THE ELEKTROBUDOWA SA GROUP

Condensed Consolidated Financial Statements

for the 3rd quarter of 2012

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Consolidated Statement of Financial Position

	as at 30.09.2012 end of quarter/2012	as at 30.06.2012 and of prior quarter/2012	as at 31.12.2011 end of prior year/2011	as at 30.09.2011 end of quarter/2011	as at 30.06.2011 and of prior quarter/2011
ASSETS					
Non-current assets	**180 397**	**175 454**	**159 668**	**149 852**	**172 387**
Property, plant and equipment	88 021	85 997	86 230	85 592	85 293
Intangible assets	34 775	33 697	30 747	28 327	26 522
Investments in associates	25 448	24 514	23 151	21 260	21 405
Available-for-sale financial assets	2 723	2 723	7 434	2 726	27 845
Non-current receivables	22 214	21 246	6 967	9 374	5 896
Deferred income tax assets	5 813	5 842	3 694	1 062	3 917
Non-current prepayments	1 403	1 435	1 445	1 511	1 509
Current asssets	**440 913**	**455 581**	**499 892**	**395 891**	**385 510**
Inventories	54 798	68 532	57 225	56 872	48 915
Trade and other receivables	221 825	207 625	290 317	209 382	206 426
Available-for-sale financial assets	24	24	24	4 619	4 944
Current prepayments	6 976	6 487	4 267	4 305	5 153
Amounts due from construction contract work	122 862	137 418	108 984	96 818	97 325
Cash and cash equivalents	34 428	35 495	38 359	23 179	21 320
Fixed assets held for sale	0	0	716	716	1 427
Total assets	**621 310**	**631 035**	**659 560**	**545 743**	**557 897**
EQUITY AND LIABILITIES					
Equity	**328 185**	**318 455**	**330 022**	**313 876**	**303 689**
Issued share capital	26 375	26 375	26 375	26 375	26 375
Supplementary capital	303 628	303 628	282 520	282 520	282 520
Capital from valuation of available-for-sale investment	1 488	1 488	1 317	1 226	4 377
Currency translation differences	(4 485)	(2 694)	275	4	(7)
Capital from currency translation differences	1 212	1 321	2 064	980	297
Retained earnings	(481)	(12 127)	16 939	2 415	(10 049)
Total equity attributable to shareholders of the Company	**327 737**	**317 991**	**329 490**	**313 520**	**303 513**
Minority interest in equity	**448**	**464**	**532**	**356**	**176**
Liabilities					
Non-current liabilities	**13 033**	**12 785**	**10 896**	**9 236**	**8 830**
Employee benefit obligations	3 358	3 473	3 603	2 674	2 754
Other liabilities	9 675	9 312	7 293	6 562	6 076
Current liabilities	**280 092**	**299 795**	**318 642**	**222 631**	**245 378**
Trade and other payables	217 166	244 538	274 702	187 660	209 326
Corporate income tax liabilities	353	483	524	67	94
Derivative financial instruments	0	815	7 185	49	49
Loans, borrowings and debt securities	11 938	1 586	0	0	0
Provisions	689	742	777	4 865	4 879
Accrued expenses	14 197	14 694	11 844	8 065	7 867
Amounts due to customers for construction contract work	35 749	36 937	23 610	21 925	23 163
Total liabilities	**293 125**	**312 580**	**329 538**	**231 867**	**254 208**
Total equity and liabilities	**621 310**	**631 035**	**659 560**	**545 743**	**557 897**

Consolidated 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	Q3 /2011 period from 01.07.2011 to 30.09.2011	3 quarters 2011 period from 01.01.2011 to 30.09.2011
Continuing operarations				
Revenue on sales of products, goods and materials	245 702	695 853	240 057	612 556
Cost of products, goods and materials sold	(226 655)	(655 204)	(224 130)	(574 419)
Gross profit on sales	**19 047**	**40 649**	**15 927**	**38 137**
Selling costs	(1 601)	(5 279)	(654)	(2 061)
General administrative expenses	(3 450)	(11 239)	(3 443)	(10 420)
Other operating expenses	(1 535)	(3 448)	(730)	(2 060)
Other gains (losses) - net	1 004	3 165	7 975	8 032
Operating profit	**13 465**	**23 848**	**19 075**	**31 628**
Finance income (costs) - net	(125)	353	0	271
Share in net profit of associates measured according to equity method	987	3 082	(743)	(1 283)
Gross profit before income tax	**14 327**	**27 283**	**18 332**	**30 616**
Income tax expense	(2 663)	(4 647)	(5 742)	(7 148)
Net profit from continuing operations for the year	**11 664**	**22 636**	**12 590**	**23 468**
Discontinued operations				
Net profit (loss) from discontinued operations for the period	**0**	**0**	**0**	**0**
Net profit for the period	**11 664**	**22 636**	**12 590**	**23 468**
of which:				
- attributable to the equity holders of ELEKTROBUDOWA SA	*11 646*	*22 679*	*12 464*	*23 393*
- attributable to minority holders	*18*	*(43)*	*126*	*75*
Other comprehensive income, total				
- valuation of available-for-sale investments	0	0	(325)	1 504
- deferred tax on valuation of available-for-sale investments	0	0	62	(286)
- reversal of valuation of available-for-sale investments	0	209	(3 566)	(4 502)
- deferred income tax on reversal of valuation of available-for-sale investments	0	(38)	678	856
- currency translation differences from revaluation of the financial statements	(1 791)	(4 760)	11	4
- currency translation differences of subsidiaries and	(109)	(852)	683	1 080
- currency translation differences of minority interests	(34)	11	36	4
Total other comprehensive income	**(1 934)**	**(5 430)**	**(2 421)**	**(1 340)**
Total comprehensive income	**9 730**	**17 206**	**10 169**	**22 128**
of which:				
- attributable to the equity holders of ELEKTROBUDOWA SA	*9 746*	*17 238*	*10 007*	*22 049*
- attributable to minority holders	*(16)*	*(32)*	*162*	*79*
Earnings (loss) per share from continuing and discontinued operations (in PLN per one share)				
- basic	2,46	4,78	2,63	4,93
- diluted	2,46	4,78	2,63	4,93

Consolidated 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	Currency translation differences from revaluation of the financial statements	Retained earnings	Capital from revaluation of subsidiaries and associates	Attributable to minority holders	Total equity
1 July 2012	**26 375**	**100 676**	**202 952**	**1 488**	**(2 694)**	**(12 127)**	**1 321**	**464**	**318 455**
currency translation differences					*(1 791)*		*(109)*	*(34)*	*(1 934)*
net profit						*11 646*		*18*	*11 664*
total comprehensive income					**(1 791)**	**11 646**	**(109)**	**(16)**	**9 730**
30 September 2012	**26 375**	**100 676**	**202 952**	**1 488**	**(4 485)**	**(481)**	**1 212**	**448**	**328 185**

	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	Currency translation differences from revaluation of the financial statements	Retained earnings	Capital from revaluation of subsidiaries and associates	Attributable to minority holders	Total equity
1 January 2012	**26 375**	**100 676**	**181 844**	**1 317**	**275**	**16 939**	**2 064**	**532**	**330 022**
currency translation differences					*(4 760)*		*(852)*	*11*	*(5 601)*
net profit						*22 679*		*(43)*	*22 636*
reversal of valuation of available-for-sale investments				*209*					*209*
deferred income tax on reversal of valuation of available-for-sale investments				*(38)*					*(38)*
total comprehensive income				**171**	**(4 760)**	**22 679**	**(852)**	**(32)**	**17 206**
distribution of profit			22 103			(22 103)		248	248
dividend payment						(18 991)			(18 991)
other changes			(995)			995		(300)	(300)
30 September 2012	**26 375**	**100 676**	**202 952**	**1 488**	**(4 485)**	**(481)**	**1 212**	**448**	**328 185**

	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	Currency translation differences from revaluation of the financial statements	Retained earnings	Capital from revaluation of subsidiaries and associates	Attributable to minority holders	Total equity
1 January 2011	**26 375**	**100 676**	**160 685**	**3 654**	**0**	**28 666**	**(100)**	**245**	**320 201**
currency translation differences					*275*		*2 164*	*52*	*2 491*
net profit						*37 918*		*218*	*38 136*
valuation of available-for-sale investments				*1 617*					*1 617*
deferred income tax on valuation of available-for-sale investments				*(308)*					*(308)*
reversal of valuation of available-for-sale investments				*(4 502)*					*(4 502)*
deferred income tax on reversal of valuation of available-for-sale investments				*856*					*856*
total comprehensive income				**(2 337)**	**275**	**37 918**	**2 164**	**270**	**38 290**
distribution of profit			21 159			(21 159)		30	30
dividend payment						(28 486)			(28 486)
adjustment of recognition of share issue cost									0
other changes								(13)	(13)
31 December 2011	**26 375**	**100 676**	**181 844**	**1 317**	**275**	**16 939**	**2 064**	**532**	**330 022**

	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	Currency translation differences from revaluation of the financial statements	Retained earnings	Capital from revaluation of subsidiaries and associates	Attributable to minority holders	Total equity
1 July 2011	**26 375**	**100 676**	**181 844**	**4 377**	**(7)**	**(10 049)**	**297**	**176**	**303 689**
currency translation differences					*11*		*683*	*36*	*730*
net profit						*12 464*		*126*	*12 590*
valuation of available-for-sale investments				*(325)*					*(325)*
deferred income tax on valuation of available-for-sale investments				*62*					*62*
reversal of valuation of available-for-sale investments				*(3 566)*					*(3 566)*
deferred income tax on reversal of valuation of available-for-sale investments				*678*					*678*
total comprehensive income				**(3 151)**	**11**	**12 464**	**683**	**162**	**10 169**
other changes								18	18
30 September 2011	**26 375**	**100 676**	**181 844**	**1 226**	**4**	**2 415**	**980**	**356**	**313 876**

	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	Currency translation differences from revaluation of the financial statements	Retained earnings	Capital from revaluation of subsidiaries and associates	Attributable to minority holders	Total equity
1 January 2011	**26 375**	**100 676**	**160 685**	**3 654**	**0**	**28 666**	**(100)**	**245**	**320 201**
currency translation differences					*4*		*1 080*	*4*	*1 088*
net profit						*23 393*		*75*	*23 468*
valuation of available-for-sale investments				*1 504*					*1 504*
deferred income tax on valuation of available-for-sale investments				*(286)*					*(286)*
reversal of valuation of available-for-sale investments				*(4 502)*					*(4 502)*
deferred income tax on reversal of valuation of available-for-sale investments				*856*					*856*
total comprehensive income				**(2 428)**	**4**	**23 393**	**1 080**	**79**	**22 128**
distribution of profit			21 159			(21 159)		30	30
dividend payment						(28 485)			(28 485)
other changes								2	2
30 September 2011	**26 375**	**100 676**	**181 844**	**1 226**	**4**	**2 415**	**980**	**356**	**313 876**

Notes to the consolidated financial statements

Consolidated Statement of Cash Flow

	Q3 /2012 period from 01.07.2012 to 30.09.2012	3 quarters 2012 period from 01.01.2012 to 30.09.2012	Q3 /2011 period from 01.07.2011 to 30.09.2011	3 quarters 2011 period from 01.01.2011 to 30.09.2011
Cash flows from operating activities				
Gross profit before taxes	14 327	27 283	18 332	30 616
Share of net profit of associates measured according to equity method	(987)	(3 082)	743	1 283
Depreciation and amortisation	2 954	9 061	3 271	9 541
Gains/losses from currency translation differences	55	(188)	(1 118)	(1 408)
Interest and share in profit (dividends)	125	(353)	(3)	(271)
Profit from/loss on sale of property, plant and equipment (PPE)	(33)	(36)	(4)	192
Change in inventories	13 734	2 427	(7 957)	(31 093)
Change in available-for-sale financial assets	0	(738)	(3 667)	(4 864)
Change in trade and other receivables	(14 723)	53 529	(6 008)	28 885
Change in liabilities, except loans and borrowings	(7 820)	(56 556)	5 744	(8 923)
Income tax paid	(3 219)	(5 487)	(1 097)	(9 139)
Change in current prepayments and accrued expenses	(986)	(356)	1 046	(3 490)
Change in non-current prepayments and accrued	32	42	34	(145)
Change in settlements of construction contracts	13 368	(1 739)	(731)	(26 561)
Other adjustments	(2 672)	(12 032)	(418)	(587)
Net cash generated from/used in operating activities	**14 155**	**11 775**	**8 167**	**(15 964)**
Cash flows from investing activities				
Sale of intangible assets and PPE	36	226	67	444
Disposal of interest in other entities	0	0	0	161
Disposal of other available-for-sale financial assets	0	5 658	25 220	35 028
Dividend and share in profits	0	497	489	1 452
Purchase of intangible assets and PPE	(6 432)	(15 054)	(4 708)	(13 426)
Purchase of available-for-sale financial assets	0	0	0	(4 920)
Net cash generated from/used in investing activities	**(6 396)**	**(8 673)**	**21 068**	**18 739**
Cash flows from financial activities				
Other proceeds	0	0	2	2
Dividends and other payments to owners	(18 991)	(18 991)	(28 485)	(28 485)
Loans and borrowings	10 352	11 938	0	0
Payment of finance lease obligations	(7)	(24)	(14)	(40)
Interest	(125)	(144)	3	0
Net cash used in financial activities	**(8 771)**	**(7 221)**	**(28 494)**	**(28 523)**
Net increase/decrease in cash and bank overdrafts	(1 012)	(4 119)	741	(25 748)
Balance sheet change in cash and bank overdrafts	(1 067)	(3 931)	1 859	(24 340)
Change in cash due to currency translation differences	(55)	188	1 118	1 408
Cash and bank overdrafts at beginning of period	35 495	38 359	21 320	47 519
Cash and bank overdrafts at end of period	**34 428**	**34 428**	**23 179**	**23 179**

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 three 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 executing 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, testing and commissioning 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 Ltd. 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 - KRUELTA Ltd. with its registered office at 17A, Magnitogorska Street, St Petersburg, the Russian Federation.

As at 30 September 2012 ELEKTROBUDOWA SA held 49% of KRUELTA's equity. The percentage of ELEKTROBUDOWA's stake in KRUELTA's equity is equal to the percentage of number of votes in the General Meeting.
Principal business of KRUELTA is the assembly and selling of medium voltage switchgear systems in the Russian market. This offer is complemented with low voltage switchgear and mobile substations.

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

As at 30 September 2012 ELEKTROBUDOWA SA held 49% of VECTOR's equity. 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 and radio components, parts for electrical vacuum devices, and also providing construction works and wholesale of electrical production equipment, including communication devices.

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

As at 30 September 2012 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

As at 30 September 2012, compared with 31 December 2011 and 30 September 2011, the organizational structure of the ELEKTROBUDOWA SA did not change.

1.3 Going concern concept

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. Mrs Kuprina Yelena Olegovna was appointed a liquidator. The General Meeting authorized the liquidator to take any necessary actions relating to winding up and approved the procedure and date of liquidation in accordance with the applicable laws of the Russian Federation.
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 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 neither been discontinued or 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 is 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 2012.

Notes to the consolidated financial statements (continued)

2. Summary of significant accounting policies

2.1 Statement of compliance with legislation

The Q3 2012 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 (modified 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 lee 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 the group;
- purchase of foreign currency and repayment of payables transactions are translated at the selling rate applied by the bank used by the group;
- 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 consolidated financial statements (continued)

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

The statements of financial position and the statements of comprehensive income of the group's entities of which none conducts business in the hyper-inflationary conditions and whose functional currencies are different from the presentation currency, are translated into the presentation currency as follows:

- assets and liabilities in each of the presented statement of financial position are translated according to the average closing rate valid at the balance sheet date, announced by the NBP;
- income and costs in each statement of comprehensive income 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, unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions;
- all resulting exchange differences are recognized as a separate component of equity.

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 2012 condensed consolidated financial statements as in the half-year consolidated financial statements prepared as at 30 June 2012.

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

The resolution adopted on 5 April 2012 by the General Meeting of Partners of the limited liability company "KRUELTA" wind up the company does 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 in Q3 2012 and no such discontinuation is planned in the following period.

Notes to the consolidated financial statements (continued)

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 strategic 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 plant 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 general realization of construction projects.

- 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.

Notes to the consolidated financial statements (continued)

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

Business segments results for the three quarters of 2012

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Group total
Continuing operations						
Sales revenue	303 238	188 828	228 547	34 677	7 656	**762 946**
of which:						
Revenue on external customers	301 632	187 602	176 915	28 025	1 679	**695 853**
Inter-segment sales	1 606	1 226	51 632	6 652	5 977	**67 093**
Operating profit	**13 844**	**(5 749)**	**13 619**	**1 367**	**767**	**23 848**
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**
Profit before income tax	**13 801**	**(5 810)**	**16 687**	**1 367**	**1 238**	**27 283**
Income tax expense	(1 115)	495	(3 362)	(319)	(346)	**(4 647)**
Net profit from continuing operations for the period	**12 686**	**(5 315)**	**13 325**	**1 048**	**892**	**22 636**
Discontinued operations						
Net profit (loss) from discontinued operations for the period	**0**	**0**	**0**	**0**	**0**	**0**
Net profit for the period	**12 686**	**(5 315)**	**13 325**	**1 048**	**892**	**22 636**
of which:						
net profit of equity holders of ELEKTROBUDOWA SA	*12 686*	*(5 315)*	*13 368*	*1 048*	*892*	***22 679***
- net profit of minority shareholders	*0*	*0*	*(43)*	*0*	*0*	***(43)***

A negative result of the Industry Division segment was generated principally in connection with execution of the project "The supply of overall electrical, small current, automation and BMS installations for Stage 2 of Construction of the National Stadium, Warsaw" for the consortium of HYDROBUDOWA POLSKA S.A., ALPINE Construction Polska Sp. z o.o. The contract was concluded on 21 December 2009, its initial price was 91 000 thousand PLN. ELEKTROBUDOWA SA executed the contract works in the consortium with QUMAK – SEKOM S.A. and Przedsiębiorstwo "AGAT" S.A. ELEKTROBUDOWA SA as the consortium leader had a 37 221 thousand PLN share in the contract price. The completion of project was scheduled for 4 May 2011. During the execution of project, as there was necessary to perform some additional works, the parties, in the signed addenda to the contract, agreed on increase of the price up to 138 478 thousand PLN (with 66 318 thousand share of ELEKTROBUDOWA SA) and postponed the final completion date to 30 April 2012.

Notes to the consolidated financial statements (continued)

Extension of the contract realization period generated extra fixed costs both for the parent, ELEKTROBUDOWA SA as for other consortium partners. Covering of costs of contract extension was guaranteed by the Investor in an Addendum No. 3 signed on 28 June 2011. In March 2012 the Consortium submitted the purchaser a claim for payment of costs incurred due to contract extension, which included detailed itemization of those costs for total amount of 13.2 million PLN, in which ELEKTROBUDOWA SA has a 4.4 million PLN share.
Furthermore, another claim was made in that time concerning:

- impedimentation of execution of works caused by design changes in the amount of 3.7 million PLN;
- necessity to carry out operation and maintenance of installations and equipment including warranty overhauls in the amount of approx. 3.9 million PLN;
- financial claims of supplies and subcontractors relating to overdue payments and costs of crediting the activity in the amount of 2.0 million PLN;
- reimbursement of costs of remedying the effects of theft and damages in the amount of 1.3 million PLN.

Total amount of the consortium's claim based on the above titles is approx. 10.9 million PLN, in which ELEKTROBUDOWA SA has 1/3 share. The claims do not arise directly from the signed contracts or contract amendments, therefore they are subject to significant correction.
Because of conclusion of a contract for participation in stage 2 of the construction of the Warsaw National Stadium the consortium, and consequently ELEKTROBUDOWA SA, is exposed to price risk and credit risk. The parent, ELEKTROBUDOWA SA will take every possible step to recover the due payments, but the process may take a few years. Maximum total amount of the above claims is 24.1 million PLN, of which about 8.0 million PLN falls to ELEKTROBUDOWA SA.
The above claims were duly documented and delivered. As the purchaser had withdrawn from negotiations carried in order to reach an agreement to satisfy the above claims, in July 2012 the consortium decided to file a relevant lawsuit against the purchaser. Currently the evidence is being collected to substantiate the claim. Recovery of sums due to the consortium and ELEKTROBUDOWA SA will enable closing the contract with the planned margin, and the additional income would cover the loss incurred by the Industry Division segment in the three quarters of 2012.
Furthermore, the parent, ELEKTROBUDOWA SA as the consortium leader has started the proceedings to secure overdue payments for works performed against the main contract and two additional contracts. In effect, on 29 June 2012 an Agreement was signed with Narodowe Centrum Sportu Sp. z o.o. (Investor) representing the State Treasury. The Agreement defined the procedure which should lead to final acceptance of all works completed by the consortium, which had not taken place for the reasons beyond the control of ELEKTROBUDOWA SA as a leader. On 30 August 2012 there was a final acceptance of works provided by the consortium by Narodowe Centrum Sportu Sp. z o.o.; the relevant acceptance report was the basis for invoicing the works for the total amount of 14.4 million PLN, of which 7.2 million PLN for ELEKTROBUDOWA SA.
As at 30 September 2012 payments not received for the completed works amounted to 25.3 million PLN, including the amount of 11.6 million PLN owed to ELEKTROBUDOWA SA. Until the date of preparing these financial statements the debt in the amount of 7.5 million PLN became overdue, of which 2.6 million PLN is the overdue amount owed to ELEKTROBUDOWA SA.
On 23 April 2012 the parent, ELEKTROBUDOWA SA filed a claim to the court for payment of receivables in the amount of 1.2 million PLN of which 0.6 million PLN is the debt owed to ELEKTROBUDOWA SA.
On 27 June 2012 a request for voluntary arrangement was made with respect to overdue debt in the amount of 7.4 million PLN. The Agreement defines the procedures enabling settlement and payment of further due amounts which will become mature. ELEKTROBUDOWA SA as the consortium leader has no influence on establishing the date of the court proceedings. The parent will constantly require Narodowe Centrum Sportu Sp. z o.o. to fulfil all provisions of the Agreement.
In the opinion of Management of ELEKTROBUDOWA SA a risk of nonpayment by Narodowe Centrum Sportu Sp. z o.o. is not big, therefore the group did not impair the amount of pursued claim as at 30 September 2012.

Notes to the consolidated financial statements (continued)

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**

Business segments results for the three quarters of 2011

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Group total
Continuing operations						
Sales revenue	231 478	226 527	162 786	34 013	6 682	**661 486**
of which:						
Revenue on external customers	228 756	224 737	128 115	29 449	1 499	**612 556**
Inter-segment sales	2 722	1 790	34 671	4 564	5 183	**48 930**
Operating profit	**14 254**	**7 822**	**5 892**	**1 698**	**1 962**	**31 628**
Financial activities result	0	0	0	13	258	**271**
Share of net profit of associates measured according to equity method	0	0	(1 283)	0	0	**(1 283)**
Profit before income tax	**14 254**	**7 822**	**4 609**	**1 711**	**2 220**	**30 616**
Income tax expense	(3 405)	(1 663)	(997)	(373)	(710)	**(7 148)**
Net profit from continuing operations for the period	**10 849**	**6 159**	**3 612**	**1 338**	**1 510**	**23 468**
Discontinued operations						
Net profit (loss) from discontinued operations for the period	**0**	**0**	**0**	**0**	**0**	**0**
Net profit for the period	**10 849**	**6 159**	**3 612**	**1 338**	**1 510**	**23 468**
of which:						
net profit of equity holders of ELEKTROBUDOWA SA	*10 849*	*6 159*	*3 537*	*1 338*	*1 510*	***23 393***
- net profit of minority shareholders	*0*	*0*	75	*0*	*0*	***75***

Notes to the consolidated financial statements (continued)

Other items of business segments recognized in the consolidated statement of comprehensive income for the three quarters of 2011

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Group total
depreciation	3 227	1 115	1 467	482	1 693	**7 984**
amortisation	207	164	843	314	29	**1 557**

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	211 222	150 127	145 055	45 181	69 725	**621 310**
Liabilities	110 186	107 080	96 038	5 274	(25 453)	**293 125**
Capital expenditure	1 529	439	5 568	637	6 039	**14 212**

Assets and liabilities of business segments at 31 December 2011

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Group total
Assets	186 671	191 128	138 865	47 985	94 911	**659 560**
Liabilities	94 544	121 478	103 050	8 876	1 590	**329 538**
Capital expenditure	4 123	1 487	7 731	770	3 627	**17 738**

Assets and liabilities of business segments at 30 September 2011

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Group total
Assets	166 469	141 586	97 983	47 293	92 412	**545 743**
Liabilities	81 886	84 632	59 400	7 038	(1 089)	**231 867**
Capital expenditure	3 579	1 074	4 825	472	1 930	**11 880**

Notes to the consolidated financial statements (continued)

Impairment of receivables by business segments

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Group total
as at 30 September 2012	2 215	6 060	2 818	200	2	**11 295**
as at 30 September 2011	1 893	2 607	2 991	80	3 770	**11 341**

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:

	3 quarters 2012 period from 01.01.2012 to 30.09.2012	3 quarters 2011 period from 01.01.2011 to 30.09.2011
Revenue on sales of products, goods and materials		
- domestic market	542 066	506 295
- East-European market	80 004	26 845
- Skandinavian market	59 326	51 671
- Western Europe	8 325	14 633
- South-West Asia	4 238	7 304
- Turkish market	1 215	2 291
- North America	244	11
- Central America	159	131
- Central Asia	130	1 919
- Central Europe	80	920
- Australian market	0	470
- other markets	66	66
	695 853	**612 556**

The main geographical area of the group's operations in the three quarters 2012 was the domestic market (78% of sales revenues), East-European markets (11%), and the Scandinavian market (9%).

Notes to the consolidated financial statements (continued)

Information about key customers

The revenue on direct sales generated by the Power Generation Division amounting to 301.6 million PLN (228.8 million PLN in the comparable three quarters of 2011) includes the 58.3 million PLN revenue earned on the contract with the group's biggest customer (in the three quarters 2011 it was 51.4 million PLN). This revenue accounted for 8.4% of total revenues generated by the group in the three quarters of both 2012 and 2011.

Further, the revenue on the direct sales generated by the Industry Division in the amount of 187.6 million PLN (224.7 million PLN in the comparable period of 2011) includes the 28.8 million PLN revenue on the contract with the second biggest customer of the group (in the three quarters of 2011 it was 56.3 million PLN). This revenue accounted for 4.1% of total revenues generated by the company in the three quarters of 2012, compared to 9.2% in the comparable period of 2011.

The revenue generated by the group on the two key customers during the three quarters of 2012 accounted for 12.5% of its total revenue, while in the three quarters of 2011 it was 17.6%.

5. Earnings per share

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)	11 646 217		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			2,46
Diluted earnings per share (in PLN)			2,46

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)	22 678 830		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			4,78
Diluted earnings per share (in PLN)			4,78

Notes to the consolidated financial statements (continued)

Calculation of earnings per ordinary share for Q3 2011:

	Earnings	Shares	Earnings per share
Net profit attributable to equity holders of ELEKTROBUDOWA SA for the period (in PLN)	12 463 368		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			2,63
Diluted earnings per share (in PLN)			2,63

Calculation of earnings per ordinary share for the three quarters of 2011:

	Earnings	Shares	Earnings per share
Net profit attributable to equity holders of ELEKTROBUDOWA SA for the period (in PLN)	23 392 701		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			4,93
Diluted earnings per share (in PLN)			4,93

6. Book value per share

	as at 30.09.2012 end of quarter/2012	as at 30.06.2012 and of prior quarter/2012	as at 31.12.2011 end of prior year/2011	as at 30.09.2011 end of quarter/2011	as at 30.06.2011 and of prior quarter/2011
equity attributable to shareholders of ELEKTROBUDOWA SA	327 737	317 991	329 490	313 520	303 513
number of shares (pieces)	4 747 608	4 747 608	4 747 608	4 747 608	4 747 608
book value per share	**69,03**	**66,98**	**69,40**	**66,04**	**63,93**

7. Dividend, paid or declared, per share

The 2011 dividend was paid by ELEKTROBUDOWA SA in August 2012 in the amount of 18 990 432.00 PLN, that is 4 PLN per share.

Notes to the consolidated financial statements (continued)

8. Composition of the Management Board and Supervisory Board

Composition of the Management Boards of the parent and subsidiaries as of 30 September 2012

Management Board
ELEKTROBUDOWA SA

Jacek Faltynowicz	-	President
Jarosław Tomaszewski	-	Member
Ariusz Bober	-	Member
Tomasz Jaźwiński	-	Member
Janusz Juszczyk	-	Member
Arkadiusz Klimowicz	-	Member

Management Board
KONIP Sp. z o.o.

Tadeusz Lamch	-	President

Management Board
ENERGOTEST sp. z o.o.

Arkadiusz Klimowicz	-	President

Executive Body
ELEKTROBUDOWA UKRAINE Ltd.

Oleksandr Karnaushenko	-	Director

Composition of the Supervisory Board of the parent as of 30 September 2012

Supervisory Board

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

Notes to the consolidated financial statements (continued)

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 of the ELEKTROBUDOWA SA group, the items for the three quarters of 2012 and the three quarters of 2011 as well as for the year 2011 have been translated into EUR as follows:

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

- 28 September 2012 4.1138 PLN / EUR;
- 31 December 2011 4.4168 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 2012 to 30 September 2012 4.1948 PLN / EUR;
- from 1 January 2011 to 30 September 2011 4.0413 PLN / EUR.

10. Related-party transactions

Transactions with related parties were carried out on arm's length basis.
Transactions between the parent and its related parties, 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 services – the Power Equipment Production Plant VECTOR Ltd.	92	thous. PLN
- sales of goods – the Power Equipment Production Plant VECTOR Ltd.	43 202	thous. PLN
- sales of materials - the Power Equipment Production Plant VECTOR Ltd.	1 658	thous. PLN

Mutual balances between the parent and its associates as at 30 September 2012:

- payables of the Power Equipment Production Plant VECTOR Ltd. to ELEKTROBUDOWA SA	2 308	thous. PLN

The unsettled balances of receivables and payables with the associates are unsecured 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 provision for unsettled balances of payments with the related parties as at balance sheet date.

Notes to the consolidated financial statements (continued)

Figures relating to subsidiaries and associates:

As of 30 September 2012 the consolidation adjustments of the group were made for the amount of:	(28 918)	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
- currency translation differences from revaluation of associates	1 195	thous. PLN
- adjustment of current year's net profit in the amount of	(2 050)	thous. PLN
• share in net profit of associated measured according to the equity method including income tax	2 645	thous. PLN
• adjustment of net profit of subsidiaries	(212)	thous. PLN
• adjustment of net profit of associates	571	thous. PLN
• adjustment of dividend received from settlement of profit	(5 054)	thous. PLN
- adjustment of prior year's net profit, of which:	(5 169)	thous. PLN
- adjustment of net profit of subsidiaries	(3 163)	thous. PLN
- adjustment of net profit of associates	(2 006)	thous. PLN
- Adjustment of write-off from net profit during the financial year	5 000	thous. PLN
- adjustment of mutual settlements in the amount:	(5 284)	thous. PLN

Internal sales

In the consolidated financial statements consolidation exclusions were done in respect of revenue on sales between fully consolidated entities in the amount (20 359) thousand PLN.

Exclusions of unrealised gains

As of 30 September 2012 elimination of unrealised gains from the transaction between subsidiaries was made in the amount of 302 thousand PLN.

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
Data of associates as at 30 September 2012			
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

Notes to the consolidated financial statements (continued)

Data of associates for the three quarters of 2012			
revenue from sales of products, goods and materials	0	100 483	945
cost of products, goods and material sold	0	82 596	149

	KRUELTA Ltd.	The Power Equipment Production Plant VECTOR Ltd.	SAUDI ELEKTROBUDOWA LLC
Data of associates as at 30 September 2011			
total non-current assets	248	34 421	109
total current assets	1 723	30 396	1 181
long-term liabilities	0	710	0
short-term liabilities	1	22 738	1 154
Data of associates for the three quarters of 2011			
revenue from sales of products, goods and materials	3	31 772	105
cost of products, goods and material sold	2	26 459	0

11. Contingent liabilities

a) guarantees

As at 30 September 2012, 31 December 2011 and 30 September 2011 the group extended contract guarantees, comprising performance bonds and warranty bonds, through:

	as at 30 September 2012	as at 31 December 2011	as at 30 September 2011
PKO BP S.A.	67 345	63 890	71 745
BRE Bank S.A.	63 246	62 854	63 951
Bank PeKaO S.A.	29 526	31 658	20 878
T.U. ALLIANZ POLSKA SA	27 577	46 093	34 221
Towarzystwo Ubezpieczeń Euler Hermes S.A.	26 971	0	0
Bank Handlowy w Warszawie S.A.	24 020	26 720	23 949
HDI Gerling Towarzystwo Ubezpieczeniowe S.A.	2 585	2 859	2 485
ING Bank Śląski S.A.	8 567	8 662	8 136
HDI Asekuracja TU S.A.	1 133	0	0
BNP PARIBAS BANK POLSKA S.A.	345	458	183
PZU S.A.	17	212	231
Total amount of guarantees	**251 332**	**243 406**	**225 779**

Notes to the consolidated financial statements (continued)

b) Promissory notes

As of 30 September 2012 the ELEKTROBUDOWA SA 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 guarantee line;
- 10 promissory notes as security for insurance guarantee claim of T.U. Allianz Polska S.A.;
- 1 promissory note as security for a multi-purpose agreement with Bank PEKAO S.A.;
- 10 promissory notes issued in favour of HDI Asekuracja TU S.A. as security for insurance guarantees agreement,
- 2 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;
- 1 promissory note as security for the multi-product agreement with ING Bank Śląski SA;
- 10 blank promissory notes with declaration in favour of TU Euler Hermes S.A. as security for insurance guarantees;
- 1 blank promissory note in favour of PARIBAS BANK POLSKA S.A. as security for bank guarantees.

As of 31 December 2011 ELEKTROBUDOWA SA group issued promissory notes as security for performance bonds for the total amount of 16 311 thousand PLN, and also:

- 1 promissory note issued in favour of BRE Bank S.A.o/Katowice as security for guarantee line;
- 10 blank promissory notes as security for insurance guarantees claim of T.U. Allianz Polska S.A.;
- 1 blank promissory note as security for bank loan and guarantee line in Bank PEKAO S.A.;
- 2 blank promissory notes as security for the loan and guarantee line provided by PKO BP S.A.;
- 1 blank promissory note as security for the guarantee line provided by Bank Handlowy w Warszawie SA.;
- 1 blank promissory note as security for the guarantee line provided by ING Bank Śląski SA.;
- 1 blank promissory note in favour of FORTIS BANK POLSKA S.A. as security for contract bonds;
- 5 blank promissory notes with declaration in favour of Gerling Polska T.U. S.A. as security for contract bonds;
- 5 blank promissory notes with declaration and a certificate of deposit for 150 thousand PLN as security of claim from contract bonds issued by PZU S.A.

As of 30 September 2011 the group issued promissory notes for the total amount of 16 906 thousand PLN, and also:

- 1 promissory note issued in favour of BRE Bank S.A.o/Katowice as security for the guarantee line;
- 10 blank promissory notes as security for claims from contract bonds against T.U. Allianz Polska S.A.;
- 1 blank promissory note as security for a bank loan and a guarantee line in Bank PEKAO S.A.;
- 5 blank promissory notes with ‘’without protest” restriction in favour of Gerling Polska T.U. S.A. as security for the issued contract bods;
- 2 blank promissory notes as security for the credit and guarantee line provided by Bank PKO BP S.A.;
- 1 blank promissory note as security for the guarantee line provided by Bank Handlowy w Warszawie SA;
- 1 blank promissory note as security for the guarantee line provided by ING Bank Śląski SA;
- 5 blank promissory notes with declaration in favour of PZU S.A. as security for the issued guarantees;
- 5 blank promissory notes with declaration in favour of Gerling T.U. S.A. as security for contract bonds;
- 1 blank promissory note as security for BNP PARIBAS BANK POLSKA S.A. relating to bank guarantees.

Notes to the consolidated financial statements (continued)

c) Sureties

As at 30 September 2012, 31 December 2011 and 30 September 2011 the group did not grant any sureties.

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

The market in which the group operates, supplying construction and erection services and executing projects for power industry, chemical industry and providing turnkey public utility facilities is strongly affected by seasonality. The beginning of a year is usually the time for establishing budgets by the customers and for tendering procedures, whereas many contracts have their scheduled completion dates by the end of the year. Work progress usually depends on weather, so most of outdoor building and installation works are performed in summer, whereas indoor works in winter.
The impact of seasonality on execution of construction and erection services was accounted for as early as at the stage of preparation of the 2012 budget of each group company, based on the schedule of contractual works. Last winter weather conditions in Poland were favourable for the building sector. In the first quarter of 2012 the group realized 18.3%, in the second quarter 26.3% while in the third quarter 24.3% of the revenues budgeted for the year. In the 2nd and 3rd quarter of 2012 the group recorded a dynamic growth in sales revenue as compared with Q1 2012. Sales revenues rose by 43.5% in Q2 2012 and by 32.9% in Q3 2012 compared with the revenues generated in Q1 2012. Sales revenues earned by the group in the nine months of 2012 amounted to 695.9 million PLN, which accounts for 68.9% of the 2012 total budgeted revenues. As compared with the three quarters of 2011 the revenues rose by 83.3 million PLN, i.e. by 13.6%. Considering the level of sales revenue generated after the three quarters of 2012 as well as generous backlog of orders with which the parent enters the 4th quarter of the financial year, the group expects to realize the sales on the level forecast in the 2012 budget, exceeding 1 billion PLN.

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

	as at 30.09.2012	as at 31.12.2011	as at 30.09.2011
Non-current assets held for sale			
a) perpetual usufructory right to land	0	0	0
b) fixed tangible assets, including:	0	716	716
- building and civil structures	0	680	680
- technical equipment and machines	0	36	36
	0	**716**	**716**

Notes to the consolidated financial statements (continued)

In 2011, following the decision to sell some items of non-current assets the parent identified in the statement of financial position in the item "Non-current assets held for sale".

As of 31 December 2011 "Non-current assets held for sale" included:
- buildings and equipment recognised in non-current assets in the statement of financial position in the item "Non-current assets held for sale" with the value of 716 thousand PLN,
- right to perpetual usufruct of land recognised in the off-balance sheet records, valued at 105 thousand PLN.

On 26 June 2012 a hire contract was made which covered buildings, structures and technical facilities, together with the right to perpetual usufruct of land.
Following the change in allocation of the tangible fixe assets, in the statement of financial situation prepared as at 30 June 2012 non-current assets in the amount of 716 thousand PLN were transferred from "Non-current assets held for sale" item to "Property, plant and equipment" item.

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 as an employer employing its workers at the site of Olkiluoto Nuclear Power Plant for payment of total amount of EUR 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. Because of complexity of the case and the fact that the claim concerns 185 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 law 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 seem unjustified, at least in its major part.
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, to be referred by the District Court in Rauma to the Court of Justice of the European Union for preliminary ruling concerning interpretation in the light of the EU legislation. Also, a set of questions will be referred to the Finnish Labour Inspection for an opinion in the disputed issues. It may take the above mentioned bodies a few or over a dozen months to reply, so the case is not expected to be closed soon.
The Management of 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 changed compared to those presented in the report prepared as at 31 December 2011.
In the opinion of the Management of the parent there are no circumstances, except the described above, either than above which would indicate the possibility for substantial liability to arise due to claim against any entity of the group.

Notes to the consolidated financial statements (continued)

14. Selected financial data

Deferred income tax assets

	as at 30.09.2012 end of quarter/2012	as at 30.06.2012 and of prior quarter/2012	as at 31.12.2011 end of prior year/2011	as at 30.09.2011 end of quarter/2011	as at 30.06.2011 and of prior quarter/2011
Deferred income tax assets	33 020	35 469	27 200	22 249	21 375
Deferred income tax liabilities	(27 207)	(29 627)	(23 506)	(21 187)	(17 458)
Deferred corporate income tax	**5 813**	**5 842**	**3 694**	**1 062**	**3 917**

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 the income as realized are different in the tax and the accounting methods).

Impairment provisions for receivables of the group

	as at 30.09.2012 end of quarter/2012	as at 30.06.2012 and of prior quarter/2012	as at 31.12.2011 end of prior year/2011	as at 30.09.2011 end of quarter/2011	as at 30.06.2011 and of prior quarter/2011
- receivables under bankruptcy	2 473	8 362	8 363	8 363	8 361
- receivables in arrangement with debtors	200	193	193	80	80
- receivables vindicated in court	605	701	221	70	79
- from overdue debtors	8 017	6 169	3 239	2 828	2 915
Receivables impairment provisions	**11 295**	**15 425**	**12 016**	**11 341**	**11 435**

In the three quarters of 2012 the group created provisions for impairment of receivables, both current and non-current, in the total amount of 6 207 thousand PLN, of which:

- receivables in bankruptcy proceedings	121	thousand PLN
- debt in arrangement proceedings	7	thousand PLN
- debt vindicated in court	621	thousand PLN
- overdue debtors	5 458	thousand PLN

Notes to the consolidated financial statements (continued)

In the three quarters of 2012 the group reversed provisions for impairment of receivables (current and non-current) for the amount of 6 928 thousand PLN, of which:

- receivables in bankruptcy proceedings	6 011	thousand PLN
- claims vindicated in court	237	thousand PLN
- overdue debts	680	thousand PLN

Receivables and payables write-off due to discount

In 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.
During the three quarters of 2011 the group recognised impairment due to discount increasing the amount of receivables by 239 thousand PLN and the discount decreasing the amount of payables by 234 thousand PLN.

	3 quarters 2012 period from 01.01.2012 to 30.09.2012	3 quarters 2011 period from 01.01.2011 to 30.09.2011
Receivables and payables write-off due to discount		
- to sales revenues	(116)	262
- to manufacture cost	334	234
- to other gains (losses) - net	14	(23)
Total write-off due to discount	**232**	**473**

Provisions for future liabilities and expenses

	as at 30.09.2012 end of quarter/2012	as at 30.06.2012 and of prior quarter/2012	as at 31.12.2011 end of prior year/2011	as at 30.09.2011 end of quarter/2011	as at 30.06.2011 and of prior quarter/2011
- provision for long-term pension benefits	3 358	3 473	3 603	2 674	2 754
- provision for short-term pension benefits	461	102	208	21	35
- provision for warranty repair works	228	640	569	344	344
- provision for expected liquidated damages	0	0	0	4 500	4 500
Provisions for future liabilities and expenses	**4 047**	**4 215**	**4 380**	**7 539**	**7 633**

Notes to the consolidated financial statements (continued)

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 August 2011. The general business climate factor remained unfavourable due to negative evaluation of order backlog, building and construction output and financial situation of companies. What is worrying is systematically growing number of building companies whose activity is hindered because of payment gridlocks. High indebtness of building companies, low margins achieved on the projects and still strong competition which will result in low profitability, also of new orders – they are the main factors contributions to deterioration of the situation in building industry. Infrastructural and road building projects are nearing completion and this situation will have negative impact on the performance results of the engineering segment. In further perspective 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.
The situation in the construction industry is reflected in the volume of orders received by the parent, ELEKTROBUDOWA SA in the three quarters of 2012. In the reporting period the company signed orders for total amount of 777.4 million PLN, while in the nine months of 2011 the value of orders received amounted to 806.9 million PLN. Compared with the same period of the previous year, in the three quarters of 2012 there was a 3.7% drop in the value of concluded contracts and received orders.
The parent's backlog of orders as of 30 September 2012, which includes contracts being performed and pending performance, reached the level of 959.8 million PLN. Compared with the 867.1 million PLN order backlog at 30 September 2011, there was a 10.7% increase. Although forecasts for the level of orders in the coming period are not optimistic, the parent's order backlog is big enough to ensure work at full capacity in the fourth quarter of 2012.

The following contracts were signed in the three quarters of 2012:

1.	Turnkey supply, including engineering, delivery and erection, of infrastructure for the planned installation of flue gas cathalytic denitrogenizing (SCR), dedusting (EF) plants and a part of infrastructure for desulfurization (FGD) plant in the scope of GPR-EC station in the purchaser's factory in Płock within the framework of the project no. 17538 "Construction of SCR/EF Installation Including Infrastructure" for Polski Koncern Naftowy ORLEN SA	77.6 million PLN
2.	"Design and build" supply of the project: "Extension of the 400/110kV Station, Słupsk" – Stage I and II concerning connection of the 240MW wind farm Słupsk, 320MW Potęgowo wind farm, including cinstallation of a 400/110kV autotransformer, to the network of ENERGA – OPERATOR S.A., for Polskie Sieci Elektroenergetyczne Operator S.A.	58.9 million PLN
3.	"Design and build" supply of the project "Construction of the 400kV electrical substation Łomża for Polskie Sieci Elektroenergetyczne Operator S.A.	48.1 million PLN

Notes to the consolidated financial statements (continued)

4.	Supply of services related to site preparation for construction of the Flue Gas Desulfurization (FGD) plant within the framework of the project no. 17539: "Adjustment of the Heat & Power Plant in Płock to the Emission Standards Applicable from 1 January 2016 – Site Preparation for Construction of the FGD Plant" for Polski Koncern Naftowy ORLEN S.A.	30.6 million PLN
5.	Delivery of equipment and installation of industrial and building electrical systems for STORA ENSO Narew Sp. z o.o.	27.3 million PLN
6.	Design engineering and construction of the 110/15kV - RPZ 11 station together with the associated 110 kV overhead line in Białystok for PGE Dystrybucja Spółka Akcyjna.	21.4 million PLN
7.	Modernization of mill fans and rotary air heaters of units no. 4, 6, 3, 1 and 5 in TAURON Wytwarzanie Spółka Akcyjna – Oddział Elektrownia Jaworzno III, for FAWENT Spółka Akcyjna	20.5 million PLN
8.	Electrical equipment and installations of the boiler for biomass burning for the project: "Green Unit in Połaniec Power Plant" for FOSTER WHEELER ENERGIA POLSKA Sp. z o.o.	20.4 million PLN
9.	Extension of the scope of contract for the construction of the National Stadium in Warsaw incl. associated infrastructure for the Consortium of Alpine Construction Polska Sp. z o.o. and Hydrobudowa Polska S.A.	18.5 million PLN
10.	Turnkey supply of power facilities according to the order „Preparation of the technical specifications and construction of 110kV line Gołdap - Olecko" for PGE Dystrybucja Spółka Akcyjna,	18.3 million PLN

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

Revenues from sales of product, goods and materials generated by the ELEKTROBUDOWA SA group for the three quarters of 2012 amounted to 695 853 thousand PLN and were by 83 297 thousand PLN (by 13.6%) higher than in the same period of the previous year.
Out of the total revenue of the group, 94.6% was generated the parent, ELEKTROBUDOWA SA, while 4.0% by ENERGOTEST sp. z o.o. and 1.4% by ELEKTROBUDOWA UKRAINE Ltd.
The income generated by the group in the three quarters of 2012 was owed mainly to the following contracts:

- Supply, erection and commissioning of electrical and I&C components and systems for the Nuclear Power Plant Olkiluoto Finland for AREVA NP GmbH	51.2 million PLN
- 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.	29.4 million PLN
- Turnkey reconstruction and revitalization of the building of former chain store, Powszechny Dom Towarowy "Okrąglak" and adjacent office building "Kwadraciak" with the purpose of obtaining commercial and office space for Okrąglak Development sp. z o.o.	27.6 million PLN

Notes to the consolidated financial statements (continued)

- The National Stadium, Warsaw incl. infrastructure, for the Consortium of Alpine Construction Polska Sp. z o.o. and Hydrobudowa Polska S.A. 22.6 million PLN
- Building and construction services including electrical and I&C works at the site of Bituminous Shale Deoiling Plant, for OUTOTEC GmbH. 22.5 million PLN
- Turnkey supply, erection and commissioning of electrical systems of the FGD plant of Units 1, 2 PGE GiEK Oddział Elektrownia Bełchatów S.A. for RAFAKO S.A. 21.7 million PLN
- Electrical equipment and installations of the boiler for biomass burning for the project: "Green Unit in Połaniec Power Plant" for FOSTER WHEELER ENERGIA POLSKA Sp. z o.o. 18.4 million PLN
- Participation in turnkey supply, as a General Contractor, of a new Combined Cycle Unit of electrical capacity 45MWe and thermal capacity 40MWt in EC Głogów for KGHM Polska Miedź S.A. 16.2 million PLN
- Civil works, including equipment for the project "Construction of a multi-function warehouse" in Łask airfield for the 12th Territorial Airfield Infrastructure Unit (TOL) based in Warsaw. 12.7 million PLN
- Building and installation works for the project: Construction of the Car Parts Factory in Wałbrzych for Halla Engineering and Construction Corporation, Poland for Polimex – Mostostal S.A. 12.6 million PLN

The group's gross profit on sales for the three quarters of 2012 was 40 649 thousand PLN, by 6.6% higher than for the same period of 2011.
Return on sales after the three quarters of 2012 was 5.8% and dropped by 0.4 percentage point compared with the same period of the previous year. The drop was caused by slightly faster growth rate of cost of products, goods and materials sold than the growth rate of sales revenue. The 14.1% growth in cost of products, goods and materials sold was accompanied by a 13.6% growth in sales revenues, the latter was by 0.5 percentage point lower than in the case of cost. The drop in return on sales 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 2012 amounted to 5 279 thousand PLN and were by 3 218 thousand PLN higher than for the three quarters of 2011. Levels of costs in further reporting periods were correlated with the level of sales revenues. In the comparable periods the share of costs of selling in the sales revenue was 0.8% and 0.3% for the three quarters of 2012 and the three quarters of 2011 respectively. The 0.5 percentage point rise of the share of selling costs in the sales revenues was the direct outcome of the increase in transport expenses of finished goods exported mainly to Russia.

General administrative expenses in the three quarters of 2012 rose by 7.9% compared with the three quarters of 2011. The increase was smaller than in the case of sales revenue, which is reflected in the share of general administrative expenses in the revenues, 1.6% and 1.7% for the analysed periods of three quarters of 2012 and 2011, respectively.

Other operating expenses in the three quarters of 2012 amounted to 3 448 thousand PLN and included fees and charges relating to bank and insurance guarantees (2 064 thousand PLN), penalties (850 thousand PLN) and legal and other charges (534 thousand PLN). In the three quarters of 2012, compared with the same period of 2011 total amount of charges and fees relating to the contract bonds provided by the group rose by 280 thousand PLN (by 15.7%). This is due to dynamically growing rising volume of bonds provided by the group such as: advance payment guarantees, performance guarantees and warranty repair guarantees. Total amount of contract bonds as at 30 September 2012 was 251 332 thousand PLN and was by 25 553 thousand PLN, i.e. by 11.3% higher than in the comparable period of 2011.

Notes to the consolidated financial statements (continued)

In the three quarters of 2012 expenses relating to penalties incurred by the group were by 628 thousand PLN higher, and legal and other charges by 480 thousand PLN higher than in the comparable period. Total other operating costs incurred by the group rose by 1 388 thousand PLN, i.e. by 67.4%.

Other gains (losses) – net recognized for the nine months of 2012 totalled 3 165 thousand PLN. Other net gains recognized as at the end of Q3 2011 amounted to 8 032 thousand PLN. Other net gains for the three quarters of 2012 are the outcome of other income that amounted to 21 023 thousand PLN less other expenses in the amount of 17 858 thousand PLN.

Main items of other income:

-	reversal of forward contract valuation	7 185	thousand PLN
-	penalties and fines	3 221	thousand PLN
-	interest, principally on bank accounts	2 165	thousand PLN
-	gains from disposal of investments	738	thousand PLN
-	release of provision for impairment of receivables	454	thousand PLN
-	received compensation	475	thousand PLN
-	reversal of provision for impairment of receivables	370	thousand PLN
-	Gains from disposal of non-financial fixed assets	42	thousand PLN

Main items of other expenses:

-	provision for impairment of receivables	5 253	thousand PLN
-	loss on settlement of derivatives	2 472	thousand PLN
-	negative currency translation differences	819	thousand PLN
-	damage repair cost	391	thousand PLN
-	interests paid	290	thousand PLN
-	revaluation of inventories	121	thousand PLN
-	donations	96	thousand PLN

In the three quarters of 2012 the group earned profit on operating activity in the amount of 23 848 thousand PLN, which was by 7 780 thousand PLN (by 24.6%) lower than for the same period of the previous year.
Return on operations for the three quarters of 2012 reached the level of 3.4% and dropped by 1.8 percentage point compared with the three quarters of 2011.

The ELEKTROBUDOWA SA group recorded a 353 thousand PLN gains from financial activities. The gains include 497 thousand PLN of dividend received by the parent on its interest in PI Biprohut Sp. z o. o. less interest on credit and lease in the amount of 144 thousand PLN. As at 30 September 2012 the group utilized credit in the current account in the amount of 11 938 thousand PLN.

Notes to the consolidated financial statements (continued)

The share in net profit of associates measured according to the equity method for the reporting three quarters of 2012 amounted to 3 082 thousand PLN and accounted for 13.6% of the group's net profit earned in the period.

The gross profit before taxes earned by the group for the period from 1 January 2012 to 30 September 2012 was 27 283 thousand PLN, whereas the group's net profit for the same period amounted to 22 636 thousand PLN. Both gross profit and net profit dropped on the comparable period of 2011, by 10.9% and 3.5% respectively. The net profit earned by the group in the three quarters of 2012 in the amount of 22 679 thousand PLN is attributable to the equity holders of ELEKTROBUDOWA SA, whereas the loss of 43 thousand PLN to minority shareholders.
Return on sales on the level of the net profit for the three quarters of 2012 was 3.3%, which was by 0.5 percentage point lower than for the comparable period of the previous year.

Revenues and financial performance of the group in the three quarters of 2012 were possible to achieve owing to:
- building up competencies in General Realization of Projects;
- diversification of orders;
- consequently built territorial network of customer service;
- systematically increasing share of exports.

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 four foreign permanent establishments, through which contract works are continued in Finland, Luxembourg, Estonia and Germany. Registration of an establishment in the Netherlands is proceeding.
The performance of the group was undoubtedly attributed to the following factors:
- market situation in the power sector, chemicals, metallurgy and mining;
- intensification of marketing activities, particularly in Central and Eastern Europe and in Saudi Arabia;
- prices for electrical materials, electric power equipment and metallurgical products;
- high labour and administration costs;
- strongly competitive environment;
- a slowdown in debt payment and accruing payment gridlocks.

It is the priority for the entities of the group in further months of the year 2012 to improve the performance and operating effectiveness. Except the improvement of effectiveness, the group will focus on the 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. Significant events after the balance sheet date

No significant events occurred which should be disclosed in the consolidated financial statements for the 3rd quarter of 2012.

Notes to the consolidated financial statements (continued)

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

Having considered the performance of the nine months of the year, the Management Board is of the opinion that realization of the announced Budget is not at risk.
In the consolidated annual budget for the ELEKTROBUDOWA SA group, announced on 28 March 2012, it is assumed that in 2012 the group would generate 1 009 583 thousand PLN of total sales revenues, whereas their net profit should amount to 38 543 thousand PLN (of which 38 281 thousand PLN profit attributable for the Company's shareholders). The consolidated financial performance of the group after the nine months of 2012 shows that the sales revenues amount to 695 853 thousand PLN and the net profit is 22 636 thousand PLN, of which 22 679 thousand PLN is attributable for the company's equity holders; for the same period of the previous year the net profit attributable to the company shareholders amounted to 23 393 thousand PLN, while generated sales revenues amounted to 612 556 thousand PLN (growth by 14%).
It results from the above data that after the nine months the budgeted sales revenues were realized in 69% whereas net profit in 59%.

19. Information about issuance of debt securities

The group did not issue any debt securities in the third quarter of 2012.

20. Additional information of 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:

On 3 July 2012 the company disclosed the receipt of Agreement made between Narodowe Centrum Sportu Sp. z o.o., acting for and on behalf of the State Treasury, and the subcontractor – the Consortium of: ELEKTROBUDOWA SA (Consortium Leader), QUMAK-SEKOM S.A. (Consortium Partner) and PRZEDSIĘBIORSTWO „AGAT" S.A. (Consortium Partner). The Consortium was a subcontractor of the construction works provided for the Warsaw National Stadium under the construction works contracts. Total remuneration for the subcontractor is 138,478,191.55 PLN, net. Until the date of the Agreement, the Subcontractor received the payment of 114,476,731.43 PLN net from the General Contractor.

On 7 August 2012 the company informed that they received a contract concluded on 6 August 2012 with Polskie Sieci Elektroenergetyczne Operator SA based in Konstancin – Jeziorna for the project: "Extension of the 400/110kV Station, Słupsk – Stage I and II". The net contract price is 58,900,000 PLN.

Notes to the consolidated financial statements (continued)

Events after closing the 3rd quarter of 2012 and before submitting this quarterly report:

On 2 October 2012 the company announced the receipt of another contract with Polski Koncern Naftowy ORLEN SA based in Płock, concluded on 28 September 2012. The contract concerned the supply of services related to site preparation for construction of the Flue Gas Desulfurization (FGD) plant within the framework of the project: "Adjustment of the Heat & Power Plant in Płock to the Emmission Standards Applicable from 1 January 2016 – Site Preparation for Construction of the FGD Plant". The aggregate net value of contracts concluded with PKN Orlen SA within the last 12 months to date was PLN 45,204,166.60. The above mentioned contract has the biggest value as its lumpsum price is PLN 30,570,000.

On 16 October 2012 the company informed that a contract was concluded with Polski Koncern Naftowy ORLEN SA based in Płock. The contract concerns the turnkey supply, including engineering, delivery and erection, of infrastructure for the planned installation of flue gas cathalytic denitrogenizing (SCR), dedusting (EF) plants and a part of infrastructure for desulfurization (FGD) plant in the scope of GPR-EC station in the purchaser's factory in Płock within the framework of the project "Construction of SCR/EF Installation Including Infrastructure". The net contract price (lumpsum) is PLN 77,625,000.

Shareholders holding significant interest in ELEKTROBUDOWA SA as of 30 June 2012, according to information in possession by the company:

as at 30 June 2012:	**Numbers of shares = number of votes**	**% of votes and % equity**
AVIVA OFE AVIVA BZ WBK SA	721 094	15.19
Generali OFE	466 433	9.82
ING OFE (Open-ended Pension Fund)	450 000	9.48
Otwarty Fundusz Emerytalny PZU „Złota Jesień"	400 000	8.43
AXA OFE	395 723	8.34
Amplico OFE	250 000	5.27
Free float	2 064 358	43.47
Total number of shares in the share capital	**4 747 608**	**100.00**

Notes to the consolidated financial statements (continued)

Shareholders holding significant interest in ELEKTROBUDOWA SA at the date of publishing the report for Q3 2012, according to information in possession by the company:

as at 14 November 2012:	**Numbers of shares = number of votes**	**% of votes and % equity**
AVIVA OFE AVIVA BZ WBK SA	721 094	15.19
Generali OFE	466 433	9.82
ING OFE (Open-ended Pension Fund)	450 000	9.48
Otwarty Fundusz Emerytalny PZU „Złota Jesień”	400 000	8.43
AXA OFE	395 723	8.34
Amplico OFE	250 000	5.27
Free float	2 064 358	43.47
Total number of shares in the share capital	**4 747 608**	**100.00**

As on 14 November 2012 the managing persons do not hold shares in ELEKTROBUDOWA SA. No changes occurred in this respect in the period from the date of publishing the preceding financial report until 14 November 2012.

As on 14 November 2012 the supervising persons do not hold shares in ELEKTROBUDOWA SA. No changes occurred in this respect in the period from the date of publishing the preceding financial report until 14 November 2012.

ELEKTROBUDOWA SA

Condensed Financial Statements

for the 3rd quarter of 2012

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Statement of Financial Position

	as at 30.09.2012 end of quarter/2012	as at 30.06.2012 and of prior quarter/2012	as at 31.12.2011 end of prior year/2011	as at 30.09.2011 end of quarter/2011	as at 30.06.2011 and of prior quarter/2011
ASSETS					
Non-current assets	**199 574**	**195 489**	**176 609**	**173 217**	**196 715**
Property, plant and equipment	85 133	83 001	83 095	82 554	82 925
Intangible assets	11 999	11 117	8 129	5 712	3 858
Investments in associates	22 613	22 613	23 184	23 184	23 184
Interest in subsidiaries	47 901	47 901	47 901	47 901	47 899
Available-for-sale financial assets	2 470	2 470	2 470	2 470	27 589
Non-current receivables	22 185	21 232	6 947	9 322	5 845
Deferred income tax assets	5 894	5 748	3 472	599	3 906
Non-current prepayments	1 379	1 407	1 411	1 475	1 509
Current asssets	**419 729**	**435 945**	**480 298**	**372 932**	**360 311**
Inventories	50 948	66 440	55 916	55 560	47 689
Trade and other receivables	216 484	204 124	277 216	201 317	201 575
Available-for-sale financial assets	24	24	24	24	24
Current prepayments	6 496	6 156	3 698	3 632	4 505
Amounts due from construction contract work	119 856	134 792	106 643	92 087	90 814
Cash and cash equivalents	25 921	24 409	36 085	19 596	14 988
Non-current assets held for sale		0	716	716	716
Total assets	**619 303**	**631 434**	**656 907**	**546 149**	**557 026**
EQUITY AND LIABILITIES					
Equity	**332 162**	**323 524**	**332 449**	**319 084**	**306 578**
Share capital (after restatement)	26 375	26 375	26 375	26 375	26 375
Supplementary capital	303 510	303 510	281 812	281 812	281 812
Capital from valuation of available-for-sale investment	1 289	1 289	1 289	1 289	4 177
Currency translation differences	(4 485)	(2 694)	275	4	(7)
Retained earnings	5 473	(4 956)	22 698	9 604	(5 779)
Liabilities					
Non-current liabilities	**12 870**	**12 642**	**10 739**	**9 081**	**8 677**
Employee benefit obligations	3 221	3 337	3 467	2 550	2 630
Other liabilities	9 649	9 305	7 272	6 531	6 047
Current liabilities	**274 271**	**295 268**	**313 719**	**217 984**	**241 771**
Trade and other payables	214 800	243 000	272 758	185 844	208 124
Corporate income tax liabilities	352	244	236	0	92
Derivative financial instruments	0	815	7 185	49	49
Loans and borrowings	11 938	1 586	0	4 850	0
Provisions	448	501	536	0	4 864
Accrued expenses	11 964	12 992	9 894	6 594	6 697
Amounts due to customers for construction contract work	34 769	36 130	23 110	20 647	21 945
Total liabilities	**287 141**	**307 910**	**324 458**	**227 065**	**250 448**
Total equity and liabilities	**619 303**	**631 434**	**656 907**	**546 149**	**557 026**

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	Q3 /2011 period from 01.07.2011 to 30.09.2011	3 quarters 2011 period from 01.01.2011 to 30.09.2011
Continuing operarations				
Revenue on sales of products, goods and materials	240 224	671 499	229 612	584 140
Cost of products, goods and materials sold	(223 214)	(635 946)	(216 161)	(551 668)
Gross profit on sales	**17 010**	**35 553**	**13 451**	**32 472**
Selling costs	(1 477)	(4 843)	(607)	(1 898)
General administration expenses	(2 176)	(7 328)	(2 334)	(7 243)
Other operating expenses	(1 505)	(3 285)	(717)	(1 904)
Other gains (losses) - net	1 002	2 327	8 148	8 160
Operating profit	**12 854**	**22 424**	**17 941**	**29 587**
Finance income (costs) - net	(120)	4 850	3 000	5 051
Gross profit before income tax	**12 734**	**27 274**	**20 941**	**34 638**
Income tax expense	(2 305)	(3 810)	(5 558)	(7 044)
Net profit from continuing operations for the period	**10 429**	**23 464**	**15 383**	**27 594**
Discontinued operations				
Net profit (loss) from discontinued operations for the period	**0**	**0**	**0**	**0**
Net profit for the period	**10 429**	**23 464**	**15 383**	**27 594**
Other comprehensive income, total				
valuation of available-for-sale investments	0	0	0	1 829
deferred tax relating to available-for-sale investments	0	0	0	(348)
reversal of valuation of available for sale investments	0	0	(3 566)	(4 502)
deferred tax relating to reversal of valuation of available for sale investments	0	0	678	856
currency translation differences of the valuation	(1 791)	(4 760)	11	4
Total other comprehensive income	**(1 791)**	**(4 760)**	**(2 877)**	**(2 161)**
Total comprehensive income	**8 638**	**18 704**	**12 506**	**25 433**
Earnings (loss) per share from continuing and discontinued operations (in PLN per share)				
- basic	2,19	4,94	3,24	5,81
- diluted	2,19	4,94	3,24	5,81

Statement of Changes in Equity

	Share capital after restatement	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Currency translation differences of valuation	Retained earnings	Total equity
1 July 2012	**26 375**	**100 676**	**202 834**	**1 289**	**(2 694)**	**(4 956)**	**323 524**
net profit						*10 429*	*10 429*
currency translation differences					*(1 791)*		*(1 791)*
total comprehensive income					**(1 791)**	**10 429**	**8 638**
30 September 2012	**26 375**	**100 676**	**202 834**	**1 289**	**(4 485)**	**5 473**	**332 162**

	Share capital after restatement	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Currency translation differences of valuation	Retained earnings	Total equity
1 January 2012	**26 375**	**100 676**	**181 136**	**1 289**	**275**	**22 698**	**332 449**
net profit						*23 464*	*23 464*
currency translation differences					*(4 760)*		*(4 760)*
total comprehensive income					**(4 760)**	**23 464**	**18 704**
distribution of profit			21 698			(21 698)	0
dividend payment						(18 991)	(18 991)
30 September 2012	**26 375**	**100 676**	**202 834**	**1 289**	**(4 485)**	**5 473**	**332 162**

	Share capital after restatement	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Currency translation differences of valuation	Retained earnings	Total equity
1 January 2011	**26 375**	**100 676**	**160 026**	**3 454**	**0**	**31 605**	**322 136**
net profit						*40 689*	*40 689*
currency translation differences					*275*		*275*
valuation of available-for-sale-investments				*1 829*			*1 829*
deferred tax on valuation of available-for-sale investments				*(348)*			*(348)*
reversal of available-for-sale investments valuation				*(4 502)*			*(4 502)*
deferred tax relating to reversal of available-for-sale investments valuation				*856*			*856*
total comprehensive income				**(2 165)**	**275**	**40 689**	**38 799**
distribution of profit			21 110			(21 110)	0
dividend payment						(28 486)	(28 486)
31 December 2011	**26 375**	**100 676**	**181 136**	**1 289**	**275**	**22 698**	**332 449**

	Share capital after restatement	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Currency translation differences of valuation	Retained earnings	Total equity
1 July 2011	**26 375**	**100 676**	**181 136**	**4 177**	**(7)**	**(5 779)**	**306 578**
net profit						*15 383*	*15 383*
currency translation differences					*11*		*11*
reversal of available-for-sale investments valuation				*(3 566)*			*(3 566)*
deferred tax relating to reversal of available-for-sale investments valuation				*678*			*678*
total comprehensive income				**(2 888)**	**11**	**15 383**	**12 506**
30 September 2011	**26 375**	**100 676**	**181 136**	**1 289**	**4**	**9 604**	**319 084**

	Share capital after restatement	Supplementary capital from share premium	Other supplementary capital	Capital from valuation of available-for-sale investment	Currency translation differences of valuation	Retained earnings	Total equity
1 January 2011	**26 375**	**100 676**	**160 026**	**3 454**	**0**	**31 605**	**322 136**
net profit						*27 594*	*27 594*
currency translation differences					*4*		*4*
valuation of available-for-sale-investments				*1 829*			*1 829*
deferred tax on valuation of available-for-sale investments				*(348)*			*(348)*
reversal of available-for-sale investments valuation				*(4 502)*			*(4 502)*
deferred tax relating to reversal of available-for-sale investments valuation				*856*			*856*
total comprehensive income				**(2 165)**	**4**	**27 594**	**25 433**
distribution of profit			21 110			(21 110)	0
dividend payment						(28 485)	(28 485)
30 September 2011	**26 375**	**100 676**	**181 136**	**1 289**	**4**	**9 604**	**319 084**

Notes to the condensed financial statements (continued)

Statement of Cash Flow

	Q3 /2012 period from 01.07.2012 to 30.09.2012	3 quarters 2012 period from 01.01.2012 to 30.09.2012	Q3 /2011 period from 01.07.2011 to 30.09.2011	3 quarters 2011 period from 01.01.2011 to 30.09.2011
Cash flows from operating activities				
Gross profit before taxes	12 734	27 274	20 941	34 638
Depreciation and amortisation	2 698	8 253	2 960	8 694
Gains/losses on currency translation differences	56	(188)	(1 117)	(1 407)
Interest and share in profit (dividends)	120	(4 850)	(3 000)	(5 051)
Profit from/loss on sale of property, plant and equipment (PPE)	(34)	(36)	(6)	(186)
Change in inventories	15 492	4 968	(7 871)	(31 326)
Change in available-for-sale financial assets	0	0	(3 667)	(4 864)
Change in trade and other receivables	(17 893)	45 753	(2 793)	27 323
Change in liabilities, except loans and borrowings	(8 677)	(57 009)	4 916	(6 718)
Income tax paid	(2 772)	(4 602)	(590)	(8 598)
Change in current prepayments and accrued expenses	(1 368)	(728)	770	(4 149)
Change in non-current prepayments and accrued expenses	28	32	34	(145)
Change in settlements of construction contracts	13 575	(1 554)	(2 571)	(24 848)
Other adjustments	(2 606)	(11 950)	(540)	(674)
Net cash generated from/ used in financial activities	**11 353**	**5 363**	**7 466**	**(17 311)**
Cash flows from investing activities				
Sale of intangible assets and PPE	37	205	66	442
Sale of interest in other entities	0	0	0	161
Sale of other available-for-sale financial assets	0	0	25 220	35 028
Dividend received and share in profits	5 000	5 551	3 696	4 743
Purchases of intangible assets and PPE	(6 063)	(14 288)	(4 470)	(12 793)
Purchase of shares in subsidiaries and associates	0	0	(2)	(2)
Net cash generated from/ used in financial activities	**(1 026)**	**(8 532)**	**24 510**	**27 579**
Cash flows from financial activities				
Loans and borrowings	10 352	11 938	0	0
Dividends and other payments to owners	(18 991)	(18 991)	(28 485)	(28 485)
Interests	(120)	(130)	0	0
Net cash used in investing activities	**(8 759)**	**(7 183)**	**(28 485)**	**(28 485)**
Net decrease/increase in cash, cash equivalents and bank overdrafts	1 568	(10 352)	3 491	(18 217)
Balance sheet change in cash and bank overdrafts	1 512	(10 164)	4 608	(16 810)
Change in cash due to currency translation differences	(56)	188	1 117	1 407
Cash, cash equivalents and bank overdrafts at beginning of period	24 409	36 085	14 988	36 406
Cash, cash equivalents and bank overdrafts at end of period	**25 921**	**25 921**	**19 596**	**19 596**

Notes to the condensed financial statements (continued)

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 as in the last half-year financial statements prepared as at 30 June 2012.
The presented condensed financial statements for Q3 2012 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 2012 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 2012.

Since August 2011 the economic conditions in the construction industry have been deteriorating. The general business climate factor remained unfavourable due to negative evaluation of order backlog, building and construction output and financial situation of companies. What is worrying is systematically growing number of building companies whose activity is hindered because of payment gridlocks. High indebtness of building companies, low margins achieved on the projects and still strong competition which will result in low profitability, also of new orders – they are the main factors contributions to deterioration of the situation in building industry.
Within the three quarters of 2012 volume of orders received by the company amounted to 777.4 million PLN. Compared with the three quarters of 2011, when orders received amounted to 806.9 million PLN, there was a 3.7% drop in the value of concluded contracts and received orders. The backlog of orders as of 30 September 2012, which includes contracts being performed and pending performance, reached the level of 959.8 million PLN. Compared with the 867.1 million PLN order backlog at 30 September 2011, there was a 10.7% increase. Although forecasts for the level of orders in the coming period are not favourable, the company's order backlog is big enough to ensure work at full capacity in the fourth quarter of 2012.
Revenue from the sales of products, goods and materials generated by the company in the 3rd quarter of 2012 amounted to 240.2 million PLN, which accounts for 24.9% of the 2012 budgeted revenues. Compared with the 3rd quarter of 2011 the sales revenue rose by 4.6%. Revenue earned in the period from January through September 2012 amounted to 671.5 million PLN. This means a growth by 15.0% compared with the same period of the year 2011, when the sales revenue amounted to 584.1 million PLN.
Higher growth rate of sales revenue in the three quarters of 2012 principally concerned the sales of finished products, both to domestic and foreign markets. Significant growth in sales revenues was also bound with the building and construction services provided by the company in the EU countries through its establishments registered in Finland, Luxembourg, Estonia and Germany.
After a tough beginning of the year, difficult for all building companies, further months of 2012 were marked by a growing trend. The impact of seasonality on execution of construction and erection services was accounted for as early as at the stage of preparation of the 2012 company budget, based on the schedule of contractual works. The sales revenues generated in the three quarters of 2012 account for 69.7% of the revenues budgeted for 2012.

Notes to the condensed financial statements (continued)

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 2012 amounted to 648.1 million PLN, equivalent to 70.7% of costs budgeted for 2012. Cost of goods sold in the three quarters of 2012 was by 15.6% higher than in the same period of the previous year. Relation between the growth rate of revenue and cost price formed the profit on sales on the level which was by 51.8 thousand lower than in the comparable three quarters of 2011. After having considered the gains from other operating activities and financial activities, profit before taxes amounted to 27.3 million PLN and was by 7.4 million PLN smaller than for the three quarters of 2011. The net profit earned in the period from January through September 2012 was 23.5 million PLN and accounted for 66.5% of the 2012 forecast budget.
Main barriers in conducting building activities were bound with labour costs, strong competition and uncertainty of general economic situation. The increase in labour cost was related with the demand for experienced professionals and contracts carried out in other countries where terms of payment for the group's employees must conform to local regulations.
Strong market competition and participation 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 increases may have adverse influence on contract profitability. What is also alarming is the growing number of building companies for which late payments by their contracting parties create one of the main barriers. The priorities of the coming months include further improvement of business efficiency and operational effectiveness, improvement of project management process and optimization of purchase processes and financing of operating activity.

2. Segment Reporting

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 plant 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 realization of investments on turnkey basis.

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 2012

	Power Generation Division	Industry Division	Power Distribution Division	Other segments	Total
Continuing operations					
Sales revenue	303 238	188 828	231 005	7 227	**730 298**
of which:					
Revenue on external customers	302 796	187 611	179 373	1 719	**671 499**
Inter-segment sales	442	1 217	51 632	5 508	**58 799**
Operating profit	**13 844**	**(5 749)**	**13 653**	**676**	**22 424**
Financial activities result	(43)	(61)	(571)	5 525	**4 850**
Profit before income tax	**13 801**	**(5 810)**	**13 082**	**6 201**	**27 274**
Income tax expense	(1 115)	495	(2 861)	(329)	**(3 810)**
Net profit from continuing operations for the period	**12 686**	**(5 315)**	**10 221**	**5 872**	**23 464**
Discontinued operations					
Net profit (loss) from discontinued operations for the period	**0**	**0**	**0**	**0**	**0**
Net profit for the period	**12 686**	**(5 315)**	**10 221**	**5 872**	**23 464**

Notes to the condensed financial statements (continued)

A negative result of the Industry Division segment was generated principally in connection with execution of the project "The supply of overall electrical, small current, automation and BMS installations for Stage 2 of Construction of the National Stadium, Warsaw" for the consortium of HYDROBUDOWA POLSKA S.A., ALPINE Construction Polska Sp. z o.o. The contract was concluded on 21 December 2009, its initial price was 91 000 thousand PLN. ELEKTROBUDOWA SA executed the contract works in the consortium with QUMAK – SEKOM S.A. and Przedsiębiorstwo "AGAT" S.A. ELEKTROBUDOWA SA as the consortium leader had a 37 221 thousand PLN share in the contract price. The completion of project was scheduled for 4 May 2011. During the execution of project, as there was necessary to perform some additional works, the parties, in the signed addenda to the contract, agreed on increase of the price up to 138 478 thousand PLN (with 66 318 thousand share of ELEKTROBUDOWA SA) and postponed the final completion date to 30 April 2012.
Extension of the contract realization period generated extra fixed costs both for ELEKTROBUDOWA SA as for other consortium partners. Covering of costs of contract extension was guaranteed by the Investor in an Addendum No. 3 signed on 28 June 2011. In March 2012 the Consortium submitted the purchaser a claim for payment of costs incurred due to contract extension, which included detailed itemization of those costs for total amount of 13.2 million PLN, in which ELEKTROBUDOWA SA has a 4.4 million PLN share.
Furthermore, another claim was made in that time concerning:

- impedimentation of execution of works caused by design changes in the amount of 3.7 million PLN;
- necessity to carry out operation and maintenance of installations and equipment including warranty overhauls in the amount of approx. 3.9 million PLN;
- financial claims of supplies and subcontractors relating to overdue payments and costs of crediting the activity in the amount of 2.0 million PLN;
- reimbursement of costs of remedying the effects of theft and damages in the amount of 1.3 million PLN.

Total amount of the consortium's claim based on the above titles is approx. 10.9 million PLN, in which ELEKTROBUDOWA SA has 1/3 share. The claims do not arise directly from the signed contracts or contract amendments, therefore they are subject to significant correction.
Because of conclusion of a contract for participation in stage 2 of the construction of the Warsaw National Stadium the consortium, and consequently ELEKTROBUDOWA SA, is exposed to price risk and credit risk. The Management of ELEKTROBUDOWA SA will take every possible step to recover the due payments, but the process may take a few years. Maximum total amount of the above claims is 24.1 million PLN, of which about 8.0 million PLN falls to ELEKTROBUDOWA SA.
The above claims were duly documented and delivered. As the purchaser had withdrawn from negotiations carried in order to reach an agreement to satisfy the above claims, in July 2012 the consortium decided to file a relevant lawsuit against the purchaser. Currently the evidence is being collected to substantiate the claim. Recovery of sums due to the consortium and ELEKTROBUDOWA SA will enable closing the contract with the planned margin, and the additional income would cover the loss incurred by the Industry Division segment in the three quarters of 2012.
Furthermore, ELEKTROBUDOWA SA as the consortium leader has started the proceedings to secure overdue payments for works performed against the main contract and two additional contracts. In effect, on 29 June 2012 an Agreement was signed with Narodowe Centrum Sportu Sp. z o.o. (Investor) representing the State Treasury. The Agreement defined the procedure which should lead to final acceptance of all works completed by the consortium, which had not taken place for the reasons beyond the control of ELEKTROBUDOWA SA as a leader. On 30 August 2012 there was a final acceptance of works provided by the consortium by Narodowe Centrum Sportu Sp. z o.o.; the relevant acceptance report was the basis for invoicing the works for the total amount of 14.4 million PLN, of which 7.2 million PLN for ELEKTROBUDOWA SA.
As at 30 September 2012 payments not received for the completed works amounted to 25.3 million PLN, including the amount of 11.6 million PLN owed to ELEKTROBUDOWA SA. Until the date of preparing these financial statements the debt in the amount of 7.5 million PLN became overdue, of which 2.6 million PLN is the overdue amount owed to ELEKTROBUDOWA SA.
On 23 April 2012 ELEKTROBUDOWA SA filed a claim to the court for payment of receivables in the amount of 1.2 million PLN of which 0.6 million PLN is the debt owed to ELEKTROBUDOWA SA.

Notes to the condensed financial statements (continued)

On 27 June 2012 a request for voluntary arrangement was made with respect to overdue debt in the amount of 7.4 million PLN. The Agreement defines the procedures enabling settlement and payment of further due amounts which will become mature. ELEKTROBUDOWA SA as the consortium leader has no influence on establishing the date of the court proceedings. The company will constantly require Narodowe Centrum Sportu Sp. z o.o. to fulfil all provisions of the Agreement.
In the opinion of Management of the parent a risk of nonpayment by Narodowe Centrum Sportu Sp. z o.o. is not big, therefore the company did not impair the amount of pursued claim as at 30 September 2012.

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	Other segments	Total
depreciation	2 966	1 114	1 250	1 901	**7 231**
amortisation	194	154	628	46	**1 022**

Business segment results for the three quarters of 2011

	Power Generation Division	Industry Division	Power Distribution Division	Other segments	Total
Continuing operations					
Sales revenue	231 478	226 527	162 220	6 726	**626 951**
of which:					
Revenue on external customers	230 306	224 741	127 550	1 543	**584 140**
Inter-segment sales	1 172	1 786	34 670	5 183	**42 811**
Operating profit	**14 254**	**7 822**	**5 650**	**1 861**	**29 587**
Financial activities result	0	0	1 489	3 562	**5 051**
Profit before income tax	**14 254**	**7 822**	**7 139**	**5 423**	**34 638**
Income tax expense	(3 405)	(1 663)	(1 284)	(692)	**(7 044)**
Net profit from continuing operations for the period	**10 849**	**6 159**	**5 855**	**4 731**	**27 594**
Discontinued operations					
Net profit (loss) from discontinued operations for the period	**0**	**0**	**0**	**0**	**0**
Net profit for the period	**10 849**	**6 159**	**5 855**	**4 731**	**27 594**

Notes to the condensed financial statements (continued)

Other items of business segments recognized in the statement of comprehensive income for the three quarters of 2011

	Power Generation Division	Industry Division	Power Distribution Division	Other segments	Total
depreciation	3 227	1 115	1 432	1 680	**7 454**
amortisation	207	164	840	29	**1 240**

Assets and liabilities of business segments at 30 September 2012

	Power Generation Division	Industry Division	Power Distribution Division	Other segments	Total
Assets	211 222	150 127	141 594	116 360	**619 303**
Liabilities	110 870	107 452	94 307	(25 488)	**287 141**
Expenditure on investments	1 529	439	5 489	5 989	**13 446**

Assets and liabilities of business segments at 31 December 2011

	Power Generation Division	Industry Division	Power Distribution Division	Other segments	Total
Assets	186 676	191 128	137 483	141 620	**656 907**
Liabilities	96 601	122 229	104 021	1 607	**324 458**
Expenditure on investments	4 123	1 487	7 611	3 540	**16 761**

Assets and liabilities of business segments at 30 September 2011

	Power Generation Division	Industry Division	Power Distribution Division	Other segments	Total
Assets	166 782	141 586	98 663	139 118	**546 149**
Liabilities	83 417	84 724	59 988	(1 064)	**227 065**
Expenditure on investments	3 579	1 074	4 741	1 843	**11 237**

Notes to the condensed financial statements (continued)

Impairment of receivables by business segments

	Power Generation Division	Industry Division	Power Distribution Division	Other segments	Total
as at 30 September 2012	2 215	6 060	2 818	2	**11 095**
as at 30 September 2011	1 801	1 136	4 140	3 973	**11 050**

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:

	3 quarters 2012 period from 01.01.2012 to 30.09.2012	3 quarters 2011 period from 01.01.2011 to 30.09.2011
Revenue on sales of products, goods and materials		
- domestic market	515 324	484 237
- East-European market	82 462	20 554
- Skandinavian market	59 326	51 671
- Western Europe	8 321	14 632
- South-West Asia	4 238	7 304
- Turkish market	1 215	2 291
- North America	244	11
- Central America	159	131
- Central Asia	130	1 919
- Central Europe	80	920
- Australian market	0	470
	671 499	**584 140**

The main geographical area of the company's operations in the three quarters 2012 was the domestic market (77% of sales revenues), East-European markets (12%), and the Scandinavian market (9%).

Notes to the condensed financial statements (continued)

Information about key customers

The revenue on direct sales generated by the Power Generation Division amounting to 302.8 million PLN (230.3 million PLN in the comparable three quarters of 2011) includes the 58.3 million PLN revenue earned on the contract with the company's biggest customer (in the three quarters 2011 it was 51.4 million PLN). This revenue accounted for 8.7% of total revenues generated by the company in the three quarters 2012, as compared to 8.8% for the comparable period of 2011.

Further, the revenue on the direct sales generated by the Industry in the amount of 187.6 million PLN (224.7 million PLN in the comparable period of 2011) includes the 28.8 million PLN revenue on the contract with the second biggest customer of the company (in the three quarters of 2011 it was 56.3 million PLN). This revenue accounted for 4.3% of total revenues generated by the company in the three quarters of 2012, as compared to 9.6% for the comparable period of 2011.

The revenue generated by the company on the two key customers during the three quarters of 2012 accounted for 13.0% of its total revenue, while in the three quarters of 2011 it was 18.4%.

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

On 28 February 2011 the investment project completed by ELEKTROBUDOWA SA, a new High-Current Busduct Plant in Tychy, was commissioned and handed over for use. The factory in Tychy took over the production of finished goods so far realized in the High-Current Busduct Plant in Mikołów. Items of property, plant and equipment as well as the right of perpetual usufruct of land owned by the Plant in Mikołów whose use was discontinued, are held for sale and available for immediate purchase in their actual state.

Non-current assets held for sale were measured at carrying amounts, their value includes:

- buildings and equipment recognised in non-current assets in the statement of financial position in the item "Non-current assets held for sale" with the value of 716 thousand PLN,
- right to perpetual usufruct of land recognised in the off-balance sheet records, valued at 105 thousand PLN.

On 26 June 2012 a hire contract was made which covered buildings, structures and technical facilities, together with the right to perpetual usufruct of land.

Following the change in allocation of the tangible fixe assets, in the statement of financial situation prepared as at 30 June 2012 non-current assets in the amount of 716 thousand PLN were transferred from "Non-current assets held for sale" item to "Property, plant and equipment" item.

4. Changes in provisions for and impairment of receivables and income tax

	as at 30.09.2012 end of quarter/2012	as at 30.06.2012 and of prior quarter/2012	as at 31.12.2011 end of prior year/2011	as at 30.09.2011 end of quarter/2011	as at 30.06.2011 and of prior quarter/2011
Provisions for future liabilities and expenses	**3 669**	**3 838**	**4 003**	**7 400**	**7 494**
of which:					
- for long-term pension benefits	3 221	3 337	3 467	2 550	2 630
- for short-term pension benefits	18	71	177	6	20
- for warranty repair works	430	430	359	344	344
- for expected liquidated damages	0	0	0	4 500	4 500

Notes to the condensed financial statements (continued)

	as at 30.09.2012 end of quarter/2012	as at 30.06.2012 and of prior quarter/2012	as at 31.12.2011 end of prior year/2011	as at 30.09.2011 end of quarter/2011	as at 30.06.2011 and of prior quarter/2011
Provisions for impairment of receivables	**11 095**	**15 232**	**11 823**	**11 261**	**11 355**
of which:					
- in bankruptcy proceedings	2 473	8 362	8 363	8 363	8 361
- receivables vindicated in court	605	701	221	70	79
- other overdue debtors	8 017	6 169	3 239	2 828	2 915

	as at 30.09.2012 end of quarter/2012	as at 30.06.2012 and of prior quarter/2012	as at 31.12.2011 end of prior year/2011	as at 30.09.2011 end of quarter/2011	as at 30.06.2011 and of prior quarter/2011
Deferred income tax assets	**31 883**	**34 399**	**26 312**	**20 772**	**20 012**
- deferred tax asset to be recovered after more than 12 months	1 158	1 154	1 143	973	962
- deferred tax asset to be recovered within 12	30 725	33 245	25 169	19 799	19 050
Deferred income tax liabilities	**(25 989)**	**(28 651)**	**(22 840)**	**(20 173)**	**(16 106)**
- deferred tax liability to be recovered after more than 12 months	(655)	(657)	(605)	(571)	(548)
- deferred tax liability to be recovered within 12 months	(25 334)	(27 994)	(22 235)	(19 602)	(15 558)
Deferred corporate income tax	**5 894**	**5 748**	**3 472**	**599**	**3 906**

5. Changes in contingencies

	as at 30.09.2012 end of quarter/2012	as at 30.06.2012 and of prior quarter/2012	as at 31.12.2011 end of prior year/2011	as at 30.09.2011 end of quarter/2011	as at 30.06.2011 and of prior quarter/2011
Contingent liabilities	**263 046**	**254 667**	**255 051**	**239 130**	**215 009**
of which:					
guarantees	248 385	239 098	239 877	222 957	199 023
promissory notes	14 661	15 569	15 174	16 173	15 986

Notes to the condensed financial statements (continued)

6. Earnings per share

Calculation of earnings per share for the 3rd quarter of 2012:

	Earnings	Shares	Earnings per share
Net profit for the period (in PLN)	10 429 286		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			2,19
Diluted earnings per share (in PLN)			2,19

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

	Earnings	Shares	Earnings per share
Net profit for the period (in PLN)	23 464 063		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			4,94
Diluted earnings per share (in PLN)			4,94

Calculation of earnings per share for the 3rd quarter of 2011:

	Earnings	Shares	Earnings per share
Net profit for the period (in PLN)	15 382 451		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			3,24
Diluted earnings per share (in PLN)			3,24

Calculation of earnings per share for the three quarters of 2011:

	Earnings	Shares	Earnings per share
Net profit for the period (in PLN)	27 593 921		
Weighted average number of shares		4 747 608	
Basic earnings per share (in PLN)			5,81
Diluted earnings per share (in PLN)			5,81

Notes to the condensed financial statements (continued)

7. Book value per share

	as at 30.09.2012 end of quarter/2012	as at 30.06.2012 and of prior quarter/2012	as at 31.12.2011 end of prior year/2011	as at 30.09.2011 end of quarter/2011	as at 30.06.2011 and of prior quarter/2011
shareholders' equity	332 162	323 524	332 449	319 084	306 578
number of shares (pcs)	4 747 608	4 747 608	4 747 608	4 747 608	4 747 608
book value per share	**69,96**	**68,14**	**70,02**	**67,21**	**64,58**

8. Dividend, paid or declared, per share

The 2011 dividend was paid by ELEKTROBUDOWA SA in August 2012 in the amount of 18 990 432.00 PLN, that is 4 PLN per share.

9. Significant events after the balance sheet date

No significant events have occurred after the balance sheet date which should be disclosed in the financial statements for the 3rd quarter of 2012.

10. Representations of the Management Board of ELEKTROBUDOWA SA on forecast announced earlier

Having considered the performance of the nine months of the year, the Management Board is of the opinion that realization of the announced Budget is not at risk.
In the annual budget for ELEKTROBUDOWA SA announced on 28 March 2012, it is assumed that in 2012 the company would generate 963 508 thousand PLN of total sales revenues, whereas its net profit should amount to 35 301 thousand PLN. After the nine months of 2012 the company earned net income amounting to 23 464 thousand PLN on the sales revenues amounting to 671 499 thousand PLN (a 15% growth on the same period of the previous year). The company enters the 4th quarter of 2012 with a considerable backlog of orders amounting to 959 768 thousand PLN, whereas orders received during the reporting nine months total 777 399 thousand PLN. These results ensure that the annual sales will be accomplished as assumed in the budget.
It results from the above data that the budgeted annual sales revenues were realized in 70% whereas net profit in 66%.