 3,700,000 (a municipality company).

Note 10. Short-term financial assets

	31.12.2012	31.12.2011
Current financial assets		
a) In subsidiaries	0	1 436
- Loans granted	0	1 436
b) in joint controlled entities	0	0
c) In associates	0	0
d) In major investor	0	0
e) In Parent	0	0
f) In other entities	0	0
g) Cash and cash equivalents	152 193	120 271
- Cash at bank and in hand	134 435	108 027
- Other cash	17 758	12 244
Total current financial assets	**152 193**	**121 707**

Note 10.1. Cash and cash equivalents (by currency)

	31.12.2012	31.12.2011
Cash and cash equivalents		
a) In Polish currency	147 807	117 491
b) In foreign currency (by currency and translated in PLN)		
- unit/currency PLN / 1 EUR (4.0882 and 4.4168)	1 072	630
- PLN	4 386	2 780
Total cash and cash equivalents	**152 193**	**120 271**

Note 10.2. Short-term loans granted (by currency)

	31.12.2012	31.12.2011
a) In Polish currency	0	1 436
b) In foreign currency (by currency and translated in PLN)	0	
- unit/currency PLN / 1 EUR (4.0882 and 4.4168)	0	0
- PLN	0	0
Total cash and cash equivalents	**0**	**1 436**

Note 11. Short-term prepayments

	31.12.2012	31.12.2011
a) Current prepayments, incl.:	91 383	99 970
- other costs	2 552	421
- long term contracts	88 831	99 549
Total current prepayments	**91 383**	**99 970**

Note 11.1. Prepayments due to construction contracts

	31.12.2012	31.12.2011
Expected revenues from ongoing projects	1 942 007	1 595 458
Expected costs of ongoing projects	1 755 668	1 448 486
Expected margin on ongoing projects	186 339	146 972
Cumulative revenues recognized in the profit and loss account	1 011 941	903 846
Cumulative costs recognized in the profit and loss account	921 310	823 865
Cumulative margin recognized in the profit and loss account	90 631	79 981
Margin remaining to be recognized in next periods	95 708	66 991
Percentage of margin remaining to be recognized in next periods	51,36%	45,58%
Revenue surplus over partial invoices by staging	78 081	63 470
Costs surplus over expenses arising from the accounting costs by staging	40 372	29 523
Surplus on partial invoices over incomes by staging	1 201	12 628
Surplus on costs resulting from the accounting costs over expenses by staging	10 750	36 079
Total amounts presented in deferred expenditures	88 831	99 549
Total amounts presented in deferred revenues	41 573	42 151

Long-term construction services have been valued using method of progress of works resulting from measurement. Revenues, expenses and profit have been recognized in proportion to the stage of completion of works.

Note 12. Significant amount of write-downs recognized and reversed due to impairment

Write-downs on impairment of long-term assets	**31.12.2012**	**31.12.2011**
Opening balance	**2 960**	**110**
Increases/Decreases	-32	2 850
Closing balance	**2 928**	**2 960**

Write-downs due on impairment of short-term financial assets	**31.12.2012**	**31.12.2011**
Opening balance	**0**	**264**
Increases/Decreases	0	-264
Closing balance	**0**	**0**

Write-downs on to impairment of inventories	**31.12.2012**	**31.12.2011**
Opening balance	**262**	**262**
Increases/Decreases	0	0
Closing balance	**262**	**262**

Note 13. Share capital of ERBUD S.A. (structure)

Note 13.1 Share capital of ERBUD S.A. (structure)

Share capital of the Company as of 31 December 2012 consists 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 stake held	Restrictions on disposal
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	2 848 347	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				**12 677 956**	**100%**	
	The nominal value of all series shares		PLN 0.10	Equity	PLN 1 267 795.60		

The table shows shareholders having more than 5% of the share capital and has been prepared based on the book of shares.

The number of shares constituting the authorized capital is equal to the number of shares issued. Nominal value per share is PLN 0.10. The subsidiaries do not hold shares of the Parent.

No shares have been reserved for issuance under the sale option.

Except for rights arising from the directly held shares of Erbud SA, the major shareholders have no other voting rights at a General Meeting.
Shares of Erbud SA owned by the above mentioned persons are not preference ones.

The Company's Statute does not grant the below mentioned shareholders any personal rights in relation to Erbud SA, in particular, does not give the right to appoint members neither of the Management Board nor the Supervisory Board of Erbud SA.

During the twelve months of 2012, there were no significant changes in the shareholding of the Parent Company.

In 2012, the share capital of the Parent Company increased by PLN 3,378.70 through issuing shares of Series G. The issuance has been addressed to entitled employees in connection with the third tranche of the Staff Incentive Scheme. The issue price was PLN 11.00. The Company's share capital after the increase amounts to PLN 1,267,795.60. The authorized share capital after the issuance of Series G Shares has been registered by the District Court for the Capital City of Warsaw, XIII Commercial Division.

On April 15, 2013, the Management Board adopted Resolution No. 4/2013 on the capital increase within the authorized capital through the issuance of H shares and deprivation existing shareholders of the pre-emptive right to acquire shares series H. The issue will be offered to entitled employees in connection with the first tranche of the second Employee Incentive Scheme, and the number of shares which would be granted to persons entitled should not 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 13.2. Shareholding structure as at 31.12.2011

Series	Shareholder	Class of shares	Preferences on shares	Restrictions on shares	Number of shares	Equity stake held	Restrictions on disposal
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	5.68%	None
B	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	3 152 865	24.94%	None
	Total	**Ordinary**	**None**	**None**	**4 152 865**	**32.84%**	None
B	Juladal Investment Ltd	Ordinary	None	None	2 818 174	22.29%	None
A	Dariusz Grzeszczak	Ordinary	None	None	750 000	5.93%	None
D	AVIVA Otwarty Fundusz Emerytalny BZ WBK	Ordinary	None	None	1 183 146	9.36%	None
D	ING Otwarty Fundusz Emerytalny	Ordinary	None	None	1 269 709	10.04%	None
D,E,C,F	Free Float	Ordinary	None	None	2 470 275	19.54%	None
	Total				12 644 169	100%	
	The nominal value of all series shares		PLN 0.10	Equity	PLN 1 264 416.90		

Shares of all series are entitled to dividends from the date of registration in the National Court Register.

Note 14. Revaluation capital

	31.12.2012	31.12.2011
Capital at the beginning of the period	0	0
a) due to profit /loss from valuation of financial instruments	0	0
b) due to other adjustment s	0	0
Total revaluation capital at the end of the period	**0**	**0**

Note 15. Supplementary capital (structure)

	31.12.2012	31.12.2011
a) From sale of shares over their nominal value	13 840	13 840
b) Distribution to shareholders	-550	-550
c) Other (by type)	215 164	239 949
- issue of Series C shares (agio)	796	796
- issue of Series D share (agio)	119 896	119 896
- from profit	92 497	117 782
- from redemption of shares	-4 647	-4 647
- adjustment of CIT tax due to issue costs	767	767
- repurchase of own shares	484	484
- transfer from reserve capital	2 000	2 000
- issue of Series E shares	345	345
- issue of Series F shares	452	452

- issue of Series G shares	369	2 074
- manager options	2 205	0
Total supplementary capital	**228 454**	**253 239**

Note 16. Changes in provision for deferred income tax

	31.12.2012	31.12.2011
1. Provision for deferred income tax at the beginning of period, incl.:	**19 928**	**11 209**
a) Credited to financial result	**19 928**	**11 209**
Valuation of loans as at the balance-sheet date	735	201
Valuation of construction contracts	18 573	11 008
Discounted liabilities	435	0
Other	185	0
b) Credited to own capital	**0**	**0**
2. Increases	**18 288**	**19 928**
a) Credited to financial result	**18 288**	**19 928**
Valuation of loans as at the balance-sheet date	1 121	735
Valuation of construction contracts	16 878	18 573
Discounted liabilities	267	435
Other	22	185
b) Credited to equity	**0**	**0**
3. Decreases	**19 928**	**11 209**
a) Credited to financial result	**19 928**	**11 209**
Valuation of loans as at the balance-sheet date	735	201
Valuation of construction contracts	18 573	11 008
Discounted liabilities	435	0
Other	185	
b) Credited to equity	**0**	**0**
4. Provision for deferred income tax at the end of period, incl.:	**18 288**	**19 928**
a) Credited to financial result	**18 288**	**19 928**
Valuation of loans as at the balance-sheet date	1 121	735
Valuation of construction contracts	16 878	18 573
Discounted liabilities	267	435
Other	22	185
b) Credited to equity	**0**	**0**

Note 16.1. Provision for deferred income tax

Provision due to	31.12.2012	31.12.2011
- Valuation of construction contracts	16 878	18 573
- Other	1 410	1 355
Total provision for deferred income tax	**18 288**	**19 928**

Provision for deferred tax liability is created basing on the rate of 19% for taxable and deductible temporary differences on domestic assets and liabilities.

Note 17. Changes in non-current provision for retirement and similar benefits

	31.12.2012	31.12.2011
a) As at the beginning of the period	420	640
b) Increases (from)	0	99
- Retirement severance payments	0	99
c) Use (from)	0	0
d) Dissolution (from)	71	319
Jubilee	71	319
e) As at the end of the period	349	420

Note 18. Changes in current provision for retirement and similar benefits

	31.12.2012	31.12.2011
a) As at the beginning of the period	2 565	1 930
b) Increases (from)	509	635
- Unused leave	509	635
c) Use (from)	0	0
d) Dissolution (from)	0	0
e) **As at the end of the period**	3 074	2 565

Note 19. Changes in other non-current provisions (by titles)

There were no items.

Note 20. Changes in other current provisions (by titles)

	31.12.2012	31.12.2011
a) As at the beginning of the period	7 364	4 591
b) Increases (from)	4 928	3 074
- Litigation and claims	599	155
- Guarantee repair	3 956	2 758
- Loss on long-term contracts	373	161
c) Use (from)	0	0
d) Dissolution (from)	174	301
- Litigation and claims	13	0
- Loss on long-term contracts	161	301
e) As at the end of the period	**12 118**	**7 364**

Note 21. Non-current liabilities

Note 21.1. Long-term liabilities

	31.12.2012	31.12.2011
a) To subsidiaries	0	0
b) To other entities	556	1 261
- Other financial liabilities, of which	556	1 261
- due to finance lease	556	1 261
c) From issue of debt securities	50 000	50 000
d) Other	0	5 276
Total long-term liabilities	**50 556**	**56 537**

Note 21.2. Long-term liabilities of the remaining maturity since the balance sheet date

	31.12.2012	31.12.2011
a) Over 1 up to 3 years	50 556	56 537
Total long-term liabilities	**50 556**	**56 537**

Note 21.3. Long-term liabilities (currency structure)

	31.12.2012	31.12.2011
a) In Polish currency (PLN)	50 556	56 537
b) In foreign currencies (converted into PLN)	0	0
Total long-term liabilities	**50 556**	**56 537**

Note 22. Current liabilities

	31.12.2012	31.12.2011
a) To associates	**49 588**	**41 729**
- Loans and credits	0	0
- Issue of debt securities	0	0
- Dividends	0	0
- Other financial liabilities	0	0
- Deliveries and services, with a maturity:	49 588	41 729
- up to 12 months	48 992	41 729
- over 12 months	596	0
- Advances received for deliveries	0	0
- Liabilities due to bills of exchange	0	0
- Other	0	0
b) To other entities	**308 415**	**282 831**
- Loans and credits	262	28 663
- Issue of debt securities	0	0
- Dividends	0	0
- Other financial liabilities, incl.:	3 057	3 609
- Lease	1 168	1 720
- Interest on bonds	1 889	1 889
- Deliveries and services, with a maturity:	258 272	243 808
- up to 12 months	253 674	236 321
- over 12 months	4 598	7 487
- Advances received for deliveries	34 009	16
- Liabilities from bills of exchange	0	0
- Taxes, customs, social insurance and other benefits	2 220	1 931
- Remuneration	1 538	1 306
- Other (by type), incl.:	9 057	3 498
- Investment purchases	5 553	3 451
- Other	3 504	47
Total short-term liabilities	**358 003**	**324 560**

Note 22.1. Short-term liabilities (currency structure)

	31.12.2012	31.12.2011
a) in Polish currency (PLN)	326 151	323 648
b) Equivalent in Polish currency when converted at the average exchange rate of the NBP as at the balance sheet date (Euro is the original settlement currency)	31 852	912
Total short-term liabilities	**358 003**	**324 560**

Note 23. Finance lease liabilities

Balance sheet value

	31.12.2012	31.12.2011
Within 1 year	1 168	1 720
From 1 to 5 years	556	1 261
Over 5 years	0	0
Total	**1 724**	**2 981**

The Group uses financial leasing of means of transport. The average lease duration is 3 years. Assets used under a finance lease are used to secure liabilities due to lease contracts.
Liabilities from financial leasing, both long-and short-term ones, the Company presents in the balance sheet under the item "Other financial liabilities".

Note 24. Credits and loans

As of 31.12.2012, the Company had open credit lines in five banks. As of 31.12.2012, the Company was using an overdraft in one of the banks of PLN 243 thousand.

To finance current operations the Company had four overdraft loans within the bank credit lines (BRE; ING; PNB PARIBA BANK; PKO BP).

Terms and conditions of loan agreements
Under the loan agreements, the Companies of Erbud Group are obliged to meet certain financial ratios (so-called loan covenants). As required by IAS 1, a breach of loan covenants which could potentially result in a reduction of unconditional access to credit during the next year makes it necessary to qualify such liabilities as current ones.

In the twelve months of 2012, loan covenants were breaking by Erbud SA related to overdrive credits in PKO BP, BRE Bank and Alior Bank. The violation concerned the following ratios: return on sales, current liquidity, net profit margin, and net profitability ratio.

Here is a list of violated ratios:

Bank BRE			
Ratio	*Level required*	*Level achieved*	*Comment*
Net profit margin	not less than 0.7%	0.5%	not achieved

Bank PKO BP			
Ratio	*Level required*	*Level achieved*	*Comment*
Net profit margin	not less than 3%	1.34%	not achieved
Current liquidity	not less than 1.3%	1..6%	not achieved

Alior Bank			
Ratio	*Level required*	*Level achieved*	*Comment*
Net profitability	not less than 1%	0.52%	not achieved
Current liquidity	not less than 1.3%	1.16%	not achieved

As at the date of preparing Consolidated Financial Statement, the Management Board of the Parent Company does not see any significant problems with maintaining the current bank financing, despite breaking the contractual loan covenants.

Total liabilities from short-term borrowings in current accounts held by the Company as at 31 December 2012 amounted to PLN 243 thousand. As at 31 December 2012 the Company did not have overdrafts with banks for which the above-mentioned financial ratios have been violated.

Total commitments for overdrafts has been presented as current liabilities.

The following tables provide details of loans used as of 31.12.2012:

Bank - the Creditor	Limit of credit available under the agreement	Loan currency	Overdraft debt	Interest rate	Maturity date
	PLN '000		PLN '000		
BNP Paribas	2 663	PLN	243	WIBOR for one-month deposits add bank margin	2013-09-30

Final collateral:
Assignment of construction contracts claims
Statement on submission to the enforcement
Power of attorney to dispose of accounts manager by PNB Paribas

The agreement does not provide for covenants

Furthermore, the Company use a loan granted by Orix Poland SA for financing the purchase of server software.
Interest rate: 1M WIBOR. Maturity date: May 2014. Collateral: blank promissory note.
The loan amount under the agreement is PLN 26 thousand. Loan amount outstanding as of the balance date: PLN 19 thousand.

The following tables provide details of loans used as of 31.12.2011:

Bank - the Creditor	Limit of credit available under the agreement	Loan currency	Overdraft debt	Interest rate	Maturity date
	PLN '000		PLN '000		
PKO BP	20 000	PLN	9 270	Call rate of PKO BP add margin	2012-06-29

Final collateral:

- Capped mortgage to the amount of PLN 65m. on the property, which are the undeveloped plots Nos. 275/3, 288/10 and 288/17, for which the District Court in Torun keeps Land and Mortgage Register under No. TO1T/00003133/2.
- Assignment of receivables from the construction contract with REW Real Etate Development for Skoroszewska Estate, Phase I
- Assignment of receivables from the construction contract with Global Fisch Sp z o.o. for exotic fish farm in Boński
- Assignment of receivables from the construction contract with Akademia Muzyczna in Łódź for concert hall
- Blank bill of exchange issued by Erbud SA together with the bill declaration
- Clause on claim deductions from accounts of Erbud SA conducted by PKO BP

Breach of loan covenants: return on sales, current liquidity

Bank - the Creditor	Limit of credit available under the agreement	Loan currency	Overdraft debt	Interest rate	Maturity date
	PLN '000		PLN '000		
BRE Bank S.A.	10 000	PLN	8 490	WIBOR for overnight deposits add bank margin	2012-12-31

Final collateral:

- Blank bill of exchange
- Assignment of debts covering the value of the loan granted

Breach of loan covenants: net profit margin, current liquidity

Bank - the Creditor	Limit of credit available under the agreement PLN '000	Loan currency	Overdraft debt PLN '000	Interest rate	Maturity date
BGŻ	15 000	PLN	10 903	Arithmetic average for WIBOR 1M from a given calendar month on the last working day of each calendar month add bank margin	2012-06-19

Final collateral:
- Assignments of the receivables from contracts concluded by the Erbud SA within the framework of conducting business, in each case approved by the Bank, transferred to the Bank under the a transfer agreement for receivables due to a trade agreement.
- Conventional mortgage on real estate established by PBDI SA (a subsidiary of the borrower) to the amount of PLN 96 m. under the perpetual lease of land and the ownership of buildings and facilities on property located in Torun, 113 Polna St. - plots Nos. 128/1, 131/3 and 1/3, 658/2, for which the District Court in Torun keeps Land and Mortgage Register under No. TO1T/00040713/3.

Breach of loan covenants: return on sales, current liquidity, debt service coverage.

As at the date of this financial statements, the Management Board does not foresee significant problems with maintaining the current bank financing despite the breach of loan covenants stipulated in the agreements.

Total liabilities due to short-term loans in overdrafts held by the Company as at 31 December 2011 amounted to PLN 28,663 thousand.

Note 25. Calculation of book value per share

Book value per share is calculated by dividing the equity by the number of shares as at the balance sheet date.

2012: book value - PLN 235,313 (equity), 12,677,956 shares = PLN 18.56

2011: book value - PLN 229,219 (equity), 12,644,169 shares = PLN 18.13

Diluted book value per share is calculated by dividing the book value by number of ordinary shares in issue and those due to be issued.

2012: book value - PLN 235,313 (equity), 12,710,858 shares = PLN 18.51

2011: book value - PLN 229,219 (equity), 12,621,415 shares = PLN 18.16

Note 26. Issuance / Redemption / Repayment of debt and equity securities

Note 26.1. Issuance / Redemption / Repayment of debt securities

In the period ended 31 December 2012 the Group did not issue debt securities nor equity instruments.

On 14 July 2011, the Parent issued 50,000 units of unsecured three-year bearer bonds with a total par value of PLN 50,000,000. The issue price of bonds equals the nominal value and the interest rate was set based on WIBOR 6M plus a margin of 3.4% per year. Interest is payable every 6 months, and the next interest payment date fell on 15 January 2011.

Bearer bonds of Series A issued by the Parent were introduced on 2 August 2011 to the BondSpot alternative trading system on the Catalyst market. The first day of trading fell on 9 August 2011.

As at 31 December 2012, the Company incurred financing costs in the amount of PLN 4,164 thousand due to accrued interest on bonds issued.

Note 26.2. Issuance / Redemption / Repayment of equity securities

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 depriving the existing shareholders' of their pre-emptive rights to series G shares. The issue was addressed to the entitled employees in connection with the third tranche of the Staff Incentive Scheme. On 19 September 2012, the Management Board adopted Resolution No. 8/2012 on specifying the value of subscribed capital in the Statute of the Company. An additional number of 33,787 ordinary bearer shares of G Series with a nominal value of PLN 0.10 each one has been acquired in the increased share capital under the authorized capital of the Company. Thus, the share capital of PLN 3,378.70 has been acquired under the capital increased. The Company's share capital after the increase amounts to PLN 1,267,795.60.

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. Moreover, the person who would be entitled may not be upon notice of termination of the employment contract.

Note 27. Acquisitions / Sale of subsidiaries / Sale 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.

In the opinion of Erbud's Management Board, the new entity is a platform that allows further competence expansion of the Group in the energy sector.

Note 28. Trade net income (structure by type – kind of activities)

	31.12.2012	31.12.2011
- Sale of products		0
- of which to associates		0
- Sale of services	1 065 771	1 245 574
- of which to associates	3 098	3 080
Total trade net income	**1 065 771**	**1 245 574**
- of which from associates	**3 098**	**3 080**

Note 29. Trade net income (geographical structure)

	31.12.2012	31.12.2011
a) Domestic	1 057 794	1 242 315
- Sale of products	0	0
- of which to associates	0	0
- Sale of services	1 057 794	1 242 319
- of which to associates	3 095	3 080
b) Export	7 977	3 259
- Sale of products	0	0
- of which to associates	0	0
- Sale of services	7 977	3 259
- of which to associates	0	0
Total trade net income	**1 065 771**	**1 245 574**
- of which to associates	**3 095**	**3 080**

Note 30. Net income on sales of goods and materials (geographical structure)

	31.12.2012	31.12.2011
a) Domestic	**12 811**	**4**
- Sale of goods	12 811	4
of which to associates	0	0
b) Export	0	0
- Sale of goods	0	0
of which to associates	**0**	**0**
Total net income on sales of goods and materials	**12 811**	**4**
of which to associates	**12 811**	**0**

Note 31. Operating costs

Note 31.1. Expenses by type

	31.12.2012	31.12.2011
a) Depreciation and amortisation	2 139	2 141
b) Consumption of materials and power	147 132	155 392
c) External services	813 595	1 048 814
d) Taxes and charges	2 508	2 078

e) Remuneration	37 648	40 454
f) Social security and other benefits	9 802	10 760
g) Other costs	2 303	2 766
h) Goods and materials sold	12 780	0
Total expenses by type	**1 027 907**	**1 262 405**
Change in products and accrued expenses due to construction contracts	36 178	3 745
Cost of products manufactured for in-house use (negative value)	0	0
Sales cost (negative value)	0	0
General and administrative costs (negative value)	-32 211	-34 341
Value of goods and materials sold	0	0
Manufacturing cost of products sold	**1 031 874**	**1 231 809**

Note 31.2. Sale costs

The Company does not identify the costs of sales due to their insignificant.

Note 32. Other operating income

	31.12.2012	31.12.2011
a) Profit on disposal of non-financial fixed assets, incl.:	82	0
- Fixed assets and fixed assets in progress	82	0
b) Subsidies	0	0
c) Other, incl.:	1 344	162
- Indemnities	495	0
- Provisions released	13	0
- Other	353	44
- Subsidies	0	43
- Release of provisions for receivables	203	0
- Penalties imposed, indemnities	0	0
- Other (Branch Germany – tax refund)	280	0
- VAT refund (France)	0	75
Total other operating income	**1 426**	**162**

Note 33. Other operating expenses

	31.12.2012	31.12.2011
a) Loss on disposal of non-financial fixed assets	0	41
b) Revaluation of non-financial assets	0	0
- Write-downs of receivables	0	0
- Write-downs of inventories	0	0
c) Other, incl.:	2 633	1 340
- Impairment of receivables	0	153
- Written-down claims	179	479
- Penalties, fines and indemnities	1 651	298
- Created provisions for litigation	600	155
- Donations	1	42
- Other	202	213
Total other operating expenses	**2 633**	**1 381**

Note 33.1. Income from interest

	31.12.2012	31.12.2011
a) Due to loans granted	2 214	3 302
- from associates, of which:	2 214	3 302
- from subsidiaries	2 214	3 302
- form other entities	0	0
b) Other interest	767	2 627
- from associates	0	0
- from other entities, of which:	767	2 627

- from investments	711	924
- other	56	1 703
Total income from interest	**2 981**	**5 929**

Note 33.2. Other financial incomes

	31.12.2012	31.12.2011
a) Foreign exchange profits	0	0
- realized	0	0
- unrealized	0	0
b) Provisions released	0	0
c) Other	545	501
Total other financial income	**545**	**501**

Note 33.3 Financial income from dividends and share in profit

In the reporting period ended 31 December 2012, the Company recorded financial income due to the dividend from a subsidiary GWI GmbH in the amount of PLN 750 thousand.

In the reporting period ended 31 December 2011, the Company recorded financial income due to the dividend from a subsidiary GWI GmbH in the amount of PLN 950 thousand.

Note 34. Financial costs

Note 34.1. 1 Financial costs due to interest

	31.12.2012	31.12.2011
a) Interest due to loans and borrowings to	1 214	1 565
- associated entities	0	0
- other entities	1 214	1 565
b) Other interest to	5 617	2 418
- associated entities	0	0
- other entities, incl.;	5 617	2 418
financial liabilities due to lease	179	211
interest on outstanding tax	55	195
interest on bonds	4 164	1 960
other interest	1 219	52
other current liabilities	0	0
Total financial cost due to interest	**6 831**	**3 983**

Note 34.2. Financial costs - revaluation of investments

During the reporting period ended 31 December 2012, there was no such item.

In the reporting period ended 31 December 2012, the Company recorded costs associated with the revaluation of shares in Ersteel Sp. z o.o. and amounted of PLN 2,850 thousand as well as the amortisation of credit granted to Erbud Ireland Ltd in the amount of PLN 3,242 thousand. The total amount of financial expenses due write-downs of investments was PLN 6,092 thousand.

Note 34.3. Other financial costs

	31.12.2012	31.12.2011
a) Foreign exchange losses	690	496
b) Provisions created	0	0
c) Other, incl.:	2 496	3 140
- charges on bank guarantee	490	536
- origination fees and commissions	2 006	2 391
- other	0	213
Total other financial costs	**3 186**	**3 636**

Note 35. Current income tax

	31.12.2012	31.12.2011
1. Gross profit (loss), of which:	**7 581**	**-28 122**
- gross profit (loss)	**7 581**	**-28 122**
Tax non-deductible costs	**16 589**	**30 617**
Revaluation of receivables	0	153
Revaluation of long-term financial assets	0	2 850
Representation and advertising	1 219	1 092
Damages costs	852	12
Budget interest	55	195
Other	346	695
Penalties and sanctions	774	150
Contribution to National Disabled Persons Rehabilitation Fund (PFRON)	414	520
Creation of provision for leaves	509	635
Creation of provision for repair works	3 956	2 758
Creation of provision for retirement severance payments	0	99
Creation of provision for balance sheet audit	182	195
Creation of provision for loss on long- term contracts	372	162
Creation of provision for anniversary awards	0	595
Non-deductible VAT	460	569
Accrued expenses of the period	-4 328	7 890
Provisions for litigation	586	155
Written-off claims	179	696
Unpaid social security contributions (ZUS)	0	444
Donations	42	42
Balance sheet valuation of loans, receivables, payables and cash and cash equivalents	671	183
Balance sheet valuation of receivables	0	51
Contributions to the organization	92	77
Depreciation of fixed assets leased	1 516	1 459
Financial costs on lease	178	211
Exclusion of costs of a long-term contract taxed in Belgium	0	1 041
Discounted receivables and payables	848	737
Management options	131	2 073
Interest expense on bonds (accrued)	0	1 889
Amortisation of a loan granted to Erbud Ireland	0	2 989
Surplus balance sheet costs over tax costs from the valuation of contracts	7 535	0
Book income not counted as tax income	**3 301**	**34 749**
Revaluation of investments	85	9
Surplus of balance sheet revenue over tax income from the valuation of contracts	0	23 350
Reversal of impairment losses on receivables	203	213
Long-term contract revenue taxed in Belgium	0	1 891
Balance sheet valuation of loans, receivables, payables and cash and cash equivalents	0	714
Release of provision for anniversary awards	71	644
Dividend	750	950
Interest on loans	2 031	2 547
Release of provision for losses on long-term contracts	161	301
Discounting of instalment payments for the shares in Budlex	0	474
Discounting of liabilities deposit	0	1 817
Release of provisions for retirement	0	270
Revenues from contracts (accrued)	0	1 569
Tax costs not accounted as book costs	**2 084**	**2 322**
Costs - project Angel	0	269
Release of provision for balance sheet audit	195	194
Lease payments	1 884	1 859
Tax income not accounted as book income	**807**	**-7 182**
Proceeds - project Angel	0	-11 111
Contract WR-0913 Limanowa	0	3 929
Revenues booked by 2011	807	0

2. Income tax base	**19 592**	**-41 758**
3. Deductions from tax base	**-19 592**	**0**
- Retained loss	-19 592	0
4. Tax base after deductions (tax loss)	**0**	**-41 758**
5. Income tax according to rate of 19%		0
6. Current income tax shown in the tax return for the period		0
7. Change in assets due to deferred tax (19%)	3 630	-11 808
9. Change in provision due to deferred tax (19%)	-1 640	8 719
10. Change in assets credited to capital from previous yeas	0	0
11. Change in provision credited to revaluation capital	0	0
12. Change in assets and deferred tax provision	**1 990**	**-3 089**
15. Tax on dividends from a foreign company	**0**	**251**
16. Tax liability shown in profit or loss account	**1 990**	**-2 838**

Note 36. Net earnings per share

	31.12.2012	**31.12.2011**
Net earnings (loss)	5 591	-25 284
Weighted average number of shares / Diluted weighted average number of shares (in units)	12 661 062/ 12 710 858	12 614 864/ 12 621 415
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)	0.4416 / 0.4399	-2.004 / -2.003

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company, and weighted average number of ordinary shares in use during the year.

Note 37. Net profit (loss) – profit distribution

The Management Board will propose to allocate the net profit for the year 2012 to the supplementary capital.

By Resolution No. 5/2012 of 31 May 2012 adopted by the AGM of Erbud SA, the net loss for the year 2011 of PLN 25,284 thousand will be covered from the supplementary capital.

Note 38. Cash at the beginning and end of the period (structure)

	31.12.2012	**31.12.2011**
a) Total cash (as of the beginning of the period)	120 271	121 191
- Cash in hand and at bank	108 027	104 566
- Other cash	12 244	16 625
b) Total cash (as of the end of the period)	152 193	120 271
- Cash in hand and at bank	134 435	108 027
- Other cash	17 758	12 244
Change in cash	**31 922**	**-920**
Change in cash due to exchange rate differences	265	-343
Cash generated from operating activities	80 748	-61 917
Cash from investing activities	-13 385	-14 434
Cash from financing activities	-35 706	75 431

Reconciliation of changes movements in balance sheet items to changes reported in the statement of cash flows as at 31 December 2012 is presented below:

	31 December 2012
Change in balance sheet receivables	**-6 797**
Receivables discount	-1 210
Change in receivables in the cash flows statement	**-5 587**

	31 December 2012
Change in balance sheet liabilities	**33 443**
Change in liabilities from loans and borrowings	28 401
Lease	500
Reclassification of liabilities for the purchase of Budlex shares	-5 276
Partly payment of liabilities for the purchase of Budlex shares	3 534
Change in receivables in the cash flows statement	**60 602**

Reconciliation of changes movements in balance sheet items to changes reported in the statement of cash flows as at 31 December 2011 is presented below:

	31 December 2011
Change in balance sheet receivables	**-58 978**
Receivables discount	-737
Change in receivables in the cash flows statement	**-59 715**

	31 December 2011
Change in balance sheet liabilities	**36 431**
Interest on bonds	-1 889
Lease	-261
Reclassification of liabilities for the purchase of Budlex shares	-3 450
Partly payment of liabilities for the purchase of Budlex shares	3 534
Other	1 816
Change in liabilities in the statement of cash flows	391
Lease	**36 572**

Note 39. Information on financial instruments

39.1. Carrying amount

Carrying amounts of all financial instruments of the Group by classes and categories of assets and liabilities as at 31 December 2012 are summarized in the table below:

Classes of financial instruments	Financial instruments					
	Available for-sale financial assets	**Financial assets at fair value through profit or loss**	**Loans and receivables**	**Financial liabilities at fair value through profit or loss**	**Financial liabilities at amortized cost**	**Total**
Loans granted	0	0	41 712	0	0	**41 712**
Financial assets	184 197	0	0	0	0	**184 197**
Building contracts securities	0	0	35 189	0	-77 117	**-41 928**
Trade receivables, excluding building securities	0	0	172 085	0	0	**172 085**
Receivables from customers under building contracts presented in prepayments	0	0	88 831	0	0	**88 831**
Derivative financial instruments	0	0	0	0	0	**0**
Other financial assets	0	772	0	0	0	**772**
Cash and cash equivalents	0	152 193	0	0	0	**152 193**
Credits, loans and other borrowing costs	0	0	0	0	-53 875	**-53 875**
Liabilities to customers under building contracts	0	0	0	0	-41 573	**-41 573**
Trade liabilities, excluding building securities	0	0	0	0	-181 834	**-181 834**
Other receivables and liabilities	0	0	43 020	0	-10 595	**32 425**
Total	**184 197**	**152 965**	**380 837**	**0**	**-364 994**	**353 605**

Carrying amounts of all financial instruments of the Group by classes and categories of assets and liabilities as at 31 December 2011 are summarized in the table below:

Classes of financial instruments	Financial instruments					
	Available for-sale financial assets	**Financial assets at fair value through profit or loss**	**Loans and receivables**	**Financial liabilities at fair value through profit or loss**	**Financial liabilities at amortized cost**	**Total**
Loans granted	0	0	40 298	0	0	**40 298**
Financial assets	171 827	0	0	0	0	**184**
Building contracts securities	0	0	33 431	0	-76 948	**-43 517**
Trade receivables, excluding building securities	0	0	197 348	0	0	**197 348**
Receivables from customers under building contracts presented in prepayments	0	0	99 548	0	0	**99 548**
Derivative financial instruments	0	0	0	0	0	**0**
Other financial assets	0	718	0	0	0	**718**
Cash and cash equivalents	0	120 271	0	0	0	**120 271**
Credits, loans and other borrowing costs	0	0	0	0	-83 533	**-83 533**
Liabilities to customers under building contracts	0	0	0	0	-42 151	**-42 151**
Trade liabilities, excluding building securities	0	0	0	0	-167 699	**-167 699**
Other receivables and liabilities	0	0	2 831	0	-10 081	**-7 250**
Total	**171 827**	**120 989**	**373 456**	**0**	**-380 411**	**285 861**

39.2. Income, expenses, gains and losses recognized in profit or loss by categories of financial instruments

for the period from 1 January 2012 to 31 December 2012

Classes of financial instruments	Financial instruments					
	Available for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Interest income (expense)	0	711	2 215		-5 830	**-2 904**
Gains (losses) from exchange rate differences	0	-165	-898		373	**-690**
Impairment charges (impairment release)	0	0	203		0	**203**
Gains (losses) on valuation	32	54	-79		-769	**-762**
Gains (losses) on sale / implementation of financial instruments	0	0	0		0	**0**
Interest income (expense)	**32**	**600**	**1 441**		**-6 226**	**-4 153**

Income, expenses, gains and losses recognized in profit or loss by categories of financial instruments

for the period from 1 January 2011 to 31 December 2011

Classes of financial instruments	Financial instruments					
	Available for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Interest income (expense)	0	818	3 638	0	-3 832	**624**
Gains (losses) from exchange rate differences	0	-200	-234	0	-62	**-496**
Impairment charges (impairment release)	0	0	-631	0	0	**-631**
Gains (losses) on valuation	0	-9	-737	0	2 291	**1 545**
Gains (losses) on sale / implementation of financial instruments	0	0	-3 242	0	0	**-3 242**
Interest income (expense)	**0**	**609**	**-1 206**	**0**	**-1 603**	**-2 200**

The Company holds 5,872 share units in Allianz Stabilnego Wzrostu FIO (Allianz Stable Growth Fund). The purchase value of units as at 31.12.2012 amounted to PLN 772 thousand and the proceeds from the revaluation as at 31.12.2011 was PLN 54 thousand. The revaluation has been recognised in the result of the reporting period.

Note 40. Revenues, costs and results of discontinued operations during the reporting period, or intended to be discontinued in the subsequent period

There were no discontinued operations over the reporting period. Any type of activity is not intended to be discontinued.

Note 41. Information about transactions with affiliated entities (mutual receivables and liabilities, as well as costs and revenues from mutual transactions) that are subject to consolidation and those not to be consolidated.

Item	Receivables/assets	Liabilities	Income	Expenses
	As at 31.12.2012		As at 31.12.2012	
Total affiliated entities	**44 845**	**49 588**	**21 427**	**144 632**
- Deliveries and services	3 133	49 588	18 668	144 632
- Loans and interest liabilities	41 712	0	2 214	0
- Other	0	0	545	0
Affiliated entities that are subject to consolidation	44 692	48 909	18 668	141 997
- Deliveries and services	2 980	48 909	15 909	141 997
- Loans and interest liabilities	41 712	0	2 214	0
- Other	0	0	545	0
Affiliated entities that are not subject to consolidation	153	679	3	2 635
- Deliveries and services	153	679	3	2 635
- Other	0	0	0	0
- Loans and interest liabilities	0	0	0	0

Item	Receivables/assets	Liabilities	Income	Expenses
	As at 31.12.2011		As at 31.12.2011	
Total affiliated entities	**49 040**	**41 729**	**6 878**	**114 190**
- Deliveries and services	8 741	41 729	3 080	113 987
- Loans and interest liabilities	40 299	0	3 302	0
- Other		0	496	203
Affiliated entities that are subject to consolidation	48 985	40 890	6 671	111 189
- Deliveries and services	8 686	40 890	3 027	110 986
- Loans and interest liabilities	40 299	0	3 148	0
- Other		0	496	203
Affiliated entities that are not subject to consolidation	55	839	207	3 001
- Deliveries and services	55	839	53	3 001
- Other	0	0	0	0
- Loans and interest liabilities	0	0	154	0

Note 42.

As at 31 December 2012 the managing persons (members of the Board and holders of a commercial power of attorney) held the following number of shares:

Shareholder	Class of shares	Number of shares	Equity stake held	Number of votes	% of voting rights at the AGM
Juladal Investments Ltd. (controlled by members of the Board of Erbud SA)	Ordinary	2,848,347	22.47%	2,848,347	22.47%
Dariusz Grzeszczak	Ordinary	773,900	6.10%	773,900	6.10%
Józef Adam Zubelewicz	Ordinary	259,500	2.05%	259,500	2.05%
Albert Duerr- Supervisory Board member	Ordinary	8,500	0.07%	8,500	0.07%
Walenty Twardy Procurator of ERBUD SA	Ordinary	19,852	0.16%	19,852	0.16%
Piotr Augustyniak Procurator of ERBUD SA	Ordinary	9,811	0.08%	9,811	0.08%
Agnieszka Głowacka Procurator of ERBUD SA	Ordinary	5,836	0.05%	5,836	0.05%
Grzegorz Krzywicki Procurator of ERBUD SA	Ordinary	3,033	0.02%	3,033	0.02%
Bogdan Duerr Procurator of ERBUD SA	Ordinary	6,712	0.05%	6,712	0.05%
Włodzimierz Czystowski Procurator of ERBUD SA	Ordinary	10,525	0.08%	10,525	0.08%
Tomasz Krzywicki Procurator (by a person related)	Ordinary	3,636	0.03%	3,636	0.03%
Mirosław Młynarski Procurator	Ordinary	6,778	0.05%	6,778	0.05%
Radosław Kałamaga Procurator	Ordinary	5,494	0.04%	5,494	0.04%
Tomasz Krzywicki Procurator of ERBUD SA	Ordinary	3,950	0.03%	3,950	0.03%
Maciej Wyrzykowski Procurator of ERBUD SA	Ordinary	1,200	0.01%	1,200	0.01%
Mariola Zielińska Chief Accountant of Erbud S.A.	Ordinary	4,018	0.03%	4,018	0.03%

As at 31 December 2011 the managing persons (members of the Board and holders of a commercial power of attorney) held the following number of shares:

Shareholder	Class of shares	Number of shares	Equity stake held	Number of votes	% of voting rights at the AGM
Juladal Investments Ltd. (controlled by members of the Board of Erbud SA)	Ordinary	2,818,174	22.29%	2,818,174	22.29%
Dariusz Grzeszczak	Ordinary	750,000	5.93%	750,000	5.93%
Józef Adam Zubelewicz	Ordinary	250,000	1.98%	250,000	1.98%
Walenty Twardy Procurator of ERBUD SA	Ordinary	12,384	0.10%	12,384	0.10%
Piotr Augustyniak Procurator of ERBUD SA	Ordinary	8,747	0.07%	8,747	0.07%
Agnieszka Głowacka Procurator of ERBUD SA	Ordinary	5,436	0.04%	5,436	0.04%
Grzegorz Krzywicki Procurator of ERBUD SA	Ordinary	3,033	0.02%	3,033	0.02%
Bogdan Duerr Procurator of ERBUD SA	Ordinary	6,712	0.05%	6,712	0.05%
Włodzimierz Czystowski Procurator of ERBUD SA	Ordinary	12,463	0.10%	12,463	0.10%
Tomasz Krzywicki Procurator of ERBUD SA (by a person related)	Ordinary	3,636	0.03%	3,636	0.03%

Mirosław Młynarski Procurator of ERBUD SA	Ordinary	4,479	0.04%	4,479	0.04%
Radosław Kałamaga Procurator of ERBUD SA	Ordinary	3,704	0.03%	3,704	0.03%
Tomasz Krzywicki Procurator of ERBUD SA	Ordinary	2,750	0.02%	2,750	0.02%
Maciej Wyrzykowski Procurator of ERBUD SA	Ordinary	1,200	0.01%	1,200	0.01%
Mariola Zielińska Chief Accountant of Erbud S.A.	Ordinary	4,318	0.03%	4,318	0.03%

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

Members of the Supervisory Board, of the Management Board of the Parent and of key management personnel, as at 31 December 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.

Under the Employee Incentive Scheme Program the following number of shares of series G has been granted to the managing staff:

Shareholder	**Class of shares**	**Number of shares**
Walenty Twardy, Procurist of Erbud S.A.	Ordinary	2 460
Piotr Augustyniak, Procurist of Erbud S.A.	Ordinary	5 309
Maciej Wyrzykowski, Procurist of Erbud S.A.	Ordinary	1 200
Agnieszka Głowacka, Procurist of Erbud S.A.	Ordinary	2 500
Grzegorz Krzywicki, Procurist of Erbud S.A.	Ordinary	0
BogdanDuerr, Procurist of Erbud S.A.	Ordinary	0
Tomasz Krzywicki, Procurist of Erbud S.A.	Ordinary	1 200
Włodzimierz Czystowski, Procurist of Erbud S.A.	Ordinary	1 800
Radosław Kałamaga, Procurist of Erbud S.A.	Ordinary	1 790
Mirosław Młynarski, Procurist of Erbud S.A.	Ordinary	2 354

Note 42.1. Remuneration of the senior management members

Remuneration of the Management Board members of ERBUD SA paid by ERBUD SA and its subsidiaries

Name and surname	**Position/Function**	**Total value of remuneration paid and benefits in kind granted in the year ended 31 December 2012**	**Total value of remuneration paid and benefits in kind granted in the year ended 31 December 2011**
Dariusz Grzeszczak	Member of the Management Board	970	1 282
Józef Adam Zubelewicz	Member of the Management Board	966	1 216

Remuneration of the Supervisory Board members of ERBUD SA in the year ended 31 December 2012 and as at 31 December 2011 paid by ERBUD SA and its subsidiaries

Name and surname	Position/Function	Total value of remuneration paid and benefits in kind granted in the year ended 31 December 2012	Total value of remuneration paid and benefits in kind granted in the year ended 31 December 2011
Udo Berner	President of the Supervisory Board	60	60
Józef Olszyński	Vice-President of the Supervisory Board	44	44
Albert Durr	Member of the Supervisory Board	40	40
Gabriel Główka	Member of the Supervisory Board	40	40
Lech Wysokiński	Member of the Supervisory Board	40	40
Zofia Dzik	Member of the Supervisory Board	40	21
Michał Otto	Member of the Supervisory Board	23	0

Note 43. Information about joint ventures that are not subject to consolidation

The Company does not conduct any non-consolidated joint ventures.

Note 44. Information on significant events that occurred during the twelve months of 2012 and the after the balance sheet date.

On 30 Janunary 2012, Erbud concluded an agreement to construct multifamily residential buildings with underground garage for DURHAM Sp. z o.o. ul. Bonifraterska 17, 00-203 Warszawa.
Net contract value: PLN 93,359,000.00.
Scheduled completion date: 30.10.2013.

On 1 February 2012, Erbud concluded an agreement for construction of multifamily residential buildings with underground garage and infrastructure for LC Corp XIV Sp. z o.o., ul. Powstańców Śląskich 2-4, Wrocław.
Aggregate net contract value: PLN 24,200,000.00, of which contract No. I - PLN 12,489,721 net and contract No. II - PLN 11,710,279 net.
Completion period: 02.2012 - 09.2013

On 3 February 2012, Erbud concluded a contingent agreement to construct an office building with underground garage for Alfa Investments Spółka z ograniczoną odpowiedzialnością Spółka komandytowo-akcyjna seated in Gdańsk.
Net contract value: PLN 27,600,726.00.
Conditions precedent: the contract shall have effect upon its signing, subject to the following conditions taking place: provisions of the construction contract with Erbud SA and the lease contract for office space shall have been approved by the financing institution, what should occur not later than on 28.02.2012.
Completion period: 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 9 March 2012, Erbud concluded a contingent agreement to construct a class A office building with underground garage and 16 floors for DAKOTA Spółka z ograniczoną odpowiedzialnością Spółka, Grupa Capital Park, seated in Warsaw, ul. Marynarska 11.
Contract value: € 80,936,083.94 net. In the contract the parties agreed fixed clearing rate at 4.16 PLN/EUR. The contract value converted into PLN amounts to about PLN 336m. 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; the condition was met on 28 June 2012.
Completion period: 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, it has been concluded 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 26m 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 Rząśnia with a capacity of 5.85 MW, including power transmission equipment and associated infrastructure.
The contract has been signed 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 was 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, ERBUD S.A. 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.
Duration of works: commencement on 30.04.2012 and completion on 31.12.2012.

On 6 June 2012, Erbud S.A. entered into a significant contract with ACE 1 Sp. z o.o. based in Kraków to build the "Galeria Solna" Shopping Centre in Inowrocław.
Contract value: PLN 77,425,987 net.
Completion period: 11.06.2012 – 8.05.2013.

On 22 June 2012, ERBUD SA signed an agreement to build a three-storey retail centre in Sopot, ul. Bohaterów Monte Casino for the amount of PLN 14.5m net.
Investor: PMP Sopot Sp. of o.o. The Otorino Investment Limited, whose partner is a realted person - Board Member Dariusz Grzeszczak, is the sole partner of the investor.
Deadline: September 2013.

On 9 July 2012, ERBUD S.A. entered into a significant contract for erection of the Office Park Łopuszańska, Phase I, (office building) 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 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 period: 15 months from the date of site handover.

On 5 October 2012, ERBUD S.A. concluded a contract to construct and renovate the Trade and Exhibition Centre for Kępska S.A. seated in Poznań, ul. Samuela Lindego 6.
Contract value: PLN 32m net + the VAT due
Completion period: 02.11.2012 – 30.06.2013.

On 18 October 2012, ERBUD S.A. entered into a significant construction contract to build the ADRIA multi-family residential complex, Phase 3, located in Warsaw, with retail area, underground garage, including services and utilities, w, Pl. Piłsudskiego 3. The contract was signed with Dom Development S.A. seated in Warsaw, Pl. Piłsudskiego 3.
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 this year and completion for April 2014.

On 26 October 2012, ERBUD S.A. signed a significant construction contract on the following terms and conditions:
The Buider: THV Jan De Nul – CEI- De Meyer, Naamloze Vennootschap, Tragel 60, B-9308 Hofstade (Aalst);
Contract value: € 5,191,677.56 plus VAT due;
Contract subject: core and shell of the Hospital in Kortrijk, Belgium;
Completion period: 23.11.2012 – 31.10.2013;
Penalties: the total value of the liquidated damages shall not exceed 5% of the Contract Price.
Other conditions of this contract do not differ from market ones.
Scheduled volume of works:
2012 – € 816,000
2013 – € 4,375,677.56

On 19 November 2012, ERBUD S.A. concluded a contract – Design-Build Contract No1 to construct the municipal waste thermal plant in Konin for the Builder: Miejski Zakład Gospodarki Odpadami Komunalnymi (Municipal Waste Management Departament) spółka z ograniczoną odpowiedzialnością, seated in Konin, 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.
Deadline: 40 months from the contract signature
Payment: on quarterly basis, the minimum amount of Interim Payment Certificates is PLN 5m.

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

After the balance sheet date, to the date of publication of this report, the Company has signed contracts for the following works:

On 27 February 2013, ERBUD S.A. signed a contract for the construction of Nowe Bielany residential and retail complex with an underground garage in Warsaw, District Bielany, Kasprowicza/Nocznickiego streets, incl. on-site infrastructure and site development works.
The Builder: CGLI Spółka z o.o. Spółka komandytowa, seated in Warsaw, 37 Domaniewska.
Net contract value: PLN 25,499,000.00
Completion period: 16 months.

On 28 February 2013, a contract was signed for "Improving the energy efficiency through the supply of renewable energy systems and the modernization of heating installations in selected provincial health care facilities from the public sector" which is due for performance under the Swiss-Polish Cooperation Programme.
Contract subject: complete comprehensive civil engineering works, including delivery, installation and commissioning of plant, equipment and devices in three hospital buildings.
The Awarding Parties:
– Rydygier Specialist Hospital in Kraków (zip code 31-826), 1Os .Złotej Jesieni St.
– John Paul II Cracow Specialist Hospital in Kraków (31-202), 80 Prądnicka St.
– St. Luke's Regional Hospital in Tarnów (33-100), 178a Lwowska St.
Contract value: PLN 42,990,000.00 gross, i.e. 34,951,219.51 net.
Completion period: 20 months from the date of conclusion of the contract.

On 8 March 201, a contract was signed by Erbud's subsidiary GWI GmbH to build on a turnkey basis the Oberkasseler Top Office Building (Silizium) in Düsseldorf, Phase 2 and 3. .
The Builder: Projekt Oberkasseler Tor GmbH, Breite Straße 31, 40549 Düsseldorf.
Net contract value: € 11.853.826,00
Completion period: 08.03.2013-30.04.2014.

Apart from significant contracts to execute construction works, Erbud signed several contracts not exceeding the criterion set by the term "Significant agreement".

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 2.8 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 subsidiaries

On 27 September 2012, the Management Board of Erbud S.A. announces that today it has been informed, 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.

On 23 October 2012, Annex 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 45. Changes in the applied accounting rules (policy) and principles of preparing financial statement in relation to the previous financial year (-s), their causes, titles and influence of financial effects caused by this on the asset and financial position, liquidity, profits and profitability.

In the current reporting period the Company has not made any changes in accounting policies and method of preparation of financial statements as compared with the previous fiscal year.

Note 46. Business combinations

In the period ended 31 December 2012 and 31 December 2011, the Company did not merge with another entity.

Note 47. Dividend policy - description of the dividends payment policy and any restrictions connected. The dividend value per share for each financial year of the period covered by the historical financial information, adjusted for comparison purposes in case of changes in the number of shares

In the current reporting period the Company did not pay dividends.

Note 48. Information on average employment by occupational groups

Average employment	**31.12.2012**	**31.12.2011**
White-collar workers	306	305
Blue-collar workers	340	202
Total	**646**	**507**

Note 49. Information on commitments to the state budget or local self-government units due to ownership right to buildings and structures

As at 31.12.2012 and 31.12.2011, the Company had no obligations towards the state budget or local self-government units due to ownership right to buildings and structures.

Note 50. Contingent liabilities related parties

	31.12.2012	**31.12.2011**
Contingent liabilities to affiliated entities from		
a) guarantees and sureties provided. of which	66 250	25 120
- to subsidiaries	66 250	25 120
- to associates	0	0
b) other, of which	0	0

- to subsidiaries	0	0
- to associates	0	0
Total contingent liabilities to affiliated entities	**66 250**	**25 120**

Item	**31.12.2012**	**31.12.2011**
Repayment surety for Erbud International Sp. z o.o	0	4 000
Surety for Budlex Pestalozziego Sp. z o.o.	12 286	12 286
Loan repayment guarantee for GWI GmbH	8 176	8 834
GWI GmbH – guarantee for the repayment of the loan	15 126	0
GWI GmbH, Erbud International – civil surety for Euler Hermes	30 662	0
Total contingent liabilities	**66 250**	**25 120**

Note 51. Derivative financial instruments

As at 31 December 2012 and as at 31 December 2011, the Company had no liabilities due to derivative financial instruments.

Note 52. Off-balance items

As at 31 December 2011 the Company had the following contingent liabilities:

- Liabilities under guarantees granted

Item	**31.12.2012**	**31.12.2011**
Guarantee to pay obligations	48 196	53 728
Performance bond	156 615	181 704
Repair works guarantee	107 835	95 702
Other guarantees	0	0
Total contingent liabilities	**312 646**	**331 134**

- Guarantees to subsidiaries

Item	**31.12.2012**	**31.12.2011**
Repayment surety for Erbud International Sp. z o.o	0	4 000
Surety for Budlex Pestalozziego Sp. z o.o.	12 286	12 286
Loan repayment guarantee for GWI GmbH	8 176	8 834
GWI GmbH – guarantee for the repayment of the loan	15 126	0
GWI GmbH, Erbud International – civil surety for Euler Hermes	30 662	0
Total contingent liabilities	**66 250**	**25 120**

Note 53. Information on operating segments

In the year ended 31 December 2012, the Group conducted operations within the following business segments:

- large-volume building,
- road-engineering,
- energy sector construction.

In the year ended 31 December 2012, the Group conducted operations within the following geographical segments:

- domestic market,
- abroad (Germany, France, Belgium. Luxembourg).

The segmentation has been made by classification of the individual entities on basis of their statutory activities. The Group applies uniform accounting policies for all segments.

Business segments

The following tables present data on income and profit as well as selected assets and liabilities of business segments of the Group as at 31 December 2012:

Revenue and costs by business segments

For the period from 1 January to 31 December 2012	Large-volume building	Road-engineering	Power sector Construction	Other	Total
Sale to external clients	940 816	102 566	35 200	0	**1 078 582**
Total income	**940 816**	**102 566**	**35 200**	**0**	**1 078 582**
Cost of products, goods and materials sold to external clients	904 550	96 865	30 459	**0**	**1 031 874**
Total cost of products, goods and materials sold	**904 550**	**96 865**	**30 459**	**0**	**1 031 874**
Total gross sales					
Sales costs	0	0	0	0	**0**
General and administrative costs	26 770	2 374	2 369	698	**32 211**
Result on other operating activity	-1 207	0	0	0	**-1 207**
Segment result	**8 289**	**3 327**	**2 372**	**698**	**13 290**
Result on financing activity	- 5 709	0	0	0	**-5 709**
Income tax	807	732	451	0	**1 990**
Net profit	**1 773**	**2 595**	**1 921**	**-698**	**5 591**

Other items by business segments

For the period from 1 January to 31 December 2012	Large-volume building	Road-engineering	Power sector Construction	Total
Segment depreciation and amortisation	2 139	0	0	**2 139**
Interest income	2 981	0	0	**2 981**
Interest costs	6 831	0	0	**6 831**
Impairment of assets	0	0	0	**0**
Reversal of impairment losses on assets	203			**203**
Capital expenditure for:	1 353	0	0	**1 353**
- Tangible fixed assets	567	0	0	**567**
- Intangible fixed assets	153	0	0	**153**
- Increase due to acquisition	0	0	0	**0**
Other non-cash outlays	633	0	0	**633**

Assets and liabilities by business segments

As at 31 December 2012	Large-volume building	Road-engineering	Power sector Construction	Total
Segment assets	698 414	0	0	**698 414**
Investment in associates	0			**0**
Deferred tax assets	20 860			**20 860**
Total assets	**719 274**	**0**	**0**	**719 274**
Segment liabilities	483 961	0	0	483 961
Total liabilities	**483 961**			**483 961**

Business segments

The following tables present data on income and profit as well as selected assets and liabilities of business segments of the Group as at 31 December 2011:

Revenue and costs by business segments

For the period from 1 January to 31 December 2011	Large-volume building	Road-engineering	Power sector Construction	Total
Sale to external clients		121		**1 245**
	1 082 100	219	42 259	**578**
Total income	**1 082**	**121**		**1 245**
	100	**219**	**42 259**	**578**
Cost of products, goods and materials sold	1 082	109	39 886	**1 231 809**
to external clients	640	283		
Total cost of products, goods and	**1 082**	**109**	**39 886**	**1 231**
materials sold	**640**	**283**		**809**
Total gross sales	**-540**	**11 936**	**2 373**	**13 769**
Sales costs	0	0	0	**0**
General and administrative costs	32 021	1 376	944	**34 341**
Result on other operating activity	-1 219	0	0	**-1 219**
Segment result	**-33 780**	**10 560**	**1 429**	**-21 791**
Result on financing activity	-6 331	0	0	**-6 331**
Income tax	-2 838	0	0	**-2 838**
Net profit		**10**		
	-37 273	**560**	**1 429**	**-25 284**

Other items by business segments

For the period from 1 January to 31 December 2011	Large-volume building	Road-engineering	Power sector Construction	Total
Segment depreciation and amortisation	2 140	0	0	**2 140**
Interest income	5 928	0	0	**5 928**
Interest costs	3 983	0	0	**3 983**
Impairment of assets	152	0	0	**152**
Reversal of impairment losses on assets	212	0	0	**212**
Capital expenditure for:	2 648	0	0	**2 648**
- Tangible fixed assets	587	0	0	**587**
- Intangible fixed assets	370	0	0	**370**
- Increase due to acquisition	0	0	0	**0**
Other non-cash outlays	1 690	0	0	**1 690**

Assets and liabilities by business segments

As at 31 December 2011	Large-volume building	Road-engineering	Power sector Construction	Total
Segment assets	621 712	22 833	13 709	**658 254**
Investment in associates	0	0	0	**0**
Deferred tax assets	24 490	0	0	**24 490**
Total assets	**646 202**	**22 833**	**13 709**	**682 744**
Segment liabilities	414 600	34 697	4 228	453 525
Total liabilities	**414 600**	**34 697**	**4 228**	**453 525**

Geographical segments

The following tables present data on income, expenditures and selected assets of geographical segments of the Group as at 31 December 2012:

Income and expenses by geographical segments

Year ended 31 December 2012	Domestic market	Overseas	Total
Sale to external clients	1 070 367	8 215	**1 078 582**
Total income	**1 070 366**	**8 215**	**1 078 582**
Cost of products, goods and materials sold to external clients	1 024 666	7 208	**1 031 874**
Total cost of products, goods and materials sold	**1 024 666**	**7 208**	**1 031 874**
Total gross sales	**45 701**	**1 007**	**46 708**
Sales costs	0	0	**0**
General and administrative costs	30 193	2 018	**32 211**
Result on other operating activity	-1 207	0	**-1 207**
Segment result	**14 301**	**-1 011**	**13 290**
Result on financing activity	-7 103	1 394	**-5 709**
Income tax	1 990	0	**1 990**
Net profit	**5 208**	**383**	**5 591**

Year ended 31 December 2012	Domestic market	Overseas	Total
Segment depreciation and amortisation	2 139	0	**2 139**
Interest income	2 329	652	**2 981**
Interest costs	6 831	0	**6 831**
Impairment of assets	0	0	**0**
Reversal of impairment losses on assets	203	0	**203**
Capital expenditure for:	**1 353**	**0**	**1 353**
- Tangible fixed assets	567	0	**567**
- Intangible fixed assets	153	0	**153**
- Increase due to acquisition			
Other non-cash outlays	633	0	**633**

Assets and liabilities by geographical segments

Year ended 31 December 2012	Domestic market	Overseas	Total
Segment assets	679 096	19 318	**698 413**
Deferred tax assets	20 855	5	**20 860**
Total assets	**699 951**	**19 323**	**719 274**
Segment liabilities	479 958	4 003	**483 961**
Total liabilities	**479 958**	**4 003**	**483 961**

The following tables present data on income, expenditures and selected assets of geographical segments of the Group as at 31 December 2011:

Income and expenses by geographical segments

Year ended 31 December 2011	Domestic market	Overseas	Total
Sale to external clients	1 241 449	4 129	**1 245 578**
Total income	**1 241 449**	**4 129**	**1 245 578**
Cost of products, goods and materials sold to external clients	1 226 542	5 267	**1 231 809**
Total cost of products, goods and materials sold	**1 226 542**	**5 267**	**1 231 809**
Total gross sales	**14 907**	**-1 138**	**13 769**
Sales costs	0	0	**0**
General and administrative costs	32 096	2 245	**34 341**
Result on other operating activity	-1 303	84	**-1 219**
Segment result	**-18 492**	**-3 299**	**-21 791**
Result on financing activity	-6 076	-255	**- 6 331**
Income tax	-3 088	250	**-2 838**
Net profit	**-21 480**	**-3 804**	**-25 284**

Year ended 31 December 2011	Domestic market	Overseas	Total
Segment depreciation and amortisation	2 140	0	**2 140**
Interest income	4 939	989	**5 928**
Interest costs	3 696	287	**3 983**
Impairment of assets	152	0	**152**
Reversal of impairment losses on assets	212	0	**212**
Capital expenditure for:	**2 648**	**0**	**2 648**
- Tangible fixed assets	588	0	**588**
- Intangible fixed assets	370	0	**370**
- Increase due to acquisition			
Other non-cash outlays	1 690	0	**1 690**

Assets and liabilities by geographical segments

Year ended 31 December 2011	Domestic market	Overseas	Total
Segment assets	638 797	19 457	**658 254**
Deferred tax assets	24 490	0	**24 490**
Total assets	**663 287**	**19 457**	**682 744**
Segment liabilities	450 992	2 533	**435 525**
Total liabilities	**450 992**	**2 533**	**435 525**

Note 54. Differences between financial statements prepared under Polish Accounting Standards and financial statements prepared under IFRS

In the period ended 31 December 2012, financial statements prepared by the Company under PAS and IFRS did not show any significant differences.

Note 55. Remuneration of an auditor or entity authorized to audit financial statements, paid or payable for the financial year

Audit for 2012: under the agreement to audit and review the financial statements dated 15 June 2012, the Company incurred in the current reporting period a cost of PLN 328,000 associated with the review of separate and consolidated financial statements prepared as at 30 June 2012 and with the audit of separate and consolidated financial statements prepared as at 31 December 2012.

Under the agreement to audit and review the financial statements respectively dated July 5, 2011 and July 13, 2011, the Company incurred in the current reporting period a cost of PLN 417,000 associated with the review of separate and consolidated financial statements prepared as at 30 June 2011 and with the audit of separate and consolidated financial statements prepared as at 31 December 2011.

Note 56. Significant transactions concluded by the Company with related parties under conditions other than market ones.

Such transactions do not occur.

Note 57. Information on the nature and economic purpose of agreements concluded by the Company, which are not included in the balance sheet as necessary to assess their impact on the assets, financial position and financial result of the Company

There were no such contracts.

Note 58. Information on significant events from previous years, included in the financial statements for the current period

Such events did not occur.

Note 59. Information on significant events that occurred after the balance sheet date, not included in the financial statements.

These events has been disclosed in Note 61 concerning litigation

Note 60. 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) 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%

2) Relationship type between Erbud SA and persons managing or supervising Erbud SA and the pledgee (the Seller):

None

3) 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.

The Agreement on guarantee and credit line with PKO BP SA provides for to secure the limit by capped mortgage to the amount of PLN 65,000 thousand for the property, which are undeveloped parcels No. 275/3, 288/10 and 288/17 entered into the land register managed by business District Court in Torun under No. TO1T00003133/2 and transfer of receivables due to construction work amounting to PLN 157,444 thousand net. The agreement was concluded for the period from 30 June 2009 to 29 June 2012.

Contingent liabilities arising from guarantees given by banks are also secured by transfers of receivables from customers for construction works, in blanco promissory notes and freezing of term deposits

Note 61. Legal claims

On 22 December 2010, Erbud SA brought to the Regional Court in Warsaw, XVI Commercial Division an action for payment against Bank Millennium S.A.
Value of the dispute: PLN 71,065,496.
The respondent: Bank Millennium S.A. in Warsaw.

In 2008, the Bank Millennium S.A. advised the Issuer (Erbud S.A.) concluding a transaction on currency options to protect euro-denominated contracts executed by the Issuer against an exchange rate risk. The Bank's offer resulted from the Issuer's need to adequate secure its situation.
The product was presented by the Bank as an instrument optimally adapted to the requirements of Erbud S.A. In the fourth quarter of 2008, as a result of the drastic depreciation of the Polish zloty against euro, the Bank Millennium S.A. reported to the Issuer a negative valuation of its exposure. At the same time, there arose a dispute as to content of the currency options transactions, primarily concerning exclusion of optional structures.
During many talks, the Issuer presented its position to the Bank, which required execution of the transaction, including action for compulsory execution of claims. In order to reduce the amount of potential loss, the disputed transactions were restructured, and the Bank has been informed about future legal action to compensate damage resulting from the transactions of currency options.

The restructuring details were announced by the Issuer in the Current Report No. 43/2008 of 21.11.2008, and in the financial statements for the year 2008. The Issuer has never agreed with the position of the Bank Millennium S.A. and therefore call the Bank twice to pay the amount of PLN 71,065,496, which consists of amounts collected by the Bank from the Issuer's bank account, lost benefits and legal and financial advisors' fees. Accordingly, the Issuer has decided to enter a lawsuit for payment in order to compensate the damage suffered.

The Issuer's standpoint regarding the situation connected with the execution of the project: extension of the Airport Modlin

Facts - Basic information about the contract and its completion
The contract for the construction of the Warsaw-Modlin Airport was signed on September 14, 2010. The total value of works amounted to about PLN 87 million net. Under the contract, ERBUD SA was obliged, inter alia, to upgrade the runway. The Employer established Bud-Invent Sp. z o.o. as the Project Management Company.
The runway with a length of about 2500 meters consists of two thresholds made of concrete cement, each with a length of about 540 meters and a part made of bituminous concrete with a length of 1,421 meters. The net value of the concrete thresholds constructed is about PLN 10m.

DSH – Dospravni stavby a.s., a subsidiary of the construction group Metrostav, was a subcontractor responsible for the construction of the concrete pavement of runway thresholds. The company specializes in such kind of works. The Employer has been informed of the choice of the subcontractor and did not oppose (January 2011).

DSH commissioned the following entities a number of works:
- Instytut Inżynierii Lądowej Politechniki Wrocławskiej [Institute of Civil Engineering, Wrocław University of Technology]:
  The commission included the development of the mix design (concrete mixture components) for the construction of runway thresholds. Developed formulas were in accordance with Polish Standards;
- CEMEX and LAFARGE – two worldwide known suppliers of aggregate:
  The commission included the supply of aggregate for concrete used to complete the runway thresholds.

The suppliers provided declarations of conformity stating that their products for manufacturing the concrete have complied with the Polish standards indicated in the mix design.
On 10 June 2011, DSH submitted the mix design to the Employer. The Employer approved the mix design on 20 June 2011.

The runway was carried out by DSH over the period of June - November 2011, according to the mix design prepared by the Instytut Inżynierii Lądowej Politechniki Wrocławskiej. The company used aggregate supplied by CEMEX and Lafarge.
All design solutions, concrete mix formulas, certificates of compliance and land surveying were supervised by the staff of the General Contractor and the Employer, and the works were executed under direct supervision of Client's Engineer.

The concrete mix production samples were taken by the laboratory of TPA Instytut Badań Technicznych (Technical Research Institute). The samples were collected pursuant to Polish standards, i.e. from each batch of concrete produced. Tests have shown that the strength and frost resistance of concrete is at least equal to or higher than designed one.

By Decision No. 919/2012 of 6 June 2012 the Mazowiecki Wojewódzki Inspektor Nadzoru Budowlanego (Mazovian Provincial Building Control Office) authorized the use of the project.
The validation of the operation permit was subject to compliance by the Employer (but not limited to) the following conditions:
- developing guidelines on using the civil structure, including the airport pavement maintenance manual
- regular technical inspections of the airport pavement,
- continuous monitoring of the civil structure.

By Decision No. 1980/2012 dated 28 December 2012 the Mazowiecki Wojewódzki Inspektor Nadzoru Budowlanego prohibited to use of the part of the runway (the decision announced verbally on 22 December 2012). The decision was based on Article 66, Section 1, Item 2 and Section 2 of the Building Code of 7 July 1994, that is on "(…) the statement that a structure is used in a manner endangering life or health of people, safety of property or environment (…)".

According to an interview on 23 January 2013 for the TVN CNBC by Mr. Marcin Danił - Vice President of the Management of Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o., the Customer does not have any agreement with Ryanair on the basis of which the carrier could seek compensation for the airport stoppage.

The Customer has a contract with WizzAir, but it does not contain any provisions which oblige the Customer to receive the damage. WizzAir cannot demand damage money from the airport (there is no legal basis). 3-4 days before the airport has been closed, WizzAir informed the Employer that it changes the operating airport due to lack of the ILS-System in Modlin.

In January and February 2013, the Employer and the General Contractor held a number of meetings, as a result of which the General Contractor presented on 20 February 2013 a Framework Schedule for runway works. The schedule has been approved by the Employer.

By the date, the Customer addressed to the General Contractor a request for payment due to "indemnification" of for a the total amount of PLN 10,496,180.48. The Customer did not documented factual and legal claims. The General Contractor shall not acknowledge the Customer's claim.

Standpoint of the Management Board on financial claims
Based on a preliminary analysis of the construction investment process and results of the internal audit, as well as the evaluation of technical research and works performed (including their compatibility with the mix design and Polish standards), it was confirmed that it can be concluded, that all materials used meet the standards specified and required by Polish law.

During conducting the project works, all design solutions, material formulas and land surveying were supervised by the relevant services of the General Contractor and the Employer, and the works were executed under the direct supervision of the General Contractor and the Client's Engineer.

By order of the General Contractor, material samples were collected and then it has been commissioned to make external investigations and technological reports that should show what caused the cavities in concrete surface. This makes it possible to determine the liability of the various parties involved in the project.

In late December and early January 2013, the cost of work executed amounted to about PLN 450 thousand. The General Contractor charged DSH with the above costs and offset claims. The cost of works carried out at the airport is estimated at about PLN12.5m. Following the outsourced expertise all of the costs will be charged to the indicated entity (-ies) as a result of outsourced expertise.

As of 31.12.2012, the General Contractor created a reserve of PLN 2,8m for costs associated with Modlin project, such as expert assessments, legal and consulting services.

Despite the dissenting opinion of DSH, the General Contractor, having regard to the public interest, started works associated with the replacement of the runway concrete pavement (as substitute contractor) without waiting for the final explanation of the cause of damage and without having confirmation for the time being, that he is obliged to repair under the warranty.

Submission of an application for bankruptcy of ERRBUD S.A. by Danuta Kurpiewska conducting business activity under the name WEG BET Danuta Kurpiewska

The Management Board of Erbud S.A. informs that Danuta Kurpiewska conducting business under the name WEG BET Danuta Kurpiewska, which is a debtor to Erbud S.A., filed on 10.01.2013 a letter titled "Application of the creditor for bankruptcy" to the District Court for the Capital City of Warsaw - Commercial Division for Bankruptcy and Relief.

In 2011, the Issuer commissioned Danuta Kurpiewska leading business under the name WEG BET Danuta Kurpiewska to lay a foundation for one of the projects. The contract value amounted to PLN 4.4 million, of which the disputed amount is PLN 0.6 thousand.

In view of the long delay in execution of works, the Issuer was forced to commission the contract completion by substitute contractor and to bear costs of this construction. According to the agreement provisions, the Issuer charged WEG BET Danuta Kurpiewska penalties and claimed for damages. In connection with a number of failures in settlement of work by the debtor, the Issuer noticed on 07.02.2013 the Public Prosecutions Office of a crime.

In the Issuer's opinion, steps taken by Danuta Kurpiewska conducting business under the name WEG BET Danuta Kurpiewska are unfounded and the debtor attempt to evade the law and use the fact that Erbud is a public

company in order to exert pressure in order to obtain financial benefits. The Issuer has already taken appropriate measures to enforce the claim.

Note 62. Information on expenditure on non-financial assets incurred in the last year and planned for the next one, including the incurred and planned environmental protection expenditure.

Expenditures on non-financial assets during the reporting period amounted to PLN 681thoudsand. Planned capital outlays for non-financial assets in 2012 are PLN 290 thousand.
As at 31 December 2012 and in the previous financial year the Company did not incur any environmental protection expenditure.

Note 63. Extraordinary earnings and losses (random and others)

Such events did not occur.

Note 64. Income tax on result of exceptional operations

There were no exceptional operations.

Note 65. Seasonality

Sale of construction services in Poland is characterized by some seasonality related primarily to weather conditions. Typically, the highest revenues are achieved in the third quarter, while the lowest - in the first quarter. However, it cannot be considered typical seasonal activities.

Note 66. Objectives and principles of financial risk management

In the course of the business conducted, the ERBUD Group is exposed to various types of financial risks: currency risk, price risk, interest rate risk, credit risk and liquidity risk. The Management Board verifies and sets the principles of management of each of these risks.

Foreign exchange risk

As a part of the core operations, the subsidiaries incorporated in the Group conclude construction contracts, which are denominated in foreign currencies (mainly in the Euro). Policy of currency risk management adopted by the Management Board consists in matching the contract currency to the currency of expenditure related to this contract. Contracts carried out in Poland by the Group are concluded in the Polish currency (Polish Zlotys) and contracts executed by the companies and entities operating abroad are signed in Euros.

The Group does not apply hedge accounting.

	PLN	EUR	Total
Trade and other receivables	147 807	4 386	**152 193**
Receivables due deposits	217 884	42 313	**260 197**
Loans granted	39 055	2 657	**41 712**
Total	**404 746**	**49 356**	**454 102**
Credits and loans liabilities	262	0	**262**
Trade and other liabilities	324 721	31 852	**356 573**
Lease liabilities	1 724	0	**1 724**
Bonds issued	50 000	0	**50 000**
Total	**376 707**	**31 852**	**408 559**
Exposure to currency risk		**17 504**	

Risk of interest rates

The risk of interest rates is mainly due to the use by companies of the bank credits, loans and finance lease. These financial instruments are based on variable rates and expose the Group to the risk of changes in cash flows. Furthermore, the Group invests surplus cash in investments with variable interest rates (deposits), which reduces the return on investment when interest rates are dropping. The Group also uses fixed-rate instruments for which market changes in interest rates do not affect the interest costs incurred and the interest income

received. Trade and other receivables and payables are not interest bearing and their maturity dates are no longer than one year.

The exposure to interest rate risk and interest rate forecasts are monitored by the Group.

The following table presents the carrying value of financial instruments as at 31 December 2012, which are exposed to the interest rate risk, by categories of age.

Fixed interest rates

	Up to 1 year	1-3 years	3-5 years	Over 5 years	**Total**
Cash assets - term deposits	39 212	0	0	0	**39 212**
Total	**39 212**	**0**	**0**	**0**	**39 212**

Variable interest rates

	Up to 1 year	1-3 years	3-5 years	Over 5 years	**Total**
Loans granted	0	41 712	0	0	**41 712**
Cash at bank accounts	112 973	0	0	0	**112 973**
Overdrafts	243	0	0	0	**243**
Liabilities due to finance lease	1 168	556	0	0	**1 724**
Other loans	19	0	0	0	**19**
Bonds	0	50 000	0	0	**50 000**
Total	**114 403**	**92 268**	**0**	**0**	**206 671**

Price risk

The Group is exposed to the price risk related to increases in the prices of construction materials most purchased such as steel and concrete. The opening of the European labour markets brings the outflow of skilled construction workers abroad and this effects the growth in wage costs. As a result of increase of material prices and labour costs, costs of the services rendered for the Group by the subcontracting companies may rise as well. Prices in the agreements signed with the investors are usually fixed for the duration of a contract performance - usually between 6 and 36 months, while contracts with subcontractors are concluded at a later date, with the progress of individual works.

In order to reduce price risks, the Erbud Group monitors the prices frequently purchased building materials and the contracts are signed with the observance of parameters in respect to, inter alia, market situation, and duration and value of contracts.

Credit risk

Financial assets of the Group, which are exposed to increased credit risk, are trade receivables. The Erbud Group applies the policy of evaluation and verification of credit risk connected with all contracts, whether on the before-offer stage as well as during the execution of contracts.

Before signing the contract, each contractor is evaluated for the ability of meeting its financial obligations. In the event of a negative assessment of the contractor's payment capacity, the agreement conclusion depends on the establishment of appropriate financial or property guarantees. In addition, the conditions of agreements with building investors provide for the right to suspend the execution of works, in case of any delay in payment for services rendered.

If possible, agreements include provisions which conditioning payments to the subcontractors from the inflow of funds from the building investor.

The age structure of debt is presented in Note 9.

Liquidity risk

In order to reduce the liquidity risk, the Group's companies keep an adequate amount of cash and transferable securities, and enter into contracts for credit lines, which are an additional security measure of liquidity. To finance investment purchases, the Group uses its own funds or long-term financial leases providing adequate financing structure of such assets.

The Group's companies collaborate both in monetary and capital transactions with financial institutions of high reliability, without causing a significant concentration of credit risk. The Group applies also a policy of limiting

credit exposure to the individual financial institutions and issuers of debt securities that are purchased under the periodic placement of surplus cash.

The liquidity management is supported by the current system of reporting liquidity forecasts by the companies of the Group.

Below are summarized the Group's financial liabilities as at 31 December 2012 by the maturity on the basis of contractual undiscounted payments:

31 December 2012	**Up to 3 months**	**Between 3 and 12 months**	**Between 1 and 5 years**	**Over 5 years**	**Total**
Credits and loans at interest	0	262	0	0	**262**
Lease liabilities	0	1 168	556	0	**1 724**
Trade and other liabilities	278 130	73 249	5 194	0	**356 573**
Bonds issued	0	0	50 000	0	**50 000**
Total	**278 130**	**74 679**	**55 750**	**0**	**408 559**

Sensitivity analysis for currency and interest rates risk

The influence of potential changes on market risk was estimated by the Group as follows:
100 bsp - change in the PLN interest rate (increase or decrease in interest rate)
100 bsp - change in the EUR interest rate (increase or decrease in interest rate)
10% - change in the exchange rate PLN/EUR (revaluation or devaluation of PLN).

The sensitivity analysis by the Group does not include the effects of taxation.

The influence of potential changes on profit before tax and the Company's capital is summarized below:

Sensitivity analysis for currency and interest rates risk

Balance sheet item	**Value in PLN '000**	**Interest rate risk**			
		Influence on profit		Influence on profit	
		+ 100 pbs in + 100 pbs in EUR	+ 100 pbs in + 100 pbs in EUR	10% PLN revaluation	10% PLN devaluation
Cash and cash equivalents	152 193	1 522	-1 522	-439	439
Trade and other receivables	260 197	0	0	-4 231	4 231
Loans granted	41 712	417	-417	-266	266
Influence on financial assets	**-**	**1 939**	**-1 939**	**-4 936**	**4 936**
Credits and loans liabilities	262	-3	3	0	0
Bonds issued	50 000	-500	500	0	0
Lease	1 724	-17	17	0	0
Trade and other liabilities	356 573	0	0	3 185	-3 185
Influence on financial liabilities		**-520**	**520**	**3 185**	**-3 185**
Total increase (decrease)		**1 419**	**-1 419**	**-1 751**	**1 751**

Signature of person preparing the Financial Statement

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

Warsaw, 26 April 2013