Translation from Polish

ERBUD S.A.

Condensed Financial Statements for 1Q 2014

Financial Statement for the period of 3 months ended 31 March 2014

Balance Sheet

ASSETS

		31.03.2014	31.12.2013	31.03.2013
A.	**Fixed assets**	**201 110**	**206 029**	**207 992**
I.	**Intangible fixed assets**	**418**	**424**	**456**
1.	R&D completed	0	0	0
2.	Goodwill	0	0	0
3.	Other intangibles	418	57	89
4.	Advances for intangibles	0	367	367
II.	**Tangible fixed assets**	**6 082**	**6 132**	**7 594**
1.	Fixed assets	6 082	6 132	7 594
a)	Land (incl. perpetual usufruct)	0	0	0
b)	Buildings, premises and civil and water engineering structures	3 309	3 334	3 408
c)	Plant and equipment	77	86	79
d)	Means of transport	2 454	2 474	3 743
e)	Other tangible fixed assets	242	238	364
2.	Fixed assets under construction	0	0	0
3.	Prepaid tangible fixed assets under construction	0	0	0
III.	**Short-term receivables**	**0**	**0**	**0**
1.	From associates	0	0	0
2.	From other entities	0	0	0
IV.	**Long-term investments**	**176 436**	**176 120**	**179 154**
1.	Real property	515	515	515
2.	Intangibles	0	0	0
3.	Non-current financial assets	175 921	175 605	178 639
a)	In associates:	175 159	174 843	177 862
–	- shares or stocks	136 731	136 731	136 713
–	- other securities	0	0	0
–	- loans granted	38 428	38 112	41 149
–	- other non-current financial assets	0	0	0
b)	In other entities:	762	762	777
–	- shares or stocks	5	5	5
–	- other securities	0	0	0
–	- loans granted	0	0	0
–	- other non-current financial assets	757	757	772
4.	Other long-term investments	0	0	0
V.	**Long-term prepayments**	**18 174**	**23 353**	**20 789**
1.	Deferred tax assets	18 174	23 353	20 789
2.	Other prepayments	0	0	0

		31.03.2014	31.12.2013	31.03.2013
B.	**Current assets**	**435 251**	**423 617**	**376 582**
I.	**Inventory**	**630**	**2 513**	**0**
1.	Materials	0	1 883	0
2.	Semi-products and unfinished products	630	630	0
3.	Finished products	0	0	0
4.	Goods	0	0	0
5.	Advances for deliveries	0	0	0
II.	**Short-term accounts receivable**	**272 582**	**220 355**	**249 929**
1.	From associates	9 260	3 453	11 796
a)	Deliveries and services, payable:	7 147	1 340	2 296
–	- up to 12 months	7 147	1 340	2 296
–	- over 12 months	0	0	0
b)	Other	2 113	2 113	9 500
2.	Receivables from other entities	263 322	216 902	238 133
a)	Deliveries and services, payable:	251 323	203 240	183 412
–	- up to 12 months	238 196	188 448	178 024
–	- over 12 months	13 127	14 792	5 388
b)	Tax, subsidies, duty, social security, health care and other benefits	5 846	5 514	9 982
c)	Other	6 153	8 148	44 739
d)	Receivables claimed at court	0	0	0
III.	**Short-term financial assets**	**47 222**	**58 077**	**34 682**
1.	Current financial assets	47 222	58 077	34 682
a)	In associates, incl.:	157	157	0
–	- shares or stocks	0	0	0
–	- other securities	0	0	0
–	- loans granted	157	157	0
–	- other current investments	0	0	0
b)	In other entities, incl.:	0	0	0
–	- shares or stocks	0	0	0
–	- other securities	0	0	0
–	- loans granted	0	0	0
–	- other current financial assets	0	0	0
c)	Cash and cash equivalents	47 065	57 920	34 682
–	- cash at bank and in hand	33 654	44 303	17 717
–	- other cash	13 411	13 617	16 965
–	- other financial assets	0	0	0
2.	Other current financial investments	0	0	0
IV.	**Short-term prepayments**	**114 817**	**142 672**	**91 971**
	TOTAL ASSETS	**636 361**	**629 646**	**584 574**

LIABILITIES

		31.03.2014	31.12.2013	31.03.2013
A.	**Equity**	**246 636**	**244 341**	**236 382**
I.	**Share capital**	1 271	1 271	1 268
II.	**Called-up share capital not paid (negative value)**	0	0	0
III.	**Treasury shares (negative value)**	0	0	0
IV.	**Capital reserves**	234 654	234 654	228 454
V.	**Revaluation capital reserve**	0	0	0
VI.	**Other capital reserves (funds)**	0	0	0
VII.	**Retained profit / accumulated loss brought forward**	8 416	0	5 591
VIII.	**Net profit (loss)**	2 294	8 416	1 069
IX.	**Write-offs from net profit for the financial year (negative value)**	0	0	0
B.	**Liabilities and provisions for liabilities**	**389 725**	**385 305**	**348 192**
I.	**Provisions for liabilities**	**32 809**	**37 702**	**33 006**
1.	Deferred income tax provision	18 924	24 130	18 456
2.	Provision for retirement and related benefits	3 328	3 328	3 423
–	- non-current	479	479	349
–	- current	2 849	2 849	3 074
3.	Other provisions	10 557	10 244	11 127
–	- non-current	0	0	0
–	- current	10 557	10 244	11 127
II.	**Long-term liabilities**	**52 266**	**266**	**50 556**
1.	To associates	0	0	0
2.	To other entities	52 266	266	50 556
a)	Loans and borrowings	0	0	0
b)	Issuance of debt securities	52 000	0	50 000
c)	Other financial liabilities	266	266	556
d)	Other	0	0	0
III.	**Short-term liabilities**	**234 524**	**280 227**	**230 292**
1.	To associates	16 261	9 067	14 995
a)	Deliveries and services, with maturity:	16 261	9 067	14 995
–	- up to 12 months	15 484	8 240	14 388
–	- over 12 months	777	827	607
b)	Other	0	0	0
2.	To other entities	218 263	271 160	215 297
a)	Loans and borrowings	23 047	6	7 615
b)	Issuance of debt securities	10 000	50 000	0
c)	Other financial liabilities	192	2 339	3 057
d)	Deliveries and services, with maturity :	178 382	212 502	161 863
–	- up to 12 months	170 913	205 791	158 964
–	- over 12 months	7 469	6 711	2 899
e)	Advances for deliveries	346	291	31 615
f)	Bills	0	0	0
g)	Taxes, customs, social insurance and other benefits	4 598	3 746	3 049
h)	Payroll	802	682	2 162
i)	Other	896	1 594	5 936
3.	Special funds	0	0	0
IV.	**Accruals**	**70 126**	**67 110**	**34 338**
1.	Other accruals	70 126	67 110	34 338
	TOTAL LIABILITIES	**636 361**	**629 646**	**584 574**

Calculation of book value per share

	31.03.2014	31.12.2013	31.03.2013
Book value (in PLN '000)	246 636	244 341	236 382
Number of shares (in units)	12 714 546	12 714 546	12 677 956
Book value per share (in PLN)	19,40	19,22	18,65

PROFIT AND LOSS STATEMENT

	Quarter to 31.03.2014	Year to 31.12.2013	Quarter to 31.03.2013	Year to 31.12.2012
Income from sales of products, goods and materials, incl.:	**187 664**	**861 441**	**148 620**	**1 078 582**
- from associates	550	3 170	353	15 909
Net revenues on sales of products	187 664	861 441	148 620	1 065 771
Net revenues on sales of goods and materials	0	0	0	12 811
Cost of sold products, goods and materials, incl.:	**173 909**	**807 397**	**137 074**	**1 031 874**
- to associates	14 041	36 233	4 971	144 632
Cost of manufacturing products sold	173 909	807 397	137 074	1 019 094
Value of manufacturing goods and materials sold	0	0	0	12 780
Profit (loss) before taxes on sales	**13 755**	**54 044**	**11 546**	**46 708**
Selling costs	0	0	0	0
General and administrative expenses	8 295	34 967	8 227	32 211
Profit (loss) on sales	**5 460**	**19 077**	**3 319**	**14 497**
Other operating income	**267**	**3 146**	**112**	**1 426**
Gain on disposal of non-financial fixed assets	152	122	18	82
Subsidies	0	0	0	0
Other operating income	115	3 024	94	1 344
Other operating expenses	**249**	**5 129**	**853**	**2 633**
Loss on disposal of non-financial fixed assets	0	0	0	0
Revaluation of non-financial assets	0	0	0	0
Other operating expenses	249	5 129	853	2 633
Profit (loss) on operating activity	**5 478**	**17 094**	**2 578**	**13 290**
Financial income	**991**	**4 409**	**1 006**	**4 308**
Dividends and other share in profit	0	610	0	750
- from associates	0	610	0	750
Interest	861	3 279	419	2 981
- from associates	781	1 749	0	2 214
Gain on disposal of investments	0	228	228	0
Investment revaluation	0	0	0	32
Other	130	292	359	545
Financial expenses	**3 031**	**9 737**	**2 275**	**10 017**
Interest	2 237	6 274	1 414	6 831
- to associates	0	227	0	0
Loss on disposal of investments	0	0	0	0
Investment revaluation	0	0	0	0
Other	794	3 463	861	3 186
Profit (loss) on economic activity	**3 438**	**11 766**	**1 309**	**7 581**
Result on extraordinary items	**0**	**0**	**0**	**0**
Extraordinary gains	0	0	0	0
Extraordinary losses	0	0	0	0
Profit (loss) before taxes	**3 438**	**11 766**	**1 309**	**7 581**
Income tax	1 144	3 350	240	1 990
Other mandatory decrease of profit (increase of loss)	0	0	0	0
Net profit (loss)	**2 294**	**8 416**	**1 069**	**5 591**
Weighted average number of ordinary shares/ Weighted average diluted number of shares (in pcs)	**12 714 546/12 777 703**	**12 696 251/ 12 744 407**	**12 677 956/12 717 719**	**12 661 062/ 12 710 858**
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)	**0.1805 / 0.1796**	**0.5607 / 0.5584**	**0.0843 / 0.0841**	**0.4416 / 0.4399**

CASH FLOW STATEMENT

	Quarter to 31.03.2014	Year to 31.12.2013	Quarter to 31.03.2013	Year to 31.12.2012
Net profit (loss)	**2 294**	**8 416**	**1 069**	**5 591**
Total adjustments	**-44 061**	**-100 875**	**-121 795**	**75 157**
Amortisation and depreciation	149	2 050	115	2 139
FX profit (loss)	87	-75	-230	-265
Interest and profit sharing (dividends)	1 351	1 980	1 008	4 325
(Profit (loss) on investment activities	-152	-122	0	-1 397
Change in provisions	-4 893	3 874	-823	3 552
Change in inventories	1 883	-1 403	1 110	17
Change in receivables	-52 227	41 942	19 767	-5 587
Change in short-term liabilities, excluding credits and loans	-26 596	-121 135	-135 064	60 602
Change in prepayments and accruals	36 050	-28 244	-7 751	11 640
Other adjustments	287	258	73	131
Net cash flows from operating activities	**-41 767**	**-92 459**	**-120 726**	**80 748**
Cash flows from investment activities				
Inflows	**713**	**18 740**	**1 049**	**11 665**
Disposal of intangible and tangible fixed assets	182	177	25	293
Disposal of investments in real property and intangible assets	0	0	0	0
From financial assets, incl.:	531	18 563	1 024	3 072
a) In associates	426	17 937	619	2 360
- Disposal of financial assets	0	7 400	0	0
- Dividends and profit sharing	0	610	0	750
- Repayment of granted long-term loans	0	8 696	0	0
- Other inflows from financial assets	426	1 231	619	1 610
b) In other entities	105	626	405	712
- Disposal of financial assets	0	0	0	0
- Dividends and profit sharing	0	0	0	0
- Repayment of granted long-term loans	0	0	0	0
- Interest	105	626	405	712
- Other inflows from financial assets	0	0	0	0
Other inflows from investment activities	0	0	0	8 300
Outflows	**0**	**14 370**	**3 774**	**25 050**
Purchase of intangible assets and tangible fixed assets	0	317	124	670
Investments in real property and intangible assets	0	0	0	0
Due to financial assets, incl.:	0	14 053	3 650	24 380
a) In associates	0	14 053	3 650	14 110
- Purchase of financial assets	0	9 167	3 500	13 022
- Loans granted	0	4 886	150	1 088
b) In other entities	0	0	0	10 270
- Purchase of financial assets	0	0	0	10 270
- Loans granted	0	0	0	0
Other outflows from investment activities	0	0	0	0
Net cash flows from investment activities	**713**	**4 370**	**-2 725**	**-13 385**

	Quarter to 31.03.2014	Year to 31.12.2013	Quarter to 31.03.2013	Year to 31.12.2012
Cash flow from financing activities				
Inflows	**32 436**	**402**	**7 354**	**372**
Net proceeds from issue of shares and other equity instruments, and additional contributions to equity	0	403	0	372
Loans and borrowings	23 041	0	7 354	0
Issuance of debt securities	9 395	0	0	0
Other financing inflow	0	0	0	0
Outflows	**2 237**	**6 586**	**1 414**	**36 078**
Acquisition of treasury shares	0	0	0	0
Dividends and other distributions to shareholders	0	0	0	0
Expenses due to profit sharing other than payments to shareholders	0	0	0	0
Repayment of loans and borrowings	0	256	0	28 401
Redemption of debt securities	0	0	0	0
Other financial liabilities	0	0	0	0
Finance lease liabilities	0	1 196	0	1 890
Interest	2 237	5 134	1 414	5 787
Other financing outflows	0	0	0	0
Net cash flow from financing activities	**30 199**	**-6 184**	**5 940**	**-35 706**
Total net cash flow	**-10 855**	**-94 273**	**-117 511**	**31 657**
Balance-sheet change in cash, incl.:	**-10 855**	**-94 273**	**-117 511**	**31 922**
- Change in cash due to exchange rate differences	0	0		265
Cash at the beginning of the period	**57 920**	**152 193**	**152 193**	**120 271**
Cash at the end of the period, incl.:	**47 065**	**57 920**	**34 682**	**152 193**
- Restricted cash	13 411	13 618	16 965	17 758

RECONCILIATION OF MOVEMENTS IN EQUITY

	Quarter to 31.03.2014	Year to 31.12.2013	Quarter to 31.03.2013	Year to 31.12.2012
I. Equity opening balance	**244 341**	**235 313**	**229 219**	**235 313**
– Changes to accepted accounting principles (policy)	0	0	0	0
– Adjustments of basic errors	0	0	0	0
I.a. Equity opening balance after adjustment	**244 341**	**235 313**	**229 219**	**235 313**
1. Share capital at the beginning of the period	**1 271**	**1 268**	**1 264**	**1 268**
1.1. Changes to share capital	**0**	**3**	**4**	**0**
a) Increases from	0	3	4	0
– issue of shares of Series G	0	0	4	0
– issue of shares of Series H	0	3	0	0
b) Decreases from	0	0	0	0
– redemption of shares	0	0	0	0
1.2. Share capital at the end of the period	**1 271**	**1 271**	**1 268**	**1 268**
2. Called-up share capital at the beginning of the period	**0**	**0**	**0**	**0**
2.1. Changes in due payments for share capital	0	**0**	**0**	0
a) Increases	0	0	0	0
b) Decreases	0	0	0	0
2.2. Called-up share capital at the end of the period	**0**	0	0	**0**
3. Own shares at the beginning of the period	**0**	**0**	**0**	**0**
a) Increases	0	0	0	0
b) Decreases	0	0	0	0
3.1. Own shares at the end of the period	**0**	**0**	**0**	**0**
4. Capital reserves at the beginning of the period	**234 654**	**228 454**	**253 239**	**228 454**
4.1. Changes in capital reserves	0	6 200	-24 785	0
a) Increases from	0	6 200	499	0
– transfer of capital reserves	0	0	0	0
– profit distribution	0	5 591	0	0
– redemption of own shares	0	0	0	0
– issue of Series G shares above face value	0	0	369	0
– issue of Series H shares above face value	0	399	0	0
– manager options	0	210	130	0
b) Decreases from	0	0	25 284	0
– covering losses for 2011	0	0	25 284	0
– redemption of shares	0	0	0	0
4.2. Capital reserves at the end of the period	**234 654**	**234 654**	**228 454**	**228 454**
5. Revaluation reserve at the beginning of the period	**0**	**0**	**0**	**0**
5.1.Changes in revaluation reserve	0	0	0	0
a) Increases from	0	0	0	0
– revaluation of financial assets	0	0	0	0
– conversion of the balance of German Branch from EUR to PLN	0	0	0	0
b) Decreases from	0	0	0	0
– conversion of the balance of German Branch from EUR to PLN	0	0	0	0
5.2. Revaluation reserve at the end of the period	**0**	**0**	**0**	**0**
6. Other capital reserves at the beginning of the period	**0**	**0**	**0**	**0**
6.1. Changes in other capital reserves	0	0	0	0
a) Increases from	0	0	0	0
- reserves for Staff Incentive Scheme	0	0	0	0
b) Decreases	0	0	0	0
6.2. Other capital reserves at the end of the period	**0**	**0**	**0**	**0**

	Quarter to 31.03.2014	Year to 31.12.2013	Quarter to 31.03.2013	Year to 31.12.2012
7. Retained profit (loss) at the beginning of the period	**8 416**	**0**	**-25 284**	**5 591**
7.1. Retained profit at the beginning of the period	8 416	0	0	5 591
– adjustments of basic errors	0	0	0	0
– recognition of the last FY result as the result of prior years	0	5 591		
7.2 Retained profit at the beginning of the period after adjustment	8 416	5 591	0	5 591
a) Increases from	0	0	0	0
b) Decreases from	0	5 591	0	0
– profit distribution allocated to capital reserves	0	5 591	0	0
– profit distribution allocated to dividends	0	0	0	0
– profit distribution allocated to cover losses from previous FY	0	0	0	0
7.3. Retained profit at the end of the period	**8 416**	**0**	**0**	**5 591**
7.4. Retained loss at the beginning of the period	**0**	**0**	**-25 284**	**0**
– adjustments of basic errors	0	0	0	0
7.5. Retained loss at the beginning of the period after adjustment	0	0	-25 284	0
a) Increases	0	0	0	0
b) Decreases (distribution of profit to cover losses)	0	0	25 284	0
7.6. Retained loss at the end of the period	**0**	**0**	**0**	**0**
7.7 Retained profit (loss) at the end of the period	**0**	**0**	**0**	**5 591**
8. Net result	**2 294**	**8 416**	**5 591**	**1 069**
a) Net profit	2 294	8 416	5 591	1 069
b) Net loss	0	0	0	0
c) Write-downs from profit	0	0	0	0
II. Equity closing balance	**246 636**	**244 341**	**235 313**	**236 382**
III. Equity after proposed distribution of profits (loss coverage)	**246 636**	**244 341**	**235 313**	**236 382**

1. Policies adopted to prepare the report

1.1. Accounting principles applied

The Financial Statement of ERBUD SA for the first quarter of 2013 and comparable data has been drawn up in accordance with accounting principles prevailing in Poland, described in the introduction to the Company's Financial Report for 2013.

1.2. The principles adopted for the conversion of selected financial data to the euro

Selected financial data were converted to the euro as follows:

- Assets and liabilities items - at the average exchange rate as at 31 March 2014, i.e. **4.713** PLN/EUR;
- Items of the profit and loss statement and cash flow for 1Q 2014 - at the rate calculated as an arithmetic mean of the average exchange rates published by Polish National Bank on the last day of each month during the period from 1 January to 31 March 2014, i.e. **4.,1894** PLN/EUR;
- Assets and liabilities items of comparable financial data for 1Q 2013 - at the average exchange rate as at 31 March 2013, i.e. **4.1774** PLN/EUR;
- Items of the profit and loss statement and cash flow of comparable financial data for 1Q 2013 - at the rate calculated as an arithmetic mean of the average exchange rates published by Polish National Bank on the last day of each month during the period from 1 January to 31 March 2013, i.e. **4.1738** PLN/EUR.

KEY ITEMS CONVERTED TO THE EURO

	31.03.2014		31.03.2013	
	PLN	**EUR**	**PLN**	**EUR**
Fixed assets	201 110	48 213	207 992	49 790
Current assets	435 251	104 344	376 582	90 147
Shareholders' equity	246 636	59 127	236 382	56 586
Liabilities and provisions for liabilities	389 725	93 430	348 192	83 351

	3-month period ended 31.03.2014		3-month period ended 31.03.2013	
	PLN	**EUR**	**PLN**	**EUR**
Revenues from sales of products and services and of goods and materials	187 664	44 795	148 620	35 608
Cost of sold products and services and of goods and materials	173 909	41 512	137 074	32 842
Profit on sales before taxes	13 755	3 283	11 546	2 766
Profit on operating activities	5 478	1 307	2 578	618
Profit (loss) before taxes	3 438	821	1 309	314
Net profit (loss)	2 294	548	1 069	256

	3-month period ended 31.03.2014		3-month period ended 31.03.2013	
	PLN	**EUR**	**PLN**	**EUR**
Cash flow from operating activities	-41 767	-9 970	-120 726	-28 925
Cash flow from investing activities	713	170	-2 725	-653
Cash flow from financing activities	30 199	7 208	5 940	1 423
Net cash flow	-10 855	-2 592	-117 511	-28 155
Cash at the beginning of the period	57 920	13 966	152 193	37 472
Cash at the end of the period	47 065	11 283	34 682	8 309

EXPLANATORY NOTES

Note 1. Operating segments information

During the reporting period ended 31 March 2014, the Company was operating in the following business segments:

- Large volume construction
- Road-engineering
- Construction for power industry.

During the reporting period ended 31 March 2014, the Company was operating in the following region segments:

- in Poland
- abroad (Belgium).

Classification of contracts was the basis for dividing into segments. The Company applies the same policy of accounting for all segments.

Business segments

The following tables present data on the revenues and profits of the Company's operating segments for the period from 1 January to 31 March 2014.

Proceeds and expenses by business segments

For the period from 1 January to 31 March 2014	Large volume construction	Road-engineering	Construction for energy sector	Other	Total
Sale to external customers	177 850	193	9 622	0	**187 664**
Total income	**177 850**	**193**	**9 622**	**0**	**187 664**
Cost of products, goods and materials sold to external customers	164 961	139	8 810	**0**	**173 909**
Total cost of products, goods and materials sold	**164 961**	**139**	**8 810**	**0**	**173 909**
Total gross sales	**12 889**	**54**	**812**	**0**	**13 755**
Cost of sales	0	0	0	0	**0**
General and administrative costs	7 579	59	562	96	**8 295**
Profit (loss) on other operating activity	18	0	0	0	**18**
Segment profit (loss)	**5 329**	**-5**	**250**	**-96**	**5 478**
Profit (loss) on financing activity	-2 040	0	0	0	**-2 040**
Income tax	1 144	0	0	0	**1 144**
Net profit	**2 145**	**-5**	**250**	**-96**	**2 294**

Proceeds and expenses by business segments

For the period from 1 January to 31 March 2013	Large volume construction	Road-engineering	Construction for energy sector	Other	Total
Sale to external customers	147 556	1 096	-32		**148 620**
Total income	**147 556**	**1 096**	**-32**		**148 620**
Cost of products, goods and materials sold to external customers	134 281	1 841	952		**137 074**
Total cost of products, goods and materials sold	**134 281**	**1 841**	**952**		**137 074**
Total gross sales	**13 275**	**-745**	**-984**		**11 546**
Cost of sales					
General and administrative costs	7 352	271	283	321	**8 227**
Profit (loss) on other operating activity	-741				**-741**
Segment profit (loss)	**5 181**	**-1 016**	**-1 266**	**-321**	**2 578**
Profit (loss) on financing activity	-1 269				**-1 269**
Income tax	240				**240**
Net profit	**3 672**	**-1 016**	**-1 266**	**-321**	**1 069**

Geographical segments

The following table present data on the revenues and profits of the Company's region segments for the period from 1 January to 31 March 2014.

Proceeds and expenses by geographical segments

For the period from 1 January to 31 March 2014	Domestic	Abroad	Total
Sale to external customers	186 793	871	187 664
Total income	**186 793**	**871**	**187 664**
Cost of products, goods and materials sold to external customers	173 613	296	173 909
Total cost of products, goods and materials sold	**173 613**	**296**	**173 909**
Total gross sales	**13 180**	**575**	**13 755**
Cost of sales	0	0	**0**
General and administrative costs	7 730	565	**8 295**
Profit (loss) on other operating activity	18	0	**18**
Segment profit (loss)	**5 468**	**10**	**5 478**
Profit (loss) on financing activity	-2 069	29	**-2 040**
Income tax	1 144	0	**1 144**
Net profit	**2 255**	**39**	**2 294**

Proceeds and expenses by geographical segments

For the period from 1 January to 31 March 2013	Domestic	Abroad	Total
Sale to external customers	139 176	9 444	148 620
Total income	**139 176**	**9 444**	**148 620**
Cost of products, goods and materials sold to external customers	128 348	8 726	137 074
Total cost of products, goods and materials sold	**128 348**	**8 726**	**137 074**
Total gross sales	**10 828**	**718**	**11 546**
Cost of sales			
General and administrative costs	8 004	223	**8 227**
Profit (loss) on other operating activity	-741		**-741**
Segment profit (loss)	**2 083**	**495**	**2 578**
Profit (loss) on financing activity	-1 400	131	**-1 269**
Income tax	240		**240**
Net profit	**443**	**626**	**1 069**

2. Description of factors and events, which had a significant impact on financial results achieved by ERBUD SA.

2.1. Changes in estimates

Construction contracts

In accordance with accepted accounting principles for valuation of the long-term building services, the Company applied a percentage method. Revenues, costs and profit were shown in proportion to the phase of works. To qualify the progress of works, it was used a method of proportional contract costs incurred for work performed to date in relation to the estimated cost of the contract.

Prepayments for construction contracts

	31.03.2014	31.12.2013	31.03.2012
Revenue surplus over partial invoices, by staging	63 102	101 003	65 751
Costs surplus over expenses arising from the accounting costs, by staging	34 214	55 811	31 974
Surplus on partial invoices over incomes, by staging	35 912	11 299	2 364

Surplus on costs resulting from the accounting costs over expenses, by staging	27 895	17 709	23 965
Total amounts presented in deferred expenditures	90 997	118 712	91 971
Total amounts presented in deferred revenues	70 126	67 110	34 338

Provisions and assets due to deferred income tax

Provisions and assets due to deferred income tax	**31.03.2014**	**31.12.2013**	**31.03.2013**
- valuation of long-term contracts	13 324	12 751	6 524
- loss on tax	0	5 055	9 268
- deferred costs	901	1 242	0
- provision for loss on contracts	3 949	4 305	4 997
- other	**18 174**	**23 353**	**20 789**

Provisions	**31.03.2014**	**31.12.2013**	**31.03.2013**
- valuation of long-term contracts	17 289	22 555	17 046
- other	1 635	1 575	1 410
Total provisions due to deferred income tax	**18 924**	**24 130**	**18 456**

Impairment allowances for receivables

Change in write-downs on short-term receivables

	31.03.2014	**31.12.2013**	**31.03.2013**
At the beginning of the period	4 648	2 645	2 645
a) Increase (due to)	0	2 325	565
- creation of write-offs	0	2 325	565
b) Decrease (due to)	2 162	322	0
- impairment loss	2 162	322	0
- use of write-offs	0	0	0
Write-downs on short-term debts at the end of the period	**2 486**	**4 648**	**3 210**

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

During the period form 1 January to 31 March 2014, such significant changes did not occur.

Signature of person preparing
the Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

Warsaw, 9 May 2014