

ERBUD S.A.

Condensed Separate Financial Statements for the 6 month period ended 30 June 2016

Introduction to Financial Statements

1. Policies adopted for preparation of the Condensed Separate Financial Statements

1.1. Adopted accounting principles

Condensed Separate Financial Statements of Erbud SA for the six month period ended 30 June 2016 and the comparative figures have been prepared in accordance with the provisions of the Act of 29 September 1994 (Journal of Laws of 2013, No. 330, as amended) and the Regulation of the Minister of Finance on current and periodic information provided by issuers of securities and conditions for recognizing as equivalent information required by the law of a non-member state (Journal of Laws of 2009 No. 33, item. 259, as amended).

1.2. Comparability of financial data disclosed in the Condensed Separate Financial Statements and those previously prepared and published in the Condensed Separate Financial Statements

In the period covered by the Condensed Separate Financial Statements and in the previous period, there were no events that require achieving comparability of financial data, except for the error adjustment as described in Note 51.

1.3. Description of the rules (policies), including methods of valuation of assets and liabilities and measurement of income and expenses

Over the period covered by the Condensed Separate Financial Statements, there were no changes in the methods of preparing the financial statements. A detailed description of the accounting policies is contained in the introduction to the Separate Financial Statements of the Company for the year ended 31 December 2015.

1.4. Going-concern assumption and comparability of financial statements

Condensed Separate Financial Statements presented in this report have been prepared under the assumption, that ERBUD SA will continue its business activity over next 12 months after the balance sheet date, i.e. 30.06.2016. The Management Board of the Company do not state as at the day of signing the financial statement facts and circumstances which would indicate the possibility of risk to continue operations in the period of 12 months after the closing balance date as a result of intentional or involuntary omissions or significantly reducing the current activity.
By the date of preparing the Financial Statements, there were no events that have not been and should be included in the accounts during the reporting period.

2. 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

Supervisory Board

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

CONDENSED SEPARATE FINANCIAL STATEMENT
for the 6-month period ended 30 June 2016 (in PLN '000)

Balance Sheet

ASSETS

		Note	30.06.2016 *Unaudited figures*	31.12.2015 *Figures after restatement **
A.	**Fixed assets**		**156 288**	**181 065**
I.	**Intangible assets**		**23**	**72**
1.	Finished R&D expenses		0	0
2.	Goodwill		0	0
3.	Other intangible assets		23	72
4.	Prepaid intangible assets		0	0
II.	**Tangible assets**	**2.5**	**6 425**	**7 215**
1.	Tangible fixed assets		6 382	5 921
a)	Land, incl. perpetual usufruct		0	0
b)	Buildings, premises and civil and water engineering structures		1 302	0
c)	Plant and equipment		114	125
d)	Means of transport		4 430	4 554
e)	Other tangible fixed assets		536	1 242
2.	Fixed assets under construction		43	1 293
3.	Prepaid tangible fixed assets under construction		0	0
III.	**Long-term receivables**		**0**	**0**
1.	From related parties		0	0
2.	From other entities		0	0
IV.	**Long-term investments**		**132 230**	**152 709**
1.	Real property		0	232
2.	Intangibles		0	0
3.	Non-current financial assets	2, 6	132 230	152 478
a)	In related parties, incl.:		131 515	150 433
–	Shares or stocks		119 804	136 731
–	Other securities		0	0
–	Loans granted		11 711	13 702
–	Other non-current financial assets		0	0
b)	In other entities, incl.:		715	2 044
–	Shares or stocks		0	5
–	Other securities		0	0
–	Loans granted		0	0
–	Other non-current financial assets		715	2 039
4.	Other non-current investments		0	0
V.	**Long-term prepayments**		**17 611**	**21 068**
1.	Deferred tax assets	3	17 611	21 068
2.	Other prepayments		0	0

* Information on data restatement in Note 51

		Note	30.06.2016 *Unaudited figures*	31.12.2015 *Figures after restatement **
B.	**Current assets**		**479 348**	**511 873**
I.	**Inventories**	**6**	**1 830**	**147**
1.	Materials		0	0
2.	Semi-finished products and products in progress		1 830	136
3.	Finished products		0	0
4.	Goods		0	11
5.	Prepaid deliveries		0	0
II.	**Short-term receivables**	**4**	**348 598**	**303 221**
1.	From related parties		6 586	11 811
a)	Trade receivables with a maturity:		4 486	7 173
–	less than 12 months		4 486	7 173
–	over 12 months		0	0
b)	Other		2 100	4 638
2.	Receivables from other entities		342 012	291 410
a)	Trade receivables with a maturity:		313 931	270 652
–	less than 12 months		302 308	261 540
–	over 12 months		11 624	9 112
b)	Receivables from tax, subsidy, customs, social security and other benefits		12 521	12 371
c)	Other		15 560	8 387
d)	Claimed at court		0	0
III.	**Short-term investments**		**56 849**	**102 409**
1.	Current financial assets	6	56 849	102 409
a)	In related parties		1 344	1 184
–	Shares or stocks		0	0
–	Other securities		0	0
–	Loans granted		1 344	1 184
–	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		55 505	101 225
–	Cash in hand and at bank		43 744	92 021
–	Other cash		11 760	9 204
–	Other cash assets		0	0
2.	Other current investments		0	0
IV.	**Current prepayments**	**5, 51**	**72 071**	**102 961**
V.	**Fixed assets held for sale**		**0**	**3 135**
	TOTAL ASSETS		**635 636**	**692 938**

* Information on data restatement in Note 51

LIABILITIES

		Note	30.06.2016 *Unaudited figures*	31.12.2015 *Figures after restatement **
A.	**Equity**		**216 196**	**234 774**
I.	**Share capital**	7	1 281	1 281
II.	**Called-up share capital (negative value)**		0	0
III.	**Treasury shares (negative value)**		0	0
IV.	**Reserve capital**		237 235	241 212
V.	**Revaluation capital reserve**		-1 315	1 006
VI.	**Other reserve capital**		0	0
VII.	**Retained profit / accumulated loss brought forward**	51	-20 122	-20 122
VIII.	**Net profit (loss)**		-883	11 397
IX.	**Write-down of net profit for the financial year (negative value)**		0	0
B.	**Liabilities and provisions for liabilities**		**419 440**	**458 164**
I.	**Provisions for liabilities**		**28 844**	**38 575**
1.	Deferred income tax provision	8	13 494	19 217
2.	Provision for retirement and related benefits		4 609	4 986
–	Non-current	9	840	843
–	Current	10	3 769	4 143
3.	Other provisions		10 741	14 372
–	Non-current	11	0	0
–	Current	12	10 741	14 372
II.	**Long-term liabilities**	**13**	**54 101**	**54 278**
1.	To related parties		0	0
2.	To other entities		54 101	54 278
a)	Loans and borrowings		0	0
b)	Issue of debt securities	15	52 000	52 000
c)	Other financial liabilities		2 101	2 278
d)	Other		0	0
III.	**Short-term liabilities**		**299 348**	**295 452**
1.	To related parties		27 387	37 732
a)	Deliveries and services with a maturity:		27 387	37 232
–	less than 12 months		27 192	37 019
–	over 12 months		196	213
b)	Other		0	500
2.	To other entities		271 960	257 720
a)	Loans and borrowings	14	0	0
b)	Issue of debt securities		0	0
c)	Other financial liabilities		3 996	2 293
d)	Deliveries and services with a maturity:		244 370	233 520
–	less than 12 months		241 212	230 263
–	over 12 months		3 158	3 257
e)	Prepaid deliveries		16 223	11 964
f)	Bills		0	0
g)	Taxes, customs, social insurance and other benefits		4 883	7 787
h)	Salaries		2 181	1 809
i)	Other		307	347
3.	Special funds		0	0
IV.	**Accruals**		**37 148**	**69 859**
1.	Other accruals	5,1	37 148	69 859
	Total liabilities		**635 636**	**692 938**

* Information on data restatement in Note 51

Calculation of book value per share

	30.06.2016	31.12.2015
Book value (in 000' PLN)	216 196	234 774
Number of shares	12 811 859	12 811 859
Book value per share (in PLN)	16.87	18.32

Off-balance sheet items

	30.06.2016	31.12.2015
1. Conditional receivables	50 000	0
1.1. From related parties	50 000	0
- guarantees and sureties received	50 000	0
1.2 From other entities	0	0
- guarantees and sureties received	0	0
2. Conditional liabilities	443 686	456 734
2.1. To related parties	120 557	125 710
- guarantees granted	120 557	125 710
2.2. To other entities	323 129	331 024
- guarantees and sureties granted	323 129	331 024
3.Other	0	0
Total off-balance sheet items	**393 686**	**456 734**

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, August 29, 2016

PROFIT AND LOSS STATEMENT

		6- month period ended 30.06.2016 *Unaudited figures*	3- month period ended 30.06.2016 *Unaudited figures*	6- month period ended 30.06.2015 *Unaudited figures**	6- month period ended 30.06.2015 *Unaudited figures**
Revenues from sales of products, goods and materials, incl.:		**548 130**	**310 630**	**559 098**	**319 649**
- From related parties		1 802	782	969	-1 585
Net revenues from sales of products	18	548 130	310 630	559 098	319 649
Net revenues from sales of goods and materials		0	0	0	0
Cost of products, goods and materials sold, incl.:		**515 149**	**293 773**	**526 523**	**301 826**
- To related parties		58 992	29 701	66 880	42 488
Manufacturing cost of products sold	19	515 149	293 773	526 523	301 826
Value of goods and materials sold	20	0	0	0	0
Gross profit (loss) on sales		**32 980**	**16 856**	**32 575**	**17 823**
Sales costs		0	0	0	0
General and administrative costs		22 935	11 950	20 145	11 324
Profit (loss) on sales		**10 046**	**4 906**	**12 430**	**6 499**
Other operating revenues	21	**8 083**	**3 058**	**2 701**	**2 379**
Profit on disposal of non-financial fixed assets		3 717	13	1 007	948
Subsidies		0	0	0	0
Other operating revenues		4 366	3 045	1 694	1 431
Other operating expenses	22	**2 653**	**1 144**	**6 147**	**5 903**
Loss on disposal of non-financial assets		0	0	0	0
Revaluation of non-financial fixed assets		0	0	0	0
Other operating expenses		2 653	1 144	6 147	5 903
Profit (loss) on operating activities		**15 475**	**6 820**	**8 984**	**2 975**
Financial revenues	23	**5 037**	**4 501**	**2 189**	**1 832**
Dividends and profit sharing		0	0	576	576
- From related parties		0	0	576	576
Interest		1 183	1 138	1 291	934
- From related parties		267	248	689	405
Profit on investments sale		0	0	0	0
Revaluation of investments		0	0	0	0
Other		3 854	3 363	322	322
Financial costs	24	**20 940**	**19 687**	**2 786**	**784**
Interest:		3 430	2 391	1 854	1 036
- To associates		0	0	7	7
Loss on selling investments		0	0	0	0
Revaluation of investments		16 927	16 927	0	0
Other		583	368	932	-252
Profit (loss) on business activities		**-428**	**-8 366**	**8 387**	**4 023**
Result on extraordinary events		**0**	**0**	**0**	**0**
Extraordinary profit		0	0	0	0
Extraordinary loss		0	0	0	0
Gross profit (loss)		**-428**	**-8 366**	**8 387**	**4 023**
Income tax		455	-859	2 252	2 355
Other statutory reductions in profit (increases in loss)		0	0	0	0
Net earnings (loss)		**-883**	**-7 506**	**6 135**	**1 668**
Weighted average number of ordinary shares / Diluted weighted average number of ordinary shares (in units)	25	12 811 859	12 811 859	12 761 925 / 12 794 073	12 761 925 / 12 794 073
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)		-0.07	-0.59	0.48 / 0.48	0.13 / 0.13

Signature of person preparing the Financial Statement

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Warsaw, August 29, 2016

CASH FLOW STATEMENT

	6- month period ended 30.06.2016	6- month period ended 30.06.2015
Net profit (loss)	**-883**	**6 135**
Total adjustments	**-34 499**	**-34 862**
Amortisation and depreciation	1 816	1 138
Foreign currency translation gain (loss)	-151	-73
Interest and profit sharing (dividends)	2 579	74
(Profit (loss) on investment activities	-3 717	-1 007
Change in provisions	-9 481	-13 803
Change in inventory	-1 683	847
Change in receivables	-45 377	-67 639
Change in short-term liabilities, excluding credits and loans	2 769	-75 850
Change in prepayments and accruals	1 930	121 262
Other adjustments	-112	189
Impairment of investments	16 927	0
Net cash flows from operating activities	**-35 382**	**-28 727**
Cash flows from investment activities		
Inflows	**14 508**	**4 283**
Disposal of intangible and tangible fixed assets	6 764	174
Disposal of investments in real property and intangible assets	655	972
From financial assets, incl.:	7 089	3 137
a) In related parties	7 040	3 059
- Disposal of financial assets	0	0
- Dividends and profit sharing	0	0
- Repayment of granted long-term loans	7 000	1 870
- Interest	40	1 189
- Other inflows from financial assets	0	0
b) In other entities	49	78
- Disposal of financial assets	0	0
- Dividends and profit sharing	0	0
- Repayment of granted long-term loans	0	0
- Interest	49	78
- Other inflows from financial assets	0	0
Other inflows from investment activities	0	0
Outflows	**5 777**	**15 177**
Purchase of intangible assets and tangible fixed assets	289	445
Investments in real property and intangible assets	0	0
Due to financial assets, incl.:	5 488	14 732
a) In related parties	5 488	14 732
- Disposal of financial assets	0	0
- Dividends and profit sharing	0	0
- Repayment of granted long-term loans	5 488	14 732
- Interest	0	0
- Other outflows from financial assets	0	0
b) In other entities	0	0
- Purchase of financial assets	0	0
- Long-term loans granted	0	0
Other outflows due to investment activities	0	0
Net cash flows from investment activities	**8 731**	**-10 894**

	6- month period ended 30.06.2016	6- month period ended 30.06.2015
Cash flow from financial activities		
Inflows	**0**	**0**
Net inflows from issue of shares and other capital instruments and from capital contributions	0	0
Loans and borrowings	0	0
Issue of debt instruments	0	0
Other financial inflows	0	0
Outflows	**19 069**	**2 385**
Redemption of own shares	0	0
Dividends and other payments to the shareholders	15 374	0
Other than payments to shareholders, expenses due to profit distribution	0	0
Repayment of loans and borrowings	0	0
Repayment of debt instruments issued	0	0
Due to other financial liabilities	0	0
Payment of liabilities arising from financial leases	779	549
Interest paid	2 916	1 836
Other	0	0
Net cash flow from financial activities	**-19 069**	**-2 385**
Total net cash flow	**-45 720**	**-42 006**
Balance sheet change in cash, incl.:	**-45 720**	**-42 006**
- change in cash due to foreign exchange differences	0	0
Cash opening balance	**101 225**	**122 741**
Closing balance of cash, incl.:	**55 505**	**80 735**
- restricted cash	11 760	12 650

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, August 29, 2016

STATEMENT OF MOVEMENTS IN EQUITY

	6- month period ended 30.06.2016	6- month period ended 30.06.2015
I. Equity opening balance	**254 896**	**247 259**
– changes in accounting rules (policy) applied	0	0
– correction of material errors	-20 122	-20 122
I.a. Equity opening balance at the beginning of the period after adjustment to comparative data	**234 774**	**227 137**
1. Share capital at the beginning of the period	**1 281**	**1 276**
1.1. Changes to share capital	**0**	**0**
a) Increases from	0	0
– issue of shares of Series I	0	0
– issue of shares of Series H	0	0
b) Decreases from	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	**241 212**	**234 804**
4.1. Changes in capital reserves	-3 977	5 964
a) Increases from	11 397	5 964
– capital reserves transfer	0	0
– profit distribution	11 397	5 864
– redemption of shares	0	0
– profit from disposal of own shares	0	0
– issue of Series J shares above par value	0	0
– manager options	0	100
b) Decreases	15 374	0
– dividend payment	15 374	0
4.2. Capital reserves at the end of the period	**237 235**	**240 768**
5. Revaluation reserve at the beginning of the period	**1 006**	**-1 066**
5.1.Changes in revaluation reserve	-2 321	1 805
a) Increases	0	1 805
– financial assets valuation	0	1 805
b) Decreases	2 321	0
– valuation of financial instruments held for sale	2 321	0
5.2. Revaluation reserve at the end of the period	**-1 315**	**739**
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**

	6- month period ended 30.06.2016	6- month period ended 30.06.2015
7. Retained profit (loss) at the beginning of the period	**11 397**	**12 245**
7.1. Retained profit at the beginning of the period	11 397	12 245
– changes in accounting rules (policy) applied	0	0
– correction of material errors	0	0
– recognition of the last year result as a result of previous years	0	0
7.2 Retained profit at the beginning of the period after adjustment	11 397	12 245
a) Increases	0	0
b) Decreases	11 397	12 245
– profit-sharing for capital reserves	0	5 864
– profit-sharing for dividends	11 397	6 381
– profit-sharing to cover losses from previous years	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 in accounting rules (policy) applied	0	0
– correction of material errors	0	0
7.5. Retained loss at the beginning of the period after adjustment	0	0
a) Increases	0	0
– presentation adjustments	0	0
b) Decreases	0	0
– profit-sharing 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	**-883**	**6 135**
a) Net profit	0	6 135
b) Net loss	-883	0
c) Write-downs from profit	0	0
II. Equity closing balance	**216 196**	**228 796**
III. Equity, after including proposed profit distribution (coverage of loss)	**216 196**	**228 796**

Signature of person preparing the Financial Statement

Mariola Zielińska
/ Chief Accountant /

Signatures of the Management Board Members

Józef Zubelewicz
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/ Management Board Member /

Warsaw, August 29, 2016

Key items converted to the EURO

	30.06.2016		31.12.2015	
	PLN	EUR	PLN	EUR
Fixed assets	156 288	35 315	181 065	42 489
Current assets	479 348	108 315	511 873	120 116
Shareholders' equity	216 196	48 852	234 774	55 093
Liabilities and provisions for liabilities	419 440	94 778	458 164	107 512

Items of the balance sheet data as at 30 June 2016 were converted at the Euro rate which was set by the NBP as of that day i.e. 4.4255 PLN/EUR.

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

	6- month period ended 30.06.2016		6- month period ended 30.06.2015	
	PLN	EUR	PLN	EUR
Fixed assets	548 130	125 129	559 098	135 241
Current assets	515 149	117 600	526 523	127 361
Shareholders' equity	32 980	7 529	32 575	7 880
Liabilities and provisions for liabilities	15 475	3 533	8 984	2 173
Fixed assets	-428	-98	8 387	2 029
Current assets	-883	-201	6 135	1 484

Items of the profit and loss statement for the period from 1.01.2016 to 30.06.2016 were translated at the rate which was calculated as an arithmetic mean of average rates prevailing o the last day of given month in the period, set by the NBP as of that day, i.e. 4.3805 PLN/EUR.

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

	6- month period ended 30.06.2016		6- month period ended 30.06.2015	
	PLN	EUR	PLN	EUR
Cash flows from operating activities	-35 382	-8 077	-28 727	-6 949
Cash flows from investment activities	8 731	1 993	-10 894	-2 635
Cash flows from financial activities	-19 069	-4 353	-2 385	-577
Net cash flows	-45 720	-10 437	-42 006	-10 161
Cash opening balance	101 225	23 753	122 741	28 797
Cash closing balance	55 505	12 542	80 735	19 248

Items of the cash flow for the period from 1.01.2016 to 30.06.2016 were translated at the rate which was calculated as an arithmetic mean of average rates prevailing on the last day of given month in the period, set by the NBP as of that day, i.e. 4.3805 PLN/EUR.

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

For translating cash as at 1 January 2016, the exchange rate set by the NBP as of that day was applied, i.e. 4.2615 PLN/EUR.

For translating cash as at 1 January 2015, the exchange rate set by the NBP as of that day was applied, i.e. 4,2623 PLN/EUR.

For translating cash as at 30 June 2016, the exchange rate set by the NBP as of that day was applied, i.e. 4.4255 PLN/EUR.

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

EXPLANATORY NOTES

Note 1. Operating segments information

During the reporting period ended 30 June 2016 the Company conducted operations under the following business segments:

- civil engineering - large volume construction;
- construction for power industry;
- road-engineering.

During the reporting period ended 30 June 2016 the Company conducted operations in the following geographical segments:

- domestic;
- abroad (Belgium, Luxembourg).

The segmentation was made on classification basis of individual construction contracts. The Company applies an uniform accounting policy for all segments.

Business segments

The tables below present figures for particular business segments of the Company for the period from 1 January to 30 June 2016:

Income and expenses by business segments

Period from 1 January to 30 June 2016	Large volume construction	Road-engineering	Construction for power industry	Other activity	Total
Sale to external clients	504 704	82	43 344	0	**548 130**
Total income	**504 704**	**82**	**43 344**	**0**	**548 130**
Cost of products, goods and materials sold to external clients	471 182	414	43 554	**0**	515 149
Total cost of products, goods and materials sold	**471 182**	**414**	**43 554**	**0**	**515 149**
Total gross sales	**33 522**	**-331**	**-210**	**0**	**32 980**
Cost of sales	0	0	0	0	**0**
General and administrative costs	21 739	124	471	601	**22 935**
Profit (loss) on other operating activity	2 930	2 500	0	0	**5 430**
Segment profit (loss)	**14 713**	**2 045**	**-682**	**-601**	**15 475**
Profit (loss) on other financing activity	1 024	0	0	-16 927	**-15 903**
Income tax	3 283	388	0	-3 216	**455**
Net profit	**12 454**	**1 657**	**-682**	**-14 312**	**-883**

Income and expenses by business segments

Period from 1 January to 30 June 2015	Large volume construction	Construction for power industry	Other activity	Total
Sale to external clients	503 181	55 917	0	**559 098**
Total income	**503 181**	**55 917**	**0**	**559 098**
Cost of products, goods and materials sold to external clients	471 819	54 704	0	**526 523**
Total cost of products, goods and materials sold	**471 819**	**54 704**	**0**	**526 523**
Total gross sales	**31 362**	**1 213**	**0**	**32 575**
Cost of sales	0	0	0	**0**
General and administrative costs	19 742	16	387	**20 145**
Profit (loss) on other operating activity	-3 446	0	0	**-3 446**
Segment profit (loss)	**8 174**	**1 197**	**-387**	**8 984**
Profit (loss) on other financing activity	-597	0	0	**-597**
Income tax	2 252	0	0	**2 252**
Net profit	**5 325**	**1 197**	**-387**	**6 135**

Geographical segments

Income and expenses by geographical segments

Period from 1 January to 30 June 2015	**Domestic**	**Abroad**	**Total**
Sale to external clients	527 593	20 537	**548 130**
Total income	**527 592**	**20 537**	**548 130**
Cost of products, goods and materials sold to external clients	495 625	19 524	**515 149**
Total cost of products, goods and materials sold	**495 625**	**19 524**	**515 149**
Total gross sales	**31 967**	**1 013**	**32 980**
Cost of sales	0	0	**0**
General and administrative costs	21 922	1 013	**22 935**
Profit (loss) on other operating activity	5 502	-72	**5 430**
Segment profit (loss)	**15 547**	**-72**	**15 475**
Profit (loss) on other financing activity	-16 766	862	**-15 903**
Income tax	1 296	-841	**455**
Net profit	**-2 514**	**1 631**	**-883**

Period from 1 January to 30 June 2015	**Domestic**	**Abroad**	**Total**
Sale to external clients	525 811	33 287	**559 098**
Total income	**525 811**	**33 287**	**559 098**
Cost of products, goods and materials sold to external clients	494 994	31 529	**526 523**
Total cost of products, goods and materials sold	**494 994**	**31 529**	**526 523**
Total gross sales	**30 817**	**1 758**	**32 575**
Cost of sales	0	0	**0**
General and administrative costs	19 081	1 064	**20 145**
Profit (loss) on other operating activity	-3 623	177	**-3 446**
Segment profit (loss)	**8 113**	**871**	**8 984**
Profit (loss) on other financing activity	-522	-75	**-597**
Income tax	2 252	0	**2 252**
Net profit	**5 339**	**796**	**6 135**

Note 2.

Note 2.1. Change in long-term financial assets (by type)

	30.06.2016	**31.12.2015**
a) As at the beginning of the period	152 478	165 526
- Shares	136 736	136 736
- Loans granted	13 702	28 032
- Other long-term financial assets	2 039	758
b) Increases (from)	0	0
- Shares	0	0
- Loans granted	0	0
- Other long-term financial assets	0	0
c) Decreases (from)	20 247	14 364
- Shares	16 932	0
- Loans granted	1 991	14 330
- Other long-term financial assets	1 324	34
d) As at the end of the period	132 230	152 478
- Shares	119 804	136 736
- Loans granted	11 711	13 702
- Other long-term financial assets	715	2 039

Nota 2.2. Shares or stocks in subsidiaries as at 30.06.2016

	Name (business name) of entity and form of incorporation	Seat	Business area	Type of relationship (subsidiary, joint controlled subsidiary or affiliated, specifying direct and indirect connections)	Applied method of consolidation / equity method or indication that the entity is not subject to consolidation / valuation by equity method	Total value adjustments	Carrying amount of shares /stocks	Equity stake held	Share of total vote number at the AGM
1.	Erbud Construction Sp. z o.o.	Toruń	construction	subsidiary	non-consolidated due to immateriality	39	0	100.00%	100.00%
2.	Toruńska Sportowa S.A. w likwidacji	Toruń	construction	associated company	non-consolidated due to immateriality	39	0	39.00%	39.00%
3.	Erbud Rzeszów Sp. z o.o.	Rzeszów	construction	subsidiary	full method	0	79	79.00%	79.00%
4.	Erbud International Sp. z o.o.	Toruń	construction	subsidiary	full method	0	50	100.00%	100.00%
5.	GWI GmbH	Dusseldorf, Germany	construction	subsidiary	full method	0	347	85.00%	85.00%
6.	Budlex S.A.	Toruń	real estate development	subsidiary	full method	16 927	56 648	89,96%	89,96%
7.	Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	Toruń	road-engineering	subsidiary	full method	0	49 554	90.00%	94.27%
8.	Erbud Industry Sp. z o.o.	Toruń	engineering services	subsidiary	full method	2 850	13 126	100.00%	100.00%
				Shares or stocks in directly and indirectly controlled companies as at 30.06.2016		**19 855**	**119 804**		

Shares or stocks in subsidiaries as at 31.12.2015

	Name (business name) of entity and form of incorporation	Seat	Business area	Type of relationship (subsidiary, joint controlled subsidiary or affiliated, specifying direct and indirect connections)	Applied method of consolidation / equity method or indication that the entity is not subject to consolidation / valuation by equity method	Total value adjustments	Carrying amount of shares /stocks	Equity stake held	Share of total vote number at the AGM
1.	Erbud Construction Sp. z o.o.	Toruń	construction	subsidiary	non-consolidated due to immateriality	39	0	100.00%	100.00%
2.	Toruńska Sportowa S.A. w likwidacji	Toruń	construction	associated company	non-consolidated due to immateriality	39	0	39.00%	39.00%
3.	Erbud Rzeszów Sp. z o.o.	Rzeszów	construction	subsidiary	full method	0	79	79.00%	79.00%
4.	Erbud International Sp. z o.o.	Toruń	construction	subsidiary	full method	0	50	100.00%	100.00%
5.	GWI GmbH	Dusseldorf, Germany	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-engineering	subsidiary	full method	0	49 554	94.27%	94.27%
8.	Erbud Industry Sp. z o.o.	Toruń	engineering services	subsidiary	full method	2 850	13 126	100.00%	100.00%
				Shares or stocks in directly and indirectly controlled companies as at 31.12.2016		**2 928**	**136 731**		

Note 2.3. Profit (loss) attributable to fully consolidated companies

	6-month period ended 30.06.2016	6-month period ended 30.06.2015
Erbud International Sp. z o.o.	1 061	952
GWI GmbH	5 010	1 065
Grupa Budlex S.A.	-927	5 935
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	1 992	4 461
Erbud Industry Sp. z o.o.	3 532	3 737
Erbud Industry Centrum Sp. z o.o.	-2 161	-2 263
Erbud Industry Pomorze Sp. z o.o.	190	454
Erbud Industry Południe Sp z o.o.	-1 377	285
Erbud Rzeszów Sp. Z o.o.	639	114

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

Note 2.4. Securities, shares and other long-term financial assets (by tradability)

	30.06.2016	31.12.2015
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)	119 804	136 736
- Value adjustments (cumulative)	-19 855	-2 928
- Value at the beginning of the period	0	0
- Value at acquisition prices	139 659	139 664
b) Bonds (carrying value)	0	0
c) Loans granted (carrying value)	11 711	13 702
d) Other - by type (carrying value)	715	724
- Value at acquisition prices	810	810
- Value adjustments (cumulative)	-95	-86
e) other forward contracts	0	1 315
Total carrying value	**132 230**	**152 478**

Note 2.5. 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 2016	**0**	**0**	**446**	**15 303**	**3 467**	**1 293**	**0**	**20 509**
b) Increases (from)	**0**	**1 302**	**0**	**755**	**232**	**43**	**0**	**2 332**
- acquisition	0	8	0	0	232	43	0	**283**
- lease	0	0	0	755	0	0	0	**755**
- transfer	0	0	0	0	0	0	0	**0**
- taking over of fixed assets under construction	0	1 293	0	0	0	0	0	**1 293**
c) Decreases (from)	0	0	0	217	157	1 293	0	**1 667**
- sale	0	0	0	217	7	0	0	**223**
- revaluation	0	0	0	0	0	0	0	**0**
- liquidation	0	0	0	0	148	0	0	**148**
- held for sale	0	0	0	0	0	1 293	0	**1 293**
- adjustments	0	0	0	0	3	0	0	**3**
d) Gross value of fixed assets as at 31 Dec 2016	**0**	**1 302**	**446**	**15 842**	**3 541**	**43**	**0**	**21 174**
e) Cumulative amortisation and depreciation at the beginning of the period	**0**	**0**	**320**	**10 749**	**2 225**	**0**	**0**	**13 295**
f) Depreciation and amortisation for the period	0	25	11	737	936	0	0	**1 709**
g) Decreases, incl.:	0	25	0	74	156	0	0	**255**
- liquidation	0	0	0	0	147	0	0	**147**
- sale	0	25	0	74	7	0	0	**106**
- adjustments	0	0	0	0	3	0	0	**3**
- held for sale	0	0	0	0	0	0	0	**0**
h) Cumulative depreciation and amortisation as at 30 Jun 2016	**0**	**0**	**331**	**11 412**	**3 006**	**0**	**0**	**14 749**
i) Net value of fixed assets as at 1 Jan 2016	**0**	**0**	**125**	**4 554**	**1 242**	**1 293**	**0**	**7 215**
j) Net value of fixed assets as at 31 Dec 2016	**0**	**1 302**	**114**	**4 430**	**536**	**43**	**0**	**6 425**

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.

Note 3. Deferred income tax assets

Deferred income tax assets	30.06.2016	31.12.2015
- Valuation of long-term contracts	7 058	13 273
- Tax loss	0	0
- Accruals	2 327	1 771
- impairment loss on Budlex shares	3 216	0
- Provision for loss on contracts	69	69
- Other	4 941	5 955
Total assets from deferred income tax	**17 611**	**21 068**

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

Note 4.

Nota 4.1. Changes in write-offs of current debts

	30.06.2016	31.12.2015
At the beginning of the period	8 199	**4 154**
a) Increases	0	4 166
- Creations	0	4 166
b) Decreases	1 028	121
- Impairment loss release	1 028	121
- Use of write-downs	0	0
Short-term write-offs of receivables at end of the period	**7 171**	**8 199**

Note 5. Short-term prepayments

	30.06.2016	31.12.2015 *Figures after restatement*
Prepaid expenses, including:	72 071	102 961
- long-term contracts	68 503	98 943
- other costs	3 568	4 018
Total short-term prepayments	**72 071**	**102 961**

Note 5.1. Prepayments due to construction contracts

	30.06.2016	31.12.2015
Expected revenues from ongoing projects	1 824 409	2 247 834
Expected costs of ongoing projects	1 696 563	2 049 025
Expected margin on ongoing projects	127 846	198 809
Cumulative revenues recognized in the profit or loss	1 169 366	1 486 098
Cumulative costs recognized in the profit or loss	1 095 402	1 373 196
Cumulative margin recognized in the profit or loss	73 964	112 902
Margin to be recognized in next periods	53 881	85 907
Percentage of margin to be recognized in next periods	42,15%	43,21%
Revenue surplus over partial invoices by staging	46 815	60 366
Costs surplus over expenses arising from the accounting costs by staging	23 754	40 502
Surplus on partial invoices over incomes by staging	13 394	29 357
Surplus on costs resulting from the accounting costs over expenses by staging	21 688	38 576
Total amounts presented in deferred expenditures	68 503	98 943
Total amounts presented in deferred revenues	37 148	69 859

Note 6. Significant amount of allowances recognized or reversed due to impairment losses

Impairment of long-term financial assets	**30.06.2016**	**31.12.2015**
Opening balance	**2 928**	**2 928**
Increase / Decrease	16 927	0
- Budlex shares	16 927	0
Closing balance	**19 855**	**2 928**

Impairment of short-term financial assets	**30.06.2016**	**31.12.2015**
Opening balance	**0**	**0**
Increase / Decrease	0	0
Closing balance	**0**	**0**

Impairment of inventories	**30.06.2016**	**31.12.2015**
Opening balance	**262**	**262**
Increase / Decrease	0	0
Closing balance	**262**	**262**

Impairment of fixed assets	**30.06.2016**	**31.12.2015**
Opening balance	**0**	**0**
Increase / Decrease	0	0
Closing balance	**0**	**0**

Note 7. Shareholding of ERBUD S.A.

Note 7.1. Ownership structure of share capital as at 06.30.2016

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	16.67%	None
NationaleNederlanden PTE (dawniej 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		

Detailed information about the shareholding as at 31 December 2015 is included in the Annual Financial Statements for the year ended 31 December 2015.

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

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

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

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

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

Note 8. Provision for deferred income tax

Provision due to:	**30.06.2016**	**31.12.2015**
- Measurement of construction contracts	13 016	18 799
- Other	478	418
Provision for deferred income tax	**13 494**	**19 217**

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

Note 9. Changes in long-term provisions for pensions and similar benefits

	30.06.2016	**31.12.2015**
a) At the beginning of the period	843	542
b) Increases (from)	0	301
- retirement payments	0	301
c) Used (due to)	0	0
d) Released (due to)	3	0
e) At the end of the period	840	843

Note 10. Changes in short-term provisions for pensions and similar benefits

	30.06.2016	**31.12.2015**
a) At the beginning of the period	4 143	3 535
b) Increases (from)	0	608
- unused leave	0	608
c) Used (due to)	0	0
d) Released (due to)	374	0
e) At the end of the period	3 769	4 143

Note 11. Changes in other long-term provisions (by titles)

As at 30 June 2016 and 31 December 2015, such item was not accounted.

Note 12. Change in other current provisions (by titles)

	30.06.2016	**31.12.2015**
a) At the beginning of the period	**14 372**	**10 521**
b) Increases (from)	444	4 319
- Litigation and claims	72	3 896
- Remedying of defects	172	60
- Losses on long-term contracts	0	363
- Other	200	0
c) Use (from)	0	199
d) Release (from)	4 075	269
- Litigation and claims	4 075	0
- Remedying of defects	0	0
- Losses on long-term contracts	0	269
e) At the end of the period	**10 741**	**14 372**

Note 13. Long-term liabilities

As of 30 June 2013, bonds with a nominal value of PLN 52,000,000 denominated in Polish Zloty, as described in Note #15 of Explanatory notes, are a significant portion of the long-term debt. The maturity falls on 26 March 2018.

Note 14. Loans and borrowings

As of 30.06.2016, the Company had available credit lines with five banks. As at 30.06.2016, the Company did not use the overdraft at any bank.

Terms and conditions of loan agreements
Under the loan agreements, the companies of the Group are required to meet certain financial ratios (covenants). As required by IAS 1, the breach of the terms of loan agreements, which can potentially limit the unconditional availability of credit in the following year, makes it necessary to classify such liabilities as current ones.

In case of the agreement on guarantees provided by mBank, as at the balance sheet date and the date of approval of the financial statements, the Company did not comply with provisions requiring meeting one of three covenants.

Breaking covenants was caused by two non-recurring events:
- write-down on shares in Budlex;
- write-down of costs of replacing the concrete pavement of the runway in Modlin.
These are one-off events and non-operating activities.
The Management Board does not see any threat in cooperation with financial institutions.

Here is a list of violated ratios:

Bank mBank

Ratio	*Level required*	*Level achieved*	*Comment*
debts	no more than 65%	65,99%	not achieved

As of 30 June 2016 Erbud SA had no liabilities under overdrafts.

Note 15. Issue / Redemption / Repayment of debt securities

On 26 March 2014, ERBUD SA issued a total of 5,200 bearer bonds, dematerialized, unsecured, with a total nominal value of PLN 52 million. The par value of one bond amounted to PLN 10,000. The issue price was PLN 9.587. The redemption date was set for 26 March 2018. The interest Rate on bonds is variable and based on 6M WIBOR plus a margin equal to 3.0. The interest rate will be paid every six months. The Company will apply for placing bonds on the trading platform for debt financial instruments carried by the Stock Exchange in Warsaw in the form of alternative trading system. The Company has allocated funds for the redemption of 40,000 series A bonds issued by the Issuer and to finance the increased demand for working capital associated with a record portfolio of the Capital Group. The remaining 10,000 bonds of Series A will be redeemed by the original fixed term, i.e. 14 July 2014.

In the period ended 30 June 2016, the Company incurred finance costs due to interest on the bonds issued amounting to PLN 1,245 thousand.

Note 16. Issue / Redemption / Repayment of debt 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 an amount of not more than 50,000 shares per year. The Manager Option Scheme refers to financial years 2012-2014. The employee may be covered by an option program, if he/she has been working for at least 24 months. As far as concerned persons working in subsidiaries, the company must be a member of the group for at least two years.

Moreover, the subscription will be effected on the condition that the Capital Group will achieve in the financial year for which the shares will be offered a consolidated net profit of at least ten million Zlotys. Moreover, to the person who would be entitled may not be given a termination notice.

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

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

As at the date of preparation of the Separate Financial Statements of Erbud SA and the Consolidated Statements of the Erbud Group as well as the date of releasing these reports, there is no incentive program in the Company and the Group based on shares, stock options, warrants or other derivatives.

Note 17. Acquisition / Sale of subsidiaries / Sale of long-term investments

On 15 June 2016, the Management Board of Erbud SA completed negotiations with Holdinvest 1 Sp. z o.o. with its registered office in Warsaw ("Holdinvest") on disposal of assets held in the form of shares of Budlex SA. Holdinvest and the Issuer agreed contents of the agreement specifying the conditions for the sale of shares in Budlex by the Issuer (the "Agreement" or the "Transaction"). The conclusion of the Agreement will be reported by the Issuer in the current report.

The Transaction will take place in several steps:

1. The purchase by the Issuer of 10.04 per cent of shares in Budlex from a minority shareholder for a price of PLN 4,500,000;
2. The sale by the Issuer of 100 per cent of shares in Budlex to Holdinvest for the price of PLN 45,000,000.00.

The condition of closing the Transaction is:

1. The consent of the Issuer's Supervisory Board to carry out the Transaction in accordance with the terms and conditions stipulated in the Agreement.
2. The consent of the Office of Competition and Consumer Protection (UOKiK) to conduct the Transaction.

Furthermore, the Agreement provides that prior to the disposal of 100% of Budlex shares and after the acquisition of 10.04% of the shares from the minority shareholder, Budlex will pay to the Issuer – under so-called allowed outflows - a dividend in the amount of PLN 17,000,000. Also during this period, the Issuer will purchase from subsidiaries of Budlex SA a developed property located in Torun at 10 Wapienna St. 10 for PLN 10,000,000 net. Now there are offices of the Shared Services Centre operating within the structure of the Issuer, Torun Erbud SA Branch Office and offices of the subsidiaries of the Issuer: Erbud International Sp. z o.o.; PBDI S.A.; Erbud Industry Sp. z o.o.; Erbud Contruction Sp. z o.o.

The transaction will bring a positive cash flow amounting to PLN 47.5 million.
The funds obtained will be used primarily to strengthen the presence in segments that are of strategic importance for ERBUD, i.e. in large volume construction, energy sector, and services and engineering for the industry. According to the Company, future acquisitions are possible.
The transaction will not affect the dividend policy of ERBUD SA.

As of 30 June 2016 there was created impairment loss on shares in the amount of PLN 16,927 thousand.

Except for the aforementioned, there were no changes in the structure of subsidiaries and long-term investments.

Note 18. Net revenues from sales of products and services (by region)

	6-month period ended 30.06.2016	3-month period ended 30.06.2016	6-month period ended 30.06.2015	3-month period ended 30.06.2015
a) Domestic	527 593	299 672	525 811	303 025
- Sale of goods	0	0	0	0
- Sales of services	527 593	299 672	525 811	303 025
of which: to related parties	1 802	782	969	-1 585
b) Export	20 537	10 958	33 287	16 624
- Sale of goods	0	0	0	0
of which: to related parties	0	0	0	0
- Sales of services	20 537	10 958	33 287	16 624
of which: to related parties	0	0	0	0
Total net income on sales of goods and materials	**548 130**	**310 630**	**559 098**	**319 649**
of which: to related parties	**1 802**	**782**	**969**	**-1 585**

Note 19. Expenses by sort

	6-month period ended 30.06.2016	3-month period ended 30.06.2016	6-month period ended 30.06.2015	3-month period ended 30.06.2015
a) Depreciation and amortisation	1 816	892	1 138	927
b) Consumption of materials and power	67 301	38 269	57 139	34 305
c) External services	429 073	246 808	443 242	260 057
d) Taxes and charges	2 394	1 376	2 642	1 282
e) Payroll	30 070	14 817	34 309	17 747
f) Social security and other benefits	7 046	3 513	6 881	3 512
g) Other costs	1 939	1 069	2 632	1 719
h) Goods and materials sold	0	0	0	0
Total expenses by sort	**539 639**	**306 744**	**547 983**	**319 549**
Change in products and accrued expenses due to construction contracts	-1 555	-1 029	-1 315	-6 399
Cost of products manufactured for in-house use (negative value)	0	0	0	0
Sales cost (negative value)	0	0	0	0
General and administrative costs (negative value)	-22 935	-11 950	-20 145	-11 324
Value of goods and materials sold	0	0	0	0
Cost of products sold	**515 149**	**293 773**	**526 523**	**301 826**

Note 20. Costs of sale

There were no significant selling costs.

Note 21. Other operating income

	6-month period ended 30.06.2016	3-month period ended 30.06.2016	6-month period ended 30.06.2015	3-month period ended 30.06.2015
a) Profit on disposal of non-financial fixed assets	3 717	13	1 007	948
- Real estate	3 294	0	1 007	1007
b) Other, incl.:	4 366	3 045	1 694	1 431
- Indemnities	136	87	70	-135
- Released provision for receivables	0	0	121	121
- Release of provision for litigation	4 075	2 803	199	153
- Release of provision for remedying of defects	0	0	733	733
- Penalties, fines and indemnities	0	0	408	408
- Other	155	155	163	151
Total other operating income	**8 083**	**3 058**	**2 701**	**2 379**

Note 22. Other operating expenses

	6-month period ended 30.06.2016	3-month period ended 30.06.2016	6-month period ended 30.06.2015	3-month period ended 30.06.2015
a) Profit on disposal of non-financial fixed assets	0	0	0	0
b) Revaluation of non-financial assets	0	0	0	0
- Write-offs of receivables	0	0	0	0
- Write-offs of inventories	0	0	0	0
b) Other, incl.:	2 653	1 144	6 147	5 903
- Impairment of receivables	3	3	4 138	4 138
- Penalties, fines and indemnities	2 115	1 913	903	745
- Created provisions	244	-1 029	1 000	1 000
- Donations	13	0	3	1
- Other	278	257	103	19
Total other operating expenses	**2 653**	**1 144**	**6 147**	**5 903**

Note 23. Financial income

Note 23.1. Financial income from dividends and profit sharing

In the reporting period ended 30 June 2016, such item has not occurred.

In the reporting period ended 30 June 2015, the Company recorded financial income related to the dividend from the subsidiary Erbud Rzeszów Spółka z o.o. amounted to PLN 711 thousand.

Note 23.2. Financial income due to interests

	6-month period ended 30.06.2016	3-month period ended 30.06.2016	6-month period ended 30.06.2015	3-month period ended 30.06.2015
a) Loans granted	267	248	689	405
- to related parties, of which:	267	248	689	405
- to subsidiaries	267	248	689	405
b) Other interests	916	890	602	529
- from related parties	916	890	602	529
- from other entities	**1 183**	**1 138**	**1 291**	**934**

Note 24. Financial costs

	6-month period ended 30.06.2016	3-month period ended 30.06.2016	6-month period ended 30.06.2015	3-month period ended 30.06.2015
a) Revaluation of investments	16 927	16 927	0	0
b) Other	583	368	-932	-252
Total other financial costs	**17 510**	**17 295**	**-932**	**-252**

Note 24.1. Financial costs due to interests

	6-month period ended 30.06.2016	3-month period ended 30.06.2016	6-month period ended 30.06.2015	3-month period ended 30.06.2015
a) Loans granted	**0**	**0**	7	**7**
- to subsidiaries	**0**	**0**	7	**7**
b) Other interests	**3 430**	**2 391**	1 847	**1 029**
- from bonds,	**1 245**	**0**	1 385	**735**
- from loans	**275**	**205**	376	**221**
- due to discount of accounts	**336**	**336**	0	**0**
- other	**1 574**	**1 850**	86	**73**
Total financial cost due to interests	**3 430**	**2 391**	**1 854**	**1 036**

Note 25. Net earnings (loss) per share

	6-month period ended 30.06.2016	3-month period ended 30.06.2016	6-month period ended 30.06.2015	3-month period ended 30.06.2015
Net earnings (loss)	-883	-7 506	6 135	1 668
Weighted average number of shares / Diluted weighted average number of shares (in units)	12 811 859	12 811 859	12 761 925/12 794 073	12 761 925/12 794 073
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)	-0.07	-0.59	0.48 / 0.48	0.13 / 0.13

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

Note 26. Net earnings (loss) – distribution

On 28 April 2016, the Annual General Meeting of the ERBUD SA headquartered in Warsaw adopted by Resolution No. 5 the profit distribution for the financial year 2015.
According to the above Resolution of the AGM, the dividend paid to the shareholders amounts to PLN 15,374,230.80.

The payment of the dividend was covered by:
a) the whole profit generated in 2015 in the amount of PLN 11,397,120.34 (say: eleven million, three hundred and ninety-seven thousand, one hundred and twenty, point three four Zlotys); and
b) the amount of PLN 3,977,110.46 (say: three million, nine hundred and seventy-seven thousand, one hundred and ten, point four six Zlotys) from the supplementary capital of ERBUD SA.

There were 12,811,859 shares entitled to the dividend.

Earnings payable as dividend amounted to PLN 1.20 per each share entitling to participate in the dividend.

As at the date of preparation of the Condensed Consolidated Interim Financial Statements, the dividend has been paid.

Note 27. Cash at the beginning and end of the period

	30.06.2016	30.06.2015
a) Total cash (as of the beginning of the period)	101 225	122 741
- Cash in hand and at bank	92 021	109 778
- Other cash	9 204	12 963
b) Total cash (as of the end of the period)	55 505	80 735
- Cash in hand and at bank	43 745	68 085
- Other cash	11 760	12 650
Change in cash	**-45 720**	**-42 006**
Change in cash due to exchange rate differences	0	0
Cash generated from operating activities	-35 382	-28 727
Cash from investing activities	8 731	-10 894
Cash from financing activities	-19 069	-2 385

Reconciliation of movements in balance sheet items to changes reported in the statement of cash flows as at 30 June 2016 is presented below:

	30.06.2016
Change in prepayments and accruals in the balance sheet	**1 636**
Changes in assets due to deferred tax recognized in the revaluation reserve	295
Change in prepayments and accruals in the cash flow account	**1 930**

	30.06.2016
Change in provisions in the balance sheet	**-9 731**
Change in provision due to deferred tax recognized in the revaluation reserve	250
Change in provisions in the cash flow account	**-9 481**

Reconciliation of movements in balance sheet items to changes reported in the statement of cash flows as at 30 June 2015 is presented below:

	30.06.2015
Change in receivables in the balance sheet	**-69 458**
Claims offsetting	1 819
Change in prepayments and accruals in the cash flow account	**-67 639**

	30.06.2015
Change in current liabilities in the balance sheet, excluding loans	**-69 469**
Liabilities to shareholders due to dividends	-6 381
Change in prepayments and accruals in the cash flow account	**-75 850**

Note 28a. Information on changes in the method of determining the value of financial instruments measured at fair value

In the period ended 30 June 2016, the Company did not change the method of determining the value of financial instruments measured at fair value.

Note 28b. Information on changes in the classification of financial assets as a result of changing goals or using these assets

In the period ended 30 June 2016, the Company did not change the classification of financial assets as a result of changing the gaol or using these assets.

Note 29. Revenues, costs and results of discontinued operations in the reporting period or to be discontinued during next period

During the reporting period and within the period of 12 months from the reporting date, the Company does not plan to discontinue of any of its business activity.

Note 30. Information about transactions with related parties (mutual receivables and liabilities, as well as 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 30.06.2016		period ended 30.06.2016	
Total related parties	**19 641**	**27 387**	**2 111**	**58 992**
- Deliveries and services	4 486	27 387	1 802	58 992
- Loans and interest liabilities	13 055	0	266	0
- Other	2 100	0	43	0
Non- consolidated related parties	**19 608**	**27 387**	**2 110**	**58 992**
- Deliveries and services	4 453	27 387	1 801	58 992
- Loans and interest liabilities	13 055	0	266	0
- Other	2 100	0	43	0
Non- consolidated related parties	**33**	**0**	**1**	**0**
- Deliveries and services	33	0	1	0
- Other	0	0	0	0
- Loans and interest liabilities	0	0	0	0

Item	Receivables/assets	Liabilities	Income	Expenses
	as at 31.12.2015		period ended 31.12.2015	
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 liabilities	14 886	0	1 505	0
- Other	4 638	500	952	500
Non- consolidated related parties	**26 666**	**37 732**	**11 168**	**149 740**
- Deliveries and services	7 142	37 232	8 711	149 240
- Loans and interest liabilities	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 liabilities	0	0	0	0

Item	Receivables/assets	Liabilities	Income	Expenses
	as at 30.06.2015		period ended 30.06.2015	
Total related parties	**48 058**	**41 409**	**2 310**	**66 887**
- Deliveries and services	6 088	41 409	969	66 880
- Loans and interest liabilities	39 294	0	689	7
- Other	2 676	0	652	0
Non- consolidated related parties	**48 028**	**41 409**	**2 308**	**66 887**
- Deliveries and services	6 058	41 409	967	66 880
- Loans and interest liabilities	39 294	0	689	7
- Other	2 676	0	652	0
Non- consolidated related parties	**30**	**0**	**2**	**0**
- Deliveries and services	30	0	2	0
- Other	0	0	0	0
- Loans and interest liabilities	0	0	0	0

Note 31.

As at 30 June 2016, the managing staff (members of the Board and holders of a commercial power of attorney) held the following number of shares:

Shareholder	Class of shares	Number of shares	Percentage of equity	Number of votes	Percentage of voting rights at the GM
DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych controlled by Dariusz Grzeszczak	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	28 000	0.22%	28 000	0.22%
Walenty Twardy ERBUD SA procuration holder	Ordinary	2 100	0.02%	2 100	0.02%
Piotr Augustyniak ERBUD SA procuration holder	Ordinary	2 644	0.02%	2 644	0.02%
Agnieszka Głowacka ERBUD SA procuration holder	Ordinary	8 300	0.06%	8 300	0.06%
Bogdan Duerr ERBUD SA procuration holder	Ordinary	7 708	0.06%	7 708	0.06%
Tomasz Krzywicki ERBUD SA procuration holder	Ordinary	700	0.01%	700	0.01%
Włodzimierz Czystowski ERBUD SA procuration holder	Ordinary	6 621	0.05%	6 621	0.05%
Mirosław Młynarski Procuration holder	Ordinary	17 786	0.14%	17 786	0.14%
Radosław Kałamaga Procuration holder	Ordinary	12 567	0.10%	12 567	0.10%
Maciej Wyrzykowski	Ordinary	1 200	0.01%	1 200	0.01%

ERBUD SA procuration holder Kryspin Jarosz	Ordinary	6 780	0,05%	6 780	0,05%
ERBUD SA procuration holder Piotr Dobosz	Ordinary	7 714	0.06%	7 714	0.06%
Procuration holder Mariola Zielińska Chief Account of ERBUD SA	Ordinary	6 668	0.05%	6 668	0.05%

As at 31 December 2015, the managing staff (members of the Board and holders of a commercial power of attorney) held the following number of shares:

Shareholder	Class of shares	Number of shares	Percentage of equity	Number of votes	Percentage of voting rights at the GM
DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych controlled by Dariusz Grzeszczak	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 ERBUD SA procuration holder	Ordinary	2 100	0.02%	2 100	0.02%
Piotr Augustyniak ERBUD SA procuration holder	Ordinary	2 644	0.02%	2 644	0.02%
Agnieszka Głowacka ERBUD SA procuration holder	Ordinary	8 300	0.06%	8 300	0.06%
Bogdan Duerr ERBUD SA procuration holder	Ordinary	7 708	0.06%	7 708	0.06%
Włodzimierz Czystowski ERBUD SA procuration holder	Ordinary	6 621	0.05%	6 621	0.05%
Mirosław Młynarski Procuration holder	Ordinary	17 786	0.14%	17 786	0.14%
Radosław Kałamaga Procuration holder	Ordinary	12 567	0.10%	12 567	0.10%
Maciej Wyrzykowski ERBUD SA procuration holder	Ordinary	1 900	0.01%	1 900	0.01%
Kryspin Jarosz ERBUD SA procuration holder	Ordinary	6 780	0.05%	6 780	0.05%
Piotr Dobosz Procuration holder	Ordinary	7 714	0.06%	7 714	0.06%
Mariola Zielińska Chief Account of ERBUD SA	Ordinary	6 668	0.05%	6 668	0.05%

As of the date of publishing the report the members of the Management Board and Holders of procuration do not have any Erbud SA stock options.

Both as at 30 June 2016 and 31 December 2015, members of the Supervisory Board and the Management Board of the Parent as well as the key management personnel did not have outstanding loans, credits or guarantees granted by the companies of the Erbud Group.

Both as at 30 June 2016 and 31 December 2015, members of the Supervisory Board and the Management Board of the Parent as well as the key management personnel were not a party to any contract obliging to provide services to the companies of the Erbud Group.

Note 32. Information about joint ventures subject to consolidation

The Company does not conduct major joint ventures subject to consolidation..

Note 33. Information about significant events that occurred during the first half of 2016 and after the balance sheet date.

Significant contracts concluded

On 5 January 2016, the Issuer signed a construction contract on the following terms and 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 with Phase I); completion no later than 22 months after starting the Phase II.

On 28 January 2016, the Issuer signed a construction contract on the following terms and 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.

On 3 March 2016, Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. from Toruń ("PBDI") - a subsidiary 90 percent owned by the Issuer, acting in a consortium ("Contractor") consisting of Przedsiębiorstwo Robót Mostowych "MOSTY-Łódź" S.A., seated in Łódź at 52 Bratysławska St.52, as the Consortium Leader, and Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A., seated in Toruń, as the Consortium Partner, concluded with the Municipality of Legnica seated in Legnica, Słowiański Sq. ("Employer") a contract on preparation of design plans and specifications, route optimisation - if any, and financing, building and opening the South Collector Road, section from Jaworzyńska St. to Rzeczypospolitej Allee, within the framework of the project *Construction of the South Collector Road in Legnica, Phase II from Wojska Polskiego St. to Rzeczypospolitej Allee, incl. construction of a bridge over the Kaczawa River.*
The total net contract value is PLN 48,655,412.09, of which to PBDI falls PLN 25,161,813.94.
The deadline for completion of Works and providing a final operating certificate shall be determined as of 30 October 2017.

On 3 March 2016, Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. from Toruń, (the "Contractor") - a subsidiary 90 percent owned by the Issuer concluded with Orlik Sp. o.o. seated in Warszawa at 4/9 Włodarzewska St. (the "Investor") a contract to build the Iława III Wind Farm with a capacity of 12-13.2 MW.
The total net contract value amounts to PLN 14,950,000 (say: fourteen million, nine hundred and fifty thousand Zlotys).
The task is due to be completed by 30 July 2016.

On 14 March 2016, Erbud signed a contract to build a housing complex, including a multifamily residential building with basement garage and site development, located in Warsaw at the corner of streets Dywizjonu 303 / Łokuciewskiego on a part of plots with a cadastral number 14/1, 14/2 and 15, cadastral district 6-11-02, cadastral unit 146502_Bemowo.
The total net contract value is PLN 13,316,000.
The task is scheduled to be completed by 17 July 2017.

On 16 March 2016, Erbud entered into a contract with VD spółka z ograniczoną odpowiedzialnością MIESZKANIA XII sp. k., seated in Wrocław, to build a residential complex in Wroclaw within the project: " on 16 March 2016 Erbud entered into a contract with VD spółka z ograniczoną odpowiedzialnością MIESZKANIA XII sp. k., seated in Wrocław, to build a residential complex in Wroclaw witin the project: "NOWY GAJ - Construction of residential buildings A and located in Wrocław on Żegistowska St."
The total net contract value amounts to PLN 52,792,668.27. The contract has been concluded as two agreements - one for building B with a value of PLN 23,861,305.41 net and the other for building A with a value of PLN 28,931,362.86 net.
Completion period: 79 weeks form the receiving of Notice to Proceed. A Notice to Proceed for building B shall be issued by 31.03.2016. A Notice to Proceed for building A shall be issued by 31.12.2016.

On 21 March 2016, Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. headquartered in Torun ("PBDI"), a subsidiary 90% owned by the Issuer, acting in a consortium ("Contractor") of: Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. from Toruń ("Consortium Leader"), WANT sp. o.o. seated in Tczew, 12 Korczaka St. ("Consortium Partner") concluded with the West Pomeranian Voivodship seated in Szczecin, 34 Korsarzy St. ("Employer") a contract for reconstruction of provincial road No. 203 on the section Dąbki-Darłowo.
The total net contract value amounts to PLN 25,522,682.69.
The contract is due to be completed by 15.06.2017.

On 22 March 2016, the Issuer signed a construction contract on the following terms and conditions:
1. Contract concluded on 22.03.2016.
2. The Investor: PORTO OFFICE B Sp. z o.o., 31-115 Kraków, 3/7 Garncarska St.; NIP (Tax Identification Number): 676-249-10-28.
3. Net contract value: PLN 25,577,000.
4. Contract subject: Execution as general contractor of construction works – Class B office building with underground parking, in-building services: water and sewerage system, mechanical ventilation and air conditioning, electrical wiring, lightning protection system, transformer station, heating system with heat distribution unit, located on plots 606 and 607, cadastral district Podgórze 10 in Kraków on Zielinskiego

St., including on-site services and utilities: construction of entry road, reconstruction of pavement, bikepath, external drainage, traffic lights, water supply and sewage services, central heating service.
5. Site location: Kraków.
6. Completion period: commencement of works by 31.03.2016 and completion by 31.03.2017.

On 11 April 2016, the Issuer as the Leader of Consortium formed with W. EBUD-Przemysłówka Sp. z o.o. seated in Bydgoszcz, 11 Biskupińska St, signed a contract for construction works under the following terms and conditions:
1. Contract concluded on 11-04-2016.
2. Investor: Wojskowy Zarząd Infrastruktury ul. Kościuszki 92/98, 61-732 Poznań.
3. Contract value: PLN 93,480,000 net, of which the Issuer: PLN 51,414,000 net.
4. Contract subject: Construction of a large-area storage facility "SKŁAD PIŁA" for different kind of materials; task 55105.
5. Site location: Piła, Powstańców Wielkopolskich Avenue.

On 25 April 2016, a contract has been signed for sale of an investment property by the Issuer's subsidiary GWI GmbH, based in Düsseldorf.
1. Contract subject: sale of the West Park residential building with 141 apartments, kindergarten and 144 parking spaces.
2. Contract concluded on 2016/04/25.
3. Parties to the contract
   a) Buyer: Düsseldorfer Wohnungsgenossenschaft eG, Wagnerstr 29, 40212 Düsseldorf
   b) Seller: PDI Düsseldorf Malmedyerstraße Ost GmbH, PDI Düsseldorf Malmedyerstraße West GmbH, where the GWI Bauunternehmung GmbH, Schiessstrasse 55, 40549 Düsseldorf owns 51 percent of the equity share capital in each company.
4. Contract value: Temporary price is EUR 29,620,656.00 (what after conversion at the exchange rate available on the date on which the contract was concluded gives PLN 129,916.20), the final price depends on final measurement and will be determined on the date of final acceptance inspection; payable within 10 calendar days after the commissioning.
5. Completion period: the building will be completed not later than by 2017/01/31.

The Issuer has a 85 percent interest in GWI GmbH.

On 27 April 2016, Erbud signed a contract with Green Link spółka z ograniczoną odpowiedzialnością spółka komandytowa with its registered office in Warsaw (the"Builder") for the builder's finish construction of a multifamily residential building with retail area, multi-bay underground garage and on-grade car park, including site development, underground and overground facilities, access road, sidewalks, vehicle entrance, lighting, mains and services (water supply and sewage).
The total net contract value is PLN 38.5m

4 May 2016, the Issuer signed a construction contract on the following terms and conditions:
1. Contract concluded on 04-05-2016.
2. The Investor: BACOLI PROPERTIES Sp. z o.o., ul. Książęca 19 lok. 3, 00-498 Warszawa.
3. Contract net value: PLN 60,820,000.
4. Contract subject: construction of Hampton by Hilton brand hotel and office building on a plot located in Łódź at 155 Piotrkowska St.
5. Site location: Łódź, 155 Piotrkowska St.
6. Completion period: Commencement on 9 May 2016, completion on 31 January 2018.

On 23 May 2016, the Issuer signed a construction contract on the following terms and conditions:
1. Contract concluded on 2016.05.23
2. Investor: Promenady VII spółka z ograniczoną odpowiedzialnością spółka komandytowa based in Wroclaw, 44 Dąbrowskiego St., entered into the register of the National Court Register kept by the District Court for Wrocław-Fabryczna in Wroclaw, VI Commercial Division of the National Court Register under KRS number 0000586479, NIP: 8992777752, REGON: 36302223300000, represented by the general partner, i.e. VD sp. o.o., based in Wroclaw, 44. Dabrowskiego St., entered into the register of the National Court Register kept by the District Court for Wrocław-Fabryczna in Wroclaw, VI Commercial Division of the National Court Register under KRS number 0000291788, NIP: 8971735091, REGON: 02060490000000, with registered capital amounted to PLN 50,000.
3. Contract value: PLN 25,535,326.83.
4. Contract subject: PROMENADY VII residential building with retail area and basement car park, incl. on-site infrastructure and development works, interior fit-out and finishes on turn-key basis.
5. Completion period: sixty-eight weeks from the issue of Notice to Proceed.

On 25 May 2016, Erbud SA signed a construction contract on the following terms and conditions:

1. Contract concluded on 25.05.2016
2. Investor: BEREA sp. z o.o., seated in Warsaw at 19 Książęca St.

3. Contract value: Contract Price amounting PLN 534,610,239.00.
4. Contract subject: Construction of GALERIA MŁOCINY Retail and Entertainment Centre.
5. Site location: plots 4/4 and 4/7, cadastral district 7-11-04 with a total area of 51.37 m^2, located in Warsaw, on Zgrupowania AK "Kampinos" St.
6. Scheduled completion: 17.10.2018.

On 25 May 2016, the Management Board of ERBUD SA (the "Issuer") informed about the signing of a conditional contract for building the GALERIA MŁOCINY Retail and Entertainment Centre (the "Contract"). The Contract comes into force on condition that by the 15 July 2016 the Investor submits to the Issuer a Notice to Proceed.
On 14 July 2016, Parties signed an Annex to the above-mentioned Contract specifying that the entry into force of the Contract is subject to the joint fulfilment of two following conditions which is expected no later than on 31 August 2016.
a) Delivery to the General Contractor a statement made by Financial Institution on the amount of granted funds, which must be not less than the net Fixed Amount. Any extension of the above term shall require that Parties must make an Annex in writing in order to be valid;
and
b) The Investor shall give the Contractor a notice to take over possession of the construction site and commence the Work within 5 business days from the date of receipt of the Notice.

0n 14 July 2016, a subsidiary of the Issuer - GWI GmbH, signed as a consortium member a contract for works on the below specified terms and conditions:

1. Contract subject: alteration of a shopping and office complex located in Düsseldorf, Rolandstraße 44.
2. Contract concluded on 2016/06/14.
3. Parties to the Contract:
   a. Customer: Forty Four Development GmbH, Johannstraße 37, 40476 Düsseldorf;
   b. Contractor: „Arge Forty Four" formed by:
   - GWI Bauunternehmung GmbH, Schiessstrasse 55, 40549 Düsseldorf – share of 54%;
   - ENGIE Deutschland GmbH, Aachener Straße 1044, 50858 Köln – share of 46%.
4. Contract value: € 16,150,535.75 net (=PLN 71,175,411.05), of which GWI GmbH has € 8,721,289.31 net (= PLN 38,434,721.98).
5. Completion period: 15.08.2016 - 31.07.2017.

On 15 July 2016, the Issuer signed a construction contract on the following terms and conditions:

1. Investor: Promenady V VD Spółka z ograniczoną odpowiedzialnością spółka komandytowa seated in Wrocław, 44 Dąbrowskiego St., entered into the National Court Register kept by the District Court for Wrocław-Fabryczna in Wroclaw, VI Commercial Division of the National Court Register, under KRS number 0000574589; NIP:8992773151; REGON:362465709; represented by the general partner, ie. by VD Sp. o.o. seated in Wroclaw, 44 Dabrowskiego St., entered in the register of the National Court Register kept by the District Court for Wrocław-Fabryczna in Wroclaw, VI Commercial Division of the National Court Register under KRS number 0000291788; NIP (VAT Reg. No.).:8971735091; REGON (Business Registration Number): 02060490000000; with a share capital of PLN 50,000.
2. Contract net value: PLN 31,509,000.
3. Contract subject: construction of a residential buildings complex with underground car park, incl. in-building and on-site service infrastructure, development works, structural landscaping, greenery, accompanying buildings, and traffic circulation system with roads required for the non-road project developed by the Employer (Promenady Wrocławskie Estate, Phase 5), located on Zakładowa St./Słonimskiego St.
4. Site location: Wrocław, Zakładowa St./Słonimskiego St.
5. Completion period: Final Acceptance - within 70 (seventy) weeks from the delivery of Notice to Proceed; the fulfilment of the conditions for issuing Taking-Over Certificate - within 72 (seventy-two) weeks from the delivery of Notice to Proceed.

On 20 July 2016, the Issuer signed a construction contract on the following specified terms and conditions:

1. 1. The Investor: BACOLI PROPERTIES Sp. z o.o., ul. Książęca 19 lok. 3, 00-498 Warszawa.
2. Contract net value: PLN 103,832,103.17 (Fixed Contract Price).
3. Contract subject: construction of an office building with retail area located in Łódź at 155 Piotrkowska St.
4. Site location: Łódź, 155 Piotrkowska St.
5. Completion period: Commencement of Works within 5 working days from the date of receipt of Notifice to Proceed (but no later than on 31 August 2016); completion on 31 July 2018.

On 20 July 2016, the Issuer signed a construction contract on the following specified terms and conditions:

1. Contract subject: Construction of the 5-star DOBOSZ HOTEL BLUE in Świnoujście.
2. Investor: DOBOSZ Hotel Blue Spółka Komandytowa seated in Police, 1 Wróblewskiego St.
3. Completion period: 0.07.2016 - 30.06.2018.

4. Contract value**:** PLN 83,0m.

On 2 August 2016, the Issuer signed a construction contract on the following specified terms and conditions
1. Investor: Montreal Spółka z ograniczoną odpowiedzialnością seated in 78-100 Kołobrzeg, 19 Henryka Sienkiewicza St.
2. Contract value: PLN 28,105,192.11.
3. Contract subject: core and shell of the "Seaside Park" Hotel and Health Complex with underground car park, incl. required infrastructure and rehabilitation and sports equipment.
4. Site location: Kołobrzeg, Przesmyk Street; plots with a cadastral Nos.29/1 and 29/2, cadastral district 6.
5. Completion period: Commencement of Works no later than within 7 days following the Construction Site handover by the Investor, which will take place no later than by the end of 30 August 2016. The Final Acceptance Certificate will be signed no later than by 30 June 2017.

On 2 August 2016, the Issuer signed a construction contract on the following specified terms and conditions:
1. Investor: Mokotów Business & Airport Hotel Spółka z ograniczoną odpowiedzialnością seated in Warsaw, 18 Piękna St.
2. Contract value: PLN 36,111,145.90.
3. Contract subject: construction of the hotel building with a car park, incl. on-site development works.
4. Site location: Warsaw, Suwak St.; plot with a cadastral number 14, cadastral district 0801.
5. Completion period: Commencement of Works no later than within 7 days following the Construction Site handover by the Investor, which will take place no later than by the end of 30 August 2016. Obtaining by the Contractor the Final Occupancy Permit will take place no later than within 21 months from the date of delivery to the Contractor of the complete bottom plate detail design.

On 4 August 2016, the Issuer signed a construction contract on the following specified terms and conditions:
1. Investor: Dom Development S.A., headquartered in 00-078 Warsaw, 3 Piłsudski Sq.
2. Contract value: PLN 32,175,000.
3. Contract subject: "Residential Complex" – construction of a multifamily residential building named "Apartamenty Włodarzewska 30" with underground car park and retail area on the ground floor, incl. required infrastructure with transformer station.
4. Site location: Warsaw, Sadurak St.
5. Completion period: 2016.08.06 – 2018.05.15.

Apart from significant construction contracts, Erbud SA signed several contracts not exceeding the criterion of a "Significant Contract".

Note 34. Changes in accounting policy applied and the method of preparing financial statements, introduced in relation to the previous financial year (years), their causes and the impact on the asset and financial position, liquidity, result and profitability

In the current period, the Company did not make any changes in accounting policies and method of preparation of the financial statements compared to the previous financial year.

Note 35. Business combinations

During the period from 1 January 2016 to 30 June 2016 there were no mergers between the Company and other business entities.

Note 36. Dividend policy - description of the dividends payment policy and any limitations 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

Description in Note 26.

Note 37. Derivative financial instruments

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

Under the construction contract concluded 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 comprising, as a whole, the project under the name “Office and Conference Centre NOWA FORMIERNIA”, Erbud SA expects certain payments in EUR . In order to hedge the cash flows arising from this contract, the Group signed on 10 December 2015 with SA mBank a Par Forward contract for amounts and dates corresponding to the expected flows under the aforementioned contract.

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

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

The table below shows the opening and closing balance sheet, incl. the change in fair value of hedging instruments recognized in the position of the revaluation reserve as of 30 June 2016 and in 2015.

Item	**30.06.2016**	**31.12.2015**
Contract valuation as of the opening balance sheet date	1 241	-1 317
Change in valuation of forward contracts (hedges) recognized in revaluation reserve	-2 865	2 588
Contract valuation as of the closing balance sheet date	**-1 624**	**1 241**

Note 38. Significant transactions concluded by the company with related parties under conditions other than market ones

In the period from 1 January 2016 to 30 June 2016 there were no such transactions.

Note 39. Information on the nature and economic purpose of agreements concluded by the unit, 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 agreements.

Note 40. Contingent liabilities to related parties

	30.06.2016	**31.12.2015**
1) Contingent liabilities to related parties from		
a) guarantees and sureties provided, of which	120 557	125 710
- to subsidiaries	120 557	125 710
- to associates	0	0
b) other, of which	0	0
- to subsidiaries	0	0
- to associates	0	0
Total contingent liabilities to related parties	**120 557**	**125 710**

Note 41. Asset-backed securities

In the reporting period, there was no such item.

Note 42. 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.
As at the report publishing date of the Financial Statements the litigation is in progress; hearings of witnesses are continued.

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

State of affairs - General 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 contracted a number of works with:
- Instytut Inżynierii Lądowej Politechniki Wrocławskiej [Institute of Civil Engineering, Wrocław University of Technology]: The contract 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 contract included the supply of aggregate for concrete used to complete the runway thresholds.

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

On 10 June 2011, DSH submitted the mix design to the Employer. The Employer approved the mix design on 20 June 2011.

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

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

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

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

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

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

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

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

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

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

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

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

On 2 March 2015, Erbud received a pleading in which MPL upheld its request and appealed to dismiss the counterclaim of ERBUD.
In response, on 15 May 2015, Weil lawyers filed a letter (prepared together with experts from various fields), in which they maintained the standpoint of ERBUD, presented another arguments and responded to the evidentiary and procedural issues.

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

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.

Position 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. 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, of which a claim of PLN 8,098,200.89 against Cemex Polska sp. z o.o., and of PLN 10,587,756.08 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 8,187,631.31

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; an expert appointed by the court prepared an opinion.

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. The hearing was adjourned until 08.08.2016.

Note 43. Information on significant events from previous years, included in the financial statements for the current period

Such events did not occur.

Note 44. Information on significant events that occurred after the balance sheet date, not included in the financial statements

Such events did not occur.

Note 45. Information about extraordinary profit or loss (random and others)

Such events did not occur.

Note 46. Information on income tax due to extraordinary operations

There were no extraordinary operations.

Note 47. Seasonality

Sales of construction and assembly services in Poland are 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 48. Factors and events of unusual nature, having a significant impact on the financial results

During the reporting period there were no such events.

Note 49. Information on significant transactions of purchase and sale of tangible fixed assets

In the reporting period, there were no significant purchases and sales of property, plant and equipment.

Note 50. Information on significant obligations due to the purchase of tangible fixed assets

As of 30 June 2016, the Company has no material obligations due to the purchase of property, plant and equipment.

Note 51. Information on adjustments of prior period errors

During the period of 6 months ended 30 June 2016, Erbud SA adjusted the erroneous recognition of costs relating to repair of the runway at the Warszawa-Modlin Airport. As these costs do not meet the definition of assets according to IAS and concern repairs made in 2013, there were recognized in the financial result for the previous years. The adjustment resulted in a decrease in prepaid expenses and equity by PLN 20,122 thousand as at 31 December 2015 and 1 January 2015.

This change did not affect the profit and loss statement or statement of comprehensive income for the current reporting period and the comparative one. In respect of the above adjustments, basic and diluted earnings per share remained unchanged in the reporting and comparative periods.

Note 52. Information on changes in economic and business conducting conditions, which have a significant impact on the fair value of financial assets and financial liabilities of the company

As compared to the financial year ended 31 December 2015 there were no significant changes.

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, August 29, 2016