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TABLE OF CONTENT

I. ERBUD GROUP'S 2015 KEY FINANCIAL FIGURES AND SIGNIFICANT EVENTS AND MARKET FACTORS AFFECTING THE FINANCIAL RESULTS..... - 3 -

II. EXTERNAL AND INTERNAL FACTORS OF SIGNIFICANCE TO ERBUD GROUP'S GROWTH..... - 5 -

1. EXTERNAL FACTORS ..... - 5 -

1.1. Macroeconomic conditions ..... - 5 -

1.2 The construction market ..... - 6 -

2. INTERNAL FACTORS..... - 6 -

2.1. Building construction in Poland and abroad ..... - 6 -

2.2. Other segments of Erbud Group's activities ..... - 7 -

2.3. Operating revenues and expenses..... - 8 -

3. OUTLOOK..... - 9 -

3.1. Macroeconomic environment ..... - 9 -

3.2. The construction market ..... - 9 -

3.3. The directions and objectives of the Group's development ..... - 9 -

III. FINANCIAL RESULTS ..... - 10 -

1. ERBUD GROUP COMPANIES ..... - 10 -

2. GROUP'S PROFIT AND LOSS ACCOUNT……..-10-

3. ERBUD GROUP'S BALANCE SHEET ……..- 11-

4. ERBUD GROUP'S CASH FLOW ..... -12-

5. SELECTED FINANCIAL INDICATORS ..... -12-

ERBUD GROUP
MANAGEMENT'S COMMENTARY TO
2015 ANNUAL REPORT

Q4 2015:
REVENUE: PLN 428 547 000
EBITDA: PLN 11 987 000
EBIT: PLN 8 777 000
NET PROFIT: PLN 4 071 000

Q1-Q4 2015:
REVENUE: PLN 1 763 282 000
EBITDA: PLN 62 096 000
EBIT: PLN 51 528 000
NET PROFIT: PLN 31 689 000
CASH: PLN 254 138 000
SURPLUS CASH AFTER INTEREST PAYABLE: PLN 74 613 000

The following financial figures for Q1-Q4 2015, including the comparables, are based on the Group's consolidated financial statements. The contracts shown below are stated at their net values.

I. ERBUD GROUP'S Q1-Q4 2015 KEY FINANCIAL FIGURES AND SIGNIFICANT EVENTS AND MARKET FACTORS AFFECTING THE FINANCIAL RESULTS

MARKET ENVIRONMENT

- Increase in construction and assembly output in Poland in 2015: 2.8% compared to 3.6% y-o-y in 2014.
- In the reported period, sports and recreational facilities grew by 22.2%, multi-tenant buildings - by 13.8%, industrial and warehouse facilities - by 9.6%, office buildings - by 7.7%, hotel facilities - by 5.9%, and road construction - by 1.8%.
- A decline in output, of -6.6% and -11.7% respectively, was recorded in the retail and public utilities segments.

ERBUD GROUP

- Between October and December 2015, the Group signed 33 contracts worth PLN 462 600 000, compared to 36 contracts worth PLN 467 719 000 in the same period in 2014. In 2015, the Group signed 143 contracts, worth PLN 1 373 452 000, compared to 131 contracts worth PLN 1 378 795 000 in 2014.
- In Q4 2015, Budlex Group sold 26 apartments and commercial premises *(based on notarial deeds),* compared to 43 apartments and commercial premises in Q4 2014. Year to date, the Group has sold 176 apartments and commercial premises, compared to 168 in the same period in 2014.

Net debt - interest payable less cash

- In pre-sale for 2016-2017, Budlex signed preliminary contracts for 251 apartments and commercial premises worth PLN 67.135 million, up from 169 apartments and commercial premises worth PLN 42.7 million at the end of December 2014.

- **In Q4 2015, Erbud Group's revenue dropped by 22.74% y-o-y, down to PLN 428 547 000, from PLN 554 692 000 in Q4 2014.**
  - Group's sales were boosted by revenue generated by the engineering segment, which experienced an exponential growth of 767% y-o-y from PLN 8 956 000 in Q4 2014 to PLN 77 641 000 in Q4 2015. The remaining segments saw their revenue drop compared to the record Q1-Q3 2015, which enjoyed a triple-digit growth rate.
- **The Group closed the FY 2015 with another record-breaking revenue of PLN 1 763 282 000, a 4.2% increase y-o-y, compared to PLN 1 692 055 000 in 2014.**
  - The Group's sales received a boost from revenue generated by the engineering segment, which saw a 106% growth y-o-y, the power sector, which experienced a 185% growth, and the property development segment, which recorded a 5.3% growth in the reported period.
  - The buildings construction segment, in turn, experienced a 19% drop in revenue in 2015, a consequence of the decision to diversify the portfolio to include more contracts in other developing segments, which accounted for 35.9% of the Group's consolidated sales.
    - The buildings construction segment began the year 2016 with the largest ever contract portfolio worth over PLN 1 billion.
- **In Q4 2015, the Group's EBIT was PLN 8 777 000, compared to PLN 16 907 000 in Q4 2014, a 48% decline y-o-y. EBIT margin was 2.05%, compared to 3.05% in Q4 2014.**
  - In Q4 2015, the Group's operating revenue was boosted by the performance of the building construction and the property development segments, which increased the Group's consolidated EBIT by PLN 12 263 000 and PLN 1 390 000, respectively.
    - Within the building construction segment, foreign subsidiaries reported a sharp increase in EBIT, which soared to PLN 5 434 000, a result of a partial settlement of a property development project in Germany, amounting to PLN 4 000 000.
    - The engineering and power segments, on the other hand, negatively impacted the consolidated EBIT, bringing it down by PLN 4 875 000.
- **Year to date, the Group recorded EBIT of PLN 51 528 000, compared to PLN 43 128 000 in 2014, a 19.5% increase y-o-y. EBIT margin in 2015 was 2.92%, compared to 2.55% in the same period in 2014.**
  - In 2015, the building construction segment increased the group's consolidated revenue by PLN 32 738 000, a 29.3% increase y-o-y, while the road engineering segment contributed PLN 9 792 000, a 71% increase y-o-y.
  - In 2015, the property development segment generated EBIT of PLN 10 010 000, a 19.14% increase y-o-y, including profit from sale of the Deptak project in the amount of PLN 7 430 000 To ensure comparability in 2014, the property development segment added, on a one-off basis, PLN 7 272 000 to the Group's bottom line, accounting for the valuation of the ongoing project carried out by the subsidiary Deptak Projekt P2 Sp. z o.o. (a 50% stake is held by a Group's external partner).
  - In 2015, the Group's bottom line was adversely affected by the performance of the power segment, which recorded a loss of PLN 1 012 000, a result of a loss on one of the contracts.

- **In Q4 2015, the Group's net profit amounted to PLN 4 071 000, a 67% decline y-o-y, compared to PLN 12 277 000 in the same period in 2014. The net margin was 0.95%, compared to 2.21% in the same period in 2014.**
  - In the reported period, the Group posted a loss of PLN 2 200 000 on financial operations (interest on loans and bonds), a 34% increase y-o-y, compared to the loss of PLN 1 641 000 in the same period in 2014.
- **In 2015, the Group reported net profit of PLN 31 689 000, an approx. 13.6% increase y-o-y (PLN 27 892 000 in 2014). The margin was 1.8%, compared to 1.65% in 2014.**
  - Year to date, the Group reported a loss of PLN 6 699 000 on financial operations, reflecting the cost of interest on loans and bonds, a 5.3% increase y-o-y compared to PLN 7 074 000 in the same period in 2014.

- As at 31 December 2015, the Erbud Group had **PLN 254 138 000 in cash, a 21.5% increase as compared to PLN 209 263 000 in December 2014.** The Group has credit lines and insurance covers available for the total amount of PLN 1 259 billion, including investment loans of PLN 121.7 million.
  - The Group's surplus cash less interest payable (loans, credits, bonds, financial leasing) amounted to PLN 74 613 000 in 2015, compared to PLN 84 773 000 at the end of 2014.

- As at 31 December 2015, the Group's contract portfolio was worth PLN 1 289 000 000, of which approx. PLN 1 181 000 000 is scheduled for completion in 2016. By comparison, as at 31 December 2014, the Group's contract portfolio was worth PLN 1 550 000 000, of which PLN 1 350 000 000 was scheduled for completion in 2015.
  - Between January and March this year, the Group added 22 contracts worth PLN 160 million to the portfolio.
  - Since the beginning of2015, the Group has increased, since the beginning of this year, its bidding activity. Negotiations are ongoing regarding contracts valued at approx. 300 million in total.

- The main segments represented in the contract portfolio include: office buildings (24.9%), residential buildings (22.9%), retail buildings (14.3%), power projects (10.9%), hospitals (5.7%), public utilities (6%), and engineering (5.9%) and road projects (1.2%).
  - Public works projects, which now constitute 5% of the contract portfolio, have gone down from -11% in the same period in 2014.
- As at the end of December 2015, the total value of bids tendered amounted to PLN 13.6 billion, of which, at the time of publication of this report, projects worth PLN 4.8 billion remain unawarded.

II. EXTERNAL AND INTERNAL FACTORS OF SIGNIFICANCE TO ERBUD GROUP'S DEVELOPMENT

1. EXTERNAL FACTORS

1.1. Macroeconomic environment

According to the preliminary data compiled by the Central Statistical Office (GUS), the Polish gross domestic product increased by 3.9% y-o-y in Q4 2015. In Q3, the increase was 3.5% y-o-y. GUS estimates that in Q4 2015 the gross value added in the national economy increased, in real terms, by 1.1% compared to the previous quarter and was 3.7% higher than last year, 1.1% in industry and 1.3% in construction.

1.2. The construction market

According to GUS, construction and assembly output in 2015 was 2.8% higher than last year, when it stood at 3.6%. In 2015, construction and assembly output was 0.3% lower than last year (5% growth rate) and 27.8% higher compared to November 2015. In several building groups, construction output grew y-o-y (sports and recreational facilities: +22.2%, multi-tenant buildings +13,8%, industrial and warehouse facilities +9,6%, office buildings +7,7%, hotel buildings +5.9%, road construction +1,8%), and in several - reported a decline (retail and commercial buildings: -6.6%, public utility buildings: -11.7%).

2. INTERNAL FACTORS

Group's core activities in Q4 2015

The following data presents financial results by segment, after consolidation exclusions, and by geographical area

PLN '000 **Q4 2015**	**Building construction in Poland and abroad**		*Building construction in Poland*		**Property development segment**		**Road-engineering segment***		**Power segment**		**Activity in Poland**		**Activity abroad**	
	Q4 2015	Q4 2014	*Q4 2015*	*Q4 2014*	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014
Revenue from sale	276 334	-40% y-o-y	*240 714*	*-41.5% y-o-y*	6905	-40.4% y-o-y	67 667	-6% y-o-y	77641	+767% y-o-y	392927	-22% y-o-y	35 620	-30% y-o-y
Share in %	64.5%	83.3%	*56.2%*	*74.1%*	1.6%	2%	15.8%	13%	18.1%	1.6%	91.7%	90.8%	8.3%	9.2%
EBIT	12 263	5954	*6829*	*5480*	1390	6774	-1513	3979	-3362	200	3343	16 433	5434	474
EBIT margin (%)	4.44%	1.29%	*2.8%*	*1.3%*	20.1%	58.5%	-	5.5%	-	2.2%	0.85%	3.3%	15.3%	0.9%

PLN '000 **2015**	**Building construction in Poland and abroad**		*Building construction in Poland*		**Property development segment**		**Road-engineering segment***		**Power segment**		**Activity in Poland**		**Activity abroad**	
	2015	2014	*2015*	*2014*	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenue from sale	1 130 960	-19% y-o-y	*972 742*	*-19% y-o-y*	47 864	+5.3% y-o-y	330 741	+106% y-o-y	253 717	+185% y-o-y	1 605 064	+7.2% y-o-y	158 218	19% y-o-y
Share in %	64.1%	82.6%	*55.2%*	*71%*	2.7%	2.7%	18.8%	9.5%	14.4%	5.3%	91%	88.5%	9%	11.5%
EBIT	32 738	25 311	*22768*	*21 307*	10 010	8 402	9 792	5 727	- 1012	3 688	41 558	39 124	9 970	4 004
EBIT margin (%)	2.9%	1.8%	*2.3%*	*1.8%*	21%	18.5%	3%	3.6%	-	4.2%	2.6%	2.6%	6.3%	2.0%

2.1. Building construction in Poland and abroad

Between October and December 2015, the Group signed 14 contracts in the building construction segment, with an aggregate value of PLN 446 247 000, as compared to 11 contracts worth PLN 254 691 000 in Q4 2014. Year to date, the Group has signed 56 contracts worth PLN 1 040 000 000, compared to 46 contracts worth PLN 858 500 000 in 2014. As at the end of December 2015, the building construction portfolio was worth PLN 1 039 000 000 (PLN 1 046 640 000 in 2014), of which PLN 959 000 000 remains to be completed in 2016, as compared to PLN 891 442 000 in the same period last year.

Sales revenue for Q4 2015 (comprising sales revenue of Erbud SA, Erbud International and GWI) amounted to PLN 276 334 000, a 40% decline y-o-y. Year to date, the Group reported PLN 1 130 960 000, a 19% y-o-y decline compared to 2014. The Group's EBIT on building construction operations in Q4 2015

stood at PLN 12 263 000, a 106% increase, and a 4.44% margin, compared to PLN 5 954 000 in the same period in 2014, and a 1.29% margin. Year to date, in 2015, Group's EBIT increased y-o-y, up to PLN 32 738 000, i.e. 2.9% of EBIT margin, compared to PLN 25 311 000 in 2014, when the margin was 1.8%. The building construction segment constitutes approx. 64.1% of the Group's consolidated sales.

Building construction in Poland (completed by Erbud SA)
In Q4 2015, sales in the building construction segment in Poland generated PLN 240 714 000, compared to PLN 411 185 000, a 41.5% decline y-o-y. In 2015, year-to-date revenue amounted to PLN 972 742 000, compared to PLN 1 202 164 000, a 19% decrease y-o-y. In Q4 2015, the Group's EBIT was PLN 6 829 000, compared to PLN 5 480 000 in Q4 2014, a 24.6% increase y-o-y. EBIT margin in Q4 was at 2.8%, compared to 1.3% in the same period in 2014. Year to date, the segment generated PLN 22 768 000 in operating profit, a 6.9% increase y-o-y compared to PLN 21 307 000 in 2014. As at 31 December 2015, the portfolio of building construction contracts in Poland was worth PLN 815 647 000, of which approx. PLN 746 160 000 is scheduled for completion in 2016, as compared to PLN 934 840 000 as at the end of 2014, of which PLN 812 112 000 was scheduled for 2015.

International Operations
In Q4 2015, the Group's foreign sales revenue declined by 30% y-o-y, down to PLN 35 620 000, from PLN 51 018 000 in Q4 2014. The segment's EBIT was PLN 5 434 000, a 1046% y-o-y increase as compared to PLN 474 000 in the same period of 2014. The margin was 15.3%, compared to 0.9% in the same period of 2014. The Group's bottom line was improved by a partial settlement of approx. PLN 4 million received for a property development project in Germany.

Year to date, the segment has reported revenue of PLN 158 218 000, compared to 195 373 000 in 2014, a 19% decrease y-o-y. The segment's EBIT was PLN 9 970 000, compared to PLN 4 004 000, a 150% increase y-o-y, with EBIT margin of 6.3%, compared to 2%. As at the end of the quarter, the foreign contract portfolio totalled PLN 223 541 000, compared to PLN 111 800 000 in the same period of 2014. The majority of portfolio contracts is slated for completion this year.

In 2015, the German-based subsidiary, GWI GmbH, recorded revenue of PLN 83 394 000, compared to PLN 134 674 000 in 2014, a 38% decline y-o-y. The company's EBIT was PLN 7 355 000, compared to PLN 3 144 000 in 2014, a 134% increase y-o-y. EBIT margin was 8.82%, compared to 2.3% in 2014, with the net profit amounting to PLN 4 617 000, compared to PLN 2 249 000, a 105% increase y-o-y. Net margin was 5.54%, compared to 1.68% in 2014.

2.2. Other segments of Erbud Group's activities

2.2.1. Property development

In Q4 2015, Budlex sold, based on notarial deeds, 26 apartments and commercial premises, compared to 43 apartments and commercial premises in the same period in 2014. Year to date, in 2015, the Group sold 176 apartments and commercial premises, compared to 168 in 2014.

In Q4 2015, Budlex Group reported PLN 6 905 000 in revenue, compared to PLN 11 581 000 in the same period of 2014, a 40.4% drop y-o-y. In Q4 2015, the Group's EBIT was PLN 1 390 000, compared to PLN 6 774 000 in Q4 2014, a 79.5% drop y-o-y, a result of a high base in Q4 2014, related to the one-off valuation of a property development project in Poznan, which amounted to PLN 6 882 000.
Year to date, in 2015, Budlex Group's revenues reached PLN 47 864 000, compared to PLN 45 448 000 in 2014, a 5.32% increase y-o-y. Operating profit reached PLN 10 010 000, compared to PLN 8 402 000, a 19.14% increase y-o-y. EBIT margin was 21%, as compared to 18.5% in the same period of 2014.

The company's 2015 results account for the profit generated from sale of the Deptak project, which increased the segment's revenue, on a one-off basis, by PLN 7 430 000. In 2015, Budlex sold its share in the property development project in Poznan for EUR 10 732 782.

In 2015, Budlex carried out new residential projects, including two in Torun and three in Bydgoszcz. This year, the company intends to complete 11 residential projects in Poland, including two in Warsaw. Of those, three will be put on the market this year. In pre-sale for 2016-2017, the Group signed preliminary contracts for 251 apartments and commercial premises worth PLN 67.135 million, up from 169 apartments worth PLN 42.7 million signed as at the end of December 2014.

2.2.2. Road engineering

In 2015, the road-engineering segment secured 36 contracts totalling PLN 220 746 000, as compared to 38 contracts worth 310 148 000 in 2014.

In Q4 2015, the road engineering segment posted PLN 67 667 000 in revenue, compared to PLN 71 953 000 in 2014, a 6% decline y-o-y. In 2015, the segment reported PLN 330 741 000 in revenue, compared to PLN 160 185 000 in 2014, a 106.5% increase y-o-y.

In Q4 2015, the segment recorded a loss of PLN 1 513 000, compared to a profit of 3 979 000 in Q4 2014. The 2015 operating profit was PLN 9 792 000, compared to 5 727 000 in 2014, a 71% increase y-o-y. As a result, the operating margin was 2.96% in 2015, as compared to 3.6% in 2014.

As at 31 December 2015, the segment's contract portfolio was worth approx. PLN 92 000 000, of which the majority was scheduled for completion in 2016. For the most part, the segment's portfolio consists of engineering projects, including wind farms. By comparison, in 2014, the segment's contract portfolio was worth PLN 310 000 000.

2.2.3. Power sector

In 2015, the Group signed 51 contracts in the power segment, totalling PLN 112 268 000, compared to 47 contracts worth PLN 210 148 000 in 2014.

In Q4 2015, the segment's revenue amounted to PLN 77 641 000, a 767% increase y-o-y. The segment's EBIT was negative and amounted to PLN - 3 362 000, a result of a loss sustained on one of the contracts.

In 2015, the year-to-date revenue amounted to PLN 253 717 000, compared to PLN 88 885 000, a 185.5% increase y-o-y. The segment incurred a loss of PLN 1 012 000, compared to PLN 3 688 000 in profit in 2014.

As at 31 December 2014, Group's contract portfolio in the power segment totalled PLN 91 889 000, compared to PLN 148 307 000 in the same period in 2014, a 38.2% drop y-o-y. The majority of the portfolio is slated for completion in 2016.

2.3. Operating revenues and expenses

2.3.1. Balance of operating revenues and expenses

In 2015, the balance of operating revenues and expenses in the Group was PLN 448 000.

2.3.2. Costs of payroll, benefits and employment in the Group

In 2015, the costs of payroll and benefits to employees across the Erbud Group amounted to PLN 197 915 000, a 25% increase y-o-y, a result of expansion in the power sector and increased salaries across the Group. In 2015, the Group's headcount was 2007, compared to 1 889 in the same period of 2014, a 6.2% increase y-o-y.

3. OUTLOOK

3.1. Macroeconomic environment

The World Bank's outlook for Poland is optimistic. In 2016, GDP is projected to increase by 3.7% compared to 2015. In 2017, the growth rate might be higher still, at 3.9%. Similarly, Morgan Stanley upgraded its economic growth outlook for Poland to 3.6% of the GDP in 2016.

3.2. The construction market

This February, according to GUS, the economic sentiment indicator in the construction industry was around -9.1 points (in January - 12.7 points). Since November 2015, the diagnosis of the contract portfolio, construction and assembly output and financial situation has remained negative. However, in February, the projections were less pessimistic than the ones in the same period over the past four years. Builders are predicting a decline in construction and assembly prices of -9.1 points, similar to that forecast for January (-10.2 points). In February 2016, for the first time since July 2015, they also expected a slight increase in orders for construction and assembly projects overseas.

Generally speaking, the construction market in Poland is robust. It is the seventh biggest market in the European Union and one of the two fastest developing ones (Euroconstruct Report, September 2015). By 2020, Poland's construction sector is predicted to grow by 10% thus becoming the fastest growing market in Europe. Between 2016 and 2018, accelerated growth is forecast for road construction projects contracted by the National Roads and Highways Authority (GDDKiA).

3.3. The directions and objectives of the Group's development

The Group entered 2016 with a contract portfolio worth approx. PLN 1.3 billion, plans are underway to carry out another PLN 1.2 billion worth of projects this year. The Group intends to further expand its contract portfolio. Between January and March, 22 new contracts, worth PLN 160 million, were signed. Contracts with a combined value of approx. PLN 300 million are currently under negotiations.

This year, the Management sees the opportunity for further growth mainly in the building construction sector, both in Poland and abroad, with the order portfolio of PLN 1 billion as at the end of 2015. This year, the company recognises the opportunity for further growth in public utility, residential, office and retail projects. In its overseas operations, the Group has built a record contract portfolio worth PLN 223 million, which should translate into the segment's profit. This year, the company intends to further account for a property development project in Germany.

This year, the property development segment will focus on 11 residential projects, including two in Warsaw. The Group expects to sell 220 apartments this year, with 251 apartments available in presale for 2016-2017 right now.

After a record growth rate of 106% y-o-y in 2015, the road engineering segment will expand its road portfolio. There are approx. 7 projects worth PLN 350 million in the tender phase.

The power segment started the year with a contract portfolio worth PLN 91.9 million. The Management anticipates that the segment will continue on its growth path and expand its contract portfolio. After the 185% increase in revenue recorded in 2015, the Group expects to see further sales growth and significantly increased profit this year.

Based on the industry outlook and the current contract portfolio, the Management, after the second record-breaking year in a row, expects to see a single digit increase in revenue and profit in 2016.

The Managements recommends the payment of the dividend in 2016 at PLN 1.2 per share, it is PLN 15 374 000, a result of a good cash position, and sale and account for a property development project in Poznań.

III. FINANCIAL RESULTS

1. ERBUD GROUP COMPANIES

The 2015 consolidated Fnancial Statements of the Erbud Group comprises the consolidation of: Erbud SA, Erbud International Sp. z o.o., GWI GmbH, PBDI S.A., Budlex Group, Erbud Industry Sp. z o.o., Erbud Rzeszow Sp. z o.o., Erbud Industry Centrum Sp. z o.o., Erbud Industry Pomorze Sp. z o.o., Erbud Industry Poludnie Sp. z o.o.

	Quarter	**Quarter**		
	2015	2014	2015 to 2014	%
PLN '000	**Q4 2015**	**Q4 2014**	**difference**	**difference**
Revenues from sale	428 547.00	554 692.00	-126 145.00	-23%
Cost of products sold	411 937.00	524 320.00	-112 383.00	-21%
Profit or loss from sales	**16 610.00**	**30 372.00**	**-13 762.00**	**-45%**
Selling costs	1 658.00	1 493.00	165.00	11%
General and administrative costs	22 485.00	16 110.00	6 375.00	40%
Balance of operating revenues and expenses	15 090.00	-2 744.00	17 834.00	-650%
Result on operating activities - EBIT	**8 777.00**	**16 907.00**	**-8 130.00**	**-48%**
Result on financial activities	-2 200.00	-1 641.00	-559.00	-34%
Gross profit/ loss	**6 577.00**	**15 330.00**	**-8 753.00**	**-57%**
Net profit/ loss	**4 071.00**	**12 277.00**	**-8 206.00**	**-67%**
EBIT margin (EBIT/ Revenue)	2.05%	3.05%	-0.01	-33%
amortisation and depreciation	3 210.00	2 959.00	251.00	8%
EBITDA margin (EBITDA/ Revenue)	2.80%	3.58%	-0.01	-22%

2. GROUP'S PROFIT AND LOSS ACCOUNT

ITEM	31.12.2015	31.12.2014	CHANGE	% CHANGE
A. Revenue on core business	**1 781 009**	**1 729 365**	**51 644**	**2.99%**
B. Cost of operating activities	**1 737 359**	**1 691 639**	**45 720**	**2.70%**
amortisation and depreciation	10 568	8 875	1 693	19%
consumption of materials and energy	286 855	243 203	43 652	18%
outsourced services	1 202 910	1 253 687	-50 777	-4%
taxes and charges	10 439	8 295	2 144	26%
salaries	161 814	129 083	32 731	25%
social security and other benefits	36 101	29 270	6 831	23%
other costs by type	22 935	16 165	6 770	4%

value of goods and materials sold	5 737	3 061	2 676	87%
C. Gross profit (loss) on sales	**43 650**	**37 726**	**5 924**	**15.70%**
D. Other operating revenues	19 751	13 758	5 993	44%
E. Other operating expenses	11 873	8 356	3 517	42%
F. Profit/ (loss) on operating activities	**51 528**	**43 128**	**8 400**	**19.48%**
G. Financial revenues	4 812	3 980	832	21%
H. Financial expenses	11 511	11 054	457	4%
I. Profit/ (loss) on investments	0	0	0	0
J. Profit/ (loss) on business activities	**44 829**	**36 054**	**8 775**	**24.34%**
K. Gross profit/ (loss)	**44 829**	**36 054**	**8 775**	**24.34%**
L. Income tax	13 140	8 162	4 978	61%
Ł. Other statutory reductions in profit	0	0	0	%
M. Net profit	**31 689**	**27 892**	**3 797**	**13.61%**

The table below presents the structure of the profit and loss account by type:

3. BALANCE SHEET OF ERBUD GROUP

PLN '000	31.12.2015	31.12.2014	Share in 2015 balance sheet total	Share in 2014 balance sheet total
Fixed assets	174 585	162 161	16%	15%
Current assets	924 304	889 284	84%	85%
TOTAL ASSETS	**1 098 889**	**1 051 445**	**100%**	**100%**
Equity	315 787	287 531	29%	27%
Long-term liabilities and provisions	138 245	144 797	13%	14%
Short-term liabilities and provisions	644 857	619 117	59%	59%
TOTAL LIABILITIES	**1 098 889**	**1 051 445**	**100%**	**100%**

In the reported period, the Group's balance sheet total increased by 4.51%, driven by acquisitions and higher profits generated by the Group. The structure of assets and liabilities has remained unchanged. The Group did not report any extraordinary gains or losses that might have affected the structure of equity and its sources of finance.

4. ERBUD GROUP'S CASH FLOW

	31.12.2015	31.12.2014
PLN '000		
Net cash flows from operating activities	18 579.00	107 513.00
Net cash flows from investment activities	-20 825.00	-23 444.00
Net cash flows from financial activities	47 121.00	604.00
Total net cash flows	**44 875.00**	**84 673.00**
Closing balance of cash	**254 138**	**209 263**

2015 ended with positive cash flows that were mainly due to positive cash flows from finance operations. Positive cash flows have also been generated on operating activities, albeit not at the scale comparable to that of 2014. This comes as a result of a significant decrease in liabilities (by PLN 135 858 000) and unchanged levels of receivables.

5. SELECTED FINANCIAL INDICATORS

Item	2015	2014	Formula
Return on assets (ROA)	2.88%	2.65%	net profit/ total assets
Return on equity (ROE)	10.03%	9.70%	net profit/ shareholders' equity
Debt to total assets ratio	71.26%	72.65%	liabilities and provisions for liabilities/ total assets
Debt to equity ratio	247.98%	265.68%	liabilities and provisions for liabilities/ shareholders' equity
Current ratio	1.43	1.44	working capital/ short-term liabilities

Gross return on sales	6.90%	5.87%	profit or loss on sales/ sales
Net return on sales	1.80%	1.65%	net profit or loss/ total revenues