

ERBUD S.A.

Condensed Separate Financial Statements for 1Q 2016

Financial Statement for the period of 3 months ended 31 March 2016

Balance Sheet

ASSETS

		31.03.2016	31.12.2015	31.03.2015
A.	**Fixed assets**	**168 117**	**181 065**	**193 122**
I.	**Intangible fixed assets**	**21**	**72**	**208**
1.	R&D completed	0	0	0
2.	Goodwill	0	0	0
3.	Other intangibles	21	72	208
4.	Advances for intangibles	0	0	0
II.	**Tangible fixed assets**	**6 380**	**7 215**	**7 525**
1.	Fixed assets	5 075	5 921	6 500
a)	Land (incl. perpetual usufruct)	0	0	0
b)	Buildings, premises and civil and water engineering structures	0	0	3 210
c)	Plant and equipment	120	125	59
d)	Means of transport	4 403	4 554	3 033
e)	Other tangible fixed assets	552	1 242	198
2.	Fixed assets under construction	1 305	1 293	1 025
3.	Prepaid tangible fixed assets under construction	0	0	0
III.	**Short-term receivables**	**0**	**0**	**0**
1.	From related parties	0	0	0
2.	From other entities	0	0	0
IV.	**Long-term investments**	**146 004**	**152 709**	**172 122**
1.	Real property	0	232	359
2.	Intangibles	0	0	0
3.	Non-current financial assets	146 004	152 478	171 763
a)	In related parties:	143 433	150 433	171 000
–	- shares or stocks	136 731	136 731	136 731
–	- other securities	0	0	0
–	- loans granted	6 702	13 702	34 269
–	- other non-current financial assets	0	0	0
b)	In other entities:	2 571	2 044	763
–	- shares or stocks	5	5	5
–	- other securities	0	0	0
–	- loans granted	0	0	0
–	- other non-current financial assets	2 566	2 039	758
4.	Other long-term investments	0	0	0
V.	**Long-term prepayments**	**15 712**	**21 068**	**13 267**
1.	Deferred tax assets	15 712	21 068	13 267
2.	Other prepayments	0	0	0

		31.03.2016	31.12.2015	31.03.2015
B.	**Current assets**	**474 583**	**531 995**	**504 545**
I.	**Inventories**	**674**	**147**	**630**
1.	Materials	0	0	0
2.	Semi-finished products and products in progress	674	136	630
3.	Finished products	0	0	0
4.	Goods	0	11	0
5.	Prepaid deliveries	0	0	0
II.	**Short-term receivables**	**324 802**	**303 221**	**296 589**
1.	From affiliated entities	7 676	11 811	8 566
a)	Trade receivables with a maturity:	3 618	7 173	2 583
–	of less than 12 months	3 618	7 173	2 583
–	over 12 months	0	0	0
b)	Other	4 058	4 638	5 983
2.	Receivables from other entities	317 126	291 410	288 023
a)	trade receivables with a maturity:	297 618	270 652	257 294
–	of less than 12 months	288 622	261 540	247 727
–	over 12 months	8 996	9 112	9 567
b)	receivables from tax, subsidy, customs, social security and other benefits	7 694	12 371	21 203
c)	Other	11 814	8 387	9 526
d)	Claimed at court	0	0	0
III.	**Short-term investments**	**57 908**	**102 409**	**107 497**
1.	Current financial assets	57 908	102 409	107 497
a)	In related parties	3 976	1 184	709
–	Shares or stocks	0	0	0
–	Other securities	0	0	0
–	Loans granted	3 976	1 184	709
–	Other current financial assets	0	0	0
b)	In other entities	0	0	3 214
–	Shares or stocks	0	0	0
–	Other securities	0	0	0
–	Loans granted	0	0	0
–	Other current financial assets	0	0	3 214
c)	Cash and other cash assets	53 932	101 225	103 574
–	Cash in hand and at bank	43 383	92 021	87 691
–	Other cash	10 549	9 204	15 883
–	Other cash assets	0	0	0
2.	Other current investments	0	0	0
IV.	**Short-term prepayments**	**91 199**	**123 083**	**99 829**
V.	**Fixed assets held for sale**	**0**	**3 135**	**0**
	TOTAL ASSETS	**642 700**	**713 060**	**697 667**

LIABILITIES

		31.03.2016	31.12.2015	31.03.2015
A.	**Equity**	**262 006**	**254 896**	**256 234**
I.	**Share capital**	1 281	1 281	1 276
II.	**Called-up share capital not paid (negative value)**	0	0	0
III.	**Treasury shares (negative value)**	0	0	0
IV.	**Capital reserves**	241 212	241 212	234 804
V.	**Revaluation capital reserve**	1 493	1 006	3 441
VI.	**Other capital reserves (funds)**	0	0	0
VII.	**Retained profit / accumulated loss brought forward**	11 397	0	12 245
VIII.	**Net profit (loss)**	6 623	11 397	4 467
IX.	**Deductions from net profit during the financial year (negative value)**	0	0	0
B.	**Liabilities and provisions for liabilities**	**380 694**	**458 164**	**441 433**
I.	**Provisions for liabilities**	**31 609**	**38 575**	**29 818**
1.	Deferred income tax provision	13 346	19 217	15 293
2.	Provision for retirement and related benefits	4 986	4 986	4 077
–	- non-current	843	843	542
–	- current	4 143	4 143	3 535
3.	Other provisions	13 277	14 372	10 448
–	- non-current	0	0	0
–	- current	13 277	14 372	10 448
II.	**Long-term liabilities**	**54 278**	**54 278**	**53 065**
1.	To related parties	0	0	0
2.	To other entities	54 278	54 278	53 065
a)	Loans and borrowings	0	0	0
b)	Issuance of debt securities	52 000	52 000	52 000
c)	Other financial liabilities	2 278	2 278	1 065
d)	Other	0	0	0
III.	**Short-term liabilities**	**248 280**	**295 452**	**323 101**
1.	To related parties	26 017	37 732	26 375
a)	Deliveries and services, with maturity:	26 017	37 232	26 375
–	- of less than 12 months	25 821	37 019	26 162
–	- over 12 months	196	213	213
b)	Other	0	500	0
2.	To other entities	222 263	257 720	296 726
a)	Loans and borrowings	0	0	0
b)	Issuance of debt securities	0	0	0
c)	Other financial liabilities	1 485	2 293	808
d)	Deliveries and services, with maturity :	196 774	233 520	274 727
–	- up to 12 months	193 093	230 263	267 527
–	- over 12 months	3 681	3 257	7 200
e)	Advances received for deliveries	16 696	11 964	13 330
f)	Bills	0	0	0
g)	Taxes, customs, social insurance and other benefits	5 036	7 787	3 868
h)	Payroll	1 982	1 809	2 776
i)	Other	290	347	1 217
3.	Special funds	0	0	0
IV.	**Accruals**	**46 527**	**69 859**	**35 449**
1.	Other accruals	46 527	69 859	35 449
	TOTAL LIABILITIES	**642 700**	**713 060**	**697 667**

Calculation of book value per share

	31.03.2016	31.12.2015	31.03.2015
Book value (in PLN '000)	262 006	254 896	256 234
Number of shares (in units)	12 811 859	12 811 859	12 761 925
Book value per share (in PLN)	20.45	19.90	20.08

PROFIT AND LOSS STATEMENT

	Quarter to 31.03.2016	Year to 31.12.2015	Quarter to 31.03.2015	Year to 31.12.2014
Income from sales of products, goods and materials, incl.:	**237 500**	**1 167 999**	**239 449**	**1 108 379**
- from related parties	1 020	8 714	2 554	8 828
Net revenues on sales of products	237 500	1 167 999	239 449	1 108 379
Net revenues on sales of goods and materials	0	0	0	0
Cost of sold products, goods and materials, incl.:	**221 376**	**1 101 381**	**224 697**	**1 051 385**
- to related parties	29 291	149 240	24 392	91 496
Cost of manufacturing products sold	221 376	1 101 381	224 697	1 051 385
Value of manufacturing goods and materials sold	0	0	0	0
Profit (loss) before taxes on sales	**16 124**	**66 618**	**14 752**	**56 994**
Selling costs	0	0	0	0
General and administrative expenses	10 985	42 591	8 821	36 595
Profit (loss) on sales	**5 139**	**24 027**	**5 931**	**20 399**
Other operating income	**5 025**	**3 315**	**322**	**3 054**
Gain on disposal of non-financial fixed assets	3 704	1 156	59	1 243
Subsidies	0	0	0	0
Other operating income	1 321	2 159	263	1 811
Other operating expenses	**1 509**	**9 484**	**244**	**5 893**
Loss on disposal of non-financial fixed assets	0	0	0	0
Revaluation of non-financial assets	0	0	0	0
Other operating expenses	1 509	9 484	244	5 893
Profit (loss) on operating activity	**8 655**	**17 857**	**6 009**	**17 560**
Financial income	**536**	**5 332**	**357**	**7 448**
Dividends and other share in profit	0	711	0	3 498
- from related parties	0	711	0	3 498
Interest	45	2 350	357	2 636
- from related parties	18	1 505	284	1 378
Gain on disposal of investments	0	0	0	0
Investment revaluation	0	0	0	0
Other	491	2 271	0	1 314
Financial expenses	**1 253**	**6 885**	**2 002**	**8 616**
Interest	1 039	3 484	818	5 902
- to related parties	0	0	0	0
Loss on disposal of investments	0	0	0	0
Investment revaluation	0	0	0	0
Other	214	3 401	1 184	2 714
Profit (loss) on business activity	**7 938**	**16 304**	**4 364**	**16 392**
Profit (loss) before taxes	**7 938**	**16 304**	**4 364**	**16 392**
Income tax	1 315	4 907	-103	4 147
Other mandatory decrease of profit (increase of loss)	0	0	0	0
Net profit (loss)	**6 623**	**11 397**	**4 467**	**12 245**
Weighted average number of ordinary shares/ Weighted average diluted number of shares (in pcs)	**12 811 859/ 12 811 859**	**12 780 257/ 12 811 859**	**12 736 925/ 12 768 667**	**12 738 236/ 12 768 272**
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)	**0.5170**	**0.8918 / 0.8896**	**0.3507 / 0.3499**	**0.9612 / 0.959**

CASH FLOWS STATEMENT

	Quarter to 31.03.2016	Year to 31.12.2015	Quarter to 31.03.2015	Year to 31.12.2014
Net profit (loss)	**6 623**	**11 397**	**4 467**	**12 245**
Total adjustments	**-63 320**	**-34 164**	**-15 545**	**56 819**
Amortisation and depreciation	925	2 323	211	2 256
FX profit/loss	108	-58	258	-177
Interest and profit sharing (dividends)	994	1 149	484	1 964
Profit/loss on investment activities	-3704	-1 099	-59	-1 243
Change in provisions	-7 069	-5 020	-13 527	5 643
Change in inventories	-527	700	218	1 665
Change in receivables	-21 581	-817	5 815	-82 049
Change in short-term liabilities, excluding credits and loans	-46 364	-119 704	-93 917	190 758
Change in prepayments and accruals	13 898	88 362	85 243	-62 057
Other adjustments	0	0	-271	59
Net cash flows from operating activities	**-56 697**	**-22 767**	**-11 078**	**69 064**
Cash flows from investment activities				
Inflows	**14 136**	**30 870**	**1 170**	**17 121**
Disposal of intangible and tangible fixed assets	6 723	323	73	644
Disposal of investments in real property and intangible assets	346	972	0	949
From financial assets, incl.:	7 067	29 575	1 097	15 528
a) In related parties	7 040	29 575	1 047	15 098
- Disposal of financial assets	0	0	0	0
- Dividends and profit sharing	0	711	0	3 497
- Repayment of granted long-term loans	7 000	22 812	0	8 791
- Other inflows from financial assets	40	6 052	1 047	2 810
b) In other entities	27	0	50	430
- Disposal of financial assets	0	0	0	0
- Dividends and profit sharing	0	0	0	0
- Repayment of granted long-term loans	0	0	0	0
- Interest	27	0	50	430
- Other inflows from financial assets	0	0	0	0
Other inflows from investment activities	0	0	0	0
Outflows	**2 959**	**19 288**	**7 706**	**3 616**
Purchase of intangible assets and tangible fixed assets	146	2 404	706	491
Investments in real property and intangible assets	0	0	0	0
Due to financial assets, incl.:	2 813	16 884	7 000	3 125
a) In a related parties	2 813	16 884	7 000	3 125
- Purchase of financial assets	0	0	0	0
- Loans granted	2 813	16 884	7 000	3 125
b) In other entities	0	0	0	0
- Purchase of financial assets	0	0	0	0
- Loans granted	0	0	0	0
Other outflows from investment activities	0	0	0	0
Net cash flows from investment activities	**11 177**	**11 582**	**-6 536**	**13 505**

	Quarter to 31.03.2016	Year to 31.12.2015	Quarter to 31.03.2015	Year to 31.12.2014
Cash flow from financing activities				
Inflows	**0**	**549**	**0**	**9 916**
Net proceeds from issue of shares and other equity instruments, and additional contributions to equity	0	549	0	521
Loans and borrowings	0	0	0	0
Issuance of debt securities	0	0	0	9 395
Other financing inflow	0	0	0	0
Outflows	**1 773**	**10 880**	**1 553**	**27 664**
Acquisition of treasury shares	0	0	0	0
Dividends and other distributions to shareholders	0	6 381	0	8 900
Expenses due to profit sharing other than payments to shareholders	0	0	0	0
Repayment of loans and borrowings	0	0	0	6
Redemption of debt securities	0	0	0	10 000
Other financial liabilities	0	0	0	0
Finance lease liabilities	0	1 134	0	720
Interest	1 773	3 365	1 553	5 324
Other financing outflows	0	0	0	2 714
Net cash flow from financing activities	**-1 773**	**-10 331**	**-1 553**	**-17 748**
Total net cash flow	**-47 293**	**-21 516**	**-19 167**	**64 821**
Balance-sheet change in cash, incl.:	**-47 293**	**-21 516**	**-19 167**	**64 821**
- Change in cash due to exchange rate differences				
Cash at the beginning of the period	**101 225**	**122 741**	**122 741**	**57 920**
Cash at the end of the period, incl.:	**53 932**	**101 225**	**103 574**	**122 741**
- Restricted cash	10 549	9 204	15 883	12 963

RECONCILIATION OF MOVEMENTS IN EQUITY

	Quarter to 31.03.2016	Year to 31.12.2015	Year to 31.12.2014	Quarter to 31.03.2015
I. Equity opening balance	**254 896**	**247 259**	**244 341**	**247 259**
– Changes to accepted accounting principles (policy)	0	0	0	0
– Adjustments of basic errors	0	0	0	0
I.a. Equity opening balance after adjustment	**254 896**	**247 259**	**244 341**	**247 259**
1. Share capital at the beginning of the period	**1 281**	**1 276**	**1 271**	**1 276**
1.1. Changes to share capital	**0**	**5**	**5**	**0**
a) Increases	0	5	5	0
– issue of shares of Series I	0	0	5	0
– issue of shares of Series J	0	5	0	0
b) Decreases from	0	0	0	0
– redemption of shares	0	0	0	0
1.2. Share capital at the end of the period	**1 281**	**1 281**	**1 276**	**1 276**
2. Called-up share capital at the beginning of the period	**0**	**0**	**0**	**0**
2.1. Changes in due payments for share capital	0	**0**	**0**	0
a) Increases	0	0	0	0
b) Decreases	0	0	0	0
2.2. Called-up share capital at the end of the period	**0**	0	0	**0**
3. Own shares at the beginning of the period	**0**	**0**	**0**	**0**
a) Increases	0	0	0	0
b) Decreases	0	0	0	0
3.1. Own shares at the end of the period	**0**	**0**	**0**	**0**
4. Capital reserves at the beginning of the period	**241 212**	**234 804**	**234 654**	**234 804**
4.1. Changes in capital reserves	0	6 408	150	0
a) Increases from	0	6 408	634	0
– transfer of capital reserves	0	0	0	0
– profit distribution	0	5 864	0	0
– redemption of own shares	0	0	0	0
– issue of Series I shares above face value	0	0	516	0
– issue of Series J shares above face value	0	544	0	0
– manager options	0	0	118	0
b) Decreases from	0	0	484	0
– dividend payment	0	0	484	0
– redemption of shares	0	0	0	0
4.2. Capital reserves at the end of the period	**241 212**	**241 212**	**234 804**	**234 804**
5. Revaluation reserve at the beginning of the period	**1 006**	**-1 066**	**0**	**-1 066**
5.1.Changes in revaluation reserve	486	2 072	-1 066	4 507
a) Increases from	486	2 072	0	4 507
– measurement of financial assets	486	2 072	0	4 507
b) Decreases from	0	0	1 066	0
– measurement of financial instruments	0	0	1 066	0
5.2. Revaluation reserve at the end of the period	**1 492**	**1 006**	**-1 066**	**3 441**
6. Other capital reserves at the beginning of the period	**0**	**0**	**0**	**0**
6.1. Changes in other capital reserves	0	0	0	0
a) Increases from	0	0	0	0
- reserves for Staff Incentive Scheme	0	0	0	0
b) Decreases	0	0	0	0
6.2. Other capital reserves at the end of the period	**0**	**0**	**0**	**0**

	Quarter to 31.03.2016	Year to 31.12.2015	Year to 31.12.2014	Quarter to 31.03.2015
7. Retained profit (loss) at the beginning of the period	**11 397**	**12 245**	**8 416**	**12 245**
7.1. Retained profit at the beginning of the period	11 397	12 245	8 416	12 245
– adjustments of basic errors	0	0	0	0
– recognition of the last FY result as the result of prior years	0	0	0	0
7.2 Retained profit at the beginning of the period after adjustment	0	12 245	8 416	12 245
a) Increases from	0	0	0	0
b) Decreases from	0	12 245	8 416	0
– profit distribution allocated to capital reserves	0	5 864	0	0
– profit distribution allocated to dividends	0	6 381	8 416	0
– profit distribution allocated to cover losses from previous FY	0	0	0	0
7.3. Retained profit at the end of the period	**11 397**	**0**	**0**	**12 245**
7.4. Retained loss at the beginning of the period	**0**	**0**	**0**	**0**
– adjustments of basic errors	0	0	0	0
7.5. Retained loss at the beginning of the period after adjustment	0	0	0	0
a) Increases	0	0	0	0
b) Decreases (distribution of profit to cover losses)	0	0	0	0
7.6. Retained loss at the end of the period	**0**	**0**	**0**	**0**
7.7 Retained profit (loss) at the end of the period	**0**	**0**	**0**	**12 245**
8. Net result	**6 623**	**11 397**	**12 245**	**4 467**
a) Net profit	6 623	11 397	12 245	4 467
b) Net loss	0	0	0	0
c) Deductions from profit	0	0	0	0
II. Equity closing balance	**262 006**	**254 896**	**247 259**	**256 234**
III. Equity after proposed distribution of profits (loss coverage)	**262 006**	**254 896**	**247 259**	**256 234**

1. Policies adopted to prepare the statements

1.1. Accounting principles applied

The Financial Statement of ERBUD SA for the first quarter of 2016 and comparable data has been drawn up in accordance with accounting principles prevailing in Poland, described in the introduction to the Company's Financial Report for 2014.

1.2. Principles adopted for the conversion of selected financial data to the Euro

Selected financial data were converted to the euro as follows:

- Assets and liabilities items - at the average exchange rate as at 31 March 2016, i.e. **4. 2684** PLN/EUR;
- Items of the profit or loss and cash flows for 1Q 2016 - at the rate calculated as an arithmetic mean of the average exchange rates published by Polish National Bank on the last day of each month for the period from 1 January to 31 March 2016, i.e. **4.3559** PLN/EUR;
- Assets and liabilities items of comparative financial data for 1Q 2015 - at the average exchange rate as at 31 March 2015, i.e. **4.0890** PLN/EUR;
- Items of the profit or loss and cash flows of comparative financial data for 1Q 2015 - at the rate calculated as an arithmetic mean of the average exchange rates published by Polish National Bank on the last day of each month for the period from 1 January to 31 March 2015, i.e. **4.1489** PLN/EUR.

KEY ITEMS CONVERTED TO THE EURO

	31.03.2016		31.03.2015	
	PLN	**EUR**	**PLN**	**EUR**
Fixed assets	168 117	39 386	193 122	47 229
Current assets	474 583	111 185	504 545	123 391
Shareholders' equity	262 006	61 382	256 234	62 664
Liabilities and provisions for liabilities	380 694	89 189	441 433	107 956

	3-month period ended 31.03.2016		3-month period ended 31.03.2015	
	PLN	**EUR**	**PLN**	**EUR**
Revenues from sales of products and services and of goods and materials	237 500	54 524	239 449	57 714
Cost of sold products and services and of goods and materials	221 376	50 822	224 697	54 158
Profit on sales before taxes	16 124	3 702	14 752	3 556
Profit on operating activities	8 655	1 987	6 009	1 448
Profit (loss) before taxes	7 938	1 822	4 364	1 052
Net profit (loss)	6 623	1 520	4 467	1 077

	3-month period ended 31.03.2016		3-month period ended 31.03.2015	
	PLN	**EUR**	**PLN**	**EUR**
Cash flow from operating activities	-56 697	-13 016	-11 078	-2 670
Cash flow from investing activities	11 177	2 566	-6 536	-1 575
Cash flow from financing activities	-1 773	-407	-1 553	-374
Net cash flow	-47 293	-10 857	-19 167	-4 619
Cash at the beginning of the period	101 225	23 753	122 741	28 797
Cash at the end of the period	53 932	12 635	103 574	25 330

EXPLANATORY NOTES

Note 1. Segment information

During the reporting period ended 31 March 2016, the Company was operating in the following business areas:

- Large volume construction
- Road-engineering
- Construction for power industry.

During the reporting period ended 31 March 2016, the Company was operating in the following geographical areas:

- in Poland
- abroad (Belgium).

The segmentation has been made by qualifying individual construction contracts. The Company applies a uniform accounting policy for all segments.

Business segments

The following tables present figures concerning revenues and profits of the Company's operating segments for the period from 1 January to 31 March 2016.

Proceeds and expenses by business segments

For the period from 1 January to 31 March 2016	Large volume construction	Road-engineering	Construction for energy sector	Other	Total
Sale to external customers	215 312	0	22 188	0	**237 500**
Total income	**215 312**	**0**	**22 188**	**0**	**237 500**
Cost of products, goods and materials sold to external customers	198 552	59	22 765	**0**	**221 376**
Total cost of products, goods and materials sold	**198 552**	**59**	**22 765**	**0**	**221 376**
Total gross sales	**16 760**	**-59**	**-577**	**0**	**16 124**
Cost of sales	0	0	0	0	**0**
General and administrative costs	10 825	52	11	96	**10 985**
Profit (loss) on other operating activity	3 516	0	0	0	**3 516**
Segment profit (loss)	**9 450**	**-111**	**-588**	**-96**	**8 655**
Profit (loss) on financing activity	-718	0	0	0	**-718**
Income tax	1 315	0	0	0	**1 315**
Net profit	**7 418**	**-111**	**-588**	**-96**	**6 623**

Proceeds and expenses by business segments

For the period from 1 January to 31 March 2015	Large volume construction	Road-engineering	Construction for energy sector	Other	Total
Sale to external customers	215 899	0	23 550	0	**239 449**
Total income	**215 899**	**0**	**23 550**	**0**	**239 449**
Cost of products, goods and materials sold to external customers	202 436	345	21 916	**0**	**224 697**
Total cost of products, goods and materials sold	**202 436**	**345**	**21 916**	**0**	**224 697**
Total gross sales					
Cost of sales	0	0	0	0	**0**
General and administrative costs	8 407	56	262	96	**8 821**
Profit (loss) on other operating activity	78	0	0	0	**78**
Segment profit (loss)	**5 134**	**-401**	**1 372**	**-96**	**6 009**
Profit (loss) on financing activity	-1 645	0	0	0	**-1 645**
Income tax	-103	0	0	0	**-103**
Net profit	**3 592**	**-401**	**1 372**	**-96**	**4 467**

Geographical segment

The following table present figures concerning revenues and profits of the Company's region segments for the period from 1 January to 31 March 2016.

Proceeds and expenses by geographical segments

For the period from 1 January to 31 March 2016	Domestic	Abroad	Total
Sale to external customers	227 921	9 579	237 500
Total income	**227 921**	**9 579**	**237 500**
Cost of products, goods and materials sold to external customers	212 281	9 095	221 376
Total cost of products, goods and materials sold	**212 281**	**9 095**	**221 376**
Total gross sales	**15 640**	**484**	**16 124**
Cost of sales	0	0	**0**
General and administrative costs	10 798	187	**10 985**
Profit (loss) on other operating activity	3 516	0	**3 516**
Segment profit (loss)	**8 358**	**297**	**8 655**
Profit (loss) on financing activity	-861	143	**-718**
Income tax	1 242	73	**1 315**
Net profit	**6 256**	**367**	**6 623**

Proceeds and expenses by geographical segments

For the period from 1 January to 31 March 2015	Domestic	Abroad	Total
Sale to external customers	222 786	16 663	239 449
Total income	**222 786**	**16 663**	**239 449**
Cost of products, goods and materials sold to external customers	208 587	16 110	224 697
Total cost of products, goods and materials sold	**208 587**	**16 110**	**224 697**
Total gross sales	**14 199**	**553**	**14 752**
Cost of sales	0	0	**0**
General and administrative costs	8 707	114	**8 821**
Profit (loss) on other operating activity	78	0	**78**
Segment profit (loss)	**5 570**	**439**	**6 009**
Profit (loss) on financing activity	-1 105	-540	**-1 645**
Income tax	-103	0	**-103**
Net profit	**4 568**	**-101**	**4 467**

2. Description of factors and events, which had a significant impact on financial results achieved by ERBUD SA.

2.1. Changes in estimates

Construction contracts

In accordance with accepted accounting principles for valuation of the long-term building services, the Company applied a percentage method. Revenues, costs and profit were shown in proportion to the phase of works. To qualify the progress of works, it was used a method of proportional contract costs incurred for work performed to date in relation to the estimated cost of the contract.

Prepayments for construction contracts

	31.03.2016	31.12.2015	31.03.2015
Revenue surplus over partial invoices, by staging	39 372	60 366	51 842
Costs surplus over expenses arising from the accounting costs, by staging	30 302	40 502	24 869

Surplus on partial invoices over incomes, by staging	16 225	29 357	10 486
Surplus on costs resulting from the accounting costs over expenses, by staging	28 371	38 576	22 483
Total amounts presented in deferred expenditures	67 743	98 943	74 325
Total amounts presented in deferred revenues	46 527	69 859	35 355

Provisions and assets due to deferred income tax

Provisions due to deferred income tax	**31.03.2016**	**31.12.2015**	**31.03.2015**
- valuation of long-term contracts	8 840	13 273	6 717
- tax loss	0	0	1 088
- deferred costs	1 282	1 771	1 026
- other	5 590	6 024	4 436
Total assets due to deferred income tax	**15 712**	**21 068**	**13 267**

Provisions	**31.03.2016**	**31.12.2015**	**31.03.2015**
- valuation of long-term contracts	12 871	18 799	14 122
- other	475	418	1 171
Total provisions due to deferred income tax	**13 346**	**19 217**	**15 293**

Impairment losses on receivables

Change in impairment losses on short-term receivables

	31.03.2016	**31.12.2015**	**31.03.2015**
At the beginning of the period	8 199	4 154	4 154
a) Increase (due to)	0	4 166	0
- creation	0	4 166	0
b) Decrease (due to)	0	121	0
- reversal of impairment	0	121	0
- use of write-offs	0	0	0
Impairment losses on short-term receivables at the end of the period	**8 199**	**8 199**	**4 154**

Information on changes in economic outlook and business conditions, which have a significant impact on the fair value of Company's financial assets and financial liabilities

During the period form 1 January to 31 March 2016 such significant changes did not occur.

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, May 11, 2016