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PRESS RELEASE

FINANCIAL RESULTS OF THE ERBUD GROUP FOR 1Q 2014

The ERBUD Group: higher revenues and profits, more projects in the order portfolio for 2014-2015

The Group ended the first quarter of this year at 37 per cent growth in revenues, which resulted in a nearly 3-fold increase in operating profit and improvement of margin achieved. The company declares the backlog increase following the recovery in the branch.

Consolidated financial results of the ERBUD Group in accordance with IFRS - in PLN million	1Q 2014	1Q 2013	y/y change
Sale	283.6	206.4	*+37%*
EBIT	6.14	2.3	*+165%*
EBIT margin	2.17%	1.12%	-
Net profit	1.4	0.4	*+247%*
Cash at the end of the period	111.2	86.6	*+28%*

In the first quarter of this year we have performed our plan in 100 percent. All of our business segments have recorded a revenue growth and this brought a solid profit for the Group and higher margins. In subsequent quarters, we plan to take advantage of the upturn in the industry and to speed up executions of projects. The portfolio of orders is around PLN 1.5 billion. Next contracts are in negotiations – declares Dariusz Grzeszczak, President of ERBUD SA.

GROWING SALES AND MARKET SHARE

In the first quarter of 2014, the ERBUD Group recorded a **37% revenue increase y/y to PLN 283.6m** compared to growth in the construction market in Poland amounted to 10.6%. All business segments showed sales growth: large volume construction increased by 25% y/y and housing development by 13% y/y. Consolidated sales of the road-engineering sector rose when revenue growth was 166% y/y and energy sector - 350% y/y.

PROFITS GO UP

In 1Q 2014, EBIT was at PLN 6.14m, i.e. 165% up y/y. EBIT margin was 2.17% compared to 1.12% in the corresponding period of 2013**.** Over the reporting period, the Group's consolidated operating profit was positively impacted by **large volume construction segment, which recorded an EBIT of PLN 7.1m, and the development branch with a profit of PLN 1.8m.** Due to seasonality, in the first quarter still below-the-

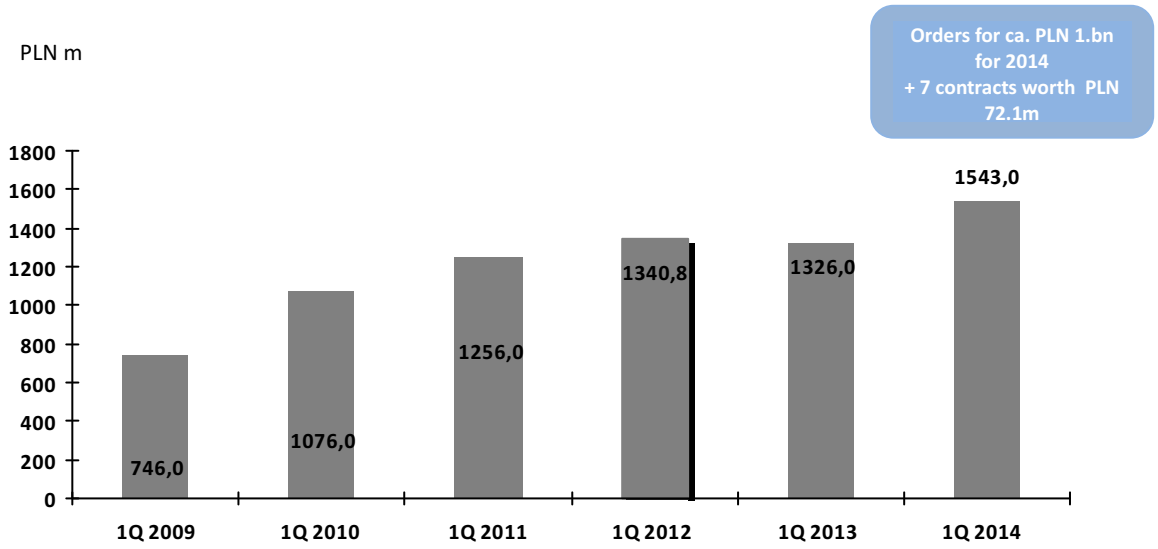
line were road-engineering segment, which reduced consolidated EBIT by PLN 0.3m, and the power division, which recorded a loss of PLN 2.4m. Group's net profit in the first quarter of 2014 amounted to PLN 1.4m, i.e. a 247% increase y/y.

MORE THAN PLN 1.5 BILLION IN THE BACKLOOG OF ORDERS

At the end of March 2014, the Group had **PLN 111.26m in cash, what gave an increase of 28% y/y,** and available lines of Banking and Insurance for a total amount of PLN 669,2m.

At the end of 1Q 2014, the Group had an order portfolio worth about PLN 1.5bn, of which ca. 1.0bn is due for completion this year. In April this year, the Group signed 7 new contracts for a total amount of PLN 72.1m. The Group plans the further backlog increase and some of acquired projects should start this year. Projects with a total value of approximately PLN 500m are under negotiations.

Order portfolio of the Group



PROSPECTS FOR FURTHER DEVELOPMENT

In the current year, the Management Board sees opportunities for further Group's development, especially in large volume construction and energy segment. At the end of 2014, the large volume segment portfolio was at PLN 1.22bn, of which ca. 780m is due for completion this year. The energy division ended the first quarter of this year with a portfolio of orders amounting PLN 173.9m, what is a growth of 31.2% y/y. The Management Board plans further expansion of the segment and increasing the level of contracts awarded in the next 2 years.

In 2014 the development segment will focus, inter alia, on a commercial project in Poznań. The deadline for obtaining occupancy permit and opening the Shopping Mall is planned in 1H 2015. In 1Q 2014, the road-engineering showed more than a 160% increase in revenue and backlog to PLN 115.8m (increase of 142% y/y). The Management Board expects the further improvement of results of engineering segment in this year.

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