ERBUD S.A.

Condensed Separate Financial Statements for 1Q 2018

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 three months ended 31 March 2018 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 2017.

1.4. Going-concern assumption and comparability of financial statements

The Condensed Separate Financial Statements presented in this report have been prepared under the assumption, that ERBUD S.A. will continue its business activity over next 12 months after the balance sheet date, i.e. 31 March 2018. 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 three months ended 31 March 2018 (in PLN '000)

BALANCE SHEET

ASSETS

		31.03.2018	31.12.2017	31.03.2017
A.	**Fixed assets**	**147 937**	**127 058**	**138 472**
I.	**Intangible assets**	**202**	**231**	**20**
1.	Finished R&D expenses	0	0	0
2.	Goodwill	0	0	0
3.	Other intangible assets	202	231	20
4.	Prepaid intangible assets	0	0	0
II.	**Tangible assets**	**10 650**	**10 471**	**8 649**
1.	Tangible fixed assets	10 650	10 471	7 031
a)	Land, incl. perpetual usufruct	0	0	0
b)	Buildings, premises and civil and water engineering structures	3 187	2 939	1 277
c)	Plant and equipment	157	165	196
d)	Means of transport	6 978	6 988	5 155
e)	Other tangible fixed assets	328	379	403
2.	Fixed assets under construction	0	0	1 618
3.	Prepaid tangible fixed assets under construction	0	0	0
III.	**Long-term receivables**	**0**	**0**	**0**
1.	From related parties	0	0	0
2.	From other entities	0	0	0
IV.	**Long-term investments**	**98 286**	**78 895**	**99 571**
1.	Real property	0	0	0
2.	Intangibles	0	0	0
3.	Non-current financial assets	98 286	78 895	99 571
a)	In related parties, incl.:	97 138	75 948	95 180
–	Shares or stocks	96 347	75 156	75 156
–	Other securities	0	0	0
–	Loans granted	791	792	20 024
–	Other non-current financial assets	0	0	0
b)	In other entities, incl.:	1 148	2 947	4 391
–	Shares or stocks	0	0	0
–	Other securities	0	0	0
–	Loans granted	0	0	0
–	Other non-current financial assets	1 148	2 947	4 391
4.	Other non-current investments	0	0	0
V.	**Long-term prepayments**	**38 799**	**37 461**	**30 232**
1.	Deferred tax assets	38 799	37 461	30 232
2.	Other prepayments	0	0	0

		31.03.2018	31.12.2017	31.03.2017
B.	**Current assets**	**554 513**	**562 675**	**506 465**
I.	**Inventories**	**795**	**356**	**0**
1.	Materials	0	0	0
2.	Semi-finished products and products in progress	795	356	0
3.	Finished products	0	0	0
4.	Goods	0	0	0
5.	Prepaid deliveries	0	0	0
II.	**Short-term receivables**	**366 349**	**321 297**	**329 717**
1.	From related parties	9 395	7 789	9 100
a)	Trade receivables with a maturity of	7 295	5 689	7 000
–	less than 12 months	7 295	5 689	7 000
–	over 12 months	0	0	0
b)	Other	2 100	2 100	2 100
2.	Receivables from other entities	356 954	313 508	320 617
a)	Trade receivables with a maturity of	340 858	302 612	308 337
–	less than 12 months	331 283	290 750	300 308
–	over 12 months	9 575	11 862	8 029
b)	Receivables from tax, subsidy, customs, social security and other benefits	1 355	361	0
c)	Other	14 741	10 535	12 280
d)	Claimed at court	0	0	0
III.	**Short-term investments**	**52 161**	**116 625**	**103 728**
1.	Current financial assets	52 161	116 625	103 728
a)	In related parties	19 345	24 351	4 406
–	Shares or stocks	0	0	0
–	Other securities	0	0	0
–	Loans granted	19 345	24 351	4 406
–	Other current financial assets	0	0	0
b)	In other entities	0	0	7 064
–	Shares or stocks	0	0	0
–	Other securities	0	0	0
–	Loans granted	0	0	7 064
–	Other current financial assets	0	0	0
c)	Cash and other cash assets	32 816	92 274	92 258
–	Cash in hand and at bank	17 470	78 060	73 404
–	Other cash	15 346	14 214	18 854
–	Other cash assets	0	0	0
2.	Other current investments	0	0	0
IV.	**Current prepayments**	**135 208**	**124 397**	**73 020**
	Assets under unfinished construction contracts	131 297	120 765	68 540
	Other	3 911	3 632	4 480
V.	**Fixed assets held for sale**	**0**	**0**	**0**
	TOTAL ASSETS	**702 450**	**689 733**	**644 937**

LIABILITIES

		31.03.2018	31.12.2017	31.03.2017
A.	**Equity (own fund)**	**231 086**	**228 809**	**220 189**
I.	**Share capital (fund)**	1 281	1 281	1 281
II.	**Called-up share capital (negative value)**	0	0	0
III.	**Treasury shares (negative value)**	0	0	0
IV.	**Reserve capital (fund), incl.**	222 245	222 245	222 245
	- share premium	124 592	124 592	124 592
V.	**Revaluated capital (fund), incl.**	304	1 762	2 963
	- revaluation of fair value	304	1 762	2 963
VI.	**Other reserve capital (funds)**	11 103	11 103	0
	- created under the Articles of Association	11 103	11 103	0
	- for own shares (stocks)	0	0	0
VII.	**Retained earnings / loss brought forward**	-7 583	-20 122	-9 019
VIII.	**Net profit (loss)**	3 735	12 539	2 719
IX.	**Write-down of net profit for the financial year (negative value)**	0	0	0
B.	**Liabilities and provisions for liabilities**	**471 364**	**460 924**	**424 748**
I.	**Provisions for liabilities**	**46 328**	**45 570**	**30 478**
1.	Deferred income tax provision	25 211	23 676	13 874
2.	Provision for retirement and related benefits	7 847	7 847	5 558
–	Non-current	1 443	1 443	897
–	Current	6 404	6 404	4 661
3.	Other provisions	13 270	14 047	11 046
–	Non-current	0	0	0
–	Current	13 270	14 047	11 046
II.	**Long-term liabilities**	**54 820**	**54 820**	**55 069**
1.	To related parties	0	0	0
2.	To other entities	54 820	54 820	55 069
a)	Loans and borrowings	0	0	0
b)	Issue of debt securities	52 000	52 000	52 000
c)	Other financial liabilities	2 820	2 820	2 319
d)	Other	0	0	750
III.	**Short-term liabilities**	**323 468**	**330 542**	**283 561**
1.	To related parties	10 599	18 658	52 042
a)	Deliveries and services with a maturity of	10 599	18 658	52 042
–	less than 12 months	7 001	14 929	51 914
–	over 12 months	3 598	3 729	128
b)	Other	0	0	0
2.	To other entities	312 869	311 884	231 519
a)	Loans and borrowings	50 208	0	0
b)	Issue of debt securities	0	3 950	0
c)	Other financial liabilities	2 453	2 453	2 934
d)	Deliveries and services with a maturity of	235 568	281 755	199 350
–	less than 12 months	234 476	278 055	195 331
–	over 12 months	1 092	3 700	4 019
e)	Prepaid deliveries	5 928	5 750	6 262
f)	Bills	0	0	0
g)	Taxes, customs, social insurance and other benefits	16 839	15 072	20 790
h)	Salaries	1 670	1 702	1 538
i)	Dividend payment	0	0	0
j)	Other	203	1 202	645
3.	Special funds	0	0	0
IV.	**Accruals**	**46 748**	**29 992**	**55 640**
1.	Other accruals	46 748	29 992	55 640
	TOTAL LIABILITIES	**702 450**	**689 733**	**644 937**

Calculation of book value per share

	31.03.2018	31.12.2017	31.03.2017
Book value (in 000' PLN)	231 086	228 809	220 189
Number of shares	12 811 859	12 811 859	12 811 859
Book value per share (in PLN)	18.04	17.86	17.19

PROFIT AND LOSS STATEMENT

	Quarter to 31.03.2018	Year to 31.12.2017	Quarter to 31.03.2017	Year to 31.12.2017
Revenues from sales of products, goods and materials, incl.:	**291 619**	**1 215 475**	**260 227**	**1 074 944**
- From related parties	11 942	13 182	467	5 070
Net revenues from sales of products	291 619	1 215 035	260 227	1 074 884
Net revenues from sales of goods and materials	0	440	0	60
Cost of products, goods and materials sold, incl.:	**280 921**	**1 142 336**	**245 263**	**1 000 823**
- To related parties	10 664	92 003	9 560	44 950
Product cost of goods sold	280 921	1 141 899	245 263	1 000 823
Value of goods and materials sold	0	438	0	0
Gross profit (loss) on sales	**10 698**	**73 139**	**14 964**	**74 121**
Sales costs	0	0	0	0
General and administrative costs	10 544	48 413	11 370	48 582
Profit (loss) on sales	**154**	**24 726**	**3 594**	**25 539**
Other operating revenues	**2 671**	**4 573**	**2 834**	**8 476**
Profit on disposal of non-financial fixed assets	121	183	5	3 995
Subsidies	0	0	0	0
Other operating revenues	2 550	4 390	2 829	4 482
Other operating expenses	**176**	**12 002**	**161**	**6 359**
Loss on disposal of non-financial assets	0	0	0	0
Revaluation of non-financial fixed assets	0	0	0	0
Other operating expenses	176	12 002	161	6 359
Profit (loss) on operating activities	**2 649**	**17 297**	**6 267**	**27 656**
Financial revenues	**4 066**	**6 018**	**124**	**24 475**
Dividends and profit sharing	0	2 721	0	17 499
- From related parties, incl.:	0	2 721	0	17 499
those in which capital the entity is involved	0	2 721	0	499
Interest	0	0	0	0
- From related parties	0	0	0	0
Profit from the disposal of financial assets, incl.:	1 853	2 333	122	1 579
- In related parties	0	1 125	0	191
Revaluation of investments	0	0	0	0
Other	0	0	0	0
Financial costs	0	0	0	0
Interest:	2 213	964	2	5 397
- to related parties	**1 628**	**7 552**	**2 925**	**41 266**
Loss on the disposal of financial assets, incl.:	1 013	4 636	872	5 241
- to related parties	0	0	0	0
Revaluation of investments	0	0	0	33 675
Other	0	0	0	33 675
Profit (loss)) on operating activities	0	0	0	0
Gross profit (loss)	615	2 916	2 053	2 350
Income tax	**5 087**	**15 763**	**3 466**	**10 865**
Other statutory reductions in profit (increases in loss)	1 352	3 224	747	-238
Net profit (loss)	0	0	0	0
Dividends and profit sharing	**3 735**	**12 539**	**2 719**	**11 103**
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)	**0.2915/0.2915**	**0.9787/0.9787**	**0.2122/0.2122**	**0.8666/0.866**

CASH FLOW STATEMENT

	Quarter to 31.03.2018	Year to 31.12.2017	Quarter to 31.03.2017	Year to 31.12.2017
Net profit (loss)	**3 735**	**12 539**	**2 719**	**11 103**
Total adjustments	**-93 339**	**-47 711**	**-31 889**	**12 387**
Amortisation and depreciation	293	2 758	255	2 971
Foreign currency translation gain (loss)	-455	-40	1 828	-412
Interest and profit sharing (dividends)	363	-933	740	-13 474
(Profit (loss) on investment activities	-121	-183	-5	-3 995
Change in provisions	829	11 815	-4 387	-4 406
Change in inventory	-439	-356	0	147
Change in receivables	-45 052	18 518	8 266	-34 762
Change in short-term liabilities, excluding credits and loans	-53 331	6 211	-37 301	24 768
Change in prepayments and accruals	4 607	-85 502	-1 248	7 957
Impairment allowance for investments	0	0	0	33 675
Other adjustments	-32	0	-37	-82
Net cash flows from operating activities	**-89 604**	**-35 172**	**-29 170**	**23 490**
Cash flows from investment activities				
Inflows	**6 893**	**15 401**	**154**	**79 904**
Disposal of intangible and tangible fixed assets	11	88	45	7 091
Disposal of investments in real property and intangible assets	0	0	0	655
From financial assets, incl.:	6 883	15 313	109	72 159
a) In related parties	5 032	7 772	51	72 022
- Disposal of financial assets	0	0	0	45 000
- Dividends and profit sharing	0	2 721	0	17 499
- Repayment of granted long-term loans	5 000	5 051	51	9 456
- Interest	32	0	0	67
- Other inflows from financial assets	0	0	0	0
b) In other entities	1 851	7 541	58	137
- Disposal of financial assets	0	0	0	0
- Dividends and profit sharing	0	0	0	0
- Repayment of granted long-term loans	0	7 426	0	0
- Interest	1 851	115	58	137
- Other inflows from financial assets	0	0	0	0
Other inflows from investment activities	0	0	0	0
Outflows	**21 391**	**21 008**	**11 317**	**32 035**
Purchase of intangible assets and tangible fixed assets	175	1 704	28	747
Investments in real property and intangible assets	0	0	0	0
In financial assets, incl.:	21 216	17 804	11 289	31 288
a) In related parties	21 216	17 804	11 289	31 288
- Purchase of financial assets	21 191	0	0	15 000
- Long-term loans granted	25	17 804	11 289	16 288
b) In other entities	0	0	0	0
- Purchase of financial assets	0	0	0	0
- Long-term loans granted	0	0	0	0
Other investment expenses	0	1 500	0	0
Net cash flows from investment activities	**-14 498**	**-5 607**	**-11 163**	**47 870**

	Quarter to 31.03.2018	Year to 31.12.2017	Quarter to 31.03.2017	Year to 31.12.2017
Cash flow from financial activities				
Inflows	**50 208**	**3 496**	**0**	**0**
Net inflows from issue of shares and other capital instruments and from capital contributions	0	0	0	0
Loans and borrowings	50 208	0	0	0
Issue of debt instruments	0	3 496	0	0
Other financial inflows	0	0	0	0
Outflows	**5 564**	**21 254**	**18 221**	**21 773**
Redemption of own shares	0	0	0	0
Dividends and other payments to the shareholders	0	14 990	14 990	15 374
Expenses due to profit distribution other than payments to shareholders	0	0	0	0
Repayment of loans and borrowings	0	0	0	0
Repayment of debt instruments issued	3 950	0	0	0
Due to other financial liabilities	0	0	0	0
Payment of liabilities arising from financial leases	0	2 459	1 771	1 771
Interest paid	1 614	3 805	1 460	4 628
Other financial expenses	0	0	0	0
Net cash flow from financial activities	**44 644**	**-17 758**	**-18 221**	**-21 773**
Total net cash flow	**-59 458**	**-58 537**	**-58 554**	**49 587**
Balance sheet change in cash, incl.:	**-59 458**	**-58 537**	**-58 554**	**49 587**
- change in cash due to foreign exchange differences				
Cash opening balance	**92 274**	**150 812**	**150 812**	**101 225**
Closing balance of cash, incl.:	**32 816**	**92 274**	**92 258**	**150 812**
- restricted cash	15 346	14 214	18 854	18 859

STATEMENT OF CHANGES IN EQUITY

	Quarter to 31.03.2018	Year to 31.12.2017	Quarter to 31.03.2017	Year to 31.12.2017
I. Opening balance of equity	**228 809**	**213 866**	**254 896**	**213 867**
– changes in accounting rules (policy) applied	0	0	0	0
– correction of fundamental errors	0	0	-20 122	0
I.a. Opening balance of equity after reconciliation to comparable data	**228 809**	**213 866**	**234 774**	**213 867**
1. Opening balance of equity	**1 281**	**1 281**	**1 281**	**1 281**
1.1. Changes in share capital	**0**	**0**	**0**	**0**
a) Increase	0	0	0	0
- Issue of Series “I” Shares	0	0	0	0
- Issue of Series “J” Shares	0	0	0	0
b) Decrease	0	0	0	0
- redemption of shares/stocks	0	0	0	0
1.2. Closing balance of equity	**1 281**	**1 281**	**1 281**	**1 281**
2. Opening balance of called-up share capital	**0**	**0**	**0**	**0**
2.1. Change in called-up share capital	0	0	**0**	0
a) Increase	0	0	0	0
b) Decrease	0	0	0	0
2.2. Closing balance of called-up share capital	**0**	0	0	**0**
3. Treasury shares (stocks) at the beginning of the period	**0**	0	**0**	**0**
a) Increase	0	0	0	0
b) Decrease	0	0	0	0
3.1. Treasury shares (stocks) at the end of the period	**0**	0	**0**	**0**
4. Supplementary capital at the beginning of the period	**222 245**	**222 245**	**241 212**	**222 245**
4.1. Change in supplementary capital	0	0	-18 967	0
a) Increase	0	0	11 397	0
– capital reserves transfer	0	0	0	0
– profit distribution	0	0	11 397	0
– redemption of shares	0	0	0	0
- issue of Series „I” shares above their value	0	0	0	0
- issue of Series „J” shares above their value	0	0	0	0
– manager options	0	0	0	0
b) Decrease	0	0	30 364	0
– dividend payment	0	0	30 364	0
– redemption of shares	0	0	0	0
4.2. Supplementary capital at the end of the period	**222 245**	**222 245**	**222 245**	**222 245**
5. Revaluation reserve at the beginning of the period	**1 762**	**-641**	**1 006**	**-641**
5.1. Changes in revaluation reserve	-1 458	2 403	-1 646	3 604
a) Increase	0	2 403	0	3 604
– valuation of financial assets	0	2 403	0	3 604
b) Decrease	1 458	0	1 646	0
– valuation of financial instruments	1 458	0	1 646	0
5.2. Revaluation reserve at the end of the period	**304**	**1 762**	**-641**	**2 963**
6. Other capital reserves at the beginning of the period	**11 103**	**0**	**0**	**0**
6.1. Changes in other capital reserves	0	11 103	0	0
Changes in other capital reserve	0	11 103	0	0
- from earnings	0	11 103	0	0
b) Decrease	0	0	0	0
6.2. Other capital reserves at the end of the period	**11 103**	**11 103**	**0**	**0**

	Quarter to 31.03.2018	Year to 31.12.2017	Quarter to 31.03.2017	Year to 31.12.2017
7. Retained earnings / carried forward loss at the beginning of the period	**12 539**	**11 103**	**11 397**	**11 103**
7.1. Retained earnings at the beginning of the period	12 539	11 103	11 397	11 103
– correction of fundamental errors	0	0	0	0
– recognition of the last year result as a result of previous years	0	0	0	0
7.2 Retained earnings at the beginning of the period after reconciliation to comparable data	12 539	11 103	11 397	11 103
a) Increase	0	0	0	0
b) Decrease	0	11 103	11 397	0
– profit-sharing to supplementary capital	0	11 103	0	0
– profit-sharing to dividends	0	0	11 397	0
– profit-sharing to cover losses from previous years	0	0	0	0
7.3. Retained earnings at the end of the period	**12 539**	**0**	**0**	**11 103**
7.4. Loss from previous years at the beginning of the period	**-20 122**	**-20 122**	**0**	**-20 122**
– correction of fundamental errors	-20 122	-20 122	0	-20 122
7.5. Loss from previous years at the beginning of the period, after reconciliation with comparable data	0	0	0	0
a) Increase	0	0	0	0
b) Decrease (profit-sharing to cover losses)	0	0	0	0
7.6. Loss from previous years at the end of the period	**-20 122**	**0**	**0**	**0**
7.7 Retained earnings (carried forward loss) at the end of the period	**-7 583**	**-20 122**	**-20 122**	**-9 019**
8. Net result	**3 735**	**12 539**	**11 103**	**2 719**
a) Net profit	3 735	12 539	11 103	2 719
b) Net loss	0	0	0	0
c) Write-downs from the profit	0	0	0	0
II. Closing balance of equity	**231 086**	**228 809**	**213 867**	**220 189**
III. Equity after proposed profit distribution (loss coverage)	**231 086**	**228 809**	**213 867**	**220 189**

1. Policies adopted to prepare the statements

1.1. Accounting principles applied

The Financial Statements of ERBUD SA for the first quarter of 2018 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 2017.

1.2. Principles adopted for converting selected financial data into EURO

Selected financial figures have been converted into Euro according to the following rules:

- Assets and liabilities items – at the average exchange rate as at 31 March 2018, i.e. **4.2085** PLN/EUR;
- Items of the profit or loss statement and the cash flow statement for the 1Q 2018 - at the rate based on the arithmetic mean of mid rates published by the National Bank of Poland as at the last day of each finished month during the period from 1 January to 31 March 2018, i.e. **4.1784** PLN/EUR;
- Assets and liabilities items of comparable financial data for the 1Q 2017 - at the average exchange rate as at 31 March 2017, i.e. **4.2198** PLN/EUR;
- Items of the profit or loss statement and the cash flow statement of comparable financial data for the 1Q 2017 - at the rate based on the arithmetic mean of mid rates published by the National Bank of Poland as at the last day of each finished month during the period from 1 January to 31 March 2017, i.e. **4.2891** PLN/EUR.

KEY ITEMS CONVERTED INTO EURO

	31.03.2018		31.03.2017	
	PLN	EUR	PLN	EUR
Fixed assets	147 937	35 152	138 472	32 815
Current assets	554 513	131 760	506 465	120 021
Shareholders' equity	231 086	54 909	220 189	52 180
Liabilities and provisions for liabilities	471 364	112 003	424 748	100 656

	Three month period ended 31.03.2018		Three month period ended 31.03.2017	
	PLN	EUR	PLN	EUR
Revenues from sales of products and services and of goods and materials	291 619	69 792	254 602	59 360
Cost of sold products and services and of goods and materials	280 921	67 232	239 638	55 871
Profit on sales before taxes	10 698	2 560	14 964	3 489
Profit on operating activities	2 649	634	6 267	1 461
Profit (loss) before taxes	5 087	1 217	3 466	808
Net profit (loss)	3 735	894	2 719	634

	Three month period ended 31.03.2018		Three month period ended 31.03.2017	
	PLN	EUR	PLN	EUR
Cash flow from operating activities	-89 604	-21 445	-29 170	-6 801
Cash flow from investing activities	-14 498	-3 470	-11 163	-2 603
Cash flow from financing activities	44 644	10 684	-18 221	-4 248
Net cash flow	-59 458	-14 231	-58 554	-13 652
Cash at the beginning of the period	92 274	22 123	150 812	34 089
Cash at the end of the period	32 816	7 798	92 258	21 863

EXPLANATORY NOTES

Note 1. Operating segments information

During the period ended 31 March 2018, the Company conducted operations in the following business segments:

- civil engineering - building construction;
- industrial construction.

During the period ended 31 March 2018, the Company operated under the following geographical segments:

- domestic;
- abroad (Belgium).

The segmentation was made by qualifying individual construction contracts. The Company applies a uniform accounting policy for all segments. Only changes were made in the scope of the reported segments. The reporting 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 tables below present figures concerning revenues and profits of particular business segments of the Company for the period from 1 January to 31 March 2018:

Proceeds and expenses by business segments

For the period from 1 January to 31 March 2018	Building construction at home	Building construction abroad	Industrial construction	Other segment	Total
Sale to external clients	281 152	8 079	2 388	0	**291 619**
Total income	**281 152**	**8 079**	**2 388**	0	**291 619**
Prime costs	270 792	7 625	2 504	0	280 921
Result on other operating activity	**6 673**	**-446**	**-2**	-928	**-8 049**
Segment result – EBIT	**3 688**	**8**	**-118**	-928	**2 649**
EBIT margin	**1.31%**	**0.10%**	**2.22%**	-	**0.9%**
Result on financial activity	2 285	153	0	0	**2 438**
Income tax	1 352	0	0	0	**1 352**
Net profit	**4 620**	**161**	**-118**	-928	**3 735**

Proceeds and expenses by business segments

For the period from 1 January to 31 March 2017	Building construction	Industrial construction	Other activity	Total
Sale to external clients	257 914	2 313	0	**260 277**
Total income	**257 914**	**2 313**	**0**	**260 277**
Cost of products, goods and materials sold outside	243 200	2 063	**0**	**245 263**
Total cost of products, goods and materials sold	**243 200**	**2 063**	**0**	**245 263**
Gross profit (loss) on sales	**14 714**	**250**	**0**	**14 964**
Sales cost	0	0	0	**0**
General and administrative expenses	9 964	19	1 388	**11 370**
Result on other operating activities	2 673	0	0	**2 673**
Segment result	**7 423**	**232**	**-1 388**	**6 267**
Result on financial activity	-2 800	0	0	**-2 800**
Income tax	747	0	0	**747**
Net profit	**3 875**	**232**	**-1 388**	**2 719**

Geographical segments

The tables below present figures concerning revenues and profits of particular region segments of the Company for the period from 1 January to 31 March 2018:

Proceeds and expenses by geographical segments

For the period from 1 January to 31 March 2018	At home	Abroad	Total
Sale to external clients	283 540	8 079	**291 619**
Total income	**283 540**	**8 079**	**291 619**
Prime costs	273 296	7 625	280 921
Result on other operating activity	**-7 603**	**-446**	**-8 049**
Segment result – EBIT	**2 641**	**8**	**2 649**
EBIT margin	0.93%	**0.10%**	**0.90%**
Result on financial activity			
	2 285	153	**2 438**
Income tax	1 352	0	**1 352**
Net profit	**3 574**	**161**	**3 735**

Proceeds and expenses by geographical segments

For the period from 1 January to 31 March 2017	At home	Abroad	Total
Sale to external clients	253 773	6 454	260 227
Total income	**253 773**	**6 454**	**260 227**
Cost of products, goods and materials sold outside	239 267	5 996	245 263
Total cost of products, goods and materials sold	**239 267**	**5 996**	**245 263**
Gross profit (loss) on sales	**14 506**	**458**	**14 964**
Sales cost	0	0	**0**
General and administrative expenses	10 726	644	**11 370**
Result on other operating activities	2 436	237	**2 673**
	6 216	**51**	**6 267**
Segment result			
Result on financial activity	-1 771	-1 030	**-2 800**
Income tax	747	0	**747**
Net profit	**3 698**	**-979**	**2 719**

Note 2. Factors and events with a material impact on the financial performance of ERBUD S.A..

2.1 Changes in estimates

Construction contracts

For the valuation of long-term construction services, the contract performance method resulting from the measurement was applied. Revenues, costs and profit were shown proportionally to the stage of completion of works.

Construction contracts prepayments

	31.03.2018	31.12.2017	31.03.2017
Revenue surplus over partial invoices, by work progress	41 964	51 046	38 027
Costs surplus over expenses arising from the accounting costs, by work progress	28 855	11 688	43 141
Surplus on partial invoices over incomes, by work progress	17 893	18 304	12 499
Surplus on costs resulting from the accounting costs over expenses, by work progress	89 333	69 719	30 513
Total amounts presented in prepayments	131 297	120 765	68 540
Total amounts presented in accruals	46 748	29 992	55 640

Deferred income tax assets and provisions

Deferred income tax assets	31.03.2018	31.12.2017	31.03.2016
- Valuation of long-term contracts	8 882	5 698	10 572
- Costs of subsequent periods	765	2 268	14 400
- Work-in-progress	21 639	21 639	0
- Other	7 513	7 856	5 260
Total deferred income tax assets	**38 799**	**37 461**	**30 232**

Provision:	31.03.2018	31.12.2017	31.03.2016
- Valuation of long-term contracts	24 947	22 951	13 028
- Other	264	725	846
Total deferred income tax provisions	**25 211**	**23 676**	**13 874**

Impairment allowances for receivables

Change in write-downs on short-term receivables

	31.03.2018	31.12.2017	31.03.2016
As at the beginning of the period	13 077	**7 343**	7 343
a) Increase (due to)	0	7 700	0
- Creation	0	7 700	0
b) Decrease (due to)	0	1 966	0
- Impairment loss release	0	1 966	0
- Use of write-downs	0	0	0
Write-downs on short-term receivables at the end of the period	**13 077**	**13 077**	**7 343**

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 the period from 1 January 2018 to 31 March 2018, such significant changes did not occur.

Signatures of Board Members

Józef Zubelewicz
/Board Member/

Dariusz Grzeszczak
/Board Member/

Agnieszka Głowacka
/Board Member/

Warsaw, May 15, 2018