ERBUD S.A.

CONDENSED SEPARATE FINANCIAL STATEMENTS FOR THE FIRST HALF OF 2014

Introduction to Financial Statements

1. Policies adopted for preparation of the Condensed Separate Financial Statements

1.1. Adopted accounting principles

Condensed Separate Financial Statements of Erbud SA for the period of six months of 2014 and the comparative figures have been prepared in accordance with the provisions of the Act of 29 September 1994 (Journal of Laws of 2009, No. 152, item. 1223, as amended) and the Regulation of the Minister of Finance on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member state (Journal of Laws of 2009 No. 33, item. 259, as amended).

1.2. Comparability of financial data disclosed in the Condensed Separate Financial Statements and those previously prepared and published in the Condensed Separate Financial Statements

In the period covered by the Condensed Separate Financial Statements and in the previous period, there were no events that require achieving comparability of financial data.

1.3. Description of the rules (policies), including methods of valuation of assets and liabilities and measurement of income and expenses

Over the period covered by the Condensed Separate Financial Statements, there were no changes in the rules of preparing the financial statements. A detailed description of the accounting policies is contained in the introduction to the Separate Financial Statements of the Company for the year ended 31 December 2013.

1.4. Going-concern assumption and comparability of financial statements

Condensed Separate Financial Statements presented in this report have been prepared under the assumption, that ERBUD SA will continue its business activity over next 12 months after the balance sheet date, i.e. 30.06.2014. The Management Board of the Company do not state as at the day of signing the financial statement facts and circumstances which would indicate the possibility of risk to continue operations in the period of 12 months after the closing balance date as a result of intentional or involuntary omissions or significantly reducing the current activity.
By the date of preparing the Financial Statements as of 30.06.2014, there were no events that have not been and should be included in the accounts during the reporting period.

2. 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 of the Supervisory Board
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
Janusz Lewandowski	- Member of the Supervisory Board

CONDENSED SEPARATE FINANCIAL STATEMENT FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2014 (in PLN '000)

Balance Sheet

ASSETS

		Note	30.06.2014	31.12.2013	30.06.2013
A.	**Fixed assets**		**193 326**	**206 029**	**213 481**
I.	**Intangible assets**		**373**	**424**	**451**
1.	Finished R&D expenses		0	0	0
2.	Goodwill		0	0	0
3.	Other intangible assets		373	57	84
4.	Advances for intangible assets		0	367	367
II.	**Tangible assets**		**6 027**	**6 132**	**6 791**
1.	Tangible fixed assets		6 027	6 132	6 791
a)	Land, incl. perpetual usufruct		0	0	0
b)	Buildings, premises and civil and water engineering structures		3 284	3 334	3 383
c)	Plant and equipment		67	86	109
d)	Means of transport		2 475	2 474	2 970
e)	Other tangible fixed assets		201	238	329
2.	Fixed assets under construction		0	0	0
3.	Prepaid tangible fixed assets under construction		0	0	0
III.	**Long-term receivables**		**0**	**0**	**0**
1.	From associates		0	0	0
2.	From other entities		0	0	0
IV.	**Long-term investments**		**166 103**	**176 120**	**179 384**
1.	Real property		480	515	515
2.	Intangibles		0	0	0
3.	Non-current financial assets	2, 6	165 623	175 605	178 869
a)	In associates, incl.:		164 862	174 843	178 128
–	Shares or stocks		136 731	136 731	136 713
–	Other securities		0	0	0
–	Loans granted		28 131	38 112	41 415
–	Other non-current financial assets		0	0	0
b)	In other entities, incl.:		762	762	741
–	Shares or stocks		5	5	5
–	Other securities		0	0	0
–	Loans granted		0	0	0
–	Other non-current financial assets		757	757	736
4.	Other non-current investments		0	0	0
V.	**Long-term prepayments**		**20 823**	**23 353**	**26 855**
1.	Deferred tax assets	3	20 823	23 353	26 855
2.	Other prepayments		0	0	0

		Note	30.06.2014	31.12.2013	30.06.2013
B.	**Current assets**		**486 777**	**423 617**	**390 951**
I.	**Inventories**	**6**	**630**	**2 513**	**0**
1.	Materials		0	1 883	0
2.	Semi-finished products and products in progress		630	630	0
3.	Finished products		0	0	0
4.	Goods		0	0	0
5.	Advances for deliveries		0	0	0
II.	**Short-term receivables**	**4**	**293 824**	**220 355**	**230 126**
1.	From affiliated entities		11 369	3 453	3 944
a)	Trade receivables with a maturity:		9 256	1 340	431
–	up to 12 months		9 256	1 340	431
–	above 12 months		0	0	0
b)	Other		2 113	2 113	3 513
2.	Receivables from other entities		282 455	216 902	226 182
a)	Trade receivables with a maturity:		265 581	203 240	195 084
–	up to 12 months		249 668	188 448	184 980
–	above 12 months		15 913	14 792	10 104
b)	Receivables from tax, subsidy, customs, social security and other benefits		9 132	5 514	7 486
c)	Other		7 742	8 148	23 612
d)	Claimed at court		0	0	0
III.	**Short-term investments**		**53 574**	**58 077**	**33 312**
1.	Current financial assets	6	53 574	58 077	33 312
a)	In affiliated entities		161	157	1 000
–	Shares or stocks		0	0	0
–	Other securities		0	0	0
–	Loans granted		161	157	1 000
–	Other current financial assets		0	0	0
b)	In other entities		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 other cash assets		53 413	57 920	32 312
–	Cash in hand and at bank		39 647	44 303	15 040
–	Other cash		13 766	13 617	17 272
–	Other cash assets		0	0	0
2.	Other current investments		0	0	0
IV.	**Short-term prepayments**	**5**	**138 749**	**142 672**	**127 513**
	TOTAL ASSETS		**680 103**	**629 646**	**604 432**

LIABILITIES

		Note	30.06.2014	31.12.2013	30.06.2013
A.	**Equity**		**243 970**	**244 341**	**235 908**
I.	**Share capital**	7	1 271	1 271	1 268
II.	**Called-up share capital (negative value)**		0	0	0
III.	**Treasury shares (negative value)**		0	0	0
IV.	**Reserve capital**		234 377	234 654	234 136
V.	**Revaluation capital reserve**		0	0	0
VI.	**Other reserve capital**		0	0	0
VII.	**Retained profit / accumulated loss brought forward**		0	0	0
VIII.	**Net profit (loss)**		8 322	8 416	504
IX.	**Write-offs due to net profit for the financial year (negative value)**		0	0	0
B.	**Liabilities and provisions for liabilities**		**436 133**	**385 305**	**368 524**
I.	**Provisions for liabilities**		**35 920**	**37 702**	**37 326**
1.	Deferred income tax provision	8	22 663	24 130	24 803
2.	Provision for retirement and related benefits		3 458	3 328	3 209
–	Non-current	9	664	479	528
–	Current	10	2 794	2 849	2 681
3.	Other provisions		9 799	10 244	9 314
–	Non-current	11	0	0	0
–	Current	12	9 799	10 244	9 314
II.	**Long-term liabilities**	**13**	**52 451**	**266**	**50 278**
1.	To associates		0	0	0
2.	To other entities		52 451	266	50 278
a)	Loans and borrowings		0	0	0
b)	Issue of debt securities	15	52 000	0	50 000
c)	Other financial liabilities		451	266	278
d)	Other		0	0	0
III.	**Short-term liabilities**		**271 418**	**280 227**	**225 151**
1.	To associates		13 227	9 067	14 665
a)	Deliveries and services with a maturity:		13 227	9 067	14 665
–	up to 12 months		12 540	8 240	14 058
–	above 12 months		687	827	607
b)	Other		0	0	0
2.	To other entities		258 191	271 160	210 486
a)	Loans and borrowings	14	0	6	24 533
b)	Issue of debt securities		10 000	50 000	0
c)	Other financial liabilities		1 619	2 339	2 419
d)	Deliveries and services with a maturity:		233 766	212 502	168 355
–	up to 12 months		227 871	205 791	164 154
–	above 12 months		5 895	6 711	4 201
e)	Advances for deliveries		346	291	8 434
f)	Bills		0	0	0
g)	Taxes, customs, social insurance and other benefits		2 072	3 746	2 865
h)	Salaries		1 187	682	2 050
i)	Other		9 201	1 594	1 830
3.	Special funds		0	0	0
IV.	**Accruals**		**76 344**	**67 110**	**55 769**
1.	Other accruals	5,1	76 344	67 110	55 769
	TOTAL LIABILITIES		**680 103**	**629 646**	**604 432**

Calculation of book value per share

	30.06.2014	31.12.2013	30.06.2013
Book value (in 000' PLN)	243 970	244 341	235 908
Number of shares	12 714 546	12 714 546	12 677 956
Book value per share (in PLN)	19.19	19.22	18.61

Off-balance sheet items

	30.06.2014	31.12.2013	30.06.2013
1. Conditional receivables	25 000	0	0
1.1. From affiliated entities (due to)	25 000	0	0
- guarantees received	25 000	0	0
1.2 From other entities (due to)	0	0	0
- guarantees received	0	0	0
2. Conditional liabilities	367 953	304 926	392 929
2.1. To affiliated entities (due to)	66 574	20 736	61 292
- guarantees granted	66 574	20 736	61 292
2.2. To other entities (due to)	301 379	284 190	331 637
- guarantees granted	301 379	284 190	331 637
3.Other	0	0	0
Total off-balance sheet items	**342 953**	**304 926**	**392 929**

Signature of person preparing the Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of the Management Board Members

Józef Zubelewicz
/Board Member/

Dariusz Grzeszczak
/Board Member/

Warsaw, August 26, 2014

PROFIT AND LOSS STATEMENT

	Note	6-month period ended 30.06.2014	6-month period ended 30.06.2013
Revenues from sales of products, goods and materials		**501 086**	**384 077**
- From associates		836	727
Net revenues from sales of products	18	501 086	384 077
Net revenues from sales of goods and materials		0	0
Cost of products, goods and materials sold		**473 302**	**362 617**
- To associates		31 505	13 330
Manufacturing cost of products sold	19	473 302	362 617
Value of goods and materials sold		0	0
Gross profit (loss) on sales		**27 784**	**21 460**
Sales costs		0	0
General and administrative costs		16 899	15 260
Profit (loss) on sales		**10 885**	**6 200**
Other operating revenues	**21**	**1 357**	**465**
Profit on disposal of non-financial fixed assets		490	53
Subsidies		0	0
Other operating revenues		867	412
Other operating expenses	**22**	**2 725**	**2 152**
Loss on disposal of non-financial assets		0	0
Revaluation of non-financial fixed assets		0	0
Other operating expenses		2 725	2 152
Profit (loss) on operating activities		**9 517**	**4 513**
Financial revenues	**23**	**4 973**	**1 988**
Dividends and profit sharing		3 498	610
- From associates		3 498	610
Interest		1 294	691
- From associates		914	123
Profit on investments sale		0	228
Revaluation of investments		0	0
Other		181	459
Financial costs	**24**	**3 375**	**5 315**
Interest:		2 224	3 817
- To associates		0	412
Loss on selling investments		0	0
Revaluation of investments		0	0
Other		1 151	1 498
Profit (loss) on business activities		**11 115**	**1 186**
Result on extraordinary events		**0**	**0**
Extraordinary profit		0	0
Extraordinary los		0	0
Gross profit (loss)		**11 115**	**1 186**
Income tax		2 793	682
Other statutory reductions in profit (increases in loss)		0	0
Net earnings (loss)		**8 322**	**504**
Weighted average number of ordinary shares /		**12 714 564/**	**12 694 849/**
Diluted weighted average number of ordinary shares (in units)		**12 744 886**	**12 741 627**
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)	**25**	**0.655 / 0.653**	**0.040 / 0.040**

Signature of person preparing the Financial Statements

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/Board Member/

Dariusz Grzeszczak
/Board Member/

Warsaw, August 26, 2014

CASH FLOW STATEMENT

	6-month period ended 30.06.2014	6-month period ended 30.06.2013
Net profit (loss)	**8 322**	**504**
Total adjustments	**-33 305**	**-138 241**
Amortisation and depreciation	1 019	1 007
Foreign currency translation gain (loss)	526	-25
Interest and profit sharing (dividends)	-1 910	1 247
(Profit (loss) on investment activities	-490	7
Change in provisions	-1 782	3 497
Change in inventory	1 883	1 110
Change in receivables	-73 469	33 571
Change in short-term liabilities, excluding credits and loans	23 017	-150 818
Change in prepayments and accruals	17 694	-27 928
Other adjustments	207	91
Net cash flows from operating activities	**-24 983**	**-137 737**
Cash flows from investment activities		
Inflows	**14 201**	**8 457**
Disposal of intangible and tangible fixed assets	252	69
Disposal of investments in real property and intangible assets	0	0
From financial assets, incl.:	13 949	8 388
a) In associates	13 731	7 894
- Disposal of financial assets	0	6 000
- Dividends and profit sharing	2 840	610
- Repayment of granted long-term loans	8 791	1 283
- Interest	2 100	0
- Other inflows from financial assets	0	0
b) In other entities	218	494
- Disposal of financial assets	0	0
- Dividends and profit sharing	0	0
- Repayment of granted long-term loans	0	0
- Interest	218	494
- Other inflows from financial assets	0	0
Other inflows from investment activities	0	0
Outflows	**137**	**11 507**
Purchase of intangible assets and tangible fixed assets	137	158
Investments in real property and intangible assets	0	0
Due to financial assets, incl.:	0	11 349
a) In associates	0	11 349
- Disposal of financial assets	0	9 167
- Dividends and profit sharing	0	0
- Repayment of granted long-term loans	0	2 182
- Interest	0	0
- Other outflows due to financial assets	0	0
b) In other entities	0	0
- Purchase of financial assets	0	0
- Long-term loans granted	0	0
Other outflows due to investment activities	0	0
Net cash flows from investment activities	**14 064**	**-3 050**

	6-month period ended 30.06.2014	6-month period ended 30.06.2013
Cash flow from financial activities		
Inflows	**9 395**	**24 271**
Net inflows from issue of shares and other capital instruments and from capital contributions	0	0
Borrowings and loans	0	24 271
Issue of debt instruments	9 395	0
Other financial inflows	0	0
Outflows	**2 983**	**3 269**
Redemption of own shares	0	0
Dividends and other payments to the shareholders	0	0
Other than payments to shareholders, expenses due to profit distribution	0	0
Repayment of borrowings and loans	6	0
Repayment of debt instruments issued	0	0
Due to other financial liabilities	0	0
Payment of liabilities arising from financial leases	385	708
Interest paid	2 592	2 561
Other	0	0
Net cash flow from financial activities	**6 412**	**21 003**
Total net cash flow	**-4 507**	**-119 784**
Balance sheet change in cash, incl.:	**-4 507**	**-119 881**
- change in cash due to foreign exchange differences	0	-97
Cash opening balance	**57 920**	**152 193**
Closing balance of cash, incl.:	**53 413**	**32 312**
- restricted cash	13 766	17 272

Signature of person preparing the Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of the Management Board Members

Józef Zubelewicz
/Board Member/

Dariusz Grzeszczak
/Board Member/

Warsaw, August 26, 2014

STATEMENT OF MOVEMENTS IN EQUITY

	6-month period ended 30.06.2014	12-month period ended 31.12.2013	6-month period ended 30.06.2012
I. Equity opening balance	**244 341**	**235 313**	**235 313**
– changes in accounting rules (policy) applied	0	0	0
– correction of material errors	0	0	0
I.a. Equity opening balance after adjustment at the beginning of the period	**244 341**	**235 313**	**235 313**
1. Share capital at the beginning of the period	**1 271**	**1 268**	**1 268**
1.1. Changes to share capital	**0**	**3**	**0**
a) Increases from	0	3	0
– issue of shares of Series G	0	0	0
– issue of shares of Series H	0	3	0
b) Decreases from	0	0	0
– redemption of shares	0	0	0
1.2. Share capital at the end of the period	**1 271**	**1 271**	**1 268**
2. Called-up share capital at the beginning of the period	**0**	**0**	**0**
2.1. Changes in due payments for share capital	0	0	0
a) Increases	0	0	0
b) Decreases	0	0	0
2.2. Called-up share capital at the end of the period	**0**	**0**	**0**
3. Own shares at the beginning of the period	**0**	**0**	**0**
a) Increases	0	0	0
b) Decreases	0	0	0
3.1. Own shares at the end of the period	**0**	**0**	**0**
4. Capital reserves at the beginning of the period	**234 654**	**228 454**	**228 454**
4.1. Changes in capital reserves	-277	6 200	5 682
a) Increases from	8 623	6 200	5 682
– capital reserves transfer	0	0	0
– profit distribution	8 416	5 591	5 591
– redemption of shares	0	0	0
– profit from disposal of own shares	0	0	0
– issue of Series H shares above par value	0	399	0
– manager options	207	210	91
b) Decreases	8 900	0	0
– dividend payment	8 900	0	0
4.2. Capital reserves at the end of the period	**234 377**	**234 654**	**234 136**
5. Revaluation reserve at the beginning of the period	**0**	**0**	**0**
5.1.Changes in revaluation reserve	0	0	0
a) Increases	0	0	0
– financial assets valuation	0	0	0
b) Decreases	0	0	0
– valuation of financial instruments held for sale	0	0	0
5.2. Revaluation reserve at the end of the period	**0**	**0**	**0**
6. Other capital reserves at the beginning of the period	**0**	**0**	**0**
6.1. Changes in other capital reserves	0	0	0
a) Increases	0	0	0
- reserves for Staff Incentive Scheme	0	0	0
b) Decreases – transfer to capital reserves	0	0	0
6.2. Other capital reserves at the end of the period	**0**	**0**	**0**

	6-month period ended 30.06.2014	12-month period ended 31.12.2013	6-month period ended 30.06.2012
7. Retained profit (loss) at the beginning of the period	**0**	**0**	**5 591**
7.1. Retained profit at the beginning of the period	0	0	5 591
– changes in accounting rules (policy) applied	0	0	0
– correction of material errors	0	0	0
– recognition of the last year result as a result of previous years	8 416	5 591	0
7.2 Retained profit at the beginning of the period after adjustment	8 416	5 591	5 591
a) Increases	0	0	0
b) Decreases	8 416	5 591	5 591
– profit-sharing for capital reserves	0	5 591	5 591
– profit-sharing for dividends	8 416	0	0
– profit-sharing to cover losses from previous years	0	0	0
7.3. Retained profit at the end of the period	**0**	**0**	**0**
7.4. Retained loss at the beginning of the period	**0**	**0**	**0**
– changes in accounting rules (policy) applied	0	0	0
– correction of material errors	0	0	0
7.5. Retained loss at the beginning of the period after adjustment	0	0	0
a) Increases	0	0	0
– presentation adjustments	0	0	0
b) Decreases	0	0	0
– profit-sharing to cover losses from previous years	0	0	0
7.6. Retained loss at the end of the period	**0**	**0**	**0**
7.7 Retained profit (loss) at the end of the period	**0**	**0**	**0**
8. Net result	**8 322**	**8 416**	**504**
a) Net profit	8 322	8 416	504
b) Net loss	0	0	0
c) Write-downs from profit	0	0	0
II. Equity closing balance	**243 970**	**244 341**	**235 908**
III. Equity, after including proposed profit distribution (coverage of loss)	**243 970**	**244 341**	**235 908**

Signature of person preparing the Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of the Management Board Members

Józef Zubelewicz
/Board Member/

Dariusz Grzeszczak
/Board Member/

Warsaw, August 26, 2014

Key items converted to the EURO

	30.06.2014		31.12. 2013		30.06.2013	
	PLN	**EUR**	**PLN**	**EUR**	**PLN**	**EUR**
Fixed assets	193 326	46 463	206 029	49 679	213 481	49 312
Current assets	486 777	116 988	423 617	102 145	390 951	90 305
Shareholders' equity	243 970	58 634	244 341	58 917	235 908	54 492
Liabilities and provisions for liabilities	436 133	104 817	385 305	92 907	368 524	85 125

Items of the balance sheet data as at 30 June 2014 were converted at the Euro rate which was set by the NBP as of that day i.e. 4.1609 PLN/EUR.

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

Items of the balance sheet data as at 30 June 2013 were converted at the Euro rate which was set by the NBP as of that day i.e. 4.3292 PLN/EUR.

	6-month period ended 30.06.2014		6-month period ended 30.06.2013	
	PLN	**EUR**	**PLN**	**EUR**
Revenues from sales of products, services, goods and materials	501 086	119 923	384 077	91 143
Cost of products, services, goods and materials sold	473 302	113 273	362 617	86 051
Profit on sales before tax	27 784	6 650	21 460	5 092
Profit on operating activities	9 517	2 278	4 513	1 071
Profit (loss) before tax	11 115	2 660	1 186	281
Net profit (loss)	8 322	1 992	504	120

Items of the profit and loss statement for the period from 1.01.2014 to 30.06.2014 were translated at the rate which was calculated as an arithmetic mean of average rates prevailing o the last day of given month in the period, set by the NBP as of that day, i.e. 4.1784 PLN/EUR.

Items of the profit and loss statement for the period from 1.01.2013 to 30.06.2013 were translated at the rate which was calculated as an arithmetic mean of average rates prevailing o the last day of given month in the period, set by the NBP as of that day, i.e. 4.2140 PLN/EUR.

	6-month period ended 30.06.2014		6-month period ended 30.06.2013	
	PLN	**EUR**	**PLN**	**EUR**
Cash flows from operating activities	-24 983	-5 979	-137 737	-32 686
Cash flows from investment activities	14 063	3 366	-3 050	-724
Cash flows from financial activities	6 412	1 535	21 003	4 984
Net cash flows	-4 507	-1 078	-119 784	-28 426
Cash opening balance	57 921	13 966	152 193	37 227
Cash closing balance	53 413	12 837	32 312	7 464

Items of the cash flow for the period from 1.01.2014 to 30.06.2014 were translated at the rate which was calculated as an arithmetic mean of average rates prevailing on the last day of given month in the period, set by the NBP as of that day, i.e. 4.1784 PLN/EUR.

Items of the cash flow for the period from 1.01.2013 to 30.06.2013 were translated at the rate which was calculated as an arithmetic mean of average rates prevailing on the last day of given month in the period, set by the NBP as of that day, i.e. 4.2140 PLN/EUR.

For translating cash as at 1 January 2014, the exchange rate set by the NBP as of that day was applied, i.e. 4.1472 PLN/EUR.

For translating cash as at 1 January 2013, the exchange rate set by the NBP as of that day was applied, i.e. 4.0882 PLN/EUR.

For translating cash as at 30 June 2014, the exchange rate set by the NBP as of that day was applied, i.e. 4.1609 PLN/EUR.

For translating cash as at 30 June 2013, the exchange rate set by the NBP as of that day was applied, i.e. 4.3292 PLN/EUR.

EXPLANATORY NOTES

Note 1. Operating segments information

During the reporting period ended 30 June 2014 the Company has conducted operations under the following business segments:

- civil engineering - large scale construction
- road-engineering
- construction for power industry.

During the reporting period ended 30 June 2014 the Company has conducted operations in the following geographical segments:

- domestic
- abroad (Belgium, Luxembourg).

The segmentation was made on classification basis of individual construction contracts. The Company applies an uniform accounting policy for all segments.

Business segments

The tables below present figures for particular business segments of the Company for the period from 1 January to 30 June 2014:

Income and expenses by business segments

Period from 1 January to 30 June 2014	Large volume construction	Road-engineering	Large volume construction	Total
Sale to external clients	501 078	8	0	**501 086**
Total income	**501 078**	**8**	**0**	**501 086**
Cost of products, goods and materials sold to external clients	473 073	229	0	**473 302**
Total cost of products, goods and materials sold	**473 073**	**229**	**0**	**473 302**
Total gross sales	**28 005**	**-221**	**0**	**27 784**
Cost of sales	0	0	0	**0**
General and administrative costs	15 938	109	852	**16 899**
Profit (loss) on other operating activity	-1 368	0	0	**-1 368**
Segment profit (loss)	**10 699**	**-330**	**-852**	**9 517**
Profit (loss) on other financing activity	1 598	0	0	**1 598**
Income tax	2 793	0	0	**3 173**
Net profit	**9 504**	**-330**	**-852**	**8 322**

Income and expenses by business segments

Period from 1 January to 30 June 2013	Large volume construction	Road-engineering	Construction for power industry	Other segments	Total
Sale to external clients	380 480	2 213	1 384	0	**384 077**
Total income	**380 480**	**2 213**	**1 384**	**0**	**384 077**
Cost of products, goods and materials sold to external clients	355 327	4 548	2 742	**0**	**362 617**
Total cost of products, goods and materials sold	**355 327**	**4 548**	**2 742**	**0**	**362 617**
Total gross sales	**25 153**	**-2 335**	**-1 358**	**0**	**21 460**
Cost of sales	0	0	0	0	**0**
General and administrative costs	13 538	506	584	632	**15 260**
Profit (loss) on other operating activity	-1 687	0	0	0	**-1 687**
Segment profit (loss)	**9 928**	**-2 841**	**-1 942**	**-632**	**4 513**
Profit (loss) on other financing activity	-3 327	0	0	0	**-3 327**
Income tax	682	0	0	0	**682**
Net profit	**5 919**	**-2 841**	**-1 942**	**-632**	**504**

Geographical segments

Income and expenses by geographical segments

Period from 1 January to 30 June 2014	Domestic	Abroad	Total
Sale to external clients	496 176	4 910	**501 086**
Total income	**496 176**	**4 910**	**501 086**
Cost of products, goods and materials sold to external clients	469 736	3 566	**473 302**
Total cost of products, goods and materials sold	**469 736**	**3 566**	**473 302**
Total gross sales	**26 440**	**1 344**	**27 784**
Cost of sales	0	0	**0**
General and administrative costs	15 419	1 480	**16 899**
Profit (loss) on other operating activity	-1518	150	**-1 368**
Segment profit (loss)	**9 503**	**14**	**9 517**
Profit (loss) on other financing activity	-1 111	2 708	**1 597**
Income tax	2 134	659	**2 793**
Net profit	**6 258**	**2 064**	**8 322**

Period from 1 January to 30 June 2013	Domestic	Abroad	Total
Sale to external clients	360 346	23 731	**384 077**
Total income	**360 346**	**23 731**	**384 077**
Cost of products, goods and materials sold to external clients	339 624	22 993	**362 617**
Total cost of products, goods and materials sold	**339 624**	**22 993**	**362 617**
Total gross sales	**20 722**	**739**	**21 460**
Cost of sales	0	0	**0**
General and administrative costs	14 842	418	**15 260**
Profit (loss) on other operating activity	-1 712	25	**-1 687**
Segment profit (loss)	**4 168**	**345**	**4 513**
Profit (loss) on other financing activity	-4 323	996	**-3 327**
Income tax	682	0	**682**
Net profit	**-837**	**1 341**	**504**

Note 2.

Note 2.1. Change in long-term financial assets (by type)

	30.06.2014	31.12.2013	30.06.2013
a) As at the beginning of the period	175 605	184 974	184 974
- Shares	136 736	142 490	142 490
- Loans granted	38 112	41 712	41 712
- Other long-term financial assets	757	772	772
b) Increases (from)	0	3 518	5 385
- Shares	0	3 518	3 500
- Reclassification	0	0	1 885
- Loans granted	0	0	0
- Other long-term financial assets	9 981	12 887	11 491
c) Decreases (from)	0	9 272	9 272
- Impairment loss on shares	9 981	3 600	2 182
- Loans granted	0	15	37
- Other long-term financial assets	165 623	175 605	178 869
d) As at the end of the period	136 736	136 736	136 718
- Shares	28 130	38 112	41 415
- Loans granted	757	757	736

Note 2.2. Shares or stocks in subsidiaries as at 31 June 2014

	Name (business name) of entity and form of incorporation	Seat	Business area	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 AGM
1.	Delta Sp. z o.o.	Toruń	construction	subsidiary	full method	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	full method	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 Industry Sp. z o.o. (dawniej Ersteel Sp. z o.o.)	Toruń	engineering	subsidiary	full method	2 850	8 064	100.00%	100.00%
11.	Engorem Sp z o.o.	Łódź	services for power industry	indirectly controlled subsidiary	full method	0	11 479	98.66%	98.66%
12.	Deptak Projekt P2 Sp. z o.o.	Poznań	housing development	indirectly controlled subsidiary	full method	0	1 536	50.00%	50.00%
					Shares or stocks in directly and indirectly controlled companies as at 30.06.2014	2 928	149 746		
				of which:	Shares or stocks in directly controlled companies as at 30.06.2014	2 928	136 731		

Note 2.3. Profit (loss) attributable to fully consolidated companies

	6-month period ended 30.06.2014	6-month period ended 30.06.2013
Erbud International Sp. z o.o.	527	1 380
GWI GmbH	965	969
Grupa Budlex S.A.	603	1 782
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	483	-553
Erbud Energetyka Sp. z o.o.	-34	-34
Erbud Industry Sp. z o.o.	802	7
Engorem Sp. z o.o.	439	-28
Delta Sp. z o.o.	-277	-257
Erbud Rzeszów Sp. Z o.o.	264	0

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.

Note 2.4. Securities, shares and other long-term financial assets (by tradability)

	30.06.2014	31.12.2013	30.06.2013
A. With non-restricted transferability, listed on stock exchange market (carrying value)	0	0	0
B. With non-restricted transferability, listed on OTC market (carrying value)	0	0	0
C. With non-restricted transferability, not listed on a regulated market (carrying value)	0	0	0
D. With restricted transferability (carrying value)	184 974	184 974	178 869
a) Shares and stocks (carrying value)	136 736	136 736	136 718
- Value adjustments (cumulative)	-2 928	-2 928	-2 928
- Value at the beginning of the period	0	0	0
- Value at acquisition prices	139 664	139 664	139 646
b) Bonds (carrying value)	0	0	0
c) Loans granted (carrying value)	28 130	38 112	41 415
d) Other - by type (carrying value)	757	757	736
- Value at acquisition prices	810	810	810
- Value adjustments (cumulative)	-53	-53	-74
Total carrying value	**165 623**	**175 605**	**178 869**

Note 3 Assets from deferred income tax

Assets from deferred income tax	30.06.2014	31.12.2013	30.06.2013
- Valuation of long-term contracts	14 499	12 751	10 593
- Tax loss	1 088	5 055	10 541
- Accruals	1 446	1 242	1 973
- Provision for loss on contracts	0	0	21
- Other	3 790	4 305	3 727
Total assets from deferred income tax	**20 823**	**23 353**	**26 855**

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 4.

Note 4.1. Changes in write-offs of current debts

	30.06.2014	31.12.2013	30.06.2013
At the beginning of the period	4 648	2 645	2 645
a) Increases	2 000	2 325	1 060
- Creations	2 000	2 325	1 060
b) Decreases	2 162	322	69
- Impairment loss release	2 162	322	69
- Use of write-downs	0	0	0
Short-term write-offs of receivables at end of the period	**4 486**	**4 648**	**3 636**

Note 5. Short-term prepayments

	30.06.2014	31.12.2013	30.06.2013
Prepaid expenses, including:	138 749	142 672	127 513
- long-term contracts	113 120	118 712	124 176
- other costs	5 507	3 838	3 337
- costs arising from the Modlin project (expenses recoverable from suppliers of aggregate)	20 122	20 122	0
Total short-term prepayments	**138 749**	**142 672**	**127 513**

Note 5.1 Prepayments due to construction contracts

	30.06.2014	31.12.2013	30.06.2013
Expected revenues from ongoing projects	2 139 997	2 102 635	1 969 901
Expected costs of ongoing projects	1 943 512	1 880 322	1 773 713
Expected margin on ongoing projects	196 485	222 313	196 188
Cumulative revenues recognized in the profit or loss	1 332 724	1 164 280	1 189 277
Cumulative costs recognized in the profit or loss	1 213 559	1 061 121	1 086 398
Cumulative margin recognized in the profit or loss	119 165	103 159	102 879
Margin to be recognized in next periods	77 320	119 154	93 309
Percentage of margin to be recognized in next periods	39,35%	53,60%	47,56%
Revenue surplus over partial invoices by staging	92 125	101 003	102 224
Costs surplus over expenses arising from the accounting costs by staging	46 919	55 811	48 857
Surplus on partial invoices over incomes by staging	29 393	11 299	6 895
Surplus on costs resulting from the accounting costs over expenses by staging	20 995	17 709	21 952
Total amounts presented in deferred expenditures	113 120	118 712	124 176
Total amounts presented in deferred revenues	76 312	67 110	55 752

Note 6. Significant amount of allowances recognized or reversed due to impairment losses

Impairment of long-term financial assets	**30.06.2014**	**31.12.2013**	**30.06.2013**
Opening balance	**2 928**	**2 928**	**2 928**
Increase / Decrease	0	0	0
Closing balance	**2 928**	**2 928**	**2 928**

Impairment of short-term financial assets	**30.06.2014**	**31.12.2013**	**30.06.2013**
Opening balance	**0**	**0**	**0**
Increase / Decrease	0	0	0
Closing balance	**0**	**0**	**0**

Impairment of inventories	30.06.2014	31.12.2013	30.06.2013
Opening balance	**262**	**262**	**262**
Increase / Decrease	0	0	0
Closing balance	**262**	**262**	**262**

Impairment of fixed assets	30.06.2014	31.12.2013	30.06.2013
Opening balance	**0**	**0**	**0**
Increase / Decrease	0	0	0
Closing balance	**0**	**0**	**0**

Note 7. Structure of share capital of ERBUD S.A.

Note 7.1. Shareholding as at 30.06.2014

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 value in PLN	1 271 454.6 0		

Detailed information on the shareholding as at 31 December 2013 is included in the Annual Financial Statements for the year ended 31 December 2013.
This table presents the shareholders holding over 5% of the equity.

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. Subsidiaries do not hold any shares of the Parent.

No shares have been reserved for the purpose of issuance under options of sale contracts.
In addition to the powers arising from directly held shares of Erbud S.A., the major shareholders have no other voting rights at a General Meeting.

Shares of Erbud S.A. held by the above mentioned persons are not preferred 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.

Note 8. Provision for deferred income tax

Provision due to:	30.06.2014	31.12.2013	30.06.2013
- Measurement of construction contracts	21 493	22 555	23 244
- Other	1 170	1 575	1 559
Provision for deferred income tax	**22 663**	**24 130**	**24 803**

Provision for deferred tax liability is based on the rate of 19% for taxable e and deductible temporary differences on domestic assets and liabilities.

Note 9. Changes in long-term provisions for pensions and similar benefits

	30.06.2014	31.12.2013
a) At the beginning of the period	479	349
b) Increases (from)	185	130
- retirement payments	185	130
c) Used (due to)	0	0
d) Released (due to))	0	0
- jubilee awards	0	0
e) At the end of the period	664	479

Note 10. Changes in short-term provisions for pensions and similar benefits

	30.06.2014	31.12.2013
a) At the beginning of the period	2 849	3 074
b) Increases (from)	0	0
- unused leave	0	0
c) Used (due to)	0	0
d) Released (due to)	55	225
- unused leave	55	225
e) At the end of the period	2 794	2 849

Note 11. Changes in other long-term provisions (by titles)

As at 30 June 2014, 31 December 2013 and 30 June 2013, such item was not accounted.

Note 12. Change in other current provisions (by titles)

	30.06.2014	31.12.2013
a) At the beginning of the period	10 244	12 118
b) Increases (from)	0	2 002
- Litigation and claims	0	30
- Guarantee repair	0	1 972
- Losses on long-term contracts	0	0
c) Use (from)	0	0
d) Release (from)	445	3 876
- Litigation and claims	18	703
- Branch Germany	427	2 800
- Losses on long-term contracts	0	373
e) At the end of the period	9 799	**10 244**

Note 13. Long-term liabilities

As of 30 June 2014, bonds with a nominal value of PLN 52,000,000 denominated in Polish Zloty, as described in Note #15 of Explanatory notes, are a significant portion of the long-term debt. The Maturity date is 26 March 2018.

Note 14. Borrowings and loans

As of 30.06.2014, the Company had available credit lines in 5 banks. As at 30.06.2014, the Company did not use the overdraft at any of the banks.

Terms and conditions of loan agreements
Under the loan agreements, the companies of the Group are required to meet certain financial ratios (covenants). As required by IAS 1, the breach of the terms of loan agreements, which can potentially limit the unconditional availability of credit in the following year, makes it necessary to classify such liabilities as current ones.
During the six months of 2014, the conditions of loan agreements in the Group were not breached.
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 for the Group.

As of 31 June 2014, ERBUD SA did not have any liabilities due to short-term overdrafts.

Note 15. Issue / Redemption / Repayment of equity securities

On 26 March 2014, ERBUD SA issued a total of 5,200 bearer bonds, dematerialized, unsecured, with a total nominal value of PLN 52 million zł. The par value of one bond amounted to PLN 10,000. The issue price was PLN 9.587. The redemption date was set for 26 March 2018. The interest ate on bonds is variableand based on 6M WIBOR plus a margin equal to 3.0. The interest rate will be paid every six months. The Company will apply for placing bonds on the trading platform for debt financial instruments carried by the Stock Exchange in Warsaw in the form of alternative trading system. The Company has allocated funds for the redemption of 40,000 series A bonds issued by the Issuer and to finance the increased demand for working capital associated with a record portfolio of the Capital Group. The remaining 10,000 bonds of Series A will be redeemed by the original fixed term, i.e. 15 July 2014.

As of June 30, 2014, the Company incurred finance costs due to interest on the bonds issued in the amount of PLN 1,315 thousand.

Note 16. Issue / Redemption / Repayment of debt securities

On 19 March 2014, in connection with the planned by the Management Board increase of the share capital by an amount not exceeding PLN 5.000 through the issuance of not more than 50,000 shares of Series I for the purpose of the adopted Management Option Plan, the Supervisory Board of Erbud SA passed at the request of the Management Board of the Company dated 5 March 2014 Resolution No. 6/2014 on depraving the existing shareholders of pre-emptive rights to acquire Series I shares and determining the issue price of shares of Series I in the amount of PLN 11.00. There was no issue, redemption and 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 was 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 issue of Series H shares were acquired 36,590 shares with a nominal value of PLN 0.10 each. Thus, the share capital has been 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 17. Acquisition / Sale of subsidiaries / Sale of long-term investments

Over the reporting period, there were no significant changes in the structure of subsidiaries and long-term investments.

Note 18. Net revenues from sales of products and services (by region)

	30.06.2014	30.06.2013
a) Domestic	496 176	360 346
- Sale of goods	0	0
- Sales of services	496 176	360 346
of which: to associates	836	619
b) Export	4 910	23 731
- Sale of goods	0	0
of which: to associates	0	0
- Sales of services	4 910	23 731
of which: to associates	0	100
Total net income on sales of goods and materials	**501 086**	**384 077**
of which: to associates	**836**	**727**

Note 19. Expenses by sort

	30.06.2014	30.06.2013
a) Depreciation and amortisation	1 019	1 007
b) Consumption of materials and power	58 613	41 975
c) External services	417 388	302 312
d) Taxes and charges	1 227	2 036
e) Payroll	17 555	26 489
f) Social security and other benefits	4 600	5 429
g) Other costs	1 977	1 346
h) Goods and materials sold	0	0
Total expenses by sort	**502 379**	**380 594**
Change in products and accrued expenses due to construction contracts	-12 178	-2 717
Cost of products manufactured for in-house use (negative value)	0	0
Sales cost (negative value)	0	0
General and administrative costs (negative value)	-16 899	-15 260
Value of goods and materials sold	**0**	**0**
Manufacturing cost of products sold	**473 302**	**362 617**

Note 20. Sale costs

The Company does not identify the cost of sales due to immateriality.

Note 21. Other operating income

	30.06.2014	30.06.2013
a) Profit on disposal of non-financial fixed assets, incl.:	490	53
- Fixed assets and fixed assets in progress	490	53
c) Other, incl.:	867	412
- Indemnities	136	78
- Release of provision for receivables	18	69
- Release of provision for litigations	18	84
- Release of provision for guarantee works	427	0
- Penalties, compensations and indemnities imposed	73	122
- Other	195	59
Total other operating income	**1 357**	**465**

Note 22. Other operating expenses

	30.06.2014	30.06.2013
a) Loss on disposal of non-financial fixed assets	0	0
b) Revaluation of non-financial assets	0	0

- Write-offs of receivables	0	0
- Write-offs of inventories	0	0
c) Other, incl.:	2 725	2 152
- Impairment of receivables	2 000	1 060
- Written-off claims	161	232
- Penalties, fines and indemnities	107	765
- Created provisions for litigation	0	31
- Donations	24	20
- Other	433	44
Total other operating expenses	**2 725**	**2 152**

Note 23. Financial income

Note 23.1. Financial income from dividends and profit sharing

In the reporting period ended 30 June 2014, the Company recorded financial income related to the dividend from the subsidiary GWI GmbH amounted to PLN 2,495 thousand and from the subsidiary PBDI amounted to PLN 1,003 thousand.

Note 23.2. Financial income due to interests

	30.06.2014	**30.06.2013**
a) Loans granted	914	123
- to associated entities, of which:	914	123
- to subsidiaries	914	123
- to other entities	0	0
b) Other interests	380	568
- from associated entities	0	0
- from other entities	380	568
Total financial cost due to interests	**1 294**	**691**

Note 24. Financial costs

Note 24.1. Financial costs due to interests

	30.06.2014	**30.06.2013**
a) Loans granted	0	409
- to subsidiaries	0	409
b) Other interests	2 224	3 408
- from bonds,	1 315	2 027
- from loans	537	342
- due to discounting accounts	319	791
- other	53	248
Total financial cost due to interests	**2 224**	**3 817**

Note 25. Net earnings (loss) per share

	6-month period ended 30.06.2014	**6-month period ended 30.06.2013**
Net earnings (loss)	8 322	504
Weighted average number of shares / Diluted weighted average number of shares (in units)	12 714 564/ 12 744 886	12 694 849/ 12 741 627
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)	0.655 / 0.653	0.040 / 0.040

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.
Diluted earnings per share are calculated by dividing the profit attributable to shareholders of the Company, and diluted weighted average number of ordinary shares in use during the year.

Note 26. Net earnings (loss) – distribution

By Resolution No. 5/2014 of 25.06.2014 passed by the Annual General Meeting of Erbud, net profit for the year 2013 amounting to PLN 8,416,000 was allocated for the payment of dividends payable to Shareholders.
The total amount of dividends paid in 2014 is PLN 8,900,000 of which PLN 484,000 came from the reduction of supplementary capital of Erbud SA.

Note 27. Cash at the beginning and end of the period (structure)

	30.06.2014	31.12.2013
a) Total cash (as of the beginning of the period)	57 920	152 193
- Cash in hand and at bank	44 302	134 435
- Other cash	13 618	17 758
b) Total cash (as of the end of the period)	53 413	57 920
- Cash in hand and at bank	39 647	44 302
- Other cash	13 766	13 618
Change in cash	**-4 507**	**-94 273**
Change in cash due to exchange rate differences	0	0
Cash generated from operating activities	-24 983	-92 459
Cash from investing activities	14 064	4 370
Cash from financing activities	6 412	-6 184

Reconciliation of movements in balance sheet items to changes reported in the statement of cash flows as at 30 June 2014 is presented below:

	30.06.2014
Change in prepayments and accruals in the balance sheet	**15 687**
Bonds discount	2 007
Change in prepayments and accruals the cash flows statement	**17 694**

	30.06.2014
Change in current liabilities excluding loans in the balance sheet	**31 917**
Liabilities to shareholders due to dividends	-8 900
Change in current liabilities excluding loans in the cash flows statement	**23 017**

Note 28a. Information on changes in the method of determining the value of financial instruments measured at fair value

In the period ended 30 June 2014, the Company did not change the method of determining the value of financial instruments measured at fair value.

Note 28b. Information on changes in the classification of financial assets as a result of changing goals or using these assets

In the period ended 30 June 2014, the Company did not change the classification of financial assets as a result of changing the gaol or using these assets.

Note 29. Revenues, costs and results of discontinued operations in the reporting period or to be discontinued during next period

During the reporting period and within the period of 12 months from the reporting date, the Company does not plan to discontinue of any of its business activity.

Note 30. 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 30.06.2014		Period ended 30.06.2014	
Total affiliated entities	**39 661**	**13 227**	**1 845**	**31 505**
- Deliveries and services	9 256	13 227	836	31 505
- Loans and interest liabilities	28 292	0	914	0
- Other	2 113	0	95	0
Affiliated entities that are subject to consolidation	**39 634**	**13 227**	**1 845**	**31 505**
- Deliveries and services	9 229	13 227	836	31 505
- Loans and interest liabilities	28 292	0	914	0
- Other	2 113	0	95	0
Affiliated entities that are not subject to consolidation	**27**	**0**	**0**	**0**
- Deliveries and services	27	0	0	0
- Other	0	0	0	0
- Loans and interest liabilities	0	0	0	0

Item	Receivables/assets	Liabilities	Income	Expenses
	As at 31.12.2013		Period ended 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 liabilities	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 liabilities	38 269	0	1 749	227
- Other	2 100	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 liabilities	0	0	0	0

Item	Receivables/assets	Liabilities	Income	Expenses
	As at 30.06.2013		Period ended 30.06.2013	
Total affiliated entities	**46 359**	**14 665**	**1 647**	**14 335**
- Deliveries and services	431	14 665	727	13 330
- Loans and interest liabilities	42 415	0	123	412
- Other	3 513	0	797	593
Affiliated entities that are subject to consolidation	**46 342**	**14 325**	**1 639**	**13 204**
- Deliveries and services	414	14 325	719	12 199
- Loans and interest liabilities	42 415	0	123	412
- Other	3 513	0	797	593
Affiliated entities that are not subject to consolidation	**17**	**340**	**8**	**1 131**
- Deliveries and services	17	340	8	1 131
- Other	0	0	0	0
- Loans and interest liabilities	0	0	0	0

Note 31.

As at 30 June 2014 the managing staff (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	Percentage of equity	Number of votes	Percentage of voting rights at the GM
Juladal Investments Ltd. (a company controlled by members of the Board of Erbud SA)	Common	2,848,347	22.40%	2,848,347	22.40%
Dariusz Grzeszczak	Common	773,900	6.09%	773,900	6.09%
Józef Adam Zubelewicz	Common	259.500	2.04%	259.500	2.04%
Albert Duerr- Member of the Supervisory Board	Common	14,500	0.11%	14,500	0.11%
Walenty Twardy, ERBUD SA procuration holder	Common	6,852	0.05%	6,852	0.05%
Piotr Augustyniak, ERBUD SA procuration holder	Common	890	0.01%	890	0.01%
Agnieszka Głowacka, ERBUD SA procuration holder	Common	5,336	0.04%	5,336	0.04%
Bogdan Duerr, ERBUD SA procuration holder	Common	6,712	0.05%	6,712	0.05%
Włodzimierz Czystowski, ERBUD SA procuration holder	Common	4,921	0.04%	4,921	0.04%
Mirosław Młynarski, procuration holder	Common	11,426	0.09%	11,426	0.09%
Radosław Kałamaga, procuration holder	Common	5,494	0.04%	5,494	0.04%
Maciej Wyrzykowski, ERBUD SA procuration holder	Common	1,200	0.01%	1,200	0.01%
Piotr Dobosz, procuration holder	Common	5,993	0.05%	5,993	0.05%
Mariola Zielińska Chief Account of ERBUD SA	Common	4,818	0.04%	4,818	0.04%

As at 31 December 2013 the managing staff (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	Percentage of equity	Number of votes	Percentage of voting rights at the GM
Juladal Investments Ltd. (a company controlled by members of the Board of Erbud SA)	Common	2,848,347	22.40%	2,848,347	22.40%
Dariusz Grzeszczak	Common	773,900	6.09%	773,900	6.09%
Józef Adam Zubelewicz	Common	259,500	2.04%	259,500	2.04%
Albert Duerr- Member of the Supervisory Board	Common	14,500	0.11%	14,500	0.11%
Walenty Twardy, ERBUD SA procuration holder	Common	6,852	0.05%	6,852	0.05%
Piotr Augustyniak, ERBUD SA procuration holder	Common	890	0.01%	890	0.01%
Agnieszka Głowacka, ERBUD SA procuration holder	Common	6,336	0.05%	6,336	0.05%
Bogdan Duerr, ERBUD SA procuration holder	Common	6,712	0.05%	6,712	0.05%
Tomasz Krzywicki ERBUD SA procuration holder	Common	700	0.01%	700	0.01%
Włodzimierz Czystowski, ERBUD SA procuration holder	Common	4,921	0.04%	4,921	0.04%
Mirosław Młynarski, procuration holder	Common	11,426	0.09%	11,426	0.09%
Radosław Kałamaga, procuration holder	Common	5,494	0.04%	5,494	0.04%
Maciej Wyrzykowski, ERBUD SA procuration holder	Common	2,200	0.02%	2,200	0.02%
Mariola Zielińska Chief Account of ERBUD SA	Common	4,818	0.04%	4,818	0.04%

As of the date of submitting this report the members of the Management Board and Holders of procuration do not have any Erbud SA stock options.

Members of the Supervisory Board, of the Management Board of the Parent and of key management personnel, both as at 30 June 2014 and 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, both as at 30 June 2014 and 31 December 2013 were not a party to the contract obliging to render services to the companies of the Erbud Group.

On 31 May 2012, the AGM established by Resolution No. 22/2012 rules to conduct by the Company the Management Stock Option Programme in 2013-2015.

Note 32. Information about joint ventures that are not subject to consolidation

The Company does not conduct any non-consolidated joint ventures.

Note 33. Information about significant events that occurred during the first half of 2014 and after the balance sheet date

Significant contracts concluded

On 21 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
2. Builder: Promenady II VD Sp. z o.o. seated in Wrocław
3. Max. contract value: PLN 30,600,816.84 net
4. Site location: Wrocław
5. Completion period: 66 weeks from the issue of Instruction to Proceed Commencement of Works to the obtaining Occupancy Permit.

On 25 March 2014, the Management Board of ERBUD SA entered into a significant contract for execution of construction works under the following terms and conditions:
1. 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.

On 19 May 2014, Erbud entered into a significant contract for construction works on the conditions and terms as below:
1. Builder: Dom Development S.A. seated 00-078 Warszawa, Pl. Piłsudskiego
2. Contract value: PLN 45,930,000 + VAT due
3. Contract subject: Mokotów Residence" apartment building located in Warsaw at Naruszewicza St. corner of Al. Niepodległości St.
4. Completion period: 18 months from the date of the site delivery. Expected commencement date - May 2014, expected completion date - October 2015.

On 9 June 2014, the Issuer signed a contract for construction works with RAFAKO SA under the conditions as below:
1. Contract concluded on 06.09.2014

2. Builder: Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. with its registered office in 47-220 Kędzierzyn-Koźle, ul. Mostowa 30 A
4. Contract value: PLN 58,746,104.43 net
5. Contract subject: Building and engineering works, plant and equipment, services under the project "New heat and power plant in Azoty Holding - Zakłady Azotowe Kędzierzyn SA".
7. Completion period: 06.06.2014 - 01.10.2016.

On 18 June 2014, Erbud S.A. signed a significant contract for construction works on the following terms and conditions:
1. Builder: VALEO AUTOSYSTEMY sp. z o.o., ul. Przemysłowa 3, 32-050 Skawina
2. Contract value: PLN 25,618,116.69 net
3. Contract subject: Extension of the existing windscreen wiper manufacturing facility for VALEO AUTOSYSTEMY Sp. z o.o. located in Skawina with manufacturing area, laboratory, warehouse, offices and welfare rooms, including accompanying utilities and systems such as water and sewer infrastructure, HVAC, electrical wiring, gas rough-in, transformer station and driveway to the building that meets the requirements of the fire road together with the pavement for pedestrians
4. Completion period: July 2014 - January 2015.

On 24 June 2014, ERBUD SA ("Partner") in consortium with Energomontaż Północ Bełchatów Sp. z o.o. ("Leader") with its registered office in 97-427 Rogowiec, 2 Montażowa St. signed with EDF Polska SA with its registered office in 00-120 Warsaw, 59 Złota St. ("Builder") a contract for "Plant, construction, installation, start-up and commissioning of flue gas ducts at EDF Polska SA, Rybnik Power Station."
1. Total contract value: PLN 60,798,656 net
2. Erbud SA works value: PLN 21,940,041.80 PLN net
3. Scope of works of ERBUD SA: performance of a part of design, construction and installation works, supply and installation of support structures for flue gas ducts, participation in the start-up of the system.
4. Completion period: from 24/07/2014 (signing a contract) to 16/12/2015 (Issue of Final Commissioning Certificate).

On 24 June 2014, the Issuer conclude a contract with the PEP Group - Farma Wiatrowa 4 Spółka z o. o. seated in 02-526 Warsaw, 24/26 Krucza St. (the "Builder") to execute comprehensive construction works for the Skurpie Wind Farm, including construction of foundations for wind turbines, adaptation of access roads for oversize hauling, upgrading of existing roads, construction of service roads and assembly platforms.
The Issuer is a partner of the consortium with Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. headquartered in Toruń (consortium leader), a subsidiary owned 94.27% by the Issuer.
The total net value of the contract is 26,105,920.01
The task completion date is scheduled for 31 October 2015.

On 5 August 2014, Erbud signed a significant contract for construction works on the following terms and conditions:
1. Builder: Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp.k., seated in Warsaw, 6 Al. Szucha St., 00-582 Warszawa
2. Contract value: PLN 115,457,787.00 net – the amount will be converted into Euros at the average exchange rate of EUR/PLN published by the NBP on the date of information delivery about "Conversion Rate" by the Builder to the Contractor
3. Contract subject: construction of an office and shopping building Site
4. Location: Warsaw, 61/63/65 Koszykowa St., plot No. 8, precinct 5-05-05; plot No. 9, precinct 5-05-05
5. Completion period: Commencement - immediately after the takeover by protocol of the Real Estate from the Builder, which will take place no later than three days after the receipt of Order to Proceed from the Builder together with final Building Permission; completion date - 30.06.2016

In addition to significant construction contracts, Erbud SA signed a number of agreements which do not exceed the criterion set by the "Significant Agreement".

Note 34. 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.

In the current period, the Company did not make any changes in accounting policies and method of preparation of the financial statements compared to the previous fiscal year.

Note 35. Business combinations

During the period from 1 January 2014 to 30 June 2014 there were no mergers between the Company and other entities.

Note 36. Dividend policy - description of the dividends payment policy and any limitations 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

By Resolution No. 5/2014 of 25.06.2014 passed by the Annual General Meeting of Erbud, net profit for the year 2013 amounting to PLN 8,416,000 was allocated for the payment of dividends payable to Shareholders. Earnings amounts to PLN 0.70 per each share entitling to participate in the dividend. The dividend payment date was established for 4 August 2014.

Note 37. Derivative financial instruments

As at 30 June 2014, 31 December 2013 and 30 June 2013, the Company has no liabilities from derivative financial instruments.

Note 38. Significant transactions concluded by the company with related parties under conditions other than market ones

In the period from 1 January 2014 to 30 June 2014 there were no such transactions.

Note 39. Information on the nature and economic purpose of agreements concluded by the unit, 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 agreements.

Note 40. Contingent liabilities to related parties

	30.06.2014	31.12.2013	30.06.2013
1) Contingent liabilities to affiliated entities from			
a) guarantees and sureties provided, of which	66 574	20 736	61 292
- to subsidiaries	66 574	20 736	61 292
- to associates	0	0	0
b) other, of which	0	0	0
- to subsidiaries	0	0	0
- to associates	0	0	0
Total contingent liabilities to affiliated entities	**66 574**	**20 736**	**61 292**

Note 41. Asset-backed securities

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 3.284 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 480 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 42. Ligation and 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 followed the Issuer's need to adequate secure its situation. According to the Company, the product was not optimally adapted to the needs of Erbud SA. In the fourth quarter of 2008, as a result of the drastic depreciation of the Polish zloty against euro, the Bank Millennium S.A. reported to the Issuer a negative valuation of its exposure.
At the same time, there arose a dispute as to content of the currency options transactions, primarily concerning exclusion of optional structures. During many talks, the Issuer presented its position to the Bank, which requested to execute of the transaction with taking action for compulsory execution of claims. In order to reduce the amount of potential loss, the disputed transactions were restructured, and the Bank has been informed about future legal action to compensate damage resulting from the transactions of currency options. The restructuring details were announced by the Issuer in the Current Report No. 43/2008 of 21.11.2008, and in the financial statements for the year 2008. The Issuer has never agreed with the position of the Bank Millennium S.A. and therefore called the Bank twice to pay the amount of PLN 71,065,496, which consists of amounts collected by the Bank from the Issuer's bank account, lost benefits, and legal and financial advisors' fees. Accordingly, the Issuer has decided to enter a lawsuit for payment in order to compensate the damage suffered.

Examinations are still going on.

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 airport stoppage. The Customer has a contract with WizzAir, but it does not contain any provisions which oblige the Customer to receive the damage. WizzAir cannot demand damage money from the airport (there is no legal basis). 3-4 days before the airport has been closed, WizzAir informed the Employer that it changes the operating airport due to lack of the ILS-System in Modlin.

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. However, 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 on 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.

In view of the long delay in execution of works, the Issuer was forced to commission the contract completion by substitute contractor and to bear costs of this construction. According to the agreement provisions, the Issuer charged WEG BET Danuta Kurpiewska penalties and claimed for damages. In connection with a number of failures in settlement of work by the debtor, the Issuer noticed on 07.02.2013 the Public Prosecutions Office of a crime.

In the Issuer's opinion, steps taken by Danuta Kurpiewska conducting business under the name WEG BET Danuta Kurpiewska are unfounded and the debtor attempt to evade the law and use the fact that Erbud is a public company in order to exert pressure in order to obtain financial benefits. The Issuer has already taken appropriate measures to enforce the claim.

On 4 April 2014, the Creditor, i.e. WEG BET, filed in the District Court for the Capital City of Warsaw, X Commercial Division for Bankruptcy and Recovery a letter withdrawing the request for bankruptcy of ERBUD SA.
By decision of 29 May 2014, the Court decided to discontinue the proceedings. There is no further right of appeal against the sentence.

Dispute with the Municipality of the City of Szczecin - Zakład Usług Komunalnych [Public Utilities Company]

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

Note 43. Information on significant events from previous years, included in the financial statements for the current period

Such events did not occur.

Note 44. Information on significant events that occurred after the balance sheet date, not included in the financial statements

Such events did not occur.

Note 45. Information about extraordinary profit or loss (random and others)

Such events did not occur.

Note 46. Information on income tax due to extraordinary operations

There were no extraordinary operations.

Note 47. Seasonality

Sales of construction and assembly services in Poland are 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 48. Factors and events of unusual nature, having a significant impact on the financial results

During the reporting period there were no such events.

Note 49. Information on significant transactions of purchase and sale of tangible fixed assets

In the reporting period, there were no significant purchases and sales of property, plant and equipment.

Note 50. Information on significant obligations due to the purchase of tangible fixed assets

As of 30 June 2014, the Company has no material obligations due to the purchase of property, plant and equipment.

Note 51. Information on adjustments of prior period errors

During the reporting period ended 30 June 2014, the Company did not make any corrections of prior period errors.

Note 52. Information on changes in economic and business conducting conditions, which have a significant impact on the fair value of financial assets and financial liabilities of the company

As compared to the financial year ended 31 December 2013 there were no significant changes.

Signature of person preparing the Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of the Management Board Members

Józef Zubelewicz
/Board Member/

Dariusz Grzeszczak
/Board Member/

Warsaw, August 26, 2014