

# **THE ELEKTROBUDOWA SA GROUP**

**Q3 2013**

**Condensed Consolidated  
Financial Statements**

*(all amounts in thousands of PLN unless otherwise stated)*

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(all amounts in thousands of PLN unless otherwise stated)

## Consolidated Statement of Financial Position

	as at				
	30.09.2013 end of quarter/2013	30.06.2013 end of prior quarter/2013	31.12.2012 and of prior year/2012	30.09.2012 end of quarter/2012	30.06.2012 end of prior quarter/2012
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>188 818</b>	<b>185 164</b>	<b>197 762</b>	<b>190 397</b>	<b>185 495</b>
Property, plant and equipment	88 535	88 517	89 403	88 021	85 997
Intangible assets	39 216	38 221	37 744	34 775	33 697
Investments in associates	24 024	24 896	27 290	25 448	24 514
Available-for-sale financial assets	3 228	3 228	3 228	2 723	2 723
Non-current receivables	9 180	9 345	22 001	22 214	21 246
Deferred income tax assets	21 819	18 877	16 536	15 813	15 883
Non-current prepayments	2 816	2 080	1 560	1 403	1 435
<b>Current assets</b>	<b>560 266</b>	<b>461 700</b>	<b>494 072</b>	<b>424 801</b>	<b>438 088</b>
Inventories	69 715	73 378	49 536	54 798	68 532
Trade and other receivables	264 040	257 671	270 301	221 825	207 625
Available-for-sale financial assets	24	24	24	24	24
Financial assets held to maturity	500	500	500	0	0
Current prepayments	8 248	9 522	7 727	6 976	6 487
Amounts due from construction contract work	135 384	101 730	120 790	106 750	119 925
Cash and cash equivalents	82 355	18 322	45 194	34 428	35 495
Fixed assets held for sale	0	553	0	0	0
<b>Total assets</b>	<b>749 084</b>	<b>646 864</b>	<b>691 834</b>	<b>615 198</b>	<b>623 583</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>	<b>314 846</b>	<b>312 653</b>	<b>318 882</b>	<b>313 456</b>	<b>302 608</b>
Issued share capital	26 375	26 375	26 375	26 375	26 375
Supplementary capital	328 630	328 630	303 628	303 628	303 628
Capital from valuation of available-for-sale investment	1 896	1 896	1 896	1 488	1 488
Exchange differences from translating financial statements	(4 423)	(2 921)	(5 218)	(4 485)	(2 694)
Capital from currency translation differences	(72)	884	817	1 212	1 321
Retained earnings	(38 426)	(43 066)	(9 396)	(15 210)	(27 974)
<b>Total equity attributable to shareholders of the company</b>	<b>313 980</b>	<b>311 798</b>	<b>318 102</b>	<b>313 008</b>	<b>302 144</b>
<b>Minority interest in equity</b>	<b>866</b>	<b>855</b>	<b>780</b>	<b>448</b>	<b>464</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>	<b>17 973</b>	<b>18 270</b>	<b>21 107</b>	<b>19 579</b>	<b>19 109</b>
Deferred income tax liability	2 085	2 112	6 672	6 546	6 324
Employee benefit obligations	4 173	4 259	4 448	3 358	3 473
Other liabilities	11 715	11 899	9 987	9 675	9 312
<b>Current liabilities</b>	<b>416 265</b>	<b>315 941</b>	<b>351 845</b>	<b>282 163</b>	<b>301 866</b>
Trade and other payables	291 003	203 858	276 020	215 301	241 852
Corporate income tax liabilities	9 738	6 100	2 537	2 218	3 169
Derivative financial instruments	0	0	0	0	815
Loans, borrowings and debt securities	28 412	24 418	11 201	11 938	1 586
Provisions	804	808	892	689	742
Accrued expenses	35 147	36 375	29 543	16 268	16 765
Amounts due to customers for construction contract work	51 161	44 382	31 652	35 749	36 937
<b>Total liabilities</b>	<b>434 238</b>	<b>334 211</b>	<b>372 952</b>	<b>301 742</b>	<b>320 975</b>
<b>Total equity and liabilities</b>	<b>749 084</b>	<b>646 864</b>	<b>691 834</b>	<b>615 198</b>	<b>623 583</b>

THE ELEKTROBUDOWA SA GROUP  
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(all amounts in thousands of PLN unless otherwise stated)

Consolidated Statement of Comprehensive Income

	Q3/2013 period from 01.07.2013 to 30.09.2013	3 quarters/2013 period from 01.01.2013 to 30.09.2013	Q3/2012 period from 01.07.2012 to 30.09.2012	3 quarters/2012 period from 01.01.2012 to 30.09.2012
<b>Continuing operations</b>				
Revenue on sales of products, goods and materials	251 805	634 648	247 083	688 303
Cost of products, goods and materials sold	(238 152)	(604 748)	(226 655)	(655 204)
<b>Gross profit on sales</b>	<b>13 653</b>	<b>29 900</b>	<b>20 428</b>	<b>33 099</b>
Selling costs	(1 158)	(3 474)	(1 601)	(5 279)
General administrative expenses	(3 848)	(12 031)	(3 450)	(11 239)
Other operating expenses	(1 531)	(3 828)	(1 535)	(3 448)
Other gains (losses) - net	(623)	(2 169)	1 004	3 165
<b>Operating profit</b>	<b>6 493</b>	<b>8 398</b>	<b>14 846</b>	<b>16 298</b>
Finance income (costs) - net	(820)	(1 313)	(125)	353
Share in net profit of associates measured according to equity method	1 380	1 593	987	3 082
<b>Gross profit before income tax</b>	<b>7 053</b>	<b>8 678</b>	<b>15 708</b>	<b>19 733</b>
Income tax expense	(2 351)	(3 119)	(2 926)	(3 213)
<b>Net profit from continuing operations for the year</b>	<b>4 702</b>	<b>5 559</b>	<b>12 782</b>	<b>16 520</b>
<b>Discontinued operations</b>				
<b>Net profit (loss) from discontinued operations for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net profit for the period</b>	<b>4 702</b>	<b>5 559</b>	<b>12 782</b>	<b>16 520</b>
<i>of which:</i>				
- attributable to the equity holders of ELEKTROBUDOWA SA	4 640	5 467	12 764	16 563
- attributable to minority holders	62	92	18	(43)
<b>Other comprehensive income, of which:</b>				
<b>Total other comprehensive income reclassified to profit or loss</b>	<b>(2 509)</b>	<b>(100)</b>	<b>(1 934)</b>	<b>(5 430)</b>
- reversal of valuation of available-for-sale investments	0		0	209
- deferred income tax on reversal of valuation of available-for-sale investments	0		0	(38)
- exchange differences from translating financial statements	(1 502)	795	(1 791)	(4 760)
- exchange differences from translation of subsidiaries and associates	(956)	(889)	(109)	(852)
- exchange differences from translation of minority interests	(51)	(6)	(34)	11
<b>Total comprehensive income</b>	<b>2 193</b>	<b>5 459</b>	<b>10 848</b>	<b>11 090</b>
<i>of which:</i>				
- attributable to the equity holders of ELEKTROBUDOWA SA	2 182	5 373	10 864	11 122
- attributable to minority holders	11	86	(16)	(32)
<b>Earnings (loss) per share from continuing and discontinued (in PLN per share)</b>				
- basic	0,98	1,15	2,69	3,49
- diluted	0,98	1,15	2,69	3,49

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(all amounts in thousands of PLN unless otherwise stated)

Consolidated Statement of Changes in Equity

	Attributable to equity holders of ELEKTROBUDOWA SA								Total equity
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Capital from translation of subsidiaries and associates	Capital attributable to minority holders	
<b>1 July 2013</b>	<b>26 375</b>	<b>100 676</b>	<b>227 954</b>	<b>1 896</b>	<b>(2 921)</b>	<b>(43 066)</b>	<b>884</b>	<b>855</b>	<b>312 653</b>
<i>currency translation differences</i>					<i>(1 502)</i>		<i>(956)</i>	<i>(51)</i>	<i>(2 509)</i>
<i>net profit</i>						<i>4 640</i>		<i>62</i>	<i>4 702</i>
<b>total comprehensive income</b>					<b>(1 502)</b>	<b>4 640</b>	<b>(956)</b>	<b>11</b>	<b>2 193</b>
<b>30 September 2013</b>	<b>26 375</b>	<b>100 676</b>	<b>227 954</b>	<b>1 896</b>	<b>(4 423)</b>	<b>(38 426)</b>	<b>(72)</b>	<b>866</b>	<b>314 846</b>

	Attributable to equity holders of ELEKTROBUDOWA SA								Total equity
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Capital from translation of subsidiaries and associates	Capital attributable to minority holders	
<b>1 January 2013</b>	<b>26 375</b>	<b>100 676</b>	<b>202 952</b>	<b>1 896</b>	<b>(5 218)</b>	<b>(9 396)</b>	<b>817</b>	<b>780</b>	<b>318 882</b>
<i>currency translation differences</i>					<i>795</i>		<i>(889)</i>	<i>(6)</i>	<i>(100)</i>
<i>net profit</i>						<i>5 467</i>		<i>92</i>	<i>5 559</i>
<b>total comprehensive income</b>					<b>795</b>	<b>5 467</b>	<b>(889)</b>	<b>86</b>	<b>5 459</b>
distribution of profit			27 007			(27 007)			0
dividend payment						(9 495)			(9 495)
other changes			(2 005)			2 005			0
<b>30 September 2013</b>	<b>26 375</b>	<b>100 676</b>	<b>227 954</b>	<b>1 896</b>	<b>(4 423)</b>	<b>(38 426)</b>	<b>(72)</b>	<b>866</b>	<b>314 846</b>

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	Attributable to equity holders of ELEKTROBUDOWA SA								
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Capital from translation of subsidiaries and associates	Capital attributable to minority holders	Total equity
<b>1 January 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>181 844</b>	<b>1 317</b>	<b>275</b>	<b>8 326</b>	<b>2 064</b>	<b>532</b>	<b>321 409</b>
<i>currency translation differences</i>					(5 493)		(1 247)	(16)	(6 756)
<i>net profit</i>						22 377		316	22 693
<i>valuation of available-for-sale-investments</i>				505					505
<i>deferred income tax on valuation of available-for-sale investments</i>				(97)					(97)
<i>reversal of valuation of available-for-sale investments</i>				209					209
<i>deferred income tax on reversal of valuation of available-for-sale investments</i>				(38)					(38)
<b>total comprehensive income</b>				<b>579</b>	<b>(5 493)</b>	<b>22 377</b>	<b>(1 247)</b>	<b>300</b>	<b>16 516</b>
distribution of profit			22 103			(22 103)		248	248
dividend payment						(18 991)			(18 991)
other changes			(995)			995		(300)	(300)
<b>31 December 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 952</b>	<b>1 896</b>	<b>(5 218)</b>	<b>(9 396)</b>	<b>817</b>	<b>780</b>	<b>318 882</b>

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	Attributable to equity holders of ELEKTROBUDOWA SA								
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Capital from translation of subsidiaries and associates	Capital attributable to minority holders	Total equity
<b>1 July 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 952</b>	<b>1 488</b>	<b>(2 694)</b>	<b>(27 974)</b>	<b>1 321</b>	<b>464</b>	<b>302 608</b>
<i>currency translation differences</i>					<i>(1 791)</i>		<i>(109)</i>	<i>(34)</i>	<i>(1 934)</i>
<i>net profit</i>						<i>12 764</i>		<i>18</i>	<i>12 782</i>
<b>total comprehensive income</b>					<b>(1 791)</b>	<b>12 764</b>	<b>(109)</b>	<b>(16)</b>	<b>10 848</b>
<b>30 September 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 952</b>	<b>1 488</b>	<b>(4 485)</b>	<b>(15 210)</b>	<b>1 212</b>	<b>448</b>	<b>313 456</b>

	Attributable to equity holders of ELEKTROBUDOWA SA								
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Capital from translation of subsidiaries and associates	Capital attributable to minority holders	Total equity
<b>1 January 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>181 844</b>	<b>1 317</b>	<b>275</b>	<b>8 326</b>	<b>2 064</b>	<b>532</b>	<b>321 409</b>
<i>currency translation differences</i>					<i>(4 760)</i>		<i>(852)</i>	<i>11</i>	<i>(5 601)</i>
<i>net profit</i>						<i>16 563</i>		<i>(43)</i>	<i>16 520</i>
<i>reversal of valuation of available-for-sale investments</i>				<i>209</i>					<i>209</i>
<i>deferred income tax on reversal of valuation of available-for-sale investments</i>				<i>(38)</i>					<i>(38)</i>
<b>total comprehensive income</b>				<b>171</b>	<b>(4 760)</b>	<b>16 563</b>	<b>(852)</b>	<b>(32)</b>	<b>11 090</b>
distribution of profit			22 103			(22 103)		248	248
dividend payment						(18 991)			(18 991)

**THE ELEKTROBUDOWA SA GROUP**  
**Q3 2013 condensed consolidated financial statements**

*(all amounts in thousands of PLN unless otherwise stated)*

**Consolidated Statement of Cash Flow**

	<b>Q3/2013</b>	<b>3 quarters/2013</b>	<b>Q3/2012</b>	<b>3 quarters/2012</b>
	<b>period from</b>	<b>period from</b>	<b>period from</b>	<b>period from</b>
	<b>01.07.2013</b>	<b>01.01.2013</b>	<b>01.07.2012</b>	<b>01.01.2012</b>
	<b>to 30.09.2013</b>	<b>to 30.09.2013</b>	<b>to 30.09.2012</b>	<b>to 30.09.2012</b>
<b>Cash flows from operating activities</b>				
Gross profit before taxes	7 053	8 678	15 708	19 733
Share of net profit of associates measured according to equity method	(1 380)	(1 593)	(987)	(3 082)
Depreciation and amortisation	4 028	11 176	2 954	9 061
Gains/losses from currency exchange differences	(157)	(242)	55	(188)
Interest and share in profit (dividends)	820	1 313	125	(353)
Profit from/loss on sale of property, plant and equipment (PPE)	(1 721)	(1 741)	(33)	(36)
Change in inventories	3 663	(20 179)	13 734	2 427
Profit from/loss on sale of available-for-sale financial assets	0	0	0	(738)
Change in trade and other receivables	(8 049)	18 564	(14 723)	53 529
Change in liabilities, except loans and borrowings	97 265	16 924	(7 007)	(55 741)
Income tax paid	(2 357)	(5 779)	(4 030)	(6 298)
Change in current prepayments and accrued expenses	46	5 083	(986)	(356)
Change in non-current prepayments and accrued expenses	(736)	(1 256)	32	42
Change in settlements of construction contracts	(26 875)	4 915	11 987	5 811
Other adjustments	(966)	749	(2 674)	(12 036)
<b>Net cash generated from operating activities</b>	<b>70 634</b>	<b>36 612</b>	<b>14 155</b>	<b>11 775</b>
<b>Cash flows from investing activities</b>				
Sale of intangible assets and PPE	2 774	2 913	36	226
Disposal of available-for-sale financial assets	0	0	0	5 658
Dividend and share in profits	1 435	2 654	0	497
Other inflows	787	787	0	0
Purchase of intangible assets and PPE	(5 947)	(12 849)	(6 432)	(15 054)
<b>Net cash used in investing activities</b>	<b>(951)</b>	<b>(6 495)</b>	<b>(6 396)</b>	<b>(8 673)</b>
<b>Cash flows from financial activities</b>				
Loans and borrowings	3 994	17 211	10 352	11 938
Dividends and other payments to owners	(9 495)	(9 495)	(18 991)	(18 991)
Interest	(258)	(797)	(125)	(144)
Finance lease payments	(48)	(117)	(7)	(24)
<b>Net cash used in / generated from financial activities</b>	<b>(5 807)</b>	<b>6 802</b>	<b>(8 771)</b>	<b>(7 221)</b>
<b>Net increase/decrease in cash and bank overdrafts</b>	<b>63 876</b>	<b>36 919</b>	<b>(1 012)</b>	<b>(4 119)</b>
<b>Balance sheet change in cash and bank overdrafts</b>	<b>64 033</b>	<b>37 161</b>	<b>(1 067)</b>	<b>(3 931)</b>
Change in cash due to currency translation differences	157	242	(55)	188
Cash and bank overdrafts at beginning of period	18 322	45 194	35 495	38 359
<b>Cash and bank overdrafts at end of period</b>	<b>82 355</b>	<b>82 355</b>	<b>34 428</b>	<b>34 428</b>



## Notes to the consolidated financial statements

### 1. General information

#### 1.1 Composition of the group and its principal business

As at the balance sheet date the group was composed of ELEKTROBUDOWA SA as a parent, three subsidiaries and two associates.

**The Parent** - ELEKTROBUDOWA SA with its registered office in Katowice, 12, Porcelanowa Str., 40-246 Katowice.

ELEKTROBUDOWA SA is a joint stock company, established and operating according to the Polish law. The company was created through transformation of the state-owned company named Przedsiębiorstwo Montażu Elektrycznego "ELEKTROBUDOWA", based in Katowice.

The transformation act was made on 9 January 1992 in the form of a notary deed (Repertory No. 225/92) by the Notary Office no.18 in Warsaw run by the notary public Paweł Błaszczak. The company was entered in Division B under number 7682 to the Commercial Register of the District Court, 10th Register Department Katowice, on the basis of a legally binding decision issued by the said Court on 3 February 1992 (File no. RHB 7682 VII of the Central Commercial Register 48/92).

At present the company is entered in the National Court Register (KRS) at the District Court Katowice-Wschód in Katowice, 8th Business Department, under KRS reference number: 0000074725.

The parent has the tax identification number NIP 634-01-35-506 and the statistical number REGON 271173609.

Principal activity of the company according to the Polish Classification of Activities (PKD 4321Z) is execution of electrical installations.

A sector according to the Warsaw Stock Exchange classification: construction.

Shares of the parent are quoted on the Warsaw Stock Exchange.

The business activity of ELEKTROBUDOWA SA includes:

- comprehensive electrical installation works for new, extended and modernized power stations and industrial facilities;
- supply of electric power equipment, mainly energy transmission and distribution equipment;
- design engineering, commissioning and start-up services.

**A subsidiary** - KONIP Sp. z o.o. (Ltd) based at 12, Porcelanowa Str., 40 -246 Katowice.

ELEKTROBUDOWA SA holds a 100% stake in the equity of KONIP Sp. z o.o.

KONIP Sp. z o.o. administers the real property owned by or in perpetual usufruct of ELEKTROBUDOWA SA. The scope of their business particularly includes maintenance and administration of buildings and structures, renting the useful areas, fire protection services, cleaning the rooms and area, as well as maintenance of fixed tangible assets, implementation of investment and repairs plans, property protection, managing the traditional and mobile telephone communications, maintaining the archives and the reception service.

## Notes to the consolidated financial statements (continued)

**A subsidiary** - ENERGOTEST sp. z o.o. with registered address in Gliwice, 44 B Chorzowska Str., 44-100 Gliwice.

ELEKTROBUDOWA SA holds 100% share in the equity of the company.

Basic activity of ENERGOTEST sp. z o.o. comprises services related to construction, modernization and operation of power generating facilities, production of data processing devices, electrical switchgear and controlgear, installation, repairs and maintenance of switchgear and controlgear, also tests and technical surveys.

**A subsidiary** - ELEKTROBUDOWA UKRAINE Ltd. with registered office in Sevastopol, General Petrov Street, Bldg 20, office 7, 9901 Sevastopol, Ukraine.

ELEKTROBUDOWA SA holds a 62% stake in ELEKTROBUDOWA UKRAINE Ltd.

The objects of ELEKTROBUDOWA UKRAINE comprise selling of high, medium and low voltage electrical systems, including switchgear panels and distribution substations in the Ukrainian market, assembly of electrical equipment, switching and control devices, maintenance and repairs of electrical distribution and control devices.

**An associate** – the Power Equipment Production Plant VECTOR Ltd. with registered office in Votkinsk, at 2, Pobiedy Str., the Udmurt Republic of the Russian Federation.

As at 30 September 2013 ELEKTROBUDOWA SA held 49% of VECTOR's share capital. The percentage of ELEKTROBUDOWA's stake in the equity of VECTOR is equal to the percentage of voting rights in its General Meeting of Shareholders.

Principal business activity of VECTOR comprises manufacturing of electrical components, parts for electrical vacuum devices, and also providing construction works and wholesale of electrical production equipment, including electrical switching devices.

**An associate** - SAUDI ELEKTROBUDOWA LLC with registered office in Riyadh, Al Malaz, Al Sittin Street, 11481 Riyadh, the Kingdom of Saudi Arabia.

As at 30 September 2013 ELEKTROBUDOWA SA held 33% of shares which represent 33% of the share capital of SAUDI ELEKTROBUDOWA, equal to the percentage of voting rights in the General Meeting of Shareholders.

Business scope of SAUDI ELEKTROBUDOWA includes trading low, medium and high voltage electrical systems, including switchgear panels, distribution boards and electrical substations, as well as installation, repair and maintenance services for energy control and distribution systems.

## Notes to the consolidated financial statements (continued)

### 1.2 Changes in the composition of the group and their consequences

On 5 April 2012 the General Meeting of Partners of the limited liability company "KRUELTA" adopted a unanimous resolution to wind up the company KRUELTA Ltd. On 8 August 2013 information was disclosed in the the Russian State Register of Legal Entities that the limited liability company KRUELTA ceased its activity. On the basis of the information about the cease of activity of the legal entity, on 8 August 2013 KRUELTA Ltd was removed from the register in the tax institution, the Interdistrict Inspectorate No. 15 of the Federal Tax Service for St. Petersburg.

Until the date of removal from the State Register of Legal Entities the associate KRUELTA Ltd had had its its registered office at 17a, Magnitogorskaya, Sankt Petersburg, Russia.

Principal business of KRUELTA was the assembly and selling of medium voltage switchgear systems in the Russian market. This offer was complemented with low voltage switchgear and mobile substations.

On the day of winding up, i.e. 8 August 2013, ELEKTROBUDOWA SA owned 49% of KRUELTA's share capital. The percentage share of ELEKTROBUDOWA SA in KEUELTA's capital was equal to the percentage of vote in the General Meeting of Shareholders.

ELEKTROBUDOWA SA participated in the distribution of assets remaining as at the date of winding up of KRUELTA pro rata to the shares owned.

### 1.3 Going concern concept

Ordinary activities of the limited liability company KRUELTA have been easily transferred to KRUELTA – a branch of the Power Equipment Production Plant VECTOR Ltd. The branch of KRUELTA is registered at 20 A, Repishcheva Street, Sankt Petersburg, the Russian Federation.

In the opinion of the Management of the parent, the decision to liquidate KRUELTA Ltd. does not have impact on the scope of business activity of the group. The KRUELTA branch not only has taken over the market of customers of KRUELTA Ltd. but also purchased its fixed assets and employed its skilled and experienced staff. The operations of any of the group's business segments have been neither discontinued nor reduced in consequence of those actions.

In the opinion of the Management Board of ELEKTROBUDOWA SA there are no circumstances indicating that the continuity of the group's business operations is at risk.

The consolidated financial statements have been prepared with the assumption of continuation of business operations by the ELEKTROBUDOWA SA group in the foreseeable future, and also on the assumption that there are no circumstances indicating that the continuity of the group's business operations will be at risk in the foreseeable time.

Consolidated financial statements of all related companies have been prepared for the same reporting period as those of the parent, according to the consistent accounting principles.

In order to have a better understanding of the financial situation and performance of the group, the present consolidated financial statements should be read jointly with the condensed quarterly separate financial statements prepared by ELEKTROBUDOWA SA for the 3rd quarter of 2013.

## Notes to the consolidated financial statements (continued)

### 2. Summary of significant accounting policies

#### 2.1 Statement of compliance with legislation

The Q3 2013 report of the ELEKTROBUDOWA SA group has been prepared in conformity with the Regulation of the Minister of Finance dated 19 February 2009 on current and interim information provided by issuers of securities and with the conditions of acknowledging the equivalence of information required by laws of a non-member country.

#### 2.2 Basis of preparation

The consolidated financial statements of ELEKTROBUDOWA SA group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union, according to the same principles both for the current period and comparable periods.

The present consolidated financial statements have been prepared under the historical cost convention (adjusted by the effects of hyperinflation on equity), with the exception of revaluation of some non-current assets and financial instruments which are shown at fair value.

#### 2.3 Consolidation

##### Subsidiaries

Subsidiaries are all entities controlled by the parent. It is assumed that the parent has control when it has the power to influence the financial and operating policies of a subordinate entity in order to obtain gains from its operations, which is generally accompanied by a shareholding of more than one half of the voting rights in the company governing bodies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group, they are de-consolidated from the date on which control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries in the isolated parts of operations. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed. Costs directly attributable to the acquisition are recognised in the income statement when incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

There are no entities in the group which would be excluded from consolidation. Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

The parent's and other consolidated entities' share in the subsidiaries, with that portion of net assets of subsidiaries, measured at their fair value, which reflects the parent's and other consolidated entities' share in the subsidiaries, at the date of taking control by the group, is eliminated.

## Notes to the consolidated financial statements (continued)

### Associates

Associates are all entities over which the parent has significant influence, participating in formulating their financial and operational policies, but has no control over them.

In the consolidated financial statements the associates are accounted for using the equity method.

Profits or losses, assets and liabilities of associates are recognised in the consolidated financial statements using the equity method. According to this method, investments in an associate are recognised in the consolidated statement of financial position under historical cost convention, with necessary adjustment reflecting the changes of the group's share of net assets of an associate happened after the acquisition date, less impairment of investments.

The group's share of its associates' profits is recognised in the statement of comprehensive income. Unrealised gains or losses on transactions between the group and its associates are eliminated to the extent of the group's interest in associates. The amount of dividend due to the group from the associates is also eliminated.

### 2.4 Foreign currency translation

#### Functional and presentation currency

The present consolidated financial statements are presented in Polish zloty (PLN). Polish zloty is the functional and presentation currency of ELEKTROBUDOWA SA group. Data presented in the consolidated financial statements are expressed in thousands of Polish zlotys, unless in some specific situations they are disclosed with greater accuracy.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions as follows:

- disposal of foreign currency and repayment of receivables transactions are translated at the buying rate applied by the bank used by a company;
- purchase of foreign currency and repayment of payables transactions are translated at the selling rate applied by the bank used by a company;
- other transactions are translated at average exchange rate for each currency announced by the National Bank of Poland, unless customs documents quote another exchange rate;
- assets and liabilities at the balance sheet date are translated at the average exchange rate for each currency announced by the National Bank of Poland.

Gains and losses from settlement of the above transactions and balance sheet valuation of monetary assets and liabilities expressed in foreign currencies are recognised in the statement of comprehensive income, unless they are deferred in the equity when they are qualified as hedges for cash flows and hedges of shares in net assets.

## Notes to the condensed financial statements

### Translation of items of the statement of financial position and the statement of comprehensive income

Foreign branches of the parent and the related companies prepare their financial statements in functional currency of the primary economic environment in which the foreign branch, subsidiary or an associate operates.

The statements of financial position and the statements of comprehensive income of the establishments and related companies outside Poland, none of which conducts business in the hyper-inflationary conditions, are translated into the presentation currency as follows:

- assets and liabilities in foreign currency of each presented statement of financial position are translated into Polish currency according to the average closing rate valid at the balance sheet date, announced by the National Bank of Poland;
- items of statement of comprehensive income in foreign currency are translated at average exchange rate for each currency, which is the arithmetic mean of average rates on the last day of each month of the reporting period, and in justified cases – at the arithmetic mean of average rates on the last day of the previous financial year and the last day of a current financial year, announced by the NBP for each currency;
- exchange differences arising from the translation into the Polish currency are recognized in a joint, consolidated statement as a separate item of equity. Exchange differences arising from translation of the financial statements are recognised as income or expense in the period in which the entity located abroad is closed.

### 2.5 Summary of significant accounting policies

The present condensed consolidated financial statements have been prepared in compliance with IAS 34 (Interim Financial Reporting).

The same accounting principles (policies) and calculation methods have been followed in the Q3 2013 condensed consolidated financial statements as in the last interim consolidated financial statements prepared for the six months ended 30 June 2013.

### 3. Operations discontinued in the reporting period or to be discontinued in the next period

Cease of activity of KRUELTA Ltd. and its removal from the Russian State Register of Legal Entities effective from 8 August 2013 did not have impact on the activities of the group. Ordinary activities of the limited liability company KRUELTA has been easily transferred to KRUELTA – a branch of the Power Equipment Production Plant VECTOR Ltd. The KRUELTA branch has taken over the trade area of KRUELTA Ltd. and also purchased its fixed assets and employed its skilled and experienced staff, in order to provide resources and ensure continuation of business under conditions not worse than before.

No operations were discontinued by the group companies in Q3 2013 and no such discontinuation is planned in the following period.

## Notes to the condensed financial statements

### 4. Segmental information

#### Primary reporting format – business segments

Business activity of the group is primarily categorised by industries.

Operations of business segments consist in providing construction and installation services, realization of electric power facilities and automation systems and also manufacturing of electrical and automation equipment.

The group's reporting segments are its divisions, identified in respect of organisational structure and strategy, offering different products and services. They are separately managed, as the operations of each require different production technology and different marketing strategy. The group is organized into five reportable segments:

- The segment: Power Generation Division provides services for power and heat generating plants, heavy industry, particularly metallurgy and mining together with processing facilities. The services include electrical installation and erection, commissioning and start up of electrical systems and equipment, and also manufacture and installation of high-current busducts.
- The segment: Industry Division renders services for broadly understood public sector, trade (retail centres) and industry, including petrochemical, paper & pulp, road building, etc. The services include electrical installation, commissioning and start-up and turnkey realization of construction projects as a general contractor.
- The segment: Power Distribution Division provides overall services for the power distribution sector and supplies products manufactured by the division. The core business of the segment is the production and selling of low and medium voltage equipment, particularly low and medium voltage switchgear systems and mobile substations, manufacture and sale of steel cable trays and supports, development and selling of control and signalling equipment, the supply of complete distribution substations, and turnkey contracts for power transmission and distribution projects.
- The segment: Automation Division provides turnkey realization of electrical part of power facilities. It also supplies turnkey power automation systems, such as: protection, synchronization of generators, power supply changeover systems, signal transmission, control and supervision systems, generator excitation and voltage control systems. The segment also manufactures power automation devices and equipment for switchgear panels. The business operations include also provision of expert systems for power industry, water power stations and industrial plants, event and disturbance recording software. The scope of the segment's activities comprises operational and routine tests of electrical equipment and systems in power plants and combined heat & power stations, industrial facilities and high voltage stations and switchyards.
- Other items include other material and not material services provided for external customers.

The accounting principles applied to the segments are the same as described in the presentation of the significant accounting standards.

Inter-segment transfers or transactions are entered into under the normal commercial terms, as available also to third parties.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

Presented below is the analysis of revenues and results of the group's reportable segments.

### Business segments results for the three quarters of 2013

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Group total
<b>Continuing operations</b>						
Sales revenue	254 079	142 089	227 215	37 843	8 172	669 398
of which:						
Revenue from external customers	253 158	141 487	205 356	33 223	1 424	634 648
Inter-segment sales	921	602	21 859	4 620	6 748	34 750
<b>Operating profit</b>	<b>12 390</b>	<b>(19 892)</b>	<b>12 917</b>	<b>1 198</b>	<b>1 785</b>	<b>8 398</b>
Financial activities result	(132)	(279)	(948)	46	0	(1 313)
Share of net profit of associates measured according to equity method	0	0	1 593	0	0	1 593
<b>Profit before income tax</b>	<b>12 258</b>	<b>(20 171)</b>	<b>13 562</b>	<b>1 244</b>	<b>1 785</b>	<b>8 678</b>
Income tax expense	(2 803)	3 124	(2 722)	(324)	(394)	(3 119)
<b>Net profit from continuing operations for the period</b>	<b>9 455</b>	<b>(17 047)</b>	<b>10 840</b>	<b>920</b>	<b>1 391</b>	<b>5 559</b>
<b>Discontinued operations</b>						
<b>Net profit (loss) on discontinued operations for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net profit for the period</b>	<b>9 455</b>	<b>(17 047)</b>	<b>10 840</b>	<b>920</b>	<b>1 391</b>	<b>5 559</b>
of which:						
net profit of equity holders of ELEKTROBUDOWA SA	9 455	(17 047)	10 748	920	1 391	5 467
- net profit of minority shareholders	0	0	92	0	0	92

Service activities of the Industry Division segment principally centred around the building industry, which has been badly affected by the consequences of decline for several years.

In 2012 value of the construction market dropped by 0.6 per cent compared with the year 2011, number of buildings decreased by 1.3 per cent and specialist construction works by 0.7 per cent. It is expected that the value of the Polish construction output will continue to decline in 2013. In the period between January and September of the current year the construction output was by 15.6 per cent lower than in the same period of the previous year. The Polish construction industry is in a bad economic condition, which is reflected in the values of qualitative indexes of general business activity and in the diminishing rate of production. There is a marked drop of the backlog of orders for the construction and installation works in the Industry Division segment and the forecasts for the nearest three months are much less optimistic than the planned performance figures. The prices of construction and installation works are steadily declining and the rate of decline is even expected to increase in the coming months. The greatest difficulties encountered by the Industry Division segment are related with competition from other companies and insufficient demand.



## Notes to the condensed financial statements

As at 30 September 2013 the order backlog of the Industry Division was worth 219 999 thousand PLN, while the year before it amounted to 306 352 thousand PLN (a drop by 28.2 per cent). During the three quarters of the current year the Industry Division was awarded orders for the total amount of 155 248 thousand PLN, while the amount of orders received in the comparable period of the previous year totalled 202 901 thousand PLN (a drop by 23.5 per cent).

The problem of payment gridlocks is not diminishing. Financial condition of companies is worsening, causing greater delays in payments for the performed works. Within the past three quarters of the year courts declared bankruptcies of 681 companies. In the same period of the previous year there were 614 bankruptcies, which is a 10.9 per cent increase. As far as building companies are concerned, 171 of them were liquidated; compared with the year 2012 there were by 16.3 per cent more bankruptcies in this branch of business.

The wave of liquidations and arrangement bankruptcies involves the necessity to make write-offs on receivables. In the three quarters of 2013 provisions for impairment of receivables were created in the Industry Division for the amount of 5 973 thousand PLN which accounts of 71.0 per cent of total. As at 30 September 2013 the value of provision for impairment of receivables of the Industry Division amounted to 12 878 thousand PLN and constituted 57.8 per cent of total.

Strong market competition within the branch still remains the major barrier to limit the activity of the building industry and directly translates into decreasing of profit margins. Winning new orders in tender procedures where the most-favourable-price bids are successful keep the profit margins on a low level. Furthermore, execution of awarded orders is bound with the building materials price risk, as price changes may have adverse influence on contract profitability.

High indebtedness of building companies resulting in prolongation of periods of inflow of receivables, low margins achieved on the projects and maintaining strong competition which will result on low profitability, are the main contributors to the adverse financial result of the Industry Division. The 17 047 thousand PLN net loss incurred by the segment in the three quarters of 2013 includes the creation of provisions for expected losses on services performed under contracts in the amount of 10 118 thousand PLN.

Recognised losses of the reporting period referred mainly to the following contracts:

- civil works and other services required for the completion of project - construction of the Franowo tramway depot in Poznań for Miejskie Przedsiębiorstwo Komunikacyjne w Poznaniu Sp. z o.o. 8 230.4 thousand PLN
- construction of a complex of three multi-family houses together with underground and surface car parks and internal infrastructure, for Na Skraju Lasu Sp. z o.o. 1 264.5 thousand PLN
- Electrical works including Lines for consumers other than traction (Bill of Quantities No. 11) and LV Electrical installations Buildings (BoQ No. 14) for BUDIMEX S.A. 443.5 thousand PLN

The financial results of the other business segments are realized as assumed in the forecast for 2013.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

### Other items of business segments recognized in the consolidated statement of comprehensive income for the three quarters of 2013

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Group total
depreciation	2 885	971	1 495	499	2 088	7 938
amortisation	361	283	2 245	183	166	3 238

### Business segments results for the three quarters of 2012

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Group total
<b><u>Continuing operations</u></b>						
Sales revenue	303 238	181 278	228 547	34 677	7 656	755 396
of which:						
Revenue on external customers	301 632	180 052	176 915	28 025	1 679	688 303
Inter-segment sales	1 606	1 226	51 632	6 652	5 977	67 093
<b>Operating profit</b>	<b>13 844</b>	<b>(13 299)</b>	<b>13 619</b>	<b>1 367</b>	<b>767</b>	<b>16 298</b>
Financial activities result	(43)	(61)	(14)	0	471	353
Share of net profit of associates measured according to equity method	0	0	3 082	0	0	3 082
<b>Profit before income tax</b>	<b>13 801</b>	<b>(13 360)</b>	<b>16 687</b>	<b>1 367</b>	<b>1 238</b>	<b>19 733</b>
Income tax expense	(1 115)	1 929	(3 362)	(319)	(346)	(3 213)
<b>Net profit from continuing operations for the period</b>	<b>12 686</b>	<b>(11 431)</b>	<b>13 325</b>	<b>1 048</b>	<b>892</b>	<b>16 520</b>
<b><u>Discontinued operations</u></b>						
Net profit (loss) on discontinued operations for the period	0	0	0	0	0	0
<b>Net profit for the period</b>	<b>12 686</b>	<b>(11 431)</b>	<b>13 325</b>	<b>1 048</b>	<b>892</b>	<b>16 520</b>
of which:						
net profit of equity holders of ELEKTROBUDOWA SA	12 686	(11 431)	13 368	1 048	892	16 563
- net profit of minority shareholders	0	0	(43)	0	0	(43)

### Other items of business segments recognized in the consolidated statement of comprehensive income for the three quarters of 2012

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Group total
depreciation	2 966	1 114	1 323	468	1 914	7 785
amortisation	194	154	632	250	46	1 276

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

### Assets and liabilities of business segments at 30 September 2013

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Group total
Assets	285 880	124 703	208 266	50 728	79 507	<b>749 084</b>
Liabilities	188 615	117 695	114 536	10 125	3 267	<b>434 238</b>
Capital expenditure	1 731	723	6 525	609	2 735	<b>12 323</b>

### Assets and liabilities of business segments at 31 December 2012

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Group total
Assets	212 943	183 659	162 382	48 260	84 590	<b>691 834</b>
Liabilities	109 392	168 360	80 871	12 556	1 773	<b>372 952</b>
Capital expenditure	2 548	836	9 119	1 027	8 114	<b>21 644</b>

### Assets and liabilities of business segments at 30 September 2012

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Group total
Assets	217 226	137 469	145 597	45 181	69 725	<b>615 198</b>
Liabilities	116 190	109 151	96 580	5 274	(25 453)	<b>301 742</b>
Capital expenditure	1 529	439	5 568	637	6 039	<b>14 212</b>

### Impairment of receivables by business segments

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Group total
at 30 September 2013	2 355	12 878	6 822	210	7	<b>22 272</b>
at 31 December 2012	1 854	8 068	6 057	163	2	<b>16 144</b>
at 30 September 2012	2 215	6 060	2 818	200	2	<b>11 295</b>

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

### Secondary reporting format – geographical segments

The ELEKTROBUDOWA SA group operates in the domestic market and in foreign markets.

The geographical division corresponds to the locations of final customers and is as follows:

	<b>3 quarters/2013 period from 01.01.2013 to 30.09.2013</b>	<b>3 quarters/2012 period from 01.01.2012 to 30.09.2012</b>
<b>Revenue on sales of products, goods and materials</b>		
- domestic market	445 322	534 516
- Skandinavian market	76 914	59 326
- East-European market	38 957	80 004
- Turkish market	25 295	1 215
- Western Europe	22 563	8 325
- Southwestern Asia	12 929	4 238
- Central Asia	6 179	130
- African market	4 755	0
- South-Eastern Europe	1 511	60
- North America	222	244
- Central America	1	80
- Central Europe	0	159
- other markets	0	6
	<b>634 648</b>	<b>688 303</b>

The main geographical area of the group's operations in the three quarters of 2013 was the domestic market (70% of sales revenues), the Scandinavian market (12%), East-European markets (6%) and the Turkish and Western Europe markets (4% each).

### Information about key customers

The revenue from direct sales generated by the Power Generation Division amounting to 253.2 million PLN (301.6 million PLN in the three quarters of 2012) includes the 76.7 million PLN revenue earned from the contract with the group's biggest customer (in the three quarters of 2012 it was 58.3 million PLN). This revenue accounted for 12.1% of total revenues generated by the group in the three quarters of 2013, compared with 8.5% in the three quarters of 2012.

Further, the revenue from the direct sales generated by the Industry Division in the amount of 141.5 million PLN (180.1 million PLN in the three quarters of 2012) includes the 53.0 million PLN revenue from the contract with the second biggest customer of the group (in the three quarters of 2012 it was 28.8 million PLN). This revenue accounted for 8.3% of total revenues generated by the group in the three quarters of 2013, compared with 4.2% in the comparable period of 2012.

The revenue generated by the group from the two key customers during the three quarters of 2013 accounted for 20.4% of its total revenue, while in the three quarters of 2012 it was 12.7%.

## Notes to the condensed financial statements

### 5. Earnings per share

#### Calculation of earnings per ordinary share for Q3 2013:

	Earnings	Shares	Earnings per share
Net profit attributable to equity holders of ELEKTROBUDOWA SA for the period (in PLN)	4 640 199		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			0,98
Diluted earnings per share (in PLN)			0,98

#### Calculation of earnings per ordinary share for the three quarters of 2013:

	Earnings	Shares	Earnings per share
Net profit attributable to equity holders of ELEKTROBUDOWA SA for the period (in PLN)	5 467 408		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			1,15
Diluted earnings per share (in PLN)			1,15

#### Calculation of earnings per ordinary share for Q3 2012:

	Earnings	Shares	Earnings per share
Net profit attributable to equity holders of ELEKTROBUDOWA SA for the period (in PLN)	12 765 070		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			2,69
Diluted earnings per share (in PLN)			2,69

#### Calculation of earnings per ordinary share for the three quarters of 2012:

	Earnings	Shares	Earnings per share
Net profit attributable to equity holders of ELEKTROBUDOWA SA for the period (in PLN)	16 563 396		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			3,49
Diluted earnings per share (in PLN)			3,49

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

### 6. Book value per share

	as at				
	30.09.2013 end of quarter/2013	30.06.2013 end of prior quarter/2013	31.12.2012 and of prior year/2012	30.09.2012 end of quarter/2012	30.06.2012 end of prior quarter/2012
equity attributable to shareholders of ELEKTROBUDOWA SA	313 980	311 798	318 102	313 008	302 144
number of shares (pieces)	4 747 608	4 747 608	4 747 608	4 747 608	4 747 608
<b>book value per share</b>	<b>66,13</b>	<b>65,67</b>	<b>67,00</b>	<b>65,93</b>	<b>63,64</b>

### 7. Dividend per share, paid or declared by the parent

Dividend for the year 2012 was paid by the parent, ELEKTROBUDOWA SA in August 2013 in the amount of 9 495 216.00 PLN, that is 2.00 PLN per share.

### 8. Composition of the Management Board and Supervisory Board

#### Composition of the Management Boards of the parent and subsidiaries as of 30 September 2013

##### Management Board

##### ELEKTROBUDOWA SA

Jacek Faltynowicz	-	President
Jarosław Tomaszewski	-	Member
Ariusz Bober	-	Member
Janusz Juszczyk	-	Member
Sławomir Wołek	-	Member
Arkadiusz Klimowicz	-	Member

##### Management Board

##### KONIP Sp. z o.o.

Tadeusz Lamch	-	President
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##### Management Board

##### ENERGOTEST sp. z o.o.

Arkadiusz Klimowicz	-	President
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##### Executive Body

##### ELEKTROBUDOWA UKRAINE Ltd.

Oleksandr Karanushenko	-	Director
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## Notes to the condensed financial statements

### Composition of the Supervisory Board of the parent as of 30 September 2013

#### Supervisory Board

Dariusz Mańko	-	Chairman
Karol Żbikowski	-	Vice-Chairman
Agnieszka Godlewska	-	Member
Eryk Karski	-	Member
Tomasz Mosiek	-	Member
Ryszard Rafalski	-	Member
Paweł Tarnowski	-	Member

### 9. Polish zloty exchange rate

#### Polish zloty exchange rates in the periods covered by the condensed consolidated financial statements and the comparative consolidated financial data

In the table "Selected Financial Data" of the condensed consolidated financial statements concerning ELEKTROBUDOWA SA group, the items for the three quarters of 2013 and the three quarters of 2012 as well as for the year 2012 have been translated into EUR as follows:

a) asset and liabilities items – according to the rate announced by the National Bank of Poland at:

- 30 September 2013	4.2163 PLN / EUR;
- 31 December 2012	4.0882 PLN / EUR;

b) items in the consolidated statement of comprehensive income and the consolidated statement of cash flow - according to the rate being the arithmetic mean of average euro rates announced by the National Bank of Poland at the end of each month of the reporting period:

- from 1 January 2013 to 30 September 2013	4.2231 PLN / EUR;
- from 1 January 2012 to 30 September 2012	4.1948 PLN / EUR.

### 10. Related-party transactions

Transactions with related parties were carried out on arm's length basis.

Transactions between the parent and its subsidiaries, who are the related parties for ELEKTROBUDOWA SA, were eliminated in consolidation and are not disclosed in this note.

In the reporting period ELEKTROBUDOWA SA, the parent carried out the following transactions with the associates:

- sales of goods – the Power Equipment Production Plant VECTOR Ltd.	23 311	thous. PLN
- sales of materials - the Power Equipment Production Plant VECTOR Ltd.	1 019	thous. PLN
- sales of services – SAUDI ELEKTROBUDOWA LLC	266	thous. PLN

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

Mutual balances between the parent and its associates as at 30 September 2013:

- payables of ELEKTROBUDOWA SA to the Power Equipment Production Plant VECTOR Ltd.	5	thous. PLN
- payables of the Power Equipment Production Plant VECTOR Ltd. to ELEKTROBUDOWA SA	5 038	thous. PLN
- payables of SAUDI ELEKTROBUDOWA LLC to ELEKTROBUDOWA SA	250	thous. PLN

The unsettled balances of receivables and payables with the related parties are not hedged and will be settled in cash in the agreed payment dates.

The parent, ELEKTROBUDOWA SA did not extend any guarantees to the associates for securing contract bonds.

In the reporting period no costs of doubtful or hardly collectable receivables from transactions with the related parties were recognized. The parent, ELEKTROBUDOWA SA did not create provisions for unsettled balances of payments with the related parties as at balance sheet date.

### Figures relating to subsidiaries and associates:

As of 30 September 2013 the consolidation adjustments of the group were made for the amount of:	(26 236)	thous. PLN
which includes:		
- adjustment of the share capital of subsidiaries, attributable to the company's shareholders	(931)	thous. PLN
- adjustment of the supplementary capital of subsidiaries	(21 679)	thous. PLN
- exchange differences from translation of associates	(37)	thous. PLN
- adjustment of current year's net profit in the amount of	(1 060)	thous. PLN
o share in net profit of associated measured according to the equity method including income tax	1 916	thous. PLN
o adjustment of net profit of subsidiaries	19	thous. PLN
o adjustment of net profit of associates	(349)	thous. PLN
o adjustment of dividend received from settlement of profit	(2 646)	thous. PLN
- adjustment of prior year's net profit, of which:	(126)	thous. PLN
- adjustment of net profit of subsidiaries	(3 135)	thous. PLN
- adjustment of net profit of associates	3 009	thous. PLN
- adjustment of deferred tax liabilities	457	thous. PLN
- adjustment of mutual settlements in the amount of	(2 860)	thous. PLN

### Internal sales

In the consolidated financial statements consolidation exclusions were done in respect of revenue from sales between fully consolidated entities in the amount (14 271) thousand PLN.



(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

### Exclusions of unrealised gains

As of 30 September 2013 no essential eliminations of unrealised gains were made.

### Investment in associates

The tables below present a summary of financial data concerning the associates.

	KRUELTA Ltd.	The Power Equipment Production Plant VECTOR Ltd.	SAUDI ELEKTROBUDOWA LLC
<b>Data of associates as at 30 September 2013</b>			
total non-current assets	0	28 492	38
total current assets	0	45 777	471
long-term liabilities	0	541	0
short-term liabilities	0	24 904	207
<b>Data of associates for the three quarters of 2013</b>			
revenue from sales of products, goods and materials	0	84 794	750
cost of products, goods and material sold	0	71 302	269
	KRUELTA Ltd.	The Power Equipment Production Plant VECTOR Ltd.	SAUDI ELEKTROBUDOWA LLC
<b>Data of associates as at 30 September 2012</b>			
total non-current assets	245	30 360	63
total current assets	1 782	40 280	641
long-term liabilities	0	646	0
short-term liabilities	18	20 293	371
<b>Data of associates for the three quarters of 2012</b>			
revenue from sales of products, goods and materials	0	100 483	945
cost of products, goods and material sold	0	82 596	149

With effect from 8 August 2013, the limited liability company KRUELTA discontinued its business activity and was struck off from the Russian State Register of Legal Entities. On the day of liquidation ELEKTROBUDOWA SA held a share in KRUELTA equal to 49% of its share capital. By Resolution of the General Meeting of Shareholders of KRUELTA, the remaining assets of the company were divided among its shareholders pro rata to the shares owned.

In the consolidated statement of comprehensive income prepared for the period from 1 January 2013 to 30 September 2013 a net loss of 562 thousand PLN was recognised in finance income (costs) – net. The loss is the outcome of settlement of the share held by ELEKTROBUDOWA SA in KRUELTA as at the date of winding up.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

### 11. Contingent liabilities

#### a) guarantees

As at 30 September 2013, 31 December 2012 and 30 September 2012 the group extended contract guarantees, comprising advance payment bonds, bid bonds, performance bonds and warranty bonds, guarantees securing the claim enforced against the company in judicial proceedings, and ensuring timely payment of debt, through:

	as at 30 Sept 2013	as at 31 Dec 2012	as at 31 Sept 2012
PKO BP S.A.	273 232	73 778	67 345
BRE Bank S.A.	53 925	38 600	63 246
Bank PEKAO S.A.	33 531	31 105	29 526
T.U. ALLIANZ POLSKA SA	33 165	27 244	27 577
Bank Handlowy w Warszawie S.A.	22 674	20 047	24 020
Towarzystwo Ubezpieczeń Euler Hermes S.A.	3 334	12 791	26 971
ING Bank Śląski S.A.	7 921	8 197	8 567
HDI Gerling Towarzystwo Ubezpieczeniowe S.A.	1 463	2 375	2 585
BNP PARIBAS BANK POLSKA S.A.	2 925	398	345
HDI Asekuracja TU S.A.	1 133	1 133	1 133
PZU S.A.	0	0	17
<b>Total amount of guarantees</b>	<b>433 303</b>	<b>215 668</b>	<b>251 332</b>

#### b) Promissory notes

As of 30 September 2013 the group issued promissory notes to secure performance bond, timely payment of debt and to secure repayment for the total amount of 22 358 thousand PLN, and also:

- 1 promissory note issued in favour of BRE Bank S.A. o/Katowice as security for the credit facility used for financing current operations;
- 10 promissory notes in favour of T.U. Allianz Polska SA as security for the contract guarantees agreement;
- 1 blank promissory note in favour of Bank PEKAO S.A. as security for the contract for multi-purpose limit;
- 2 promissory notes issued in favour of HDI Asekuracja Towarzystwo Ubezpieczeniowe S.A. as security for the contract guarantees agreement;
- 2 blank promissory notes as security for overdraft and a guarantee line provided by the Bank PKO BP S.A.;
- 1 promissory note as security for the guarantee revolving line provided by Bank Handlowy w Warszawie SA;
- 10 promissory notes in favour of TU Euler HERMES S.A. as security for contract guarantees agreement;
- 1 blank promissory note in favour of BNP PARIBAS BANK POLSKA S.A. as security for extended guarantees.

## Notes to the condensed financial statements

As of 31 December 2012 the ELEKTROBUDOWA SA group issued promissory notes as security for contract performance bonds, timely payment of debt and as payment guarantee for the total amount of 22 533 thousand PLN, and also:

- 1 promissory note issued in favour of BRE Bank S.A. o/Katowice as security for the credit facility used for financing current operations;
- 10 blank promissory notes in favour of T.U. Allianz Polska SA as security for the contract guarantees agreement;
- 1 blank promissory note as security for bank loan and guarantee line in Bank PEKAO S.A.;
- 10 promissory notes issued in favour of HDI Asekuracja Towarzystwo Ubezpieczeniowe S.A. as security for the contract guarantees agreement;
- 2 blank promissory notes as security for the loan and guarantee line provided by PKO BP S.A.;
- 1 blank promissory as security for the guarantee revolving line provided by Bank Handlowy w Warszawie SA;
- 1 blank promissory note as security for the multi-product line provided by ING Bank Śląski SA.;
- 10 promissory notes in favour of TU Euler Hermes S.A. as security for contract guarantees agreement;
- 1 blank promissory note in favour of BNP PARIBAS BANK POLSKA S.A. as security for extended guarantees.

As of 30 September 2012 the group issued promissory notes for the total amount of 15 254 thousand PLN, and also:

- 1 promissory note issued in favour of BRE Bank S.A.o/Katowice as security for the credit line to finance current business operations;
- 10 blank promissory notes in favour of T.U. Allianz Polska SA as security for the contract guarantees agreement;
- 1 promissory note in favour of Bank PEKAO S.A. as security for a multi-purpose limit agreement;
- 10 blank promissory notes in favour of HDI Asekuracja Towarzystwo Ubezpieczeniowe S.A. as security for the contract guarantees agreement;
- 2 blank promissory notes as security for the current account overdraft and guarantee line provided by Bank PKO BP S.A.;
- 1 blank promissory note as security for the revolving guarantee line provided by Bank Handlowy w Warszawie SA;
- 1 promissory note as security for the multi-product line provided by ING Bank Śląski SA.;
- 10 blank promissory notes in favour of TU Euler HERMES S.A. as security for contract guarantees agreement;
- 1 blank promissory note in favour of BNP PARIBAS BANK POLSKA S.A. as security for the bank guarantees.

### c) Sureties

As at 30 September 2013, 31 December 2012 and 30 September 2012 the group did not grant any sureties.

## Notes to the condensed financial statements

### 12. Changes in the applied accounting standards

The accounting standards adopted by the group as well as the methods of establishing the financial result and preparing the consolidated financial statements are applied on continual basis in the consecutive reporting periods.

### 13. Additional notes

#### Seasonality of business

Since the beginning of 2011 the economic conditions in the construction industry were deteriorating. In the 1st quarter of 2013 business index decreased by 13 points compared with the 4th quarter of the prior year. In the second quarter of 2013 it rose by 45 points on the previous quarter, while in the 3rd quarter it remained practically unchanged. Considering seasonality factors – the third quarter is generally worse than the second one, the lack of drop in the reporting quarter allows a positive assessment of the current situation. In the prior quarter, for the first time in the last two years, a high growth of the business index was recorded. Although its growth in the second quarter compared with the first quarter was contributed also by seasonality of the construction industry, the positive changes resulted in reversal of the business climate in the construction sector from downturn to upturn. Compared with the previous quarter, balance of total production rose by 15 points, while compared with the third quarter of the previous year by 17 points. In Q3 2013 an increase was recorded both in the total balance of orders for the building companies and the balance of domestic orders, compared with the previous three months. However, the performance of the construction sector in the last two quarters should be approached with cautious optimism, as the coming months will show whether the growth trend is consolidated.

Volume of orders received by the parent, ELEKTROBUDOWA SA in the three quarters of 2013 amounted to 1 639.7 million PLN. Compared with the three quarters of 2012, when orders received totaled 777.4 million PLN, the value of concluded contracts and received orders increased by 110.9 per cent. The backlog of orders as of 30 September 2013, which included contracts being performed and pending performance, reached the level of 1 834.0 million PLN. Compared with the 959.8 million PLN order backlog on 30 September 2012, there was a 91.1 per cent increase. Such a significant increase in order backlog is the result of intense efforts to win over new strategic customers, like PSE or small cogeneration sources. Forecasts concerning the volume of orders in the coming period are optimistic, both in respect of domestic and international projects.

Revenues from the sales of products, goods and materials generated by the group in the three quarters of 2013 amounted to 634.6 million PLN, which accounts for 72.0 per cent of the revenues budgeted for 2013. Compared with the three quarters of 2012 the sales revenue decreased by 7.8 per cent.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

The level of sales revenues was influenced by the seasonal deterioration of the construction sector activity, but also by rescheduling of completion dates of construction work which resulted in corresponding postponement of payment dates to later reporting periods. Postponement of completion stages of civil works concerns mainly the amended contract for "Extension of the Słupsk 400/110kV Station – Stage I and II" for PSE Operator S.A.; in the signed amendment the milestones for completion defined in the Work Schedule referring to works which had not been completed until the date of Amendment were postponed by 9 months. In consequence, planned sales revenues will be generated in later reporting periods.

The impact of seasonality on performance of construction and erection services was accounted for as early as at the stage of preparation of the 2013 group's budget, which also considered the time schedules agreed in the contracts.

The growth rate of revenues is correlated with the growth rate of cost price of products, goods and materials sold. The cost incurred in the three quarters of 2013 amounted to 620.3 million PLN, equivalent to 73.2 per cent of its amount budgeted for 2013. Cost of goods sold in the 9 months of 2013 was by 7.7 per cent lower than in the same period of the previous year. Relations between the fluctuation of changes in the revenues and the cost price formed the profit on sales on the level by 2.2 million PLN lower than the comparable result after the three quarters of 2012. After having considered the gains from other operating activities and financing activities, profit before taxes amounted to 8.7 million PLN and was by 11.1 million PLN smaller than in the nine months of 2012. The net profit earned in the period from January through September 2013 was 5.6 million PLN, which means a drop by 11.0 million compared with the comparable period of the previous year. The net profit after the three quarters accounted for 28.8 per cent of the 2013 budget earnings.

The group's priorities of the coming months include further improvement of operational effectiveness, improvement of project management process and optimization of purchase processes and financing of operating activity.

### Property, plant and equipment and non-current assets held for sale

	as at				
	30.09.2013	30.06.2013	31.12.2012	30.09.2012	30.06.2012
	end of quarter/2013	end of prior quarter/2013	and of prior year/2012	end of quarter/2012	end of prior quarter/2012
<b>Non-current assets held for sale</b>					
a) fixed tangible assets, including:					
- building and civil structures	0	533	0	0	0
- technical equipment and machines	0	20	0	0	0
	<b>0</b>	<b>553</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Notes to the condensed financial statements

Owned by the Busduct Factory in Mikołów items of tangible assets and the right to perpetual usufruct of land, which ceased to be used, were earmarked for sale and made available for immediate sale in their current condition.

Following the decision to dispose of some tangible property items, and because of negotiations with a potential buyer, ELEKTROBUDOWA SA separated the tangible property items offered for sale as of 30 June 2013 and presented them in the Statement of Financial Position in the line "Non-current assets held for sale".

The non-current assets held for sale were measured in their carrying amounts, and they included:

- buildings and equipment recognised in current assets in the statement of financial position in the item "Non-current assets held for sale" with the value of 553 thousand PLN,
- right to perpetual usufruct of land recognised in the off-balance sheet records, valued at 110 thousand PLN.

On 25 July 2013 the above tangible assets items were sold. In the notarial deed pertaining to the transaction of sale of the fixed assets which belonged to the Busduct Factory in Mikołów the gross price of 2 350 thousand PLN (2 299 thousand PLN net) was quoted.

### Legal claims against the parent company and the related parties

In August 2011 and in January 2012 the Finnish Electrical Workers' Trade Union filed suits against the parent, ELEKTROBUDOWA SA as an employer employing its workers at the site of Olkiluoto Nuclear Power Plant for payment of total amount of €4 725 643.91 with due interests. The claim concerns additional payments from ELEKTROBUDOWA SA to supplement remuneration paid to the employees for work in the period of their employment at the site of Olkiluoto NPP, Finland. After the TU had acknowledged Elektrobudowa's arguments of violation of the EU legislation, total amount of claim was reduced to 4 360 299.14 EUR.

The claimed amount is subject to constant verification. In June 2013 the Finnish Electrical Workers' TU submitted a statement concerning extension of claim by a further period from 1 September 2011 to 30 June 2012 (earlier claim covered the period up to August 2011). According to the TU the amount of claim concerning 186 employees of the company is €6 648 383.15 now. Having no possibility to comment on the supplementation of the suit by the Finnish Electrical Workers' Trade Union provided on 14 June 2013, on 11 September 2013 ELEKTROBUDOWA SA submitted a statement to the District Court in Rauma, referring to the supplementation of the suit by the claimant. In the statement, ELEKTROBUDOWA SA objected to the claims of the TU and rejected the supplementation of the suit, arguing that the submitted suit in its amended scope (by the amount of €2 288 083.74), was not analysed within the court proceedings.

Because of complexity of the case and the fact that the claim concerns 186 employees, it has to be suitably supported with documents and lawyers' opinions have to be presented. Due to Finnish jurisdiction and the fact that the Finnish law is applicable to significant part of the claim, ELEKTROBUDOWA SA commissioned a lawyers' firm in Finland to represent the company in proceedings at law. The Management Board of the parent are of the opinion that the company has strong arguments to dismiss a substantial part of claim. ELEKTROBUDOWA SA submitted detailed explanations and an opinion of an expert in international law which question the capacity of the Finnish Trade Union to file a claim basing on assignment, as it was done. The claim in question, in the preliminary opinion of the Management of the parent, at the initial stage of the proceedings seems unjustified, at least in its major part.

## Notes to the condensed financial statements

On 18 September 2012 there was a preliminary (preparatory) hearing in the District Court Satakunta in Rauma, with the participation of representatives of ELEKTROBUDOWA SA and lawyers representing the company and also the lawyers representing the Finnish Electrical Workers' Trade Union. The proceedings were to agree upon a set of questions relating to the dispute, which would be a base for the decision issued by the District Court Satakunta on 12 July 2013 to refer to the Court of Justice of the European Union for preliminary ruling on the issue of assigning the employees' claim concerning their wages to the Trade Union and for interpretation of minimum wage according to the Directive of the European Parliament and of the Council. The Court applied for expedited preliminary ruling procedure in the issue of assignment of right to claim receivables, which issue is decisive and crucial for the whole procedure.

On 24 September 2013 the European Court of Justice Office notified ELEKTROBUDOWA SA that the President of the Court did not extend the right to apply expedited preliminary ruling procedure, requested for by the Satakunta District Court. ELEKTROBUDOWA SA has a right to submit pleadings or written comments to the Court of Justice within 2 December 2013.

The proceedings before the District Court involving the Finnish Electrical Workers' Trade Union and ELEKTROBUDOWA SA has been suspended until the preliminary decision is ruled by the European Court of Justice.

ELEKTROBUDOWA SA also requested that the District Court in Rauma should apply to the Labour Court for opinions in the disputed issues.

On 19 April 2013 the Lawyers' Office in Finland, representing ELEKTROBUDOWA SA, the parent, acknowledged the receipt of a summons submitted by 186 persons employed by the company at the site of OLKILUOTO Nuclear Power Plant. Their claim concern the amounts due under the employment relationship. The claim amount was not precisely specified in the summons; maximum amount claimed by each employee does not exceed €75 000.00. The summons has many formal defects. In June 2013 ELEKTROBUDOWA SA submitted its answer for the District Court Satakunta and raised an objection against the claim. The company raised the objection of a pending case with a motion to reject the suit since it contains the same demands, at least in a significant part, as claimed by the Finnish Electrical Workers' Trade Union in August 2011 and January 2012. Until the date of preparing the financial statements no actions were carried out concerning the new requests by the employees for payment of the same receivables that are claimed in the above mentioned pending cases between the Finnish Electrical Workers' Trade Union and ELEKTROBUDOWA SA.

Following the decision of the District Court Satakunta in Rauma, the claim of the the Finnish Electrical Workers' Trade Union was secured by a bank guarantee for the amount of 2 900 thousand euros valid until 30 September 2015.

The Management of the parent, ELEKTROBUDOWA SA estimated the risk relating to the proceedings and decided to create, in 2011 books, a 2 million PLN provision for future liabilities arising from the operating activity of the company.

As of the reporting day the circumstances and risks have not changed compared to those presented in the report prepared as at 30 June 2013.

## Notes to the condensed financial statements

### Significant events in the reporting period

On 1 July 2013 the parent, ELEKTROBUDOWA SA together with Przedsiębiorstwo "AGAT" S.A. and QUMAK – SEKOM S.A., the Consortium Partners, filed a motion to the District Court for the Capital City of Warsaw the 8th Commercial Division, for a summons to conciliatory hearing concerning: the State Treasury – Minister of Sport and Tourism, HYDROBUDOWA POLSKA S.A. the company in liquidation bankruptcy, ALPINE construction Polska Sp. z o.o., ALPINE Bau Deutschland AG, ALPINE Bau GmbH and PBG S.A. a company in arrangement bankruptcy, in the case for joint and several payment of the amount of 18 971 thousand PLN. The amount covers:

- incurred by the consortium partners, as a subcontractor, expenses of extension of the period of construction works relating to the building of the National Stadium in Warsaw. Rescheduling of milestones was caused by defects in the execution design but also was due to the fact that Investor organized events in the Stadium while the construction works had not been yet completed. Extension of period of project realization was agreed by Investor with the General Contractor who agreed to pay the amounts equivalent to additional costs of the works performed on the site;
- demand for payment of compensation for costs incurred by the consortium partners, as repayment of unjust enrichment and as reimbursement of expenses and expenditure of works carried out without a received order;

At the same time, in the motion filed in the District Court for the capital city of Warsaw, the 8th Commercial Department, ELEKTROBUDOWA SA and the Consortium Partners also summoned the above opponents to voluntary payment of 18 971 thousand PLN within 14 days since the application was delivered to the above opponents by the court competent for the subject of dispute, or to submittal of a proposal of a voluntary settlement of the dispute.

By the decision of 6 August 2013 the District Court for the capital city of Warsaw rejected the application for a summons to conciliatory hearing in its part concerning the foreign companies, substantiating the decision with the lack of Polish jurisdiction to conduct proceedings on the motion of ELEKTROBUDOWA SA. On 19 August 2013 ELEKTROBUDOWA SA and the consortium partners filed an appeal against the decision of the District Court. As of the date of publication of the financial statements ELEKTROBUDOWA SA is waiting for the date of a trial to be scheduled.

At present a suit is being prepared for filing by the consortium of ELEKTROBUDOWA SA, QUMAK – SEKOM S.A. and Przedsiębiorstwo "AGAT" S.A. against the State Treasury represented by Narodowe Centrum Sportu Sp. z o.o. for payment of the whole debt due from the contract, together with interests for delay in payment.



(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

### 14. Selected financial data

#### Deferred income tax assets

The amount of the group's deferred income tax assets and related provisions depends mainly on the specific nature of settlements of construction contracts (the moment of recognition of the cost as incurred and of the income as realized are different in the tax and the accounting methods).

	as at				
	30.09.2013	30.06.2013	31.12.2012	30.09.2012	30.06.2012
	end of quarter/2013	end of prior quarter/2013	and of prior year/2012	end of quarter/2012	end of prior quarter/2012
<b>Deferred income tax assets</b>	<b>48 399</b>	<b>39 328</b>	<b>37 223</b>	<b>33 413</b>	<b>35 862</b>
- to be recovered after more than 12 months	1 412	1 480	1 474	1 233	1 270
- to be recovered within 12 months	46 987	37 848	35 749	32 180	34 592
<b>Deferred income tax liabilities</b>	<b>(26 580)</b>	<b>(20 451)</b>	<b>(20 687)</b>	<b>(17 600)</b>	<b>(19 979)</b>
- to be recovered after more than 12 months	(530)	(587)	(697)	(701)	(704)
- to be recovered within 12 months	(26 050)	(19 864)	(19 990)	(16 899)	(19 275)
<b>Deferred corporate income tax assets recognized in the balance sheet</b>	<b>21 819</b>	<b>18 877</b>	<b>16 536</b>	<b>15 813</b>	<b>15 883</b>

	as at				
	30.09.2013	30.06.2013	31.12.2012	30.09.2012	30.06.2012
	end of quarter/2013	end of prior quarter/2013	and of prior year/2012	end of quarter/2012	end of prior quarter/2012
<b>Deferred income tax liabilities</b>	<b>(2 085)</b>	<b>(2 112)</b>	<b>(6 672)</b>	<b>(6 546)</b>	<b>(6 324)</b>
- to be recovered within 12 months	(2 085)	(2 112)	(6 672)	(6 546)	(6 324)
<b>Deferred corporate income tax liabilities recognized in the balance sheet</b>	<b>(2 085)</b>	<b>(2 112)</b>	<b>(6 672)</b>	<b>(6 546)</b>	<b>(6 324)</b>

#### Impairment provisions for receivables of the group

	as at				
	30.09.2013	30.06.2013	31.12.2012	30.09.2012	30.06.2012
	end of quarter/2013	end of prior quarter/2013	and of prior year/2012	end of quarter/2012	end of prior quarter/2012
- receivables under bankruptcy proceedings	5 241	3 104	2 472	2 473	8 362
- receivables in arrangement with debtors	210	210	163	200	193
- receivables vindicated in court	3 575	1 824	648	605	701
- from overdue debtors	13 246	16 877	12 861	8 017	6 169
<b>Receivables impairment provisions</b>	<b>22 272</b>	<b>22 015</b>	<b>16 144</b>	<b>11 295</b>	<b>15 425</b>

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

In the three quarters of 2013 the group created provisions for impairment of receivables, both current and non-current, in the total amount of 8 461 thousand PLN, of which:

- receivables in bankruptcy proceedings	2 777	thousand PLN
- receivables in arrangement proceedings	47	thousand PLN
- debt vindicated in court	3 303	thousand PLN
- overdue debtors	2 334	thousand PLN

The main items of provisions for impairment of receivables in the three quarters of 2013 are:

- FRIO Sp. z o.o. Sp. Komandytowa, in the amount of 1 404 thousand PLN, following the declared bankruptcy;
- ALPINE Construction Sp. z o.o. in the amount of 751 thousand PLN, delay in payment for over 180 days;
- Hydrobudowa Polska S.A. in the amount of 754 thousand PLN, delay in payment for over 180 days;
- Usługi Budowlane SIBIT G. Sobótka in the amount of 651 thousand PLN concerning unpaid liquidated damages;
- Mostostal – Energomontaż S.A., Gliwice in the amount of 229 thousand PLN, for the retention money not returned in due time.

In the three quarters of 2013 the group reversed the provisions for impairment of receivables (current and non-current) for the amount of 2 333 thousand PLN, of which:

- receivables in bankruptcy proceedings	8	thousand PLN
- claims vindicated in court	376	thousand PLN
- overdue debtors	1 949	thousand PLN

## Receivables and payables write-off due to discount

In the three quarters of 2013 the group recognised impairment due to discount decreasing the amount of receivables by 192 thousand PLN and the discount increasing the amount of payables by 417 thousand PLN. During the three quarters of 2012 the group recognised impairment due to discount decreasing the amount of receivables by 102 thousand PLN and the discount decreasing the amount of payables by 334 thousand PLN.

	<b>3 quarters/2013</b> period from <b>01.01.2013</b> to <b>30.09.2013</b>	<b>3 quarters/2012</b> period from <b>01.01.2012</b> to <b>30.09.2012</b>
<b>Receivables and payables write-off due to discount</b>		
- to sales revenues	(117)	(116)
- to manufacture cost	417	334
- to other gains (losses) - net	(75)	14
<b>Total write-off due to discount</b>	<b>225</b>	<b>232</b>

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

### Provisions for future liabilities and expenses

	as at				
	30.09.2013 end of quarter/2013	30.06.2013 end of prior quarter/2013	31.12.2012 and of prior year/2012	30.09.2012 end of quarter/2012	30.06.2012 end of prior quarter/2012
- provision for long-term retirement benefits	4 173	4 259	4 448	3 358	3 473
- provision for short-term retirement benefits	25	29	128	228	102
- provision for warranty repair works	779	779	764	461	640
<b>Provisions for future liabilities and expenses</b>	<b>4 977</b>	<b>5 067</b>	<b>5 340</b>	<b>4 047</b>	<b>4 215</b>

### Construction contracts

#### Amounts due from customers for construction contract work

	as at				
	30.09.2013 end of quarter/2013	30.06.2013 end of prior quarter/2013	31.12.2012 and of prior year/2012	30.09.2012 end of quarter/2012	30.06.2012 end of prior quarter/2012
Amounts due from customers for construction contract work	135 384	101 730	120 790	122 862	119 925

The group presents in assets the amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings.

As at 30 September 2013 compared with 30 June 2013 the amount due from customers for construction contract work increased by 34 472 thousand PLN. The increase is mainly attributable to the following contracts:

- extension of the 400/110kV station Słupsk – Stage I and II for Polskie Sieci Elektroenergetyczne Operator S.A.	21 298.6 thousand PLN
- participation in the turnkey supply of a new, gas-fuelled, combined heat and power unit, 45MWe electric power and 40MWt thermal power in KGHM, Głogów for KGHM Polska Miedź S.A.	5 636.3 thousand PLN
- construction of a new heat generation unit with fluidized bed boiler, heating and condensing turbine and associated plants in TAURON Ciepło SA Zakład Wytwarzania Tychy.	4 949.3 thousand PLN
- extension and modernization of the 220/110kV station Skawina, including connection of the 2x2x400kV line, for Polskie Sieci Elektroenergetyczne S.A.	3 427.9 thousand PLN

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

### Amounts due to customers for construction contract work

	as at				
	30.09.2013	30.06.2013	31.12.2012	30.09.2012	30.06.2012
	end of quarter/2013	end of prior quarter/2013	and of prior year/2012	end of quarter/2012	end of prior quarter/2012
Amounts due to customers for construction contract work	51 161	44 382	31 652	35 749	36 937

The group presents in liabilities the amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

### 15. Current legal or arbitration proceedings or proceedings before the public administration body

There are no lawsuits pending against the entities of the ELEKTROBUDOWA group for receivables or liabilities of total claim value exceeding 10% of the group's equity.

### 16. Events and circumstances which affect the financial result

The economic conditions in the construction industry have been deteriorating since the beginning of 2011. Consistently growing number of building companies whose activity is hindered because of payment gridlocks is a matter of concern. High indebtedness of building companies, low margins achieved on the projects and still strong competition which will result in low profitability, also of new orders – these are the main factors contributing to deterioration of the situation in building industry. Infrastructural and road building projects are nearing completion, which causes migration of building companies from road building segment to the electric power construction segment. Consequently, the investments in power sector and railway infrastructure will take a leading role in the engineering sector; also commercial, industrial and retail building will increase its share in overall building and output.

Despite deteriorating business climate of the construction industry, the forecast of order backlog for 2013 and orders received by the parent in the three quarters of 2013 will enable to work at full capacity in the coming quarters of the financial year.

In the reporting period the signed orders amounted to 1 639.7 million PLN while the value of orders received in the comparable nine months of 2012 totaled 777.4 million PLN. The value of concluded contracts and orders received in the three quarters of 2013 increased by 110.9% compared with the same period of the previous year.

The parent's backlog of orders as of 30 September 2013, which included contracts being performed and pending performance, reached the level of 1 834.0 million PLN. Compared with the 959.8 million PLN order backlog at 30 September 2012, there was a 91.1% increase. Forecasts concerning the volume of orders in the coming period are optimistic, both in respect of projects performed in this country and abroad.

## Notes to the condensed financial statements

The following contracts were signed in the three quarters of 2013:

1.	construction of a new heat generation unit with fluidized bed boiler, heating and condensing turbine and associated plants in TAURON Ciepło SA Zakład Wytwarzania Tychy	592.5 million PLN
2.	extension and modernization of the 220/110kV station Skawina, including connection of the 2x2x400kV line, for Polskie Sieci Elektroenergetyczne S.A.	224.3 million PLN
3.	extension and modernization of Byczyna substation including connection of the 400kV line, for Polskie Sieci Elektroenergetyczne S.A.	215.0 million PLN
4.	turnkey delivery of items of infrastructure dedicated for the new Flue Gas Desulfurization (FGD) plant being constructed in the heat and power plant located in the PKN ORLEN SA production facility in Płock.	74.4 million PLN
5.	extension of the scope of works at the NPP OLKILUOTO 3, for AREVA NP GmbH	54.4 million PLN
6.	supply of complete 3kVDC switchgear for PKP Energetyka S.A.	31.4 million PLN
7.	performance of the project: "Jelenia Góra, Spółdzielcza Street – modernization of the R-343 Wiskoza 110/20/6kV transformer station in Jelenia Góra" for TAURON Dystrybucja S.A.	24.6 million PLN
8.	the complete modernization of the electrical supply system for the electrolyzers, comprising engineering, procurement, construction and commissioning of the supply installations of new electrolyzers system in the ANWIL factory in Włocławek	18.9 million PLN
9.	replacement of Transformer-Rectifier Units for the Tank Room in P-27 division of the copper mill "Głogów" for KGHM Polska Miedź S.A.	17.1 million PLN
10.	extension of the scope of contract - participation in the turnkey supply of a new, gas-fuelled, combined heat and power unit, 45MWe electric power and 40MWt thermal power in KGHM, Głogów for KGHM Polska Miedź S.A.	14.2 million PLN

The biggest contracts won by the group were concluded by the parent.

Revenues from sales of products, goods and materials generated by the ELEKTROBUDOWA SA group for the three quarters of 2013 amounted to 634 648 thousand PLN and were by 53 655 thousand PLN lower (by 7.8%) than in the same period of the previous year.

Out of the total revenue of the group, 93.1% was generated the parent, ELEKTROBUDOWA SA, while 5.2% by ENERGO TEST sp. z o.o. and 1.7% by ELEKTROBUDOWA UKRAINE Ltd.

The income generated by the group in the three quarters of 2013 was owed mainly to the following contracts:

1.	supply, erection and commissioning of electrical and I&C components and systems for the Nuclear Power Plant Olkiluoto Finland for AREVA NP GmbH	74.7 million PLN
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(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

2.	construction of the SCR/EF system including infrastructure, Stage 1, for PKN ORLEN SA	29.8 million PLN
3.	participation in the turnkey supply of a new, gas-fuelled, combined heat and power unit, 45MWe electric power and 40MWt thermal power in KGHM, Głogów for KGHM Polska Miedź S.A.	25.9 million PLN
4.	civil works and other services required for the completion of project - construction of the Franowo tramway depot in Poznań for Miejskie Przedsiębiorstwo Komunikacyjne w Poznaniu Sp. z o.o.	19.3 million PLN
5.	works related to preparation for the construction of the Flue Gas Desulfurization system within the project no. 17539 called: „Adaptation of the Heat and Power Plant in Płock to the emission standards to be in force since 1 January 2016 – Preparation of area for the construction of the FGD system” for PKN ORLEN Spółka Akcyjna,	17.7 million PLN
6.	Engineering design and construction of the 110/15kV station – RPZ 11 and the 110kV overhead line energizing the station, in Białystok, for PGE Dystrybucja Spółka Akcyjna	14.1 million PLN
7.	supply of equipment and installation of industrial and civil electrical systems Stora Enso NAREW Ltd.	13.2 million PLN
8.	turnkey site engineering and construction of the Integrated Communication Centre at Poznań Główny railway station for Poznań City Center I Sp. z o.o.	12.8 million PLN
9.	participation in the turnkey supply of a new, gas-fuelled, combined heat and power unit, 45MWe electric power and 40MWt thermal power in KGHM, Polkowice for KGHM Polska Miedź S.A.	4.6 million PLN
10.	modernization and repair of the control and surveillance system including electrical, for Units 7-12 in the Bełchatów Power Station for Emerson Process Management and Water Solutions Sp. z o.o.	10.8 million PLN

The group's gross profit on sales for the three quarters of 2013 was 29 900 thousand PLN, by 9.7 per cent lower than in the comparable period of 2012.

Higher rate of decrease of revenues (by 7.8 per cent) compared with the drop of costs to sell (by 7.7%) on the level of 0.1 percentage point involved a decrease of the gross profit on sales by 3 199 thousand PLN. Relations between sales and costs and their influence on the amount of profit are reflected in profit margins. Return on sales after the nine months of 2013 was 2.3% and dropped by 0.1 percentage point compared with the same period of the previous year. The decrease of the profit margin is the result of growing competition in the market of building services for the power sector at the direct supplier level.

Costs of sales for the three quarters of 2013 amounted to 3 474 thousand PLN and were by 1 805 thousand PLN lower than for the three quarters of 2012. Level of costs in the reporting periods was correlated with the level of sales revenues. In the comparable periods the share of costs of selling in the sales revenue was 0.5% and 0.8% for the three quarters of 2013 and 2012, respectively. The 0.3 percentage point drop of the share of selling costs in the sales revenues was directly connected with the decrease in transport costs.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

General administrative expenses after the three quarters of 2013 rose by 7.0% compared with the same period of 2012. Their share in total revenues was 1.9% in the three quarters of 2013 and 1.6% in the three quarters of 2012, and rose by 0.3 percentage point.

Other operating expenses in the three quarters of 2013 amounted to 3 828 thousand PLN and included:

- fees and charges relating to bank guarantees in the amount of 2 929 thousand PLN,
- fees and charges relating to loans in the amount of 598 thousand PLN,
- legal fees and penalties in the amount of 301 thousand PLN.

In the three quarters quarter of 2013, compared with the same period of 2012, total amount of bank charges and fees relating to the contract bonds provided by the group rose by 1 244 thousand PLN (by 73.8%). It results from the dynamically growing volume of guarantees provided by the group as security for received advance payments, for performance bonds, warranty bonds, and payment guarantees. Total amount of guarantees issued by banks as at 30 September 2013 was 394 208 thousand PLN and was by 201 159 thousand PLN, i.e. by 104.2% higher than in the comparable three quarters of 2012.

In the three quarters of 2013, compared with the same period of the previous year, costs incurred in connection with releasing credits were also higher and amounted to 219 thousand PLN (growth by 57.8%). In the three quarters quarter of 2013 the parent utilized credit in current account and the working capital credit to finance its current operating activities, what involved the increase of amounts of bank fees. As at 30 September 2013 the group utilized the amount of 28 412 thousand PLN of borrowed capital. The amount of credit utilized by the group's entities to finance their business operations totalled 11 938 thousand PLN.

Expenses relating to penalties incurred by the group in the three quarters of 2013 were by 823 thousand PLN lower, and legal and other charges by 260 thousand PLN lower than in the comparable period. Total other operating costs incurred by the group rose by 380 thousand PLN, i.e. by 11.0 per cent.

Other net losses for the three quarters of 2013 totalled 2 169 thousand PLN. In the same period of the previous year the group generated 3 165 thousand PLN of other net gains. Other net losses for the nine months of 2013 are the result of other income that amounted to 11 688 thousand PLN and other expenses in the amount of 13 857 thousand PLN.

Main items of other income:

- interests for delay in payments of receivables	3 600	thousand PLN
- reversal of provision for impairment of receivables	2 292	thousand PLN
- penalties and fines	1 916	thousand PLN
- gains from disposal of non-financial fixed assets	1 708	thousand PLN
- received compensation	674	thousand PLN
- interest on cash	581	thousand PLN
- discount of long-term receivables	97	thousand PLN

Main items of other expenses:

- provision for impairment of receivables	8 461	thousand PLN
- negative exchange differences	807	thousand PLN
- interests for delay in payments of liabilities	652	thousand PLN
- damage repair cost	354	thousand PLN
- donations	177	thousand PLN

## Notes to the condensed financial statements

The group earned 8 398 thousand PLN of profit on operating activity for the three quarters of 2013, which was by 7 900 thousand PLN (by 48.5%) lower than for the same period of the previous year. Operating profitability for the three quarters of 2013 reached the level of 1.3% and dropped by 1.1 percentage point compared with the three quarters of 2012.

The ELEKTROBUDOWA SA group recorded a 1 313 thousand PLN loss on the financial activities. During the three quarters of 2013 the group incurred financial costs in the amount of 1 359 thousand PLN, which included 769 thousand PLN interests on credits, 562 thousand PLN loss on the financial investment and 28 thousand PLN interests on leases. The group's financial income amounted to 46 thousand PLN and concerned the dividend received by ENERGETEST sp. z o.o. on the shares in Energotest – Diagnostyka Sp. z o.o.

The share in the net profit of associates measured according to the equity method for the three quarters of 2013 amounted to 1 593 thousand PLN and constituted the 28.7% of the net profit earned by the group in the reporting period.

The gross profit before taxes earned by the group in the period from 1 January 2013 to 30 September 2013 was 8 678 thousand PLN, while the net profit amounted to 5 559 thousand PLN. Both gross profit and net profit dropped on the comparable period of 2012, by 56.0 per cent and 66.3 per cent respectively. The net profit of the reporting period attributable to the equity holders of ELEKTROBUDOWA SA amounted to 5 467 thousand PLN, whereas the profit attributable to minority shareholders amounted to 92 thousand PLN.

Return on sales on the level of the net profit for the three quarters of 2013 was 0.9 per cent and was by 1.5 percentage point lower than in the comparable period of the previous year.

In the three quarters of 2013 the entities in the group focused on increasing their competitiveness, through:

- diversification of orders;
- permanent building of their territorial network of customer service;
- systematic increase of share of exports in the revenues.

The management of the parent attaches great significance to increasing competitiveness of the ELEKTROBUDOWA SA group in the foreign markets and to increasing exports.

The group is actively seeking new markets for its products and services and increases turnover in its traditional markets.

The parent operates five foreign permanent establishments, through which contract works are provided in Finland, Luxembourg, Estonia, Germany and the Netherlands. Through its related entities the group provided its products for the Russian, Ukrainian and Saudi Arabian markets.

The performance of the group is undoubtedly influenced by the following factors:

- market situation in the power sector, chemicals, metallurgy and mining, and also in the construction industry;
- prices for electrical materials, electric power equipment and metallurgical products;
- intensification of marketing activities, particularly in Central and Eastern Europe and in Saudi Arabia;
- restructuring processes, particularly in the power industry;
- constant reduction of costs of the group's operation;
- increasing demand for financial security of performed contracts in the energy sector construction;
- financial standing of Investors
- strong competitive environment.



## Notes to the condensed financial statements

The priorities for the entities of the group in further months of the year 2013 include improvement of management of the working capital and cost effectiveness. Except the improvement of effectiveness, the group will focus on improvement of project management process and also on optimization of purchasing processes and financial liquidity. The management of the parent is particularly concerned about increasing the competitive advantage of the group in foreign markets and about growth of exports.

### 17. Changes in presentation of the financial statements

In the consolidated financial statements prepared as at 30 September 2013 changes were made in presentation of comparable data as at 31 December 2012, 30 September 2012 and 30 June 2012, relating to:

- the consolidated statement of financial position as at 31 December 2012:
  - change in presentation of deferred income tax of Permanent Establishments:
    - deferred income tax assets were increased by the amount 6 672 thousand PLN
    - deferred corporate income tax liabilities were increased by the amount 6 672 thousand PLN
  - change in presentation of deferred corporate income tax liabilities of Permanent Establishments:
    - trade and other payables (1 788) thousand PLN
    - corporate income tax payables 1 788 thousand PLN
- statement of financial position as at 30 June 2012:
  - change in presentation of deferred income tax of Permanent Establishments:
    - deferred income tax assets were increased by the amount 6 324 thousand PLN
    - deferred corporate income tax liabilities were increased by the amount 6 234 thousand PLN
  - change in presentation of deferred corporate income tax liabilities of Permanent Establishments:
    - trade and other payables (2 686) thousand PLN
    - corporate income tax payables 2 686 thousand PLN
- statement of cash flow as at 30 June 2012:
  - change in presentation of currency exchange differences of paid corporate income tax of Permanent Establishments:
    - change in liabilities, except loans and borrowings 2 thousand PLN
    - other adjustments (2) thousand PLN

## Notes to the condensed financial statements

- the consolidated statement of financial position as at 30 September 2012:
  - change in presentation of deferred income tax of Permanent Establishments:
    - deferred income tax assets were increased by the amount 6 546 thousand PLN
    - deferred corporate income tax liabilities were increased by the amount 6 546 thousand PLN
  - change in presentation of deferred corporate income tax liabilities of Permanent Establishments:
    - trade and other payables (1 865) thousand PLN
    - corporate income tax payables 1 865 thousand PLN
  
- statement of cash flow as at 30 September 2012:
  - change in presentation of currency exchange differences of paid corporate income tax of Permanent Establishments:
    - change in liabilities, except loans and borrowings 4 thousand PLN
    - other adjustments (4) thousand PLN
  - change in presentation of deferred corporate income tax liabilities paid:
    - change in liabilities, except loans and borrowings 811 thousand PLN
    - Income tax paid (811) thousand PLN

The presentation changes of assets and liabilities in respect of the deferred corporate income tax concern the foreign Permanent Establishments of the parent and the related entities which pay corporate income taxes abroad according to the rates levied by the tax authorities in these countries. In consequence of the changes the balance sheet total was increased by 6 672 thousand PLN on the assets and liabilities sides of the consolidated statement of financial position at 31 December 2012, by 6 234 thousand PLN in the consolidated statement prepared as at 30 June 2012 and by 6 546 thousand PLN in the consolidated financial statements prepared as at 30 September 2012. The above presentation changes did not influence the group's financial result in the presented reporting periods.

The presentation changes of deferred corporate income tax liabilities concerned the foreign Permanent Establishments of the parent and did not have any influence on the balance sheet total or the financial result of the group in the presented reporting periods.

### 18. Significant events concerning prior years, recognised in the financial statements for the current period

The Management Board of the parent, ELEKTROBUDOWA SA, during business review of the Industry Division carried out in the first half of 2013 revealed irregularities in respect of assignment of direct costs to relevant contracts. This concerned principally the services invoiced by subcontractors for the General Realization of Investments, located in Gdańsk unit of the Industry Division.

## Notes to the condensed financial statements

Findings of the detailed inspection of source documents of the selected projects performed by the GRI (invoices, acceptance reports, orders, purchase orders, contracts) showed that:

- source documents – invoices, acceptance reports – are correct, both formally and arithmetically;
- the invoices and acceptance reports comply substantially with the concluded contracts, orders, purchase orders;
- the invoices are correctly recorded on the prime costs accounts;
- there are irregularities in assigning the performed works to specific contract numbers (incorrect assignment of cost generating units).

In consequence of wrong assignment of direct costs to active contracts during 2011 and 2012 the construction contracts were incorrectly valued as at the balance sheet date and the expected losses connected with performance of services pertaining to those contracts were not considered in the relevant reporting periods.

The analysis covered all major and most important projects in progress as at 31 December 2012. Basing on deep analysis of source documents recorded by the GRI, the Management Board estimated the ultimate impact of the revealed irregularities on the balance sheet total and the profit and loss recognized in 2011 and 2012, and corrected the prior years profit and loss in the books of 2013 according to the applicable regulations.

The corrections of errors were recognized the statement of financial position as at 30 June 2013 in equity in the retained earnings item, as the prior years' losses. Also, the 2012 opening balance and the 2013 opening balance were adjusted. In result of the adjustments the following statements were changed: the statement of financial positions, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow. Impact of the corrections on the items of statements for comparable periods was presented in detail in the tables below.

ELEKTROBUDOWA SA ordered to perform preliminary investigations with the participation of independent experts, with the purpose of preparing a written report of verification of correctness of the long-term contracts. The report will cover the analysis of valuation of long-term contracts performed by the Industry Division in the period from 2009 to 2013 in order to identify the irregularities and mechanisms that allowed them to occur. The analysis has been extended to cover some selected long-term contracts carried out by the other business segments of ELEKTROBUDOWA SA – the Power Generation Division and the Power Distribution Division in order to detect any possible irregularities in valuation of the contracts. The report would recommend further actions, including possible amendment of the internal control procedure in force in the company, in respect of any identified loopholes or weaknesses in the system.

**THE ELEKTROBUDOWA SA GROUP**  
**Q3 2013 Condensed Consolidated Financial Statements**

*(all amounts in thousands of PLN unless otherwise stated)*

**Notes to the condensed financial statements**

**Summary of impact of the corrections on the statement of financial position**

	as at 31.12.2012			as at 30.09.2012			as at 30.06.2012			as at 01.01.2012		
	before correction	after correction	correction	before correction	after correction	correction	before correction	after correction	correction	before correction	after correction	correction
<b>ASSETS</b>												
<b>Non-current assets</b>	<b>191 716</b>	<b>6 046</b>	<b>197 762</b>	<b>186 943</b>	<b>3 454</b>	<b>190 397</b>	<b>181 778</b>	<b>3 717</b>	<b>185 495</b>	<b>165 000</b>	<b>2 020</b>	<b>167 020</b>
Property, plant and equipment	89 403	0	89 403	88 021	0	88 021	85 997	0	85 997	86 230	0	86 230
Intangible assets	37 744	0	37 744	34 775	0	34 775	33 697	0	33 697	30 747	0	30 747
Investments in associates	27 290	0	27 290	25 448	0	25 448	24 514	0	24 514	23 151	0	23 151
Available-for-sale financial assets	3 228	0	3 228	2 723	0	2 723	2 723	0	2 723	7 434	0	7 434
Non-current receivables	22 001	0	22 001	22 214	0	22 214	21 246	0	21 246	6 967	0	6 967
Deferred income tax assets	10 490	6 046	16 536	12 359	3 454	15 813	12 166	3 717	15 883	9 026	2 020	11 046
Non-current prepayments	1 560	0	1 560	1 403	0	1 403	1 435	0	1 435	1 445	0	1 445
<b>Current assets</b>	<b>513 994</b>	<b>(19 922)</b>	<b>494 072</b>	<b>440 913</b>	<b>(16 112)</b>	<b>424 801</b>	<b>455 581</b>	<b>(17 493)</b>	<b>438 088</b>	<b>499 892</b>	<b>(8 562)</b>	<b>491 330</b>
Inventories	49 536	0	49 536	54 798	0	54 798	68 532	0	68 532	57 225	0	57 225
Trade and other receivables	270 301	0	270 301	221 825	0	221 825	207 625	0	207 625	290 317	0	290 317
Available-for-sale financial assets	24	0	24	24	0	24	24	0	24	24	0	24
Financial assets held to maturity	500	0	500	0	0	0	0	0	0	0	0	0
Current prepayments	7 727	0	7 727	6 976	0	6 976	6 487	0	6 487	4 267	0	4 267
Amounts due from customers for construction contract work	140 712	(19 922)	120 790	122 862	(16 112)	106 750	137 418	(17 493)	119 925	108 984	(8 562)	100 422
Cash and cash equivalents	45 194	0	45 194	34 428	0	34 428	35 495	0	35 495	38 359	0	38 359
Fixed assets held for sale	0	0	0	0	0	0	0	0	0	716	0	716
<b>Total assets</b>	<b>705 710</b>	<b>(13 876)</b>	<b>691 834</b>	<b>627 856</b>	<b>(12 658)</b>	<b>615 198</b>	<b>637 359</b>	<b>(13 776)</b>	<b>623 583</b>	<b>664 892</b>	<b>(6 542)</b>	<b>658 350</b>
<b>EQUITY AND LIABILITIES</b>												
<b>Equity</b>	<b>344 658</b>	<b>(25 776)</b>	<b>318 882</b>	<b>328 185</b>	<b>(14 729)</b>	<b>313 456</b>	<b>318 455</b>	<b>(15 847)</b>	<b>302 608</b>	<b>330 022</b>	<b>(8 613)</b>	<b>321 409</b>
Issued share capital	26 375	0	26 375	26 375	0	26 375	26 375	0	26 375	26 375	0	26 375
Supplementary capital	303 628	0	303 628	303 628	0	303 628	303 628	0	303 628	282 520	0	282 520
Capital from valuation of available-for-sale investment	1 896	0	1 896	1 488	0	1 488	1 488	0	1 488	1 317	0	1 317
Exchange differences from translating financial statements	(5 218)	0	(5 218)	(4 485)	0	(4 485)	(2 694)	0	(2 694)	275	0	275
Capital from currency translation differences	817	0	817	1 212	0	1 212	1 321	0	1 321	2 064	0	2 064
Retained earnings	16 380	(25 776)	(9 396)	(481)	(14 729)	(15 210)	(12 127)	(15 847)	(27 974)	16 939	(8 613)	8 326
<b>Total equity attributable to shareholders of the company</b>	<b>343 878</b>	<b>(25 776)</b>	<b>318 102</b>	<b>327 737</b>	<b>(14 729)</b>	<b>313 008</b>	<b>317 991</b>	<b>(15 847)</b>	<b>302 144</b>	<b>329 490</b>	<b>(8 613)</b>	<b>320 877</b>
Minority interest in equity	780	0	780	448	0	448	464	0	464	532	0	532
<b>Liabilities</b>												
<b>Non-current liabilities</b>	<b>21 107</b>	<b>0</b>	<b>21 107</b>	<b>19 579</b>	<b>0</b>	<b>19 579</b>	<b>19 109</b>	<b>0</b>	<b>19 109</b>	<b>16 228</b>	<b>0</b>	<b>16 228</b>
Deferred income tax liability	6 672	0	6 672	6 546	0	6 546	6 324	0	6 324	5 332	0	5 332
Employee benefit obligations	4 448	0	4 448	3 358	0	3 358	3 473	0	3 473	3 603	0	3 603
Other liabilities	9 987	0	9 987	9 675	0	9 675	9 312	0	9 312	7 293	0	7 293
<b>Current liabilities</b>	<b>339 945</b>	<b>11 900</b>	<b>351 845</b>	<b>280 092</b>	<b>2 071</b>	<b>282 163</b>	<b>299 795</b>	<b>2 071</b>	<b>301 866</b>	<b>318 642</b>	<b>2 071</b>	<b>320 713</b>
Trade and other payables	276 020	0	276 020	215 301	0	215 301	241 852	0	241 852	273 957	0	273 957
Corporate income tax liabilities	2 537	0	2 537	2 218	0	2 218	3 169	0	3 169	1 269	0	1 269
Derivative financial instruments	0	0	0	0	0	0	815	0	815	7 185	0	7 185
Loans, borrowings and debt securities	11 201	0	11 201	11 938	0	11 938	1 586	0	1 586	0	0	0
Provisions	892	0	892	689	0	689	742	0	742	777	0	777
Accrued expenses	17 643	11 900	29 543	14 197	2 071	16 268	14 694	2 071	16 765	11 844	2 071	13 915
Amounts due to customers for construction contract work	31 652	0	31 652	35 749	0	35 749	36 937	0	36 937	23 610	0	23 610
<b>Total liabilities</b>	<b>361 052</b>	<b>11 900</b>	<b>372 952</b>	<b>299 671</b>	<b>2 071</b>	<b>301 742</b>	<b>318 904</b>	<b>2 071</b>	<b>320 975</b>	<b>334 870</b>	<b>2 071</b>	<b>336 941</b>
<b>Total equity and liabilities</b>	<b>705 710</b>	<b>(13 876)</b>	<b>691 834</b>	<b>627 856</b>	<b>(12 658)</b>	<b>615 198</b>	<b>637 359</b>	<b>(13 776)</b>	<b>623 583</b>	<b>664 892</b>	<b>(6 542)</b>	<b>658 350</b>

The corrections produced the following results:

- o decreasing the value of assets in the statement of financial position:
  - as at 1 January 2012, by the amount of 6 542 thousand PLN,
  - as at 30 June 2012, by the amount of 13 776 thousand PLN,
  - as at 30 September 2012 by the amount of 12 658 thousand PLN,
  - as at 31 December 2012, by the amount of 13 876 thousand PLN;
- o reduction of retained earnings:
  - as at 1 January 2012, by the amount of 8 613 thousand PLN,
  - as at 30 June 2012, by the amount of 15 847 thousand PLN,
  - as at 30 September 2012 by the amount of 14 729 thousand PLN
  - as at 31 December 2012, by the amount of 25 776 thousand PLN.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

### Summary of impact of the corrections on the statement of comprehensive income

	Q3 / 2012			3 quarters / 2012		
	period from 01.07.2012 to 30.09.2012			period from 01.01.2012 to 30.09.2012		
	before correction	correction	after correction	before correction	correction	after correction
<b>Continuing operations</b>						
Revenue on sales of products, goods and materials	245 702	1 381	247 083	695 853	(7 550)	688 303
Cost of products, goods and materials sold	(226 655)	0	(226 655)	(655 204)	0	(655 204)
<b>Gross profit on sales</b>	<b>19 047</b>	<b>1 381</b>	<b>20 428</b>	<b>40 649</b>	<b>(7 550)</b>	<b>33 099</b>
Selling costs	(1 601)	0	(1 601)	(5 279)	0	(5 279)
General administrative expenses	(3 450)	0	(3 450)	(11 239)	0	(11 239)
Other operating expenses	(1 535)	0	(1 535)	(3 448)	0	(3 448)
Other gains (losses) - net	1 004	0	1 004	3 165	0	3 165
<b>Operating profit</b>	<b>13 465</b>	<b>1 381</b>	<b>14 846</b>	<b>23 848</b>	<b>(7 550)</b>	<b>16 298</b>
Finance income (costs) - net	(125)	0	(125)	353	0	353
Share in net profit of associates measured according to equity method	987	0	987	3 082	0	3 082
<b>Gross profit before income tax</b>	<b>14 327</b>	<b>1 381</b>	<b>15 708</b>	<b>27 283</b>	<b>(7 550)</b>	<b>19 733</b>
Income tax expense	(2 663)	(263)	(2 926)	(4 647)	1 434	(3 213)
<b>Net profit from continuing operations for the period</b>	<b>11 664</b>	<b>1 118</b>	<b>12 782</b>	<b>22 636</b>	<b>(6 116)</b>	<b>16 520</b>
<b>Discontinued operations</b>						
<b>Net profit (loss) from discontinued operations for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net profit for the period</b>	<b>11 664</b>	<b>1 118</b>	<b>12 782</b>	<b>22 636</b>	<b>(6 116)</b>	<b>16 520</b>
<i>of which:</i>						
- attributable to the equity holders of ELEKTROBUDOWA SA	11 646	1 118	12 764	22 679	(6 116)	16 563
- attributable to minority holders	18	0	18	(43)	0	(43)
<b>Other comprehensive income, of which:</b>						
<b>Total other comprehensive income reclassified to profit or loss</b>	<b>(1 934)</b>	<b>0</b>	<b>(1 934)</b>	<b>(5 430)</b>	<b>0</b>	<b>(5 430)</b>
- reversal of valuation of available-for-sale investments	0	0	0	209	0	209
- deferred income tax on reversal of valuation of available-for-sale investments	0	0	0	(38)	0	(38)
- exchange differences from translating financial statements	(1 791)	0	(1 791)	(4 760)	0	(4 760)
- exchange differences from translation of subsidiaries and associates	(109)	0	(109)	(852)	0	(852)
- exchange differences from translation of minority interests	(34)	0	(34)	11	0	11
<b>Total comprehensive income</b>	<b>9 730</b>	<b>1 118</b>	<b>10 848</b>	<b>17 206</b>	<b>(6 116)</b>	<b>11 090</b>
<i>of which:</i>						
- attributable to the equity holders of ELEKTROBUDOWA SA	9 746	1 118	10 864	17 238	(6 116)	11 122
- attributable to minority holders	(16)	0	(16)	(32)	0	(32)

The corrections to the statement of comprehensive income for the period from 1 July to 30 September 2012 caused the reduction of net profit of the comparable period by the amount of 1 118 thousand PLN.

The corrections to the statement of comprehensive income for the period from 1 January to 30 September 2012 caused the reduction of net profit of the comparable period by the amount of 6 116 thousand PLN.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

### Summary of impact of the corrections on the statement of changes in equity

	Attributable to equity holders of ELEKTROBUDOWA SA								
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Capital from translation of subsidiaries and associates	Capital attributable to minority holders	Total equity
<b>before correction</b>									
<b>as at 1 January 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>181 844</b>	<b>1 317</b>	<b>275</b>	<b>16 939</b>	<b>2 064</b>	<b>532</b>	<b>330 022</b>
<i>exchange differences</i>					(5 493)		(1 247)	(16)	(6 756)
<i>net profit</i>						39 540		316	39 856
<i>valuation of available-for-sale-investments</i>				505					505
<i>deferred income tax on valuation of available-for-sale investments</i>				(97)					(97)
<i>reversal of valuation of available-for-sale investments</i>				209					209
<i>deferred income tax on reversal of valuation of available-for-sale investments</i>				(38)					(38)
<b>total comprehensive income</b>				<b>579</b>	<b>(5 493)</b>	<b>39 540</b>	<b>(1 247)</b>	<b>300</b>	<b>33 679</b>
distribution of profit			22 103			(22 103)		248	248
dividend payment						(18 991)			(18 991)
other changes			(995)			995		(300)	(300)
<b>as at 31 December 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 952</b>	<b>1 896</b>	<b>(5 218)</b>	<b>16 380</b>	<b>817</b>	<b>780</b>	<b>344 658</b>
	Attributable to equity holders of ELEKTROBUDOWA SA								
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Capital from translation of subsidiaries and associates	Capital attributable to minority holders	Total equity
<b>correction</b>									
<b>as at 1 January 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8 613)</b>	<b>0</b>	<b>0</b>	<b>(8 613)</b>
<i>net profit</i>						(17 163)		0	(17 163)
<b>total comprehensive income</b>				<b>0</b>	<b>0</b>	<b>(17 163)</b>	<b>0</b>	<b>0</b>	<b>(17 163)</b>
<b>as at 31 December 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(25 776)</b>	<b>0</b>	<b>0</b>	<b>(25 776)</b>

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

	Attributable to equity holders of ELEKTROBUDOWA SA								
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Capital from translation of subsidiaries and associates	Capital attributable to minority holders	Total equity
<b>after correction</b>									
<b>1 January 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>181 844</b>	<b>1 317</b>	<b>275</b>	<b>8 326</b>	<b>2 064</b>	<b>532</b>	<b>321 409</b>
<i>exchange differences</i>					(5 493)		(1 247)	(16)	(6 756)
<i>net profit</i>						22 377		316	22 693
<i>valuation of available-for-sale-investments</i>				505					505
<i>deferred income tax on valuation of available-for-sale investments</i>				(97)					(97)
<i>reversal of valuation of available-for-sale investments</i>				209					209
<i>deferred income tax on reversal of valuation of available-for-sale investments</i>				(38)					(38)
<b>total comprehensive income</b>				<b>579</b>	<b>(5 493)</b>	<b>22 377</b>	<b>(1 247)</b>	<b>300</b>	<b>16 516</b>
distribution of profit			22 103			(22 103)		248	248
dividend payment						(18 991)			(18 991)
other changes			(995)			995		(300)	(300)
<b>31 December 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 952</b>	<b>1 896</b>	<b>(5 218)</b>	<b>(9 396)</b>	<b>817</b>	<b>780</b>	<b>318 882</b>
	Attributable to equity holders of ELEKTROBUDOWA SA								
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Capital from translation of subsidiaries and associates	Capital attributable to minority holders	Total equity
<b>before correction</b>									
<b>as at 1 July 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 952</b>	<b>1 488</b>	<b>(2 694)</b>	<b>(12 127)</b>	<b>1 321</b>	<b>464</b>	<b>318 455</b>
<i>exchange differences</i>					(1 791)		(109)	(34)	(1 934)
<i>net profit</i>						11 646		18	11 664
<b>total comprehensive income</b>				<b>0</b>	<b>(1 791)</b>	<b>11 646</b>	<b>(109)</b>	<b>(16)</b>	<b>9 730</b>
<b>as at 30 September 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 952</b>	<b>1 488</b>	<b>(4 485)</b>	<b>(481)</b>	<b>1 212</b>	<b>448</b>	<b>328 185</b>

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

	Attributable to equity holders of ELEKTROBUDOWA SA								Total equity
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Capital from translation of subsidiaries and associates	Capital attributable to minority holders	
<b>correction</b>									
as at 1 July 2012	0	0	0	0	0	(15 847)	0	0	(15 847)
<i>net profit</i>						1 118			1 118
<b>total comprehensive income</b>				0	0	1 118	0	0	1 118
as at 30 September 2012	0	0	0	0	0	(14 729)	0	0	(14 729)

	Attributable to equity holders of ELEKTROBUDOWA SA								Total equity
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Capital from translation of subsidiaries and associates	Capital attributable to minority holders	
<b>after correction</b>									
as at 1 July 2012	26 375	100 676	202 952	1 488	(2 694)	(27 974)	1 321	464	302 608
<i>exchange differences</i>					(1 791)		(109)	(34)	(1 934)
<i>net profit</i>						12 764		18	12 782
<b>total comprehensive income</b>				0	(1 791)	12 764	(109)	(16)	10 848
as at 30 September 2012	26 375	100 676	202 952	1 488	(4 485)	(15 210)	1 212	448	313 456



(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

	Attributable to equity holders of ELEKTROBUDOWA SA								
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Capital from translation of subsidiaries and associates	Capital attributable to minority holders	Total equity
<b>before correction</b>									
<b>1 January 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>181 844</b>	<b>1 317</b>	<b>275</b>	<b>16 939</b>	<b>2 064</b>	<b>532</b>	<b>330 022</b>
<i>exchange differences</i>					(4 760)		(852)	11	(5 601)
<i>net profit</i>						22 679		(43)	22 636
<i>reversal of valuation of available-for-sale investments</i>				209					209
<i>deferred income tax on reversal of valuation of available-for-sale investments</i>				(38)					(38)
<b>total comprehensive income</b>				<b>171</b>	<b>(4 760)</b>	<b>22 679</b>	<b>(852)</b>	<b>(32)</b>	<b>17 206</b>
distribution of profit			22 103			(22 103)		248	248
dividend payment						(18 991)			(18 991)
other changes			(995)			995		(300)	(300)
<b>as at 30 September 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 952</b>	<b>1 488</b>	<b>(4 485)</b>	<b>(481)</b>	<b>1 212</b>	<b>448</b>	<b>328 185</b>

	Attributable to equity holders of ELEKTROBUDOWA SA								
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Capital from translation of subsidiaries and associates	Capital attributable to minority holders	Total equity
<b>correction</b>									
<b>as at 1 January 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8 613)</b>	<b>0</b>	<b>0</b>	<b>(8 613)</b>
<i>net profit</i>						(6 116)			(6 116)
<b>total comprehensive income</b>				<b>0</b>	<b>0</b>	<b>(6 116)</b>	<b>0</b>	<b>0</b>	<b>(6 116)</b>
<b>as at 30 September 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(14 729)</b>	<b>0</b>	<b>0</b>	<b>(14 729)</b>

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

	Attributable to equity holders of ELEKTROBUDOWA SA								
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Capital from translation of subsidiaries and associates	Capital attributable to minority holders	Total equity
<b>after correction</b>									
<b>1 January 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>181 844</b>	<b>1 317</b>	<b>275</b>	<b>8 326</b>	<b>2 064</b>	<b>532</b>	<b>321 409</b>
<i>exchange differences</i>					(4 760)		(852)	11	(5 601)
<i>net profit</i>						16 563		(43)	16 520
<i>reversal of valuation of available-for-sale investments</i>				209					209
<i>deferred income tax on reversal of valuation of available-for-sale investments</i>				(38)					(38)
<b>total comprehensive income</b>				<b>171</b>	<b>(4 760)</b>	<b>16 563</b>	<b>(852)</b>	<b>(32)</b>	<b>11 090</b>
distribution of profit			22 103			(22 103)		248	248
dividend payment						(18 991)			(18 991)
other changes			(995)			995		(300)	(300)
<b>as at 30 September 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 952</b>	<b>1 488</b>	<b>(4 485)</b>	<b>(15 210)</b>	<b>1 212</b>	<b>448</b>	<b>313 456</b>

Corrections introduced in the books caused the reduction of the amount of equity:

- as at 30 September 2012, by the amount of 14 729 thousand PLN,
- as at 31 December 2012, by the amount of 25 776 thousand PLN.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

### Summary of impact of the corrections on the statement of cash flow

	Q3 / 2012			3 quarters / 2012		
	period from 01.07.2012 to 30.09.2012			period from 01.01.2012 to 30.09.2012		
	before correction	correction	after correction	before correction	correction	after correction
<b>Cash flows from operating activities</b>						
Gross profit before taxes	14 327	1 381	15 708	27 283	(7 550)	19 733
Share of net profit of associates measured according to equity method	(987)	0	(987)	(3 082)	0	(3 082)
Depreciation and amortisation	2 954	0	2 954	9 061	0	9 061
Gains/losses from currency exchange differences	55	0	55	(188)	0	(188)
Interest and share in profit (dividends)	125	0	125	(353)	0	(353)
Profit from/loss on sale of property, plant and equipment (PPE)	(33)	0	(33)	(36)	0	(36)
Change in inventories	13 734	0	13 734	2 427	0	2 427
Profit from/loss on sale of available-for-sale financial assets	0	0	0	(738)	0	(738)
Change in trade and other receivables	(14 723)	0	(14 723)	53 529	0	53 529
Change in liabilities, except loans and borrowings	(7 007)	0	(7 007)	(55 741)	0	(55 741)
Income tax paid	(4 030)	0	(4 030)	(6 298)	0	(6 298)
Change in current prepayments and accrued expenses	(986)	0	(986)	(356)	0	(356)
Change in non-current prepayments and accrued expenses	32	0	32	42	0	42
Change in settlements of construction contracts	13 368	(1 381)	11 987	(1 739)	7 550	5 811
Other adjustments	(2 674)	0	(2 674)	(12 036)	0	(12 036)
<b>Net cash generated from operating activities</b>	<b>14 155</b>	<b>0</b>	<b>14 155</b>	<b>11 775</b>	<b>0</b>	<b>11 775</b>
<b>Cash flows from investing activities</b>						
Sale of intangible assets and PPE	36	0	36	226	0	226
Disposal of other available-for-sale financial assets	0	0	0	5 658	0	5 658
Dividend and share in profits	0	0	0	497	0	497
Purchase of intangible assets and PPE	(6 432)	0	(6 432)	(15 054)	0	(15 054)
<b>Net cash used in investing activities</b>	<b>(6 396)</b>	<b>0</b>	<b>(6 396)</b>	<b>(8 673)</b>	<b>0</b>	<b>(8 673)</b>
<b>Cash flows from financial activities</b>						
Dividends and other payments to owners	(18 991)	0	(18 991)	(18 991)	0	(18 991)
Loans and borrowings	10 352	0	10 352	11 938	0	11 938
Interest	(125)	0	(125)	(144)	0	(144)
Finance lease payments	(7)	0	(7)	(24)	0	(24)
<b>Net cash used in financial activities</b>	<b>(8 771)</b>	<b>0</b>	<b>(8 771)</b>	<b>(7 221)</b>	<b>0</b>	<b>(7 221)</b>
<b>Net increase/decrease in cash and bank overdrafts</b>	<b>(1 012)</b>	<b>0</b>	<b>(1 012)</b>	<b>(4 119)</b>	<b>0</b>	<b>(4 119)</b>
<b>Balance sheet change in cash and bank overdrafts</b>	<b>(1 067)</b>	<b>0</b>	<b>(1 067)</b>	<b>(3 931)</b>	<b>0</b>	<b>(3 931)</b>
Change in cash due to currency translation differences	(55)	0	(55)	188	0	188
Cash and bank overdrafts at beginning of period	35 495	0	35 495	38 359	0	38 359
<b>Cash and bank overdrafts at end of period</b>	<b>34 428</b>	<b>0</b>	<b>34 428</b>	<b>34 428</b>	<b>0</b>	<b>34 428</b>

Corrections made in the books did not influence the net cash flow on the operating activity in the period from 1 January to 30 September 2012.

## Notes to the condensed financial statements

### 19. Significant events after the balance sheet date

On 16 October 2013 Mr Jarosław Tomaszewski submitted to the Chairman of the Supervisory Board of ELEKTROBUDOWA SA a written declaration of resignation from the position of the Member of the Management Board of ELEKTROBUDOWA SA, effective from the date of declaration.

As of 16 October 2013 Mr Jarosław Tomaszewski became released from his duties as the Financial Director of the Company.

On 16 October 2013 the Company's Supervisory Board has passed a resolution to appoint Mr Adam Świągowski as Member of the Management Board of ELEKTROBUDOWA SA as from 1 January 2014.

As of 1 January 2014 Mr Adam Świągowski will also take the position of Financial Director of ELEKTROBUDOWA SA.

### 20. Representation of the Management Board of ELEKTROBUDOWA SA on realization of forecast announced earlier

Considering the performance of the ELEKTROBUDOWA SA group for the nine months, the Management Board is of the opinion that realization of the forecast, understood as the sum of performance of results for H1 2013 presented in the consolidated H1 2013 Report dated 30 August 2013 and the forecast of performance for H2 2013 disclosed by the current report 23/2013 of 2 September 2013, is not at risk.

The 2013 annual consolidated forecast for the ELEKTROBUDOWA SA group, understood as above, assumes that the group will generate 881 980 thousand PLN of sales revenues and the net profit of 19 292 thousand PLN (of which 18 904 thousand PLN profit attributable to the company's shareholders). The consolidated results of the group after the nine months of 2013 include: sales revenues amounting to 634 648 thousand PLN and net profit amounting to 5 559 thousand PLN, of which 5 467 thousand PLN is the net profit attributable to the company's shareholders.

It results from the above figures that after the 9 months the sales revenues were realized in 72% and the net profit in 29%.

Considering the performance of ELEKTROBUDOWA SA for the last nine months, the Management Board is of the opinion that realization of the forecast, understood as the sum of performance of results for H1 2013 presented in the consolidated H1 2013 Report and the forecast of performance for H2 2013 disclosed by the current report 23/2013 of 2 September 2013, is not at risk.

The 2013 annual forecast for ELEKTROBUDOWA SA, understood as above, assumes that the company will generate 830 379 thousand PLN of sales revenues and the net profit of 13 817 thousand PLN. After the nine months of 2013 the company earned net profit amounting to 5 338 thousand PLN and generated sales revenues in the amount of 599 755 thousand PLN. The company enters the fourth quarter of 2013 with an impressive backlog of orders amounting to 1 834 041 thousand PLN, whereas orders received during the nine months have totalled 1 639 731 thousand PLN. It is enough to ensure that the annual sales will be accomplished according to forecast assumptions.

It results from the above figures that the budgeted annual sales revenues were realized in 72% while the net profit in 39%.

### 21. Information about issuance of debt securities

The group did not issue any debt securities in the three quarters of 2013.

## Notes to the condensed financial statements

### 22. Additional information provided by the parent

Pursuant to the Regulation of the Minister of Finance dated 19 February 2009 on current and interim information provided by the issuers of securities and on the conditions of acknowledging the equivalence of information required by laws of a non-member country, we inform:

2 July 2013 – the company informed that Mr Tomasz Jaźwiński submitted to Chairman of the Supervisory Board of ELEKTROBUDOWA SA his resignation as the Management Board Member ELEKTROBUDOWA SA.

The Management Board also informed that the Supervisory Board of ELEKTROBUDOWA SA appointed Mr Sławomir Wołek as a Member of the Management Board with effect from 1 July 2013. As of 1 July 2013 Mr Sławomir Wołek also took up the position of Director of the Industry Division.

2 July 2013 - the company informed that Member of the Management Board – Financial Director of the parent, Mr Jarosław Tomaszewski handed in his notice of termination of employment to the Chairman of the Supervisory Board of ELEKTROBUDOWA SA effective as of 31 December 2013.

23 July 2013 – the parent informed about the award of further contracts by ANWIL Spółka Akcyjna having its registered office in Włocławek. The aggregate value of contracts signed with ANWIL SA within the last 12 months amounted to 40 493 657.00 PLN net.

The contract made on 19 June 2013 has the biggest value, 18 890 000.00 PLN net. Subject of the contract is the complete modernization of the electrical supply system for the electrolyzers and covers engineering, procurement, construction and commissioning of the supply installations of new electrolyzers system in the ANWIL factory in Włocławek.

24 July 2013 – the parent disclosed the receipt of a notice about share of the funds managed by PKO BP BANKOWY PTE SA in the total number of votes in the AGM of ELEKTROBUDOWA SA.

As at 19 July 2013, in result of the closure of procedure to wind up the open-end pension fund OFE POLSAT and takeover of its assets by PKO OFE, PKO OFE held 284 889 shares in ELEKTROBUDOWA SA, equal to 6.0007% share in the company's share capital, conferring the right to 284 889 votes, equal to 6.0007% of total votes in the General Meeting of the company.

13 August 2013 - the parent informed that the limited liability company KRUELTA, having its registered office in Sankt Petersburg, the Russian Federation, had been removed from the Russian State Register of Legal Entities on 8 August 2013.

2 September 2013 – the company published the forecast of performance of ELEKTROBUDOWA SA and of the group for the second half of 2013.

27 September 2013 – the parent informed that on 27 September 2013 a contract was concluded with Foster Wheeler Energia Polska Sp. z o.o. for procurement, erection and commissioning of a fluidized bed boiler including auxiliary installations for the CHP Tychy, related to the execution of project "Construction of a new heat generation unit with fluidized bed boiler, heating and condensing turbine and associated plants in TAURON Ciepło SA Zakład Wytwarzania Tychy", of which the company informed in the current report no. 16/2013 of 20 June 2013.

The agreed price includes the net contract amount PLN145 700 000.00 and the amount of €5 994 634.00 equivalent to 25 363 396.45 PLN.

Completion of the contract scope is scheduled for June 2016.

## Notes to the condensed financial statements

### Events after closing the 3rd quarter of 2013 and before submitting this quarterly report:

4 October 2013 – the company disclosed that on 4 October 2013 a contract was signed with Doosan Skoda Power s.r.o. for the EPC (engineering, procurement and erection) supply of the heating and condensing turbine set including auxiliary installations related to the execution of project “Construction of a new heat generation unit with fluidized bed boiler, heating and condensing turbine and associated plants in TAURON Ciepło SA Zakład Wytwarzania Tychy” of which the company informed in the current report no. 16/2013 of 20 June 2013.

The agreed net contract price is €14 770 500.00, equivalent to PLN 62 132 108.25 translated according to the average exchange rate announced by the NBP on 4 October 2013. Completion of the contract scope is scheduled for 19 June 2016.

17 October 2013 - the parent informed that on the previous day Mr Jarosław Tomaszewski, Member of the Management Board had submitted to the Chairman of the Supervisory Board of ELEKTROBUDOWA SA a written declaration of resignation from the position of the Member of the Management Board of ELEKTROBUDOWA SA, effective from 16 October 2013. The Management Board also informed that as of 16 October 2013 Mr Jarosław Tomaszewski became released from his duties as the Financial Director of the Company.

17 October 2013 - the parent informed that on 16 October 2013 the Company's Supervisory Board had passed a resolution to appoint Mr Adam Świągulski as Member of the Management Board of ELEKTROBUDOWA SA as from 1 January 2014. As of 1 January 2014 Mr Adam Świągulski will also take the position of Financial Director of ELEKTROBUDOWA SA.

18 October 2013 - the parent informed that on 18 October 2013 the information had been received about granting the company a lending limit up to the total amount of 120.0 million PLN by Bank Handlowy w Warszawie S.A. The limit includes an Amendment to the Framework Agreement on the Revolving Line of Credit for Bank Guarantees, and two credit agreements.

### Shareholding of the parent, ELEKTROBUDOWA SA

Shareholders holding significant interest in ELEKTROBUDOWA SA as of 30 June 2013, according to information in possession by the company:

as at 30 June 2013:	Numbers of shares = number of votes	% of votes and % equity
AVIVA OFE AVIVA BZ WBK SA	721 094	15.19%
ING OFE (Open-ended Pension Fund)	472 405	9.95%
Generali OFE	466 189	9.82%
AXA OFE	446 553	9.41%
Amplico OFE	289 369	6.10%
OFE PZU „Złota Jesień”	287 931	6.06%
PKO BP Bankowy OFE	284 889	6.00%
Free float	1 779 178	37.47%
<b>Total number of shares in the share capital</b>	<b>4 747 608</b>	<b>100.00</b>

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements

Shareholders holding significant interest in ELEKTROBUDOWA SA at the date of publishing the quarterly report, i.e. as at 14 November 2013, according to information in possession by the company:

<b>as at 14 November 2013:</b>	<b>Numbers of shares = number of votes</b>	<b>% of votes and % equity</b>
AVIVA OFE AVIVA BZ WBK SA	721 094	15.19%
ING OFE (Open-ended Pension Fund)	472 405	9.95%
Generali OFE	466 189	9.82%
AXA OFE	446 553	9.41%
Amplico OFE	289 369	6.10%
OFE PZU „Złota Jesień”	287 931	6.06%
PKO BP Bankowy OFE	284 889	6.0%
Free float	1 779 178	37.47%
<b>Total number of shares in the share capital</b>	<b>4 747 608</b>	<b>100.00</b>

Shares in ELEKTROBUDOWA SA held by its key executives as at the date of publication of this report:

	<b>14 October 2013 shares in ELEKTROBUDOWA SA</b>
Jacek Faltynowicz President	none
Ariusz Bober Management Board Member	none
Janusz Juszczak Management Board Member	none
Arkadiusz Klimowicz Management Board Member	none
Sławomir Wołek Management Board Member	35

Since the date of submitting the previous interim financial statements until 14 November 2013 the composition of the management board changed, to include Mr Sławomir Wołek who owns 35 shares of ELEKTROBUDOWA SA.

As of the date of publishing the present financial statements the supervising persons do not hold shares of the company. No changes occurred in this respect in the period from the date of publishing the previous financial report until 14 November 2013.

**ELEKTROBUDOWA SA**

**Q3 2013**

**Condensed Financial Statements**



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**ELEKTROBUDOWA SA**  
**Q3 2013 Condensed Financial Statements**

*(all amounts in thousands of PLN unless otherwise stated)*

**Statement of Financial Position**

	as at				
	30.09.2013	30.06.2013	31.12.2012	30.09.2012	30.06.2012
	end of	end of prior	and of prior	end of	end of prior
	quarter/2013	quarter/2013	year/2012	quarter/2012	quarter/2012
<b>ASSETS</b>					
<b>Non-current assets</b>	<b>206 821</b>	<b>202 874</b>	<b>213 873</b>	<b>209 032</b>	<b>205 159</b>
Property, plant and equipment	85 409	85 316	86 531	85 133	83 001
Intangible assets	16 253	15 263	14 810	11 999	11 117
Investments in associates	21 613	22 613	22 613	22 613	22 613
Interest in subsidiaries	47 901	47 901	47 901	47 901	47 901
Available-for-sale financial assets	2 931	2 931	2 931	2 470	2 470
Non-current receivables	8 619	8 786	21 994	22 185	21 232
Deferred income tax assets	21 291	17 999	15 554	15 352	15 418
Non-current prepayments	2 804	2 065	1 539	1 379	1 407
<b>Current assets</b>	<b>532 749</b>	<b>438 263</b>	<b>469 066</b>	<b>403 617</b>	<b>418 452</b>
Inventories	67 299	71 142	47 447	50 948	66 440
Trade and other receivables	252 610	249 216	256 163	216 484	204 124
Available-for-sale financial assets	24	24	24	24	24
Current prepayments	7 835	9 300	7 228	6 496	6 156
Amounts due from construction contract work	129 417	94 945	118 919	103 744	117 299
Cash and cash equivalents	75 564	13 083	39 285	25 921	24 409
Non-current assets held for sale	0	553	0	0	0
<b>Total assets</b>	<b>739 570</b>	<b>641 137</b>	<b>682 939</b>	<b>612 649</b>	<b>623 611</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>	<b>315 186</b>	<b>313 839</b>	<b>318 548</b>	<b>317 433</b>	<b>307 677</b>
Share capital (after restatement)	26 375	26 375	26 375	26 375	26 375
Supplementary capital	330 001	330 001	303 510	303 510	303 510
Capital from valuation of available-for-sale investment	1 662	1 662	1 662	1 289	1 289
Currency translation differences	(4 423)	(2 921)	(5 218)	(4 485)	(2 694)
Retained earnings	(38 429)	(41 278)	(7 781)	(9 256)	(20 803)
<b>Liabilities</b>					
<b>Non-current liabilities</b>	<b>17 256</b>	<b>17 539</b>	<b>19 987</b>	<b>18 874</b>	<b>18 595</b>
Deferred income tax liabilities	1 628	1 648	5 762	6 004	5 953
Employee benefit obligations	3 977	4 063	4 252	3 221	3 337
Other liabilities	11 651	11 828	9 973	9 649	9 305
<b>Current liabilities</b>	<b>407 128</b>	<b>309 759</b>	<b>344 404</b>	<b>276 342</b>	<b>297 339</b>
Trade and other payables	285 303	200 488	274 687	212 935	240 314
Corporate income tax liabilities	9 716	6 100	1 788	2 217	2 930
Derivative financial instruments	0	0	0	0	815
Loans and borrowings	28 412	24 418	11 201	11 938	1 586
Provisions	562	566	650	448	501
Accrued expenses	33 361	35 260	26 340	14 035	15 063
Amounts due to customers for construction contract work	49 774	42 927	29 738	34 769	36 130
<b>Total liabilities</b>	<b>424 384</b>	<b>327 298</b>	<b>364 391</b>	<b>295 216</b>	<b>315 934</b>
<b>Total equity and liabilities</b>	<b>739 570</b>	<b>641 137</b>	<b>682 939</b>	<b>612 649</b>	<b>623 611</b>

The notes presented on pages 8 - 32 are an integral part of these condensed financial statements.

(all amounts in thousands of PLN unless otherwise stated)

## Statement of Comprehensive Income

	Q3/2013 period from 01.07.2013 to 30.09.2013	3 quarters/2013 period from 01.01.2013 to 30.09.2013	Q3/2012 period from 01.07.2012 to 30.09.2012	3 quarters/2012 period from 01.01.2012 to 30.09.2012
<b>Continuing operations</b>				
Revenue from sales of products, goods and materials	238 519	599 755	241 605	663 949
Cost of products, goods and materials sold	(227 492)	(575 671)	(223 214)	(635 946)
<b>Gross profit on sales</b>	<b>11 027</b>	<b>24 084</b>	<b>18 391</b>	<b>28 003</b>
Selling costs	(990)	(2 944)	(1 477)	(4 843)
Administration expenses	(2 517)	(8 244)	(2 176)	(7 328)
Other operating expenses	(1 518)	(3 804)	(1 505)	(3 285)
Other gains (losses) - net	(738)	(2 380)	1 002	2 327
<b>Operating profit</b>	<b>5 264</b>	<b>6 712</b>	<b>14 235</b>	<b>14 874</b>
Finance income (costs) - net	(464)	1 656	(120)	4 850
<b>Gross profit before income tax</b>	<b>4 800</b>	<b>8 368</b>	<b>14 115</b>	<b>19 724</b>
Income tax expense	(1 951)	(3 030)	(2 568)	(2 376)
<b>Net profit from continuing operations for the period</b>	<b>2 849</b>	<b>5 338</b>	<b>11 547</b>	<b>17 348</b>
<b>Discontinued operations</b>				
<b>Net profit (loss) from discontinued operations for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net profit for the period</b>	<b>2 849</b>	<b>5 338</b>	<b>11 547</b>	<b>17 348</b>
<b>Other comprehensive income, of which:</b>				
<b>Total other comprehensive income reclassified to profit or loss</b>	<b>(1 502)</b>	<b>795</b>	<b>(1 791)</b>	<b>(4 760)</b>
- currency translation differences	(1 502)	795	(1 791)	(4 760)
<b>Total comprehensive income for the period</b>	<b>1 347</b>	<b>6 133</b>	<b>9 756</b>	<b>12 588</b>
<b>Earnings (loss) per share from continuing and discontinued operations</b>				
<b>(in PLN per share)</b>				
- basic	0,60	1,12	2,43	3,65
- diluted	0,60	1,12	2,43	3,65

(all amounts in thousands of PLN unless otherwise stated)

Statement of Changes in Equity

	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Total equity
<b>as at 1 July 2013</b>	<b>26 375</b>	<b>100 676</b>	<b>229 325</b>	<b>1 662</b>	<b>(2 921)</b>	<b>(41 278)</b>	<b>313 839</b>
<i>net profit</i>						2 849	2 849
<i>currency translation differences</i>					(1 502)		(1 502)
<b>total comprehensive income</b>					<b>(1 502)</b>	<b>2 849</b>	<b>1 347</b>
<b>as at 30 September 2013</b>	<b>26 375</b>	<b>100 676</b>	<b>229 325</b>	<b>1 662</b>	<b>(4 423)</b>	<b>(38 429)</b>	<b>315 186</b>
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Total equity
<b>as at 1 January 2013</b>	<b>26 375</b>	<b>100 676</b>	<b>202 834</b>	<b>1 662</b>	<b>(5 218)</b>	<b>(7 781)</b>	<b>318 548</b>
<i>net profit</i>						5 338	5 338
<i>currency translation differences</i>					795		795
<b>total comprehensive income</b>					<b>795</b>	<b>5 338</b>	<b>6 133</b>
distribution of profit			26 491			(26 491)	0
dividend payment						(9 495)	(9 495)
<b>as at 30 September 2013</b>	<b>26 375</b>	<b>100 676</b>	<b>229 325</b>	<b>1 662</b>	<b>(4 423)</b>	<b>(38 429)</b>	<b>315 186</b>

ELEKTROBUDOWA SA  
Q3 2013 Condensed Financial Statements

(all amounts in thousands of PLN unless otherwise stated)

	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Total equity
<b>as at 1 January 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>181 136</b>	<b>1 289</b>	<b>275</b>	<b>14 085</b>	<b>323 836</b>
<i>net profit</i>						18 823	18 823
<i>currency translation differences</i>					(5 493)		(5 493)
<i>valuation of available-for-sale-investments</i>				461			461
<i>deferred tax on valuation of available-for-sale investments</i>				(88)			(88)
<b>total comprehensive income</b>				<b>373</b>	<b>(5 493)</b>	<b>18 823</b>	<b>13 703</b>
distribution of profit			21 698			(21 698)	0
dividend payment						(18 991)	(18 991)
<b>as at 31 December 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 834</b>	<b>1 662</b>	<b>(5 218)</b>	<b>(7 781)</b>	<b>318 548</b>

ELEKTROBUDOWA SA  
Q3 2013 Condensed Financial Statements

(all amounts in thousands of PLN unless otherwise stated)

	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Total equity
<b>as at 1 July 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 834</b>	<b>1 289</b>	<b>(2 694)</b>	<b>(20 803)</b>	<b>307 677</b>
<i>net profit</i>						11 547	11 547
<i>currency translation differences</i>					(1 791)		(1 791)
<b>total comprehensive income</b>					<b>(1 791)</b>	<b>11 547</b>	<b>9 756</b>
<b>as at 30 September 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 834</b>	<b>1 289</b>	<b>(4 485)</b>	<b>(9 256)</b>	<b>317 433</b>
	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Total equity
<b>as at 1 January 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>181 136</b>	<b>1 289</b>	<b>275</b>	<b>14 085</b>	<b>323 836</b>
<i>net profit</i>						17 348	17 348
<i>currency translation differences</i>					(4 760)		(4 760)
<b>total comprehensive income</b>					<b>(4 760)</b>	<b>17 348</b>	<b>12 588</b>
distribution of profit			21 698			(21 698)	0
dividend payment						(18 991)	(18 991)
<b>as at 30 September 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 834</b>	<b>1 289</b>	<b>(4 485)</b>	<b>(9 256)</b>	<b>317 433</b>

(all amounts in thousands of PLN unless otherwise stated)

## Statement of Cash Flow

	Q3/2013 period from 01.07.2013 to 30.09.2013	3 quarters/2013 period from 01.01.2013 to 30.09.2013	Q3/2012 period from 01.07.2012 to 30.09.2012	3 quarters/2012 period from 01.01.2012 to 30.09.2012
<b>Cash flows from operating activities</b>				
Gross profit before taxes	4 800	8 368	14 115	19 724
Depreciation and amortisation	3 750	10 371	2 698	8 253
Gains/losses on currency translation differences	(157)	(242)	56	(188)
Interest and share in profit (dividends)	464	(1 656)	120	(4 850)
Profit from/loss on sale of property, plant and equipment (PPE)	(1 705)	(1 725)	(34)	(36)
Change in inventories	3 843	(19 852)	15 492	4 968
Change in trade and other receivables	(5 088)	16 410	(17 893)	45 753
Change in liabilities, except loans and borrowings	94 847	12 446	(7 864)	(56 194)
Income tax paid	(2 300)	(4 964)	(3 583)	(5 413)
Change in current prepayments and accrued expenses	(434)	6 414	(1 368)	(728)
Change in non-current prepayments and accrued	(739)	(1 265)	28	32
Change in settlements of construction contracts	(27 625)	9 538	12 194	5 996
Other adjustments	(849)	788	(2 608)	(11 954)
<b>Net cash generated from operating activities</b>	<b>68 807</b>	<b>34 631</b>	<b>11 353</b>	<b>5 363</b>
<b>Cash flows from investing activities</b>				
Sale of intangible assets and PPE	2 758	2 897	37	205
Dividend received and share in profits	1 435	2 646	5 000	5 551
Other inflows	787	787	0	0
Purchases of intangible assets and PPE	(5 702)	(11 838)	(6 063)	(14 288)
<b>Net cash used in investing activities</b>	<b>(722)</b>	<b>(5 508)</b>	<b>(1 026)</b>	<b>(8 532)</b>
<b>Cash flows from financial activities</b>				
Loans and borrowings	3 994	17 211	10 352	11 938
Dividends and other payments to owners	(9 495)	(9 495)	(18 991)	(18 991)
Interest	(251)	(777)	(120)	(130)
Finance lease payments	(9)	(25)	0	0
<b>Net cash used in / generated from financial activities</b>	<b>(5 761)</b>	<b>6 914</b>	<b>(8 759)</b>	<b>(7 183)</b>
<b>Net increase/decrease in cash, cash equivalents and bank overdrafts</b>	<b>62 324</b>	<b>36 037</b>	<b>1 568</b>	<b>(10 352)</b>
<b>Balance sheet change in cash and bank overdrafts</b>	<b>62 481</b>	<b>36 279</b>	<b>1 512</b>	<b>(10 164)</b>
Change in cash due to currency translation differences	157	242	(56)	188
Cash, cash equivalents and bank overdrafts at beginning of period	13 083	39 285	24 409	36 085
<b>Cash, cash equivalents and bank overdrafts at end of period</b>	<b>75 564</b>	<b>75 564</b>	<b>25 921</b>	<b>25 921</b>

## Notes to the condensed financial statements

### 1. Selected explanatory information

ELEKTROBUDOWA SA has implemented and applied the accounting standards based on the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), applying the same principles for the current period and comparable periods since 1 January 2005.

The present condensed financial statements have been prepared in compliance with IAS 34 (Interim Financial Reporting).

The same accounting principles (policies) and calculation methods have been followed in the interim financial statements prepared as at 30 June 2012, with consideration to correction of errors discovered in the year 2013 but concerning previous years.

The presented condensed financial statements for Q3 2013 have been prepared pursuant to the Regulation of the Minister of Finance dated 19 February 2009 on current and interim information provided by the issuers of securities and on the conditions of acknowledging the equivalence of information required by laws of a non-member country.

ELEKTROBUDOWA SA, as the parent in the group, has also prepared the condensed consolidated financial statements as at 30 September 2013 in conformance with the International Financial Reporting Standards adopted by the EU, to which the same principles for the current period and comparable periods were applied. The condensed separate report of ELEKTROBUDOWA SA is attached to the condensed consolidated financial statements for Q3 2013.

Since the beginning of 2011 the economic conditions in the construction industry were deteriorating. In the 1st quarter of 2013 business index decreased by 13 points compared with the 4th quarter of the prior year. In the second quarter of 2013 it rose by 45 points on the previous quarter, while in the 3rd quarter it remained practically unchanged. Considering seasonality factors – the third quarter is generally worse than the second one, the lack of drop in the reporting quarter allows a positive assessment of the current situation. In the prior quarter, for the first time in the last two years, a high growth of the business index was recorded. Although its growth in the second quarter compared with the first quarter was contributed also by seasonality of the construction industry, the positive changes resulted in reversal of the business climate in the construction sector from downturn to upturn. Compared with the previous quarter, balance of total production rose by 15 points, while compared with the third quarter of the previous year by 17 points. In Q3 2013 an increase was recorded both in the total balance of orders for the building companies and the balance of domestic orders, compared with the previous three months. However, the performance of the construction sector in the last two quarters should be approached with cautious optimism, as the coming months will show whether the growth trend is consolidated.

Volume of orders received by the company in the three quarters of 2013 amounted to 1 639.7 million PLN. Compared with the three quarters of 2012, when orders received totaled 777.4 million PLN, the value of concluded contracts and received orders increased by 110.9 per cent. The backlog of orders as of 30 September 2013, which included contracts being performed and pending performance, reached the level of 1 834.0 million PLN. Compared with the 959.8 million PLN order backlog on 30 September 2012, there was a 91.1 per cent increase. Such a significant increase in order backlog is the result of intense efforts to win over new strategic customers, like PSE or small cogeneration sources. Forecasts concerning the volume of orders in the coming period are optimistic, both in respect of domestic and international projects.

Revenues from the sales of products, goods and materials generated by the company in the three quarters of 2013 amounted to 599.8 million PLN, which accounts for 72.2 per cent of the revenues budgeted for 2013. Compared with the three quarters of 2012 the sales revenue decreased by 9.7 per cent. The level of sales revenues was influenced by the seasonal deterioration of the construction sector activity, but also by rescheduling of completion dates of construction work which resulted in corresponding postponement of payment dates to later reporting periods.



## Notes to the condensed financial statements (continued)

Postponement of completion stages of civil works concerns mainly the amended contract for "Extension of the Słupsk 400/110kV Station – Stage I and II" for PSE Operator S.A.; in the signed amendment the milestones for completion defined in the Work Schedule referring to works which had not been completed until the date of Amendment were postponed by 9 months. In consequence, planned sales revenues will be generated in later reporting periods.

The impact of seasonality on performance of construction and erection services was accounted for as early as at the stage of preparation of the 2013 company budget, which also considered the time schedules agreed in the contracts.

The growth rate of revenues is correlated with the growth rate of cost price of products, goods and materials sold. The cost incurred in the three quarters of 2013 amounted to 586.9 million PLN, equivalent to 73.3 per cent of its amount budgeted for 2013. Cost of goods sold after 9 months of 2013 was by 9.5 per cent lower than in the same period of the previous year. Relations between the fluctuation of changes in the revenues and the cost price formed the profit on sales on the level by 2.9 million PLN lower than in the comparable result after the three quarters of 2012. After having considered the gains from other operating activities and financing activities, profit before taxes amounted to 8.4 million PLN and was by 11.4 million PLN smaller than in the nine months of 2012. The net profit earned in the period from January through September 2013 was 5.3 million PLN, which means a drop by 12.0 million PLN compared with the comparable period of the previous year. The net profit after the three quarters accounted for 38.6 per cent of the 2013 budget earnings.

The company's priorities of the coming months include further improvement of operational effectiveness, improvement of project management process and optimization of purchase processes and financing of operating activity.

## 2. Segmental information

### Primary reporting format – business segments

The IFRS 8 requires that operating segments are defined in line with internal reports on components of the company subject to periodic review by a person in charge of operating decisions for the purpose of resource allocation and performance evaluation.

The Company's business activity is primarily categorised by industries.

The operations of business segments consist in providing construction and installation services and manufacturing of electrical equipment.

The company's reporting segments are its strategic divisions, identified in the company's organizational structure and offering different products and services. They are separately managed, as the operations of each require different production technology and different marketing strategy. The company is organized into four reportable segments:

- The segment: Power Generation Division provides services for power and heat generating plants, heavy industry, particularly metallurgy and mining together with processing facilities. The services rendered by the division include electrical installation and erection, commissioning and start up of electrical systems and equipment, and also manufacture and installation of high-current busducts.
- The segment: Industry Division renders services for broadly understood public sector, trade (retail centres) and industry, including petrochemical, paper & pulp, road building, etc. The services include electrical installation works, commissioning and start-up as well as execution of projects as a general contractor.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements (continued)

- The segment: Power Distribution Division provides overall services for the power distribution sector and supplies of products manufactured by the division. The core business of the segment is the production and selling of low and medium voltage equipment, particularly low and medium voltage switchgear systems and mobile substations, manufacture and sale of metal cable trays and supporting structures, development and selling of control and signalling equipment, the supply of complete distribution substations and turnkey contracts for power transmission and distribution projects.
- Other items include other material and not material services provided for external customers.

Identification of the reportable segments depends directly on the actual organizational structure and the company's management structure.

Inter-segment transfers or transactions are entered into under the normal commercial terms, as available also to third parties.

Presented below is the analysis of revenues and results of the company's reportable segments.

### Business segment results for the three quarters of 2013

	<b>Power Generation Division</b>	<b>Industry Division</b>	<b>Power Distribution Division</b>	<b>All other Segments</b>	<b>Total</b>
<b><u>Continuing operations</u></b>					
Sales revenue	254 079	142 089	225 278	7 710	<b>629 156</b>
of which:					
Revenue from external customers	253 212	141 487	203 593	1 463	<b>599 755</b>
Inter-segment sales	867	602	21 685	6 247	<b>29 401</b>
<b>Operating profit</b>	<b>12 390</b>	<b>(19 892)</b>	<b>12 596</b>	<b>1 618</b>	<b>6 712</b>
Financial activities result	(132)	(279)	2 029	38	<b>1 656</b>
<b>Profit before income tax</b>	<b>12 258</b>	<b>(20 171)</b>	<b>14 625</b>	<b>1 656</b>	<b>8 368</b>
Income tax	(2 803)	3 124	(2 985)	(366)	<b>(3 030)</b>
<b>Net profit from continuing operations for the period</b>	<b>9 455</b>	<b>(17 047)</b>	<b>11 640</b>	<b>1 290</b>	<b>5 338</b>
<b><u>Discontinued operations</u></b>					
<b>Net profit (loss) from discontinued operations for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net profit for the period</b>	<b>9 455</b>	<b>(17 047)</b>	<b>11 640</b>	<b>1 290</b>	<b>5 338</b>

Service activities of the Industry Division segment principally centred around the building industry, which has been badly affected by the consequences of decline for several years.

In 2012 value of the construction market dropped by 0.6 per cent compared with the year 2011, number of buildings decreased by 1.3 per cent and specialist construction works by 0.7 per cent. It is expected that the value of the Polish construction output will continue to decline in 2013.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements (continued)

In the period between January and September of the current year the construction output was by 15.6 per cent lower than in the same period of the previous year. The Polish construction industry is in a bad economic condition, which is reflected in the values of qualitative indexes of general business activity and in the diminishing rate of production. There is a marked drop of the backlog of orders for the construction and installation works in the Industry Division segment and the forecasts for the nearest three months are much less optimistic than the planned performance figures. The prices of construction and installation works are steadily declining and the rate of decline is even expected to increase in the coming months. The greatest difficulties encountered by the Industry Division segment are related with competition from other companies and insufficient demand.

As at 30 September 2013 the orders backlog of the Industry Division was worth 219 999 thousand PLN, while the year before it amounted to 306 352 thousand PLN (a drop by 28.2 per cent). During the three quarters of the current year the Industry Division was awarded orders for the total amount of 155 248 thousand PLN, while the amount of orders received in the comparable period of the previous year totalled 202 901 thousand PLN (a drop by 23.5 per cent).

The problem of payment gridlocks is not diminishing. Financial condition of companies is worsening, causing greater delays in payments for the performed works. Within the past three quarters of the year courts declared bankruptcies of 681 companies. In the same period of the previous year there were 614 bankruptcies, which is a 10.9 per cent increase. As far as building companies are concerned, 171 of them were liquidated; compared with the year 2012 there were by 16.3 per cent more bankruptcies in this branch of business.

The wave of liquidations and arrangement bankruptcies involves the necessity to make write-offs on receivables. In the three quarters of 2013 provisions for impairment of receivables were created in the Industry Division for the amount of 5 973 thousand PLN which accounts of 71.0 per cent of their total. As at 30 September 2013 the value of provision for impairment of receivables of the Industry Division amounted to 12 878 thousand PLN and constituted 58.4 per cent of total.

Strong market competition within the branch still remains the major barrier to limit the activity of the building industry and directly translates into decreasing of profit margins. Winning new orders in tender procedures where the most-favourable-price bids are successful keep the profit margins on a low level. Furthermore, execution of awarded orders is bound with the building materials price risk, as price changes may have adverse influence on contract profitability.

High indebtedness of building companies resulting in prolongation of periods of inflow of receivables, low margins achieved on the projects and maintaining strong competition which will result on low profitability, are the main contributors to the adverse financial result of the Industry Division. The net loss of 17 047 thousand PLN incurred by the segment in the three quarters of 2013 includes the creation of provisions for expected losses on services performed under contracts in the amount of 10 118 thousand PLN.

Recognised losses of the reporting period referred mainly to the following contracts:

- civil works and other services required for the completion of project - construction of the Franowo tramway depot in Poznań for Miejskie Przedsiębiorstwo Komunikacyjne w Poznaniu Sp. z o.o. 8 230.4 thousand PLN
- construction of a complex of three multi-family houses together with underground and surface car parks and internal infrastructure, for Na Skraju Lasu Sp. z o.o. 1 264.5 thousand PLN
- Electrical works including Lines for consumers other than traction (Bill of Quantities No. 11) and LV Electrical installations Buildings (BoQ No. 14) for BUDIMEX S.A. 443.5 thousand PLN

The financial results of the other business segments are realized as assumed in the forecast for 2013.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements (continued)

Other items of business segments recognized in the statement of comprehensive income for the three quarters of 2013

	Power Generation Division	Industry Division	Power Distribution Division	All other Segments	Total
depreciation	2 885	971	1 406	2 084	<b>7 346</b>
amortisation	361	283	2 241	140	<b>3 025</b>

### Business segment results for the three quarters of 2012

	Power Generation Division	Industry Division	Power Distribution Division	All other Segments	Total
<b><u>Continuing operations</u></b>					
Sales revenue	303 238	181 278	231 005	7 227	<b>722 748</b>
of which:					
Revenue from external customers	302 796	180 061	179 373	1 719	<b>663 949</b>
Inter-segment sales	442	1 217	51 632	5 508	<b>58 799</b>
<b>Operating profit</b>	<b>13 844</b>	<b>(13 299)</b>	<b>13 653</b>	<b>676</b>	<b>14 874</b>
Financial activities result	(43)	(61)	(571)	5 525	<b>4 850</b>
<b>Profit before income tax</b>	<b>13 801</b>	<b>(13 360)</b>	<b>13 082</b>	<b>6 201</b>	<b>19 724</b>
Income tax	(1 115)	1 929	(2 861)	(329)	<b>(2 376)</b>
<b>Net profit from continuing operations for the period</b>	<b>12 686</b>	<b>(11 431)</b>	<b>10 221</b>	<b>5 872</b>	<b>17 348</b>
<b><u>Discontinued operations</u></b>					
<b>Net profit (loss) from discontinued operations for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net profit for the period</b>	<b>12 686</b>	<b>(11 431)</b>	<b>10 221</b>	<b>5 872</b>	<b>17 348</b>

Other items of business segments recognized in the statement of comprehensive income for the three quarters of 2012

	Power Generation Division	Industry Division	Power Distribution Division	All other Segments	Total
depreciation	2 966	1 114	1 250	1 901	<b>7 231</b>
amortisation	194	154	628	46	<b>1 022</b>

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements (continued)

### Assets and liabilities of business segments at 30 September 2013

	<b>Power Generation Division</b>	<b>Industry Division</b>	<b>Power Distribution Division</b>	<b>All other Segments</b>	<b>Total</b>
Assets	285 880	124 703	202 927	126 060	<b>739 570</b>
Liabilities	189 053	117 741	114 375	3 215	<b>424 384</b>
Capital expenditure	1 731	723	6 200	2 657	<b>11 311</b>

### Assets and liabilities of business segments at 31 December 2012

	<b>Power Generation Division</b>	<b>Industry Division</b>	<b>Power Distribution Division</b>	<b>All other Segments</b>	<b>Total</b>
Assets	212 992	183 666	155 005	131 276	<b>682 939</b>
Liabilities	113 402	168 939	80 327	1 723	<b>364 391</b>
Capital expenditure	2 548	836	8 992	8 065	<b>20 441</b>

### Assets and liabilities of business segments at 30 September 2012

	<b>Power Generation Division</b>	<b>Industry Division</b>	<b>Power Distribution Division</b>	<b>All other Segments</b>	<b>Total</b>
Assets	217 226	137 469	141 594	116 360	<b>612 649</b>
Liabilities	116 874	109 523	94 307	(25 488)	<b>295 216</b>
Capital expenditure	1 529	439	5 489	5 989	<b>13 446</b>

### Impairment of receivables by business segments

	<b>Power Generation Division</b>	<b>Industry Division</b>	<b>Power Distribution Division</b>	<b>All other Segments</b>	<b>Total</b>
at 30 September 2013	2 355	12 878	6 822	7	<b>22 062</b>
at 31 December 2012	1 854	8 068	6 057	2	<b>15 981</b>
at 30 September 2012	2 215	6 060	2 818	2	<b>11 095</b>

## Notes to the condensed financial statements (continued)

### Secondary reporting format – geographical segments

ELEKTROBUDOWA SA operates in the domestic market and in foreign markets.

Geographical segmentation, based on location of final customers, is as follows:

	<b>3 quarters/2013</b>	<b>3 quarters/2012</b>
	<b>period from</b>	<b>period from</b>
	<b>01.01.2013</b>	<b>01.01.2012</b>
	<b>to 30.09.2013</b>	<b>to 30.09.2012</b>
<b>Revenue from sales of products, goods and materials</b>		
- domestic market	414 116	507 774
- Skandinavian market	76 914	59 326
- East-European market	37 014	82 462
- Turkish market	25 295	1 215
- Western Europe	20 845	8 321
- Southwestern Asia	12 929	4 238
- Central Asia	6 179	130
- African market	4 755	0
- South-Eastern Europe	1 486	0
- North America	222	244
- Central America	0	159
- Central Europe	0	80
	<b>599 755</b>	<b>663 949</b>

The main geographical area of the company's operations in the three quarters of 2013 was the domestic market (69% of sales revenues), the Scandinavian market (13%), East-European markets (6%), the Turkish market (4%) and Western Europe market (3%).

### Information about key customers

The revenue from direct sales generated by the Power Generation Division amounting to 253.2 million PLN (302.8 million PLN in the three quarters of 2012) includes the 76.7 million PLN revenue earned from the contract with the company's biggest customer (in the three quarters of 2012 it was 58.3 million PLN). This revenue accounted for 12.8 per cent of total revenues generated by the company in the three quarters of 2013, compared with 8.8 per cent in the three quarters of 2012.

Further, the revenue from the direct sales generated by the Industry Division in the amount of 141.5 million PLN (180.1 million PLN in the three quarters of 2012) includes the 53.0 million PLN revenue from the contract with the second biggest customer of the company (in the three quarters of 2012 it was 28.8 million PLN). This revenue accounted for 8.8 per cent of total revenues generated by the company in the three quarters of 2013, compared with 4.3 per cent in the comparable period of 2012.

The revenue generated by the company from the two key customers during the three quarters of 2013 accounted for 21.6 per cent of its total revenue, while in the three quarters of 2012 it was 13.1 per cent.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements (continued)

### 3. Property plant and equipment ad non-current assets held for sale

	as at				
	30.09.2013 end of quarter/2013	30.06.2013 end of prior quarter/2013	31.12.2012 and of prior year/2012	30.09.2012 end of quarter/2012	30.06.2012 end of prior quarter/2012
<b>Non-current assets held for sale</b>					
a) fixed tangible assets, including:					
- buildings, civil engineering facilities	0	533	0	0	0
- technical equipment and machines	0	20	0	0	0
	<b>0</b>	<b>553</b>	<b>0</b>	<b>0</b>	<b>0</b>

Owned by the Busduct factory in Mikołów items of tangible assets and the right to perpetual usufruct of land, which ceased to be used, were earmarked for sale and made available for immediate sale in their current condition.

Following the decision to dispose of some tangible property items, and because of negotiations with a potential buyer, ELEKTROBUDOWA SA separated the tangible property items offered for sale as of 30 June 2013 and presented them in the Statement of Financial Position in the line "Non-current assets held for sale".

The non-current assets held for sale were measured in their carrying amounts, and they included:

- buildings and equipment recognised in current assets in the statement of financial position in the item "Non-current assets held for sale" with the value of 553 thousand PLN,
- right to perpetual usufruct of land recognised in the off-balance sheet records, valued at 110 thousand PLN.

On 25 July June 2013 the above tangible assets items were sold. The notarial deed pertaining to the sale transaction of fixed assets which belonged to the Busduct Factory in Mikołów quoted the gross price 2 350 thousand PLN (2 299 thousand PLN net).

### 4. Investment in associates

	as at				
	30.09.2013 end of quarter/2013	30.06.2013 end of prior quarter/2013	31.12.2012 and of prior year/2012	30.09.2012 end of quarter/2012	30.06.2012 end of prior quarter/2012
Investments in associates	21 613	22 613	22 613	22 613	22 613

With effect from 8 August 2013, the limited liability company KRUELTA discontinued its business activity and was struck off from the Russian State Register of Legal Entities. On the day of liquidation of the company ELEKTROBUDOWA SA held a share in KRUELTA equal to 49% of its share capital. By Resolution of the General Meeting of Shareholders of KRUELTA, the remaining assets were divided into the shareholders pro rata to the shares owned.

## Notes to the condensed financial statements (continued)

	<b>KRUELTA Ltd. Sankt Petersburg, Russia</b>
share in the share capital as at 8 August 2013	49%
share purchase price	1 571
impairment of the share value as at 30 June 2012	(571)
the share value on 8 August 2013	1 000
revenue from the share in the company's equity as of the day of liquidation	787
loss from settlement of the share as of the day of liquidation	(213)

In the statement of comprehensive income prepared for the period from 1 January to 30 September 2013 a loss of 213 thousand PLN was recognised in the "financial income (costs) – net" item. The loss is an outcome of settlement of the share owned by ELEKTROBUDOWA SA in KRUELTA at the date of liquidation.

### 5. Construction contracts

#### Amounts due from customers for construction contract work

	as at				
	<u>30.09.2013</u>	<u>30.06.2013</u>	<u>31.12.2012</u>	<u>30.09.2012</u>	<u>30.06.2012</u>
	end of quarter/2013	end of prior quarter/2013	and of prior year/2012	end of quarter/2012	end of prior quarter/2012
Amounts due from customers for contract work	129 417	94 945	118 919	119 856	117 299

ELEKTROBUDOWA SA presents in assets the amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings.

As at 30 September 2013 compared with 30 June 2012 the amount due from customers for construction contract work increased by 34 472 thousand PLN. The increase is mainly attributable to the following contracts:

- extension of the 400/110kV station Słupsk – Stage I and II for Polskie Sieci Elektroenergetyczne Operator S.A. 21 298.6 thousand PLN
- participation in the turnkey supply of a new, gas-fuelled, combined heat and power unit, 45MWe electric power and 40MWt thermal power in KGHM, Głogów for KGHM Polska Miedź S.A. 5 636.3 thousand PLN
- construction of a new heat generation unit with fluidized bed boiler, heating and condensing turbine and associated plants in TAURON Ciepło SA Zakład Wytwarzania Tychy. 4 949.3 thousand PLN
- extension and modernization of the 220/110kV station Skawina, including connection of the 2x2x400kV line, for Polskie Sieci Elektroenergetyczne S.A. 3 427.9 thousand PLN



(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements (continued)

### Amounts due to customers for construction contract work

	as at				
	30.09.2013 end of quarter/2013	30.06.2013 end of prior quarter/2013	31.12.2012 and of prior year/2012	30.09.2012 end of quarter/2012	30.06.2012 end of prior quarter/2012
Amounts due to customers for contract work	49 774	42 927	29 738	34 769	36 130

ELEKTROBUDOWA SA presents in liabilities the amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

### 6. Changes in provisions for and impairment of receivables

	as at				
	30.09.2013 end of quarter/2013	30.06.2013 end of prior quarter/2013	31.12.2012 and of prior year/2012	30.09.2012 end of quarter/2012	30.06.2012 end of prior quarter/2012
<b>Provisions for future liabilities and expenses</b>	<b>4 539</b>	<b>4 629</b>	<b>4 902</b>	<b>3 669</b>	<b>3 838</b>
of which:					
- for long-term retirement benefits	3 977	4 063	4 252	3 221	3 337
- for short-term retirement benefits	10	14	113	18	71
- for warranty repair works	552	552	537	430	430

	as at				
	30.09.2013 end of quarter/2013	30.06.2013 end of prior quarter/2013	31.12.2012 and of prior year/2012	30.09.2012 end of quarter/2012	30.06.2012 end of prior quarter/2012
<b>Provisions for impairment of receivables</b>	<b>22 062</b>	<b>21 805</b>	<b>15 981</b>	<b>11 095</b>	<b>15 232</b>
of which:					
- in bankruptcy proceedings	5 241	3 104	2 472	2 473	8 362
- receivables vindicated in court	3 575	1 824	648	605	701
- other overdue debtors	13 246	16 877	12 861	8 017	6 169

Increase in the amount of provisions for impairment of receivables in the three quarters of 2013 included mainly the following debt:

- FRIO Sp. z o.o. Sp. Komandytowa, in the amount of 1 404 thousand PLN, following the declared bankruptcy;
- ALPINE Construction Sp. z o.o. in the amount of 751 thousand PLN, delay in payment for over 180 days;
- Hydrobudowa Polska S.A. in the amount of 754 thousand PLN, delay in payment for over 180 days;
- Usługi Budowlane SIBIT G. Sobótka in the amount of 651 thousand PLN concerning unpaid liquidated damages;
- Mostostal – Energomontaż S.A., Gliwice in the amount of 229 thousand PLN, for the retention money not returned in due time.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements (continued)

### 7. Deferred income tax assets and liabilities

	as at				
	30.09.2013 end of quarter/2013	30.06.2013 end of prior quarter/2013	31.12.2012 and of prior year/2012	30.09.2012 end of quarter/2012	30.06.2012 end of prior quarter/2012
<b>Deferred income tax assets</b>	<b>46 632</b>	<b>37 056</b>	<b>35 779</b>	<b>32 276</b>	<b>34 792</b>
to be recovered after more than 12					
- months	1 330	1 355	1 394	1 158	1 154
- to be recovered within 12 months	45 302	35 701	34 385	31 118	33 638
<b>Deferred income tax liabilities</b>	<b>(25 341)</b>	<b>(19 057)</b>	<b>(20 225)</b>	<b>(16 924)</b>	<b>(19 374)</b>
to be recovered after more than 12					
- months	(475)	(532)	(593)	(655)	(657)
- to be recovered within 12 months	(24 866)	(18 525)	(19 632)	(16 269)	(18 717)
<b>Deferred corporate income tax assets recognised in the balance sheet</b>	<b>21 291</b>	<b>17 999</b>	<b>15 554</b>	<b>15 352</b>	<b>15 418</b>

	as at				
	30.09.2013 end of quarter/2013	30.06.2013 end of prior quarter/2013	31.12.2012 and of prior year/2012	30.09.2012 end of quarter/2012	30.06.2012 end of prior quarter/2012
<b>Liabilities due to deferred income tax of foreign Establishments</b>	<b>(1 628)</b>	<b>(1 648)</b>	<b>(5 762)</b>	<b>(6 004)</b>	<b>(5 953)</b>
- deferred income tax liability to be paid within 12 months	(1 628)	(1 648)	(5 762)	(6 004)	(5 953)
<b>Deferred corporate income tax liabilities recognised in the balance sheet</b>	<b>(1 628)</b>	<b>(1 648)</b>	<b>(5 762)</b>	<b>(6 004)</b>	<b>(5 953)</b>

### 8. Changes in contingencies

	as at				
	30.09.2013 end of quarter/2013	30.06.2013 end of prior quarter/2013	31.12.2012 and of prior year/2012	30.09.2012 end of quarter/2012	30.06.2012 end of prior quarter/2012
<b>Contingent liabilities</b>	<b>450 525</b>	<b>462 445</b>	<b>234 670</b>	<b>263 046</b>	<b>254 667</b>
of which:					
guarantees	428 915	440 567	212 893	248 385	239 098
promissory notes	21 610	21 878	21 777	14 661	15 569

## Notes to the condensed financial statements (continued)

### 9. Earnings per share

#### Calculation of earnings per share for Q3 2013:

	<b>Earnings</b>	<b>Shares</b>	<b>Earnings per share</b>
Net profit for the period (in PLN)	2 848 874		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			0,60
Diluted earnings per share (in PLN)			0,60

#### Calculation of earnings per share for the three quarters of 2013:

	<b>Earnings</b>	<b>Shares</b>	<b>Earnings per share</b>
Net profit for the period (in PLN)	5 337 561		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			1,12
Diluted earnings per share (in PLN)			1,12

#### Calculation of earnings per share for Q3 2012:

	<b>Earnings</b>	<b>Shares</b>	<b>Earnings per share</b>
Net profit for the period (in PLN)	11 548 236		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			2,43
Diluted earnings per share (in PLN)			2,43

#### Calculation of earnings per share for the three quarters of 2012:

	<b>Earnings</b>	<b>Shares</b>	<b>Earnings per share</b>
Net profit for the period (in PLN)	17 348 726		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			3,65
Diluted earnings per share (in PLN)			3,65

## Notes to the condensed financial statements (continued)

### 10. Book value per share

	as at				
	30.09.2013 end of quarter/2013	30.06.2013 end of prior quarter/2013	31.12.2012 and of prior year/2012	30.09.2012 end of quarter/2012	30.06.2012 end of prior quarter/2012
shareholders' equity	315 186	313 839	318 548	317 433	307 677
number of shares (pcs)	4 747 608	4 747 608	4 747 608	4 747 608	4 747 608
<b>book value per share</b>	<b>66,39</b>	<b>66,10</b>	<b>67,10</b>	<b>66,86</b>	<b>64,81</b>

### 11. Dividend, paid or declared, per share

Pursuant to Resolution No. 18/2013 of the Annual General Meeting of ELEKTROBUDOWA SA held on 25 April 2013 on distribution of 2012 profit, the amount of 9 495 216.00 PLN was allocated for dividend to be paid in the amount of 2 PLN per share. The remainder of financial profit amounting to 26 491 243.63 PLN is to be added to the supplementary capital.

The dividend record date was established as 25 July 2013, the date of dividend payment was established as 9 August 2013.

### 12. Related-party transactions

Transactions with related parties were carried out on arm's length basis.

In the reporting period ELEKTROBUDOWA SA carried out the following transactions with subsidiaries and associates:

#### a) sales:

- sales of goods – Power Equipment Production Plant VECTOR Ltd.	23 311	thous PLN
- sales of materials - Power Equipment Production Plant VECTOR Ltd.	1 019	thous PLN
- sales of services – SAUDI ELEKTROBUDOWA LLC	266	thous PLN
- sales of services – KONIP Sp. z o.o.	65	thous PLN
- sales of services – ENERGETEST sp. z o.o.	85	thous PLN
- sales of goods – ENERGETEST sp. z o.o.	143	thous PLN
- sales of goods - ELEKTROBUDOWA UKRAINE Ltd.	8 568	thous PLN

#### b) purchases:

- purchase of services – KONIP Sp. z o.o.	790	thous PLN
- purchase of services – ENERGETEST sp. z o.o.	2 396	thous PLN
- purchases of materials – ENERGETEST sp. z o.o.	2 224	thous PLN

## Notes to the condensed financial statements (continued)

Mutual balances as at 30 September 2013:

- payables of ELEKTROBUDOWA SA to KONIP Sp. z o.o.	83	thous PLN
- payables of ELEKTROBUDOWA SA to ENERGOTEST sp. z o.o.	1 864	thous PLN
- payables of ELEKTROBUDOWA SA to the Power Equipment Production Plant VECTOR Ltd.	5	thous PLN
- payables of VECTOR Ltd. to ELEKTROBUDOWA SA	5 038	thous PLN
- payables of SAUDI ELEKTROBUDOWA LLC to ELEKTROBUDOWA SA	250	thous PLN
- payables of ELEKTROBUDOWA UKRAINE Ltd. to ELEKTROBUDOWA SA	936	thous PLN

The unsettled balances of receivables and payables with the related parties are unsecured and will be settled in cash when mature.

ELEKTROBUDOWA SA did not extend any guarantees to related parties to secure contract bonds.

Costs of receivables, collection of which is doubtful or at risk, arising from transactions with related parties were not recognized in the reporting period. ELEKTROBUDOWA SA did not establish provisions for the unsettled balances of receivables from related parties as at the balance sheet date.

### 13. Changes in presentation of the financial statements

In the financial statements prepared as at 30 September 2013 changes were made in presentation of comparable data at 31 December 2012, 30 September 2012 and 30 June 2013 concerning the following:

- statement of financial position as at 31 December 2012:
  - change in presentation of deferred income tax:
    - deferred income tax assets were increased by the amount 5 762 thousand PLN
    - deferred corporate income tax liabilities were increased by the amount 5 762 thousand PLN
  - change in presentation of deferred corporate income tax liabilities:
    - trade and other payables (1 788) thousand PLN
    - corporate income tax payables 1 788 thousand PLN
  
- statement of financial position as at 30 June 2012:
  - change in presentation of deferred income tax:
    - deferred income tax assets were increased by the amount 5 953 thousand PLN
    - deferred corporate income tax liabilities were increased by the amount 5 953 thousand PLN
  - change in presentation of deferred corporate income tax liabilities:
    - trade and other payables (2 686) thousand PLN
    - corporate income tax payables 2 686 thousand PLN

## Notes to the condensed financial statements (continued)

- statement of cash flow as at 30 June 2012:
  - change in presentation of currency translation differences of the corporate income tax paid:
    - change in liabilities, except loans and borrowings 2 thousand PLN
    - other adjustments (2) thousand PLN
  
- the consolidated statement of financial position as at 30 September 2012:
  - change in presentation of deferred income tax:
    - deferred income tax assets were increased by the amount 6 004 thousand PLN
    - deferred corporate income tax liabilities were increased by the amount 6 004 thousand PLN
  - change in presentation of deferred corporate income tax liabilities:
    - trade and other payables (1 865) thousand PLN
    - corporate income tax payables 1 865 thousand PLN
  
- statement of cash flow as at 30 September 2012:
  - change in presentation of currency translation differences of the corporate income tax paid:
    - change in liabilities, except loans and borrowings 4 thousand PLN
    - other adjustments (4) thousand PLN
  - change in presentation of the corporate income tax paid:
    - change in liabilities, except loans and borrowings 811 thousand PLN
    - income tax paid (811) thousand PLN

The presentation changes of assets and liabilities in respect of the deferred tax concern the foreign Permanent Establishments which pay corporate income taxes in the countries of registration according to the rates applicable there. In consequence of the presentation changes the balance sheet total increased by 5 762 thousand PLN on the assets and liabilities sides of the statement of financial position at 31 December 2012, by 5 953 thousand PLN in the statement prepared as at 30 June 2012 and by 6 004 thousand PLN in the statement as at 30 September 2012. The changes did not influence the company's financial result in the presented reporting periods.

The presentation changes of liabilities due to corporate income tax concerned the foreign permanent establishments and did not influence the balance sheet total or the financial result of the company in the presented reporting periods.

## Notes to the condensed financial statements (continued)

### 14. Significant events concerning previous years and recognised in the financial statements for the current period

The Management Board, during business review of the Industry Division carried out in the first half of 2013 revealed irregularities in respect of assignment of direct costs to relevant contracts. This concerned principally the services invoiced by subcontractors for the General Realization of Investments, unit of the Industry Division located in Gdańsk.

Findings of the detailed inspection of source documents of the selected projects performed by the GRI (invoices, acceptance reports, orders, purchase orders, contracts) showed that:

- source documents – invoices, acceptance reports – are correct, both formally and arithmetically;
- the invoices and acceptance reports comply substantially with the concluded contracts, orders, purchase orders;
- the invoices are correctly recorded on the prime costs accounts;
- there are irregularities in assigning the performed works to specific contract numbers (incorrect assignment of cost generating units).

In consequence of wrong assignment of direct costs to active contracts during 2011 and 2012 the construction contracts were incorrectly valued as at the balance sheet date and the expected losses connected with performance of services pertaining to those contracts were not considered in the relevant reporting periods.

The analysis covered all major and most important projects in progress as at 31 December 2012. Basing on deep analysis of source documents recorded by the GRI, the Management Board estimated the ultimate impact of the revealed irregularities on the balance sheet total and the profit and loss recognized in 2011 and 2012, and corrected the prior years profit and loss in the books of 2013 according to the applicable regulations.

The corrections of errors were recognized the statement of financial position as at 30 June 2013 in equity in the retained earnings item, as the prior years' losses. Also, the 2012 opening balance and the 2013 opening balance were adjusted. In result of the adjustments the following statements were changed: the statement of financial positions, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow. Impact of the corrections on the items of statements for comparable periods was presented in detail in the tables below.

ELEKTROBUDOWA SA ordered to perform preliminary investigations with the participation of independent experts, with the purpose of preparing a written report of verification of correctness of the long-term contracts. The report will cover the analysis of valuation of long-term contracts performed by the Industry Division in the period from 2009 to 2013 in order to identify the irregularities and mechanisms that allowed them to occur. The analysis has been extended to cover some selected long-term contracts carried out by the other business segments of ELEKTROBUDOWA SA – the Power Generation Division and the Power Distribution Division in order to detect any possible irregularities in valuation of the contracts. The report would recommend further actions, including possible amendment of the internal control procedure in force in the company, in respect of any identified loopholes or weaknesses in the system.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements (continued)

### Summary of impact of the corrections on the statement of financial position

	as at 31.12.2012			as at 30.09.2012			as at 30.06.2012			as at 01.01.2012		
	before correction	correction	after correction	before correction	correction	after correction	before correction	correction	after correction	before correction	correction	after correction
<b>ASSETS</b>												
<b>Non-current assets</b>	<b>207 827</b>	<b>6 046</b>	<b>213 873</b>	<b>205 578</b>	<b>3 454</b>	<b>209 032</b>	<b>201 442</b>	<b>3 717</b>	<b>205 159</b>	<b>181 825</b>	<b>2 020</b>	<b>183 845</b>
Property, plant and equipment	86 531	0	86 531	85 133	0	85 133	83 001	0	83 001	83 095	0	83 095
Intangible assets	14 810	0	14 810	11 999	0	11 999	11 117	0	11 117	8 129	0	8 129
Investments in associates	22 613	0	22 613	22 613	0	22 613	22 613	0	22 613	23 184	0	23 184
Interest in subsidiaries	47 901	0	47 901	47 901	0	47 901	47 901	0	47 901	47 901	0	47 901
Available-for-sale financial assets	2 931	0	2 931	2 470	0	2 470	2 470	0	2 470	2 470	0	2 470
Non-current receivables	21 994	0	21 994	22 185	0	22 185	21 232	0	21 232	6 947	0	6 947
Deferred income tax assets	9 508	6 046	15 554	11 898	3 454	15 352	11 701	3 717	15 418	8 688	2 020	10 708
Non-current prepayments	1 539	0	1 539	1 379	0	1 379	1 407	0	1 407	1 411	0	1 411
<b>Current assets</b>	<b>488 988</b>	<b>(19 922)</b>	<b>469 066</b>	<b>419 729</b>	<b>(16 112)</b>	<b>403 617</b>	<b>435 945</b>	<b>(17 493)</b>	<b>418 452</b>	<b>480 298</b>	<b>(8 562)</b>	<b>471 736</b>
Inventories	47 447	0	47 447	50 948	0	50 948	66 440	0	66 440	55 916	0	55 916
Trade and other receivables	256 163	0	256 163	216 484	0	216 484	204 124	0	204 124	277 216	0	277 216
Available-for-sale financial assets	24	0	24	24	0	24	24	0	24	24	0	24
Current prepayments	7 228	0	7 228	6 496	0	6 496	6 156	0	6 156	3 698	0	3 698
Amounts due from customers for construction contract work	138 841	(19 922)	118 919	119 856	(16 112)	103 744	134 792	(17 493)	117 299	106 643	(8 562)	98 081
Cash and cash equivalents	39 285	0	39 285	25 921	0	25 921	24 409	0	24 409	36 085	0	36 085
Non-current assets held for sale	0	0	0	0	0	0	0	0	0	716	0	716
<b>Total assets</b>	<b>696 815</b>	<b>(13 876)</b>	<b>682 939</b>	<b>625 307</b>	<b>(12 658)</b>	<b>612 649</b>	<b>637 387</b>	<b>(13 776)</b>	<b>623 611</b>	<b>662 123</b>	<b>(6 542)</b>	<b>655 581</b>
<b>EQUITY AND LIABILITIES</b>												
<b>Equity</b>	<b>344 324</b>	<b>(25 776)</b>	<b>318 548</b>	<b>332 162</b>	<b>(14 729)</b>	<b>317 433</b>	<b>323 524</b>	<b>(15 847)</b>	<b>307 677</b>	<b>332 449</b>	<b>(8 613)</b>	<b>323 836</b>
Share capital (after restatement)	26 375	0	26 375	26 375	0	26 375	26 375	0	26 375	26 375	0	26 375
Supplementary capital	303 510	0	303 510	303 510	0	303 510	303 510	0	303 510	281 812	0	281 812
Capital from valuation of available-for-sale investment	1 662	0	1 662	1 289	0	1 289	1 289	0	1 289	1 289	0	1 289
Currency translation differences	(5 218)	0	(5 218)	(4 485)	0	(4 485)	(2 694)	0	(2 694)	275	0	275
Retained earnings	17 995	(25 776)	(7 781)	5 473	(14 729)	(9 256)	(4 956)	(15 847)	(20 803)	22 698	(8 613)	14 085
<b>Liabilities</b>	<b>19 987</b>	<b>0</b>	<b>19 987</b>	<b>18 874</b>	<b>0</b>	<b>18 874</b>	<b>18 595</b>	<b>0</b>	<b>18 595</b>	<b>15 955</b>	<b>0</b>	<b>15 955</b>
<b>Non-current liabilities</b>												
Deferred income tax liabilities	5 762	0	5 762	6 004	0	6 004	5 953	0	5 953	5 216	0	5 216
Employee benefit obligations	4 252	0	4 252	3 221	0	3 221	3 337	0	3 337	3 467	0	3 467
Other liabilities	9 973	0	9 973	9 649	0	9 649	9 305	0	9 305	7 272	0	7 272
<b>Current liabilities</b>	<b>332 504</b>	<b>11 900</b>	<b>344 404</b>	<b>274 271</b>	<b>2 071</b>	<b>276 342</b>	<b>295 268</b>	<b>2 071</b>	<b>297 339</b>	<b>313 719</b>	<b>2 071</b>	<b>315 790</b>
Trade and other payables	274 687	0	274 687	212 935	0	212 935	240 314	0	240 314	272 013	0	272 013
Corporate income tax liabilities	1 788	0	1 788	2 217	0	2 217	2 930	0	2 930	981	0	981
Derivative financial instruments	0	0	0	0	0	0	815	0	815	7 185	0	7 185
Loans and borrowings	11 201	0	11 201	11 938	0	11 938	1 586	0	1 586	0	0	0
Provisions	650	0	650	448	0	448	501	0	501	536	0	536
Accrued expenses	14 440	11 900	26 340	11 964	2 071	14 035	12 992	2 071	15 063	9 894	2 071	11 965
Amounts due to customers for construction contract work	29 738	0	29 738	34 769	0	34 769	36 130	0	36 130	23 110	0	23 110
<b>Total liabilities</b>	<b>352 491</b>	<b>11 900</b>	<b>364 391</b>	<b>293 145</b>	<b>2 071</b>	<b>295 216</b>	<b>313 863</b>	<b>2 071</b>	<b>315 934</b>	<b>329 674</b>	<b>2 071</b>	<b>331 745</b>
<b>Total equity and liabilities</b>	<b>696 815</b>	<b>(13 876)</b>	<b>682 939</b>	<b>625 307</b>	<b>(12 658)</b>	<b>612 649</b>	<b>637 387</b>	<b>(13 776)</b>	<b>623 611</b>	<b>662 123</b>	<b>(6 542)</b>	<b>655 581</b>

The corrections produced the following results:

- o decreasing the value of assets in the statement of financial position:
  - as at 1 January 2012, by the amount of 6 542 thousand PLN,
  - as at 30 June 2012, by the amount of 13 776 thousand PLN,
  - as at 30 September 2012 by the amount of 12 658 thousand PLN,
  - as at 31 December 2012, by the amount of 13 876 thousand PLN;
- o reduction of retained earnings:
  - as at 1 January 2012, by the amount of 8 613 thousand PLN,
  - as at 30 June 2012, by the amount of 15 847 thousand PLN,
  - as at 30 September 2012 by the amount of 14 729 thousand PLN
  - as at 31 December 2012, by the amount of 25 776 thousand PLN.



(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements (continued)

### Summary of impact of the corrections on the statement of comprehensive income

	Q3 / 2012 period from 01.07.2012 to 30.09.2012			3 quarters / 2012 period from 01.01.2012 to 30.09.2012		
	before correction	correction	after correction	before correction	correction	after correction
<b>Continuing operations</b>						
Revenue from sales of products, goods and materials	240 224	1 381	241 605	671 499	(7 550)	663 949
Cost of products, goods and materials sold	(223 214)	0	(223 214)	(635 946)	0	(635 946)
<b>Gross profit on sales</b>	<b>17 010</b>	<b>1 381</b>	<b>18 391</b>	<b>35 553</b>	<b>(7 550)</b>	<b>28 003</b>
Selling costs	(1 477)	0	(1 477)	(4 843)	0	(4 843)
General administration expenses	(2 176)	0	(2 176)	(7 328)	0	(7 328)
Other operating expenses	(1 505)	0	(1 505)	(3 285)	0	(3 285)
Other gains (losses) - net	1 002	0	1 002	2 327	0	2 327
<b>Operating profit</b>	<b>12 854</b>	<b>1 381</b>	<b>14 235</b>	<b>22 424</b>	<b>(7 550)</b>	<b>14 874</b>
Finance income (costs) - net	(120)	0	(120)	4 850	0	4 850
<b>Gross profit before income tax</b>	<b>12 734</b>	<b>1 381</b>	<b>14 115</b>	<b>27 274</b>	<b>(7 550)</b>	<b>19 724</b>
Income tax expense	(2 305)	(263)	(2 568)	(3 810)	1 434	(2 376)
<b>Net profit from continuing operations for the period</b>	<b>10 429</b>	<b>1 118</b>	<b>11 547</b>	<b>23 464</b>	<b>(6 116)</b>	<b>17 348</b>
<b>Discontinued operations</b>						
Net profit (loss) from discontinued operations for the period	0	0	0	0	0	0
<b>Net profit for the period</b>	<b>10 429</b>	<b>1 118</b>	<b>11 547</b>	<b>23 464</b>	<b>(6 116)</b>	<b>17 348</b>
<b>Other comprehensive income, of which:</b>						
<b>Other comprehensive income reclassified to profit or loss</b>	<b>(1 791)</b>	<b>0</b>	<b>(1 791)</b>	<b>(4 760)</b>	<b>0</b>	<b>(4 760)</b>
- currency translation differences	(1 791)	0	(1 791)	(4 760)	0	(4 760)
<b>Total comprehensive income for the period</b>	<b>8 638</b>	<b>1 118</b>	<b>9 756</b>	<b>18 704</b>	<b>(6 116)</b>	<b>12 588</b>

The corrections to the statement of comprehensive income for the period from 1 July 2012 to 30 September 2012 caused the reduction of net profit of the comparable period by the amount of 1 118 thousand PLN.

The corrections to the statement of comprehensive income for the period from 1 January 2012 to 30 September 2012 caused the reduction of net profit of the comparable period by the amount of 6 116 thousand PLN.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements (continued)

### Summary of impact of the corrections on the statement of changes in equity

	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Total equity
<b>before correction</b>							
<b>as at 1 January 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>181 136</b>	<b>1 289</b>	<b>275</b>	<b>22 698</b>	<b>332 449</b>
<i>net profit</i>						35 986	35 986
<i>exchange differences</i>					(5 493)		(5 493)
<i>valuation of available-for-sale-investments</i>				461			461
<i>deferred tax on valuation of available-for-sale investments</i>				(88)			(88)
<b>total comprehensive income</b>				<b>373</b>	<b>(5 493)</b>	<b>35 986</b>	<b>30 866</b>
distribution of profit			21 698			(21 698)	0
dividend payment						(18 991)	(18 991)
<b>as at 31 December 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 834</b>	<b>1 662</b>	<b>(5 218)</b>	<b>17 995</b>	<b>344 324</b>
<b>correction</b>							
<b>as at 1 January 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8 613)</b>	<b>(8 613)</b>
<i>net profit</i>						(17 163)	(17 163)
<b>total comprehensive income</b>				<b>0</b>	<b>0</b>	<b>(17 163)</b>	<b>(17 163)</b>
<b>as at 31 December 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(25 776)</b>	<b>(25 776)</b>

(all amounts in thousands of PLN unless otherwise stated)

Notes to the condensed financial statements (continued)

	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Total equity
<b>after correction</b>							
<b>as at 1 January 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>181 136</b>	<b>1 289</b>	<b>275</b>	<b>14 085</b>	<b>323 836</b>
<i>net profit</i>						18 823	18 823
<i>exchange differences</i>					(5 493)		(5 493)
<i>valuation of available-for-sale-investments</i>				461			461
<i>deferred tax on valuation of available-for-sale investments</i>				(88)			(88)
<b>total comprehensive income</b>				<b>373</b>	<b>(5 493)</b>	<b>18 823</b>	<b>13 703</b>
distribution of profit			21 698			(21 698)	0
dividend payment						(18 991)	(18 991)
<b>as at 31 December 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 834</b>	<b>1 662</b>	<b>(5 218)</b>	<b>(7 781)</b>	<b>318 548</b>
<b>before correction</b>							
<b>as at 1 July 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 834</b>	<b>1 289</b>	<b>(2 694)</b>	<b>(4 956)</b>	<b>323 524</b>
<i>net profit</i>						10 429	10 429
<i>exchange differences</i>					(1 791)		(1 791)
<b>total comprehensive income</b>				<b>0</b>	<b>(1 791)</b>	<b>10 429</b>	<b>8 638</b>
<b>as at 30 September 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 834</b>	<b>1 289</b>	<b>(4 485)</b>	<b>5 473</b>	<b>332 162</b>

(all amounts in thousands of PLN unless otherwise stated)

Notes to the condensed financial statements (continued)

	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Total equity
<b>correction</b>							
<b>as at 1 July 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(15 847)</b>	<b>(15 847)</b>
<i>net profit</i>						1 118	1 118
<b>total comprehensive income as at 30 September 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(14 729)</b>	<b>(14 729)</b>

	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Total equity
<b>after correction</b>							
<b>as at 1 July 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 834</b>	<b>1 289</b>	<b>(2 694)</b>	<b>(20 803)</b>	<b>307 677</b>
<i>net profit</i>						11 547	11 547
<i>exchange differences</i>					(1 791)		(1 791)
<b>total comprehensive income as at 30 September 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 834</b>	<b>1 289</b>	<b>(1 791)</b>	<b>11 547</b>	<b>9 756</b>
					<b>(4 485)</b>	<b>(9 256)</b>	<b>317 433</b>

(all amounts in thousands of PLN unless otherwise stated)

Notes to the condensed financial statements (continued)

	Share capital after restatement	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Total equity
<b>before correction</b>							
<b>as at 1 January 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>181 136</b>	<b>1 289</b>	<b>275</b>	<b>22 698</b>	<b>332 449</b>
<i>net profit</i>						23 464	23 464
<i>exchange differences</i>					(4 760)		(4 760)
<b>total comprehensive income</b>					<b>(4 760)</b>	<b>23 464</b>	<b>18 704</b>
distribution of profit			21 698			(21 698)	0
dividend payment						(18 991)	(18 991)
<b>as at 30 September 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 834</b>	<b>1 289</b>	<b>(4 485)</b>	<b>5 473</b>	<b>332 162</b>
<b>correction</b>							
<b>as at 1 January 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(8 613)</b>	<b>(8 613)</b>
<i>net profit</i>						(6 116)	(6 116)
<b>total comprehensive income</b>					<b>0</b>	<b>(6 116)</b>	<b>(6 116)</b>
<b>as at 30 September 2012</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(14 729)</b>	<b>(14 729)</b>

(all amounts in thousands of PLN unless otherwise stated)

Notes to the condensed financial statements (continued)

	Share capital	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translating financial statements	Retained earnings	Total equity
<b>after correction</b>							
<b>as at 1 January 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>181 136</b>	<b>1 289</b>	<b>275</b>	<b>14 085</b>	<b>323 836</b>
<i>net profit</i>						17 348	17 348
<i>exchange differences</i>					(4 760)		(4 760)
<b>total comprehensive income</b>					<b>(4 760)</b>	<b>17 348</b>	<b>12 588</b>
distribution of profit			21 698			(21 698)	0
dividend payment						(18 991)	(18 991)
<b>as at 30 September 2012</b>	<b>26 375</b>	<b>100 676</b>	<b>202 834</b>	<b>1 289</b>	<b>(4 485)</b>	<b>(9 256)</b>	<b>317 433</b>

The corrections introduced in the books caused the reduction of the amount of equity:

- as at 30 September 2012, by the amount of 14 729 thousand PLN,
- as at 31 December 2012, by the amount of 25 776 thousand PLN.

(all amounts in thousands of PLN unless otherwise stated)

## Notes to the condensed financial statements (continued)

### Summary of impact of the corrections on the statement of cash flow

	Q3 / 2012			3 quarters / 2012		
	period from 01.07.2012 to 30.09.2012			period from 01.01.2012 to 30.09.2012		
	before correction	correction	after correction	before correction	correction	after correction
<b>Cash flows from operating activities</b>						
Gross profit before taxes	12 734	1 381	14 115	27 274	(7 550)	19 724
Depreciation and amortisation	2 698	0	2 698	8 253	0	8 253
Gains/losses on currency translation differences	56	0	56	(188)	0	(188)
Interest and share in profit (dividends)	120	0	120	(4 850)	0	(4 850)
Profit from/loss on sale of property, plant and equipment (PPE)	(34)	0	(34)	(36)	0	(36)
Change in inventories	15 492	0	15 492	4 968	0	4 968
Change in trade and other receivables	(17 893)	0	(17 893)	45 753	0	45 753
Change in liabilities, except loans and borrowings	(7 864)	0	(7 864)	(56 194)	0	(56 194)
Income tax paid	(3 583)	0	(3 583)	(5 413)	0	(5 413)
Change in current prepayments and accrued expenses	(1 368)	0	(1 368)	(728)	0	(728)
Change in non-current prepayments and accrued expenses	28	0	28	32	0	32
Change in settlements of construction contracts	13 575	(1 381)	12 194	(1 554)	7 550	5 996
Other adjustments	(2 608)	0	(2 608)	(11 954)	0	(11 954)
<b>Net cash generated from operating activities</b>	<b>11 353</b>	<b>0</b>	<b>11 353</b>	<b>5 363</b>	<b>0</b>	<b>5 363</b>
<b>Cash flows from investing activities</b>						
Sale of intangible assets and PPE	37	0	37	205	0	205
Dividend received and share in profits	5 000	0	5 000	5 551	0	5 551
Purchases of intangible assets and PPE	(6 063)	0	(6 063)	(14 288)	0	(14 288)
<b>Net cash used in investing activities</b>	<b>(1 026)</b>	<b>0</b>	<b>(1 026)</b>	<b>(8 532)</b>	<b>0</b>	<b>(8 532)</b>
<b>Cash flows from financial activities</b>						
Loans and borrowings	10 352	0	10 352	11 938	0	11 938
Dividends and other payments to owners	(18 991)	0	(18 991)	(18 991)	0	(18 991)
Interest	(120)	0	(120)	(130)	0	(130)
<b>Net cash used in financial activities</b>	<b>(8 759)</b>	<b>0</b>	<b>(8 759)</b>	<b>(7 183)</b>	<b>0</b>	<b>(7 183)</b>
<b>Net increase/decrease in cash, cash equivalents and bank overdrafts</b>	<b>1 568</b>	<b>0</b>	<b>1 568</b>	<b>(10 352)</b>	<b>0</b>	<b>(10 352)</b>
<b>Balance sheet change in cash and bank overdrafts</b>	<b>1 512</b>	<b>0</b>	<b>1 512</b>	<b>(10 164)</b>	<b>0</b>	<b>(10 164)</b>
Change in cash due to currency translation differences	(56)	0	(56)	188	0	188
Cash, cash equivalents and bank overdrafts at beginning of period	24 409	0	24 409	36 085	0	36 085
<b>Cash, cash equivalents and bank overdrafts at end of period</b>	<b>25 921</b>	<b>0</b>	<b>25 921</b>	<b>25 921</b>	<b>0</b>	<b>25 921</b>

Corrections made in the books did not influence the net cash flow on the operating activity in the period from 1 January to 30 September 2012.

## **Notes to the condensed financial statements (continued)**

### **15. Representations of the Management Board of ELEKTROBUDOWA SA on forecast announced earlier**

Considering the performance of ELEKTROBUDOWA SA for the last nine months, the Management Board is of the opinion that realization of the forecast, understood as the sum of performance of results for H1 2013 presented in the consolidated H1 2013 Report and the forecast of performance for H2 2013 disclosed by the current report 23/2013 of 2 September 2013, is not at risk.

The 2013 annual forecast for ELEKTROBUDOWA SA, understood as above, assumes that the company will generate 830 379 thousand PLN of sales revenues and the net profit of 13 817 thousand PLN. After the nine months of 2013 the company earned net profit amounting to 5 338 thousand PLN and generated sales revenues in the amount of 599 755 thousand PLN. The company enters the fourth quarter of 2013 with an impressive backlog of orders amounting to 1 834 041 thousand PLN, whereas orders received during the nine months have totalled 1 639 731 thousand PLN. It is enough to ensure that the annual sales will be accomplished according to forecast assumptions.

It results from the above figures that the budgeted annual sales revenues were realized in 72% while the net profit in 39%.

### **16. Significant events after the balance sheet date**

On 16 October 2013 Mr Jarosław Tomaszewski submitted to the Chairman of the Supervisory Board of ELEKTROBUDOWA SA a written declaration of resignation from the position of the Member of the Management Board of ELEKTROBUDOWA SA, effective from the date of declaration.

As of 16 October 2013 Mr Jarosław Tomaszewski became released from his duties as the Financial Director of the Company.

On 16 October 2013 the Company's Supervisory Board has passed a resolution to appoint Mr Adam Świągulski as Member of the Management Board of ELEKTROBUDOWA SA as from 1 January 2014.

As of 1 January 2014 Mr Adam Świągulski will also take the position of Financial Director of ELEKTROBUDOWA SA.