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THE ERBUD GROUP
THE MANAGEMENT'S COMMENTARY TO THE REPORT
FOR THE 1-4Q 2014

4Q 2014:
REVENUES: PLN 556 454 000
EBITDA: PLN 20 458 000
EBIT: PLN 17 499 000
NET PROFIT: PLN 12 350 000

1-4Q 2014:
REVENUES: PLN 1 693 818 000
EBITDA: PLN 52 595 000
EBIT: PLN 43 720 000
NET PROFIT: PLN 27 965 000
CASH: PLN 209 290 000
NET DEBT: PLN 84 769 000

The financial information for the 1-4Q 2014 shown below, as well as the comparables, is based on the Capital Group's consolidated financial statements. The contracts shown below are stated at their net values.

I. THE ERBUD GROUP'S KEY FINANCIAL DATA FOR THE PERIOD OF 1-4Q 2014 AND SIGNIFICANT EVENTS AND MARKET FACTORS AFFECTING THE FINANCIAL RESULTS

MARKET CONDITIONS

- Increase in the building and construction output in Poland in 2014: 3.6% growth y-o-y versus 12% decline y-o-y in 2013.
- In December 2014, the building and construction output increased by 5% y-o-y and by 29.7% compared to November 2014. To put things in perspective, in December 2013 the building and construction output grew by 5.8% y-o-y.
    - In December 2014, compared to December 2013, the engineering output went up by 7.1% y-o-y and the specialist output increased by 13.4% y-o-y, while the building output grew by 3.8% compared to 1% in the same period of 2013.
- In December 2014, employment in the construction sector declined by 6.8% y-o-y.
- Since January 2014, wages in the construction sector have remained negative, decreasing by 0.8% y-o-y in December compared to 0.6% in November 2014.
- 2014 saw an increase in building and construction prices: from 2.5% in January 2014 up to 5.7% in December 2014.
- Net profit margin in construction between the 1st and 3rd quarter of 2014 amounted to 2.3% compared to 0.3% in the corresponding period of 2013.

ERBUD GROUP

- Between October and December 2014 the Erbud Group signed 36 contracts with the aggregate value of PLN 467 719 000, compared to 19 contracts with the total value of PLN 366 927 000 in the corresponding period of 2013. The portfolio of contracts signed within the Erbud Group in 2014 totalled 131 contracts with the aggregate value of PLN 1 378 795 000, compared to 99 contracts for PLN 1 350 000 in 2013.
- Sales at the Budlex Group in 4Q 2014 amounted to 43 flats and commercial premises (based on notarial deeds) versus 51 in 4Q 2013. Year to date, Group sold 168 flats and commercial premises versus 184 in the corresponding period of 2013.
    - Budlex Group's presales for 2015-2016 amount to 169 flats and commercial premises with a value of approx. PLN 42.8 million versus 111 flats and commercial premises with the aggregate value of PLN 31.3 million as at the end December 2013.
- **The Erbud Group's consolidated revenues in 4Q 2014 increased by 39.5% year on year amounting to PLN 556 454 000, up from PLN 399 023 000 in 4Q 2013.**
    - The residential and public construction segment (in Poland as well as abroad) as well as the road engineering segment, which in 4Q 2014 recorded a sharp increase in sales of 51.2% and 55% y-o-y respectively, had a positive effect on the Group´s sales.
- **In 2014 consolidated revenues of the Erbud Group increased by 38.5% y-o-y and amounted to PLN 1 693 818 000 versus PLN 1 223 609 000 in 2013.**
    - Year-to-date increase in the Group's sales was attributable to higher sales in the residential and public construction segment in Poland (+52.5% y-o-y), the road engineering segment (+67% y-o-y) and the energy segment (+12.5% y-o-y).
- **In 4Q 2014 EBIT of the Group amounted to PLN 17 499 000 versus PLN 12 022 000 in 4Q 2013, i.e. 45.6% y-o-y increase. EBIT margin was 3.14% versus 3.01% in 4Q 2013.**
    - In 4Q 2014 all business segments had a positive effect on the Group's EBIT.
- **In 2014 EBIT of the Group stood at PLN 43 720 000 versus 32 700 000 in 2013, i.e. 34% y-o-y growth. EBIT margin in 2014 was at 2.6% versus 2.7% in the corresponding period of 2013.**
    - In 2014 the residential and public construction segment in Poland increased the group's consolidated revenue by PLN 21 169 000 (+32.2% y-o-y), road engineering segment – by PLN 5 573 000 (+20.5% y-o-y) and the energy segment – by PLN 3 719 000 of EBIT (+110.6% y-o-y).
    - The development segment boosted the Group's revenue by PLN 9 274 000 (+73% y-o-y), of which PLN 7 272 000 accounted for the valuation of investment in progress, in the co-subsidiary Deptak Projekt P2 sp. z o. o. (50% of shares are held by a Group's partner). Not accounting for non-recurring gain, the development segment added PLN 2 002 000 to the Group's consolidated EBIT.
- **In 4Q 2014 net profit of the Group was PLN 12 350 000, i.e. y-o-y growth of 64.7% versus PLN 7 500 000 in the corresponding period of 2013. Net margin was 2.22% compared to 1.9% in the corresponding period of 2013.**
    - In the reported period, the Group made a loss on financial operations (interest payments for loans and bonds) of PLN 1 743 000, i.e. 19% y-o-y improvement compared to PLN 2 150 000 in loss in the corresponding period of 2013.

- **In 2014 net profit of the Group amounted to PLN 27 965 000, i.e. approx. 54.7% y-o-y increase (PLN 18 079 000 in 2013). Net margin was at 1.65% compared to 1.5% in 2013.**
    - Year-to-date, the Group reported a loss on financial activity (interest payments for loans and bonds) at PLN 7 176 000, i.e. y-o-y improvement by 5.7% versus PLN 7 606 000 in loss in the corresponding period of 2013.
- At the end of December 2014 the Erbud Group had **PLN 209 290 000 in cash, representing a 68% increase versus 124 591 000 in December 2013.** The available credit and guarantee lines with banks and insurance companies amount to approx. PLN 878 million in total.
    - The Group reported total cash minus interest liabilities (loans, credit lines, bonds, financial leasing) of PLN 84 769 000 in 2014 compared to net debt of PLN 63 067 000 as at the end of 3Q 2014.
- At the end of 4Q 2014 the Group had an order book with a value of approx. PLN 1 550 000 000, of which about PLN 1 350 000 000 will be carried out in 2015. For the sake of comparison, at the end of December 2013 the order portfolio of the Group was smaller and amounted to PLN 1 600 000 000, of which about PLN 1 191 000 000 was planned to be carried out in 2014.
        - In January-February 2015 the Group signed another 5 contracts with a total value of PLN 250 million. A portfolio worth PLN 450 million is under negotiations.
- Main segments in the order portfolio are: office buildings (21.6%), commercial buildings (23.7%), power and energy buildings (9.6%), hospital buildings (8.5%), public utility buildings (5.7%) and residential properties (8.1%), engineering projects (17.6%) and road building (2.4%).
    - In the portfolio mentioned above public projects represent 11%, a decline from 21% in the corresponding period of 2013.
- At the end of December 2014 the total value of offers made amounted to PLN 15.3 billion, of which at the date of publication unsettled offers constitute PLN 4.8 billion.

II. EXTERNAL AND INTERNAL FACTORS OF SIGNIFICANCE TO THE GROWTH OF THE ERBUD GROUP

1. EXTERNAL FACTORS

1.1. The macroeconomic environment

According to the Central Statistical Office (GUS) preliminary estimates, Poland's GDP in Q4 2014 grew by 3% compared to the same quarter of 2013. After accounting for seasonal factors, the GDP in Q4 2014 was 0.6% higher than in 3Q 2014 r. and 3.1% higher than in 4Q 2013, which means that Poland was one of the fastest growing economies in the European Union, second only to Hungary.

1.2. The construction market

According to data compiled by the Central Statistical Office (GUS), the growth rate in the construction sector in 2014 went up by 3.6% y-o-y versus 12% y-o-y decline in 2013. In December 2014 the building and construction sector grew by 5% y-o-y and by 29.7% compared to November 2014. In December 2014 employment in the construction industry went down by 6.8 y-o-y.

Since the beginning of 2014, wages in the construction industry have remained negative, with a 0.8% decline y-o-y in December 2014 compared to a 0.6% drop in November 2014. 2014 witnessed an increase in the building and construction prices, from 2.5% in January 2014 to 5.7% in December 2014.

2. INTERNAL FACTORS

The Group's core activities in 4Q 2014

The data below shows the results of individual segments after taking into account exclusions from consolidation and geographical segmentation

PLN '000 **Q4 2014**	**Residential and public construction in Poland and abroad**		*Residential and public construction in Poland*		**The development sector**		**Engineering and road building segment***		**Energy segment**		**Operations in Poland**		**Operations abroad**	
	4Q 2014	4Q 2013	*4Q 2014*	*4Q 2013*	4Q 2014	4Q 2013	4Q 2014	4Q 2013	4Q 2014	4Q 2013	4Q 2014	4Q 2013	4Q 2014	4Q 2013
Sales revenues	462 870	51.2% y-o-y	*411 186*	*59% y-o-y*	11 581	-17% y-o-y	72 312	55% y-o-y	9692	-70% y-o-y	504 771	43.7% y-o-y	51 684	+8.2% y-o-y
Sales share	83.2 %	76.7%	*73.9 %*	*64.7%*	2%	3.5%	13%	11.7%	1.7%	8%	90.7%	88%	9.3%	12%
EBIT	5796	3016	*5342*	*2235*	7 646	3150	3825	4558	231	1423	17 045	11 330	454	781
EBIT margin (%)	1.25 %	1%	*1.3 %*	*0.9%*	66%	22.6%	5.3%	9.8%	2.4%	4.4%	3.4%	3.2%	0.88%	1.63%

PLN '000 **2014**	**Residential and public construction in Poland and abroad**		*Residential and public construction in Poland*		**The development sector**		**Engineering and road building segment**		**Energy segment**		**Operations in Poland**		**Operations abroad**	
	2014	2013	*2014*	*2013*	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Sales revenues	1 398 204	+40% y-o-y	*1 202 164*	*52.5% y-o-y*	45 448	-6.3% y-o-y	165 545	67% y-o-y	89 621	+12.5% y-o-y	1 497 778	47.7% y-o-y	196 039	- 6.5% y-o-y
Sales share	82.5%	81.6%	*71%*	*64.4%*	2.7%	4.0%	9.5%	7.9%	5.3%	6.5%	88.4%	82.93%	11.6 %	17.14%
EBIT	25 153	20 964	*21 169*	*16 016*	9274	5365	5573	4 624	3719	1766	39 736	27 841	3 984	4 948
EBIT margin (%)	1.8%	2.1%	*1.76%*	*2.0%*	20.4%	11.07%	3.5%	4.8%	4.15%	2.22%	2.65%	2.75%	2.03 %	2.36%

2.1. Residential and public construction (Poland and abroad)

Between October and December 2014 the Group signed 11 contracts for the construction of residential and public buildings with the aggregate value of PLN 254 691 000, compared to 9 contracts with the total value of PLN 301 069 000 in 4Q in 2013. Year-to-date, the Group signed 46 contracts with the total value of PLN 858 500 000 versus 40 contracts for PLN 1 061 000 000 in 2013. At the end of December 2014 the order book for residential and public construction was worth PLN 1 046 640 000 (PLN 1281 497 000 in the corresponding period of 2013), of which PLN 891 442 000 is to be carried out in 2015, compared to PLN 913 000 000 in the corresponding period of 2014.

In 4Q 2014, sales (including sales generated by Erbud SA, Erbud International and GWI) amounted to PLN 462 870 000, marking a 51.2% increase y-o-y. Year-to-date, the Group reported PLN 1 398 204 000 in sales, i.e. 40% growth compared to the corresponding period of 2013. EBIT of the Group on its residential and public construction activities in 4Q 2014 increased by 92% y-o-y and amounted to PLN 5 796 000, i.e. 1.25% margin, compared to PLN 3 016 000 and 1% margin in the corresponding period of 2013. In 2014, EBIT of the Group increased by 20% y-o-y and amounted to PLN 25 153 000, i.e. 1.8% EBIT margin, versus PLN 20 964 000 in 2013 (2.1% margin). The residential and public construction segment constitutes 82.5% of the consolidated sales of the Group.

Residential and public construction activities in Poland (carried out by Erbud SA)

In 4Q 2014 residential and public construction sales in Poland amounted to PLN 411 186 000 versus PLN 258 369 000 in 2013, i.e. 59.15% y-o-y growth. In 2014 revenue stood at PLN 1 202 165 000 versus 788 366 000, marking a 52.5% increase y-o-y. EBIT in 4Q 2014 was at PLN 5 342 000 compared to PLN 2 235 000 in the corresponding period of 2013, representing a 139% increase y-o-y. In 2014 EBIT margin stood at 1.3% versus 0.9% in the corresponding period of 2013. Year-to-date, the segment´s operating profit amounted to PLN 21 169 000 compared to PLN 16 016 000 in 2013, up 32.2% y-o-y. At the end of December 2014 order book in residential and public construction activities in Poland was worth PLN 934 840 000, of which PLN 812 212 000 is to be completed 2015, compared PLN 1 197 000 000 in 2013, of which PLN 829 000 000 was to be completed in 2014.

Activities abroad

In 4Q 2014, abroad sales revenues increased by 8.17% up to PLN 51 684 000 from PLN 47 782 000 in 4Q 2013. Segment's EBIT amounted to PLN 454 000, i.e. 41.9% y-o-y decline versus PLN 781 000 in the corresponding period of 2013. Margin was 0.88% versus 1.63% in the corresponding period of 2013.

Year-to-date, the segment's revenue was PLN 196 039 000 compared to PLN 209 736 000 in 2013, i.e. 6.5% y-o-y decrease. EBIT of this segment amounted to PLN 3 984 000 versus PLN 4 948 000, i.e. 19.5% decrease y-o-y. EBIT margin was at 2.03%, compared to 2.36%. At the end of the quarter the abroad order book amounted to approx. PLN 111 800 000 compared to PLN 84 846 000 in the corresponding period of 2013. The majority of the orders, i.e. PLN 79 330 000, is to be carried out in 2015.

German company GWI GmbH recorded revenue of PLN 134 674 000 versus PLN 132 110 000 in 2013, i.e. 2% y-o-y growth. The company's EBIT was PLN 2 089 000, compared to PLN 3 144 000 in 2013, marking a 33.6% decline y-o-y. EBIT margin was 1.5% versus 2.4% in 2013. Net profit of the company came at PLN 2 263 000, versus PLN 2 249 000 in 2013, a 0.6% decrease. Net margin remained at last year's level of 1.68%

2.2. Other areas of activity of the Group

2.2.1 Developer activities

In 4Q 2014 Budlex completed sales of 43 flats and commercial premises based on notarial deed versus 51 in the corresponding period of 2013. In 2014 the Group sold 168 flats and commercial premises versus 184 in the corresponding period of 2013.

In 4Q 2014 revenue of Budlex Group was PLN 11 581 000 versus PLN 13 954 000 in the corresponding period of 2013, i.e. 17% y-o-y decrease. EBIT in 4Q was PLN 7 646 000, compared to PLN 3 150 000 profit in 4Q 2013, marking a 142.7% increase y-o-y.

In 2014 sales of the Budlex Group were at PLN 45 448 000 versus PLN 48 485 000 in the corresponding period of 2013, i.e. 6.3% y-o-y decline. Operational profit of the Budlex Group in 2014 came at PLN 9 274 000 versus PLN 5 365 000, i.e. 72.9% y-o-y increase on the back of the valuation of investment in progress, in the co-subsidiary Deptak Projekt P2 sp. z o. o. (50% of shares are held by a Group's partner). Not

accounting for non-recurring gain, the development segment added PLN 2 002 000 to the Group's consolidated EBIT. EBIT margin stood at 20.4% versus 11.07% in the corresponding period of 2013.
In 2014 Budlex completed new residential projects, including one in Toruń and two in Bydgoszcz. In pre-sales for 2015-2016 the Group signed preliminary contracts for the construction of 169 flats and commercial premises for the total amount of PLN 42.8 million, a marked increase compared to 111 flats for the total of PLN 31.3 million signed as at the end of December 2013.

The company continues work on the development of the Deptak project in Poznań. The building, developed by the special-purpose company Deptak Projekt P2, will have a lease area of about 9 300 m^2, including 6 500 m^2 retail space and 2 700 m^2 office space. It is expected that, after obtaining usage permission, the shopping centre will open in 2015. The project is financed by a credit line.

The company is also working on a popular residential project in Warsaw, which is due to kick off by the end of 2015. The development is estimated at approx. 60 flats (around 3 300 m^2 usable area). Budlex Group's land bank has a project potential amounting to approx. 41 000 m^2 usable area.

2.2.2 Engineering construction and road building

In 4Q 2014 the engineering construction and road building segment added 11 new contracts to the Group's orders on hand with a total value of PLN 198 071 000 versus 4 new contracts with the aggregate value PLN 42 822 000 in the corresponding period of 2013. Year-to-date, the Group signed 38 new contracts with a total value of PLN 310 148 000, compared to 25 contracts for PLN 174 488 000 in 2013.

In 4Q 2014 the revenue of the engineering construction and road building segment amounted to PLN 72 312 000, versus 46 657 000 in 2013, i.e. up 55% y-o-y. In 2014 the revenue of the segment amounted to PLN 165 545 000 compared to PLN 96 219 000 in 2013, i.e. 67% growth y-o-y.

Operating results of the engineering construction and road building segment in 4Q 2014 amounted to PLN 3 825 000, versus PLN 4 558 000 in 4Q 2013, down 16% y-o-y, whereas operations margin was 5.3%, a decrease from 9.8% in 2013. Year-to-date, the segment's EBIT was PLN 5 573 000, compared to PLN 4 624 000 in 2013, a 20.5% increase y-o-y, whereas EBIT margin came at 3.5%, down from 4.8% in 2013.

As at the end of December 2014 the Group's order book for engineering construction and road building was worth approx. PLN 310 000 000, the majority of which is to be carried out in 2015. The segment's order book mainly consists of engineering projects, including wind farms. For the sake of comparison, in 2013 the segment's portfolio was valued at PLN 95 914 000, which represents an increase y-o-y.

2.2.3 Energy segment

In 2014 the sector added 47 new contracts to the Group's order book with a total value of PLN 210 148 000, compared to 34 contracts with the aggregate value of PLN 115 027 000 in 2013, a 75% increase y-o-y.

The revenues in this segment for 4Q 2014 amounted to PLN 9 692 000, i.e. 70% decline y-o-y. The segment's EBIT was at PLN 231 000, i.e. 84% drop y-o-y. EBIT margin came at 2.4%, compared to 4.4% in 2013. In 2014, the revenue was reported at PLN 89 621 000, compared to PLN 79 658 000, a 12.5% increase y-o-y. Profit from operations increased up to PLN 3 719 000, i.e. 4.15% of the operating margin, compared to PLN 1 766 000 profit and 2.2% margin last year.

At the end of December 2014 the Group's order book in the energy segment were worth PLN 148 307 000, versus PLN 190 845 000 in the corresponding period of 2013, a 22.3% decline y-o-y. Out of it PLN 127 000 000 remains to be carried out in 2015.

2.3 Operating revenues and costs

2.3.1. The balance of operating revenues and costs

The balance of the Group's operating revenues and other operating costs in 2014 amounted to PLN -1 136 000.

2.3.2. Costs of payroll, benefits and the employment in the Group

In 2014 the costs of payroll and benefits to employees at the Erbud Group amounted to PLN 159 246 000, marking a 13.6% increase y-o-y, which was attributable to the expansion of the energy operations. The Group employed 1 889 people in 2014 versus 1 362 persons in 2013, i.e. 38.7% growth y-o-y.

3. PROSPECTS

3.1. The macroeconomic environment

The European Bank for Reconstruction and Development (EBDR) has downsized its 2015 GDP forecast for Poland to 3.0% from a previously forecasted 3.3%. The European Commission, on the other hand, has increased its 2015 GDP forecast for Poland to 3.2% from 2.8% forecasted in November last year. In 2016, GBP growth is expected to reach 3.4% (compared to 3.3% forecasted in November).

3.2. The construction market

According to a survey carried out by the Central Statistical Office (GUS), in January 2015 the business climate indicator for the construction industry stood at -12.8 points, marking a 6 points' increase compared to the previous month (-9.4 points in December 2014). In January 2015, the general outlook for the construction industry is rated less pessimistically than in the last two months of 2014. However, sentiment towards the order portfolio and financial situation has declined.

According to a market intelligence company PMR, in 2015 the building market in Poland should remain in an upward trend and reach approx. 8% growth. The growth will be stimulated by the developing investments in the energy and railways segment, as well as stabilization in road building. Moreover, the projects from the prior EU budget perspective are to be settled down by the end of 2015. The current order portfolio offers the Group potential for revenue and profit growth in 2015.

3.3. The directions and objectives of the Group's development

The Group entered 2015 with an order book worth approx. PLN 1.55 billion, of which PLN 1.35 billion worth of projects is scheduled to be carried out this year, compared to PLN 1.2 million in the corresponding period of 2014 r. The Group intends to expand its order portfolio and start some of the newly acquired projects this year. Negotiations are currently underway for projects with the total value of approx. PLN 450 million.

The Management expects to see further growth in the residential and public construction, road engineering and energy sectors in 2015.

As at the end of 2014, the residential and public construction sector had an order book worth PLN 1.0 billion, of which PLN 891 million remains to be implemented this year. Negotiations are currently ongoing for further office and retail centre projects.

The engineering construction and road building segment entered 2015 with a record-breaking order portfolio value of PLN 310 million, compared to PLN 95.9 million in the corresponding period of 2014.

The energy sector entered 2015 with an order book worth PLN 148.3 million. The Management expects a continued segment growth and increased contract value. The Group's energy companies will increase their involvement in nationwide service and modernization projects for the energy sector as well as construction projects for the renewable energy sector. Last year, the group took over two energy companies, NGK Ojrzyński and EnergoServ Pomorze, which offer modernisation and repair services for the

energy sector. The deal value exceeded 10% of the Issuer's equity. This year, the group intends to expand its energy operations through further acquisitions. In January 2015 Erbud Industry Centrum (formerly Engorem) acquired energy assets from Polimex Mostostal. The transaction was valued at PLN 2.4 million net. As a result of the said transactions, the energy segment acquired 203 new staff and a potential for new long-term projects with clients such as EDF Wybrzeże SA or Alstom Power sp. z o.o. The Management does not rule out further acquisitions this year, however their scale should not have a major effect on investment expenditures.

In 2015 the development sector will focus on the completion of the retail project in Poznań. Usage permission and opening of the shopping centre is due in 2015. The company is also working on a residential project in Warsaw, which is expected to translate into increased profit in the coming years.

III. FINANCIAL RESULTS

1. COMPANIES COMPRISING THE ERBUD GROUP

The consolidated financial statement of the ERBUD Group for 2014 embraces the consolidation of: Erbud SA, Erbud International Sp. z o.o., GWI GmbH, PBDI, Budlex Group, Delta Sp. z o.o., Erbud Industry Sp. z o.o. (formerly Engorem Sp. z o.o.), Erbud Industry Sp. z. o.o. (formerly Ersteel Sp. z o.o.), Erbud Rzeszów Sp. z o.o., EnergoServ Pomorze Sp. z o.o. since 30 October 2014; NGK Ojrzyński Sp. z o.o. since 30 September 2014.

IN '000 PLN	**Quarter** 2014 **4Q 2014**	**Quarter** 2013 **4Q 2013**	2014 to 2013 **difference**	% **difference**
Sales revenues	556 455.00	399 023.00	157 432.00	39%
Cost of sales	526 094.00	370 070.00	156 024.00	42%
Profit/loss on sales	**30 361.00**	**28 953.00**	**1 408.00**	**5%**
Sales cost	1 492.00	773.00	719.00	93%
Overall management costs	16 242.00	16 449.00	-207.00	-1%
Result on operating activity	-2 400.00	380.00	-2 780.00	-732%
Operating profit - EBIT	**17 499.00**	**12 022.00**	**5 477,00**	**46%**
Financial result	-1 743.00	-2 150.00	407.00	19%
Gross profit	**15 756,00**	**9 872.00**	**5 884.00**	**60%**
Net profit	**12 350.00**	**7 500.00**	**4 850.00**	**65%**
EBIT margin (EBIT/Revenue)	3.14%	3.01%	0.00	4%
D & A	2 959.00	2 358.00	601.00	25%
EBITDA margin (EBIDTA/Revenue)	3.68%	3.60%	0.00	2%

2. PROFIT AND LOSS ACCOUNT

Details of the profit and loss account by category:

ITEM	31.12.2014	31.12.2013	CHANGE	% CHANGE
A. Core business revenue	**1 719 908**	**1 212 114**	**507 794**	**41.89%**
B. Operating expenses	**1 682 324**	**1 179 196**	**503 128**	**42.67%**
Amortisation and depreciation	8 875	7 727	1 148	0.15
Consumption of materials and energy	242 485	178 565	63 920	0.36
External services	1 243 626	822 096	421 530	0.51
Taxes and charges	8 275	8 473	-198	-0.02
Payroll	129 957	114 878	15 079	0.13
Social security and other benefits	29 289	25 319	3 970	0.16
Other costs by type	16 502	15 472	1 030	0.07
Value of goods and materials sold	3 315	6 666	-3 351	-0.50
C. Profit (loss) on sales	**37 584**	**32 918**	**4 666**	**14.17%**
D. Other operating revenues	14 725	7 401	7 324	0.99
E. Other operating expenses	8 589	7 530	1 059	0.14
F. Profit (loss) on operating activities	**43 720**	**32 789**	**10 931**	**33.34%**
G. Financial revenues	3 931	3 580	351	0.10
H. Financial expenses	11 171	11 186	-15	0.00
I. Profit (loss) on investment	0	0	0	0.00
J. Profit (loss) on business activities	**36 480**	**25 094**	**11 386**	**45.37%**
K. Gross profit (loss)	**36 480**	**25 094**	**11 386**	**45.37%**
L. Income tax	8 515	7 015	1 500	0.21
Ł. Other statutory reductions in profit (increases in loss)	0	0	0	0.00
M. Net profit	**27 965**	**18 079**	**9 886**	**54.68%**

3. THE ERBUD GROUP BALANCE SHEET

IN '000 PLN	31.12.2014	31.12.2013	Share in total 2014	Share in total 2013
Fixed assets	161 305	117 755	15%	15%
Current assets	907 318	678 175	85%	85%
ASSETS	**1 068 623**	**795 930**	**100%**	**100%**
Equity	287 489	266 966	27%	34%
Reserves and long term liabilities	156 434	61 308	15%	8%
Reserves and short term liabilities	624 700	467 656	58%	59%
LIABILITIES	**1 068 623**	**795 930**	**100%**	**100%**

In the reported period the group experienced a 34% increase in the asset value, fuelled by revenue growth, acquisitions and increased profit. The structure of assets and liabilities remained unchanged. The Group did not record any extraordinary events that could affect the structure of assets and sources of funding.

4. ERBUD GROUP CASH FLOW

	31.12.2014	31.12.2013
in '000 PLN		
Net operating cash flow	105 833.00	-54 591.00
Net cash flow from investment activities	-24 795.00	367.00
Net cash flow from financial activities	3 632.00	-22 955.00
Total net cash flow	**84 670.00**	**-77 179.00**
Cash at the end of the period	**209 290**	**124 590**

2014 witnessed an increase in operating cash flow, fuelled by higher profit and shorter rotation cycle of receivables. As a result, cash levels at the end of the reporting period were markedly higher than in 2013. The Management's long term goal is to develop such cash flow management mechanisms that would enable to generate positive cash flows in the future reporting periods.

5. SELECTED FINANCIAL RATIOS

Ratio	2014	2013	Formula
ROA	2.62%	2.27%	Net profit / total assets
ROE	9.73%	6.77%	Net profit / equity
Overall gearing ratio	73.10%	66.46%	Liabilities and provisions for liabilities / total assets
Debt to equity ratio	271.71%	198.14%	Liabilities and provisions for liabilities / equity
Current liquidity ratio	1.45	1.45	Current assets /short-term liabilities
Gross margin	5.86%	7.43%	Sales profit/loss/ sales
Net margin	1.65%	1.48%	Net profit/ loss/ total revenue