

ERBUD S.A.

Condensed Separate Financial Statements for the nine months ended 30 September 2017

Warsaw, 14.11.2017

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Introduction to Financial Statements

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

1.1. Adopted accounting principles

Condensed Separate Financial Statements of Erbud SA for the six months ended 30 June 2017 and the comparative figures have been prepared in accordance with the provisions of the Act of 29 September 1994 (Polish Journal of Laws of 2016, No. 1047, 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 (Polish 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 rules (policies), including methods of measurement 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 methods 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 2016.

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 September 2017. As at the date of signing the Financial Statements, the Management Board of the Company does not conclude any facts and circumstances that would indicate a risk for continuing operations as a result of deliberate or involuntary discontinuance or a significant reduction of current activities.
By the date of preparing the Financial Statements, there were no events that have not been and should be recognised in the accounts during the reporting period.

2. Composition of the Management Board and the Supervisory Board

Management Board

Dariusz Grzeszczak	- Management Board Member
Józef Zubelewicz	- Management Board Member
Agnieszka Głowacka	- Management Board Member

Supervisory Board

Udo Berner	- Chairman of the Supervisory Board
Gabriel Główka	- Deputy Chairman of the Supervisory Board
Albert Durr	- Supervisory Board Member
Zofia Dzik	- Supervisory Board Member
Michał Otto	- Supervisory Board Member
Janusz Lewandowski	- Supervisory Board Member
Janusz Reiter	- Supervisory Board Member

CONDENSED SEPARATE FINANCIAL STATEMENT
for the nine months ended 30 September 2017 (in PLN '000)

BALANCE SHEET

ASSETS

		30.09.2017	31.12.2016
A.	**Fixed assets**	**146 317**	**117 777**
I.	**Intangible assets**	**255**	**41**
1.	Finished R&D expenses	0	0
2.	Goodwill	0	0
3.	Other intangible assets	255	41
4.	Prepaid intangible assets	0	0
II.	**Tangible assets**	**9 693**	**8 263**
1.	Tangible fixed assets	9 693	7 130
a)	Land, incl. perpetual usufruct	0	0
b)	Buildings, premises and civil and water engineering structures	2 958	1 285
c)	Plant and equipment	179	193
d)	Means of transport	6 145	5 164
e)	Other tangible fixed assets	411	488
2.	Fixed assets under construction	0	1 133
3.	Prepaid tangible fixed assets under construction	0	0
III.	**Long-term receivables**	**0**	**0**
1.	From related parties	0	0
2.	From other entities	0	0
IV.	**Long-term investments**	**98 024**	**85 914**
1.	Real property	0	0
2.	Intangibles	0	0
3.	Non-current financial assets	98 024	85 914
a)	In related parties, incl.:	95 635	85 180
–	Shares or stocks	75 156	75 156
–	Other securities	0	0
–	Loans granted	20 479	10 024
–	Other non-current financial assets	0	0
b)	In other entities, incl.:	2 389	734
–	Shares or stocks	0	0
–	Other securities	0	0
–	Loans granted	0	0
–	Other non-current financial assets	2 389	734
4.	Other non-current investments	0	0
V.	**Long-term prepayments**	**38 345**	**23 558**
1.	Deferred tax assets	38 345	23 558
2.	Other prepayments	0	0

		30.09.2017	31.12.2016
B.	**Current assets**	**571 743**	**583 245**
I.	**Inventories**	**0**	**0**
1.	Materials	0	0
2.	Semi-finished products and products in progress	0	0
3.	Finished products	0	0
4.	Goods	0	0
5.	Prepaid deliveries	0	0
II.	**Short-term receivables**	**388 720**	**337 983**
1.	From related parties	10 156	7 844
a)	Trade receivables with a maturity of	8 056	5 744
–	less than 12 months	8 056	5 744
–	over 12 months	0	0
b)	Other	2 100	2 100
2.	Receivables from other entities	378 564	330 140
a)	Trade receivables with a maturity of	366 048	312 438
–	less than 12 months	356 843	302 935
–	over 12 months	9 205	9 503
b)	Receivables from tax, subsidy, customs, social security and other benefits	0	7 986
c)	Other	12 516	9 716
d)	Claimed at court	0	0
III.	**Short-term investments**	**78 813**	**161 044**
1.	Current financial assets	78 813	161 044
a)	In related parties	8 134	3 168
–	Shares or stocks	0	0
–	Other securities	0	0
–	Loans granted	8 134	3 168
–	Other current financial assets	0	0
b)	In other entities	7 246	7 064
–	Shares or stocks	0	0
–	Other securities	0	0
–	Loans granted	7 246	7 064
–	Other current financial assets	0	0
c)	Cash and other cash assets	63 433	150 812
–	Cash in hand and at bank	47 081	131 953
–	Other cash	16 352	18 859
–	Other cash assets	0	0
2.	Other current investments	0	0
IV.	**Current prepayments**	**104 210**	**84 219**
-	Assets under unfinished construction contracts	**100 403**	79 256
-	Other	**3 807**	4 963
V.	**Fixed assets held for sale**	**0**	**0**
	TOTAL ASSETS	**718 060**	**701 023**

LIABILITIES

		30.09.2017	31.12.2016
A.	**Equity / own fund**	**227 453**	**213 867**
I.	**Share capital**	1 281	1 281
II.	**Called-up share capital (negative value)**	0	0
III.	**Treasury shares (negative value)**	0	0
IV.	**Reserve capital (fund), incl.**	222 245	222 245
	- contributed surplus form selling shares (stock) above par value	124 592	124 592
V.	**Revaluated capital (funds), incl.**	1 310	-641
	- revaluation of fair value	1 310	-641
VI.	**Other reserve capital (funds)**	11 103	0
	- created under the Articles of Association	11 103	0
	- for own shares (stocks)	0	0
VII.	**Retained earnings / loss brought forward**	-20 122	-20 122
VIII.	**Net profit (loss)**	11 635	11 103
IX.	**Write-down of net profit for the financial year (negative value)**	0	0
B.	**Liabilities and provisions for liabilities**	**490 607**	**487 156**
I.	**Provisions for liabilities**	**40 729**	**34 169**
1.	Deferred income tax provision	19 624	15 292
2.	Provision for retirement and related benefits	7 370	5 558
–	Non-current	1 195	897
–	Current	6 175	4 661
3.	Other provisions	13 735	13 319
–	Non-current	0	0
–	Current	13 735	13 319
II.	**Long-term liabilities**	**54 536**	**55 069**
1.	To related parties	0	0
2.	To other entities	54 536	55 069
a)	Loans and borrowings	0	0
b)	Issue of debt securities	52 000	52 000
c)	Other financial liabilities	2 536	2 319
d)	Other	0	750
III.	**Short-term liabilities**	**348 306**	**336 503**
1.	To related parties	25 743	38 492
a)	Deliveries and services with a maturity of	25 743	38 492
–	less than 12 months	22 270	38 337
–	over 12 months	3 473	155
b)	Other	0	0
2.	To other entities	322 563	298 011
a)	Loans and borrowings	42 893	0
b)	Issue of debt securities	3 950	0
c)	Other financial liabilities	2 307	3 586
d)	Deliveries and services with a maturity of	241 018	252 512
–	less than 12 months	236 923	249 322
–	over 12 months	4 095	3 190
e)	Prepaid deliveries	7 118	16 457
f)	Bills	0	0
g)	Taxes, customs, social insurance and other benefits	22 865	6 848
h)	Salaries	1 807	1 640
i)	Other	0	14 990
j)	less than 12 months	605	1 978
3.	Special funds	0	0
IV.	**Accruals**	**47 036**	**61 414**
1.	Other accruals	47 036	61 414
	TOTAL LIABILITIES	**718 060**	**701 023**

Calculation of book value per share

	30.09.2017	31.12.2016
Book value (in 000' PLN)	227 453	213 867
Number of shares	12 811 859	12 811 859
Book value per share (in PLN)	17.75	16.69

PROFIT AND LOSS STATEMENT

	Quarter to 30.09.2017	Year to 30.09.2017	Quarter to 30.09.2016	Year to 30.09.2016
Revenues from sales of products, goods and materials, incl.:	**339 117**	**913 404**	**272 899**	**777 472**
- From related parties	2 352	12458	1 111	2 914
Net revenues from sales of products	339 008	912 963	272 899	777 472
Net revenues from sales of goods and materials	109	441	0	0
Cost of products, goods and materials sold, incl.:	**323 048**	**857 466**	**255 518**	**727 110**
- To related parties	14 167	79 162	8 108	23 542
Manufacturing cost of goods sold	322 939	857 028	255 518	727 110
Value of goods and materials sold	109	438	0	0
Gross profit (loss) on sales	**16 069**	**55 938**	**17 381**	**50 362**
Sales costs	0	0	0	0
General and administrative costs	12 057	35 415	11 952	34 887
Profit (loss) on sales	**4 012**	**20 523**	**5 429**	**15 475**
Other operating revenues	**2 223**	**3 656**	**-437**	**7 646**
Profit on disposal of non-financial fixed assets	88	168	18	3 735
Subsidies	0	0	0	0
Other operating revenues	2 135	3 488	-455	3 911
Other operating expenses	**2 256**	**5 738**	**-78**	**2 575**
Loss on disposal of non-financial assets	0	0	0	0
Revaluation of non-financial fixed assets	0	0	0	0
Other operating expenses	2 256	5 738	-78	2 575
Profit (loss) on operating activities	**3 979**	**18 441**	**5 071**	**20 546**
Financial revenues	**513**	**2 757**	**-1 384**	**3 653**
Dividends and profit sharing	0	1 295	0	0
- From related parties, incl.:	0	1 295	0	0
those in which capital the entity is involved	0	1 295	0	0
Interest	65	959	107	1 290
- From related parties	0	529	92	359
Profit from the disposal of financial assets, incl.:	0	0	0	0
- In related parties	0	0		
Revaluation of investments	0	0	0	0
Other	448	503	-1 491	2 363
Financial costs	**980**	**6 256**	**1 447**	**22 387**
Interest:	1 416	4 298	738	4 168
- to related parties	0	0	0	0
Loss on the disposal of financial assets, incl.:	0	0	0	0
- to related parties	0	0		
Revaluation of investments	0	0	0	16 927
Other	-436	1 958	709	1 292
Profit (loss)) on operating activities	**3 512**	**14 942**	**2 240**	**1 812**
Gross profit (loss)	**3 512**	**14 942**	**2 240**	**1 812**
Income tax	894	3 307	495	950
Other statutory reductions in profit (increases in loss)	0	0	0	0
Net profit (loss)	**2 618**	**11 635**	**1 745**	**862**
Weighted average number of ordinary shares / Diluted weighted average number of ordinary shares (in units)	**12 811 859**	**12 811 859**	**12 811 859**	**12 811 859**
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)	**0.20**	**0.91**	**0.14**	**0.70**

CASH FLOW STATEMENT

	Year to 30.09.2017	Year to 30.09.2016
Net profit (loss)	**11 635**	**862**
Total adjustments	**-106 396**	**-38 404**
Amortisation and depreciation	1 517	1 998
Foreign currency translation gain (loss)	-365	-56
Interest and profit sharing (dividends)	1 251	3 183
(Profit (loss) on investment activities	-168	-3 735
Change in provisions	6 868	-9 778
Change in inventory	0	-1 367
Change in receivables	-47 571	-36 134
Change in short-term liabilities, excluding credits and loans	-18 772	-33 018
Change in prepayments and accruals	-49 156	23 610
Other adjustments	0	16 893
Net cash flows from operating activities	**-94 761**	**-37 542**
Cash flows from investment activities		
Inflows	**1 529**	**14 558**
Disposal of intangible and tangible fixed assets	87	6 787
Disposal of investments in real property and intangible assets	0	655
From financial assets, incl.:	1 442	7 116
a) In related parties	1 346	7 050
- Disposal of financial assets	0	0
- Dividends and profit sharing	1 295	0
- Repayment of granted long-term loans	0	7 000
- Interest	51	50
- Other inflows from financial assets	0	0
b) In other entities	96	66
- Disposal of financial assets	0	0
- Dividends and profit sharing	0	0
- Repayment of granted long-term loans	0	0
- Interest	96	66
- Other inflows from financial assets	0	0
Other inflows from investment activities	0	0
Outflows	**18 987**	**7 109**
Purchase of intangible assets and tangible fixed assets	1 375	849
Investments in real property and intangible assets	0	0
In financial assets, incl.:	16 112	6 260
a) In related parties	16 112	6 260
- Purchase of financial assets	0	0
- Long-term loans granted	16 112	6 260
b) In other entities	0	0
- Purchase of financial assets	0	0
- Long-term loans granted	0	0
Other investment expenses	1 500	0
Net cash flows from investment activities	**-17 458**	**7 449**

	Year to 30.09.2017	Year to 30.09.2016
Cash flow from financial activities		
Inflows	**44 389**	**0**
Net inflows from issue of shares and other capital instruments and from capital contributions	0	0
Loans and borrowings	42 893	0
Issue of debt instruments	1 496	0
Other financial inflows	0	0
Outflows	**19 549**	**20 526**
Redemption of own shares	0	0
Dividends and other payments to the shareholders	14 990	15 374
Expenses due to profit distribution other than payments to shareholders	0	0
Repayment of loans and borrowings	0	0
Repayment of debt instruments issued	0	0
Due to other financial liabilities	0	0
Payment of liabilities arising from financial leases	1 156	779
Interest paid	3 403	4 373
Other financial expenses	0	0
Net cash flow from financial activities	**24 840**	**-20 526**
Total net cash flow	**-87 379**	**-50 619**
Balance sheet change in cash, incl.:	**-87 379**	**-50 619**
- change in cash due to foreign exchange differences	0	0
Cash opening balance	**150 812**	**101 225**
Closing balance of cash, incl.:	**63 433**	**50 606**
- restricted cash	16 352	18 461

STATEMENT OF CHANGES IN EQUITY

	Nine months ended 30.09.2017	Twelve months ended 31.12.2016	Nine months ended 30.09.2016
I. Equity opening balance	**213 867**	**254 896**	**254 896**
– changes in accounting rules (policy) applied	0	0	0
– correction of material errors	0	-20 122	-20 122
I.a. Equity opening balance at the beginning of the period after adjustment to comparative data	**213 867**	**234 774**	**234 774**
1. Share capital at the beginning of the period	**1 281**	**1 281**	**1 281**
1.1. Changes in share capital	**0**	**0**	**0**
a) Increase	0	0	0
- Issue of Series "J" Shares	0	0	0
- Issue of Series "H" Shares	0	0	0
b) Decrease	0	0	0
- redemption of shares/stocks	0	0	0
1.2. Share capital at the end of the period	**1 281**	**1 281**	**1 281**
2. Capital reserves at the beginning of the period	**222 245**	**241 212**	**241 212**
2.1. Changes in capital reserves	0	-18 967	-3 977
a) Increase	0	11 397	11 397
– capital reserves transfer	0	0	0
– profit distribution	0	11 397	11 397
– redemption of shares	0	0	0
– profit from disposal of own shares	0	0	0
– issue of Series J shares above par value	0	0	0
– manager options	0	0	0
b) Decrease	0	30 364	15 374
– dividend payment	0	30 364	15 374
2.2. Capital reserves at the end of the period	**222 245**	**222 245**	**237 235**
3. Revaluation reserve at the beginning of the period	**-641**	**1 006**	**1 006**
3.1.Changes in revaluation reserve	1 950	-1 646	-765
a) Increase	1 950	0	0
– valuation of financial assets	1 950	0	0
b) Decrease	0	1 646	765
– valuation of financial instruments	0	1 646	765
3.2. Revaluation reserve at the end of the period	**1 309**	**-641**	**241**
4. Other capital reserves at the beginning of the period	**0**	**0**	**0**
4.1. Changes in other capital reserves	11 103	0	0
a) Increase	11 103	0	0
– profit sharing	11 103	0	0
b Decrease – transfer to capital reserves	0	0	0
4.2. Other capital reserves at the end of the period	**0**	**0**	**0**
5. Capital from settlement of merger transactions at the beginning of the period	**0**	**0**	**0**
5.1 Changes in capital from settlement of merger transactions under the uniting of interest method			
a) Increase	**0**	**0**	**0**
b) Decrease	**0**	**0**	**0**
5.2 Capital from settlement of merger transactions at the end of the period	**0**	**0**	**0**

	Nine months ended 30.09.2017	Twelve months ended 31.12.2016	Nine months ended 30.09.2016
6. Retained earnings / carried forward loss at the beginning of the period	**11 103**	**11 397**	**11 397**
6.1. Retained earnings at the beginning of the period	11 103	11 397	11 397
– 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	0	0	0
6.2 Retained earnings at the beginning of the period after adjustment	11 103	11 397	11 397
a) Increase	0	0	0
b) Decrease	11 103	11 397	11 397
– profit-sharing for capital reserves	11 103	0	0
– profit-sharing for dividends	0	11 397	11 397
– profit-sharing to cover losses from previous years	0	0	0
6.3. Retained earnings at the end of the period	**0**	**0**	**0**
6.4. Carried forward loss at the beginning of the period	**-20 122**	**0**	**0**
– changes in accounting rules (policy) applied	0	0	0
– correction of material errors	0	0	0
6.5. Carried forward loss at the beginning of the period	0	0	0
a) Increases	0	0	0
– presentation adjustments	0	0	0
b) Decreases	0	0	0
– profit-sharing to cover losses	0	0	0
6.6. Carried forward loss at the end of the period	**0**	**0**	**0**
6.7 Retained earnings (loss) at the end of the period	**-20 122**	**-20 122**	**0**
7. Net result	**11 635**	**11 103**	**862**
a) Net profit	11 635	11 103	862
b) Net loss	0	0	0
c) Write-downs from profit	0	0	0
II. Equity closing balance	**227 453**	**213 867**	**219 497**
III. Equity, after including proposed profit distribution (coverage of loss)	**227 453**	**213 867**	**219 497**

1. Policies adopted to prepare the statements

1.1. Accounting principles applied

The Financial Statements of ERBUD SA for three quarters of 2017 and comparable data has been drawn up in accordance with accounting principles prevailing in Poland, described in the introduction to the Company's Financial Statements for the year 2016.

KEY ITEMS CONVERTED TO THE EURO

	30 September 2017		31 December 2016	
	PLN	EUR	PLN	EUR
Fixed assets	146 317	33 955	117 777	26 622
Current assets	571 743	132 683	583 245	131 837
Shareholders' equity	227 453	52 784	213 867	48 342
Liabilities and provisions for liabilities	490 607	113 854	487 156	110 117

- Assets and liabilities items - at the average exchange rate as at 30 September 2017, i.e. 4.3091 PLN/EUR.

- Assets and liabilities items - at the average exchange rate as at 31 December 2016, i.e. 4.4240 PLN/EUR.

	Nine months ended 30.09.2017		Nine months ended 30.09.2016	
	PLN	**EUR**	**PLN**	**EUR**
Revenues from sales of products and services and of goods and materials	913 404	214 585	777 472	177 960
Cost of sold products and services and of goods and materials	857 466	201 444	727 110	166 432
Profit on sales before taxes	55 938	13 141	50 362	11 528
Profit on operating activities	18 441	4 332	20 546	4 703
Profit (loss) before taxes	14 942	3 510	1 812	415
Net profit (loss)	11 635	2 733	862	197

- Items of the profit or loss statement and cash flow for three quarters of 2017 - at the rate calculated as an arithmetic mean of the average exchange rates published by Polish National Bank on the last day of each month during the period from 1 January to 30 September 2017, i.e. 4.2566 PLN/EUR.

- Items of the profit or loss statement and cash flow for three quarters of 2016 - at the rate calculated as an arithmetic mean of the average exchange rates published by Polish National Bank on the last day of each month during the period from 1 January to 30 September 2016, i.e. 4.3688 PLN/EUR.

	Nine months ended 30.09.2017		Nine months ended 30.09.2016	
	PLN	**EUR**	**PLN**	**EUR**
Cash flow from operating activities	-94 761	-22 262	-37 542	-8 593
Cash flow from investing activities	-17 458	-4 101	7 449	1 705
Cash flow from financing activities	24 840	5 836	-20 526	-4 698
Net cash flow	-87 379	-20 527	-50 619	-11 586
Cash at the beginning of the period	150 812	34 089	101 225	23 753
Cash at the end of the period	63 433	14 721	50 606	11 736

Items of the cash flow for the period 1.01.2017 - 30.09.2017 were translated at the mid-rate which was calculated as an arithmetic mean of average rates prevailing as at the last day of each month during the said period, set by the NBP as at that day, i.e. 4.2566 PLN/EUR.

Items of the cash flow for the period 1.01.2016 - 30.09.2016 were translated at the mid-rate which was calculated as an arithmetic mean of average rates prevailing as at the last day of each month during the said period, set by the NBP as at that day, i.e. 4.3688 PLN/EUR.

To convert cash as of 1 January 2017, it was applied the exchange rate set by the NBP on that day, i.e. 4.4240 PLN/EUR.

To convert cash as of 1 January 2016, it was applied the exchange rate set by the NBP on that day, i.e. 4.2615 PLN/EUR.

To convert cash as of 30 September 2017, it was applied the exchange rate set by the NBP on that day, i.e. 4.3091 PLN/EUR.

To convert cash as of 30 September 2016, it was applied the exchange rate set by the NBP on that day, i.e. 4.3120 PLN/EUR.

EXPLANATORY NOTES

Note 1. Operating segments information

During the reporting period ended 30 September 2017 the Company conducted operations under the following business segments:

- civil engineering - building construction;
- industrial construction.

During the reporting period ended 30 September 2017 the Company operated under the following geographical segments:

- domestic;
- abroad (Belgium).

The segmentation was done by qualifying individual construction contracts. The Company applies a uniform accounting policy for all segments. Only changes in the reported segments were made. Report segment "building construction" was divided into two separate reporting segments: "building construction at home" and "building construction abroad". The changes are due to the growing importance of building construction abroad from the point of view of the Group's operations.

Business segments

The table below present figures for particular business segments of the Company for the period from 1 January to 30 September 2017.

Income and expenses by business segments

Period from 1 January to 30 September 2017	Building construction at home	Building construction abroad	Industrial construction	Total
Sale to external clients	895 159	17 789	455	**913 404**
Total income	**895 159**	**17 789**	**455**	**913 404**
Prime costs	841 090	15 983	392	857 466
Result on other operating activity	**-36 113**	**-1 358**	**-26**	**-37 497**
Segment result – EBIT	**17 957**	**448**	**37**	**18 441**
EBIT margin	**2.01%**	**2.52%**	**0.07%**	**1.92%**
Result on financial activity	-3 326	-174	0	**-3 500**
Income tax	3 307	0	0	**3 307**
Net profit	**11 324**	**274**	**37**	**11 635**

The table below present figures for particular business segments of the Company for the period from 1 January to 30 September 2016.

Income and expenses by business segments

Period from 1 January to 30 September 2016	Building construction at home	Building construction abroad	Industrial construction	Other activities	Total
Sale to external clients	748 022	27 905	1 545		**777 472**
Total income	**748 022**	**27 905**	**1 545**		**777 472**
Prime costs	**697 102**	**26 448**	**3 560**		**727 110**
Result on other operating activity	**-29 127**	**-9**	**-680**		**-29 816**
Segment result – EBIT	**21 793**	**1 449**	**-2 695**		**20 546**
EBIT margin	**2.55%**	**5.19%**	**0**		**2.64%**
Result on financial activity	-1 807	0	0	-16 927	**-18 734**
Income tax	3 192	974	0	-3 216	**950**
Net profit	**16 384**	**884**	**-2 695**	**-13 711**	**862**

Geographical segments

The following table presents data on the revenues and profits of the Company's region segments for the period from 1 January to 30 September 2017.

Proceeds and expenses by geographical segments

For the period from 1 January to 30 September 2017	Domestic	Abroad	Total
Sale to external clients	895 614	17 789	913 404
Total income	**895 614**	**17 789**	**913 404**
Prime costs	841 482	15 983	857 466
Result on other operating activity	**-36 139**	**-1 358**	**-37 497**
Segment result – EBIT	**17 993**	**448**	**18 441**
EBIT margin	2.08%	**2.52%**	**1.92%**
Result on financial activity	-3 326	-174	**-3 500**
Income tax	3 307	0	**3 307**
Net profit	**11 361**	**274**	**11 635**

The following table presents data on the revenues and profits of the Company's region segments for the period from 1 January to 30 September 2016

Proceeds and expenses by geographical segments

For the period from 1 January to 30 September 2016	Domestic	Abroad	Total
Sale to external clients	749 567	27 905	777 472
Total income	**749 567**	**27 905**	**777 472**
Prime costs	700 662	26 448	727 110
Result on other operating activity	**-29 807**	**-9**	**-29 816**
Segment result – EBIT	**19 097**	**1 449**	**20 546**
EBIT margin	2.55%	5.19%	**2.64%**
Result on financial activity	-19 143	409	**-18 734**
Income tax	-24	974	**950**
Net profit	**-22**	**884**	**862**

Note 2. Description of factors and events, which had a significant impact on financial performance

Note 2.1. Changes in estimates

Construction contracts

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

Construction contracts prepayments

	30.09.2017	31.12.2016	30.09.2016
Revenue surplus over partial invoices, by work progress	57 248	39 410	53 667
Costs surplus over expenses arising from the accounting costs, by stage of completion	37 028	41 907	46 287
Surplus on partial invoices over incomes, by work progress	10 008	19 507	15 382
Surplus on costs resulting from the accounting costs over expenses, by stage of completion	43 155	39 845	13 568
Total amounts presented in prepayments	100 403	79 256	67 235
Total amounts presented in accruals	47 036	61 414	61 669

Provisions and assets due to deferred income tax

Assets due to deferred income tax	30.09.2017	30.06.2017	31.12.2016	30.09.2016
- Valuation of long-term contracts	8 937	11 131	11 669	11 717
- Costs of subsequent periods	3 083	2 981	571	1 082
- Provision for loss on contracts	58	58	71	0
- Provisions for employee benefits	1 400	1 400	1 056	0
- Provision for warranty claims,	2 257	2 156	2 287	0
- Other provisions	295	614	173	0
- Work-in-progress	20 082	16 194	5 790	0
- Other	2 233	2 434	1 941	4 852
- Impairment loss on Budlex shares	0	0	0	3 216
Total assets due to deferred income tax	**38 345**	**36 968**	**23 558**	**20 867**

Provisions	30.09.2017	30.06.2017	31.12.2016	30.09.2016
- Valuation of long-term contracts	19 082	18 846	15 064	12 781
- Other	542	780	228	442
Total provisions due to deferred income tax	**19 624**	**19 626**	**15 292**	**13 223**

Impairment allowances for receivables

Change in write-downs on short-term receivables

	30.09.2017	31.12.2016	30.09.2016
As at the beginning of the period	**7 343**	**8 199**	**8 199**
a) Increase (due to)	2 592	172	0
- Creation	2 592	172	0
b) Decrease (due to)	1 439	1 028	1 028
- Impairment loss release	1 439	1 028	1 028
- Use of write-downs	0	0	0
Write-downs on short-term receivables at end of the period	**8 496**	**7 343**	**7 171**

Significant amount of write-downs recognized and reversed due to the impairment

Write-downs on long-term financial assets	30.09.2017	31.12.2016
Opening balance sheet	**2 928**	**2 928**
Increases/Decreases	0	0
Closing balance sheet	**2 928**	**2 928**

Note 3. Issue / Redemption / Repayment of equity securities

On 26 March 2014, the Issuer issued a total of 5 200 (say: five thousand two hundred) dematerialized and unsecured bearer B-series bonds with a nominal value of PLN 10,000 (say: ten thousand Zlotys) per bond and a total nominal value of PLN 52,000,000 (say: fifty two million Zlotys), which issue price was PLN 9 587 (say: nine thousand five hundred and eighty seven Zlotys) per bond, The interest rate was determined as WIBOR 6M + 3.0 percentage points and the maturity date as 26 March 2018.

On 11 September 2017, the Management Board of Erbud S.A adopted a resolution regarding the issue of up to 52,000 (in words: fifty two thousand) bearer bonds of C-series, dematerialized, unsecured, with a nominal value of PLN 1,000 (say: one thousand Zlotys) per bond and a total nominal value of not more than PLN 52,000,000 (say: fifty-two million Zlotys) ("Bonds of C-Series").

C-series bonds issued on 27.09.2017:

1. The bonds were acquired as follows:
    a. **Quercus Parasolowy Specjalistyczny fundusz Inwestycyjny Otwarty (Sub-fund of Quercus Ochrony Kapitału)** – **5 200** bonds at the issue price of **PLN 1 000** per bond; the total issue price was **PLN 5,200,000;**
    b. **Quercus Parasolowy Specjalistyczny fundusz Inwestycyjny Otwarty (Sub-fund of Quercus Stabilny)** – **4 480** bonds at the issue price of **PLN 1 000** per bond; the total issue price was PLN **4.480.000;**
    c. **Nationale –Nederlanden Dobrowolny Fundusz Emerytalny – 2 000** bonds at the issue price of **PLN 1 000** per bond; the total issue price was **PLN 2.000.000;**
    d. **Nationale –Nederlanden Otwarty Fundusz Emerytalny – 40,320** bonds at the issue price of **PLN 1 000** per bond; the total issue price was **PLN 40,320,000.**

Total nominal value of long-term bonds (4 years) – PLN 52,000,000.00

2. Redemption of B-series own bonds - ERBUD S.A. repurchased its own B-series bonds at a price equal to 101.5 percent of the nominal value, i.e. at PLN 10,150.00 per bond plus accrued interest.
    a. **Quercus Parasolowy Specjalistyczny fundusz Inwestycyjny Otwarty (subfundusz Quercus Ochrony Kapitału)** – **520** bonds at **PLN 10,150** per bond; the total repurchase price was **PLN 5,288,686.40;** redemption cost: **PLN 78,000**; interest: **PLN 686.40;**
    b. **Quercus Parasolowy Specjalistyczny fundusz Inwestycyjny Otwarty (subfundusz Quercus Stabilny)** – **448** bonds at PLN 10,150 per bond; the total repurchase price was **PLN 4,547,791.36;** redemption cost: **67,200; interest: PLN 591.36;**
    c. **Nationale –Nederlanden Dobrowolny Fundusz Emerytalny – 12** bonds at **PLN 10,150** per bond; the total repurchase price was **PLN 121,815.84;** - redemption cost: **PLN 121,800.00;** interest: **PLN 15.84 – NN DFE should pay PLN 1,878,184.16;**
    d. **Nationale –Nederlanden Otwarty Fundusz Emerytalny – 3 825** bonds at **PLN 10,150** per bond; the total repurchase price was **PLN 38,828,799.00**; redemption cost: **PLN 38,823,750.00;** interest**: PLN 5 049 – NN OFE should pay PLN 1,491,201.00.**
3. The B-series bonds: 5,200 issued; 4,805 repurchased for redemption; and 395 bonds worth PLN 3,950,000 - short-term liabilities on bonds.

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

In relation to the financial year ended 31 December 2016 this type of significant changes did not occur.

Signature of person preparing the Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Board Member/

Dariusz Grzeszczak
/Board Member/

Agnieszka Głowacka
/Board Member/

Warsaw, November 14, 2017