ERBUD CAPITAL GROUP

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THREE QUARTERS OF 2016

PREPARED PURSUANT TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 September 2016 (in '000 PLN)

	30.09.2016 *Unaudited figures*	30.06.2016 *Unaudited figures*	31.12.2015 *Figures after restatement*	30.12.2015 *Unaudited figures*
ASSETS	**1 068 022**	**1 094 069**	**1 078 767**	**1 078 880**
Fixed assets	**107 467**	**107 224**	**174 585**	**175 861**
Tangible fixed assets	39 699	40 484	45 963	45 938
Investment property	0	0	51 503	7 467
Goodwill	22 968	22 968	22 968	22 968
Intangibles	1 981	2 054	2 263	2 335
Non-current financial assets	3 281	3 220	12 808	54 396
Deferred tax assets	39 498	38 443	39 000	42 629
Prepayments	40	55	80	128
Current assets	**960 555**	**986 845**	**904 182**	**903 019**
Inventory	8 800	10 686	127 987	117 415
Trade and other receivables	499 907	535 541	327 612	368 429
Income tax receivables	1 608	1 572	3 913	3 866
Other financial assets	5 589	5 594	37 440	3 765
Fixed assets held for sale	0	0	3 135	
Cash and cash equivalents	128 922	115 262	222 137	173 063
Construction contracts	121 818	125 008	137 359	193 977
Short-term prepayments and accruals	5 063	5 012	5 209	5 893
Building contracts retention	40 905	40 247	39 390	36 611
The Group's assets classified as held for sale	147 943	147 923	0	0
LIABILITIES				
	1 068 022	**1 094 069**	**1 078 767**	**1 078 880**
Equity attributable to shareholders of the Parent Company	**256 850**	**248 538**	**278 753**	**295 724**
Share capital	1 281	1 281	1 281	1 276
Exchange rate differences on translation of foreign entities	1 032	1 317	761	714
Valuation of hedging instruments	242	-1 315	1 006	114
Capital reserves	223 516	223 516	229 619	229 129
Undistributed profits	30 779	23 739	46 086	64 491
Minority interests	**21 850**	**21 914**	**16 912**	**14 416**
Total shareholders' equity	**278 700**	**270 452**	**295 665**	**310 140**
Long-term liabilities	**102 778**	**104 843**	**138 245**	**160 752**
Bank loans and borrowings	8 944	9 886	25 947	42 850
Other financial liabilities	5 761	5 832	7 159	6 546
Provision for retirement and similar benefits	2 125	2 125	1 727	1 729
Other provisions	2 594	2 494	3 780	3 339
Liabilities due to bonds issue	52 000	52 000	65 000	65 000
Deferred tax provision	31 354	32 506	34 632	41 288
Short-term liabilities	**686 544**	**718 774**	**644 857**	**607 988**
Loans and borrowings	89 048	79 571	81 419	49 487
Other financial liabilities	4 388	7 355	6 266	4 737
Trade and other liabilities	253 504	306 221	264 085	284 321
Current tax liabilities	5 455	1 883	4 740	3 554
Liabilities due to bonds issue	8 328	8 328	8 531	7 274
Provision for retirement and similar benefits	13 885	13 022	21 840	24 622
Other provisions	91 557	92 679	98 100	97 040
Building contracts retention	136 780	122 940	120 152	114 437
Construction contracts	83 583	86 775	0	0
The Group's liabilities classified as held for sale	16	0	39 724	22 516

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 9-month period ended 30 September 2016 (in 000' PLN)

	Year to 30.09.2016 *Unaudited figures*	Quarter to 30.09.2016 *Unaudited figures*	Year to 30.09.2015 *Unaudited figures after restatement**	Quarter to 30.09.2016 Unaudited figures after restatement*
CONTINUING OPERATIONS				
Revenues from sales of products and services and of goods and materials	1 213 559	425 391	1 293 776	487 956
Cost of sold products and services and of goods and materials	1 127 635	395 557	1 195 108	444 937
Profit (loss) from sales before tax	**85 924**	**29 834**	**98 668**	**43 019**
Cost of sales	4 011	1 144	3 506	887
General and administrative costs	58 213	19 100	48 346	15 849
Other operating income	25 254	-267	3 306	-187
Other operating expenses	4 675	501	16 715	9 731
Share of net profit (loss) of subsidiaries valued by equity method	0	0	0	0
Profit (loss) from operating activities	**44 279**	**8 822**	**33 407**	**16 365**
Financial income	3 970	-1 499	2 209	759
Financial expenses	7 781	2 114	6 233	2 140
Profit (loss) from continuing operations before tax	**40 468**	**5 209**	**29 383**	**14 984**
Income tax	8 845	1 126	7 859	3 167
Net profit (loss) from continuing operations	**31 623**	**4 083**	**21 524**	**11 817**
Profit / (loss) from discontinued operations	-32 534	3 199	6 094	-516
Net profit / (loss) for the financial year	**-911**	**7 282**	**27 618**	**11 301**
Profit / (loss) from continuing operations attributable to:				
Shareholders of the Parent Company	25 382	4 191	20 560	11 270
Minority shareholders	6 241	-108	964	547
Profit / (loss) from discontinued operations attributable to:				
Shareholders of the Parent Company	-3 870	7 079	26 154	10 847
Minority shareholders	2 959	203	1 464	454
Basic earnings (loss) per share (in PLN)				
from continuing operations	1.98	0.33	1.61	0.88
from discontinued operations	-2.28	0.23	0.44	-0.03
Diluted earnings (loss) per share (in PLN)				
from continuing operations	1.98	0.33	1.61	0.88
from discontinued operations	-2.28	0.23	0.44	-0.03

* Information on data restatement in Note 18.3

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)

	Year to 30.09.2016 *Unaudited figures*	Quarter to 30.09.2016 *Unaudited figures*	Year to 30.09.2015 *Unaudited figures after restatement**	Quarter to 30.09.2016 Unaudited figures after restatement*
Consolidated net profit (loss)	**-911**	**7 282**	**27 618**	**11 301**
Other comprehensive income, which under specified conditions will be initially reclassified to profit or loss				
Foreign exchange differences from translation of foreign branches and entities*	124	-551	281	291
Valuation of hedging instruments	-764	1 557	1 181	-624
Other total net incomes	**-640**	**1 006**	**1 462**	**-333**
Total revenue for the period attributable to:	**-1 551**	**8 288**	**29 080**	**10 968**
Shareholders of the Parent Company	-4 363	8 351	27 595	10 495
Minority shareholders	2 812	-63	1 485	473
Total income attributable to Shareholders of the Parent Company:	**-4 363**	**8 351**	**27 595**	**10 495**
from continuing operations	24 889	5 463	22 001	10 918
from discontinued operations	-29 252	2 888	5 594	-423

* Information on data restatement in Note 18.3

CONSOLIDATED STATEMENT OF CASH FLOWS

as of 30 September 2016 (in 000' PLN)

	Year to 30.09.2016 *Unaudited figures*	Quarter to 30.09.2016 *Unaudited figures*	Year to 30.09.2015 *Unaudited figures after restatement*	Quarter to 30.09.2016 Unaudited figures after restatement
Cash flows from operating activities				
Profit (loss) before tax	**-911**	**7 282**	**27 618**	**11 301**
Total adjustments:	**-46 387**	**16 587**	**-68 455**	**23 585**
Depreciation and amortization	8 382	2 340	7 358	2 384
Profit / loss from exchange rate differences	-155	-538	-34	97
Interest and share in profit (dividends)	4 891	688	2 727	859
Profit / loss on investment activities	-3 796	-31	-7 176	-1 078
Change in provisions	-7 076	160	5 177	15 792
Change in inventory	6 636	-557	-377	11 384
Change in receivables	-65 478	46 908	-29 900	75 452
Change in short-term liabilities, excluding loans and borrowings	-5 462	-42 820	-106 499	-51 336
Change in prepayments and accruals	15 689	10 696	59 826	-29 724
Other adjustments	-18	-259	443	-245
Net cash used in operating activities	**-47 298**	**23 869**	**-40 837**	**34 886**
Cash flows from investment activities				
Inflows	**9 720**	**2 073**	**4 892**	**782**
Disposal of tangible and intangible fixed assets	6 944	68	571	87
Disposal of investment property	655	0	973	0
Disposal of financial assets	1 721	1 721	228	0
Dividends and interest received	169	53	686	559
Repayment of long term loans	0	0	48	0
Other investment inflows	231	231	2 386	136
Outflows	**48 353**	**15 169**	**27 993**	**2 481**
Acquisition of tangible and intangible fixed assets	3 584	1 051	6 103	2 284
Investments in real estate and intangible assets	42 962	13 971	2 395	0
Acquisition of financial assets	258	147	8 703	29
Long term loans granted	44	0	10 630	41
Other investment outflows	1 505	0	162	127
Net cash flows from investment activities	**-38 633**	**-13 096**	**-23 101**	**-1 699**

	Year to 30.09.2016 ***Unaudited figures***	**Quarter to 30.09.2016** ***Unaudited figures***	**Year to 30.09.2015** ***Unaudited figures after restatement***	**Quarter to 30.09.2016 Unaudited figures after restatement**
Cash flows from financial activities				
Inflows	**74 163**	**23 303**	**74 629**	**31 505**
Net inflows from issue of shares and other equity instruments; capital contributions	0	0	0	0
Loans and borrowings	74 163	23 303	74 629	31 505
Issuance of debt securities	0	0	0	0
Other financial inflows	0	0	0	0
Outflows	**81 447**	**20 416**	**46 891**	**18 471**
Acquisition of own shares	0	0	0	0
Dividends and other distributions to shareholders	15 374	0	6 570	6 570
Repayment of loans and borrowings	54 230	17 550	30 735	8 726
Redemption of debt securities	0	0	0	0
Due to other financial liabilities	119	119	0	0
Payment of liabilities arising from financial lease	3 687	677	3 965	996
Interest paid	7 461	2 070	5 621	2 179
Other financial outflows	576	0	0	0
Net cash flows from financial activities	**-7 284**	**2 887**	**27 738**	**13 034**
Total net cash flow	**-93 215**	**13 660**	**-36 200**	**46 221**
Balance sheet change in cash, including:	**-93 215**	**13 660**	**-36 200**	**46 221**
- change in cash due to exchange differences				
Cash opening balance	**222 137**	**115 262**	**209 263**	**126 842**
Closing balance of cash, including:	**128 922**	**128 922**	**173 063**	**173 063**
- restricted cash	18 461	5 645	10 063	0

CONSOLIDATED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' EQUITY

attributable to shareholders of the Parent Company as at 30 September 2016 (in 000' PLN)

	Capital attributable to shareholders of the Parent									
						Undistributed profit (loss)				
	Share capital	Treasury shares	Capital reserve	Exchange differences on translation of foreign entities	Valuation of hedging instruments	Retained profit / accumulated loss brought forward	Net profit / net loss	Total	Minority interests	Share capital
As at 1 January 2016 – figures after restatement	**1 281**	**0**	**229 619**	**761**	**1 006**	**46 086**	**0**	**278 753**	**16 912**	**295 665**
Profit / loss for the period	0	0	0	0	0	0	-3 870	**-3 870**	2 959	**-911**
Other total income	0	0	0	271	-764	0	0	**-493**	-147	**-640**
Total income for the period	**0**	**0**	**0**	**271**	**-764**	**0**	**-3 870**	**-4 363**	**2 812**	**-1 551**
Acquiring by minority shareholders of a subsidiary PBDI of shares issued	0	0	-2 126	0	0	0	0	**-2 126**	2 126	**0**
Increase of share capital under the authorized capital	0	0	0	0	0	0	0	**0**	0	**0**
Shares-based payment (Management Stock Option Scheme)	0	0	0	0	0	0	0	**0**	0	**0**
Net profit from the previous year brought forward to retained earnings	0	0	0	0	0	0	0	**0**	0	**0**
Sale of minority interests by a subsidiary	0	0	0	0	0	-39	0	**-39**	0	**-39**
Dividend to shareholders	**0**	**0**	**-3 977**	**0**	**0**	**-11 398**	**0**	**-15 375**	**0**	**-15 375**
As at 30 September 2016	**1 281**	**0**	**223 516**	**1 032**	**242**	**34 649**	**-3 870**	**256 850**	**21 850**	**278 700**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

attributable to shareholders of the Parent for the year ended 31 December 2015 (in 000' PLN)

	Capital attributable to shareholders of the Parent									
						Undistributed profit (loss)				
	Share capital	Treasury shares	Capital reserve	Exchange differences on translation of foreign entities	Valuation of hedging instruments	Retained profit / accumulated loss brought forward	Net profit / net loss	Total	Minority interests	Share capital
As at 1 January 2015	**1 276**	**0**	**223 094**	**671**	**-1 067**	**50 365**	**0**	**274 339**	**13 192**	**287 531**
Profit / loss for the period	0	0	0	0	0	0	27 846	**27 846**	3 843	**31 689**
Other total income	0	0	0	90	2 073	346	0	**2 509**	34	**2 543**
Total income for the period	**0**	**0**	**0**	**90**	**2 073**	**346**	**27 846**	**30 355**	**3 877**	**34 232**
Buyout of minority interests of Erbud Industry Centrum	0	0	25	0	0	0	0	**25**	-47	**-22**
Increase of share capital under the authorized capital	5	0	545	0	0	0	0	**550**	0	**550**
Shares-based payment (Management Stock Option Scheme)	0	0	91	0	0	0	0	**91**	0	**91**
Net profit from the previous year brought forward to retained earnings	0	0	5 864	0	0	-5 864	0	**0**	0	**0**
First time consolidated subsidiary (PDI Germany)	0	0	0	0	0	-104	0	**-104**	104	**0**
Dividend to shareholders	**0**	**0**	**0**	**0**	**0**	**-6 381**	**0**	**-6 381**	**-214**	**-6 595**
As at 31 December 2015	**1 281**	**0**	**229 619**	**761**	**1 006**	**38 362**	**27 846**	**298 875**	**16 912**	**315 787**

CONSOLIDATED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' EQUITY

attributable to shareholders of the Parent Company as at 30 September 2015 (in 000' PLN)

	Capital attributable to shareholders of the Parent									
						Undistributed profit (loss)				
	Share capital	Treasury shares	Capital reserve	Exchange differences on translation of foreign entities	Valuation of hedging instruments	Retained profit / accumulated loss brought forward	Net profit / net loss	Total	Minority interests	Share capital
As at 1 January 2015	**1 276**	**0**	**223 094**	**671**	**-1 067**	**50 365**	**0**	**274 339**	**13 192**	**287 531**
Profit / loss for the period	0	0	0	0	0	0	26 154	**26 154**	1 464	**27 618**
Other total income	0	0	0	43	1 181	217	0	**1 441**	21	**1 462**
Total income for the period	**0**	**0**	**0**	**43**	**1 181**	**217**	**26 154**	**27 595**	**1 485**	**29 080**
Buyout of minority interests of Erbud Industry Centrum	0	0	25	0	0	0	0	**25**	-47	**-22**
Dividend for shareholders of subsidiaries	0	0	146	0	0	0	0	**146**	-214	**-68**
Shares-based payment (Management Stock Option Scheme)	0	0	0	0	0	0	0	**0**	0	**0**
Transfer of net profit from the previous year to retained earnings	0	0	5 864	0	0	-5 864	0	**0**	0	**0**
First time consolidated subsidiary (Erbud Rzeszów)	0	0	0	0	0	0	0	**0**	0	**0**
	0	0	0	0	0	0	0	**0**	0	**0**
Dividend to shareholders	**0**	**0**	**0**	**0**	**0**	**-6 381**	**0**	**-6 381**	**0**	**-6 381**
As at 30 September 2015	**1 276**	**0**	**229 129**	**714**	**114**	**38 337**	**26 154**	**295 724**	**14 416**	**310 140**

The average PLN exchange rates against the EURO during the period covered by the financial statements

Period	Average exchange rate for the reported period	Exchange rate as of the last day of the period
30.09.2016	4.3688	4.3120
31.12.2015	4.1848	4.2615
30.09.2015	4.1585	4.2386

Key items of the balance sheet converted to the EURO (as at the last day of the period, in 000' PLN)

Item	30.09.2016		30.09.2015	
	PLN	EUR	PLN	EUR
Total assets	1 068 022	247 686	1 078 880	254 537
Fixed assets	107 467	24 923	175 861	41 490
Current assets	960 555	222 763	903 019	213 047

Item	30.09.2016		30.09.2015	
	PLN	EUR	PLN	EUR
Total liabilities	1 068 022	247 686	1 078 880	254 537
Shareholders' equity	278 700	64 634	310 140	73 170
Liabilities and provisions for liabilities	789 322	183 052	768 740	181 367

Items of the balance sheet as at 30 September 2016 were converted at the Euro rate which was set by the NBP as at that date i.e. 4.3688 PLN/EUR.

Items of the balance sheet as at 30 September 2015 were converted at the Euro rate which was set by the NBP as at that date i.e. 4.2386 PLN/EUR.

Key items of the profit and loss statement converted to the EURO (for the reporting period, in 000' PLN)

Item	9-month period ended 30.09.2016		9-month period ended 30.09.2015	
	PLN	EUR	PLN	EUR
Net revenues from sales of products	1 213 559	277 779	1 293 776	311 116
Manufacturing cost of products sold	1 127 635	258 111	1 195 108	287 389
Gross profit on sales	85 924	19 668	98 668	23 727
Profit from operating activities	44 279	10 135	33 407	8 033
Gross profit (loss)	40 468	9 263	29 383	7 066
Net profit (loss)	31 623	7 238	21 524	5 176

Items of the cash flow for the period 1.01.2016 - 30.09.2016 were translated at the mid-rate which was calculated as an arithmetic mean of average rates prevailing as at the last day of each month during the said period, set by the NBP as at that day, i.e. 4.3688 PLN/EUR.

Items of the cash flow for the period 1.01.2015 - 30.09.2015 were translated at the mid-rate which was calculated as an arithmetic mean of average rates prevailing as at the last day of each month during the said period, set by the NBP as at that day, i.e. 4.1585 PLN/EUR.

Key items of cash flow converted to the EURO (for the reporting period, in 000' PLN)

Item	9-month period ended 30.09.2016		9-month period ended 30.09.2015	
	PLN	EUR	PLN	EUR
A. Cash flow from operating activities	-47 298	-10 826	-40 837	-9 820
B. Cash flow from investing activities	-38 633	-8 843	-23 101	-5 555
C. Cash flow from financing activities	-7 284	-1 667	27 738	6 670
D. Total net cash flow (A+/-B+/-C)	-93 215	-21 337	-36 200	-8 705

F. Cash and cash equivalents at the beginning of the period	222 137	52 126	209 263	49 096
G. Cash and cash equivalents at the end of the period	128 922	29 898	173 063	40 830

Cash flow items for the period of 01 January 2016 – 30 September 2016 were converted as follows:

A, B, C, and D item figures - at the average exchange rate which was calculated as an arithmetic mean of average rates set by the NBP as at the last day of each month in the period, i.e. 4.3688 PLN/EUR;

F item figures - at the exchange rate set by the NBP as at the 01 January 2016, i.e. 4.2615 PLN/EUR;

G item figures- at the exchange rate set by the NBP on the 30 September 2016, i.e. 4.3120 PLN/EUR.

Cash flow items for the period of 01 January 2015 – 30 September 2015 were converted as follows:

A, B, C, and D item figures - at the average exchange rate which was calculated as an arithmetic mean of average rates set by the NBP as at the last day of each month in the period, i.e. 4.1585 PLN/EUR;

F item figures - at the exchange rate set by the NBP as at the 01 January 2015, i.e. 4.2623 PLN/EUR;

G item figures- at the exchange rate set by the NBP on the 30 September 2015, i.e. 4.2386 PLN/EUR.

Note 1. Significant acquisitions and sales of tangible fixed assets and significant liabilities arising from the purchase of tangible fixed assets

There were no significant purchases and sales of property, plant and equipment in the reporting period.
As of 30 September 2016, the Group has no material commitments for the purchase of fixed assets.

Note 2. Deferred income tax assets

Assets / liabilities due to	**30.09.2016**	**30.06.2016**	**31.12.2015**	**30.09.2015**
- Building contracts valuation	26 730	23 509	23 630	25 362
- Provisions	4 748	4 528	6 364	6 435
- Tax loss to deduct in next years	1 252	1 648	1 340	2 498
- Margin on intra-Group sales	0	0	938	995
- Accrued expenses	1 082	2 327	1 724	2 547
- Other fees charged statistically	445	928	702	197
- Revaluation of receivables	1 233	1 231	1 484	1 727
- Revaluation of investments	0	0	0	0
- Other financial liabilities	527	577	1 582	902
- Consolidation adjustments	0	0	0	0
- Subsidiaries	2 361	2 361	0	0
- Other	1 120	1 334	1 236	1 966
Total deferred tax assets	**39 498**	**38 443**	**39 000**	**42 629**

Assets and liabilities due to deferred income tax assets are offset when there is a legally enforceable entitlement to offset tax receivables and current tax liabilities and when the deferred tax relates to the same tax jurisdiction and will be executed in similar periods.

Margin realized on the intra-Group sales results from the higher tax value of assets sold to the Group companies in relation to their carrying amount due to the exclusion of consolidated profits included in assets.

Note 3. Short-term receivables
Note 3.1 Short-term trade receivables and other debts

	30.09.2016	**30.06.2016**	**31.12.2015**	**30.09.2015**
Short-term receivables before tax				
Due to deliveries and services	524 942	551 542	350 710	391 994
- from related parties	0	33	32	52
- from other entities	524 942	551 509	350 678	391 942
From the public sector	8 213	15 291	23 354	23 975
Other	17 367	18 508	10 351	9 731
Impairment of receivables	**8 102**	**7 981**	**13 500**	**16 794**
Net short-term receivables	**542 420**	**577 360**	**370 915**	**408 906**

The fair value of trade and other receivables corresponds approximately to their carrying value.

Note 3.2 Allowances for short-term trade receivables and other debts

	30.09.2016	**30.06.2016**	**31.12.2015**	**30.09.2015**
Write-downs at the beginning of the period	**13 500**	**13 500**	**7 215**	**7 215**
Created to other operating costs	297	150	10 140	11 556
Reversed into other operating costs	1 056	1 032	640	412
Used	20	18	1 802	12
Foreign exchange differences	-7	0	-2	-3

Other		7	-1 508	-1 648
Reclassification to assets held for sale	-4612	-4612		
Impairment losses taken from Erbud Industry Południe	0	0	97	98
Write-downs at the end of the period	**8 102**	**7 981**	**13 500**	**16 794**

There is no concentration of credit risk due to trade receivables, as the Group has a large number of clients, both domestic and foreign.

Note 3.3 Allowances for other financial assets (long-term)

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

Note 4. Construction contracts

The following table shows the value of recognized receivables and liabilities under long-term construction contracts in the Parent Company:

	30.09.2016	30.06.2016	31.12.2015	30.09.2015
Assets:				
Amounts due from customers	**121 818**	**125 008**	**137 359**	**193 977**
Valuation of contracts	121 818	125 008	137 359	193 977
Liabilities:				
Amounts due to customers, incl.:	**136 780**	**122 940**	**120 152**	**114 437**
Valuation of contracts	136 780	122 940	120 152	114 437

Note 5. Share capital of ERBUD SA (the structure)

Note 5.1 Structure of the share capital ownership as at 30 September 2015

The share capital as of 30 September 2016 consisted of 12,811,859 shares with a total value of PLN 1,281,185.90.
The shareholding of the Parent Company as at 30 September 2016 was as follows:

Shareholder	Class of shares	Preferences on shares	Restrictions on shares	Number of shares	Equity percentage	Restrictions on disposal
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
Nationale0Nederlanden 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		

The above table presents shareholders holding over 5% in the share capital.

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

Note 6. Change in deferred income tax provision
Note 6.1 Deferred income tax provision

Provision for	30.09.2016	30.06.2016	31.12.2015	30.09.2015
- valuation of building contracts with a long completion period	21 282	22 498	24 615	32 084
- assets revaluation	6 770	5 977	7 253	5 681
- accrued income	0	0	0	0
- financial instrument	176	0	0	0
- financial costs activated	0	0	312	296
- balance sheet valuation – retention money discount	95	95	594	106
- balance sheet valuation for settlement	206	435	0	380
- sale of real estate	1 485	2 468	0	0
- other	1 340	1 033	1 858	2 741
Total provision for deferred income tax	**31 354**	**32 506**	**34 632**	**41 288**

Deferred tax provisions are created on the rate basis of 19% for positive and negative temporary differences on domestic assets and liabilities, while the difference in the balance sheet items relating to the entitles operating abroad - on tax rates basis of the country of the primary economic environment in which the entity operates and pays obligations arising from income corporate tax.

Note 7.
Note 7.1 Other non-current liabilities

	30.09.2016	30.06.2016	31.12.2015	30.09.2015
Other financial liabilities, incl.				
- from financial lease	5 761	5 832	7 128	6 546
- liabilities due to bond issue	52 000	52 000	65 000	65 000
- other	0	0	31	0
Total long term liabilities	**57 761**	**57 832**	**72 159**	**71 546**

Note 8. Trade liabilities and other debts, income tax liabilities and building securities

Short-term liabilities	30.09.2016	30.06.2016	31.12.2015	30.09.2015
a) Deliveries and services	291 172	358 462	327 918	339 840
- from related parties	906	243	881	0
- from other entities	290 266	358 219	327 037	339 840
b) To public sector	23 253	16 323	19 546	21 923
- corporate income tax	5 455	1 883	4 740	3 554
- VAT	5 988	3 051	5 037	8 385
- income tax on natural persons	2 289	2 139	1 965	1 692
- other	9 521	9 250	7 804	8 292
c) Financial liabilities , incl.:	4 388	7 355	6 266	4 737
- interest	0	0	0	0
- interest on bonds	0	734	734	0
- lease	4 388	4 997	5 458	4 737

- liabilities form bonds	0	0	0	0
- forward financial instruments	0	1 624	74	0
d) Other	36 091	25 999	19 461	23 152
- payroll	7 919	8 237	6 330	7 217
- prepayments received	16 578	16 531	11 964	13 881
- prepayments for assets held for sale	10 000	0	0	0
- other	1 594	1 231	1 167	2 054
Total	**354 904**	**408 139**	**373 191**	**389 652**

Note 9. Finance lease liabilities

Fail value	**30.09.2016**	**31.12.2015**	**30.09.2015**
Up to one year	4 388	5 458	4 737
Over one and up to five years	5 761	7 128	6 546
Over five years			
Total	**10 149**	**12 586**	**11 283**

The Group uses financial leasing of vehicles. The average lease duration is 3-4 years. Obligations under finance leases are secured by assets used on basis of these lease agreements.
The lease agreements do not include clauses providing for penalties for early repayment of obligations.

Note 10. Information on issue, redemption and repayment of debt instruments and securities
Note 10.1 Liabilities due to debt instruments and securities issued

On 26 March 2014, the Parent issued a total of 5,200 bearer bonds, dematerialized and 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 is payable every six months.
On 25 April 2014, bearer bonds series B issued by the Parent were introduced to the alternative trading system BondSpot operating within the Catalyst. The Company earmarked the received funds for the redemption of 40,000 bonds of series A issued by the Issuer and to finance an increased demand for working capital in connection with a record contract backlog of the Capital Group. The remaining 10,000 bonds of Series A have been redeemed as per the original fixed term, ie. on 14 July 2014.

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 increase of the share capital planned by the Management Board 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 the Company dated 20 April 2015, passed 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 Financial Statements of the Erbud Group as well as the date of publication of the statements, the Company and the Group does not implement any incentive plan based on shares, stock options, warrants or other instruments.

Note 11. Acquisition / Disposal of subsidiaries / Disposal 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.

Following the fulfilment of all conditions precedent, of which depended on the disposal of shares of the Company, an agreement to sell 100 percent of its shares through the brokerage house Q Securities based in Warsaw has been signed on 13 October 2016.
Under the Agreement, the Issuer sold 100 per cent of the Company's shares (the "Shares") to HOLDINVEST 1 sp. z o.o. headquartered in Warsaw (the "Buyer") for a price of PLN 45 million. Terms and conditions of the transaction described in the Current Report No. 48/2016 of 24 June 2016 have not changed, except that the Parties have agreed that instead of purchase by the Issuer of a developed property located in Toruń at 10 Wapienna St. 10, the Issuer has acquired a 100 percent stake in Budlex Properties sp. o.o. headquartered in Warsaw, which is the owner of the property. Budlex Properties Sp. o.o. conducts no other operating activities than the management of the property possessed.
The first tranche of the price in the amount of PLN 10m was paid on 30.09.2016. The second tranche of PLN 35m. was paid on 13.10.2016 and 27.10.2016.

On 10 October 2016 an agreement on sale of 248,120 shares, representing 100% of the shares in Budlex Properties Sp z o.o., for a total price of PLN 12m, i.e. PLN 48.36 PLN per share was concluded between Budlex SA and Erbud SA. The price was paid by the buyer on 10.10.2016.

Note 12. Revenue from sales

	Year to 30.09.2016	**Quarter to 30.09.2016**	**Year to 30.09.2015**	**Quarter to 30.09.2015**
Sale of products finished	0	0	0	0
Sale of services	1 211 748	424 845	1 290 395	486 327
Sale of goods and materials	1 811	546	3 381	1 629
Total	**1 213 559**	**425 391**	**1 293 776**	**487 956**

Note 13. Costs by type

	Year to 30.09.2016	Quarter to 30.09.2016	Year to 30.09.2015	Quarter to 30.09.2015
a) Depreciation and amortisation	7 552	2 065	6 565	2 129
b) Consumption of materials and power	180 465	57 224	221 335	83 168
c) External services	817 356	282 473	882 404	350 058
d) Taxes and charges	7 398	2 662	6 743	2 036
e) Payroll	130 350	44 208	116 597	40 711
f) Social security, health care and other benefits	29 737	9 932	26 316	9 361
g) Other costs	15 530	4 689	15 819	5 666
Total expenses by type	**1 188 388**	**403 253**	**1 275 779**	**493 129**
Change in inventories, products and deferred expenditures due to construction contracts	1 471	12 548	-28 819	-31 456
Cost of production for in-house use (negative value)	0	0	0	0
Cost of sales (negative value)	-4 011	-1 144	-3 506	-887
General and administrative costs (negative value)	-58 213	-19 100	-48 346	-15 849
Production cost of products sold	**1 127 635**	**395 557**	**1 195 108**	**444 937**

Note 14. Current and deferred corporate income tax

	30.09.2016	30.09.2015
Profit and loss account	**8 845**	**7 859**
Deferred income tax due to the origination and reversal of temporary differences	-1 741	-3 931
Current income tax	10 586	11 790
Income tax recognized in equity	0	0
Valuation of hedging instruments	0	0

Note 15. Net earnings per share

Basic earnings per share are calculated as a quotient of net income for the period attributable to ordinary shareholders of the Parent Company and the weighted average number of issued common shares outstanding for the period.

Diluted earnings per share are calculated by dividing net profit for the period attributable to ordinary shareholders (after deducting interest on redeemable preference shares convertible into ordinary shares) by the weighted average number of ordinary shares outstanding during the period (after adjusting the impact of dilutive options and dilutive redeemable preference shares convertible into ordinary shares).

Note 16. Transactions with key executives

Members of the Supervisory Board, the Management Board of the Parent and the key management personnel, both as at 30 September 2016 and as at 31 December 2015 did not have outstanding loans, borrowings or guarantees granted by the companies of the Erbud Group.

Members of the Supervisory Board, the Management Board of the Parent and the key management personnel, both as at 30 September 2016 and as at 31 December 2015 were not a party to the contract obliging to render services to the companies of the Erbud Group.

Note 17. Information about key events occurred in the period of nine months of 2016 and after the balance date

Significant contracts concluded:

On **5 January 2016**, the Issuer signed a construction contract on the following specified 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 specified 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 (say: forty-eight million, six hundred and fifty-five thousand, four hundred and twelve point zero nine Zlotys), of which to PBDI falls PLN 25,161,813.94 (say: twenty-five million, one hundred and sixty-one thousand, eight hundred and thirteen point nine four Zlotys).
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 concluded 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 (say: thirteen million, three hundred and sixteen thousand Zlotys).
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.
Project name: "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 (say: fifty-two million, seven hundred and ninety-two thousand, six hundred and sixty-eight point two seven Zlotys).
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 with building B shall be issued by 31.03.2016. A Notice to Proceed with 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 (say: twenty-five million, five hundred and twenty-two thousand, six hundred and eighty-two, point six nine Zlotys). The value of range is competed by PBDI is PLN 20,623,526.49 (say: twenty million, six hundred and twenty-three thousand, five hundred and twenty-six, point four nine Zlotys) net.
The contract is due to be completed by 15.06.2017.

On **22 March 2016,** the Issuer signed a contract for construction works on the below specified conditions:
1. General Contractor 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.

On **11 April 2016,** the Issuer concluded in consortium with P.W. EBUD-Przemysłówka Sp. o.o. Bydgoszcz, seated in Bydgoszcz at 11 Biskupińska St., a construction contract on 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.
6. Completion period: 12.04.2016 – 30.04.2017.

On **25 April 2016,** the following contract was signed: *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 and 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: PLN 38,500,000 (say: thirty-eight million, five hundred thousand Zlotys).
Completion period: from 28-04-2016 to 31-12-2017.

On **4 May 2016,** the Issuer signed a construction contract on the following specified 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 contract for construction works on the terms and conditions as below:
1. Investor: Promenady VII spółka z ograniczoną odpowiedzialnością spółka komandytowa based in Wroclaw, 44 Dąbrowskiego St.
2. Contract value: PLN 25,535,326.83.
3. 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.
4. Completion period: sixty-eight weeks from the issue of Notice to Proceed.

On 25 May 2016, ERBUD S.A. signed a conditional contract for construction works 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.
3. Contract value: PLN 534,610,239.00 (Fixed Contract Price).
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 m2, located in Warsaw, on Zgrupowania AK "Kampinos" St.
6. Scheduled completion: 17.10.2018.

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, the 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.

On 15 September 2016, the Issuer received a Notice to Proceed by 1 October 2106 with the works related to the project GALERIA MŁOCINY Retail and Entertainment Centre. The Investor also provided documents concerning the financing of the project. Therefore the condition precedent to the entry into force of the contract has been met. The contract price amounts to PLN 534,610,239.00 (say: five hundred and thirty-four million, six hundred and ten thousand, two hundred and thirty-nine Zlotys). The works are to be completed within 27 months.

On 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, a contract for construction work was concluded by the Issuer on the following terms and conditions:
1. Inwestor: Promenady V VD spółka z ograniczoną odpowiedzialnością spółka komandytowa seated in Wrocław at 44 Dąbrowskiego St.

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, a contract for construction work was concluded by the Issuer on the following terms and conditions:
1. Investor: BACOLI PROPERTIES Sp. z o.o. ul. Książęca 19-3, 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 Notice to Proceed (but no later than on 31 August 2016); Works are scheduled to be completed on 31 July 2018.

On 20 July 2016, the Issuer signed a contract for construction works on the terms and conditions as below:
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: 20.07.2016 - 30.06.2018.
4. Contract value: PLN 83,0m.

On 2 August 2016, the Issuer signed a contract for construction works on the terms and conditions as below:
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 contract for construction works on the terms and conditions as below:
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 contract for construction works on the terms and conditions as below:
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.

On 25 August 2016, a construction contract has been concluded under the following terms and conditions:

1. Investor: ECHO Investment S.A., Al. Solidarności 36, 25-323 Kielce, NIP: 657-023-09-12.
2. Net contract value: PLN 29,150,000.
3. Contract subject: Execution of construction works as Prime Contractor to build the Residential Complex located in Kraków on Spiska St. (Phase 2), incl. surrounds of the building, on-site infrastructure, roads and parking area, services and development works.
4. Site location: Kraków.
5. Completion period: 25.08.2016 - 14.05.2018.

On 30 August 2016, the Issuer signed a conditional contract to build OUTLET CENTER located in Bydgoszcz on Pilicka St., incl. building facilities, external roads, park spaces, ingress/egress and required services under the following terms and conditions**:**

1. Investor: OUTLET CENTER Bydgoszcz Retail Management Akcyjna Sp. komandytowa, ul. Królowej Marysieńki 38, 02-954 Warszawa.
2. Contract value: PLN 37m net.
3. Completion period: 8 months from the date of entry into force of the Contract.

On 5 September 2016, a construction contract has been signed on the following terms and conditions:

1. Investor: "Galeria Katowice - Projekt Echo - 120 spółka z ograniczoną odpowiedzialnością" spółka komandytowo - akcyjna, Al. Solidarności 36; 25-323 Kielce NIP: 786-166-92-34.
2. Contract value: PLN 75m.
3. Contract subject: shall and core of LIBERO Shopping Centre located in Katowice on Kościuszki St. and Kolejowa St.
4. Site location: Katowice.
5. Completion period: 05.09.2016 – 14 09.2017.

On 5 October 2016, in Bełchatów, a contract was concluded by and between the consortium consisting of ERBUD SA (the “Leader”) and YARA ENVIRONMENTAL GMBH (the “Partner”) (collectively referred to as the "Contractor") and PGE Górnictwo i Energetyka Konwencjonalna Spółka Akcyjna ("the Employer") under the following terms and conditions:

1. Investor: PGE Górnictwo i Energetyka Konwencjonalna Spółka Akcyjna, ul. Węglowa 5, 97-400 Bełchatów.
2. Contract value: PLN 63.9 m net (of which ERBUD SA PLN 39.5m net and YARA ENVIRONMENTAL GMBH PLN 24,4m net).
3. Contract subject: installation of selective catalytic reduction (SCR) for two Benson OP-206 boilers, incl. modernization of water heaters, flue gas fans and rotary air heaters.
4. Site location: PGE GiEK S.A. Oddział Zespół Elektrowni Dolna Odra, Elektrownia Pomorzany [Pomorzany Power Station] located in Szczecin, 25/26 Szczawiowa St.
5. Completion period: 05.10.2016 - 07.11.2018.

On 18 October 2016, the Issuer as a consortium member concluded a significant contract for construction works under the following terms and conditions:

1. Investor: Miasto Stołeczne Warszawa seated 00-950 Warszawa, Pl. Bankowy 3/5, NIP:525-22-48-481, represented by Stołeczny Zarząd Rozbudowy Miasta, seated 00-099 Warszawa, ul. Senatorska 29/31.
2. Contract value: PLN 168,024,634.15 net; of which the ERBUD S.A. share amounted to PLN 84,012,317.07 net.
3. Contract subject: Construction of Southern Hospital. The subject of the agreement includes, in particular: redesign of project and bid documents; demolition, construction, finishing and MEP works; site development; architect's on-site services.
4. Site location: Warszawa, Pileckiego St., corner of I. Gandhi St.
5. Completion period: 18.10.2016 - 15.09.2018.

The contractor is a consortium formed by:

ERBUD Spółka Akcyjna - Consortium Leader, ul. Klimczaka 1, 02-797 Warszawa;
STRABAG Sp. z o.o. - Consortium Partner, ul. Parzniewska 10, 05-800 Pruszków;
STRABAG AG - Consortium Partner, Ortenburgerstrasse Nr 27, 9800 Spittal an der Drau;
Ed. Zueblin AG - Consortium Partner, Stuttgart D-70567, Albstadtweg 3.3.

On 20 October 2016, it has been signed a construction contract on the following terms and conditions:

1. Investor: VD spółka z ograniczoną odpowiedzialnością Mieszkania XV spółka komandytowa z seated in Wrocław.

2. Net contract value: PLN 12,550,000.
3. Contract subject: Four and five storey apartment building with an underground garage and retail area, incl. development works, on-site and in-building infrastructure, sidewalks, entrance to the underground car park, and mains and services (water supply and waste, storm drainage, central heating and low voltage system). Apartments in “builder’s finish” condition, with the possibility of finishing by the standards required by the Investor.
4. Site location: Warszawa, Saska Kępa Estate, Praga Południe District, Stanów Zjednoczonych Av./ Międzynarodowa St.
5. Completion period: 20.10.2016 - 21.12.2017.

On 25 October 2016, a significant construction contract has been signed by Erbud Industry Sp. z o.o. from the Erbud Group, owned 110 percent by Erbud S.A., on terms and conditions as specified below:
1. Investor: PGE Górnictwo i Energetyka Konwencjonalna S.A.; 97-400 Bełchatów, 5 Węglowa St.; NIP: 769-050-24-95.
2. Contract value: PLN 37,446,700 net, of which: task No. 1: PLN 19,231,900 net and task No. 2: 18,214,800 net.
3. Contract subject: Replacing mills DF90 No. 1 and DF-90 No. 2, incl. retrofitting the sorbent milling lines in Limestone Grinding Facility located in Bogatynia, of which: task No. 1: „Replacing the mill DF90 No. 1” and task No. 2: „Replacing the mill DF90 No. 2”.
4. Site location: Turów Power Plant, 59-916 Bogatynia, 12 Młodych Energetyków St.
5. Completion period: task No. 1: 25.10.2016 - 25.03.2018; task No. 2: 25.10.2016 - 25.11.2018.

On 27 October 2016, a significant construction contract has been signed on the following terms and conditions:
1. Investor: Fortum Silesia Spółka Akcyjna, 41-800 Zabrze, ul.Wolności 416; NIP: 648-000-12-89.
2. Contract value: PLN 24.3 net.
3. Contract subject: Buildings and secondary structures for the project "Construction of a new power plant on the premises of Fortum EC Zabrze".
4. Site location: 41-800 Zabrze, 416 Wolności St.
5. Completion period: 27.10.2016 - 22.06.2018.

The contract is performed by the consortium of ERBUD SA as the Leader and ERBUD INDUSTRY Sp. z o.o. as the Partner.

Apart from significant contracts for construction works, Erbud SA entered into several contracts not exceeding the criterion set by the "Significant Contract".

Note 18. Changes in accounting principles applied and error adjustment

18.1 Restatement of the Consolidated Financial Statements as of 30 September 2016 in connection with the error adjustment

During the period of 9 months ended 30 September 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.

The Erbud Group also revised the presentation of the cash deposited in trust accounts. Previously, they were recognised in the "cash and cash equivalents" and after the change are presented as “other current financial assets”. The change arises from the fact that these assets do not meet the definition of cash and cash equivalents. As they will be used over the operating cycle of the Budlex Group conducting activity as property developer, therefore, they are presented as current assets. This adjustment resulted in a decrease in cash and cash equivalents by EUR 32,001 thousand as of 31.12.2015 and by EUR 22,891 thousand as of 01.01.2015.

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.

18.2 Changes in estimates

During the reporting period ended 30 September 2016 there were no changes in the methodology for making estimates.

18.3 Discontinued operations

In the reporting period ended 30 June 2016 and as of 30 September 2016 incurred a discontinued operation as defined by IFRS 5. A description of the circumstances of transferring Budlex Group to discontinued operations please find in Note 19.

The tables below present figures on restatement of comparative data in connection with the separation of discontinued operations.

	6- month period ended 30.09.2016 - after change	As approved on 30.09.2015	Change
Continuing operations			
Revenues from sales of products and services and of goods and materials	1 293 776	1 334 735	-40 959
Cost of sold products and services and of goods and materials	1 195 108	1 229 644	-34 536
Profit (loss) from sales before tax	**98 668**	**105 091**	**-6 423**
Cost of sales	3 506	4 835	-1 329
General and administrative costs	48 346	49 073	-727
Other operating income	3 306	3 591	-285
Other operating expenses	16 715	18 233	-1 518
Share of net profit (loss) of subsidiaries valued by equity method	0	6 210	-6 210
Profit (loss) on operating activities	**33 407**	**42 751**	**-9 344**
Financial income	2 209	2 522	-313
Financial expenses	6 233	7 021	-788
Profit (loss) from continuing operations before tax	**29 383**	**38 252**	**-8 869**
Income tax	7859	10 634	-2 775
Net profit (loss) from continuing operations	**21 524**	**27 618**	**--6 094**
Net profit (loss) from discontinued operations	6 094	0	6 094
Net profit (loss) for the financial year	**27 618**	**27 618**	**0**

	6- month period ended 30.09.2016	3- month period ended 30.09.2016	6- month period ended 30.09.2015	3- month period ended 30.09.2015
Discontinued operations				
Revenues from sales of products and services and of goods and materials	58 773	18 708	40 959	7 697
Cost of sold products and services and of goods and materials	89 554	15 484	34 536	7 215
Profit (loss) from sales before tax	**-30 781**	**3 224**	**6 423**	**482**
Cost of sales	1 719	500	1 329	374
General and administrative costs	507	438	727	503
Other operating income	2 171	1 836	285	186
Other operating expenses	127	4	1 518	279
Share of net profit (loss) of subsidiaries valued by equity method	0	0	6 210	1 226
Profit (loss) on operating activities	**-30 963**	**4 118**	**9 344**	**738**
Financial income	750	270	313	-313
Financial expenses	1 281	279	788	-151
Profit (loss) from discontinued operations before tax	**-31 494**	**4 109**	**8 869**	**576**
Income tax	1 040	910	2 775	1 092
Net profit (loss) from discontinued operations	**-32 534**	**3199**	**6 094**	**-516**

The result from discontinued operations includes an impairment of net assets in the amount of PLN 35,004 thousand, which was accounted for in the cost of products and services sold.

The Group's assets classified as held for sale are the assets of the Budlex Group.

	30.09.2016
Fixed assets	**18 988**
Tangible fixed assets and intangible assets	3 338
Property	5 102
Deferred tax assets	1 841
Financial assets	8 707
Current assets	**128 955**
Inventory	80 813
Trade and other receivables	6 164
Other financial assets	27 345
Cash and cash equivalents	14 633
Total assets	**147 943**
Liabilities	
Deferred income tax liabilities	2 341
Trade and other liabilities	35 863
Loans and borrowings	29 310
Provisions	2 808
Liabilities due to issue of bonds	13 261
Total liabilities	**83 583**

	30.09.2016	30.09.2015
Net cash flows from discontinued operations		
Net cash flows from discontinued operating activities	658	-2 889
Net cash flows from discontinued operating activities	1 613	-9 915
Net cash flows from discontinued financing activities	-14 935	21 007
Total net cash flows from discontinued operations	**-19 973**	**-2 120**

Revenues from the discontinued operations sale

	Year to 30.09.2016	Quarter to 30.09.2016	Year to 30.09.2015	Quarter to 30.09.2015
Revenues from sales of finished products	56 968	17 710	38 377	7 081
Sales of services	898	522	1 251	616
Revenues from sales of goods and materials	907	476	1 331	0
Total	**58 773**	**18 708**	**40 959**	**7 697**

Expenses by sort

	Year to 30.09.2016	Quarter to 30.09.2016	Year to 30.09.2015	Quarter to 30.09.2015
a) Depreciation and amortisation	830	275	793	255
b) Consumption of materials and power	12 307	5 201	2 761	80
c) External services	40 954	17 918	25 153	9 231
d) Taxes and charges	1 067	196	1 176	229
e) Payroll	1 224	376	1 303	394
f) Social security and other benefits	241	78	254	78
g) Other costs	3 111	1 122	3 621	604
Total expenses by sort	**59 734**	**25 166**	**35 061**	**10 871**
Change in products and accrued expenses due to	32 046		1 531	

construction contracts		-8 744		-2 779
Cost of products manufactured for in-house use (negative value)	0	0	0	0
Sales cost (negative value)	-1 719	-500	-1 329	-374
General and administrative costs (negative value)	-507	-438	-727	-503
Cost of products sold	**89 554**	**15 484**	**34 536**	**7 215**

	6- month period ended 30.06.2015 - after change	As approved on 30.06.2015	Change
Continuing operations			
Revenues from sales of products and services and of goods and materials	805 820	839 081	-33 261
Cost of sold products and services and of goods and materials	750 171	777 491	-27 320
Profit (loss) from sales before tax	**55 649**	**61 590**	**-5 941**
Cost of sales	2 619	3 575	-956
General and administrative costs	32 497	32 721	-224
Other operating income	3 493	3 592	-99
Other operating expenses	6 984	8 223	-1 239
Share of net profit (loss) of subsidiaries valued by equity method	0	4 984	- 4 984
Profit (loss) on operating activities	**17 042**	**25 647**	**-8 605**
Financial income	1 450	2 078	-628
Financial expenses	4 093	5 033	-940
Profit (loss) from continuing operations before tax	**14 399**	**22 692**	**-8 293**
Income tax	4 692	6 375	-1 683
Net profit (loss) from continuing operations	**9 707**	**16 317**	**-6 610**
Net profit (loss) from discontinued operations	6 610	0	6 610
Net profit (loss) for the financial year	**16 317**	**16 317**	**0**

	Year to 30.09.2016	Quarter to 30.09.2016	Year to 30.09.2015	Quarter to 30.09.2015
Discontinued operations				
Revenues from sales of products and services and of goods and materials	40 065	13 939	33 261	10 022
Cost of sold products and services and of goods and materials	74 071	48 910	27 320	6 650
Profit (loss) from sales before tax	**-34 006**	**-34 971**	**5 941**	**3 372**
Cost of sales	1 218	578	956	591
General and administrative costs	69	-22	224	92
Other operating income	335	247	98	70
Other operating expenses	123	115	1 238	1 233
Share of net profit (loss) of subsidiaries valued by equity method	0	0	4 984	3 484
Profit (loss) on operating activities	**-35 081**	**-35 395**	**8 605**	**5 010**
Financial income	479	269	628	28
Financial expenses	1 001	759	940	303
Profit (loss) from discontinued operations before tax	**-35 603**	**-35 885**	**8 293**	**4 735**
Income tax	130	267	1 683	1 451
Net profit (loss) from discontinued operations	**-35 733**	**-36 152**	**6 610**	**3 284**

The result from discontinued operations includes an impairment of net assets in the amount of PLN 35,004 thousand, which was accounted for in the cost of products and services sold.

The Group's assets classified as held for sale are the assets of the Budlex Group.

	30.06.2016
Fixed assets	**20 961**
Tangible fixed assets and intangible assets	3 591
Property	5 176

Deferred tax assets	2 157
Financial assets	10 037
Current assets	**126 962**
Inventory	78 118
Trade and other receivables	6 408
Other financial assets	26 479
Cash and cash equivalents	15 957
Total assets	**147 923**
Liabilities	
Deferred income tax liabilities	3 190
Trade and other liabilities	33 658
Loans and borrowings	32 092
Provisions	4 800
Liabilities due to issue of bonds	13 035
Total liabilities	**86 775**

	30.06.2016	30.06.2015
Net cash flows from discontinued operations		
Net cash flows from discontinued operating activities	4 997	3 608
Net cash flows from discontinued operating activities	11	-9 630
Net cash flows from discontinued financing activities	-11 784	-5 966
Total net cash flows from discontinued operations	**-13 993**	**612**

Note 19. Changes in the composition of the Group

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.

Following the fulfilment of all conditions precedent, of which depended on the disposal of shares of the Company, an agreement to sell 100 percent of its shares through the brokerage house Q Securities based in Warsaw has been signed on 13 October 2016.

Under the Agreement, the Issuer sold 100 per cent of the Company's shares (the "Shares") to HOLDINVEST 1 sp. z o.o. headquartered in Warsaw (the "Buyer") for a price of PLN 45 million. Terms and conditions of the transaction described in the Current Report No. 48/2016 of 24 June 2016 have not changed, except that the Parties have agreed that instead of purchase by the Issuer of a developed property located in Toruń at 10 Wapienna St. 10, the Issuer has acquired a 100 percent stake in Budlex Properties sp. o.o. headquartered in Warsaw, which is the owner of the property. Budlex Properties Sp. o.o. conducts no other operating activities than the management of the property possessed.
The first tranche of the price in the amount of PLN 10m was paid on 30.09.2016. The second tranche of PLN 35m. was paid on 13.10.2016 and 27.10.2016.

On 19 August 2016, an agreement was concluded to purchase the Budlex shares from a minority shareholder. The Issuer acquired 10.04 percent of shares of the Company at a price of PLN 4,500,000.00. Thus, the Issuer has become the sole owner of the Company and one of the conditions of the agreement regarding the sale of shares of Budlex SA to HOLDINVEST 1 Sp. z o.o. has been fulfilled.

On 10 October 2016, an agreement on sale of 248,120 shares, representing 100% of the shares in Budlex Properties Sp z o.o., for a total price of PLN 12m, i.e. PLN 48.36 PLN per share was concluded between Budlex SA and Erbud SA. The price was paid by the buyer on 10.10.2016.

Note 20. Dividend policy - description of policy applied to the payment of dividends and any restrictions related. The dividend value per share for each financial year of the period covered by the historical financial information, adjusted in case of changes of the number of shares, in order to make comparisons

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.

Note 21. Changes in estimates

There were no changes in the method used for accounting estimates in the comparable period and in the period ended 30 September 2016.

Note 22. Business segments

During the reporting period ended 30 September 2016 the Group was operating in the following business segments:
- large-volume construction
- real estate development (discontinued operations)
- road-engineering
- construction for the power industry.

During the reporting period ended 30 September 2016 the Group was operating in the following region segments:
- in Poland
- abroad (Germany, Belgium, Luxembourg and Holland).

The classification of the entities according to their statutory activities was the basis for dividing into segments. The Group applies the same policy of accounting for all segments.

Business segments

The following table presents data on proceeds and gains as well as certain assets and liabilities of the Group's business segments for the period from 1 January to 30 September 2016.

Proceeds and expenses by business segments

For the period 01.01 – 30.09. 2016	Large volume construction	Road-engineering	Energy sector	Total	Discontinued operations
Total income	952 592	98 186	224 821	**1 275 599**	**58 773**
Intersegment sales	0	0	(62 040)	**(62 040)**	0
Sales to external customers	**952 592**	**98 186**	**162 781**	**1 213 559**	**58 773**
Cost of products, goods and materials sold to external customers	889 958	87 434	150 243	**1 127 635**	**89 554**
Total cost of products, goods and materials sold	**889 958**	**87 434**	**150 243**	**1 127 635**	**89 554**
Total sales before tax	**62 634**	**10 752**	**12 538**	**85 924**	**-30 781**
Cost of sales	344	1 625	2 042	**4 011**	**1 719**
General and administrative costs	40 257	5 615	12 341	**58 213**	**507**
Profit (loss) on other operating activity	18 460	2 103	16	**20 579**	**2 044**
Segment profit (loss)	**40 493**	**5 615**	**-1 829**	**44 279**	**-30 963**
Profit (loss) on financing activity	-3 242	267	-836	**-3 811**	**-531**
Income tax	7 218	1 395	232	**8 845**	**1 040**
Net profit (loss)	**30 033**	**4 487**	**-2 897**	**31 623**	**-32 534**

The following table presents data on proceeds and gains as well as certain assets and liabilities of the Group's business segments for the period from 1 January to 30 September 2015.

Proceeds and expenses by business segments

For the period 01.01 – 30.09. 2015	Large volume construction	Road-engineering	Energy sector	Total	Discontinued operations
Total income	854 626	263 074	176 076	**1 293 776**	**40 959**
Intersegment sales	0	0	0	**0**	0
Sales to external customers	**854 626**	**263 074**	**176 076**	**1 293 776**	**40 959**
Cost of products, goods and materials sold to external customers	789 815	244 716	160 577	**1 195 108**	**34 536**
Total cost of products, goods and materials sold	**789 815**	**244 716**	**160 577**	**1 195 108**	**34 536**
Total sales before tax	**64 811**	**18 358**	**15 499**	**98 668**	**6 423**
Cost of sales	270	1 958	1 278	**3 506**	**1 329**
General and administrative costs	31 879	4 905	11 562	**48 346**	**727**
Profit (loss) on other operating activity	-12 911	-190	-308	**-13 409**	**-1 233**
Share of net profit (loss) of subsidiaries valued by equity method	**0**	**0**	**0**	**0**	**6 210**
Total income	**19 751**	**11 305**	**2 351**	**33 407**	**9 344**
Intersegment sales	-3 101	76	-999	**-4 024**	**-475**
Sales to external customers	4 717	2 378	764	**7 859**	**2 775**
Cost of products, goods and materials sold to external customers	**11 933**	**9 003**	**588**	**21 524**	**6 094**

* Figures after restatement due to discontinued operations

Geographical segments

The following table provides figures on proceeds and gains as well as certain assets and liabilities of the Group's geographical segments as at 30 September 2016

Proceeds and expenses by geographical segments

Period ended 30.09.2016	Domestic	Abroad	Total	Discontinued domestic operations
Sale to external customers	1 014 177	199 382	**1 213 559**	58 773
Total income	**1 014 177**	**199 382**	**1 213 559**	**58 773**
Cost of products, goods and materials sold to external customers	940 286	187 349	**1 127 635**	89 554
Total cost of products, goods and materials sold	**940 286**	**187 349**	**1 127 635**	**89 554**
Total sales before tax	**73 891**	**12 033**	**85 924**	**-30 781**
Cost of sales	4 011	0	**4 011**	1 719
General and administrative costs	49 795	8 418	**58 213**	507
Profit (loss) on other operating activity	4 745	15 834	**20 579**	2 044
Segment profit (loss)	**24 830**	**19 449**	**44 279**	**-30 963**
Profit (loss) on financing activity	-3 083	-728	**-3811**	-531
Income tax	2 339	6 506	**8 845**	1 040
Net profit (loss)	**19 408**	**12 215**	**31 623**	**-32 534**

The following table provides figures on proceeds and gains as well as certain assets and liabilities of the Group's geographical segments as at 30 September 2015

Proceeds and expenses by geographical segments

Period ended 30.09.2015	Domestic	Abroad	Total	Discontinued domestic operations
Sale to external customers	1 171 178	122 598	**1 293 776**	40 959
Total income	**1 171 178**	**122 598**	**1293 776**	**40 959**
Cost of products, goods and materials sold to external customers	1 085 208	109 900	**1 195 108**	34 536
Total cost of products, goods and materials sold	**1 085 208**	**109 900**	**1 195 108**	**34 536**
Total sales before tax	**85 970**	**12 698**	**98 668**	**6 423**
Cost of sales	3 506	0	**3 506**	1 329
General and administrative costs	42 988	5 358	**48 346**	727
Profit (loss) on other operating activity	-10 605	-2 804	**-13 409**	-1 233
Share of net profit (loss) of subsidiaries valued by equity method	0	0	0	6 210
Segment profit (loss)	**28 871**	**4 536**	**33 407**	**9 344**
Profit (loss) on financing activity	-3 822	-202	**-4 024**	-475
Income tax	6 510	1 349	**7 859**	2 775
Net profit (loss)	**18 539**	**2 985**	**21 524**	**6 094**

* Figures after restatement due to discontinued operations

Note 23. Construction contracts retention money

Retention from construction contracts as of 30 September 2016 was as follows:

	30.09.2016	31.12.2015	30.09.2015
Retention held by customers			
Retention to be released after 12 months	12 194	10 701	17 042
Retention to be released within 12 months	28 711	28 689	19 569
Total	**40 905**	**39 390**	**36 611**
Retention retained to suppliers			
Retention to be released after 12 months	6 199	10 797	14 045
Retention to be released within 12 months	85 358	87 303	82 995
Total	**91 557**	**98 100**	**97 040**

Note 24. Pending litigations

The register of court cases in which the Erbud Capital Group is a party to the proceedings as plaintiff and defendant, did not change significantly in comparison to the state as of 30 June 2016. Therefore, during the reporting period, there were no substantial changes in the amount of provisions for liabilities created under litigation

Note 25. Asset-backed securities

None.

Nota 26. Events subsequent to the balance sheet date

On 10 October 2016, an agreement on sale of 248,120 shares, representing 100% of the shares in Budlex Properties Sp z o.o., for a total price of PLN 12m, i.e. PLN 48.36 PLN per share was concluded between Budlex SA and Erbud SA. The price was paid by the buyer on 10.10.2016.

Note 27. Information on changes in economic outlook and business conducting conditions, which have a significant impact on the fair value of Company's financial assets and financial liabilities

In relation to the financial year ended 31 December 2015, this type of significant changes did not occur.

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

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

Note 29. Information on changes in the classification of financial assets as a result of target exchange or use of these assets

In the period ended 30 September 2016, the Group did not change the classification of financial assets as a result of changing targets or use of such assets.

Signature of person preparing the Consolidated Financial Statements

Mariola Zielińska
/Chief Accountant/

Signatures of the Management Board Members

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

Warsaw, November 14, 2016