

Warsaw, 25 February, 2014

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013 (in PLN thousands)

	31.12.2013	30.09.2013	31.12.2012	30.09.2012
Fixed assets	**120 573**	**116 817**	**123 826**	**117 578**
Intangibles	1 716	1 812	2 067	577
Goodwill	20 102	20 102	20 102	20 102
Tangible fixed assets	35 494	32 096	34 968	28 580
Investment property	5 492	5 499	5 519	5 527
Other non-current financial assets	19 486	20 494	25 066	18 317
Non-current receivables	0	0	1 550	1 550
Deferred tax assets	38 246	36 814	34 554	42 925
Prepayments	37	0	0	0
Current assets	**677 992**	**646 397**	**695 867**	**773 126**
Inventory	110 554	109 693	115 293	124 339
Trade and other receivables	224 989	239 991	267 500	370 698
Income tax receivables	7 286	5 074	6 593	1 002
Financial assets	220	339	389	13 996
Building securities	49 930	46 804	42 234	37 142
Cash and cash equivalents	124 591	95 151	201 769	93 536
Short-term prepayments	4 863	4 944	3 068	2 387
Construction contracts	155 559	144 401	59 021	130 026
Total assets	**798 565**	**763 214**	**819 693**	**890 704**
Equity attributable to shareholders of the Parent Company	**256 549**	**248 771**	**237 652**	**232 058**
Share capital	1 271	1 268	1 268	1 264
Exchange rate differences on translation of foreign entities	591	663	455	539
Capital reserve	222 750	222 204	215 669	214 697
Undistributed profits	31 937	24 636	20 260	15 288
Minority interests	**11 964**	**11 638**	**13 791**	**10 539**
Total equity	**268 513**	**260 409**	**251 443**	**242 597**
Long-term liabilities	**60 991**	**52 147**	**103 597**	**103 517**
Bank loans and borrowings	14 487	4 678	12 616	12 567
Provision for deferred income tax	35 944	34 517	28 620	34 001
Provision for retirement and similar benefits	1 751	7 398	6 900	1 346
Other provisions	3 433	2 753	2 750	1 798
Other financial liabilities	5 376	2 681	2 699	3 805
Liabilities from issuance of bonds	0	0	50 000	50 000
Other liabilities	0	120	12	0
Short-term liabilities	**469 061**	**450 658**	**464 653**	**544 590**
Credits and loans	24 488	38 246	37 987	66 057
Trade and other liabilities	193 585	185 019	296 163	292 164
Current tax liabilities	7	12	201	562
Liabilities from issuance of bonds	50 000	50 000	0	0
Provision for retirement and similar benefits	5 548	5 473	5 802	4 220
Other provisions	16 562	14 242	16 901	10 342
Building securities	80 517	81 425	79 814	79 377
Construction contracts	83 537	61 799	11 931	59 354
Other accruals	14 817	14 442	15 854	32 514
Total liabilities	**798 565**	**763 214**	**819 693**	**890 704**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 12-month period ended 31 December 2013 (in PLN thousands)

	Year to 31.12.2013	Quarter to 31.12.2013	Year to 31.12.2012	Quarter to 31.12.2012
CONTINUING OPERATIONS				
Revenues from sales of products and services and of goods and materials	**1 225 104**	**400 518**	**1 384 454**	**418 674**
Cost of sold products and services and of goods and materials	**1 139 039**	**376 410**	**1 300 356**	**394 390**
Profit (loss) from sales before tax	**86 065**	**24 108**	**84 098**	**24 284**
Cost of sales	3 515	770	4 039	2 236
General and administrative costs	54 148	16 123	46 357	11 378
Other operating income	**17 237**	**9 239**	**3 071**	**-161**
Other operating expenses	**13 211**	**4 704**	**7 360**	**4 638**
Profit (loss) on operating activities	**32 428**	**11 750**	**29 413**	**5 871**
Other gains (losses) on investments	**0**	**0**	**0**	**0**
Financial income	**3 132**	**150**	**9 104**	**4 592**
Financial expenses	**11 723**	**3 285**	**15 018**	**3 499**
Profit (loss) on continuing operations before tax	**23 837**	**8 615**	**23 499**	**6 964**
Income tax	5 464	821	4 972	1 348
Net profit (loss) for the financial period	**18 373**	**7 794**	**18 527**	**5 616**
attributable to:				
Shareholders of the Parent Company	17 464	7 445	17 223	5 156
Minority shareholders	909	349	1 304	460
Weighted average number of ordinary shares / Diluted weighted average number of ordinary shares (in units)	**12 696 251/ 12 768 486**		**12 661 062/ 12 710 858**	
Profit (loss) per share / Diluted profit (loss) per share on continuing operations (in PLN)	**1.38 / 1.37**	**0.59 / 0.58**	**1.36 / 1.35**	**0.41 / 0.40**

	12-month period ended 31.12.2013	12-month period ended 31.12.2012
Consolidated net profit (loss)	18 373	18 527
Exchange rate differences from translation of foreign branches and entities	-151	-845
Deferred income tax due to items of other total incomes	0	0
Other total profit (loss)	-151	-845
Total profit (loss) for the financial period	18 222	17 682
attributable to:		
Shareholders of the Parent Company	17 404	16 486
Minority shareholders	818	1 196

CONSOLIDATED STATEMENT OF CASH FLOW

as at 31 December 2013 (in PLN thousands)

	Year to 31.12.2013	Quarter to 31.12.2013	Year to 31.12.2012	Quarter to 31.12.2012
Cash flow from operating activities				
Net profit (loss)	**18 373**	**7 794**	**18 527**	**5 616**
Total adjustments	**-72 882**	**27 113**	**70 400**	**125 851**
Depreciation and amortization	7 666	2 297	7 529	2 285
Profit / losses from exchange rate differences	-521	-359	-2 091	-1 269
Interest and share in profit (dividends)	4 227	1 387	4 861	873
Profit / loss on investment activities	-609	-1 549	-1 227	-310
Change in provisions	2 265	-1 145	5 905	4 047
Change in inventory	5 726	-326	-4 513	10 482
Change in receivables	35 672	6 165	-9 712	108 577
Change in short-term liabilities, excluding loans and borrowings	-96 334	11 151	57 572	- 11 620
Change in prepayments and accruals	-31 492	9 568	9 967	9 929
Other adjustments	518	-76	2 109	2 893
Net cash used in operating activities	**-54 509**	**34 907**	**88 927**	**131 467**
Cash flow from investment activities				
Inflows	**11 992**	**3 033**	**24 787**	**19 965**
Disposal of intangible and tangible fixed assets	2 506	1 731	748	98
Disposal of investment property	0	0	180	99
Disposal of financial assets:				
- Repayment of loans	8 139	764	9 587	9 607
- Dividends and interest received	1 260	538	1 055	162
- Sale of financial assets	79	0	10	-208
Other investment inflows	8	0	13 207	10 207
Outflows	**11 076**	**654**	**30 224**	**11 731**
Acquisition of intangible and tangible fixed assets	1 970	654	3 923	58
Investment property	0	0	0	0
Acquisition of financial assets	7 633	0	26 301	11 673
Loans granted	1 196	0	0	0
Other investment outflows	277	0	0	0
Net cash flow from investment activities	**916**	**2 379**	**-5 437**	**8 234**

	Year to 31.12.2013	Quarter to 31.12.2013	Year to 31.12.2012	Quarter to 31.12.2012
Cash flow from financial activities				
Inflows	**42 345**	**1 768**	**57 409**	**2 127**
Net inflows from issue of shares and other capital instruments and from capital contributions	402	402	597	373
Credits and loans	41 943	1 366	56 812	1 754
Issue of debt instruments	0	0	0	0
Other financial inflows	0	0	0	0
Outflows	**65 930**	**9 614**	**100 686**	**33 860**
Retirement of own shares	0	4	0	0
Dividends and other payments to the shareholders	6	0	129	-5
Repayment of credits and loans	53 571	5 784	85 580	29 604
Payment of liabilities arising from financial leases	4 530	1 570	4 827	2 035
Interest paid	7 614	2 256	10 144	2 386
Other financial outflows	209	0	6	-160
Net cash flow from financial activities	**-23 585**	**-7 846**	**-43 277**	**-31 733**
Total net cash flow	**-77 178**	**29 440**	**40 213**	**108 233**
Balance sheet change in cash, including:	**-77 178**	**29 440**	**40 478**	**108 498**
- change in cash due to exchange differences	0	0	265	265
Cash opening balance	**201 769**	**95 151**	**161 291**	**93 536**
Closing balance of cash, including:	**124 591**	**124 591**	**201 769**	**201 769**
- restricted cash	35 912	11 346	41 709	0

	31.12.2013
Change in receivables in the balance sheet	**4 739**
Balance as at the entity acquisition date	0
Receivables discount	987
Change in receivables in the cash flow	**5 726**

	31.12.2013
Change in liabilities in the balance sheet	**-102 070**
Activated interest on the loan	69
Liabilities due to the purchase of Budlex shares	5 667
Change in liabilities in the statement of cash flows	**-96 334**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

attributable to shareholders of the Parent Company as at 31 December 2013 (in PLN 000')

	Equity attributable to shareholders of the Parent								
	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Undistributed profit (loss)		Total	Minority interests	Total equity
					Retained profit / accumulated loss brought forward	Net profit / net loss			
As at 1 January 2013	**1 268**	**0**	**215 669**	**455**	**20 260**	**0**	**237 652**	**13 791**	**251 443**
Profit/loss for the period	0	0	0	0	0	17 464	**17 464**	909	**18 373**
Other total incomes	0	0	0	136	-196	0	**-60**	-91	**-151**
Total comprehensive income	**0**	**0**	**0**	**136**	**-196**	**17 464**	**17 404**	**818**	**18 222**
Payment in form of shares (Management Stock Option Scheme)	0	0	684	0	0	0	**684**	0	**684**
Transfer of net profit of the Parent Company from the previous year to capital reserve	0	0	5 591	0	-5 591	0	**0**	0	**0**
Share capital increase	3	0	0	0	0	0	**3**	0	**3**
Acquisition of shares in Engorem Sp. z o.o	0	0	806	0	0	0	**806**	-2 645	**-1 839**
As at 31 December 2013	**1 271**	**0**	**222 750**	**591**	**14 473**	**17 464**	**256 549**	**11 964**	**268 513**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

attributable to shareholders of the Parent Company as at 31 December 2012 (in PLN 000')

	Equity attributable to shareholders of the Parent								
	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Undistributed profit (loss)		Total	Non-controlling interests	Total shareholders' equity
					Retained profit / accumulated loss brought forward	Net profit / net loss			
As at 1 January 2012	**1 264**	**0**	**240 255**	**1 014**	**-22 069**	**0**	**220 464**	**9 983**	**230 447**
Profit / loss for the period	0	0	0	0	0	17 223	**17 223**	1 304	**18 527**
Other total income	0	0	0	-559	-178	0	**-737**	-108	**-845**
Total income for the period	**0**	**0**	**0**	**-559**	**-178**	**17 223**	**16 486**	**1 196**	**17 682**
Taking control over Engorem Spółka z o.o.	0	0	0	0	0	0	**0**	2 804	**2 804**
Dividend to minority shareholders (GWI)	0	0	0	0	0	0	**0**	-132	**-132**
Buyout of shares in Energetyka Sp.z o.o.	0	0	58	0	0	0	**58**	-60	**-2**
Shares-based payment (Management Options Scheme)	4	0	538	0	0	0	**542**	0	**542**
Coverage of losses from the previous year by supplementary capital	0	0	-25 284	0	25 284	0	**0**	0	**0**
Consolidation of a subsidiary	0	0	102	0	0	0	**102**	0	**102**
As at December 2012	**1 268**	**0**	**215 669**	**455**	**3 037**	**17 223**	**237 652**	**13 791**	**251 443**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

attributable to shareholders of the Parent Company as at 30 September 2013 (in PLN 000')

	Equity attributable to shareholders of the Parent								
					Undistributed profit (loss)				
	Share capital	Treasury shares	Capital reserve	Foreign exchange differences on translation of foreign entities	Retained profit / accumulated loss brought forward	Net profit / net loss	Total	Minority interests	Total shareholders' equity
As at 1 January 2013	**1 268**	**0**	**215 669**	**455**	**20 260**	**0**	**237 652**	**13 791**	**251 443**
Profit/loss for the period	0	0	0	0	0	10 019	**10 019**	560	**10 579**
Other total incomes	0	0	0	208	-52	0	**156**	-62	**94**
Total comprehensive income	**0**	**0**	**0**	**208**	**-52**	**10 019**	**10 175**	**498**	**10 673**
Payment in form of shares (Management Stock Option Scheme)	0	0	128	0	0	0	**128**	0	**128**
Parent's profit distribution	0	0	5 591	0	-5 591	0	**0**	0	**0**
Acquisition of shares in Engorem Sp. z o.o	0	0	816	0	0	0	**816**	-2 651	**-1 835**
As at 30 September 2013	**1 268**	**0**	**222 204**	**663**	**14 617**	**10 019**	**248 771**	**11 638**	**260 409**

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

	Average exchange rate for the reported period	Exchange rate as of the last day of the period
31.12.2013	4.2110	4.1472
31.12.2012	4.1736	4.0882

ey items of the balance sheet converted to the EURO (as of the last day of the period, in PLN 000')

Balance-sheet item	31.12.2013		31.12.2012	
	PLN	EUR	PLN	EUR
Fixed assets	120 573	29 073	123 826	30 289
Current assets	677 992	163 482	695 867	170 214
Equity	268 513	64 745	251 443	61 505
Liabilities and provisions for liabilities	530 052	127 810	568 250	138 998

For translating the balance sheet items as of 31 December 2013, it was applied the Euro exchange rate set by the NBP on that day, i.e. 4.1472 PLN/EUR.

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

Key items of the profit and loss converted to the EURO (during the reporting period, in PLN 000')

Profit and loss account item	12-month period ended 31.12.2013		12-month period ended 31.12.2012	
	PLN	EUR	PLN	EUR
Net revenues from sales of products	1 225 104	290 929	1 384 454	331 717
Manufacturing cost of products sold	1 139 039	270 491	1 300 356	311 567
Gross profit on sales	86 065	20 438	84 098	20 150
Profit from operating activities	32 428	7 701	29 413	7 047
Gross profit (loss)	23 837	5 661	23 499	5 630
Net profit (loss)	18 373	4 363	18 527	4 439

Items of the profit and loss account for the period of 1.01.2013 - 31.12.2013 were translated at the EURO mid-rate which was calculated as an arithmetic mean of average rates prevailing as at the last day of each month during the said period, set by the NBP as at that day, i.e. 4.2110 PLN/EUR.

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

Key items of the profit and loss converted to the EURO (during the reporting period, in PLN 000')

Cash flow item	12-month period ended 31.12.2013		12-month period ended 31.12.2012	
	PLN	EUR	PLN	EUR
A. Cash flow from operating activities	-54 509	-12 944	88 927	21 307
B. Cash flow from investing activities	916	218	-5 437	-1 303
C. Cash flow from financing activities	-23 585	-5 601	-43 277	-10 369
D. Total net cash flow (A+/-B+/-C)	-77 178	-18 328	40 213	9 635
F. Cash and cash equivalents at the beginning of period	201 769	49 354	161 291	36 518
G. Cash and cash equivalents at the end of the period	124 591	30 042	201 769	49 354

Cash flow items for the period of 01 January 2013 - 31 December 2013 were converted as follows:

A, B, C, and D item figures - at the average exchange rate which was calculated as an arithmetic mean of average rates set by the NBP on the last day of given month in the period, i.e. 4.2110 PLN/EUR,

F item figures - at the exchange rate set by the NBP on the 31 December 2010, i.e. 4.0882 PLN/EUR,

G item figures- at the exchange rate set by the NBP on the 31 December 2011, i.e. 4.1472 PLN/EUR.

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

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

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

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

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

No significant acquisitions and sales of property, plant and equipment did not occur in the reporting period.
As of 31 December 2013, the Group had no material commitments due to the purchase of fixed assets.

Note 2. Deferred income tax assets

Assets / liabilities due to	**31.12. 2013**	**30.09.2013**	**31.12.2012**	**30.09.2012**
- Building contracts valuation	16 643	12 121	9 721	15 070
- Provisions	5 352	5 175	6 825	3 719
- Loss on taxes to be deducted in future periods	9 774	11 616	10 547	14 621
- Margin on intra-Group sales	487	487	487	4 216
- Accrued expenses	1 003	1 048	2 035	2 792
- Other fees charged statistically	193	240	857	200
- Revaluation of receivables	1 121	1 320	236	137
- Revaluation of investments	0	359	0	0
- Other financial liabilities	332	1 680	578	562
- Financial instruments	0	0	0	709
- Consolidation adjustments	1 807	1 909	1 687	0
- Bonds valuation	359	0	359	0
- Other	1 175	859	1 222	899
Total deferred tax assets	**38 246**	**36 814**	**34 554**	**42 925**

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

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

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

	31.12. 2013	30.09.2013	31.12.2012	30.09.2012
Short-term receivables before tax				
- from associates	267 393	269 541	265 483	364 934
- from other entities	133	62	853	238
From the public sector	267 260	269 479	264 620	364 696
Other	10 473	12 007	11 614	7 660
Impairment of receivables	11 269	16 694	49 192	42 853
- from associates	**6 930**	**6 373**	**9 962**	**6 605**
Net short-term receivables	**282 205**	**291 869**	**316 327**	**408 842**

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

	31.12. 2013	30.09.2013	31.12.2012	30.09.2012
Write-downs at the beginning of the period	**9 962**	**9 962**	**6 786**	**6 786**
Created to other operating costs	2 046	1 164	1 935	406
Reversed into other operating costs	4 846	384	412	360
Used	400	4 516	0	0
Impairment allowances taken from Engorem	0	0	1 929	0
Foreign exchange differences	168	147	-276	-227
Write-downs at the end of the period	**6 930**	**6 373**	**9 962**	**6 605**

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

Because the Group has a large number of customers both on domestic and foreign market, there is no concentration of credit risk for trade receivables.

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

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

Note 4. Construction contracts

	31.12. 2013	30.09.2013	31.12.2012	30.09.2012
Building contracts income	1 171 160	787 744	1 309 714	916 394
Building contracts costs, incl.	1 082 510	723 350	1 231 204	860 181
- recorded loss	0	0	124	0
Profit before tax	**88 650**	**64 394**	**78 510**	**56 213**

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

	31.12. 2013	30.09.2013	31.12.2012	30.09.2012
Assets:				
Amounts due from customers	155 559	144 401	59 021	130 026
Contracts valuation	155 559	144 401	59 021	130 026
Liabilities:				
Amounts due to customers, incl.:	83 537	61 799	11 931	59 354
Contracts valuation	83 537	61 799	11 931	59 354

Note 5. Share capital of ERBUD SA (structure)
Note 5.1 Structure of the share capital ownership as at 31 December 2013

The share capital of the Parent as of 31 December 2013 consisted of 12,714,546 shares with a total value of PLN 1,271,454.60. The structure of the share capital of the Parent as at 31 December 2013 was as follows:

Series	Shareholder	Class of shares	Preferences on shares	Restrictions on shares	Number of shares	Equity percentage	Disposal restrictions
A	Wolff & Muller Holding Gmbh & Co.KG	Ordinary	None	None	282 137	2.22%	None
A	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	717 863	5.65%	None
B	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	3 152 865	24.79%	None
	Total				**4 152 865**	**32.66%**	
B	Juladal Investment Ltd	Ordinary	None	None	2 848 347	22.40%	None
A	Dariusz Grzeszczak	Ordinary	None	None	773 900	6.09%	None
D	AVIVA Otwarty Fundusz Emerytalny BZ WBK	Ordinary	None	None	1 183 146	9.31%	None
D	ING Otwarty Fundusz Emerytalny	Ordinary	None	None	1 266 900	9.96%	None
D,E,C,F	Free Float	Ordinary	None	None	2 489 388	19.58%	None
	Total				**12 714 546**	**100%**	
	Par value of shares of all series	PLN 0.10		Share capital value	1 271 454.60		

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

Series	Shareholder	Class of shares	Preferences on shares	Restrictions on shares	Number of shares	Equity percentage	Disposal restrictions
A	Wolff & Muller Holding Gmbh & Co.KG	Ordinary	None	None	282 137	2.23%	None
A	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	717 863	5.66%	None
B	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	3 152 865	24.87%	None
	Total				**4 152 865**	**32.76%**	
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%**	
	Par value of shares of all series	PLN 0.10	Share capital value	PLN 1 267 795.60			

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

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

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

Provision due to	**31.12. 2013**	**30.09.2013**	**31.12.2012**	**30.09.2012**
- building contracts valuation	26 630	25 614	19 278	24 838
- assets revaluation	6 229	6 360	6 576	5 981
- amortisation	279	267	0	0
- financial costs activated	117	273	346	368
- balance sheet valuation	440	902	277	495
- balance sheet valuation - interest	1 624	983	1 573	1 350
- other	625	118	570	969
Total provision for deferred income tax	**35 944**	**34 517**	**28 620**	**34 001**

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

Note 7.
Note 7.1 Other non-current liabilities

	31.12. 2013	**30.09.2013**	**31.12.2012**	**30.09.2012**
Other financial liabilities, of which:				
- financial lease	5 376	2 681	2 699	3 515
- debt securities issued	0	0	50 000	50 000
- other	0	120	12	290
Total long- term liabilities	**5 376**	**2 801**	**52 711**	**53 805**

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

Short-term liabilities	**31.12. 2013**	**30.09.2013**	**31.12.2012**	**30.09.2012**
a) Due to deliveries and services	248 908	239 446	308 342	318 169
- form associates	612	271	1 233	510
- form other entities	248 296	239 175	307 109	317 659
b) To public sector	14 451	11 230	14 132	9 464
- corporate income tax	7	12	201	562
- VAT	8 477	4 282	7 400	2 403
- income tax on natural persons	1 553	1 387	1 246	1 125

- other	4 414	5 549	5 285	5 374
c) Financial liabilities , incl.:	55 004	53 055	5 372	5 666
- lease	3 095	2 135	3 414	4 016
- interest on bonds	1 889	889	1 889	1 650
- due to interest	20	31	69	0
d) Issue of debt securities	50 000	50 000	0	0
e) Other	5 746	12 725	48 332	38 804
- payroll	3 359	4 943	4 552	4 068
- prepayments received	290	4 797	34 009	29 333
- shares	0	0	5 553	5 403
- liabilities due to suppliers	0	0	0	0
- other	2 097	2 985	4 218	0
Total	**324 109**	**316 456**	**376 178**	**372 103**

Note 9. Finance lease liabilities

Fail value	**31.12. 2013**	**30.09.2013**	**31.12.2012**
Up to 1 year	3 095	2 135	3 414
Over 1 and up to 5 years	5 376	2 681	2 699
Over 5 years			0
Total	**8 471**	**4 816**	**6 113**

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

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

Over the period ended 31 December 2013, the Group's companies issued the following debt securities and equity financial instruments.

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

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

Over the period from 1 January 2013 to 31 December 2013, the Company incurred financing costs due to interest on the bonds issued amounted to PLN 4,143 thousand. This amount consists of the interest accrued and paid for in 2013, and of a part of the issuance costs recognised as defferred expenses – tottaled PLN 151 thousand. All commitments under the bonds are paid by the Company in due time.

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 capita. 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. Morover, the subscribtion will be effected on the condition that the Capital Group will achieve in the 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.

On 15 April 2013, the Management Board adopted Resolution No. 4/2013 on the share capital increase under the authorised capital by the issue of shares of series H and depraving the existing shareholders of pre-emptive rights to acquire series H shares. The issue will be addressed to employees entitled in connection with the third tranche of the Staff Incentive Scheme, and the number of shares that would be granted to persons entitled cannot exceed 50 000 shares.
On 29 October 2013, the share capital increase to PLN 1,271,454.60 was registered in the National Court Register.

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

On 4 January 2013, Delta Sp. z o.o. (a subsidiary of the Erbud SA Group) entered into an agreement to buy from Erbud SA a 80.22% stake in Engorem Sp. z o.o. for the amount of PLN 9,500, 000.

Note 12. Revenues from sales

	Year to 31.12.2013	Quarter to 31.12.2013	Year to 31.12.2012	Quarter to 31.12.2012
Revenues from finished products sold	46 055	11 933	63 722	29 935
Revenues from services sold	1 172 551	383 888	1 315 393	387 641
Revenues from goods and materials	6 498	4 697	5 339	1 098
Total	**1 225 104**	**400 518**	**1 384 454**	**418 674**

Note 13. Costs by type

	Year to 31.12.2013	Quarter to 31.12.2013	Year to 31.12.2012	Quarter to 31.12.2012
a) Depreciation and amortisation	7 666	2 297	7 529	2 285
b) Consumption of materials and power	178 718	56 007	228 084	54 557
c) External services	819 375	269 020	933 106	310 919
d) Taxes and charges	8 334	1 668	7 408	1 883
e) Payroll	120 573	28 880	105 896	28 911
f) Social security, health care and other benefits	25 317	6 268	22 927	5 641
g) Other costs	15 803	4 266	12 958	-12 301
h) Goods and materials sold	6 666	4 709	5 157	5 157
Total expenses by type	**1 182 452**	**373 115**	**1 323 065**	**397 052**
Change in inventories, products and deferred expenditures due to construction contracts	14 250	20 188	27 701	10 966
Cost of production for in-house use (negative value)	0	0	-14	-14
Cost of sales (negative value)	-3 515	-770	-4 039	-2 236
General and administrative costs (negative value)	-54 148	-16 123	-46 357	-11 378
Manufacturing cost of products sold	**1 139 039**	**376 410**	**1 300 356**	**394 390**

Note 14. Income tax

	31.12. 2013	30.09.2013	31.12.2012	30.09.2012
Profit and loss account	**5 464**	**4 643**	**4 972**	**3 624**
Deferred income tax due to the origination and reversal of temporary differences	2 957	3 648	3 084	-1 888
Current income tax	2 507	995	1 888	5 512

Note 15. Net earnings per share

	Year to 31.12.2013	Quarter to 31.12.2013	Year to 31.12.2012	Quarter to 31.12.2012
Profit (loss) attributable to the Parent's shareholders	17 464	7 445	17 223	5 156
Weighted average number of shares (in units)	12 696 251	12 696 251	12 661 062	12 677 956
Earnings (loss) per share (in PLN)	1.38	0.59	**1.36**	0.41
Weighted average diluted number of shares	12 768 486	12 768 486	12 710 858	12 717 719
Diluted earnings (loss) per share (in PLN)	1.37	0.58	**1.35**	0.40

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

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

There were no discontinued operations in the reporting period.

Note 17. Transactions with key executives

As of 31 December 2013, the managing staff (the Management Board members and procura holders) held the following number of shares:

Shareholder	Class of shares	Number of shares	Per cent of equity	Number of votes	Per cent of voting rights at the GM
Juladal Investments Ltd. (a company controlled by Board members of Erbud SA)	Ordinary	2 848 347	22.40%	2 848 347	22.40%
Dariusz Grzeszczak	Ordinary	773 900	6.09%	773 900	6.09%
Józef Adam Zubelewicz	Ordinary	259 500	2.04%	259 500	2.04%
Albert Duerr - member of the Supervisory Board	Ordinary	14 500	0.11%	14 500	0.11%
Walenty Twardy Erbud SA procuration holder	Ordinary	6 852	0.05%	6 852	0.05%
Piotr Augustyniak Erbud SA procuration holder	Ordinary	890	0.01%	890	0.01%
Agnieszka Głowacka Erbud SA procuration holder	Ordinary	6 336	0.05%	6 336	0.05%
Bogdan Duerr Erbud SA procuration holder	Ordinary	6 712	0.05%	6 712	0.05%
Tomasz Krzywicki Erbud SA procuration holder	Ordinary	700	0.01%	700	0.01%
Włodzimierz Czystowski Erbud SA procuration holder	Ordinary	4 921	0.04%	4 921	0.04%
Mirosław Młynarski Erbud SA procuration holder	Ordinary	11 426	0.09%	11 426	0.09%
Radosław Kałamaga Erbud SA procuration holder	Ordinary	5 494	0.04%	5 494	0.04%
Maciej Wyrzykowski Erbud SA procuration holder	Ordinary	2 200	0.02%	2 200	0.02%
Mariola Zielińska Chief Accountant of Erbud SA	Ordinary	4 818	0.04%	4 818	0.04%

Members of the Supervisory Board, the Management Board of the Parent and the key management personnel, both as at 31 December 2013 and as at 31 December 2012 did not have outstanding loans, credits or guarantees granted by the companies of the Erbud Group.

Members of the Supervisory Board, the Management Board of the Parent and the key management personnel, both as at 31 December 2013 and as at 31 December 2012 were not a party to the contract obliging to render services to the companies of the Erbud Group.

Note 18. Information about key events occurred in the period of nine months of 2013 and after the balance date

Contracts concluded:

On 27 February 2013, ERBUD S.A. entered into a contract to build “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: CGL I Spółka z o.o. Spółka komandytowa, seated in Warsaw, 37 Domaniewska St.
Net contract value: PLN 25,499,000.
Completion period: 16 months.

On 28 February 2013, a contract has been 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" to be performed 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 concluding the contract.

On 8 March 2013, GWI GmbH, the Erbud’s subsidiary, signed a contract for turnkey construction of the Oberkasseler Top Office Building (Silizium) in Düsseldorf, Phase 2 and 3. Projekt Oberkasseler Tor GmbH, seated in Düsseldorf, Breite Straße 31, is the Builder.
Net contract value: € 11.853.826.
Completion period: 08.03.2013 - 30.04.2014.

On 10 May 2013, ERBUD S.A. signed a contract for detailed design and extension of the Clinical Centre of the Wrocław Medical University located in Wrocław at 213 Borowska St. with the Children’s Clinic of Bone Marrow Transplant, Oncology and Haematology, Wrocław, 213 Borowska St. under the Swiss-Polish Cooperation Programme.
Net contract value: PLN 51,500,000.
Completion period: 100 weeks from the date of concluding the contract.

On 11 June 2013, a contract has been signed for the construction of Kosciuszko Business Point in Toruń at 73 Kościuszki St.
The Builder: RYWAL-RHC Sp. z o.o. Oddział w Toruniu ul. Polna 140 B, 87-100 Toruń
Net contract value: PLN 25,800,000.
Completion period: 14 months from the date of concluding the contract.

On 17 June 2013, a contract has been signed for the construction of an office and retail building with basement garage, including internal road, services and utilities and site development works; plot No. 75 located in Warsaw at 12 Czerska St.
The Builder: Facinelli 1 Sp. z o.o., ul.Fabryczna 5 , 00-446 Warszawa.
Contract value: PLN 45,000,000.
Completion period: 550 550 days from the issue of Instruction to Proceed Commencement of Works.

On 18 June 2013, ERBUD S.A. signed a contract for the comprehensive construction of a multi-use office and retail building named "Royal Wilanów" with underground car park, services and utilities and site development works, including road infrastructure such as ingress/ egress to and from the Property.
The Builder: HAZEL INVESTMENTS Sp. z o.o., ul. Marynarska 11, 02-674 Warszawa
Contract value: PLN 212,477,450.
Completion period: 760 days within the period from the issue of Instruction to Proceed Commencement of Works to the obtaining Occupancy Permit.

On 27 June 2013, ERBUD S.A. signed in consortium with Zamet Industry S.A. a contract to refurbish the cool handling plant.
The Builder: Dalkia Łódź Spółka Akcyjna seated in Łódź, 90-975 Łódź, ul. J. Andrzejewskiej 5
Contract value: PLN 65,700,000.00 net, of which ERBUD - PLN 42,789,000.00 and ZAMET - PLN 22,911,000.00.
Completion period: 27.06.2013 - 01.10.2015.
A new company in the ERBUD Group - ENGOREM Sp. z o.o. seated in Łódź will be the Issuer’s Subcontractor.

On 18 July 2013, ERBUD S.A. signed a contract for the construction of a multidisciplinary hospital in Katowice.

The Builder: CMC "Geo Projekt 2" spółka z ograniczoną odpowiedzialnością spółka komandytowa, ul. Głowackiego 10, 30-085 Kraków.
Net contract value: PLN 81,599,738.39 (Phase I – PLN 50,888,173.62 and Phase II – PLN 30,711,564.77).
Completion period: Phase I from 2013.07.19 to 2014.12.04; Phase II from 2014.10.10 to 2015.12.18.

On 23 August, the Issuer signed with the company Grupa PEP - Farma Wiatrowa 1 Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw at 169 Wiertnicza St, 02-952 Warsaw (the Investor) a contract to carry out complete construction works, including foundations for wind turbines, adapting access roads for overweight vehicles, upgrading of existing roads, construction of service roads, assembly platforms for the building of Gawłowice Wind Farm. As regulated under the Contract, the Issuer is a partner of a consortium with the company Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. based in Torun (Consortium Leader) that is a subsidiary 94.27 per cent owned by the Issuer.
Net contract value: PLN 29,710,984.40.
31 December 2014 is a deadline for completion of the task by the consortium.

On 23 August 2013, the Issuer signed with the company Grupa PEP - Farma Wiatrowa 6 Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw at 169 Wiertnicza St, 02-952 Warsaw (the Investor) a contract to carry out complete construction works, including foundations for wind turbines, adapting access roads for overweight vehicles, upgrading of existing roads, construction of service roads and assembly platforms for the building of Rajgród Wind Farm. As regulated under the Contract, the Issuer is a partner of a consortium with the company Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. based in Torun (Consortium Leader) that is a subsidiary 94.27 per cent owned by the Issuer.
Net contract value: PLN 18,966,935.10.
31 December 2014 is a deadline for completion of the task by the consortium.

On 13 September 2013, ERBUD S.A. signed a contract for the construction of a retail centre and amusement park named Pilska Gallery located in Pila, Zygmunta Starego/Zakopiańska/14-LutegoThe Builder: Progress XX Sp. z o.o. ul. Złotoryjska 63, 59-220 Legnica
Contract value: PLN 58,400,000.00.
Completion deadline: 30.09.2014.

On 3 October 2013, the Issuer was notified that the company Deptak Projekt P2 sp. z o.o., in which a subsidiary of the Issuer - Budlex SA- holds a 50% stake, entered with Eiffage Polska Budownictwo S.A. with its registered office in Warsaw into a construction contract as general contractor.
Contract subject: construction of an office and retail building, together with supporting infrastructure
Contract value: € 8,875,935,
Location: Poznań, Półwiejska St.
Completion period: shell finish by 01.12.2014.

On 8 October 2013, ERBUD S.A. signed a significant contract for the construction of a residential building and underground garage in Wrocław within the project “Promenady Wrocławskie II”.
The Builder: Promenady II VD Sp. z o.o.
Max. contract value: PLN 31,800,000 (of which bonus of PLN 200 thousand for obtaining occupancy permit four weeks prior to the date stipulated in the contract).
Completion period: 63 weeks to issue Final Acceptance Certificate from the date of receiving Instruction to Proceed the Commencement of Works.

On 8 October 2013, ERBUD S.A. signed a contract for construction of an office and commercial building with basement car park, Stage B.
The Builder: Promenady ZITA Sp. z o.o.
Contract value: PLN 24,700,000.
Completion period: 65 weeks to issue Final Acceptance Certificate from the date of receiving Instruction to Proceed the Commencement of Works.

On 15 October 2013, the company Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A., a subsidiary of the Issuer – entered into a significant contract for construction works under the following terms and conditions:
- Contract subject: infrastructure works related to the performance of the "Rusiec Wind Farm" project
- The Investor: VER LS-36 sp. z o.o. seated in Gdańsk, 64D Budowlanych St.
- Contract value: PLN 23,4m
- Completion period: October 2013 - June 2014.

On 18 November 2013 ERBUD International Sp. z o.o., 100 per cent owned by ERBUD SA, entered with the Investor THV Van Laere nv – Jan de Nul nv, Antwerpsesteenweg 320 B-2070 Zwijndrecht (Burcht) into a contract for shell and core of the hospital in Roselare (Belgium) located at Sint-Martinusstraat 48, B-8800 Roselare.
1. Contract subject: shell and core of the hospital in Roselare, Belgium
2. Contract value: € 8,655,195.34 Euro
3. Site location: 8800 Roselare, Sint–Martinusstraat 48, Belgium

4. Completion period: 18.11.2013 – 31.01.2015.

On 29 November 2013, the Management Board of the Issuer received a conditional contract executed by the Investor to construct the retail and office building MANGALIA in Warsaw as General Contractor. The agreement was signed under the following terms and conditions:
1. Contract concluded on 27.11/2013
2. The Builder: Arkady Sobieskiego Sp. z o.o. Spółka komandytowo-akcyjna, Al. Jana Pawła II 12, 00-124 Warszawa
3. Contract value: PLN 31,721,713.11
4. Contract subject: Construction of the retail/office building MANGALIA with a service area on the ground level, underground car park, incl. comprehensive site development on a plot registered under No. 3/3, precinct 1-05-15.
5. Site: Warsaw, Mangalii Street
6. Completion period: 16 months from the Commencement Date. The Commencement date shall be no earlier than the delivery of the Site to the Contractor but not later than four months from the date of signing the Contractor has been inform. The Employer may extend the above term for a further two months upon prior notifying the Contractor. The Site delivery shall occur after the loan agreement for financing the project has been signed by the Investor and will be confirmed by the handing-over document signed by the Employer.

On 19 December 2013, ERBUD SA signed a contract for execution of construction works on the terms and conditions specified bellow:
1. Contract concluded on 19.12.2013.
2. The Investor: Euro Mall Polska XXIII Sp. z o.o., Warszawa ul. Mszczonowska 2.
3. Contract value: The aggregate contract total is PLN 133,700,000 net, of which Stage 1 - PLN 123,700,000.00 (construction of the Nowy Rynek Gallery) and Stage 2 - PLN 10,000,000.00 (construction of cinema).
4. Contract subject: Construction of Nowy Rynek retail gallery and amusement park in Jelenia Góra.
5. Completion period: form 01.04.2014 to 15.10.2015.

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

Note 19. Other important events

On 5 September 2013, the Issuer signed an Annex to the loan agreement with Alior Bank. The parties to the Agreement extended the term of the line for another 12 months, i.e. until September 2014. The limit value amounts to PLN 50m (fifty million Zlotys). Debt within the line is up to PLN 10m and financial guarantees provided by order of the Issuer - up to PLN 40m. The line is secured by assignment of receivables from long-term contracts and in the case of a guarantee that exceeds 36 months by a deposit amounting 10% of the issued guarantee. The loan interest rate is based on WIBOR 1M plus margin. Other terms and conditions are the same as market ones.

On 30 October 2013, Erbud SA (the Issuer) signed an Annex to the Agreement on multi-purpose credit line with PNB Paribas Bank Polska SA seated in Warsaw.
By virtue of this annex the value of the credit line was decreased from PLN 30m to PLN 40m.
Sub-limits within the line are as follows:
- PLN 3m to be used by the borrower in the form of an overdraft;
- PLN 40m as financial guarantees;
- PLN 30m as revolving credit.

The line is secured by:
- Assignment of trade receivables from construction contracts in the amount of not less than PLN 40m;
- Blank promissory note;
- Transfer of an amount to secure any guarantee - for the guarantee which covers the period from 12 to 36 months the value of the security is 10% of the issued guarantee, and for the guarantee of validity period longer than 36 months - 15% of the provided guarantee;
- Statement by ERBUD SA on submission to execution conducted by the Bank under the terms of Art. 97 of the Banking Law.

On 20 December 2013, ERBUD SA signed an annex extending the cooperation agreement by 12 months. By virtue of this annex the Issuer will be able to use the products in the form of bank overdraft and lines for financial guarantees. The total line value is PLN 80 million (say: eighty million Zlotys) of which the sublimit for debt financing amounts to PLN 10 million (say: ten million).
The line is secured by assignments of receivables from construction contracts and a mortgage established on cooperative ownership right to the office area in Warsaw.

Relevant information on the subsidiaries

ERBUD INDUSTRY is a new brand in the Erbud Group which offers services in design, construction and maintenance for power branch and other industries.

The company was created following the transformation of Ersteel Sp. z o.o. On 31.12.2013, the District Court in Toruń issued a decision to change in the register the name of Ersteel Sp.z o.o to ERBUD Industry Sp. z o.o.

The core activity is the design, construction, upgrade, modernization, renewal, repair and permanent service of facilities, installations and equipment in the power, gas and mining industries, as well as in the chemical and paper branch, and public infrastructure of cities and municipalities.

The company also provides expert advice and technical research.

ERBUD Industry consists of several entities separated from the ERBUD Group. It focused on activity in energy and industry. The company was established on the basis of experience of ENGOREM Sp. z o.o and ERBUD Branch Office Katowice, and ERBUD Energetyka.

This new brand on the market consolidates in its offer experience and skills, potential and capacities of ENGOREM, ERBUD (especially of Katowice Branch) and other companies of the Group.

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

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

Note 21. Business combinations

In the period ended 31 December 2013, there were no changes in the composition of the Group.

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

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

Note 23. Changes in accounting estimates

There were no changes in the method used for accounting estimates in the comparable period and in the period ended 31 December 2013.

Note 24. Business segments

During the reporting period ended 31 December 2013 the Group was operating in the following business segments:

- Large-volume construction
- Housing development
- Road-engineering
- Construction for the power industry

During the reporting period ended 31 December 2013 the Group was operating in the following region segments:

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

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

Business segments

The following table presents data on proceeds and gains as well as certain assets and liabilities of the Group's business segments for the period from 1 January to 31 December 2013

Proceeds and expenses by business segments

For the period 01.12 – 31.12. 2013	Large volume construction	Housing development	Road-engineering	Energy sector	Other segments	Total
Income	**999 212**	**48 604**	**96 219**	**79 657**	**1 412**	**1 225 104**
Total cost of products, goods and materials sold	**941 721**	**39 629**	**84 869**	**71 475**	**1 345**	**1 139 039**
Total sales before tax	**57 491**	**8 975**	**11 350**	**8 182**	**67**	**86 065**
Cost of sales	0	1 976	1 539	0	0	**3 515**
General and administrative costs	34 122	2 551	6 356	11 119	0	**54 148**
Profit (loss) on other operating activity	-3 265	67	1 474	5 745	5	**4 026**
Segment profit (loss)	**20 104**	**4 515**	**4 929**	**2 808**	**72**	**32 428**
Profit (loss) on financing activity	-8 060	-178	-155	-195	-3	**-8 591**
Income tax	2 542	568	1 104	1 230	20	**5 464**
Net profit	**9 502**	**3 769**	**3 670**	**1 383**	**49**	**18 373**

Business segments

The following table presents data on proceeds and gains as well as certain assets and liabilities of the Group's business segments as of 31 December 2012

Proceeds and expenses by business segments

For the period 01.12 – 31.12. 2012	Large volume construction	Housing development	Road-engineering	Energy sector	Other segments	Exclusions	Total
Sale to external customers	1 136 374	63 981	142 534	41 259	306	0	**1 384 454**
Sale between segments	0	0	120 723	0	0	-120 723	**0**
Total income	**1 136 374**	**63 981**	**263 257**	**41 259**	**306**	**-120 723**	**1 384 454**
Cost of products, goods and materials sold to external customers	1 089 313	50 490	124 875	35 280	398	0	**1 300 356**
Cost of products, goods and materials sold to other segments	0	0	120 723	0	0	-120 723	**0**
Total cost of products, goods and materials sold	**1 089 313**	**50 490**	**245 598**	**35 280**	**398**	**-120 723**	**1 300 356**
Total sales before tax	**47 061**	**13 491**	**17 659**	**5 979**	**-92**	**0**	**84 098**
Cost of sales	0	2 501	1 531	0	7	0	**4 039**
General and administrative costs	31 071	2 969	8 102	3 587	628	0	**46 357**
Profit (loss) on other operating activity	-2 470	-869	-761	-4	-185	0	**-4 289**
Segment profit (loss)	**13 520**	**7 152**	**7 265**	**2 388**	**-912**	**0**	**29 413**
Profit (loss) on financing activity	-9 645	555	-122	3 384	-86	0	**-5 914**
Income tax	1 495	1 008	1 674	836	-41	0	**4 972**
Net profit	**2 380**	**6 699**	**5 469**	**4 936**	**-957**	**0**	**18 527**

The following table presents data on proceeds and gains as well as certain assets and liabilities of the Group's business segments for the period from 1 January to 30 September 2013

Proceeds and expenses by business segments

For the period 1.01 – 30.09. 2013	Large volume construction	Housing development	Road-engineering	Energy sector	Other segments	Total
Income	**691 951**	**34 531**	**49 562**	**47 427**	**1 115**	**824 586**
Cost of products, goods and materials sold to external customers	**649 079**	**29 092**	**43 238**	**40 214**	**1 006**	**762 629**
Total sales before tax	**42 872**	**5 439**	**6 324**	**7 213**	**109**	**61 957**
Cost of sales	0	1 497	1 248	0	0	**2 745**
General and administrative costs	23 948	1 715	5 089	7 273	0	**38 025**
Profit (loss) on other operating activity	-976	-12	79	403	-3	**-509**
Segment profit (loss)	**17 948**	**2 215**	**66**	**343**	**106**	**20 678**
Profit (loss) on financing activity	-5 612	348	-112	-80	0	**-5 456**
Income tax	2 923	601	241	854	24	**4 643**
Net profit	**9 413**	**1 962**	**-287**	**-591**	**82**	**10 579**

The following table presents data on proceeds and gains as well as certain assets and liabilities of the Group's business segments for the period from 1 January to 30 September 2012

Proceeds and expenses by business segments

For the period 1.01 – 30.09. 2012	Large volume construction	Housing development	Road-engineering	Energy sector	Other segments	Total
Income	**785 017**	**34 321**	**118 408**	**27 964**	**70**	**965 780**
Cost of products, goods and materials sold to external customers	**753 426**	**26 840**	**100 765**	**24 698**	**237**	**905 966**
Total gross sales	**31 591**	**7 481**	**17 643**	**3 266**	**-167**	**59 814**
Cost of sales	0	1 670	133	0	0	**1 803**
General and administrative costs	25 289	1 949	6 092	1 132	517	**34 979**
Profit (loss) on other operating activity	-633	1 306	-44	77	-196	510
Segment profit (loss)	**5 669**	**5 168**	**11 374**	**2 211**	**-880**	**23 542**
Profit (loss) on financing activity	-6 777	-31	-177	22	-44	**-7 007**
Income tax	598	195	2 427	484	-80	**3 624**
Net profit	**-1 706**	**4 942**	**8 770**	**1 749**	**-844**	**12 911**

Geographical segments

The following table provides figures on proceeds and gains as well as certain assets and liabilities of the Group's business segments as at 31 December 2013

Proceeds and expenses by geographical segments

For the period 01.12 – 31.12. 2013	Domestic	Abroad	Total
Sale to external customers	1 014 416	210 688	**1 225 104**
Total income	**1 014 416**	**210 688**	**1 225 104**
Cost of products, goods and materials sold to external customers	943 501	195 538	**1 139 039**
Total cost of products, goods and materials sold	**943 501**	**195 538**	**1 139 039**
Total sales before tax	**70 915**	**15 150**	**86 065**
Cost of sales	3 515	0	**3 515**
General and administrative costs	44 705	9 443	**54 148**
Profit (loss) on other operating activity	4 920	-894	**4 026**
Segment profit (loss)	**27 615**	**4 813**	**32 428**
Profit (loss) on financing activity	-8 558	-33	**-8 591**
Income tax	3 660	1 804	**5 464**
Net profit	**15 397**	**2 976**	**18 373**

The following table presents data on proceeds and gains as well as certain assets and liabilities of the Group's business segments as of 31 December 2012

Proceeds and expenses by geographical segments

Year ended 31.12.2012	Domestic	Abroad	Total
Sale to external customers	1 234 457	149 997	**1 384 454**
Total income	**1 234 457**	**149 997**	**1 384 454**
Cost of products, goods and materials sold to external customers	1 162 608	137 748	**1 300 356**
Total cost of products, goods and materials sold	**1 162 608**	**137 748**	**1 300 356**
Total sales before tax	**71 849**	**12 249**	**84 098**
Cost of sales	4 039	0	**4 039**
General and administrative costs	39 410	6 947	**46 357**
Profit (loss) on other operating activity	-3 293	-996	**-4 289**
Segment profit (loss)	**25 107**	**4 306**	**29 413**
Profit (loss) on financing activity	-4 855	-1 059	**-5 914**
Income tax	4 196	776	**4 972**
Net profit	**16 056**	**2 471**	**18 527**

The following table presents data on proceeds and gains as well as certain assets and liabilities of the Group's business segments as of 30 September 2013

Proceeds and expenses by geographical segments

For the period 01.12 – 30.09. 2013	Domestic	Abroad	Total
Sale to external customers	662 632	161 954	**824 586**
Total income	**662 632**	**161 954**	**824 586**
Cost of products, goods and materials sold to external customers	611 253	151 376	**762 629**
Total cost of products, goods and materials sold	**611 253**	**151 376**	**762 629**
Total sales before tax	**51 379**	**10 578**	**61 957**
Cost of sales	2 745	0	**2 745**
General and administrative costs	31 192	6 833	**38 025**
Profit (loss) on other operating activity	-931	422	**-509**
Segment profit (loss)	**16 511**	**4 167**	**20 678**
Profit (loss) on financing activity	-5 707	251	**-5 456**
Income tax	2 727	1 916	**4 643**
Net profit	**8 077**	**2 502**	**10 579**

The following table presents data on proceeds and gains as well as certain assets and liabilities of the Group's business segments as of 30 September 2012

Proceeds and expenses by geographical segments

For the period 01.12 – 30.09. 2012	Domestic	Abroad	Total
Sale to external customers	859 322	106 458	**965 780**
Total income	**859 322**	**106 458**	**965 780**
Cost of products, goods and materials sold to external customers	807 458	98 508	**905 966**
Total cost of products, goods and materials sold	**807 458**	**98 508**	**905 966**
Total sales before tax	**51 864**	**7 950**	**59 814**
Cost of sales	1 803	0	**1 803**
General and administrative costs	29 591	5 388	**34 979**
Profit (loss) on other operating activity	215	295	**510**
Segment profit (loss)	**20 685**	**2 857**	**23 542**
Profit (loss) on financing activity	-6 222	-785	**--7 007**
Income tax	2 870	754	**3 624**
Net profit	**11 593**	**1 318**	**12 911**

Note 25. Construction contracts deposits

Construction contracts deposits as of 30 December 2013 were as follows:

	31.12.2013	30.09. 2013	31.12.2012
Deposits retained by customers			
Deposits to be returned beyond 12 months	20 222	16 681	8 607
Deposits to be returned within 12 months	29 708	30 123	33 627
Total	**49 930**	**46 804**	**42 234**
Deposits retained to suppliers			
Deposits to be returned beyond 12 months	8 460	4 885	5 447
Deposits to be returned within 12 months	72 057	76 540	74 367
Total	**80 517**	**81 425**	**79 814**

Note 26. Litigation and claims

The register of court cases in which the Erbud Capital Group is a party to the proceedings as plaintiff and defendant, did not change significantly in relation to the 31 December 2012. Therefore, during the reporting period, there were no substantial changes in the amount of provisions for liabilities created under litigation.

Claim against Bank Millennium SA

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.
The dispute value: 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 followed the Issuer's need to adequate secure its situation. According to the Company, the product was not optimally adapted to the needs of Erbud SA. 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 requested to execute of the transaction with taking 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 called 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.

Dispute with the Municipality of the City of Szczecin - Zakład Usług Komunalnych [Public Utilities Company]
Erbud has sued the Municipality of the City of Szczecin - Public Utilities Company for the payment of 5.2 million due to the construction works completed. Erbud is awaiting a response to the lawsuit. In the pleading, the other party requests a reduction in remuneration by PLN 5 million.

Note 27. Asset-backed securities

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

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

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

Name and legal form of the subsidiary	Seat	Core business	Type of the relationship	Method of consolidation	Value adjustment (total)	Carrying amount of shares /stocks	Equity stake held	Voting power at the GM
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A	Toruń	road engineering	subsidiary	full method	0	49 554	94.27%	94.27%

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

4) Percentage of the pledged shares in the nominal capital of PBDI S.A. and the value at par of shares and their character as non-current or current capital investment of Erbud:
Pledged shares represent 29% of the nominal capital of PBDI S.A The Issuer considers the investment in PBDI S.A shares as a long-term one.

Possessory lien on assets – shares in Delta Sp. z o.o. based in Toruń

1) Inventory value of the shares in the books of the Issuer:

Name and legal form of the subsidiary	Seat	Core business	Type of the relationship	Method of consolidation	Value adjustment (total)	Carrying amount of shares /stocks	Equity stake held	Voting power at the GM
Delta Sp. z o.o.	Toruń	construction	subsidiary	full method	0	3 532	100%	100%

2) Relationship type between Erbud and persons managing or supervising Erbud and the pledgee (Polski Bank Przedsiębiorczości S.A.):
None

3) Percentage of the pledged shares in the nominal capital of Delta Sp. z o.o. and the value at par of shares and their character as non-current or current capital investment of Erbud:
Pledged shares represent 30% of the nominal capital of Delta Sp. z o.o. The Issuer considers the investment in Delta Sp. z o.o. shares as a long-term one.

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

In relation to the financial year ended 31 December 2013, this type of significant changes did not occur.

Note 29. Information on changes in the method of determining the value of financial instruments measured at their fair value

In the period ended 30 December 2013, the Group did not change the method of determining the value of financial instruments measured at fair value.

Note 30. Information on changes in the classification of financial assets as a result of target exchange or use of these assets

In the period ended 31 December 2013, the Group did not change the classification of financial assets as a result of changing targets or use of such assets.

Note 31. Events subsequent to the balance sheet date

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

Signature of person preparing the Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Board Member/

Dariusz Grzeszczak
/Board Member/

Warsaw, 24 February 2014