

ERBUD GROUP

Condensed Consolidated Financial Statements

for 1Q 2018

prepared pursuant to

International Financial Reporting Standards

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the 3 months ended 31-03-2018	For the 3 months ended 31-03-2017
	CONTINUING OPERATIONS		
Note 4.1.	Revenue from sales of products and services and of goods and materials	432 355	344 085
Note 4.2	Cost of sold products and services and of goods and materials	407 726	319 201
	Profit from sales before tax	**24 629**	**24 884**
Note 4.2.	Cost of sales	1 417	1 299
Note 4.2.	General and administrative costs	21 546	22 135
	Other operating income	3 704	3 322
	Other operating expenses	445	828
	Share in net profit (loss) of subsidiaries valued by equity method	20	-
	Profit (loss) on jointly controlled entities	**4 945**	**3 944**
	Financial income	4 493	489
	Financial expenses	2 359	4 092
	Profit from continuing operations before tax	**7 079**	**341**
Note 4.3.	Income tax	2 460	244
	Net profit (loss) from continuing operations	**4 619**	**97**
	DISCONTINUED OPERATIONS		
	Net profit (loss) from discontinued operations	-	-
	Net profit (loss) for the financial period	**4 619**	**97**
	Net profit (loss) for the financial period attributable to:		
	Shareholders of the Parent Company	4 463	333
	Minority shareholders	156	(236)
	Weighted average number of ordinary shares (in pcs.)	12 811 859	12 811 859
	Net earnings per share from continuing operations (in PLN)	0.36	0.01
	Net earnings per share from discontinued operations (in PLN)	-	-
	Basic net earnings per share (in PLN)	**0.36**	**0.01**
	Diluted weighted average number of shares (in pcs.)	12 811 859	12 811 859
	Diluted net earnings per share from continuing operations (in PLN)	0.36	0.01
	Diluted net earnings per share from discontinued operations (in PLN)	-	-
	Diluted net earnings per share (in PLN)	**0.36**	**0.01**
	ADDITIONAL INFORMATION TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS, INCL. ALTERNATIVE PERFORMANCE MEASURES		
	Amortization and depreciation	2 773	1 988
Note 4.1.	**EBITDA**	7 718	5 932

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	For the 3 months ended 31-03-2018	For the 3 months ended 31-03-2017
Consolidated net profit (loss)	**4 619**	**97**
Foreign exchange differences on translation of foreign entities	(668)	(749)
Valuation of hedging instruments	(1 458)	3 603
Other comprehensive income (including tax effect) to be reclassified to profit or loss	**(2 126)**	**2 854**
Total revenue for the period	**2 493**	**2 951**
attributable to:		
Shareholders of the Parent Company	2 315	3 329
Minority interests	178	(378)
Total income attributable to Shareholders of the Parent Company from:		
Continuing operations	2 315	3 329
Discontinued operations	-	-
	2 315	**3 329**

STATEMENT OF CHANGES IN EQUITY OF THE PARENT ENTITY

for the 3 months ended 31-03-2018

Accumulated other comprehensive income

	Share capital	Reserves from the sale of shares above their nominal value	Reserve capital	Exchange differences on translation of foreign entities	Valuation of hedging instruments	Retained earnings	Total	Minority interests	Equity
As at 1 January 2017	**1 281**	**213 197**	**-**	**1 343**	**(640)**	**36 479**	**251 660**	**9 145**	**260 805**
Net profit/loss for the period	-	-	-	-	-	333	**333**	(236)	**97**
Total income for the financial period	-	-	-	(603)	3 603	(4)	**2 996**	(142)	**2 854**
Total comprehensive income	**-**	**-**	**-**	**(603)**	**3 603**	**329**	**3 329**	**(378)**	**2 951**
Dividend	-	-	-	-	-	-	**-**	-	**-**
Net profit/loss from the previous year forwarded to retained earnings	-	-	-	-	-	-	**-**	-	**-**
As at 31 March 2017	**1 281**	**213 197**	**-**	**740**	**2 963**	**36 808**	**254 989**	**8 767**	**263 756**
As at 1 January 2018	**1 281**	**213 197**	**11 103**	**860**	**1 762**	**47 654**	**275 857**	**9 999**	**285 856**
Net profit/loss for the period	-	-	-	-	-	4 463	**4 463**	156	**4 619**
Total income for the financial period	-	-	-	107	(1 458)	(797)	**(2 148)**	22	**(2 126)**
Total comprehensive income	**-**	**-**	**-**	**107**	**(1 458)**	**3 666**	**2 315**	**178**	**2 493**
Dividend	-	-	-	-	-	-	**-**	-	**-**
Net profit/loss from the previous year forwarded to capital reserve	-	-	-	-	-	-	**-**	-	**-**
Introduction of new subsidiaries to consolidation for the first time	-	-	-	-	-	6 692	**6 692**	44	**6 736**
Application of revaluation write-downs in accordance with IFRS 9	-	-	-	-	-	(9 528)	**(9 528)**	-	**(9 528)**
As at 31 March 2018	**1 281**	**213 197**	**11 103**	**967**	**304**	**48 484**	**275 336**	**10 221**	**285 557**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31-03-2018	31-12-2017
	ASSETS	**963 769**	**942 685**
Note 6.1.	Goodwill	47 886	22 968
	Property, plant and equipment	58 855	49 283
Note 5.1.	Financial assets	11 053	8 900
Note 4.3.	Deferred tax assets	22 187	23 014
	Receivables under construction contracts -retention	14 888	16 911
	Shares in subsidiaries measured by equity method	42	22
	Fixed assets	**154 911**	**121 098**
	Inventory	22 673	11 577
	Receivables under construction contracts -retention	32 210	42 670
Note 2.2.	Receivables under construction contracts -valuation	208 478	171 638
Note 6.3.	Trade and other receivables	414 200	389 039
	Financial assets	11 256	11 131
	Cash and cash equivalents	112 140	190 170
	Short-term prepayments	7 901	5 362
	Current assets	**808 858**	**821 587**
	LIABILITIES	**963 768**	**942 685**
Note 3.1.	Share capital	1 281	1 281
	Reserves from the sale of shares above their nominal value	213 197	213 197
	Reserve capital	11 103	11 103
	Accumulated other comprehensive income	1 271	2 622
	Retained earnings	48 484	47 654
	Equity of shareholders of the Parent Company	275 336	275 857
	Minority interests	10 221	9 999
	Equity	**285 557**	**285 856**
Note 3.3.-3.5	Interest debt	65 982	63 040
	Provisions	12 923	5 274
Note 4.3.	Deferred tax liabilities	1 896	2 331
	Liabilities under construction contracts - retention	5 523	8 353
	Other liabilities	-	-
	Long-term liabilities	**86 324**	**78 998**
Note 3.3.-3.5	Interest debt	105 159	54 363
	Provisions	39 769	34 933
	Liabilities under construction contracts - retention	98 250	96 143
Note 2.2.	Liabilities under construction contracts - valuation	86 238	80 145
Note 6.4.	Trade and other payables	254 673	306 498
	Advances received for deliveries	7 798	5 749
	Short-term liabilities	**591 887**	**577 831**

CONSOLIDATED STATEMENT OF CASH FLOWS

		For the 3 months ended 31-03-2018	For the 3 months ended 31-03-2017
	CASH FLOWS FROM OPERATING ACTIVITIES		
	Profit (loss) before tax	7 025	341
Note 4.2.	Depreciation and amortization	2 775	1 988
	Profit (loss) from exchange rate differences	(70)	1 084
	Interest and share in profit (dividends)	409	740
	Other non-cash adjustments	(514)	(65)
	Income tax paid	(2 472)	(6 906)
Note 6.5.	Change in working capital	(120 222)	(93 167)
	Net cash used in operating activities	**(113 069)**	**(95 985)**
	CASH FLOWS FROM INVESTMENT ACTIVITIES		
	Proceeds from the sale of shares in a subsidiary	53	-
	Proceeds from loans granted	-	58
	Other inflows	37 026	266
	Expenditure on acquisition of property, plant and equipment	(1 516)	(574)
	Expenditure on the acquisition of investment properties	-	-
Note 5.1.1.	Expenditure on loans granted	(3 880)	(9 406)
	Expenditure on acquisition of shares in companies	(21 246)	-
	Other outflows	(21 146)	-
	Net cash used in investment activities	**(10 709)**	**(9 656)**
	CASH FLOWS FROM FINANCIAL ACTIVITIES		
Note 3.3.	Proceeds from debt incurred - loans and borrowings	67 230	12 211
	Other inflows	24	-
	Expenditures on repayment of debt - capital	(15 897)	(6 045)
	Expenditures on repayment of debt - interest	(1 660)	(1 428)
Note 3.2.	Dividend payment	-	(14 990)
	Other outflows	(3 950)	-
	Net cash used in financing activities	**45 747**	**(10 252)**
	NET CASH FLOWS	**(78 031)**	**(115 893)**
	Opening cash and cash equivalents	**190 170**	**257 273**
	Foreign exchange differences on cash and cash equivalents	-	-
	Closing cash and cash equivalents, incl.:	**112 140**	**141 380**
	- restricted cash	15 515	19 126

KEY FIGURES CONVERTED TO THE EURO

	31-03-2018		31-12-2017	
	PLN	EUR	PLN	EUR
Fixed assets	154 911	36 809	121 098	29 034
Current assets	808 858	192 196	821 587	196 981
Equity capital	285 557	67 852	285 856	68 536
Liabilities and provisions for liabilities	678 211	161 153	656 829	157 479

	For the 3 months ended 31-03-2018		For the 3 months ended 31-03-2017	
	PLN	EUR	PLN	EUR
Revenues from sales of products and services and of goods and materials	432 355	103 474	344 085	80 223
Cost of sold products and services and of goods and materials	407 726	97 579	319 201	74 421
Gross profit from sales	24 629	5 894	24 884	5 802
Operating profit	4 945	1 183	3 944	920
Gross profit from continuing operations	7 079	1 694	341	80
Net profit from continuing operations	4 619	1 105	97	23

	For the 3 months ended 31-03-2018		For the 3 months ended 31-03-2017	
	PLN	EUR	PLN	EUR
Net cash flow from operating activities	(113 069)	(27 060)	(95 985)	(22 379)
Net cash flow from investing activities	(10 709)	(2 563)	(9 656)	(2 251)
Net cash flow from financing activities	45 747	10 948	(10 252)	(2 390)
Net cash flow	(78 031)	(18 675)	(115 893)	(27 020)
Opening cash and cash equivalents	190 170	45 594	257 273	58 154
Closing cash and cash equivalents	112 140	26 646	141 380	33 504

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In the Financial Statements you will find icons that represent:

 Accounting policies

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1. GENERAL INFORMATION

1.1. INTRODUCTION

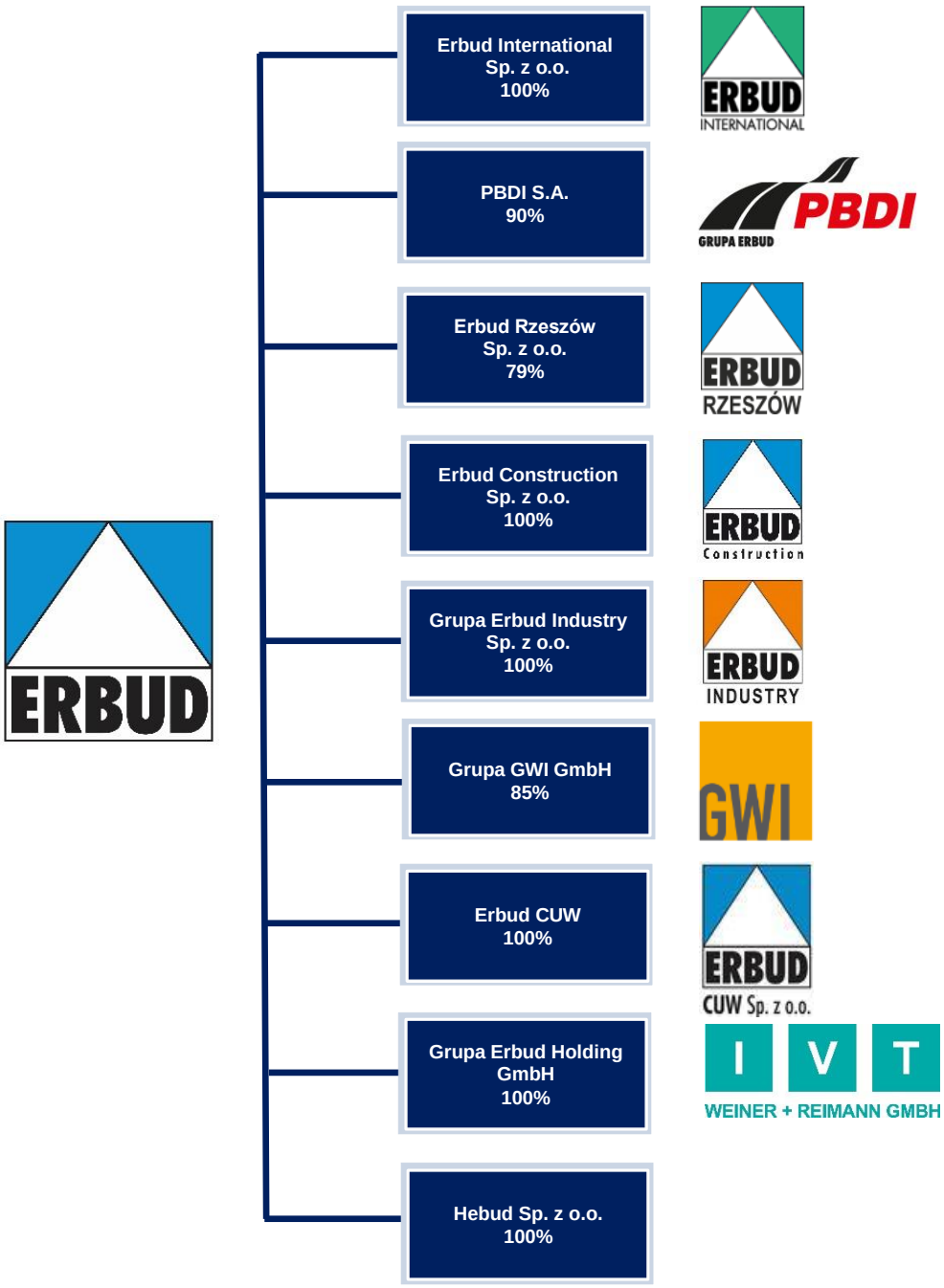
Erbud S.A. with its registered office in Warsaw, 1 Franciszka Klimczaka Street, is the parent company (the "Parent Company") of the Erbud S.A. Group.

The Parent Company was registered in the National Court Register on 29 November 2006 under the KRS number 0000268667 (District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register). Since 2007 the Parent Company has been listed on the on the Warsaw Stock Exchange and is included in the WIG Budownictwo Index of construction companies.

The core businesses of the Group are widely understood construction and installation works carried out in the capacity of general contractor at home and abroad. Moreover, Erbud S.A. is the management, financial and advisory centre of the Group. The Group operates on the Polish market and in other EU countries.

The duration of the Parent and entities of the Group is not definite.

1. GENERAL INFORMATION



The detailed structure of the Group is presented in Note 6. 6.

1.2. BASIS OF PREPARATION

Statement of compliance with IFRS

The financial statements have been prepared in accordance with the International Accounting Standard applicable to interim financial reporting (IAS 34), which was endorsed by the European Union. These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Group for the period ended 31 March 2018.

The consolidated financial statements are presented in Polish Zlotys ("PLN") and all amounts are given in PLN thousand.

These Condensed Consolidated Financial Statements have been prepared as at 31 March 2018 and for the three months ended 31 March 2018, and comparative figures as at 31 December 2017 and for the here months ended 31 March 2017.

The financial statements have been prepared under historical cost, except for derivative financial instruments measured at fair value.

These financial statements were approved by the Management Board on 15 May 2018.

Going-concern assumption

The consolidated financial statements have been prepared on the assumption that the member companies of the Group will continue their business activity in the foreseeable future. As at the date of approval of these financial statements, no indications prevailed of a risk to the continuation of Group member companies' operations following a going concern principle.

Fair value measurement

The measure of fair value of an asset or liability the Group takes into consideration the properties of a certain asset or liability, if the market players take into consideration these characteristics when measuring the assets or liabilities at the measurement date. The Group classifies fair value measurement principles using the fair value hierarchy, reflecting the weight of source data used for measurement, pursuant to IFRS No. 13.

Foreign currency translation items

The financial statement items are measured in the currency of the core business environment in which the entity operates ("functional currency"). The functional currency of the Parent Company and the currency used for presentation of the consolidated financial statements is the Polish Zloty ("PLN").

Transactions in foreign currencies are recognized in the books at face value converted to PLN at the average NBP exchange rate. At the time of their realisation, exchange differences are recognized as financial income or expense.

As at the balance sheet date, assets and liabilities denominated in currencies other than Polish zloty are converted into Polish Zlotys using the average exchange rate established for the currency by the National Bank of Poland at the end of the reporting period.

The foreign exchange differences are recognized in the financial income (expense) or, in cases specified by accounting principles (policies), capitalized as assets. The non-monetary assets and liabilities recognized at historical cost expressed in foreign currency are stated at the historical exchange rate of the transaction date. Non-monetary assets and liabilities recognized at fair value that are expressed in foreign currency are translated at the exchange rate from the date of measurement to fair value.

As of the balance sheet date, assets and liabilities of foreign entities are translated into the Group's presentation currency as follows:

- assets and liabilities are translated at the closing rate applicable at the balance sheet date;
- revenues and expenses are converted at the average exchange rate (unless the conversion at the average exchange rate would deviate significantly from the value as at the exchange rate applicable at the date of the transaction).

Foreign exchange differences arising from translation of foreign entities are recognized in equity as accumulated other comprehensive income - exchange differences on translation of foreign entities. At the time of disposal of a foreign entity, accumulated deferred foreign exchange differences recognized in equity related to the foreign entity are recognized in the profit and loss account.

1.3. IMPACT OF NEW STANDARDS

Standards and interpretations that have been published and have not entered into effect for the periods beginning on 1 January 2017 and their impact on the Group's statements.

Until the date of preparation of these consolidated financial statements, the following new or amended standards and interpretations, effective for annual periods following 2017, have been published..

New IFRS 9 "Financial Instruments"

The new standard will replace the current IAS 39. The changes introduced by the standard in the accounting of financial instruments comprise primarily:

- other categories of financial assets on which the asset valuation method depends; the allocation of assets to the category depends on the business model relating to a certain asset and the nature of cash flows by it;
- new hedge accounting principles that reflect risk management to a greater extent;
- a new model of impairment of financial assets based on anticipated losses and necessitating faster recognition of costs in profit or loss.

The Group analysed the impact of the new standard on its financial statements.

Until now, the Group mostly held assets classified as "loans and receivables", in particular “trade receivables” and "financial assets valued at fair value through profit and loss". According to the new standard, all of them will be qualified as measured at amortized cost or at fair value through profit or loss.

The Group's financial statements will be significantly affected by the method of estimating losses due to credit risk, eliminating cases that require individual evaluation. The Group developed a model for estimating expected losses from the portfolio of receivables. If it had been used to prepare the financial statements for 2017, the amount of receivables would have been lower than presented one by PLN 9.5 million.

Based on the probability of insolvency during the contractual period of less than 3 months, that has been determined on the basis of external ratings of banks in which cash is maintained and publicly available information of rating agencies regarding the probability of insolvency, the Company estimated cash write-offs. The company refrained from creating a write-down due to immateriality.

As the accounting principle, the Group adopted the hedge accounting principles under IAS 39 instead of the principles described in IFRS 9, which will not affect the financial situation presented in the consolidated financial statements of the Group.

The Management Board of the Parent Company decided that the application of IFRS 9 will take place retrospectively without adjusting the comparative data due to the fact that it would not be possible without using the knowledge obtained post factum. The effects of the implementation of the standard will be recognized as a change in the opening balance of retained earnings as at 1 January 2018.

The standard is effective for annual periods beginning on 1 January 2018 or later.

New IFRS 15 " Revenue from Contracts with Customers"

The new standard is effective for annual periods beginning on or after 1 January 2018 and will replace the existing IAS 11 and IAS 18 by providing one consistent revenue recognition model.

The Group decided to apply the retrospective method with the combined effect of the first implementation of this standard, i.e. the implementation of IFRS 15 will be retrospective without adjusting the comparative data. The effects of the implementation of the standard will be recognized as a change in the opening balance of retained earnings as at 1 January 2018. In addition, the Group will apply a simplification for contracts changed before the earliest

comparative period by taking these changes into account as if they had been included in the contract from the very beginning.

The core principle of the new standard is the recognition of revenues at a point as control over goods or services is passed to the client, at the transaction price.

The standard introduces uniform requirements for all entities in the scope of recognizing revenues from contracts with customers based on the five-step model:

1 Identifying a contract;
2 Identifying performance obligations;
3. Identifying the transaction price;
4. Allocating transaction prices to performance obligations;
5. Satisfaction of performance obligations.

The new standard requires recognition of revenues in such a way as to reflect the transfer of promised goods or services to the client in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Any goods or services sold in packages that can be distinct as part of a package should be recognized separately, in addition, any discounts and rebates on the transaction price should, as a rule, be allocated to individual elements of the package. If the income is changeable, variable amounts - according to the new standard - are included in revenues, if there is a high probability that in the future there will be no reversal of the revenue recognition as a result of revaluation. Moreover, in accordance with IFRS 15, the costs incurred to win and secure a contract with a client should be capitalised and accounted for over time while consuming the benefits from this contract.

Within the scope of analysis of the impact of IFRS 15 on the Group's consolidated financial statements, the following important areas were considered that that might require an adaptation in order to implement this standard.

1. **Identifying a contract with a customer:** After the analysis, it was found that the Group recognizes revenues only from those contracts for which both parties have approved and which have commercial substance. In each contract resulting in the recognition of revenues, the parties' rights and payment terms can be identified. For the contracts analysed, there was a high probability of collecting consideration at the time they were concluded. In addition, there were no revenues form contracts that contained the right to withdraw unilaterally or under which the entity did not deliver the subject of the contract or contracts and for which it is known that the client will not pay for the work. Therefore, the implementation of IFRS 15 will not affect the financial situation presented in the consolidated financial statements.

2. **Identifying performance obligations**: The Erbud Group S.A. is a group of companies specializing in providing construction services as general contractor or subcontractor and maintenance services to external investors and general contractors, while subcontracting services are rendered only abroad. On the basis of contracts concluded, the Group undertakes to deliver the product defined in the contract. Besides construction works, the following elements may be included in the scope of such services:
   - designing the subject of the contract;
   - selection of subcontractors and arrangement of subcontracting contracts;
   - coordination of activities of own subcontractors and other subcontractors employed by the investor during the construction time;
   - checking the complete, timely and due in terms of the performance quality of all works that are required to complete the contract;
   - adjusting the subject of the contract to the needs of future tenants;
   - maintenance of selected ranges of works in the period immediately following the construction time.

   After the analysis of contracts carried out by the Group in 2017, including contracts not finished as of 31 December 2017, it can be concluded that each of them contains an element of construction works accompanied by other services listed above, which together, in different configurations, form the asset expected by the investor to be produced by the Group as the General Contractor.

Moreover, the coordination of all activities under the contract to complete the process in accordance with the investor's expectations is from the point of view of the General Contractor an important factor during the execution of each contract.

Each of services provided under a signed contract affects another service that is part of the order. During the investment task, the activities must follow each other according to the schedule. Subsequent work may be performed provided that the work preceding in the schedule is completed.

The above factors, in connection with the provisions of IFRS 15:29, imply the identifying of performance obligations with the subject of the signed contract. What is more, the necessity of such treatment of contracts signed by the Group is also mentioned in IFRS 15:28 where the fact that an entity regularly sells a good or service separately is recalled as a premise for separate treatment of them. For the Erbud Group, such events do not take place.

As the existing rules for recognizing contract revenue meet the criteria provided for in the IFRS for the identification of obligations, this will not affect the financial position in the presented consolidated financial statements.

Annexes to contracts extending the scope - so far, the Group has recognized this type of events as a change in budget revenues and costs. After the implementation of the provisions of IFRS 15, no significant differences are expected due to the fact that amends to contracts executed by the Group are usually changes in the existing performance obligation and are not separate in the meaning of IFRS 15.

3. **Identifying the transaction price**: As the contract price, the Group recognizes the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties.
The price is determined based on the contract.
If the price depends on future events or if there is an intention to grant a discount at the end of the contract, the Group estimates the price for the performance of obligation and includes part or all of the variable consideration in the transaction price only to the extent that it is highly probable that a reversal will not occur.
Following the guidelines of IFRS 15, the Group did not identify the financing component in the contracts with respect to retained retention, in which the retained money is the security for good performance of the contract.
The preliminary assessment shows that the financial result for 2017 would not change significantly compared to the result presented.

4. **Allocating transaction prices**: The price is allocated by attaching a stand-alone selling price identified in step 2 to a performance obligation. The stand-alone selling price is the price at which the entity would sell the customer goods/service in a single transaction. At the point of the contract commencement, a part of the transaction price should be allocated to each performance obligation identified in the contract based on the relative stand-alone selling price. As a result, there may be a discrepancy between the amounts invoiced to customers and the revenue recognized in the accounting books.
If the contract provides for a price component, it is estimated in accordance with the principles described in point 3.
Due to the Group's identification of the performance obligation with the contract signed with the investor, the changes resulting from IFRS 15 will not affect the method of allocating the price. It is relatively easy to allocate on the basis of a contract.

5. **Recognition of revenue when or as performance obligations are satisfied:** At the time of recognition of the contract, it should be determined whether the transfer of control over the good/service being an performance obligation occurs over time or at a point in time. Under the current regulations, construction contracts are recognized in the period according to the progress of services. After analysing the contracts to which the Erbud Group is a party, it was stated that according to the new rules, revenues from them should be recognized over time. Contracts to which the Group is a party transfer control over the asset create over time because the customer controls the asset as it is created due to the fact that this occurs on its site. In addition, the customer is obliged to do inspections of milestones and pay for them, and the asset created, in connection with the placement on a specific plot to which the customer has a legal title, it cannot be occupied otherwise.

In addition to the above-described analysis of the five-step model, the Group considered the following issues arising from the implementation of IFRS 15:

- Warranties for works performed by the Group – due to the fact that the warranties provided by the Group include only the standard legal assurance that the product complies with the specification, the Group will not recognize the granted warranties as a separate obligation. It is expected that this will not be a difference in the accounting approach after the implementation of IFRS 15 in relation to the previously applicable rules.
- Costs of obtaining a contract – until 31 December 2017, the Group classified costs of obtaining contracts, regardless of their nature, to the costs of the current period. After the new regulations resulting from IFRS 15 have entered into force, the Group does not expect significant costs that could be activated in connection with the acquisition of a contract because most of them are costs of preparing an offer.
- Provision for contract losses – according to the Group's assessment, the manner of recognizing provisions for anticipated losses on contracts will not change. The company will apply IAS 37 relating to contracts bearing liabilities and recognize a provision for loss in the amount which is lower: costs of breaching the contract and costs of completion of the contract. According to the analyses carried out, the value of the losses recognized will not differ significantly compared to the losses estimated in accordance with the previous IAS 11.

Based on the analysis of IFRS 15, the Group does not expect significant changes in the accounting of transactions that would have a significant impact on the consolidated financial statements.

New IFRS 16 „Leases"

The new standard regulating lease agreements (including rental and tenancy agreements) includes a new definition of leasing. The changes are effective for annual periods starting on or after 1 January 2019.

The Group intends to implement the above regulations from 1 January 2019.

Significant changes apply to the lessee: for each lease agreement the standard requires that a "right-of-use asset" and a finance lease liability are recognised in the balance sheet.

The right to use the assets is then depreciated, whereas the liability reflects the obligation to pay for that right.

Simplifications are foreseen for short-term agreements (up to 12 months) and low-value assets.

The accounting approach to leases from the lessor's side is similar to the principles set out in the previous IAS 17.

At the end of 2017, the Group is a lessee in a number of operating lease, rental and tenancy agreements concluded for a period longer than one year, such as agreements on:

- office leases;
- leases of land, for example for construction facilities;
- rental of apartments;
- rental of construction machinery and equipment;
- cars rentals;
- rental of containers, e.g. for the needs of a construction office;
- rental of office equipment.

The Group estimates that the new standard will have a significant impact on its financial statements; however, it has not yet completed the process of determining the value of assets and liabilities in the consolidated statement of financial position as a result of recognizing the "right-of-use asset" and finance lease liabilities.

The Group has not yet decided which of the available transitional provisions will be applied. Planed is use of exemptions for short-term contracts and low-value contracts.

2. CONSTRUCTION CONTRACTS

Contracts for the delivery of construction projects, mainly in the areas of apartment (including whole housing estates), hotels, SPA facilities, shopping centres, wind farms, power plants, production halls and motorways are signed by the Group at fixed prices.

Revenues and expenditures due to construction contracts are recognized by the Group in accordance with the works progress method. To determinate the stage of completion, the Group applies the percentage of work progress method, i.e. values revenues from and costs for executed construction contracts in the period from the contract date the balance sheet date in proportion to the stage of completion based on the measurement of works performed. From thus determined amounts, the Group deducts the revenues and expenses that affected the financial result in previous years, generating incomes and costs under construction contracts.in the current period.

If it is not possible to estimate in a reliable manner the financial result of a construction contract (i.e. the rate of performance of a non-completed delivery cannot be reliably established at the balance sheet date), then the revenues are recognized only and exclusively up to the level of costs incurred, which are likely to be recovered, whereas the contract costs are carried as expenditures of the period in which were borne.

On the other side, the valuation results (i.e. the determination of revenues and costs by the method of progress rate) are accounted for as "Receivables (or Liabilities) under construction contracts - valuation".

Invoicing of works under construction contracts is made in accordance with the schedule specified in the contract. The invoiced income is recognized in "Trade and other receivables" (Note 6.3). Under construction contracts signed with the Group, the counterparties retain part of the payments as performance bond. These amounts are included in "Receivables from construction contracts - Retention" and are repayable most often after the project completion or after the expiry of the warranty period.

The Group engages subcontractors to carry out construction works. The invoiced costs for their hiring are recognized as "Trade and other liabilities" (Note 6.4). The Group retains as the performance bond a part of payments due to the subcontractors, which are recognized under "Liabilities under construction contracts - Retention".

Due to the carrying out construction contracts and the difference in time in recognising income and expenses for accounting and tax purposes, the deferred income tax assets and liabilities are accounted for in the statement of financial position - see Note 4.3.

2. CONSTRUCTION CONTRACTS

The use of the stage of completion method for recognizing income from and expenses for construction contracts requires estimation of the progress of works, i.e. the measurement of works performed at the balance sheet date in relation to the entire work envisaged in the contract.

Physical measurement, which is a basis to determine the stage of contract completion, is made by site workers. The measurement is performed separately for particular range of works, i.e. elements or stages of the contract, according to assigned meters (mainly sqm, kg and pcs).

There are adequate control processes in the Group to ensure that the calculation of recognized revenue and expenses is based on current and reliable estimates of the measurement, subject to verification and acceptance by the person designated for this purpose. The measurement of works performed made by the site staff is verified by the director of the branch office to which the site is subordinated, and subsequently by the internal audit unit of the Group

The Group keeps records of completed projects – building contracts within the internal system used for project management. Information about a contract, including the progress of works, is entered into the system by the contract/site manager, and then approved by the branch director, to whom the site is subordinated.

The budgets of individual contracts are formally updated during the year, based on current information throughout the year and they are approved by the Management Board. If any events that have material impact on the contract outcome have occurred between official budget revisions, the value of total revenues or costs of the contract is updated on an ongoing basis, i.e. the changes in the scope of the contract are reflected in the internal system of the Group as soon as they has been negotiated by the Group with a customer.

2.1. RECEIVABLES AND LIABILITIES UNDER CONSTRUCTION CONTRACTS

	For the 3 months ended 31-03-2018	For the 3 months ended 31-03-2017
	Contracts in the period	Contracts in the period
Amounts recognised in the period		
Revenues from construction contracts	400 759	321 748
Costs related to construction contracts	364 759	293 277
Result before recognition and accounting for of future losses	**36 000**	**28 471**
Creation of provisions for future losses	(21)	-
Release /use of provisions created in previous periods	-	-
Gross result	**35 979**	**28 471**
Gross profit margin		
without provisions	9%	9%
with provisions	9%	9%

2. CONSTRUCTION CONTRACTS

2.2. RECONCILIATION OF AMOUNTS DUE TO CONSTRUCTION CONTRACTS IN PROGRESS

	31-03-2018	31-12-2017
Cumulative income from construction contracts	2 397 662	2 425 803
Cumulative amounts invoiced to customers	2 341 295	2 403 537
Balance of construction contracts settlement - revenues	**56 367**	**22 266**
including:		
(1) Receivables due to non-invoiced completed construction works	103 490	72 188
(2) Liabilities due to invoiced non-completed construction works	47 123	49 921
Cumulative costs due to construction contracts	2 213 300	2 230 814
	21	(21)
Cumulative expenses invoiced by customers	2 279 173	2 300 040
Balance of construction contracts settlement - costs	**65 873**	**69 226**
including:		
(3) Receivables due to invoiced non-completed construction works	104 988	99 450
(4) Liabilities due to non-invoiced completed construction works	39 115	30 224
	-	-
Balance of construction contracts settlement	**122 240**	**91 492**
including:		
Receivables due to construction contracts – valuation [(1)+(3)]	208 478	171 638
Liabilities due to construction contracts – valuation [(2)+(4)]	86 238	80 145

On 22.02.2018, Erbud S.A. entered into a contract with CGL VIII Spółka z ograniczoną odpowiedzialnością spółka komandytowa on the construction of the BLISKIE BEMOWO Residential Complex, Phase II, located in Warsaw on Powstańców Śląskich Street. This is another contract concluded within the last 12 months with a company from the GRUPO LAR. The total value of contracts signed over the last few months amounts to PLN 94,236,553. Terms and conditions of the contract:

1. Contract date: 22.02.2018.
2. Investor: CGL VIII Spółka z ograniczoną odpowiedzialnością spółka komandytowa, 02-672 Warszawa, 32 Domaniewska St.
3. Contract value: PLN 18,111,365.
4. Contract subject: BLISKIE BEMOWO Residential Complex, Phase II, located in Warsaw on Powstańców Śląskich Street.
5. Site location: Warsaw, Powstańców Śląskich Street.
6. Completion period: commencement of Works - 22.02.2018, completion of Works - 31.03.2019.

On 7 March 2018, the Issuer concluded with a subsidiary of Vantage Development S.A. - company under the name of VD Spółka z ograniczoną odpowiedzialnością Mieszkania XVII Spółka Komandytowa a contract to perform the residential development project: "Dorzecze Legnicka in Wrocław on Małopanewska Street.

The contract is valued at PLN 29 million net.

Under the Contract, the Issuer as the General Contractor is obliged to the comprehensive completion of a multi-family residential building within the Project "Dorzecze Legnicka, phase 2", including the necessary services and utilities, site development works, demolition of existing buildings and construction of an access road. The second phase of the Project will comprise 142 apartments with a total area of 7,248 sq. m.
All works will be finished within 66 weeks from the date of delivery of Notice to Proceed, which may be issued by the Customer by 31 March 2018 at the latest.
Until the Notice to Proceed is issued, but no later than by 31 March 2018, the Employer is entitled to terminate the Contract without giving a reason and without the right to charge a contractual penalty for the termination. If the Customer does not issue the Notice to Proceed within the above time, the Contract expires on 31 March 2018, and the Contractor is not entitled to the withdrawal from the Contract, to charge contractual penalties or to any other claims for damages.

In addition, in the event of delays in the execution of milestones the Customer may withdraw from the Contract by 31 December 2019.

On 15.03.2018, a contract has been concluded between the consortium of Erbud Industry Sp. z o.o., 87-100 Toruń, 10 Wapienna St. (as the "Leader") and Erbud S.A., 02-797 Warsaw.1 Klimczaka St. (as the "Partner"), and Michelin Polska S.A., 10-454 Olsztyn, 9 Leonharda St. (as the "Customer") to perform construction works on the following terms and conditions.

1. Contract value: PLN 38,200,000 million PLN net (of which Erbud Industry Sp. o.o. - PLN 38,060,000 million net, and Erbud S.A - PLN 140,000 net).
2. Contract subject: Construction of a gas boiler house as part of the remodelling of the existing Michelin Polska S.A. CHP that includes the demolition of the plant building No. 58 and construction of a new one as well as installation of a new gas powered steam boiler with a capacity of 42MWt and steam capacity of 55t/hr along with the reconstruction of the necessary infrastructure.
3. Site location: Michelin Polska S.A. Combined Heat and Power Station, 10-454 Olsztyn, 9 Leonharda Street.
4. Completion period: 15.03.2018 – 31.12.2019 (Completion Date and Final Acceptance).

On 16 March 2018, Erbud S.A. concluded a contract with the Medical University of Gdańsk to perform the construction project on the following terms and conditions:

1. Contract date: 2018.03.16.
1. Investor: Gdański Uniwersytet Medyczny, 80-210 Gdańsk, 3a M.Skłodowskiej-Curie Street.
2. Contract value: PLN 152,457,714.96 net.
3. Contract subject: Construction as general contractor of Building "A" being part of the Non-invasive Medicine Centre locate in Gdańsk on Smoluchowskiego Street, corner /Dębinki Street, including the construction of a link building to the Invasive Medicine Centre, technical infrastructure, mains and services, land development, demolition works and supply of permanently connected medical equipment
4. Site location: Gdańsk; Smoluchowskiego Street, corner of Dębinki Street.
5. Completion period: a) Handing over of the construction site within 7 working days from the receipt by the Contractor from the Customer of the notice of readiness to handover the site; the Customer will notify the Contractor about the readiness to handover the site in the fourth quarter of 2018; b) Commencement of Works within 7 working days from the date of handing over the construction site; c) Completion of Works within 25 months from the date of handing over the construction site.

On 17 April 2018, Erbud S.A. signed with Cedrowa Sp. z o.o., 02-703 Warszawa, 24A Bukowińska St.a construction contract on the following terms and conditions:

1. Contract concluded on 17.04.2018.
2. Customer: Cedrowa Sp. z o.o., 02-703 Warszawa, 24A Bukowińska St.
3. Contract value: PLN 28,864,966 net.
4. Contract subject: Housing complex "F" with underground car park and retail units, including the surrounding and site infrastructure, i.e. site development, greenery, parking lots and shared zone, in-building and on-site services, and retention basin located in Gdańsk on Cedrowa Street.
5. Site location: Gdańsk, Cedrowa Strret.
6. Completion period:. seventeen-and-a-half months.

On 25 April 2018, the Issuer entered with STUDENT DEPOT FOXTROT Sp. z o.o. into a contract to complete the project: STUDENT HOUSE - DORM "Akademik Foxtrot" in Warsaw at 37 Woronicza Street on the following terms and conditions:

1. Contract date: 25.04.2018.
2. Customer: STUDENT DEPOT FOXTROT Sp. z o.o., 00-582 Warszawa, 6 Aleja Szucha Street.
3. Contract value: PLN 39,500,000.
4. Contract subject: STUDENT HOUSE - DORM "Akademik Foxtrot" in Warsaw.
5. Site location: Warsaw, 37 Woronicza Street.
6. Completion period: 02.05.2018 – 15.09.2019.

2. CONSTRUCTION CONTRACTS

On 26 April 2017, the Issuer's subsidiary Erbud Rzeszów Sp. z o.o. signed in a consortium with Fast Group sp. o.o. a contract for construction works on the following terms and conditions:

1. Contract data: 26.04.2018.
2. Investor: Uniwersytet Medyczny w Łodzi seated in Łódź, Al. Kościuszki 4; NIP 725-18-43-739.
3. Contract value: PLN 25,108,291.22 of which Erbud Rzeszów Sp. z o.o. has 63.03%, i.e. PLN 15,825,755.96.
4. Contract subject: Building works involving the construction of a Specialist Clinic and Server Room in the A2 building of the Teaching and Clinical Centre at the Medical University of Łódź, 251 Pomorska Street, as part of the second phase of construction of the Teaching and Clinical Centre.
5. Site location: Łódź, 251 Pomorska Street.
6. Completion period: 07.05.2018 - 20.02.2019.

3. CAPITAL MANAGEMENT AND DEBT

3.1. CAPITAL MANAGEMENT

The share capital comprises ordinary shares and is carried at nominal value (according to the Articles of Association of the Parent Company and an entry made into the National Court Register).

Share premium is the amount equal to the surplus of price for acquisition of shares in Parent Company above their nominal value. It is recognized in "Reserve capital from the sale of shares above their nominal value".

Other reserve capitals are created mainly from retained earnings, including amounts obligatory transferred to the reserve capital in accordance with the requirements of the Code of Commercial Companies.

Equity attributable to the non-controlling interests represents a part of equities of fully consolidated subsidiaries which is owned by shareholders other than the entities that are Group members.

Net financial performance of subsidiaries partially owned by the stakeholders other than members of the Group represents profit (loss) of the non-controlling interests.

The supplementary capital is created in accordance with the provisions of the Commercial Companies Code and the decisions of the shareholders. Pursuant to the Commercial Companies Code, to cover losses, it should be established a supplementary capital, which will be supported by at least 8% of the profit for the financial year, as long as the capital will reach at least one-third of the nominal capital. Capital created in such manner shall not be distributed. The decision about using the supplementary and reserve capital is taken by the Annual General Meeting; however, a part of the capital may be used only to cover the losses shown in the financial statements and shall not be allocated for other purposes.

The main objective of the Group's capital management is to maintain a good credit rating and safe capital ratios, which would support the Group's operations and increase the goodwill for its shareholders.

The capital structure is managed by the Group and adjusted as a result of changes in economic conditions. In order to maintain or correct the capital structure, the Group may respectively pay dividends to shareholders or issue new shares.

Share capital

The share capital of the Parent as of 31 March 2018 consisted of 12,811,859 shares with a total value of PLN 1 281 thousand, and the shareholding structure was as follows:

Shareholder	Number of shares	Equity percentage
Wolff & Muller Holding GmbH & Co.KG	4 152 865	32,41%
DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych controlled by Dariusz Grzeszczak	2 136 260	16,67%
NATIONALE - NEDERLANDEN Powszechne Towarzystwo Emerytalne S.A (formerly ING PTE)	1 200 000	9,37%
AVIVA Otwarty Fundusz Emerytalny BZ WBK	1 183 146	9,23%
Dariusz Grzeszczak	773 900	6,04%
PKO OFE	715 279	5,58%
Adler Properties Sp. Z o.o. controlled by Józef Zubelewicz	412 087	3,22%
Józef Zubelewicz	259 500	2,03%
Free Float	1 978 822	15,45%
Total	**12 811 859**	**100,00%**

3. CAPITAL MANAGEMENT AND DEBT

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

The number of shares constituting the authorized capital is equal to the number of shares issued. Nominal value per share is PLN 0.10. No shares have been reserved for issuance under the sale option. All issued shares are ordinary and non-preference ones. There are neither restrictions on the rights to the shares nor restrictions on the transferability of shares.

3.2. DIVIDEND PAID AND DECLARED

The Management Board of ERBUD S. A. informs that on 12 April 2018 the Supervisory Board positively assessed the recommendation presented by the Management Board to the Annual General Meeting of the Company concerning the amount of dividend distribution to shareholders.

After considering the Management Board's proposal regarding the allocation of the profit achieved by the Company in 2017, the Supervisory Board of Erbud SA positively evaluates the above-mentioned proposal and recommends to the General Meeting to allocate the net profit of ERBUD SA for the financial year ended 31 December 2017 amounting PLN 12.539.246.93 (in words: twelve million five hundred and thirty-nine thousand two hundred and forty-six Zlotys and 93/100) and the amount of PLN 1,553,797.97 (in words: one million five hundred and fifty-three thousand seven hundred and ninety-seven Zlotys and 97/100) from the equity of ERBUD SA to the dividend payment of PLN 14.093.044,90 (say: fourteen million ninety-three thousand and forty-four Zlotys and 90/100) in total.

The Record Date is set at 5 June 2018, and the Payment Date is set at 19 June 2018.

3.3. LOANS AND BORROWINGS LIABILITIES



Liabilities due to loans and borrowings are initially recognized at fair value less transaction costs. At each balance sheet date, these items are measured at amortized cost using effective interest rate.

	31-03-2018	31-12-2017
Long-term		
Bank loans	6 656	4 234
Short-term		
Overdrafts	77 241	20 239
Bank loans	21 886	23 720
Borrowings	15	-
	99 142	43 959
Total loans and borrowings debt	**105 798**	**48 193**

3. CAPITAL MANAGEMENT AND DEBT

3.4. ISSUED BONDS LIABILITIES

Liabilities arising from bonds issued are initially recognized at fair value less transaction costs. At each balance sheet date, the liability is measured at amortized cost using effective interest rate.

As at the balance sheet date, the Group had the following indebtedness due to issued bonds, wholly constituting current liabilities:

Issue date	Type of bonds issued	Currency (functional / foreign)	Interest	Maturity date	Purpose of obtaining funding	Nominal issue value	Debt balance	
							2018	2017
26-03-2014	B-series bearer, dematerialized, unsecured	functional	WIBOR 6M+ 3% margin	26-03-2018	financing increased working capital demand	10	-	3 950
27-09-2017	C-series bearer, dematerialized, unsecured	functional	0	27-09-2021	financing increased working capital demand	1	52 000	52 000
			Total current liabilities			11	**52 000**	**55 900**
			Liability for accrued interest disclosed under "Trade and other liabilities""			-	-	846

3.5. FINANCIAL LEASE LIABILITIES

Lease is classified as a finance lease if substantially all risks and benefits resulting form the ownership of the leased asset are transferred substantially to the lessee. Finance lease contracts are initially recognized at the lower of: the fair value of the leased asset or the current value of the minimum lease payments.

Fixed assets used under financial lease agreements are amortized according to the principles used by the Group for its own assets. If there is no reliable certainty that once the lease contract is over the Group will be assigned the ownership title, the assets are amortized over the period which is shorter: the lease term or the useful life period.

3. CAPITAL MANAGEMENT AND DEBT

Period		31-03-2018 Nominal value of minimum fees	31-12-2017 Nominal value of minimum fees
Less than 1 year	Current	6 319	6 947
1 - 5 years	Non-current	7 515	6 978
		13 834	**13 925**
Finance costs due to financial leasing		491	665
Current value of minimum fees		**13 343**	**13 260**

For information on debt due to loans and borrowings, see Note 3.3.

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.1. SEGMENT REPORTING

Based on the management reporting presented to the chief operating decision-maker (i.e. the Management Board of the Parent), the Group identified five key reporting segments:

- building construction at home;
- building construction abroad;
- road-engineering;
- industrial construction at home;
- industrial construction abroad;
- other segments.

In 2018 the following change was made in the scope of segment reporting:

- Dividing the reporting segment "Industrial construction" into two separate accounting segments: "Industrial construction at home " and "Industrial construction abroad". This change results from the growing importance of industry construction abroad from the point of view of the Group's activity.

The breakdown of the overall business into individual segments was done through qualification of individual Group companies according to their business profile arising from the articles of association and their importance for the segment. Such a division corresponds to the distribution of principal risks and returns of expenditures incurred.

The financial figures for the purpose of management reporting that are the basis of data on the reporting segments are prepared on the same accounting policies as those applied to the preparation of the Consolidated Financial Statements of the Group. The transactions between segments are based on arm's length principle.

The Management Board analyses the segment performance using key efficiency indicators such as EBIT, EBIT margin, and EBITDA. It should be noted that these are not indicators defined in IFRS and are not standardized measurements, so their calculation methods may vary between different entities on the market. The Group defines EBIT as gross profit plus financial expenses and less financial income. The EBIT margin is defined as the ratio of EBIT to sales revenue expressed as a percentage. EBITDA is defined as EBIT increased by amortisation and depreciation over the period.

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Reporting segment	Segment activity range	Operating segments aggregated in the reporting segment	Conditions for aggregation of operating segments into reporting segments
Building construction at home	Construction of residential, office and public buildings in Poland	The operating segment consists of individual companies: the Parent Company Erbud S.A., Erbud International Sp. z o.o., Erbud Rzeszów Sp. z o.o. and Hebud Sp. z.o.o. In addition, the segment includes a part of operations of the ERBUD S.A. Parent Company related to the mediation in concluding contracts performed by subsidiaries on the basis of specifically identifiable actually generated revenues and incurred costs related the segment concerned.	Operating segments were aggregated on the basis of similarity of: - long-term average gross margins; - similarity of goods and services offered by the companies; - production processes; - distribution methods; - type of customers.
Building construction abroad	Construction of residential, office and public buildings abroad (mainly in Germany and Belgium)	The subsidiary GWI GmbH is the operating segment. In addition, the segment includes a part of operations of the ERBUD S.A.Parent Company related to the mediation in concluding contracts performed by subsidiaries on the basis of specifically identifiable revenues and incurred costs related to the segment concernd and a part of operations of Erbud International Sp. z o. o. according to the same principles as those stated with respect to the Erbud S. A. Parent Company.	Not aggregated
Road-engineering	Construction of roads and wind farms	The subsidiary PBDI S.A.is the operating segment.	Not aggregated
Industrial construction at home	Industrial projects in the broadly understood industrial sector	The operating segment consists of the whole Erbud Industry Group formed by: Erbud Industry Sp. z o.o., Erbud Industry Centrum Sp. z o.o., Erbud Industry Pomorze Sp. z o.o., Erbud Industry Południe Sp. z o.o. In addition, a part of operations of the Erbud S.A. Parent Company is allocated to the segment in accordance with the same principles as those applied to the segment "Building construction abroad".	Not aggregated
Industrial construction abroad	Industrial projects in the broadly understood industrial sector	The operating segment consists of the whole Erbud Holding Group formed by: Erbud Holding Deutschland GmbH, Erbud Beteiligungs GmbH, Target – IVT. In addition, a part of operations of the subsidiary Erbud Industry Południe Sp. z o.o. is allocated to the segment in accordance with the same principles as those applied to the segment "Building construction abroad".	Not aggregated
Other segments	Broadly understood support services	Erbud CUW Sp. z o.o. is the operating segment.	Not aggregated

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Key information about segments for the reporting periods January-March 2018 and January-March 2017

The Group operates in Poland and abroad (in Germany, Belgium and France). Revenues from external customers and assets in any country outside Poland are not significant, so they have been aggregated together and shown as "Abroad".

	For the 3 months ended 31-03-2018			For the 3 months ended 31-03-2017		
	At home (Poland)	Abroad	Total	At home (Poland)	Abroad	Total
Sales to external customers, including::	368 192	64 163	**432 355**	315 087	28 998	**344 085**
Revenue from construction contracts	357 907	42 852	**400 759**	292 803	28 945	**321 748**
Revenue from other industry contracts	8 374	17 109	**25 483**	21 493	53	**21 546**
Other revenue	1 911	4 202	**6 113**	791	-	**791**
Fixed assets other than financial instruments and deferred tax assets	80 264	37 529	**117 793**	78 601	2 550	**81 151**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Figures on income and profit as well as assets and liabilities of each reporting segment are presented in the table below.

							For the 3 months ended 31-03-2018
	Building construction at home	Building construction abroad	Road-engineering	Industrial construction at home	Industrial construction abroad	Other segments	Total continuing operations
Total income							
Intersegment sales	-	-	(287)	(5 294)	-	-	**(5 581)**
Sale to external clients	283 895	39 770	49 755	39 192	24 308	1 016	**437 936**
Total income from sales	**283 895**	**39 770**	**49 468**	**33 898**	**24 308**	**1 016**	**432 355**
Segment results and reconciliation to gross profit of the Group before discontinued operations							
Prime costs	273 336	37 046	44 381	32 397	19 854	712	**407 726**
Result on other operating activity	(6 728)	(2 613)	(2 969)	(4 121)	(2 128)	(1 125)	**(19 684)**
Segment result – EBIT	**3 831**	**111**	**2 118**	**(2 620)**	**2 326**	**(821)**	**4 945**
EBIT margin	1,00%	0,00%	4,00%	-7,00%	10,00%	-81,00%	**1,00%**
Result on financial activity	2 286	140	124	(363)	(60)	7	**2 134**
Result before tax excluding discontinued operations	**6 117**	**251**	**2 242**	**(2 983)**	**2 266**	**(814)**	**7 079**
Income tax	1 385	64	526	(443)	912	17	**2 460**
Net result excluding discontinued operations	**4 732**	**187**	**1 716**	**(2 540)**	**1 354**	**(831)**	**4 619**
Depreciation and amortization	324	241	747	855	405	201	**2 773**
Segment result – EBITDA	**4 155**	**352**	**2 865**	**(1 765)**	**2 731**	**(620)**	**7 718**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

	Building construction at home	Building construction abroad	Road-engineering	Industrial construction at home	Industrial construction abroad	Other segments	Total continuing operations
							For the 3 months ended 31-03-2017
Total income							
Intersegment sales	-	-	(9 165)	(13 935)	-	-	**(23 100)**
Sale to external clients	264 049	28 945	21 726	52 440	-	25	**367 185**
Total income from sales	**264 049**	**28 945**	**12 561**	**38 505**	**-**	**25**	**344 085**
Segment results and reconciliation to gross profit of the Group before discontinued operations							
Prime costs	249 381	24 385	10 197	35 238	-	-	**319 201**
Result on other operating activity	(7 155)	(3 975)	(3 349)	(5 172)	-	(1 289)	**(20 940)**
Segment result – EBIT	**7 513**	**585**	**(985)**	**(1 905)**	**-**	**(1 264)**	**3 944**
EBIT margin	3,00%	2,00%	-5,00%	-4,00%	-	-	**1,00%**
Result on financial activity	(1 766)	(1 568)	2	(276)	-	5	**(3 603)**
Result before tax excluding discontinued operations	**5 747**	**(983)**	**(983)**	**(2 181)**	**-**	**(1 259)**	**341**
Income tax	776	89	(175)	(468)	-	22	**244**
Net result excluding discontinued operations	**4 971**	**(1 072)**	**(808)**	**(1 713)**	**-**	**(1 281)**	**97**
Depreciation and amortization	291	164	519	904	-	110	**1 988**
Segment result – EBITDA	**7 804**	**749**	**(466)**	**(1 001)**	**-**	**(1 154)**	**5 932**

4.2. COST OF SALES

	For the 3 months ended 31-03-2018	For the 3 months ended 31-03-2017
External services	279 771	231 205
Consumption of materials and energy	96 061	48 418
Costs of employee benefits	74 979	52 984
Amortization and depreciation	2 773	1 988
Taxes and fees	2 668	2 033
Other costs	5 272	4 632
Value of sold goods and materials	222	604
Total costs by nature	**461 746**	**341 864**
Change in inventories, products and deferred expenditures due to construction contracts	(31 057)	771
Sales costs (negative value)	(1 417)	(1 299)
General and administrative expenses (negative value)	(21 546)	(22 135)
Product cost of goods sold	**407 726**	**319 201**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.3. TAXATION

The mandatory burdening of the financial result consists of two elements: current income tax and deferred tax.

Due to temporary differences between the book value of assets and liabilities and their taxable value and the tax loss deductible in the future, the Group companies using the balance sheet method create deferred liabilities in respect of positive temporary differences and determinate deferred tax assets in respect of foreign exchange losses and deductible tax losses, which can be deducted following the prudential principle.

Liabilities and deferred tax assets are not recognized in the case of temporary differences arising upon initial recognition of an asset or liability in a non-merger transaction and at the time of conducting transactions that have no impact on the accounting or tax result.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off tax receivables and current tax liabilities, and if the deferred tax relates to the tax imposed by the same tax authority on the same taxpayer. This means that deferred tax assets and liabilities are compensated in individual companies of the Group.

The Group recognizes a deferred tax asset based on the assumption that in the future a tax gain will be achieved that will allow the asset to be realized.

The carrying amount of the deferred tax asset is verified at each balancing date and reduced accordingly by as much as it probability that sufficient taxable income will be achieved realize the deferred tax asset partially or fully.

The reconciliation of effective income tax rates is presented in the table below:

	For the 3 months ended 31-03-2018	For the 3 months ended 31-03-2017
Gross profit before tax from continuing operations	**7 079**	**341**
Tax at the statutory tax rate applicable in Poland - 19%	**1 345**	**65**
Additional tax charge arising from the rate exceeding 19% in Germany	595	-
Adjustments to current income tax from previous years	-	-
Surplus of non-deductible expenses over income not recognised as taxable income	520	179
Tax recognized in the Consolidated Profit and Loss Statement, including:	**2 460**	**244**
Current income	1 744	10 894
Deferred income	716	(10 650)
Effective tax rate	**34.76%**	**71.55%**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

The table below presents changes in deferred tax assets and liabilities in the financial year

			Impact on			Impact on		
		01.01.2017	Net earnings	Other comprehensive income	31.12. 2017	Net earnings	Other comprehensive income	31.03. 2018
	Deferred tax assets							
Note 2.3.	Valuation of receivables from construction contracts	29 140	(13 140)	-	16 000	6 243	-	22 243
Note 7.7.	Provisions	5 464	952	-	6 416	(191)	-	6 225
	Tax loss	929	789	-	1 718	2 064	-	3 782
	Margin on intra-Group sales	-	-	-	-	-	-	-
	Accrued remuneration and charges	428	9	-	437	26	-	463
Note 7.5.	Impairment losses on receivables	1 354	689	-	2 043	-	-	2 043
	Other financial liabilities	1 356	211	-	1 567	(30)	-	1 537
	Accrued expenses	571	1 696	-	2 267	(1 503)	-	764
	Other	651	23 046	(150)	23 547	(573)	(2)	22 972
	Total	**39 893**	**14 252**	**(150)**	**53 995**	**6 036**	**(2)**	**60 029**
	Deferred tax liabilities							
	Valuation of liabilities due to construction contracts	22 399	7 074	-	29 473	6 941	-	36 414
	Revaluation of assets	2 084	(114)	-	1 970	(21)	-	1 949
	Capitalised finance costs	78	(78)	-	-	-	-	-
	Balance sheet valuation and liabilities discount	18	109	-	127	(6)	-	121
	Accrued interest on debt	59	163	-	222	(2)	-	220
	Accrued revenue	-	(3)	-	(3)	3	-	-
	Other	851	352	320	1 523	(163)	(326)	1 034
	Total	**25 489**	**7 503**	**320**	**33 312**	**6 752**	**(326)**	**39 738**
	Set-off between assets and liabilities	14 404			20 683			20 291
	After sett-off	**19 654**			**25 345**			**24 083**
	Assets	17 029			23 014			22 187
	Liabilities	2 625			2 331			1 896
	Net impact of changes in the period		**6 749**	**(470)**		**(716)**	**324**	

In the year ended 31 March 2018 and 31 December 2017, there were no negative temporary differences from which deferred tax assets were recognized. Information on the amounts of income tax receivables and liabilities is presented in Notes 6.3 and 6.4.

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1. FINANCIAL ASSETS AND LIABILITIES

The Group is in the possession of the following categories of financial instruments:

- Loans and receivables;
- Financial liabilities measured at amortized cost;
- Derivative instruments designated as hedging instruments in hedge accounting.

Loans and receivables are primarily comprised of:

Note 5.1.1.	Financial assets - loans granted
	Receivables under construction contracts – retention money
Note 6.6.	Trade and other receivables
Note 2.2.	Receivables from construction contracts - valuation
	Cash and cash equivalents

Financial liabilities measured at amortized cost are primarily comprised of:

	Liabilities under construction contracts – retention money
Note 2.2.	Liabilities under construction contracts – valuation
Note 6.4.	Trade and other liabilities
Notes 3.3. –3.5.	Debt

Derivative instruments designated as hedging instruments in hedge accounting relate to derivative financial instruments in respect of which the Group applies hedge accounting (Note 5.2).

The accounting policies for the above items are set out in the Explanatory Notes according to the above reference.

5.1.1. FINANCIAL ASSETS – LOANS GRANTED

Loans are initially recognized at fair value increased by transaction costs, and subsequently measured at amortized cost after deducting impairment loss.

The impairment loss on loans granted is equal to the difference between the carrying amount of these receivables and the present value of estimated future cash flows discounted at the original effective interest rate (i.e. the initial interest rate).

No impairment was recognized for loans granted. As at the balance sheet date loans are not overdue. Loans granted are exposed to credit risk and interest rate risk, which have been described accordingly.

5.2. DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments owned by the Group are hedging instruments under the cash flow hedge accounting policy applied by the Group.

The Group hedges cash flows arising from loans granted by the Group and proceeds from construction contracts concluded with customers. Changes in the fair value of derivative financial instruments in the part constituting an effective hedge are recognised directly in the revaluation reserve. The ineffective part is recognized in the profit or loss statement as financial income or financial expense. In the period in which the item hedged by a derivative financial instrument affects the financial result, the amount relating to that instrument previously recognised in other comprehensive income is also transferred to the statement of other comprehensive income.

Concluded agreements on derivative instruments are used to reduce the Group's exposure to currency risk. Further information on currency risk management is provided in Note 5.3.1.

In addition, derivative instruments that are an asset expose the Group to credit risk. As at the balance sheet date and the comparative period, there were no significant derivative instruments accounted for as assets.

Derivative financial instruments owned by the Group, i.e. forward contracts, are measured at fair value and classified as Level 2 in the fair value hierarchy, i.e. they are measured on the basis of observable inputs other than quoted prices. A prospective hedge effectiveness testing is performed for the measurement: the "dollar-offset method" was applied using a hypothetical derivative. For the purpose of a prospective test there are used historical market rates of exchange rates and interest rates on twelve monthly dates prior to the balance sheet day. For each of the above 12 historical dates, the cumulative change in fair value of the hypothetical derivative instrument is calculated and compared with the cumulative change in fair value of the hedging instrument. A retrospective hedge effectiveness testing: the "dollar offset method" is applied when using the hypothetical derivative instrument. In this test the ratio of the cumulative change in the fair value of the hedging instrument to the cumulative changes in the hypothetical derivative instrument is measured.

Changes in the fair value of financial derivatives designated to hedge cash flows in part that constitutes effective hedging is recognised directly in revaluation reserve. Changes in the fair value of derivative financial instruments designated to hedge cash flows that not constitute effective hedging are accounted for as other financial income or expenses of the reporting period.

At the time the hedging is established, the Company formally identifies and documents the hedging relationship as well as the risk management objective and strategy for establishing hedging. 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 hedging instrument's effectiveness in offsetting the risk of changes in the fair value of the hedged item or cash flows associated with the hedged risk.

As at the balance sheet date, cash flow hedging was highly effective. It is also expected that the hedge will be highly effective in offsetting changes in fair value or cash flows arising from hedged risks. The effectiveness of the hedge is assessed on a regular basis to check if it is highly effective in all the reporting periods for which it has been established.

5.3. FINANCIAL RISK MANAGEMENT POLICY

In the course of conducting its business, the ERBUD Group is exposed to various types of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Management Board of the Parent Company is responsible for setting the principles of managing these risks and for verifying them.

5.3.1. MARKET RISK – CURRENCY RISK

As a part of their core business, the member companies of the Group conclude construction contracts that are denominated in Euro. The currency risk management policy adopted by the Management Board consists in adjusting the contract underlying currency to the expenditure currency related to this contract. Contracts carried out in Poland are concluded by the Group mostly in the Polish currency (Polish Zlotys, PLN) and contracts executed by the companies and entities operating abroad are signed in Euros.

With regard to receivables and liabilities arising from concluded construction contracts for which payments will be made in EUR and with respect to loans denominated in EUR, the Group applies forward agreements hedges for EUR as part of hedge accounting system.

5.3.2.MARKET RISK – INTEREST RATE RISK

The interest rate risk occurs mainly when Group member companies take advantage of debt instruments, i.e. bank loans and borrowings (Note 3.3.), issued bonds (Note 3.4.) and financial lease (Note 3.5.).

In addition, the Group invests free cash partly in deposits with a variable interest rate and grants loans bearing interest mainly at a floating rate.

Assets and liabilities at variable interest rates expose the Group to the risk of changes in cash flows, while at fixed rate - to the risk of a change in fair value; however, due to the fact that the Group does not measure these items at fair value, this impact is not reflected in the financial statements.

The Group monitors the exposure to interest rate risk and forecasts interest rates.

5.3.3. CREDIT RISK

Cash and cash equivalents

The Group minimizes the credit risk associated with cash and cash equivalents by diversifying the banks with which the investment transactions are concluded. The Group cooperates with high credibility financial institutions.

Trade receivables and receivables under construction contracts

In order to protect against credit risk arising from receivables related to the performance of construction contracts (i.e. trade receivables, receivables due to construction contracts – retention money and measurement of construction contracts), the Group applies the credit risk assessment and verification policy related to all contracts, both at the before-offer and in-progress stages. Before signing a contract, each customer is appraised for the possibility of meeting its financial obligations. In the event of a negative assessment of the contracting partner's payment capacity, the establishment of appropriate financial collaterals or asset based securities decides whether the agreement is entered into. Moreover, the conditions of agreements with customers provide for the right to suspend the performance of works, in case of any delay in payment for services rendered. As far as possible, contractual clauses that make payments to subcontractors dependent on the investor's payment are inserted into contracts.

There is no concentration of credit risk In the Group related to trade receivables and receivables under construction contracts - retention money and measurement of construction contracts.

Changes in impairment allowance and age structure of overdue receivables are presented in Note 6.5.

5.3.4. LIQUIDITY RISK

In order to mitigate the risk of losing liquidity risk, the Group keeps an appropriate amount of cash and transferable securities, and also concludes credit facility agreements which serve as an additional liquidity security. To finance investment purchases, the Group uses its own funds or long-term finance leases, ensuring durability of the financing structure for this type of assets.

The Group applies a policy limiting credit exposure to individual financial institutions and issuers of debt securities that are acquired as part of periodic depositing of surplus cash.

Liquidity management is supported by the Group's current reporting system for liquidity forecasts.

6. OTHER NOTES

6.1. GOODWILL

Goodwill arises as a result of accounting for the acquisition of investments by applying the purchase method - details are described below..

The accounting policy for impairment of goodwill is described in Note 6.2.

	31-03-2018	31-12-2017
Goodwill at the beginning of the period	**22 968**	**22 968**
Increases	24 918	-
Exchange differences on translation	-	-
Goodwill at the end of the period	**47 886**	**22 968**
of which due to the acquisition of:		
Przedsiębiorstwa Budownictwa Drogowo – Inżynieryjnego S.A.	18 274	18 274
Erbud Holding GmbH	24 917	4 694
Other	4 695	-

On 5 February 2018, ERBUD Beteiligungs GmbH, a company with its registered office in Düsseldorf, was set up. Treuhand copia 1 GmbH, currently ERBUD Holding Deutschland GmbH with its registered office in Düsseldorf, is the hundert percent owner of ERBUD Beteiligungs GmbH is. On 14 February 2018, ERBUD S. A. acquired a 100% stake in ERBUD Holding Deutschland GmbH headquartered in Düsseldorf. The purchase price was EUR 12,500.

On 27 February 2018, ERBUD Beteiligungs GmbH, an indirect subsidiary of ERBUD through its subsidiary Erbud Deutschland Holding GmbH, concluded as a buyer with the shareholders of IVT Weiner+Reimann GmbH headquartered in Oberhausen ("IVT") as sellers an agreement on sale and transfer of shares. Following this ERBUD S.A. indirectly became the holder of 100% shares in IVT Weiner+Reimann GmbH and in IVT Menzenbach GmbH, a subsidiary 100% owned of IVT Weiner+Reimann GmbH. The transaction value amounted to EUR 8.5 million.

As at 31 March 2018, the Group did not estimate the goodwill and fair value of the acquired company IVT Weiner+ Reimann GmbH with its registered office in Oberhausen ("IVT"). The Group will make estimates by 30 June 2018 and present the results in the interim consolidated financial statements.

6.2. FIXED ASSETS IMPAIRMENT

The Group performs impairment tests for fixed assets if there are indications of impairment and additionally at least once a year for goodwill. The recoverable value is determined at the lowest possible level, i.e. for an individual asset or at the level of a cash-generating unit to which the asset belongs.

Fixed assets impairment

As at each balance sheet date, it is assessed whether there is objective indication that the asset or group of property, plant and equipment may be impaired. If any such indication exists, the Group determinates the estimated recoverable amount of the asset (recoverable amount) and the impairment loss equal to the difference between the recoverable amount and the carrying amount is recognised. The recoverable amount is defined as the higher of fair value less costs to sell and its value-in-use. As at each balance sheet date, the Group also assesses whether there is any indication that the impairment loss recognized in previous periods should be reduced or reversed.

Impairment of goodwill

Goodwill is tested for impairment at least once a year. Any impairment is recognized immediately as a goodwill reduction and is accounted for in the profit and loss statement, and not reversed in subsequent reporting periods.

For the purpose of performing a test for possible impairment, goodwill is allocated to cash-generating units. In case of disposing of an operation within the cash-generating unit to which goodwill has been allocated, the goodwill associated with the operation disposed of is included in the carrying amount when determining the gain or loss on disposal.

The goodwill impairment test which was performed as at 31 December 2017 did not show the necessity for making impairment write-downs.

6. OTHER NOTES

6.3. TRADE AND OTHER RECEIVABLES

The Group's receivables from supplies and services include mainly trade receivables from non-related parties (first of all due to invoices issued in relation to the construction contracts carried out by the Group) and receivables from the state budget, including receivables due to corporate income tax and VAT.

Receivables from supplies and services with maturity usually ranging between 30 and 180 days are recognised at their nominal value, i.e. according to the amounts initially invoiced. As at the balance sheet date, these items are measured at amortized cost, including any impairment loss.

The amount of allowances on receivables is equal to the difference between the carrying amount of receivables and the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the interest rate at initial recognition).

Allowances on receivables are created individually for each receivable amount based on the probability of recovery. The amount of the write-down is recognised in other operating expenses.

	31-03-2018			31-12-2017		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Trade receivables from non-related parties	402 991	14 013	388 978	382 286	13 913	368 373
Receivables due to corporate income tax	4 002	-	4 002	3 729	-	3 729
Other receivables from the state budget	3 545	-	3 545	2 566	-	2 566
Other receivables	18 891	1 216	17 675	15 587	1 216	14 371
Total	**429 429**	**15 229**	**414 200**	**404 168**	**15 129**	**389 039**

Changes in impairment losses are shown in the table below.

	31-03-2018	31-12-2017
Impairment allowances at the beginning of the period	**15 129**	**9 415**
Created	-	8 306
Reversed	-	2 288
Used	-	304
Other	99	-
Exchange differences on translation	1	-
Impairment allowances at the end of the period	**15 229**	**15 129**

6.4. TRADE AND OTHER LIABILITIES

Trade payables and other liabilities include mainly liabilities due to deliveries and services form non-related parties, advances received, payroll liabilities and tax liabilities.

Trade liabilities are initially recognized at fair value (corresponding to the face value) and measured at amortized cost as at the balance sheet date.

Received advances mainly concern payments from customers for the performance of construction contracts and recognized at the face value of the payment.

Payroll liabilities are recognized at the value due for work performed, calculated in accordance with the concluded agreements.

Tax liabilities (including VAT, corporate income tax and personal income tax) are recognized at the amounts due to be paid by the Group in accordance with applicable regulations.

	31-03-2018	31-12-2017
Trade liabilities	**194 339**	**262 886**
Advances received	-	-
Liabilities to state budget:	**30 964**	**33 726**
VAT	15 394	21 589
corporate income tax	2 790	934
personal income tax	3 243	2 431
social security contributions (ZUS)	8 391	7 690
real property tax	157	-
tax on civil law transactions	-	-
rehabilitation fund contributions (PFRON)	151	139
holiday fund (tax paid in Belgium)	685	825
other	153	118
Other liabilities	**29 370**	**9 886**
remuneration	9 883	7 043
accrued expenses	2 341	346
other	17 146	2 497
Total	**254 673**	**306 498**

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6. OTHER NOTES

6.5. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of changes in working capital for the period from 1 January to 31 March 2018 and for the period from 1 January to 31 March 2017 is presented below.

	Change in cash flows 01.2018-03.2018	Change in cash flows 01.2017-03.2017
Change in provisions	**(445)**	(3 440)
Change in inventories	**(6 862)**	(1 255)
Change in receivables	**10 390**	24 872
Change in short-term liabilities, except for loans and borrowings	**(92 209)**	(116 544)
Change in prepayments	**(31 096)**	3 200
Change in working capital	**(120 222)**	**(93 167)**

6.6. GROUP STRUCTURE, INVESTMENTS IN JOINT VENTURE AND TRANSACTIONS WITH RELATED PARTIES

Subsidiaries and consolidation principles: The consolidated financial statements contain the data of the Parent Company and its subsidiaries.

Subsidiaries are consolidated using the full method from the date on which control is assumed until the date that control ceases. The control takes place when the Parent Company, in respect of its involvement with the investee, is exposed to variable financial returns or when it has the right to variable returns or is capable of influencing the amount of these financial results by exercising control over this unit.. The financial statements of subsidiaries are prepared for the same reporting period as the financial statement of the Parent Company using uniform accounting policies. In the case of losing control over a subsidiary, the gain or loss on the transaction resulting in the loss of control is recognized in the income statement.

Acquisitions and mergers are accounted for using the acquisition method. Under this method, identifiable assets and liabilities acquired are measured at their fair values as at the acquisition date. The consideration paid for business combination is measured at fair value of assets transferred by the Group, liabilities taken by the Group against the former owners of the acquired entity and equity instruments issued by the Group In exchange for the control of the acquiree. Costs associated with the acquisition are recognized in the profit or loss account at the time they are incurred. The excess of the acquisition price and the amount of non-controlling interest measured at fair value over the fair value of the net assets acquired, subject to the exceptions listed in IFRS 3, is goodwill.

Joint ventures are recognized by the Group using the equity method.

Group structure

As at 31 March 2018, the Group is comprised of the Parent Company Erbud S.A. and fully consolidated subsidiaries.

Detailed information on the structure of the Group is provided in the tables below.

	Business name	Seat	Profile	Parent's company share in equity (equal to the voting power) 31-03-2018	31-12-2017
	Shares held directly				
1	Erbud International Sp. z o.o.	Toruń	Construction	**100%**	1000%
2	Przedsiębiorstwo Budownictwa Drogowo - Inżynieryjnego S.A.	Toruń	Road engineering	**90%**	90%
3	Erbud Rzeszów Sp. z o.o.	Rzeszów	Construction	**79%**	79%
4	Erbud Construction Sp. z o.o.	Toruń	Construction	**100%**	100%
5	Erbud Industry Sp. z o.o.	Toruń	Engineering services	**100%**	100%
6	GWI GmbH	Dusseldorf, Germany	Construction	**85%**	85%
7	Erbud Centrum Usług Wspólnych Sp. z o.o.	Warszawa	Support services	**100%**	100%
8	Erbud Holding GmbH	Dusseldorf, Germany	Management services	**100%**	0%
9	Hebud Sp. z o.o.	Mińsk, Bielarus	Construction	**100%**	0%
10	Toruńska Sportowa w likwidacji Sp. z o.o.	Toruń	Sports, entertainment and recreation services	**39%**	39%

	Business name	Seat	Profile	Parent's company share in equity (equal to the voting power) 31-03-2018	31-12-2017
	Shares held indirectly				
1	Erbud Industry Centrum Sp. z o.o.	Łódź	Maintenance services for energy sector	**98.92%**	98.92%
2	Erbud Industry Pomorze Sp. z o.o.	Gdańsk	Maintenance services for energy sector	**100.00%**	100.00%
3	Erbud Industry Południe Sp. z o.o.	Będzin	Maintenance services for energy sector	**99.29%**	99.29%
4	PDI Dusseldorf Malmedyerstrasse Ost GmbH	Dusseldorf, Germany	Construction	**43.35%**	43.35%
5	PDI Dusseldorf Malmedyerstrasse West GmbH	Dusseldorf, Germany	Construction	**43.35%**	43.35%
7	Efektywność Energetyczna dla Polski Sp z o.o.	Szczecin	Consulting services	**50.00%**	50.00%
8	Erbud Beteiligungs GmbH	Dusseldorf, Germany	Purpose company	**100.00%**	0.00%
9	IVT Weiner + Reimann GmbH	Oberhausen, Germany	Maintenance services for industry	**100.00%**	0.00%
10	IVT Menzenbach GmbH	Oberhausen, Germany	Maintenance services for industry	**100.00%**	0.00%
11	PflegeQuatier Düren GmbH	Dusseldorf, Germany	Construction	**43.35%**	0.00%

6. OTHER NOTES

6.7. EVENTS AFTER THE REPORTING PERIOD

After the balance sheet date, by the date of preparing the financial statements there were no events which have not been, and should be recognized in the accounting books.

Signatures of the Management Board Members

Józef Zubelewicz

/ Management Board Member /

Dariusz Grzeszczak

/ Management Board Member /

Agnieszka Głowacka

/ Management Board Member /

Warsaw, May 15, 2018