ERBUD CAPITAL GROUP

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD FROM 01 JANUARY TO 30 JUNE 2015

PREPARED PURSUANT TO
INTERNATIONAL FINANCIAL REPORTING STANDARDS

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 6-month period ended 30 June 2015 (in thousands of PLN)

	Note	6- month period ended 30.06.2015	6- month period ended 30.06.2014
CONTINUING OPERATIONS			
Revenues from sales of products and services and of goods and materials	6	839 081	709 089
Cost of sold products and services and of goods and materials		777 491	662 655
Profit (loss) from sales before tax		**61 590**	**46 434**
Cost of sales		3 575	2 226
General and administrative costs		32 721	27 492
Other operating income		3 592	2 948
Other operating expenses		8 223	3 051
Share of net profit (loss) of subsidiaries valued by equity method		4 984	-64
Profit (loss) on operating activities		**25 647**	**16 549**
Financial income		2 078	1 189
Financial expenses		5 033	4 526
Profit (loss) on continuing operations before tax		**22 692**	**13 212**
Income tax	15	6 375	4 877
Net profit (loss) on continuing operations		**16 317**	**8 335**
Net profit (loss) on discontinued operations		0	0
Net profit (loss)		**16 317**	**8 335**
attributable to:			
- Shareholders of the Parent Company		15 307	8 043
- Minority shareholders		1 010	292
Weighted average number of ordinary shares / Diluted weighted average number of ordinary shares (in units)		12 761 925/ 12 794 073	12 714 546/ 12 744 886
Earnings (loss) per share (in PLN) / Diluted earnings (loss) per share (in PLN) on continuing operations		1.199/ 1.196	0.656/ 0.654

Consolidated net profit (loss)	**16 317**	**8 335**
Foreign exchange differences from translation of foreign branches and entities*)	-10	61
Deferred income tax due to items of other total incomes	1 805	0
Other total net incomes	**1 795**	**61**
Total revenue for the period	**18 112**	**8 396**
attributable to:		
Shareholders of the Parent Company	17 100	8 096
Minority shareholders	1 012	300

*) Item from comprehensive income will not be reclassified to profit or loss

Signature of person preparing the Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

Warsaw, 26 August 2015

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015 (in thousands of PLN)

	Note	30.06. 2015	31.12.2015	30.06.2014
ASSETS		**1 050 039**	**1 051 445**	**893 604**
Fixed assets		**176 584**	**162 161**	**128 569**
Intangibles		45 595	42 430	37 102
Investment property		7 539	9 377	10 579
Goodwill		22 968	22 066	20 102
Tangible fixed assets		2 436	2 263	1 683
Non-current financial assets	11	55 219	41 298	18 621
Deferred tax assets	15	42 722	44 651	40 432
Prepayments		105	76	50
Current assets		**873 455**	**889 284**	**765 035**
Inventory	8	128 531	112 336	113 815
Delivery, services and other receivables	9	435 720	317 643	292 767
Income tax receivables	9	5 711	5 883	7 689
Financial assets		6 247	235	225
Cash and cash equivalents	10	126 842	209 263	113 283
Construction contracts		119 143	182 088	172 558
Short-term prepayments and accruals		6 820	6 503	6 488
Building contracts retention	9	44 441	55 333	58 210
LIABILITIES		**1 050 039**	**1 051 445**	**893 604**
Equity attributable to shareholders of the Parent Company		**285 229**	**274 339**	**256 276**
Share capital		1 276	1 276	1 271
Exchange rate differences on translation of foreign entities		664	671	616
Valuation of hedging instruments		739	-1 067	0
Capital reserves		229 129	223 094	222 622
Undistributed profits		53 421	50 365	31 767
Minority interests		**13 943**	**13 192**	**11 986**
Total shareholders' equity		**299 172**	**287 531**	**268 262**
Long-term liabilities		**144 084**	**144 797**	**144 898**
Bank loans and borrowings	12	33 802	22 801	29 135
Other financial liabilities		6 279	6 624	5 814
Provision for retirement and similar benefits	13	1 729	1 455	2 008
Other provisions	13	3 303	3 538	3 919
Liabilities due to bonds issue	12, 19	65 000	65 000	65 000
Deferred tax provision	15	33 971	45 379	39 022
Short-term liabilities		**606 783**	**619 117**	**480 444**
Loans and borrowings	12	41 851	30 065	19 001
Delivery, services and other liabilities	14	346 141	401 548	226 705
Current tax liabilities	14	10 529	2 751	1 080
Liabilities due to bonds issue		0	0	10 000
Provision for retirement and similar benefits	13	7 273	7 124	5 288
Other provisions	13	16 516	15 448	14 405
Building contracts retention	14	91 552	92 832	83 223
Construction contracts		77 701	42 538	105 118
Other accruals		15 220	26 811	15 624

Signature of person preparing the Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

Warsaw, 26 August 2015

CONSOLIDATED STATEMENT OF CASH FLOW

for the 6-month period ended 30 June 2015 (in thousands of PLN)

	Note	6- month period ended 30.06.2015	6- month period ended 30.06.2014
Cash flow from operating activities			
Profit (loss) before tax		**22 692**	**13 212**
Total adjustments:		**-98 415**	**-46 597**
Depreciation and amortization		4 974	4 089
Profit / loss from exchange rate differences		-131	321
Interest and share in profit (dividends)		1 868	1 853
Profit / loss on investment activities		-6 098	-544
Change in provisions	10	1 224	-2 134
Change in inventory	10	-11 761	-4 635
Change in receivables	10	-105 524	-77 246
Change in short-term liabilities, excluding loans and borrowings	10	-62 941	25 648
Change in prepayments and accruals	10	87 621	7 984
Income tax paid		-8 579	-2 586
Other adjustments		932	653
Net cash used in operating activities		**-75 723**	**-33 385**
Cash flow from investment activities			
Inflows		**4 110**	**2 147**
Disposal of intangible and tangible fixed assets		484	350
Disposal of investments in real property		973	0
Disposal of financial assets		228	13
Repayment of loans		48	68
Dividends and interest received		127	229
Other		2 250	1 487
Outflows		**25 512**	**4 961**
Acquisition of intangible and tangible fixed assets		3 819	2 337
Investments in real estate and intangible assets		2 395	1 679
Acquisition of financial assets		8 674	945
Loans granted		10 589	0
Other		35	0
Net cash flow from investment activities		**-21 402**	**-2 814**
Cash flow from financial activities			
Inflows		**43 124**	**46 116**
Loans and borrowings		43 124	23 721
Issuance of debt securities		0	22 395
Outflows		**28 420**	**21 224**
Repayment of loans and borrowings		22 009	14 559
Dividends and other distributions to shareholders		0	468
Payment of liabilities arising from financial leases		2 969	2 212
Interest paid		3 442	3 981
Other		0	4
Net cash flow from financial activities		**14 704**	**24 892**
Total net cash flow		**-82 421**	**-11 307**
Balance sheet change in cash, including:		**-82 421**	**-11 307**
- change in cash due to exchange differences		**0**	**0**
Cash opening balance		**209 263**	**124 590**
Closing balance of cash, including:		**126 842**	**113 283**
- restricted cash		28 009	39 407

Signature of person preparing the Financial Statements

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Józef Zubelewicz
/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

Warsaw, 26 August 2015

CONSOLIDATED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' EQUITY

for the 6-month period ended 30 June 2015 (in thousands of PLN)

	Capital attributable to shareholders of the Parent Company									
						Undistributed profit (loss)				
	Share capital	Treasury shares	Other capital	Exchange differences on translation of foreign entities	Valuation of hedging instruments	Retained profit / accumulated loss brought forward	Net profit / net loss	Total	Minority interests	Share capital
As at 1 January 2015	**1 276**	**0**	**223 094**	**671**	**-1 067**	**50 365**	**0**	**274 339**	**13 192**	**287 531**
Profit/loss for the period	0	0	0	0	0	0	15 307	**15 307**	1 010	**16 317**
Other total incomes	0	0	0	-6	1 805	-6	0	**1 793**	2	**1 795**
Total revenue	**0**	**0**	**0**	**-6**	**1 805**	**-6**	**15 307**	**17 100**	**1 012**	**18 112**
Buyout minority interests in subsidiaries	0	0	25	0	0	0	0	**25**	-47	**-22**
Shares-based payment (Management Stock Option Scheme)	0	0	146	0	0	0	0	**146**	0	**146**
Dividend to minority shareholders	0	0	0	0	0	0	0	**0**	-214	**-214**
Transfer of net profit from the previous year to capital reserve	0	0	5 864	0	0	-5 864	0	**0**	0	**0**
Dividend to shareholders of the Parent Company	0	0	0	0	0	-6 381	0	**-6 381**	0	**-6 381**
As at 30 June 2015	**1 276**	**0**	**229 129**	**665**	**738**	**38 114**	**15 307**	**285 229**	**13 943**	**299 172**

Signature of person preparing the Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014 (in PLN thousands)

	Capital attributable to shareholders of the Parent Company									
						Undistributed profit (loss)				
	Share capital	Treasury shares	Other capital	Exchange differences on translation of foreign entities	Valuation of hedging instruments	Retained profit / accumulated loss brought forward	Net profit / net loss	Total	Minority interests	Share capital
As at 1 January 2014	**1 271**	**0**	**222 793**	**591**	**0**	**30 563**	**0**	**255 218**	**11 748**	**266 966**
Profit / loss for the period	0	0	0	0	0	0	26 431	**26 431**	1 461	**27 892**
Other total income	0	0	0	80	-1 067	238	0	**-749**	45	**-704**
Total income for the period	**0**	**0**	**0**	**80**	**-1 067**	**238**	**26 431**	**25 682**	**1 506**	**27 188**
Buyout of minority interests of Erbud Industry Centrum	0	0	-9	0	0	0	0	**-9**	0	**-9**
Increase of share capital under the authorized capital	5	0	517	0	0	0	0	**522**	0	**522**
Shares-based payment (Management Stock Option Scheme)	0	0	277	0	0	0	0	**277**	0	**277**
Transfer of net profit from the previous year to retained earnings	0	0	0	0	0	0	0	**0**	0	**0**
First time consolidation of subsidiary (Erbud Rzeszów)	0	0	0	0	0	1 549	0	**1 549**	439	**1 988**
Dividend to shareholders	**0**	**0**	**-484**	**0**	**0**	**-8 416**	**0**	**-8 900**	**-501**	**-9 401**
As at 31 December 2014	**1 276**	**0**	**223 094**	**671**	**-1 067**	**23 934**	**26 431**	**274 339**	**13 192**	**287 531**

CONSOLIDATED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' EQUITY

for the 6-month period ended 30 June 2014 (in thousands of PLN)

	Capital attributable to shareholders of the Parent Company								
					Undistributed profit (loss)				
	Share capital	Treasury shares	Other capital	Foreign exchange differences on translation of foreign entities	Retained profit / accumulated loss brought forward	Net earnings / net loss	Total	Non-controlling interests	Total shareholders' equity
As at 1 January 2014	**1 271**	**0**	**222 793**	**591**	**30 563**	**0**	**255 218**	**11 748**	**266 966**
Profit/loss for the period	0	0	0	0	0	8 043	**8 043**	292	**8 335**
Other total incomes	0	0	0	25	28	0	**53**	8	**61**
Total revenue	**0**	**0**	**0**	**25**	**28**	**8 043**	**8 096**	**300**	**8 396**
Payment in form of shares (Management Stock Option Scheme)	0	0	322	0	0	0	**322**	0	**322**
Dividend to shareholders	0	0	-484	0	-8 416	0	**-8 900**	-501	**- 9 401**
Inclusion of subsidiary ERBUD Rzeszow in Company's consolidation	0	0	0	0	1 549	0	**1 549**	439	**1 988**
Acquisition of shares in Engorem Sp. z o.o	0	0	-9	0	0	0	**-9**	0	**-9**
As at 30 June 2014	**1 271**	**0**	**222 622**	**616**	**23 724**	**8 043**	**256 276**	**11 986**	**268 262**

KEY ITEMS CONVERTED TO THE EURO

	30.06. 2015		31.12.2014		30.06.2014	
	PLN	EUR	PLN	EUR	PLN	EUR
Fixed assets	176 584	42 100	162 161	38 045	128 569	30 899
Current assets	873 455	208 243	889 284	208 639	765 035	183 863
Shareholders' equity	299 172	71 327	287 531	67 459	268 262	64 472
Liabilities and provisions for liabilities	750 867	179 016	763 914	179 226	625 342	150 290

Items of the balance sheet data as at 30 June 2015 were converted at the Euro rate which was set by the NBP as of that day i.e. 4.1944 PLN/EUR.

Items of the balance sheet data as at 31 December 2014 were converted at the Euro rate which was set by the NBP as of that day i.e. 4.2623 PLN/EUR.

Items of the balance sheet data as at 30 June 2014 were converted at the Euro rate which was set by the NBP as of that day i.e. 4.1609 PLN/EUR.

	6- month period ended 30.06.2015		6- month period ended 30.06.2014	
	PLN	EUR	PLN	EUR
Revenues from sales of products, services, goods and materials	839 081	202 966	709 089	169 702
Cost of products, services, goods and materials sold	777 491	188 068	662 655	158 589
Profit on sales before tax	61 590	14 898	46 434	11 113
Profit on operating activities	25 647	6 204	16 613	3 976
Profit (loss) before tax	22 692	5 489	13 212	3 162
Net profit (loss)	16 317	3 947	8 335	1 995

Items of the profit and loss statement for the period from 1.01.2015 to 30.06.2015 were translated at the rate which was calculated as an arithmetic mean of average rates prevailing on the last day of given month in the period, set by the NBP as of that day, i.e. 4.1341 PLN/EUR.

Items of the profit and loss statement for the period from 1.01.2014 to 30.06.2014 were translated at the rate which was calculated as an arithmetic mean of average rates prevailing on the last day of given month in the period, set by the NBP as of that day, i.e. 4.1784 PLN/EUR.

	6- month period ended 30.06.2015		6- month period ended 30.06.2014	
	PLN	EUR	PLN	EUR
Cash flows from operating activities	-75 723	-18 317	-33 385	-7 990
Cash flows from investment activities	-21 402	-5 177	-2 814	-673
Cash flows from financial activities	14 704	3 557	24 892	5 957
Net cash flows	-82 421	-19 937	-11 307	-2 706
Cash opening balance	209 263	49 096	124 590	30 042
Cash closing balance	126 842	30 241	113 283	27 226

Items of the cash flow for the period from 1.01.2015 to 30.06.2015 were translated at the rate which was calculated as an arithmetic mean of average rates prevailing on the last day of given month in the period, set by the NBP as of that day, i.e. 4.1341 PLN/EUR.

Items of the cash flow for the period from 1.01.2014 to 30.06.2014 were translated at the rate which was calculated as an arithmetic mean of average rates prevailing on the last day of given month in the period, set by the NBP as of that day, i.e. 4.1784 PLN/EUR.

For translating cash as at 30 June 2015, the exchange rate set by the NBP as of that day was applied, i.e. 4.1944 PLN/EUR.

For translating cash as at 30 June 2014, the exchange rate set by the NBP as of that day was applied, i.e. 4.1609 PLN/EUR.

EXPLANATORY NOTES

1 General information

The ERBUD Joint Stock Company [ERBUD S.A. is the Parent Company (the "Parent", the “Company”) of the ERBUD Group (the "Group"). ERBUD SA registered on 29 November in the National Court Register under the KRS number 0000268667 (District Court for the capital city of Warsaw, XIII Commercial Division of the National Court Register), based in Warsaw, 300A Puławska St. and established in way of conversion of the Erbud limited liability company.

The Erbud Limited Liability Company [ERBUD Sp. z o.o.] was founded on 28 August 1990 and registered in the National Court Register on 8 August 2001 under the KRS number 0000034299.

The Parent’s main activity are services in the field of large volume civil engineering (PKD 4521A).

The core businesses of the Group are widely understood construction and assembly works performed as general contractor in Poland and abroad. Erbud S.A. is the management, financial and advisory centre of the Group.

The duration of the Parent and entities of the Group is not definite.

These consolidated financial statements have been approved for publication by the Management Board on 26 August 2015.

These consolidated financial statements have been prepared as of 30 June 2015 and for the six month period ended 30 June 2015, and the comparative figures as of 30 June 2014 and for the six month period ended 30 June 2014, and as of 31 December 2014.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), in particular with International Accounting Standard applicable to interim financial reporting (IAS 34), which was approved by the European Union.

The items of consolidated financial statement are presented in Polish currency ("PLN") and all figures are given in thousands of PLN.

1.1 Composition of the Group

The Group consists of the Parent Company ERBUD S.A. based in Warsaw and the following subsidiaries:

Entity’s Name	Registered office	Activity range	Consolidation method	The Group’s percentage share in equity as at	
				30.06.2015	31.12.2014
Erbud International	Toruń	Construction	full method	100%	100%
GWI	Germany	Construction	full method	85%	85%
Erbud Industry	Toruń	Construction	full method	100%	100%
Erbud Rzeszów	Rzeszów	Construction	full method	79%	79%
Delta*	Toruń	Construction	full method	100%	100%
Erbud Construction	Toruń	Construction	unconsolidated - irrelevant	100%	100%
Toruńska Sportowa	Toruń	Construction	unconsolidated - irrelevant	39%	39%
Grupa Budlex	Warszawa	Housing development	full method	89.96%	89.96%
Przedsiębiorstwo Budownictwa Drogowo–Inżynieryjnego	Toruń	Road-engineering	full method	94.27%	94.27%
Erbud Industry Centrum	Łódź	Services for power sector	full method	98.66%	98.66%
Erbud Industry Pomorze	Gdańsk	Services for power sector	full method	100%	100%
Energoserv Pomorze	Toruń	Services for power sector	full method	100%	100%

Ciepło Service	Będzin	Services for power sector	full method	99.29%	-

* Company acquired in 2015 by ERBUD Industry and deleted from the Register of Entrepreneur

Basic financial data of companies forming the Group

The financial data of the parent - ERBUD SA are included in the condensed separate financial statements of Erbud SA for the period from 1 January 2015 to 30 June 2015.

Entity's Name	Net profit/loss for the period 01.01 – 30.06.2015	Total assets as of 30.06.2015	Total equity as of 30.06.2015
Erbud International Sp. z o.o.	952	16 004	7 473
GWI GmbH	1 065	50 997	11 564
Erbud Industry Sp. z o.o.	3 737	93 509	11 361
Erbud Rzeszów Sp. z o.o.	114	5 325	2 224
Erbud Construction Sp. z o.o.	-2	6	-51
Toruńska Sportowa Spółka Akcyjna w likwidacji	n/a	n/a	n/a
Grupa Budlex (incl. Deptak Projekt P2)	5 935	189 540	90 549
Przedsiębiorstwo Budownictwa Drogowo - Inżynieryjnego S.A.	4 461	148 125	43 694
Erbud Industry Pomorze Sp. z o.o.	454	7 743	1 980
Energoserv Sp. z o.o.	36	5 056	3 051
Ciepło Service Sp. z o.o.	285	8 864	4 176
Erbud Industry Centrum Sp. z o.o.	-2 263	41 960	14 289

The Parent

The Parent Company ERBUD S.A is not controlled by any other company.

1.2 Joint controlled entities

The Capital Group includes a jointly controlled entity Deptak Projekt P2 Sp. z o.o. For the 6 months ended 30 June 2015, the Group reported a profit on consolidation by equity method amounted to PLN 4 984 thousand.

1.3 Membership of the Management Board of the Parent

During the period from 1 January 2015 till the date of preparing these financial statements, the composition of the Management Board of the Company was constant.

The Supervisory Board appointed by Resolution No. 23/2015 dated 16 June 2015 a new Member of the Management Board Mr. Paweł Smoleń, effective from1 September 2015.

As at 30 June 2015 the Management Board of the Parent consisted of:

Dariusz Grzeszczak Board Member

Józef Zubelewicz Board Member

1.4 Shareholders of the Parent

The share capital of the Parent Company as at 30 June 2015 consisted of 12,761,925 shares with a total value of PLN 1,276,192.50. The shareholding of the Parent as at 30 June 2015 was as follows:

Shareholder	Class of shares	Preferences on shares	Restrictions on shares	Number of shares	Percentage in equity	Disposal restrictions
Wolff & Muller Holding Gmbh & Co.KG	Ordinary	None	None	4 152 865	32.54%	None
DGI Fundusz Inwestycyjny Zamkniety Aktywów Niepublicznych controlled by Dariusz Grzeszczak	Ordinary	None	None	2 136 260	16.74%	None
ING Otwarty Fundusz Emerytalny	Ordinary	None	None	1 266 900	9.93%	None
AVIVA Otwarty Fundusz Emerytalny BZ WBK	Ordinary	None	None	1 183 146	9.27%	None
Dariusz Grzeszczak	Ordinary	None	None	773 900	6.06%	None
Adler Properties Sp z o.o. controlled by Józef Zubelewicz	Ordinary	None	None	712 087	5.58%	None
ING Otwarty Fundusz EmerytalnyQuertus TFI	Ordinary	None	None	661 185	5.18%	None
Józef Zubelewicz	Ordinary	None	None	259 500	2.03%	None
Free Float	Ordinary	None	None	1 616 082	12.67%	None
TOTAL				**12 761 925**	**100%**	
Nominal value of shares of all series		PLN 0.10	Share capital value in PLN	1, 276,192.50		

Detailed information on the shareholding as at 31 December 2014 is included in the Annual Financial Statements for the year ended 31 December 2014

This table presents the shareholders holding over 5% of the equity.

Number of shares comprising the authorized capital is equal to the number of shares issued. The nominal value of each share is PLN 0.10. Subsidiaries do not hold any shares of the Parent.

No shares have been reserved for the purpose of issuance under options of sale contracts.

Except the powers arising from directly held shares of Erbud S.A., the major shareholders have no other voting rights at a General Meeting.

Shares of Erbud S.A. held by the above mentioned persons are not preferred ones.

The Company's Statute does not give any personal rights in relation to Erbud S.A., Company's to the shareholders referred to above, in particular, does not give the right to appoint members of the Management Board or members of the Supervisory Board of the Company.

1.5 Going-concern assumption

The Consolidated Financial Statements of the Capital Group as at 31 June 2015 were prepared under the presumption, that the Group units will continue their business activity over next 12 months after the balance sheet date. The Management Board of the Parent Company did not state as at the day of signing the financial statement facts and circumstances which would indicate the possibility of risk to continue operations in the period of 12 months after the closing balance date as a result of intentional or involuntary omissions or significantly reducing the current activity.

2 Basis of preparing the statements and accounting policy (principles)

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 - Interim Financial Reporting ("IAS 34") and in line with applicable International Financial Reporting Standards ("IFRS") and pursuant to the IFRS applicable at the report date i.e. 30 June 2015 using the same accounting principles for each of the periods, except for the changes described below.

In 2014, the Erbud Group changed its accounting policy with respect to recognition and measurement of investment property, which in previous periods were valued at historical cost and depreciated. The Management

Board has decided to recognise the valuation of completed investment property Deptak Project at fair value, in accordance with the regulations of IAS 40, based on the measurement as of 30 June 2015 drawn up by an independent expert with MRICS powers pursuant to regulations of IAS 40. According to the Management Board, the valuation of investment property at fair value will better reflect the results and financial position of the Group as at 30 June 2015.
Deptak Project is performed via a partially owned subsidiary DEPTAK PROJEKT P2 Sp. z o.o. (an external Group's partner has a 50% interest) included in the consolidated financial statements using the equity method.

The Management Bard assessed the possible impact of changes in accounting policy on comparative data presented in the accompanying financial statements and stated that due to the fact that the Deptak Project is the first major investment project completed by the Erbud Group. This change has no significant impact on comparative data as at 30.06.2014.

An impact of recognising the Deptak Project at fair value on the financial data of the Group for the year 2015 has been presented in Note 6.

As at the date of publication of these Condensed Consolidated Financial Statements, taking into account the approval process of IFRS by the European Union, there are no differences between the accounting principles adopted by the Group in accordance with IFRS and IFRS that have been approved by the European Union.
Details of accounting principles adopted by the Group are described in the Consolidated Financial Statements for the year ended 31 December 2014, published on 24 April 2015.
In this report, it has been applied the same accounting principles (policy) and calculation methods that were used in the last annual financial statements.

Impact of changes in IFRS standards and interpretations on the financial statements

These Condensed Consolidated Interim Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"), issued and valid on the date of the Financial Statements for both the current period and comparative one.

New and amended standards and interpretations, which came into force during the reporting period

The following standards, amendments to existing standards and interpretations issued by the International Accounting Standards Board (IASB) and approved for use in the EU came into force for the first time in 2015:

- IFRIC 21 "Levies Charged by Public Authorities" - approved by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014);

- Amendments to various standards "Improvements to IFRSs 2011-2013 Cycle" – changes under the procedures for annual amendments to IFRSs (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily focused on removing inconsistencies and clarifying wording - approved in the EU on 18 December 2014 (effective for annual periods beginning on or after 1 January 2015).

The Group adopted those amendments from 1 January 2015. Described standards, interpretations and amendments to standards had no significant impact on the accounting policy applied by the Group.

New and amended standards and interpretations issued and approved by the EU, and which have entered into force in the reporting year

The Group has not opted for early adoption of standards which will be effective from 2015 or later, and which have already been approved by the EU. These are the following standards and amendments to standards:

- Amendments to IAS 19 "Employee Benefits" - Defined benefit plans: employee contributions - approved by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015);

- Amendments to various standards "Improvements to IFRSs 2010-2012 Cycle" – changes under the procedures for annual amendments to IFRSs (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily focused on removing inconsistencies and clarifying wording - approved in the EU on 17 December 2014 (effective for annual periods beginning on or after 1 January 2015).

The Management Board is currently in the process of analysing the changes in standards and interpretations published and approved by the EU. At the date of preparation of the Condensed Consolidated Interim Financial Statements, the Board did not find any significant effect of the abovementioned standards on the accounting policies of the Group.

Standards and interpretations adopted by the IASB, but not yet approved for use in the EU

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018);
- IFRS 14 " Regulatory Deferral Accounts " (effective for annual periods beginning on or after 1 January 2016);
- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2017);
- Amendments to IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible assets" - Explanations in terms of acceptable methods of recognizing depreciation and amortization (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Bearer Plants (applicable for annual periods beginning on or after 1 January 2016);
- Amendments to IAS 27 "Separate Financial Statements" - The use of the equity method in the separate financial statements (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sales or transfers of assets between the investor and the associate or joint venture (effective for annual periods beginning on or after 1 January 2016);
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on 1 January 2016);
- Amendments to various standards "Improvements to IFRS 2012-2014 cycle" - changes under the procedures for annual amendments to IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily focused on removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 1 January 2016 or after this date);
- Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure initiative (effective for annual periods beginning on or after 1 January 2016).

According to the Group's estimates the above standards, interpretations and amendments to standards would not have a material impact on the Group's accounting policy, if adopted by the Group as of balance sheet date.

3 Seasonality

Sale of civil and engineering services in Poland is characterized by some seasonality related primarily to weather conditions. Typically, the highest revenues are achieved in the third quarter, while the lowest - in the first quarter. However, construction works cannot be regarded as typical seasonal activities.

4 Rules applied to convert selected financial data to the Euro

The selected financial data were converted into the Euro according to the following principles:

Items of assets and liabilities - at the average exchange rate prevailing as at 30 June 2015, i.e. 4.1944 PLN/Euro.

Items of the profit or loss and the cash flows statement for the first half of 2015 - at the arithmetic average of average exchange rates published by the Polish National Bank on the last day of each month during the period from 1 January to 30 June 2015, i.e.4.1341 PLN/Euro.

Items of assets and liabilities of comparable financial data in 2014 - at the average exchange rate prevailing on 31 December 2014, i.e. 4.2623 PLN/Euro.

Items of the profit or loss and the cash flows statement for the first half of 2014 - at the arithmetic average of average exchange rates published by the Polish National Bank on the last day of each month during the period from 1 January to 30 June 2014, i.e. 4.1784 PLN/Euro.

5 Changes in accounting policy applied

5.1 Error adjustment

No error adjustments that would affect the current or comparative periods was recognised during the reporting period ended 30 June 2015.

5.2 Changes in estimates

During the reporting period ended 30 June 2015 there were no changes in the methodology for making estimates.

5.3 Discontinued operations

There were no discontinued operations under provisions of IFRS 5 during the reporting period ended 30 June 2015.

6 Information on operating segments

During the reporting period ended 30 June 2015, the Group has conducted business under the following business segments:

- civil engineering - large volume construction
- real estate development
- road-engineering
- construction for the power industry.

During the reporting period ended 30 June 2015, the Group has conducted business in the following geographical segments:

- domestic
- abroad (Germany, Belgium, Luxembourg).

The segmentation was made on the basis of statutory activities of the individual entities. The Group applies a uniform accounting policy for all segments.

Business segments

The following table presents figures on income and profit of particular business segments of the Group for the period from 1 January to 30 June 2015:

Income and expenses by business segments

Period from 1 January to 30 June 2015	Large volume construction	Real estate development	Road engineering	Construction for power industry	Total
Sale to external clients	550 857	33 262	154 060	100 902	**839 081**
Total income	**550 857**	**33 262**	**154 060**	**100 902**	**839 081**
Cost of products, goods and materials sold to external clients	514 487	27 320	143 448	92 236	**777 491**
Total cost of products, goods and materials sold	**514 487**	**27 320**	**143 448**	**92 236**	**777 491**
Total gross sales	**36 370**	**5 942**	**10 612**	**8 666**	**61 590**
Cost of sales	206	956	1 570	843	**3 575**
General and administrative costs	21 618	656	3 346	7 101	**32 721**
Profit (loss) on other operating activity	-3 185	-1 140	-144	-162	**-4 631**
Share of net profit (loss) of subsidiaries valued by equity method	0	4 984*	0	0	**4 984**
Segment profit (loss)	**11 361**	**8 174**	**5 552**	**560**	**25 647**
Profit (loss) on other financing activity	-2 120	-312	80	-603	**-2 955**
Income tax	3 078	1 683	1 160	454	**6 375**
Net profit (loss)	**6 163**	**6 179**	**4 472**	**- 497**	**16 317**

*Deptak Project amounting PLN 6,882 thousand

Business segments

The following table presents figures on income and profit of particular business segments of the Group for the period from 1 January to 30 June 2014:

Income and expenses by business segments

Period from 1 January to 30 June 2014	Large volume construction	Real estate development	Road engineering	Construction for power industry	Total
Sale to external clients	600 106	22 145	45 752	41 086	**709 089**
Total income	**600 106**	**22 145**	**45 752**	**41 086**	**709 089**
Cost of products, goods and materials sold to external clients	567 573	19 175	40 324	35 583	**662 655**
Total cost of products, goods and materials sold	**567 573**	**19 175**	**40 324**	**35 583**	**662 655**
Total gross sales	**32 533**	**2 970**	**5 428**	**5 503**	**46 434**
Cost of sales	8	848	860	510	**2 226**
General and administrative costs	18 830	591	3 918	4 153	**27 492**
Profit (loss) on other operating activity	-143	28	54	-42	**-103**
Segment profit (loss)	**13 552**	**1 559**	**704**	**798**	**16 613**
Profit (loss) on other financing activity	-2 940	-141	-186	-134	**-3 401**
Income tax	3 572	410	366	529	**4 877**
Net profit (loss)	**7 040**	**1 008**	**152**	**135**	**8 335**

Geographical segments

The table below presents figures on income and profit of particular geographical segments of the Group as of 30 June 2015:

Income and expenses by geographical segments

Period ended 30 June 2015	Domestic market	Abroad	Total
Sale to external clients	758 011	81 070	**839 081**
Total income	**758 011**	**81 070**	**839 081**
Cost of products, goods and materials sold to external clients	703 336	74 155	**777 491**
Total cost of products, goods and materials sold	**703 336**	**74 155**	**777 491**
Total gross sales	**54 675**	**6 915**	**61 590**
Sales costs	3 575	0	**3 575**
General and administrative costs	28 594	4 127	**32 721**
Result on other operating activity	-5 051	420	**-4 631**
Share of net profit (loss) of subsidiaries valued by equity method	4 984	0	**4 984**
Segment result	**22 439**	**3 208**	**25 647**
Result on financing activity	-2 657	-298	**-2 955**
Income tax	5 704	671	**6 375**
Net profit (loss)	**14 078**	**2 239**	**16 317**

The table below presents figures on income and profit of particular geographical segments of the Group as of 30 June 2014:

Income and expenses by geographical segments

Period ended 30 June 2014	Domestic market	Abroad	Total
Sale to external clients	608 643	100 446	**709 089**
Total income	**608 643**	**100 446**	**709 089**
Cost of products, goods and materials sold to external clients	567 845	94 810	**662 655**
Total cost of products, goods and materials sold	**567 845**	**94 810**	**662 655**
Total gross sales	**40 798**	**5 636**	**46 434**
Sales costs	2 226	0	**2 226**
General and administrative costs	22 728	4 764	**27 492**
Result on other operating activity	-1 493	1 390	**-103**
Segment result	**14 351**	**2 262**	**16 613**
Result on financing activity	-3 295	-106	**-3 401**
Income tax	3 573	1 304	**4 877**
Net profit (loss)	**7 483**	**852**	**8 335**

7 Information on significant transactions related to acquisition or disposal of tangible fixed assets and other material liabilities in respect of tangible fixed assets acquisition

There were no significant acquisitions and disposals of tangible fixed assets during the reporting period.
As of 30 June 2015, the Group had no material liabilities due to the acquisition of tangible fixed assets.

8 Inventories

	30.06. 2015	31.12.2014	30.06.2014
Materials	16 134	3 528	3 441
Semi-products and unfinished products	41 317	21 884	48 259
Finished products	20 944	45 894	23 983
Goods	50 234	34 821	35 066
Advances for deliveries	1 512	7 877	4 262
Gross book value of inventories at the end of the period	**130 141**	**114 004**	**115 011**
Write-offs of inventories at the beginning of the period	**1 668**	**2 735**	**2 735**
Created in other operating costs	0	482	0
Created in production cost of products sold	0	0	0
Reversed into other operating costs	0	0	0
Used	44	49	1 539
Reclassification to long-term investment	14	1 500	0
Write-offs of inventories at the end of the period	**1 610**	**1 668**	**1 196**
Net book value of inventories at end of the period	**128 531**	**112 336**	**113 815**

9 Trade receivables and other receivables, income tax receivables and retention

	30.06. 2015	31.12.2014	30.06.2014
Short-term receivables before tax			
a) a) Due to deliveries and services	472 227	348 890	343 020
- - from associates	685	46	45
- - from other entities	471 542	348 844	342 975
b) b) From the public sector	18 483	26 473	14 345
c) c) Other	10 204	10 711	8 472
Impairment of receivables	**15 042**	**7 215**	**7 171**
Short-term net receivables	**485 872**	**378 859**	**358 666**
Presented in the balance sheet:			
Trade receivables and other receivables	435 720	317 643	292 767
Income tax receivables	5 711	5 883	7 689
Retention	44 441	55 333	58 210

The fair value of trade receivables and other receivables is nearly equal to their carrying amount.

The Group creates impairment on receivables, when there is objective evidence that the Group will not receive all amounts due under the original terms of receivables.

The following table presents the value of write-offs from trade receivables and other receivables:

	30.06. 2015	31.12.2014	30.06.2014
Write-offs at the beginning of the period	**7 215**	**7 582**	**7 582**
Created in other operating costs	9 767	2 271	2 046

Reversed into other operating costs	374	465	248
Used	12	2 745	2 661
Currency translation differences	-4	6	2
Other	-1 648	116	0
Impairment allowances taken from Erbud Rzeszów	0	450	450
Impairment allowances taken from Ciepło Service	98	0	0
Write-offs at the end of the period	**15 042**	**7 215**	**7 171**

Because the Group has a large number of customers both on domestic and foreign market, there is no concentration of credit risk for trade receivables.

10 Cash and cash equivalents

	30.06. 2015	**31.12.2014**	**30.06.2014**
Cash in hand	75	85	89
Cash at bank	99 350	168 628	81 246
- current accounts	78 939	92 121	35 153
- overnight deposits	12 446	59 977	14 898
- other deposits	0	0	23 116
- term investments	7 965	16 530	8 079
Other cash	27 417	40 550	31 948
Cash total	**126 842**	**209 263**	**113 283**
Restricted cash and cash equivalents	28 009	45 966	39 407
Cash for cash flows	**126 842**	**209 263**	**113 283**

As restricted cash and cash equivalents the Group classified:

	30.06. 2015	**31.12.2014**	**30.06.2014**
Cash deposits to secure bank guarantees	13 413	18 349	21 072
Works Staff Welfare Fund	352	64	64
Other	0	0	679
Funds accumulated on trust accounts	10 175	22 891	11 320
Separate proceeds accounts	4 069	4 662	6 272
Total	**28 009**	**45 966**	**39 407**

Reconciliation of movements in balance sheet items to changes shown in the statement of cash flows for the first half of 2015 is presented below:

	30.06.2015
Change in provisions in the balance sheet	**1 256**
Provision for income tax on forward transactions	174
Balance as at date of acquisition of an entity	-206
Change in provisions in cash flow account	**1 224**

	30.06.2015
Change in inventories in the balance sheet	**-16 195**
Capitalised financing costs	417
Reclassification of inventories to long-term investments	3 979
Balance as at date of acquisition of an entity	38
Change in inventories in cash flow account	**-11 761**

	30.06.2015
Change in sheet receivables in the balance sheet	**-107 185**
Business combination of subsidiaries	-14
Balance as at date of acquisition of an entity	1 675
Change in receivables in cash flow account	**-105 524**

	30.06.2015
Change in sheet liabilities in the balance sheet	**-56 687**
Liabilities from the dividend	-5 864
Balance as at date of acquisition of an entity	-1 476
Correction of investment liabilities	33
Correction of liabilities due to short-term lease	1 053
Change in liabilities in cash flow account	**-62 941**

	30.06.2015
Change in prepayments and accruals in the balance sheet	**86 171**
Reversal of income tax assets on forward transactions	250
Balance as at date of acquisition of an entity	1 200
Change in prepayments and accruals in cash flow account	**87 621**

11 Impairment of other financial assets (long term)

In the reporting period, there were no write-downs due to other long-term financial assets.

12 Bank loans and borrowings

	30.06. 2015	31.12.2014	30.06.2014
Long-term	**33 802**	**22 801**	**29 135**
Bank loans	33 761	22 801	29 135
Borrowings	41	0	0
Short-term	**41 851**	**30 065**	**19 001**
Overdrafts	29 667	24 154	8 130
Bank loans and borrowings	12 184	5 911	10 871
Total bank loans and borrowings	**75 653**	**52 866**	**48 136**

The maturity structure of long-term credits and loans was as follows:

	30.06. 2015	**31.12.2014**	**30.06.2014**
a) up to 1 year	41 851	30 065	19 001
b) between 1 and 3 years	24 919	17 827	26 362
c) between 3 and 5 years	8 883	4 974	2 219
d) over 5 years	0	0	554
Total	**75 653**	**52 866**	**48 136**

The carrying amount of long-term loans approximates their fair value because contract conditions of interest rates of credit are based on the variable rate of interest.

Moreover, Erbud SA has a debt in the amount of PLN 52,000 thousand due to issued bonds maturing 26 March 2018.

Furthermore, the subsidiary Budlex SA issued bonds with a total nominal value of PLN 13,000 thousand. The redemption date was fixed for 18 June 2017.

Liabilities due to loans and borrowings as at 30 June 2015

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Budlex S.A.	12 000	PLN	PLN	1 672	PLN	Wibor 1M+2.00%	2015-12-31	ING Bank Śląski SA

Collaterals for / guarantees of repayment of loan granted to Budlex S.A.

Final collaterals:

Assignment of debts from contracts signed by Erbud SA - established by ERBUD SA

Security deposit established by ERBUD SA

Temporary collateral:

Statement on submission to execution up to PLN 60,000,000, expired on 20.03.2022

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Budlex Irys Sp.zo.o. Sp.K.	15 534	PLN	PLN	3 860	PLN	Wibor 3M+2.40%	2017-04-30	Bank PKO BP SA

Collaterals for / guarantees of repayment of loan granted to Budlex Irys Sp.zo.o. Sp.K.

Final collaterals:

Mortgage up to PLN 23,301,725

Blank promissory note issued by the Borrower and guaranteed by Budlex Sp. z o.o.

Transfer of cash receivables under the contract construction insurance and then after completion - from the building insurance in the amount not less than the amount of exposure under this loan

The contractual right to set-off Bank's receivables in favour of the Bank from the loan transaction with the debt of the Borrower which held the account holder

Transfer of cash receivables to the Bank under development agreements / agreements with purchasers regarding the construction and sale of residential / parking places constructed as credited project (already signed and to be entered in the future)

Registered and financial pledge on receivables from bank accounts held in connection with the Borrower's project, excepting the trust account

Pledge under the general terms on receivables from bank accounts held in connection to the Borrower's project, excepting the escrow account

Assignment of rights from the construction contract with General Contractor and of receivables from a performance bond

Statement of the Borrower and the Guarantor on submission to enforcement up to PLN 31,068,966 due to the loan and promissory note

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Budlex Magnolia Sp.zo.o. Sp.K.	13 498	PLN	PLN	7 825	PLN	Wibor 3M+2.40%	2016-09-30	Bank PKO BP SA

Collaterals for / guarantees of repayment of loan granted to Budlex Magnolia Spółka z o.o.Sp.K.

Final collaterals:

Mortgage up to PLN 20,246,643.00

Blank promissory note issued by the Borrower and guaranteed by Budlex Sp. z o.o.

Transfer of cash receivables under the contract construction insurance and then after completion - from the building insurance in the amount not less than the amount of exposure under this loan

The contractual right to set-off Bank's receivables in favour of the Bank from the loan transaction with the debt of the Borrower which held the account holder

Transfer of cash receivables to the Bank under development agreements / agreements with purchasers regarding the construction and sale of residential / parking places constructed as credited project (already signed and to be entered in the future)

Registered and financial pledge on receivables from bank accounts held in connection with the Borrower's project

Registered and financial pledge on 100% of the Borrower's shares

Assignment of rights from the construction contract with General Contractor and of receivables from a performance bond

Statement of the Borrower and the Guarantor on submission to execution up to PLN 26,995,524.00 due to the loan and promissory note

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Budlex Glinki A3/3 Sp. zo.o.	5 630	PLN	PLN	1 925	PLN	Wibor 3M+3.00%	2017-11-15	mBANK HIPOTECZNY SA

Collaterals for / guarantees of repayment of loan granted to Budlex Winnica L6-7 Spóka z o.o.Sp.K.

Final collaterals:

Mortgage up to PLN 8,445,600

Registered pledge on all shares of the Borrower

Blank promissory note with declaration issued by the Borrower and guaranteed by Budlex until the deposit mortgage and registered pledge have been effective established for the benefit of the Bank

Assignment of rights to compensation under an insurance policy against the building risks in connection with the construction of the building and after the completion -against fire and other perils

Registered pledge to the Bank on future receivables of the Developer due to the payment of funds from the Trust Account

Registered pledge to the Bank on claims to the Development Account and any other accounts

Closed Housing Trust Account Agreement

Escrow Account Agreement

Power of attorney to dispose of the bank account in BRE Bank Hipoteczny S.A and of all Borrower's accounts in other banks, excluding the Trust Account

Transfer to the Bank of receivables from the Contract with the General Contractor and other contracts related to the execution of the Project and collaterals thereof

Project Support Agreement

Statement of the Borrower to submit to enforcement up to the debt amount of PLN 8,445,600, incl. authorisation for the Bank to apply for granting a writ of execution to the bank enforcement title by 15.11.2019

Agreement on splitting the mortgage

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Budlex Winica L6-7 Sp. zo.o. S.K.	9 110	PLN	PLN	5 431	PLN	Wibor 3M+3.00%	2018-12-15	mBANK HIPOTECZNY SA

Collaterals for / guarantees of repayment of loan granted to Budlex Winnica L6-7 Spóka z o.o.Sp.K.

Final collaterals:

Mortgage up to PLN 13,664,944.50

Registered pledge on all shares in the General Partner's Company

Blank promissory note with declaration issued by the Borrower and guaranteed by the Shareholders until the deposit mortgage and registered pledge have been effective established for the benefit of the Bank

Assignment of rights to compensation under an insurance policy against the building risks in connection with the construction of the building and after the completion - against fire and other perils

Registered pledge to the Bank on future receivables of the Developer due to the payment of funds from the Trust Account

Registered pledge to the Bank on claims to the Development Account and any other accounts

Closed Housing Trust Account Agreement

Escrow Account Agreement

Power of attorney to dispose of the bank account in BRE Bank Hipoteczny S.A and of all Borrower's accounts in other banks, excluding the Trust Account

Transfer to the Bank of receivables from the Contract with the General Contractor and other contracts related to the execution of the Project and collaterals thereof

Project Support Agreement

Statement of the Borrower to submit to enforcement up to the debt amount of PLN 13,664,944.50, incl. authorisation for the Bank to apply for granting a writ of execution to the bank enforcement title by 15.11.2020

Agreement on splitting the mortgage

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Budlex Sadowa Sp. z o.o. S.K.	11 896	PLN	PLN	-	PLN	Wibor 3M+2.40%	2017-12-31	Bank PKO BP S.A.

Collaterals for / guarantees of repayment of loan granted to Budlex Brzoskwiniowa sp. z o.o.

Final collaterals:

Mortgage up to PLN 17,900,000

Blank promissory note incl. Bill declaration and guaranteed by Budlex Sp. z o.o.

Transfer of monetary claims from the construction insurance contract and after the completion form the building insurance contract for a sum not less than the exposure amount with respect to this loan

Contractual right of set-off receivables of the Bank arising from credit transactions with the debt of the Borrower, who is the account holder

Transfer of cash receivables to the Bank under development / purchase agreements / agreements regarding the construction and sale of dwellings / parking places completed within the project

Registered and financial pledge on receivables from bank accounts held in connection with the project completed by the Borrower, excluding the Trust Account

Authorisation to operate bank accounts, excluding the Trust Account

Assignment of rights from the construction contract with General Contractor and of receivables from a performance bond

Statement of the Borrower and the Guarantor to submit to enforcement up to PLN 23,791,078 due to the loan and bill of exchange

Temporary collateral:

None

Borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Wumbud sp. z o.o.	43	PLN	PLN	41	PLN	5.00%	2016-09-01	Wolf Muller Holding GmbH

Collaterals for / guarantees of repayment of loan granted to Wumbud sp. z o.o.

Final collaterals:

None

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Erbud Industry Pomorze	1 000	PLN	PLN	-	PLN	Wibor 1M+1.80%	2016-04-14	BNP PARIBAS

Collaterals for / guarantees of repayment of loan granted to Erbud Industry Pomorze

Final collaterals:

General assignment of existing and future receivables form trade claims due to the Borrower form all its debtors
Surety under the civil law to the amount of PLN 1,000,000 granted by ERBUD INDUSTRY Sp. z o.o., incl. the Guarantor's Statement on submission to enforcement towards the Bank pursuant to Art. 97 of the Banking Law of 29 August 1997
Statement of the Borrower to submit to enforcement towards the Bank pursuant to the Banking Law, Art. 97 of 29 August 1997

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
ENERGOSERV Pomorze Sp. z o.o.	500	PLN	PLN	335	PLN	Wibor 1M+1.80%	2016-01-14	BNP PARIBAS

Collaterals for / guarantees of repayment of loan granted to ENERGOSERV Pomorze Sp. z o.o.

Final collaterals:

General assignment of existing and future receivables form trade claims due to the Borrower form all its debtors
Surety under the civil law to the amount of PLN 500,000 granted by ERBUD INDUSTRY Sp. z o.o., incl. the Guarantor's Statement on submission to enforcement towards the Bank pursuant to Art. 97 of the Banking Law of 29 August 1997
Statement of the Borrower to submit to enforcement towards the Bank pursuant to Art. 97 of the Banking Law of 29 August 1997

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Erbud Industry Centrum	11 500*	PLN	PLN	10 628	PLN	Wibor 3M+1.70%	2020-02-28	CREDIT AGRICOLE

Collaterals for / guarantees of repayment of loan granted to Erbud Industry Centrum

Final collaterals:

Surety Agreement No. ZUP/S/41/2014

Temporary collateral:

None

**as at the date of publication of the Financial Statements, the limit is PLN 9 383 000*

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Erbud Industry Multipurpose Credit Line Agreement No. WAR/4100/14/221/CB	5 000	PLN	PLN	4 310	PLN	Wibor 1M+1.20%	2024-09-17	BGŻ BNP Paribas SA

Collaterals for / guarantees of repayment of loan granted to Erbud Industry

Final collaterals:

Surety under the civil law up to PLN 6 million granted by ERBUD SA, seated in Warsaw at 300A Puławska St., incl. the Guarantor's statement on submission to enforcement towards the Bank pursuant to Art. 97 of the Banking Law 2of 29 August 1997 (Journal of Laws of 2002. No. 72, pos. 665, as amended).

Confirmed assignment of future receivables from contracts of min. PLN 6 million, concluded by ERBUD INDUSTRY Sp. z o.o.

Statement of the Borrower to submit to enforcement towards the Bank pursuant to Art. 97 of the Banking Law of 29 August 1997 (Journal of Laws of 2002. No. 72, pos. 665, as amended).

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Erbud Industry Agreement No. WAR/4100/14/220/CB	5 300	PLN	PLN	4 616	PLN	Wibor 1M+1.90%	2019-09-17	BGŻ BNP Paribas SA

Collaterals for / guarantees of repayment of loan granted to Erbud Industry

Final collaterals:

Surety under the civil law up to PLN 5,300,000 granted by ERBUD SA, seated in Warsaw at 300A Puławska St., incl. the Guarantor's statement on submission to enforcement towards the Bank pursuant to Art. 97 of the Banking Law 2of 29 August 1997 (Journal of Laws of 2002. No. 72, pos. 665, as amended).

Statement of the Borrower to submit to enforcement towards the Bank pursuant to Art. 97 of the Banking Law of 29 August 1997 (Journal of Laws of 2002. No. 72, pos. 665, as amended).

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Erbud Industry	5 000	PLN	PLN	4 875	PLN	Wibor O/N+1.30%	2015-12-31	mBank

Collaterals for / guarantees of repayment of loan granted to Erbud Industry

Final collaterals:

Promissory note issued by the Client, guaranteed by ERBUD SA seated in Warsaw at 300A Puławska St. incl. Customer's and Guarantor's bill declaration dated 23.02.2015

Assignment of existing and future receivables from the contract, incl. conditional balance consolidation for the Bank, which jointly meet the following conditions: a) the minimum total value of contracts with a duration of more than three months of not less than 9m, of which 50% of the amount will come from contracts executed solely by the customer (contractor) and the other 50% can come from contracts in which the client is a subcontractor of ERBUD SA; b) the minimum level of revenues from contracts covered by the assignment of PLN 4.5m per quarter; the Bank allows a short-term (not exceeding 3 months) breach of that condition that is justified by seasonality.

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Erbud Industry	4 000	PLN	PLN	3 892	PLN	Wibor 1M+1.90%	2020-04-30	BGŻ BNP Paribas SA

Collaterals for / guarantees of repayment of loan granted to Erbud Industry

Final collaterals:

Surety under the civil law up to PLN 4 million granted by ERBUD SA, seated in Warsaw at 300A Puławska St., incl. the Guarantor's statement on submission to enforcement towards the Bank pursuant to Art. 97 of the Banking Law 2of 29 August 1997

Statement of the Borrower to submit to enforcement towards the Bank pursuant to Art. 97 of the Banking Law of 29 August 1997

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Erbud Industry	2 000	PLN	PLN	2 000	PLN	Wibor 1M+1.40%	2016-07-31	BGŻ BNP Paribas SA

Collaterals for / guarantees of repayment of loan granted to Erbud Industry

Final collaterals:

Confirmed assignment of receivables due to ERBUD SA under the agreement concluded with Mitsubishi Hitachi Power System Ltd. to complete design, build and commissioning of a system of selective catalytic reduction of exhaust NOx in OP-650 boilers, blocks 1 and 2 at ENEA Wytwarzanie SA in Świerże Górne, in the part concerning divided works.

Surety under the civil law up to PLN 15 million granted by ERBUD SA, seated in Warsaw at 300A Puławska St., incl. the Guarantor's statement on submission to enforcement towards the Bank pursuant to Art. 97 of the Banking Law 2of 29 August 1997

Confirmed assignment of receivables due to the Borrower under the Contract, subject to item 13 letter c) of the Agreement

Statement of the Borrower to submit to enforcement towards the Bank pursuant to Art. 97 of the Banking Law of 29 August 1997

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Erbud Industry	5 000	PLN	PLN	4 543	PLN	Wibor 1M+1.40%	2016-11-30	BGŻ BNP Paribas SA

Collaterals for / guarantees of repayment of loan granted to Erbud Industry

Final collaterals:

Confirmed assignment of receivables due to ERBUD SA under the Agreement No. UZ/ZK1/0365/14/JB concluded on 6 June 2014 with Rafako SA in Raciborz, for civil engineering works connected with the Phase 1 of the project "New heat and power station in Azoty Group in the Kędzierzyn Koźle Nitrogen Plant SA".
Surety under the civil law up to PLN 15 million granted by ERBUD SA, seated in Warsaw at 300A Puławska St., incl. the Guarantor's statement on submission to enforcement towards the Bank pursuant to Art. 97 of the Banking Law 2of 29 August 1997
Statement of the Borrower to submit to enforcement towards the Bank pursuant to Art. 97 of the Banking Law of 29 August 1997

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Erbud SA overdraft	20 000	PLN	PLN	-	PLN	Wibor 3M+2.60%	2017-06-30	PKO BP

Collaterals for / guarantees of repayment of loan granted to Erbud S.A.

Final collaterals:

Deposits - 10% of the limit
Mortgage -none
Enforcement statement
Assignment of receivables from construction contracts representing 120% of the lending and warranty limit
Turnover - 30% of the revenue from the sale goes through an account held at PKO BP
Sureties granted by Erbud International Ltd. and PBDI SA

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Erbud SA overdraft	32 000	PLN	PLN	-	PLN	Wibor 1M+2.00%	2015-12-31	ING S.A.

Collaterals for / guarantees of repayment of loan granted to Erbud S.A.

Final collaterals:

Deposit of 10% of guarantees granted for 2-4 years and of 15% of those for less than 4 years.

Mortgage of up to PLN 50m for the developed property located in Toruń at Polna Street owned by PBDI SA

Enforcement statement

Assignment of receivables from construction contracts representing 150% of the lending and warranty limit

Revenue from the sale goes through an account held at ING SA, proportional to the share of the bank in the lending of the Group: loan up to PLN 32m - only Erbud SA; other companies within sub-limits: ERBUD Industry - PLN 2m, Budlex SA - PLN 12m, PBDI - PLN 5m.

Surety - none

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Erbud SA overdraft	10 000	PLN	PLN	-	PLN	Wibor 1M+1.80%	2015-12-31	mBank S.A.

Collaterals for / guarantees of repayment of loan granted to Erbud S.A.

Final collaterals:

Deposit of 10% of guarantees granted for 24-36 months, 20% for those granted for 36-48 months, and 30% for guarantees for 48-60 months.

Mortgage on cooperative ownership rights to premises No. 2,8,9 located in Warsaw at 300A Puławska St.

Power of attorney to a bank account in BRE SA.

Enforcement statement

Assignment of receivables from construction contracts representing PLN 160m, provided that the turnover of assigned contracts may not be less than PLN 13m per month.

Revenue from the sale goes through an account held at BRE SA, proportional to the share of the bank in the lending of Erbud SA (min. average monthly turnover per quarter of not less than PLN 30m).

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Erbud SA overdraft	3 000	PLN	PLN	-	PLN	Wibor 1M+2.00%	2015-11-26	BNP Paribas Bank S.A.

Collaterals for / guarantees of repayment of loan granted to Erbud S.A.

Final collaterals:

Deposit of 0% of guarantees granted for less than 12 months, 10% for those granted for 12-36 months, and 15% for guarantees for more than 36 months

Mortgage -none

Enforcement statement

Assignment of receivables from construction contracts representing 150% of the lending and warranty limit

Revenue from the sale goes through an account held at PNB Pariba S.A., proportional to the share of the bank in the lending of Erbud SA

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
Erbud SA overdraft	10 000	PLN	PLN	-	PLN	Wibor 1M+1.60%	2015-09-04	Alior bank

Collaterals for / guarantees of repayment of loan granted to Erbud S.A.

Final collaterals:

Deposit of 10% of guarantees granted for more than 36 months

Mortgage -none

Power of attorney to a bank account in Alior Bank

Enforcement statement

Assignment of receivables from construction contracts representing 150% of the lending and warranty limit

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
GWI	8 389	2 000	EUR	8 389	2 000	4.39%	2016-05-31	Comerzbank
Collaterals for / guarantees of repayment of loan granted to GWI								
Final collaterals:								
EUR 2m from mBank								
Temporary collateral:								
None								

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
GWI overdraft	8 389	2 000	EUR	8 372	1 996	EONIA+2.5%	2015-12-31	KBC Bank
Collaterals for / guarantees of repayment of loan granted to GWI								
Final collaterals:								
EUR 3m from Erbud S. A.								
Temporary collateral:								
None								

Borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
GWI	2 939	701	EUR	2 939	701	0.5%	2015-07-31	Conesta
Collaterals for / guarantees of repayment of loan granted to GWI								
Final collaterals:								
None								
Temporary collateral:								
None								

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
PBDI	2 000	-	PLN	-	-	Wibor 1M+2.00%	2015-11-26	BGŻ BNP Paribas Bank Polska

Collaterals for / guarantees of repayment of loan granted to PBDI

Final collaterals:

Blank promissory note and bill declaration; enforcement statement, Agreement on assignment of future receivables

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
PBDI	5 000	-	PLN	-	-	Wibor 1M+1.90%	2015-12-31	ING Bank Śląski

Collaterals for / guarantees of repayment of loan granted to PBDI

Final collaterals:

Deposit mortgage up to PLN 120m established on the right to perpetual usufruct of land and ownership right to the building

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
PBDI	5 000	-	PLN	-	-	Wibor 3M+1.60%	2016-05-10	Alior Bank

Collaterals for / guarantees of repayment of loan granted to PBDI

Final collaterals:

Agreement on assignment of future receivables

Temporary collateral:

None

Bank loan/borrowing:	Loan/borrowing amount under agreement		Loan/ borrowing currency	Loan/borrowing outstanding		Interest	Maturity date	Name of bank / entity providing the loan
	[PLN]	[CU]		[PLN]	[CU]			
PBDI	10 000	-	PLN	-	-	Wibor 1M+1.30%	2016-05-31	Raiffeisen Bank Polska
Collaterals for / guarantees of repayment of loan granted to PBDI								
Final collaterals:								
Agreement on assignment of future receivables								
Temporary collateral:								
None								

Total loans and borrowings **75 653**

Liabilities due to bonds	Amount under agreement		Currency	Outstanding amount		Interest	Maturity date
	[PLN]	[CU]		[PLN]	[CU]		
Budlex S.A.	13 000	-	PLN	13 000	-	Wibor 6M+5.35%	2017-06-18

Final collaterals:

Enforcement title pursuant to Art. 777 § 1 point 5 of the Civil Procedure Code, obliging Budlex SA to pay the amount of 150% of the nominal value of issued bonds for each entitled Investor (then Bondholder) and Mortgage Administrator.

Surety granted by BUDLEX CONSTRUCTION Spółka z ograniczoną odpowiedzialnością, seated in Torun, 10 Wapienna St., to the Investor up to 150% of the total nominal value of Bonds

Surety granted by BUDLEX PROPERTIES Spółka z ograniczoną odpowiedzialnością, seated in Warszawa. 303 Puławska St., to the Investor up to 150% of the total nominal value of Bonds

Surety granted by BUDLEX PARTNER Spółka z ograniczoną odpowiedzialnością, seated in Torun, 10 Wapienna St., to the Investor up to 150% of the total nominal value of Bonds

Joint mortgage established up to PLN 19.5m on the right of use of land property located in Bydgoszcz at Glinki St. (cadastral No. 481), Kujawsko-Pomorskie Region, owned by BUDLEX CONSTRUCTION Spółka z ograniczoną odpowiedzialnością, seated in Torun, 10 Wapienna St,. kept by the District Court in Bydgoszcz, X Land Registry Division, under No. BY1B/00165529

Joint mortgage established up to PLN 19.5m on the right of use of land property located in Bydgoszcz at Pestalozziego St. (cadastral No. 0192), Kujawsko-Pomorskie Region, owned by BUDLEX PROPERTIES Spółka z ograniczoną odpowiedzialnością, seated in Warszawa. 303 Puławska St,. kept by the District Court in Bydgoszcz, X Land Registry Division, under No. BY1B/00201613/6

Joint mortgage established up to PLN 19.5m on the right of use of land property located in Toruń at Wapienna St. (cadastral No. 42), Kujawsko-Pomorskie Region, owned by BUDLEX

PROPERTIES Spółka z ograniczoną odpowiedzialnością, seated in Warszawa. 303 Puławska St,. kept by the District Court in Toruń,VI Land Registry Division, under No. TO1T/00047697/3

Joint mortgage established up to PLN 19.5m on the share in the land property forming a part of the plot No. 318 with an area of 442 m2, located in Toruń at 3 Broniewskiego St. and 27-29 Sienkiewicza St., developed (office building), owned by BUDLEX PARTNER Spółka z ograniczoną odpowiedzialnością, seated in Torun, 10 Wapienna St.

Liabilities due to bonds	**Amount under agreement**		**Currency**	**Outstanding amount**		**Interest**	**Maturity date**
	[PLN]	**[CU]**		**[PLN]**	**[CU]**		
Erbud S.A.	52 000	-	PLN	52 000	-	Wibor 6M+3%	2018-03-26
Final collaterals:							
None							

Under the loan agreements, the companies of the Group are required to meet certain financial ratios (covenants). As required by IAS 1, the breach of the terms of loan agreements, which can potentially limit the unconditional availability of credit in the following year makes it necessary to classify such liabilities as current ones.
During the six months of 2015, the conditions of loan agreements in the Group were not breached.
As at the date of preparing Consolidated Financial Statement, the Management Board of the Parent Company does not see any significant problems with maintaining the current bank financing for the Group.

13 Provisions for liabilities and other debts

	Provision for warranty	Provision for legal claims and indemnity	Provision for work-related benefits and pension benefits	Other	Total
As at 1 January 2015	**17 432**	**961**	**8 579**	**593**	**27 565**
Increase	1 097	1 000	3 191	569	**5 857**
Transfers	2	0	203	0	**205**
Released	1 094	199	229	269	**1 791**
Used	252	0	2 742	21	**3 015**
As at 30 June 2015	**17 185**	**1 762**	**9 002**	**872**	**28 821**

The Group has recognized the balance sheet provision for guarantee repairs in the amount of PLN 17,185 thousand as at 30 June 2015 and PLN 17,432 thousand as at 31 December 2014. The Group creates a provision for anticipated guarantee repair costs based on the level of repair works recorded in previous years. The assumptions used to calculate the reserve for guarantee repairs and refunds were grounded on records of repair works carried out in the years 2011-2015.

14 Short-term trade and other liabilities, income tax liabilities, retention money

Short-term liabilities	**30.06. 2015**	**31.12.2014**	**30.06.2014**
a) Deliveries and services	387 138	445 197	278 413
- From associates	840	0	0
- From other entities	386 298	445 197	278 413
b) From the public sector	27 089	15 376	12 379
- Corporate income tax	10 529	2 751	1 283
- Value Added Tax	5 723	4 508	3 690
- Income tax on natural persons	1 765	1 540	1 421
- Other	9 072	6 577	5 985
c) Financial liabilities, incl.	5 801	6 859	14 877
- Interest	12	28	85
- Bond interest	734	734	1 062
-Liabilities due to bonds	0	0	10 000
- Leases	5 027	4 771	3 730
- Forward financial instruments	28	1 294	0
d) Other	28 194	29 699	15 339
- Payroll	7 486	5 453	5 166
- Advance payments received	12 767	22 749	346
- Liabilities due to dividend	6 381	0	8 900
- Other	1 560	1 497	927
Total as presented in the balance sheet:	**448 222**	**497 131**	**321 008**
Trade liabilities and other liabilities	346 141	401 548	226 705
Current income tax liabilities	10 529	2 751	1 080
Liabilities due to bonds issue	0	0	10 000
Retention	91 552	92 832	83 223

15 Current and deferred income tax

The main tax items as at 30 June 2015 and 30 June 2014 were as follows:

	6- month period ended 30.06.2015	6- month period ended 30.06.2014
Tax in profit or loss	**6 375**	**4 877**
Deferred tax related to the origination and reversal of temporary differences	-9 409	-78
Current tax	15 784	4 955

Reconciliation of the income tax on profit before tax of tax calculated at an effective tax rate for the year ended 30 June 2015 and as at 30 June 2014 is summarized in the following table:

	6- month period ended 30.06.2015	6- month period ended 30.06.2014
Profit before tax	**22 692**	**13 212**
Tax at the statutory tax rate applicable in Poland which was 19%	**4 311**	**2 510**
Additional tax arising from the rate exceeding 19% in Germany	382	0
Tax on unrecognised tax losses	58	312
Adjustments to current income tax from previous years	431	73
Impact of consolidation adjustments	0	721
Excess costs which are not tax deductibles over income not recognized as taxable income	1 193	1 261
Current income tax	**6 375**	**4 877**

As at 30 June 2015 and in the year ended 31 December 2014, the applicable tax rate has not been changed as compared to the previous financial period.

As at 30 June 2015 and in the year ended 31 December 2014 there were no temporary differences for which neither deferred tax assets was recognized in the balance sheet nor provision for deferred tax was established.

Deferred tax provision	6- month period ended 30.06.2015	6- month period ended 30.06.2014
Valuation of long-term contracts	22 663	29 156
Revaluation of assets	5 893	6 106
Balance valuation of accounts	1 002	998
Financial expenses capitalized	283	336
Discount of retention money	106	0
Financial instrument	235	0
Other	3 789	2 426
Total	**33 971**	**39 022**

Deferred tax assets	6- month period ended 30.06.2015	6- month period ended 30.06.2014
Valuation of construction contracts	26 351	21 619
Provisions	5 236	6 018
Tax loss to be deducted in next years	1 582	5 979
Profit margin on intra-Group sales	1 015	487
Other fees charged statistically	187	284
Impairment losses on receivables	1 734	1 165
Investment revaluation	0	0

Other financial liabilities	1 694	794
Accrued expenses	2 054	1 066
Consolidation adjustment	0	0
Other	2 869	3 020
Total	**42 722**	**40 432**

The assets and liabilities for deferred taxes are offset when there is a legal title for admission to offset the tax and current tax liabilities and when deferred taxes is under the same tax jurisdiction and will be paid in similar periods. Margin gained on intra-Group sales results from the higher tax charge on assets sold to the companies forming the Group in relation to their carrying amount due to the exclusion of gains recognized in the assets in consolidation.

16 Transactions with related parties

The following tables summarize the total amount of transactions entered into by the Parent and subsidiaries with associates that are not subject to consolidation for the period of six months ended 30 June 2015 and 30 June 2014.

	Receivables/assets	**Liabilities**	**Income**	**Expenses**
	as at 30.06.2015		**6- month period ended 30.06.2015**	
Deliveries and services	685	840	2 586	2 058
Disposal of fixed assets	0	0	0	0
Other	0	0	0	0
Inventory	0	0	0	0
Loans	19 689	0	398	0

	Receivables/assets	**Liabilities**	**Income**	**Expenses**
	as at 30.06.2014		**6- month period ended 30.06.2014**	
Deliveries and services	45	0	179	0
Disposal of fixed assets	0	0	0	0
Other	0	0	0	0
Inventory	0	0	0	0
Loans	933	0	29	0

Transactions with related parties are concluded at arm's length.

17 Transactions with key members of the Company's management

As at 30 June 2015 the managing staff (members of the Board and holders of a commercial power of attorney) held the following number of shares:

Shareholder	**Class of shares**	**Number of shares**	**Percentage of equity**	**Number of votes**	**Percentage of voting rights at the GM**
DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych controlled by Dariusz Grzeszczak	Common	2 136 260	16,.4%	2 136 260	16,.4%
Adler Properties Sp z o.o. controlled by Józef Zubelewicz	Common	712 087	5.58%	712 087	5.58%
Dariusz Grzeszczak	Common	773 900	6.06%	773 900	6.06%
Józef Adam Zubelewicz	Common	259 500	2.03%	259 500	2.03%
Albert Duerr- Supervisory Board Member	Common	14 500	0.11%	14 500	0.11%
Walenty Twardy ERBUD SA procuration holder	Common	9 852	0.08%	9 852	0.08%

Piotr Augustyniak ERBUD SA procuration holder	Common	890	0.01%	890	0.01%
Agnieszka Głowacka ERBUD SA procuration holder	Common	5 500	0.04%	5 500	0.04%
Bogdan Duerr ERBUD SA procuration holder	Common	7 297	0.06%	7 297	0.06%
Włodzimierz Czystowski ERBUD SA procuration holder	Common	5 921	0.05%	5 921	0.05%
Mirosław Młynarski Procuration holder	Common	14 952	0.12%	14 952	0.12%
Radosław Kałamaga Procuration holder	Common	9 516	0.07%	9 516	0.07%
Maciej Wyrzykowski ERBUD SA procuration holder	Common	1 200	0.01%	1 200	0.01%
Kryspin Jarosz ERBUD SA procuration holder	Common	3 244	0.03%	3 244	0.03%
Piotr Dobosz Procuration holder	Common	6 413	0.05%	6 413	0.05%
Mariola Zielińska Chief Account of ERBUD SA	Common	3 618	0.03%	3 618	0.03%

Both as at 30 June 2015 and as at 31 December 2014, members of the Supervisory Board and the Management Board of the Parent as well as the key management personnel did not have outstanding loans, credits or guarantees granted by the companies of the Erbud Group.

Both as at 30 June 2015 and as at 31 December 2014, members of the Supervisory Board and the Management Board of the Parent as well as the key management personnel were not a party to the contract obliging to provide services to the companies of the Erbud Group.

18 Dividend paid and declared, dividend per share

By Resolution No. 5/2015 of 29.05.2015 passed by the AGM of Erbud SAhas been decided to divide net profit for the year 2014 amounting to PLN 12,245,000 as follows:
- PLN 6 381 000 for the payment of dividends payable to Shareholders
- PLN 5 864 000 for increasing the supplementary capital of Erbud SA.

Profit intended to be paid as dividends is PLN 0.50 per each share entitling to participate in the dividend. The dividend payment date was set at 30 July 2015. By the date of this report the dividend was paid.

19 Liabilities arising from issuance of debt and equity securities

On 26 March 2014, the Parent issued a total of 5,200 bearer bonds, dematerialized, unsecured, with a total nominal value of PLN 52 million zł. The par value of one bond amounted to PLN 10,000. The issue price was PLN 9.587. The redemption date was set for 26 March 2018. The interest ate on bonds is variableand based on 6M WIBOR plus a margin equal to 3.0. The interest rate is payable every six months.
On 25 April 2014, bearer bonds series B issued by the Parent were introduced to the alternative trading system BondSpot operating within the Catalyst. The Company earmarked the received funds for the redemption of 40,000 bonds of series A issued by the Issuer and to finance an increased demand for working capital in connection with a record contract backlog of the Capital Group. The remaining 10,000 bonds of Series A have been redeemed as per the original fixed term, ie. on 14 July 2014.

On 18 June 2014, Budlex, a subsiadry of Erbud SA, issued a total of 13,000 bearer bonds with a total nominal value of PLN 13,000,000.00. The nominal value per bond amounted to PLN 1,000. The redemption date has been set for 18 June 2017. The interest rate on bonds is a variable and based on 6M WIBOR pus a margin of 5.35%. The interest rate is payable every six months.

By the Resolution No. 22/2012, the Annual General Meeting of Shareholders of Erbud S.A. agreed that the Company will conduct a Manager Option Scheme over the period of 2013-2015, within the scope of which entitled persons will be granted the possibility to subscribe for shares of the Company issued within the scope of the authorised capital. Shares will be offered to the persons entitled to subscribe in the years 2013- 2015 in an

amount of not more than 50,000 shares per year. The Manager Option Scheme refers to financial years 2012-2014. The employee may be covered by an option program, if he/she has been working for at least 24 months. As far as concerned persons working in subsidiaries, the company must be a member of the group for at least two years. Moreover, the subscription will be effected on the condition that the Capital Group will achieve in the financial year for which the shares will be offered a consolidated net profit of at least ten million Zlotys. Moreover, to the person who would be entitled may not be given a termination notice.

On 20 April 2015, in connection with the declared by the Management Board increase of the Company's share capital by an amount not exceeding PLN 5.000 through the issuance of not more than 50,000 shares of Series J for the purpose of the adopted Management Option Plan, the Supervisory Board of Erbud SA at the request of the Management Board of 20 April 2015 adopted Resolution No. 4/2015 on depraving the existing shareholders of pre-emptive rights to acquire Series J shares and determining the issue price of shares of Series J for PLN 11.

On 3 June 2015, the Management Board adopted Resolution No. 4/2015 on increasing the share capital by an amount not greater than PLN 5,000 through the issuance of not more than 50,000 shares of Series J, on depraving the existing shareholders of pre-emptive rights to acquire Series J shares and determining the issue price of shares of Series J for PLN 11.

By the Resolution No. 22/2015, the Annual General Meeting of Shareholders of Erbud S.A. agreed that the Company will conduct a Manager Option Scheme over the period of 2016-2018, within the scope of which entitled persons will be granted the possibility to subscribe for shares of the Company issued within the scope of the authorised capital. In 2016- 2018 shares will be offered to the persons entitled to subscribe in an amount of not more than 50,000 shares per year. The Manager Option Scheme refers to financial years 2015-2017. The condition for covering a person by the option program is length of service of at least 24 months, and there is a requirement that presidents and vice-presidents of the subsidiaries will held their office for not less than 12 months. In the case of persons employed in the subsidiaries, the company must be a member of the Group for at least two years. Moreover, the subscription will be effected upon the condition that in the financial year for which the shares will be offered, the Capital Group will achieve a consolidated net profit of at least ten million Zlotys. Moreover, to the person who would be entitled may not be given a termination notice.

20 Changes in the composition of the Capital Group

On **2 February 2015,** there was a merger between ERBUD Industry Sp. z o.o. and DELTA Sp. z o.o. in line with Art. 492 item 1 point 1 of the CCC. The business combination took place in the way of taking over DELTA Sp. z o.o. by Erbud Industry Sp. z o.o. through transferring all assets of DELTA Sp. z o.o. to Erbud Industry Sp. with o.o against shares to be delivered by ERBUD Industry Sp. z o.o. to the shareholders of DELTA Sp. z o.o..
Companies covered by the combination belong to the group of companies, which have the identity of the shareholders. In both companies ERBUD SA is a sole shareholder

On **1 June 2015**, there was an acquisition of shares in the company Ciepło-Service Sp. z o.o. – now Erbud Industry Południe Sp. z o.o. The shares were acquired by Erbud Industry Sp. z o.o. The transaction amount was fixed at PLN 5.9m. The purchase was financed with own funds of the ERBUD Capital Group. Following the transaction the Erbud Group became the owner of 99.3% of shares in Ciepło-Service Sp. z o.o.
According to the opinion of the Management Board of Erbud SA, the new entity provides a sound basis for further expansion of the Group's competence in the energy segment.

For the purposes of accounting the merger in the Consolidated Financial Statements, assets and liabilities of Ciepło-Service Sp. z o.o. were revalued to their fair value in accordance with IFRS 3. The following table compares the carrying and fair values of main assets and liabilities of Ciepło-Service Sp. z o.o. as of the date of the business combination.

Balance sheet items	**Carrying value**	**Fair value**
Tangible Fixed Assets	276	874
Intangible assets	0	347
Stocks and shares	302	470
Cash and cash equivalents	2 146	2 146
Inventories	38	38
Receivables	1 675	1 675

Prepayments	1 224	1 224
Deferred tax assets	368	368
Total assets	**6 029**	**7 142**
Liabilities and accruals	1 496	1 496
Provisions	426	637
Total liabilities	**1 922**	**2 133**
Fair value of net assets		5 009
of which net assets attributable to shareholders of Erbud SA		4 974
Purchase price (cash paid)		5 876
Goodwill		902

If the merger with Ciepło -Service has taken place on 1 January 2014, the net profit of the Erbud SA for the first half of 2015 would have been lower by PLN 295 thousand and would have amounted to PLN 16,022 thousand.

21 Contingent liabilities and receivables

The off-balance sheet items of the Group due to contingent debts and liabilities, and other off-balance sheet items were as follows:

	6- month period ended 30.06.2015	Year ended 31.12.2014	6- month period ended 30.06.2014
Contingent receivables			
From related parties	**134 155**	**103 112**	**63 678**
Guarantees and sureties received	134 155	103 112	**60 368**
From other entities	**81 482**	**2 925**	**3 310**
Guarantees and sureties received	81 482	2 925	3 310
Total contingent receivables	**215 637**	**106 037**	**63 678**
Contingent liabilities			
To related parties	**83 726**	**111 247**	**102 824**
Guarantees and sureties granted	83 726	**111 247**	102 824
To other entities	**445 474**	**425 053**	**355 546**
Guarantees and sureties granted	420 164	425 053	355 546
Promissory notes	25 310	0	0
Total contingent liabilities	**529 200**	**536 300**	**458 370**
Total off-balance sheet items	**313 563**	**430 263**	**394 692**

22 Objectives and principles of the financial risk management

In the course of conducting its business, the ERBUD Group is exposed to various types of financial risks: currency risk, price risk, interest rate risk, credit risk and liquidity risk. The Management Board verifies and lays down the management principles of each of these risks.

Currency risk

As a part of the key operating area, the subsidiaries incorporated in the Group conclude construction contracts, which are denominated in foreign currencies (primarily in the Euro). The currency risk management policy adopted by the Management Board is to match the contract currency to the currency of expenses incurred in connection with this contract. Contracts which are performed in Poland are concluded in Polish currency (PLN) and those executed by foreign companies and units are signed in Euros.

Hedge accounting

In 2014, the Group signed a contract for construction services with Hala Koszyki Grayson Investments sp. z o.o. sp.k. Accordingly, the Group expects specified payments in Euro. In order to hedge cash flows arising from the contract the Group entered with ING Bank Slaski SA. into a par forward contract (one rate of 4.2815 PLN/EUR for all cash flows) for amounts and dates corresponding to the expected flows arising from completion of the construction contract.

Changes in fair value of financial derivatives designated as cash flow hedges to the extent that it relates to the effective hedge recognized directly in other comprehensive income. Changes in fair value of financial derivatives designated as cash flow hedges to the extent that they not represent an effective hedge are included in other income or loss for the period.

At inception of the hedge, the Company designates and formally documents the hedging relationship, as well as the risk management objective and strategy for undertaking the hedge. This documentation includes: (i) identification of the hedging instrument, (ii) identification of the hedged item or transaction, (iii) determination of the nature of the hedged risk, and (iv) determination of the method of assessing the hedge effectiveness in offsetting threats associated with changes in the fair value of the hedged item or cash flows related to the hedged risk.

It is expected that the hedge will be highly effective in offsetting changes in fair value or cash flows arising from the hedged risk. The hedge effectiveness is assessed on an ongoing basis to determine whether it is highly effective in all reporting periods for which it was established.

Interest rates risk

The risk of interest rates is mainly due to the use by companies of the bank credits, borrowings and finance lease. These financial instruments are based on variable rates and expose the Group to the risk of changes in cash flows.

The interest rates risk associated with existing debts was considered to be irrelevant from the point of view of impacting the results of the Group, therefore the currently management by interest rate risk is limited to monitoring the present market situation. In case of growth of debts due to bank loans, means will be taken in order to prevent a change in interest rates.

Price risk

The Group is exposed to the price risk related to increases in the prices of construction materials most purchased such as steel and concrete. Opening of the European labour markets results in the outflow abroad of skilled construction workforce and its reduced supply causes a rise in wage costs. Following the increase in material prices and labour costs, prices of services provided for the Group by the subcontracting companies can rise as well. Prices in the agreements concluded with the builders are usually fixed for the contract performance duration - usually between 6 and 36 months, while contracts with subcontractors are signed at a later date, according to work progress.

In order to reduce price risks, the Erbud Group monitors the prices of most building materials purchased and the contracts are signed with the observance of parameters in respect to the market situation, inter alia, duration and value of contracts.

Credit risk

Trade receivables are the financial assets of the Group that are exposed to the increased credit risk. The Erbud Group applies the policy of evaluation and verification of credit risk connected with all contracts, whether on the before-offer stage as well as during the execution of contracts.

Before signing a contract, each contracting partner is appraised for the possibility of meeting its financial obligations. In the event of a negative assessment of the contractor's payment capacity, the establishment of appropriate financial or property guarantees decided whether the agreement is entered into. Moreover, the conditions of agreements with builders provide for the right to suspend the performance of works, in case of any delay in payment for services rendered.

If possible, agreements include provisions which are conditioning payments to the subcontractors from the inflow of funds from the builder.

Liquidity risk

In order to reduce the liquidity risk, the Group's companies keep an adequate amount of cash and transferable securities, and enter into contracts for credit lines, which are an additional security measure of liquidity. To finance investment purchases, the Group uses its own funds or long-term financial leases providing adequate financing structure of such assets.

The Group's companies collaborate both in monetary and capital transactions with financial institutions of high reliability, without causing a significant concentration of credit risk. The Group applies also a policy of limiting credit exposure to the individual financial institutions and issuers of debt securities that are purchased under the periodic placement of surplus cash.

The liquidity management is supported by the current system of reporting liquidity forecasts by the companies of the Group.

23 Asset-backed securities

Mortgages on fixed assets of the company

1) The book value of fixed assets of the company covered by the mortgage: PLN 3,185 thousand

Collaterals
Conventional mortgage up to PLN 120m on cooperative ownership right to the premises registered under KW WA5M/00451397/7, WA5M/00451398/4, WA5M/00451399/1, managed by the District Court in Warsaw.

24 Ligation and claims

List of court cases in which the Erbud Capital Group is a party to proceedings, both as plaintiff and defendant did not change significantly In relation to 31 December 2014. Therefore, during the reporting period, there were no significant changes in the amount of a provision for liabilities arising under lawsuits..

Claim against the Bank Millennium SA

On 22 December 2010, Erbud SA brought to the Regional Court in Warsaw, XVI Commercial Division an action for payment against Bank Millennium S.A.
Value of the dispute: PLN 71,065,496. The respondent: Bank Millennium S.A. in Warsaw.

In 2008, the Bank Millennium S.A. advised the Issuer (Erbud S.A.) concluding a transaction on currency options to protect euro-denominated contracts executed by the Issuer against an exchange rate risk. The Bank's offer followed the Issuer's need to adequate secure its situation. According to the Company, the product was not optimally adapted to the needs of Erbud SA. In the fourth quarter of 2008, as a result of the drastic depreciation of the Polish zloty against euro, the Bank Millennium S.A. reported to the Issuer a negative valuation of its exposure. At the same time, there arose a dispute as to content of the currency options transactions, primarily concerning exclusion of optional structures. During many talks, the Issuer presented its position to the Bank, which requested to execute of the transaction with taking action for compulsory execution of claims. In order to reduce the amount of potential loss, the disputed transactions were restructured, and the Bank has been informed about future legal action to compensate damage resulting from the transactions of currency options. The restructuring details were announced by the Issuer in the Current Report No. 43/2008 of 21.11.2008, and in the financial statements for the year 2008. The Issuer has never agreed with the position of the Bank Millennium S.A. and therefore called the Bank twice to pay the amount of PLN 71,065,496, which consists of amounts collected by the Bank from the Issuer's bank account, lost benefits, and legal and financial advisors' fees. Accordingly, the Issuer has decided to enter a lawsuit for payment in order to compensate the damage suffered.

As at the report publishing date of the Financial Statements the litigation is in progress; hearings of witnesses are continued.

The Issuer's standpoint regarding the situation connected with the execution of the project: extension of the Airport Modlin

Facts - Basic information about the contract and its completion

The contract for the construction of the Warsaw-Modlin Airport was signed on September 14, 2010. The total value of works amounted to about PLN 87 million net. Under the contract, ERBUD SA was obliged, inter alia, to upgrade the runway. The Employer established Bud-Invent Sp. z o.o. as the Project Management Company.
The runway with a length of about 2500 meters consists of two thresholds made of concrete cement, each with a length of about 540 meters and a part made of bituminous concrete with a length of 1,421 meters. The net value of the concrete thresholds constructed is about PLN 10m.

DSH – Dospravni stavby a.s., a subsidiary of the construction group Metrostav, was a subcontractor responsible for the construction of the concrete pavement of runway thresholds. The company specializes in such kind of works. The Employer has been informed of the choice of the subcontractor and did not oppose (January 2011).

DSH commissioned the following entities a number of works:

- Instytut Inżynierii Lądowej Politechniki Wrocławskiej [Institute of Civil Engineering, Wrocław University of Technology]:

  The commission included the development of the mix design (concrete mixture components) for the construction of runway thresholds. Developed formulas were in accordance with Polish Standards;

- CEMEX and LAFARGE – two worldwide known suppliers of aggregate:

  The commission included the supply of aggregate for concrete used to complete the runway thresholds.

The suppliers provided declarations of conformity stating that their products for manufacturing the concrete have complied with the Polish standards indicated in the mix design.

On 10 June 2011, DSH submitted the mix design to the Employer. The Employer approved the mix design on 20 June 2011. The runway was carried out by DSH over the period of June - November 2011, according to the mix design prepared by the Instytut Inżynierii Lądowej Politechniki Wrocławskiej. The company used aggregate supplied by CEMEX and Lafarge. All design solutions, concrete mix formulas, certificates of compliance and land surveying were supervised by the staff of the General Contractor and the Employer, and the works were executed under direct supervision of Client's Engineer.

The concrete mix production samples were taken by the laboratory of TPA Instytut Badań Technicznych (Technical Research Institute). The samples were collected pursuant to Polish standards, i.e. from each batch of concrete produced. Tests have shown that the strength and frost resistance of concrete is at least equal to or higher than designed one.

By Decision No. 919/2012 of 6 June 2012 the Mazowiecki Wojewódzki Inspektor Nadzoru Budowlanego (Mazovian Provincial Building Control Office) authorized the use of the project. The validation of the operation permit was subject to compliance by the Employer (but not limited to) the following conditions:
- developing guidelines on using the civil structure, including the airport pavement maintenance manual
- regular technical inspections of the airport pavement,
- continuous monitoring of the civil structure.

By Decision No. 1980/2012 dated 28 December 2012 the Mazowiecki Wojewódzki Inspektor Nadzoru Budowlanego prohibited to use of the part of the runway (the decision announced verbally on 22 December 2012). The decision was based on Article 66, Section 1, Item 2 and Section 2 of the Building Code of 7 July 1994, that is on "(…) the statement that a structure is used in a manner endangering life or health of people, safety of property or environment (…)".

According to an interview on 23 January 2013 for the TVN CNBC by Mr. Marcin Danił - Vice President of the Management of Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o., the Customer does not have any agreement with Ryanair on the basis of which the carrier could seek compensation for the airport stoppage.

The Customer concluded a contract with WizzAir, but it does not contain any provisions which oblige the Customer to receive the damage. WizzAir cannot demand damage money from the airport (there is no legal basis). 3-4 days before the airport has been closed, WizzAir informed the Employer that it changes the operating airport due to lack of the ILS-System in Modlin.

In January and February 2013, the Employer and the General Contractor held a number of meetings, as a result of which the General Contractor presented on 20 February 2013 a Framework Schedule for runway works. The schedule has been approved by the Employer.

On 6 March 2013, the General Contractor took over the site from the Contractor and began to carry out the work. On 22 April 2013, the Contractor approved a new formula of concrete. On 17 June 2013 the Mazovian Building Control Officer issued Decision No. 846/2013 which repealed Decision No. 1980/2012 concerning the prohibition of use of part of the runway.

Moreover, on 12 August 2013, the Issuer received the decision issued by the District Court for Warsaw-Mokotów on providing a security on debts of Przedsiębiorstwo Wielobranżowe Ploh Sp. z o.o. amounting to PLN 74,204.84 for loss of profits related to a break in the activity of the airport. The court has established the security in the form of a compulsory mortgage on the vacant plot owned by the Issuer, located in Toruń. On 19 August 2013, it has been brought a protest against the decision on securing the claim. The District Court in Warsaw, due to recognition of a complaint changed the decision on providing the security and dismissed the application. On 26 August 2013, it has been filed an answer to the suit, in which - besides the application to dismiss the complaint in full as manifestly unfounded, it has been raised a plea of lack of jurisdiction. On 24 September 2013, on the ground of lack of jurisdiction, the case was referred for rehearing by the Economics Department of the District Court of the Capital City of Warsaw. The court ordered the authorities to provide documents requested by the claimant party and adjourned the hearing without setting a trial date.

On 17 July 2013, the Issuer received from LS Airport Services SA request for payment in the amount of PLN 1,844 thousand for loss of benefits associated with a break in the activity of Modlin Airport. Law office representing the Issuer filed the response to the request proving that it is unfounded.

On 12 May 2014, a lawsuit was served to the Company, in which the Employer requested the payment of PLN 34,381,374.64 as compensation plus statutory interest and litigation costs. The case is conducted by the District Court in Warsaw, XXVI Commercial Division, under ref. No. XXVI GC 353/14.
Due to the necessity of preparing specialized technical and financial expertise, the application for a further extension of the deadline has been delivered on July 21. According to the information received on 24 July 2014, the date for filing a statement of defence has been extended until 12 October 2014.

On 11 October 2014, ERBUD filed a response to the suit in which it requested to dismiss the MPL's action as a whole and to grant reimbursement of the proceedings costs. At the same time, regardless of repudiating the plaintiff's claim, ERBUD submitted a counterclaim against the MPL applying for ordering to pay the amount of PLN 19 892 thousand plus statutory interest. The counterclaim includes pavement repair costs incurred by ERBUD at Warsaw-Modlin Airport.

On 2 March 2015, Erbud received a pleading in which MPL upheld its request and appealed to dismiss the counterclaim of ERBUD.

In response, on 15 May 2015, Weil lawyers filed a letter (prepared together with experts from various fields), in which they maintained the standpoint of ERBUD, presented another arguments and responded to the evidentiary and procedural issues.

On 3 July 2015, Weil lawyers applied to take evidence from information about the results of the audit conducted by the Supreme Audit Office regarding construction of an airport in Modlin, published in the June 2015.

The court set the date of the first hearing on 28 October 2015.

In view of complicated factual situation of the case and extensive evidence filed during the proceedings, including the likelihood of taking a number of evidence from the expert assessments, the first-instance sentence will probably be issued not earlier than after approx. 3 years after submitting the lawsuit by MPL.

Standpoint of the Management Board on financial claims

Pursuant to a contract dated 14 September 2010 that was executed for the Mazowiecki Port Lotniczy Warszawa - Modlin Sp. z o.o., ERBUD SA acted as the general contractor construction the Warsaw-Modlin airport runway. On 28 December 2012, due to the surface defects found Mazowiecki Wojewódzki Inspektor Nadzoru Budowlanego (Mazovian Provincial Building Control Office) issued a decision prohibiting the use of a part of the runway at Modlin Airport. Hovever, having regard to the public interest, the Company (as substitute contractor) replaced the runway concrete pavement), without waiting for the explanation of the causes of damage and without confirmation that it is obliged to make repair works under the warranty. These works were completed in June 2013 and the airport was re-admitted to passenger traffic on 3 July 2013.

ERBUD SA does not recognize its responsibility for the defective condition of the runway surface, and commissioned independent technical reports indicate that the reasons for damage were independent of the Company. Therefore, in our opinion as well as evaluation by legal advisors of Erbud SA, all expenses incurred for the resurfacing of the runway in a total amount of PLN 20.1 million, recorded as of the balance sheet date as assets of the Company, finally will not be addressed to ERBUD SA.

Due to the initial phase of the litigation related to the assignment of responsibility for the defective condition of the runway surface,, complexity of the case and the anticipated long-term legal proceedings, it cannot be excluded

that the final financial consequences of the event for the Company may differ from current estimates adopted by the Management Board of Erbud SA for the purpose of preparing the Financial Statements.

On **18 March 2015,** the Issuer filed in the District Court Warsaw Mokotów a suit for damages due to improper performance of the contract, against Cemex Polska sp. z o.o based in Warsaw, and Lafarge Kruszywa i Beton sp. z o.o. based in Warsaw (the "Defendant") in the amount of PLN 18,685,956.97 (say: eighteen million, six hundred and eighty-five thousand, nine hundred and fifty-six, point nine seven), of which a claim of PLN 8,098,200.89 (say: eight million, ninety-eight thousand, two hundred, point eight nine) against Cemex Polska sp. z o.o., and of 10,587,756.08 (say: ten million, five hundred and eighty-seven thousand, seven hundred and fifty-six, point zero eight) against Lafarge Kruszywa i Beton sp. z o.o.

25 Events subsequent to the balance sheet date

After the balance sheet date, by the date of preparing financial statements, there were no events that were not but should be included in the accounting books for the fiscal year.

26 Information on changes in economic and business conducting conditions, which have a significant impact on the fair value of financial assets and financial liabilities of the company

As compared to the financial year ended 31 December 2014 there were no significant changes.

27 Information on changing in measurement of value of financial instruments valued at their fair value

In the period ended 30 June 2015, the Group did not change the method of measurement of value of financial instruments valued at fair value.

28 Information on changes in the classification of financial assets as a result of changes in goal or use of the assets

In the period ended 30 June 2015, the Group did not change the classification of financial assets as a result of changes in goal or use of these assets.

Signature of person preparing the Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of Board Members

Józef Zubelewicz
/Member of the Board/

Dariusz Grzeszczak
/Member of the Board/

Warsaw, 26 August 2015