ERBUD S.A.

Separate Financial Statements for the year ended 31 December 2013

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 execution of large-volume civil construction works (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 2013 to 31 December 2013 and comparable data covering the period from 1 January 2012 to 31 December 2012. 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
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 31.12.2013 (in PLN '000)	Revenue from sales for 2013 FY (in PLN '000)	Net result for 2013 FY (in PLN '000)	Percentage of capital held
Erbud International Spółka z o.o.	20-12-2002	5 320	65 477	847	100%
GWI GmbH	09-02-2004	11 684	131 151	1 976	85%

Erbud Construction Spółka z o.o.	22-02-2006	-45	0	-4	100%
Erbud Rzeszów Spółka z o.o.	31-12-2002	2 395	11 557	579	79%
Delta Spółka z o.o.	26-05-2004	2 902	0	-474	100%
Budlex S.A. (formerly Budlex Sp. z o.o.)	27-09-2007	77 520	49 887	4 042	90%
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	31-03-2008	35 255	107 666	2 325	94.27%
Erbud Energetyka Sp. z o.o.	19-11-2009	383	14	-31	100%
Ersteel Sp. z o.o.	01-07-2010	2 230	1 906	-76	100%
Engorem Sp. z o.o.	22-11-2012	12 224	46 425	2 387	98.62%

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

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. 31.12.2013. 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.
By the date of preparing the Separate Financial Statements no events occurred that were no but 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 out in the Act of 29 September 1994 on Accounting (Journal of Laws of 2013, item 330, as amended) and the regulations issued thereunder, as well as the requirements set out in the Act on public companies (Journal of Laws of 2009 No. 185, item 1439, as amended), and the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member state (Journal of Laws No. 33, item. 259, as amended).

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 classified 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.
For valuation of 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 classified as 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 prescribed, written-off against provisions and bad debts, 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 its 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 applied.
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 2013 (in PLN '000)

BALANCE SHEET

ASSETS

		Note	31 December 2013	31 December 2012
A.	**Fixed assets**		**206 029**	**214 391**
I.	**Intangible assets**	**1**	**424**	**437**
1.	R&D completed		0	0
2.	Goodwill		0	0
3.	Other intangible assets		57	70
4.	Prepaid intangible assets		367	367
II.	**Tangible assets**	**2**	**6 132**	**7 605**
1.	Tangible fixed assets		6 132	7 605
a)	Property, incl. perpetual usufruct		0	0
b)	Buildings, premises and civil and water engineering structures		3 334	3 432
c)	Plant and equipment		86	89
d)	Means of transport		2 474	3 723
e)	Other tangible fixed assets		238	361
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**		**176 120**	**185 489**
1.	Real property	3	515	515
2.	Intangibles		0	0
3.	Non-current financial assets	4,6	175 605	184 974
a)	In associates, incl.:		174 843	184 197
–	Shares or stocks	5	136 731	142 485
–	Other securities		0	0
–	Loans granted		38 112	41 712
–	Other non-current financial assets		0	0
b)	In other entities, incl.:		762	777
–	Shares or stocks		5	5
–	Other securities		0	0
–	Loans granted		0	0
–	Other non-current financial assets		757	772
4.	Other non-current investments		0	0
V.	**Long-term prepayments**		**23 353**	**20 860**
1.	Deferred tax assets	7	23 353	20 860
2.	Other prepayments		0	0

		Note	31 December 2013	31 December 2012
B.	**Current assets**		**423 617**	**504 883**
I.	**Inventories**	**8**	**2 513**	**1 110**
1.	Materials		1 883	1 110
2.	Semi-finished products and products in progress		630	0
3.	Finished products		0	0
4.	Goods		0	0
5.	Prepaid deliveries		0	0
II.	**Short-term receivables**	**9**	**220 355**	**260 197**
1.	From affiliated entities		3 453	3 133
a)	Trade receivables with a maturity:		1 340	3 133
–	up to 12 months		1 340	3 133
–	above 12 months		0	0
b)	Other		2 113	0
2.	Receivables from other entities		216 902	257 064
a)	trade receivables with a maturity:		203 240	207 121
–	up to 12 months		188 448	201 282
–	above 12 months		14 792	5 839
b)	receivables from tax, subsidy, customs, social security and other benefits		5 514	6 923
c)	Other		8 148	43 020
d)	Claimed at court		0	0
III.	**Short-term investments**		**58 077**	**152 193**
1.	Current financial assets	10	58 077	152 193
a)	In affiliated entities		157	0
–	Shares or stocks		0	0
–	Other securities		0	0
–	Loans granted		157	0
–	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		57 920	152 193
–	Cash in hand and at bank		44 303	134 435
–	Other cash		13 617	17 758
–	Other cash assets		0	0
2.	Other current investments		0	0
IV.	**Short-term prepayments**	**11**	**142 672**	**91 383**
	TOTAL ASSETS		**629 646**	**719 274**

LIABILITIES

		Note	31 December 2013	31 December 2012
A.	**Equity**		**244 341**	**235 313**
I.	**Share capital**	13	1 271	1 268
II.	**Called-up share capital (negative value)**		0	0
III.	**Treasury shares (negative value)**		0	0
IV.	**Capital reserve**	15	234 654	228 454
V.	**Revaluation reserve**	14	0	0
VI.	**Other reserves**		0	0
VII.	**Retained profit / accumulated loss brought forward**		0	0
VIII	**Net profit (loss)**		8 416	5 591
IX.	**Write-downs on net profit over the financial year (negative value)**		0	0
B.	**Liabilities and provisions for liabilities**		**385 305**	**483 961**
I.	**Provisions for liabilities**		**37 702**	**33 829**
1.	Deferred income tax provision	16	24 130	18 288
2.	Provision for retirement and related benefits		3 328	3 423
–	Non-current	17	479	349
–	Current	18	2 849	3 074
3.	Other provisions		10 244	12 118
–	Non-current	19	0	0
–	Current	20	10 244	12 118
II.	**Long-term liabilities**	**21**	**266**	**50 556**
1.	To associates		0	0
2.	To other entities		266	50 556
a)	Loans and borrowings		0	0
b)	Issuance of debt securities		0	50 000
c)	Other financial liabilities	23	266	556
d)	Other		0	0
III.	**Short-term liabilities**	**22**	**280 227**	**358 003**
1.	To associates		9 067	49 588
a)	Deliveries and services with a maturity:		9 067	49 588
–	up to 12 months		8 240	48 992
–	above 12 months		827	596
b)	Other		0	0
2.	To other entities		271 160	308 415
a)	Loans and borrowings	24	6	262
b)	Issuance of debt securities		50 000	0
c)	Other financial liabilities	23	2 339	3 057
d)	Deliveries and services with a maturity:		212 502	258 272
–	up to 12 months		205 791	253 674
–	above 12 months		6 711	4 598
e)	Prepaid deliveries		291	34 009
f)	Bills		0	0
g)	Taxes, customs, social insurance and other benefits		3 746	2 220
h)	Salaries and wages		682	1 538
i)	Other		1 594	9 057
3.	Special funds		0	0
IV.	**Accruals**		**67 110**	**41 573**
1.	Other accruals	11.1	67 110	41 573
	TOTAL LIABILITIES		**629 646**	**719 274**

Calculation of book value per share

	Note	31 December 2013	31 December 2012
Book value (in PLN '000)		244 341	235 313
Number of shares		12 714 546	12 677 956
Book value per share (in PLN)	25	19.22	18.56

Off-balance sheet items

	Note	31 December 2013	31 December 2012
1. Conditional receivables		0	0
1.1. From affiliated entities (due to)		0	0
- guarantees and sureties received		0	0
1.2 From other entities (due to)		0	0
- guarantees and sureties received		0	0
2. Conditional liabilities		304 926	378 896
2.1. To affiliated entities (due to)	52	20 736	66 250
- guarantees and sureties granted		20 736	66 250
2.2. To other entities (due to)	52	284 190	312 646
- guarantees and sureties granted		284 190	312 646
3.Other		0	0
Total off-balance sheet items		**304 926**	**378 896**

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, 28 April 2014

PROFIT AND LOSS STATEMENT

	Note	Period of 12 months ended 31.12.2013	Period of 12 months ended 31.12.2012
Revenues from sales of products, goods and materials, incl.		**861 441**	**1 078 582**
- From associates		3 170	15 909
Net revenues from sales of products	28,29	861 441	1 065 771
Net revenues from sales of goods and materials	30	0	12 811
Cost of products, goods and materials sold, incl.	**31**	**807 397**	**1 031 874**
- To associates		36 233	144 632
Manufacturing cost of products sold		807 397	1 019 094
Value of goods and materials sold		0	12 780
Gross profit (loss) on sales		**54 044**	**46 708**
Selling costs	31	0	0
General and administrative costs	31	34 967	32 211
Profit (loss) on sales		**19 077**	**14 497**
Other operating revenues	**32**	**3 146**	**1 426**
Profit on disposal of non-financial fixed assets		122	82
Subsidies		0	0
Other operating revenues		3 024	1 344
Other operating expenses	**33**	**5 129**	**2 633**
Loss on disposal of non-financial assets		0	0
Revaluation of non-financial fixed assets		0	0
Other operating expenses		5 129	2 633
Profit (loss) on operating activities		**17 094**	**13 290**
Financial revenues		**4 409**	**4 308**
Dividends and profit sharing, incl.:		610	750
- From associates		610	750
Interest, incl.:	33.1	3 279	2 981
- From associates		1 749	2 214
Profit on sale of investments		228	0
Revaluation of investments		0	32
Other	33.2	292	545
Financial costs		**9 737**	**10 017**
Interest, incl.:	34.1	6 274	6 831
- To associates		227	0
Loss on selling investments		0	0
Revaluation of investments	34.2	0	0
Other	34.3	3 463	3 186
Profit (loss) on business activities		**11 766**	**7 581**
Result on extraordinary events		**0**	**0**
Extraordinary profit		0	0
Extraordinary loss		0	0
Gross profit (loss)		**11 766**	**7 581**
Income tax	35	3 350	1 990
Other statutory reductions in profit (increases in loss)		0	0
Net profit (loss)	**37**	**8 416**	**5 591**
Weighted average number of ordinary shares / Diluted weighted average number of shares (in units)		**12 696 251/ 12 744 407**	**12 661 062/ 12 710 858**
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)		**0.5607 / 0.5584**	**0.4416 / 0.4399**

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Warsaw, 28 April 2014

CASH FLOW STATEMENT

	Note	Period of 12 months ended 31.12.2013	Period of 12 months ended 31.12.2012
Net profit (loss)		**8 416**	**5 591**
Total adjustments		**-100 875**	**75 157**
Amortisation and depreciation		2 050	2 139
FX profit (loss)		-75	-265
Interest and profit sharing (dividends)		1 980	4 325
(Profit (loss) on investment activities		-122	-1 397
Change in provisions		3 874	3 552
Change in inventories		-1 403	17
Change in receivables	38	41 942	-5 587
Change in short-term liabilities, excluding credits and loans	38	-121 135	60 602
Change in prepayments and accruals		-28 244	11 640
Other adjustments		258	131
Net cash flows from operating activities		**-92 459**	**80 748**
Cash flows from investment activities			
Inflows		**18 740**	**11 665**
Disposal of intangible and tangible fixed assets		177	293
Disposal of investments in real property and intangible assets		0	0
From financial assets, incl.:		18 563	3 072
a) In associates		17 937	2 360
- Disposal of financial assets		7 400	0
- Dividends and profit sharing		610	750
- Repayment of granted long-term loans		8 696	0
- Interest		0	0
- Other inflows from financial assets		1 231	1 610
b) In other entities		626	712
- Disposal of financial assets		0	0
- Dividends and profit sharing		0	0
- Repayment of granted long-term loans		0	0
- Interest		626	712
- Other inflows from financial assets		0	0
Other inflows from investment activities		0	8 300
Outflows		**14 370**	**25 050**
Purchase of intangible assets and tangible fixed assets		317	670
Investments in real property and intangible assets		0	0
Due to financial assets, incl.:		14 053	24 380
a) In associates		14 053	14 110
- Purchase of financial assets		9 167	13 022
- Long-term loans granted		4 886	1 088
b) In other entities		0	10 270
- Purchase of financial assets		0	10 270
- Long-term loans granted		0	0
Other outflows from investment activities		0	0
Net cash flows from investment activities		**4 370**	**-13 385**

	Note	Period of 12 months ended 31.12.2013	Period of 12 months ended 31.12.2012
Cash flow from financing activities			
Inflows		**402**	**372**
Net proceeds from issue of shares and other equity instruments; additional contributions to equity		402	372
Loans and borrowings		0	0
Issuance of debt securities		0	0
Other financing inflow		0	0
Outflows		**6 586**	**36 078**
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		256	28 401
Redemption of debt securities		0	0
Other financial liabilities		0	0
Finance lease liabilities		1 196	1 890
Interest		5 134	5 787
Other financing outflows		0	0
Net cash flow from financing activities		**-6 184**	**-35 706**
Total net cash flow		**-94 273**	**31 657**
Balance-sheet change in cash, incl.:	**38**	**-94 273**	**31 922**
- Change in cash due to exchange rate differences			265
Cash at the beginning of the period	**38**	**152 193**	**120 271**
Cash at the end of the period, incl.:	**38**	**57 920**	**152 193**
- Restricted cash		13 618	17 758

Signature of person preparing the Financial Statement

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/Member of the Board/

Warsaw, 28 April 2014

STATEMENT OF MOVEMENTS IN EQUITY

	Period of 12 months ended 31.12.2013	Period of 12 months ended 31.12.2012
I. Equity at the beginning of the period (Opening balance)	**235 313**	**229 219**
– Changes to applied accounting principles (policy)	0	0
– Adjustments of basic errors	0	0
I.a. Equity opening balance after reconciliation to comparative data	**235 313**	**229 219**
1. Share capital at the beginning of the period	**1 268**	**1 264**
1.1. Changes to share capital	**3**	**4**
a) Increases	3	4
– issue of shares of Series G	0	4
– issue of shares of Series F	3	0
b) Decreases	0	0
– redemption of shares	0	0
1.2. Share capital at the end of the period	**1 271**	**1 268**
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	**228 454**	**253 239**
4.1. Changes in capital reserves	6 200	-24 785
a) Increases	6 200	499
– transfer of the capital reserves	0	0
– profit distribution	5 591	0
– redemption of own shares	0	0
– issue of Series G shares above face value	0	369
– issue of Series H shares above face value	399	0
– contribution to Series C shares	0	0
– manager options	399	130
b) Decreases	0	25 284
– cover of loss for 2011	0	25 284
– redemption of shares	0	0
4.2. Capital reserves at the end of the period	**234 654**	**228 454**
5. Revaluation reserve at the beginning of the period	**0**	**0**
5.1.Changes in revaluation reserve	0	0
a) Increases	0	0
– revaluation of financial assets	0	0
– conversion of balance of German Branch from EUR to PLN	0	0
b) Decreases	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	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 31.12.2013	Period of 12 months ended 31.12.2012
7. Retained profit (loss) at the beginning of the period	**0**	**0**
7.1. Retained profit at the beginning of the period	0	0
– changes to accepted accounting principles (policy)	0	0
– adjustments of basic errors – recognition of the last FY result as the result of prior years	5 591	0
7.2 Retained profit at the beginning of the period after reconciliation to comparable data	5 591	0
a) Increases	0	0
b) Decreases	5 591	0
– profit distribution allocated to capital reserves	5 591	0
– 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	**0**	**0**
– changes to accepted accounting principles (policy)	0	0
– adjustments of basic errors – recognition of the last FY result as the result of prior years	0	-25 284
7.5. Retained loss at the beginning of the period after reconciliation to comparative data	0	-25 284
a) Increases	0	0
b) Decreases (profit distribution to cover losses)	0	25 284
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	**8 416**	**5 591**
a) Net profit	8 416	5 591
b) Net loss	0	0
c) Write-downs of profit	0	0
II. Equity at the end of the period (Closing balance)	**244 341**	**235 313**
III. Equity after proposed distribution of profits (loss coverage)	**244 341**	**235 313**

Signature of person preparing the Financial Statement

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Warsaw, 28 April 2014

KEY ITEMS CONVERTED TO THE EURO

	31 December 2013		31 December 2012	
	PLN	EUR	PLN	EUR
Fixed assets	206 029	49 679	214 391	52 441
Current assets	423 617	102 145	504 883	123 498
Shareholders' equity	244 341	58 917	235 313	57 559
Liabilities and provisions for liabilities	385 305	92 907	483 961	118 380

Items of the balance sheet as at 31 December 2013 were converted at the Euro rate which was set by the NBP on that date i.e. 4.1472 PLN/EUR.

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.

	Period of 12 months ended 31.12.2013		Period of 12 months ended 31.12.2012	
	PLN	EUR	PLN	EUR
Revenues from sales of products, services, goods and materials	861 441	204 569	1 078 582	258 430
Cost of products, services, goods and materials sold	807 397	191 735	1 031 874	247 238
Profit on sales before tax	54 044	12 834	46 708	11 192
Profit on operating activities	17 094	4 059	13 290	3 184
Gross profit (loss)	11 766	2 794	7 581	1 816
Net profit (loss)	8 416	1 998	5 591	1 340

Items of the profit and loss statement 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 date, i.e. 4.211 PLN/EUR.

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.

	Period of 12 months ended 31.12.2013		Period of 12 months ended 31.12.2012	
	vv	EUR	PLN	EUR
Cash flows from operating activities	-92 458	-21 956	80 748	19 347
Cash flows from investment activities	4 370	1 038	-13 385	-3 207
Cash flows from financial activities	-6 184	-1 468	-35 706	-8 555
Net cash flows	-94 272	-22 387	31 657	7 585
Cash opening balance	152 193	37 227	120 271	27 230
Cash closing balance	57 921	13 966	152 193	37 227

Cash flow items for the period of 1.01.2013 - 31.12.2013 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. 4.2110 PLN/EUR.

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.

For translating cash as at 1 January 2013 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 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 31 December 2013 it was applied the exchange rate set by the NBP as of that day, i.e. 4.1472 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.

EXPLANATORY NOTES

Note 1. Intangible assets

	31.12.2013	31.12.2012
Intangible assets		
a) R&D completed	0	0
b) Goodwill	0	0
c) Concessions, patents, licenses and similar assets, incl.:	0	0
- computer software	0	0
d) Other intangible assets	57	70
e) Prepaid intangible assets	367	367
Total tangible assets	**424**	**437**

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

Item	Other	Total
a) Gross value of intangible assets as at 1 January 2013	634	634
b) Increases (from)	93	93
- acquisition	93	93
c) Decreases (from)	0	0
d) Gross value of intangible assets as at 31 December 2013	727	727
e) Cumulative depreciation as at 1 January 2013	564	564
f) Depreciation for the period	106	106
g) Cumulative depreciation as at 31 December 2013	670	670
h) Net value of intangible assets as at 31 December 2013	57	57

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

Note 1.2. Intangible assets (ownership structure)

	31.12.2013	31.12.2012
Other intangible assets		
a) own	57	70
Other intangible assets in total	**57**	**70**

Note 2. Tangible assets

	31.12.2013	31.12.2012
Tangible assets		
Fixed assets, incl.:	6 132	7 605
- Land (incl. perpetual usufruct)	0	0
- Buildings, premises and civil and water engineering structures	3 334	3 432
- Plant and equipment	86	89
- Means of transport	2 474	3 723
- Other fixed assets	238	361
Total tangible assets	**6 132**	**7 605**

Note 2.1. Balance sheet assets (ownership structure)

	31.12.2013	31.12.2012
Balance sheet assets		
a) own	3 822	4 085
b) used under the lease, rent or other contract, incl. lease contract	2 310	3 520
- lease	2 310	3 520
Total balance sheet assets	**6 132**	**7 605**

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 2013	**0**	**3 966**	**332**	**10 264**	**2 334**	**0**	**0**	**16 895**
b) Increases (from)			31	254	220			**505**
- acquisition			31	66	220			**317**
- lease				188				
- transfer								
c) Decreases (from)			29	123	3			**155**
- sale			29	123				**152**
- revaluation								
- liquidation					3			
- derecognition of lease								
- adjustments								
d) Gross value of fixed assets as at 31 December 2013	**0**	**3 966**	**334**	**10 395**	**2 550**	**0**	**0**	**17 245**
e) Cumulative depreciation at the beginning of the period	**0**	**533**	**243**	**6 541**	**1 973**	**0**	**0**	**9 290**
f) Amortisation for the period		99	39	1 476	331			**1 945**
g) Decreases, incl.:			35	95	-8			**122**
- liquidation					3			**3**
- sale			24	95				**119**
- adjustments			11		-11			**0**
- derecognition of lease								
h) Cumulative depreciation as at 31 December 2013	**0**	**632**	**247**	**7 921**	**2 312**			**11 113**
i) Net value of fixed assets as at 1 January 2013	**0**	**3 432**	**89**	**3 723**	**361**	**0**	**0**	**7 605**
j) Net value of fixed assets as at 31 December 2013	**0**	**3 334**	**86**	**2 474**	**238**	**0**	**0**	**6 132**

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**

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 2013 and 31 December 2012, 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 of 31 December 2013 the value of non-depreciated (non-amortized) fixed assets rental and other agreements, including leases amounted to PLN 4.516 thousand.

Note 3. Changes in real property

	31.12.2013	31.12.2012
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

	31.12.2013	31.12.2012
Long-term financial assets		
a) In affiliates	174 843	184 197
- Shares or stocks	136 731	142 485
- Loans granted	38 112	41 712
b) In associates	762	777
- Shares or stocks	5	5
- Other long-term financial assets	757	772
Total long-term financial assets	**175 605**	**184 974**

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

Changes in long-term financial assets	**31.12.2013**	**31.12.2012**
a) As at the beginning of the period - 1 January	184 974	172 550
- Shares	142 490	132 970
- Loans granted	41 712	38 862
- Other long-term financial assets	772	718
b) Increases (from)	3 518	12 424
- Shares	3 518	9 520
- Loans granted	0	2 850
- Other long-term financial assets	0	54
c) Decreases (from)	12 887	0
- Shares	9 272	
- Loans granted	3 600	0
- Other long-term financial assets	15	0
d) As at the end of the period - 31 December	175 605	184 974
- Shares	136 736	142 490
- Loans granted	38 112	41 712
- Other long-term financial assets	757	772

The balance of long-term loans to related parties included:
- Loans for ERBUD International Sp. z o.o. in the amount of PLN 9,206 thousand with interest rate based on 1M WIBOR plus margin;
- Loans for Budlex SA in the amount of PLN 28,505 thousand with interest rate based on 1M WIBOR plus margin;
- Loans for Ersteel Sp. z o.o. in the amount of PLN 401 thousand with interest rate based on 1M WIBOR plus margin;
- Short-term loans for Erbud Energetyka Sp. z o.o. in the amount of PLN 157 thousand with interest rate based on 1M WIBOR plus margin.

Change in shares results from the sale of shares in Engorem Sp. z o.o. - a subsidiary of Delta Sp. z o.o. (9,272 thousand) and from the increase in capital in an entity subordinated to Delta Sp. z o.o (3,518 thousand).

Note 5. Shares or stocks in subsidiaries as at 31 December 2013

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	3 550	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	11 470	98.62%	98.62%
				Shares or stocks in subsidiaries as at 31.12.2013		2 928	2 928	148 251	
				of which in subsidiaries directly controlled as at 31.12.2013		2 928	2 928	136 731	

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		

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

	31.12.2013	31.12.2012
Erbud International Sp. z o.o.	847	-306
GWI GmbH	1 976	3 074
Budlex S.A.	4 042	5 974
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	2 325	2 873
Erbud Energetyka Sp. z o.o.	-31	-24
Ersteel Sp. z o.o.	-76	-205
Engorem Sp. z o.o.*	2 387	403
Delta sp. z o.o.**	-474	

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.

* Company acquired in 2012

** Company consolidated starting from 2013

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

	31.12.2013	31.12.2012
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)	184 974	172 145
a) Shares and stocks (carrying value)	136 736	142 490
- Value adjustments (cumulative)	-2 928	-2 928
- Value at the beginning of the period	0	0
- Value at acquisition prices	139 664	145 418
b) Bonds (carrying value)	0	0
c) Loans granted (carrying value)	38 112	41 712
d) Other - by type (carrying value)	757	772
- Value at acquisition prices	810	810
- Value adjustments (cumulative)	-53	-38
Total carrying value	**175 605**	**184 974**

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

	31.12.2013	31.12.2012
Securities, shares and other long-term financial assets		
a) in Polish currency	175 258	184 627
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	**175 605**	**184 974**

Note 7. Changes in assets due to deferred income tax

	31.12.2013	31.12.2012
1. Deferred tax assets at the beginning of the period, incl.:	**20 860**	**24 490**
a) Recognized in 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
- Balance sheet valuation of receivables	155	0
- Provision on cost	293	184
- Write-downs of inventories and investments	53	53
- Balance sheet valuation of interest on bonds	359	0
- Long-term investment impairment	556	562
- Lease liabilities	328	566
- Fixed assets under lease	-669	-837
- Other	98	508
b) Recognized in equity	**0**	**0**
2. Increases	**23 353**	**20 860**
a) Recognized in financial result	**23 353**	**20 860**
- Holiday provision	541	584
- Retirement severance provision	91	66
- Guarantee repair provision	1 816	1 973
- Provision for loss on long-term contracts	0	71
- Impairment on receivables	705	393
- Accruals	1 242	2 036
- Valuation of building contracts	12 751	7 899
- Tax loss	5 055	6 665
- Write-downs of inventories and investments	53	53
- Long-term investment impairment	556	556
- Provision on cost	167	293
- Lease liabilities	136	328
- Fixed assets under lease	-439	-669
- Balance sheet valuation of liabilities	0	155
- Balance sheet valuation of bond interest	359	359
- Other	320	98
b) Recognized in equity	**0**	**0**
3. Decreases	**20 860**	**24 490**
a) Recognized in 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
- Valuation of building contracts	7 899	8 009
- Impairment on receivables	393	425
- Tax loss	6 665	10 359
- Balance sheet valuation of receivables	155	0
- Write-downs of inventories and investments	53	53
- Long-term investment impairment	556	562
- Provision on cost	293	184
- Accruals	2 036	2 841
- Balance sheet valuation of bond interest	359	0
- Lease liabilities	328	566
- Fixed assets under lease	-669	-837
- Other	98	508
b) Recognized in equity	**0**	**0**
4. Deferred tax assets at the end of the period, incl.:	**23 353**	**20 860**
a) Recognized in financial result	**23 353**	**20 860**
- Holiday provision	541	584
- Retirement severance provision	91	66
- Guarantee repair provision	1 816	1 973
- Impairment on receivables	705	393
- Accruals	1 242	2 036
- Valuation of building contracts	12 751	7 899
- Write-downs of inventories and provisions	53	53
- Long-term investment impairment	556	556
- Provision for loss on contracts	0	71

- Tax loss	5 055	6 665
- Provision on cost	167	293
- Lease liabilities	136	328
- Fixed assets under lease	-439	-669
- Balance sheet valuation of receivables	0	155
- Balance sheet valuation of bond interest	359	359
- Other	320	98
b) Recognized in equity	**0**	**0**

Note 7.1. Assets from deferred income tax

	31.12.2013	31.12.2012
Assets from deferred income tax		
- Valuation of long-term contracts	12 751	7 899
- Accruals	1 242	2 036
- Tax loss	5 055	6 665
- Provision for loss on contracts	0	71
- Employee provisions	632	650
- Provision for repairs	1 816	1 974
- Other provisions	167	293
- Other	1 690	1 272
Total assets from deferred income tax	**23 353**	**20 860**

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 2011. These assets may be used by the Company within 5 years after the balance sheet date.

Note 8. Inventories

	31.12.2013	31.12.2012
Inventories		
a) Materials	1 883	1 110
b) Products and semi-products in progress	630	0
Total inventories	**2 513**	**1 110**

Note 8.1. Impairment of inventories. Write-downs of inventories

	31.12.2013	31.12.2012
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

	31.12.2013	31.12.2012
Current receivables		
a) From associates	**3 453**	**3 133**
- due to deliveries and services with a maturity:	1 340	3 133
- up to 12 months	1 340	3 133
- over 12 months	0	0
- other	2 113	0
- claimed at court	0	0
b) From other entities	**216 902**	**257 064**
- due to deliveries and services with a maturity:	203 240	207 121
- up to 12 months	188 448	201 282
- over 12 months	14 792	5 839
- due to taxes, subsidies, duties, social and health insurance and other benefits	5 514	6 923
- other	8 148	43 020

- claimed at court	0	0
Total net current receivables	**220 355**	**260 197**
c) Write-downs of receivables	4 648	2 645
Total gross current receivables	**225 003**	**262 842**

Note 9.1. Short-term receivables from associates

	31.12.2013	31.12.2012
Current receivables from associates		
a) Due to deliveries and services, incl.:	**1 340**	**3 133**
- from subsidiaries	1 340	3 133
b) Other	2 113	**0**
- from subsidiaries	2 113	0
c) Claimed at court	**0**	**0**
Total net current receivables from associates	**3 453**	**3 133**
Total gross current receivables from associates	**3 453**	**3 133**

Note 9.2. Changes in write-downs of current debts

	31.12.2013	31.12.2012
At the beginning of the period	**2 645**	**2 848**
a) Increases	2 325	0
- Creations	2 325	0
b) Decreases	322	203
- Impairment loss release	322	203
Short-term write-downs of receivables at end of the period	**4 648**	**2 645**

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

	31.12.2013	31.12.2012
Current receivables before tax		
a) In Polish currency	219 455	220 529
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)	5 548	42 313
Total current receivables	**225 003**	**262 842**

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

	31.12.2013	31.12.2012
Receivables from deliveries and services		
a) Up to 1 month	88 086	154 267
b) Between 1 and 3 months	63 929	0
c) Between 3 and 6 months	0	0
d) Between 6 and 12 months	0	0
e) Over 12 months	37	0
f) Deposits up to 12 months	24 215	29 350
g) Deposits over to 12 months	14 792	5 839
h) Overdue debts	18 169	23 443
Total receivables from deliveries and services (gross)	209 228	212 899
i) Write-downs of trade receivables	4 648	2 645
Total receivables from deliveries and services (net)	**204 580**	**210 254**

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 (before tax)

	31.12.2013	31.12.2012
Overdue receivables from deliveries and services		
a) Up to 1 month	0	0
b) Between 1 and 3 months	21	0
c) Between 3 and 6 months	3 478	3 839
d) Between 6 and 12 months	1 635	3 264
e) Over 12 months	13 035	16 340
Total overdue receivables from deliveries and services (gross)	18 169	23 443
f) Overdue of from trade receivables	4 648	2 645
Total overdue receivables from deliveries and services (net)	**13 521**	**20 798**

The overdue amount of more than 1 year, which is not covered by the write-down charge, includes receivables of PLN 3,700,000 from Międzyzdrojski Rynek Sp.z o.o. (a municipality company). Accordingly, the Company expects the recoverability of amount due.

Note 10. Short-term financial assets

	31.12.2013	31.12.2012
Current financial assets		
a) In subsidiaries	0	0
- Loans granted	157	0
b) in joint controlled entities	0	0
c) In associates	0	0
d) In major investor	0	0
e) In the Parent	0	0
f) In other entities	0	0
g) Cash and cash equivalents	57 920	152 193
- Cash at bank and in hand	44 303	134 435
- Other cash	13 617	17 758
Total current financial assets	**58 077**	**152 193**

Note 10.1. Cash and cash equivalents (by currency)

	31.12.2013	31.12.2012
Cash and cash equivalents		
a) In Polish currency	51 504	147 807
b) In foreign currencies (by currency and translated in PLN)		
- unit/currency PLN / 1 EUR (4.1472 and 4.0882)	1 547	1 072
- PLN	6 416	4 386
Total cash and cash equivalents	**57 920**	**152 193**

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

	31.12.2013	31.12.2012
a) In Polish currency	157	0
b) In foreign currencies (by currency and translated in PLN)	0	0
- unit/currency PLN / 1 EUR (4.1472 and 4.0882)	0	0
- PLN	0	0
Total cash and cash equivalents	**157**	**0**

Note 11. Short-term prepayments

	31.12.2013	31.12.2012
a) Current prepayments, incl.:	142 672	91 383
- other costs	3 838	2 552
- long term contracts	118 712	88 831
- Costs of Modlin Project (prepayments due to costs claimed from the suppliers of aggregates)	20 122	0
Total current prepayments	**142 672**	**91 383**

Note 11.1. Prepayments due to construction contracts

	31.12.2013	31.12.2012
Expected revenues from ongoing projects	2 102 635	1 942 007
Expected costs of ongoing projects	1 880 322	1 755 668
Expected margin on ongoing projects	222 313	186 339
Cumulative revenues recognized in the profit and loss account	1 164 280	1 011 941
Cumulative costs recognized in the profit and loss account	1 061 121	921 310
Cumulative margin recognized in the profit and loss account	103 159	90 631
Margin remaining to be recognized in next periods	119 154	95 708
Percentage of margin remaining to be recognized in next periods	53,60%	51,36%
Revenue surplus over partial invoices by staging	101 003	78 081
Costs surplus over expenses arising from the accounting costs by staging	55 811	40 372
Surplus on partial invoices over incomes by staging	11 299	1 201
Surplus on costs resulting from the accounting costs over expenses by staging	17 709	10 750
Total amounts presented in deferred expenditures	118 712	88 831
Total amounts presented in deferred revenues	67 110	41 573

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 due on impairment of short-term financial assets	**31.12.2013**	**31.12.2012**
Opening balance	**2 928**	**2 960**
Increases / Decreases	0	-32
Closing balance	**2 928**	**2 928**

Write-downs due on impairment of short-term financial assets	**31.12.2013**	**31.12.2012**
Opening balance	**0**	**0**
Increases / Decreases	0	0
Closing balance	**0**	**0**

Write-downs on to impairment of inventories	**31.12.2013**	**31.12.2012**
Opening balance	**262**	**262**
Increases / Decreases	0	0
Closing balance	**262**	**262**

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

Note 13.1 Shareholding structure as at 31.12.2013

Share capital of the Company as of 31 December 2013 consists of 12,714,546 shares with a total value of PLN 1,271,454.60.

Shareholding structure of the Parent as at 31.12.2013 is presented below:

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	2.22%	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, H	Free Float	Ordinary	None	None	2 489 388	19.58%	None
	Total				**12 714 546**	**100%**	
	The nominal value of all series shares		PLN 0.10	Equity	1 271 454.60		

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 shareholders 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 2013, there were no significant changes in the shareholding of the Parent Company.

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. Finally, following the issue of H Series shares were acquired 36 590 shares with a nominal value of PLN 0.10 each one. Thus, the share capital has increased by PLN 3,659.

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 31.12.2012

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		

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

Note 14. Revaluation capital

	31.12.2013	31.12.2012
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)

	31.12.2013	31.12.2012
a) From sale of shares over their nominal value	13 840	13 840
b) Distribution to shareholders	-550	-550
c) Other (by type)	221 364	215 164
- issue of Series C shares (agio)	796	796
- issue of Series D share (agio)	119 896	119 896
- from profit	98 088	92 497
- 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	369
- issue of Series H shares	399	0
- manager options	2 415	2 205
Total supplementary capital	**234 654**	**228 454**

Note 16. Changes in provision for deferred income tax

	31.12.2013	31.12.2012
1. Provision for deferred income tax at the beginning of period, incl.:	**18 288**	**19 928**
a) Recognised in 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) Recognised in equity	**0**	**0**
2. Increases	**24 130**	**18 288**
a) Recognised in financial result	**24 130**	**18 288**
Valuation of loans as at the balance-sheet date	1 186	1 121
Valuation of construction contracts	22 555	16 878
Discounted liabilities	261	267
Other	128	22
b) Recognised in equity	**0**	**0**
3. Decreases	**18 288**	**19 928**
a) Recognised in 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) Recognised in equity	**0**	**0**
4. Provision for deferred income tax at the end of period, incl.:	**24 130**	**18 288**
a) Recognised in financial result	**24 130**	**18 288**
Valuation of loans as at the balance-sheet date	1 186	1 121
Valuation of construction contracts	22 555	16 878
Discounted liabilities	261	267
Other	128	22
b) Recognised in equity	**0**	**0**

Note 16.1. Provision for deferred income tax

Provision due to	31.12.2013	31.12.2012
- Valuation of construction contracts	22 555	16 878
- Other	1 575	1 410
Total provision for deferred income tax	**24 130**	**18 288**

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

	31.12.2013	31.12.2012
a) As at the beginning of the period	349	420
b) Increases (from)	130	0
- Retirement severance payments	130	0
c) Use (from)	0	0
d) Dissolution (from)	0	71
Jubilee	0	71
e) As at the end of the period	479	349

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

	31.12.2013	31.12.2012
a) As at the beginning of the period	3 074	2 565
b) Increases (from)	0	509
- Unused leave	0	509
c) Use (from)	0	0
d) Dissolution (from)	225	0
e) **As at the end of the period**	2 849	3 074

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

There were no items.

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

	31.12.2013	31.12.2012
a) As at the beginning of the period	12 118	7 364
b) Increases (from)	2 002	4 928
- Litigation and claims	30	599
- Guarantee repair	1 972	3 956
- Loss on long-term contracts	0	373
c) Use (from)	0	0
d) Dissolution (from)	3 876	174
- Litigation and claims	703	13
- Loss on long-term contracts	2 800	
e) As at the end of the period	373	161
a) As at the beginning of the period	**10 244**	**12 118**

Note 21. Non-current liabilities

Note 21.1. Long-term liabilities

	31.12.2013	31.12.2012
a) To subsidiaries	0	0
b) To other entities	266	556
- Other financial liabilities, of which	266	556
- due to finance lease	266	556
c) From issue of debt securities	0	50 000
d) Other	0	0
Total long-term liabilities	**266**	**50 556**

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

	31.12.2013	31.12.2012
a) Between 1 and 3 years	266	50 556
Total long-term liabilities	**266**	**50 556**

Note 21.3. Long-term liabilities (currency structure)

	31.12.2013	31.12.2012
a) In Polish currency (PLN)	266	50 556
b) In foreign currencies (converted into PLN)	0	0
Total long-term liabilities	**266**	**50 556**

Note 22. Current liabilities

	31.12.2013	31.12.2012
a) To associates	**9 067**	**49 588**
- Borrowings and loans	0	0
- Issue of debt securities	0	0
- Dividends	0	0
- Other financial liabilities	0	0
- Deliveries and services, with a maturity:	9 067	49 588
- up to 12 months	8 240	48 992
- over 12 months	827	596
- Advances received for deliveries	0	0
- Liabilities due to bills of exchange	0	0
- Other	0	0
b) To other entities	**271 160**	**308 415**
- Borrowings and loans	6	262
- Issue of debt securities	50 000	0
- Dividends	0	0
- Other financial liabilities, incl.:	2 339	3 057
- Lease	450	1 168
- Interest on bonds	1 889	1 889
- Deliveries and services, with a maturity:	212 502	258 272
- up to 12 months	205 791	253 674
- over 12 months	6 711	4 598
- Advances received for deliveries	291	34 009
- Liabilities from bills of exchange	0	0
- Taxes, customs, social insurance and other benefits	3 746	2 220
- Remuneration	682	1 538
- Other (by type), incl.:	1 594	9 057
- Investment purchases	0	5 553
- Other	1 594	3 504
Total short-term liabilities	**280 227**	**358 003**

Note 22.1. Short-term liabilities (currency structure)

	31.12.2013	31.12.2012
a) in Polish currency (PLN)	277 153	326 151
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)	3 074	31 852
Total short-term liabilities	**280 227**	**358 003**

Note 23. Finance lease liabilities

Balance sheet value

	31.12.2013	31.12.2012
Up to 1 year	450	1 168
From 1 to 5 years	266	556
Over 5 years	0	0
Total	**716**	**1 724**

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 31.12.2013, the Company had open credit lines in five banks. As of 31.12.2013, the Company was using an overdraft in one of the banks of PLN 0 thousand.

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 2013, ERBUD SA breached the terms of the loan agreements related overdrafts related to overdrives in mBank and Alior Bank. The violation concerned the following ratios: current liquidity, net profitability.

Here is a list of violated ratios:

Bank mBank

Ratio	*Level required*	*Level achieved*	*Comment*
current liquidity	not less than 1.1	1.,0	not achieved

Alior Bank

Ratio	*Level required*	*Level achieved*	*Comment*
current liquidity	not less than 1.3	1.0	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.

As of 31 December 2013, ERBUD SA did not have any liabilities due to short-term overdrafts.

The following table provides details of borrowings and loans used as of 31.12.2013:

Bank - the Creditor	Limit of credit available under the agreement	Loan / borrowing currency	Overdraft debt	Interest rate	Maturity date
	PLN '000		PLN '000		
BNP Paribas	3 000	PLN	0	WIBOR for one-month deposits add bank margin	2014-09-29
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 has 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 6 thousand.

The following tables provide details of borrowings and loans used as of 31.12.2013:

Bank - the Creditor	Limit of credit available under the agreement PLN '000	Loan / borrowing currency	Overdraft debt PLN '000	Interest rate	Maturity date
PKO BP	10 000	PLN	0	Call rate of PKO BP add margin	2014-06-30

Final collateral:
Capped mortgage to the amount of PLN 65m. on the property -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 contracts
Blank bill of exchange issued by Erbud SA together with the bill declaration
Clause on claim deductions from accounts of Erbud SA manager by PKO BP

Bank - the Creditor	Limit of credit available under the agreement PLN '000	Loan / borrowing currency	Overdraft debt PLN '000	Interest rate	Maturity date
mBank S.A.	10 000	PLN	0	WIBOR for one-month deposits add bank margin	2014-12-31

Final collateral:
Blank bill of exchange
Assignment of debts covering the value of loan granted
Conventional mortgage up to PLN 120m on cooperative ownership right to the premises registered under KW WA5M/00451397/7, WA5M/00451398/4, WA5M/00451399/1, managed by the District Court in Warsaw

Breach of covenants: current liquidity ratio

Bank - the Creditor	Limit of credit available under the agreement PLN '000	Loan / borrowing currency	Overdraft debt PLN '000	Interest rate	Maturity date
ING Bank Śląski S.A.	**15 000**	**PLN**	**0**	WIBOR for one-month deposits add bank margin	**2014-08-20**

Final collaterals:
Assignment of debt claims from contracts concluded by ERBUD SA in the course of business, in each case approved by the Bank and transferred to the Bank under the agreement on transfer of receivables form the Trade Contract.
Conventional mortgage established by PBDI SA (a subsidiary of the Borrower) up to PLN 96m for perpetual usufruct of land and ownership of buildings and plant on property located in Torun, 1113 Polna St., plots No. 128/1, 131/3, 1/3, 658/2 registered under number TO1T/00040713/3 in the land register conducted by the District Court in Toruń.

Bank - the Creditor	Limit of credit available under the agreement PLN '000	Loan / borrowing currency	Overdraft debt PLN '000	Interest rate	Maturity date
Alior Bank	10 000	PLN	0	1M WIBOR + margin	2014-09-04

Final collaterals:
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.

Breach of covenants: current liquidity ratio

* In addition, the Company has granted limits on the guarantees set out in Note 52

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.

2013: book value - PLN 244,341 (equity), 12,714,546 shares = PLN 19.22

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

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

2013: bok value - PLN 244,341 (equity), 12,744,407 shares = PLN 19,17

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

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

Note 26.1. Issuance / Redemption / Repayment of debt securities

On 26 March 2014, the Company issued a total of 5,200 bearer bonds, dematerialized, unsecured, with an aggregate nominal value of PLN 52 million. The par value of one bond was PLN 10,000. The issue price amounted to PLN 9,587. The redemption date is 26 March 2018. The interest rate on bonds is variable and based on WIBOR 6M plus a margin equal to 3.0 percentage points. Interest will be paid every 6 months. The Company will apply for placing bonds on the trading platform for debt financial instruments carried by the Stock Exchange in Warsaw SA in the form of alternative trading system.
The Company has earmarked funds for the purchase of 40,000 bonds of series A issued by the Issuer and financing the increased demand on working capital associated with record orders backlog of the Capital Group. The remaining 10,000 Series A bonds will be redeemed according the originally fixed term, i.e. on 15 July 2014.

On 14 July 2011, the Company 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 Company 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 2013, the Company incurred financing costs in the amount of PLN 3,992 thousand due to accrued interest on bonds issued.

Note 26.2. Issuance / Redemption / Repayment of equity securities

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. Finally, following the issuance of H series shares were acquired 36,590 shares with a nominal value of PLN 0.10 each one. Thus, the share capital has increased by PLN 3,659.

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 4 January 2013, ERBUD SA signed an agreement with subsidiary company Delta Sp. z o.o. to sale of shares previously purchased in ENGOREM Sp. z o.o. based in Łódź. There were sold all 1,862 shares held by ERBUD SA, representing 80.22% of all shares of ENGOREM Sp. z o.o. with a nominal value of PLN 934,724. The shares were sold for PLN 9,500m. Following the transaction ERBUD SA does not own shares in ENGOREM Sp. z o.o., however it still controls the company because the purchase has been done by Delta Sp. z o.o. which is a subsidiary of ERBUD SA and in which it has a 100% interest in the equity share capital.

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

	31.12.2013	31.12.2012
- Sale of products	0	0
- of which to associates	0	0
- Sale of services	861 441	1 065 771
- of which to associates	3 170	3 098
Total trade net income	**861 441**	**1 065 771**
- of which from associates	**3 170**	**3 098**

Note 29. Trade net income (geographical structure)

	31.12.2013	31.12.2012
a) Domestic	827 853	1 057 794
- Sale of products	0	0
- of which to associates	0	0
- Sale of services	827 853	1 057 794
- of which to associates	3 170	3 095
b) Export	33 588	7 977
- Sale of products	0	0
- of which to associates	0	0
- Sale of services	33 588	7 977
- of which to associates	0	0
Total trade net income	**861 441**	**1 065 771**
- of which to associates	**3 170**	**3 095**

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

	31.12.2013	31.12.2012
a) Domestic	**0**	**12 811**
- Sale of goods	0	12 811
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	**0**	**12 811**
of which to associates	**0**	**12 811**

Note 31. Operating costs

Note 31.1. Expenses by type

	31.12.2013	31.12.2012
a) Depreciation and amortisation	2 050	2 139
b) Consumption of materials and power	97 757	147 132
c) External services	670 936	813 595
d) Taxes and charges	3 704	2 508
e) Remuneration	46 753	37 648
f) Social security and other benefits	10 158	9 802
g) Other costs	3 157	2 303
h) Goods and materials sold	0	12 780

Total expenses by type	**834 515**	**1 027 907**
Change in products and accrued expenses due to construction contracts	7 849	36 178
Cost of products manufactured for in-house use (negative value)	0	0
Sales cost (negative value)	0	0
General and administrative costs (negative value)	-34 967	-32 211
Value of goods and materials sold	0	0
Manufacturing cost of products sold	**807 397**	**1 031 874**

Note 31.2. Sale costs

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

Note 32. Other operating income

	31.12.2013	**31.12.2012**
a) Profit on disposal of non-financial fixed assets, incl.:	122	82
- Fixed assets and fixed assets in progress	122	82
b) Subsidies	0	0
c) Other, incl.:	3 024	1 344
- Indemnities	711	495
- Provisions released	680	13
- Other	39	353
- Relief of liabilities	1 093	0
- Release of provisions for receivables	322	203
- Other (Belgium - tax relief)	179	0
- Other (Branch Germany – tax refund))	0	280
Total other operating income	**3 146**	**1 426**

Note 33. Other operating expenses

	31.12.2013	**31.12.2012**
a) Loss on disposal of non-financial fixed assets	0	0
b) Revaluation of non-financial assets	0	0
- Write-downs of receivables	0	0
- Write-downs of inventories	0	0
c) Other, incl.:	5 129	2 633
- Impairment of receivables	2 325	0
- Written-down claims	658	179
- Penalties, fines and indemnities	1 736	1 651
- Created provisions for litigation	30	600
- Donations	132	1
- Other	248	202
Total other operating expenses	**5 129**	**2 633**

Note 33.1. Income from interest

	31.12.2013	**31.12.2012**
a) Due to borrowings granted	1 749	2 214
- from associates, of which:	1 749	2 214
- from subsidiaries	1 749	2 214
- form other entities	0	0
b) Other interest	1 530	767
- from associates	0	0
- from other entities, of which:	1 530	767
- from investments	626	711
- other	904	56
Total income from interest	**3 279**	**2 981**

Note 33.2. Other financial incomes

	31.12.2013	31.12.2012
a) Foreign exchange profits	0	0
- realized	0	0
- unrealized	0	0
b) Provisions released	0	0
c) Other	292	545
Total other financial income	**292**	**545**

Note 33.3 Financial income from dividends and share in profit

In the reporting period ended 31 December 2013, the Company recorded financial income due to the dividend from a subsidiary GWI GmbH in the amount of PLN 610 thousand.

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.

Note 34. Financial costs

Note 34.1. 1 Financial costs due to interest

	31.12.2013	31.12.2012
a) Interest due to loans and borrowings to	1 414	1 214
- associated entities	227	0
- other entities	1 187	1 214
b) Other interest to	4 860	5 617
- associated entities	0	0
- other entities, incl.;	4 860	5 617
financial liabilities due to lease	83	179
interest on outstanding tax	0	55
interest on bonds	3 992	4 164
other interest	785	1 219
other current liabilities	0	0
Total financial cost due to interest	**6 274**	**6 831**

Note 34.2. Financial costs - revaluation of investments

During the reporting period ended 31 December 2013, there was no such item.

Note 34.3. Other financial costs

	31.12.2013	31.12.2012
a) Foreign exchange losses	264	690
b) Provisions created	0	0
c) Other, incl.:	3 199	2 496
- charges on bank guarantee	239	490
- origination fees and commissions	2 082	2 006
- other	878	0
Total other financial costs	**3 463**	**3 186**

Note 35. Current income tax

	31.12.2013	31.12.2012
1. Gross profit (loss), of which:	**11 766**	**7 581**
- gross profit (loss)	**11 766**	**7 581**
Tax non-deductible costs	**5 802**	**16 589**
Revaluation of receivables	2 325	0
Revaluation of long-term financial assets	0	0

Representation and advertising	1 596	1 219
Damages costs	690	852
Budget interest	0	55
Other	574	346
Penalties and sanctions	369	774
Contribution to National Disabled Persons Rehabilitation Fund (PFRON)	425	414
Creation of provision for leaves	0	509
Creation of provision for repair works	0	3 956
Creation of provision for retirement severance payments	130	0
Creation of provision for balance sheet audit	191	182
Creation of provision for loss on long- term contracts	0	372
Creation of provision for anniversary awards	0	0
Non-deductible VAT	465	460
Accrued expenses of the period	-4 178	-4 328
Provisions for litigation	31	586
Written-off claims	397	179
Unpaid social security contributions (ZUS)	0	0
Donations	132	42
Balance sheet valuation of loans, receivables, payables and cash and cash equivalents	-118	671
Balance sheet valuation of receivables	-19	0
Contributions to the organizations	189	92
Depreciation of fixed assets leased	1 398	1 516
Financial costs on lease	83	178
Exclusion of costs of a long-term contract taxed in Belgium	0	0
Discounted receivables and payables	731	848
Management options	210	131
Bank interest	181	0
Interest expense on bonds (accrued)	0	0
Amortisation of a loan granted to Erbud Ireland	0	0
Surplus balance sheet costs over tax costs from the valuation of contracts	0	7 535
Book income not counted as tax income	**7 711**	**3 301**
Revaluation of investments	-15	85
Surplus of balance sheet revenue over tax income from the valuation of contracts	4 344	0
Reversal of impairment losses on receivables	321	203
Long-term contract revenue taxed in Belgium	0	0
Balance sheet valuation of loans, receivables, payables and cash and cash equivalents	0	0
Release of provision for anniversary awards	0	71
Dividend	610	750
Interest on loans	346	2 031
Release of provision for losses on long-term contracts	373	161
Release of provisions for repair works	828	0
Release of provisions for holidays	224	0
Release of provisions for litigations	680	0
Discounting of instalment payments for the shares in Budlex	0	0
Discounting of deposit liabilities	0	0
Release of provisions for retirement	0	0
Revenues from contracts (accrued)	0	0
Tax costs not classified as book costs	**1 378**	**2 084**
Release of provision for balance sheet audit	182	195
Lease payments	1 196	1 884
Tax income not classified as book income	**0**	**807**
Contract WR-0913 Limanowa	0	0
Revenues booked by 2011	0	807
2. Income tax base	**8 479**	**19 592**
3. Deductions from tax base	**-8 479**	**-19 592**
- Retained loss	-8 479	-19 592
4. Tax base after deductions	**0**	**0**
5. Income tax according to rate of 19%		

6. Current income tax declared in the tax return for the period		
7. Change in assets due to deferred tax (19%)	2 493	-3 630
9. Change in provision due to deferred tax (19%)	-5 843	1 640
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	**-3 350**	**-1 990**
15. Tax on dividends from a foreign company	**0**	**0**
16. Tax liability shown in profit or loss account	**3 350**	**1 990**

Note 36. Net earnings per share

	31.12.2013	**31.12.2012**
Net earnings (loss)	8 416	5 591
Weighted average number of shares / Diluted weighted average number of shares (in units)	**12 696 251/ 12 744 407**	12 661 062/ 12 710 858
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)	**0,5607/0,5584**	0,4416/0,4399

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 2013 to the supplementary capital.

By Resolution No. 5/2013 of 18 June 2013 adopted by the AGM of ERBUD SA, the net profit for the year 2012 amounted to PLN 5, 591 thousand decided to allocate capital.

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

	31.12.2013	**31.12.2012**
a) Total cash (as of the beginning of the period)	152 193	120 271
- Cash in hand and at bank	134 435	108 027
- Other cash	17 758	12 244
b) Total cash (as of the end of the period)	57 920	152 193
- Cash in hand and at bank	44 302	134 435
- Other cash	13 618	17 758
Change in cash	**-94 273**	**31 922**
Change in cash due to exchange rate differences	0	265
Cash generated from operating activities	-92 459	80 748
Cash from investing activities	4 370	-13 385
Cash from financing activities	-6 184	-35 706

Reconciliation of changes movements in balance sheet items to changes reported in the statement of cash flows as at 31 December 2013 is presented below:

	31.12. 2013
Change in balance sheet receivables	**39 842**
Receivables due to purchase of shares	2 100
Change in receivables in the cash flows statement	**41 942**

	31.12. 2013
Change in balance sheet liabilities	**-128 066**
Change in liabilities from loans and borrowings	256
Lease	1 008
Partly payment of liabilities for the purchase of Budlex shares	5 667
Change in receivables in the cash flows statement	**-121 135**

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:

	31.12. 2012
Change in balance sheet receivables	**-6 797**
Receivables discount	-1 210
Change in receivables in the cash flows statement	**-5 587**

	31.12.2012
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**

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 2013 are summarized in the table below:

	Financial instruments					
Classes of 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**
	0	0	38 269	0	0	**38 269**
Loans granted	0	0	0	0	0	
Financial assets	136 736	0	0	0	0	**136 736**
Building contracts securities	0	0	41 346	0	-76 036	**-34 690**
Trade receivables, excluding building securities	0	0	161 920	0	0	**161 920**
Receivables from customers under building contracts presented in prepayments	0	0	118 712	0	0	**118 712**
Derivative financial instruments	0	0	0	0	0	
Other financial assets	0	756	0	0	0	**756**
Cash and cash equivalents	0	57 920	0	0	0	**57 921**
Credits, loans and other borrowing costs	0	0	0	0	-52 611	**-52 611**
Liabilities to customers under building contracts	0	0	0	0	-67 109	**-67 109**
Trade liabilities, excluding building securities	0	0	0	0	-137 080	**-137 080**
Other receivables and liabilities	0	0	8 149	0	-2 277	**5 872**
Total	**137 736**	**58 676**	**368 396**	**0**	**-335 113**	**229 695**

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**

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

for the period from 1 January 2013 to 31 December 2013

	Financial instruments					
Classes of 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	696	2 356	0	-5 315	**-2 263**
Gains (losses) from exchange rate differences	0	-121	121	0	-264	**-264**
Impairment charges (impairment release)	0	0	-2 004	0	0	**-2 004**
Gains (losses) on valuation	0	15	0	0	-731	**-716**
Gains (losses) on sale / implementation of financial instruments	228	0	0	0	0	**228**
Total	**228**	**590**	**473**	**0**	**-6 310**	**-5 019**

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**

The Company holds 5,872 shares in Allianz Stabilnego Wzrostu FIO (Allianz Stable Growth Fund). The purchase value of units as at 31.12.2013 amounted to PLN 757 thousand and the proceeds from the revaluation as at 31.12.2013 was PLN 15 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 31.12.2013		As at 31.12.2013	
Total affiliated entities	**41 722**	**9 067**	**5 341**	**39 783**
- Deliveries and services	1 353	9 067	3 318	38 844
- Loans and interest	38 269	0	1 749	227
- Other	2 100	0	274	712
Affiliated entities that are subject to consolidation	41 696	8 452	**5 193**	**37 172**
- Deliveries and services	1 327	8 452	3 170	36 233
- Loans and interest	38 269	0	1 749	227
- Other	2100	0	274	712
Affiliated entities that are not subject to consolidation	26	615	**148**	**2 611**
- Deliveries and services	26	615	148	2 611
- Other	0	0	**0**	**0**
- Loans and interest	0	0	0	0

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	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	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	0	0	0	0

Note 42.

As at 31 December 2013 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 AGM
Juladal Investments Ltd. (controlled by members of the	Ordinary	2 848 347	22.40%	2 848 347	22.40%

Board of Erbud SA)					
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	Ordinary	14 500	0.11%	14 500	0.11%
Supervisory Board member					
Walenty Twardy	Ordinary	6 852	0.05%	6 852	0.05%
ERBUD SA procuration holder					
Piotr Augustyniak	Ordinary	890	0.01%	890	0.01%
ERBUD SA procuration holder					
Agnieszka Głowacka	Ordinary	6 336	0.05%	6 336	0.05%
ERBUD SA procuration holder					
Bogdan Duerr	Ordinary	6 712	0.05%	6 712	0.05%
ERBUD SA procuration holder					
Tomasz Krzywicki	Ordinary	700	0.01%	700	0.01%
ERBUD SA procuration holder					
Włodzimierz Czystowski	Ordinary	4 921	0.04%	4 921	0.04%
ERBUD SA procuration holder					
Mirosław Młynarski	Ordinary	11 426	0.09%	11 426	0.09%
Procuration holder					
Radosław Kałamaga	Ordinary	5 494	0.04%	5 494	0.04%
Procuration holder					
Maciej Wyrzykowski	Ordinary	2 200	0.02%	2 200	0.02%
ERBUD SA procuration holder					
Mariola Zielińska	Ordinary	4 818	0.04%	4 818	0.04%
Chief Accountant of Erbud S.A.					

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 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	Ordinary	8,500	0.07%	8,500	0.07%
Supervisory Board member					
Walenty Twardy	Ordinary	19,852	0.16%	19,852	0.16%
ERBUD SA procuration holder					
Piotr Augustyniak	Ordinary	9,811	0.08%	9,811	0.08%
ERBUD SA procuration holder					
Agnieszka Głowacka	Ordinary	5,836	0.05%	5,836	0.05%
ERBUD SA procuration holder					
Grzegorz Krzywicki	Ordinary	3,033	0.02%	3,033	0.02%
ERBUD SA procuration holder					
Bogdan Duerr	Ordinary	6,712	0.05%	6,712	0.05%
ERBUD SA procuration holder					
Włodzimierz Czystowski	Ordinary	10,525	0.08%	10,525	0.08%
ERBUD SA procuration holder					
Tomasz Krzywicki	Ordinary	3,636	0.03%	3,636	0.03%
Procuration holder					
(by a person related)					
Mirosław Młynarski	Ordinary	6,778	0.05%	6,778	0.05%
Procuration holder					
Radosław Kałamaga	Ordinary	5,494	0.04%	5,494	0.04%
Procuration holder					
Tomasz Krzywicki	Ordinary	3,950	0.03%	3,950	0.03%
ERBUD SA procuration holder					
Maciej Wyrzykowski	Ordinary	1,200	0.01%	1,200	0.01%
ERBUD SA procuration holder					
Mariola Zielińska	Ordinary	4,018	0.03%	4,018	0.03%
Chief Accountant of Erbud S.A.					

Members of the Supervisory Board, of the Management Board of the Parent and of key management personnel, as at 31 December 2013 and as at 31 December 2012 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 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.

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

Shareholder	Class of shares	Number of shares
Walenty Twardy – ERBUD SA procuration holder	Ordinary	4 000
Piotr Augustyniak – ERBUD SA procuration holder	Ordinary	0
Maciej Wyrzykowski – ERBUD SA procuration holder	Ordinary	1 000
Agnieszka Głowacka – ERBUD SA procuration holder	Ordinary	4 000
Bogdan Duerr – ERBUD SA procuration holder	Ordinary	0
Tomasz Krzywicki – ERBUD SA procuration holder	Ordinary	700
Włodzimierz Czystowski – ERBUD SA procuration holder	Ordinary	1 000
Radosław Kałamaga – ERBUD SA procuration holder	Ordinary	0
Mirosław Młynarski – ERBUD SA procuration holder	Ordinary	4 648
Piotr Dobosz – ERBUD SA procuration holder	Ordinary	1 632

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 2013	Total value of remuneration paid and benefits in kind granted in the year ended 31 December 2012
Dariusz Grzeszczak	Member of the Management Board	1 122	970
Józef Adam Zubelewicz	Member of the Management Board	1 112	966

Remuneration of the Supervisory Board members of ERBUD SA in the year ended 31 December 2013 and as at 31 December 2012 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 2013	Total value of remuneration paid and benefits in kind granted in the year ended 31 December 2012
Udo Berner	President of the Supervisory Board	76	60
Józef Olszyński	Vice-President of the Supervisory Board	59	44
Albert Durr	Member of the Supervisory Board	51	40
Gabriel Główka	Member of the Supervisory Board	51	40
Lech Wysokiński	Member of the Supervisory Board	46	40
Zofia Dzik	Member of the Supervisory Board	51	40
Michał Otto	Member of the Supervisory Board	51	23

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

The Company does not conduct non-consolidated joint ventures.

Note 44. Information on significant events that occurred during the twelve months of 2013 and the after the balance sheet date

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: Project Oberkasseler Tor GmbH, Breite Straße 31, 40549 Düsseldorf.
Net contract value: € 11,853,826.00
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 conclusion of the Contract.

On 11 June 2013, a contract was signed for the construction of an office building named Kościuszko Business Point in Toruń at 73 Kościuszko 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 signing of the contract.

On 17 June 2013, it has been signed a contract to build 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 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 z siedzibą w Łodzi, 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 2,911,000.00.
Completion period: 27.06.2013r - 01.10.2015
A new company in the ERBUD Group - ENGOREM Sp. z o.o. seated in Łódź will be the Subcontractor.

On 18 June 2013, ERBUD S.A. entered into a contract for the construction of a 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 2013, the Issuer signed with the company Grupa PEP - Farma Wiatrowa 1 Spółka z ograniczoną odpowiedzialnością w (the Builder) 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 said in 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.
Total net contract value: PLN 29,710,984.4031
31 December 2014 is a deadline to complete the task by the consortium.

On 23 August 2013, the Issuer signed with the company Grupa PEP - Farma Wiatrowa 1 Spółka z ograniczoną odpowiedzialnością w (the Builder) 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 said in 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.
Total net contract value: PLN 18,966,935.10
31 December 2014 is a deadline to complete the task by the consortium.

On 13 September 2013, ERBUD S.A. entered into a contract to build a retail centre and amusement park named Pilska Gallery located in Pila, Zygmunta Starego/Zakopiańska/14-Lutego The Builder: "Progress XX Sp. z o.o. ul. Złotoryjska 63, 59-220 Legnica.
Net contract value: PLN 58,400,000

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.

1. Contract subject: construction of an office and retail building, together with supporting infrastructure
2. Contract value: € 8,875,935
3. Location: Poznań, Półwiejska St.
4. Completion period: by 01.12.2014 – shell finish.

On 8 October 2013, Erbud S.A.vsigned a contract for the construction of a residential building and underground garage in Wrocław within the project “Promenady Wrocławskie, Phase 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 to execute construction works: erection of an office and commercial building with basement car park, Stage B.
The Builder: Promenady ZITA Sp. z o.o.
Net 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, 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:
1. Contract subject: infrastructure works related to the performance of the "Rusiec Wind Farm" project
2. The Investor: VER LS-36 sp. z o.o. seated in Gdańsk, 64D Budowlanych St.
3. Contract value: PLN 23,400,000
4. Completion period: October 2013 - June 2014.

On 18 November 2013, the company 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, 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 not 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 entered into 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.

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

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 1M WIBOR plus margin.
Other terms and conditions are the same as market ones.

On 30.10.2013, 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 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.

Significant events after the balance sheet date

On 21 February 2014, Erbud SA signed a contract for construction works under the following terms and conditions:
- Contract subject: construction of the complex of multi-family buildings with commercial area and basement car park - MU04
- The Builder: Promenady II VD Sp. z o.o. z siedziba we Wrocławiu
- Max. contract value: PLN 30,600,816.84 net
- Site location: Wrocław
- Completion period: 66 weeks from the issue of Instruction to Proceed Commencement of Works to the obtaining Occupancy Permit.

On 25 March 2014, ERBUD S.A. entered into a significant contract for execution of construction works under the following terms and conditions:
1. The Builder: Dom Development S.A. seated 00-078 Warszawa, Pl. Piłsudskiego 3
2. Contract value: PLN 31,075,750 plus VAT due
3. Contract subject: Willa Lindego residential complex located in Warsaw on Wrzeciono St.
4. Completion period: 18 months from the delivery of the construction site; expected commencement date - April 2014, expected completion date - September 2015.

On 31 March 2014, the Issuer signed the Amendment No. 2 to the Agreement on the Loan increasing the level of the Issuer's funding by Alior Bank SA from PLN 50m to PLN 80m.
The increased limit applies to the sublimit for financial guarantees. Therefore, overdraft facilities of PLN 10m are available to the Issuer at present, while the possible limit for contract performance bonds rose from PLN 40m to PLN 70m.

On 16 April 2014, the Management Board of ERBUD SA received information about the signing of a significant contract for construction works by GWI GmbH, a subsidiary of Erbud
The contract was signed on the following terms and conditions
1. Contract subject: shell & core of Mitsubishi Ratingen office building
2. Parties to the contract:
a) Customer: RS & Partner Immobiliengesellschaft mbH, Brabantstrasse 1, 40235 Düsseldorf
b) Contractor: GWI Bauunternehmung GmbH, Schiessstrasse 55, 40549 Düsseldorf;
3. Contract value: EUR 8,300,000 net; EUR 9,877,000 gross.

Relevant information concerning 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 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 2013 and 31 December 2012, 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	**31.12.2013**	**31.12.2012**
White-collar workers	314	306
Blue-collar workers	156	340
Total	**470**	**646**

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

As at 31.12.2013 and 31.12.2012, 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

	31.12.2013	**31.12.2012**
Contingent liabilities to affiliated entities from		
a) guarantees and sureties provided. of which	20 736	66 250
- to subsidiaries	20 736	66 250
- to associates	0	0
b) other, of which	0	0
- to subsidiaries	0	0
- to associates	0	0
Total contingent liabilities to affiliated entities	**20 736**	**66 250**

Item	**31.12.2013**	**31.12.2012**
Repayment surety for Erbud International Sp. z o.o	0	0
Surety for Budlex Pestalozziego Sp. z o.o.	0	12 286
Loan repayment guarantee for GWI GmbH	12 442	8 176
GWI GmbH – guarantee for the repayment of the loan	8 294	15 126
GWI GmbH, Erbud International – civil surety for Euler Hermes	0	30 662
Total contingent liabilities	**20 736**	**66 250**

Note 51. Derivative financial instruments

As at 31 December 2013 and as at 31 December 2012, the Company had no liabilities due to derivative financial instruments.

Note 52. Off-balance items

As at 31 December 2013, the Company had the following contingent liabilities:

- Liabilities under guarantees granted

Item	31.12.2013	31.12.2012
Guarantee to pay obligations	6 927	48 196
Performance bond	145 491	156 615
Repair works guarantee	131 772	107 835
Total contingent liabilities	**284 190**	**312 646**

- Guarantees to subsidiaries

Item	31.12.2013	31.12.2012
Budlex Pestalozziego Sp. z o.o. - surety	0	12 286
GWI GmbH – loan repayment guarantee	12 442	8 176
GWI GmbH – guarantee for the repayment of the loan	8 294	15 126
GWI GmbH, Erbud International – civil surety for Euler Hermes	0	30 662
Total contingent liabilities	**20 736**	**66 250**

Note 53. Information on operating segments

In the year ended 31 December 2013, the Group conducted operations within the following business segments:

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

In the year ended 31 December 2013, the Group conducted operations within the following geographical segments:

- domestic market,
- abroad (Germany, 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 2013:

Revenue and costs by business segments

For the period from 1 January to 31 December 2013	Large-volume building	Road-engineering	Power sector Construction	Other	Total
Sale to external clients	837 255	2 271	21 915	0	**861 441**
Total income	**837 255**	**2 271**	**21 915**	**0**	**861 441**
Cost of products, goods and materials sold to external clients	786 629	-419	21 187	**0**	**807 397**
Total cost of products, goods and materials sold	**786 629**	**-419**	**21 187**	**0**	**807 397**
Total gross sales	**50 625**	**2 690**	**728**	**0**	**54 044**
Sales costs	0	0	0	0	**0**
General and administrative costs	30 816	718	2 669	764	**34 967**
Result on other operating activity	-1 983	0	0	0	**-1 983**

Segment result	**17 826**	**1 972**	**-1 940**	**-764**	**17 094**
Result on financing activity	-5 328	0	0	0	**-5 328**
Income tax	2 893	457	0	0	**3 350**
Net profit	**9 605**	**1 515**	**-1 940**	**-764**	**8 416**

Assets and liabilities by business segments

For the period from 1 January to 31 December 2013	**Large-volume building**	**Road-engineering**	**Power sector construction**	**Total**
Segment depreciation and amortisation	2 050	0	0	**2 050**
Interest income	3 279	0	0	**3 279**
Interest costs	6 274	0	0	**6 274**
Impairment of assets	2 325	0	0	**2 325**
Reversal of impairment losses on assets	321	0	0	**321**
Capital expenditure for:	598	0	0	**598**
- Tangible fixed assets	317	0	0	**317**
- Intangible fixed assets	93	0	0	**93**
- Increase due to acquisition	0	0	0	**0**
Other non-cash outlays	188	0	0	**188**

Assets and liabilities by business segments

As at 31 December 2013	**Large-volume building**	**Road-engineering**	**Power sector Construction**	**Total**
Segment assets	606 293	0	0	**606 293**
Investment in associates	0	0	0	**0**
Deferred tax assets	23 353	0	0	**23 353**
Total assets	**629 646**	**0**	**0**	629 646
Segment liabilities	385 305	0	0	385 305
Total liabilities	**385 305**			**385 305**

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**

Geographical segments

The following tables present data on income, expenditures and selected assets of geographical segments of the Group as at 31 December 2013:

Year ended 31 December 2013	Domestic market	Overseas	Total
Sale to external clients	827 853	33 588	**861 441**
Total income	**827 853**	**33 588**	**861 441**
Cost of products, goods and materials sold to external clients	775 704	31 693	**807 397**
Total cost of products, goods and materials sold	**775 704**	**31 693**	**807 397**
Total gross sales	**52 149**	**1 895**	**54 044**
Sales costs	0	0	**0**
General and administrative costs	33 580	1 387	**34 967**
Result on other operating activity	-2 057	74	**-1 983**
Segment result	**16 512**	**582**	**17 094**
Result on financing activity	-6 294	966	**-5 328**
Income tax	2 909	441	**3 350**
Net profit	**7 309**	**1 107**	**8 416**

Year ended 31 December 2013	Domestic market	Overseas	Total
Segment depreciation and amortisation	2 050	0	**2 050**
Interest income	2 939	340	**3 279**
Interest costs	6 047	227	**6 274**
Impairment of assets	2 325	0	**2 325**
Reversal of impairment losses on assets	321	0	**321**
Capital expenditure for:	**598**	**0**	**598**
- Tangible fixed assets	317	0	**317**
- Intangible fixed assets	93	0	**93**
- Increase due to acquisition			
Other non-cash outlays	188	0	**188**

Assets and liabilities by geographical segments

Year ended 31 December 2013	Domestic market	Overseas	Total
Segment assets	590 723	15 570	**606 293**
Deferred tax assets	23 310	43	**23 353**
Total assets	**614 033**	**15 613**	**629 646**
Segment liabilities	384 607	698	**385 305**
Total liabilities	**384 607**	**698**	**385 305**

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**

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

In the period ended 31 December 2013, 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 2013: under the agreement to audit and review the financial statements dated 24 June 2013, the Company incurred in the current reporting period a cost of PLN 344,000 associated with the review of separate and consolidated financial statements prepared as at 30 June 2013 and with the audit of separate and consolidated financial statements prepared as at 31 December 2013.

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 have been disclosed in Note 61 concerning litigation.

Asset-backed securities

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

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

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

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

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

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

In connection with the repayment of liabilities of Rison Limited, in 2013 expired the condition for the registered pledge on shares of PBDI SA. In the letter of 24 April 2014, Rison Limited confirms the extinction of debt. The letter is also the basis to apply to the Register of Pledges for the removal of the above-described pledge.

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.

Mortgages on fixed assets of the company

1) The book value of fixed assets of the company covered by the mortgage – PLN 3.333 thousand.

Collaterals

Conventional mortgage up to PLN 120m on cooperative ownership right to the premises registered under KW WA5M/00451397/7, WA5M/00451398/4, WA5M/00451399/1, managed by the District Court in Warsaw.

Mortgage on the company's long-term investments

1) The book value of property fixed assets covered by the mortgage – PLN 515 thousand.

Collaterals

Capped mortgage up to PLN 65m on the property consisting of vacant plots No 275/3, 288/10, 288/17 registered under KW TO1T/00003133/2, managed by the District Court in Toruń.

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.

As at the report publishing date of the Financial Statements the litigation is in progress; hearings of witnesses are continued.

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 break in airport operations. The Purchaser has a contract with Wizz - but it does not contain any provisions which would oblige the Contracting Authority to reimburse the damage. Wizz cannot demand money from the airport (there is no legal basis for doing so). Wizz Air has notified the Employer to change the aerodrome at which will operate for 3-4 days before closing due to lack of Modlin ILS.

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.

On 6 March 2013, the General Contractor took over the site from the Contractor and began to carry out the work. On 22 April 2013, the Contractor approved a new formula of concrete. On 17 June 2013 the Mazovian Building Control Officer issued Decision No. 846/2013 which repealed Decision No. 1980/2012 concerning the prohibition of use of part of the runway.

By the date, the Customer addressed to the General Contractor financial demand due to "indemnification" of for a the total amount of PLN 21,642 thousand. The Customer did not documented factual and legal claims. The General Contractor does not acknowledge the Customer's claim.

Moreover, on 12 August 2013, the Issuer received the decision issued by the District Court for Warsaw-Mokotów on providing a security on debts of Przedsiębiorstwo Wielobranżowe Ploh Sp. z o.o. amounting to PLN 74,204.84 for loss of profits related to a break in the activity of the airport. The court has established the security in the form of a compulsory mortgage on the vacant plot owned by the Issuer, located in Toruń. On 19 August 2013, it has been brought a protest against the decision on securing the claim. The District Court in Warsaw, due to recognition of a complaint changed the decision on providing the security and dismissed the application. On 26 August 2013, it has been filed an answer to the suit, in which - besides the application to dismiss the complaint in full as manifestly unfounded, it has been raised a plea of lack of jurisdiction. On 24 September 2013, on the ground of lack of jurisdiction, the case was referred for rehearing by the Economics Department of the District Court of the Capital City of Warsaw.

On 17 July 2013, the Issuer received from LS Airport Services SA demand for payment in the amount of PLN 1,844 thousand for loss of benefits associated with a break in the activity of Modlin Airport. Law office representing the Issuer filed the response to the request proving that it is unfounded.

Standpoint of the Management Board on financial claims
Pursuant to a contract dated 14 September 2010 that was executed for the Mazowiecki Port Lotniczy Warszawa - Modlin Sp. z o.o.., ERBUD SA acted as the general contractor construction the Warsaw-Modlin airport runway. On 28 December 2012, due to the surface defects found Mazowiecki Wojewódzki Inspektor Nadzoru Budowlanego (Mazovian Provincial Building Control Office) issued a decision prohibiting the use of a part of the runway at Modlin Airport. Hovever, having regard to the public interest, the Company (as substitute contractor) replaced the runway concrete pavement), without waiting for the explanation of the causes of damage and without confirmation that it is obliged to make repair works under the warranty. These works were completed in June 2013 and the airport was re-admitted to passenger traffic on 3 July 2013.

ERBUD SA does not recognize its responsibility for the defective condition of the runway surface, and commissioned independent technical reports indicate that the reasons for damage were independent of the Company. Therefore, in our opinion as well as evaluation by legal advisors of Erbud SA, all expenses incurred for the resurfacing of the runway in a total amount of PLN 20.1 million, recorded as of the balance sheet date as assets of the Company, finally will not be addressed to ERBUD SA. As at the date of preparation of these Financial Statements, the Company failed a claim to the entities responsible for the defective condition of the runway surface and their insurers to pay the compensation equal to the above said expenditures incurred. At the same time, the Company is preparing a suit against those responsible for the defective condition of the runway surface to be compensated for expenses incurred.

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

On 10.01.2013, Danuta Kurpiewska conducting business under the name WEG BET Danuta Kurpiewska, which is a debtor to Erbud S.A., filed 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.

According to the information obtained on 23 April 2014 in the Bankruptcy Court, the creditor i.e. WEG BET filed on 4 April 2014 to the District Court for the Capital City of Warsaw, X Commercial Division for Bankruptcy and Relief aletter withdrawing the request for bankruptcy of ERBUD SA. The Company is waiting for the decision of the Court in this case.

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 505 thoudsand. Planned capital outlays for non-financial assets in 2014 are PLN 600 thousand.
As at 31 December 2013 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	51 508	6 412	**57 920**
Receivables due deposits	207 003	5 725	**212 728**
Loans granted	38 230	39	**38 269**
Total	**296 741**	**12 176**	**308 917**
Credits and loans liabilities	6	0	**6**
Trade and other liabilities	223 162	5 758	**228 920**
Lease liabilities	716	0	**716**
Bonds issued	51 889	0	**51 889**
Total	**275 773**	**5 758**	**281 531**
Exposure to currency risk		**6 418**	

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 2013, 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	18	11 698	0	0	**11 716**
Total	**18**	**11 698**	**0**	**0**	**11 716**

Variable interest rates

	Up to 1 year	1-3 years	3-5 years	Over 5 years	Total
Loans granted	157	38 112	0	0	**38 269**
Cash at bank accounts	20 572	0	0	0	**20 572**
Cash assets - deposits	18 939	6 693			**25 632**
Overdrafts	0	0	0	0	**0**
Liabilities due to finance lease	450	266	0	0	**716**
Other loans	0	0	0	0	**0**
Bonds	51 889	0	0	0	**51 889**
Total	**92 007**	**45 071**	**0**	**0**	**137 078**

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 2013 by the maturity on the basis of contractual undiscounted payments:

31 December 2013	Up to 3 months	Between 3 and 12 months	Between 1 and 5 years	Over 5 years	Total
Credits and loans at interest	6	0	0	0	**6**
Lease liabilities	168	282	266	0	**716**
Trade and other liabilities	165 185	45 841	12 137	0	**223 163**
Bonds issued	0	51 889	0	0	**51 889**
Total	**165 359**	**98 012**	**12 403**	**0**	**275 774**

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	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	57 920	579	-579	-641	641
Trade and other receivables	212 728	0	0	-572	572
Loans granted	38 269	383	-383	-4	4
Influence on financial assets	**-**	**962**	**-962**	**-1 217**	**1 217**
Credits and loans liabilities	6	0	0	0	0
Bonds issued	51 889	-519	519	0	0
Lease	716	-7	7	0	0
Trade and other liabilities	223 163	0	0	-576	576
Influence on financial liabilities		**-526**	**526**	**-576**	**576**

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, 28 April 2014