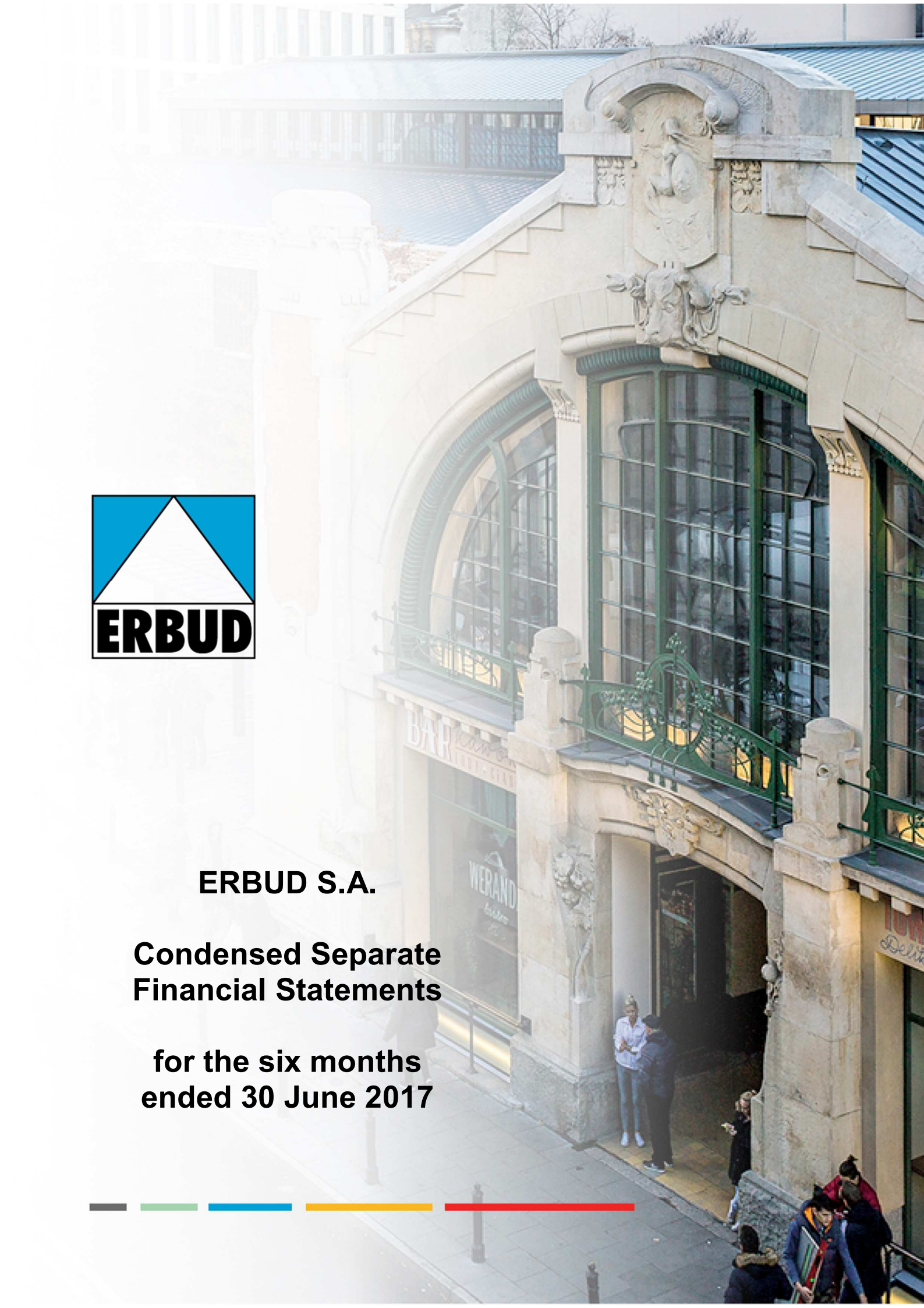

ERBUD S.A.

Condensed Separate Financial Statements

for the six months ended 30 June 2017

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Introduction to Financial Statements

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

1.1. Adopted accounting principles

Condensed Separate Financial Statements of Erbud SA for the six months ended 30 June 2017 and the comparative figures have been prepared in accordance with the provisions of the Act of 29 September 1994 (Polish Journal of Laws of 2016, No. 1047, 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 (Polish 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,

1.3. Description of rules (policies), including methods of measurement 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 2016.

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. 30.06.2017..As at the date of signing the Financial Statements, the Management Board of the Company does not conclude any facts and circumstances that would indicate a risk for continuing operations as a result of deliberate or involuntary discontinuance or a significant reduction of current activities.
By the date of preparing the Financial Statements, there were no events that have not been and should be recognised 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
Agnieszka Głowacka	- 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 six months ended 30 June 2017 (in PLN '000)

BALANCE SHEET

ASSETS

		Note	30.06.2017	31.12.2016
A.	**Fixed assets**		**146 140**	**117 777**
I.	**Intangible assets**		**236**	**41**
1.	Finished R&D expenses		0	0
2.	Goodwill		0	0
3.	Other intangible assets		112	41
4.	Prepaid intangible assets		124	0
II.	**Tangible assets**	**2,5**	**9 652**	**8 263**
1.	Tangible fixed assets		9 652	7 130
a)	Land, incl. perpetual usufruct		0	0
b)	Buildings, premises and civil and water engineering structures		2 976	1 285
c)	Plant and equipment		188	193
d)	Means of transport		6 060	5 164
e)	Other tangible fixed assets		428	488
2.	Fixed assets under construction		0	1 133
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**		**99 284**	**85 914**
1.	Real property		0	0
2.	Intangibles		0	0
3.	Non-current financial assets	2,6	99 284	85 914
a)	In related parties, incl.:		95 635	85 180
–	Shares or stocks		75 156	75 156
–	Other securities		0	0
–	Loans granted		20 479	10 024
–	Other non-current financial assets		0	0
b)	In other entities, incl.:		3 649	734
–	Shares or stocks		0	0
–	Other securities		0	0
–	Loans granted		0	0
–	Other non-current financial assets		3 649	734
4.	Other non-current investments		0	0
V.	**Long-term prepayments**		**36 968**	**23 558**
1.	Deferred tax assets	3	36 968	23 558
2.	Other prepayments		0	0

		Note	30.06.2017	31.12.2016
B.	**Current assets**		**551 686**	**583 245**
I.	**Inventories**	**6**	**0**	**0**
1.	Materials		0	0
2.	Semi-finished products and products in progress		0	0
3.	Finished products		0	0
4.	Goods		0	0
5.	Prepaid deliveries		0	0
II.	**Short-term receivables**	**4**	**369 563**	**337 983**
1.	From related parties		11 819	7 844
a)	Trade receivables with a maturity of		8 424	5 744
–	less than 12 months		8 424	5 744
–	over 12 months		0	0
b)	Other		3 395	2 100
2.	Receivables from other entities		357 744	330 140
a)	Trade receivables with a maturity of		344 018	312 438
–	less than 12 months		334 463	302 935
–	over 12 months		9 555	9 503
b)	Receivables from tax, subsidy, customs, social security and other benefits		0	7 986
c)	Other		13 726	9 716
d)	Claimed at court		0	0
III.	**Short-term investments**		**79 906**	**161 044**
1.	Current financial assets	6	79 906	161 044
a)	In related parties		5 157	3 168
–	Shares or stocks		0	0
–	Other securities		0	0
–	Loans granted		5 157	3 168
–	Other current financial assets		0	0
b)	In other entities		7 246	7 064
–	Shares or stocks		0	0
–	Other securities		0	0
–	Loans granted		7 246	7 064
–	Other current financial assets		0	0
c)	Cash and other cash assets		67 503	150 812
–	Cash in hand and at bank		47 342	131 953
–	Other cash		20 161	18 859
–	Other cash assets		0	0
2.	Other current investments		0	0
IV.	**Current prepayments**	**5,51**	**102 217**	**84 219**
-	Assets under unfinished construction contracts		**99 157**	79 256
-	Other		**3 060**	4 963
V.	**Fixed assets held for sale**		**0**	**0**
	TOTAL ASSETS		**697 826**	**701 023**

LIABILITIES

		Note	30.06.2017	31.12.2016
A.	**Equity / own fund**		**225 854**	**213 867**
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 (fund), incl.**		222 245	222 245
	- contributed surplus form selling shares (stock) above par value		124 592	124 592
V.	**Revaluated capital (funds), incl.**		2 330	-641
	- revaluation of fair value		2 330	-641
VI.	**Other reserve capital (funds)**		11 103	0
	- created under the Articles of Association		11 103	0
	- for own shares (stocks)		0	0
VII.	**Retained earnings / loss brought forward**		-20 122	-20 122
VIII.	**Net profit (loss)**		9 017	11 103
IX.	**Write-down of net profit for the financial year (negative value)**		0	0
B.	**Liabilities and provisions for liabilities**		**471 972**	**487 156**
I.	**Provisions for liabilities**		**40 192**	**34 169**
1.	Deferred income tax provision	8	19 626	15 292
2.	Provision for retirement and related benefits		7 370	5 558
–	Non-current	9	1 195	897
–	Current	10	6 175	4 661
3.	Other provisions		13 196	13 319
–	Non-current	11	0	0
–	Current	12	13 196	13 319
II.	**Long-term liabilities**	**13**	**2 536**	**55 069**
1.	To related parties		0	0
2.	To other entities		2 536	55 069
a)	Loans and borrowings		0	0
b)	Issue of debt securities	15	0	52 000
c)	Other financial liabilities		2 536	2 319
d)	Other		0	750
III.	**Short-term liabilities**		**370 662**	**336 503**
1.	To related parties		23 362	38 492
a)	Deliveries and services with a maturity of		23 362	38 492
–	less than 12 months		20 505	38 337
–	over 12 months		2 857	155
b)	Other		0	0
2.	To other entities		347 300	298 011
a)	Loans and borrowings	14	18 268	0
b)	Issue of debt securities		52 000	0
c)	Other financial liabilities		2 536	3 586
d)	Deliveries and services with a maturity of		247 049	252 512
–	less than 12 months		243 548	249 322
–	over 12 months		3 501	3 190
e)	Prepaid deliveries		6 491	16 457
f)	Bills		0	0
g)	Taxes, customs, social insurance and other benefits		18 408	6 848
h)	Salaries		1 367	1 640
i)	Other		0	14 990
j)	less than 12 months		1 181	1 978
3.	Special funds		0	0
IV.	**Accruals**		**58 582**	**61 414**
1.	Other accruals	5,1	58 582	61 414
	Total liabilities		**697 826**	**701 023**

Calculation of book value per share

	30.06.2017	31.12.2016
Book value (in 000' PLN)	225 854	213 867
Number of shares	12 811 859	12 811 859
Book value per share (in PLN)	17.63	16.69

Off-balance sheet items

Contingent receivables and liabilities disclosed in the Financial Statements as off-balance sheet items are the amounts of bank and insurance guarantees as performance bonds and for claims under warranty that have been passed on to ERBUD S.A.

These hedges do not affect the ability to dispose of assets shown in the balance sheet.

	30.06.2017	31.12.2016
1. Conditional receivables	118 428	128 412
1.1. From related parties	50 000	50 000
- guarantees and sureties received	50 000	50 000
1.2 From other entities	68 428	78 412
- guarantees and sureties received	68 428	78 412
2. Conditional liabilities	762 702	492 161
2.1. To related parties	65 202	77 781
- guarantees granted	65 202	77 781
2.2. To other entities	697 500	414 380
- guarantees and sureties granted	697 500	414 380
3.Other	0	0
Total off-balance sheet items	**881 130**	**620 573**

The credited off-balance sheet items include:
- a surety granted by subsidiary companies PBDI S.A. and Erbud International sp. z o.o. to PKO BP S.A. to secure the multi-purpose line provided by this bank to ERBUD S.A. in the amount of PLN 50 000.00;

- guarantees received by ERBUD S.A. form subcontractors of construction works as performance bonds and to secure any claims of ERBUD S.A. under the subcontractors' warranties.

All amounts are presented in fair values.

The debited off-balance sheet items include:
- civil guarantees granted to subsidiaries for the repayment of their obligations to financial institutions, details of which are listed in Notes 50-52 to this statements.

- bank and insurance guarantees granted to customers of ERBUD S.A. as performance bonds and to secure any claims of the customers due to the obligations arising from the warranties given by ERBUD S.A.

All amounts are presented in fair values.

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 /

Agnieszka Głowacka
/ Management Board Member /

Warsaw, September 4, 2017

PROFIT AND LOSS STATEMENT

		Six months ended 30.06.2017 *Unaudited figures*	Three months ended 30.06.2017 *Unaudited figures*	Six months ended 30.06.2016 *Unaudited figures**	Three months ended 30.06.2016 *Unaudited figures**
Revenues from sales of products, goods and materials, incl.:		**574 287**	**304 894**	**504 572**	**289 842**
- From related parties		10 106	9 639	1 802	782
Net revenues from sales of products	18	573 955	304 563	504 572	272 986
Net revenues from sales of goods and materials		332	332	0	0
Cost of products, goods and materials sold, incl.:		**534 418**	**279 990**	**471 591**	**272 986**
- To related parties		64 995	46 269	15 434	8 914
Cost of products sold	19	534 089	279 661	471 591	272 986
Value of goods and materials sold	20	329	329	0	0
Gross profit (loss) on sales		**39 869**	**24 904**	**32 980**	**16 856**
Sales costs		0	0	0	0
General and administrative costs		23 358	11 988	22 935	11 950
Profit (loss) on sales		**16 511**	**12 917**	**10 046**	**4 906**
Other operating revenues	21	**1 433**	**-1 400**	**8 083**	**3 058**
Profit on disposal of non-financial fixed assets		80	75	3 717	13
Subsidies		0	0	0	0
Other operating revenues		1 354	-1 475	4 366	3 045
Other operating expenses	22	**3 482**	**3 321**	**2 653**	**1 144**
Loss on disposal of non-financial assets		0	0	0	0
Revaluation of non-financial fixed assets		0	0	0	0
Other operating expenses		3 482	3 321	2 653	1 144
Profit (loss) on operating activities		**14 462**	**8 195**	**15 475**	**6 820**
Financial revenues	23	**2 244**	**2 120**	**5 037**	**4 501**
Dividends and profit sharing		1 295	1 295	0	0
- From related parties		1 295	1 295	0	0
Interest					
- From related parties		894	772	1 183	1 138
Profit on investments sale		529	529	267	248
Revaluation of investments		0	0	0	0
Other		0	0		
Dividends and profit sharing		0	0	0	0
- From related parties		55	53	3 854	3 363
Financial costs	24	**5 276**	**2 352**	**20 940**	**19 687**
Interest:		2 882	2 010	3 430	2 391
- To related parties		0	0	0	0
Loss on selling investments		0	0	0	0
Revaluation of investments		0	0		
Other		0	0	16 927	16 927
Interest:		2 394	342	583	369
Gross profit (loss)		**11 430**	**7 964**	**-428**	**-8 366**
Income tax		2 413	1 666	455	-859

Other statutory reductions in profit (increases in loss)		0	0	0	0
Net profit (loss)		**9 017**	**6 298**	**-883**	**-7 506**
Weighted average number of ordinary shares / Diluted weighted average number of ordinary shares (in units)	25	12 811 859	12 811 859	12 811 859	12 811 859
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)		0, 70	0,49	-0,07	-0,59

* restatement of figures in Note 35

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 /

Agnieszka Głowacka
/ Management Board Member /

Warsaw, September 4, 2017

CASH FLOW STATEMENT

	Six months ended 30.06.2017	Six months ended 30.06.2016
Net profit (loss)	**9 017**	**-883**
Total adjustments	**-77 114**	**-34 499**
Amortisation and depreciation	1 292	1 816
Foreign currency translation gain (loss)	675	-151
Interest and profit sharing (dividends)	319	2 579
(Profit (loss) on investment activities	-80	-3 717
Change in provisions	6 570	-9 481
Change in inventory	0	-1 683
Change in receivables	-31 580	-45 377
Change in short-term liabilities, excluding credits and loans	-20 070	2 769
Change in prepayments and accruals	-34 240	1 930
Other adjustments	0	-112
Impairment of investments	0	16 927
Net cash flows from operating activities	**-68 097**	**-35 382**
Net profit (loss)		
Inflows	**208**	**14 508**
Disposal of intangible and tangible fixed assets	79	6 764
Disposal of investments in real property and intangible assets	0	655
From financial assets, incl.:	129	7 089
a) In related parties	51	7 040
- Disposal of financial assets	0	0
- Dividends and profit sharing	0	0
- Repayment of granted long-term loans	0	7 000
- Interest	51	40
- Other inflows from financial assets	0	0
b) In other entities	78	49
- Disposal of financial assets	0	0
- Dividends and profit sharing	0	0
- Repayment of granted long-term loans	0	0
- Interest	78	49
- Other inflows from financial assets	0	0
Other inflows from investment activities	0	0
Outflows	**15 783**	**5 777**
Purchase of intangible assets and tangible fixed assets	1 148	289
Investments in real property and intangible assets	0	0
Due to financial assets, incl.:	13 135	5 488
a) In related parties	13 135	5 488
- Disposal of financial assets	0	0
- Dividends and profit sharing	0	0
- Repayment of granted long-term loans	13 135	5 488
- 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	1 500	0
Net cash flows from investment activities	**-15 575**	**8 731**

	Six months ended 30.06.2017	Six months ended 30.06.2016
Cash flow from financial activities		
Inflows	**18 268**	**0**
Net inflows from issue of shares and other capital instruments and from capital contributions	0	0
Loans and borrowings	18 268	0
Issue of debt instruments	0	0
Other financial inflows	0	0
Outflows	**17 904**	**19 069**
Redemption of own shares	0	0
Dividends and other payments to the shareholders	14 990	15 374
Expenses due to profit distribution other than payments to shareholders	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	1 156	779
Interest paid	1 758	2 916
Other	0	0
Net cash flow from financial activities	**364**	**-19 069**
Total net cash flow	**-83 308**	**-45 720**
Balance sheet change in cash, incl.:	**-83 308**	**-45 720**
- change in cash due to foreign exchange differences	0	0
Cash opening balance	**150 812**	**101 225**
Closing balance of cash, incl.:	**67 503**	**55 505**
- restricted cash	20 161	11 760

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 /

Agnieszka Głowacka
/ Management Board Member /

Warsaw, September 4, 2017

STATEMENT OF CHANGES IN EQUITY

	Six months ended 30.06.2017	Six months ended 30.06.2016
I. Equity opening balance	**213 867**	**254 896**
– changes in accounting rules (policy) applied	0	0
– correction of material errors	0	-20 122
I.a. Equity opening balance at the beginning of the period after adjustment to comparative data	**213 867**	**234 774**
1. Share capital at the beginning of the period	**1 281**	**1 281**
1.1. Changes to share capital	**0**	**0**
a) Increase from	0	0
– issue of shares	0	0
b) Decrease from	0	0
– redemption of shares	0	0
1.2. Share capital at the end of the period	**1 281**	**1 281**
2. Capital reserves at the beginning of the period	**222 245**	**241 212**
2.1. Changes in capital reserves	0	-3 977
a) Increase from	0	11 397
– capital reserves transfer	0	0
– profit distribution	0	11 397
– 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	0
b) Decrease	0	15 374
– dividend payment	0	15 374
2.2. Capital reserves at the end of the period	**222 245**	**237 235**
3. Revaluation reserve at the beginning of the period	**-641**	**1 006**
3.1.Changes in revaluation reserve	2 971	-2 321
a) Increase	2 971	0
– financial assets valuation	2 971	0
b) Decrease	0	2 321
– valuation of financial instruments held for sale	0	2 321
3.2. Revaluation reserve at the end of the period	**2 330**	**-1 315**
4. Other capital reserves at the beginning of the period	**0**	**0**
4.1. Changes in other capital reserves	11 103	0
a) Increase	11 103	0
– profit sharing	11 103	0
b Decrease – transfer to capital reserves	0	0
4.2. Other capital reserves at the end of the period	**11 103**	**0**
5. Capital from settlement of merger transactions at the beginning of the period	**0**	**0**
5.1 Changes in capital from settlement of merger transactions under the uniting of interest method		
Increase	**0**	**0**
Decrease	**0**	**0**
5.2 Capital from settlement of merger transactions at the end of the period	**0**	**0**
6. Retained earnings / carried forward loss at the beginning of the period	**11 103**	**11 397**
6.1. Retained earnings at the beginning of the period	11 103	11 397
– 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
6.2 Retained earnings at the beginning of the period after adjustment	11 103	11 397
a) Increase	0	0
b) Decrease	11 103	11 397
– profit-sharing for capital reserves	11 103	0
– profit-sharing for dividends	0	11 397
– profit-sharing to cover losses from previous years	0	0
6.3. Retained earnings at the end of the period	**0**	**0**

	Six months ended 30.06.2017	Six months ended 30.06.2016
6.4. Carried forward loss at the beginning of the period	**-20 122**	**0**
– changes in accounting rules (policy) applied	0	0
– correction of material errors	0	0
6.5. Carried forward loss at the beginning of the period	0	0
a) Increases	0	0
– presentation adjustments	0	0
b) Decreases	0	0
– profit-sharing to cover losses	0	0
6.6. Carried forward loss at the end of the period	**0**	**0**
7.7 Retained earnings (loss) at the end of the period	**-20 122**	**-20 122**
8. Net result	**9 017**	**-883**
a) Net profit	0	0
b) Net loss	9 017	-883
c) Write-downs from profit	0	0
II. Equity closing balance	**225 854**	**216 196**
III. Equity, after including proposed profit distribution (coverage of loss)	**225 854**	**216 196**

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 /

Agnieszka Głowacka
/ Management Board Member /

Warsaw, September 4, 2017

Key items converted to the EURO

	30.06.2017		31.12.2016	
	PLN	EUR	PLN	EUR
Fixed assets	146 140	34 577	117 777	26 622
Current assets	551 686	130 530	583 245	131 837
Shareholders' equity	225 854	53 438	213 867	48 342
Liabilities and provisions for liabilities	471 972	111 670	487 156	110 117

Items of the balance sheet data as at 30 June 2017 were converted at the Euro rate which was set by the NBP as of that day i.e. 4.2265 PLN/EUR.

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. 4.4240 PLN/EUR.

		Six months ended 30.06.2017		Six months ended 30.06.2016
	PLN	EUR	PLN	EUR
Revenues from sales of products, services, goods and materials	574 287	135 209	548 130	125 130
Cost of products, services, goods and materials sold	534 418	125 822	515 149	117 601
Profit on sales before tax	39 869	9 387	32 980	7 529
Profit on operating activities	14 462	3 405	15 475	3 533
Profit (loss) before tax	11 430	2 691	-428	-98
Net profit (loss)	9 017	2 123	-883	-202

Items of the profit and loss statement for the period from 1.01.2017 to 30.06.2017 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. 4.2474 PLN/EUR.

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.

		Six months ended 30.06.2017		Six months ended 30.06.2016
	PLN	EUR	PLN	EUR
Cash flows from operating activities	-68 097	-16 033	-35 382	-8 077
Cash flows from investment activities	-15 575	-3 667	8 731	1 993
Cash flows from financial activities	364	86	-19 069	-4 353
Net cash flows	-83 308	-19 614	-45 720	-10 437
Cash opening balance	150 812	34 090	101 225	23 753
Cash closing balance	67 504	15 972	55 505	12 542

Items of the cash flow for the period from 1.01.2017 to 30.06.2017 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. 4.2474 PLN/EUR.

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.

For translating cash as at 1 January 2017, the exchange rate set by the NBP as of that day was applied, i.e. 4.4240 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 30 June 2017, the exchange rate set by the NBP as of that day was applied, i.e. 4.2265 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.

EXPLANATORY NOTES

Note 1. Operating segments information

During the reporting period ended 30 June 2017 the Company conducted operations under the following business segments:

- civil engineering - building construction;
- industrial construction.

In the period of 6 months ended 2016, the Company also carried out engineering-road activities.

During the reporting period ended 30 June 2017 the Company conducted operations in the following geographical segments:

- domestic;
- abroad (Belgium).

The segmentation was done by qualifying individual construction contracts. The Company applies a uniform accounting policy for all segments. Only changes in the reported segments were made. Report segment "building construction" was divided into two separate reporting segments: "building construction at home" and "building construction abroad". The changes are due to the growing importance of building construction abroad from the point of view of the Group's operations.

Business segments

The tables below present figures for particular business segments of the Company for the period from 1 January to 30 June 2017:

Income and expenses by business segments

Period from 1 January to 30 June 2017	Building construction at home	Building construction abroad	Industrial construction	Total
Sale to external clients	554 760	12 492	7 035	**574 287**
Total income	**554 760**	**12 492**	**7 035**	**574 287**
Cost of products, goods and materials sold to external clients	516 683	10 849	6 885	534 418
Total cost of products, goods and materials sold	**516 683**	**10 849**	**6 885**	**534 418**
Total gross sales	**38 077**	**1 643**	**150**	**39 869**
Cost of sales	0		0	**0**
General and administrative costs	22 468	866	24	**23 358**
Profit (loss) on other operating activity	-2 049	0	0	**-2 049**
Segment profit (loss)	**13 560**	**776**	**126**	**14 462**
Profit (loss) on other financing activity	-2 084	-948	0	**-3 032**
Income tax	2 413		0	**2 413**
Net profit	**9 063**	**-172**	**126**	**9 017**

Income and expenses by business segments

Period from 1 January to 30 June 2016	Building construction at home	Building construction abroad	Road-engineering	Industrial construction	Other activities	Total
Sale to external clients	483 953	20 537	82	0	0	**504 572**
Total income	**483 953**	**20 537**	**82**	**0**	**0**	**504 572**
Cost of products, goods and materials sold to external clients	451 443	19 524	414	210	**0**	471 591
Total cost of products, goods and materials sold	**451 443**	**19 524**	**414**	**210**	**0**	**471 591**
Total gross sales	**32 506**	**1 013**	**-331**	**-210**	**0**	**32 980**
Cost of sales	0	0	0	0	0	**0**
General and administrative costs	20 726	1 013	124	471	601	**22 935**
Profit (loss) on other operating activity	3 002	-72	2 500	0	0	**5 430**
Segment profit (loss)	**14 785**	**-72**	**2 045**	**-682**	**-601**	**15 475**
Profit (loss) on other financing activity	162	862	0	0	-16 927	**-15 903**
Income tax	4 124	-841	388	0	-3 216	**455**
Net profit	**10 823**	**1 631**	**1 657**	**-682**	**-14 312**	**-883**

Geographical segments

Income and expenses by geographical segments

Period from 1 January to 30 June 2017	Domestic	Abroad	Total
Sale to external clients	561 795	12 492	**574 287**
Total income	**561 795**	**12 492**	**574 287**
Cost of products, goods and materials sold to external clients	523 569	10 849	**534 418**
Total cost of products, goods and materials sold	**523 569**	**10 849**	**534 418**
Total gross sales	**38 226**	**1 643**	**39 869**
Cost of sales	0	0	**0**
General and administrative costs	22 492	866	**23 358**
Profit (loss) on other operating activity	-2 049	0	**-2 049**
Segment profit (loss)	**13 685**	**777**	**14 462**
Profit (loss) on other financing activity	-2 084	-948	**-3 032**
Income tax	2 413	0	**2 413**
Net profit	**9 189**	**-172**	**9 017**

Period from 1 January to 30 June 2016	Domestic	Abroad	Total
Sale to external clients	484 035	20 537	**504 572**
Total income	**484 035**	**20 537**	**504 572**
Cost of products, goods and materials sold to external clients	452 067	19 524	**471 591**
Total cost of products, goods and materials sold	**452 067**	**19 524**	**471 591**
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**

Note 2. Assets

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

	30.06.2017	31.12.2016
a) As at the beginning of the period	85 914	152 478
- Shares	75 156	136 736
- Loans granted	10 024	13 702
- Other long-term financial assets	734	2 039
b) Increases (from)	13 370	16 510
- Shares	0	16 500
- Loans granted	10 455	0
- Other long-term financial assets	2 915	10
c) Decreases (from)	0	83 074
- Shares	0	78 080
- Loans granted	0	3 678
- Other long-term financial assets	0	1 316
d) As at the end of the period	99 284	85 914
- Shares	75 156	75 156
- Loans granted	20 479	10 024
- Other long-term financial assets	3 649	734

Note 2.2. Shares or stocks in subsidiaries as at 30.06.2017

No.	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 consolidated / measured 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.	Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	Toruń	construction	subsidiary	full method	0	49 554	90,00%	90,00%
7.	Erbud Industry Sp. z o.o.	Toruń	construction	subsidiary	full method	2 850	13 126	100,00%	100,00%
8.	Erbud CUW Sp z o.o.	Warszawa	support services	subsidiary	full method	0	12 000	100,00%	100,00%
					Shares or stocks in directly and indirectly controlled companies as at 30.06.2017	**2 928**	**75 156**		

Shares or stocks in subsidiaries as at 31.12.2016

No.	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 consolidated / measured 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.	Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	Toruń	construction	subsidiary	full method	0	49 554	90,00%	90,00%
7.	Erbud Industry Sp. z o.o.	Toruń	construction	subsidiary	full method	2 850	13 126	100,00%	100,00%
8.	Erbud CUW Sp z o.o.	Warszawa	support services	subsidiary	full method	0	12 000	100,00%	100,00%
					Shares or stocks in directly and indirectly controlled companies as at 31.12.2016	**2 928**	**75 156**		

Note 2.3. Net profit (loss) of companies consolidated under the full method

	Six months ended 30.06.2017	Six months ended 30.06.2016
Erbud International Sp. z o.o.	205	1 061
GWI GmbH	-1 177	10 816
Grupa Budlex S.A.	0	-927
Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.	725	1 992
Erbud Industry Sp. z o.o.	-730	3 532
Erbud Industry Centrum Sp. z o.o.	-910	-2 161
Erbud Industry Pomorze Sp. z o.o.	157	190
Erbud Industry Południe Sp z o.o.	14	-1 377
Erbud Rzeszów Sp. z o.o.	685	639
Erbud CUW Sp. z o.o.	299	0

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 marketability)

	30.06.2017	31.12.2016
A. With non-restricted marketability , listed on stock exchange market (carrying value)	0	0
B. With non-restricted marketability, listed on OTC market (carrying value)	0	0
C. With non-restricted marketability, not listed on a regulated market (carrying value)	0	0
D. With restricted marketability (carrying value)	99 284	85 914
a) Shares and stocks (carrying value)	75 156	75 156
- Value adjustments (cumulative)	-2 928	-2 928
- Value at the beginning of the period	0	0
- Value at acquisition prices	78 084	78 084
b) Bonds (carrying value)	0	0
c) Loans granted (carrying value)	20 479	10 024
d) Other - by type (carrying value)	772	734
- Value at acquisition prices	810	810
- Value adjustments (cumulative)	-38	-76
e) Other forward contracts	2 877	0
Total carrying value	**99 284**	**85 914**

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 2017	**0**	**1 302**	**522**	**17 278**	**3 028**	**1 133**	**0**	**23 262**
b) Increases (from)	0	1 707	11	1 736	233	0	0	**3 687**
- acquisition	0	574	11	5	233	0	0	**823**
- lease	0	0	0	1 731			0	**1 731**
- taking over form fixed assets under construction	0	1 133	0	0	0	0	0	**1 133**
c) Decreases (from)	0	0	0	59	20	1 133	0	**1 212**
- sale	0	0	0	59	8	0	0	**67**
- liquidation	0	0	0	0	1	0	0	**1**
- taking over form fixed assets under construction	0	0	0	0	0	1 133	0	**1 133**
- transfer, donation	0	0	0	0	12	0	0	**12**
d) Gross value of fixed assets as at 30 Jun 2017	**0**	**3 009**	**533**	**18 955**	**3 240**	**0**	**0**	**25 737**
e) Cumulative amortisation and depreciation at the beginning of the period	**0**	**16**	**329**	**12 114**	**2 540**	**0**	**0**	**14 999**
f) Depreciation and amortisation for the period	0	16	16	836	292	0	0	**1 161**
g) Decreases, incl.:	0	0	0	54	20	0	0	**74**
- liquidation	0	0	0	0	1	0	0	**1**
- sale	0	0	0	54	8	0	0	**62**
- donation	0	0	0	0	12	0	0	**12**
h) Cumulative depreciation and amortisation as at 30 Jun 2017	**0**	**32**	**345**	**12 895**	**2 812**	**0**	**0**	**16 085**
i) Net value of fixed assets as at 1 Jan 2017	**0**	**1 285**	**193**	**5 164**	**488**	**1 133**	**0**	**8 263**
j) Net value of fixed assets as at 30 Jun 2017	**0**	**2 976**	**188**	**6 060**	**428**	**0**	**0**	**9 652**

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	15 268	3 457	1 293	0	20 464
b) Increases (from)	0	1 302	94	2 282	489	1 133	0	5 299
- acquisition	0	8	94	4	489	1 133	0	1 728
- lease	0			2 277				2 277
- transfer	0							
- taking over from fixed assets under construction	0	1 293						1 293
c) Decreases (from)	0	0	17	272	918	1 293	0	2 501
- sale	0			272	532			804
- revaluation	0							
- liquidation	0		17	0	384	0	0	401
- held for sale	0							
- transfer	0				3	1 293		1 296
d) Gross value of fixed assets as at 31 Dec 2016	0	1 302	522	17 278	3 028	1 133	0	23 262
e) Cumulative amortisation and depreciation at the beginning of the period	0	0	320	10 714	2 215	0	0	13 249
f) Depreciation and amortisation for the period	0	41	25	1 524	1 198	0	0	2 788
g) Decreases, incl.:	0	25	17	124	873	0	0	1 039
- liquidation	0		17	0	382	0	0	399
- sale	0	25	0	124	489	0	0	638
- adjustments	0				3			3
- held for sale	0							
h) Cumulative depreciation and amortisation as at 30 Jun 2016	0	16	329	12 114	2 540	0	0	14 999
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	1 285	193	5 164	488	1 133	0	8 263

In the period of 12 months ended 31 December 2016, the Company has not any write-offs of the assets held.

Note 3. Deferred income tax assets

Deferred income tax assets	30.06.2017	31.12.2016
- Valuation of long-term contracts	11 131	11 669
- Tax loss	0	0
- Accruals	2 981	571
- Provision for loss on contracts	58	71
- Provisions for employee benefits	1 400	1 056
- Provisions for remedying defects	2 156	2 287
- Other provisions	614	173
- Work-In-Progress	16 194	5 790
- Other	2 434	1 941
Total assets from deferred income tax	**36 968**	**23 558**

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. Change in write-offs of current debts

	30.06.2017	31.12.2016
As at the beginning of the period	7 343	**8 199**
a) Increases	2 593	172
- Creations	2 593	172
b) Decreases	0	1 028
- Impairment loss release	0	1 028
- Utilisation of write-downs	0	0
Short-term write-offs of receivables at end of the period	**9 936**	**7 343**

Note 5. Short-term prepayments

	30.06.2017	31.12.2016
Prepaid expenses, including:	102 217	84 219
- long-term contracts	99 157	79 256
- other costs	3 060	4 963
Total short-term prepayments	**102 217**	**84 219**

Note 5.1. Prepayments due to construction contracts

	30.06.2017	31.12.2016
Expected revenues from ongoing projects	3 129 146	2 999 614
Expected costs of ongoing projects	2 859 487	2 765 613
Expected margin on ongoing projects	269 659	234 001
Cumulative revenues recognized in the profit or loss	1 636 072	1 446 740
Cumulative costs recognized in the profit or loss	1 497 588	1 342 216
Cumulative margin recognized in the profit or loss	138 485	104 524
Margin to be recognized in next periods	131 174	129 477
Percentage of margin to be recognized in next periods	48,64%	55,33%
Revenue surplus over partial invoices by staging	46 871	39 410
Costs surplus over expenses arising from the accounting costs by staging	23 780	41 907
Surplus on partial invoices over incomes by staging	34 802	19 507
Surplus on costs resulting from the accounting costs over expenses by staging	52 286	39 845
Total amounts presented in deferred expenditures	99 157	79 256
Total amounts presented in deferred revenues	58 582	61 414

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

Impairment of long-term financial assets	30.06.2017	31.12.2016
Opening balance	**2 928**	**2 928**
Increase / Decrease	0	0
Closing balance	**2 928**	**2 928**

Impairment of short-term financial assets	30.06.2017	31.12.2016
Opening balance	**0**	**0**
Increase / Decrease	0	0
Closing balance	**0**	**0**

Impairment of inventories	30.06.2017	31.12.2016
Opening balance	**262**	**262**
Increase / Decrease	0	0
Closing balance	**262**	**262**

Impairment of fixed assets	30.06.2017	31.12.2016
Opening balance	**0**	**0**
Increase / Decrease	0	0
Closing balance	**0**	**0**

Note 7. Share capital of ERBUD S.A. (structure)

Note 7.1. Ownership structure of share capital as at 06.30.2017

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 Zamknięty Aktywów Niepublicznych controlled by Dariusz Grzeszczak	Ordinary	None	None	2 136 260	16.67%	None
NATIONALE-NEDERLANDEN Powszechne Towarzystwo Emerytalne S.A. (formerly ING PTE)	Ordinary	None	None	1 200 000	9.37%	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	412 087	3.22%	None
Józef Zubelewicz	Ordinary	None	None	259 500	2.03%	None
PKO OFE	Ordinary	None	None	715 279	5.58%	None
Free Float	Ordinary	None	None	1 978 822	15.45%	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 2016 is included in the Annual Financial Statements for the year ended 31 December 2016.

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:	**30.06.2017**	**31.12.2016**
- Valuation of construction contracts	18 846	15 064
- Other	780	228
Provision for deferred income tax	**19 626**	**15 292**

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

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

	30.06.2017	**31.12.2016**
a) As at the beginning of the period	897	843
b) Increases	298	54
- retirement payments	298	54
c) Used	0	0
d) Released	0	0
e) As at the end of the period	1 195	897

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

	30.06.2017	**31.12.2016**
a) As at the beginning of the period	4 661	4 143
b) Increases	1 514	518
- unused leave	1 514	518
c) Used	0	0
d) Released	0	0
e) As at the end of the period	6 175	4 661

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

As at 30 June 2017 and 31 December 2016, such item was not accounted for.

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

	30.06.2017	31.12.2016
a) As at the beginning of the period	13 319	14 372
b) Increases	935	4 497
- Litigation and claims	630	1 610
- Remedying of defects	0	2 514
- Losses on contracts	305	373
c) Used	0	0
d) Released	1 059	5 550
- Litigation and claims	0	5 187
- Remedying of defects	686	0
- Losses on contracts	373	363
e) As at the end of the period	**13 196**	**13 319**
- Litigation and claims	1 542	912
- Remedying of defects	11 348	12 034
- Losses on contracts	305	373

Note 13. Long-term liabilities

As of 30 June 2017, there was no such item.

As at 30 June 2017, 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 part of the long-term debt. The maturity falls on 26 March 2018.

Note 14. Loans and borrowings

As of 30.06.2017, the Company had available credit lines with five banks in the total amount of PLN 82,000 thousand.

Terms and conditions of loan agreements

Under the loan agreements, the companies of the Group are required to meet certain financial ratios (covenants).

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.

Here is a list of violated ratios:

Bank mBank

Ratio	*Level required*	*Level achieved*	*Comment*
debts	no more than 65%	67.64%	not achieved

As at 30 June 2017 Erbud S.A. had current overdrafts amounting to PLN 18,268 thousand.

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 2017, the Company incurred finance costs due to interest on the bonds issued amounting to PLN 1 222 thousand.

Note 16. Issue / Redemption / Repayment of equity securities

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

As of 30 June 2017, there were no changes in the structure of subsidiaries and long-term investments.

Note 18. Net revenues from sales of goods (by region)

	Six months ended 30.06.2017	Three months ended 30.06.2017	Six months ended 30.06.2017	Three months ended 30.06.2016
a) Domestic	561 795	298 856	484 035	278 884
- Sale of goods	0	0	0	0
- Sales of services	561 795	298 856	484 035	278 884
of which: to related parties	10 106	9 639	1 802	782
b) Export	12 492	6 038	20 537	10 958
- Sale of goods	0	0	0	0
of which: to related parties	0	0	0	0
- Sales of services	12 492	6 038	20 537	10 958
of which: to related parties	0	0	0	0
Total net income on sales of goods and materials	**574 287**	**304 894**	**504 572**	**289 842**
of which: to related parties	**10 106**	**9 639**	**1 802**	**782**

Note 19. Costs by nature

	Six months ended 30.06.2017	Three months ended 30.06.2017	Six months ended 30.06.2017	Three months ended 30.06.2016
a) Depreciation and amortisation	1 292	1 037	1 816	892
b) Consumption of materials and power	97 283	58 704	67 301	38 269
c) External services	449 397	252 042	385 515	226 021
d) Taxes and charges	1 581	774	2 394	1 376
e) Payroll	29 080	15 420	30 070	14 817
f) Social security and other benefits	7 183	3 654	7 046	3 513
g) Other costs	2 199	1 152	1 939	1 069
h) Goods and materials sold	329	329	0	0
Total expenses by nature	**588 344**	**333 113**	**496 081**	**285 957**
Change in products and accrued expenses due to construction contracts	-30 568	-41 135	-1 555	-1 021
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)	-23 358	-11 988	-22 935	-11 950
Value of goods and materials sold	0	0	0	0
Cost of products sold	**534 418**	**279 990**	**471 591**	**272 986**

Note 20. Costs of sale

There were no significant costs mof sale.

Note 21. Other operating income

	Six months ended 30.06.2017	Three months ended 30.06.2017	Six months ended 30.06.2017	Three months ended 30.06.2016
a) Profit on disposal of non-financial fixed assets	79	75	3 717	13
- Real estate	0	0	3 294	0
b) Other, incl.:	1 354	-1 475	4 366	3 045
- Indemnities			136	87
- Released provision for receivables	0		0	0
- Released provision for litigation	0		4 075	2 803
- Released provision for remedying of defects	686	-1 587	0	0
- Penalties, fines and indemnities received	392	112	0	0
- Other	276		155	155
Total other operating income	**1 433**	**-1 400**	**8 083**	**3 058**

Note 22. Other operating expenses

	Six months ended 30.06.2017	Three months ended 30.06.2017	Six months ended 30.06.2017	Three months ended 30.06.2016
a) Loss on disposal of non-financial fixed assets	0	0	0	0
b) Revaluation of non-financial assets	0	0	0	0
b) Other, incl.:	3 482	3 321	2 653	1 144
- Impairment of receivables	2 592	2 592	3	3
- Penalties, fines and indemnities	167	81	2 115	1 913
- Created provisions	631	631	244	-1 029
- Donations	39	13	13	0
- Other	53	4	278	257
Total other operating expenses	**3 482**	**3 321**	**2 653**	**1 144**

Note 23. Financial income

Note 23.1. Financial income from dividends and profit sharing

In the reporting period ended 30 June 2017, the Company received a dividend from Erbud CUW Sp. z o.o. of PLN 900 thousand and Erbud Rzeszów Sp.z o.o. of PLN 395 thousand.

Note 23.2. Financial income from interest

	Six months ended 30.06.2017	Three months ended 30.06.2017	Six months ended 30.06.2017	Three months ended 30.06.2016
a) Loans granted	529	529	267	248
- to related parties, of which:	529	529	267	248
- to subsidiaries	529	529	267	248
b) Other interests	365	243	916	890
- from other entities	365	243	916	890
Total interest income	**894**	**772**	**1 183**	**1 138**

Note 24. Financial costs

	Six months ended 30.06.2017	Three months ended 30.06.2017	Six months ended 30.06.2017	Three months ended 30.06.2016
a) Revaluation of investments	0	0	16 927	16 927
b) Other	2 394	342	583	368
- negative course differences	1 295	-870	0	0
- bank call rate	1 099	528	0	0
Total financial costs	**2 394**	**342**	**17 510**	**17 296**

Note 24.1. Financial costs due to interests

	Six months ended 30.06.2017	Three months ended 30.06.2017	Six months ended 30.06.2017	Three months ended 30.06.2016
a) Loans granted	**0**		**0**	**0**
- to subsidiaries	**0**		**0**	**0**
b) Other interests	**2 882**	**2 010**	**3 430**	**2 391**
- from bonds,	**1 222**	**611**	**1 245**	**734**
- from loans	**422**	**183**	**275**	**205**
- due to discount of accounts	**429**	**429**	**336**	**336**
- other	**809**	**787**	**1 574**	**1 116**
Total interest cost	**2 882**	**2 010**	**3 430**	**2 391**

Note 25. Net earnings (loss) per share

	Six months ended 30.06.2017	Three months ended 30.06.2017	Six months ended 30.06.2017	Three months ended 30.06.2016
Net earnings (loss)	9 017	6 298	-883	-7 506
Weighted average number of shares / Diluted weighted average number of shares (in units)	12 811 859	12 811 859	12 811 859	12 811 859
Earnings (loss) per share / Diluted earnings (loss) per share (in PLN)	0.70	0.49	-0.07	-0.59

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 23 May 2017, the Annual General Meeting of ERBUD S.A. in Warsaw approved by resolution No. 6/2017 the allocation of net profit for the financial year 2016 declared by the Management Board and accepted by the Supervisory Board.
Pursuant to the resolution No. 6/2017 of the Annual General Meeting, the net profit amounted of PLN 11,103,098.58 will be transferred to the reserve capital created under the Resolution No. 5/2017 of the Annual General Meeting of ERBUD S.A.

Note 27. Opening and closing cash

	30.06.2017	30.06.2016
a) Total cash (as of the beginning of the period)	150 812	101 225
- Cash in hand and at bank	131 952	92 021
- Other cash	18 859	9 204
b) Total cash (as of the end of the period)	67 503	55 505
- Cash in hand and at bank	47 342	43 745
- Other cash	20 161	11 760
Change in cash	**-83 308**	**-45 720**
Change in cash due to exchange rate differences	0	0
Cash generated from operating activities	-68 097	-35 382
Cash from investing activities	-15 575	8 731
Cash from financing activities	364	-19 069

Reconciliation of movements in balance sheet items to changes reported in the statement of cash flows as at 30 June 2017 is presented below:

	Six months ended 30.06.2017
Change in provisions in the balance sheet	**6 023**
Change in provision due to deferred tax recognized in the revaluation reserve	547
Change in provisions in the cash flow account	**6 570**

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**

	Six months ended 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**

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

In the period ended 30 June 2017, the Company 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 changing goals or using these assets

In the period ended 30 June 2017, the Company did not change the classification of financial assets as a result of changing the gaol or using these assets.

Note 30. 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 after the reporting date, the Company does not plan to discontinue of any of its business activity.

Note 31. Information about transactions with consolidated and non-consolidated related parties (mutual receivables and liabilities, as well as costs and revenues from mutual transactions)

	Receivables/assets As at 30.06.2017	Liabilities	Income Six months ended 30.06.2017	Expenses
Total related parties	**37 455**	**23 362**	**11 930**	**64 995**
- Deliveries and services	8 424	23 362	10 106	64 995
- Loans and interest liabilities	25 636	0	529	0
- Other	3 395	0	1 295	0
Consolidated related parties	**37 421**	**23 362**	**11 930**	**64 995**
- Deliveries and services	8 390	23 362	10 106	64 995
- Loans and interest liabilities	25 636	0	529	0
- Other	3 395	0	1 295	0
Non- consolidated related parties	**34**	**0**	**0**	**0**
- Deliveries and services	34	0	0	0
- Other	0	0	0	0
- Loans and interest liabilities	0	0	0	0

	Receivables/assets As at 31.12.2016	Liabilities	Income Six months ended 31.12.2016	Expenses
Total related parties	**21 036**	**38 492**	**6 646**	**45 450**
- Deliveries and services	5 744	38 492	5 070	44 950
- Loans and interest liabilities	13 192	0	191	0
- Other	2 100	0	1 385	500
Consolidated related parties	**21 002**	**38 492**	**6 644**	**45 450**
- Deliveries and services	5 710	38 492	5 068	44 950
- Loans and interest liabilities	13 192	0	191	0
- Other	2 100	0	1 385	500
Non- consolidated related parties	**34**	**0**	**2**	**0**
- Deliveries and services	34	0	2	0
- Other	0	0	0	0
- Loans and interest liabilities	0	0	0	0

	Receivables/assets As at 30.06.2016	Liabilities	Income Six months ended 30.06.2016	Expenses
Total related parties	**19 641**	**27 387**	**2 111**	**15 434**
- Deliveries and services	4 486	27 387	1 802	15 434
- Loans and interest liabilities	13 055	0	266	0
- Other	2 100	0	43	0
Consolidated related parties	**19 608**	**27 387**	**2 110**	**15 434**
- Deliveries and services	4 453	27 387	1 801	15 434
- 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

Note 32. Shareholders

As at 30 June 2017, 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	412 087	3.22%	412 087	3.22%
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%
Agnieszka Głowacka	Ordinary	5 588	0.04%	5 588	0.04%

As at 31 December 2017, 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 Józefa Zubelewicza	Ordinary	512 087	4.00%	512 087	4.00%
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%

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 2017 and 31 December 2016, 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 2017 and 31 December 2016, 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 33. Information about non-consolidated joint ventures

The Company does not participate in any major consolidated joint venture.

Note 34. Information about significant events that occurred during the first half of 2017 and after the balance sheet date

Significant contracts concluded

On **2 January 2017,** Erbud concluded a contract for construction works with a subsidiary of Vantage Development SA - VD spółka z ograniczoną odpowiedzialnością Mieszkania XIV sp.k. with its registered office in Wrocław (the "Customer").
The Contract includes carrying out of the Login City Housing Development Project – construction of a residential building located in Wroclaw on Grabiszyńska Street as a part of the City Login Development, including the necessary on-site infrastructure, services and landscaping.
The net Contract worth PLN 33.8 million was concluded for the period of the performance by Erbud SA of all obligations arising therefrom, within 74 weeks from the date of the Notice to Proceed with the Works, which may be issued by the Customer no later than on 31 March 2017.

On **27 January 2017,** the Issuer signed a significant contract for construction works on the following terms and conditions:

- Contract: Building of a four-star hotel complex consisting of three buildings, including site development, on plots 5/12, 5/2, 5/3 and 179/8 in Świnoujście, Żeromskiego St., and obtaining occupancy permit for these buildings.
- Investor: Platinum Resort Sp. z o.o. ul. Bolesława Chrobrego 2/5, 72-600 Świnoujście.
- Completion period: 6.01.2017 - 31.07.2018.
- Volume: 61,425.00 m³.
- Gross area: 15,119.00 m².
- Range of works: Civil engineering works to build a three hotel building complex, incl. required in-building and on site facilities along with development works.
- Contract value: PLN 53,468,654.49.

On **31 March 2017,** the Annex No. 1 to the building contract for construction of Seaside Park Hotel in Kołobrzeg worth PLN 25.9m has been signed on the following terms and conditions:
The total value of the contract after signing the annex is PLN 54m.

- Annex signed on 2017-03-31.
- Investor: SEASIDE Park Sp. z o.o. ul. Piękna 18 00-549 Warszawa.
- Contract value: PLN 25,939,158.70.
- The Annex covers masonry works, elevation and roof for the Spa and Hotel complex "Seaside Park".
- Site location: Kołobrzeg, Przesmyk St., cadastral numbers 29/1 and 29/2, cadastral district 6.
- Completion period: 01.11.2017 - 30.05.2018.
- Payment terms: 30 days from the delivery date of valid invoice to the Investor**.**

On **7 April 2017,** a contract for construction works has been concluded on the following terms and conditions:

- Investor: "Durham 2 Spółka z ograniczona odpowiedzialnością; ul. Prosta 68, 00-838 Warszawa; NIP: 5252676797.
- Net contract value: PLN 37,936,126.93
- Contract subject: "Construction of two multi-storey residential buildings, including an underground garage; in-building systems: water supply, sanitary and storm drainage, central heating, mechanical ventilation and smoke venting, wiring (incl. low-current wiring and external lighting); playground; on-site roads with drainage, footways and structural landscaping called NOVUM II A APARTMENTS at Rakowicka and Wita Stwosza Strrets in Kraków."
- Site location: Kraków.
- Completion period: 10.04.2017 – 30.03.2019.
- Terms of payment: Invoicing on monthly basis; credit period: 30 days.

On **27 April 2017,** a construction contract was concluded on the following terms and conditions:

3. Contract subject: Building of a residential and medical complex.

- Contract concluded on 24 April 2017.
- Parties to the contract:
- Customer: IPG Gründstück und Verwaltunggsgesellschaft mbH;
- Contractor: GWI Bauunternehmung GmbH – earthworks, Berlin-type retaining wall, foundation piles, composite structure, steel frame structure, shell and core.

- Contract value: EUR 10,996,652 net add applicable VAT, what after conversion at the exchange rate as of the date of concluding the contract gives PLN 46,511,439.29.
- Completion period: from April this year till 24.09.2018.

On **28 April 2017,** the Issuer concluded another contract with the same Investor over the last 12 months for the completion of Phase 4, under the following terms and conditions:

- Contract concluded on 2017.04.28.
- The Investor: CGL II Spółka z ograniczoną odpowiedzialnością Spółka Komandytowa, 02-672 Warsaw, 32 Domaniewska St.
- Contract value: PLN 14,450,000.
- Contract subject: Residential and retail complex with an underground car park named "Bliski Tarchomin" in Warsaw at 1 Kowalczyka St., phase 4.
- Site location: Warsaw, 1 Kowalczyka St.
- Completion deadline: 30 July 2018.
- Payment terms: 30 days from receipt by the Investor of a valid invoice.

On **12 May 2017,** in consortium with Elektra Invest Sp. z o.o. Sp.k., based in Poznań, the Issuer signed a contract for construction works on the following terms and conditions:

- Contract concluded on 12.05.2017.
- Investor: STUDENT DEPOT FUNKY Sp. z o.o., Aleja Jana Chrystiana Szucha 6, 00-582 Warszawa, KRS 0000618838, NIP: 5223063632.
- Contract value: Consortium contract – PLN 38,020,000 net, of which works to be performed by Erbud SA – PLN 36,400,000.
- Contract subject: Construction of the FUNKY Student House in Wrocław at 96 Robotnicza St.
- Site location: Wrocław, 96 Robotnicza St.
- Deadline for completion: 16.08.2018.

On **16 May 2017,** the Issuer entered into a construction contract with Grupo Lar Real Estate VI Spółka z ograniczoną odpowiedzialnością V Sp. Komandytowa.to build the "Nowe Bielany 2" residential and retail complex with underground car park.
This is the second contract concluded within the last twelve months with a company from the Grupo Lar. The total value of contracts signed in the last twelve months is PLN 40,741,000.

- Contract concluded on 16.05.2017.
- Investor: Grupo Lar Real Estate VI Spółka z ograniczoną odpowiedzialnością V sp. komandytowa, 02-672 Warszawa, ul. Domaniewska 32.
- Contract value: PLN 10,370,000.00.
- Contract subject: "Nowe Bielany 2" residential and retail complex with underground car park in Warsaw on Duracza St. (Phase 3).
- Site location: Warsaw, Duracza St.
- Completion period: 21.05.2017 – 30.09.2018.

On **31 May 2017,** Erbud S.A. signed with CGL VIII Spółka z ograniczoną odpowiedzialnością sp.komandytowa a construction contract to build the “Grójecka 216" residential complex with underground car park, located in Warsaw on Grójecka Street.
This is another contract concluded within the past 12 months with a company from the GRUPO LAR. The aggregate value of contracts signed over the last period amounts to PLN 76,125,188.10.

- Contract concluded on 31 May 2017.
- Investor: CGL VIII Spółka z ograniczoną odpowiedzialnością spółka komandytowa, 02-672 Warszawa, ul. Domaniewska 32.
- Contract value: PLN 17,312,805.
- Contract subject: “Grójecka 216" Housing Estate with underground car park in Warsaw on Grójecka Street, Phase II.
- Site location: Warsaw, Grójecka Street.
- Completion period: 31.05.2017 - 30.09.2018.

On **2 June 2017,** a contract for construction works has been concluded on the following terms and conditions:

- Contract concluded on 2 Juni 2017.
- Investor: Nordic Astrum Sp z o.o. ul. E. Plater 53, 00-113 Warszawa.
- Net contract value: PLN 73,250,000.

- Contract subject: construction as General Contractor of the NORDIC ASTRUM residential and commercial building in Bydgoszcz on Babia Wieś Street.
- Site location: Bydgoszcz, Babia Wieś Street.
- Completion period: The handing over possession of the Construction Site to the General Contractor will take place within 30 days from the date of signing the Contract. The commencement of Works will take place within 5 days after the handing over possession of the Construction Site and the delivery of complete Design Documentation. The project will be completed within 24 months.

On **22 June 2017,** the Issuer concluded a construction contract on the following terms and conditions:

- Investor: Lake Hill spółka z ograniczoną odpowiedzialnością spółka komandytowa seated 00-124 Warsaw, 12 Al. Jana Pawła II, entered in the Register of Business Companies kept by the District Court for the Capital City of Warsaw, XII Commercial Division of the National Court Register; KRS 0000651524; REGON 366037258; NIP: 5252687387.
- Contract value: PLN 48,973,087.
- Contract subject: Construction of two buildings numbered A and B forming a leisure complex called "Lake Hill Resort & Spa".
- Site location: 58-564 Sosnówka, Tyrolska St., community of Podgórzyn.
- Completion period: For building A - 31.07.2018; for building B according to the construction schedule.
- Payment terms - credit period of 30 days.

On **23 June 2017**, the subsidiary company GWI GmbH signed a significant contract for construction works under the following terms and conditions:

- Contract subject: construction of the "Reuter C Ersatz" combined heat and power plant.
- Contract concluded on 23.06.2017.
- Parties to the contract:
  a. Client: Vattenfall Europe Wärme AG, Puschkinallee 52, 12435 Berlin;
  b. Contractor: Arge GWI/Matthäi, where the participation of GWI Bauunternehmung GmbH, Hansaallee 247 b, 40549 Düsseldorf is 50%.
- Contract value: EUR 17.6m net (equal to PLN 74,368,800) + applicable VAT, of which contract value for GWI: EUR 8.8m net (equal to PLN 37,184,400) + applicable VAT.
- Completion period: 23.06.2017 - 31.12.2018.

On **27June 2017,** the Issuer entered into two contracts with a subsidiary of VD spółka z ograniczoną odpowiedzialnością Mieszkania XVII with its registered office in Wrocław, carrying out residential development project “Dorzecze Legnickiej” located in Wrocław at Małopanewska Street.
The total value of these contracts is PLN 55.1m net.

Under the first contract the Issuer is obliged to the comprehensive construction of residential buildings within the development Dorzecze Legnickiej Phase 1A along with the necessary technical and service infrastructure, land development, demolition of existing buildings and construction of an access road. The Phase 1A of will comprise 198 flats with a total area of 10,721 sq. m. The contract is valued at PLN 38.6 m net.

Under the second contract the Issuer is obliged to the comprehensive construction of residential buildings within the development Dorzecze Legnickiej Phase 1B, including the necessary technical and service infrastructure, and land development. The Stage 1B will consist of 90 flats with a total area of 4,771 m2. The net value of the contract is PLN 16.5 million.

Both contracts were concluded for the time necessary to fulfil by the Issuer all obligations arising from thereof, but not later than within 71 weeks after the date of delivery of the Notice to Proceed with the Works, which the Ordering Party may issue at the latest by 30 September 2017 for the Phase 1A and at the latest by 31 March 2018 for the Phase 1B. Both contracts include a condition clause saying that if the Ordering Party does not issue the Notice to Proceed within the above said dates, the contract expires and the General Contractor shall not be entitled to the right to withdraw from the contract, to charge contractual penalties or to any other compensation claims. The contracts provide contractual penalties reserved for the Ordering Party; however, the total amount of all penalties cannot exceed 15% of the contractual remuneration. The Ordering Party is entitled to claim compensation for damage in excess of the contractual penalty under the general provisions of the Civil Code.

On **12July 2017,** Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A from Toruń (the “Contractor”) which is a 90% owned subsidiary of the Issuer, entered with Galeria Libero-Projekt Echo-120 spółka z ograniczoną odpowiedzialnością seated in Kielce, 36 Solidarności Av., (the "Customer”) into a contract for roadworks and engineering works (network construction works) at the LIBERO Shopping Centre in Katowice under the following terms and conditions:

- Contract concluded on 7 July 2017.
- Customer: Galeria Libero - Projekt Echo - 120 spółka z ograniczoną odpowiedzialnością seated in Kielce, 36 Solidarności Av.
- Net contract value: PLN 38,899,586.88.
- Contract subject: Reconstruction of roads near the intersection of Streets: Kościuszki, Kolejowa, Gen. Zygmunta Waltera Jankego and Rzepakowa in Katowice.
- Completion period: till 30 June 2018.

On **13 July 2017,** Erbud S.A. concluded a contract to build the Residential Complex (Phase III) in Kraków on Spiska Street, including site surroundings, road infrastructure, buried utilities, underground infrastructure, car parks and development works.
The contract was signed with Echo Investments S.A. based in Kielce. This is another contract that has been entered into in the past 12 months with this Customer. Total value of contracts signed in the last 12 months is PLN 160,250,000.

- Contract concluded on13.07.2017.
- Investor: ECHO Investment S.A., Al. Solidarności 36, 25-323 Kielce, NIP: 657-023-09-12.
- Contract value: PLN 17.2 million net.
- Contract subject: Construction under a general construction contract of the Residential Complex (Phase III) in Kraków on Spiska Street, incl. site surroundings, road infrastructure, buried utilities, underground infrastructure, car parks and development works.
- Site location: Kraków.
- Completion period: 13.07.2017 - 14.04.2019.

On **21 July 2017,** Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. from Toruń (the “Contractor”) - a subsidiary 90% owned by the Issuer, concluded with Chatteris Investements Sp. z o.o. headquartered in Warsaw, 11a Warecka Street (the “Customer”) a contract for power engineering and construction works required to build the Photovoltaic Power Plants: Mierki I, Mierki II, Mierki III, Mierki IV, Mierki V, Mierki VI, Dobrcz I, Dobrcz II, Dobrcz III, Dobrcz VI, under the following terms and conditions:

- Contract concluded on 21.07.2017.
- Customer: Chatteris Investements Sp. z o.o., 00-034 Warsaw, 11a Warecka Street.
- Contract value: PLN 28,903,117.02 net.
- Contract subject: Comprehensive power engineering and construction works required to build the Photovoltaic Power Plants: Mierki I, Mierki II, Mierki III, Mierki IV, Mierki V, Mierki VI, Dobrcz I, Dobrcz II, Dobrcz III, Dobrcz VI.
- Completion deadline: 16.02.2018.

On **27 July 2017,** The Management Board of Erbud SA with its registered office in Warsaw (the “Issuer”) informs that on 27July 2017, a contract was signed to construct as general contractor three stages of residential project in Białołęka, a district of Warsaw.
Dom Development S.A. based in Warsaw is the Investor of and the Party to the Contract.
The remuneration for Erbud S.A. for the completion of the above said project amounts to PLN 148,335,480.50 (in words: one hundred and forty eight million three hundred thirty five thousand four hundred and eighty Zlotys and 50/100) net plus due VAT.
The construction of 843 residential units and one retail unit will commence in the third quarter of 2017.
The completion of works is planned for the fourth quarter of 2019.

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

Note 35. 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

The Company participates in contracts where due to its market position it supports the related company Erbud Industry Sp. z o.o. These contracts are entirely carried out by the related company, while Erbud S.A receives a remuneration (margin) for the support. In the opinion of the Management Board, the risks and benefits associated with the contracts performed are passed-on to the related company. Therefore, in order to better reflect the economic sense of transactions, new rules for recognizing revenues from these contracts were introduced, which consist in

presenting in the Company's profit and loss account only the contractual margin, and not the revenues and costs separately. However, these changes did not have a material impact on the financial position of the Company presented in the financial statements and did not affect the Company's financial result or equity. To ensure data comparability, analogous presentation changes were made in the figures for the six months ended 30 June 2016 (change in sales and product costs by PLN 43,558 thousand) and in the figures for three months ended 30 June 2016 (change in sales revenue and product costs by PLN 20,788 thousand), which did not change the financial result or equity disclosed in the interim financial statements for the six months ended 30 June 2016.

Note 36. Business combinations

During the period from 1 January 2017 to 30 June 2017 there were no mergers between the Company and other business entities.

Note 37. 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 changing the number of shares

In accordance with Resolution No. 3 of the Extraordinary General Meeting of ERBUD S.A. dated 22 December 2016 the extraordinary dividend has been paid to the Shareholders on 23 January 2017.

For the dividend for shareholders was allocated an amount of PLN 14,989,875.03, coming from the existing Company's supplementary capital, created from profits generated in previous years.

The payment of the Extraordinary Dividend pursued by the reduction (partial release) of the Company's supplementary capital in part resulting from the Company's profits achieved in previous years by the amount of PLN 14,989,875.03.

Profit allocated for the payment by way of the dividend amounted to PLN 1.17 per each share entitling to participate in the dividend. To the dividend were entitled 12,811,859 shares.

Pursuant to Resolution No. 3 of the Extraordinary General Meeting of Shareholders of Erbud S.A. dated 22 December 2016, the list of shareholders entitled to the extraordinary dividend has been set at 9 January 2017.

As at the date of preparation of the statements, the dividend was paid.

Note 38. Derivative financial instruments

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.

In connection with entering by ERBUD SA (the "Issuer") into a contract for construction works to erect buildings B and C of the Centrum Praskie Koneser in Warsaw on Ząbkowska Str., incl. the accompanying infrastructure, of which the Issuer informed in the Current Report No. 90/2016 on 21 December 2016, the Issuer signed on 21 December 2016 a series of Par Forwards to secure cash flow from the aforementioned contract.
The hedging transaction was concluded with ING Bank Śląski seated in Katowice. The Issuer secured cash flow for a total amount of EUR 11,675,291.46.

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 revaluation reserve. 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 revaluation reserve for 2017.

Item	30.06.2017	31.12.2016
Contract valuation as of the opening balance sheet date	-791	1 241
Change in valuation of forward contracts (hedges) recognized in revaluation reserve	3 667	-2 032
Contract valuation as of the closing balance sheet date	**2 876**	**-791**

Note 39. Significant transactions concluded by the Company with related parties under conditions other than market ones

In the period from 1 January 2017 to 30 June 2017 there were no such transactions.

Note 40. Information on the nature and economic purpose of agreements concluded by the Company, which are not included in the balance sheet as necessary to assess their impact on the Company's assets, financial position and financial result

There were no such agreements.

Note 41. Contingent liabilities to related parties

	30.06.2017	31.12.2016
1) Contingent liabilities to related parties from		
a) guarantees and sureties provided, of which	65 202	77 781
- to subsidiaries	65 202	77 781
- to associates	0	0
b) other, of which	0	0
- to subsidiaries	0	0
- to associates	0	0
Total contingent liabilities to related parties	**65 202**	**77 781**

Note 42. Asset-backed securities

There were no such securities.

Note 43. Pending ligations

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.

On 4 November 2016, the Issuer lodged an appeal against the judgement of the District Court in Warsaw of 16 September 2016, dismissing the action in case XVI GC 964/10. The verdict was challenged in its entirety.
The allegations focus in particular on incorrect findings and conclusions by the Court of First Resort on faulty determination by the Court of the content of disputed transactions and misinterpretation of documents, including those confirming the transaction. Furthermore, the appeal cited the numerous verdicts of the District Court and Court of Appeal in Warsaw issued in similar cases, in which the courts delivered judgments beneficial for the customers of Millennium Bank being in a situation very close to the Issuer.

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

Case state - 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 10 million.

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 Law Office 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 further exchange of pleadings.

The court appointed the next session, on which witnesses will be heard, for 25 September 2017.

We also stand by our opinion presented in the previous memoranda, according to which the risk of awarding a claim to MPL is lower than the chance of dismissing the suit. However, even if the court founds the plaintiff's claim to be justified, the amount of the award would be significantly lower than this required by MPL, as Erbud SA is in a position to contest almost every part of the damage reported 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. Therefore, in our opinion as well as evaluation by legal advisors of Erbud SA, all expenses incurred for the resurfacing of the runway in a total amount of PLN 20.1 million, recorded as of the balance sheet date as assets of the Company, finally will not be addressed to ERBUD SA.

Due to the ongoing legal proceedings related to the determination of responsibility for the bad condition of the airport runway as well as the complexity of the case and the anticipated long-term legal proceedings, it cannot be excluded that the final financial consequences of the event for the Company may differ from current estimates adopted by the Management Board of Erbud SA for the purpose of preparing the Financial Statements.

On **18 March 2015**, the Issuer filed in the District Court Warsaw Mokotów a suit for damages due to improper performance of the contract, against Cemex Polska sp. z o.o based in Warsaw, and Lafarge Kruszywa i Beton sp. z o.o. based in Warsaw (the “Defendant”) in the amount of PLN 18,685,956.97 (say: eighteen million, six hundred and eighty-five thousand, nine hundred and fifty-six, point nine seven), of which a claim of PLN 8,098,200.89 (say: eight million, ninety-eight thousand, two hundred, point eight nine) against Cemex Polska sp. z o.o., and of 10,587,756.08 (say: ten million, five hundred and eighty-seven thousand, seven hundred and fifty-six, point zero eight) against Lafarge Kruszywa i Beton sp. z o.o.

In the following months, the parties exchanged further pleadings in which they upheld their positions, provided additional arguments, and responded to procedural and evidentiary issues.

On 9 May 2017, the Court issued a decision on the preservation of evidences by the Institute of Structural Engineering at Poznan University of Technology in the form of samples of gravel from deposits extracted by Cemex and Lafarge.

Taking into account that the case relates to complicated technical problems, which results in the risk of taking evidence from experts’ opinions, the judgment of the Court of First Instance is unlikely to be issued earlier than approx. 3 years after the filing of the claim by Erbud.

According to our estimates, the chance of awarding a claim to Erbud is greater than the risk of dismissal.

Claim against Kępska S.A. seated in Warszawa

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

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

Case state: ERBUD SA claims the payment for executed works from Kępska SA. By lawsuit of 22 April 2014, the plaintiff applied for awarding the amount of PLN 8,187,631.31 from Kępska SA.

In the suit Erbud SA also requested to secure further sum of PLN 1,414,500 by freezing debts on bank accounts, to which the defendant is entitled, and creating a forced mortgage on the real property located in Opole at 8 Kępska St. By decision of 12 August 2014, the District Court secured the claim amounting PLN 1,414,500 as requested by the plaintiff. The decision dated 4 September 2014, including an enforcement order was delivered to the plaintiff on 19 September 2014. The plaintiff submitted to the District Court in Opole, VI Department of Land Registry, an application for registration of the forced mortgage of PLN 1,414,500 on the basis of the aforementioned Court order. By decision of 15 December 2014, the District Court in Opole dismissed the plaintiff's request for registering the forced mortgage. In support of its ruling, the Court pointed out that the examination of the land register KW No. OP10/00085900/3 disclosed that the real estate entered into this register is in perpetual use of EMIR 75 sp. z o.o. seated in Warsaw, and not of Kępska SA. On 27 January 2015, the plaintiff applied for making enforceable against EMIR 75 sp. z o.o. the freezing order on claims for the establishment of forced mortgage. By decision of 30 January 2015, the District Court in Opole issued declaration of enforceability against EMIR 75 sp. z o.o. On 5 February 2015, ERBUD SA filed

an application for registration of the mortgage into the land register. On 29 May 2015, the mortgage was entered in the land register. On 29 June 2015 (date of receipt by the Court was 1 July 2015), Kępska SA appealed to the Court of Appeal in Wrocław the sentence of the District Court in Opole for granting an enforcement declaration against EMIR 75 Sp. z o.o. By decision of 10 July 2015, the Appeal Court in Wroclaw changed the decision appealed and dismissed the application (it is a basis to delete the mortgage amounting PLN 1,414,500). There is no further right of appeal against the sentence.

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

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

During the hearing of 11 January 2017, the Court issued an evidence order, in which it permitted the admission of evidence from documents submitted by Kępska at the end of 2016, and further admitted the evidence from the supplementary expert opinion. Erbud lodged objections to the court record and applied for the recapitulation of the evidence order both in respect of the admission of documents attached to the pleadings and of the evidence argument for the expert on the proving of Erbud's "delay" in performance of the construction contract. Expected date of closure of the proceedings before the First Instance Court: 2017.

On 12 June 2017, the attorneys of Erbud S.A. received a supplementary court expert opinion which, on the one hand, confirmed the lack of essential defects that would entitle the investor to taking over the works and, on the other hand, pointed out the existence of defects and delay in performance of the contract by Erbud S.A. In view of material shortcomings of the opinion, Erbud S.A. submitted by letter of 22 June 2017 objections to the supplementary expert opinion and also requested to summon the expert to the hearing and admit evidence from the further supplementary oral expert opinion.

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. The defendant appealed, the plaintiff responded to the appeal. The appeal hearing was held on 09.03.2017 and won by Erbud SA. Legal proceedings are currently carried out to enforce the claim.

Claim against Akademia Muzyczna in Łódź

Date of filing a lawsuit: 20 December 2013.

The amount in dispute: PLN 2,050,515

Case state: 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. The hearings were held on 11.03.2016 and 8.08.2016. Another was set at 3.02.2017. However, we make a reservation that this is an early stage of the case (before the evidence of expert's opinion and the hearing of all the witnesses). At the initiative of the Academy of Music, mediation was held and an initial meeting took place. The first substantive meeting is scheduled for 21.03.2017.

At the request of the Academy of Music, mediation to conclude a settlement is currently in course.

Note 44. Information on significant events from previous years, included in the Financial Statements for the current period

Such events did not occur.

Note 45. Information on significant events that occurred after the balance sheet date, not included in the Financial Statements

Such events did not occur.

Note 46. Information about extraordinary profit or loss (random and others)

Such events did not occur.

Note 47. Information on income tax due to extraordinary operations

There were no extraordinary operations

Note 48. 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 49. Factors and events of unusual nature, having a significant impact on the financial results

There were no such events during the reporting period.

Note 50. 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 51. Information on significant liabilities due to the purchase of tangible fixed assets

As of 30 June 2017, the Company has no material obligations due to the purchase of property, plant and equipment.

Note 52. Information on adjustments of prior period errors

Over six months ended 30 June 2017, the Company adjusted the presentation of comparative data, as described in Note 35.

Note 53. 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

In comparison to the financial year ended 31 December 2016, 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 /

Agnieszka Głowacka
/ Management Board Member /

Warsaw, September 4, 2017