Translation from Polish

ERBUD CAPITAL GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR IQ 2014

PREPARED PURSUANT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as at 31 March 2014 (in '000 PLN)

	31.03.2014	31.12.2013	31.03.2013
Fixed assets	**115 997**	**117 755**	**117 411**
Intangibles	1 965	1 875	1 999
Goodwill	20 102	20 102	20 102
Tangible fixed assets	35 861	35 335	34 448
Investment property	5 486	5 492	5 402
Other non-current financial assets	17 892	17 604	18 413
Non-current receivables	0	0	1 552
Deferred tax assets	34 654	37 310	35 495
Deferred tax assets	37	37	0
Current assets	**685 880**	**678 175**	**582 582**
Inventory	111 034	112 140	108 941
Trade and other receivables	259 448	223 305	226 109
Income tax receivables	8 347	7 336	8 332
Financial assets	224	220	333
Construction contracts retentions	52 472	49 941	45 875
Cash and cash equivalents	111 171	124 590	86 573
Short-term prepayments and accruals	5 329	4 541	3 213
Construction contracts	137 855	156 102	103 206
Total assets	**801 877**	**795 930**	**699 993**
Equity attributable to shareholders of the parent company	**256 735**	**255 218**	**238 868**
Share capital	1 271	1 271	1 268
Treasure shares	0	0	0
Exchange rate differences on translation of foreign entities	784	591	530
Supplementary capital	222 783	222 793	216 474
Capital reserves	0	0	0
Undistributed profits	31 897	30 563	20 596
Minority interests	11 880	11 748	11 362
Total shareholders' equity	**268 615**	**266 966**	**250 230**
Long-term liabilities	**117 607**	**61 308**	**99 782**
Bank loans and borrowings	21 598	14 487	8 167
Provision for deferred income tax	33 083	36 211	29 497
Provision for retirement and similar benefits	1 757	1 751	6 900
Other provisions	3 439	3 433	2 765
Other financial liabilities	5 730	5 426	2 453
Liabilities from bonds issue	52 000	0	50 000
Other liabilities		0	0
Short-term liabilities	**415 655**	**467 656**	**349 981**
Bank loans and borrowings	37 517	24 488	36 488
Trade and other liabilities	159 824	194 148	155 400
Current tax liabilities	139	7	47
Liabilities from bonds issue	10 000	50 000	0
Provision for retirement and similar benefits	5 559	5 588	5 640
Provisions	16 405	16 573	16 639
Construction contracts retentions	80 097	80 535	78 297
Construction contracts	95 199	82 244	42 071
Other accruals	10 915	14 073	15 399
Total liabilities	**801 877**	**795 930**	**699 993**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the 3-month period ended 31 March 2014 (in 000' PLN)

	3-month period ended 31.03.2014	3-month period ended 31.03.2013
CONTINUING OPERATIONS		
Revenues from sales of products and services and of goods and materials	**283 602**	**206 433**
Cost of sold products and services and of goods and materials	**263 626**	**188 514**
Profit (loss) from sales	**19 976**	**17 919**
Cost of sales	984	850
General and administrative costs	13 746	14 200
Other operating income	**1 297**	**5 111**
Other operating expenses	**403**	**5 667**
Profit (loss) on operating activities	**6 140**	**2 313**
Other gains (losses) on investments	**0**	**0**
Financial income	**665**	**1 603**
Financial expenses	**3 515**	**3 091**
Profit (loss) on continuing operations before tax	**3 290**	**825**
Income tax	1 867	415
Net profit (loss) for the financial period attributable to:	**1 423**	**410**
- Shareholders of the parent company	**1 303**	**353**
- Minority shareholders	**120**	**57**
Weighted average number of ordinary shares / Diluted weighted average number of ordinary shares (in units)	**12 714 546/ 12 777 703**	**12 677 956/ 12 717 719**
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN) on continuing operations	**0.1024/ 0.1019**	**0.0278/ 0.0277**

Consolidated net profit	**1 423**	**410**
Exchange rate differences from translation of foreign branches and entities	236	92
Deferred income tax due to items of other comprehensive incomes	0	0
Other comprehensive net incomes	**236**	**92**
Total a comprehensive incomes attributable to:	1 659	502
- Shareholders of the Parent Company	1 527	411
- Minority shareholders	132	91

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the 3-month period ended 31 March 2014 (in 000' PLN)

	3-month period ended 31.03.2014	3-month period ended 31.03.2013
Cash flow from operating activities		
Net profit (loss)	**1 423**	**410**
Total adjustments	**-40 119**	**-112 354**
Depreciation and amortization	1 457	1 310
Share in net profit of subsidiaries valued using equity method	0	0
Gains / losses from exchange rate differences	105	1
Interest and profit sharing (dividend)	2 192	1 498
Profit / loss on investment activities	-137	-143
Change in provisions	-3 312	467
Change in inventories	1 316	6 509
Change in receivables	-39 686	36 009
Change in short-term liabilities, excluding loans and borrowings	-32 481	-142 434
Change in prepayments and accruals	29 910	-15 586
Other adjustments	517	15
Net cash used in operating activities	**-38 696**	**-111 944**
Cash flow from investment activities		
Inflows	**376**	**8 126**
Disposal of intangible and tangible fixed assets	208	447
Disposal of investment property	0	0
Disposal of financial assets	20	61
Dividends and interest received	148	576
Repayment of loans	0	7 034
Other	0	8
Outflows	**930**	**2 543**
Acquisition of intangible and tangible fixed assets	918	813
Investments in real property	0	0
Acquisition of financial assets	9	1 714
Loans granted	3	2
Acquisition of subsidiary after deducting the funds acquired	0	0
Other	0	14
Net cash flow from investment activities	**-554**	**5 583**

	3-month period ended 31.03.2014	3-month period ended 31.03.2013
Cash flow from financial activities		
Inflows	**39 573**	**17 247**
Net inflows from issue of shares and other capital instruments and from capital contributions	0	0
Loans and borrowings	30 178	17 192
Issue of debt instruments	9 395	0
Other	0	55
Outflows	**13 742**	**26 082**
Redemption of own shares	0	0
Dividends and other payments to the shareholders of the Parent	0	0
Dividends and other payments to the minority shareholders	0	1
Repayment of loans and borrowings	10 063	23 408
Redemption of debt securities	0	0
Due to other financial liabilities	0	0
Payment of liabilities arising from financial leases	832	506
Interest paid	2 847	2 167
Other	0	0
Net cash flow from financial activities	**25 831**	**-8 835**
Total net cash flow	**-13 419**	**-115 196**
Balance sheet change in cash, including:	**-13 419**	**-115 196**
- change in cash due to foreign exchange differences		
Cash opening balance	**124 590**	**201 769**
Closing balance of cash, including:	**111 171**	**86 573**
- restricted cash	31 752	5 617

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the 3-month period ended 31 March 2014 (in 000' PLN)

	Capital attributable to shareholders of the Parent								
	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Undistributed profit (loss)		Total	Minority interests	Total shareholders' equity
					Retained profit / accumulated loss brought forward	Net profit / net loss			
As at 1 January 2014	**1 271**	**0**	**222 793**	**591**	**30 563**	**0**	**255 218**	**11 748**	**266 966**
Profit / loss for the period	0	0	0	0	0	1 303	**1 303**	120	**1 423**
Other total income	0	0	0	193	31	0	**224**	12	**236**
Total income for the period	**0**	**0**	**0**	**193**	**31**	**1 303**	**1 527**	**132**	**1 659**
Purchase of shares in Engorem Spółka z o.o	0	0	-10	0	0	0	**-10**	0	**-10**
Increase of share capital within the authorized capital	0	0	0	0	0	0	**0**	0	**0**
Shares-based payment (Management Stock Option Scheme)	0	0	0	0	0	0	**0**	0	**0**
Transfer of net profit from the previous year to retained earnings	0	0	0	0	0	0	**0**		
As at 31 December 2014	**1 271**	**0**	**222 783**	**784**	**30 594**	**1 303**	**256 735**	**11 880**	**268 615**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 December 2014 (in 000' PLN)

	Capital attributable to shareholders of the Parent								
	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Undistributed profit (loss)		Total	Minority interests	Total shareholders' equity
					Retained profit / accumulated loss brought forward	Net profit / net loss			
As at 1 January 2013	**1 268**	**0**	**215 669**	**455**	**20 260**	**0**	**237 652**	**13 791**	**251 443**
Profit / loss for the period	0	0	0	0	0	17 217	**17 217**	862	**18 079**
Other total income	0	0	0	136	-196	0	**-60**	18	**-42**
Total income for the period	**0**	**0**	**0**	**136**	**-196**	**17 217**	**17 157**	**880**	**18 037**
Purchase of shares in Engorem Spółka z o.o.	0	0	849	0	0	0	**849**	-2 689	**-1 840**
Increase of share capital within the authorized capital	3	0	399	0	0	0	**402**	0	**402**
Shares-based payment (Management Stock Option Scheme)	0	0	285	0	0	0	**285**	0	**285**
Transfer of net profit from the previous year to retained earnings	0	0	5 591	0	-5 591	0	**0**	0	**0**
First time consolidation of the jointly controlled entity	0	0	0	0	-1 127	0	**-1 127**	-125	**-1 252**
Dividend to GWI minority shareholders	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-109**	**-109**
As at 31 December 2013	**1 271**	**0**	**222 793**	**591**	**13 346**	**17 217**	**255 218**	**11 748**	**266 966**

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

attributable to shareholders of the Parent Company for the year ended 31 March 2013 (in 000' PLN)

	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Undistributed profit (loss)		Total	Minority interests	Total shareholders' equity
					Retained profit / accumulated loss brought forward	Net profit / net loss			
As at 1 January 2013	**1 268**	**0**	**215 669**	**455**	**20 260**	**0**	**237 652**	**13 791**	**251 443**
Profit / loss for the period	0	0	0	0	0	353	**353**	57	**410**
Other total income	0	0	0	75	-17	0	**58**	34	**92**
Total income for the period	**0**	**0**	**0**	**75**	**-17**	**353**	**411**	**91**	**502**
Taking control over ENGOREM	0	0	805	0	0	0	**805**	-2 520	**-1 715**
Previous years result of the parent company brought forward to supplementary capital	0	0	0	0	0	0	**0**	0	**0**
As at 31 March 2013	**1 268**	**0**	**216 474**	**530**	**20 243**	**353**	**238 868**	**11 362**	**250 230**

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

Period	Average exchange rate for the reported period	Exchange rate as of the last day of the period
31.03.2014	4.1894	4.1713
31.12.2013	4.2110	4.1472
31.03.2013	4.1774	4.1738

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

Balance-sheet item	31.03.2014		31.03.2013	
	PLN	EUR	PLN	EUR
Total assets	801 877	192 236	699 993	167 567
Fixed assets	115 997	27 808	117 411	28106
Current assets	685 880	164 428	582 582	139 461

Balance-sheet item	31.03.2014		31.03.2013	
	PLN	EUR	PLN	EUR
Total liabilities	801 877	192 236	699 993	167 567
Shareholders' equity	268 615	64 396	250 230	59 901
Liabilities and provisions for liabilities	533 262	127 840	449 763	107 666

Items of the balance sheet as at 31 March 2014 were converted at the Euro rate which was set by the NBP as at that date i.e. 4.1713 zł PLN/EUR.

Items of the balance sheet as at 31 March 2013 were converted at the Euro rate which was set by the NBP as at that date i.e. 4.1774 PLN/EUR.

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

Profit or loss account item	3-month period ended 31.03.2014		3-month period ended 31.03.2013	
	PLN	EUR	PLN	EUR
Net revenues from sales of products	283 602	67 695	206 433	49 459
Manufacturing cost of products sold	263 626	62 927	188 514	45 166
Gross profit on sales	19 976	4 768	17 919	4 293
Profit from operating activities	6 140	1 466	2 313	554
Gross profit (loss)	3 290	785	825	198
Net profit (loss)	1 423	340	410	98

Items of the cash flow for the period 01.01.2014 - 31.03.2014 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. 4.1894 PLN/EUR.

Items of the cash flow for the period 01.01.2013 - 31.03.2013 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. 4.1738 PLN/EUR.

Key items of cash flow converted to the EURO (for the reporting period, in 000' PLN)

Cash flow item	3-month period ended 31.03.2014		3-month period ended 31.03.2013	
	PLN	EUR	PLN	EUR
A. Cash flow from operating activities	-38 696	-9 237	-111 944	-26 821
B. Cash flow from investing activities	-554	-132	5 583	1 338
C. Cash flow from financing activities	25 831	6 166	-8 835	-2 117
D. Total net cash flow (A+/-B+/-C)	-13 419	-3 203	-115 196	-27 600
F. Cash and cash equivalents at the beginning of the period	124 590	30 042	201 769	49 354
G. Cash and cash equivalents at the end of the period	111 171	26 651	86 573	20 724

Cash flow items for the period of 01 January 2014 - 31 March 2014 were converted as follows:

A, B, C, and D item figures - at the average exchange rate which was calculated as an arithmetic mean of average rates set by the NBP as at the last day of each month in the period, i.e. 4.1894 PLN/EUR,

F item figures - at the exchange rate set by the NBP as at the 31 December 2013, i.e. 4.1472 PLN/EUR,

G item figures- at the exchange rate set by the NBP on the 31 March 2014, i.e. 4,1713 PLN/EUR.

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

A, B, C, and D item figures - at the average exchange rate which was calculated as an arithmetic mean of average rates set by the NBP as at the last day of each month in the period, i.e. 4.1738 PLN/EUR,

F item figures - at the exchange rate set by the NBP as at the 31 December 2012, i.e. 4.4168 PLN/EUR,

G item figures- at the exchange rate set by the NBP on the 31 March 2013, i.e. 4.1774 PLN/EUR.

Reconciliation of changes in balance sheet items to changes reported in the cash flow statement as at 31 March 2014 is as below:

	31.03.2014
Change in provisions in the balance sheet	**1 106**
Balance as of the date of acquisition of units	0
Deferred financing costs	210
Change in receivables in the statement of cash flows	**1 316**

	31.03.2014
Change in liabilities in the balance sheet	**-34 629**
Balance as of the date of acquisition of units	0
Discounting of liabilities from bond issue	2 148
Change in liabilities in the statement of cash flows	**-32 481**

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

There were no significant purchases and sales of property, plant and equipment in the reporting period.
As of 31 March 2014, the Group has no material commitments for the purchase of fixed assets.

Note 2 Deferred income tax assets

Assets / liabilities due to	**31.03.2014**	**31.03.2013**	**31.03.2013**
- Building contracts valuation	18 433	16 092	8 681
- Provisions	5 115	5 087	6 585
- Loss on taxes	2 903	8 175	13 775
- Margin on intra-Group sales	487	487	487
- Other fees charged statistically	274	226	252
- Revaluation of receivables	884	1 062	500
- Valuation of bonds	0	359	579
- Other financial liabilities	1 764	1 385	476
- Revaluation of inventories	0	0	0
- Consolidation adjustments	1 828	1 807	1 672
- Deferred costs	901	1 242	699
- Other	2 065	1 388	1 789
Total deferred tax assets	**34 654**	**37 310**	**35 495**

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

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

Note 3 Short-term receivables

Note 3.1 Short-term trade receivables and other debts

	31.03.2014	**31.03.2013**	**31.03.2013**
Short-term receivables before tax	**325 174**	**288 164**	**286 559**
Due to deliveries and services	305 789	266 634	220 809
- from associates	120	131	43
- from other entities	305 669	266 503	220 766
From the public sector	12 250	10 524	13 830
Other	7 135	11 006	51 920
Impairment of receivables	**4 907**	**7 582**	**6 243**
Net short-term receivables	**320 267**	**280 582**	**280 316**

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

	31.03.2014	**31.03.2013**	**31.03.2013**
Write-downs at the beginning of the period	7 582	**9 962**	9 962
Created to other operating costs	16	2 711	607
Reversed into other operating costs	2 184	595	4 419
Used	510	4 603	0
Foreign exchange differences	3	107	93
Write-downs on short-term receivables at the end of the period	**4 907**	**7 582**	**6 243**

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

There is no credit risk concentration for trade receivables, as the Group has a large number of clients, both domestic and foreign.

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

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

Note 4 Construction contracts

	31.03.2014	31.03.2013	31.03.2013
Building contracts income	263 673	1 125 805	188 406
Building contracts costs, incl.	242 269	1 042 806	170 312
- recorded loss	0	51	0
Profit before tax	**21 404**	**82 999**	**18 094**

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

	31.03.2014	31.03.2013	31.03.2013
Assets:			
Amounts due from customers	137 855	156 102	103 206
Valuation of contracts	137 855	156 102	103 206
Liabilities:			
Amounts due to customers, incl.:	95 199	82 244	42 071
Valuation of contracts	95 199	82 244	42 071
Provision for losses on contracts	0	0	0

Note 5 Share capital of ERBUD SA (structure)

Note 5.1 Structure of the share capital ownership as at 31 March 2014

Series	Shareholder	Class of shares	Preferences on shares	Restrictions on shares	Number of shares	Equity percentage	Disposal restrictions
A	Wolff & Muller Holding Gmbh & Co.KG	Ordinary	None	None	282 137	2.22%	None
A	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	717 863	5.65%	None
B	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	3 152 865	24.79%	None
	Total				**4 152 865**	**32.66%**	
B	Juladal Investment Ltd	Ordinary	None	None	2 848 347	22.40%	None
A	Dariusz Grzeszczak	Ordinary	None	None	773 900	6.09%	None
D	AVIVA Otwarty Fundusz Emerytalny BZ WBK	Ordinary	None	None	1 183 146	9.31%	None
D	ING Otwarty Fundusz Emerytalny	Ordinary	None	None	1 266 900	9.96%	None
D,E,C, F, H	Free Float	Ordinary	None	None	2 489 388	19.58%	None
	Total				**12 714 546**	**100%**	
	Par value of shares of all series in PLN		0.10	Share capital in PLN	1 271 454,60		

The share capital as of 31 December 2013 consisted of 12,714,546 shares with a total value of PLN 1,271,454.60.

The shareholding of the Parent Company as at 31 December 2013 was as follows:

Series	Shareholder	Class of shares	Preferences on shares	Restrictions on shares	Number of shares	% of equity shareholding	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%**	
	Par value of shares of all series in PLN		0.10	Share capital in PLN	1 271 454.60		

Structure of the share capital ownership as at 31 March 2013

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

The tables present the shareholders holding over 5% of the share capital and have been prepared on the basis of the stocks book.

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

Note 6 Change in deferred income tax provision

Note 6.1 Deferred income tax provision

Provision for	31.03.2014	31.03.2013	31.03.2013
- building contracts valuation	23 478	26 685	20 691
- assets revaluation	6 239	6 245	6 405
- financial costs activated	304	314	346
- balance sheet valuation	1 019	309	305
- balance sheet valuation for interest	1 253	1 823	1 121
- difference between the carrying amount and tax depreciation	0	0	268
- other	790	835	361
Total provision for deferred income tax	**33 083**	**36 211**	**29 497**

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

Note 7

Note 7.1 Other non-current liabilities

	31.03.2014	31.03.2013	31.03.2013
a) to subsidiaries	0	0	0
b) to other entities	79 328	19 913	60 620
- loans and borrowings	21 598	14 487	8 167
- other financial liabilities, incl.	5 730	5 426	2 453
- from financial lease	5 730	5 426	2 295
- securing of foreign exchange risk in Budlex	0	0	158
- other	0	0	0
- liabilities due to bond issue	52 000	0	50 000
- liabilities from acquiring shares in Budlex	0	0	0
- other	0	0	0
Total long term liabilities	**79 328**	**19 913**	**60 620**

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

Short-term liabilities	31.03.2014	31.03.2013	31.03.2013
a) To deliveries and services	217 906	249 860	175 884
- from associates	138	615	471
- from other entities	217 768	249 245	175 413
b) To public sector	13 078	14 083	8 818
- corporate income tax	139	7	47
- VAT	6 485	8 110	1 237
- income tax on natural persons	1 312	1 536	1 136
- other	5 142	4 430	6 398
c) Financial liabilities , incl.:	12 324	55 004	5 201
- interest	-258	20	0
- interest on bonds		1 889	1 889

- liabilities form bonds	10 000	50 000	0
- lease	2 582	3 095	3 312
d) Other	6 752	5 743	43 841
- payroll	4 640	3 360	5 389
- prepayments received	347	291	31 615
- liabilities due to shares	0	0	5 553
- other	1 765	2 092	1 284
Total	**250 060**	**324 690**	**233 744**

Note 9 Finance lease liabilities

Fail value	**31.03.2014**	**31.03.2013**	**31.03.2013**
Up to 1 year	2 582	3 314	3 312
Over 1 and up to 5 years	5 730	5 798	2 295
Total	**8 312**	**9 112**	**5 607**

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

Note 10 Information on issue, redemption and repayment of debt instruments and securities issued

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 earmarked funds for the purchase of 40,000 Series A bonds issued by the Issuer and to finance the increased working capital demand associated with record orders portfolio of the Capital Group. The remaining 10,000 Bonds of Series A will be redeemed on the original fixed term, i.e. 15 July 2014.

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

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

On 15 April 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 was 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 authorized 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 11 Acquisition / Disposal of subsidiaries / Disposal of long term-investments

Those events are not occur.

Note 12 Net revenues from sales of products (in kind structure - type of activities)

	3-month period ended 31.03.2014	3-month period ended 31.03.2013
- sale of products	13 610	12 150
- sale of services	269 407	194 017
-sale of goods and materials	585	266
Total net income from sales	**283 602**	**206 433**

Note 13 Costs by type

	3-month period ended 31.03.2014	3-month period ended 31.03.2013
a) Depreciation and amortisation	1 457	1 310
b) Consumption of materials and power	47 780	33 245
c) External services	215 111	148 463
d) Taxes and charges	2 041	2 293
e) Payroll	27 054	29 131
f) Social security, health care and other benefits	6 446	6 070
g) Other costs	3 513	3 946
h) Value of goods and materials sold	556	246
Total expenses by type	**303 958**	**224 704**
Change in inventories, products and deferred expenditures due to construction contracts	-25 602	-21 140
Cost of production for in-house use (negative value)	0	0
Cost of sales (negative value)	-984	-850
General and administrative costs (negative value)	-13 746	-14 200
Production cost of products sold	**263 626**	**188 514**

Note 14 Corporate income tax

	3-month period ended 31.03.2014	12-month period ended 31.12.2013	3-month period ended 31.03.2013
Current income tax	7 434	4 067	359
Deferred income tax	-5 567	2 948	56
Tax liability shown in the profit and loss account	**1 867**	**7 015**	**415**

Note 15 Net earnings per share

	3-month period ended 31.03.2014	3-month period ended 31.03.2013
Net earnings (loss)	1 303	353
Weighted average number of shares (in units)	12 714 546	12 677 956
Earnings (loss) per share (in PLN)	0.1024	0.0278
Weighted average diluted number of shares (in units)	12 777 703	12 717 719
Diluted earnings (loss) per share (in PLN)	0.1019	0.0277

Basic earnings per share are calculated as a quotient of net income for the period attributable to ordinary shareholders of the Parent Company and the weighted average number of issued common shares outstanding for the period.

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

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

There were no discontinued operations in the reporting period.

Note 17 Number of Erbud's shares held or rights to them (options) by persons managing and supervising Erbud SA as at the report submitting date, including the indication of changes in ownership in the first quarter of 2014

As of 31 March 2014, the managing staff (the Management Board members and procation holders) 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	22.40%	2 848 347	22.40%
Dariusz Grzeszczak	Ordinary	773 900	6.09%	773 900	6.09%
Józef Adam Zubelewicz	Ordinary	259 500	2.04%	259 500	2.04%
Albert Duerr Supervisory Board member	Ordinary	14 500	0.11%	14 500	0.11%
Walenty Twardy ERBUD SA procuration holder	Ordinary	6 852	0.05%	6 852	0.05%
Piotr Augustyniak ERBUD SA procuration holder	Ordinary	890	0.01%	890	0.01%
Agnieszka Głowacka ERBUD SA procuration holder	Ordinary	5 336	0.04%	5 336	0.04%
Bogdan Duerr ERBUD SA procuration holder	Ordinary	6 712	0.05%	6 712	0.05%
Tomasz Krzywicki ERBUD SA procuration holder	Ordinary	0	0	0	0
Włodzimierz Czystowski ERBUD SA procuration holder	Ordinary	4 921	0.04%	4 921	0.04%
Mirosław Młynarski Procuration holder	Ordinary	11 426	0.09%	11 426	0.09%
Radosław Kałamaga Procuration holder	Ordinary	5 494	0.04%	5 494	0.04%
Maciej Wyrzykowski ERBUD SA procuration holder	Ordinary	1 200	0.01%	1 200	0.01%
Mariola Zielińska Chief Accountant of Erbud S.A.	Ordinary	4 818	0.04%	4 818	0.04%

As of 31 March 2013, the managing staff (the Management Board members and procation holders) 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	22.40%	2 848 347	22.40%
Dariusz Grzeszczak	Ordinary	773 900	6.09%	773 900	6.09%
Józef Adam Zubelewicz	Ordinary	259 500	2.04%	259 500	2.04%
Albert Duerr Supervisory Board member	Ordinary	14 500	0.11%	14 500	0.11%
Walenty Twardy ERBUD SA procuration holder	Ordinary	6 852	0.05%	6 852	0.05%
Piotr Augustyniak ERBUD SA procuration holder	Ordinary	890	0.01%	890	0.01%
Agnieszka Głowacka ERBUD SA procuration holder	Ordinary	6 336	0.05%	6 336	0.05%
Bogdan Duerr ERBUD SA procuration holder	Ordinary	6 712	0.05%	6 712	0.05%
Tomasz Krzywicki ERBUD SA procuration holder	Ordinary	700	0.01%	700	0.01%

Włodzimierz Czystowski ERBUD SA procuration holder	Ordinary	4 921	0.04%	4 921	0.04%
Mirosław Młynarski Procuration holder	Ordinary	11 426	0.09%	11 426	0.09%
Radosław Kałamaga Procuration holder	Ordinary	5 494	0.04%	5 494	0.04%
Maciej Wyrzykowski ERBUD SA procuration holder	Ordinary	2 200	0.02%	2 200	0.02%
Mariola Zielińska Chief Accountant of Erbud S.A.	Ordinary	4 818	0.04%	4 818	0.04%

As of the date of submitting the statements, the Board members and procuration holders do not have any Erbud's stock options.

Members of the Supervisory Board, of the Management Board of the Parent and of key management personnel, as at 31 March 2014 and as at 31 December 2013 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 March 2014 and as at 31 December 2013 were not a party to the contract obliging to render services to the companies of the Erbud Group.

Note 18 Information about key events occurred in the period of three months of 2014 and after the balance date

Contracts concluded:

On 24 February 2014, Erbud S.A. signed a significant contract for construction works under the following terms and conditions:
1. Contract subject: construction of the complex of multi-family buildings with commercial area and basement car park - MU04
2. The Builder: Promenady II VD Sp. z o.o. seated in Wrocław
3. Max. contract value: PLN 30,600,816.84 net
5. Site location: Wrocław
6. Completion period: 66 weeks to obtain Occupancy Permitf rom the issue of Instruction to Proceed Commencement of Works.

On 25.03.2014, the Management Board of 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 50 million to PLN 80 million.
The increased limit applies to the sublimit for financial guarantees. Therefore, overdraft facilities of PLN 10 million are available to the Issuer at present, while the possible limit for contract performance bonds rose from PLN 40 million to PLN 70 million.

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

Note 19 Other important events

The Issuer's Management Board has been informed that the Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o. failed a suit to the District Court in Warsaw, XXVI Economic Department.
The Claimant (MPL) claims from the Defendant (ERBUD SA) a compensation amounting PLN 34,381,374.64 (in words: thirty-four million three hundred and eighty-one thousand three hundred and seventy-four point six-four) add interest and reimbursement of proceedings costs.
In the contents of the suit the Claimant says that the amount of PLN 34,381,374.64 consists of:
a) PLN 570,911.46 - costs of technical and legal consultancy incurred by the Claimant;
b) PLN 28,321,000.00 - the amount equal to benefits lost by the Claimant and the actual damage incurred in the form of technical and legal consultancy;
c) PLN 5,489,463.18 – 19 per cent of damage suffered referred to in letters a) and b) above in compensation for taxable indemnification due to income tax defined by law.
The Management Board of ERBUD SA reaffirms its position regarding financial claims related to the construction of the runway in Modlin.
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.
At the same time, the Company is preparing a suit against those responsible for the defective condition of the runway to be compensated for expenses incurred.

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

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

Note 21 Business combinations

In the period from 1 January to 31 March 2014, there were no changes in the composition of the Group.

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

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

Note 23 Changes in accounting estimates

There were no changes in the method used for accounting estimates in the comparable period and in the period ended 31 March 2014.

Note 24 Business segments

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

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

During the reporting period ended 31 March 20143, the Group was operating in the following region segments:

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

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

Business segments

The following table provides figures on proceeds and gains as well as certain assets and liabilities of business segments of the Group as at 31 March 2014:

Proceeds and expenses by business segments

For the period from 1 January to 31 March 2014	**Large volume construction**	**Housing development**	**Road-engineering**	**Construction for energy sector**	**Other segments**	**Total**
Sale to external customers	225 690	13 913	19 822	24 177	0	**283 602**
Total income	**225 690**	**13 913**	**19 822**	**24 177**	**0**	**283 602**
Cost of products, goods and materials sold to external customers	211 087	11 510	17 195	23 834	0	**263 626**
Total cost of products, goods and materials sold	**211 087**	**11 510**	**17 195**	**23 834**	**0**	**263 626**
Total gross sales	**14 603**	**2 403**	**2 627**	**343**	**0**	**19 976**
Cost of sales	0	401	390	193	0	**984**
General and administrative costs	8 317	240	2 547	2 642	0	**13 746**
Profit (loss) on other operating activity	819	12	-2	65	0	**894**
Segment profit (loss)	**7 105**	**1 774**	**-312**	**- 2 427**	**0**	**6 140**
Profit (loss) on financing activity	-2 839	107	-26	-92	0	**-2 850**
Income tax	1 654	181	2	30	0	**1 867**
Net profit	**2 612**	**1 700**	**-340**	**-2 549**	**0**	**1 423**

Business segments

The following table provides figures on proceeds and gains as well as certain assets and liabilities of business segments of the Group as at 31 December 2014:

Proceeds and expenses by business segments

For the period from 1 January to 31 December 2013	Large volume construction	Housing development	Road-engineering	Construction for energy sector	Other segments	Total
Sale to external customers	998 102	48 485	96 219	79 658	1 145	**1 223 609**
Intra-segment sale	0	0	0	0	0	**0**
Total income	**998 102**	**48 485**	**96 219**	**79 658**	**1 145**	**1 223 609**
Cost of products, goods and materials sold to external customers	940 831	38 867	85 175	66 746	1 080	**1 132 699**
Total cost of products, goods and materials sold	**940 831**	**38 867**	**85 175**	**66 746**	**1 080**	**1 132 699**
Total gross sales	**57 271**	**9 618**	**11 044**	**12 912**	**65**	**90 910**
Cost of sales	0	1 979	1 539	0	0	**3 518**
General and administrative costs	34 417	2 560	6 415	11 082	0	**54 474**
Profit (loss) on other operating activity	-1 890	286	1 534	-64	5	**-129**
Segment profit (loss)	**20 964**	**5 365**	**4 624**	**1 766**	**70**	**32 789**
Profit (loss) on financing activity	-7 171	-170	-155	-195	-4	**-7 695**
Income tax	4 012	725	1 221	929	128	**7 015**
Net profit	**9 781**	**4 470**	**3 248**	**642**	**-62**	**18 079**

Business segments

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

Proceeds and expenses by business segments

For the period from 1 January to 31 March 2013	Large volume construction	Housing development	Road-engineering	Construction for energy sector	Other segments	Total
Sale to external customers	181 272	12 295	7 454	5 372	40	**206 433**
Total income	**181 272**	**12 295**	**7 454**	**5 372**	**40**	**206 433**
Cost of products, goods and materials sold to external customers	163 976	10 105	7 563	7 010	-140	**188 514**
Total cost of products, goods and materials sold	**163 976**	**10 105**	**7 563**	**7 010**	**-140**	**188 514**
Total gross sales	**17 296**	**2 190**	**-109**	**-1 638**	**180**	**17 919**
Cost of sales	0	462	388	0	0	**850**
General and administrative costs	9 646	488	2 374	1 329	363	**14 200**
Profit (loss) on other operating activity	-732	-184	14	285	61	**-556**
Segment profit (loss)	**6 918**	**1 056**	**-2 857**	**-2 682**	**-122**	**2 313**
Profit (loss) on financing activity	-994	-537	-31	68	6	**-1 488**
Income tax	754	122	-226	-262	27	**415**
Net profit	**5 170**	**397**	**-2 662**	**-2 352**	**-143**	**410**

Geographical segments

The following table provides figures on proceeds, expenditures, and certain assets of geographical segments of the Group as at 31 March 2014:

Proceeds and expenses by geographical segments

Year ended 31 March 2014	Domestic	Abroad	Total
Sale to external customers	234 338	49 264	**283 602**
Total income	**234 338**	**49 264**	**283 602**
Cost of products, goods and materials sold to external customers	216 681	46 945	**263 626**
Total cost of products, goods and materials sold	**216 681**	**46 945**	**263 626**
Total gross sales	**17 657**	**2 319**	**19 976**
Cost of sales	984	0	**984**
General and administrative costs	11 659	2 087	**13 746**
Profit (loss) on other operating activity	94	800	**894**
Segment profit (loss)	**5 108**	**1 032**	**6 140**
Profit (loss) on financing activity	-2 844	-6	**-2 850**
Income tax	1 579	288	**1 867**
Net profit	**685**	**738**	**1 423**

The following table provides figures on proceeds, expenditures, and certain assets of geographical segments of the Group as at 31 December 2013:

Proceeds and expenses by geographical segments

Year ended 31December 2013	Domestic	Abroad	Total
Sale to external customers	1 013 873	209 736	**1 223 609**
Total income	**1 013 873**	**209 736**	**1 223 609**
Cost of products, goods and materials sold to external customers	937 350	195 349	**1 132 699**
Total cost of products, goods and materials sold	**937 350**	**195 349**	**1 132 699**
Total gross sales	**76 523**	**14 387**	**90 910**
Cost of sales	3 518	0	**3 518**
General and administrative costs	44 993	9 481	**54 474**
Profit (loss) on other operating activity	-171	42	**-129**
Segment profit (loss)	**27 841**	**4 948**	**32 789**
Profit (loss) on financing activity	-7 652	-43	**-7 695**
Income tax	5 030	1 985	**7 015**
Net profit	**15 159**	**2 920**	**18 079**

The following table provide figures on proceeds, expenditures, and certain assets of geographical segments of the Group as at 31 March 2013:

Proceeds and expenses by geographical segments

Year ended 31 March 2013	Domestic	Abroad	Total
Sale to external customers	162 919	43 514	**206 433**
Total income	**162 919**	**43 514**	**206 433**
Cost of products, goods and materials sold to external customers	149 696	38 818	**188 514**
Total cost of products, goods and materials sold	**149 696**	**38 818**	**188 514**
Total gross sales	**13 223**	**4 696**	**17 919**
Cost of sales	850	0	**850**
General and administrative costs	11 642	2 558	**14 200**
Profit (loss) on other operating activity	-556	0	**-556**
Segment profit (loss)	**175**	**2 138**	**2 313**
Profit (loss) on financing activity	-1 779	291	**-1 488**
Income tax	-79	494	**415**
Net profit	**-1 525**	**1 935**	**410**

Note 25 Construction contracts retentions

Construction contracts retention money as of 31 March 2014 was as follows:

	31.03.2014	31.03.2013
Retentions held by customers		
Returnable beyond 12 months	18 730	8 144
Returnable within 12 months	33 742	37 731
Total	**52 472**	**45 875**
Retentions retained to suppliers		
Returnable beyond 12 months		3 494
Returnable within 12 months	70 304	74 803
Total	**80 097**	**78 297**

Note 26 Litigation and claims

The register of court cases in relation to the 31 December 2013, in which the Erbud Capital Group is a party to the proceedings as plaintiff and defendant, did not change significantly. Therefore, during the reporting period, there were no substantial changes in the amount of provisions for liabilities created under litigation.

27 Asset-backed securities

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

1) The basic characteristics of assets (type and number votes at the GM), on which the pledge was established: In order to secure an agreement with the Seller, 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. The Issuer considers the investment in PRD shares as a long-term one.

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 28 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

In relation to the financial year ended 31 December 2014, this type of significant changes did not occur.

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

In the period ended 31 March 2014, the Group did not change the method of determining the value of financial instruments measured at fair value.

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

In the period ended 31 March 2014, the Group did not change the classification of financial assets as a result of target exchange or use of these assets.

Note 31. Events subsequent to the balance sheet date

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

Signature of person preparing
the Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Board Member/

Dariusz Grzeszczak
/Board Member/

Warsaw, 9 May 2014