

**ELEKTROBUDOWA SA**

**Interim condensed consolidated  
financial statements**

**for the three months ended 31 March 2015**

## Index to the interim condensed consolidated financial statements

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b> .....	<b>3</b>
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b> .....	<b>4</b>
<b>CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b> .....	<b>5</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b> .....	<b>8</b>
1.1.1 The parent entity .....	9
1.1.2 Subsidiaries .....	10
1.1.2 Associates .....	10
1.3 Composition of the Management Board of the parent entity .....	11
1.4 Composition of the Supervisory Board of the parent entity .....	11
<b>2. Rules adopted for preparation of the interim condensed financial statements</b> .....	<b>12</b>
2.1 Basis of preparation .....	12
2.2 Statement of compliance .....	12
2.4 Changes to the applied accounting policies .....	13
2.5 New standards and interpretations issued but not yet effective .....	14
2.6 Consolidation .....	15
<b>3. Significant values based on professional judgements and estimates</b> .....	<b>16</b>
3.1 Professional judgement .....	17
3.2 Uncertainty of estimates and assumptions .....	17
3.3 Changes to estimates .....	20
<b>4. Changes to the Group's structure</b> .....	<b>20</b>
<b>5. Information about discontinued operations or operations to be discontinued in the next reporting period</b> .....	<b>20</b>
<b>6. Seasonality or cyclicity of the Group's operations</b> .....	<b>20</b>
<b>7. Segment information</b> .....	<b>21</b>
<b>8. Property, plant and equipment</b> .....	<b>26</b>
<b>9. Liabilities under finance lease agreements</b> .....	<b>27</b>
<b>10. Intangible assets</b> .....	<b>27</b>
<b>11. Investment in associates</b> .....	<b>28</b>
<b>12. Financial assets</b> .....	<b>29</b>
12.1 Available-for-sale financial assets .....	29
12.2 Classification of assets to groups of financial instruments .....	31
<b>13. Trade and other receivables</b> .....	<b>32</b>
13.1 Receivables recognised in non-current assets .....	32
13.2 Receivables recognised in current assets .....	32
<b>14. Non-current prepayments</b> .....	<b>33</b>
<b>15. Inventories</b> .....	<b>33</b>
<b>16. Other non-finance assets</b> .....	<b>34</b>
<b>17. Non-current assets held for sale</b> .....	<b>34</b>
<b>18. Issued share capital</b> .....	<b>35</b>

<b>19. Other capital</b> .....	<b>36</b>
19.1 Supplementary capital.....	36
19.2 Capital from valuation of available-for-sale investments.....	37
19.3 Retained earnings.....	37
19.4 Earnings per share.....	37
<b>20. Trade and other payables</b> .....	<b>38</b>
20.1 Long-term other payables.....	38
20.2 Short-term trade and other payables.....	38
<b>21. Short-term liabilities due to loans and borrowings</b> .....	<b>39</b>
<b>22. Income tax</b> .....	<b>43</b>
22.1 Tax expense.....	43
22.2 Reconciliation of the effective tax rate.....	44
22.3 Deferred income tax.....	44
<b>23. Provisions for liabilities and other charges</b> .....	<b>47</b>
<b>24. Accrued expenses</b> .....	<b>48</b>
<b>25. Classification of financial instruments recognized in liabilities</b> .....	<b>49</b>
<b>26. Construction contracts</b> .....	<b>50</b>
<b>27. Other operating income and expenses</b> .....	<b>53</b>
<b>28. Finance income and costs</b> .....	<b>54</b>
<b>29. Dividend paid (or declared) by the parent company per share</b> .....	<b>55</b>
<b>30. Joint ventures where the Group's entities are venturers</b> .....	<b>55</b>
<b>31. Related party transactions</b> .....	<b>55</b>
<b>32. Contingent liabilities and bills payable</b> .....	<b>56</b>
<b>33. Changes in presentation of the financial statements</b> .....	<b>57</b>
<b>34. Remuneration for the entity authorized to audit the financial statements</b> .....	<b>57</b>
<b>35. Litigations, court proceedings</b> .....	<b>58</b>
<b>36. Events and factors which had an influence on the financial performance</b> .....	<b>60</b>
<b>37. Representation of the Management of the parent company ELEKTROBUDOWA SA on realization of the published forecast</b> .....	<b>64</b>
<b>38. Additional information concerning the parent company</b> .....	<b>65</b>
<b>39. Significant events after the reporting date</b> .....	<b>66</b>

(all amounts in thousands of PLN, unless otherwise stated)

## Consolidated statement of financial position

	Note	as at 31.03.2015	as at 31.12.2014	as at 31.03.2014
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>171 258</b>	<b>174 263</b>	<b>179 603</b>
Property, plant and equipment	8	87 327	88 319	85 964
Intangible assets	10	41 257	41 198	42 094
Investments in associates	11	14 737	13 869	18 657
Available-for-sale financial assets	12.1	6 982	6 982	2 523
Non-current receivables	13.1	4 918	5 272	12 905
Deferred income tax assets	22.3	14 854	17 346	15 970
Non-current prepayments	14	1 183	1 277	1 490
<b>Current assets</b>		<b>696 828</b>	<b>737 549</b>	<b>567 118</b>
Inventories	15	72 013	50 353	59 767
Trade and other receivables	13.2	303 953	340 098	178 198
Available-for-sale financial assets	12.1	24	24	24
Other financial assets	12.2	0	0	510
Derivative financial instruments	12.2	213	0	0
Other non-finance assets	16	10 023	9 648	28 076
Amounts due from customers for construction contract work	26	207 453	274 941	192 452
Cash and cash equivalents		102 903	62 239	107 829
Non-current assets held for sale	17	246	246	262
<b>Total assets</b>		<b>868 086</b>	<b>911 812</b>	<b>746 721</b>
<b>EQUITY, LIABILITIES AND PROVISIONS</b>				
<b>Equity</b>		<b>348 755</b>	<b>338 243</b>	<b>320 083</b>
Issued share capital	18	10 003	10 003	26 375
Supplementary capital	19.1	305 046	305 046	328 630
Capital from valuation of available-for-sale investments	19.2	4 937	4 937	1 326
Exchange differences on translation of operations of foreign branches		(1 993)	(1 947)	(2 301)
Exchange differences on translation of financial statements of related companies		(8 707)	(9 509)	(4 312)
Retained earnings / losses carried forward	19.3	39 379	29 516	(30 547)
<b>Total equity attributable to the Company shareholders</b>		<b>348 665</b>	<b>338 046</b>	<b>319 171</b>
<b>Minority interests</b>		<b>90</b>	<b>197</b>	<b>912</b>
<b>Liabilities and provisions</b>				
<b>Non-current liabilities and provisions</b>		<b>20 583</b>	<b>20 648</b>	<b>18 663</b>
Deferred income tax liabilities	22.3	0	0	1 309
Employee benefit provisions	23	5 794	5 911	5 129
Other liabilities	20.1	14 789	14 737	12 225
<b>Current liabilities and provisions</b>		<b>498 748</b>	<b>552 921</b>	<b>407 975</b>
Trade and other payables	20.2	324 782	358 778	300 063
Corporate income tax liabilities		938	4 840	8 903
Derivative financial instruments	25	0	71	0
Loans, borrowings and debt securities	21	93 136	103 160	30 125
Current provisions	23	4 483	4 511	6 377
Accrued expenses	24	20 804	24 516	21 935
Amounts due to customers for construction contract work	26	54 605	57 045	40 572
<b>Total liabilities and provisions</b>		<b>519 331</b>	<b>573 569</b>	<b>426 638</b>
<b>Total equity, liabilities and provisions</b>		<b>868 086</b>	<b>911 812</b>	<b>746 721</b>

(all amounts in thousands of PLN, unless otherwise stated)

## Consolidated statement of comprehensive income

	Note	three months ended 31.03.2015	three months ended 31.03.2014
<b><u>Continuing operations</u></b>			
Revenue from sales of products, goods and materials		245 835	184 441
Cost of products, goods and materials sold		(225 036)	(179 349)
<b>Gross profit on sales</b>		<b>20 799</b>	<b>5 092</b>
Selling costs		(539)	(595)
General administration expenses		(4 230)	(3 795)
Other operating income	27	1 266	2 966
Other operating expenses	27	(3 167)	(4 134)
<b>Operating profit / loss</b>		<b>14 129</b>	<b>(466)</b>
Finance income	28	0	0
Finance costs	28	(930)	(242)
Share of net loss of related companies measured according to equity method		(449)	(1 035)
<b>Profit / loss before tax</b>		<b>12 750</b>	<b>(1 743)</b>
Income tax expense	22.1	(2 942)	(1 385)
<b>Net profit /loss from continuing operations for the period</b>		<b>9 808</b>	<b>(3 128)</b>
<b><u>Discontinued operations</u></b>			
<b>Net profit / loss from discontinued operations for the period</b>		<b>0</b>	<b>0</b>
<b>Net profit / loss for the period</b>		<b>9 808</b>	<b>(3 128)</b>
<i>of which:</i>			
- profit / loss of the shareholders of ELEKTROBUDOWY SA		9 863	(3 248)
- non-controlling interests		(55)	120
<b>Other comprehensive income</b>		<b>704</b>	<b>(3 513)</b>
<i>of which:</i>			
<b>Other comprehensive income to be reclassified to profit or loss</b>		<b>704</b>	<b>(3 513)</b>
- exchange differences on translation of financial data of foreign branches		(46)	(295)
- exchange differences on translation of financial data of subsidiaries and associates allocated to the parent		802	(2 900)
- exchange differences on translation of financial data of subsidiaries and associates allocated to non-controlling interests		(52)	(318)
<b>Total comprehensive income for the period</b>		<b>10 512</b>	<b>(6 641)</b>
<i>of which:</i>			
- profit / loss of the shareholders of ELEKTROBUDOWY SA		10 619	(6 443)
- non-controlling interests		(107)	(198)
<b>Earnings per share from continuing and continued operations (in PLN per one share)</b>			
- basic / diluted	19.4	2.08	(0.68)

**ELEKTROBUDOWA SA**  
Interim condensed consolidated financial statements for the three months ended 31 March 2015

*(all amounts in thousands of PLN, unless otherwise stated)*

**Consolidated statement of changes in equity**

	Attributable to the shareholders of ELEKTROBUDOWA SA							
	Issued share capital	Supplementary capital	Capital from valuation of available-for- sale investment	Exchange differences on translation of financial data of foreign branches	Retained earnings / losses carried forward	Exchange differences on translation of financial statements of related companies	Non- controlling interests	Total equity
<b>note</b>	18	19.1	19.2		19.3			
<b>As at 1 January 2015</b>	<b>10 003</b>	<b>305 046</b>	<b>4 937</b>	<b>(1 947)</b>	<b>29 516</b>	<b>(9 509)</b>	<b>197</b>	<b>338 243</b>
Exchange differences				(46)		802	(52)	704
Net profit					9 863		(55)	9 808
<b>Total comprehensive income</b>			<b>0</b>	<b>(46)</b>	<b>9 863</b>	<b>802</b>	<b>(107)</b>	<b>10 512</b>
<b>As at 31 March 2015</b>	<b>10 003</b>	<b>305 046</b>	<b>4 937</b>	<b>(1 993)</b>	<b>39 379</b>	<b>(8 707)</b>	<b>90</b>	<b>348 755</b>

**ELEKTROBUDOWA SA**  
Interim condensed consolidated financial statements for the three months ended 31 March 2015

(all amounts in thousands of PLN, unless otherwise stated)

	Attributable to the shareholders of ELEKTROBUDOWA SA							
<b>note</b>	<b>Issued share capital</b>	<b>Supplementary capital</b>	<b>Capital from valuation of available-for-sale investment</b>	<b>Exchange differences on translation of financial data of foreign branches</b>	<b>Retained earnings / losses carried forward</b>	<b>Exchange differences on translation of financial statements of related companies</b>	<b>Non-controlling interests</b>	<b>Total equity</b>
	18	19.1	19.2		19.3			
<b>As at 1 January 2014</b>	<b>26 375</b>	<b>328 630</b>	<b>1 326</b>	<b>(2 006)</b>	<b>(27 299)</b>	<b>(1 412)</b>	<b>1 110</b>	<b>326 724</b>
<i>Exchange differences</i>				59		(8 097)	(235)	(8 273)
<i>Net profit</i>					27 321		(306)	27 015
<i>Valuation of available-for-sale investments</i>			4 459					4 459
<i>Deferred tax on valuation of available-for-sale investments</i>			(848)					(848)
<i>Restatement of employee benefits liabilities</i>					(940)			(940)
<i>Deferred income tax from restatement of employee benefits liabilities</i>					179			179
<b>Total comprehensive income</b>			<b>3 611</b>	<b>59</b>	<b>26 560</b>	<b>(8 097)</b>	<b>(541)</b>	<b>21 592</b>
Distribution of profit		3 811			(3 811)			0
Settlement of prior years' financial result		(25 776)			25 776			0
Settlement of capital restatement due to hyperinflation	(16 372)	(1 619)			17 991			0
Dividend payment					(9 495)		(372)	(9 867)
Other changes					(206)			(206)
<b>As at 31 December 2014</b>	<b>10 003</b>	<b>305 046</b>	<b>4 937</b>	<b>(1 947)</b>	<b>29 516</b>	<b>(9 509)</b>	<b>197</b>	<b>338 243</b>

**ELEKTROBUDOWA SA**  
Interim condensed consolidated financial statements for the three months ended 31 March 2015

*(all amounts in thousands of PLN, unless otherwise stated)*

	Attributable to the shareholders of ELEKTROBUDOWA SA							
	Issued share capital	Supplementary capital	Capital from valuation of available-for- sale investment	Exchange differences on translation of financial data of foreign branches	Retained earnings / losses carried forward	Exchange differences on translation of financial statements of related companies	Non- controlling interests	Total equity
<b>note</b>	18	19.1	19.2		19.3			
<b>As at 1 January 2014</b>	<b>26 375</b>	<b>328 630</b>	<b>1 326</b>	<b>(2 006)</b>	<b>(27 299)</b>	<b>(1 412)</b>	<b>1 110</b>	<b>326 724</b>
Exchange differences				(295)		(2 900)	(318)	(3 513)
Net profit					(3 248)		120	(3 128)
<b>Total comprehensive income</b>			<b>0</b>	<b>(295)</b>	<b>(3 248)</b>	<b>(2 900)</b>	<b>(198)</b>	<b>(6 641)</b>
<b>As at 31 March 2014</b>	<b>26 375</b>	<b>328 630</b>	<b>1 326</b>	<b>(2 301)</b>	<b>(30 547)</b>	<b>(4 312)</b>	<b>912</b>	<b>320 083</b>



*(all amounts in thousands of PLN, unless otherwise stated)***Consolidated statement of cash flows**

	<b>three months ended 31.03.2015</b>	<b>three months ended 31.03.2014</b>
<b>Cash flows from operating activities</b>		
Gross profit before taxes	12 750	(1 743)
Share of net profit of related companies measured according to equity method	449	1 035
Depreciation and amortisation	3 543	3 186
Loss on currency translation differences	508	(1 862)
Interest and share in profit (dividends)	530	147
Gain/loss on sale of property, plant and equipment (PPE)	(61)	401
Change in inventories	(21 660)	(1 830)
Change in trade and other receivables	35 994	81 080
Change in liabilities, except loans and borrowings	(34 534)	(37 241)
Income tax paid	(4 374)	(224)
Change in other non-finance assets	(4 087)	904
Change in non-current prepayments and accrued expenses	94	84
Change in settlements of construction contracts	65 048	(37 857)
Other adjustments	62	(1 549)
<b>Net cash flows from operating activities</b>	<b>54 262</b>	<b>4 531</b>
<b>Cash flows from investing activities</b>		
Sale of intangible assets and PPE	70	70
Purchases of intangible assets and PPE	(2 053)	(3 053)
<b>Net cash flows from investing activities</b>	<b>(1 983)</b>	<b>(2 983)</b>
<b>Cash flows from financial activities</b>		
Loans and borrowings	10 850	24 184
Repayment of loans and borrowings	(20 600)	0
Dividends and other payments to owners	0	0
Interest on loans and leases	(804)	(147)
Commission on loans	(400)	(95)
Other outflows	(153)	(11)
<b>Net cash flows from financing activities</b>	<b>(11 107)</b>	<b>23 931</b>
<b>Net change in cash</b>	<b>41 172</b>	<b>25 479</b>
<b>Balance sheet change in cash</b>	<b>40 664</b>	<b>27 341</b>
Change in cash due to foreign exchange difference	(508)	1 862
Cash at beginning of period	62 239	80 488
<b>Cash and current account overdrafts at end of period</b>	<b>102 903</b>	<b>107 829</b>

## **ACCOUNTING POLICIES AND ADDITIONAL EXPLANATORY NOTES**

### **1. General information**

ELEKTROBUDOWA SA group ("the Group") is composed of ELEKTROBUDOWA SA ("the parent") and its subsidiaries presented in Note 1.1. The consolidated financial statements of ELEKTROBUDOWA SA group cover the year ended 31 March 2015 and include the comparative information:

- the consolidated statement of financial position and the consolidated statement of changes in equity for the periods ended 31 December 2014 and 31 March 2014,
- the consolidated statement of comprehensive income and the consolidated statement of cash flows for the period ended 31 March 2014.

ELEKTROBUDOWA SA is the parent entity of the group. Duration of the parent and other entities in the group shall be indefinite. The financial statements of the subsidiaries cover the same reporting period as the statements of the parent, according to the consistent accounting principles.

#### **1.1 Composition of the group and its principal business**

As at 31 March 2015 the Group was composed of ELEKTROBUDOWA SA, as a parent company, and three subsidiaries.

At the date ending the reporting period the Group also had two associated companies, recognised in the consolidated financial statements using the equity method.

At 31 March 2015, 31 December 2014 and at 31 March 2014 the interest held by the Group in subsidiaries and associates was equal to the share of the Group in equity of those entities.

Composition of the Group has not changed during the reporting period.

##### **1.1.1 The parent entity**

ELEKTROBUDOWA SA was incorporated by the notary deed dated 9 January 1992 drafted in the Notary Office No. 18 in Warsaw (Repertory No. 225/92). The company was created through transformation of the state-owned company named Przedsiębiorstwo Montażu Elektrycznego "Elektrobudowa", based in Katowice.

The company has its registered address at 12 Porcelanowa Street, 40-246 Katowice and is currently registered in the National Court Register (KRS) in the District Court Katowice-Wschód in Katowice, 8th Business Department under KRS entry no. 0000074725. The company has been assigned the statistical number REGON 271173609 and the tax number NIP 634-01-35-506.

Duration of the company's existence shall be indefinite.

Principal activity of the company according to the Polish Classification of Activities (PKD 4321Z) is executing of electrical installations.

Shares of the company are listed on the Warsaw Stock Exchange.

A sector according to the Warsaw Stock Exchange classification: construction.

The business activity of ELEKTROBUDOWA SA includes:

- comprehensive electrical installation works in newly built, extended and modernized power plants and industrial facilities;
- supply of electric power equipment, mainly the electricity transmission and distribution equipment;
- design engineering, testing, commissioning and start-up of electrical installations.

*(all amounts in thousands of PLN, unless otherwise stated)*

---

In the first quarter of 2015 the company carried out its foreign operations through permanent establishments (branches) registered in Finland and the Netherlands. The branches were established in consequence of long-term contracts for works to be performed outside Poland. Business of the foreign branches was registered according to the applicable double tax treaties, to which Poland is a party. By Resolution No. 41/VIII/2015 of the Management Board of ELEKTROBUDOWA SA passed on 18 February 2015 the company started the winding up procedure for the Branch in the Netherlands, particularly deregistering the branch from registers therein. The Branch was deregistered from the Register of Businesses effective from 31 March 2015.

### **1.1.2 Subsidiaries**

**KONIP Sp. z o.o.** based at 12, Porcelanowa Street, 40 -246 Katowice.

ELEKTROBUDOWA SA holds a 100% stake in KONIP Sp. z o.o.  
KONIP Sp. z o.o. administers the real property owned by or in perpetual usufruct of ELEKTROBUDOWA SA. The scope of their business particularly includes maintenance and administration of building and structures, renting the useful areas, fire protection services, cleaning the rooms and area, as well as maintenance of fixed tangible assets, execution of investment and repairs plans, property protection, managing the traditional and mobile telephone communications, maintaining the parent's archives and the reception service.

**ENERGOTEST sp. z o.o.** based at 44 B, Chorzowska Street, 44-100 Gliwice.

ELEKTROBUDOWA SA holds a 100% share in the equity of the company.  
Basic activity of ENERGOTEST comprises services related to construction, modernization and operation of power generating facilities, production of data processing devices, electrical switchgear and controlgear, installation, repairs and maintenance of switchgear and controlgear, also tests and technical surveys.

**ELEKTROBUDOWA UKRAINE Ltd.** with registered office in Zaporizhia Oblast, at 69-A, Pivnichne Shose Street, 69006 city of Zaporizhia, Ukraine.

ELEKTROBUDOWA SA holds a 62% stake in ELEKTROBUDOWA UKRAINE Ltd.

The objects of ELEKTROBUDOWA UKRAINE Ltd. comprise selling of high, medium and low voltage electrical systems, including switchgear panels and distribution substations, in the Ukrainian market, assembly of electrical equipment, switching and control devices, maintenance and repairs of electrical distribution and control devices.

### **1.1.2 Associates**

**Power Equipment Production Plant VECTOR Ltd.** with registered office at 2, Pobiedy Street in Votkinsk the Udmurt Republic of the Russian Federation.

As at 31 March 2015 ELEKTROBUDOWA SA held 49% of VECTOR's share capital. The percentage of ELEKTROBUDOWA's stake in the equity of VECTOR is equal to the percentage of voting rights in its General Meeting of Shareholders.

Principal business activity of VECTOR comprises manufacturing of electrical components, parts for electrical vacuum devices, and also providing construction works and wholesale of electrical production equipment, including electrical switching devices.

*(all amounts in thousands of PLN, unless otherwise stated)*

---

**SAUDI ELEKTROBUDOWA LLC** with registered office in Riyadh, Al Malaz, Al Sittin Street, 11481 Riyadh, the Kingdom of Saudi Arabia.

As at 31 March 2015 ELEKTROBUDOWA SA held 33% of shares representing 33% of the share capital of SAUDI ELEKTROBUDOWA, equal to the percentage of voting rights in the General Meeting of Shareholders.

Business scope of SAUDI ELEKTROBUDOWA includes trading low, medium and high voltage electrical systems, including switchgear panels, distribution boards and electrical substations, as well as installation, repair and maintenance services for power control and distribution systems.

## **1.2 Going concern concept**

The consolidated financial statements have been prepared with the assumption of the Group's entities intention and ability to continue as a going concern in the foreseeable future.

Basing on the budget prepared for 2015, as of the date of authorization of the financial statements the Management Board of the parent does not recognise any facts or circumstances which could indicate a risk to continuation of the Group's operational activities in the foreseeable future.

## **1.3 Composition of the Management Board of the parent entity**

At 31 March 2015 the Management Board of ELEKTROBUDOWA SA was composed of:

Faltynowicz Jacek	-	President
Bober Ariusz	-	Management Board Member
Juszczyk Janusz	-	Management Board Member
Klimowicz Arkadiusz	-	Management Board Member
Świągulski Adam	-	Management Board Member
Wołek Sławomir	-	Management Board Member

On 29 April 2015 the Supervisory Board of ELEKTROBUDOWA SA established a three-person composition of the Management Board. The following persons were appointed for a common three-year term of office (beginning on 29 April 2015):

Faltynowicz Jacek	-	President
Juszczyk Janusz	-	Member of the Management Board, Vice-President
Janczyk Piotr	-	Member of the Management Board

Until the date of disclosing these consolidated financial statements the composition of the Management Board of the parent has not changed.

## **1.4 Composition of the Supervisory Board of the parent entity**

At 31 March 2015 the Supervisory Board of ELEKTROBUDOWA SA had the following composition:

Karol Żbikowski	-	Chairman
Eryk Karski	-	Deputy Chairman
Jacek Dreżewski	-	Supervisory Board Member
Artur Małek	-	Supervisory Board Member
Tomasz Mosiek	-	Supervisory Board Member
Ryszard Rafalski	-	Supervisory Board Member
Paweł Tarnowski	-	Supervisory Board Member

*(all amounts in thousands of PLN, unless otherwise stated)*

---

During the reporting period and until the date of disclosing these consolidated financial statements composition of the Supervisory Board of the parent entity has not changed.

## **2. Rules adopted for preparation of the interim condensed financial statements**

### **2.1 Basis of preparation**

The interim consolidated condensed financial statements of the Group have been prepared under the historical cost convention, except for some non-current assets and financial instruments which are measured at restated values or at fair values at the end of each reporting period, in accordance with the accounting policy presented below.

### **2.2 Statement of compliance**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union ("IFRS-EU"). As at the date of authorisation of these financial statements for issue, taking into account the process, pending in the EU, of implementation of the IFRS standards and the activity carried out by the company, the IFRS differ from IFRS-EU.

The interim condensed financial statements ("the financial statements") have been prepared in accordance with the International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34") and pursuant to the Regulation of the Minister of Finance dated 19 February 2009 on current and interim information provided by the issuers of securities and on the conditions of acknowledging the equivalence of information required by laws of a non-member country (the consolidated text Dz.U. of 28 January 2014, item 133).

Certain entities of the Group keep their accounting books in accordance with the accounting policies specified in the Accounting Act of 29 September 1994 ("the Act") as amended and with the regulations issued on the basis of this Act ("Polish Accounting Standards"). The consolidated financial statements include adjustments not included in the books of account of the entities of the Group, which were made to reconcile the financial statements of those companies to be in conformity with IFRS.

The consolidated financial statements of the group are presented in Polish zloty (PLN) and all amounts, unless otherwise indicated, are shown in thousands of Polish zloty.

Polish zloty is the functional currency of the parent company and the Polish subsidiaries. The functional currency of ELEKTROBUDOWA UKRAINE Ltd. is Ukrainian hryvnia, of the Power Equipment Production Plant VECTOR Ltd. Russian ruble and of SAUDI ELEKTROBUDOWA LLC – Saudi riyal. Items of the financial statements of foreign entities are translated according to relevant exchange rates into the presentation currency of ELEKTROBUDOWA SA group.

### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions as follows:

- disposal of foreign currency - at the buying rate applied by the bank used by an entity of the Group;
- purchase of foreign currency - at the selling rate applied by the bank used by an entity of the Group;
- other transactions - at average exchange rates for each currency announced by the National Bank of Poland, unless customs documents quote another exchange rate;
- assets and liabilities as at the reporting date - at the average exchange rate for each currency announced by the National Bank of Poland.

Gains and losses from settlement of the above transactions and balance sheet valuation of monetary assets and liabilities expressed in foreign currencies are recognised in the statement of comprehensive income, unless they are deferred in the equity when qualified as hedges for cash flows or hedges of shares in net assets.

(all amounts in thousands of PLN, unless otherwise stated)

## Translation of items of the consolidated statement of financial position and the consolidated statement of comprehensive income

Foreign branches of the parent and the related entities prepare their financial statements in functional currency of the primary economic environment in which each foreign branch, subsidiary or associate operates.

The statements of financial position and the statements of comprehensive income of the related entities and the permanent establishments located outside Poland, none of which conducts business in the hyper-inflationary conditions, are translated into the presentation currency as follows:

- assets and liabilities in foreign currency of each presented statement of financial position are translated into Polish currency according to the average closing rate valid at the reporting date, announced by the National Bank of Poland;
- items of statement of comprehensive income in foreign currency are translated at average exchange rate for each currency, which is the arithmetic mean of average rates on the last day of each month of the reporting period, and in justified cases – at the arithmetic mean of average rates on the last day of the previous financial year and the last day of a current financial year, announced by the NBP for each currency;
- exchange differences arising from the translation into the Polish currency are recognized in a joint statement as a separate item of equity. Exchange differences arising from translation of the financial statements are recognised as income or expense in the period in which the entity located abroad is closed.

The following exchange rates have been applied in measurement of assets and liabilities at the reporting date and for converting the items of the consolidated statement of comprehensive income:

currency	31 March 2015		31 December 2014		31 March 2014	
	Statement of financial position	Statement of comprehensive income	Statement of financial position	Statement of comprehensive income	Statement of financial position	Statement of comprehensive income
	in PLN	in PLN	in PLN	in PLN	in PLN	in PLN
EUR	4.0890	4.1489	4.2623	4.1893	4.1713	4.1894
USD	3.8125	3.7436	3.5072	3.1784	3.0344	3.0629
UAH	0.1623	0.1700	0.2246	0.2637	0.2693	0.3080
RUB	0.0661	0.0600	0.0602	0.0821	0.0852	0.0860
SAR	0.9946	0.9813	0.9337	0.8439	0.8085	0.8123

## 2.4 Changes to the applied accounting policies

### Standards and interpretations applied for the first time in 2015

The following standards, amendments to the existing standards and the interpretations issued by the International Accounting Standards Board (IASB) and endorsed for application in the EU are applied for the first time in 2015:

- **Annual Improvements IFRS: 2011-2013 Cycle** - the amendments to various standards and interpretations result from the annual quality improvement project (IFRS 1, IFRS 3, IFRS 8, IFRS 13, and IAS 40) focusing mainly on solving inconsistencies and clarifying the wording - endorsed in the EU on 18 December 2014 (applicable to annual periods beginning on or after 1 January 2015) and issued on 12 December 2013.

*(all amounts in thousands of PLN, unless otherwise stated)*

---

The introduced changes have refined the required accounting treatment in cases where previously free choice was allowed. The essential ones include new or amended requirements regarding: (i) importance of the effective IFRS for IFRS 1; (ii) the scope of exemptions regarding joint ventures; (iii) the scope of IFRS 13.52 (portfolio exemption) and (vi) clarification of the relationships between IFRS 3 and IS 40 with regard to classification of property as investment or used for internal purposes.

- **IFRIC Interpretation 21 “Levies”**- endorsed in the EU on 13 June 2014 (applicable to annual periods beginning on or after 14 June 2014) published by IASB on 20 May 2013 . This is the interpretation of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”, which defines criteria of recognizing liabilities, including the requirement to treat a liability as present obligation of the entity arising from past events (an obligating event). According to the Interpretation, activity that binds the entity to pay a levy as determined in relevant legal regulations is an obligating event.

The aforementioned standards, interpretations and amendments would not significantly affect the accounting policy so far applied by the Group.

#### **Standards and interpretations issued and endorsed by the EU, but not yet effective**

While approving these financial statements, the Group did not apply the following standards, revised standards and interpretations that had been Issued by IASB and endorsed for application in the EU, but which had not yet entered into force:

- **The Annual Improvements to IFRS: 2010-2012 Cycle** - the amendments to various standards and interpretations result from the annual quality improvement project (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, and IAS 38) focusing mainly on solving inconsistencies and clarifying the wording, endorsed in the EU on 17 December 2014 (applicable to annual periods beginning on or after 1 February 2015). The introduced changes have refined the required accounting treatment in cases where previously free choice was allowed. The essential ones include new or amended requirements regarding: (i) defining the “vesting condition”, (ii) settlement of the contingent consideration in business combinations; (iii) aggregation of operating segments and reconciliation of the total assets of reporting segments to the entity's assets; (iv) measurement of short-term receivables and liabilities; (v) proportional restatement of accumulated depreciation in the remeasurement model and (vi) defining key management members.
- **Amendments to IAS 19 “Employee Benefits”** – defined benefit plans: employee contributions, endorsed in the EU on 17 December 2014 (applicable to annual periods beginning on or after 1 February 2015), issued by IASB on 21 December 2013. Minor changes regard the scope of applying the standard to employee or third party contributions to defined benefit plans. The purpose of the changes is to simplify the settlement of contributions independent from the years in service (e.g. calculated as a fixed percentage of remuneration).

Application of the aforementioned amendments would not affect the Group's financial position, performance results or the scope of information presented in the consolidated financial statements.

#### **2.5 New standards and interpretations issued but not yet effective**

The following standards have been issued by the IASB or IFRIC but are not yet effective:

- **IFRS 9 Financial Instruments** (issued on 24 July 2014) effective for financial years beginning on or after 1 July 2018 – not yet endorsed by EU till the date of approval of these financial statements,

*(all amounts in thousands of PLN, unless otherwise stated)*

---

- **IFRS 14 Regulatory Deferral Accounts** (issued on 30 January 2014) – effective for financial years beginning on or after 1 January 2016 – decision about terms of performing particular steps resulting in endorsement of the Standard has not yet been made by EFRAG – not yet endorsed by EU till the date of approval of these financial statements,
- **Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations** (issued on 6 May 2014) – effective for financial years beginning on or after 1 January 2016 - not yet endorsed by EU till the date of approval of these financial statements,
- **Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization** (issued on 12 May 2014) – effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval of these financial statements,
- **IFRS 15 Revenue from Contracts with Customers** (issued on 28 May 2014) – effective for financial years beginning on or after 1 January 2017 – not yet endorsed by EU till the date of approval of these financial statements,
- **Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants** (issued on 30 June 2014) - effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval of these financial statements.
- **Amendments to IAS 27 Equity Method in Separate Financial Statements** (issued on 12 August 2014) - effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval of these financial statements.
- **Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** (issued on 11 September 2014) - effective for financial years beginning on or after 1 January 2016, but the date has been postponed by IASB and it has not been decided yet when EFRAG will complete the endorsement process – not yet endorsed by EU till the date of approval of these financial statements,
- **Annual Improvements to IFRSs 2012 - 2014** (issued on 25 September 2014) - effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval of these financial statements,
- **Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception** (issued on 18 December 2014) - effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval of these financial statements,
- **Amendments to IAS 1 Disclosure Initiative** (issued on 18 December 2014) - effective for financial years beginning on or after 1 January 2016 – not yet endorsed by EU till the date of approval of these financial statements.

The Group did not decide to apply earlier any other standards, interpretations or amendments that had been published but are not yet effective in the light of the EU legislation.

The Group has not assessed the impact of the amended standards or interpretations on its consolidated financial statements. The Management of the parent entity is considering the influence that those changes may have on the Group's consolidated financial statements.

## 2.6 Consolidation

### Subsidiaries

These consolidated financial statements include the financial statements of ELEKTROBUDOWA SA and the entities controlled by it (subsidiaries), each prepared for the period ended 31 March 2015.



*(all amounts in thousands of PLN, unless otherwise stated)*

---

The financial statements of subsidiaries are prepared for the same reporting period as the statements of the parent, basing on the consistent accounting principles applied for economic events and transactions of similar nature. Corrections are made in order to eliminate any discrepancies in the applied accounting principles.

All significant balances and transactions among the entities of the group, including unrealised gains from transactions within the Group, have been eliminated. Unrealised losses are eliminated unless they clearly indicate impairment.

Subsidiaries are consolidated from the date on which control over them is transferred to the Group, they are de-consolidated from the date on which control ceases. The parent controls an entity if it:

- has power over the entity,
- is exposed to or has rights to variable returns from its involvement with the entity; and
- has ability to use its power over the entity to affect the amount of the entity's returns.

The parent company verifies the fact of control over other entities if a situation occurs which indicates a change in one or more of the above conditions of control.

When the company has less than a majority of voting rights in a given entity but the number of voting rights are enough to unilaterally direct the essential operations of the entity, it means that it has control over the entity. In assessing whether the voting rights in an entity are enough to have power over it, the company analyses all essential circumstances, including:

- the size of owned package of voting rights compared with the size of shares and a degree of dispersion of voting rights held by other shareholders;
- hypothetical voting rights held by the company, other shareholders or other parties;
- rights embedded in other contractual arrangements; and
- other additional circumstances which may indicate that the company has or has not an ability to direct essential operations at the moments of decision making, including voting schemes observed in earlier meetings of shareholders.

The changes in shareholding of the parent which do not result in loss of control over the subsidiary are recognised as equity transactions. In such cases, in order to reflect the changes in relative shares in the subsidiary, the Group adjusts the carrying amount of controlling interest and non-controlling interest. Any differences between the amount of non-controlling interest adjustment amount and the fair value of the amount paid or received are charged to equity and attributed to owners of the parent.

## **Associates**

Associates are all entities over which the parent has significant influence, participating in formulating their financial and operational policies, but has no control over them.

In the consolidated financial statements the associates are accounted for using the equity method.

Profits or losses, assets and liabilities of associates are recognised in the consolidated financial statements using the equity method. According to this method, investments in an associate are recognised in the consolidated statement of financial position under historical cost convention, with necessary adjustment reflecting the changes of the Group's share of net assets of an associate happened after the acquisition date, less impairment of investments. The Group's share of its associates' profits is recognised in the statement of comprehensive income. Unrealised gains or losses on transactions between the group and its associates are eliminated to the extent of the Group's interest in associates. The amount of dividend due to the Group from the associates is also eliminated.

## **3. Significant values based on professional judgements and estimates**

Preparation of the Group's consolidated financial statements requires the Management of the parent company to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, with associated notes as well as disclosure of contingent liabilities. Assumptions and estimates made on the basis of them are based on historic experience and the analysis of various factors deemed rational, and their outcome is the basis for a professional judgement on the value of items they refer to.

*(all amounts in thousands of PLN, unless otherwise stated)*

---

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

In the period covered by these consolidated financial statements no significant changes of estimated values or methodology of making estimates occurred, which would have impact on the current or future periods, other than those presented below or further in the text of these consolidated financial statements.

### **3.1 Professional judgement**

In the process of applying the accounting policies, Managements of the Group's entities has made the following judgements, which have the most significant effect on the carrying amounts of assets and liabilities.

#### **Classification of lease agreements where the ELEKTROBUDOWA SA group is a lessee**

The Group classifies a lease as operating or financial on the basis of assessment what portion of risks and rewards of ownership is transferred to the lessor and what portion to the lessee. The parent company concluded lease agreements for the use of fixed assets qualified to group 4, 7 and 8.

The Group has all substantial risks and rewards of ownership of those assets, basing on the economic content of each transaction. Finance lease liabilities are presented in Note 9.

#### **Impairment of interest in associates**

The parent company analyses whether there is any indication that its interest in associates may be impaired in accordance with IAS 36. In the analysis the indications of impairment loss defined in IAS 39 were applied. The assessment, whether there is any indication that the interest in associates is impaired, is presented in Note 11.

#### **Joint operation arrangements**

Each time after signing a construction contract to be performed within a consortium, the entities of the Group assess the nature of the contract in order to establish a method of contract revenue and costs recognition.

### **3.2 Uncertainty of estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The parent company based its assumptions and estimates on data available when the financial statements were prepared.

However, the existing circumstances and assumptions about future developments may change due to market changes or circumstances beyond the control of the Group's entities. Such changes are reflected in estimates and assumptions when they occur.

*(all amounts in thousands of PLN, unless otherwise stated)*

---

### **Impairment of assets, including goodwill and intangibles**

As at each reporting date, the Group analyses the indicators of impairment of assets and, if required, performs test for impairment.

Estimates of impairment of property, plant and equipment with definite useful lives are made by the parent at the end of a reporting date. This requires estimating the value in use of the cash-generating unit to which the assets belong. Calculation of the value in use is based on estimation of the expected future cash flows generated by the CGU and estimation of the discount rate used for calculation of the present value of these cash flows.

The parent company has assessed whether there are indications of impairment of the assets. The analysis has shown that in the period of 3 months ended 31 March 2015 such indications did not occur.

Information about investment in associates is provided in Note 11.

Other impairment of assets at the end of the reporting period is presented in Note 13 and Note 15.

### **Depreciation rates**

The Group verifies annually the residual value, depreciation methods and expected useful lives of fixed tangible assets which are subject to depreciation.

In the opinion of the Management of the parent, the fixed tangible assets are used evenly. Depreciation charges are calculated by estimating their useful economic lives and even distribution of the amount of depreciation.

Fixed tangible assets are checked in order to ascertain the correctness of the assumed useful lives, and the following is assessed:

- normal wear and tear,
- technical obsolescence,
- intensity of past use,
- intensity of estimated use,
- expected useful life,
- availability of spare parts and consumables.

Furthermore, consultations are carried out with persons responsible for the use of fixed assets, with the users and industrial experts. As at 31 March 2015 the parent company estimates that the useful lives of the assets assumed for depreciation purposes reflect the expected periods of future economic benefits from the assets.

### **Measurement of provision for employee benefits**

Provision for employee benefits was measured using the actuarial methods.

The technical assumptions, calculation methodology and analysis of changes in the amount of employee benefits liabilities (retirement and other pension allowances) adopted for the end of 2014 have not changed. Change in provision for employee benefits during the period results from recognition of benefits which have been paid (Note 23).

### **Deferred tax asset**

The Group recognises a deferred income tax asset basing on the assumption that the taxable profit will be available against which it can be utilized. Future deterioration of taxable income could cause that the assumption became unjustified.

Deferred tax assets are measured at the tax rates that are expected to apply at the time when the asset is realized, based on tax laws enacted at the reporting date. Information about the deferred tax is provided in Note 22.3.

*(all amounts in thousands of PLN, unless otherwise stated)*

---

### **Warranty provisions measurement**

The Group creates provisions for warranty repair expenses, as it has to grant its customers warranties for manufactured and delivered power equipment. The amount of provision is calculated basing on analysis of historically incurred costs of warranty repairs in relation to the volume of sales. Basing on the analysis of the amount of expenditure in the revenue for the past 5 years before the reporting year, a factor is calculated on which the calculation of provision of warranty repair costs incurred in subsequent periods will be based. Details of estimated provisions for warranty repair are presented in Note 23.

### **Provision for costs of delay in completion of contracts**

The Group creates a provision for liquidated damages for delay in completion of a contract when it is highly probable that the liquidated damages for delay will be calculated and such delay has been attributable to the company as the contractor. The amount of provision depends on the amount of liquidated damages for a specific period of delay provided for in a contract. Details of estimated provisions are presented in Note 24.

### **Calculation of amounts due from the customers and due to the customers in respect of long-term construction contracts**

At the end of each reporting period the entities of the Group review the estimates of total revenue and costs in respect of construction contracts settled by the stage of completion method, based on contract budgets valid for the date of preparation of the financial statements.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, the contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized in the financial result as expense, according to IFRS.

The Group uses the percentage of completion method to determine the amounts due to or due from the construction contract customers. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. Details of settlement of revenue and costs relating to the construction contracts for the reporting period are presented in Note 26.

### **Fair value of financial instruments**

Fair value of the financial instruments for which there is no active market is established using appropriate valuation techniques. In selection of appropriate methods and assumptions an entity of the Group is guided by professional judgement. The way of establishing fair values of different financial instruments is presented in Notes 12 and 25.

Fair value of assets or liabilities is measured using observable market data to the possible extent. When in measurement of fair value of assets or liabilities it is not possible to use quoted market prices, the Group's entity engages external professional valuation specialists to perform measurement.

### **Valuation of inventories**

As at the end of the reporting period the Group's entities assessed whether there is any indication that the inventories may be impaired. The inspection of stocks and the analysis of data from rotation records showed that the value in use or trading value of inventories impaired (partially or fully). Therefore it is justified to impair the asset and reduce its book value to its net realizable price.

*(all amounts in thousands of PLN, unless otherwise stated)*

---

An entity of the Group determines a reliable net selling price for each type or each item of inventories. The provisions for impairment are presented in Note 15.

### **3.3 Changes to estimates**

During the period of three months ended 31 March 2015 and as at 31 March 2015 the entities of the Group verified and amended its estimates concerning significant areas, as described in Note 3.1. and Note 3.2.

### **4. Changes to the Group's structure**

During the reporting period there were no changes to the structure of the Group caused by business combinations, transition or disposal of entities, long-term investments, division, restructuring or discontinued operations.

### **5. Information about discontinued operations or operations to be discontinued in the next reporting period**

No operation was discontinued by any of the Group's entity in the period ended 31 March 2015 and no such discontinuation is planned in the next reporting period.

### **6. Seasonality or cyclicity of the Group's operations**

Periodization of work is characteristic for the entities of the Group which operate in the construction sector or render services for investment projects.

The impact of seasonality on performance of construction and erection services was accounted for as early as at the stage of preparation of the Group's 2015 budget, which also considered the schedules of contractual works included in the contracts.

Weather and market conditions in which the business segments of the ELEKTROBUDOWA SA group operate, as well as the ways of contracting and making investment plans by business partners, cause that the revenues from sales are received in later quarters of the financial year.

Poor results of the Automation Division in the first quarter (net loss of 314 thousand PLN), mainly contributed to fixed costs, are made up for in the next quarters of the year. Net loss of 1 008 thousand PLN in "All other segments" was generated by the annual payment for utilities, which is settled during the financial year in rents.

Key financial data of the ELEKTROBUDOWA SA group in Q1 2015:

	<b>three months ended 31 March 2015</b>	<b>Budget 2015</b>	<b>Share of amounts budgeted for 2015</b>
Revenue from sale of products, goods and materials	245 835	1 196 862	20,5%
Profit on sales	16 030	74 241	21,6%
Net profit	9 808	45 032	21,8%

*(all amounts in thousands of PLN, unless otherwise stated)*

---

## **7. Segment information**

### **Primary reporting format – business segments**

Business activity of the Group is primarily categorised by industries.

Operations of the business segments include provision of construction and installation services, realization of electrical Power facilities and automation systems and also production of electrical and automation equipment.

The Group's reporting segments are its strategic divisions, identified in respect of organisational structure and strategy, offering different products and services. They are separately managed, as the operations of each require different production technology and different marketing strategy.

The Group is organized into five reportable segments:

- The segment: Power Generation Division provides services for power and heat generating plants, heavy industry, particularly metallurgy and mining together with processing facilities. The services include electrical installation and erection, commissioning and start up of electrical plant and equipment, and also manufacture and installation of high-current busducts.
- The segment: Industry Division renders services for broadly understood public sector, trade (retail centres) and industry, including petrochemical, paper & pulp, road building, etc. The services include electrical installation, commissioning and start-up and general realization of investments.
- The segment: Power Distribution Division provides overall services for the power distribution sector and supplies products manufactured by the division. The core business of the segment is the production and selling of low and medium voltage equipment, particularly low and medium voltage switchgear systems and mobile substations, manufacture and sale of steel cable trays and supports, development and selling of control and signalling equipment, the supply of complete distribution substations and turnkey contracts for power transmission and distribution projects.
- The segment: Automation Division provides turnkey realization of electrical part of power facilities. It also supplies turnkey power automation systems, such as: protection, synchronization, power supply changeover systems, signal transmission, control and supervision systems, generator excitation and voltage control systems. The segment also manufactures power automation devices and equipment for switchgear panels. The business operations include also provision of expert systems for power industry, water power stations and industrial plants, event and disturbance recording software. The scope of the segment's activities comprises operational and routine tests of electrical equipment and systems in power plants and combined heat & power stations, and highest voltage stations and systems.
- Other items include other material and not material services provided for external customers.

No operating segments of the Group have been aggregated to form the above reportable operating segments.

The Management of the parent monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured as profit from or loss on the operating activity in the financial statements.

The group's financing (including finance costs and finance income) and income taxes are monitored on the level of operating segments and allocated to them.

(all amounts in thousands of PLN, unless otherwise stated)

Revenue from inter-segment transactions is eliminated on the level of the Group.

Sales and transfers between segments are on an arm's length basis in a manner similar to transactions with third parties.

The table below presents the Group's revenue and performance in the reportable segments.

### Business segment performance for Q1 2015

	<u>Power Generation Division</u>	<u>Industry Division</u>	<u>Power Distribution Division</u>	<u>Automation Division</u>	<u>All other segments</u>	<u>Total Group</u>
<b>Continuing operations</b>						
<b>Revenue</b>						
of which:						
Sales to external customers	142 916	40 154	55 940	6 152	673	245 835
Inter-segment sales	495	0	5 893	4 465	2 308	13 161
Total revenue of segments	143 411	40 154	61 833	10 617	2 981	258 996
<b>Operating profit / loss</b>	<b>9 299</b>	<b>381</b>	<b>6 009</b>	<b>(335)</b>	<b>(1 225)</b>	<b>14 129</b>
Financial activities result	(101)	(117)	(712)	0	0	(930)
Share of net profit of related entities measured acc. to equity method	0		(449)	0	0	(449)
<b>Gross profit / loss before tax</b>	<b>9 198</b>	<b>264</b>	<b>4 848</b>	<b>(335)</b>	<b>(1 225)</b>	<b>12 750</b>
Income tax	(1 915)	(55)	(1 210)	21	217	(2 942)
<b>Net profit/ loss for the period from continuing operations</b>	<b>7 283</b>	<b>209</b>	<b>3 638</b>	<b>(314)</b>	<b>(1 008)</b>	<b>9 808</b>
<b>Discontinued operations</b>						
<b>Net profit / loss from discontinued operations for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net profit/ loss for the period</b>	<b>7 283</b>	<b>209</b>	<b>3 638</b>	<b>(314)</b>	<b>(1 008)</b>	<b>9 808</b>
of which:						
- net profit / loss of shareholders of ELEKTROBUDOWA SA	7 283	209	3 693	(314)	(1 008)	9 863
- non-controlling interests	0	0	(55)	0	0	(55)

### Other items of business segments recognized in the consolidated statement of comprehensive income for Q1 2015

	<u>Power Generation Division</u>	<u>Industry Division</u>	<u>Power Distribution Division</u>	<u>Automation Division</u>	<u>All other segments</u>	<u>Total Group</u>
Depreciation	831	198	718	159	695	2 601
Amortisation	59	28	792	38	25	942
Share of net profit of related entities measured acc. to equity method	0	0	(449)	0	0	(449)

(all amounts in thousands of PLN, unless otherwise stated)

### Business segment performance for Q1 2014

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total Group
<b>Continuing operations</b>						
<b>Revenue</b>						
of which:						
Sales to external customers	79 775	31 749	64 379	7 986	552	184 441
Inter-segment sales	438	5	6 951	956	2 333	10 683
Total revenue of segments	80 213	31 754	71 330	8 942	2 885	195 124
<b>Operating profit / loss</b>	<b>3 231</b>	<b>(8 809)</b>	<b>5 794</b>	<b>(1 334)</b>	<b>652</b>	<b>(466)</b>
Financial activities result	(29)	(46)	(167)	0	0	(242)
Share of net profit of related entities measured acc. to equity method	0	0	(1 035)	0	0	(1 035)
<b>Gross profit / loss before tax</b>	<b>3 202</b>	<b>(8 855)</b>	<b>4 592</b>	<b>(1 334)</b>	<b>652</b>	<b>(1 743)</b>
Income tax	(853)	(787)	274	223	(242)	(1 385)
<b>Net profit/ loss for the period from continuing operations</b>	<b>2 349</b>	<b>(9 642)</b>	<b>4 866</b>	<b>(1 111)</b>	<b>410</b>	<b>(3 128)</b>
<b>Discontinued operations</b>						
<b>Net profit / loss from discontinued operations for the period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net profit/ loss for the period</b>	<b>2 349</b>	<b>(9 642)</b>	<b>4 866</b>	<b>(1 111)</b>	<b>410</b>	<b>(3 128)</b>
of which:						
- net profit / loss of shareholders of ELEKTROBUDOWA SA	2 349	(9 642)	4 746	(1 111)	410	(3 248)
- non-controlling interests	0	0	120	0	0	120

### Other items of business segments recognized in the consolidated statement of comprehensive income for Q1 2014

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total Group
Depreciation	850	261	521	147	682	2 461
Amortisation	72	37	498	83	35	725
Share of net profit of related entities measured acc. to equity method	0	0	(1 035)	0	0	(1 035)

### Items of business segments recognized in the consolidated statement of financial position as at 31 March 2015

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total Group
Assets	311 441	113 523	299 665	50 595	92 862	868 086
Liabilities	235 097	93 408	167 804	10 523	12 499	519 331
Capital expenditure	216	43	943	168	871	2 241
Investment in associates	0	0	14 737	0	0	14 737



(all amounts in thousands of PLN, unless otherwise stated)

Items of business segments recognized in the consolidated statement of financial position as at 31 December 2014

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total Group
Assets	285 748	131 527	338 626	51 516	104 395	911 812
Liabilities	216 425	127 939	201 895	11 353	15 957	573 569
Capital expenditure	2 459	334	6 661	754	1 281	11 489
Investment in associates	0	0	13 869	0	0	13 869

Items of business segments recognized in the consolidated statement of financial position as at 31 March 2014

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total Group
Assets	197 850	127 310	234 717	51 700	135 144	746 721
Liabilities	164 117	133 403	150 698	10 281	(31 861)	426 638
Capital expenditure	257	100	1 858	283	380	2 878
Investment in associates	0	0	18 657	0	0	18 657

Other information

Provisions for impairment of receivables of segments

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total Group
as at 31 March 2015	8 353	19 609	6 122	218	683	34 985
as at 31 December 2014	6 420	19 721	6 986	220	658	34 005
as at 31 March 2014	2 500	16 775	4 280	240	15	23 810

Amounts of created provisions for impairment of receivables of segments

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total Group
in Q1 2015	2 014	94	172	0	91	2 371
in 2014	4 510	9 601	4 160	59	651	18 981
in Q1 2014	177	167	314	7	8	673

(all amounts in thousands of PLN, unless otherwise stated)

### Reversal and use of provisions for impairment of receivables of segments

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total Group
in Q1 2015	81	206	1 036	2	66	<b>1 391</b>
in 2014	430	6 708	1 864	101	0	<b>9 103</b>
in Q1 2014	17	220	724	29	0	<b>990</b>

### Secondary reporting format – geographical segments

The ELEKTROBUDOWA SA Group operates in the domestic market and in foreign markets.

	<b>3 months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
<b>Revenue from sale of products, goods and materials</b>		
a) Poland	227 346	165 910
b) other countries, including:	18 489	18 531
- Finland	9 337	5 177
- Russia	5 149	1 653
- Angola	3 146	0
- South Africa	228	54
- Switzerland	139	372
- France	155	345
- Ukraine	98	5 225
- Germany	83	193
- Turkey	60	3 123
- Saudi Arabia	0	1 219
- other	94	1 170
	<b>245 835</b>	<b>184 441</b>

### Information about key customers

The revenue from direct sales generated by the Power Generation Division includes the 118.1 million PLN income from the contract with the Group's biggest customer (16.4 million PLN in Q1 2014). The revenue from the biggest customer accounted for 48.1% of the Group's Q1 2015 revenue and for 8.9% of total revenues generated by the Group in Q1 2014.

The revenue from direct sales generated by the Power Distribution Division includes the 64.7 million PLN income from the contract with the Group's second biggest customer (12.8 million PLN in Q1 2014). The revenue from the second biggest customer accounted for 26.3% of the Group's Q1 2015 revenue and for 6.9% of total revenues generated by the Group in Q1 2014.

In Q1 2015 the Group invoiced the revenue generated from contracts with the two leading customers accounting for 74.4% of the Group's total revenue, against 15.8% in Q1 2014.

(all amounts in thousands of PLN, unless otherwise stated)

## 8. Property, plant and equipment

	as at 31 March 2015	as at 31 December 2014	as at 31 March 2014
<b>Property, plant and equipment</b>			
- land	4 970	4 970	4 035
- building, civil engineering facilities	51 575	52 096	52 585
- technical equipment and machines	14 367	14 912	14 167
- vehicles	6 087	6 336	6 755
- other fixed assets	5 536	5 886	3 525
- fixed assets under construction	4 722	4 049	4 874
- advances for fixed assets under construction	70	70	23
	<b>87 327</b>	<b>88 319</b>	<b>85 964</b>

In accordance with IAS 16, as at 31 December 2014 the parent company, ELEKTROBUDOWA SA recognised as PPE (in "land" item) the perpetual usufructuary right to land in the amount of 957 thousand PLN which in previous years was disclosed in the off-balance sheet records. The company did not make any adjustments of comparative data as the amount was irrelevant.

At 31 March 2015 the net investment in third party's fixed assets amounted to 900 thousand PLN.

At 31 March 2015 there were no provisions for impairment of fixed assets.

The Group does not have any property, plant or equipment with restricted right of use.

### Leased fixed tangible assets

As at 31 March 2015 the Group used fixed tangible fixed assets under finance leases and the hire purchase contracts, the initial value of which was 3 159 thousand PLN (2 721 thousand PLN at 31 December 2014 and 300 thousand PLN at 31 March 2014) and which included technical equipment and machines 2 171 thousand PLN, vehicles 860 thousand PLN and other fixed tangible assets 128 thousand PLN. The depreciation charge of leased assets and assets under hire purchase contracts amounted to 189 thousand PLN at the reporting date (79 thousand PLN at 31 December 2014 and 91 thousand PLN as at 31 March 2014), of which technical equipment and machines 76 thousand PLN, vehicles 54 thousand PLN and other fixed assets 59 thousand PLN.

### Fixed assets pledged as security

As at 31 March 2015, land and buildings of which the ELEKTROBUDOWA SA Group was an owner or a perpetual user, were subject to collateral mortgage up to the maximum amount of 518 970 thousand PLN (544 775 thousand PLN as at 31 December 2014 and 305 380 thousand PLN at 31 March 2014).

As at 31 March 2015, owned by the Group fixed tangible assets classified as property, plant and equipment were pledged as security up to the amount 171 900 thousand PLN (171 900 thousand PLN at 31 December 2014 and 59 400 thousand PLN at 31 March 2014).

Both collateral mortgage and registered pledges secured possible claims of the financial institutions concerning repayment of provided loans and guarantees.

(all amounts in thousands of PLN, unless otherwise stated)

## 9. Liabilities under finance lease agreements

As at 31 March 2015, 31 December 2014 and 31 March 2014 future minimum lease payments and the present value of minimum net lease payments concerning irrevocable lease agreements were as follows:

	as at 31 March 2015		as at 31 December 2014		as at 31 March 2014	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within 1 year	86	89	100	92	98	85
1 - 5 years	178	173	195	189	32	30
<b>Total minimum lease payments</b>	<b>264</b>	<b>262</b>	<b>295</b>	<b>281</b>	<b>130</b>	<b>115</b>
Less finance costs	11		14		15	
<b>Present value of minimum lease payments</b>	<b>253</b>		<b>281</b>		<b>115</b>	
- short-term		89		92		85
- long-term		173		189		30

During the period ended 31 March 2015 the Group did not make any contingent lease payments recognised as cost of the period (in the year ended 31 December 2014 it amounted to 27 thousand PLN and in the period ended 31 March 2014 it was 0 thousand PLN).

## 10. Intangible assets

	as at 31.03.2015	as at 31.12.2014	as at 31.03.2014
<b>Intangible assets</b>			
- costs of finished R&D works	14 188	14 884	3 110
- acquired concessions, patents, licenses and similar	869	975	1 405
- costs of unfinished R&D works	4 036	3 175	15 415
- goodwill	22 164	22 164	22 164
	<b>41 257</b>	<b>41 198</b>	<b>42 094</b>

Main items of intangible assets include goodwill and finished research and development works.

### Goodwill

Irrespective of whether there is an indication of impairment of goodwill, the parent is required to test goodwill for impairment annually.

As at the acquisition date the acquired goodwill is allocated to each of the CGUs which may benefit from the synergies arising from business combination. The operating segment, defined according to IFRS 8 Operating Segments, was acknowledged the lowest level in the Group to which the goodwill can be allocated and on which goodwill is monitored for internal management needs.

The test for impairment of goodwill was performed on net assets plus goodwill of the operating segment: Automation. The cash generating unit within this segment is ENERGOTEST sp. z o.o.

*(all amounts in thousands of PLN, unless otherwise stated)*

The test was performed as at 31 December 2014 by an independent property valuer engaged by ELEKTROBUDOWA SA. The obtained results showed that in 2014 the carrying amount of the goodwill did not change compared with the amount as at 31 December 2013 and was 22 164 thousand PLN.

Basing on the budget prepared for 2015 and the analysis of liquidity of owned assets of ENERGETEST sp. z o.o., it must be assumed that in Q1 2015 there were no indications of impairment of its goodwill as at the reporting date.

### **Finished research and development works**

By the report dated 31 July 2014 the parent company ELEKTROBUDOWA SA settled the expenditure for development works concerning the project of implementation to serial production of a new product, high voltage switchgear type OPTIMA 145. The outlay in the amount of 13 505 thousand PLN was classified to the costs of finished development works and a 10-year amortization period was assumed. As at 31 March 2015 the incurred outlay, less accumulated amortization, amount to 12 604 thousand PLN.

The entities of the Group regularly evaluate economic value in use of development works presented in the intangible assets, and verifies their value. As at the date of these consolidated financial statements no indicators of their impairment were identified.

Gross value of all fully amortised but still used and controlled by the Group intangible assets as at 31 March 2015 was 19 003 thousand PLN (18 773 thousand PLN as at 31 December 2014 and 17 151 thousand PLN at 31 March 2014).

As at 31 March 2015, 31 December 2014 and 31 March 2014 no impairment charges relating to the intangible assets were made by the Group's companies.

As at 31 March 2015, 31 December 2014 and 31 March 2014 the ELEKTROBUDOWA SA Group did not have any intangibles with restricted right of use.

### **Intangible assets used as security**

No liabilities were secured by the Group's intangible assets at 31 March 2015, 31 December 2014 or 31 March 2014.

## **11. Investment in associates**

	<b>Power Equipment Production Plant Vector Ltd. Votkinsk, Russia</b>	<b>SAUDI ELEKTROBUDOWA LLC Riyadh, the Kingdom of Saudi Arabia</b>
<b>Interest in the share capital at 31 March 2015</b>	<b>49%</b>	<b>33%</b>
Purchase price	13 805	97
Increase of capital in 2009	7 711	0
Valuation of share of equity	(6 700)	(176)
<b>Investment in associates as at 31 March 2015</b>	<b>14 816</b>	<b>(79)</b>
<b>Selected data as at 31 March 2015</b>		
Assets	50 087	389
Equity	30 238	629
Liabilities	19 849	(240)
Revenue from sales of products, goods and materials	21 427	769
Net profit / loss	(914)	125

*(all amounts in thousands of PLN, unless otherwise stated)*

As at 31 March 2015, investment in the associate, VECTOR Ltd. amounted to 14 816 thousand PLN, while at the date of acquisition it amounted to 21 516 thousand PLN, so its amount decreased by 6 700 thousand PLN. The main reason of the decrease was the change in Russian rouble exchange rate as at the reporting date. Political and economic situation in Russia in 2014 involved dynamic fluctuations in the exchange rate of Russian rouble. Average exchange rate of Russian rouble announced by the National Bank of Poland (NBP) on 31 December 2014 was 0.0602 PLN, and on 31 March 2015 it was 0.0661 PLN. Shares in VECTOR were purchased at the average rate 0.0955 PLN, the difference of the measurement at the reporting date was 0.0294 PLN. Equity of VECTOR Ltd. as at 31 March amounted to 457 450 thousand RUB, translating to 30 238 thousand PLN. Share of ELEKTROBUDOWA SA in the equity of VECTOR (49%) was worth 224 151 thousand RUB, translating to 14 816 thousand PLN.

#### **Valuation of investment in VECTOR Ltd. as at 31 March 2015**

Value of shares owned by ELEKTROBUDOWA SA at historic cost	21 516	thousand PLN,
Value of shares in equity acc. to the average rate announced by NBP at the reporting date	14 816	thousand PLN,
Change of value of shares owned by ELEKTROBUDOWA SA as at 31 March 2015	(6 700)	thousand PLN.

Another reason of the decrease of value of investment in the associate was the decrease in equity of VECTOR caused by a loss incurred in 2014 and in Q1 2015. The year 2014 closed with the 4 753 thousand RUB loss, translating to 390 thousand PLN. The share of ELEKTROBUDOWA SA in the loss generated by VECTOR amounted to 2 329 thousand RUB, translating to 191 thousand PLN.

In the period ended 31 March 2015 VECTOR generated a loss of 15 240 thousand RUB, translating to 914 thousand PLN. The share of ELEKTROBUDOWA SA in the loss generated by VECTOR amounted to 7 468 thousand RUB, translating to 448 thousand PLN.

Dynamically dropping value of the exchange rate of the Russian rouble in 2014 and negative financial results of VECTOR Ltd. involved the decrease of value of ELEKTROBUDOWA 's investment in the associate as at 31 March 2015, by 6 700 thousand PLN.

## **12. Financial assets**

### **12.1 Available-for-sale financial assets**

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
<b>Available-for-sale financial assets</b>			
- non-current	6 982	6 982	2 523
- current	24	24	24
	<b>7 006</b>	<b>7 006</b>	<b>2 547</b>

Non-current financial assets available for sale include shareholding in PI Biprohut Sp. z o.o. based in Gliwice.

*(all amounts in thousands of PLN, unless otherwise stated)*

---

As of 31 March 2015 ELEKTROBUDOWA SA had 23.07% share in the equity of PI Biprohut Sp. z o.o. while the share in total voting rights in the General Meeting was 22.79%. The interest of ELEKTROBUDOWA SA in the equity of PI Biprohut Sp. z o.o. did not change compared with 31 December 2014. As at 31 March 2015 the strategic investor of PI Biprohut Sp. z o.o. held 70.90% stake which entitled him to 66.77% of voting rights in the general meeting of shareholders. The remaining shares were held by individual, dispersed shareholders. Basing on the criteria of IAS 28, ELEKTROBUDOWA SA performed relevant analysis of classification of this investment, resulting in the conclusion that it does not have significant influence on operating or financial policy of PI Biprohut Sp. z o.o., and the investment itself is classified as available-for-sale assets and measured in accordance with IAS 39.

PI Biprohut Sp. z o.o. is not listed in the stock exchange, so an independent valuation specialist was engaged to value the shares. Having considered the results of analysis of the real property market and liquidity of the shares of PI Biprohut Sp. z o.o. at 31 March 2015, the fair value of shares held by ELEKTROBUDOWA SA could be estimated as the same as measured by the valuation specialist as at 31 December 2014.

Fair value of shares in PI Biprohut Sp. z o.o. is classified as Level 2 in the hierarchy of financial instruments.

The non-current assets include also 17 shares (of par value 8.5 thousand PLN) representing 17% of capital of Energotest – Diagnostyka Sp. z o.o. and the same share in the total voting rights in the General Meeting of Shareholders. As the group has no influence on directing the operating and financial policy of Energotest - Diagnostyka, the Management of the parent did not classify the company as an associate. The share in the company held by the group was measured at book value.

As at 31 March 2015 and 31 December 2014, the carrying amount of the group's interest in Energotest - Diagnostyka Sp. z o.o. was 351 thousand PLN, while at 31 March 2014 it was 308 thousand PLN.

Fair value of shares of Energotest – Diagnostyka Sp. z o.o. is classified to Level 3 of the fair value hierarchy.

Current financial assets include shares in Famak S.A. based in Kluczbork. The shares are not listed on the stock exchange, therefore their fair value was estimated according to their offered price to buy. As at 31 March 2015 the carrying amount of current assets available for sale was 24 thousand PLN and did not change compared to the amount at 31 December 2014.

Fair value of shares is classified to Level 3 of the fair value hierarchy.

(all amounts in thousands of PLN, unless otherwise stated)

## 12.2 Classification of assets to groups of financial instruments

Type of financial instrument	method of measurement as at 31 March 2015	as at 31.03.2015	as at 31.12.2014	as at 31.03.2014	amount charged to revaluation capital in Q1 2015	amount charged to profit or loss in Q1 2015
<b>1. Loans extended and own receivables</b>		<b>306 579</b>	<b>342 491</b>	<b>187 385</b>	<b>0</b>	<b>(1 225)</b>
a) long-term receivables due to sale of non-current assets	amortised cost	696	688	967	0	8
b) long-term receivables due to retentions	amortised cost	4 222	4 584	11 938	0	73
c) short-term trade and other receivables	amortised cost	301 661	337 219	174 480	0	(1 306)
<b>2. Available-for-sale investments</b>		<b>7 006</b>	<b>7 006</b>	<b>2 547</b>	<b>0</b>	<b>0</b>
a) shares of PI Biprohut Sp. z o.o.	fair value	6 631	6 631	2 215	0	0
b) shares of Energotest - Diagnostyka Sp. z o.o.	book value	351	351	308	0	0
c) shares of Famak S.A.	book value	24	24	24	0	0
<b>3. Other financial assets</b>		<b>0</b>	<b>0</b>	<b>510</b>	<b>0</b>	<b>0</b>
a) a deposit in PEKAO S.A.	amortised cost	0	0	510	0	0
<b>4. Cash and cash equivalents</b>	amortised cost	<b>102 903</b>	<b>62 239</b>	<b>107 829</b>	<b>0</b>	<b>(1 102)</b>
<b>5. Derivative financial instruments</b>		<b>213</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>213</b>
a) forward contract in foreign currencies	fair value	213	0	0	0	213
<b>Total financial assets</b>		<b>416 701</b>	<b>411 736</b>	<b>298 271</b>	<b>0</b>	<b>(2 114)</b>

As at 31 March 2015 the parent company, ELEKTROBUDOWA SA had forward currency transactions for the amount 1 320 thousand EUR unsettled (1 320 thousand EUR at 31 December 2014 and 0 EUR at 31 March 2014). Fair value of a forward transaction as at the reporting date is measured by the financial institution using the discounted cash flow method, basing on the closing rate at the relevant day. At 31 March 2015 the fair value of the forward closed at positive value of 213 thousand PLN. The company recognized the effect of measurement of derivatives in its statement of comprehensive income in the "Other operating expenses" line. The company also reversed the prior years' valuation amount (details in Note 24).

The company does not use hedge accounting, but the used transactions are not of a speculative nature and are used for the purpose of hedging the sales transactions denominated in foreign currencies. For information about the hedged sale transaction refer to Note 26.



(all amounts in thousands of PLN, unless otherwise stated)

### 13. Trade and other receivables

#### 13.1 Receivables recognised in non-current assets

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
<b>Long-term receivables, of which:</b>			
- disposal of property, plant and equipment	696	688	967
- contract retentions	4 222	4 584	11 938
<b>Long-term receivables - net</b>	<b>4 918</b>	<b>5 272</b>	<b>12 905</b>
Discount of receivables	224	305	791
Impairment of receivables	163	0	0
<b>Long-term receivables - gross</b>	<b>5 305</b>	<b>5 577</b>	<b>13 696</b>

Fair value of long-term trade and other receivables approximates their carrying amount.

#### 13.2 Receivables recognised in current assets

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
<b>Current trade and other receivables</b>			
- for supplies and services	277 829	312 690	140 160
- other	26 124	27 408	38 038
<b>Total current trade and other receivables -net</b>	<b>303 953</b>	<b>340 098</b>	<b>178 198</b>
Impairment of receivables	34 822	34 005	23 810
<b>Total current trade and other receivables -gross</b>	<b>338 775</b>	<b>374 103</b>	<b>202 008</b>

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
<b>Other current receivables</b>			
- receivables due to public and legal settlements	2 292	2 878	3 718
- retentions	19 933	21 562	27 814
- amounts receivable for other services performed	1 134	557	0
- receivables from sales of fixed assets	678	1 194	320
- amounts receivable from contractors as damages	209	188	351
- receivables from employees	272	63	239
- other	1 606	966	5 596
	<b>26 124</b>	<b>27 408</b>	<b>38 038</b>

Fair value of short-term trade and other receivables approximates their carrying amount.

(all amounts in thousands of PLN, unless otherwise stated)

As at 31 March 2015 the trade receivables for supplies and services in the amount of 24 410 thousand PLN (24 835 thousand PLN at 31 December 2014 and 16 981 thousand PLN at 31 March 2014) and other receivables amounting to 10 575 thousand PLN (9 170 thousand PLN at 31 December 2014 and 6 829 thousand PLN at 31 March 2014) were acknowledged as uncollectible and so they were impaired. Changes in the provision for impairment of receivables were as follows:

	<b>3 months ended 31.03.2015</b>	<b>12 months ended 31.12.2014</b>	<b>3 months ended 31.03.2014</b>
<b>Provisions for impairment of trade and other receivables</b>			
Impairment provision at beginning of period	34 005	24 127	24 127
Creating a provision, including:	2 371	18 981	673
- trade receivables	337	14 251	160
- other receivables	2 034	4 730	513
Use	(733)	(1 651)	0
Deduction of unused amounts (release)	(658)	(7 452)	(990)
<b>Impairment provision at end of period</b>	<b>34 985</b>	<b>34 005</b>	<b>23 810</b>
of which:			
- for trade receivables	24 410	24 835	16 981
- for other receivables	10 575	9 170	6 829

Changes in provisions for impairment of receivables are described in Note 27 of the consolidated statement of comprehensive income.

#### 14. Non-current prepayments

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
<b>Long-term prepayments</b>			
- construction insurance policies	625	745	1 127
- other	558	532	363
	<b>1 183</b>	<b>1 277</b>	<b>1 490</b>

#### 15. Inventories

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
<b>Inventories</b>			
- materials	31 873	27 772	24 484
- semi-finished products and work in progress	37 245	19 602	26 898
- finished goods	2 261	2 345	3 952
- merchandise	634	634	4 433
	<b>72 013</b>	<b>50 353</b>	<b>59 767</b>
of which:			
- inventory write-down	(1 115)	(1 135)	(192)

*(all amounts in thousands of PLN, unless otherwise stated)*

The Group's entities regularly review the value of inventories and the possibility to use them. In the period ended 31 March 2015 the Group did not create any provision for impairment of inventory of materials.

The Group does not have any bank loans or other liabilities hedged by the inventories.

#### 16. Other non-finance assets

	<b>as at</b>	<b>as at</b>	<b>as at</b>
	<b>31.03.2015</b>	<b>31.12.2014</b>	<b>31.03.2014</b>
<b>Other non-finance assets</b>			
- future periods expenses (subscriptions, fees, insurance)	1 707	2 134	1 867
- prepayments for supplies	6 699	7 514	24 671
- contribution to Employee Benefit Fund	1 617	0	1 538
	<b>10 023</b>	<b>9 648</b>	<b>28 076</b>

#### 17. Non-current assets held for sale

	<b>as at</b>	<b>as at</b>	<b>as at</b>
	<b>31.03.2015</b>	<b>31.12.2014</b>	<b>31.03.2014</b>
<b>Non-current assets held for sale</b>			
a) fixed tangible assets, of which:			
- technical equipment and machines	129	129	145
- other fixed tangible assets	117	117	117
	<b>246</b>	<b>246</b>	<b>262</b>

The parent company, ELEKTROBUDOWA SA has separated some of property, plant and equipment items, as there is no longer a demand for their continuing use in the operation processes. At the same time actions were commenced to dispose of them in an open tender procedure. An independent expert was engaged to estimate the market value of the held to sale assets. As the items to be measured are technical means for which there is an active secondary market, their market value was established with the use of a direct comparison approach. Invitations to tender are placed in easily available national and local daily newspapers and also on the internet. As no buyer was found in the open tender procedure for the assets, which are highly specialized machines, ELEKTROBUDOWA SA offered the resale of the equipment to its initial seller. The Management of the parent expects the sale transaction to be finalised within the next twelve months.

(all amounts in thousands of PLN, unless otherwise stated)

## 18. Issued share capital

	as at 31.03.2015	as at 31.12.2014	as at 31.03.2014
<b>Issued (registered) share capital at beginning of period</b>	10 003	26 375	26 375
Coverage of results of restatement of issued share capital recognized in retained earnings pursuant to Resolution 8/2014 of the Annual General Meeting of ELEKTROBUDOWA SA of 22 May 2014	0	(16 372)	0
<b>Issued (registered) share capital at beginning of period</b>	<b>10 003</b>	<b>10 003</b>	<b>26 375</b>

In previous years, in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies, the issued share capital of the parent recognised in the consolidated financial statements as at the date of adoption of the International Financial Reporting Standards was restated in correspondence with retained earnings / losses by the amount 16 371 629.00 PLN and amounted to 26 374 919.00 PLN. The restated amount of the issued share capital was only a book value recognised in the consolidated financial statements of ELEKTROBUDOWA SA and differed from the value of share capital disclosed in the Articles of Association and in the register of companies, the National Court Register.

The Annual General Meeting of ELEKTROBUDOWA SA held on 22 May 2014 adopted a resolution on allocation of the amounts from restatement of capitals in hyperinflationary economy to cover the prior years' losses generated in result of hyperinflationary restatement.

To each ordinary share, of nominal value 2.00 PLN fully paid, a single vote in the General Meeting of shareholders is attached. Shares of all series have the same preferences as to eligibility to dividend and return of capital. All shares were acquired for cash. The parent company ELEKTROBUDOWA SA has no treasury shares. The subsidiaries and associates do not hold shares of the parent.

Series /issue	Type of shares	Type of preference	Type of restriction	Number of shares	Value of series /issue at par	Date of registration	Right to dividend (since)
A	ordinary bearer	no preference	none	3 248 750	6 497	1995-06-07	1995-01-01
B	ordinary bearer	no preference	none	722 250	1 953	1995-12-11	1995-01-01
C	ordinary bearer	no preference	none	249 096	498	2006-12-06	2006-01-01
D	ordinary bearer	no preference	none	527 512	1 055	2008-01-23	2008-01-01
<b>Total number of shares</b>				<b>4 747 608</b>			

*(all amounts in thousands of PLN, unless otherwise stated)*

As at 15 May 2015, to the best knowledge of the company, the shareholders holding significant interest in ELEKTROBUDOWA SA were as below:

<b>Shareholders of ELEKTROBUDOWA SA as at 15 May 2015</b>		<b>Number of shares = number of votes</b>	<b>Percentage</b>
1.	AVIVA OFE AVIVA BZ WBK SA	579 301	12,20
2.	PKO BP Bankowy Otwarty Fundusz Emerytalny	467 415	9,85
3.	Otwarty Fundusz Emerytalny PZU "Złota Jesień"	454 446	9,57
4.	AXA Otwarty Fundusz Emerytalny	446 553	9,41
5.	ING Otwarty Fundusz Emerytalny	320 850	6,76
6.	PTE Allianz Polska SA	299 523	6,31
7.	MetLife Otwarty Fundusz Emerytalny	280 367	5,91
8.	Generali Otwarty Fundusz Emerytalny	241 640	5,09
9.	free float	1 657 513	34,90
<b>Total number of shares in the share capital</b>		<b>4 747 608</b>	<b>100,00</b>

According to information available to the parent, the shareholding structure of ELEKTROBUDOWA SA as at 15 May 2015 did not change compared with the structure at 31 December 2014.

On 29 April 2015 composition of the Management Board changed (Note 1.3).

As at 15 May 2015 (date of issue of this report) the managing and supervising persons did not have shares of the Company.

## 19. Other capital

### 19.1 Supplementary capital

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
<b>Structure of the supplementary capital:</b>			
- share premium	100 676	100 676	100 676
- created as required by law	3 334	3 334	3 334
- created acc. to the Articles of Association, over (minimum) value required by law	196 845	196 845	218 810
- other (by type)	4 191	4 191	5 810
a) transferred from reserve capital	5 562	5 562	5 562
b) allocated for dividend	(3 000)	(3 000)	(3 000)
c) restatement due to hyperinflation	0	0	1 619
d) from distribution of profit of subsidiaries	1 629	1 629	1 629
	<b>305 046</b>	<b>305 046</b>	<b>328 630</b>

In accordance with IAS 29 Financial Reporting in Hyperinflationary Economies – the supplementary capital from share premium, recognised in the consolidated financial statements as at the date of adoption of the International Financial Reporting Standards, was restated in correspondence with retained earnings / losses by the amount 1 618 750.00 PLN.

On 22 May 2014, the Annual General Meeting of ELEKTROBUDOWA SA adopted a resolution on allocation of the amounts from restatement of capitals in hyperinflationary economy to cover the prior years' losses generated in result of hyperinflationary restatement.

(all amounts in thousands of PLN, unless otherwise stated)

## 19.2 Capital from valuation of available-for-sale investments

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
<b>Capital from valuation of available-for-sale investments</b>			
- valuation of available-for-sale investments	6 094	6 094	1 636
- deferred tax related to investment valuation	(1 157)	(1 157)	(310)
	<b>4 937</b>	<b>4 937</b>	<b>1 326</b>

The capital from valuation of investments has been created by restatement of available-for-sale financial assets, referred to in Note 12.2. When a restated item of the financial assets is sold, the effectively realized part of the capital associated with this item is recognized in the consolidated statement of comprehensive income for the relevant period.

## 19.3 Retained earnings

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
<b>Retained earnings / losses carried forward</b>			
- restatement of share capital due to hyperinflation	0	0	(17 991)
- actuarial gains / losses	0	(761)	0
- prior years' gains / losses	29 516	2 956	(9 308)
- net profit for the period	9 863	27 321	(3 248)
	<b>39 379</b>	<b>29 516</b>	<b>(30 547)</b>

On 22 May 2014 the Annual General Meeting of ELEKTROBUDOWA SA adopted resolutions on:

- allotting the whole amount 17 990 379.00 PLN resulting from the restatement of the share capital and supplementary capital in the hyperinflationary economy to cover the prior years' losses generated in effect of the hyperinflationary restatement,
- covering the whole prior years' net loss recognized in the statement of financial position as at 31 December 2013 in the total amount 25 776 107.00 PLN from the supplementary capital.

## 19.4 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the company by the weighted average number of ordinary shares outstanding during the reporting period adjusted by the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential equity instruments into ordinary shares.

(all amounts in thousands of PLN, unless otherwise stated)

The following reflects the information about income and shares used in the basic earnings per share computations:

	<b>3 months ended 31 March 2015</b>	<b>3 months ended 31 March 2014</b>
Net profit / loss for the period attributable to the shareholders of ELEKTROBUDOWA SA (in PLN)	9 863 582	(3 248 246)
Weighted average number of shares	4 747 608	4 747 608
Basic earnings per share (in PLN)	2,08	(0,68)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of these consolidated financial statements.

## 20. Trade and other payables

### 20.1 Long-term other payables

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
<b>Other financial liabilities (long-term)</b>			
long-term retention amounts	12 794	12 852	12 196
- lease commitments	1 995	1 885	29
<b>Other long-term liabilities - net</b>	<b>14 789</b>	<b>14 737</b>	<b>12 225</b>
Discount of liabilities	534	723	950
<b>Other long-term liabilities - gross</b>	<b>15 323</b>	<b>15 460</b>	<b>13 175</b>

### 20.2 Short-term trade and other payables

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
<b>Trade and other financial liabilities (short-term)</b>			
- for supplies and services	202 470	224 827	163 180
- other (by titles)	12 315	13 203	9 277
of which:			
a) retentions from subcontracts	10 461	10 897	7 874
b) purchase of non-current assets	446	748	761
c) lease payment liabilities	833	687	86
d) deductions from payroll	469	440	450
e) other	106	431	106
	<b>214 785</b>	<b>238 030</b>	<b>172 457</b>

(all amounts in thousands of PLN, unless otherwise stated)

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
<b>Other non-finance liabilities (short-term)</b>			
- advances received for supplies	80 063	90 884	113 529
- taxes, duties, insurance and other contributions	19 745	23 060	6 709
- salaries and wages	9 424	6 804	6 579
- relating to special funds	765	0	789
	<b>109 997</b>	<b>120 748</b>	<b>127 606</b>

As at 31 March 2015, the received advance payments for deliveries were secured against guarantees for the total amount 109 935 thousand PLN (145 773 thousand PLN at 31 December 2014, 144 507 thousand PLN at 31 March 2014).

Fair value of current trade and other payables approximates their carrying value.

## 21. Short-term liabilities due to loans and borrowings

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
<b>Loans, borrowings and debt securities</b>			
- liabilities due to loans (nominal)	93 136	102 886	30 125
- liabilities due to interest on loans	0	274	0
	<b>93 136</b>	<b>103 160</b>	<b>30 125</b>



**ELEKTROBUDOWA SA**  
Interim condensed consolidated financial statements for the three months ended 31 March 2015

(all amounts in thousands of PLN, unless otherwise stated)

**Short-term liabilities due to loans and borrowings as at 31 March 2015**

Lender	Registered office	Contractual loan amount		Amount to be repaid		Rate of interest	Contract validity	Collateral
		PLN'000	curr	PLN'000	curr			
<b>ING BANK ŚLĄSKI S.A.</b>	Katowice							
overdraft		17 000	PLN	0	PLN	WIBOR 1M + bank margin	30.01.2016	* assignment of receivables from contracts = 150% engagement due to guarantees and overdraft; registered charges including transfer of rights in insurance policy (8 selected fixed tangible assets); first charge up to 3 000 thousand PLN (Dąbrowa Górnicza) KW No.KA1D/00018183/0, incl. assignment of rights to insurance policy; assignment of receivables from the contract with PSE (Byczyna)
working capital loan		55 000	PLN	53 200	PLN	WIBOR 1M + bank margin	30.01.2016	
<b>BANK HANDLOWY S.A.</b>	Warszawa							
overdraft		15 000	PLN	0	PLN	WIBOR 1M + bank margin	12.11.2015	* assignment of receivables from contracts = 80% engagement; first charge up to 50 000 thousand PLN (Tychy) KW No. KA1T/00060238/5 incl. transfer of rights in insurance policy; 2 blank bills collateralized by the said charge, 1 blank bill secured by the first charge up to 4 375 thousand PLN (Mikołów) KW No. KA1M/00065708/0 incl. transfer of rights in insurance policy, assignment of receivables from a contract (PSE SA - OSP/DI/INW/14/2013 SKAWINA)
working capital loan		52 000	PLN	39 936	PLN	WIBOR 1M + bank margin	31.12.2017	
limit for credit cards		200	PLN	0	PLN			
<b>BANK PEKAO S.A.</b>	Kraków							
overdraft		10 000	PLN	0	PLN	WIBOR 1M + bank margin	30.04.2016	* assignment of receivables from contracts = 100% engagement due to guarantees and current account overdraft; first charge up to 22 400 thousand PLN (Konin) KW No.KN1N/00013390/8, incl. transfer of rights in insurance policy; 1 blank bill
<b>PKO BP S.A.</b>	Warszawa							
overdraft		25 000	PLN	0	PLN	WIBOR 1M + bank margin	28.02.2017	* assignment of receivables from contracts = 100% engagement; first charge up to 435 195 thousand PLN (Katowice) KW No. KA1K/00043349/3 including transfer of rights in insurance policy, 2 blank bills
<b>mBank S.A.</b>	Warszawa							
overdraft		10 000	PLN	0	PLN	WIBOR ON + bank margin	30.09.2015	* assignment of receivables from contracts = 100% engagement ; first charge up to 4 000 thousand PLN (Płock) KW No. PL1P/00119678/5 incl. transfer of rights in insurance policy; 1 blank bill
<b>BNP PARIBAS BANK POLSKA S.A.</b>	Warszawa							
overdraft		1 000	PLN	0	PLN	WIBOR 1M + bank margin	10.09.2015	* 1 blank bill of exchange, general assignment of the existing and future receivables from debtors, declaration of submission to enforcement
		<b>185 200</b>		<b>93 136</b>				

\* Short-term loans without fixed maturity dates; the dates quoted above are the dates of contracts validity.

**ELEKTROBUDOWA SA**  
Interim condensed consolidated financial statements for the three months ended 31 March 2015

(all amounts in thousands of PLN, unless otherwise stated)

**Short-term liabilities due to loans and borrowings, and debt securities as at 31 December 2014**

Lender	Registered office	Contractual loan amount		Amount to be repaid		Rate of interest	Contract validity	Collateral
		PLN'000	curr	PLN'000	curr			
<b>ING BANK ŚLĄSKI S.A.</b>	Katowice							
overdraft		17 000	PLN	0	PLN	WIBOR 1M + bank margin	30.01.2016	* assignment of receivables from contracts = 150% engagement due to guarantees and overdraft; registered charges including transfer of rights in insurance policy (8 selected fixed tangible assets); first charge up to 3 000 thousand PLN (Dąbrowa Górnicza) KW No.KA1D/00018183/0, incl. transfer of rights in insurance policy; assignment of receivables from the contract with PSE (Byczyna)
working capital loan	85 000	PLN	53 200	PLN	WIBOR 1M + bank margin	30.01.2016		
<b>BANK HANDLOWY S.A.</b>	Warszawa							
overdraft		15 000	PLN	2 645	PLN	WIBOR 1M + bank margin	12.11.2015	* assignment of receivables from contracts = 80% engagement; first charge up to 50 000 thousand PLN (Tychy) KW No. KA1T/00060238/5 incl. transfer of rights in insurance policy; 2 blank bills collateralized by the said charge, 1 blank bill secured by the first charge up to 4 375 thousand PLN (Mikołów) KW No. KA1M/00065708/0 incl. transfer of rights in insurance policy, assignment of receivables from a contract (PSE SA - OSP/DI/INW/14/2013 SKAWINA)
working capital loan		52 000	PLN	46 884	PLN	WIBOR 1M + bank margin	31.12.2017	
limit for credit cards	200	PLN		PLN				
<b>BANK PEKAO S.A.</b>	Kraków							
overdraft	10 000	PLN	0	PLN	WIBOR 1M + bank margin	30.04.2015	* assignment of receivables from contracts = 100% engagement due to guarantees and current account overdraft; first charge up to 22 400 thousand PLN (Konin) KW No.KN1N/00013390/8, incl. transfer of rights in insurance policy; 1 blank bill	
<b>PKO BP S.A.</b>	Warszawa							
overdraft		25 000	PLN	0	PLN	WIBOR 1M + bank margin	20.02.2015	* assignment of receivables from contracts = 100% engagement; first charge up to 461 000 thousand PLN (Katowice) KW No. KA1K/00043349/3 including transfer of rights in insurance policy, 2 blank bills
<b>mBank S.A.</b>	Warszawa							
overdraft		10 000	PLN	157	PLN	WIBOR ON + bank margin	30.01.2016	* assignment of receivables from contracts = 100% engagement ; first charge up to 4 000 thousand PLN (Płock) KW No. PL1P/00119678/5 incl. transfer of rights in insurance policy; 1 blank bill
<b>BNP PARIBAS BANK POLSKA S.A.</b>	Warszawa							
overdraft		1 000	PLN	0	PLN	WIBOR 1M + bank margin	10.09.2015	* 1 blank bill of exchange, general assignment of the existing and future receivables from debtors, declaration of submission to enforcement
		<b>215 200</b>		<b>102 886</b>				

\* Short-term loans without fixed maturity dates; the dates quoted above are the dates of contracts validity.

**ELEKTROBUDOWA SA**  
Interim condensed consolidated financial statements for the three months ended 31 March 2015

(all amounts in thousands of PLN, unless otherwise stated)

**Short-term liabilities due to loans, borrowings, and debt securities as at 31 March 2014**

Lender	Registered office	Contractual loan amount		Amount to be repaid		Rate of interest	Contract validity	Collateral
		PLN'000	curr	PLN'000	curr			
<b>ING BANK ŚLĄSKI S.A.</b> overdraft	Katowice	5 000	PLN	1 328	PLN	WIBOR 1M + bank margin	18.12.2015	* assignment of receivables from contracts = 150% engagement; pledged equipment and assigned rights to insurance policy registered charges including transfer of rights in the insurance policy (4 selected fixed assets, the line in Konin, TRUPUNCH punching machine) first charge up to 3 000 thousand PLN (Dąbrowa Górnicza) KW no. KA1D/00018183/0, including rights in the insurance policy
		12 000	PLN	12 000	PLN	WIBOR 1M + bank margin	30.06.2014	
working capital loan								
<b>BANK HANDLOWY S.A.</b> overdraft	Warszawa	15 000	PLN	707	PLN	WIBOR 1M + bank margin	14.10.2014	* assignment of receivables from contracts = 80% engagement; first charge up to 50 000 thousand PLN (Tychy) KW No. KA1T/00060238/5 incl. transfer of rights in insurance policy; 2 blank bills collateralized by the said charge, 1 blank bill secured by the first charge up to 4 375 thousand PLN (Mikołów) KW No. KA1M/00065708/0 incl. transfer of rights in insurance policy, assignment of receivables from a contract (PSE SA - OSP/DI/INW/14/2013 SKAWINA)
		52 000	PLN	13 646	PLN	WIBOR 1M + bank margin	31.12.2017	
		200	PLN		PLN			
working capital loan								
limit for credit cards								
<b>BANK PEKAO S.A.</b> overdraft	Kraków	10 000	PLN	0	PLN	WIBOR 1M + bank margin	30.04.2014	* assignment of receivables from contracts = 100% engagement; first charge up to 11 504 thousand PLN (Konin) KW no. KN1N/00013390/8, incl. transfer of rights in insurance policy; 1 blank bill
<b>PKO BP S.A.</b> overdraft	Warszawa	5 000	PLN	0	PLN	WIBOR 1M + bank margin	20.02.2015	* assignment of receivables from contracts = 100% engagement; first charge up to 232 500 thousand PLN (Katowice) KW no. KA1K/00043349/3 incl. transfer of rights in insurance policy; 2 blank bills of exchange
<b>mBank S.A.</b> overdraft	Warszawa	10 000	PLN	2 444	PLN	WIBOR ON + bank margin	30.09.2014	* assignment of receivables from contracts = 100% engagement; first charge up to 4 000 thousand PLN (Płock) KW no. PL1P/00119678/5 incl. transfer of rights in insurance policy; 1 blank bill
<b>BNP PARIBAS BANK POLSKA S.A.</b> overdraft	Warszawa	1 000	PLN	0	PLN	WIBOR 1M + bank margin	13.08.2014	* 1 blank bill of exchange, general assignment of the existing and future receivables from debtors, declaration of submission to enforcement
		<b>110 200</b>		<b>30 125</b>				

\* Short-term loans without fixed maturity dates; the dates quoted above are the dates of contracts validity.

(all amounts in thousands of PLN, unless otherwise stated)

## Movements in working capital loans during the reporting period

		date of change	amount released	amount repaid	balance
<b>Working capital loans at 31 December 2014</b>					<b>100 084</b>
<b>ING Bank Śląski S.A.</b>	at 31.12.2014		53 200	0	53 200
	at 31.03.2015		53 200	0	53 200
<b>Bank Handlowy S.A.</b>	at 31.12.2014		46 884	0	46 884
	changes during the reporting period	09.01.2015	0	(17 798)	29 086
		30.01.2015	2 200	0	31 286
		19.02.2015	4 565	0	35 851
		20.03.2015	4 085	0	39 936
		razem 2015 rok		10 850	(17 798)
at 31.03.2015		57 734	(17 798)	39 936	
<b>Working capital loans at 31 March 2015</b>					<b>93 136</b>

## 22. Income tax

### 22.1 Tax expense

The major components of income tax expense for the periods ended 31 March 2015 and 31 March 2014 are as follows:

	3 months ended 31 March	
	2015	2014
<b>Income tax recognised in the consolidated statement of comprehensive income</b>		
- current tax	44	83
- deferred tax	2 492	1 256
- tax of foreign branches	406	53
- other settlements	0	(7)
<b>Tax charge recognised in profit</b>	<b>2 942</b>	<b>1 385</b>

Tax settlements and other business areas which are subject to regulations (such as duty or foreign currency matters) may be inspected by administrative bodies authorized to impose severe penalties and sanctions. Lack of reference to well established law provisions in Poland is the cause of ambiguities and inconsistency in the regulations in force. Frequent differences of opinions concerning legal interpretation of tax regulations, both inside the government bodies and between the government bodies and enterprises, give rise to areas of uncertainty and conflicts. For these reasons tax risk in Poland is much greater than in the countries with more developed taxation systems.

Tax settlements are subject to inspection within the period of five years after the end of the year in which the tax was paid.

In the opinion of the Management of the parent company, as at the date of issuing these consolidated financial statements, no circumstances indicate that any significant tax liabilities could arise due to additional tax assessment with interests and penalties.

(all amounts in thousands of PLN, unless otherwise stated)

## 22.2 Reconciliation of the effective tax rate

Reconciliation of income tax on the gross profit before tax according to the tax rate, with the income tax calculated according to the effective tax rate for the Group for the periods ended 31 March 2015 and 31 March 2014 is as follows:

	<b>3 months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
<b>Gross profit before tax</b>	12 750	(1 743)
<b>Tax calculated according to the 19% rate</b>	2 423	(331)
Permanent differences settled in Poland	533	1 785
Permanent differences of foreign branches income	(440)	(106)
Temporary differences settled in Poland	3 149	1 595
Correction of deferred tax for 2011 - 2012	0	(1 611)
Tax on tax loss	(3 129)	0
Tax of foreign branches	406	53
<b>Income tax</b>	<b>2 942</b>	<b>1 385</b>
<b>Effective tax rate (%)</b>	<b>23.1</b>	<b>(79.5)</b>

## 22.3 Deferred income tax

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
Deferred income tax assets	57 489	72 763	54 374
Provisions for deferred income tax	(42 635)	(55 417)	(38 404)
<b>Deferred corporate income tax assets recognized in assets in the consolidated statement of financial position</b>	<b>14 854</b>	<b>17 346</b>	<b>15 970</b>
Provisions for deferred income tax of foreign branches	0	0	(1 309)
<b>Provisions for deferred corporate income tax recognized in liabilities in the consolidated statement of financial position</b>	<b>0</b>	<b>0</b>	<b>(1 309)</b>
<b>Total deferred income tax</b>	<b>14 854</b>	<b>17 346</b>	<b>14 661</b>

(all amounts in thousands of PLN, unless otherwise stated)

Structure of the deferred income tax:

	Construction contracts	Provisions, prepayments and accrued expenses	Fixed tangible assets	Revaluation of assets	Tax on tax loss	Other	Total
<b>Assets</b>							
beginning of period 1 January 2015	59 684	6 964	541	4 506	0	1 068	72 763
- changes credited/charged to financial result	(17 811)	(754)	13	(38)	3 129	187	(15 274)
end of period 31 March 2015	41 873	6 210	554	4 468	3 129	1 255	57 489
<b>Provisions</b>							
beginning of period 1 January 2015	(52 238)	(5)	(678)	(926)	0	(1 570)	(55 417)
- changes credited/charged to financial result	12 822	0	(19)	(41)	0	20	12 782
end of period 31 March 2015	(39 416)	(5)	(697)	(967)	0	(1 550)	(42 635)
<b>End of period 31 March 2015 -total</b>	<b>2 457</b>	<b>6 205</b>	<b>(143)</b>	<b>3 501</b>	<b>3 129</b>	<b>(295)</b>	<b>14 854</b>

	Construction contracts	Provisions, prepayments and accrued expenses	Fixed tangible assets	Revaluation of assets	Tax on tax loss	Other	Total
<b>assets</b>							
beginning of period 1 January 2014	38 826	7 189	468	2 120	0	608	49 211
- changes credited/charged to financial result	20 858	(404)	73	2 386	0	460	23 373
- changes charged to capital	0	179	0	0	0	0	179
end of period 31 December 2014	59 684	6 964	541	4 506	0	1 068	72 763
<b>Provisions</b>							
beginning of period 1 January 2014	(30 457)	(5)	(617)	(651)	0	(1 564)	(33 294)
- changes credited/charged to financial result	(21 781)	0	(61)	573	0	(6)	(21 275)
- changes charged to capital	0	0	0	(848)	0	0	(848)
end of period 31 December 2014	(52 238)	(5)	(678)	(926)	0	(1 570)	(55 417)
<b>End of period 31 December 2014 - total</b>	<b>7 446</b>	<b>6 959</b>	<b>(137)</b>	<b>3 580</b>	<b>0</b>	<b>(502)</b>	<b>17 346</b>

ELEKTROBUDOWA SA  
Interim condensed consolidated financial statements for the three months ended 31 March 2015

(all amounts in thousands of PLN, unless otherwise stated)

		Construction contracts	Provisions, prepayments and accrued expenses	Fixed tangible assets	Revaluation of assets	Tax on tax loss	Other	Total
<b>Assets</b>	<b>beginning of period 1 January 2014</b>	<b>38 826</b>	<b>7 189</b>	<b>468</b>	<b>2 120</b>	<b>0</b>	<b>608</b>	<b>49 211</b>
	- changes credited/charged to financial result	5 005	(203)	38	367	0	(44)	<b>5 163</b>
	<b>end of period As at 1 January 2014</b>	<b>43 831</b>	<b>6 986</b>	<b>506</b>	<b>2 487</b>	<b>0</b>	<b>564</b>	<b>54 374</b>
<b>Provisions</b>	<b>beginning of period 1 January 2014</b>	<b>(30 457)</b>	<b>(5)</b>	<b>(617)</b>	<b>(651)</b>	<b>0</b>	<b>(1 564)</b>	<b>(33 294)</b>
	- changes credited/charged to financial result	(6 207)	0	(18)	573	0	(767)	<b>(6 419)</b>
	<b>end of period 31 March 2014</b>	<b>(36 664)</b>	<b>(5)</b>	<b>(635)</b>	<b>(78)</b>	<b>0</b>	<b>(2 331)</b>	<b>(39 713)</b>
<b>End of period 31 March 2014 - total</b>		<b>7 167</b>	<b>6 981</b>	<b>(129)</b>	<b>2 409</b>	<b>0</b>	<b>(1 767)</b>	<b>14 661</b>

(all amounts in thousands of PLN, unless otherwise stated)

## 23. Provisions for liabilities and other charges

	Provision for warranty repair works	Provision for employee benefits	Provision for penalties and damages	Total provisions
<b>As at 1 January 2015</b>	1 033	6 175	3 214	<b>10 422</b>
creation	0	0	21	<b>21</b>
use	0	(166)	0	<b>(166)</b>
<b>As at 31 March 2015</b>	<b>1 033</b>	<b>6 009</b>	<b>3 235</b>	<b>10 277</b>
of which:				
- long-term	0	5 794	0	<b>5 794</b>
- short-term	1 033	215	3 235	<b>4 483</b>
<b>As at 1 January 2014</b>	919	5 535	4 177	<b>10 631</b>
creation	2 087	1 365	4 070	<b>7 522</b>
use	(1 973)	(905)	(2 044)	<b>(4 922)</b>
reversal	0	0	(2 989)	<b>(2 989)</b>
other	0	180	0	<b>180</b>
<b>As at 31 December 2014</b>	<b>1 033</b>	<b>6 175</b>	<b>3 214</b>	<b>10 422</b>
of which:				
- long-term	0	5 911	0	<b>5 911</b>
- short-term	1 033	264	3 214	<b>4 511</b>
<b>As at 1 January 2014</b>	919	5 535	4 177	<b>10 631</b>
creation	0	0	1 184	<b>1 184</b>
use	0	(309)	0	<b>(309)</b>
<b>As at 31 March 2014</b>	<b>919</b>	<b>5 226</b>	<b>5 361</b>	<b>11 506</b>
of which:				
- long-term	0	5 129	0	<b>5 129</b>
- short-term	919	97	5 361	<b>6 377</b>

The ELEKTROBUDOWA SA Group creates provisions for future payables whose maturities or amounts are not certain.

### Maintenance warranties

A provision is recognised for expected warranty claims, based on past experience of repairs during the last 5 years. It is expected that most of these costs will be incurred in the next financial year. Assumptions used to calculate the provision for maintenance warranties was based on current sales levels and current information available about warranty repair costs incurred during the 5-year warranty period for all products sold.

The Group created provisions for warranty repairs ranging between 0.30% (0.30% at 31 December 2014 and 0.20% at 31 March 2014) and 0.43% (also for comparative periods) of the revenue from the production orders completed in the period preceding the reporting period.



(all amounts in thousands of PLN, unless otherwise stated)

### Provisions for employee benefits

According to the Regulations for Remuneration employees are eligible for post-employment benefits. The employees taking disability pension or retirement pension are eligible to a single severance pay in the amount established according to the company's internal regulations. Current value of such liabilities is calculated by an independent actuary for the last day of a financial year.

### Provisions for penalties and damages

Change in provisions for penalties and liquidated damages results from the change of estimates and assumptions made by the Management of the parent, concerning expected possible penalties to be charged due to delayed or defective performance of construction contracts. Created by ELEKTROBUDOWA SA provisions for future penalties and liquidated damages concerned mainly the company's future liabilities to the contractors in respect of delayed completion of contracts.

## 24. Accrued expenses

	as at 31.03.2015	as at 31.12.2014	as at 31.03.2014
<b>Accrued expenses concerning:</b>			
- unused holidays	4 653	4 658	4 402
- annual bonuses	6 811	8 877	6 076
- services relating to the present reporting period but invoiced in the next period	3 073	2 400	335
- provision for expected losses on completion of contracts	4 267	6 581	9 122
- provision for employee claims	2 000	2 000	2 000
	<b>20 804</b>	<b>24 516</b>	<b>21 935</b>

### Provision for employee claims

For details of the created provision for employee claims refer to Note 35 (item 1).

### Provision for expected losses on completion of contracts

The ELEKTROBUDOWA SA group created provisions for expected losses on contracts where it is probable that costs of the contract realization will exceed the amount of revenue. In the opinion of the Management of the parent company, the provisions created as at 31 March 2015 for expected losses on contracts cover the whole identified risk of generating losses until the completion of the contracts.

### Structure of provisions for expected losses on completion of contracts by segments

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total
At 31 March 2015	0	2 987	1 280	0	0	4 267
At 31 December 2014	0	4 197	2 384	0	0	6 581
At 31 March 2014	7	5 522	3 593	0	0	9 122

(all amounts in thousands of PLN, unless otherwise stated)

## 25. Classification of financial instruments recognized in liabilities

Rodzaj instrumentu finansowego	method of measurement as at 31 March 2015	as at 31.03.2015	as at 31.12.2014	as at 31.03.2014	amount charged to revaluation capital in Q1 2015	amount charged to profit and loss in Q1 2015
<b>1. Type of financial instrument</b>						
a) other long-term payables	amortised cost	14 789	14 737	12 225	0	(226)
b) short-term trade and other payables	amortised cost	214 785	238 030	172 457	0	852
c) loans	amortised cost	93 136	103 160	30 125	0	(498)
d) forward contract in foreign currency	fair value	0	71	0	0	71
<b>Financial instruments recognised in liabilities - total</b>		<b>322 710</b>	<b>355 998</b>	<b>214 807</b>	<b>0</b>	<b>199</b>

As at 31 March 2015 pricing of fair value of forward closed with a positive value, so the negative pricing of derivative instruments was reversed of 31 December 2014 in the amount of 71 thousand PLN which is recognized in "other operating income" line of the consolidated statement of comprehensive income. Positive valuation of the forward contract as at 31 March 2015 is presented in Note 12.2.

(all amounts in thousands of PLN, unless otherwise stated)

## 26. Construction contracts

	<b>3 months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
Estimated revenues from contracts in progress (cumulative)	1 728 383	1 586 674
Recognised profits less recognised losses (planned profit margin)	57 665	51 334
Costs incurred on contracts in progress (cumulative)	1 670 718	1 535 340
Receivables dependable on contract completion (partial invoices cumulative)	1 582 661	1 378 218
Gross amounts due from customers for contract work	207 453	274 941
Gross amounts due to customers for contract work	(54 605)	(57 045)
Provision for penalties due to delay in completion	(2 859)	(2 859)
Provisions for losses resulting from contracts	(4 267)	(6 581)
Revenue from contracts for the period	216 040	903 268
Costs of contracts for the period	196 961	867 224
Profits less recognised losses for the period	19 079	36 044
Advances received for contracts in progress	77 540	88 860
Retentions kept by customers	13 437	13 471

The ELEKTROBUDOWA SA Group recognizes revenues from contracts in progress using the method percentage-of-completion which measured the share of costs, incurred from the contract date to the date of establishing the revenue, in total costs assumed in the updated global budget for the contract. Contract budgets are regularly updated, based on current information about the contract progress.

Each entity of the Group analyses each contract in respect of possible losses, which are immediately recognized as cost according to IAS 11.36. Within the calculation of a construction contract price, according to IAS 11.11 – 15, an entity of the Group recognizes estimates of penalties due to late completion of contracts. Estimates of amounts of penalties are carried based on the source documents related to acknowledged delays in contract completion, basing on contractual assumptions and the estimate by the management of the risk of their occurrence. The level of estimated risk depends to a large extent on external factors which are partially beyond control, and may change in further periods.

In 2014 the parent company, ELEKTROBUDOWA SA entered into a forward transaction for the amount of 1 320 thousand EUR to secure the contract for "Construction of Boiler in Świecie" for Andritz Oy denominated in the foreign currency, which price is 1 900 thousand EUR. The transaction will be settled in August 2015.

*(all amounts in thousands of PLN, unless otherwise stated)***The table below presents the construction contracts with substantial amounts of accounts receivable as at 31 March 2015:**

Extension and modernization of Byczyna electrical substation for PSE S.A. including connection to 400 kV line for PSE S.A.	80.7	million PLN	Some events, on which the Parties could not have control, have occurred during execution of the project, which hindered proper performance in accordance with the Schedule of works and expenditures (Appendix 3 to the Contract). As at 31 March 2015, change of deadline which is 31 December 2016 as set in the Contract, is not foreseen. However, it is necessary to change the deadlines for the Stages defined in the Schedule.
"Design and build" execution of the project „Extension of the Słupsk 400/110kV Substation” – Stage 1 and 2 to connect Słupsk 240MW wind farm, Potęgowo 320MW wind farm, including installation of 400/110kV autotransformer to the ENERGA - OPERATOR S.A. grid, for PSE Operator S.A.	22.1	million PLN	At present, the contract progress is well advanced. As determined in the Schedule of works and expenditures, the investment will be settled in two stages. The drafted investment plan does not allow to complete stage 1 of the investment if some works which belong to stage 2 are not performed. The Purchaser received an updated schedule of extension of the Słupsk substation in which it is assumed that the contract should be completed until 31 May 2015. This means that the initial deadline is postponed by 5.5 month. The postponement is caused by the lack of possibility to disconnect the transmission system between Poland and Sweden and the Northern link, including the Dunowo line, for the period of 45 days which is required by Contractor in order to perform the scheduled scope of works. To shorten the period of disconnecting the Poland – Sweden transmission system to minimum, the specification of transient stages of operation of the Poland – Sweden transmission and the Northern link was drafted.
Civil works and other services required for completion of the project - construction of the Franowo tram depot in Poznań, for MPK w Poznaniu Sp. z o.o.	20.2	million PLN	ELEKTROBUDOWA SA completed the scope of works, assigned to it within the consortium, in May 2014. The amount will be invoiced after the terms of the contract with Purchaser are fulfilled, that is after the whole investment is completed and an occupancy permit obtained. Details of the present status of the project are presented below.
Construction of a new heat generation unit with fluidized bed boiler, heating and condensing turbine and balance of plant in TAURON Ciepło SA Zakład Wytwarzania Tychy, for TAURON Ciepło Spółka Akcyjna.	13.5	million PLN	The contract progress is well advanced, it is being performed in accordance with the Schedule of works and expenditures attached to the contract. As at the reporting date there is no risk that the deadline would not be met. Scheduled date of completion is 30 June 2016.
Design and construction of Resko wind farm, stage 2 for total installed capacity 76MW including generator connection for PGE Energia Odnawialna S.A.	10.0	million PLN	The rate of progress of contractual works meets the Schedule of works and expenditures attached to the contract. As at the reporting date there is no indication that the deadline would not be met. Completion of the contract is scheduled at 30 June 2016.

(all amounts in thousands of PLN, unless otherwise stated)

### Construction of the Franowo tram depot in Poznań

On 11 April 2011 the parent company, ELEKTROBUDOWA SA entered into a consortium agreement for joint bidding in the public procurement tender for "Construction of the Franowo tram depot in Poznań". In the agreement, the parties regulated the matter of powers to represent the consortium and make settlements with the Purchaser through the consortium leader, of division of the scope of works, and of liability for penalties and damages (each party is liable for its scope of works).

After the contract had been awarded to the consortium, on 13 July 2011 a public procurement contract for "Construction of Franowo Tram Depot in Poznań" was signed for the total price 208 806 thousand PLN. In their agreement, the parties regulated: duties of contractors, schedule of works and date of completion of the project (according to the Appendices, completion deadline: 28 February 2014), remuneration (according to Appendices, 211 580 thousand PLN, terms of payment (partial payment of 80% for the performed works), final settlement after the final decision concerning the occupancy permit is obtained, security of the contract performance, liquidated damages (0.02% of total price for each day of delay, up to 20% of the gross price).

Presented below are the items recognised in these consolidated statements and relating to the execution of the above described project as at the comparative reporting dates:

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>
Revenue, invoiced and settled (cumulative)	80 954	80 954
Revenue calculated (cumulative) / amounts due from the Purchaser	20 237	20 237
Provisions for the contract costs (losses / potential penalties)	2 088	2 326
Extended guarantees liabilities (off-balance sheet)	3 722	3 722

The project is divided into three stages, performed in succession. A separate occupancy permit must be obtained for each stage. Occupancy permits have been obtained for the scope of works of the first and the second stage and the facilities have been handed over to the Owner who started their operation. The scope of works attributable to ELEKTROBUDOWA SA within the third stage was completed and on 5 May 2014 the relevant occupancy permit was issued. For the remaining works of the third stage, which belong to the scope provided by the consortium leader, an occupancy permit was issued on 5 May 2015.

According to the public procurement contract, final invoice for the remaining 20% of total contract price can be issued after formal final acceptance certificate for the whole project is issued. As the occupancy period concerning the paint shop was issued on 5 May 2015, final acceptance should be carried soon. The value of works completed by ELEKTROBUDOWA SA and waiting for the above condition to be fulfilled is estimated as 20 237 thousand PLN, net.

Risks and hazards associated with the above contract are bound with dependence of settlement of the remaining part of remuneration on the final acceptance of the whole project and with liability for delay in contract completion (joint and several liability of the consortium members). In respect of the first element it must be noted that (as indicated above) the scope of works attributable to ELEKTROBUDOWA SA within the third stage has been completed (which is documented by relevant partial acceptance against written reports) and on 5 May 2014 the related occupancy permit was issued. As far as the risk is concerned, for which final responsibility could be assigned to ELEKTROBUDOWA SA, and associated mainly with potential charging of the company with liquidated damages for delay in completion of the contract, it was assessed and accounted for in the financial result for 2014. It is mainly associated with delays in performance of works executed by ELEKTROBUDOWA SA. As the date of completion of the whole project is postponed, there is a risk that liquidated damages will be charged by the Owner.

*(all amounts in thousands of PLN, unless otherwise stated)*

However, in the opinion of the Management of the parent, an attempt to calculate higher amount of damages than relating to the delay attributable to ELEKTROBUDOWA SA would be unjustified (and would lead ELEKTROBUDOWA SA to take appropriate legal steps).

Considering the actual state of affairs described above, on 3 February 2015 ELEKTROBUDOWA SA serviced to the consortium leader a notice to terminate the consortium agreement under which the partners had been performing the contract for construction works and other necessary works and activities relating to the construction of Franowo tram depot in Poznań, and a letter revoking the power of attorney. On the same day ELEKTROBUDOWA SA sent a letter to the Purchaser informing him about termination of the agreement and revocation of the power of attorney granted to the consortium leader. In another letter ELEKTROBUDOWA SA provided extensive interpretation in respect of the legal status after termination of the consortium agreement and revocation of the power of attorney granted to the consortium leader, indicating that Purchaser would be liable to pay the remaining part of remuneration due to ELEKTROBUDOWA SA directly to the company's account. At the same time the company confirmed its full involvement and determination to act jointly with the consortium leader and the Owner in order to complete the whole investment as soon as possible. The actions described above have been taken in order to achieve financial settlement of the performed works, and to be able to pursue independently the due payment from the Owner. In the letter received on 5 February 2015, the consortium leader refused to agree to termination and revocation of the power of attorney. However, ELEKTROBUDOWA SA, with the assistance of lawyers will continue its actions aiming at settlement of the scope of works, performed and completed by the company, directly with the Owner. The above actions taken by ELEKTROBUDOWA SA aim at securing the settlement of the scope of works performed by the company and at securing the risk of ungrounded charging with potential damages for delays which are not attributable to ELEKTROBUDOWA SA.

Also, in respect of the performed contract, in 2014 the consortium leader drew up a payment, in the amount of 1 712 thousand PLN, from the guarantee provided by ELEKTROBUDOWA SA, relating to the demand from ELEKTROBUDOWA SA to pay liquidated damages charged by the Purchaser. ELEKTROBUDOWA SA took a legal action against the consortium leader for repayment of the amount paid by the guarantor. Court of first instance issued an order of payment and ordered to pay back the whole amount, including interests, to ELEKTROBUDOWA SA. On 31 October 2014 the consortium leader filed an appeal to dismiss the claim in its entirety. The first hearing in this action was scheduled for 23 June 2015. In the opinion of the Management there are no legal grounds for dismissing the claim, as the amount paid by the guarantor to the consortium leader does not refer to fulfillment of any obligation by the consortium partners within the relations with the Purchaser.

Taking into account the above described state of affairs, in 2014 the Company created a provision for claims relating to this project. The relevant estimation by the Management did not change as at 31 March 2015. The Management is of the opinion that, considering the documents collected and the legal steps undertaken, there is no essential risk of realizability of the recognised receivables and occurrence of liabilities which would exceed the scope recognized in these statements.

## **27. Other operating income and expenses**

	<b>3 months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
<b>Other operating income</b>		
- profit from disposal of non-finance fixed assets	57	0
- provision for impairment of receivables	0	317
- interest on cash on bank accounts	88	134
- currency exchange differences	0	1 519
- penalties and damages	517	533
- court costs	50	290
- compensation received from insurance policies	194	104
- forward contract pricing	284	0
- other	76	69
	<b>1 266</b>	<b>2 966</b>

*(all amounts in thousands of PLN, unless otherwise stated)*

Penalties and liquidated damages received in Q1 2015 were mainly related to the construction contracts. They concerned calculated and paid penalties relating to the executed construction services.

	<b>3 months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
<b>Other operating expenses</b>		
- loss on disposal of non-finance fixed assets	0	(404)
- donations	(40)	(48)
- provisions for impairment of receivables	(1 217)	0
- interest due to delayed payments	(24)	(119)
- fees and charges relating to bank guarantees	(1 157)	(1 564)
- court fees	(115)	(266)
- penalties	(24)	(1 333)
- currency exchange differences	(403)	0
- claims handling expenses	(28)	(45)
- other	(159)	(355)
	<b>(3 167)</b>	<b>(4 134)</b>

The Group created provision for impairment of receivables past due over 180 days.

The ELEKTROBUDOWA SA Group creates impairment provisions for receivables for which probability that they will not to be paid is high. They include receivables:

- from customers in the state of bankruptcy,
- from customers against whom court proceedings are pending,
- for which the company has binding court verdicts and the measures were taken to initiate court execution proceedings,
- other receivables whose collectability is at risk.

During the period of three months ended 31 March 2015 the impairment provisions referred to the following receivables:

- in bankruptcy proceedings 36 thousand PLN,
- in court proceedings (172) thousand PLN,
- other overdue debtors (1 081) thousand PLN.

## **28. Finance income and costs**

	<b>3 months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
<b>Financial costs</b>		
- interest on loans	(498)	(138)
- interest on leases	(32)	(9)
- bank commission on loans	(400)	(95)
	<b>(930)</b>	<b>(242)</b>

(all amounts in thousands of PLN, unless otherwise stated)

## 29. Dividend paid (or declared) by the parent company per share

By the Resolution 20/2015 of 29 April 2015 the Annual General Meeting of ELEKTROBUDOWA SA decided to allocate the whole amount, that is 29 100 878.40 PLN, of net profit earned by the Company for the period from 1 January 2014 to 31 December 2014 to the supplementary capital.

## 30. Joint ventures where the Group's entities are venturers

The ELEKTROBUDOWA SA Group does not have any joint ventures, neither with related nor unrelated parties.

## 31. Related party transactions

Transactions with related parties were carried out on arm's length basis.

Transactions between the parent and its subsidiaries who are related parties for ELEKTROBUDOWA SA were eliminated in consolidation and are not recognised in this Note.

Transactions between the parent ELEKTROBUDOWA SA and the associates in the reporting period:

	<b>3 months ended 31 March</b>	
	<b>2015</b>	<b>2014</b>
<b>a) sales:</b>		
- sale of goods - Power Equipment Production Plant "VECTOR" Ltd.	5 064	1 565
- sale of materials - Power Equipment Production Plant "VECTOR" Ltd.	85	88
<b>b) purchases:</b>		
- purchase of services - Power Equipment Production Plant "VECTOR" Ltd.	1	1
- purchase of services - SAUDI ELEKTROBUDOWA LLC	47	0

Mutual balances of ELEKTROBUDOWA SA with the associates:

	<b>as at 31.03.2015</b>	<b>as at 31.12.2014</b>	<b>as at 31.03.2014</b>
- payables to Power Equipment Production Plant "VECTOR" Ltd.	1	1	1
- receivables from Power Equipment Production Plant "VECTOR" Ltd.	0	794	3 083
- receivables from SAUDI ELEKTROBUDOWA LLC	0	0	243
- advance paid to SAUDI ELEKTROBUDOWA LLC	215	171	133



*(all amounts in thousands of PLN, unless otherwise stated)*

No costs relating to doubtful or bad debts relating to the transactions with related parties were recognized in the reporting period. Unsettled balances of receivables and payables with the related parties are not secured and will be settled in cash when mature.

The parent, ELEKTROBUDOWA SA did not provide any guarantees or sureties to the related parties.

### **32. Contingent liabilities and bills payable**

	<b>as at</b>	<b>as at</b>	<b>as at</b>
	<b>31.03.2015</b>	<b>31.12.2014</b>	<b>31.03.2014</b>
<b>Contingent liabilities</b>			
a) guarantees to secure:	<b>347 101</b>	<b>328 688</b>	<b>327 005</b>
- contract performance and defect removal	323 818	302 536	305 463
- timely payments	3 239	1 066	2 343
- bid bond	5 583	10 123	5 476
- other	14 461	14 963	13 723
b) bills of exchange	<b>18 822</b>	<b>20 043</b>	<b>21 037</b>
	<b>365 923</b>	<b>348 731</b>	<b>348 042</b>

The above guarantees generally include contract bonds and the security for amounts claimed by the Finnish Electrical Workers' Union in the lawsuit filed in the District Court of Satakunta in Rauma, for the guaranteed sum of 2 900 thousand EUR effective until 30 September 2015.

During the three months ended 31 March 2015 the Group provided its counterparties with guarantees issued by banks or insurance companies for the total amount of 59 591 thousand PLN, including security of:

- contract performance and defect liability	57 033	thousand PLN,
- bid bond	2 558	thousand PLN.

In Q1 2015 the ELEKTROBUDOWA SA group provided guarantees, which amount concerning two counterparties exceeded 10% of the Group's equity. The guarantees were issued to secure good performance of contracts for the sum of 44.8 million PLN and concerned:

a) Emerson Progress Management, Power and Water Solution Sp. z o.o.	23.6	million PLN,
b) Areva GmbH	21.2	million PLN.

Details of other contingent liabilities, concerning the following issues: taxes, pending lawsuits, execution of construction contracts, are provided in Note 22.1, Note 26 and Note 35, respectively.

In the presented reporting periods the entities of the Group did not provide any sureties.

(all amounts in thousands of PLN, unless otherwise stated)

### 33. Changes in presentation of the financial statements

In the condensed consolidated financial statements prepared as at 31 March 2015 the following changes were made in presentation of comparative data disclosed therein:

Description in the approved consolidated financial statements for Q1 2014	Data from the approved consolidated financial statements for Q1 2014	Adjustments	Description in the consolidated financial statements for Q1 2015	Comparative data in the consolidated financial statements for Q1 2015
<b>Consolidated statement of financial position</b>				
<b>a) change in presentation of the perpetual usufructuary right to land</b>				
Property, plant and equipment		1 086	Property, plant and equipment	1 086
Long-term prepayments	1 086	(1 086)		
<b>Consolidated statement of comprehensive income</b>				
<b>a) change in presentation of other operating income and expenses</b>				
Other operating expenses	(3 258)	3 258		
Other profit (loss) - net	1 995	(1 995)		
		2 966	Other operating income	2 966
		(4 134)	Other operating expenses	(4 134)
<b>b) change in presentation of finance cost and income</b>				
Finance income (costs) - net	(147)	147		
		0	Finance income	0
		(242)	Finance costs	(242)
<b>Consolidated statement of cash flows</b>				
<b>a) change in presentation of the perpetual usufructuary right to land</b>				
Change in long-term accruals and deferred income	4	(4)		
		4	Other operating adjustments	4
<b>b) change in presentation of fee for working capital loans</b>				
Other operating adjustments	(95)	95		
		(95)	Commission on loans (cash flows from financial activities)	(95)

The above presentation changes do not have significant influence on the analysis of the financial position of the Group.

The comparative data presented in the consolidated statement of financial position, the consolidated statement of comprehensive income and the consolidated statement of cash flows include the above adjustments.

### 34. Remuneration for the entity authorized to audit the financial statements

A contract for reviewing the interim financial statements of ELEKTROBUDOWA SA and the ELEKTROBUDOWA SA Group for the six months ended 30 June of the years 2104 to 2017 as well as the annual financial statements of ELEKTROBUDOWA SA and the consolidated financial statements of the ELEKTROBUDOWA SA Group for the years 2014 to 2017 was concluded with ERNST & YOUNG Audyt Polska sp. z o.o. sp. k having their registered office in Warsaw on 8 August 2014.

The remuneration for the review and auditing of the above mentioned statements for 2014 was agreed as 105 thousands PLN, VAT excluded.

*(all amounts in thousands of PLN, unless otherwise stated)*

---

### **35. Litigations, court proceedings**

Presented below are the litigations and court proceedings brought by the parent ELEKTROBUDOWA SA as at the reporting date:

1. In August 2011 and in January 2012 the Finnish Electrical Workers' Trade Union filed suits against ELEKTROBUDOWA SA as an employer employing its workers at the site of Olkiluoto Nuclear Power Plant for payment of total amount of EUR 4 725 643.91 with due interests. The claim concerns additional payments from ELEKTROBUDOWA SA to supplement remuneration paid to the employees for work in the period of their employment at the site of Olkiluoto NPP, Finland. After the TU had acknowledged ELEKTROBUDOWA's arguments of violation of the EU legislation, total amount of claim was reduced to 4 360 299.41 EUR.

The claimed amount is subject to constant verification. In June 2013 the Finnish Electrical Workers' TU submitted a statement concerning extension of claim by a further period from 1 September 2011 to 30 June 2012 (earlier, the claim covered the period up to August 2011). According to the TU the amount of claim concerning 186 employees of the company is 6 648 383.15 EUR now. Having no possibility to comment on the supplementation of the suit by the Finnish Electrical Workers' Trade Union submitted on 14 June 2013, on 11 September 2013 ELEKTROBUDOWA SA submitted a statement to the District Court in Rauma, referring to the supplementation of the suit by the claimant. In the statement, ELEKTROBUDOWA SA objected to the claims of the TU and rejected the supplementation of the suit, arguing that the submitted suit in its amended scope (by the amount of 2 288 083.74 EUR), was not analysed within the court proceedings.

Because of complexity of the case and the fact that the claim concerns 186 employees, it has to be suitably supported with documents and lawyers' opinions have to be presented. Due to Finnish jurisdiction and the fact that the Finnish law is applicable to significant part of the claim, ELEKTROBUDOWA SA commissioned a lawyers' firm in Finland to represent the company in proceedings at law. The Management is of the opinion that the company has strong arguments to dismiss a substantial part of claim. ELEKTROBUDOWA SA submitted detailed explanations and an opinion of an expert in international law which question the capacity of the Finnish Trade Union to file a claim basing on assignment, as it was done. The claim in question, in the preliminary opinion of the Management, at the initial stage of the proceedings seems unjustified, at least in its major part.

On 18 September 2012 there was a preliminary (preparatory) hearing in the District Court Satakunta in Rauma, with the participation of representatives of ELEKTROBUDOWA SA and lawyers representing the company and also the lawyers representing the Finnish Electrical Workers' Trade Union. The proceedings were to agree upon a set of questions relating to the dispute, which would be a base for the decision issued by the District Court Satakunta on 12 July 2013 to refer to the Court of Justice of the European Union for preliminary ruling on the issue of assigning the employees' claim concerning their wages to the Trade Union and for interpretation of minimum wage according to the Directive of the European Parliament and of the Council. The Court applied for expedited preliminary ruling procedure in the issue of assignment of right to claim receivables, which issue is decisive and crucial for the whole procedure.

On 24 September 2013 the European Court of Justice Office notified ELEKTROBUDOWA SA that the President of the Court did not extend the right to apply expedited preliminary ruling procedure, requested for by the Satakunta District Court. ELEKTROBUDOWA SA has a right to submit pleadings or written comments to the Court of Justice. The stance of ELEKTROBUDOWA SA in this case was prepared by a team of Polish employees in cooperation with a Finnish lawyer who represents ELEKTROBUDOWA SA before the Court in Finland. Written comments prepared by ELEKTROBUDOWA SA were submitted to the European Court of Justice Office on 12 December 2013.

On 11 June 2014 the European Court of Justice examined the request, filed by ELEKTROBUDOWA SA, to analyse the documents and hear the involved parties to the claim. In the hearings, apart from lawyers representing the contending parties, the representatives of the following institutions presented their stance: Finland's Ministry of Foreign Affairs, the European Commission, the Ministry of Foreign Affairs of Poland, Germany and Norway. Opinion in the case including the judgement of the Adjudicator was given and presented to the Judges by the Court of Justice on 18 September 2014.

*(all amounts in thousands of PLN, unless otherwise stated)*

---

On 12 February 2015 the Court of Justice of the European Union (further "ECJ") gave a judgment in Case C-396/13, the request for a preliminary ruling from the court of first instance of Satakunta Region, Finland in the proceedings Sahkoaloijen ammattiliitto ry vs ELEKTROBUDOWA SA. The judgement has been announced on the webpage Info Curia – Judgements of the Court of Justice.

In its judgement the ECJ decided that the Finnish trade union had had standing to represent employees of ELEKTROBUDOWA SA, arguing that the rule set out in the Polish labour law which prohibits assignment of the right to remuneration to another person is not applicable to this case.

The Court was not clear about the minimum wage concept and ruled that Article 3(1) and (7) of Directive 96/71 does not preclude a calculation of the minimum wage for hourly work and/or piecework as provided for in the generally binding law of the host country. The Court of Justice explained, that it must be carried out in accordance with rules that are binding and transparent in the host country, which it is for the national court in Finland to verify.

As regards the questions of daily allowance, the ECJ is of the opinion that they must be paid on the same conditions as those governing the allowance paid to local workers, which must, however, be decided by the national court.

The next step is the proceeding in the District Court of the complaintant (Finnish Electrical Workers' Union) in Rauma, Finland. The date of hearing was set on 16 June 2015.

Following the decision of the District Court Satakunta in Rauma, the claim of the the Finnish Electrical Workers' Trade Union was secured by a bank guarantee for the amount of 2 900 thousand euros valid until 30 September 2015. The proceedings before the District Court involving the Finnish Electrical Workers' Trade Union and ELEKTROBUDOWA SA was suspended until the preliminary decision is ruled by the European Court of Justice.

The Management of ELEKTROBUDOWA SA, basing on lawyers' opinions, has analysed legitimacy of each component of the claim. In respect of daily allowance and reimbursement of costs of daily travel to the place of work the Management believes that there are no legal grounds for accepting the claim. In respect of classification of some workers to appropriate wage categories, having reviewed the scope of this claim (each employee was reviewed), in 2011 the company created a relevant provision in the amount of 2 million PLN relating to this part of claim which is likely to be payable (refer to Note 24). The Management's estimate in this respect did not change as at 31 March 2015. The Management is of the opinion that ELEKTROBUDOWA SA has complied with the provisions of Directive 96/71EC concerning the posting of workers in the framework of the provision of services, particularly its Article 1 "Terms and conditions of employment" and that the created provision secures the risk associated with the settlement by the Finnish local court.

2. Litigations relating to performance by the consortium of ELEKTROBUDOWA SA, QUMAK - SECOM S.A. and Przedsiębiorstwo „AGAT” S.A. (further: "EQA") of the project: "the supply of overall electrical, small current, automation and BMS installations for Stage 2 of Construction of the National Stadium, Warsaw".

In the second quarter of 2012 the General Contractor appointed by the State Treasury for this project stopped making payments to the subcontractors, including EQA. Consequently, EQA applied to the State Treasury, which was a joint and several debtor for EQA, for the payment of outstanding debt. After the refusal to pay the whole amount of debt, EQA started the following legal actions:

- A lawsuit for payment of remuneration from the Main Contract (contract No.109011/151/2009 of 15.12.2009)
  - a) Claimed amount: 16 582 thousand PLN.
  - b) Date of filing the suit: 26 November 2013.
  - c) In April 2015 there were hearings of witnesses. The next trials have been scheduled for June 2015.

*(all amounts in thousands of PLN, unless otherwise stated)*

---

- A lawsuit for payment of remuneration from Contract Amendments (amendment No. 109011/567/2011 of 30.12.2011 and No. 109011/577/2011 of 30.12.2011)
    - a) Claimed amount: 3 522 thousand PLN.
    - b) Date of filing the suit: 20 January 2014.
    - c) In April 2015 there were hearings of witnesses. The next trial has been scheduled for 25 May 2015.
  
  - A lawsuit for payment of statutory interest brought by ELEKTROBUDOWA SA:
    - a) Claimed amount: 304 thousand PLN.
    - b) The proceedings have been suspended since 24.04.2014. On 31 December 2014, the court ruled about resuming the suspended proceedings but the date of trial has not been set by now.
  
  - A lawsuit for payment of remuneration under the settlement between EQA consortium and Narodowe Centrum Sportu Sp. z o.o. agreed on 19 December 2012.
    - a) Claimed amount: 1 221 thousand PLN.
    - b) Date of filing the suit: 2 February 2015.
    - c) The date of proceedings has not been set yet.
3. A dispute between the General Contractor ( the Reciver of Hydrobudowa Polska S.A., Pb S.A. under arrangement bankruptcy, the Reciver of Alpine Bau Deutschland AG, the Receiver of Alpine Bau GmbH, Alpine Construction Polska Sp. z o.o.) and Narodowe Centrum Sportu sp. z o.o. ("NCS") with the State Treasury:
- a) claimed amount: 461 312 thousand PLN,
  - b) date of joining the dispute by EQA: 31 January 2014 as a third party respondent (for General Contractor),
  - c) on 3 February 2015 the Court stayed the proceedings. The proceedings were stayed by mutual agreement of the parties, because of the pending settlement negotiations.

### **36. Events and factors which had an influence on the financial performance**

Growth of the ELEKTROBUDOWA SA group to a large extent depended on customers representing the following branches: power industry, building and petrochemical industries, mining, metallurgy and transport. Each of the foregoing branches has specific requirements in the area of services and products involved with generation, transmission and use of electric energy; they differ in ways of conducting business and have different economic situation.

Income earned by the group undoubtedly depended on such factors as:

- favourable economic situation in the power, chemical, metallurgic and building trades,
- forecast growing demand for electricity,
- price level of electrical materials and equipment as well as metallurgic products,
- course of structural changes, especially in the power industry and mining,
- consistent reducing administration costs,
- increasing requirements for financial security of projects in the segment of power industry construction,
- financial situation of investors and the resulting complications associated with receivables inflow - some customers have already applied prolonged payment terms and introduced more and more complicated payment methods, what makes them difficult to accept as early as on the stage of analysing an inquiry and frequently makes the contractors to withdraw from bidding,
- availability of qualified and experienced engineering staff,
- regular reduction of costs of conducting business incurred by the entities.

*(all amounts in thousands of PLN, unless otherwise stated)*

---

Like in previous years, the sales offer of the ELEKTROBUDOWA SA group did not significantly change and was still based on the following products and services:

1. Overall electric installation in the range of medium and low voltages for new, modernized and retrofitted power generation facilities.
2. General execution of investments, including public utility facilities, retail centres, industrial facilities.
3. Turnkey supply of automation and electrical systems.
4. Manufacture of automation devices for power industry.
5. Manufacture and installation of high-current busducts (ELPO, ELPE, PELPO).
6. Manufacture of indoor medium and low voltage switchgear assemblies.
7. LV, MV, HV stations.
8. Turnkey supply of electrical substations and high and extra high voltage lines for distribution and industrial operators.
9. Commissioning and start-up.
10. Design of equipment.
11. Servicing.
12. Conceptual work and consulting.
13. Property management.

Customers were offered complex project performance, starting with designing and prefabrication of equipment through delivery, installation, start-up together with operation during the trial period, and ending with after-sales service. The group's potential allows it to put into effect the majority of complex projects on its own. The parent, ELEKTROBUDOWA SA has two production facilities, well organized and equipped with modern machinery. The factory in Konin manufactures switchgear panels, mainly for primary distribution, in the whole range of voltages, from low voltage to 145kV. The facility designs, manufactures and supplies distribution panels for 72A short-circuit current, the level which is achieved only by several, best global manufacturers. Owing to the second factory, located in Tychy, which manufactures a niche product – high-current busducts, the parent supplies its products and renders installation services on all continents.

The amounts of expenditure allocated by the ELEKTROBUDOWA SA group for research and development permits to attain the highest quality of manufactured goods and provided services. In consequence, the group can participate in the biggest and the most demanding EPC contracts all over the world.

The group takes actions to improve its competitive advantage by:

- diversifying its order portfolio;
- gaining experience in the market of new products;
- optimizing the key processes and projects;
- shortening of lead time for supplies;
- developing a complex offer adjusted to needs and requirements of customers;
- consistent development of customer service network;
- constant looking for new trade areas.

Total value of contracts and orders obtained by the parent, ELEKTROBUDOWA SA in Q1 2015 amounted to 258.1 million PLN, which, compared with the same period of the previous year, when the orders received totalled 159.6 million PLN, indicates a growth by 61.7%.

As at 31 March 2015, the parent had an order backlog on the level of 1 721.8 million PLN. Compared with the amount of 1 773.7 million PLN at 31 March 2014, the volume of order backlog dropped by 2.9%.

*(all amounts in thousands of PLN, unless otherwise stated)*

The biggest contracts awarded to the Group were signed by the parent. The following contracts were signed in Q1 2015:

- |   |                    |
|---|--------------------|
| - increasing amendment – supply, erection and precommissioning of electrical and I&C components and systems for OLKILUOTO 3 Project in Finland for AREVA NP GmbH  | 100.6 million PLN, |
| - delivery and installation of 10kV and 6kV switchgear, with spare parts and special maintenance equipment, including supervision over commissioning of the switchgear (participation in Start-up) for the new Units 5 and 6 of the Power Station Opole for Polimex – Projekt Opole Sp. z o.o.  | 21.5 million PLN,  |
| - drafting the construction and erection documentation, obtaining the required permits with a finality clause, performance of civil construction works for the Project „Construction of the main substation GPZ Krobia with two circuit feeder line” for ENEA Operator Sp. z o.o.   | 14.6 million PLN,  |
| - turnkey construction of Gypsum Storage with 2ha reinforced concrete storage area, including technical infrastructure, for the FGD plant, located on the area of PPPT on the extension of the internal road 7- 8, within the project No. 17540, “Design, delivery and construction of the Flue Gas Desulfurization plant with infrastructure” for PKN ORLEN S.A. | 12.9 million PLN,  |
| - delivery, installation, commissioning and handover to operation of complete busducts: single-phase generator connection for unit 11 and for three-phase electrical supply of auxiliaries of of unit 11 in ENEA Wytwarzanie S.A. for Polimex – Mostostal S.A.  | 12.9 million PLN,  |
| - construction works including civil engineering design study for the project “Rebuilding of the 110/15kV transformer station GPZ Koszalin Morska on a turnkey basis” for ENERGA – OPERATOR S.A.  | 11.3 million PLN,  |
| - Modernization of the electrical system, 0.4kV and 0.6kV switchgear and pump supply system in EC Gdynia for EDF Polska S.A.  | 10.7 million PLN,  |
| - Modernization of 6kV switchgear RK2.1 and RK3 and 0.4kV switchgear RZR1, RZR2 and RZR3 in EC Wrocław for EDF Polska S.A.  | 8.3 million PLN,   |
| - execution design, supply and installation of the electrical and instrumentation systems for the municipal waste thermal incineration plant for the Bydgoszcz / Toruń area, including commissioning, start-up and testing, for ASTER Astaldi Sp.p.A, TM.E. S.p.A Termomeccanica Ecologia, Spółka Cywilna   | 6.4 million PLN.   |

The Q1 2015 revenue, generated by the ELEKTROBUDOWA SA group from sales of goods, services and materials, amounted to 245 835 thousand PLN and was by 245 835 thousand PLN (33.3%) higher than in the same period of 2014.

Revenue earned by ELEKTROBUDOWA SA constitutes 97.5% of the total Group’s revenue, while 2.5% was generated by ENERGOTEST sp. z o.o.

Sales invoiced in Q1 2015 were principally related to performance of big contracts for the supply of electrical installation services and supply of electrical equipment, and included:

- |  |                    |
|--|--------------------|
| - construction of a new heat generation unit with fluidized bed boiler, heating and condensing turbine and associated plants in TAURON Ciepło SA Zakład Wytwarzania Tychy for TAURON Ciepło Spółka Akcyjna | 118.1 million PLN, |
| - extension and modernization of Skawina 220/110kV electrical substation including connection to 2x2x400kV line, for PSE S.A.  | 46.3 million PLN,  |

**ELEKTROBUDOWA SA**

Interim condensed consolidated financial statements for the three months ended 31 March 2015

*(all amounts in thousands of PLN, unless otherwise stated)*

---

- "design and build" execution of the project „Extension of the Słupsk 400/110kV Substation” – Stage 1 and 2 in order to connect Słupsk 240MW wind farm, Potęgowo 320MW wind farm, including installation of 400/110kV autotransformer to the ENERGA - OPERATOR S.A. grid, for PSE Operator S.A.	11.9	million PLN,
- supply, erection and commissioning of electrical and I&C components and systems for the Nuclear Power Plant Olkiluoto Finland for AREVA NP GmbH	9.3	million PLN,
- modernization and maintenance of control and supervision systems including electrical installations of units 7-12 in PGE Elektrownia Bełchatów for Emmerson Process Management Power and Water Solutions Sp. z o.o.	7.0	million PLN,
- supply, installation and commissioning of frequency converters, Unit 4, 5 and 6 for the FGD plant in Turów, for Babcock Noell GmbH	6.7	million PLN,
- "design and build" execution of the project "construction of the 400kV electrical station Łomża" for Polskie Sieci Elektroenergetyczne Operator S.A.	6.5	million PLN,
- turnkey supply of engineering, delivery, installation and commissioning of electrical system for the wet Flue Gas Desulfurization plant for steam boilers OP-380, OP-430, K1, K2, K3 and a water boiler WP-120 KW4 / KW6, in the companies of EDF Polska Group for EDF Kraków facility, for RAFAKO S.A.	6.0	million PLN,
- Erection and installation services – overall supply of electrical and I&C systems for the Innovative plant for production of ultra clean monochloroacetic acid U-P MCAA for PCC MCAA Sp. z o.o.	5.3	million PLN,
- construction of a boiler in Świecie for Andritz Oy	4.3	million PLN.

The growth rate of sales revenue was correlated with the growth of cost of products goods and materials. Relations between sales and costs and their impact on the profit amount are described by sales profitability ratios. After the three months of 2015 gross profit margin was 6.5% and rose 6.1 percentage point on the same period of the previous year.

Selling costs for Q1 2015 amounted to 539 thousand PLN and were by 56 thousand PLN (by 9.4%) lower than in Q1 2014. The share of selling costs in the sales revenue in the comparative periods was 0.2% for Q1 2015 and 0.3% for Q1 2014. The level of selling costs in the consecutive reporting periods was correlated with the level of sales revenue.

The general administrative expenses after the three months of 2015 amounted to 4 230 thousand PLN and rose 11.5%, by 432 thousand PLN, on Q1 2014. The general administrative expenses had a 1.7% share in the Q1 2015 sales revenues, while in Q1 2014 they accounted for 2.1% of the sales revenues. The share of general expenses in revenues did not significantly differ in the comparable reporting periods.

Profit from operating activity earned by the Group for Q1 2015 amounted to 14 129 thousand PLN, while in the same period of the previous year the Group incurred a loss of 466 thousand PLN. Return on operating profit for Q1 2015 was 5.7%.

The financial activity of the Group generated a loss of 930 thousand PLN, which compared with the same period of the previous year rose by 688 thousand PLN. The outcome of the financial activity indicates an increase in borrowed capital, mainly from financial institutions, used for funding current operations.

Losses on financial investments in shares of associates amounted to 449 thousand PLN in Q1 2015, and 1 035 thousand PLN in Q1 2014. The loss was reduced by 586 thousand PLN in the analysed periods.



*(all amounts in thousands of PLN, unless otherwise stated)*

---

The pre-tax profit generated by the Group for the period from 1 January 2015 to 31 March 2015 amounted to 12 750 thousand PLN and was by 14 493 thousand PLN higher than for the comparative period of 2014.

The net profit of the Group for the period ended 31 March 2015 amounted to 9 808 thousand PLN, while in the same period of the previous year the Group generated a loss of 3 128 thousand PLN.

The net profit for the period attributable to the shareholders of ELEKTROBUDOWA SA was 9 863 thousand PLN, whereas the loss of non-controlling interest amounted to 55 thousand PLN.

Return on sales on the level of net profit was 4.0% for Q1 2015. In Q1 2014 the Group generated a loss.

The ELEKTROBUDOWA SA group thoroughly analyses the market on which it operates and identifies segments prospective for its business development. It is reflected in the financial forecasts made by the group. The group constantly seeks new markets for its products, but at the same time increases turnover in its traditional areas. The entities in the group recognise the needs of the new markets through participation in symposia and conferences, and promote their products and services in trade fairs and exhibitions.

As at 31 March 2015 the parent company had a foreign branch registered, through which it provided services in Finland. Through the related companies the Group promotes its products in the Russian, Ukrainian and Saudi markets.

In the years to come the power industry should be the main driving force of the Polish industrial building sector which badly needs substantial investment in generating facilities and network. The investments in renewable sources of energy seem prospective as well.

A boom is expected in the construction industry in next years, as the new EU financial perspective has been launched. Many investments included in the new European budget for 2014 – 2020 will enter their execution stage. This funding will also cover new infrastructure projects, concerning both road and railway systems.

### **37. Representation of the Management of the parent company ELEKTROBUDOWA SA on realization of the published forecast**

Having considered the performance after the first quarter of 2015, the Management of the parent company is of the opinion that realization of the published budget is not at risk.

Published on 25 February 2015, the consolidated budget of the ELEKTROBUDOWA SA group assumes that the annual sales revenues will be realized on the level of 1 196 862 thousand PLN and the net profit will amount to 45 032 thousand PLN (of which 44 979 thousand PLN is the profit attributable to the Company's shareholders). After the three months of 2015 the Group generated sales revenue in the amount of 245 835 thousand PLN and the net profit amounting to 9 808 thousand PLN, of which 9 863 thousand PLN is attributable to the shareholders of ELEKTROBUDOWA SA. In the comparative period of the previous year the Group recorded a loss attributable to the shareholders of ELEKTROBUDOWA SA amounting to 3 248 thousand PLN, while its sales revenue was 184 441 thousand PLN. There was 33% growth in revenues.

The above data show that after the first quarter of 2015 the annual sales were realized in 21% and the net profit in 25%.

*(all amounts in thousands of PLN, unless otherwise stated)*

---

### **38. Additional information concerning the parent company**

Pursuant to the Regulation of the Minister of Finance dated 19 February 2009 on current and interim information provided by issuers of securities and with the conditions of acknowledging the equivalence of information required by laws of a non-member country, we disclose the key events concerning ELEKTROBUDOWA SA which took place during the first quarter of 2015:

6 February 2015 - the Company disclosed signing another Amendment to the Contract No. 234510 of 3 January 2008 made with AREVA GmbH having its registered office in Erlangen, Germany for erection and precommissioning of electrical and I&C components and systems for OLKILUOTO 3 Project in Finland. The agreed price of the Amendment increases the value of the Company's scope of works at the NPP OLKILUOTO 3, Finland by 23 590 836.00 EUR, VAT excluded, which was an equivalent of 98 465 790.38 PLN.

9 February 2015 - the Company informed about signing another Amendment to the Cooperation Agreement I No. 11/234/06/Z/PX made with mBank SA having its registered office in Warsaw, by which the amount of Limit granted by the Agreement. Limit of Line for the Bank products was increased up to 90.0 million PLN. Other essential provisions of the Agreement remained unchanged.

17 February 2015 - the Company informed that on 12 February 2015 the Court of Justice of the European Union gave a judgment in Case C-396/13, the request for a preliminary ruling from the court of first instance of Satakunta Region, Finland, on applicability of legal regulations concerning employment relationships of employees of ELEKTROBUDOWA SA posted to Finland to carry out works.

20 February 2015 - the Company announced that on 19 February 2015 another Amendment was signed to the loan agreement in the form of multi-purpose credit limit with Powszechna Kasa Oszczędności Bank Polski Spółka Akcyjna based in Warsaw. With this Amendment the validity of the agreement was extended until 28 February 2017 and capping of the limit amount has been decreased from 307 193 750.00 PLN to 290 129 880.05 PLN.

25 February 2015 – the Company announced the 2015 performance forecast for the Company and for the Group.

2 March 2015 – the Company informed that by the resolution of the Management Board of 2 March 2015 the commercial proxy granted to Mr Mariusz Luto was revoked.

2 March 2015 - the Company informed that by the resolution of the Management Board of 2 March 2015 with the prior approval of the Supervisory Board, Mr Roman Grzelak was granted independent commercial proxy.

20 March 2015 – the Company informed that the Supervisory Board of the Company on its meeting on 20 March 2015 approved the motion of the Management Board to allocate the whole 2014 net profit in the amount of 29 100 878.40 PLN to supplementary capital.

26 March 2015 - the Company informed about having been notified by Polskie Sieci Elektroenergetyczne Spółka Akcyjna (PSE SA) based in Konstancin-Jeziorna that the offer submitted by ELEKTROBUDOWA SA was selected in the public procurement procedure for "Modernization of the 220/110 kV Station in Konin". The net value of works as per the offer is 114 490 000.00 PLN.

30 March 2015 – the company disclosed convening the Annual General Meeting of ELEKTROBUDOWA SA for 29 April 2015. The company released the text of announcement, the agenda and the draft resolutions.

*(all amounts in thousands of PLN, unless otherwise stated)*

---

### **39. Significant events after the reporting date**

29 April 2015 – the Company publicized the texts of resolutions passed by the Annual General Meeting of ELEKTROBUDOWA SA held on 29 April 2015.

30 April 2015 – the Company informed that on 29 April 2015 an amendment was signed to the Framework Agreement on the revolving line of credit for bank guarantees with Bank Handlowy w Warszawie Spółka Akcyjna, based in Warsaw. According to covenants of the Amendment to the Agreement, the Bank increased the amount of the renewable lending limit from 52 800 000.00 PLN to the amount of 90 000 000.00 PLN. The terms of the Agreement on the revolving line for guarantees do not change and do not differ from standard market terms for agreements of this type.

5 May 2015 - the Company informed that on 4 May 2015 another amendment was signed to the Multi-product Agreement No. 687/2011/00004937/00 dated 25 March 2011 concluded with ING Bank Śląski SA having its registered office in Katowice. As part of the debt under the working capital loan had been repaid, the available limit was reduced from 77.0 million PLN to 56.0 million PLN effective from 1 May 2015. The amendment provides for further reductions of the limit in monthly installments and repayment of the whole amount of debt under the working capital loan within 31 July 2015. The limit is available until 30 January 2016. The other terms of the agreement remained unchanged.

5 May 2015 – the Company publicized a list of shareholders holding at least 5% of total number of votes in the Annual General Meeting of ELEKTROBUDOWA SA held on 29 April 2015.

6 May 2015 – information was disclosed that the Company received an Amendment to the Agreement on the multi-purpose credit limit signed with Bank Polska Kasa Opieki S.A. having its registered office in Warsaw. By the Amendment the validity of the multi-purpose limit granted in the amount of 80 000.00 PLN (say: eighty million Polish zloty) was extended until 30 April 2016. The other terms of the agreement on the multi-purpose limit do not differ from standard market terms applied in agreements of this type.

No other events have occurred after the reporting date, except for presented above and described in Note 1.4, which should be but have been not disclosed in these financial statements.