ERBUD S.A.

Condensed Financial Statement for the period ended on 30 June 2019

drawn up pursuant to the International Accounting Standard No. 34

"Interim Financial Accounting"



STATEMENT OF PROFIT OR LOSS

		For a 6-month-period, ended on 30 June 2019	For a 6-month-period ended on 30 June 2018	For a 3-month-period, ended on 30 June 2019	For a 3-month-period ended on 30 June 2018
	GOING CONCERN OPERATIONS				
Note 4.1.	Revenues from sales of products and services	862 096	618 392	414 420	326 774
	Cost of products and services sold	831 259	626 966	394 855	346 045
	Gross profit/(loss) on sales	**30 837**	**(8 574)**	**19 565**	**(19 271)**
	General and administrative expenses	24 112	25 642	13 816	15 035
	Other operating income	8 672	3 604	6 176	933
	Other operating expenses	340	6 419	48	6 136
	(Loss)/Reversal of the value of financial assets and contract valuation assets	(1 079)	2 776	(1 079)	2 672
Note 4.1.	**Operating profit /(loss)**	**13 978**	**(34 255)**	**10 798**	**(36 837)**
	Financial income	8 987	17 267	8 900	13 201
	Financial expenses	3 334	3 211	1 682	1 584
	Gross profit /(loss) from continued operations	**19 631**	**(20 199)**	**18 016**	**(25 220)**
Note 4.2.	Income tax	2 379	(5 201)	1 667	(6 576)
	Net profit /(loss) from continued operations	**17 252**	**(14 998)**	**16 349**	**(18 644)**
	Net profit /(loss) for the accounting period	**17 252**	**(14 998)**	**16 349**	**(18 644)**
	Profit /(loss) generated in the accounting period appropriated to:	17 252	(14 998)	16 350	(18 646)
	Average weighted number of ordinary shares (in pcs.)	12 811 859	12 811 859	12 811 859	12 811 859
	Net profit/loss from continued operations per share (in PLN)	1.35	(1.17)	1.28	(1.46)
	Net earnings per share from core activity (in PLN)	**1.35**	**(1.17)**	**1.28**	**(1.46)**
	Average weighted number of ordinary shares (in pcs.)	12 811 859	12 811 859	12 811 859	12 811 859
	Diluted net earnings from continued operations per share (in PLN)	1.35	(1.17)	1.28	(1.46)
	Diluted earnings per share (in PLN)	**1.35**	**(1.17)**	**1.28**	**(1.46)**
	ADDITIONAL INFORMATION ON STATEMENT OF PROFIT OR LOSS, INCLUDING ALTERNATIVE PROFIT MEASUREMENTS				
	Amortization and depreciation	3 130	1 704	2 252	1 348
Note 4.1.	**EBITDA**	17 108	(32 551)	13 050)	(35 489)

STATEMENT OF OTHER COMPREHENSIVE INCOME

	For a 6-month-period, ended on 30 June 2019	For a 6-month-period ended on 30 June 2018	For a 3-month-period, ended on 30 June 2019	For a 3-month-period ended on 30 June 2018
Gross profit/loss	**17 252**	**(14 998)**	**16 349**	**(18 644)**
Pricing of hedging instruments	-	(2 149)	-	(691)
Other comprehensive income (including tax effect) subject to reclassification into profit	**-**	**(2 149)**	**-**	**(691)**
Comprehensive income for accounting period	**17 252**	**(17 147)**	**16 349**	**(19 335)**
Total income from:				
Going concern operations	17 252	(17 147)	16 350	(19 337)
	17 252	**(17 147)**	**16 350**	**(19 337)**

Statement of Changes in Equity of the Shareholders of the Parent Company

For a 6-month-period ended on 30 June 2018 and for a 6-month-period ended on 30 June 2019

	Share capital	Share premium	Reserve capital	Accumulated other comprehensive income: Pricing of hedging instruments	Accumulated losses	Equity of non-controlling stakeholders	Equity
Posting of a revaluation entry pursuant to IFRS 9 standard as of 1 January 2018	-	-	-	-	**(8 357)**	-	**(8 357)**
As of 1 Jan. 2018	**1 281**	**222 245**	**11 103**	**1 762**	**(15 940)**	-	**220 451**
Net result for the accounting period	-	-	-	-	(14 998)	-	**(14 998)**
Comprehensive income for accounting period	-	-	-	(2 149)	-	-	**(2 149)**
Other comprehensive income	**-**	**-**	**-**	**(2 149)**	**(14 998)**	**-**	**(17 147)**
Dividend	-	(2 980)	-	-	(12 539)	-	**(15 519)**
Revaluation of fixed assets	-	-	-	-	1 243	-	**1 243**
As of 30 June 2018	**1 281**	**219 265**	**11 103**	**(387)**	**(42 234)**	**-**	**189 028**
As of 1 Jan. 2019	**1 281**	**219 266**	**11 103**	**-**	**(39 344)**	**-**	**192 306**
Net result for the accounting period	-	-	-	-	17 252	-	**17 252**
Other comprehensive income	**-**	**-**	**-**	**-**	**17 252**	**-**	**17 252**
Other	-	-	-	-	-	-	**-**
As of 30 June 2019	**1 281**	**219 266**	**11 103**	**-**	**(22 092)**	**-**	**209 558**

STATEMENT OF FINANCIAL POSITION

		30 Jun. 2019	31 Dec. 2018
	ASSETS	**801 382**	**775 876**
	Tangible fixed assets	15 809	12 087
Note 5.1.	Financial assets	6 641	7 195
	Investments into subsidiaries	112 039	111 936
Note 4.2.	Deferred tax assets	18 025	20 404
	Receivables under building contracts - deposits	7 251	7 572
	Fixed assets	**159 765**	**159 194**
	Inventory	311	311
Note 2.1.	Receivables under building contracts - deposits	43 214	35 701
	Receivables under building contracts - pricing	138 426	113 336
Note 6.2.	Trade receivables and other receivables	409 288	323 500
Note 5.1.	Financial assets	6 091	8 363
	Cash and cash equivalents	38 927	126 007
	Cash at VAT account	1 297	5 525
	Short-term prepayments	4 063	3 939
	Current assets	**641 617**	**616 682**
	LIABILITIES	**801 382**	**775 876**
Note 3.1.	Share capital	1 281	1 281
	Share premium	219 266	219 266
	Reserve capital	11 103	11 103
	Accumulated other comprehensive income	-	-
	Accumulated losses	(22 092)	(39 344)
	Equity of shareholders of the Parent Company	209 558	192 306
	Equity	**209 558**	**192 306**
Note 3.2.-3.4	Interest debt	62 868	55 461
	Provisions	1 701	1 248
Note 4.2.	Deferred tax liabilities	-	-
	Building contract liabilities - bid bonds	9 401	8 612
	Other liabilities	-	-
	Long-term liabilities	**73 970**	**65 321**
Note 3.2.-3.4	Interest debt	39 504	6 456
	Provisions	24 138	24 873
Note 2.1.	Building contract liabilities - deposits	106 170	94 841
	Building contract liabilities - pricing	83 923	78 818
Note 6.7.	Trade payables and other liabilities	243 255	287 614
	Prepaid deliveries	20 864	25 647
	Short-term liabilities	**517 854**	**518 249**
	Assets used as collaterals for debt-related liabilities	-	-
Note 3.6.	Contingent assets	122 134	115 278
Note 3.6.	Contingent liabilities	589 431	620 387

CASH FLOW STATEMENT

		For a 6-month-period, ended on 30 June 2019	For a 6-month-period ended on 30 June 2018	For a 3-month-period, ended on 30 June 2019	For a 3-month-period ended on 30 June 2018
	OPERATIONAL CASH FLOWS				
	Gross profit/loss	19 631	(20 199)	18 016	(25 220)
	Amortization and depreciation	3 130	1 704	2 252	1 349
	Foreign exchange gains/losses	(283)	(580)	(170)	(125)
	Interest and share in profits (dividend)	(6 314)	(10 337)	(7 127)	(10 699)
	Other non-cash adjustments	(172)	79	(115)	53
	Income tax returned/paid	1 550	(1 996)	3 518	(189)
Note 6.8.	Change in balance of working capital	(145 051)	(27 406)	(62 687)	65 701
	Operational cash flows, net	**(127 509)**	**(58 735)**	**(46 313)**	**30 870**
	INVESTMENT ACTIVITY CASH FLOWS				
	Proceeds from the sales of interest in a subsidiary	3	-	3	-
	Inflows from credits/loans extended	7 350	6 797	-	1 765
	Other inflows	6 357	2 041	6 253	179
	Expenditures on the acquisition of tangible fixed assets	(1 446)	(745)	(214)	(570)
	Expenditures on the acquisition of investment real properties	-	-	-	-
	Loans extended expense	(5 030)	(958)	(5 030)	(932)
	Expenditures on the acquisition of shares in companies	(106)	(23 691)	(5)	(2 500)
	Investment activity cash flows, net	**7 128**	**(16 556)**	**1 007**	**(2 058)**
	FINANCIAL ACTIVITY CASH FLOWS				
	Income from credits and loans taken	36 574	50 208	33 074	-
	Other inflows	-	-	-	-
	Debt (principal) repayment expense	1 365)	6 495)	1 365)	6 495)
	Debt (interest) repayment expense	1 908)	2 238)	429)	625)
	Dividend payment	-	(14 093)	-	(14 093)
	Other expenses	-	3 950)	-	-
	Financial activity cash flows, net	**33 301**	**23 432**	**31 280**	**21 213)**
	NET CASH FLOWS	**(87 080)**	**(51 859)**	**(14 026)**	**7 599**
	Opening cash balance	**126 007**	**92 274**	**52 953**	**32 816**
	Closing cash balance, of which:	**38 927**	**40 415**	**38 927**	**40 415**
	- restricted cash	15 162	15 956	15 162	15 956

BASIC DATA CONVERTED INTO EURO

	30 Jun. 2019		31 Dec. 2018	
	PLN	EUR	PLN	EUR
Fixed assets	159 765	37 574	159 194	37 022
Current assets	641 617	150 898	616 682	143 414
Equity	209 558	49 285	192 306	44 722
Liabilities and provisions for liabilities	591 824	139 187	583 570	135 714

	For a 6-month-period, ended on 30 June 2019		For a 6-month-period ended on 30 June 2018	
	PLN	EUR	PLN	EUR
Revenues from sales of products and services	862 096	201 049	618 392	145 864
Cost of products and services sold	831 259	193 857	626 966	147 887
Gross profit/(loss) on sales	30 837	7 191	(8 574)	(2 022)
Operating profit /(loss)	13 978	3 260	(34 255)	(8 080)
Gross profit /(loss) from continued operations	19 631	4 578	(20 199)	(4 764)
Net profit /(loss) from continued operations	17 252	4 023	(14 998)	(3 538)

	For a 6-month-period, ended on 30 June 2019		For a 6-month-period ended on 30 June 2018	
	PLN	EUR	PLN	EUR
Operational cash flows, net	(127 509)	(29 736)	(58 735)	(13 854)
Investment activity cash flows, net	7 128	1 662	(16 556)	(3 905)
Financial activity cash flows, net	33 301	7 766	23 432	5 527
Net cash flows	(87 080)	(20 308)	(51 859)	(12 232)
Opening cash balance	126 007	29 304	92 274	22 123
Closing cash balance	38 927	9 155	40 415	9 266

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The Financial Statement comprises icons that represent:

 Accounting Policy

 Estimates

1. BACKGROUND INFORMATION

1.1. INTRODUCTION

Erbud is a joint-stock company established following the transformation from Erbud into a limited liability company, registered on 29 November 2006 by the District Court for the Capital City of Warsaw in Warsaw, 13th Commercial Division of the National Court Register, under No. 0000268667 with its registered office at ul. Franciszka Klimczaka 1.

Erbud S.A. was established on 28 August 1990 and entered into the National Court Register on 8 August 2001 under entry No. 0000034299.

The Company's core business are general civil engineering services concerning building construction (PKD 4521A).

The Company is the parent company.

The Company draws up consolidated financial statements of the Erbud Group.

The condensed financial statements have been prepared following the historical cost principle.

Pursuant to the Instruction in the Art. 45 Section 1b of the Accounting Act: "The financial statements of entities that are members of a group, where parent company draws up consolidated financial statements pursuant to the IAS standard, may be drawn up pursuant to the IAS standard.

Effective from 1 January 2018 the Company formally and legally began to apply the International Financial Reporting Standards approved by the European Union (EU IFRS) for the preparation of separate financial statements. The decision on drawing up separate financial statements pursuant to EU IFRS standard was taken by the approving authority - the Minutes of the Extraordinary General Meeting of Shareholders of 16 January 2019.

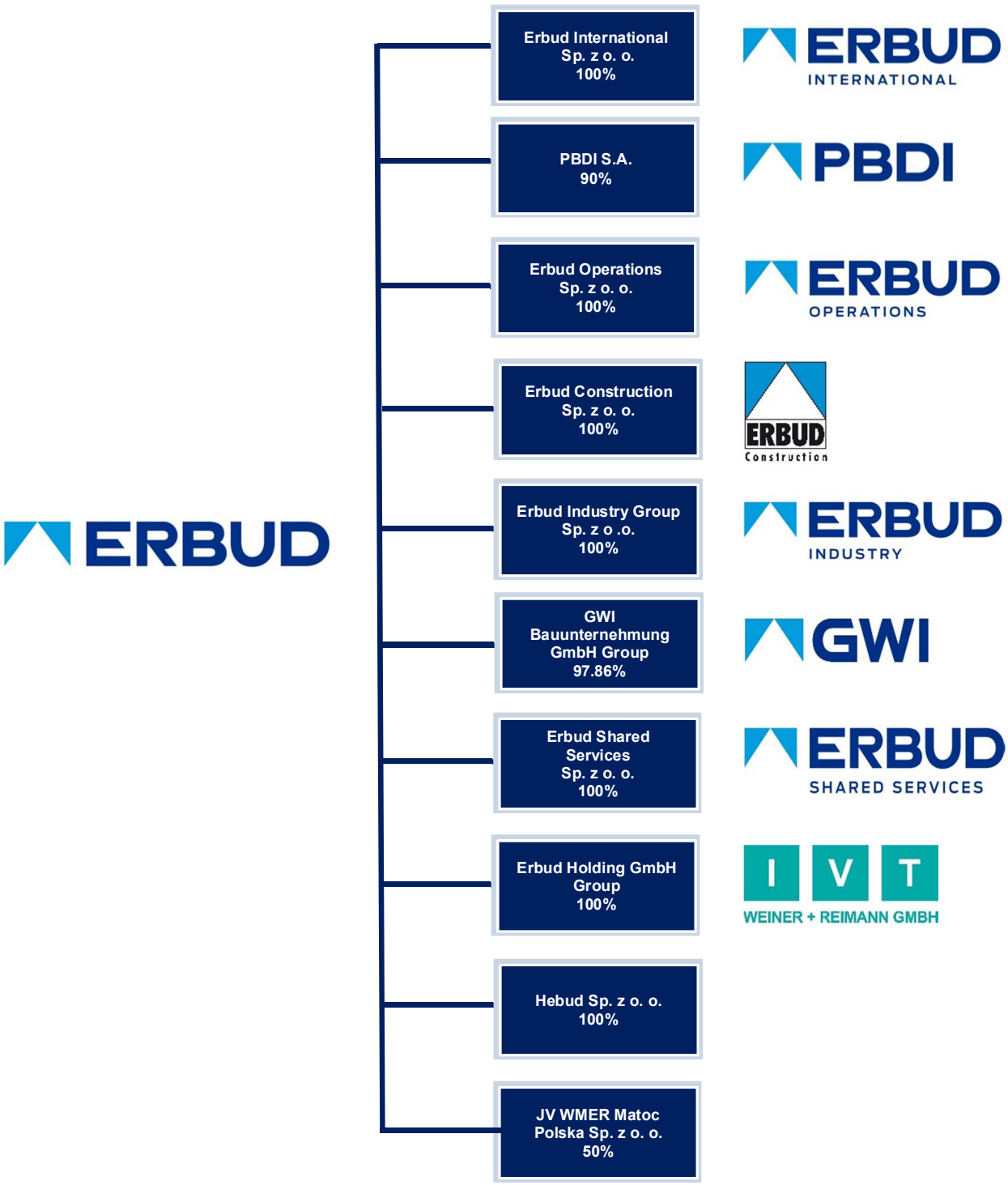
These condensed financial statements have been drawn up pursuant to the following documents effective in the EU at the date of drawing up the financial statements:

- International Financial Reporting Standards,

- International Accounting Standards,

- Interpretations developed by the IFRS Interpretations Committee (IFRIC) or by the previously existing Standing Interpretations Committee (SIC).

1. BACKGROUND INFORMATION



1.2. GROUNDS FOR DRAWING UPU THE FINANCIAL STATEMENT

IFRS Compliance Statement

This Condensed Financial Statement of the Company has been drawn up in compliance with the International Accounting Standard No. 34.

The Condensed Separate Financial Statement is presented in Polish currency (Polish zloty, "PLN"), and all values are specified in thousands of Polish zlotys.

The Condensed Financial Statement has been drawn up on historical cost basis, except for financial derivatives that were priced at fair value.

This Financial Statement has been approved for publication by the Management Board on 4 September 2019.

Going Concern

This Separate Financial Statement has been drawn up following going concern principle applicable to the Company in the foreseeable future. As of the date of approval of this Condensed Financial Statement, no signs prevailed indicating a risk to the continuation of Company operations following a going concern principle.

Pricing at fair value

The measure of fair value of an asset or liability the Company 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 Company classifies fair value measurement principles using the fair value hierarchy, reflecting the weight of source data used for measurement, pursuant to IFRS No. 13.

Conversion of position into foreign currencies

The financial statement items are measured in the currency of the core business environment where the entity carried out its operations ("functional currency"). The functional currency of the Company and the currency used for the presentation of the condensed financial statement is the Polish zloty (PLN).

Transactions in foreign currencies are posted into ledgers in nominal terms converted into the Polish zlotys using the average exchange rate of the National Bank of Poland. At the moment of realisation the foreign exchange differences are posted as financial gains or losses.

At the balancing date cash assets and liabilities denominated in currencies other than Polish zloty are converted into Polish zlotys using the appropriate average exchange rate, effective at the end of the accounting period, determined for a certain currency by the National Bank of Poland.

The foreign exchange differences are posted respectively into the line "financial gains (losses)" or in cases defined by accounting principles (policy), are capitalised in the assets value. The non-cash assets and liabilities recognised at historic cost expressed in foreign currency are posted at historical exchange rate prevailing at the transaction date. Non-cash assets and liabilities carried at fair value expressed in foreign currency are converted using the exchange rate prevailing at the date of pricing at fair value.

a) Modification of Accounting Principles – application of IFRS standards for the first time

The condensed financial statements have been prepared following the historical cost principle.

Pursuant to the Instruction in the Art. 45 Section 1b of the Accounting Act: "The financial statements of entities that are members of a group, where parent company draws up consolidated financial statements pursuant to the IAS standard, may be drawn up pursuant to the IAS standard.

Effective from 1 January 2018 the Company formally and legally began to apply the International Financial Reporting Standards approved by the European Union (EU IFRS) for the preparation of separate financial statements. The decision on drawing up separate financial statements pursuant to EU IFRS standard was taken by the approving authority - the Minutes of the Extraordinary General Meeting of Shareholders of 16 January 2019.

These condensed financial statements have been drawn up pursuant to the following documents effective in the EU at the date of drawing up the financial statements:

- International Financial Reporting Standards,

- International Accounting Standards,

- Interpretations developed by the IFRS Interpretations Committee (IFRIC) or by the previously existing Standing Interpretations Committee (SIC).

While drawing up these condensed financial statements, mandatory exemptions were applied and some exemptions from full retrospective application of IFRS were used.

Except for the presentation adjustments described below, the implementation of IFRS standards did not have a material impact on the Company's performance and equity in the comparative periods.

Comparative data in the balance sheet was presented pursuant to IAS. The impact of the implementation of IFRS standards as of 31 December 2018 was presented in the Company's 2018 financial statements.

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STATEMENT OF PROFIT OR LOSS

	For the period of 6 months, ended on 30 June 2018			For the period of 3 months, ended on 30 June 2018		
	Before	Adjustments	After	Before	Adjustments	After
Continued business						
Revenues from the sales of goods, services, commodities and materials	618 392	-	618 392	326 774	-	326 774
Costs of goods, services, commodities and materials sold.	626 966	-	626 966	346 045	-	346 045
Gross profit/(loss) on sales	**(8 574)**	**-**	**(8 574)**	**(19 271)**	**-**	**(19 271)**
General and administrative expenses	25 579	63	25 642	15 035	-	15 035
Other operating income	3 604	-	3 604	933	-	933
Impairment of financial assets and contract valuation assets	-	2 776	2 776	-	2 672	2 672
Other operating costs	6 312	106	6 419	6 136	-	6 136
Operating profit /loss	**(36 861)**	**2 607**	**(34 255)**	**(39 509)**	**2 672**	**(36 837)**
Financial income	17 267	-	17 267	13 201	-	13 201
Financial expenses	3 212	-	3 211	1 584	-	1 584
Gross profit/(loss) before tax	**(22 806)**	**2 607**	**(20 199)**	**(27 892)**	**2 672**	**(25 220)**
Income tax	(5 731)	530	(5 201)	(7 083)	508	(6 576)
Net profit /(loss) of the continued business	**(17 075)**	**2 077**	**(14 998)**	**(20 809)**	**2 164**	**(18 644)**

No significant impact of IFRS implementation on the Profit and Loss Account and Cash Flow Statement for in the period ended 31 December 2017 was found.

CASH FLOW STATEMENT

	For the period of 6 months, ended on 30 June 2018			For the period of 3 months, ended on 30 June 2018		
	Before	Adjustments	After	Before	Adjustments	After
OPERATIONAL CASH FLOWS						
Gross profit/loss	(22 806)	2 607	(20 199)	(27 892)	2 672	(25 220)
Amortization and depreciation	1 641	63	1 704	1 349	-	1 349
Foreign exchange gains/losses	(580)	-	(580)	(125)	-	(125)
Interest and share in profits (dividend)	(10 337)	-	(10 337)	(10 699)	-	(10 699)
Other non-cash adjustments	27)	106	79	53	-	53
Income tax paid	(1 996)	-	(1 996)	(189)	-	(189)
Change in balance of working capital	24 630)	2 776)	(27 406)	68 373	(2 672)	65 701
	-	-	-	-	-	-
INVESTMENT ACTIVITY CASH FLOWS	**(58 735)**	**-**	**(58 735)**	**30 870**	**-**	**30 870**
Inflows from credits/loans extended	6 797	-	6 797	1 765	-	1 765
Other inflows	2 041	-	2 041	179	-	179
Expenditures on the acquisition of tangible fixed assets	(745)	-	(745)	(570)	-	(570)
Loans extended expense	(958)	-	(958)	(932)	-	(932)
Expenditures on the acquisition of shares in companies	(23 691)	-	(23 691)	(2 500)	-	(2 500)
FINANCIAL ACTIVITY CASH FLOWS	**(16 556)**	**-**	**(16 556)**	**(2 058)**	**-**	**(2 058)**
Income from credits and loans taken	50 208	-	50 208	-	-	-
Debt (principal) repayment expense	(6 495)	-	(6 495)	(6 495)	-	(6 495)
Debt (interest) repayment expense	(2 238)	-	(2 238)	(625)	-	(625)
Dividend payment	(14 093)	-	(14 093)	(14 093)	-	(14 093)
Other expenses	3 950)	-	3 950)	-	-	-
Financial activity cash flows, net	**23 432**	**-**	**23 432**	**(21 213)**	**-**	**(21 213)**
NET CASH FLOWS	**51 859)**	**-**	**(51 859)**	**7 599**	**-**	**7 599**
Opening cash balance	**92 274**	**-**	**92 274**	**32 816**	**-**	**32 816**
Closing cash balance, of which:	**40 415**	**-**	**40 415**	**40 415**	**-**	**40 415**
- restricted cash	15 956	-	15 956	610	-	610

No significant impact of IFRS implementation on the Profit and Loss Account and Cash Flow Statement for in the period ended 31 December 2017 was found.

1.3. NEW STANDARDS

Standards and interpretations published and approved by the European Union, but which have not yet come into force and have not been applied by the Company before

Below are described those amendments to IFRS which were published in the form of European Commission regulations and thus were approved for application in the European Union, but have not yet come into force and at the same time the Company did not decide to apply them earlier.

a) New IFRS 16 "Leases"

The new standard regulating lease contracts (including hire and rent contracts) includes a new definition of lease.

Significant changes apply to the lessee: the standard requires recognition in the balance sheet, for each lease contract, the value of the "right to use an asset" and an analogous financial liability. The right to use the assets is then depreciated, while the liability is priced in the amortized cost. Simplifications are foreseen for short-term contracts (up to 12 months) and low-value assets.

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

The changes apply to annual periods beginning on or after 1 January 2019. The Company will use the simplified approach if the standard is applied for the first time and the impact of this event will be recognised in the opening balance of retained earnings as of the date of the first application.

According to the calculations made by the Company, according to the calculations assuming the application of the lessee's Marginal Interest Rate (MRi), the total assets and liabilities of the Company went up by PLN 4.5 million as of 1 January 2019 as of 30 and the total assets and liabilities of the Company increased by PLN 3.1 million as of 30 June 2019. The Company will take advantage of the exemption under which it did not have to classify low value assets under lease. The threshold value was established for the Company at the level of PLN 15 000 for each new single asset. The Company also enjoys the exemption for short-term contracts, including extension options and the break-up probability. The detailed impact is disclosed in Notes 3.4 and 6.1.

1.3.1. Published standards and interpretations, which have not yet been endorsed for use by the European Union

IFRS in the shape endorsed by the European Union do not differ significantly now from regulations adopted by the International Accounting Standards Board (IASB), except for the cases discussed below, which as of the date of signing this Condensed Financial Statement have not been endorsed yet for application:

a) IFRS 17 Insurance Contracts

IFRS 17 "Insurance Contracts" was issued by the International Accounting Standards Board on 18 May 2017.

The new IFRS 17 "Insurance Contracts" will replace the current IFRS 4 which permits a variety of practices in the settlement of insurance contracts. IFRS 17 will change fundamentally the accounting of all entities that deal with insurance and investment contracts.

As required by the International Accounting Standards Board (IASB), this standard will be effective for annual reporting periods beginning on or after 1 January 2021 but as of the date of drawing up this Condensed Financial Statement, the standard was not yet endorsed by the European Union, so the actual effective date may still be subject to change.

The Management Board is currently analysing the effects of this standard on the Company's Condensed Financial Statement.

b) Annual Amendments to IFRS 2015 - 2017

In December 2017 the International Accounting Standards Board published the "Annual Amendments to IFRS 2015-2017", which modified 4 standards: IFRS 3 "Business Combinations", IFRS 11 "Joint Arrangements", IAS 12 "Income Taxes" and IAS 23 "Borrowing Costs".

The amendments contain clarifications and describe more precisely the guidelines for standards on recognition and measurement.

As required by the International Accounting Standards Board (IASB), the amendments will be effective for annual reporting periods beginning on or after 1 January 2019 but as of the date of drawing up this Condensed Financial statement, the amendments were not yet endorsed by the European Union, so their actual effective date may still be subject to change.

In the opinion of the Management Board, the implementation of these amendments will not have a significant impact on the Condensed Separate Financial Statement of the Company.

c) IAS 19 Employee Benefits

On 7 February 2018 the International Accounting Standards Board published amendments to IAS 19 "Employee Benefits". The amendments to the standard specify the requirements related to the accounting treatment of modifications, limitations or settlements of the defined benefit plan.

As required by the International Accounting Standards Board (IASB), the amendments will be effective for annual reporting periods beginning on or after 1 January 2019 but as of the date of drawing up this Condensed Financial Statement, the amendments were not yet endorsed by the European Union, so their actual effective date may still be subject to change.

In the opinion of the Management Board, the implementation of these amendments will not have a significant impact on the Condensed Separate Financial Statement of the Company.

d) Amendments to the scope of references to IFRS Conceptual Assumptions

Amendments to the references to the IFRS Conceptual Assumptions were published by the International Accounting Standards Board on 29 March 2018.

As required by the International Accounting Standards Board (IASB), the amendments will be effective for annual reporting periods beginning on or after 1 January 2020 but as of the date of drawing up this Condensed Financial statement, the amendments were not yet endorsed by the European Union, so their actual effective date may still be subject to change.

The Management Board is currently analysing the effects of these amendments for the Company's Condensed Financial Statement.

e) IFRS 3 "Business Combinations"

As a result of the amendment to IFRS 3 "Business Combinations", the definition of "business" was modified. The current definition has been narrowed down and is likely to result in more acquisitions being qualified as asset acquisitions.

As required by the International Accounting Standards Board (IASB), the amendments will be effective for annual reporting periods beginning on or after 1 January 2020 but as of the date of drawing up this Condensed Financial Statement, the amendments were not yet endorsed by the European Union, so their actual effective date may still be subject to change.

In the opinion of the Management Board, the implementation of these amendments will not have a significant impact on the Condensed Separate Financial Statement of the Company.

f) IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

On 31 October 2018 the International Accounting Standards Board published amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", which clarify the definition of materiality and enhance consistency between the standards. The amendments are not expected to have a significant impact on drawing up the financial statements.

As required by the International Accounting Standards Board (IASB), the amendments will be effective for annual reporting periods beginning on or after 1 January 2020 but as of the date of drawing up this Condensed Financial statement, the amendments were not yet endorsed by the European Union, so their actual effective date may still be subject to change.

g) Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between the investor and its associates or joint ventures

On 11 September 2014 the International Accounting Standards Board published amendments to IFRS 10 "Consolidated Financial Statements", IAS 28 "Investments in Associates and Joint Ventures". The amendments solve the problem of the current inconsistency between IFRS 10 and IAS 28.

Accounting recognition depends on whether non-monetary assets sold or contributed to an associate or joint venture are businesses or not.

Where a non-monetary asset is a 'business', the investor will show a full gain or loss from the transaction. If the assets do not meet the business definition criteria, the investor recognises a gain or loss excluding the portion that represents the interest of other investors.

The effective date of the amended standards was not set by the International Accounting Standards Board. The endorsements of these amendments has been postponed by the European Union.

In the opinion of the Management Board, the above changes may have a potentially material impact on future transactions entered into by the Company.

h) IFRS 14 "Regulatory Deferral Accounts"

On 30 January 2014 the International Accounting Standards Board published IFRS 14 "Regulatory Deferral Accounts". This standard allows entities that drawn up financial statements for the first time (on or after 1 January 2016) pursuant to IFRS to recognize amounts resulting from operations with regulated prices, in compliance with the previously applied accounting principles. To enhance comparability with entities that already apply IFRS and do not post such amounts, under published IFRS 14 amounts resulting from operations with regulated prices should be presented separately in both the statement of financial position, in the profit and loss account and the statement of other comprehensive income.

By virtue of the European Union's decision, IFRS 14 will not be endorsed and thus will not affect the condensed separate financial statement.

There are no other IFRS standards or IFRIC interpretations that are not yet effective and which might have a material impact on the Company, as expected.

In this Condensed Financial Statement, the Group applied the following provisions of IFRS 9 and IFRS 15 that came into force.

2. BULDING CONTRACTS



The Company signs fixed-price contracts for the execution of construction contracts, mainly in the areas of apartment construction (including entire housing estates), hotels, SPA facilities, shopping malls, wind farms, power plants, production rooms, and highways.

Revenues and expenses on account of performed construction contracts are recognized by the Company in time as the progress of works is made. The Company measures contract performance progress rate using the performance-based method, i.e. it determines the value of revenues and expenses under the performance of construction contracts in the period from the Contract Date to the balancing date proportionally to the progress rate of a certain contract performance by way of evaluation of the achieved results and milestones. From thus determined figures the Group deducts revenues and expenses, which affected the financial result in previous years, generating revenues and costs under building contracts executed in the current period.

On the other side, the pricing results (i.e. the determination of revenues and costs using the progress rate method) are recognized as "Receivables (or liabilities) under building contracts - pricing".

The works performed under building contracts are invoiced in adherence to the schedule set forth in the contract. The Company recognizes invoiced revenue in the line "Trade receivables and other receivables" (Note 6.3) The Contractors under building contracts signed with the Group retain part of the payments as contract performance bond. These figures are recognized as "Building contract receivables - deposits" (Note 2.1) and are refundable most often after project completion after the end of the warranty period.

The Company engages subcontractors to carry out work related to the implementation of building contracts. The invoiced costs related to subcontractors' employment are recognized as "Trade payables and other liabilities" (Note 6.7) The Company retains a portion of payments to subcontractors in relation to contract performance bond, and recognizes it in the line "Building contract liabilities - bid bonds" (Note 2.1). The breakdown of revenues into revenues recognized in time and items recognized at point of time is presented in Note 4.1.

In connection with the execution of building contracts and the difference in time of revenues and expenses recognition for accounting and tax purposes, the deferred income tax assets and liabilities are recognized in the statement of financial position - see Note 4.2.

3. CAPITAL MANAGEMENT AND DEBT

The application of the performance-based method to the recognition of revenue and expenses under construction contracts requires estimation of the progress rate of works performed under a certain contract, i.e. the quantity survey of work performed as of the balancing date.

The physical quantity survey, used to determine the progress in contract performance, is taken by the construction site personnel. The quantity survey is carried out separately for each scope of works, i.e. elements or stages of the contract underway, according to the measures assigned to them (mainly m^2, kg and pcs.).

The Company has adequate control processes in place to ensure that the calculation of actual project outcome is based on current and reliable estimates of the quantity survey, subject to verification and approval by designated persons. The quantity survey made by construction site personnel is subject to verification by the branch manager responsible for the construction site, and then additionally by the Company's internal audit department.

The Company keeps track of projects being implemented - construction contracts in the internal system used for project management. Information concerning certain contract, its progress rate, is entered into the system by the Contract/Site Manager and then approved by the Branch Manager responsible for the construction site. The budgets of individual contracts are subject to the formalized updating process during the year, based on current information, and are approved by the Management Board. If between official budget revisions there are events that have material impact on contract performance, the value of total revenues or contract costs is updated on an ongoing basis, i.e. changes in the scope of the contract are reflected in the Company's internal system immediately after they are negotiated by the Company with the customer.

The accounting policies in the area of revenues have been described in detail in the 2018 financial statements.

2.1. RECEIVABLES AND LIABILITIES UNDER BUILDING CONTRACTS - DEPOSITS

	30 Jun. 2019			31 Dec. 2018		
	Maturity below 12 months	Maturity above 12 months	Total	Maturity below 12 months	Maturity above 12 months	Total
Receivables under building contracts - deposits	43 214	7 251	**50 464**	35 701	7 572	**43 273**
Building contract liabilities - bid bonds	106 170	9 401	**115 571**	94 841	8 612	**103 453**

Information about material events that occurred within six months of 2019 and after the balance sheet date.

On 11 January 2019 the Issuer signed a substantive Contract for construction works under terms and conditions specified below:

The Issuer acts in the Contract as a Partner of Consortium established with PBDI S.A. with its registered office in City of Toruń (Consortium Leader) - a 90% subsidiary of the Issuer, and Electrum Sp. z o.o. with its registered office in the City of Białystok (Consortium Partner).

1. Contract Date: 10 January 2019

2. Investor: Windfarm Polska II Spółka z ograniczoną odpowiedzialnością with its registered office in the City of Koszalin, at ul. Wojska Polskiego 24-26 75-712 Koszalin;

3. Total net contract value: PLN 41 350 000.00 The net value of the scope performed by Electrum Sp. z o.o. totals PLN 11 850 400.00;

4. Works under contract: design, works performance, equipment, supply, construction, testing and commissioning of construction and electrical infrastructure for the project involving the construction of a wind at a locality of Barwice, Poland, consisting of 14 wind turbines, 1 electrical substation and connection to the 110 kV transmission grid;

5. Contract execution date: by 29 February 2020;

On 4 February 2019 an annex to the construction works contract of 12 June 2018 concerning the development of a detailed design, construction and commissioning of the Potęgowo - East wind farm with a capacity of PLN 101.25 MW was concluded by the Consortium of PBDI S.A. companies with its registered office in the City of Toruń (the Issuer's Subsidiary), the Issuer, Electrum sp. z o.o. with its registered office in the City of Białystok.

The annex implemented the following changes:

1. Remuneration was increased up to PLN 128 701 845 net including the value of works performed by Electrum Sp. z o.o. PLN 43 276 000.20 net The original contract value totalled PLN 122 981 846.12. The contract value was changed due to an increase of a remuneration for the execution of Phase 2 of construction.

2. The conditional nature of the contract remains unchanged.

On 17 April 2019 ERBUD S.A. signed a contract with a subsidiary of Vantage Development S.A. - spółka VD spółka z ograniczoną odpowiedzialnością Mieszkania XVIII sp.k. (Employer). It was a general contracting agreement executed as part of the general contracting process for the execution of the Legnicka 33 development project in the City Wrocław (the Investment Project).

The value of contract amounts to PLN 67.2 M, net.

Under the Contract, the Contractor was obliged to construct and commission a multi-family residential building with an underground parking lot at Legnicka 33 along with internal and external technical infrastructure, land development and buried infrastructure, including small architecture and greenery, accompanying structures, as well as transport system with necessary roads related to the implementation of a non-road investment by the Employer. The Investment Project will involve 239 apartments and 11 service units. The occupancy permit is expected to be granted within 82 weeks from the date of delivery of the works commencement order.

On 26 April 2019 the Issuer signed a Contract for construction works under terms and conditions specified below:

Contract for construction works concerning reconstruction and expansion of the indoor municipal swimming pool located at the Sports and Leisure Centre OSiR Stargard Sp. z o.o. in the City of Stargard.

THE INVESTOR Sports and Leisure Centre OSiR Stargard Spółką z ograniczoną odpowiedzialnością with its registered office in the City of Stargard at ul. Szczecińska No. 35 73-110 Stargard

EXECUTION TIMEFRAME From 6 May 2019 to 26 October 2020.

SCOPE OF WORKS: execution of demolition works, construction works together with installation works, land development and accompanying technical infrastructure, execution of swimming pool basins, supply of equipment, along with facility maintenance for 1 year.

VALUE PLN 31 620 658 82 M, net

EXECUTION SITE Stargard, at ul. Szczecińska 35

On 6 May 2019 a contract was signed to perform building shell: UNT UpperNord Tower with hotel, residential part, office part, catering part and underground car park facility under the following conditions:

1. Subject of the contract: construction of the UNT UpperNord Tower with a hotel and underground car park facility, at Mercedesstraße 2/2a, 40470 Düsseldorf

2. The contracting parties:

a) Customer: UpperNord Tower GmbH & Co. KG, Wilmersdorfer Str. 39 10627 Berlin

b) Contractor: GWI Bauunternehmung GmbH, Hansaallee 247 b, 40549 Düsseldorf

3. Contract value: EUR 23 980 000.00 net (converted at the average exchange rate of the National Bank of Poland as of 6 May 2019): PLN 102 747 106.00) + applicable VAT tax, gross, EUR 28 536 200.00 (calculated at the average exchange rate of the National Bank of Poland as of 6 May 2019: PLN 122.269.056 14

4. Execution period: 1 July 2019 – 20 Sept. 2021

On 13 May 2019 the Issuer signed a Contract for construction works under terms and conditions specified below:

1. Investor: DEVELOPMENT PARK III - ECHO PROJECT - 112 SPÓŁKA Z OGRANICZONĄ ODPOWIEDZIALNOŚCIĄ -SPÓŁKA KOMANDYTOWA, 25-323 Kielce, Al. Solidarności 36 , Tax ID (NIP) No.: 6572904450 REGON Statistical No.: 26056624300000

2. The contract value equals to PLN 33 350 000.00 million, net

3. Subject of the contract: General Contractor for the whole facility - Guesthouse building - Warsaw ul. Suwak 13

4. Contract execution site at: ul. Suwak 13 (former Woronicza 37), Warsaw

5. Execution Dates: Start Date - 13 May 2019 End Date - 4 December 2020

On 15 May 2019 the Issuer's subsidiary GWI GMbH signed two contracts for various construction activities with PflegeQuartier Düren GmbH for the same project: construction of the Neue Jülicher Straße 52 52353 Düren senior citizens' complex. In PflegeQuartier Düren GmbH company, GWI GmbH holds 51% shareholding.

The contracts were signed under the following terms and conditions:

Construction 1

1. Subject of the contract: Building shell works - construction of the Neue Jülicher Straße senior citizens' complex 52 52353 Düren

2. Contract Date: 15 May 2019

3. The contracting parties:

a) Customer: PflegeQuartier Düren GmbH, Hansaallee 247 b, 40549 Düsseldorf

b) Contractor: GWI Bauunternehmung GmbH, Hansaallee 247 b, 40549 Düsseldorf;

4. Contract value: EUR 6 706 499.68 net

5. Execution period: 16 May 2019 – 31 December 2019.

On 23 May 2019 PBDI S.A. based in Toruń (a subsidiary, controlled in 90% by the Issuer) concluded a substantive Construction Work Agreement under terms and conditions specified below:

1. Contract Date: 23 May 2019

2. Investor (exact name and registered office): Windfarm Gaworzyce Spółka z ograniczoną odpowiedzialnością with its registered office in the City of Warsaw, at ul. Wybrzeże Kościuszkowskie 41 in the City of Warsaw 00-347;

3. Total contract value, net: PLN 24 764 741.62 net

4. Subject of the contract: Construction works concerning the Żukowice wind farm;

5. Contract execution date: by 30 June 2020;

On 30 May 2019 the Issuer's Subsidiary - Erbud Operations Sp. z o.o. signed a substantive construction contract under terms and conditions specified below:

1. Date of entering into annexes to the Contract: 30 May 2019

2. Investor: "Szpital Specjalistyczny im. Ludwika Rydygiera w Krakowie sp. z o.o. (The Ludwik Rydygier Specialist Hospital in Krakow Ltd.), 31-826 Kraków os. Złotej Jesieni 1

3. Contract value: PLN 41 807 700.00 gross "(PLN 33 990 000.00 net)

4. Subject of the contract "Execution of thermal upgrading works of the main building of the Szpital Specjalistyczny im. Ludwika Rydygiera w Krakowie sp. z o.o. (The Ludwik Rydygier Specialist Hospital in Krakow Ltd.), (constructed using ""Design & Build"" formula)

5. Contract execution site: Krakow

6. Execution timeframe: 30 months.

On 6 June 2019 the Issuer signed a substantive Contract for construction works under terms and conditions specified below:

1. Investor "Independent Public Teaching Hospital No. 4 in Lublin, ul. Dr. K. Jaczewskiego 8 20-954 Lublin,"

2. Contract value: PLN 45 414 060.00 gross, PLN 36 922 000.00 net

3. Subject of the contract "Name of order: "Thermal modernisation of the Main Hospital Building and the Polyclinic Building in order to improve energy efficiency of the Independent Public Hospital Clinic No. 4 in Lublin".

The scope of work includes: modernisation of the heating system, insulation of flat roofs and roofs, modernisation of the hot water preparation system, modernisation of the lighting system, insulation of all external walls, external ceilings, replacement of parts of windows and doors, land development components. A photovoltaic system will be installed under this project.

4. Contract execution site: "ul. Dr. K. Jaczewskiego 8 20-954 Lublin,"

5. Contract execution date: until 6 September 2021.

On 17 July 2019 the Issuer signed a Contract for construction works under terms and conditions specified below:

CONSTRUCTION WORKS CONTRACT concerning the project involving the execution of

a complex of two multi-family residential buildings with service premises on the ground floor, with an underground car park facility and the necessary technical infrastructure at ul. Milczańska in the City of Poznań.

INWESTOR Bouygues Immobilier Polska Sp. z o.o.

Al. Armii Ludowej 14

00 - 638 Warsaw

EXECUTION TIMEFRAME: 19 July 2019 - 21 July 2021

SCOPE OF WORKS: comprehensive execution of civil works, installation works, land development with accompanying technical infrastructure.

CONTRACT VALUE: PLN 83 143 824.84 net - lump sum payment

EXECUTION SITE: the City of Poznań, at ul. Milczańska

On 24 July 2019 ERBUD S.A. signed Contract for construction works under terms and conditions specified below:

CONSTRUCTION WORKS CONTRACT" concerning a public procurement contract carried out in the form of an open tender for: construction of a Maritime Scientific Centre named after Prof. Jerzy Stelmach in the City of Szczecin"

INVESTOR: Maritime Scientific Center named after Prof. Jerzy Stelmach in the City of Szczecin

EXECUTION DATE: 20 months from the Contract Date

CUBIC CAPACITY (in m³) 49 031.6 m^3

TOTAL FLOOR AREA (in m²): 10 711 7 m2; USEFUL FLOOR AREA: 6 949.1 m2

SCOPE OF WORKS: execution of civil and installation works, land development with accompanying technical infrastructure, supply of equipment, mechanical and process start-up.

CONTRACT VALUE: PLN 74 265 594.46 net - lump sum payment

EXECUTION SITE: Szczecin, Tadeusza Apolinarego Wendy 6, 71-899 Szczecin

On 25 July 2019 the Issuer signed a Contract for construction works under terms and conditions specified below:

1. Investor (exact name and registered office) "Frederic Chopin" Provincial Hospital Clinic No. 1 in the City of Rzeszów, at ul. Szopena 2 35-055 Rzeszów

2. The contract value equals to PLN 29 180 251.69 NET

3. Subject of the contract: "Reconstruction, superstructure and extension of the Subcarpathian Pulmonary Disease Centre in the City of Rzeszów together with building systems: water supply and sewage discharge, central heating, gas distribution, mechanical ventilation and air-conditioning, cooling, electrical, telecommunication and medical gases systems; demolition of a part of the Subcarpathian Pulmonary Disease Centre building - B segment; extension, alteration of the medical gases building together with building systems: wiring, ICT and medical gases, central heating, mechanical ventilation systems; construction of transformer station and power generating unit; construction equipment: parking places, roads, pedestrian access roads, retaining wall, oxygen tank, air intake; outdoor ground systems: water supply, central heating, central hot water, process heat, gas distribution, sanitary sewerage system, central heating, medical gases, rainwater drainage system, electrical LV, alteration of electrical systems, outdoor lighting of the area and cable ducts; connections and networks: alteration of the sanitary sewage system, MV electrical connection, alteration of ICT networks" located on the plots of land Nos. 69/19 69/17 69/14 69/20 69/21 precinct 207 in the City Rzeszów at ul. Rycerska 2 – PHASE 1"

4. Contract execution site: "Frederic Chopin" Provincial Hospital Clinic No. 1 in the City of Rzeszów, the Subcarpathian Pulmonary Disease Centre in the City of Rzeszów, ul. Rycerska 2 35-241 Rzeszów

5. Execution timeframe from 25 July 2019 to 25 March 2021.

On 30 July 2019 the Issuer signed a Contract for construction works under terms and conditions specified below:

1. Investor (exact name and registered office) Lake Hill Sp. z o.o. Al. Jana Pawła II 12 00-124 Krakow

2. The contract value equals to PLN 26 408 721.00

3. Subject of the contract: construction of Lake Hill II investment project including HOTEL BUILDINGS C & D together with land development at the locality of Sosnówka

4. Contract execution site: Sosnówka, the Podgórzyn Municipality

5. Execution timeframe: July 2019 - December 2020

3. CAPITAL MANAGEMENT AND DEBT

3.1. CAPITAL MANAGEMENT

Share capital comprises common stock and is carried at the nominal value (in adherence to the Articles of Association of the 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 Company above their par value. It is recognised in the line "Share premium reserve capital".

Other supplementary capitals are set up mainly from retained earnings including amounts obligatorily appropriated to the reserve capital in accordance with the requirements of the Commercial Companies Code.

Reserve capitals are created from retained earnings for the purposes indicated in the Articles of Association.

The Company's supplementary capital is set up in accordance with the provisions of the Polish Commercial Companies Code and the decisions of the shareholders. Pursuant to the Commercial Companies Code, a supplementary capital should be set up to cover losses, that should account for at least 8% of the profit for a certain accounting year, until the supplementary capital reaches at least one third of the share capital. the supplementary capital set up in this manner is not subject to distribution. The General Meeting of Shareholders decides on the use of the supplementary and reserve capital, however, a part of the supplementary capital may be used only to cover the loss reported in the financial statements and is not subject to distribution into other purposes.

The Company manages its capital structure and in parallel to the changes in economic environment, it modifies its capital structure. In order to maintain or adjust the capital structure, the Company may manage appropriately the dividend payment to shareholders or issue to new shares.

The main objective of the Company's capital management is to maintain a good credit rating and safe equity ratios in order to support the Company's operations and increase shareholders' value.

Share capital

As at 30 June 2019 the share capital consisted of 12 811 859 shares with the total value of PLN 1 281 thousand. The table below shows all shareholders holding more than 5% shareholding and Management Board members who are shareholders, and entities controlled by them.

Shareholder	No. of shares	% in share capital
Wolff & Muller Holding GmbH & Co.KG	4 152 865	32.41%
DGI Closed-End Investment Fund of Non-public Assets controlled by Dariusz Grzeszczak	2 136 260	16.67%
NATIONALE - NEDERLANDEN Powszechne Towarzystwo Emerytalne S.A (Nationale-Nederlanden Universal Pension Society) (former ING PTE)	1 200 000	9.37%
AVIVA Open-End Pension Fund Aviva Santander	1 183 146	9.23%
Dariusz Grzeszczak	773 900	6.04%
PKO BP Bank Open-Ended Pension Fund	715 279	5.58%
Adler Properties Sp. z o.o. controlled by Józef Zubelewicz	412 087	3.22%
Józef Zubelewicz	259 500	2.03%
Agnieszka Głowacka	4 077	0.03%
Other shareholders	1 974 745	15.42%
Total	**12 811 859**	**100%**

The Company's Articles of Association do not grant the shareholders, referred to hereinabove, any personal rights vis-a-vis Erbud S.A., and in particular do not grant the right to appoint members of Erbud's Management or Supervisory Boards.

The number of shares making up the approved capital equals to the number of shares issued. The par value per share for all share series is PLN 0.10. No shares were reserved for the purposes of the issue related to the exercise of put options. All issued shares are ordinary non-preference shares. There are no limitations on rights to shares or limitations on share transferability.

3.2. CREDIT AND LOAN LIABILITIES

Credit and loan liabilities are initially recognized at fair value less transaction costs. At each balancing date, credits and loans are priced at amortized cost using effective interest rate.

	30 Jun. 2019	31 Dec. 2018
Long-term		
Bank loans	4 180	-
Short-term		
Overdraft facilities	33 074	-
Loans	4 528	4 201
	37 602	4 201
Total credit and loan liabilities	**41 782**	**4 201**

Long-term bank loans include loans extended by Erbud Shared Services Sp. z o.o. in the amount of PLN 3 527 thousand and by De Lage Landen in the amount of PLN 653 thousand.

	30 Jun. 2019		31 Dec. 2018	
	In the functional currency	In foreign currency EUR	In the functional currency	In foreign currency EUR
Loans and borrowings				
Long-term	4 180	-	-	-
Short-term	33 410	4 192	-	4 201
Total	**37 590**	**4 192**	**-**	**4 201**
Including those bearing interest rate:				
Fixed	-	-	-	-
Interest rates	1.3%-1.7%	2.2%	0.0%	2.2%
Variable	-	-	-	-
Base interest rate	Wibor 1M,3M,ON	Euribor 3 M	-	Euribor 3 M

As at the balance sheet date, Erbud S.A. has access to bank and multi-purpose insurance lines with the total value of PLN 1 170 905 000 thousand, which may be used mainly for bank loans or guarantees or for insurance guarantees. As of the balance sheet date, the Group utilized PLN 33 074 thousand to take out loans and PLN 503 0 thousand to take out bank and insurance guarantees.

Covenants

Loan agreements and multi-purpose financial agreements (a loan with a guarantee facility) as of the date of publication of the condensed financial statements contain financial ratios that the borrower has undertaken to maintain during the term of the loan. As at 30 June 2019 two banks' equity based ratios were broken: ING Bank Śląski and mBank S.A.. At present, the Management Board of ERBUD S.A. has asked the financing institutions to express their consent to ERBUD's non-compliance with these indicators. A breach of covenants may result in liabilities under from loan agreements and financial agreements with the banks described below being immediately due and payable. All liabilities under loan agreements were disclosed in the financial statement as short-term liabilities. As of the date of publication of the condensed financial statement, the Issuer received an exemption from ING Bank Śląski from compliance with the required conditions as of 30 June 2019.

Ratios based on consolidated data			30 June 2019
ING Bank	Net debt / EBITDA	max. 3.0 at the end of Q2	0.79
		max. 2.5 at the end of Q4	
	capitalisation	min. 0.25	0.21
	current ratio	min. 1.2	1.28
mBank S.A.	EBIT margin	min. 1%	1.70%
	share of equity	min. 25%	21.4%
	Net debt / EBITDA	max. 2.5 at the end of Q2	0.79
		max. 2.0 at the end of Q4	

3.3. ISSUED BOND LIABILITIES

Liabilities related to issued bonds are initially recognized at fair value less transaction costs. At each balancing date, the issued bond liabilities are priced at amortized cost using effective interest rate.

As of balancing date, the Company had the following outstanding debt in relation to issued bonds posted into long-term liabilities:

Issue date	Type of issued bonds	Currency (specify whether functional or foreign currency)	Interest rates	Maturity date	Purpose of financing	Par value of shares		30 Jun. 2019	31 Dec. 2018
27 Sept. 2017	C series bearer shares, dematerialized, unsecured	functional	WIBOR 6 M + 3% margin	27 September 2021	financing of an increased working capital requirement	1		52 000	52 000
			Total short and long-term liabilities			1		**52 000**	**52 000**
			Liabilities due to accrued interest disclosed under "Trade liabilities and other liabilities".			-		-	-

3.4. LEASE LIABILITIES

Period		30 Jun. 2019 Nominal value of minimum payments	31 Dec. 2018 Nominal value of minimum payments
Below 1 year	Short-term	1 902	2 255
1 - 5 years	Long-term	6 767	3 735
		8 669	**5 990**
Lease financial costs		79	274
Present value of minimum payments		**8 590**	**5 716**

The description of accounting policies related to IFRS 16 "Leases" standard is presented in Note 6.1.

In the line "Long-Term Liabilities" , the Company recognized liabilities under lease and tenancy agreements in accordance with IFRS 16 "Leases" totalling PLN 3 084 thousand.

3.5. ASSETS USED AS COLLATERALS FOR DEBT-RELATED LIABILITIES

As of 30 June 2019 and 31 December 2018 there were no secured liabilities related to tangible fixed assets.

3.6. CONTINGENT ASSETS AND LIABILITIES

	Contingent assets		Contingent liabilities	
	30 Jun. 2019	31 Dec. 2018	30 Jun. 2019	31 Dec. 2018
Related parties				
Guarantees and sureties	50 000	50 000	78 112	94 786
Total	**50 000**	**50 000**	**78 112**	**94 786**
Other items				
Guarantees and sureties	72 134	65 278	464 637	478 919
Bills of exchange	-	-	-	-
Disputes	-	-	46 682	46 682
Including dispute against Warsaw Modlin Airport (MPL)	-	-	34 381	34 381
Total	**72 134**	**65 278**	**511 319**	**525 601**

Contingent assets include guarantees and sureties received by the Company from subcontractors under performance bonds and implied warranties.

Contingent liabilities of the Company relate primarily to orders to extend guarantees by the Company and by the banks to the Company's contractors to secure their claims under building contracts, mainly performance bonds and bid bonds.

3.7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and cash in hand as well as short-term deposits with maximum maturity of three months.

The Company has at its disposal cash with restricted availability. This category comprises primarily funds securing bank guarantees issued in relation to the building contracts executed by the Company and derivatives-related liabilities, if their restricted availability period does not exceed 3 months.

The Company discloses cash with restricted availability as cash and cash equivalents in the statement of financial position.

	30 Jun. 2019	31 Dec. 2018
Cash in hand	3	4
Cash at bank	23 762	110 925
Cash at bank with restricted availability (securing bank guarantees)	15 162	15 078
Total cash and cash equivalents	**38 927**	**126 007**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4.1. ACCOUNTING SEGMENTS

Based on the management accounting presented to the main operational decision-maker (i.e. the Management Board of the Parent Company), the Company identified five basic accounting segments:

- residential/commercial buildings at home,
- residential/commercial buildings in foreign countries,
- industrial construction at home,
- other segments.

The operations were broken down into individual segments by classifying the significance of operations into the segment. Such breakdown corresponds to the distribution of major risks and returns on investments made.

The financial data prepared for the purposes of management reporting, which is the basis for data on reportable segments, follows the same accounting principles as those applied to the preparation of the Group's Separate Financial Statements.

The Management Board analyses the segment results using key performance indicators (KPIs) such as EBIT, EBIT and EBITDA margin. It should be borne in mind that these are not KPIs defined in IFRS and they do not represent standardized measures, therefore their calculation methods may differ from one entity to another in the market. The Company defines EBIT as gross profit increased by financial costs less financial revenues. The EBIT margin is defined as the ratio of EBIT to sales revenues expressed as a percentage. EBITDA is defined as EBIT increased by depreciation in the period.

Reporting segment	Description of segment operations	Operational segments aggregated in the reporting segment	Reasons for aggregation of operational segments into reporting segments
Residential/commercial buildings at home,	Construction of residential buildings, office and public utility buildings in Poland	A segment is an allocated part of the Company's activities related to the agency in entering into contracts executed on the basis of specifically identifiable, actually generated revenues and incurred expenses assigned to a certain segment.	The operating segments were aggregated based on similarity: - long-term average gross margins; - similarities between the products and services offered by the companies, - manufacturing processes, - distribution methods - types of customers.
Residential/commercial buildings in foreign countries,	Construction of residential, office and public buildings in foreign countries (mainly in Germany and Belgium)	A segment is an allocated part of the Company's activities related to the agency in entering into contracts executed on the basis of specifically identifiable, actually generated revenues and incurred expenses assigned to a certain segment.	No data aggregation.
Industrial construction at home,	Implementation of industrial projects in the broadly understood industry	A segment is an allocated part of the Company's activities related to the agency in entering into contracts executed on the basis of specifically identifiable, actually generated revenues and incurred expenses assigned to a certain segment.	No data aggregation.
Other segments	Widely understood support services	A certain portion of the Parent Company Erbud S.A.'s operations is allocated to the segment.	No data aggregation.

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Basic information on segments in the accounting periods 01.2019 - 06.2019 and 01.2018 - 06.2018

The Company operates in Poland and abroad (in Germany, Belgium, the Netherlands). Revenues from external customers and assets in any country other than Poland are not significant, therefore they were aggregated in the total line and disclosed as "Foreign operations".

	For a 6-month-period, ended on 30 June 2019			For a 6-month-period ended on 30 June 2018		
	At home (Poland)	Foreign countries	Total	At home (Poland)	Foreign countries	Total
Sales to third party customers incl.	848 194	13 902	**862 096**	602 399	15 993	**618 392**
Accrued and deferred income	837 113	13 902	**851 015**	601 510	15 993	**617 503**
Income recognized at point in time	11 081	-	**11 081**	-	-	**-**
Other income recognized at point in time	-	-	**-**	889	-	**889**
Fixed assets other than financial instruments and deferred tax assets	134 489	-	**134 489**	113 686	-	**113 686**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

Data concerning revenues and results as well as assets and liabilities in individual accounting segments are presented in the table below.

						For a 6-month-period, ended on 30 June 2019
	Residential/commercial buildings at home,	Residential/commercial buildings in foreign countries	Road engineering	Industrial construction segment at home	Other segments	Total continued activities
Total income						
Inter-segment sales	-	-	-	-	-	-
Sales to external customers	837 113	13 902	-	11 081	-	**862 096**
Total sales revenues	**837 113**	**13 902**	**-**	**11 081**	**-**	**862 096**
Segments' results and reconciliation with (Loss)/Gross profit of the Group						
Cost of goods sold (COGS)	808 281	12 232	-	10 746	-	**831 259**
Other operating profit/loss	19 880)	1 325)	-	-	4 346	**16 859)**
Segment performance – EBIT	**8 952**	**345**	**-**	**335**	**4 346**	**13 978**
EBIT margin	1%	2%	0%	3%	0%	**2%**
Financial activity gains/losses	5 855	202)	-	-	-	**5 653**
Gross profit/loss excluding discontinued activities	**14 807**	**143**	**-**	**335**	**4 346**	**19 631**
Income tax	2 379	-	-	-	-	**2 379**
Net profit/loss excluding discontinued activities	**12 428**	**143**	**-**	**335**	**4 346**	**17 252**
Amortization and depreciation	3 130	-	-	-	-	**3 130**
Segment performance – EBITDA	**12 082**	**345**	**-**	**335**	**4 346**	**17 108**
Assets and liabilities						
Total assets	**771 667**	**29 715**	**-**	**-**	**-**	**801 382**
Total liabilities	**587 824**	**4 000**	**-**	**-**	**-**	**591 824**
Other material items						
Impairment of financial assets	1 169	-	-	-	-	**1 169**
Capital expenditures on tangible fixed and intangible assets	1 447	-	-	-	-	**1 447**
Interest income	716	42	-	-	-	**758**
Interest expenses	1 994	-	-	-	-	**1 994**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

						For a 6-month-period ended on 30 June 2018
	Residential/commercial buildings at home,	**Residential/commercial buildings in foreign countries**	**Road engineering**	**Industrial construction segment at home**	**Other segments**	**Total continued activities**
Total income						
Inter-segment sales	-	-	-	-	-	**-**
Sales to external customers	602 273	15 993	-	126	-	**618 392**
Total sales revenues	**602 273**	**15 993**	**-**	**126**	**-**	**618 392**
Segments' results and reconciliation with (Loss)/Gross profit of the Group						
Cost of goods sold (COGS)	611 812	14 916	-	238	-	**626 966**
Other operating profit/loss	19 932)	685)	-	85)	4 979)	**25 681)**
Segment performance – EBIT	**(29 471)**	**392**	**-**	**(197)**	**(4 979)**	**(34 255)**
EBIT margin	-5%	2%	0%	-156%	0%	**-6%**
Financial activity gains/losses	13 052	1 004	-	-	-	**14 056**
Gross profit/loss excluding discontinued activities	**(16 419)**	**1 396**	**-**	**(197)**	**(4 979)**	**(20 199)**
Income tax	5 201)	-	-	-	-	**(5 201)**
Net profit/loss excluding discontinued activities	**(11 218)**	**1 396**	**-**	**(197)**	**(4 979)**	**(14 998)**
Amortization and depreciation	1 704	-	-	-	-	**1 704**
Segment performance – EBITDA	**(27 767)**	**392**	**-**	**(197)**	**(4 979)**	**(32 551)**
Assets and liabilities						
Total assets	**735 234**	**40 642**	**-**	**-**	**-**	**775 876**
Total liabilities	**578 547**	**5 023**	**-**	**-**	**-**	**583 570**
Other material items						
Impairment of financial assets	2 776	-	-	-	-	**2 776**
Capital expenditures on tangible fixed and intangible assets	745	-	-	-	-	**745**
Interest income	2 834	131	-	-	-	**2 965**
Interest expenses	2 238	-	-	-	-	**2 238**

4.2. TAXATION

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

Due to temporary differences between the value of assets and liabilities shown in the accounting books and their tax value and the tax loss deductible in the future, the Company, using the balance sheet method, sets up: deferred income tax liabilities in respect of positive temporary differences and determines deferred tax assets in respect of foreign exchange losses and tax losses, which can be deducted following the prudential principle.

Deferred income tax assets and liabilities are not recognized in the case of temporary differences arising upon initial recognition of an asset or liability in a transaction that is not a business combination and in case of transactions that have no impact on either the accounting or tax result.

Deferred tax assets and liabilities are offset if there is a legal right to set-off tax liabilities and current tax liabilities, and if the deferred tax concerns a tax imposed by the same tax authority on the same taxpayer. It implies that deferred income tax assets and liabilities are compensated.

The Company recognizes deferred tax asset based on the assumption that in the future profit will be generated for tax purposes that will allow to realise the asset.

The balance sheet value of an deferred tax asset is verified at each balancing date and is reduced accordingly by as much as it probability dropped to reach taxable income sufficient for partial or total realisation of the deferred tax asset.

The determination of the effective income tax rate is presented in the table below:

	For a 6-month-period, ended on 30 June 2019	For a 6-month-period ended on 30 June 2018
Gross profit /loss before tax on continued activities	**19 631**	**(20 199)**
Tax according to the statutory tax rate applicable in Poland - 19%	**3 730**	**(3 838)**
Adjustments of current income tax carried forward	-	-
Surplus of fixed costs not classified as tax deductible expenses over non-taxable income	-	-
Surplus of non-taxable income	(1 351)	(1 363)
Tax posted into Profit and Loss Account, of which:	**2 379**	**(5 201)**
Current tax	-	-
Deferred tax	2 379	(5 201)
Effective tax rate	**12.12%**	**25.75%**

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

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

			Impact on			Impact on		
		1 January 2018	Net profit/loss	Other comprehensive income	31 Dec. 2018	Net profit/loss	Other comprehensive income	30 June 2019
	Deferred tax assets							
	Receivables under building contracts - pricing	27 338	(5 710)	-	21 628	4 556	-	26 184
Note 6.6.	Provisions	4 160	803	-	4 963	86)	-	4 877
	Tax loss	798	8 260	-	9 058	(5 313)	-	3 745
	Margin on sales within the Group	-	-	-	-	-	-	-
	Accrued wages and salaries, and charges	-	42	-	42	41)	-	1
Note 6.4.	Receivables revaluation write-downs	1 681	382	1 960	4 023	142	-	4 165
	Other financial liabilities	1 002	84	-	1 086	40)	-	1 046
	Deferred expenses	2 267	483)	-	1 784	1 199	-	2 983
	Other	215	(340)	-	(125)	1 793	-	1 668
	Total	**37 461**	**3 038**	**1 960**	**42 459**	**2 210**	**-**	**44 669**
	Deferred tax liabilities							
	Building contract liabilities - pricing	22 951	1 348)	-	21 603	4 704	-	26 307
	Asset revaluation	-	11	153	164	17)	-	147
	Financial expenses activated	-	-	-	-	-	-	-
	Balance sheet pricing and liabilities discount	104	36	-	140	4	-	144
	Accrued interest on debt	208	(163)	-	45	-	-	45
	Accrued revenues	-	-	-	-	-	-	-
	Other	413	102	(412)	103	(102)	-	1
	Total	**23 676**	**(1 362)**	**(260)**	**22 055**	**4 589**	**-**	**26 644**
	Offset assets and liabilities	13 785			20 404			18 025
	Post offset balance	**13 785**			**20 404**			**18 025**
	Assets	13 785			20 404			18 025
	Liabilities	-			-			-
	Net impact of changes in the period		**4 400**	**2 220**		**(2 379)**	**-**	

4. EXPLANATORY NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

In the years ended on 30 June 2019 and 31 December 2018 there were no negative temporary differences on which no deferred tax assets were recognised.

The table below shows the periods of realisation of deferred income tax assets and liabilities.

	30 Jun. 2019		31 Dec. 2018	
	Assets	Liabilities	Assets	Liabilities
Short-term	18 025	-	18 743	-
Long-term	-	-	1 661	-
Total	**18 025**	**-**	**20 404**	**-**

Information about income tax receivables and liabilities figures is presented in Notes 6.3 and 6.7.

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1. FINANCIAL ASSETS AND LIABILITIES

Since 1 January 2018, the Company has classified financial instruments, pursuant to IFRS 9, into the following categories:

- Assets priced at amortized cost;
- Financial assets priced at fair value through financial profit or loss;
- Financial liabilities priced at amortized cost;
- Derivative instruments determined as hedging instruments in hedge accounting.

Financial assets priced at amortized cost include primarily:

Note 5.1.2.	Financial Assets - Loans Extended
Note 2.1.	Receivables under building contracts - deposits
Note 6.3.	Trade receivables and other receivables
	Receivables under building contracts - pricing
Note 3.7.	Cash and cash equivalents

Financial liabilities priced at amortized cost comprise mainly:

Note 2.1.	Building contract liabilities - deposits
	Building contract liabilities - pricing
Note 6.7.	Trade payables and other liabilities
Notes 3.2.-3.4.	Debt

5.1.1. FINANCIAL ASSETS

As of 30 June 2019 the Company held the following items disclosed in the Statement of Financial Position as financial assets:

		30 Jun. 2019	31 Dec. 2018
Note 5.1.2.	Loans extended	12 026	14 851
	Other	-	-
	Total	**12 026**	**14 851**
	Long-term	5 935	6 488
	Short-term	6 091	8 363

As of:	30 Jun. 2019	31 Dec. 2018
Participation units Alianz Insurance and Reinsurance Company	706	706
Other long-term financial assets	**706**	**706**

5.1.2.FINANCIAL ASSETS – LOANS EXTENDED



Debt instruments held to collect contractual cash flows that comprise solely payment of principal and interest ('SPPI') are priced at amortized cost. Interest income is measured using the effective interest rate method and disclosed under "Interest income" in the financial profit or loss. Impairment losses are recognised in compliance with the accounting policy indicated and presented in the Section titled "Impairment losses on financial assets".

The value of financial assets is updated by an impairment loss calculated using the expected credit loss method pursuant to IFRS 9 standard.

No impairment losses were recognised for the loans granted. Loans are not overdue as of the balance sheet date. Loans granted are burdened with credit risk and interest rate risk, which are described respectively.

5.2. FINANCIAL DERIVATIVES



All financial derivatives held by the Company are hedging instruments under the cash flow hedge accounting policy applied by the Company.

The Company hedges cash flows resulting from loans granted by the Company and inflows from building contracts signed with contractors. Changes in the fair value of derivative financial instruments in the part constituting an effective hedge refer directly to the revaluation reserve. The ineffective part is posted into income statement as financial income or financial costs. In the period in which the hedged item of a financial instrument affects the financial result, the amount related to this instrument previously recognized in other total income is also transferred to the income statement.

5.3. FINANCIAL RISK MANAGEMENT PRINCIPLES

While running its operations, the Company is exposed to the following significant types of financial risk: market risk (including currency risk, interest rate risk), credit risk and liquidity risk. The Company's Management Board is responsible for determining the rules for the management of such risks and for verifying them.

5.3.1 MARKET RISK – CURRENCY RISK

While performing its core operations, the Company enters into building contracts that are denominated in EUR. The currency risk management policy adopted by the Management Board consists in adjusting the contract currency to the currency of expenses connected with such contract. The contracts executed are mostly concluded by the Company in Polish currency (PLN), while contracts executed abroad are concluded in EUR.

With regard to receivables and liabilities resulting under concluded building contracts that will be paid for in EUR and with reference to loans denominated in EUR, the Group applies forward contract hedging for EUR currency as part of hedge accounting.

5.3.2 MARKET RISK – INTEREST RATE RISK

The interest rate risk occurs mainly in connection with debt financing, i.e. bank credits and loans, issued bonds and financial lease products, used by the Company.

In addition, the Company invests idle cash partly in investments with a variable interest rate (deposits) and extends mainly variable interest rate loans.

Assets and liabilities bearing interest at variable interest rates expose the Company to the risk of cash flow volatility. Meanwhile assets and liabilities bearing fixed rate exposes Erbud to the risk of fair value volatility, however, owing to the fact that the Company does not measure these items at fair value, this impact is not reflected in the condensed financial statements.

The Company monitors the exposure to interest rate risk and makes prepares interest rate forecasts.

5.3.3 CREDIT RISK

Cash and cash equivalents

Erbud minimizes credit risk related to cash and cash equivalents through diversification of banks with which investment transactions are made. The Company cooperates with highly renowned financial institutions, in accordance with the table below, without causing a significant concentration of credit risk.

Trade receivables and receivables under building contracts

To protect against credit risk resulting from receivables under building contracts (i.e. trade receivables, receivables under building contracts - deposits and valuation of building contracts), the Company has in place a policy of assessing and verifying credit risk related to all contracts, both at the offering phase and during contract execution. Before signing a contract, each counterparty is evaluated in terms of its ability to meet its financial obligations. In the event of a negative assessment of the counterparty's payment capability, entering into the contract depends on the establishment of adequate financial or asset collaterals. Moreover, contracts with investors contain clauses providing for the right to suspend the execution of works, if there is a delay in the transfer of payments for services rendered. If possible contractual clauses are also developed to condition payments to subcontractors on the receipt of funds from the investor.

The Company has no credit risk concentration in relation to trade receivables and receivables under building contracts - in relation to bid bonds and valuation of building contracts.

Changes in the write-down of receivables and the age structure of past due receivables are presented in Note 6.3.

5.3.4 LIQUIDITY RISK

In order to reduce the risk of liquidity loss, the Company maintains an appropriate amount of cash and transferable securities as well as enters into credit line agreements, which serve as additional liquidity security. To finance investment purchases, the Company uses own funds or long-term financial lease contracts, ensuring adequate sustainability of the financing structure for this type of assets.

The Company pursues a policy limiting credit exposures to individual financial institutions and issuers of debt securities, which are acquired as part of periodic investments of surplus cash.

Liquidity management is supported by the existing liquidity forecast reporting system by the Company.

The table below presents the Company's financial liabilities as of 30 June 2019 by maturity dates on the grounds of non-discounted payments.

							30 Jun. 2019
	Below 3 months	3-12 months	1-5 years	Above 5 years of age	Total non-discounted flows	Discount rate	Balance-sheet values
Credit and loan liabilities	-	37 602	4 180	-	**41 782**	-	**41 782**
Debt related to issued bonds	-	-	52 000	-	**52 000**	-	**52 000**
Lease liabilities	-	1 902	6 688	-	**8 590**	-	**8 590**
Building contract liabilities - bid bonds	-	106 736	9 591	-	**116 327**	756	**115 571**
Trade payables	-	221 275	-	-	**221 275**	-	**221 275**
Total	**-**	**367 515**	**72 459**	**-**	**439 974**	**756**	**439 218**

							31 Dec. 2018
	Below 3 months	3-12 months	1-5 years	Above 5 years of age	Total non-discounted flows	Discount rate	Balance-sheet values
Credit and loan liabilities	-	4 201	-	-	**4 201**	-	**4 201**
Debt related to issued bonds	-	-	52 000	-	**52 000**	-	**52 000**
Debt related to financial lease	-	2 255	3 461	-	**5 716**	-	**5 716**
Building contract liabilities - deposits	-	99 654	4 535	-	**104 189**	736	**103 453**
Trade payables	-	257 622	-	-	**257 622**	-	**257 622**
Total	**-**	**363 732**	**59 996**	**-**	**423 728**	**736**	**422 992**

6 OTHER NOTES

6.1 TANGIBLE FIXED ASSETS

The most important items of tangible fixed assets are means of transport as well as technical equipment and machinery used primarily for the construction of public, commercial, residential and industrial facilities. In addition, the Company is also in the possession of buildings and structures as well as lands.

Tangible fixed assets are carried at purchasing price /manufacturing cost less depreciation and all write downs for impairment. The policy concerning the impairment assessment is presented in Note 6.2.

The initial value of tangible fixed assets comprises their purchasing price plus all costs connected directly with the purchase and adaptation of the asset to the condition fit for use. The initial value also comprises the cost of spare parts of machinery and equipment when incurred, if the recognition criteria are met, i.e. Erbud expects that spare parts will be used for more than one year and it is possible to assign them to a specific item of tangible fixed assets.

Costs incurred after the date of commissioning of a fixed asset such as maintenance and repair costs, are recognized in the net financial income when incurred, except when such costs cause an increase of expected future economic benefits from holding a given item of tangible fixed assets - then incurred costs increase the initial value of such item.

The Company verifies the residual value, useful life and depreciation methods of tangible fixed assets on an annual basis.

Fixed assets under construction are priced at the level of costs connected directly with their acquisition or manufacturing including costs of financing, less write-downs for impairment. Fixed assets under construction are not depreciated until their construction has been completed.

The depreciation rates are determined on the basis of expected economic life of tangible fixed assets Each year the Company revises the economic lives based on current estimates.

The Company concluded lease contracts for an average period of 5 years. Such lease contracts include an option for extension, once the basic term has expired. Additionally, under the concluded contracts the Company is entitled to repurchase the leased asset at the end of contract life.

Debt related to financial lease contracts is referred to in Note 3.4.

	Buildings and structures	Technical appliances and machinery	Means of transport	Other fixed assets	Fixed assets under construction	Other	Total
Net value as of 1 Jan. 2018	**2 939**	**164**	**6 989**	**379**	**-**	**231**	**10 702**
Increases:							
Acquisition	-	-	217	405	-	132	**754**
Lease	-	-	3 263	-	-	-	**3 263**
Acceptance of fixed assets	269	-	-	-	-	-	**269**
Other, including reclassification adjustments	-	1	1 542	-	-	-	**1 543**
Decreased by:							
Amortization and depreciation	81	31	2 677	551	-	277	**3 617**
Disposal and liquidation	-	2	824	1	-	-	**827**
Net value as of 31 Dec. 2018	**3 127**	**132**	**8 510**	**232**	**-**	**86**	**12 087**
Impact of implementation of IFRS 16 standard as of 1 Jan. 2019	**4 495**	**-**	**-**	**-**	**-**	**-**	**4 495**
Net value as of 1 Jan. 2018	**7 621**	**133**	**8 509**	**233**	**-**	**87**	**16 582**
Increases:							
Acquisition	-	101	101	-	1 208	37	**1 447**
Lease	-	-	1 154	-	-	-	**1 154**
Decreases:							
Amortization and depreciation	1 411	111	1 419	85	-	104	**3 130**
Disposal and liquidation	-	-	244	-	-	-	**244**
Net value as of 30 June 2019	**6 210**	**123**	**8 101**	**148**	**1 208**	**20**	**15 809**

Right to use assets under lease, lease liabilities

The right to use assets includes lease assets in compliance with the requirements of IFRS 16 standard. The standard was applied for the first time in 2019 a simplified method of its implementation was adopted (without retrospective recognition), therefore the impact on equity is not recognised.

The following simplifications in data presentation have been adopted:

- no lease contracts for low-value assets (below PLN 15 thousand) are activated,
- contracts that will be terminated during the current year are omitted,
- impact on equity equals PLN 0.

The value of the lease liability was calculated based on the following assumptions:

- in the case of forward contracts, the maximum period generating liability was assumed,
- in the case of contracts with unlimited duration - their individual business analysis determining the assumed useful life was carried out,
- discounting rate at the level of 3.36%

The Company posted into classified activated leased assets the following items:

- lease of office, warehouse space - period of use: 2-5 years,

Data concerning the right to use assets under lease are presented in tables below.

	As of:	
	30 June 2019	1 Jan. 2019
Buildings and structures	3 084	4 495
Total	**3 084**	**4 495**

	BUILDINGS AND STRUCTURES
Net value as of 1 Jan. 2019	-
An increase caused by IFSR 16 coming into force	4 495
Amortization and depreciation	1 411
Net value as of 30 June 2019	**3 084**

	1 Jan. 2019
Off-balance operating lease liabilities as of 31 Dec. 2018	-
(+) lease of buildings and structures	4 638
Total	**4 638**
(-) discounted amount	143
Balance sheet items of liabilities including:	**4 495**
long-term	2 606
short-term	1 889

	1 Jan. 2019
Lease liabilities	**4 638**
(-) discounted amount	143
Entitlement to utilize assets	**4 495**

6.2 FIXED ASSETS IMPAIRMENT

The Group carries out test for fixed asset impairment, if there are reasons for impairment and additionally it carried out a test for goodwill once a year. Recoverable amount is determined at the lowest possible level, i.e. for an individual asset or for the cash-generating centre to which the asset belongs.

Tangible fixed assets impairment

At each balancing date the it is evaluated if there are any objective reasons indicating a risk of asset or asset category impairment. If there are such reasons, the estimated recoverable value is agreed for the asset and an impairment loss is written off, in the amount equal to the difference between the recoverable value and balance sheet value. The recoverable value corresponds the higher of the following two values: fair value less costs closing sales or value in use. The impairment loss is posted into profit and loss account. As of each balancing date, the Group also assesses whether there are any indications that the impairment loss recognised in previous periods should be reduced or completely reversed.

Goodwill impairment

Goodwill is tested for impairment at least once a year. Potential impairment is recognized immediately as a decrease in goodwill and recognized in the Profit and Loss Account, additionally it is not subject to reversal in subsequent reporting periods.
To carry out possible impairment test, the goodwill is allocated to the cash generating units. In the event of a disposal of an operation within a cash-generating centre to which goodwill has been allocated, the goodwill associated with the disposal shall be included in the carrying amount of the operation when determining the gain or loss on disposal.

The Company did not identify any factors that could indicate grounds for impairment of fixed assets, therefore no impairment test was performed as of 30 June 2019.

6.3 TRADE RECEIVABLES AND OTHER SHORT-TERM RECEIVABLES

In the trade receivables as well as other receivables category Erbud recognised mainly trade receivables from non-related entities (mainly due to issued invoices in relation to the construction contracts executed by the Company) and budget receivables, including corporate income tax receivables and tax on goods and services receivables.

Receivables due to deliveries and services, whose maturity is usually from 30 to 180 days, are recognized at their nominal value, i.e. according to the amounts originally invoiced. As of the balance sheet date, these items are carried at amortized cost, including any revaluation write-off.

IFRS 9 requires the estimation of expected loss for trade receivables, regardless of whether there is any indication of impairment or not. For trade receivables which, on the basis of a portfolio analysis, were assessed as not impaired, the estimation of possible revaluation write-downs is based on the use of a write-down matrix based on historical data adjusted for the impact of future factors. For trade receivables with indications of impairment (e.g. disputed receivables), specific additional write-downs were set up depending on the assessment of their recoverability.
If the value of money in time is material, the value of receivables is determined through discounting projected future cash flows to the present value, using a gross discount rate reflecting current market-based appraisals of time value of money. If the discounting method has been applied, an increase of receivable value over time is posted as financial income.

	30 Jun. 2019			31 Dec. 2018		
	Gross value	Write-down	Net value	Gross value	Write-down	Net value
Trade receivables from non-related entities	409 281	25 384	383 897	331 829	24 215	307 614
Receivables from corporate income tax	3 682	-	3 682	5 232	-	5 232
Other receivables	22 919	1 210	21 709	11 864	1 210	10 654
Total	**435 882**	**26 594**	**409 288**	**348 925**	**25 425**	**323 500**

Changes in the write-down of receivables are presented in the table below.

	For a 6-month-period, ended on 30 June 2019	For a 12-month-period ended on 31 Dec. 2018
Opening balance of write-downs	**25 425**	**13 077**
Impact of IFRS 9 - opening balance	-	9 640
Setting up	1 169	4 425
Reversal	-	1 613
Utilisation	-	-
Other	-	(104)
Foreign exchange gains and losses from translation	-	-
Closing balance of write-downs	**26 594**	**25 425**

Aging structure of past due receivables is as follows:

Past due receivables:	30 Jun. 2019	31 Dec. 2018
Below 1 month	36 963	45 439
1-3 months	18 694	19 975
3-6 months	26 383	8 773
6 months - 1 year	8 801	4 390
in 1	34 150	31 364
Total net assets	**124 991**	**109 941**

As of 30 June 2019 the amount of past due receivables includes disputed receivables, including PLN 8 188 thousand secured by mortgages from Kępska S.A. and PLN 1 895 thousand from the Academy of Music. Partial write-downs were created for disputable receivables based on estimated discounted cash flows. The aforementioned entities are the subject of disputes described in Note 6.6.

The Company is exposed to credit risk and foreign currency risk arising from trade receivables. However, there is no concentration of credit risk related to trade receivables since the Company has a large number of domestic and foreign customers.

6.4 OTHER ASSETS

The **Insurance** item comprises prepayments made by the Company under insurance contracts concerning future accounting periods. They are recognized in the income statement proportionally to the time expired.

	30 Jun. 2019	31 Dec. 2018
Fixed assets put up for sale	-	-
Insurance	3 334	3 209
Other	729	730
Total	**4 063**	**3 939**

6.5 PROVISIONS

The Provisions category mainly comprises provisions for warranty repairs, provisions for employee benefits and post-employment benefits, and provisions for litigations and disputes.

Provisions for warranty repairs

Provisions for warranty repair costs result from the Company's warranty extended for construction services. Provisions are set up in the amount determined with percentage rate, which is a quotient of historically incurred costs for warranty repairs and historically posted revenues generated by the execution of building contracts. The costs of provision for warranty repairs are posted into costs of services sold. In the case of non-construction services, mainly maintenance services, the provision for the costs of warranty repairs is set up on the basis of historical data and a reliable estimate of the amount of the related obligation. Assumptions used to calculate the provision for warranty repairs as of 30 June 2019 were based on the records of warranty repairs in the 2015-2018 period.

Provisions for short-term employee benefits

This category comprises provisions for non-utilized holidays. The basis for calculation of provision for non-utilized leave is the specification of non-utilized leave days at a certain balancing date broken down by employees and their daily gross salary plus social contribution surcharges paid by the Employer.

Provision for benefits in the post-employment period

This category comprises provisions for retirement and pension severance pays, to be paid by the Company under the effective law and the remuneration rules and regulations. The amount of the provision is determined at the present value using actuarial techniques requiring the adoption of certain assumptions. Assumptions vital to pricing include the levels of discount rates, projected rates of return on assets (ROA), forecast wage increases. Due to pricing complexity, the assumptions made, its long-term nature, the liabilities related to the above mentioned benefits are very sensitive to assumption changes. All the above assumptions are verified and updated at the end of each reporting period.

Provisions for litigation and disputes

Detailed analysis of potential risks related to litigation, making decisions about a need to reflect the impact of such litigation in the Company's financial statements and the amount of the provision are made by the legal departments and Company's Management Board.

Categorized provisions are presented in table below:

	Provisions for warranty repairs	Provisions for employee benefits and post-employment benefits*	Provisions for litigations and disputes	Other	Total
As of 1 Jan. 2018	**12 241**	**7 848**	**1 486**	**320**	**21 895**
Increase	5 004	625	-	1 875	7 504
Dissolution	2 173	195	590	320	3 278
Utilisation	-	-	-	-	-
As of 31 Dec. 2018	**15 072**	**8 278**	**896**	**1 875**	**26 121**
short-term	15 072	7 030	896	1 875	24 873
long-term	-	1 248	-	-	1 248
As of 1 Jan. 2019	**15 072**	**8 278**	**896**	**1 875**	**26 121**
Increase	1 565	8 621	-	436	10 622
Dissolution	-	-	-	-	-
Utilisation	2 000	7 029	-	1 875	10 904
As of 30 June 2019	**14 637**	**9 870**	**896**	**436**	**25 839**
short-term	14 637	8 169	896	436	24 138
long-term	-	1 701	-	-	1 701

*) The main part of this item are provisions for non-utilized holidays

6.6 DISPUTES

Party to the dispute	Description of Works under Dispute	30 June 2019	31 Dec. 2018
Actions brought against the Company			
Claimant: Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o. (*Warsaw Modlin Airport*) ("MPL") Defendant: ERBUD S.A. in Warsaw Date of servicing an action to ERBUD S.A.: 23 May 2014 Value of the dispute: PLN 34 381 374.64	On 12 May 2014 a statement of claim was delivered to ERBUD S.A. in which the Warsaw Modlin Airport (MPL) requested payment of PLN 34 381 374.64 for damages along with statutory interest and litigation costs. The damages claimed by the Warsaw Modlin Airport (MPL) consists of losses and benefits incurred by the claimant and lost as a result of allegedly improper performance by ERBUD of the Contract of 14 September 2010 for the construction of the Warsaw-Modlin Airport No. PLM/K/96/2010 and suspension of air traffic on a part of the airport runway. 11 October 2014 ERBUD S.A. submitted a reply to the statement of claim in which it requested that the Warsaw Modlin Airport's (MPL) claim be dismissed in its entirety and that the costs of the proceedings be reimbursed. At the same time, irrespective of the claim lodged by the claimant, the Company instituted a counterclaim against Warsaw Modlin Airport (MPL), requesting that the amount of PLN 19 892 366.30 with statutory interest be awarded to the Company. The counterclaim consists of costs incurred by ERBUD S.A. for repairs of the airfield surface at the Warsaw-Modlin airport. The case has a complicated factual state of affairs and extensive evidence has been submitted during the proceedings. It will be necessary take several proofs from the expert opinions. At the same time, ERBUD S.A. supports the assessments presented in the earlier memoranda, according to which the risk of awarding a claim in favour of MPL is lower than the chance of claim dismissal. However, even if the Court found MPL's claim justified, the amount of awarded damages would be significantly lower than the amount claimed in the action brought by MPL, since ERBUD S.A. is able to question almost every element of the claim lodged by MPL.	Posted as conditional liability	Posted as conditional liability
Actions brought by the Company			
Defendant: Bank Millennium S.A. in Warsaw Date of bringing an action: 22 December 2010 Value of the dispute: PLN 71 065 496	In 2008 Bank Millennium S.A. advised ERBUD S.A. to conclude FX option transactions to hedge against FX risk under the contracts denominated in EUR executed by the Issuer. The Bank's proposal was driven by a need of the Issuer to obtain security adequate to its situation. According to the Company, the product was not optimally adjusted to the ERBUD S.A. needs. In Q4 2008 as a result of a drastic revaluation of Polish zloty (PLN) in the PLN/EUR pair, Bank Millennium S.A. informed the Issuer about a negative valuation of the exposure held at that time. At the same time, a dispute arose over the content of FX option transactions, mainly with respect to the exclusion of option structures. During numerous discussions, the Issuer presented its position to the Bank, in which it demanded that the transaction be carried out with the undertaking of actions aimed at enforcing of existing claims. In order to limit the amount of potential loss, the disputed transactions were restructured and the Bank was informed about legal actions taken in the future to remedy the loss resulting from FX option transactions. The restructuring details were presented by the Issuer in RP 43/2008 on 21 November 2008 and in the 2008 Financial Statements. The Issuer never agreed with the position of Bank Millennium S.A. and therefore called upon the Bank twice demanding the Bank to pay the amount of PLN 71 065 496 which consists of the amounts collected by the Bank from the Issuer's bank account, foregone profits and costs of legal and financial advisors. In connection with the above, the Issuer decided to bring an action for payment of compensation for the loss. 16 September 2016 The Management Board of ERBUD S.A. was	No impact	No impact

	informed by its legal advisors about the decision taken by the District Court in Warsaw. Pursuant to the decision, the Court dismissed the Issuer's claim in its entirety. On 4 November 2016 the Issuer filed an appeal against the decision. The decision was appealed against in its entirety, and the appeal allegations focus in particular on incorrect findings and conclusions of the Court of First Instance regarding the incorrect determination by the Court of First Instance of the content of the disputed transactions, as well as incorrect interpretation of documents, including documents confirming transactions. In addition, a reference was made to numerous rulings of the District Court and the Court of Appeal in Warsaw, issued in similar cases when the Courts issued rulings favourable to the customers of Bank Millennium under circumstances similar to those of the Issuer. The above ruling does not have any influence on the financial position of the Issuer because the entire loss related to options was settled in the year of its occurrence, i.e. in 2008. On 29 May 2018 the Court of Appeal in Warsaw announced the ruling in the case filed by ERBUD S.A. against Bank Millennium S.A., in which it upheld the appeal of the Company. The Court of Appeal in Warsaw, in its decision of 29 May 2018 overruled the appealed decision of the District Court in Warsaw of 16 September 2016 and referred the case back to that court for re-examination together with the decision about the costs of the appeal proceedings. On 13 July 2018 the Company was informed about a complaint filed by Bank Millennium S.A. with the Supreme Court against the ruling of the Court of Appeal in Warsaw of 29 May 2018 concerning the action brought by ERBUD S.A. against Bank Millennium S.A. In its complaint Bank Millennium questions the advisability of repealing the ruling and referring the case back to the District Court in Warsaw for re-examination, indicating that the Court of Appeal should decide the case itself. on behalf of the Company its Legal advisors submitted a response to the complaint. On 28 September 2018 the Supreme Court issued a decision about the case brought by the Issuer against Bank Millennium S.A., in which it accepted the complaint of Bank Millennium S.A. By virtue of its decision of 28 September 2018 the Supreme Court, overruled the appealed decision of the Court of Appeal in Warsaw of 29 May 2018 and referred the case to the Supreme Court for further consideration together with the decision on the costs of the appeal proceedings.		
Defendant: DSH – Dopravni Stavby, a.s., Brno in the Czech Republic Date of bringing an action: 14 February 2012 Value of the dispute: PLN 26 923 644.16	Current state of the affairs: On 27 May 2014 ERBUD S.A. extended the claim by the amount of PLN 22 925 604.52 claiming additionally the reimbursement of costs of substitute performance. In a letter dated 27 April 2014 and delivered on 1 July 2014 the defendant filed a counterclaim for the amount of PLN 5 651 633. On 6 November 2015 a hearing was held. The parties have agreed to request the cancellation of the hearing in order to continue the settlement proceedings. The settlement talks were fruitless. All witnesses requested by the Parties have been interviewed. Upon the unanimous request of the Parties, the Court set a 30-day time limit for the expert to specify the proof of evidence and to submit detailed questions to the opinion. On 17 August, CEMEX notified about its accession on ERBUD S.A. side as a secondary intervener. At the main hearing held on 12 December 2018 the court dismissed both oppositions. ERBUD S.A. requested the delivery of the decision along with rationale. Once the written rationale has been examined, a decision will be made to lodge a complaint. The date of hearing is missing.	No impact	No impact

Defendant: Kępska S.A. with its registered office in Warsaw Date of bringing an action: 22 April 2014 Value of the dispute: PLN 9 877 132 .	The Issuer is claiming from Kępska S.A. the payment of remuneration for the execution of construction works. Action brought on 22 April 2014. The Issuer requested that Kępska S.A. be adjudicated to pay the above amount. In the course of the case examination, a court expert opinion and two complementary opinions were prepared. According to these opinions, Erbud performed the works under the contract in compliance with deadlines amended by the annexes and by virtue of additional agreement. By virtue of its decision of 24 April 2018 the Court allowed the claim for payment and adjudicated Kępska S.A. to pay Erbud the amount of PLN 9 877 131.31 with statutory interest. In the rationale, the Court stated that the defects of the works referred to by the defendant did not entitle the defendant to withdraw from the agreement and that Erbud should be paid for works performance. On 6 November 2018 as a result of appeals filed by Erbud and Kępska S.A. against the court decision, the Court of Appeal in Wrocław recognized, by virtue of its ruling, the termination of the general contractor agreement by Erbud SA to be effective, adjudicated the amount of PLN 4 316 464.11 plus interest from Kępska S.A. to Erbud SA, set aside the court decision for re-examination with regard to the receivables awarded therein in the amount of PLN 5 560 667.20 and dismissed the appeals of the Parties to the remaining extent. Upon the Issuer's request, the Court Enforcement Officer runs enforcement proceedings to obtain the cash benefit awarded to Erbud. At the same time, on the basis of the obtained executive title, the Issuer filed for initiation of enforcement proceedings against a part (secured with a mortgage) of the legally awarded amount of PLN 2 901 964.11 from the real estate at ul. Kępska 8 in the City of Opole, encumbered with a compulsory mortgage established in favour of Erbud. Proceedings to this extent are run by the Court Enforcement Officer at the District Court in the City of Opole. On 24 January 2019 the Court Enforcement Officer suspended the enforcement proceedings pursuant to Article 146 of the Bankruptcy Law.	A partial write-down was set up based on discounted cash flows.	A partial write-down was set up based on discounted cash flows.
Defendant: Academy of Music in the City of Łódź Date of bringing an action: 20 December 2013 Value of the dispute: PLN 2 050 515 Counterclaim	Action of 20 December 2013 for payment of remuneration for construction works performed by the Parent Company together with interest and compensation for misperformance of contract. Value of the dispute: PLN 2.051 thousand. The parties did not agree during mediation, the proceedings are continued. The expert delivered its opinion on 16 December 2017. There was also an on-site inspection attended by an expert. A supplementary opinion was submitted and ERBUD S.A. filed charges against it and supported its current position. The defendant's objections to the expert's opinion led to the development of supplementary opinions No. 4 and No. 5 in which the expert upheld the position voiced in the main opinion. On 20 March 2019 the court closed the hearing and on 22 March 2019 announced its decision under which: - awarded ERBUD the amount of PLN 1 970 364.40 with statutory interest accrued from 19 December 2013 until the date of payment, - dismissed the remainder of the action - ordered the costs of court proceedings totalling PLN 120 203.57 to be paid to ERBUD. The decision is not final and binding.	A partial write-down was set up based on discounted cash flows.	A partial write-down was set up based on discounted cash flows.
Defendant: Erbud SA Value of the dispute: PLN 4	On 20 December 2013 ERBUD S.A. brought an action for payment of PLN 1 895 430.00 as remuneration for the construction works performed by the Claimant for the Defendant under Contract No. 694/U/AMŁ/2012 of 20 December 2012 under which the Claimant issued an invoice to the Defendant on 30 July 2013 and for the	n/a	n/a

135 790.96 Date of bringing an action: 16 December 2014	payment of PLN 74 934.40 - in relation to the statutory interest due to the Claimant on the amount of remuneration accrued from the due date of the claim (i.e. 29 August 2013) to the date of bringing an action (i.e. 20 December 2013) and the amount of PLN 80 150.37 - as compensation of Academy's misperformance of the Contract No. 209/U/AMŁ/11 of 15 September 2011 as a result of which ERBUD S.A. suffered damage in the form of higher costs of running construction activities for a period longer than provided for in the aforementioned Contract, i.e. in the period from 1 June 2013 to 15 July 2013. The defendant Academy of Music filed a response to the statement of claim demanding that the statement of claim be dismissed in its entirety and referred to its statutory right of set-off of contractual penalties. Pursuant to the Decision of 5 November 2015 the Court merged the case with a counterclaim brought by the Academy of Music. More witnesses are being interviewed. Upon the request of the Academy of Music, mediation proceedings were conducted in order to reach a settlement. The Parties did not agree during mediation, the proceedings are continued. The expert delivered its opinion on 16 December 2017. There was also an on-site inspection attended by an expert. A supplementary opinion was submitted and ERBUD S.A. filed charges against it and supported its current position. The defendant's objections to the expert's opinion led to the development of supplementary opinions No. 4 and No. 5 in which the expert upheld the position voiced in the main opinion. On 20 March 2019 the court closed the hearing and on 22 March 2019 announced its decision under which: - dismissed the Academy's claim - ordered the costs of court proceedings totalling PLN 7.217 to be paid to ERBUD.		
Defendant: Platinum Resort Sp. z o.o. Date of bringing an action: 3 December 2018 Value of the dispute: 16.301.236 97	Erbud filed a request with the District Court in Szczecin to secure a cash claim in the amount of PLN 5 455 851.09 in relation to the contractual penalty for withdrawal from the Construction Works Contract of 26 January 2017 for the execution of the project titled "Construction of a four-star hotel complex consisting of: Three hotel buildings with land development in Żeromskiego Street in the City of Świnoujście" by encumbering the properties belonging to Platinum Resort Sp. z o.o. with a joint compulsory mortgage. Pursuant to its Decision of 19 November 2018 the Court granted security by entering the compulsory mortgage into the land and mortgage registers of the aforementioned real estate, as well as by the attachment of bank accounts of Platinum Resort Sp. z o.o. On 3 December 2018 the Issuer filed a lawsuit for payment of PLN 16 301 236.97 together with interest in the writ of payment proceedings for remuneration and other claims related to the execution of the aforementioned investment together with an additional request for securing claims. Platinum Resort Sp. z o.o. filed a complaint against the decision on security to which the Issuer's attorneys replied. To date, the Szczecin Court of Appeal has not heard the complaint. The Szczecin District Court found that there were no grounds for issuing a payment order and referred the case to be examined in ordinary proceedings. The claim was forwarded for servicing to the defendant. By virtue of decision of 22 February 2019 the District Court secured the claim of Erbud S.A. for another amount of PLN 3.5 million by establishing a compulsory mortgage on the property.	n/a	n/a
Defendant: Nordic Astrum Sp. z o.o. Date of bringing an action: 30 April 2018 Value of the	Erbud filed a lawsuit with the Łódź District Court for the investor's (defendant's) liability for failure to perform contract consisting in non-payment of PLN 3 716 248.43 to Contractor (Claimant) for the construction work performed, together with statutory late interest. On 2 July 2018 a decision on securing the Claimant's claim was issued. On this basis, the Court Enforcement Officer initiated security proceedings consisting in seizure of movables and bank accounts of Nordic Astrum sp. z o.o. The proceedings is still underway. The	A write-off was established	A write-off was established

dispute: 3.716.248 43	history of Nordic Astrum sp. z o.o. bank accounts was obtained. On 11 February 2019 the decision on granting the security was served to the Company. Currently, we are preparing a submission responding to the argumentation contained in the complaint. The files should be sent to the Łódź Court of Appeal to enable complaint examination. No further procedural decisions were taken. In July 2019 the Łódź Court of Appeal dismissed the defendant's complaint as groundless. The District Court in Łódź scheduled hearings for 18 and 20 November 2019 in order to collect evidence necessary to settle the case.		
Defendant: IMPULS Przedsiębiorstwo- Handlowe Sp. z o.o. Date of bringing an action: 12 January 2018 Value of the dispute: 9.202.092 00	Erbud SA filed a suit with the Regional Court in Poznań for the payment of PLN 9 202 091.47 with statutory interest accrued until the date of payment and costs of proceedings, in relation to damages resulting from failure to perform contract, as well as to the defendant's obligation to pay the price for the construction materials purchased. By virtue of default judgment of 2 July 2019 the Court of First Instance accepted the claims of ERBUD S.A. and adjudicated an additional amount of PLN 125 017.00 as reimbursement of the costs of the proceedings. The decision is not final and binding.	A partial write-off was established	A partial write-off was established
Defendant: District Infrastructure Board Date of bringing an action: 5 April 2019 Value of the dispute: 1.882.390 43	On 5 April 2019 Erbud SA acting jointly with "Ebud-Przemysłówka" Sp. z o.o. Multitrade Enterprise filed a claim against the State Treasury - Regional Infrastructure Board in the city of Bydgoszcz for the amount of PLN 1 882 390.43 including PLN 1 034 814.73 along with statutory late interest claimed by Erbud from the State Treasury - Regional Infrastructure Management Board and the amount of PLN 847.PLN 575.69 along with statutory late interest claimed by "Ebud - Przemysłówka" Sp. z o.o. Multitrade Enterprise from the State Treasury - Regional Infrastructure Management Board in Bydgoszcz as remuneration for performed and accepted works specified in the contract concluded by the Claimants, acting as contractors under a Consortium Agreement, with the aim to prepare design documentation and using it to perform the construction and alteration of facilities in the military complex at ul. Szubińska 105 for the purposes of the Centre for Doctrines and Training of the Armed Forces in the City of Bydgoszcz. The Court of First Instance found that there were no grounds for issuing a payment order in the writ of payment proceedings and adjudicated that the case be entered in the general register. On 1 August 2019 Erbud's attorneys were served with a response to the statement of claim drawn up by the General Prosecutor's Office of the Republic of Poland. No further dates or dispositions. Estimated date for completion of proceedings before the Court of First Instance: 2020	n/a	

6.7 TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities include primarily trade payables to non-related parties, advances received, payroll liabilities and tax liabilities.

Trade payables are initially carried at fair value (corresponding to the nominal value) and as of the balance sheet date they are priced at amortized cost.

The received advance payments refer mainly to payments from contractors for the performance of construction contracts and are recognized at the nominal value of the payment received.

Wage and salary payables are recognized at the value due for the work performed, calculated in accordance with the concluded contracts.

Tax liabilities (including tax on goods and services, corporate income tax, personal income tax) are recognized at the amount requiring payment by the Group in compliance with the effective and applicable legislation.

	30 Jun. 2019	31 Dec. 2018
Trade payables	**221 275**	**257 622**
including to related entities	5 599	11 178
Financial liabilities in relation to	**-**	**-**
Dividend	-	-
Liabilities vis-a-vis budget in relation to:	**18 920**	**27 485**
Value added tax	15 031	23 924
corporate income tax	-	-
personal income tax	623	813
Social Insurance Institution	2 760	2 534
State Fund for the Rehabilitation of the Disabled	42	36
holiday accrual (Belgium tax)	322	126
other	142	52
Other liabilities	**3 060**	**2 507**
wages & salaries	1 923	1 705
accruals	1 137	-
other	-	802
Total	**243 255**	**287 614**

6.8 EXPLANATORY NOTES TO THE CASH FLOW STATEMENT

Reconciliation of the change in working capital for the period from 1 January to 30 June 2019 and for the period from 1 January to 30 June 2018.

	Change in balance of Cash Flow Statement in the period from Jan. 2019 to June 2019	Change in balance of Cash Flow Statement in the period from Jan. 2018 to June 2018
Change in provisions	**(282)**	840
Change in provisions	**-**	356
Change in balance of receivables	**(87 635)**	(54 689)
Change in balances of short-term liabilities, excl. credits and loans	**(37 024)**	12 103
Change in balance of prepayments and accruals	**(20 110)**	13 984
Change in balance of working capital	**(145 051)**	**(27 406)**

6.9 GROUP STRUCTURE AND INVESTMENTS INTO JOINT VENTURES AND TRANSACTIONS WITH RELATED ENTITIES

Interests and shares in subsidiaries and jointly controlled entities

Interests and shares in subsidiaries and jointly controlled entities are recognized at historical cost less possible impairment losses.

Non-financial fixed assets impairment

As at every balancing date, the Company verifies whether there are any circumstances indicating impairment of any item of the assets. When such circumstances have been identified or when an annual impairment test needs to be carried out, the Company's estimates the recoverable value of a given asset.

The recoverable amount of an asset corresponds to the fair value of that asset or cash-generating centre less selling costs or its value in use, whichever is higher. This value is determined for individual assets, unless a certain asset does not generate cash inflows on its own, which are mostly independent from those generated by other assets or asset categories. If the carrying amount of an asset in the balance sheet is higher than its recoverable amount, impairment occurs and a write-down it made up to the determined recoverable amount.

For the estimation of the value in use, the projected cash flows are discounted to their present value using a discount rate before taxation that reflects current market estimation of the time value of money and the risk typical for a given asset. Impairment losses on non-financial assets used in operations are recognised as Other Expenses.

On each day ending the accounting period, the Company assesses whether there is any evidence that an impairment loss recognised in prior periods for a certain asset is unnecessary or should be reduced. If such evidence exists, the Company estimates the recoverable amount of the asset. Previously posted write-down is

As of:	30 June 2019	31 Dec. 2018
Erbud International Sp. z o.o.	50	50
Przedsiębiorstwo Budownictwa Drogowo - Inżynieryjnego S.A.	49 554	49 554
Erbud Operations Sp. z o.o.	381	281
Erbud Industry Sp. z o.o.	15 627	15 627
GWI GmbH	13 233	13 233
Erbud Shared Services Sp. z o.o.	12 000	12 000
Erbud Holding GmbH	21 162	21 162
JV WMER Matoc Poland Sp.z o.o	3	5
Hebud Sp. z o.o.	24	24
Spółka joint-venture PABC Sp. z o.o.	5	-
Interests and shares in subsidiaries and jointly controlled entities	**112 039**	**111 936**

Transactions with related entities

The tables below present the totals for transactions concluded by the Parent Company with related entities for the period ended 30 June 2019 and as of 31 December 2018:

		30 Jun. 2019			31 Dec. 2018		
		Joint venture	Other relation	Total	Joint venture	Other relation	Total
	Trade receivables	-	5 346	**5 346**	-	5 767	**5 767**
Note 5.1.2.	Loans extended	-	12 026	**12 026**	-	14 942	**14 942**
	Trade payables	-	10 261	**10 261**	-	15 455	**15 455**
	Sales revenues	-	710	**710**	-	2 507	**2 507**

6.10 EVENTS THAT OCCURRED AFTER CLOSING OF ACCOUNTING PERIOD

The Management Board of ERBDU S.A. notifies that on 30 August 2019 it was informed about the sale of the development project "Retirement Home in Düren" by Pflegequartier Düren GmbH with its registered office in 40549 Düsseldorf - a 51% subsidiary of GWI GmbH (a subsidiary of ERBUD S.A.) under the following terms and conditions:

- Sales date: 30 August 2019
- Seller: Pflegequartier Düren GmbH with registered office at: 40549 Düsseldorfie, Hansaallee 247b (51% shareholding in the company is held by GWI GmbH)
- Buyer: Corpus Sireo Health Care IV SICAV-FIS, 4a, rue Albert Borschette, L - 1246 Luxemburg
- Subject of the contract: Retirement Home - A (retirement home), B (39 apartments with care) and C (day care, 2 nursing groups and 8 apartments with care), Neue Jülicher Straße, 52353 Düren
- Price: EUR 26 100 000.00 (PLN 114 432 840.00 at the average exchange rate of the National Bank of Poland as of 30 August 2019). - – 4 3844)
- The final financial settlement will take place once the facility has been constructed and acquired by the Buyer, i.e. 2020.

Signatures of all Management Board members:

Józef Zubelewicz /A Management Board member/	Dariusz Grzeszczak /A Management Board member/
Agnieszka Głowacka /A Management Board member/	Mariola Zielińska /A person responsible for book-keeping/

Warsaw, 4 September 2019