ERBUD S.A.

Separate Financial Statements for the year ended 31 December 2015

Introduction to the Financial Statements

1. Name, business address, the subject of activity and number in the Court Register

Erbud SA is a joint stock company established as a result of conversion of Erbud Sp. z o.o. (limited liability company) registered on 29.11.2006 in the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register under number 0000268667, seated in Warsaw, 1 Franciszka Klimczaka St.
Erbud Sp. z o.o. was founded on 28.08.1990 and entered on 08.08.2001 into the National Court Register, under number 0000034299.
The Company's core business is execution of large-volume civil construction works (PKD 4521A - Polish Classification of Activities).
The Company is a parent entity.
The Company prepares the consolidated financial statements of the Erbud Group.

2. Duration of the Company

The duration of the Erbud SA is indefinite.

3. Financial Statements of the Company

The Financial Statements cover the period from 1 January 2015 to 31 December 2015 and comparable data covering the period from 1 January 2014 to 31 December 2014. The Financial Statements have been prepared in accordance with the following rules:

• Accounting Act of 29 September 1994; Journal of Laws 2013, item 330 as amended (the "Act");

• Regulation of the Minister of Finance dated 18 October 2005, Journal of Laws, item 1743 (as amended) on the scope of information disclosed in the separate financial statements and consolidated financial statements required in a prospectus for the issuers with their registered office in the territory of the Republic of Poland, for which applicable are Polish accounting principles ("Regulation on the scope of information in the financial statements");

• Regulation of the Minister of Finance dated 12 December 2001; Journal of Laws 149, item 1674 (as amended) on the detailed principles of recognition, measurement, disclosure and presentation of financial instruments (the "Regulation on financial instruments").

Financial data are presented in thousands of Zlotys (PLN).

The financial statements have been prepared under the historical cost convention, which was modified for:

- real estate investments;
- financial instruments.

4. Composition of the Management Board and the Supervisory Board

Management Board

Dariusz Grzeszczak	- Management Board Member
Józef Zubelewicz	- Management Board Member
Paweł Smoleń	- Management Board Member

In 2015, following the Supervisory Board Resolution 23/2015 of 16 June 2015 Mr. Paweł Smoleń was appointed as Member of the Management Board.

Supervisory Board

Udo Berner	- Chairman of the Supervisory Board
Józef Olszyński	- Deputy Chairman of the Supervisory Board
Albert Durr	- Member of the Supervisory Board
Gabriel Główka	- Member of the Supervisory Board
Zofia Dzik	- Member of the Supervisory Board
Michał Otto	- Member of the Supervisory Board
Janusz Lewandowski	- Member of the Supervisory Board

In 2015, there were no changes in the composition of the Supervisory Board.

5. Internal organizational business units

In the current reporting period the Company did not have separate internal organizational units.

6. Control or significant influence over the other units

The following table presents the entities controlled by the Company or over which it has significant influence as at 31 December 2015:

Company's Name	Registered office	Activity range	Direct Parent's share in the Group	Indirect Parent's share in the Group
Erbud International Sp. z o.o.	Toruń	Civil construction	100.00%	
Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A.	Toruń	Road construction	94.27%	
Erbud Rzeszów Sp. z o.o.	Rzeszów	Civil construction	79.00%	
Erbud Construction Sp. z o.o.	Toruń	Civil construction	100.00%	
Grupa Erbud Industry				
Erbud Industry Sp. z o.o.	Toruń	Engineering services	100.00%	
Erbud Industry Centrum Sp. z o.o.	Łódź	Energy services		98.92%
Erbud Industry Pomorze Sp. z o.o.	Gdańsk	Energy services		100%
Erbud Industry Południe Sp. z o.o.	Będzin	Energy services		99.29%
Grupa GWI				
GWI GmbH	Düsseldorf, Germany	Civil construction	85.00%	
PDI Düsseldorf Malmedyerstrasse Ost GmbH	Düsseldorf, Grmany	Civil construction		43.35%
PDI Düsseldorf Malmedyerstrasse West GmbH	Düsseldorf, Germany	Civil construction		43.35%
Grupa Budlex				
Budlex S.A.	Warszawa	Holding - financing subsidiaries, project management, warranty replacement, accounting services	89.96%	
Budlex Construction sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Partner sp. z o.o.	Toruń	Real estate development, rental		89.96%
Budlex Azalia sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Brzoskwiniowa sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Properties sp. z o.o.	Warszawa	Real estate development, rental		89.96%
Domator Łódź sp. z o. o.	Warszawa	Real estate development		89.96%
Budlex Glinki A3 sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Glinki A3/3 sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Wrzos sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Winnica L7 sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Zbożowa 1 sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Zbożowa 1 sp. z o.o. s.k.	Toruń	Real estate development		89.96%
Budlex Winnica L6-7 sp. z o.o.	Toruń	Real estate development		89.96%

Budlex Winnica L6-7 sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Budlex Rubinowy Dom sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Sadowa L6 sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Irys sp. z o.o.s.k.	Toruń	Real estate development	89.96%
Budlex Magnolia sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Irys sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Sadowa sp. z o.o.s.k.	Toruń	Real estate development	89.96%
Calypso Office sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Magnolia sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Budlex Wrzos sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Budlex Winnica L7 sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Budlex Pestalozziego 3 sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Winnica 9 sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Winnica 10 sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Winnica 11 sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Pestalozziego 3 sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Budlex Winnica 9 sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Budlex Winnica 10 sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Budlex Winnica 11 sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Wumbud sp. z o.o.	Toruń	Real estate development	89.96%
Residential Lease sp. z o.o.	Warszawa	Real estate development	89.96%
Residential Rental sp. z o.o.	Warszawa	Real estate development	89.96%
Residential Properties Holding sp. z o.o.	Warszawa	Real estate development	89.96%
Residential Metropolitan Project sp. z o.o.	Warszawa	Real estate development	89.96%
Residential Capitol Project sp. z o.o.	Warszawa	Real estate development	89.96%

Jointly controlled entities recognized by equity method in the Consolidated Financial Statements of the ERBUD Group - joint ventures

Company's Name	Registered office	Activity range	Direct Parent's share
Projekt P2 SPV Sp. z o.o.	Poznań	Real estate development	50 %

Associated entity not included in the consolidated financial statements due to immateriality*

Company's Name	Registered office	Activity range	Direct Parent's share
Toruńska Sportowa w likwidacji Sp. z o.o.	Toruń	Sports, entertainment and recreation	39 %

* amount of less than 0.5% of total assets

The following table presents 2014 the entities controlled by the Company or over which it has significant influence as at 31 December:

Company's Name	Registered office	Activity range	Direct Parent's share in the Group	Indirect Parent's share in the Group
Delta Sp. z o.o.	Toruń	Civil construction	100.00%	
Erbud International Sp. z o.o.	Toruń	Civil construction	100.00%	
Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A.	Toruń	Road construction	94.27%	
Erbud Rzeszów Sp. z o.o.	Rzeszów	Civil construction	79.00%	
Erbud Construction Sp. z o.o.	Toruń	Civil construction	100.00%	
Grupa Erbud Industry				
Erbud Industry Sp. z o.o.	Toruń	Engineering services	100.00%	
Erbud Industry Centrum Sp. z o.o.	Łódź	Energy services		98.92%
Erbud Industry Pomorze Sp. z o.o.	Gdańsk	Energy services		100.00%
Energoserv Pomorze Sp. z o.o.	Toruń	Energy services		100.00%
GWI GmbH	Düsseldorf, Germany	Civil construction	85.00%	
Grupa Budlex				
Budlex S.A.	Warszawa	Holding - financing subsidiaries, project management, warranty replacement, accounting services	89.96%	
Budlex Construction sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Partner sp. z o.o.	Toruń	Real estate development, rental		89.96%
Budlex Azalia sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Brzoskwiniowa sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Properties sp. z o.o.	Warszawa	Real estate development , rental		89.96%
Domator Łódź sp. z o. o.	Warszawa	Real estate development		89.96%
Budlex Glinki A3 sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Glinki A3/3 sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Wrzos sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Winnica L7 sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Zbożowa 1 sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Zbożowa 1 sp. z o.o. s.k.	Toruń	Real estate development		89.96%
Budlex Winnica L6-7 sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Winnica L6-7 sp. z o.o. s.k.	Toruń	Real estate development		89.96%
Budlex Rubinowy Dom sp. z o.o.	Toruń	Real estate development		89.96%
Budlex Sadowa L6 sp. z o.o.	Toruń	Real estate development		89.96%

Budlex Irys sp. z o.o.s.k.	Toruń	Real estate development	89.96%
Budlex Magnolia sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Irys sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Sadowa sp. z o.o.s.k.	Toruń	Real estate development	89.96%
Calypso Office sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Magnolia sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Budlex Wrzos sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Budlex Winnica L7 sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Budlex Pestalozziego 3 sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Winnica 9 sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Winnica 10 sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Winnica 11 sp. z o.o.	Toruń	Real estate development	89.96%
Budlex Pestalozziego 3 sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Budlex Winnica 9 sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Budlex Winnica 10 sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Budlex Winnica 11 sp. z o.o. s.k.	Toruń	Real estate development	89.96%
Wumbud sp. z o.o.	Toruń	Real estate development	89.96%
Residential Lease sp. z o.o.	Warszawa	Real estate development	89.96%
Residential Rental sp. z o.o.	Warszawa	Real estate development	89.96%
Residential Properties Holding sp. z o.o.	Warszawa	Real estate development	89.96%
Residential Metropolitan Project sp. z o.o.	Warszawa	Real estate development	89.96%
Residential Capitol Project sp. z o.o.	Warszawa	Real estate development	89.96%

Parent Company

The parent company Erbud S.A is not a subsidiary to another unit.

Jointly controlled entities recognized by equity method - joint ventures

Company's Name	Registered office	Activity range	Direct Parent's share
Project Deptak P2 Sp. z o.o.	Poznań	Real estate development	50 %

Associated entity not included in the consolidated financial statements due to immateriality*

Company's Name	Registered office	Activity range	Direct Parent's share
Toruńska Sportowa w likwidacji Sp. z o.o.	Toruń	Sports, entertainment and recreation	39 %

* amount of less than 0.5% of total assets

7. Going-concern assumption and comparability of financial statements

The financial statements presented in this report were prepared on the assumption that Erbud will continue its economic activity during next 12 months after the balance sheet date i.e. 31.12.2014. As at the acceptance date of these financial statements, the Management Board does not see any facts and circumstances which would suggest that there is any threat to the continued activity over the 12 months after the balance sheet date due to an intended or forced discontinuing or material reduction of current operations.
By the date of preparing the Separate Financial Statements no events occurred that were no but should be included in the accounts of the reporting period.

8. Description of accounting principles (policy) applied, including methods of valuation of assets and liabilities, revenues and costs

8.1. Intangible asset

An intangible asset is recognized when future economic benefits that can be directly related to those assets are expected.

The initial recognition of intangible assets is recorded at the purchase price or cost of production. After initial recognition, intangible assets are valued at purchase price or production cost less any accumulated amortization and write-downs on permanent impairment. Intangible assets are amortized linearly over a period corresponding to the duration of their estimated economic usefulness, and are as follows:

- Patents and licenses 5 -15 years
- Software 1-5 years

Amortisation of intangible asset begins no earlier than on the first day of the month following its adoption for use.

Estimates on the economic lifetime and depreciation method are reviewed at the end of each financial year in order to verify whether the method used and period of amortization are consistent with the expected time shift of economic benefits provided by the intangibles.
At every balance sheet date the Company assesses whether the carrying value of the reported assets does not exceed the value of expected future economic benefits. If there are such indications, the carrying amount of the asset is reduced to the net selling price. Allowances for impairment losses are recognized in other operating costs.

8.2. Property, plant and equipment

Fixed assets are complete assets owned by the Company and fit to be used with an expected life-time of longer than one year.
Fixed assets are measured and recognized in the financial statements at the purchase price or manufacturing cost less any subsequent accumulated depreciation and subsequent accumulated impairment loss.
Costs related to an fixed asset, incurred after the asset has been taken for use are recognized in the income statement, except where it can be proved that the costs caused an increase in expected future economic benefits due to the ownership of the asset. Then the costs incurred increase the value of the asset.
Property, plant and equipment are depreciated according to the straight-line method over a period of its estimated economic usefulness. Annual depreciation rates correspond to the particular periods as presented below:

- Buildings and civil engineering structures: 2% - 4.5%;
- Technical equipment and machines: 6% - 30%;

- Means of transport: 12.5% - 20%.

Assets with an initial value below PLN 3,500 are depreciated once at the purchase date. In case of fixed assets, which have permanently lost their economic usefulness, unscheduled depreciation is charged to the other operating costs.
Estimates on the economic lifetime and depreciation method are reviewed at the end of each financial year in order to verify whether the method used and period of amortization are consistent with the expected time shift of economic benefits provided by the asset.
An inventory of fixed assets is conducted each four years.

8.3. Fixed assets under construction

Fixed assets under construction are measured at the amount of the total cost which is in direct relation to their acquisition or construction, including financing costs and taking into account non-deductible tax on goods and services and excise duty, as well as the cost of liabilities due to finance assets and related foreign exchange differences, reduced by income from it. The balance of fixed assets under construction is reduced by impairment loss.
Fixed assets under construction are not depreciated until they are completed and commissioned.

8.4. Leasing

Finance leases, which substantially transfer to the Company all the risks and benefits of ownership of the leased, are capitalized at the inception of the lease at the lower of the following two values: a measure of fair value of the subject leased or value of the minimum lease charges. Lease payments are divided into an interest part and a capital part, such that the rate of interest on the liability is a fixed amount.
Financial expenses are recognized in the profit or loss account. Fixed assets used under finance leases are subject to depreciation according to the rules applied to the own items of assets.
In absence of certainty, that after the end of the lease agreement the Company receives the right to property, assets are written off over a shorter of two following periods: the lease period or the period of economic usefulness.
Lease contracts under which the lessor retains substantially all the risks and rewards of ownership of the assets under a lease are classified in accordance with Article 3 section 4 of the Act on Accounting as operating leases.

8.5. Investment property

Investment property is a real estate which is classified as a source of revenues from rents or is kept in possession in view of increase of its value or for both of these benefits, where such property is neither used for the purpose manufacturing, supply of goods or services or for administrative activity, nor held for sale in the course of ordinary business of the unit.

Investment properties are measured initially at purchase price or production cost. The initial measurement includes costs of transaction. After initial recognition, investment properties are accounted at fair value. Gains or losses arising from changes in fair value of investment property are recognized in the profit and loss account in the period in which they arise.
Investment properties are derecognised when disposed of or permanently withdrawn from the use and no future benefits are expected from its sale. Any gain or loss arising on derecognition of investment property are recognized in profit or loss account in the period in which such derecognition took place.
Transfers of assets to the investment property are made only if there is a change of use, evidenced by the end of use of the asset by the owner, conclusion of an operating lease contract or completion of the investment property construction.
In the event, the investment property is transferred by the owner to the assets used or to the inventories, the alleged cost of such asset item, which will be adopted for the purpose of its inclusion in another category, is equal to the fair value of the property at the date of modification of its use. If an asset used by the owner i.e. the Group becomes an investment property, the Group applies the principles set out in the section "Property, plant and equipment" up to the date of change in use. In case of transfer of assets from the inventories to the investment property, the difference between the fair value of the property determined as on the date of transfer and its previous carrying amount is recognized in the profit and loss account. When the Group finishes the building or execution of the investment property, the difference between the fair value of the property as on that date and its previous carrying amount is recognized in the profit and loss account.

8.6. Long-term investments

Investments in subsidiaries i.e. controlled entities, as well as in associates are valued at its historical cost less potential loss of value resulting from the tests for impairment.
Interest in jointly controlled entities is measured using the equity method.
Permanent loss of value of shares in subsidiary companies is estimated as of every balance sheet date.
The carrying value of such assets is individually reviewed to determine if it exceeds or not the value of future economic benefits. Where the carrying amount exceeds the expected economic benefits, it shall be reduced to net selling price.
Reduction of the value of investments previously revalued to the amount, by which the revaluation capital (fund) has been increased, reduces this capital (fund) in the event that the amount of the difference due to the revaluation was not cleared until the date of valuation.
In other cases, the effects of decreasing the value of investments are classified as financial costs. The rise in investment value directly connected with a prior reduction of its value, classified in the financial costs, is recognized to the level of such costs as financial income.

8.7. Financial assets

At the time of accounting for in the books, financial assets are measured at cost (purchase price) representing the fair value. Transaction costs are recognized at the initial value of those financial instruments. Financial assets are accounted at the settlement date.
After the initial recognition, financial assets are classified into one of four categories and valued, excluding financial fixed assets which are measured at purchase cost and not revalued to their value at market price, as follows:

1. Financial assets and liabilities available for sale – Fair value measurement, without reducing transaction costs; gains and losses on revaluation are recognized in the profit or loss account.
2. Loans granted and receivables – Measurement at the adjusted purchase price (amortized cost) determined using the effective interest rate. Receivables with a short maturity, for which interest rate was not determined, are measured at amounts due.
3. Financial assets held to maturity – Measurement at the adjusted purchase price (amortized cost) determined using the effective interest rate.
4. Financial assets available for sale – Measurement at fair value; gains and losses on revaluation are recognized in the revaluation capital until the sale of investment or reducing its value. At this time, the cumulative gain or loss from revaluation is recognized in the profit or loss account.

8.8. Impairment of financial assets

At each balance sheet date the Group assesses whether there are objective indications of impairment of a financial asset or group of financial assets. The Company estimates the recoverable value of the asset and write it down to the amount equal to the difference between the value of the recoverable amount and the carrying amount.

8.9. Inventories

Materials, goods, work in progress and finished goods are current assets inventories.
The Group applies the following rules of inventory classification to the specific categories:

- ***materials*** - elements stored in the storage places for use in manufacturing processes, particularly for construction purposes
- ***work in progress*** - includes costs of development projects under construction as well as materials of general-purpose stock and low-processing materials, which can easily and without incurring significant costs be used for other contracts or sold (if they are unnecessary to execute this contract)
- ***goods*** - the stock acquired in the purpose of their resale, including land for development projects in the implementation of development projects
- ***finished goods*** - products of own production, which proceeding been fully completed, apartments.

Elements stored on construction sites to be used by the Company or a subcontractor for specific purposes on particular site only, which probably cannot be used by execution of other contracts or sold, are not classified as inventories. Such items are directly counted towards contract costs and included in the valuation of the contract

according to the stage of performance. Inventories are estimated at the lower of the two values: purchase cost or net selling price.

Net selling price is the sale price without VAT and excise taxes, less discounts and other costs related to the adaptation of the item for sale and to selling it, available as at the balance sheet date.

Materials are valued at purchase cost determined by the using the FIFO method and work in progress and goods finished - at the direct costs of materials and labour and a fair share of indirect costs of production fixed at normal capacity utilization.

8.10. Long-term construction contracts

The initial costs incurred before the execution of a contract, related to salaries, business travels (personal), etc. are included in operating costs of the period in which they has been incurred. They are not included in technical production costs of performance of a given order at the time of concluding a contract. If the entity is sure that the contract will be concluded and the ordering party will pay the costs before signing such a contract, such costs are capitalized. This may relate only to costs of services and materials purchased outside (services of subcontractors, materials, etc.).

8.10.1. Settlement and presentation of financial consequences of long-term contracts

Large-volume construction contracts

If an entity can reliably determine the stage of completion of construction in progress, the percentage method is used. A contract income is shown proportionately to costs incurred for a specific moment of its completion.
While determining the progress of contract execution, the entity uses a method that will allow measuring the work performed in a credible way. Depending on the contract type, the methods may include:

- proportion of contract costs incurred for work performed to date compared to the estimated total contract costs;
- measurement of works.

In setting the status of works on the basis of contract costs incurred up to the date only those costs are taking into account which reflect the work performed.

If the stage of completion of a long-term construction contract cannot be estimated reliably, revenues are recognized only to the level of expenses which are likely to be recovered.
The results of valuation are recognized in assets and liabilities respectively in the item B.IV "Short-term prepayments" and B.IV.2 "Other accruals" of the financial statements.

8.11. Current and non-current trade receivables

Trade claims are recognized in the balance sheet at receivable amount, observing precautions.
Receivables are revaluated by taking into account the probability their payment, through a write-down. Impairments are created on overdue debts of over 180 days at its full value. The individual principles of charging of impairment may be applied in particular justified cases.
Write-downs of the value of a receivable are counted towards operating costs or financial expenses, depending on the type of receivable to which the write-down refers. Receivables which are amortized, time-barred or which cannot be collected decrease previously made write-downs.
Claims prescribed, written-off against provisions and bad debts, in relation to which no impairment or non-full write-downs were made, are classified accordingly as other operating expenses or financial costs.

8.12. Cash and cash equivalents

Cash in hand and in bank accounts are measured at their par value.
Cash and cash equivalents include cash on hand and bank and short-term deposits with an original maturity not exceeding three months.

8.13. Prepayments

The Company recognizes prepayments if they relate to future reporting periods, respecting the principle of materiality and applying the precautionary principle.

8.14. Capital

Original capital includes ordinary shares and is shown at their par value according to the Articles of Association and registration in the National Court Register.
Capital reserves are created from profit retained, as a result of transferring revaluation capital and issue of shares above their nominal value.

8.15. Provisions for liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
Provisions for liabilities include, among other:
- provision for remedial works;
- deferred tax provision;
- unused leave provision;
- provision for retirement.

Provision for remedial works

Erbud is obliged to provide warranties on their construction services.
The general rule is creation of provisions for remedial works based on the rate of warranty costs calculated as the quotient of repair costs to the revenues from the specific contract and charging costs of services sold. This value is subject to individual review and may be increased or decreased in justified cases. Provision for remedial works is recognized as at balance sheet date in the amount established on the basis of past experience in the field of a warranty repairs.

Tax settlements

There are numerous regulations In Poland concerning tax on goods and services, excise duty, corporate income tax and social security contributions. Provisions related to these taxes are subject to frequent changes what results in ambiguities and inconsistencies. Often there are differences of opinion as to the legal interpretations of tax law both within the state authorities and between state authorities and taxpayers, causing uncertainties and conflicts. Tax settlements and other areas under regulations may be subject to inspection for a period of five years. The relevant inspection authorities are entitled to impose heavy sanctions and penalties, including penal interest. There is a risk that the authorities will take a different position as the company by interpretation of regulations, which could have a significant impact on the Company's tax liability.

8.16. Employee benefits

The Company is obliged to retirement and pension severance payments, in accordance with relevant regulations. Therefore, there are created provisions for the current value of these liabilities. Payments due to the above titles are written off within the profit or loss costs so as to spread the benefits for the entire period of employment of employees in companies.
The Company does not create a special fund for collecting payments for future benefits.
Provision for unused leave is calculated on the basis of a list of unused leave days as at the balance sheet date, in respect to the individual employees and their daily gross salary plus the employer's social security charges.

8.17. Bank loans and borrowings

At the time of initial recognition, bank loans and borrowings are recorded at cost equal to the fair value of cash received, including costs related to obtaining bank credits or loans. As at the balance sheet date, loans and borrowings, except for liabilities held for trading, are valued at adjusted purchase cost (amortized cost), using the effective interest rate.
Liabilities held for trading are measured at fair value. Profit or loss due to revaluation to fair value is recognized in the income statement for the current period.

8.18. Borrowing costs

Borrowing costs related to the construction, adaptation, installation or improvement of fixed assets or intangible assets, for a period of construction, adaptation, installation or improvement are included in the value of these assets if the liabilities were incurred for this purpose.
Borrowing costs related to manufacturing the products with a long production period are recognized in the income statement in the period in which they incurred. Other borrowing costs are recognized also in the profit or loss account.

8.19. Deferred income tax

Provision and assets from the deferred income tax are determined in connection with transitional differences between the amount of assets and liabilities and the tax amount shown in the accounts books and the tax loss which can be deducted in the future.

Deferred tax liability is created in respect of taxable temporary differences in the amount of income tax to be paid in the future.

Assets from the deferred income tax shall be equal to the amount expected to be deducted from income tax in respect of deductible temporary differences and tax loss which can be deducted in the future observing the precautionary principle.

Carrying amount of the assets from deferred tax is reviewed as of every balance sheet date and is reduced appropriately inasmuch as achieving the sufficient taxable income in order to realize partially or in sum the item of assets from deferred tax is no longer likely.

Assets from the deferred tax and deferred tax provision are measured using tax rates that will be valid during the period when the asset is realized or the liability is released, based on tax legislation in force as at the balance sheet date.

8.20. Liabilities

Liabilities are commitments resulting from future circumstances to meet obligations of a reliably estimated value that will use current or future assets of the entity.
Due to the characteristics, liabilities can be divided into:

- provisions;
- contingent liabilities;
- financial liabilities;
- current liabilities;
- non-current liabilities.

Contingent liabilities are commitments to performance obligations which may arise upon the occurrence of certain events. These commitments are disclosed in the additional information and explanations.
Financial liabilities are obligations to deliver financial assets or to exchange the financial instrument with another entity under adverse conditions.
Current liabilities are all liabilities from supplies and services, and also all or part of other liabilities which will become due within 12 months from the balance sheet date.
Non-current liabilities are the part of liabilities other than from supplies and services with the maturity of over 12 months from the balance sheet date.
Liabilities are recognized in the amount due as at the balance-sheet date.

8.21. Foreign currency receivables and liabilities

Receivables and liabilities quoted in foreign currencies are valued as at the balance sheet date by applying the mid-rate for the given currency fixed by the National Bank of Poland as at the balance sheet date.
Claims quoted in foreign currencies arising during the financial year are converted into Polish zlotys at the rate as at the date the claim has arisen (invoice date).
Foreign currency liabilities arising during the financial year are converted into Polish zlotys at the exchange rates applied in customs documents. In the case of importing services or intra-EU supplies the rate of NBP on business transaction date (invoice date) is applied.
In the case of debt payment quoted in foreign currency, the sale rate at which the bank has booked it on the account of entity is applied. The difference between the rate at which the payment was accounted and the rate resulting from arising of receivables is classified to the financial costs or income.

In the case of settlement of foreign currency liabilities, the rate at which the currency was purchased at the bank is used, and where the payment is make from the own foreign currency account, the foreign exchange rate which the cooperating bank would have applied if the entity would have bought currency in this bank is used. The resulting difference between the exchange rate used to translate the liabilities into Polish zlotys and the rate at which the currency needed for the payment has been purchased is classified to the financial costs or income.

8.22. Accruals

Accruals are made in the amount of probable liabilities falling due in the current reporting period.

8.23. Revenues and operating costs

Revenues are accounted for at the accrual basis, i.e. in the periods to which they relate, regardless of the date of payment receipt.
Sales revenues include the fair value of revenue from the sale of goods and services, less tax on goods and services, discounts and deductions.
Revenues from sales of products and goods are recognized when the Company has provided products to the customer, the customer has accepted the products, and claims are reasonably certain to collect.
Income from execution of construction contracts is recognized in accordance with the Company's accounting policy set out in the section on long-term construction contracts.
Dividend income is recognized when the shareholders' right to receive them is confirmed.
According to the accrual basis, the Company recorded all costs in the reporting period in the profit and loss account regardless of the duration of their settlement. Costs incurred and not related to this period are included in the assets as prepayments, while the costs not incurred and falling for that period are recognized as accruals.

8.24. Other revenues, costs, gains and losses, and financial incomes and expenses

Revenues and costs non-directly connected with operating activity are other operating income and expenses.
Financial income and expenses include, inter alia: interest on credits and loans granted and used, interest on arrears received and paid, exchange differences, commissions paid and received, gains and losses on the sale of securities, released and created provisions classified to financial costs.
Interest income is recognized according to the accrual basis using the effective interest rate method.
When the debt loses its value, the Company reduces its carrying amount to recoverable amount, equal to the estimated future cash flows and discounted at the original effective interest rate on the financier instrument; then the amount of the discount is gradually settled in correspondence with the revenue from interest. Extraordinary earnings and losses reflect the financial consequences of unique events from outside the core business.

8.25. Income tax, including deferred tax liability

Current tax is calculated on the basis of the tax result (tax base) of the financial year. Tax profit (loss) differs from accounting profit (loss) in connection with dercognicion of tax deductible costs which are tax deductibles in the following years and the items of costs and revenues, which will never be subject to tax. Taxes are calculated on the basis of tax rates in force during the financial year.

Income tax on income earned in the country is calculated in accordance Polish tax law and income of units operating abroad is subject to local tax regulations, having regard to the agreements on the avoidance of double taxation.

Deferred income tax

Provision and assets from deferred income tax shall are determined taking into account the existing temporary differences between the value of assets and liabilities and their tax value shown in the books and the tax loss which can be deducted in the future from tax base.
Deferred tax liability is created in respect of taxable temporary differences in the amount of income tax to be paid in the future.

Assets from the deferred income tax are determinated in the amount expected to be deducted from income tax in respect of deductible temporary differences and tax loss which can be deducted in the future applying the principle of precaution.

Carrying amount of the assets from deferred tax is revised as of each balance sheet date and is reduced appropriately as far as it is no longer likely to achieve the sufficient taxable income in order to realize partially or in sum the item of assets from deferred tax

Assets from the deferred tax and deferred tax provision are measured using tax rates that will be applied during the period when the asset is realized or reserve is resolved, based on tax regulations which were in force as at the balance sheet date.

Financial statements for the 12-month period year ended 31 December 2015 (in PLN '000)

BALANCE SHEET

ASSETS

		Note	31 Dec 2015	31 Dec 2014
A.	**Fixed assets**		**181 065**	**198 936**
I.	**Intangible assets**	**1**	**72**	**252**
1.	R&D completed		0	0
2.	Goodwill		0	0
3.	Other intangible assets		72	252
4.	Prepaid intangible assets		0	0
II.	**Tangible assets**	**2**	**7 215**	**6 986**
1.	Tangible fixed assets		5 921	6 394
a)	Property, incl. perpetual usufruct		0	0
b)	Buildings, premises and civil and water engineering structures		0	3 234
c)	Plant and equipment		125	64
d)	Means of transport		4 554	2 890
e)	Other tangible fixed assets		1 242	206
2.	Fixed assets under construction		1 293	592
3.	Prepaid tangible fixed assets under construction		0	0
III.	**Long-term receivables**		**0**	**0**
1.	From associates		0	0
2.	From other entities		0	0
IV.	**Long-term investments**		**152 709**	**165 885**
1.	Real property	3	232	359
2.	Intangibles		0	0
3.	Non-current financial assets	4,6	152 478	165 526
a)	In associates, incl.:		150 433	164 763
–	Shares or stocks	5	136 731	136 731
–	Other securities		0	0
–	Loans granted		13 702	28 032
–	Other non-current financial assets		0	0
b)	In other entities, incl.:		2 044	763
–	Shares or stocks		5	5
–	Other securities		0	0
–	Loans granted		0	0
–	Other non-current financial assets		2 039	758
4.	Other non-current investments		0	0
V.	**Long-term prepayments**		**21 068**	**25 813**
1.	Deferred tax assets	7	21 068	25 813
2.	Other prepayments		0	0

		Note	31 Dec 2015	31 Dec 2014
B.	**Current assets**		**531 995**	**597 485**
I.	**Inventories**	**8**	**147**	**847**
1.	Materials		0	217
2.	Semi-finished products and products in progress		136	630
3.	Finished products		0	0
4.	Goods		11	0
5.	Prepaid deliveries		0	0
II.	**Short-term receivables**	**9**	**303 221**	**302 405**
1.	From affiliated entities		11 811	18 440
a)	Trade receivables with a maturity:		7 173	16 326
–	up to 12 months		7 173	16 326
–	above 12 months		0	0
b)	Other		4 638	2 114
2.	Receivables from other entities		291 410	283 965
a)	trade receivables with a maturity:		270 652	254 833
–	up to 12 months		261 540	244 109
–	above 12 months		9 112	10 724
b)	receivables from tax, subsidy, customs, social security and other benefits		12 371	20 201
c)	Other		8 387	8 931
d)	Claimed at court		0	0
III.	**Short-term investments**		**102 409**	**123 450**
1.	Current financial assets	10	102 409	123 450
a)	In affiliated entities		1 184	709
–	Shares or stocks		0	0
–	Other securities		0	0
–	Loans granted		1 184	709
–	Other current financial assets		0	0
b)	In other entities		0	0
–	Shares or stocks		0	0
–	Other securities		0	0
–	Loans granted		0	0
–	Other current financial assets		0	0
c)	Cash and other cash assets		101 225	122 741
–	Cash in hand and at bank		92 021	109 778
–	Other cash		9 204	12 963
–	Other cash assets		0	0
2.	Other current investments		0	0
IV.	**Short-term prepayments**	**11**	**123 083**	**170 783**
V.	**Fixed assets held for sale**		**3 135**	**0**
	TOTAL ASSETS		**713 060**	**796 421**

LIABILITIES

		Note	31 Dec 2015	31 Dec 2014
A.	**Equity**		**254 896**	**247 259**
I.	**Share capital**	13	1 281	1 276
II.	**Called-up share capital (negative value)**		0	0
III.	**Treasury shares (negative value)**		0	0
IV.	**Capital reserve**	15	241 212	234 804
V.	**Revaluation reserve**	14	1 006	-1 066
VI.	**Other reserves**		0	0
VII.	**Retained profit / accumulated loss brought forward**		0	0
VIII	**Net profit (loss)**		11 397	12 245
IX.	**Write-downs on net profit over the financial year (negative value)**		0	0
B.	**Liabilities and provisions for liabilities**		**458 164**	**549 162**
I.	**Provisions for liabilities**		**38 575**	**43 345**
1.	Deferred income tax provision	16	19 217	28 747
2.	Provision for retirement and related benefits		4 986	4 077
–	Non-current	17	843	542
–	Current	18	4 143	3 535
3.	Other provisions		14 372	10 521
–	Non-current	19	0	0
–	Current	20	14 372	10 521
II.	**Long-term liabilities**	**21**	**54 278**	**53 065**
1.	To associates		0	0
2.	To other entities		54 278	53 065
a)	Loans and borrowings		0	0
b)	Issuance of debt securities		52 000	52 000
c)	Other financial liabilities	23	2 278	1 065
d)	Other		0	0
III.	**Short-term liabilities**	**22**	**295 452**	**419 046**
1.	To associates		37 732	15 859
a)	Deliveries and services with a maturity:		37 232	15 859
–	of less than 12 months		37 019	15 646
–	above 12 months		213	213
b)	Other		500	0
2.	To other entities		257 720	403 187
a)	Loans and borrowings	24	0	0
b)	Issuance of debt securities		0	0
c)	Other financial liabilities	23	2 293	2 836
d)	Deliveries and services with a maturity:		233 520	371 301
–	of less than 12 months		230 263	365 022
–	above 12 months		3 257	6 279
e)	Prepaid deliveries		11 964	22 749
f)	Bills		0	0
g)	Taxes, customs, social insurance and other benefits		7 787	3 113
h)	Salaries and wages		1 809	2 157
i)	Other		347	1 031
3.	Special funds		0	0
IV.	**Accruals**		**69 859**	**33 706**
1.	Other accruals	11.1	69 859	33 706
	TOTAL LIABILITIES		**713 060**	**796 421**

Calculation of book value per share

	Note	31 Dec 2015	31 Dec 2014
Book value (in PLN '000)		254 896	247 259
Number of shares		12 811 859	12 761 925
Book value per share (in PLN)	25	19.90	19.37

Off-balance sheet items

	Note	31 Dec 2015	31 Dec 2014
1. Conditional receivables		0	50 000
1.1. From affiliated entities (due to)		0	50 000
- guarantees and sureties received		0	50 000
1.2 From other entities (due to)		0	0
- guarantees and sureties received		0	0
2. Conditional liabilities		456 734	460 121
2.1. To affiliated entities (due to)	52	125 710	98 497
- guarantees and sureties granted		125 710	98 497
2.2. To other entities (due to)	52	331 024	361 624
- guarantees and sureties granted		331 024	361 624
3.Other		0	0
Total off-balance sheet items		**456 734**	**510 121**

Signature of person preparing the Financial Statement

Mariola Zielińska
/ Chief Accountant /

Signatures of the Management Board Members

Józef Zubelewicz
/ Management Board Member /

Dariusz Grzeszczak
/ Management Board Member /

Paweł Smoleń
/ Management Board Member /

Warsaw, March 17, 2016

PROFIT AND LOSS STATEMENT

	Note	12 month period ended 31.12.2015	12 month period ended 31.12.2014
Revenues from sales of products, goods and materials, incl.		**1 167 999**	**1 108 379**
- From related parties		8 714	8 828
Net revenues from sales of products	28,29	1 167 999	1 108 379
Net revenues from sales of goods and materials	30	0	0
Cost of products, goods and materials sold, incl.	**31**	**1 101 381**	**1 051 385**
- To related parties		149 240	91 496
Manufacturing cost of products sold		1 101 381	1 051 385
Value of goods and materials sold		0	0
Gross profit (loss) on sales		**66 618**	**56 994**
Selling costs	31	0	0
General and administrative costs	31	42 591	36 595
Profit (loss) on sales		**24 027**	**20 399**
Other operating revenues	**32**	**3 315**	**3 054**
Profit on disposal of non-financial fixed assets		1 156	1 243
Subsidies		0	0
Other operating revenues		2 159	1 811
Other operating expenses	**33**	**9 484**	**5 893**
Loss on disposal of non-financial assets		0	0
Revaluation of non-financial fixed assets		0	0
Other operating expenses		9 484	5 893
Profit (loss) on operating activities		**17 857**	**17 560**
Financial revenues		**5 332**	**7 448**
Dividends and profit sharing, incl.:		711	3 498
- From related parties		711	3 498
Interest, incl.:	33.1	2 350	2 636
- From related parties		1 505	1 378
Profit on sale of investments		0	0
Revaluation of investments		0	0
Other	33.2	2 271	1 314
Financial costs		**6 885**	**8 616**
Interest, incl.:	34.1	3 484	5 902
- To related parties		0	0
Loss on selling investments		0	0
Revaluation of investments	34.2	0	0
Other	34.3	3 401	2 714
Profit (loss) on business activities		**16 304**	**16 392**
Gross profit (loss)		**16 304**	**16 392**
Income tax	35	4 907	4 147
Other statutory reductions in profit (increases in loss)		0	0
Net profit (loss)	**37**	**11 397**	**12 245**
Weighted average number of ordinary shares / Diluted weighted average number of shares (in units)		**12 780 257/ 12 811 859**	**12 738 236/ 12 768 272**
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)		**0.8918 / 0.8896**	**0.9612 / 0.959**

Signature of person preparing the Financial Statement

Mariola Zielińska
/ Chief Accountant /

Signatures of the Management Board Members

Józef Zubelewicz
/ Management Board Member /

Dariusz Grzeszczak
/ Management Board Member /

Paweł Smoleń
/ Management Board Member /

Warsaw, March 17, 2016

CASH FLOW STATEMENT

	Note	12 month period ended 31.12.2015	12 month period ended 31.12.2014
Net profit (loss)		**11 397**	**12 245**
Total adjustments		**-34 164**	**56 819**
Amortisation and depreciation		2 323	2 256
FX profit (loss)		-58	-177
Interest and profit sharing (dividends)		1 149	1 964
(Profit (loss) on investment activities		-1 099	-1 243
Change in provisions		-5 020	5 643
Change in inventories		700	1 665
Change in receivables	38	-817	-82 049
Change in short-term liabilities, excluding loans and borrowings	38	-119 704	190 758
Change in prepayments and accruals		88 362	-62 057
Other adjustments		0	59
Net cash flows from operating activities		**-22 767**	**69 064**
Cash flows from investment activities			
Inflows		**30 870**	**17 121**
Disposal of intangible and tangible fixed assets		323	644
Disposal of investments in real property and intangible assets		972	949
From financial assets, incl.:		29 575	15 528
a) In related parties		29 575	15 098
- Disposal of financial assets		0	0
- Dividends and profit sharing		711	3 497
- Repayment of granted long-term loans		22 812	8 791
- Interest		0	0
- Other inflows from financial assets		6 052	2 810
b) In other entities		0	430
- Disposal of financial assets		0	0
- Dividends and profit sharing		0	0
- Repayment of granted long-term loans		0	0
- Interest		0	430
- Other inflows from financial assets		0	0
Other inflows from investment activities		0	0
Outflows		**19 288**	**3 616**
Purchase of intangible assets and tangible fixed assets		2 404	491
Investments in real property and intangible assets		0	0
For financial assets, incl.:		16 884	3 125
a) In related parties		16 884	3 125
- Purchase of financial assets		0	0
- Long-term loans granted		16 884	3 125
b) In other entities		0	0
- Purchase of financial assets		0	0
- Long-term loans granted		0	0
Other outflows from investment activities		0	0
Net cash flows from investment activities		**11 582**	**13 505**

	Note	12 month period ended 31.12.2015	12 month period ended 31.12.2014
Cash flow from financing activities			
Inflows		**549**	**9 916**
Net proceeds from issue of shares and other equity instruments, and additional contributions to equity		549	521
Loans and borrowings		0	0
Issuance of debt securities		0	9 395
Other financing inflow		0	0
Outflows		**10 880**	**27 664**
Redemption of treasury shares		0	0
Dividends and other distributions to shareholders		6 381	8 900
Expenses due to profit sharing other than payments to shareholders		0	0
Repayment of loans and borrowings		0	6
Redemption of debt securities		0	10 000
Other financial liabilities		0	0
Finance lease liabilities		1 134	720
Interest		3 365	5 324
Other financing outflows		0	2 714
Net cash flow from financing activities		**-10 331**	**-17 748**
Total net cash flow		**-21 516**	**64 821**
Balance-sheet change in cash, incl.:	**38**	**-21 516**	**64 821**
- Change in cash due to exchange rate differences			
Cash at the beginning of the period	**38**	**122 741**	**57 920**
Cash at the end of the period, incl.:	**38**	**101 225**	**122 741**
- Restricted cash		9 204	12 963

Signature of person preparing the Financial Statement

Mariola Zielińska
/ Chief Accountant /

Signatures of the Management Board Members

Józef Zubelewicz
/ Management Board Member /

Dariusz Grzeszczak
/ Management Board Member /

Paweł Smoleń
/ Management Board Member /

Warsaw, March 17, 2016

STATEMENT OF CHANGES IN EQUITY

	12 month period ended 31.12.2015	12 month period ended 31.12.2014
I. Equity at the beginning of the period (Opening balance)	**247 259**	**244 341**
– Changes to applied accounting principles (policy)	0	0
– Adjustments of basic errors	0	0
I.a. Equity opening balance after reconciliation to comparative data	**247 259**	**244 341**
1. Share capital at the beginning of the period	**1 276**	**1 271**
1.1. Changes to share capital	**5**	**5**
a) Increases	5	5
– issue of shares of Series I	0	5
– issue of shares of Series J	5	0
b) Decreases	0	0
– redemption of shares	0	0
1.2. Share capital at the end of the period	**1 281**	**1 276**
2. Called-up share capital at the beginning of the period	**0**	**0**
2.1. Changes in due payments for share capital	0	0
a) Increases	0	0
b) Decreases	0	0
2.2. Called-up share capital at the end of the period	**0**	**0**
3. Own shares at the beginning of the period	**0**	**0**
a) Increases	0	0
b) Decreases	0	0
3.1. Own shares at the end of the period	**0**	**0**
4. Capital reserves at the beginning of the period	**234 804**	**234 654**
4.1. Changes in capital reserves	6 408	150
a) Increases	6 408	634
– transfer of the capital reserves	0	0
– profit distribution	5 864	0
– redemption of own shares	0	0
– issue of Series I shares above face value	0	516
– issue of Series J shares above face value	544	0
– manager options	0	118
b) Decreases	0	484
– dividend payment	0	484
– redemption of shares	0	0
4.2. Capital reserves at the end of the period	**241 212**	**234 804**
5. Revaluation reserve at the beginning of the period	**-1 066**	**0**
5.1.Changes in revaluation reserve	2 072	-1 066
a) Increases	2 072	0
– revaluation of financial assets	2 072	0
b) Decreases	0	1 066
– measurement of financial instruments	0	1 066
5.2. Revaluation reserve at the end of the period	**1 006**	**-1 066**
6. Other capital reserves at the beginning of the period	**0**	**0**
6.1. Changes in other capital reserves	0	0
a) Increases	0	0
- reserves for Staff Incentive Scheme	0	0
b) Decreases - transfer to capital reserves	0	0
6.2. Other capital reserves at the end of the period	**0**	**0**

	12 month period ended 31.12.2015	12 month period ended 31.12.2014
7. Retained profit (loss) at the beginning of the period	**12 245**	**8 416**
7.1. Retained profit at the beginning of the period	12 245	8 416
– changes to accepted accounting principles (policy)	0	0
– adjustments of basic errors	0	0
– recognition of the last FY result as the result of prior years		
7.2 Retained profit at the beginning of the period after reconciliation to comparable data	12 245	8 416
a) Increases	0	0
b) Decreases	12 245	8 416
– distribution of profit for the purpose of capital reserves	5 864	0
– distribution of profit for the purpose of dividends payment	6 381	8 416
– profit distribution for the purpose to cover losses from previous FY	0	0
7.3. Retained profit at the end of the period	**0**	**0**
7.4. Retained loss at the beginning of the period	**0**	**0**
– changes to accepted accounting principles (policy)	0	0
– adjustments of basic errors	0	0
– recognition of the last FY result as the result of prior years		
7.5. Retained loss at the beginning of the period after reconciliation to comparative data	0	0
a) Increases	0	0
b) Decreases (profit distribution to cover losses)	0	0
7.6. Retained loss at the end of the period	**0**	**0**
7.7 Retained profit (loss) at the end of the period	**0**	**0**
8. Net result	**11 397**	**12 245**
a) Net profit	11 397	12 245
b) Net loss	0	0
c) Write-downs of profit	0	0
II. Equity at the end of the period (Closing balance)	**254 896**	**247 259**
III. Equity after proposed distribution of profits (loss coverage)	**254 896**	**247 259**

Signature of person preparing the Financial Statement

Mariola Zielińska
/ Chief Accountant /

Signatures of the Management Board Members

Józef Zubelewicz
/ Management Board Member /

Dariusz Grzeszczak
/ Management Board Member /

Paweł Smoleń
/ Management Board Member /

Warsaw, March 17, 2016

KEY FIGURES CONVERTED TO THE EURO

	31 Dec 2015		31 Dec 2014	
	PLN	EUR	PLN	EUR
Fixed assets	181 065	42 489	198 936	46 673
Current assets	531 995	124 837	597 485	140 179
Shareholders' equity	254 896	59 814	247 259	58 011
Liabilities and provisions for liabilities	458 164	107 512	549 162	128 842

Items of the balance sheet as at 31 December 2015 were converted at the Euro rate which was set by the NBP on that date i.e. 4.2615 PLN/EUR.

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

	12 month period ended 31.12.2015		12 month period ended 31.12.2014	
	PLN	EUR	PLN	EUR
Revenues from sales of products, services, goods and materials	1 167 999	279 105	1 108 379	264 574
Cost of products, services, goods and materials sold	1 101 381	263 186	1 051 385	250 969
Profit on sales before tax	66 618	15 919	56 994	13 605
Profit on operating activities	17 857	4 267	17 560	4 192
Gross profit (loss)	16 304	3 896	16 392	3 913
Net profit (loss)	11 397	2 723	12 245	2 923

Items of the profit and loss statement for the period of 1.01.2015 - 31.12.2015 were translated at the EURO mid-rate, which was calculated as an arithmetic mean of average rates prevailing as at the last day of each month during the said period, set by the NBP as at that date, i.e. 4.1848 PLN/EUR.

Items of the profit and loss statement for the period of 1.01.2014 - 31.12.2014 were translated at the EURO mid-rate, which was calculated as an arithmetic mean of average rates prevailing as at the last day of each month during the said period, set by the NBP as at that date, i.e. 4.1893 PLN/EUR.

	12 month period ended 31.12.2015		12 month period ended 31.12.2014	
	PLN	EUR	PLN	EUR
Cash flows from operating activities	-22 767	-5 440	69 064	16 486
Cash flows from investment activities	11 582	2 768	13 505	3 224
Cash flows from financial activities	-10 331	-2 469	-17 748	-4 237
Net cash flows	-21 516	-5 141	64 821	15 473
Cash opening balance	122 741	28 797	57 920	13 966
Cash closing balance	101 225	23 753	122 741	28 797

Cash flow items for the period of 1.01.2015 - 31.12.2015 were translated at the mid-rate which was calculated as an arithmetic mean of average rates prevailing as at the last day of each month during the said period, set by the NBP as at that date, i.e. 4.1848 PLN/EUR.

Cash flow items for the period of 1.01.2014 - 31.12.2014 were translated at the mid-rate which was calculated as an arithmetic mean of average rates prevailing as at the last day of each month during the said period, set by the NBP as at that date, i.e. 4.1893 PLN/EUR.

For translating cash as at 1 January 2015 it was applied the exchange rate set by the NBP as of that day, i.e. 4.2623 PLN/EUR.

For translating cash as at 1 January 2014 it was applied the exchange rate set by the NBP as of that day, i.e. 4.1472 PLN/EUR.

For translating cash as at 31 December 2015 it was applied the exchange rate set by the NBP as of that day, i.e. 4.2615 PLN/EUR.

For translating cash as at 31 December 2014 it was applied the exchange rate set by the NBP as of that day, i.e. 4.2623 PLN/EUR.

EXPLANATORY NOTES

Note 1. Intangible assets

	31.12.2015	31.12.2014
Intangible assets		
a) R&D completed	0	0
b) Goodwill	0	0
c) Concessions, patents, licenses and similar assets, incl.:	0	0
- computer software	0	0
d) Other intangible assets	72	252
e) Prepaid intangible assets	0	0
Total tangible assets	**72**	**252**

Note 1.1. Changes in other intangible assets (by type)

Item	Other
a) Gross value of intangible assets as at 1 Jan 2015	1 226
b) Increases (from)	154
- acquisition	154
- transfer from advances to intangible assets	0
c) Decreases (from)	0
d) Gross value of intangible assets as at 31 Dec 2015	1 380
e) Cumulative depreciation as at 1 Jan 2015	973
f) Depreciation for the period	334
g) Cumulative depreciation as at 31 Dec 2015	1 308
h) Net value of intangible assets as at 31 Dec 2015	72

Item	Other
a) Gross value of intangible assets as at 1 Jan 2014	727
b) Increases (from)	504
- acquisition	137
- transfer from advances to intangible assets	367
c) Decreases (from)	4
d) Gross value of intangible assets as at 31 Dec 2014	1 226
e) Cumulative depreciation as at 1 Jan 2014	670
f) Depreciation for the period	308
g) Cumulative depreciation as at 31 Dec 2014	978
h) Net value of intangible assets as at 31 Dec 2014	252

Note 1.2. Intangible assets (ownership structure)

	31.12.2015	31.12.2014
Other intangible assets		
a) own	72	252
Other intangible assets in total	**72**	**252**

Note 2. Tangible assets

	31.12.2015	31.12.2014
Tangible assets		
Fixed assets, incl.:	5 921	6 394
- Land (incl. perpetual usufruct)	0	0
- Buildings, premises and civil and water engineering structures	0	3 234
- Plant and equipment	125	64
- Means of transport	4 554	2 890
- Other fixed assets	1 242	206
Total tangible assets	1 294	592
Tangible assets	**7 215**	**6 986**

Note 2.1. Balance sheet assets (ownership structure)

	31.12.2015	31.12.2014
Balance sheet assets		
a) own	2 863	4 218
b) used under the lease, rent or other contract, incl. lease contract	4 352	2 768
- lease	4 352	2 768
Total balance sheet assets	**7 215**	**6 986**

Note 2.2. Changes in tangible assets (by type)

Item	Land (incl. perpetual usufruct)	Buildings, premises and civil and water engineering structures	Plant and equipment	Means of transport	Other fixed assets	Fixed assets under construction	Advances for fixed assets under construction	Total tangible assets
a) Gross value of fixed assets as at 1 Jan 2015	**0**	**3 966**	**360**	**12 186**	**2 411**	**592**	**0**	**19 516**
b) Increases (from)	0	0	86	3 185	1 393	701	0	**5 365**
- acquisition			86	161	1 391	701		**2 338**
- lease				3 024				**3 024**
- transfer								**0**
- taking over of fixed assets under construction					3			**3**
c) Decreases (from)	0	3 966	0	68	337	0	0	**4 371**
- sale				63	216			**279**
- revaluation								**0**
- liquidation				5	83			**88**
- held for sale		3 966						**3 966**
- adjustments					39			**39**
d) Gross value of fixed assets as at 31 Dec 2015	**0**	**0**	**446**	**15 303**	**3 467**	**1 293**	**0**	**20 509**
e) Cumulative amortisation and depreciation at the beginning of the period	**0**	**732**	**296**	**9 297**	**2 206**	**0**	**0**	**12 529**
f) Depreciation and amortisation for the period	0	99	25	1 509	356	0	0	**1 989**
g) Decreases, incl.:	0	831	0	56	337	0	0	**1 223**
- liquidation				5	83			**88**
- sale				51	215			**266**
- adjustments					39			**39**
- held for sale		831						**831**
h) Cumulative depreciation and amortisation as at 31 Dec 2015	**0**	**0**	**320**	**10 749**	**2 225**	**0**	**0**	**13 295**
i) Net value of fixed assets as at 1 Jan 2015	**0**	**3 234**	**64**	**2 890**	**206**	**592**	**0**	**6 986**
j) Net value of fixed assets as at 31 Dec 2015	**0**	**0**	**125**	**4 554**	**1 242**	**1 293**	**0**	**7 215**

In the period of 12 months ended 31 December 2015, the Company has not recognized any impairment losses on the value of its assets.

Item	Land (incl. perpetual usufruct)	Buildings, premises and civil and water engineering structures	Plant and equipment	Means of transport	Other fixed assets	Fixed assets under construction	Advances for fixed assets under construction	Total tangible assets
a) Gross value of fixed assets as at 1 Jan 2014	**0**	**3 966**	**334**	**10 395**	**2 550**	**0**	**0**	**17 245**
b) Increases (from)			4	2 083	318	592	0	**2 997**
- acquisition			4	206	318	592	0	**1 120**
- lease				1 877				**1 877**
- transfer			22		-22			**0**
c) Decreases (from)				293	434			**727**
- sale				293	95			**387**
- revaluation								
- liquidation					339			**339**
- derecognition of lease								
- adjustments								
d) Gross value of fixed assets as at 31 Dec 2014	**0**	**3 966**	**360**	**12 186**	**2 411**	**592**		**19 516**
e) Cumulative depreciation at the beginning of the period	**0**	**632**	**247**	**7 921**	**2 312**			**11 113**
f) Amortisation for the period		99	35	1 476	337			**1 948**
g) Decreases, incl.:			-13	101	443			**531**
- liquidation					336			**336**
- sale				101	94			**195**
- adjustments			-13		13			**0**
- derecognition of lease								
h) Cumulative depreciation as at 31 Dec 2014		**732**	**296**	**9 297**	**2 206**			**12 529**
i) Net value of fixed assets as at 1 Jan 2014	**0**	**3 334**	**86**	**2 474**	**238**	**0**	**0**	**6 132**
j) Net value of fixed assets as at 31 Dec 2014		**3 234**	**64**	**2 890**	**206**	**592**		**6 986**

In the period of 12 months ended 31 December 2014, the Company has not recognized any impairment losses on the value of its assets.

Note 2.3. Cost of manufacturing of fixed assets under construction, including interest and capitalized exchange rate differences on liabilities incurred to finance these assets

As at 31 December 2015 and 31 December 2014, there was no such item.

Note 2.4. Value of assets non-depreciated or non-amortized by the business unit, used under rental and other agreements, including leases.

As at 31 December 2015 and 31 December 2014, there was no such item.

Note 3. Changes in real property

	31.12.2015	31.12.2014
Changes in real property		
a) As at the beginning of the period	359	515
b) Increases	0	0
c) Decreases	127	156
- Sale	127	156
d) As at the end of the period	232	359

Note 4. Non-current financial assets

	31.12.2015	31.12.2014
Non-current financial assets	150 433	164 763
a) In related parties	136 731	136 731
- Shares or stocks	13 702	28 032
- Loans granted	2 044	763
b) In related parties	5	5
- Shares or stocks	2 039	758
- Other non-current financial assets	**152 478**	**165 526**

Note 4.1. Changes in non-current financial assets (by type)

Changes in non-current financial assets	**31.12.2015**	**31.12.2014**
a) As at the beginning of the period - 1 Jan 2015	165 526	175 605
- Shares	136 736	136 736
- Loans granted	28 032	38 112
- Other non-current financial assets	758	757
b) Increases (from)	0	1
- Shares	0	0
- Loans granted	0	0
- Other non-current financial assets	0	1
c) Decreases (from)	14 364	10 080
- Shares	0	0
- Loans granted	14 330	10 080
- Other non-current financial assets	34	0
d) As at the end of the period - 31 Dec 2105	152 478	165 526
- Shares	136 736	136 736
- Loans granted	13 702	28 032
- Other non-current financial assets	2 039	758

The balance of long-term loans to related parties included:
- Loans for Budlex SA in the amount of PLN 13.702 thousand with interest rate based on 1M WIBOR plus margin.

Note 5. Shares or stocks of subsidiaries

as at 31 December 2015

	Name and legal form of the subsidiary	Seat	Business area	Type of relationship	Method of consolidation / equity method or indication that the unit is not subject to consolidation/ valuation by equity method	Value adjustments (total)	Carrying amount of shares /stocks	Equity stake held	Voting power at the AGM
1.	Erbud Construction Sp. z o.o.	Toruń	Civil construction	subsidiary	not consolidated - not relevant	39	0	100.00%	100.00%
2.	Toruńska Sportowa S.A. w likwidacji	Toruń	Civil construction	associated company	not consolidated - not relevant	39	0	39.00%	39.00%
3.	Erbud Rzeszów Sp. z o.o.	Rzeszów	Civil construction	subsidiary	full method	0	79	79.00%	79.00%
4.	Erbud International Sp. z o.o.	Toruń	Civil construction	subsidiary	full method	0	50	100.00%	100.00%
5.	GWI GmbH	Dusseldorf, Germany	Civil construction	subsidiary	full method	0	347	85.00%	85.00%
6.	Budlex S.A.	Toruń	Real estate development	subsidiary	full method	0	73 575	89.96%	89.96%
7.	Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	Toruń	Road construction	subsidiary	full method	0	49 554	94,.7%	94,.7%
8.	Erbud Industry Sp. z o.o.	Toruń	Engineering services	subsidiary	full method	2 850	13 126	100.00%	100.00%
			Stocks or shares of direct subsidiaries as at 31.12.2015			**2 928**	**136 731**		

	Name and legal form of the subsidiary	Seat	Business area	Type of relationship	Method of consolidation / equity method or indication that the unit is not subject to consolidation/ valuation by equity method	Value adjustments (total)	Carrying amount of shares /stocks	Equity stake held	Voting power at the AGM
1.	Delta Sp. z o.o.	Toruń	Civil construction	subsidiary	full method	0	3 550	100.00%	100.00%
2.	Erbud Construction Sp. z o.o.	Toruń	Civil construction	subsidiary	not consolidated - not relevant	39	0	100.00%	100.00%
3.	Toruńska Sportowa S.A. w likwidacji	Toruń	Sports, entertainment and recreation	associated company	not consolidated - not relevant	39	0	39.00%	39.00%
4.	Erbud Rzeszów Sp. z o.o.	Rzeszów	Civil construction	subsidiary	full method	0	79	79.00%	79.00%
5.	Erbud International Sp. z o.o.	Toruń	Civil construction	subsidiary	full method	0	50	100.00%	100.00%
6.	GWI GmbH	Dusseldorf, Germany	Civil construction	subsidiary	full method	0	347	85.00%	85.00%
7.	Budlex S.A.	Warszawa	Real estate development	subsidiary	full method	0	73 575	89.96%	89.96%
8.	Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego	Toruń	Road construction	subsidiary	full method	0	49 554	94.27%	94.27%
9.	Erbud Industry Sp. z o.o. (dawniej Ersteel Sp. z o.o.)	Toruń	Steel structures	subsidiary	full method	2 850	9 576	100.00%	100.00%
					Stocks or shares of direct subsidiaries as at 31.12.2014	**2 928**	**136 731**		

Note 5.1. Profit (loss) attributable to fully consolidated companies

	31.12.2015	31.12.2014
Erbud International Sp. z o.o.	484	1 145
GWI GmbH	204	1 601
Grupa Budlex S.A.	6 998	7 183
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	11 417	5 042
Erbud Industry Sp. z o.o.	122	2 764
Delta Sp z o.o.	0	-654
Erbud Industry Centrum (formerly Engorem Sp. z o.o.)	-485	1 491
Erbud Rzeszów Sp. z o.o.	785	921
Erbud Industry Pomorze Sp. z o.o.	1 998	-63
Energoserv Pomorze Sp. z o.o.*	n/a	-26
Erbud Industry Południe Sp. z o.o.**	-449	0

The above results relate to the performance of specific companies adopted for the purpose of consolidation of the ERBUD Group, i.e. after taking into account the conversion of result in accordance with IFRS.

* Company has merged with ERBUD Industry Pomorze during 2015

** Company acquired in 2015

Note 6. Securities, shares and other long-term financial assets (by transferability)

	31.12.2015	31.12.2014
Securities, shares and other non-current financial assets		
A. With non-restricted transferability, listed on stock exchange market (carrying value)	0	0
B. With non-restricted transferability, listed on OTC market (carrying value)	0	0
C. With non-restricted transferability, not listed on a regulated market (carrying value)	0	0
D. With restricted transferability (carrying value)	184 974	184 974
a) Shares and stocks (carrying value)	136 736	136 736
- Value adjustments (cumulative)	-2 928	-2 928
- Value at the beginning of the period	0	0
- Value at acquisition prices	139 664	139 664
b) Bonds (carrying value)	0	0
c) Loans granted (carrying value)	13 702	28 032
d) Other - by type (carrying value)	724	758
- Value at acquisition price	810	810
- Value adjustments (cumulative)	-86	-52
e) Other forward contracts	1 315	0
Total carrying value	**152 478**	**165 526**

Note 6.1 Securities, shares and other long-term financial assets (by currency)

	31.12.2015	31.12.2014
Securities, shares and other long-term financial assets		
a) in Polish currency	152 131	165 179
b) in foreign currencies (by currency, converted into PLN)		
- in EUR	100	100
- In PLN (historical rate)	347	347
Total of securities, shares and other long-term financial assets	**152 478**	**165 526**

Note 7. Changes in assets due to deferred income tax

	31.12.2015	31.12.2014
1. Deferred tax assets at the beginning of the period, incl.:	**25 813**	**23 353**
a) Recognized in financial result	**25 563**	**23 353**
- Holiday provision	672	541
- Retirement severance provision	103	91
- Remedial works provision	1 798	1 816
- Provision for loss on long-term contracts	51	0
- Impairment on receivables	712	705
- Accruals for costs	13 211	1 242
- Valuation of building contracts	6 404	12 751
- Tax loss	1 088	5 055
- Provision on cost	187	167
- Write-downs of inventories and investments	53	53
- Balance sheet valuation of interest on bonds	140	359
- Long-term investment impairment	556	556
- Lease liabilities	356	136
- Fixed assets under lease	-526	-439
- Other	758	320
b) Recognized in equity	**250**	**0**
2. Increases	**21 068**	**25 813**
a) Recognized in financial result	**21 054**	**25 563**
- Holiday provision	787	672
- Retirement severance provision	160	103
- Remedial works provision	1 809	1 798
- Provision for loss on contracts	69	51
- Impairment on receivables	1 361	712
- Accruals	1 771	13 211
- Valuation of building contracts	13 273	6 404
- Tax loss	0	1 088
- Write-downs of inventories and investments	53	53
- Long-term investment impairment	556	556
- Provision on cost	947	187
- Lease liabilities	715	356
- Fixed assets under lease	-827	-526
- Balance sheet valuation of bond interest	0	140
- Other	474	758
b) Recognized in equity	**14**	**250**
3. Decreases	**25 813**	**23 353**
a) Recognized in financial result	**25 563**	**23 353**
- Holiday provision	672	541
- Retirement severance provision	103	91
- Remedial works provision	1 798	1 816
- Provision for loss on contracts	51	0
- Valuation of building contracts	6 404	12 751
- Impairment on receivables	712	705
- Tax loss	1 088	5 055
- Write-downs of inventories and investments	53	53
- Long-term investment impairment	556	556
- Provision on cost	187	167
- Accruals	13 211	1 242
- Balance sheet valuation of bond interest	140	359
- Lease liabilities	356	136
- Fixed assets under lease	-526	-439
- Other	758	320
b) Recognized in equity	**250**	**0**
4. Deferred tax assets at the end of the period, incl.:	**21 068**	**25 813**
a) Recognized in financial result	**21 054**	**25 563**
- Holiday provision	787	672

- Retirement severance provision	160	103
- Remedial works provision	1 809	1 798
- Impairment on receivables	1 361	712
- Accruals	1 771	13 211
- Valuation of building contracts	13 273	6 404
- Write-downs of inventories and provisions	53	53
- Long-term investment impairment	556	556
- Provision for loss on contracts	69	51
- Tax loss	0	1 088
- Provision on cost	947	187
- Lease liabilities	715	356
- Fixed assets under lease	-827	-526
- Balance sheet valuation of receivables	0	0
- Balance sheet valuation of bond interest	0	140
- Other	474	758
b) Recognized in equity	**14**	**250**

Note 7.1. Assets from deferred income tax

	31.12.2015	31.12.2014
Assets from deferred income tax		
- Valuation of long-term contracts	13 273	6 404
- Accruals	1 771	13 211
- Tax loss	0	1 088
- Provision for loss on contracts	69	51
- Employee provisions	947	775
- Remedial works provision	1 809	1 798
- Other provisions	853	187
- Other	2 346	2 299
Total assets from deferred income tax	**21 068**	**25 813**

Deferred income tax is created on the rate basis of 19% for positive and negative taxable temporary differences relating to assets and liabilities.

Deferred income tax due to tax losses relates to income loss in 2011. These asset may be used by the Company within 5 years after the balance sheet date.

Note 8. Inventories

	31.12.2015	31.12.2014
Inventories		
a) Materials	0	217
b) Products and semi-products in progress	136	630
c) Goods	11	0
Total inventories	**147**	**847**

Note 8.1. Impairment of inventories and allowances for inventories

	31.12.2015	31.12.2014
At the beginning of the period	262	262
Increases / Decreases	0	0
At the end of the period	**262**	**262**

Note 9. Short-term receivables

	31.12.2015	31.12.2014
Current receivables		
a) From associates	**11 811**	**18 440**
- due to deliveries and services with a maturity:	7 173	16 326
- less than 12 months	7 173	16 326
- over 12 months	0	0

- other	4 638	2 114
- claimed at court	0	0
b) From other entities	**291 410**	**283 965**
- due to deliveries and services with a maturity:	244 736	232 289
- less than 12 months	235 624	221 565
- over 12 months	9 112	10 724
- due to taxes, subsidies, duties, social and health insurance and other benefits	12 371	20 201
- other	8 387	8 931
- claimed at court	25 916	22 544
Total net current receivables	**303 221**	**302 405**
c) Write-downs of receivables	8 199	4 154
Total gross current receivables	**311 420**	**306 559**

Note 9.1. Short-term receivables from related parties

	31.12.2015	31.12.2014
Current receivables from related parties		
a) Due to deliveries and services, incl.:	**7 173**	**16 326**
- from subsidiaries	7 173	16 326
b) Other	4 638	2 114
- from subsidiaries	4 638	2 114
c) Claimed at court	**0**	**0**
Total net current receivables from related parties	**11 811**	**18 440**
Total gross current receivables from related parties	**11 811**	**18 440**

Note 9.2. Changes in write-downs of current debts

	31.12.2015	31.12.2014
At the beginning of the period	**4 154**	**4 648**
a) Increases	4 166	1 651
- Creations	4 166	1 651
b) Decreases	121	2 145
- Impairment loss release	121	2 145
Short-term write-downs of receivables at end of the period	**8 199**	**4 154**

Note 9.3. Current receivables (by currency)

	31.12.2015	31.12.2014
Current receivables before tax		
a) In Polish currency	278 967	286 234
b) Equivalent in Polish currency when converted at the average exchange rate of the NBP as at the balance sheet date (Euro is the original settlement currency)	32 453	20 325
Total current receivables	**311 420**	**306 559**

Note 9.4. Gross trade receivables of the remaining maturity since the balance sheet date

	31.12.2015	31.12.2014
Receivables from deliveries and services		
a) Less than 1 month	168 295	131 083
b) 1 - 3 months	0	0
c) 3 - 6 months	0	0
d) 6 - 12 months	0	0
e) Over 12 months	0	0
f) Retentions of less than 12 months	24 756	37 469
g) Retentions over 12 months	9 112	10 724
h) Overdue debts	82 651	95 917
Total receivables from deliveries and services (gross)	284 814	275 192
i) Write-downs of trade receivables	6 989	4 033
Total receivables from deliveries and services (net)	**277 825**	**271 159**

Note 9.5. Overdue trade receivables (before tax)

	31.12.2015	31.12.2014
Overdue receivables from deliveries and services		
a) Less than 1 month	25 842	22 350
b) 1 - 3 months	9 477	19 843
c) 3 - 6 months	15 627	4 048
d) 6 - 12 months	5 079	12 673
e) Over 12 months	26 626	41 036
Total overdue receivables from deliveries and services (gross)	82 651	99 950
f) Overdue of from trade receivables	6 989	4 033
Total overdue receivables from deliveries and services (net)	**75 662**	**95 917**

The amount of overdue claims not covered by impairment loss as of 31.12.2015 includes, among others, receivables from Kępska SA amounting to PLN 8 188 thousand secured by mortgage and receivables from Międzyzdrojski Rynek Sp. z o.o. (a municipal company) of PLN 3 700 thousand. Due to the anticipated recovery of the receivables, the Company did not amortise these items.

Note 10. Current financial assets

	31.12.2015	31.12.2014
Current financial assets		
a) In subsidiaries	1 184	709
- Loans granted	1 184	709
b) in joint controlled entities	0	0
c) In associates	0	0
d) In major investor	0	0
e) In the Parent	0	0
f) In other entities	0	0
g) Cash and cash equivalents	101 225	122 741
- Cash at bank and in hand	92 021	109 778
- Other cash	9 204	12 963
Total current financial assets	**102 409**	**123 450**

Note 10.1. Cash and cash equivalents (by currency)

	31.12.2015	31.12.2014
Cash and cash equivalents		
a) In Polish currency	87 539	114 920
b) In foreign currencies (by currency and translated in PLN)		
- unit/currency PLN / 1 EUR (4.2615 and 4.2623)	3 212	1 835
- PLN	13 686	7 821
Total cash and cash equivalents	**101 225**	**122 741**

Note 10.2. Short-term loans granted (by currency)

	31.12.2015	31.12.2014
a) In Polish currency	1 184	709
b) In foreign currencies (by currency and translated in PLN)	0	0
- unit/currency PLN / 1 EUR (4.2623 and 4.1472)	0	0
- PLN	0	0
Total short-term loans granted	**1 184**	**709**

Note 11. Short-term prepayments

	31.12.2015	31.12.2014
a) Current prepayments, incl.:	123 083	170 783
- other costs	4 018	5 634

- deferred income (sales invoices for 2014issued after the balance sheet date)	0	73 580
- long term contracts	98 943	71 447
- costs of Modlin Project (prepayments due to costs claimed from the suppliers of aggregates)	20 122	20 122
Total current prepayments	**123 083**	**170 783**

Note 11.1. Prepayments due to construction contracts

	31.12.2015	**31.12.2014**
Expected revenues from ongoing projects	2 247 834	2 185 324
Expected costs of ongoing projects	2 049 025	1 980 386
Expected margin on ongoing projects	198 809	204 937
Cumulative revenues recognized in the profit or loss	1 486 098	1 306 796
Cumulative costs recognized in the profit or loss	1 373 196	1 199 884
Cumulative margin recognized in the profit or loss	112 902	106 912
Margin remaining to be recognized in next periods	85 907	98 025
Percentage of margin remaining to be recognized in next periods	43,21%	47,83%
Revenue surplus over partial invoices by staging	60 366	45 734
Costs surplus over expenses arising from the accounting costs by staging	40 502	23 016
Surplus on partial invoices over incomes by staging	29 357	10 691
Surplus on costs resulting from the accounting costs over expenses by staging	38 576	25 713
Total amounts presented in deferred expenditures	98 943	71 447
Total amounts presented in deferred revenues	69 859	33 707

Long-term construction services have been valued using method of progress of works resulting from measurement. Revenues, expenses and profit have been recognized in proportion to the progress of completion of works.

Note 12. Significant write-downs recognized and reversed due to impairment

Write-downs due to impairment of long-term financial assets	**31.12.2015**	**31.12.2014**
Opening balance	**2 928**	**2 928**
Increases / Decreases	0	0
Closing balance	**2 928**	**2 928**

Write-downs due to impairment of short-term financial assets	**31.12.2015**	**31.12.2014**
Opening balance	**0**	**0**
Increases / Decreases	0	0
Closing balance	**0**	**0**

Write-downs due to impairment of inventories	**31.12.2015**	**31.12.2014**
Opening balance	**262**	**262**
Increases / Decreases	0	0
Closing balance	**262**	**262**

Note 13. Share capital of ERBUD S.A. (structure)

Note 13.1 Shareholding structure as at 31.12.2015

The share capital of the Parent as of 31 December 2015 consisted of 12,811,859 shares with a total value of PLN 1,281,185.90. The structure of the share capital of the Parent as at 31 December 2015 was as follows:

Shareholder	**Class of shares**	**Preferences on shares**	**Restrictions on shares**	**Number of shares**	**Equity percentage**	**Disposal restrictions**
Wolff & Muller Holding Gmbh & Co.KG	Ordinary	None	None	4 152 865	32.41%	None

DGI Fundusz Inwestycyjny Zamkniety Aktywów Niepublicznych controlled by Dariusz Grzeszczak	Ordinary	None	None	2 136 260	16,.7%	None
Nationale Nederlanden PTE (formerly ING PTE S.A.)	Ordinary	None	None	1 266 900	9.89%	None
AVIVA Otwarty Fundusz Emerytalny BZ WBK	Ordinary	None	None	1 183 146	9.23%	None
Dariusz Grzeszczak	Ordinary	None	None	773 900	6.04%	None
Adler Properties Sp z o.o. controlled by Józef Zubelewicz	Ordinary	None	None	712 087	5.56%	None
Józef Zubelewicz	Ordinary	None	None	259 500	2.03%	None
Free Float	Ordinary	None	None	2 327 201	18.17%	None
TOTAL				**12 811 859**	**100%**	
Par value of shares of all series in PLN	0.10		Share capital value in PLN	1 281 185.90		

The table shows shareholders having more than 5% of the share capital and has been prepared based on the book of shares.

Movements in the share capital of the Parent Company in 2015.

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 authorized capital. Shares will be offered to the persons entitled to subscribe in the years 2013 - 2015 in a number 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. In addition, the person who would be entitled may not be upon notice of termination of the employment contract.

On 20 April 2015, in connection with the planned by the Management Board increase in the 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, at the request of the Management Board of the Company dated 20 April 2015 the Supervisory Board of Erbud SA passed Resolution No. 6/2014 on depraving the existing shareholders of pre-emptive rights to acquire Series “J” shares and determining the issue price of shares of Series “J” in the amount of PLN 11.00.

On 3 June 2015, the Management Board adopted Resolution No. 4/2015 on increasing the share capital by no more than PLN 5,000 through the issue of no more than 50,000 shares of series “J”, depraving the existing shareholders of pre-emptive rights to acquire Series “J” shares and determining the issue price of shares of Series “J” in the amount of PLN 11.00. Thus, the share capital was increased by PLN 4,993.40.

Except for rights arising from the directly held shares of Erbud SA, the major shareholders have no other voting rights at a General Meeting.
Shares of Erbud SA owned by the above mentioned persons are not preference ones.

The Company's Articles of Association do not grant to the below mentioned shareholders any personal rights in relation to Erbud SA, in particular, does not give the right to appoint members neither of the Management Board nor the Supervisory Board of Erbud SA.

The number of shares constituting the authorized capital is equal to the number of shares issued. Nominal value per share is PLN 0.10. No shares have been reserved for issuance under the sale option.

Significant movements in the share capital of the Company during the period from 1 January 2015 till the preparation of financial statements.

In 2015, there were no significant changes in the shareholding of the parent company.

Note 13.2. Shareholding structure as at 31.12.2014

Series	Shareholder	Class of shares	Preferences on shares	Restrictions on shares	Number of shares	Equity percentage	Disposal restrictions
A	Wolff & Muller Holding Gmbh & Co.KG	Ordinary	None	None	282 137	2.21%	None
A	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	717 863	5.62%	None
B	Wolff & Muller Baubeteiligungen Gmbh & Co.KG	Ordinary	None	None	3 152 865	24.71%	None
	Total				**4 152 865**	**32.54%**	
B	Juladal Investment Ltd	Ordinary	None	None	30 173	0.24%	None
A	Dariusz Grzeszczak	Ordinary	None	None	773 900	6.06%	None
B	DGI Fundusz Inwestycyjny Zamkniety Aktywów Niepublicznych controlled by Dariusz Grzeszczak	Ordinary	None	None	2 136 260	16.74%	None
D	AVIVA Otwarty Fundusz Emerytalny BZ WBK	Ordinary	None	None	1 183 146	9.27%	None
A	Józef Zubelewicz	Ordinary	None	None	259 500	2.03%	None
B	Adler Properties Sp z o.o. controlled by Józef Zubelewicz	Ordinary	None	None	681 914	5.34%	None
D	ING Otwarty Fundusz Emerytalny	Ordinary	None	None	1 266 900	9.93%	None
D,E,C, F,G,H,I	Free Float	Ordinary	None	None	2 277 267	17.85%	None
	TOTAL				**12 761 925**	**100%**	
	Par value of shares of all series in PLN	0.10		Share capital value in PLN	1 276 192.50		

Shares of all series are entitled to dividends from the date of registration in the National Court.

Note 14. Revaluation capital

	31.12.2015	31.12.2014
Total revaluation capital as at the beginning of the period	**-1 066**	**0**
a) due to profit /loss on valuation of financial instruments recognized under hedge accounting	2 072	-1 066
b) due to other adjustment s	0	0
Total revaluation capital as at the end of the period	**1 006**	**-1 066**

Note 15. Supplementary capital (structure)

	31.12.2015	31.12.2014
a) From sale of shares over their nominal value	13 840	13 840
b) Distribution to shareholders	-550	-550
c) Other (by type)	227 922	221 514
- issue of Series C shares (agio)	796	796
- issue of Series D share (agio)	119 896	119 896
- from profit	98 822	92 958

- from redemption of shares	-4 647	-4 647
- adjustment of CIT tax due to issue costs	767	767
- repurchase of own shares	484	484
- transfer from reserve capital	2 000	2 000
- issue of Series E shares	345	345
- issue of Series F shares	452	452
- issue of Series G shares	369	369
- issue of Series H shares	399	399
- issue of Series I shares	516	516
- issue of Series J shares	544	0
- Manager options	2 532	2 532
Total supplementary capital	**241 212**	**234 804**

Note 16. Changes in provision for deferred income tax

	31.12.2015	**31.12.2014**
1. Provision for deferred income tax at the beginning of period, incl.:	**28 747**	**24 130**
a) Recognised in financial result	**28 747**	**24 130**
Valuation of loans as at the balance-sheet date	922	1 186
Valuation of construction contracts	13 575	22 555
Discounted liabilities	130	261
Accrued income	13 980	0
Other	140	128
b) Recognised in equity	**0**	**0**
2. Increases	**19 217**	**28 747**
a) Recognised in financial result	**18 967**	**28 747**
Valuation of loans as at the balance-sheet date	16	922
Valuation of construction contracts	18 799	13 575
Discounted liabilities	122	130
Accrued income	0	13 980
Other	30	140
b) Recognised in equity	**250**	**0**
3. Decreases	**28 747**	**24 130**
a) Recognised in financial result	**28 747**	**24 130**
Valuation of loans as at the balance-sheet date	922	1 186
Valuation of construction contracts	13 575	22 555
Discounted liabilities	130	261
Accrued income	13 980	0
Other	140	128
b) Recognised in equity	**0**	**0**
4. Provision for deferred income tax at the end of period, incl.:	**19 217**	**28 747**
a) Recognised in financial result	**18 967**	**28 747**
Valuation of loans as at the balance-sheet date	16	922
Valuation of construction contracts	18 799	13 575
Discounted liabilities	122	130
Accrued income	0	13 980
Other	30	140
b) Recognised in equity	**250**	**0**

Note 16.1. Provision for deferred income tax

Provision due to	**31.12.2015**	**31.12.2014**
- Valuation of construction contracts	18 799	13 575
- Other	418	15 172
Total provision for deferred income tax	**19 217**	**28 747**

Provision for deferred tax liability is created basing on the rate of 19% for taxable and deductible temporary differences on domestic assets and liabilities.

Note 17. Changes in non-current provision for retirement and similar benefits

	31.12.2015	31.12.2014
a) As at the beginning of the period	542	479
b) Increases	301	63
- Retirement severance payments	301	63
c) Used	0	0
d) Dissolution	0	0
Jubilee	0	0
e) As at the end of the period	843	542

Note 18. Changes in current provision for retirement and similar benefits

	31.12.2015	31.12.2014
a) As at the beginning of the period	3 535	2 849
b) Increases	608	686
- Unused leave	608	686
c) Used	0	0
d) Dissolution	0	0
e) As at the end of the period	4 143	3 535

Note 19. Changes in other non-current provisions (by titles)

There were no items.

Note 20. Changes in other current provisions (by titles)

	31.12.2015	31.12.2014
a) As at the beginning of the period	10 521	10 244
b) Increases (from)	4 319	468
- Litigation and claims	3 896	199
- Remedial works	60	0
- Loss on long-term contracts	363	269
c) Use (from)	199	0
d) Dissolution (from)	269	191
- Litigation and claims	0	94
- Remedial works	0	97
- Loss on long-term contracts	269	0
e) As at the end of the period	**14 372**	**10 521**

Note 21. Non-current liabilities

Note 21.1. Long-term liabilities

	31.12.2015	31.12.2014
a) To subsidiaries		0
b) To other entities	54 278	53 065
- Other financial liabilities, of which	2 278	1 065
- due to finance lease	2 278	1 065
c) From issue of debt securities	52 000	52 000
d) Other	0	0
Total long-term liabilities	**54 278**	**53 065**

Note 21.2. Long-term liabilities of the remaining maturity since the balance sheet date

	31.12.2015	31.12.2014
a) 1 to 3 years	54 278	53 065
Total long-term liabilities	**54 278**	**53 065**

Note 21.3. Long-term liabilities (by currency)

	31.12.2015	31.12.2014
a) In Polish currency (PLN)	54 278	53 065
b) In foreign currencies (converted into PLN)	0	0
Total long-term liabilities	**54 278**	**53 065**

Note 22. Current liabilities

	31.12.2015	31.12.2014
a) To associates	**37 732**	**15 859**
- Loans and borrowings	0	0
- Issue of debt securities	0	0
- Dividends	0	0
- Other financial liabilities	0	0
- Deliveries and services, with a maturity:	37 232	15 859
- of less than 12 months	37 019	15 646
- over 12 months	213	213
- Advances received for deliveries	0	0
- Liabilities due to bills of exchange	0	0
- Other	500	0
b) To other entities	**257 720**	**403 187**
- Loans and borrowings	0	0
- Issue of debt securities	0	0
- Dividends	0	0
- Other financial liabilities, incl.:	2 293	2 836
- Lease	1 485	808
- Interest on bonds	734	734
- Financial instruments	74	1 294
- Deliveries and services, with a maturity:	233 520	371 301
- of less than 12 months	230 263	365 022
- over 12 months	3 257	6 279
- Advances received for deliveries	11 964	22 749
- Liabilities from bills of exchange	0	0
- Taxes, customs, social insurance and other benefits	7 787	3 113
- Remuneration	1 809	2 157
- Other (by type), incl.:	347	1 031
- Investment acquisitions	0	0
- Other	347	1 031
Total short-term liabilities	**295 452**	**419 046**

Note 22.1. Short-term liabilities (by currency)

	31.12.2015	31.12.2014
a) in Polish currency (PLN)	292 749	414 267
b) Equivalent in Polish currency when converted at the average exchange rate of the NBP as at the balance sheet date (Euro is the original settlement currency)	2 703	4 779
Total short-term liabilities	**295 452**	**419 046**

Note 23. Finance lease liabilities

Balance sheet value

	31.12.2015	31.12.2014
Up to 1 year	1 485	808
1 to 5 years	2 278	1 065
Over 5 years	0	0
Total	**3 763**	**1 873**

The Group uses financial leasing of means of transport. The average lease duration is 3 years. Liabilities due to lease contracts are secured by assets used under a finance leases.

Liabilities from financial leasing, both long-and short-term ones, the Company presents in the balance sheet under the item "Other financial liabilities".

Note 24. Loans and borrowings

As at 31.12.2015, the Company had lines of credit in 6 banks. As at 31.12.2015, the Company did not use the overdraft in any of the banks.

Terms and conditions of loan agreements
Under the loan agreements, the Company is obliged to meet certain financial ratios (so-called loan covenants). In the twelve months of 2015, ERBUD SA did not breach the terms of loan agreements.

As at the date of preparing the Consolidated Financial Statement, the Management Board of the Parent Company does not see any significant problems with maintaining the current bank financing.

As of 31 December 2015, ERBUD SA did not have any liabilities due to short-term overdrafts.

The following tables provide details of loans and borrowings used as of 31.12.2015:

Bank loans:	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 S.A.	20 000	PLN	PLN	0	PLN	Wibor 3M+2.60%	30.06.2017	PKO BP
Collaterals/guarantees to repay the loan granted to Erbud S.A.								
Final collaterals:								
Investments - 10% of the limit								
Enforcement statement								
Assignment of receivables from construction contracts of 120% of the loan and guarantee limits								
Turnover - 30% of sale revenues through the account held in PKO BP								
Surety – provided by Erbud International Sp.z o.o. and PBDI S.A.								

Bank loans:	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 S.A.	34 000	PLN	PLN	0	PLN	Wibor 1M+1.60%	31.12.2016	ING S.A.
Collaterals/guarantees to repay the loan granted to Erbud S.A.								
Final collaterals:								
Investments - 10% of the guarantee granted for a period between 2 and 4 years; 15% of the guarantee granted for a period of over 4 years								
Mortgage on developed property located in Toruń on Polna St. belonging to PBDI SA up to PLN 50m								
Enforcement statement								
Assignment of receivables from construction contracts of 150% of the loan and guarantee limits								
Turnover - proportional to the involvement of the Bank in crediting the Group through the account held with ING S.A.								

Bank loans:	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 S.A.	10 000	PLN	PLN	0	PLN	Wibor 1M+1.80%	30.12.2016	mBank S.A.

Collaterals/guarantees to repay the loan granted to Erbud S.A.

Final collaterals:

Customer's blank promissory note with a declaration of 02/06/2009.
Assignment to the Bank of receivables from customers covered by the assignment with an aggregate minimum value of PLN 60,000,000, for contracts with a completion period of at least nine months and with a total monthly average turnover of not less than PLN 10,000,000 PLN.

Bank loans:	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 S.A.	3 000	PLN	PLN	0	PLN	Wibor 3M+1.50%	2.11.2016	BNP Paribas Bank S.A.

Collaterals/guarantees to repay the loan granted to Erbud S.A.

Final collaterals:

Transfer of amounts from the account as collateral: 0% for a 12 month guarantee, 10% of the guarantee provided for 2 - 36 month, 15% of the guarantee in case of guarantees for over 36 months

Enforcement statement

Assignment of receivables from construction contracts of 150% of the loan and guarantee limits

Turnover - proportional to the involvement of the Bank in crediting Erbud SA through the account held with PNB Paribas S.A.

Bank loans:	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 S.A.	10 000	PLN	PLN	0	PLN	Wibor 3M+1.60%	04.09.2016	Alior Bank

Collaterals/guarantees to repay the loan granted to Erbud S.A.

Final collaterals:

Power of attorney to operate the Borrower's current account and other accounts held with the Bank

Assignment of receivables from construction contracts of 150% of the loan and guarantee limits

Cash deposit of 10% of the guarantee granted under the guarantee limit, in case of guarantees with a period of over 36 months

Bank loans:	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 S.A.	5 000	PLN	PLN	0	PLN	Wibor 1M+1.50%	20.11.2016	BZ WBK S.A.
Collaterals/guarantees to repay the loan granted to Erbud S.A.								
Final collaterals:								
Transfer of receivables from ongoing and future contracts								
Enforcement statement								

Note 25. Calculation of book value per share

Book value per share is calculated by dividing the equity by the number of shares as at the balance sheet date.

2015: book value - PLN 254,896 thousand (equity); 12,811,859 shares = PLN 19.90

2014: book value - PLN 247,259 thousand (equity); 12,761,925 shares = PLN 19.37

Note 26. Issuance / Redemption / Repayment of debt and equity securities

Note 26.1. Issuance / Redemption / Repayment of debt securities

On 26 March 2014, the Company issued a total of 5,200 bearer bonds, dematerialized, unsecured, with an aggregate nominal value of PLN 52 million. The par value of one bond was PLN 10,000. The issue price amounted to PLN 9,587. The redemption date is 26 March 2018. The interest rate on bonds is variable and based on WIBOR 6M plus a margin equal to 3.0 percentage points. Interest are to be paid every 6 months. On 25 April 2014 bearer bonds of series B issued by the Company were introduced to the BondSpot alternative trading system operating within Catalyst. The Company has earmarked funds for the purchase of 40,000 bonds of series A issued by the Issuer and financing the increased demand on working capital associated with record orders backlog of the Capital Group. The remaining 10,000 Series A bonds was redeemed according the originally fixed term, i.e. on 14 July 2014.

In 2015, the Company incurred financing costs in the amount of PLN 2 600 thousand due to accrued interest on bonds issued.

Note 26.2. Issuance / Redemption / Repayment of equity securities

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 a number 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. In addition, the person who would be entitled may not be upon notice of termination of the employment contract.

On 20 April 2015, in connection with the planned by the Management Board increase in the 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, at the request of the Management Board of the Company dated 20 April 2015 the Supervisory Board of Erbud SA passed Resolution No. 6/2014 on depraving the existing shareholders of pre-emptive rights to acquire Series “J” shares and determining the issue price of shares of Series “J” in the amount of PLN 11.00.

On 3 June 2015, the Management Board adopted Resolution No. 4/2015 on increasing the share capital by no more than PLN 5,000 through the issue of no more than 50,000 shares of series “J”, depraving the existing shareholders of pre-emptive rights to acquire Series “J” shares and determining the issue price of shares of Series “J” in the amount of PLN 11.00.

As at the date of the preparing the Consolidated Financial Statements Erbud as well as at the date of publication of these Statements, Erbud SA and Erbud Group does not apply any incentive plan based on shares, stock options, warrants or other derivatives.

Note 27. Acquisitions / Sale of subsidiaries / Sale of long-term investments

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.

Note 28. Trade net income (by type – kind of activities)

	31.12.2015	31.12.2014
- Sale of products	0	0
- of which to related parties	0	0
- Sale of services	1 167 999	1 108 379
- of which to related parties	8 714	8 828
Total trade net income	**1 167 999**	**1 108 379**
- of which from associates	**8 714**	**8 828**

Note 29. Trade net income (geographical structure)

	31.12.2015	31.12.2014
a) Domestic	1 108 898	1 080 411
- Sale of products	0	0
- of which to related parties	0	0
- Sale of services	1 108 898	1 080 411
- of which to related parties	8 714	8 828
b) Export	59 101	27 968
- Sale of products	0	0
- of which to related parties	0	0
- Sale of services	59 101	27 968
- of which to related parties	0	0
Total trade net income	**1 167 999**	**1 108 379**
- of which to related parties	**8 714**	**8 828**

Note 30. Net income on sales of goods and materials (geographical structure)

Both in 2015 and 2014, the Company has not achieved revenue from sales of goods and materials.

Note 31. Operating costs

Note 31.1. Expenses by type

	31.12.2015	31.12.2014
a) Depreciation and amortisation	2 323	2 256
b) Consumption of materials and power	117 256	121 795
c) External services	925 362	941 510
d) Taxes and charges	4 933	3 195
e) Remuneration	68 833	45 604
f) Social security and other benefits	13 979	10 525
g) Other costs	6 169	3 895
h) Goods and materials sold	0	0
Total expenses by type	**1 138 855**	**1 128 780**
Change in products and accrued expenses due to construction contracts	5 117	-40 800
Cost of products manufactured for in-house use (negative value)	0	0
Sales cost (negative value)	0	0
General and administrative costs (negative value)	-42 591	-36 595
Value of goods and materials sold	0	0
Manufacturing cost of products sold	**1 101 381**	**1 051 385**

Note 31.2. Sale costs

The Company does not identify costs of sales due to their insignificant.

Note 32. Other operating income

	31.12.2015	31.12.2014
a) Profit on disposal of non-financial fixed assets, incl.:	1 156	1 243
- Fixed assets and fixed assets in progress	310	450
- Real estate	846	793
b) Subsidies	0	0
c) Other, incl.:	2 159	1 811
- Indemnities	694	1 275
- Provisions released	0	191
- Other	924	28
- Relief of liabilities	10	44
- Release of provisions for receivables	121	0
- Other (Belgium - tax relief)	410	273
Total other operating income	**3 315**	**3 054**

Note 33. Other operating expenses

	31.12.2015	31.12.2014
a) Loss on disposal of non-financial fixed assets	0	0
b) Revaluation of non-financial assets	0	0
- Impairment of receivables	0	0
- Impairment of inventories	0	0
c) Other, incl.:	9 484	5 893
- Impairment of receivables	4 166	1 651
- Written-down claims	1 790	1 186
- Penalties, fines and indemnities	306	2 094
- Costs of litigation	1 168	731
- Provisions for litigation	1 397	199
- Donations	33	31
- Other	624	1
Total other operating expenses	**9 484**	**5 893**

Note 33.1. Income from interest

	31.12.2015	31.12.2014
a) Due to borrowings granted	1 505	1 378
- from related parties, of which:	1 505	1 378
- from subsidiaries	1 505	1 378
- form other entities	0	0
b) Other interest	845	1 258
- from related parties	0	0
- from other entities, of which:	845	1 258
- from investments	122	364
- other	723	894
Total income from interest	**2 350**	**2 636**

Note 33.2. Other financial incomes

	31.12.2015	31.12.2014
a) Foreign exchange profits	1 326	571
- realized	1 268	218
- unrealized	58	353
b) Provisions released	0	0
c) Other	945	743
Total other financial income	**2 271**	**1 314**

Note 33.3. Financial income from dividends and share in profit

In the reporting period ended 31 December 2015, the Company recorded financial income related to dividends from its subsidiary Erbud Rzeszów Sp. z o.o. amounting to PLN 711 thousand.

In the reporting period ended 31 December 2014, the Company recorded financial income related to dividends from its subsidiary GWI GmbH in the amount of PLN 2 495 thousand and its subsidiary PBDI in the amount of PLN 1 003 thousand.

Note 34. Financial costs

Note 34.1. 1 Financial costs due to interest

	31.12.2015	31.12.2014
a) Interest due to loans and borrowings to	639	991
- related parties	0	0
- other entities	639	991
b) Other interest to	2 845	4 911
- related parties	0	0
- other entities, incl.;	2 845	4 911
financial liabilities due to lease	127	70
interest on outstanding tax	4	641
interest on bonds	2 600	3 272
other interest	114	928
other current liabilities	0	0
Total financial cost due to interest	**3 484**	**5 902**

Nota 34.2. Financial costs - revaluation of investments

In the reporting period ended 31 December 2015 there was no such item.

Note 34.3. Other financial costs

	31.12.2015	31.12.2014
a) Foreign exchange losses	0	0
b) Provisions created	0	0
c) Other, incl.:	3 401	2 714
- charges on bank guarantee	235	239
- origination fees and commissions	2 237	2 065
- other	929	410
Total other financial costs	**3 401**	**2 714**

Note 35. Income tax

	31.12.2015	31.12.2014
1. Gross profit (loss), of which:	**16 304**	**16 392**
- gross profit (loss)	**16 304**	**16 392**
Tax non-deductible costs	**13 742**	**95 258**
Revaluation of receivables	4 166	5 006
Revaluation of long-term financial assets	33	0
Representation and advertising	3 814	2 401
Costs of damages	151	546
Budget interest	4	641
Other	668	853
Penalties and sanctions	0	2
Contribution to National Disabled Persons Rehabilitation Fund (PFRON)	604	473
Creation of provision for leaves	1 643	685
Creation of provision for remedial works	992	452
Creation of provision for retirement severance payments	415	64
Creation of provision for balance sheet audit	247	196
Creation of provision for loss on long- term contracts	363	269
Provision for costs	2 500	0
Non-deductible VAT	368	373
Accrued expenses of the period	-60 459	62 998
Provisions for litigation	1 397	199
Written-off claims	1 779	1 186
Unpaid social insurance (ZUS) contributions	157	188

Unpaid remuneration	1 463	1 824
Donations	33	31
Balance sheet valuation of loans, receivables, payables and cash and cash equivalents	4 359	73
Balance sheet valuation of receivables	0	0
Contributions to the organizations	305	103
Depreciation of fixed assets leased	1 440	1 418
Financial costs on lease	127	70
Discounted receivables and payables	103	691
Management options	0	118
Bank interest	0	0
Interest expense on bonds (accrued)	734	-1 155
Discount of bonds	237	420
Surplus balance sheet costs over tax costs from the valuation of contracts	8 658	13 861
Overdue payments	-541	541
Litigation expenses	1 239	732
Construction costs taxed in Belgium	36 744	
Book income not counted as tax income	**40 860**	**80 698**
Revaluation of investments	0	0
Surplus of balance sheet revenue over tax income from the valuation of contracts	0	0
Reversal of impairment losses on receivables	0	3 356
Balance sheet valuation of loans, receivables, payables and cash and cash equivalents	65	384
Dividend	711	3 498
Interest on loans	313	-1 394
Release of provision for losses on long-term contracts	269	0
Release of provisions for remedial works	932	549
Release of provisions for holidays	1 035	0
Release of provisions for litigations	199	94
Release of provisions for litigations	295	631
Discounting of deposits covering debts	114	0
Release of provisions for retirement	0	73 580
Revenues from contracts (accrued)	36 927	0
Tax costs not classified as book costs	**3 469**	**911**
Release of provision for balance sheet audit	196	192
Lease payments	1 261	720
Unpaid social insurance (ZUS) contributions	188	0
Unpaid remuneration	1 824	
Tax costs not classified as book costs	**73 580**	**0**
Revenue from contracts (accrued)	73 580	0
2. Income tax base	**59 297**	**30 040**
3. Deductions from the tax base	**-5 725**	**-20 878**
- Losses from previous years	-5 725	-20 878
4. Tax base after deductions	**53 572**	**9 162**
5. Income tax at the rate of19%	10 179	1 741
6. Current income tax declared in the tax return for the period		
7. Change in assets due to deferred tax (19%)	4 745	-2 461
8. Change in provision due to deferred tax (19%)	-9 531	4 617
9. Change in assets credited to capital from previous yeas	-250	0
10. Change in provision credited to revaluation capital	-236	250
11. Change in assets and deferred tax provision	**-5 272**	**2 407**
12. Tax on dividends from a foreign company	**0**	**0**
13. Tax liability recognised in profit or loss	**4 907**	**4 147**

Note 36. Net earnings per share

	31.12.2015	**31.12.2014**
Net earnings (loss)	11 397	12 245
Weighted average number of shares / Diluted weighted average number of shares (in units)	**12 780 257/ 12 811 859**	**12 738 236/ 12 768 272**
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)	**0.8918 / 0.8896**	**0.9612 / 0.959**

Basic earnings per share are calculated by dividing the profit attributable to shareholders of the Company, and weighted average number of ordinary shares in use during the year.

Note 37. Net profit (loss) – profit distribution

The Management Board will propose to allocate the net profit for 2015 to reserve capital.

Note 38. Cash at the beginning and end of the period

	31.12.2015	31.12.2014
a) Total cash (as of the beginning of the period)	122 741	57 920
- Cash in hand and at bank	109 778	44 302
- Other cash	12 963	13 618
b) Total cash (as of the end of the period)	101 225	122 741
- Cash in hand and at bank	92 021	109 778
- Other cash	9 204	12 963
Change in cash	**-21 516**	**64 821**
Change in cash due to exchange rate differences	0	0
Cash generated from operating activities	-22 767	69 064
Cash from investing activities	11 582	13 505
Cash from financing activities	-10 331	-17 748

Reconciliation of changes movements in balance sheet items to changes reported in the statement of cash flows as at 31 December 2015 is presented below:

	31.12. 2015
Change in balance sheet accruals	**88 598**
Change in assets due to deferred tax recognized in the revaluation reserve	-236
Change in accruals in the cash flows account	**88 362**

	31.12. 2015
Change in balance sheet liabilities	**122 381**
Change in other financial liabilities	-670
Offsetting trade payables against receivables due to loans granted	3 347
Change in liabilities in the cash flows account	**119 704**

	31.12. 2015
Change in balance sheet provisions	**-4 770**
Change in provision due to deferred tax assets recognized in the revaluation reserve	-250
Change in provisionsin in the cash flows account	**-5 020**

Reconciliation of changes movements in balance sheet items to changes reported in the statement of cash flows as at 31 December 2014 is presented below:

	31 Dec 2014
Change in balance sheet accruals	**-63 976**
Accruals due to discounting bonds	1 919
Change in accruals in the cash flows account	**-62 057**

	31 Dec 2014
Change in balance sheet liabilities	**138 819**
Change in liabilities due to bonds	50 000
Change in other financial liabilities	-497
Change in liabilities from loans and borrowings	6
Offsetting trade payables against receivables due to loans granted	2 430
Change in liabilities in the cash flows account	**190 758**

Note 39. Information on financial instruments

39.1. Carrying amount

Carrying amounts of all financial instruments of the Company by classes and categories of assets and liabilities as at 31 December 2014 are summarized in the table below:

	Financial instruments						
Class of financial instruments	**Available for-sale financial assets**	**Financial assets at fair value through profit or loss account**	**Loans and receivables at amortized cos**	**Financial liabilities at fair value through profit or loss**	**Financial liabilities at amortized cost**	**Liabilities due to derivative instruments recognized as hedging instruments - hedge accounting**	**Total**
Loans granted	0	0	14 886	0	0	**0**	**14 886**
Financial assets	136 736	0	0	0	0	**0**	**136 736**
Building contracts retention money	0	0	33 868	0	-81 725	**0**	**-47 857**
Trade receivables, excluding building securities	0	0	243 957	0	0	**0**	**243 957**
Receivables from customers under building contracts presented in prepayments	0	0	119 064	0	0	**0**	**119 064**
Derivative financial instruments	0	0	0	0	0	1 241*	**1 241**
Other financial assets	0	724	0	0	0	**0**	**724**
Cash and cash equivalents	0	101 225	0	0	0	**0**	**101 225**
Credits, loans and other borrowing costs	0	0	0	0	-56 498	**0**	**-56 498**
Liabilities to customers under building contracts	0	0	0	0	-69 859	**0**	**-69 859**
Trade liabilities, excluding building securities	0	0	0	0	-189 027	**0**	**-189 027**
Other receivables and liabilities	0	0	13 025	0	-14 621	**0**	**-1 596**
Total	**136 736**	**101 949**	**424 800**	**0**	**-411 730**	**1 241**	**252 996**

** the amount consists of the value of financial assets amounting to PLN 1 315 thousand and of financial liabilities amounting to PLN 73 thousand*

Carrying amounts of all financial instruments of the Company by classes and categories of assets and liabilities as at 31 December 2014 are summarized in the table below:

	Financial instruments						
Class of financial instruments	**Available for-sale financial assets**	**Financial assets at fair value through profit or loss account**	**Loans and receivables at amortized cost**	**Financial liabilities at fair value through profit or loss**	**Financial liabilities at amortized cost**	**Liabilities due to derivative instruments recognized as hedging instruments - hedge accounting**	**Total**
Loans granted	0	0	28 740	0	0	**0**	**28 740**
Financial assets	136 736	0	0	0	0	**0**	**136 736**
Building contracts retention money	0	0	48 193	0	-81 104	**0**	**-32 911**
Trade receivables, excluding building securities	0	0	222 966	0	0	**0**	**222 966**
Receivables from customers under building contracts presented in prepayments	0	0	165 150	0	0	**0**	**165 150**
Derivative financial instruments	0	0	0	0	0	-1 294	**-1 294**
Other financial assets	0	758	0	0	0	**0**	**758**
Cash and cash equivalents	0	122 741	0	0	0	**0**	**122 741**
Credits, loans and other borrowing costs	0	0	0	0	-55 901	**0**	**-55 901**
Liabilities to customers under building contracts	0	0	0	0	-33 707	**0**	**-33 707**
Trade liabilities, excluding building securities	0	0	0	0	-306 057	**0**	**-306 057**
Other receivables and liabilities	0	0	11 045	0	-25 936	**0**	**-14 891**
Total	**136 736**	**123 498**	**476 094**	**0**	**-502 704**	**-1 294**	**232 330**

39.2. Incomes, expenses, gains and losses recognized in profit or loss account by categories of financial instruments

for the period from 1 January 2015 to 31 December 2015

Class of financial instruments	Financial instruments						
	Available for-sale financial assets	Financial assets at fair value through profit or loss account	Loans and receivables at amortized cos	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Liabilities due to derivative instruments recognized as hedging instruments - hedge accounting	Total
Interest income (expense)	0	122	2 036	0	-3 451	0	**-1 293**
Gains (losses) from exchange rate differences	0	0	58	0	1 268	0	**1 326**
Impairment charges (impairment release)	0	0	-4 045	0	0	0	**-4 045**
Gains (losses) on valuation	0	0	0	192	0	0	**192**
Gains (losses) on sale / implementation of financial instruments	0	0	0	0	0	0	**0**
Total	**0**	**122**	**-1 951**	**192**	**-2 183**	**0**	**-3 820**

Incomes, expenses, gains and losses recognized in profit or loss account by categories of financial instruments

for the period from 1 January 2014 to 31 December 2014

Classes of financial instruments	Financial instruments						
	Available for-sale financial assets	**Financial assets at fair value through profit or loss account**	**Loans and receivables at amortized cos**	**Financial liabilities at fair value through profit or loss**	**Financial liabilities at amortized cost**	**Liabilities due to derivative instruments recognized as hedging instruments - hedge accounting**	**Total**
Interest income (expense)	0	364	1 641	0	-5 211	23	**-3 183**
Gains (losses) from exchange rate differences	0	187	166	0	217	0	**570**
Impairment charges (impairment release)	0	0	-1 651	0	0	0	**-1 651**
Gains (losses) on valuation	0	1	0	0	-60	0	**-59**
Gains (losses) on sale / implementation of financial instruments	0	0	0	0	0	0	**0**
Total	**0**	**552**	**156**	**0**	**-5 054**	**23**	**-4 323**

The Company holds 5,872 UNITS in Allianz Stabilnego Wzrostu FIO (Allianz Stable Growth Fund). The value of units as at 31.12.2015 amounted to PLN 724 thousand and the cost resulting from the valuation as of 31 December 2015 was PLN 33 thousand. The revaluation has been recognised in the result of the reporting period.

Note 40. Revenues, costs and results of discontinued operations during the reporting period, or intended to be discontinued in the subsequent period

There were no discontinued operations over the reporting period. Any type of activity is intended to be discontinued.

Note 41. Information about transactions with related parties (mutual receivables and liabilities, costs and revenues from mutual transactions) that are subject to consolidation and those not to be consolidated

Item	Receivables/assets	Liabilities	Income	Expenses
	as at 31 Dec 2015		as at 31 Dec 2015	
Total related parties	**26 697**	**37 732**	**11 171**	**149 740**
- Deliveries and services	7 173	37 232	8 714	149 240
- Loans and interest	14 886	0	1 505	0
- Other	4 638	500	952	500
Consolidated related parties	**26 666**	**37 232**	**11 168**	**149 740**
- Deliveries and services	7 142	37 232	8 711	149 240
- Loans and interest	14 886	0	1 505	0
- Other	4 638	500	952	500
Non- consolidated related parties	**31**	**0**	**3**	**0**
- Deliveries and services	31	0	3	0
- Other	0	0	0	0
- Loans and interest	0	0	0	0

Item	Receivables/assets	Liabilities	Income	Expenses
	as at 31 Dec 2014		as at 31 Dec 2014	
Total related parties	**47 180**	**15 859**	**10 934**	**91 906**
- Deliveries and services	16 326	15 859	8 828	91 496
- Loans and interest	28 740	0	1 378	0
- Other	2 114	0	728	410
Consolidated related parties	47 152	15 859	**10 932**	**91 906**
- Deliveries and services	16 298	15 859	8 826	91 496
- Loans and interest	28 740	0	1 378	0
- Other	2 114	0	728	410
Non- consolidated related parties	28	0	**2**	**0**
- Deliveries and services	28	0	2	0
- Other	0	0	0	0
- Loans and interest	0	0	0	0

Note 42.

As at 31 December 2015 the managing persons (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	Per cent of equity	Number of votes	Per cent of voting rights at the GM
DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych controlled by Dariusz Grzeszczak	Ordinary	2 136 260	16.67%	2 136 260	16.67%
Adler Properties Sp z o.o. controlled by Józef Zubelewicz	Ordinary	712 087	5.56%	712 087	5.56%
Dariusz Grzeszczak	Ordinary	773 900	6.04%	773 900	6.04%
Józef Adam Zubelewicz	Ordinary	259 500	2.03%	259 500	2.03%
Albert Duerr- Supervisory Board member	Ordinary	14 500	0.11%	14 500	0.11%
Walenty Twardy	Ordinary	2 100	0.02%	2 100	0.02%
Erbud SA procuration holder Piotr Augustyniak	Ordinary	2 644	0.02%	2 644	0.02%
Erbud SA procuration holder Agnieszka Głowacka	Ordinary	8 300	0.06%	8 300	0.06%

Erbud SA procuration holder					
Bogdan Duerr	Ordinary	7 708	0.06%	7 708	0.06%
Erbud SA procuration holder					
Włodzimierz Czystowski	Ordinary	6 621	0.05%	6 621	0.05%
Erbud SA procuration holder					
Mirosław Młynarski	Ordinary	17 786	0.14%	17 786	0.14%
Procuration holder					
Radosław Kałamaga	Ordinary	12 567	0.10%	12 567	0.10%
Procuration holder					
Maciej Wyrzykowski	Ordinary	1 900	0.01%	1 900	0.01%
Erbud SA procuration holder.					
Kryspin Jarosz	Ordinary	6 780	0.05%	6 780	0.05%
Erbud SA procuration holder					
Piotr Dobosz - procuration holder	Ordinary	7 714	0.06%	7 714	0.06%
Mariola Zielińska	Ordinary	6 668	0.05%	6 668	0.05%
Chief Accountant of Erbud SA					

As at 31 December 2014 the managing persons (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	Per cent of equity	Number of votes	Per cent of voting rights at the GM
DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych controlled by Dariusz Grzeszczak	Ordinary	2 136 260	16.74%	2 136 260	16.74%
Adler Properties Sp z o.o. controlled by Józef Zubelewicz	Ordinary	681 914	5.34%	681 914	5.34%
Juladal Investments Ltd. (a company controlled by Board members of Erbud SA)	Ordinary	30 173	0.24%	30 173	0.24%
Dariusz Grzeszczak	Ordinary	773 900	6.06%	773 900	6.06%
Józef Adam Zubelewicz	Ordinary	259 500	2.03%	259 500	2.03%
Albert Duerr- Supervisory Board member	Ordinary	14 500	0.11%	14 500	0.11%
Walenty Twardy	Ordinary	9 852	0.08%	9 852	0.08%
Erbud SA procuration holder					
Piotr Augustyniak	Ordinary	890	0.01%	890	0.01%
Erbud SA procuration holder					
Agnieszka Głowacka	Ordinary	5 500	0.04%	5 500	0.04%
Erbud SA procuration holder					
Bogdan Duerr	Ordinary	7 297	0.06%	7 297	0.06%
Erbud SA procuration holder					
Włodzimierz Czystowski	Ordinary	5 921	0.05%	5 921	0.05%
Erbud SA procuration holder					
Mirosław Młynarski	Ordinary	14 952	0.12%	14 952	0.12%
Procuration holder					
Radosław Kałamaga	Ordinary	9 516	0.07%	9 516	0.07%
Procuration holder					
Maciej Wyrzykowski	Ordinary	2 200	0.02%	2 200	0.02%
Erbud SA procuration holder.					
Kryspin Jarosz	Ordinary	3 244	0.03%	3 244	0.03%
Erbud SA procuration holder					
Piotr Dobosz - procuration holder	Ordinary	9 256	0.07%	9 256	0.07%
Mariola Zielińska	Ordinary	5 618	0.04%	5 618	0.04%
Chief Accountant of Erbud SA					

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

Members of the Supervisory Board, the Management Board of the Parent and the key management personnel, both as at 31 December 2015 and as at 31 December 2014 were not a party to the contract obliging to render services to the companies of the Erbud Group.

Under the Employee Incentive Scheme Program, the following number of shares of series ”J” has been granted to the managing staff:

Shareholder	Class of shares	Number of shares
Walenty Twardy – ERBUD SA procuration holder	Ordinary	2 100
Piotr Augustyniak – ERBUD SA procuration holder	Ordinary	1 754
Maciej Wyrzykowski – ERBUD SA procuration holder	Ordinary	700
Agnieszka Głowacka – ERBUD SA procuration holder	Ordinary	2 800
Bogdan Dürr – ERBUD SA procuration holder	Ordinary	411
Tomasz Krzywicki – ERBUD SA procuration holder	Ordinary	1 522
Włodzimierz Czystowski – ERBUD SA procuration holder	Ordinary	700
Radosław Kałamaga – ERBUD SA procuration holder	Ordinary	3 051
Mirosław Młynarski – ERBUD SA procuration holder	Ordinary	2 834
Piotr Dobosz – ERBUD SA procuration holder	Ordinary	2 374
Kryspin Jarosz – ERBUD SA procuration holder	Ordinary	3 536

Note 42.1. Remuneration of key management personnel

Remuneration of the Management Board members of ERBUD SA paid by ERBUD SA and its subsidiaries:

Name and surname	Position/Function	Total value of remuneration paid and benefits in kind granted in the year ended 31 December 2015	Total value of remuneration paid and benefits in kind granted in the year ended 31 December 2014
Dariusz Grzeszczak	Member of the Management Board	1 513	1 175
Józef Adam Zubelewicz	Member of the Management Board	1 514	1 178
Paweł Smoleń	Member of the Management Board	290	0

Remuneration of the Supervisory Board members of ERBUD SA in the year ended 31 December 2015 and as at 31 December 2014 paid by ERBUD SA and its subsidiaries:

Name and surname	Position/Function	Total value of remuneration paid and benefits in kind granted in the year ended 31 December 2015	Total value of remuneration paid and benefits in kind granted in the year ended 31 December 2014
Udo Berner	President of the Supervisory Board	90	90
Józef Olszyński	Vice-President of the Supervisory Board	72	72
Albert Dürr	Member of the Supervisory Board	60	60
Gabriel Główka	Member of the Supervisory Board	60	60
Zofia Dzik	Member of the Supervisory Board	60	60
Michał Otto	Member of the Supervisory Board	60	60
Janusz Lewandowski	Member of the Supervisory Board	60	31

Note 43. Information about joint ventures that are not subject to consolidation

The Company does not run non-consolidated joint ventures.

Nota 44. Information on significant events that occurred during the twelve months of 2015 and after the balance sheet date

On **12 January 2015**, Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. from Toruń (the “Contractor”) - a subsidiary owned 94.27 per cent by the Issuer, concluded on 12 January 2015 with the Dąbrowice Wind Power Plant based 28-230 Połaniec, Zawada 26 (the “Builder”) - a company belonging to GDF Suez Energy Polska SA, a contract for preparing detail design and construction works: distribution substation, roads, foundations, assembly yards for wind power plants with installation of high and medium voltage cable lines, fibre-optic cable for the 36,2MW Dąbrowice Wind Farm as well as electrical works.
Total contract value: PLN 38,500,000 net (said: thirty-eight million five hundred thousand Zlotys).
The commissioning of the Dąbrowice Wind Farm will be by 31 December 2015, while the final settlement of the task by 31 March 2016.

On **19 January 2015**, the Issuer entered with Potegowo Winergy sp. z o.o. with its registered office in Warsaw, 11 Polna St. (the “Employer”) into a contract to build the Potęgowo-Wschód Wind Farm with a capacity of 101.25 MW,

consisting of 38 wind turbines grouped into four wind farms: Karżcino, Wrzeście-Kępno, Bięcino, Głuszynko-Grapice, including accompanying infrastructure (i.e. building facilities, roads, energy infrastructure and low voltage systems) and power transfer system, i.e. 30/110 kV cable lines with associated network and 30/110 kV power take-off unit.
The Issuer is a Partner of Consortium formed with PBDI SA based in Torun (the "Consortium Leader") - a subsidiary 94.27 percent owned by the Issuer and Electrum Sp. z o. o. based in Białystok (the "Consortium Partner").
The total net Contract value is PLN 198,600,000.00 (in words: one hundred and ninety-eight million, six hundred thousand Zlotys). The value of Electrum sp. z o.o. works amounts to PLN 102,012,500.00 (in words: one hundred and two million, twelve thousand, five hundred Zlotys) net.
The task is to be completed within 12 months from the date of entry of the contract into force.

On **11 February 2015**, the Issuer concluded with the PEP Group - Farma Wiatrowa Mycielin Spółka z ograniczoną odpowiedzialnością with its registered office in 02-526 Warsaw, 24/26 Krucza St. (the "Builder") a contract to build the Mycielin Wind Farm, including accompanying infrastructure, with a total capacity of 48 MW, located in Niegosławice and Szprotawa Commune, Żagań District, Lubuskie Provinz.
The Issuer is a Partner of a Consortium formed with PBDI SA based in Torun (the "Consortium Leader"), a subsidiary 94.27 percent owned by the Issuer.
The total net Contract value is PLN 72,548,990 (in words: seventy-two million, five hundred and forty-eight thousand, nine hundred and ninety Zlotys).
The project is scheduled to be completed by the Consortium till 3 March 2016.

On **11 February 2015**, the Issuer concluded with the PEP Group - Farma Wiatrowa 4 Spółka z ograniczoną odpowiedzialnością seated in 02-526 Warsaw, 24/26 Krucza St. (the "Builder") a contract to execute complex construction works for the construction of wind turbines constructions, service roads and mezzanine platforms for the second stage of Skurpie Wind Farm.
The Issuer is a Partner of a Consortium formed with PBDI SA based in Torun (the "Consortium Leader"), a subsidiary 94.27 percent owned by the Issuer.
The total net Contract value is PLN 3,410,648.36 (in words: three million, four hundred and ten thousand, six hundred and forty-eight point three six Zlotys).
The project is scheduled to be completed by the Consortium till 4 January 2016.

On **11 March 2015**, the Issuer entered with the Grupa PEP – Farma Wiatrowa 1 Spółka z ograniczoną odpowiedzialnością, with its registered office in 02-526 Warsaw, 24/26 Krucza St. (the "Employer") into a contract for comprehensive building works related to the construction of a wind farm.
The Issuer is a Partner of Consortium formed with PBDI SA based in Torun (the "Consortium Leader") - a subsidiary 94.27 percent owned by the Issuer.
The total net Contract value is PLN 4,504,357.39 (said: four million, five hundred and four thousand, three hundred and fifty-seven, point three nine Zlotys).
The project is scheduled to be completed by the consortium till 6 February 2016.

On **11 March 2015**, Erbud S.A. concluded a contract for demolition of existing building and construction of SZUCHA Premium Offices – office building consisting of two aboveground, seven- and three-storey portions, three-storey underground car park and necessary in-building facilities, incl. on-site development works.

The Investor: GPG CORNER - Green Property Group Sp. z o. o. S.K.A ul. Podkocka 4B, 63-460 Nowe Skalmierzyce.
Net contract value: PLN 41,286,000
Site location: Warszawa, Al. Szucha 17/19
Completion period: 18 months from the date of signing the contract.

On **31 March 2015**, the Issuer signed with Wiatromil Sp. z o.o based in 80-307 Gdansk, 1A Abrahama St. (the Employer) an annex to the conditional contract dated 15.10.2014 for the design, plant, construction and commissioning of building and power infrastructure for a wind farm in the towns of of Banie i Kozielice in Poland, consisting of 96 wind turbines, three power stations and connections to the 220 kV transmission grid in Krajnik station. About concluding the above said contract the Issuer has informed in the Current Report No. 39/2014 of 16 October 2014.
The Issuer is a Partner of the Consortium (Contractor) formed together with PBDI SA seated in Toruń as a Consortium Leader - a subsidiary in which the Issuer owns 94.27% in share capital, and Electrum sp. z o.o. based in Białystok as a Consortium Partner.

The annex includes the following amends:
1) Reducing the scope of the project. The remaining scope is divided into three phases.
2) Reduction of the total contract value to PLN 157,200,000.00 (say: one hundred and fifty-seven million, two hundred thousand Zlotys) wherein:

- the value of the first phase is set at PLN 117,500,000.00 (say: one hundred and seventeen million, five hundred thousand Zlotys), of which the value of range to be executed by Electrum sp. z o.o. is 39,500,000.00 (say: thirty-nine million, five hundred thousand Zlotys);
- the value of the second phase is set at PLN 28,700,000.00 (say: twenty-eight million, seven hundred thousand Zlotys);
- the value of the third phase is set at PLN 11,000,000 (say: eleven million Zlotys).

The detailed range of works range in the phase II and III will be made prior to the Instruction to Proceed Commencement of these works. The value of works to be completed by Electrum Sp. z o.o is not more than 30 percent of the II and III stages together.
3) The Contractor has been instructed to start of the first phase works; the completion is scheduled for 30 April 2016.
4) The performance of phase II and III of the project will depend on the Employer's decision.
The original value of the contract amounted to PLN 250,740,540.13, of which the value of the work performed by the Consortium Partner Electrum Sp. z o.o. is PLN 136.558.300.00.
All other terms and conditions of the contract shall remain the same.

On **1 April 2015**, Erbud S.A. signed contract for construction works to erect a retail and office building on a turnkey basis.
Investor: OMEX Sławomir Stepnowski 54-201 Wrocław, 6-10 Przedmiejska St.
The estimated contract value is PLN 25,450,605.69 - unit price remuneration
The Investor: OMEX Sławomir Stepnowski 54-201 Wrocław, 6-10 Przedmiejska St.
Site location: Wrocław, 38-40 Braniborska St.
Completion period: 02.04.2015 - 16.01.20173.

On **1 April 2015**, the Issuer signed with Potegowo Winergy sp. z o.o. with its registered office in Warsaw (00-633), 11 Polna St. (the “Employer”) an annex to the conditional contract to build the Potęgowo-Wschód Wind Farm. About concluding the above said contract the Issuer has informed in the Current Report No. 14/2015 dated 19 January 2015.
The Issuer is a Partner of Consortium formed with PBDI SA based in Torun (the “Consortium Leader”) - a subsidiary 94.27 percent owned by the Issuer, and Electrum Sp. z o. o. based in Białystok (the “Consortium Partner”).
The annex includes the following amends:
1) Reducing the scope of project works.
2) Reduction of the total contract value to PLN 149,000,000.00 (say: one hundred and forty-nine million Zlotys) of which the value of range to be executed by Electrum sp. z o.o. is 74,500,000.00 (say: seventy-four million, five hundred thousand Zlotys).
The contract is still conditional – it shall come into force subject to receiving from the Employer the Instruction to Commence the Works. It has been agreed that in case the Contractor will be requested to start work before 15 April 2015, the contract will be completed by 5 February 2016. In the event that the Contractor will be requested to start work later, the deadline will be postponed, provided that if the Contractor is not requested to commence work by 4 August 2015, the contract expires.
The original value of the contract amounted to PLN 198,600,000.00, of which Electrum Sp. z o.o. had PLN 102,012,500.00.

On **15 April 2015**, the Company entered with Dom Development SA seated in Warsaw into a contract for the construction as prime contractor of a multi-family housing complex located in Warsaw near to Olbrachta Street.
The remuneration of Erbud SA for the execution of the contract amounts to PLN 63,650,000 (say: sixty-three million, five hundred thousand Zlotys) add VAT.
The total net value of contracts signed with Dom Development SA in the last 12 months is PLN 110,880,000. (say: one hundred and ten million, eight hundred and eighty thousand Zlotys).
The construction works will start on 15 April 2015 with completion scheduled for 15 June 2017.
On **25 June 2015,** the Issuer entered with LC Corp Invest XV Sp. z o.o. Projekt 5 sp. k. as Investor, seated in 53-335 Wrocław at 2-4, Powstańców Śląskich St. registered under the KRS number 0000393606, NIP: 899-276-60-16, REGON: 02167691, into a contract to build multi-family buildings with underground garages in Wrocław on Tęczowa St.
Net contract net value: PLN 28 850 000 (in words: twenty-eight million, eight hundred and fifty thousand Zlotys).
Completion period: 15 months since the receipt of a Notice to Proceed.

On **6 July 2015**, the Issuer and VD Spółka z ograniczoną odpowiedzialnością Mieszkania X Spółka komandytowa, seated in Wroclaw, signed a contract for construction work on the following conditions:
1. The Investor: VD Spółka z ograniczoną odpowiedzialnością Mieszkania X spółka komandytowa, based in Wroclaw, 44 Dabrowskiego St., Wroclaw 50-457, entered into the register of entrepreneurs kept by the District Court for Wrocław-Fabryczna in Wrocław, VI Economic Division of the National Court Register, under KRS number 0000528052, NIP: 8992759004, REGON: 022526920, on behalf of which acts the general partner VD spółka z ograniczoną odpowiedzialnością, based in Wroclaw, 44 Dabrowskiego St., entered into the register kept by the District Court for

Wrocław-Fabryczna in Wrocław, VI Economic Division of the National Court Register, under KRS number 0000291788, REGON: 020604900, NIP: 8971735091.
2. Contract value: PLN 24,995,000
3. Contract subject: Construction of a residential building with retail space and underground car park, utilities and structural landscaping.
4. Completion period: obtaining an occupancy permit - 64 weeks after the receipt of a Notice to Proceed; conditions to issue a Fit-out Taking-Over Certificate for works in the stairwell B and C should be fulfil within 73 weeks from the receipt of a Notice to Proceed.
In addition to significant construction contracts, Erbud SA signed a number of agreements which do not exceed the criterion of a "Significant Agreement".

On **16 June 2015,** GWI GmbH, a subsidiary of the Issuer concluded a contract for construction works under the following terms and conditions:
1. Investor:
a) PDI Düsseldorf Malmedyerstrasse West GmbH;
b) PDI Düsseldorf Malmedyerstrasse Ost GmbH.
2. Contract value: EUR 15,518,321.62 what after conversion at the exchange rate available on the date on which the contract was concluded gives PLN 63,797,372.01
3. Contract subject: construction of a residential building and a kindergarten located on the street Malmedyerstrasse (District Heerdt) in Düsseldorf. The project includes the construction of 141 apartments and a kindergarten with an area of 600 sqm.
4. Completion period: July 2015 - November 2016.realizacji: lipiec 2015 roku do listopad 2016 roku.

On **18 June 2015,** GWI GmbH, a subsidiary of the Issuer concluded a contract for construction works under the following terms and conditions
1 Investor: Vabali SPA Düsseldorf GmbH & Co. KG, Anna-Schneider-Steig 15, 50678 Köln.
2. Contract value: EUR 11,536,504.88, what after conversion at the exchange rate as of the day preceding the date of the conclusion of the contract gives PLN 47,323,896.67
3. Contract subject: construction of the Wellness Complex: Vabali Spa Düsseldorf-Elbsee, Schalbruch
210, 40721 Düsseldorf
4. Completion period: September 2015 – September 2016.

On **15 June 2015, the** Issuer entered into a contract for construction works, electrical & mechanical building services (HVAC and fire protection system), and road works at the Toruń Gas Power Plant – EDF Toruń.
1. Investor: Babcock Borsig Steinmüller GmbH Europaallee 1 46047 Oberhausen, Germany.
2. Contract value: PLN 41,212,226 PLN net.
3. Completion period: July 2015 – July 2016.

On **27 August 2015,** GWI GmbH, a subsidiary of the Issuer signed a contract for construction work on the following conditions:
1. Investor: Wüstenrot & Württembergische AG, Gutenbergstraße 30, 70176 Stuttgart.
2. Contractor: Arge W&W-Campus 1.BA, GWI Bauunternehmung GmbH.
3. Contract value: EUR 55,900,000, what after conversion at the exchange rate as of the date of concluding the contract gives PLN 236,909,790.The share of GWI GmbH is EUR 8,900,000 what after conversion at the exchange rate as of the date of concluding the contract gives PLN 37,719,090.
4. Contract subject: construction of office complex - W&W-Campus headquarters, 1 Phase.
6. Completion period: September 2015 – October 2017.

On **2 September 2015,** the Issuer signed a contract for construction works - heating plant in Bytom
1. Contract value: PLN 45,830,000 net
2. Erbud's contract subject: Turnkey construction of a heating plant with WR-25 boiler and accompanying infrastructure including i.a.: preparing design documentation and obtaining replacement building permit design (if required); complex construction and installation services covering the supply of WR-25 boiler, along with plants, installation of coal handling system, slag, flue removal system, flue gas desulphurisation plant, dust collection system and complete services and utilities, start-up, pre-commissioning and commissioning.
3. Completion period: 14 months from 01.09.2015.

On **2 September 2015**, the Issuer entered into a contract for construction works on the following specified terms and conditions:
1. Investor: Leroy-Merlin Inwestycje Sp. z o.o., seated in Warszawa, 72 Targowa St. 72, zip code 03-734

2. Contract value: PLN 31,382,000 net
3. Contract subject: Leroy Merlin DIY superstore located in Wrocław on Graniczna St. for Leroy Merlin Inwestycje Sp. z o.o.
4. Site location: Wrocław, Graniczna St.
5. Completion period: 04.09.2015 - 29.04.2016.

On **24 September 2015,** the Issuer signed a contract for construction works on the following specified terms and conditions;
1. Investor: Mirosław Wróbel Sp. z o.o. ul. Klecińska 155, 54-411 Wrocław
2. Contract value: PLN 32,387,280.07
3. Contract subject: Construction of a building complex, incl. Mercedes dealership with repair shop, office area and welfare rooms, car showroom and parking canopy, storage building along with necessary utilities, located in Wrocław on Graniczna St, plot No.1/13, AM-4, Muchobór Wielki cadastral zoning, Wroclaw commune, district of Wrocław, Lower Silesia province
4. Site location: Wrocław, Graniczna St.
5. Completion: 30.11.2016

On **12 October 2015,** the Issuer signed a contract for construction works on the below specified terms and conditions:
1. Investor: Centrum Praskie Koneser Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa, seated in Warszawa, zip code 02-566, 2 Puławska St.
2. Contract value: EUR 9,915,642.10 - after conversion at the exchange rate available on the date on which the contract was concluded: PLN 41,814,262.74.
3. Contract subject: Construction of underground levels from -3 to 0 and structure of the "J" building in the complex of Centrum Praskie Koneser in Warsaw on Ząbkowska St., incl. accompanying infrastructure.
4. Site location: Warsaw, Ząbkowska St.
6. Date of completion: 12 July 2016.

On **20 October 2015,** the Issuer signed a contract for construction works on below specified conditions:
1. Investor: Central Park Ursynów Sp. z o.o. with o.o with its registered office in Warsaw - a subsidiary of Marvipol SA.
2. Contract value: PLN PLN 109,990,000.
3. Contract subject: Comprehensive execution by the Issuer of Phase 2A and 2B of the project Central Park Ursynów consisting in erection of a residential building complex with underground car park, including obtaining occupancy permit.
4. Site location: Warszawa, Kłobucka St.
5. Date of completion: 02/08/2017.

On **8 December 2015,** the Issuer signed a contract for construction works on below specified conditions:
1 Investor: Ghelamco Poland Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa, seated in Warsaw, 22 Wołoska St.
2. Contract value: EUR 21,057,903.27 net, which translated at the average exchange rate of NBP as of the date of concluding the contract gives PLN 91,142,816.93.
3. Contract subject: Construction of class A+ office building and modernization of two existing buildings comprising, as a whole, the project under the name "Office and Conference Centre NOWA FORMIERNIA"
4. Site location: Łódź, Kilińskiego St.
5. Completion period: Work completion and obtaining a final and unconditional Occupancy Permit scheduled for 31.05.2017.

On **21 December 2015**, the Issuer signed a contract for construction works on below specified conditions:
1. Investor: Longbridge Future Sp. z o.o. seated in Warszawa, 4B Wynalazek St.
2. Contract value: PLN 32,734,500.
3. Contract subject: Construction of multifamily residential complex with underground garage - Phases 0 and A, located in Wrocław on Dożynkowa St.
4. Site location: Wrocław, Dożynkowa St.
5. Completion period: Phase 0 - 17 months from Notice to Proceed the Phase 0; Phase A - 19 months from Notice to Proceed the Phase A.

On **5 January 2016,** the Issuer signed a contract for construction works on below specified conditions:
1. Investor: Capital Park Gdańsk Sp. z o. o., 1 Klimczaka St., 02-797 Warszawa.
2. Net contract value in PLN: 38,200,000 of which Phase I - 1,299,800 and Phase II - 36,900,200.
3. Contract subject: Rebuilding the former Neptun cinema and extending it upwards to form a townhouse with one-level basement car park on Długa and Piwna St. in Gdansk.

4. Site location: Gdańsk, Długa and Piwna St.
5. Duration of the works: Commencement on 07.01.2016 (issue of Notice to Proceed of Phase I); completion no later than 22 months after starting the Phase II.

On **28 January 2016,** the Issuer signed a contract for construction works on below specified conditions:
1. Investor: Zdrojowa Invest Sp. z o.o. Projekt 7 S.K.A, seated 00-545 Warszawa, ul. Marszałkowska 72/17,
2. Contract value: PLN 25,980,000 net.
3. Contract subject: Construction works - Builder's finish of the hotel portion of Baltic Park Molo, including Aqua Park and a 5-Star Radisson Blu Resort, located in Świnoujscie.
4. Site location: Baltic Park Molo, Świnoujście.
5. Completion period: 29.01.2016–28.02.2017.

In addition to the significant agreements for construction works, Erbud SA signed several contracts that do not exceed the criterion set by "Significant agreement".

Other important events

The Managemnet Board of Erbud SA (Issuer) announced by Current Report No. 14/2015 of 19 January 2015 that it entered with Potegowo Winergy sp. z o.o. seated in Warsaw (00-633), 11 Polna St. (the "Employer") into a contract to build the Potęgowo - East Wind Farm. The contract was amended by an annex of 1 April 2015 about which the Issuer informed in the Current Report No. 25/2015 of 1 April 2015.
The Issuer hereby informs that by 4 August 2015 it has not been noticed by the Employer to proceed so therefore the contract has expired.
Under the contract the Issuer was a Partner of Consortium ("Contractor") formed with PBDI SA based in Torun ("Consortium Leader") - a subsidiary 94.27 percent owned by the Issuer and Electrum Sp. z o. o. based in Białystok ("Consortium Partner").

On **20 August 2015** Erbud SA (Issuer) signed with Alior Bank SA, seated in Warsaw, an Annex No. 5 to the Loan Agreement No. U0002139462604. Under this Annex, a PLN 90 million multi-purpose line is available to the Issuer. Within the line, the Issuer may use an overdraft up to PLN 10 million and financial guarantees line up to PLN 80 million.
The loan interest rate is based on WIBOR 3M.
The line is secured by power of attorney to dispose of all accounts held by the Lender and the assignment of claims from contracts executed by the Issuer.
Other conditions of this agreement are at arm's length.

Note 45. Changes in the applied accounting rules (policy) and principles of preparing financial statement in relation to the previous financial year (-s), their causes, titles and influence of financial effects caused by this on the asset and financial position, liquidity, profits and returns

In the period covered by the statements, the Company did not make any changes to the accounting principles applied and to the method of preparation of financial statements, as compared to the previous financial year.

Note 46. Business combinations

In the period ended 31 December 2015 and 31 December 2014, the Company did not merge with another entity.

Note 47. Dividend policy - description of the dividends payment policy and any restrictions connected. The dividend value per share for each financial year of the period covered by the historical financial information, adjusted for comparison purposes in case of changes in the number of shares

By resolution No. 5/2015 dated 29 May 2015, the Annual General Meeting of Erbud SA decided to pay a dividend to the shareholders amounting to PLN 6 381 thousand PLN. Profit allocated for the payment as dividend is PL 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 releasing these statements the dividend was paid.

Note 48. Information on average employment by occupational groups

Average employment	**31.12.2015**	**31.12.2014**
White-collar workers	336	315
Blue-collar workers	370	359
Total	**706**	**674**

Note 49. Information on commitments to the state budget or local self-government units due to the ownership right to buildings and structures

As at 31.12.2015 and 31.12.2014, the Company had no obligations towards the state budget or local self-government units due to the ownership right to buildings and structures.

Note 50. Contingent liabilities to related parties

	31.12.2015	31.12. 2014
Contingent liabilities to related parties from		
a) guarantees and sureties provided. of which	125 710	98 497
- to subsidiaries	125 710	98 497
- to associates	0	0
b) other, of which	0	0
- to subsidiaries	0	0
- to associates	0	0
Total contingent liabilities to related parties	**125 710**	**98 497**

Item	**31.12.2015**	**31.12. 2014**
GWI GmbH – loan repayment guarantee	12 583	12 787
GWI GmbH – loan repayment guarantee	8 389	8 525
GWI GmbH, Erbud International – civil surety for Euler Hermes	46 138	46 885
Erbud Industry Sp. z o.o. – loan repayment guarantee	49 300	20 300
Erbud Industry Centrum Sp. z o.o. – loan repayment guarantee	9 300	10 000
Total contingent liabilities	**125 710**	**98 497**

Note 51. Derivative financial instruments

In 2014, the Group signed a contract for construction works 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

Under the construction contract signed on 08.12.2015 with Ghelamco Poland sp. z o.o. sp.k. for the construction of class "A +" office building and modernization of two existing buildings forming the project named "Office and Conference Centre Nowa Formiernia", Erbud SA expects specified payments in Euro.
In order to hedge cash flows arising from the contract the Group entered on 10.12.2014 with mBank S.A. 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 reporting 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.

As of the balance sheet date the hedge as highly effective. It is expected that the hedge will be also highly effective in offsetting changes in fair value or cash flows attributable to 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.

The following table presents the balance of opening and closing, including the change in fair value of hedging instruments recognized in the item of reserve evaluation in 2015.

Item	31.12.2015	31.12. 2014
Measurement of the contract as at the opening balance date	-1 317	0
Change in valuation of forward contracts (hedges) recognized in the revaluation capital in 2015	2 588	-1 317
Measurement of the contract as at the closing balance date	**1 241**	**-1 317**

Note 52. Off-balance items

As at 31 December 2015, the Company had the following contingent liabilities:

- Liabilities under guarantees granted

Item	31.12.2015	31.12. 2014
Guarantee to pay obligations	20 371	35 652
Performance bond	162 704	190 140
Remedial works guarantee	147 949	135 832
Total contingent liabilities	**331 024**	**361 624**

- Sureties granted to subsidiaries

Item	31.12.2015	31.12. 2014
GWI GmbH – loan repayment surety	12 583	12 787
GWI GmbH – guarantee for the repayment of a loan	8 389	8 525
GWI GmbH, Erbud International – civil surety for Euler Hermes	46 138	46 885
Erbud Industry Sp. z o.o. – loan repayment guarantee	49 300	20 300
Erbud Industry Centrum Sp. z o.o. – loan repayment guarantee	9 300	10 000
Total contingent liabilities	**125 710**	**98 497**

Note 53. Segment information

In the year ended 31 December 2015, the Group conducted operations within the following business segments:

- large-volume building,
- road-engineering,
- construction for energy sector.

In the year ended 31 December 2015, the Group conducted operations within the following geographical segments:

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

The segmentation has been made by classification of the individual entities on basis of their statutory activities. The Group applies uniform accounting policies for all segments

Business segments

The following tables present data on income and profit as well as selected assets and liabilities of business segments of the Group as at 31 December 2015:

Incomes and expenditures by business segments

For the period from 1 January to 31 December 2015	Large-volume construction	Road - engineering	Activities in energy sector	Other	Total
Sale to external clients	1 032 779	3 973	131 247	0	**1 167 999**
Total income	**1 032 779**	**3 973**	**131 247**	**0**	**1 167 999**
Cost of products, goods and materials sold to external clients	961 807	7 572	132 002	**0**	1 101 381
Total cost of products, goods and materials sold	**961 807**	**7 572**	**132 002**	**0**	**1 101 381**
Total gross sales	**70 972**	**-3 599**	**-756**		**66 618**
Sales costs	0	0	0	0	**0**
General and administrative costs	41 535	254	28	774	**42 591**

Result on other operating activity					
	-6 169	0	0	0	**-6 169**
Segment result	**23 268**	**-3 853**	**-784**	**-774**	**17 857**
Result on financing activity	-1 553	0	0	0	**-1 553**
Income tax	4 907	0	0	0	**4 907**
Net profit	**16 808**	**-3 853**	**-784**	**-774**	**11 397**

Other items by business segments

For the period from 1 January to 31 December 2015	**Large-volume construction**	**Road -engineering**	**Activities in energy sector**	**Total**
Segment depreciation and amortisation	2 323	0	0	**2 323**
Interest income	2 350	0	0	**2 350**
Interest costs	3 484	0	0	**3 484**
Impairment of assets	4 166	0	0	**4 166**
Reversal of impairment losses on assets	121	0	0	**121**
Capital expenditure for:	5 517	0	0	**5 517**
- Tangible fixed assets	2 338	0	0	**2 338**
- Intangible fixed assets	154	0	0	**154**
- Increase due to acquisition	0	0	0	**0**
Other non-cash outlays	3 024	0	0	**3 024**

Assets and liabilities by business segments

As at 31 December 2015	**Large-volume building**	**Road-engineering**	**Power sector construction**	**Total**
Segment assets	691 992	0	0	**691 992**
Investment in associates	0	0	0	**0**
Deferred tax assets	21 068	0	0	**21 068**
Total assets	**713 060**	**0**	**0**	**713 060**
Segment liabilities	458 164	0	0	**458 164**
Total liabilities	**458 164**	**0**	**0**	**458 164**

The following tables present data on income and profit as well as selected assets and liabilities of business segments of the Group as at 31 December 2014:

Incomes and expenditures by business segments

For the period from 1 January to 31 December 2014	**Large-volume construction**	**Road - engineering**	**Activities in energy sector**	**Other**	**Total**
Sale to external clients	1 108 184	195	0		**1 108 379**
Total income	**1 108 184**	**195**	**0**	**0**	**1 108 379**
Cost of products, goods and materials sold to external clients	1 050 620	765	0		1 051 385
Total cost of products, goods and materials sold	**1 050 620**	**765**	**0**		**1 051 385**
Total gross sales	**57 564**	**-570**	**0**	**0**	**56 994**
Sales costs	0	0	0	0	**0**
General and administrative costs	34 583	228	1 432	352	**36 595**
Result on other operating activity	-2 838	0	0	0	**-2 838**
Segment result	**20 143**	**-798**	**-1 432**	**-352**	**17 560**
Result on financing activity	-1 168	0	0	0	**-1 168**
Income tax	4 147	0	0	0	**4 147**
Net profit	**14 827**	**-798**	**-1 432**	**-352**	**12 245**

Other items by business segments

For the period from 1 January to 31 December 2014	**Large-volume construction**	**Road - engineering**	**Activities in energy sector**	**Total**
Segment depreciation and amortisation	2 256	0	0	**2 256**
Interest income	2 636	0	0	**2 636**
Interest costs	5 902	0	0	**5 902**
Impairment of assets	1 651	0	0	**1 651**
Reversal of impairment losses on assets				
Capital expenditure for:	3 134	0	0	**3 134**
- Tangible fixed assets	1 120	0	0	**1 120**
- Intangible fixed assets	137	0	0	**137**
- Increase due to acquisition				
Other non-cash outlays	1 877	0	0	**1 877**

Assets and liabilities by business segments

As at 31 December 2014	Large-volume construction	Real estate development	Activities in energy sector	Total
Segment assets	770 607	0	0	**770 607**
Investment in an associate	0	0	0	**0**
Deferred tax assets	25 813	0	0	**25 813**
Total assets	**796 421**	**0**	**0**	**796 421**
Segment liabilities	549 162	0	0	**549 162**
Total liabilities	**549 162**	**0**	**0**	**549 162**

Geographical segments

The following tables presents data on income, expenditure and certain assets regarding the Group's geographical segments as at 31 December 2015:

Incomes and expenditures by geographical segments

Year ended 31 December 2015	Domestic market	Abroad	Total
Sale to external clients	1 108 898	59 101	**1 167 999**
Total income	**1 108 898**	**59 101**	**1 167 999**
Cost of products, goods and materials sold to external clients	1 044 878	56 503	1 101 381
Total cost of products, goods and materials sold	**1 044 878**	**56 503**	**1 101 381**
Total gross sales	**64 020**	**2 598**	**66 618**
Sales costs	0	0	**0**
General and administrative costs	41 542	1 050	**42 591**
Result on other operating activity	-6 582	412	**-6 169**
Segment result	**15 897**	**1 960**	**17 857**
Result on financing activity	-2 170	618	**-1 553**
Income tax	4 131	776	**4 907**
Net profit	**9 595**	**1 802**	**11 397**

Year ended 31 December 2015	Domestic market	Abroad	Total
Segment depreciation and amortisation	2 323	0	**2 323**
Interest income	2 350	0	**2 350**
Interest costs	3 484	0	**3 484**
Impairment of assets	4 166	0	**4 166**
Reversal of impairment losses on assets	121	0	**121**
Capital expenditure for:	**5 517**	**0**	**5 517**
- Tangible fixed assets	2 338	0	**2 338**
- Intangible fixed assets	154	0	**154**
- Increase due to the acquisition	3 024	0	**3 024**

Assets and liabilities by geographical segments

Year ended 31 December 2015	Domestic market	Abroad	Total
Segment assets	668 094	23 897	**691 992**
Deferred tax assets	20 890	178	**21 068**
Total assets	**688 984**	**24 076**	**713 060**
Segment liabilities	454 030	4 134	**458 164**
Total liabilities	**454 030**	**4 134**	**458 164**

The following tables presents data on income, expenditure and certain assets regarding the Group's geographical segments as at 31 December 2014:

Incomes and expenditures by geographical segments

Year ended 31 December 2014	Domestic market	Abroad	Total
Sale to external clients	1 080 411	27 968	1 108 379
Total income	**1 080 411**	**27 968**	**1 108 379**
Cost of products, goods and materials sold to external clients	1 025 952	25 432	1 051 384
Total cost of products, goods and materials sold	**1 025 952**	**25 432**	**1 051 384**
Total gross sales	**54 459**	**2 536**	**56 995**
Sales costs	0	0	**0**

General and administrative costs	33 890	2 705	**36 595**
Result on other operating activity	-3 112	273	**-2 839**
Segment result	**17 457**	**104**	**17 561**
Result on financing activity	-4 430	3 261	**-1 169**
Income tax	4 147	0	**4 147**
Net profit	**8 880**	**3 365**	**12 245**

Year ended 31 December 2014	**Domestic market**	**Abroad**	**Total**
Segment depreciation and amortisation	2 256	0	**2 256**
Interest income	2 471	165	**2 636**
Interest costs	5 902	0	**5 920**
Impairment of assets	1 651	0	**1 651**
Reversal of impairment losses on assets			
Capital expenditure for:	**3 134**	**0**	**3 134**
- Tangible fixed assets	1 120	0	**1 120**
- Intangible fixed assets	137	0	**137**
- Increase due to the acquisition			
Other non-cash outlays	1 877	0	**1 877**

Assets and liabilities by geographical segments

Year ended 31 December 2014	**Domestic market**	**Abroad**	**Total**
Segment assets	746 754	23 853	**770 607**
Deferred tax assets	25 606	208	**25 814**
Total assets	**772 360**	**24 061**	**796 421**
Segment liabilities	544 475	4 687	**549 162**
Total liabilities	**544 475**	**4 687**	**549 162**

Note 54. Differences between financial statements prepared under Polish Accounting Standards and financial statements prepared under IFRS

In the period ended 31 December 2015, financial statements prepared by the Company under PAS and IFRS did not show any significant differences.

Note 55. Remuneration of an auditor or entity authorized to audit financial statements paid or payable for the financial year

Audit for 2015: under the agreement to audit and review the financial statements dated 30 June 2015, in the current reporting period, the Company incurred a cost of PLN 450 thousand associated with the review of separate and consolidated financial statements prepared as at 30 June 2015 and with the audit of separate and consolidated financial statements prepared as at 31 December 2015.

Note 56. Significant transactions concluded by the Company with related parties under conditions other than market ones.

Such transactions did not occur.

Note 57. Information on the nature and economic purpose of agreements concluded by the Company, which are not included in the balance sheet as necessary to assess their impact on the assets, financial position and financial result of the Company

There were no such contracts.

Note 58. Information on significant events from previous years, included in the financial statements for the current period

Such events did not occur.

Note 59. Information on significant events subsequent to the balance sheet date, not included in the financial statements.

There were no other significant events after the balance sheet date than those mentioned in notes 44 and 61.

Note 60. Asset-backed securities

Mortgages on fixed assets of the Group's companies

Apart from mortgages on the assets listed in point 24 the Group has a mortgage established on real estate held for sale.

The book value of these assets amounts to PLN 3 135 thousand.

Joint conventional mortgage up to PLN 120m on the cooperative ownership right to the premises for which the District Court in Warsaw keep Land and Mortgage Register Nos. WA5M/00451397/7, WA5M/00451398/4, WA5M/00451399/1.

On 3 November 2015, a preliminary agreement for sale of cooperative ownership rights to the premises (Notarial Deed 3279/2015) has been signed following the resolution 30/2015 of 25 September 2015 passed by the Supervisory Board. On October 28, the bank agreed to delete the mortgage. The final sale agreement will be signed till 31 March 2016.

Note 61. Pending litigations

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.

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

Facts - Basic information about the contract and its completion

The contract for the construction of the Warsaw-Modlin Airport was signed on 14 September 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 given 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.

Currently, there are trials and hearings of witnesses, and exchange of pleadings.

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 ongoing legal proceedings related to the determination of responsibility for the bad condition of the airport runway as well as the 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.

Claim against Kępska S.A. seated in Warszawa

Date of submitting a lawsuit by ERBUD S.A.: 22 April 2014

The amount in dispute: PLN 9,877,132 (8,187,631.31 + 1,689,500)

Case state: ERBUD SA claims the payment for executed works from Kępska SA.

By lawsuit of 22 April 2014, the plaintiff applied for awarding the amount of PLN 8,187,631.31 from Kępska SA.In the suit Erbud SA also requested to secure further sum of PLN 1,414,500 by freezing debts on bank accounts, to which the defendant is entitled, and creating a forced mortgage on the real property located in Opole at 8 Kępska St. By decision

of 12 August 2014, the District Court secured the claim amounting PLN 1,414,500 as requested by the plaintiff. The decision dated 4 September 2014, including an enforcement order was delivered to the plaintiff on 19 September 2014. The plaintiff submitted to the District Court in Opole, VI Department of Land Registry, an application for registration of the forced mortgage of PLN 1,414,500 on the basis of the aforementioned Court order. By decision of 15 December 2014, the District Court in Opole dismissed the plaintiff's request for registering the forced mortgage. In support of its ruling, the Court pointed out that the examination of the land register KW No. OP10/00085900/3 disclosed that the real estate entered into this register is in perpetual use of EMIR 75 sp. z o.o. seated in Warsaw, and not of Kępska SA. On 27 January 2015, the plaintiff applied for making enforceable against EMIR 75 sp. z o.o. the freezing order on claims for the establishment of forced mortgage. By decision of 30 January 2015, the District Court in Opole issued declaration of enforceability against EMIR 75 sp. z o.o. On 5 February 2015, ERBUD SA filed an application for registration of the mortgage into the land register. On 29 May 2015, the mortgage was entered in the land register. On 29 June 2015 (date of receipt by the Court was 1 July 2015), Kępska SA appealed to the Court of Appeal in Wrocław the sentence of the District Court in Opole for granting an enforcement declaration against EMIR 75 Sp. z o.o. By decision of 10 July 2015, the Appeal Court in Wroclaw changed the decision appealed and dismissed the application (it is a basis to delete the mortgage amounting PLN 1,414,500). There is no further right of appeal against the sentence.

In response to the claim of 10 September 2014, Kępska SA applied for dismissal in its entirety and raised an objection to the off-set of mutual claims of the plaintiff and defendant due to improper performance of obligations by ERBUD SA under the contract for general contracting.

On 30 November 2015 ERBUD SA, expanded action by PLN 1,689,500, what is the amount due to ERBUD SA as contractual penalty for withdrawing from the contract for reasons attributable to the Kępska SA

From September 2015 to February 2016, there were hearings of witnesses of Parties. We are waiting for the court decision on the appointment of an expert. The next hearing will be held after the issue of the expert's report.

Claim against Międzyzdrojski Rynek Sp. z o.o.

The amount in dispute: PLN 3,699,578

Case state: The District Court of first instance in Szczecin; opinion prepared by an expert appointed by the court

Erbud SA claimed the payment of debts arising from invoices (accepted by the defendant). The building constructed by Erbud SA was finally inspected and accepted in written form. The Parties tried to reach an agreement, the defendant expressed willingness to pay, but extending payments for ERBUD over time, made it necessary to apply to a court.

Currently, the defendant seeks a reduction in remuneration due to numerous significant defects in workmanship. On 25.01.2016 the sentence was announced under which PLN 3,212,456.39 add interest was awarded to Erbud. The judgment is not legally binding.

Claim against Akademia Muzyczna in Łódź

Date of filing a lawsuit: 20 December 2013

The amount in dispute: PLN 2,050,515

On 20 December 2013, ERBUD SA filed a claim for payment of PLN 1,895,430 as remuneration for construction works carried out by the plaintiff to the defendant under contract No. 694/U/AML/2012 of 20 December 2012, in accordance with the VAT invoice No. 519/13/W of 30 July 2013, issued by the plaintiff to the defendant. and payment of PLN 74,934.40 due to statutory interest on the amount of remuneration accrued from day on which the amount became due and payable (i.e. from 29 August 2013) till the date of filing a lawsuit (i.e. 20 December 2013), and PLN 80,150.37 as compensation for improper performance of Agreement No. 209/U/AMŁ/11 of 15 September 2011 by the Academy. ERBUD thereupon suffered injury in the form of increased site maintenance costs for a period longer than predicted in the above-mentioned agreement, i.e. from 01.06.2013 to 07.15.2013.

The defendant Academy of Music responded to the suit dated 23 January 2014 requesting the dismissal of the action in its entirety and raised the procedural objection to deduction of penalties.

The plaintiff filed pleadings dated 31.03.2014 and 22.05.2014, and the defendant pleadings of 04.04.2014 and 30.06.2014. Two hearings were held so far: on 29.08.2014 (one ERBUD's witness has been examined) and on 07.11.2014, where there case has been postponed due to the planned bringing by the defendant a counterclaim for payment of the remainder of contractual penalties. A hearing was held on 04.06.2015 and adjourned.
By decision dated 05.11.2015, the Court combined this case with the case No. I C 1944/14 and then set the date of the hearing for 11.03.2016.

Note 62. Information on expenditure on non-financial assets incurred in the last year and planned for the next one, including the incurred and planned environmental protection expenditure.

Expenditures on non-financial assets during the reporting period amounted to PLN 2 338 thousand. Planned capital outlays for non-financial assets in 2016 are PLN 1 500 thousand.
As at 31 December 2015 and in the previous financial year the Company did not incur any environmental protection expenditure.

Note 63. Extraordinary earnings and losses (random and others)

Such events did not occur.

Note 64. Income tax on result of exceptional operations

There were no exceptional operations.

Note 65. Seasonality

Sale of construction 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, it cannot be considered typical seasonal activities.

Note 66. Objectives and principles of financial risk management

In the course of the business conducted, 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 sets the principles of management of each of these risks.

Foreign exchange risk

As a part of the core operations, the subsidiaries incorporated in the Group conclude construction contracts, which are denominated in foreign currencies (mainly in the Euro). Policy of currency risk management adopted by the Management Board consists in matching the contract currency to the currency of expenditure related to this contract. Contracts carried out in Poland by the Group are concluded in the Polish currency (Polish Zlotys) and contracts executed by the companies and entities operating abroad are signed in Euros.
The Company applies hedge accounting concerning specified payments in Euro (contract for construction works with Spółką Hala Koszyki Grayson Investments sp. z o.o. sp.k.).

Risk of interest rates

The risk of interest rates is mainly due to the use by companies of the bank credits, loans and finance lease. These financial instruments are based on variable rates and expose the Group to the risk of changes in cash flows. Furthermore, the Group invests surplus cash in investments with variable interest rates (deposits), which reduces the return on investment when interest rates are dropping. The Group also uses fixed-rate instruments for which market changes in interest rates do not affect the interest costs incurred and the interest income received. Trade and other receivables and payables are not interest bearing and their maturity dates are no longer than one year.

The exposure to interest rate risk and interest rate forecasts are monitored by the Group.

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. The opening of the European labour markets brings the outflow of skilled construction workers abroad and this effects the growth in wage costs. As a result of increase of material prices and labour costs, costs of the services rendered for the Group by the subcontracting companies may rise as well. Prices in the agreements signed with the investors are usually fixed for the duration of a contract performance - usually between 6 and 36 months, while contracts with subcontractors are concluded at a later date, with the progress of individual works.

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

Credit risk

Financial assets of the Group, which are exposed to increased credit risk, are trade receivables. 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 the contract, each contractor is evaluated for the ability of meeting its financial obligations. In the event of a negative assessment of the contractor's payment capacity, the agreement conclusion depends on the establishment of appropriate financial or property guarantees. In addition, the conditions of agreements with building investors provide for the right to suspend the execution of works, in case of any delay in payment for services rendered.

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

The age structure of debt is presented in Note 9.

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.

Analysis of sensitivity to currency and interest rates risk

The potential changes on market risk were estimated by the Group as follows:
100 bsp - change in the PLN interest rate (increase or decrease in interest rate)

The sensitivity analysis by the Group does not include the effects of taxation.

The influence of potential changes on profit before tax and the Company's capital is summarized below:

Analysis of sensitivity to currency and interest rates risk

Financial statements item	Value in PLN '000	Interest rate risk	
		Influence on profit	
		(PLN,EUR) +100 pbs	((PLN,EUR) -100 pbs
Loans granted	14 886	149	-149
Cash and cash equivalents	101 225	1 012	-1 012
Influence on financial assets	**101 225**	**1 012**	**-1 012**
Bonds issued	52 000	-520	520
Lease	3 763	-38	38
Influence on financial liabilities	**4 497**	**--558**	**558**

Analysis of sensitivity to changes in exchange rates (PLN/EUR)

Financial statements item	Value in EUR '000	Currency risk	
		Influence on profit in PLN '000	
		10% PLN/EUR revaluation	10% PLN/EUR devaluation
Cash and cash equivalents	753	-321	321
Trade and other receivables *	7 615	0	0

Influence on financial assets	**8 368**	**-321**	**321**
Trade and other liabilities	634	271	-271
Influence on financial liabilities	**9 022**	**271**	**-271**

* secured by a financial derivative with high efficiency (forward)

Signature of person preparing the Financial Statement

Mariola Zielińska
/ Chief Accountant /

Signatures of the Management Board Members

Józef Zubelewicz
/ Management Board Member /

Dariusz Grzeszczak
/ Management Board Member /

Paweł Smoleń
/ Management Board Member /

Warsaw, March 17, 2016