ERBUD S.A.

Condensed Separate Financial Statements FY 2018 Quarter 3

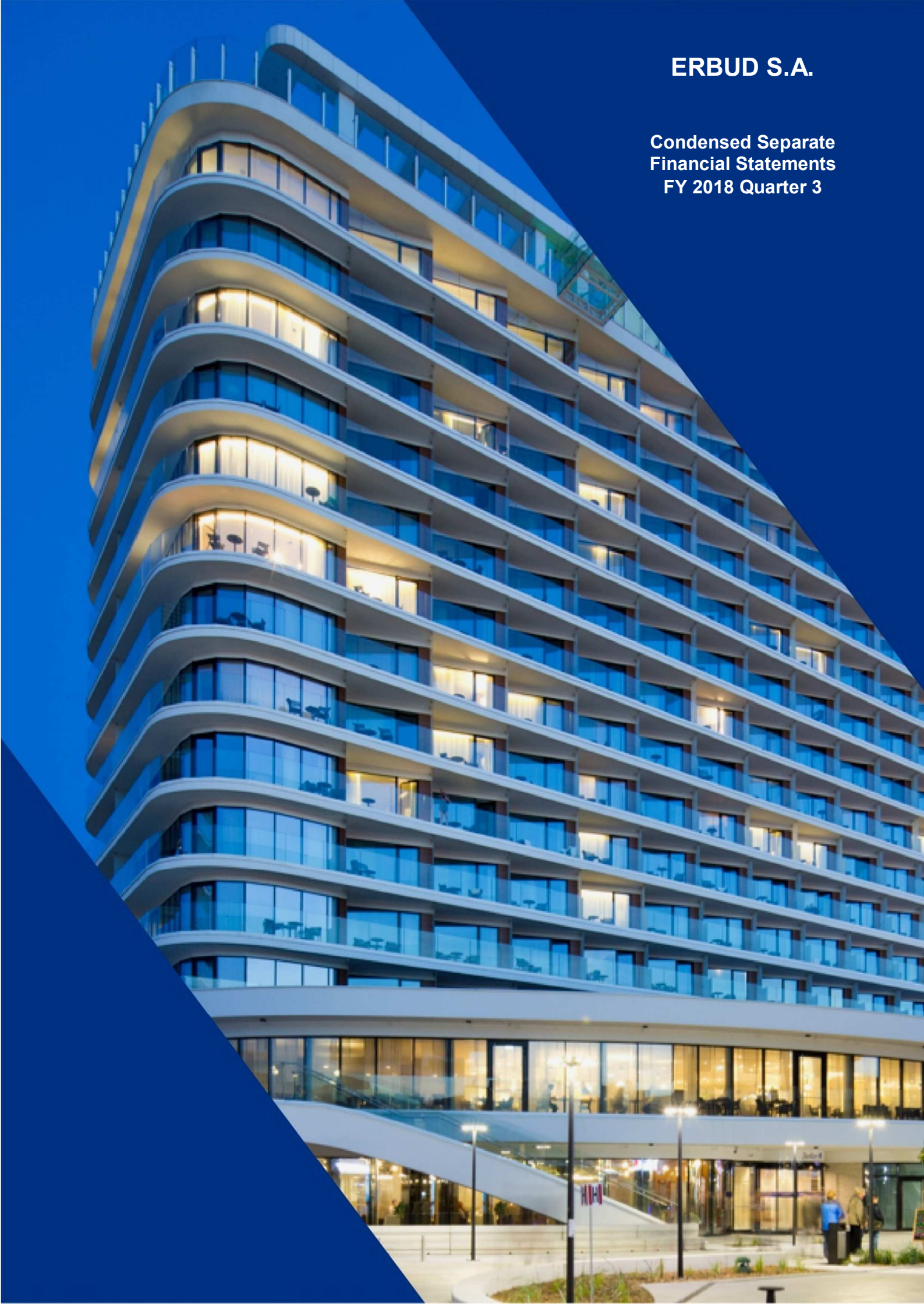


TABLE OF CONTENTS

Introduction to Financial Statements ... 3
BALANCE SHEET ... 4
PROFIT AND LOSS STATEMENT ... 7
CASH FLOW STATEMENT ... 8
STATEMENT OF CHANGES IN EQUITY ... 10
Key items converted to the Euro ... 12
EXPLANATORY NOTES ... 14
Note 1. Operating segments information ... 14
Note 2. Description of factors and events which had a significant impact on financial performance ... 15
Note 2.1 Changes in estimates ... 15
Construction contracts ... 15
Construction contracts prepayments ... 15
Provisions and assets due to deferred income tax ... 16
Impairment allowances for receivables ... 16
Note 3. Issue / Redemption / Repayment of equity securities ... 17

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 nine months ended 30 September 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 2018, Item 359 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 these Condensed Separate Financial Statements and those previously prepared and published in the Condensed Separate Financial Statements

In the period covered by these Condensed Separate Financial Statements and in the previous period there were no events requiring 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 these 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 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
Michał Otto	- Supervisory Board Member
Janusz Reiter	- Supervisory Board Member
Piotr Kaczmarek	- Supervisory Board Member

CONDENSED SEPARATE FINANCIAL STATEMENT
for the nine months ended 30 September 2018 (in PLN '000)

BALANCE SHEET

ASSETS

		30.09.2018	31.12.2017
A.	**Fixed assets**	**165 433**	**127 058**
I.	**Intangible assets**	**127**	**231**
1.	Finished R&D expenses	0	0
2.	Goodwill	0	0
3.	Other intangible assets	127	231
4.	Prepaid intangible assets	0	0
II.	**Tangible assets**	**10 851**	**10 471**
1.	Tangible fixed assets	10 851	10 471
a)	Land, incl. perpetual usufruct	0	0
b)	Buildings, premises and civil and water engineering structures	3 146	2 939
c)	Plant and equipment	141	165
d)	Means of transport	7293	6 988
e)	Other tangible fixed assets	271	379
2.	Fixed assets under construction	0	0
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**	**113 457**	**78 895**
1.	Real property	0	0
2.	Intangibles	0	0
3.	Non-current financial assets	113 457	78 895
a)	In related parties, incl.:	112 685	75 948
–	Shares or stocks	111 734	75 156
–	Loans granted	951	792
b)	In other entities, incl.:	772	2 947
–	Other non-current financial assets	772	2 947
4.	Other non-current investments	0	0
V.	**Long-term prepayments**	**40 998**	**37 461**
1.	Deferred tax assets	40 998	37 461
2.	Other prepayments	0	0

		30.09.2018	31.12.2017
B.	**Current assets**	**589 701**	**562 675**
I.	**Inventories**	**123**	**356**
1.	Materials	0	0
2.	Semi-finished products and products in progress	123	356
3.	Finished products	0	0
4.	Goods	0	0
5.	Prepaid deliveries	0	0
II.	**Short-term receivables**	**409 687**	**321 297**
1.	From related parties	5 902	7 789
a)	Trade receivables with a maturity of	5 902	5 689
–	less than 12 months	5 902	5 689
–	over 12 months	0	0
b)	Other	0	2 100
2.	Receivables from other entities	403 785	313 508
a)	Trade receivables with a maturity of	389 431	302 612
–	less than 12 months	378 647	290 750
–	over 12 months	10 784	11 862
b)	Receivables from tax, subsidy, customs, social security and other benefits	3 795	361
c)	Other	10 559	10 535
III.	**Short-term investments**	**64 550**	**116 625**
1.	Current financial assets	64 550	116 625
a)	In related parties	17 859	24 351
–	Loans granted	17 859	24 351
b)	In other entities	0	0
c)	Cash and other cash assets	46 690	92 274
–	Cash in hand and at bank	32 201	78 060
–	Other cash	14 489	14 214
2.	Other current investments	0	0
IV.	**Current prepayments**	**115 341**	**124 397**
-	Assets under unfinished construction contracts	**111 107**	120 765
-	Other	**4 234**	3 632
V.	**Fixed assets held for sale**	**0**	**0**
	TOTAL ASSETS	**755 134**	**689 733**

LIABILITIES

		30.09.2018	31.12.2017
A.	**Equity**	**195 775**	**228 809**
I.	**Share capital**	1 1281	1 281
II.	**Called-up share capital (negative value)**	0	0
III.	**Treasury shares (negative value)**	0	0
IV.	**Reserve capital, incl.**	219 266	222 245
	- contributed surplus form selling shares (stock) above par value	124 592	124 592
V.	**Revaluated capital, incl.**	-6	1 762
	- revaluation of fair value	-6	1 762
VI.	**Other reserve capital**	11 103	11 103
	- created under the Articles of Association	11 103	11 103
	- for own shares (stocks)	0	0
VII.	**Retained earnings / loss brought forward**	-20 122	-20 122
VIII.	**Net profit (loss)**	-15 747	12 539
IX.	**Write-down of net profit for the financial year (negative value)**	0	0
B.	**Liabilities and provisions for liabilities**	**559 359**	**460 924**
I.	**Provisions for liabilities**	**44 329**	**45 570**
1.	Deferred income tax provision	21 290	23 676
2.	Provision for retirement and related benefits	8 254	7 847
–	Non-current	1 444	1 443
–	Current	6 810	6 404
3.	Other provisions	14 785	14 047
–	Non-current	0	0
–	Current	14 785	14 047
II.	**Long-term liabilities**	**55 029**	**54 820**
1.	To related parties	0	0
2.	To other entities	55 029	54 820
a)	Loans and borrowings	0	0
b)	Issue of debt securities	52 000	52 000
c)	Other financial liabilities	3 029	2 820
d)	Other	0	0
III.	**Short-term liabilities**	**389 493**	**330 542**
1.	To related parties	25 803	18 658
a)	Deliveries and services with a maturity of	21 638	18 658
–	less than 12 months	19 873	14 929
–	over 12 months	1 765	3 729
b)	Other	4 165	0
2.	To other entities	363 690	311 884
a)	Loans and borrowings	5 297	0
b)	Issue of debt securities	0	3 950
c)	Other financial liabilities	2 415	2 453
d)	Deliveries and services with a maturity of	307 220	281 755
–	less than 12 months	302 337	278 055
–	over 12 months	4 883	3 700
e)	Prepaid deliveries	20 893	5 750
f)	Bills	0	0
g)	Taxes, customs, social insurance and other benefits	26 194	15 072
h)	Salaries	1 362	1 702
i)	Liabilities due to shareholders arising from dividend payment	0	0
j)	Other	309	1 202
3.	Special funds	0	0
IV.	**Accruals**	**70 508**	**29 992**
1.	Accruals due to construction contracts	70 508	29 992
	TOTAL LIABILITIES	**755 134**	**689 733**

Calculation of book value per share

	30.09.2018	31.12.2017
Book value (in 000' PLN)	195 775	228 809
Number of shares	12 811 859	12 811 859
Book value per share (in PLN)	15.28	17.86

PROFIT AND LOSS STATEMENT

	Quarter to 30.09.2018	Year to 30.09.2018	Quarter to 30.09.2017	Year to 30.09.2017
Revenues from sale of products, goods and materials, incl.:	**434 005**	**1 052 397**	**339 117**	**913 404**
- From related parties	592	1 929	2 352	12458
Net revenues from sale of products	434 005	1 052 397	339 008	912 963
Net revenues from sale of goods and materials	0	0	109	441
Cost of sold products, goods and materials, incl.:	**418 241**	**1 045 207**	**323 048**	**857 466**
- To related parties	11 535	25 381	14 167	79 162
Cost of production of goods sold	418 241	1 045 207	322 939	857 028
Value of goods and materials sold	0	0	109	438
Gross profit (loss) on sales	**15 764**	**7 190**	**16 069**	**55 938**
Costs of sale	0	0	0	0
General and administrative costs	10 479	36 059	12 057	35 415
Profit (loss) on sales	**5 284**	**-28 869**	**4 012**	**20 523**
Other operating revenues	**1 276**	**4 880**	**2 223**	**3 656**
Profit on disposal of non-financial fixed assets	20	57	88	168
Subsidies	0	0	0	0
Other operating revenues	1 256	4 823	2 135	3 488
Other operating expenses	**768**	**7 080**	**2 256**	**5 738**
Loss on disposal of non-financial assets	0	0	0	0
Revaluation of non-financial fixed assets	0	0	0	0
Other operating expenses	768	7 080	2 256	5 738
Profit (loss) on operating activities	**5 793**	**-31 069**	**3 979**	**18 441**
Financial revenues	**-2 051**	**15 216**	**513**	**2 757**
Dividends and profit sharing	0	9 754	0	1 295
- From related parties, incl.:	0	9 754	0	1 295
those in which capital the entity is involved	0	9 754	0	1 295
Interest	-34	2 931	65	959
- From related parties	0	815	0	529
Profit from the disposal of financial assets, incl.:	0	0	0	0
- In related parties	0	0	0	0
Revaluation of investments	0	0	0	0
Other	-2 017	2 531	448	503
Financial costs	**2 191**	**5 402**	**980**	**6 256**
Interest:	1 089	3 327	1 416	4 298
- to related parties	0	0	0	0
Loss on the disposal of financial assets, incl.:	0	0	0	0
- to related parties	0	0	0	0
Revaluation of investments	0	0	0	0
Other	1 101	2 075	-436	1 958
Profit (loss)) on operating activities	**1 551**	**-21 255**	**3 512**	**14 942**
Gross profit (loss)	**1 551**	**-21 255**	**3 512**	**14 942**
Income tax	223	-5 508	894	3 307
Other statutory reductions in profit (increases in loss)	0	0	0	0
Net profit (loss)	**1 328**	**-15 747**	**2 618**	**11 635**
Weighted average number of ordinary shares / Diluted weighted average number of ordinary shares	**12 811 859**	**12 811 859**	**12 811 859**	**12 811 859**
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)	**0.0001**	**-1.2291**	**0.2043**	**0.9081**

CASH FLOW STATEMENT

	Year to 30.09.20188	Year to 30.09.2017
Net profit (loss)	**-15 747**	**11 635**
Total adjustments	**4 282**	**-106 396**
Amortisation and depreciation	1 889	1 517
Foreign currency translation gain (loss)	-356	-365
Interest and profit sharing (dividends)	-9356	1 251
(Profit (loss) on investment activities	-57	-168
Change in provisions	-1 241	6 868
Change in inventory	233	0
Change in receivables	-87 803	-47 571
Change in short-term liabilities, excluding credits and loans	54 939	-18 772
Change in prepayments and accruals	46 034	-49 156
Other adjustments	0	0
Net cash flows from operating activities	**-11 465**	**-94 761**
Cash flows from investment activities		
Inflows	**19 665**	**1 529**
Disposal of intangible and tangible fixed assets	174	87
Disposal of investments in real property and intangible assets	0	0
From financial assets, incl.:	19 491	1 442
a) In related parties	17 451	1 346
- Disposal of financial assets	0	0
- Dividends and profit sharing	9 754	1 295
- Repayment of granted long-term loans	7 187	0
- Interest	510	51
- Other inflows from financial assets	0	0
b) In other entities	2 040	96
- Disposal of financial assets	0	0
- Dividends and profit sharing	0	0
- Repayment of granted long-term loans	0	0
- Interest	2 040	96
- Other inflows from financial assets	0	0
Other inflows from investment activities	0	0
Outflows	**39 845**	**18 987**
Purchase of intangible assets and tangible fixed assets	849	1 375
Investments in real property and intangible assets	0	0
In financial assets, incl.:	38 996	16 112
a) In related parties	38 996	16 112
- Purchase of financial assets	38 039	0
- Long-term loans granted	957	16 112
b) In other entities	0	0
- Purchase of financial assets	0	0
- Long-term loans granted	0	0
Other investment expenses	0	1 500
Net cash flows from investment activities	**-20 180**	**-17 458**

	Year to 30.09.20188	Year to 30.09.2017
Cash flow from financial activities		
Inflows	**9 463**	**44 389**
Net inflows from issue of shares and other capital instruments and from capital contributions	0	0
Loans and borrowings	9 463	42 893
Issue of debt instruments	0	1 496
Other financial inflows	0	0
Outflows	**23 402**	**19 549**
Redemption of own shares	0	0
Dividends and other payments to the shareholders	14 093	14 990
Expenses due to profit distribution other than payments to shareholders	0	0
Repayment of loans and borrowings	0	0
Repayment of debt instruments issued	3 950	0
Due to other financial liabilities	0	0
Payment of liabilities arising from financial leases	1 426	1 156
Interest paid	3 933	3 403
Other financial expenses	0	0
Net cash flow from financial activities	**-13 939**	**24 840**
Total net cash flow	**-45 584**	**-87 379**
Balance sheet change in cash, incl.:	**-45 584**	**-87 379**
- change in cash due to foreign exchange differences	0	0
Cash opening balance	**92 274**	**150 812**
Closing balance of cash, incl.:	**46 690**	**63 433**
- restricted cash	14 489	16 352

STATEMENT OF CHANGES IN EQUITY

	Nine months ended 30.09.2018	Twelve months ended 31.12.2017	Nine months ended 30.09.2017
I. Equity opening balance	**228 809**	**213 866**	**213 867**
– changes in accounting rules (policy) applied	0	0	0
– correction of material errors	0	0	0
I.a. Equity opening balance at the beginning of the period after adjustment to comparative data	**228 809**	**213 866**	**213 867**
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**	**222 245**	**222 245**
2.1. Changes in capital reserves	2 979	0	0
a) Increase	0	0	0
– capital reserves transfer	0	0	0
– profit distribution	0	0	0
b) Decrease	2 979	0	0
– dividend payment	1 554	0	0
– dividend return to a subsidiary	1 425	0	0
2.2. Capital reserves at the end of the period	**219 266**	**222 245**	**222 245**
3. Revaluation reserve at the beginning of the period	**1 762**	**-641**	**-641**
3.1. Changes in revaluation reserve	1 768	2 403	1 950
a) Increase	0	2 403	1 950
– valuation of financial assets	0	2 403	1 950
b) Decrease	1 768	0	0
– valuation of financial instruments	0	0	0
3.2. Revaluation reserve at the end of the period	**-6**	**1 762**	**1 309**
4. Other capital reserves at the beginning of the period	**0**	**0**	**0**
4.1. Changes in other capital reserves	11 103	11 103	11 103
a) Increase	11 103	11 103	11 103
– profit sharing	11 103	11 103	11 103
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 30.09.2018	Twelve months ended 31.12.2017	Nine months ended 30.09.2017
6. Retained earnings / carried forward loss at the beginning of the period	**12 539**	**11 103**	**11 103**
6.1. Retained earnings at the beginning of the period	12 539	11 103	11 103
– changes in accounting rules (policy) applied	0		0
– correction of material errors	0		0
– recognition of the last year result as a result of previous years	12 539	11 103	0
6.2 Retained earnings at the beginning of the period after adjustment	12 539		11 103
a) Increase	0	0	0
b) Decrease	12 539	11 103	11 103
– profit-sharing for capital reserves	0	11 103	11 103
– profit-sharing for dividends	12 539	0	0
– 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**	**-20 122**	**-20 122**
– 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**	**-20 122**
7. Net result	**-15 747**	**12 539**	**11 635**
a) Net profit	0	12 539	11 635
b) Net loss	-15 747	0	0
c) Write-downs from profit	0	0	0
II. Equity closing balance	**195 775**	**228 809**	**227 453**
III. Equity, after including proposed profit distribution (loss coverage)	**195 775**	**228 809**	**227 453**

1. Policies adopted to prepare the statements

1.1. Accounting principles applied

The Financial Statements of ERBUD SA for the three quarters of 20187 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 20176.

KEY ITEMS CONVERTED TO THE EURO

	30.09.2018		31.12.2017	
	PLN	**EUR**	**PLN**	**EUR**
Fixed assets	165 433	38 730	127 058	30 462
Current assets	589 701	138 058	562 675	134 905
Shareholders' equity	195 775	45 834	228 809	54 858
Liabilities and provisions for liabilities	559 359	130 954	460 924	110 509

- Assets and liabilities items - at the average exchange rate as at 30 September 2018, i.e. 4.2714 PLN/EUR.

- Assets and liabilities items - at the average exchange rate as at 31 December 2017, i.e. 4.1709 PLN/EUR.

	Nine months ended 30.09.2018		Nine months ended 30.09.2017	
	PLN	**EUR**	**PLN**	**EUR**
Revenues from sales of products and services and of goods and materials	1 052 397	247 419	913 404	214 585
Cost of sold products and services and of goods and materials	1 045 207	245 729	857 466	201 444
Profit on sales before taxes	7 190	1 690	55 938	13 141
Profit on operating activities	-31 069	-7 304	18 441	4 332
Profit (loss) before taxes	-21 255	-4 997	14 942	3 510
Net profit (loss)	-15 747	-3 702	11 635	2 733

- Items of the profit or loss statement and cash flow for three quarters of 2018 - 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 2018, i.e. 4.2535 PLN/EUR.

- Items of the profit or loss statement and cash flow for the 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.

	Nine months ended 30.09.2018		Nine months ended 30.09.2017	
	PLN	**EUR**	**PLN**	**EUR**
Cash flow from operating activities	-11 465	-2 695	-94 761	-22 262
Cash flow from investing activities	-20 180	-4 744	-17 458	-4 101
Cash flow from financing activities	-13 939	-3 277	24 840	5 836
Net cash flow	-45 584	-10 716	-87 379	-20 527
Cash at the beginning of the period	92 274	22 123	150 812	34 089
Cash at the end of the period	46 690	10 931	63 433	14 721

Items of the cash flow for the period 1.01.2018 - 30.09.2018 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. 4.2535 PLN/EUR.

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.

To convert cash as at 1 January 2018, it was applied the exchange rate set by the NBP as at that day, i.e. 4.1709 PLN/EUR.

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

To convert cash as at 30 September 2018, it was applied the exchange rate set by the NBP as at that day, i.e. 4.2714 PLN/EUR.

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

EXPLANATORY NOTES

Note 1. Operating segments information

During the reporting period ended 30 September 2018 the Company conducted operations under the following business segments:

- civil engineering - building construction;
- civil engineering - industrial construction.

During the reporting period ended 30 September 2018 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 2018.

Income and expenses by business segments

Period from 1 January to 30 September 2018	Building construction at home	Building construction abroad	Industrial construction	Other activity	Total
Sale to external clients	1 031 054	21 000	331	12	**1 052 397**
Total income	**1 031 054**	**21 000**	**331**	**12**	**1 052 397**
Prime costs	1 025 512	19 322	373	0	1 045 207
Result on other operating activity	**-30 909**	**-1 253**	**-88**	**-6 008**	**-38 258**
Segment result – EBIT	**-25 367**	**424**	**-130**	**-5 996**	**-31 069**
EBIT margin	**-2.46%**	**2.02%**	**39.37%**	**-**	**-2.95%**
Result on financial activity	9 151	663	0	0	**9 814**
Income tax	-5 508	0	0	**0**	**-5 508**
Net profit	**-10 708**	**1 087**	**-130**	**-5 996**	**-15 747**

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**

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 2018.

Proceeds and expenses by geographical segments

Period from 1 January to 30 September 2018	At home	Abroad	Total
Sale to external clients	1 031 397	21 000	**1 052 397**
Total income	**1 031 397**	**21 000**	**1 052 397**
Prime costs	1 025 885	19 322	1 045 207
Result on other operating activity	**-37 005**	**-1 253**	**-38 258**
Segment result – EBIT	**-31 493**	**424**	**-31 069**
EBIT margin	-3.05%	**2.02%**	**-2.95%**
Result on financial activity	9 151	663	**9 814**
Income tax	-5 508	0	**-5 508**
Net profit	**-16 834**	**1 087**	**-15 747**

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

Period from 1 January to 30 September 2017	At home	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**

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

	30.09.2018	31.12.2017	30.09.2017
Revenue surplus over partial invoices, by work progress	38 637	51 046	57 248
Costs surplus over expenses arising from the accounting costs, by stage of completion	23 939	11 688	37 028
Surplus on partial invoices over incomes, by work progress	46 569	18 304	10 008
Surplus on costs resulting from the accounting costs over expenses, by stage of completion	72 47	69 719	43 155
Total amounts presented in prepayments	111 107	120 765	100 403
Total amounts presented in accruals	70 508	29 992	47 036

Provisions and assets due to deferred income tax

Deferred income tax assets	30.09.2018	30.06.2018	31.12.2017	30.09.2017
- Valuation of long-term contracts	13 857	13 674	5 698	8 937
- Costs of subsequent periods	2 105	2 762	2 268	3 083
- Tax loss	9 633	7 923	0	0
- Tax loss in Belgium	798	798	798	0
- Provision for loss on contracts	138	520	0	58
- Provisions for employee benefits	1 568	1 568	1 491	1 400
- Provision for warranty claims,	2 440	2 326	2 326	2 257
- Other provisions	231	231	343	295
- Work-in-progress	7 288	13 862	21 639	20 082
- Other	2 940	3 489	2 898	2 233
Total deferred income tax assets	**40 998**	**47 153**	**37 461**	**38 345**

Provisions	30.09.2018	30.06.2018	31.12.2017	30.09.2016
- Valuation of long-term contracts	21 116	26 688	22 951	19 082
- Other	174	445	725	542
Total provisions due to deferred income tax	**21 290**	**27 133**	**23 676**	**19 624**

Impairment allowances for receivables

Change in write-downs on short-term receivables

	30.09.2018	30.06.2018	31.12.2017	30.09.2017
As at the beginning of the period	**13 077**	13 077	**7 343**	**7 343**
a) Increase (due to)	3 716	3 716	7 700	2 592
- Creation	3 716	3 716	7 700	2 592
b) Decrease (due to)	104	104	1 966	1 439
- Impairment loss release	104	104	1 966	1 439
- Use of write-downs	0	0	0	0
Write-downs on short-term receivables at end of the period	**16 689**	**16 689**	**13 077**	**8 496**

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

Write-downs on long-term financial assets	**30.09.2018**	**31.12.2017**
Opening balance sheet	**2 928**	**2 928**
Increases/Decreases	0	0
Closing balance sheet	**2 928**	**2 928**

Write-downs on short-term financial assets	**30.09.2018**	**31.12.2017**
Opening balance sheet	**0**	**0**
Increases/Decreases	0	0
Closing balance sheet	**0**	**0**

Write-downs on inventories	**30.09.2018**	**31.12.2017**
Opening balance sheet	**262**	**262**
Increases/Decreases	0	0
Closing balance sheet	**262**	**262**

Write-downs on fixed assets	**30.09.2018**	**31.12.2017**
Opening balance sheet	**0**	**0**
Increases/Decreases	0	0
Closing balance sheet	**0**	**0**

Note 3. Issue / Redemption / Repayment of equity securities

In the period from 1 January to 30 September 2018, the Company incurred financial costs due to interest on issued bonds in the amount of PLN 1 962 thousand.

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 2017 this type of significant changes did not occur.

Signatures of the Management Board Members

Józef Zubelewicz
/Board Member/

Dariusz Grzeszczak
/Board Member/

Agnieszka Głowacka
/Board Member/

Warsaw, November 14, 2018