THE ELEKTROBUDOWA SA GROUP

Interim consolidated financial statements

for the six months ended 30 June 2015

Index to the interim consolidated financial statements

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

Interim consolidated statement of financial position

	Note	as at 30 June 2015 (unaudited	as at 31 Dec. 2014
ASSETS			
Non-current assets		**178 469**	**174 263**
Property, plant and equipment	9	89 345	88 319
Intangible assets	11	41 598	41 198
Investments in associates	12	15 859	13 869
Available-for-sale financial assets	13.1	6 982	6 982
Non-current receivables	14.1	4 754	5 272
Deferred income tax assets	25.3	18 268	17 346
Non-current prepayments and accrued income	15	1 663	1 277
Current asssets		**669 466**	**737 549**
Inventories	16	65 876	50 353
Trade and other receivables	14.2	257 434	340 098
Available-for-sale financial assets	13.1	24	24
Other non-finance assets	18	8 753	9 648
Amounts due from contractors for construction contract work	29.2	225 603	274 941
Cash and cash equivalents	17	111 530	62 239
Fixed assets held for sale	19	246	246
Total assets		**847 935**	**911 812**
EQUITY, LIABILITIES AND PROVISIONS			
Equity		**367 240**	**338 243**
Issued share capital	20	10 003	10 003
Supplementary capital	21.1	334 147	305 046
Capital from valuation of available-for-sale investment	21.2	4 937	4 937
Exchange differences from translating data of foreign branches		(1 870)	(1 947)
Exchange differences from translating of financial statements of related parties		(7 798)	(9 509)
Retained earnings	21.3	27 743	29 516
Total equity attributable to shareholders of ELEKTROBUDOWA SA		**367 162**	**338 046**
Non-controlling interest		**78**	**197**
Liabilities and provisions			
Non-current liabilities and provisions		**21 558**	**20 648**
Employee benefits provisions	26	6 178	5 911
Other liabilities	22.1	15 380	14 737
Current liabilities and provisions		**459 137**	**552 921**
Trade and other payables	22.2	324 131	358 778
Corporate income tax liabilities		2 145	4 840
Derivative financial instruments	23	0	71
Loans, borrowings and debt securities	24	43 515	103 160
Current provisions	26	4 670	4 511
Accruals and deferred income	27	21 575	24 516
Amounts due to customers for construction contract work	29.2	63 101	57 045
Total liabilities and provisions		**480 695**	**573 569**
Total equity and liabilities		**847 935**	**911 812**

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

Interim consolidated statement of comprehensive income

	Note	six months ended 30 June 2015 (unaudited)	six months ended 30 June 2014 (unaudited)
Continuing operarations			
Revenue from sales of products, goods and materials	29.1	592 901	442 342
Cost of products, goods and materials sold	30	(539 439)	(421 465)
Gross profit on sales		**53 462**	**20 877**
Selling costs	30	(1 631)	(1 314)
General administrative expenses	30	(9 154)	(8 668)
Other operating income	31	5 092	6 883
Other operating expenses	32	(11 784)	(12 746)
Operating profit		**35 985**	**5 032**
Finance income	33	429	56
Finance costs	34	(1 833)	(1 214)
Share of net profit / loss of associates measured according to equity method		268	(505)
Revenue from sales of products, goods and materials		**34 849**	**3 369**
Cost of products, goods and materials sold	25.1	(7 597)	(1 335)
Net profit from continuing operations for the period		**27 252**	**2 034**
Discontinued operations			
Net profit from discontinued operations for the period		**0**	**0**
Net profit for the period		**27 252**	**2 034**
of which:			
- profit of shareholders of ELEKTROBUDOWA SA		*27 328*	*2 115*
- non-controlling interests		*(76)*	*(81)*
Other comprehensive income		**1 745**	**(1 234)**
of which:			
Total other comprehensive income reclassifiable to profit or loss		**1 745**	**(1 234)**
- exchange differences on translation of financial data of foreign branches		77	354
- exchange differences from translation of subsidiaries and associates allocated to the parent		1 711	(1 380)
- exchange differences from translation of data of subsidiaries and associates, allocated to non-controlling interests		(43)	(208)
Total comprehensive income for the period		**28 997**	**800**
of which:			
- profit of shareholders of ELEKTROBUDOWA SA		*29 116*	*1 089*
- non-controlling interests		*(119)*	*(289)*
Earnings per share from continuing operations (in PLN per share)			
- basic / diluted	21.4	5.76	0.44

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

Interim consolidated statement of changes in equity

	Attributable to shareholders of ELEKTROBUDOWA SA							
	Issued share capital	Supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translation of data of foreign branches	Retained earnings	Exchange differences from translation of financial statements of related entities	Non-controlling interests	Total equity
note	**20**	**21.1**	**21.2**		**21.4**			
As at 1 January 2015	**10 003**	**305 046**	**4 937**	**(1 947)**	**29 516**	**(9 509)**	**197**	**338 243**
Currency exchange differences				*77*		*1 711*	*(43)*	*1 745*
Net profit					*27 328*		*(76)*	*27 252*
Total comprehensive income			**0**	**77**	**27 328**	**1 711**	**(119)**	**28 997**
Settlement of prior years' financial result		29 101			(29 101)			0
As at 30 June 2015 (unaudited)	**10 003**	**334 147**	**4 937**	**(1 870)**	**27 743**	**(7 798)**	**78**	**367 240**

	Attributable to shareholders of ELEKTROBUDOWA SA							
	Issued share capital	Supplementary capital	Capital from valuation of available-for-sale investment	Exchange differences from translation of data of foreign branches	Retained earnings	Exchange differences from translation of financial statements of related entities	Non-controlling interests	Total equity
note	**20**	**21.1**	**21.2**		**21.4**			
As at 1 January 2014	**26 375**	**328 630**	**1 326**	**(2 006)**	**(27 299)**	**(1 412)**	**1 110**	**326 724**
Currency exchange differences				*354*		*(1 380)*	*(208)*	*(1 234)*
Net profit					*2 115*		*(81)*	*2 034*
Total comprehensive income				**354**	**2 115**	**(1 380)**	**(289)**	**800**
Distribution of profit		3 811			(3 811)			0
Settlement of prior years' financial result		(25 776)			25 776			0
Settlement of hyperinflationary restatement of capital	(16 372)	(1 619)			17 991			0
Dividend payment					(9 495)		(372)	(9 867)
Other changes					(206)			(206)
As at 30 June 2014 (unaudited)	**10 003**	**305 046**	**1 326**	**(1 652)**	**5 071**	**(2 792)**	**449**	**317 451**

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

	Attributable to shareholders of ELEKTROBUDOWA SA							
	Issued share capital	**Supplementary capital**	**Capital from valuation of available-for-sale investment**	**Exchange differences from translation of data of foreign branches**	**Retained earnings**	**Exchange differences from translation of financial statements of related entities**	**Non-controlling interests**	**Total equity**
note	**20**	**21.1**	**21.2**		**21.4**			
As at 1 January 2014	**26 375**	**328 630**	**1 326**	**(2 006)**	**(27 299)**	**(1 412)**	**1 110**	**326 724**
Currency translation differences				*59*		*(8 097)*	*(235)*	*(8 273)*
Net profit					*27 321*		*(306)*	*27 015*
Valuation of available-for-sale-investments			*4 459*					*4 459*
Deferred tax on valuation of available-for-sale investments			*(848)*					*(848)*
Remeasurement of employee benefits liabilities					*(940)*			*(940)*
Deferred income tax from remeasurement of emploee benefit liabilities					*179*			*179*
Total comprehensive income			**3 611**	**59**	**26 560**	**(8 097)**	**(541)**	**21 592**
Distribution of profit		3 811			(3 811)			0
Settlement of prior years' financial result		(25 776)			25 776			0
Settlement of hyperinflationary restatement of capital	(16 372)	(1 619)			17 991			0
Dividend payment					(9 495)		(372)	(9 867)
Other changes					(206)			(206)
As at 31 December 2014	**10 003**	**305 046**	**4 937**	**(1 947)**	**29 516**	**(9 509)**	**197**	**338 243**

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

Interim consolidated statement of cash flows

	Note	six months ended 30 June 2015 (unaudited)	six months ended 30 June 2014 (unaudited)
Cash flows from operating activities			
Gross profit before taxes		34 849	3 369
Share of net profit of equity-accounted associates		(268)	505
Depreciation and amortisation		7 455	6 772
Loss on currency translation differences		(94)	(974)
Interests and share of profit (dividends)		1 403	1 158
Gain/loss on sale of property, plant and equipment (PPE)		(63)	270
Change in inventories		(15 523)	(9 065)
Change in trade and other receivables	36	83 387	29 195
Change in liabilities, except loans and borrowings	36	(36 583)	(6 513)
Income tax paid	36	(11 236)	(988)
Change in other non-finance assets		895	7 856
Change in non-current prepayments and accrued expenses		(3 327)	(5 969)
Change in settlements of construction contracts		55 394	(77 873)
Other adjustments	36	123	(1 521)
Net cash flows from operating activities		**116 412**	**(53 778)**
Cash flows from investing activities			
Sale of intangible assets and PPE		104	312
Dividends and share of profits		61	1 332
Purchases of intangible assets and PPE		(5 557)	(7 377)
Net cash flows from investing activities		**(5 392)**	**(5 733)**
Cash flows from financial activities			
Loans and borrowings		22 270	51 736
Repayment of loans and borrowings		(81 736)	(12 000)
Interest on loans and leases		(1 318)	(574)
Commission on loans		(694)	(541)
Other outflows		(345)	(137)
Net cash flows from financing activities		**(61 823)**	**38 484**
Net change in cash		49 197	(21 027)
Balance sheet change in cash		49 291	(20 053)
Change in cash due to foreign exchange difference		94	974
Cash at beginning of period		62 239	80 488
Cash and current account overdrafts at end of period		**111 530**	**60 435**

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 six months ended 30 June 2015 and include the comparative information:

- the statement of financial position as at 31 December 2014
- the interim statement of changes in equity for the period of six months ended 30 June 2014 and the statement of changes in equity for the period of twelve months ended 31 December 2014,
- the interim statement of comprehensive income and the statement of cash flows for the period of six months ended 30 June 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 30 June 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 30 June 2015 and 30 June 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 of six months ended 30 June 2015.

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.

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.

In the six months ended 30 June 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 30 June 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.

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

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.

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

As at 30 June 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 current financial situation and forecast performance, as the date of authorization of the interim consolidated financial statements the Management 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

Until 28 April 2015 the Management Board of ELEKTROBUDOWA SA was composed of:

Faltynowicz Jacek	-	President
Bober Ariusz	-	Member
Juszczyk Janusz	-	Member
Klimowicz Arkadiusz	-	Member
Świgulski Adam	-	Member
Wołek Sławomir	-	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

Further, on 25 June 2015 the Supervisory Board passed a resolution to appoint Mr Paweł Skrzypczak Vice President of the Management Board of ELEKTROBUDOWA SA as of 1 August 2015. On 31 July 2015 Mr Piotr Janczyk resigned as Member of the Management Board.
Following the above, as at the date of submitting the present financial statements, the Management Board is composed of:

Faltynowicz Jacek	-	President	-	Chief Executive Officer
Juszczyk Janusz	-	Vice President	-	Director of the Power Generation Division
Skrzypczak Paweł	-	Vice President	-	Chief Financial Officer

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

1.4 Composition of the Supervisory Board of the parent entity

As at 30 June 2015, the Supervisory Board of ELEKTROBUDOWA SA had the following composition:

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

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

1.5 Authorization of the financial statements

The present interim consolidated financial statements were authorised for issue by the Management of the parent on 31 August 2015.

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

2.1 Basis of preparation

The interim consolidated 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 interim consolidated 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).
As at the date of authorisation of these interim consolidated financial statements for issue, considering the process of introducing the International Financial Reporting Standards ("IFRS") continuing in the European Union as well as business activity carried out by the Group, in respect of the accounting standards applied by the Group the IFRS do not differ from the IFRS endorsed by the European Union ("EU IFRS").
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.

2.3 Functional and presentation currency of the interim consolidated financial statements

The interim 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.

2.4 Changes to the accounting policies

Standards and interpretations applied for the first time in 2015

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those which were followed in preparation of the Group's consolidated annual financial statements for the year ended 31 December 2014, except for the adoption of new or amended standards and interpretations effective for financial years beginning on or after 1 January 2015:

Standards and interpretations applied for the first time in 2015

The accounting policies adopted in the preparation of the financial statements are consistent with those which were followed in preparation of the company's annual financial statements for the year ended 31 December 2014, except for the adoption of new or amended standards and interpretations effective for financial years beginning on or after 1 January 2015:

- **Amendments to IFRS 3 Business combination**

  The amendments clarify that not only joint ventures but also joint arrangements are outside the scope of IFRS 3. The scope exception applies only to the financial statements of the joint arrangement itself. The amendment is applied prospectively.

- **Amendments to IFRS 13 Fair value measurement**

  The amendments clarify that the exception concerning investment portfolio applies not only to financial assets and financial liabilities but also to other agreements covered by IAS 39. The amendments are applied prospectively.

- **Amendments to IAS 40 Investment property**

  Description of ancillary services in IAS 40 distinguishes investment properties from owner occupied property (i.e. property, plant and equipment). The amendments are applied retrospectively and clarify that it is IFRS 3, not the definition of ancillary service included in IAS 40, which is used to determine whether a transaction is a purchase of an asset or investment.

- **IFRIC 21 Levies**

  This interpretation clarifies that an entity shall recognize a liability relating to levies when an obligating event, i.e. activity that binds the entity to pay a levy as determined in relevant legal regulations, occurs. In the case of levies triggered when a minimum threshold is reached, an entity does not recognize a liability until the threshold has been met. IFRIC 21 is applied retrospectively.

Application of the aforementioned amendments did 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 and interpretations have been issued by the International Accounting Standards Board or International Financial Reporting Interpretations Committee 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.
- **Amendments to IAS 19 Defined Benefit Plans: Employee Contributions** (issued on 21 November 2013) – effective for financial years beginning on or after 1 July 2014, in EU effective at the latest for financial years beginning on or after 1 February 2015.
- **Annual Improvements to IFRSs 2010-2012** (issued on 12 December 2013)– some amendments effective for financial years beginning on or after 1 July 2014 and some effective prospectively for transactions occurring on or after 1 July 2014, in EU effective at latest for financial years beginning on or after 1 February 2015.
- **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 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, wherein the effective date was tentatively postponed by IASB – decision about terms of performing particular steps resulting in endorsement of the Amendments has not yet been made by EFRAG – 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 the consolidated financial statements. The influence that those changes may have on the Group's financial statements is being considered by the Management.

2.6 Consolidation

Subsidiaries

These interim consolidated financial statements include the financial statements of ELEKTROBUDOWA SA and of the entities controlled by it (subsidiaries), each prepared for the period of six months ended 30 June 2015.
The financial statements of subsidiaries are prepared for the same reporting period as the statements of the parent entity, 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 is 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 anon-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.
Profits or losses, assets and liabilities of associates are recognised in the interim 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.

2.7 Significant accounting policies

2.7.1 Fair value measurement

The group measures its financial instruments such as available for sale or derivatives at their fair value as at each reporting date. Also, the fair value of financial instruments measured at amortized cost is disclosed in Notes 13.2 and 28.
Fair value is understood as the price that would be received to sell an asset or to pay to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumption that a transaction to sell an asset or transfer a liability takes place:
- in the principal market for a given asset or liability, or
- if there is no principal market, in the most advantageous market for a given asset or liability.

Both the principal market and the most advantageous market must be available for the group's entities.
The fair value of an asset or a liability is measured with the assumption that, in determining the price of an asset or a liability, market participants act to their best economic interest.
Valuation of fair value of a non-finance asset takes into account the ability of a market participant to generate economic gains through the highest and best possible use of an asset or selling it to another market participant who would ensure the highest and best use of the asset.
The group applies such valuation techniques which are tailored to the circumstances and for which sufficient inputs for fair value measurement are available, with the maximum use of relevant observable inputs and minimum use of unobservable inputs.
All assets and liabilities for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities,
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement as a whole is directly or indirectly observable,
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement as a whole is unobservable.

As at each reporting date, for assets and liabilities held at the end of the reporting period, each entity in the group determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorization, based on the lowest level input that is significant to the fair value measurement (in their entirety).

Summary of significant accounting policies concerning fair value measurement

The management of an entity of the Group determines the rules and procedures for measuring unquoted financial assets at fair value both on a recurring basis and performed individually, for example in the case of available-for-sale assets.
Independent property surveyors are hired to measure significant assets for loan purposes, when a collateral mortgage is written on real property or registered pledge established on movable property.

The surveyors are requested to prepare valuation of available-for-sale financial assets for balance sheet purposes, when there is no active market to sell, for which there are no alternative methods of fair value verification. Valuation by the surveyors covers also non-current assets held for sale.
An entity of the Group analyses the main assumptions for the valuation, takes into account the properties of an item and analyses changes in the fair value of the asset or liability being measured. For disclosure purposes the group's entities have determined the categories of assets and liabilities on the basis of kind, features and risk relating to the asset and liability items, as well as the level in fair value hierarchy, as described above.

2.7.2 Valuation of items expressed in foreign currencies

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 and repayment of receivables transactions are translated at the buying rate applied by the bank used by an entity in the Group;
- purchase of foreign currency and repayment of payables transactions are translated at the selling rate applied by the bank used by an entity in the Group;
- other transactions are translated 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 reporting date are translated 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 consolidated statement of comprehensive income, unless they are deferred in the equity when qualified as hedges for cash flows and hedges of shares in net assets.

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 companies prepare their financial statements in functional currency of the primary economic environment in which a foreign branch and a subsidiary or an associate operates.
The statements of financial position and the statements of comprehensive income of the related companies and 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, consolidated 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.

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

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

	30 June 2015		31 December 2014	30 June 2014
	Statement of financial position	Statement of comprehensive income	Statement of financial position	Statement of comprehensive income
waluta	**in PLN**	**in PLN**	**in PLN**	**in PLN**
EUR	4.1944	4.1341	4.2623	4.1784
USD	3.7645	3.7269	3.5072	3.0539
UAH	0.1780	0.1729	0.2246	0.2840
RUB	0.0676	0.0649	0.0602	0.0867
SAR	0.9741	0.9834	0.9337	0.8125

2.7.3 Property, plant and equipment

Property, plant and equipment comprise fixed tangible assets and costs of the assets under construction, which the group is going to use in its operations and for administrative purposes within the period longer than one year, and which will gain future economic benefits for the entity.
The borrowing costs which can be directly associated with purchase, construction or manufacture of the asset that takes a substantial period of time to get ready for its intended use or sale are capitalised until they are released for use. The borrowing costs are capitalised according to IAS 23.
The fixed tangible assets and assets under construction are initially recognized in their purchase costs or manufacture cost.

Depreciation of fixed tangible assets is calculated according to rates which reflect their estimated useful life. The estimated useful lives are reviewed annually. For the purpose of depreciation the straight-line method is applied.
Economic useful lives of groups of the assets are as follows:

- buildings and civil structures, 25-40 years;
- plant and machinery, 3-15 years;
- vehicles, 5-7 years;
- other, 4-10 years.

Land owned and the rights of perpetual usufruct of land are not depreciated.
Tangible fixed assets and assets under construction are tested for impairment if there are reasons indicating their loss of value; in the case of tangible fixed assets under construction their possible impairment is measured at each reporting date.

As at the reporting date, tangible fixed assets other than land and the rights of perpetual usufruct of land or tangible fixed assets under construction are calculated according to cost of manufacture or purchase price less recognized depreciation write-downs and impairment write-offs, if any. Tangible fixed assets under construction are shown in the statement of financial position at manufacture cost less recognized write-downs.

2.7.4 Intangible assets

The intangibles include those assets which are not physical in nature but are identifiable as separate items, can be reliably measured and which will gain future economic benefits for the Group. The intangible assets are recognized initially at purchase cost or cost of their production.

a) Research and development costs include design and testing of new or improved products, if a project fulfils the conditions specified in IAS 38.
   Development expenditures on an individual project are transferred to the next period if it can be assumed that they will be recovered in the future. Following initial recognition of development expenditure, a historical cost model is applied which requires that the asset components shall be carried at purchase price/manufacture cost less accumulated amortization and accumulated impairment losses. All expenditure transferred to the next period are amortised over the period of expected future sales from the related project (up to 5 years, up to 10 years in justified cases).

b) Acquired licences for software are assessed at cost of their purchase and preparation for use.
   They are amortised on a straight-line basis over the period of 2 years. The software maintenance costs are recognised in costs of activity when incurred.

c) Other property rights are recorded at purchase costs and amortised on a straight-line basis over the period of expected use (up to 10 years).

Intangible assets are tested for impairment if there are reasons indicating the possibility of loss in value; in the case of intangible assets in the period of their realization their possible impairment is measured as at each reporting date.
As at the reporting date, the intangible assets are calculated according to cost less recognized impairment loss and possible amortization write-off.

2.6.5 Leases

Lease agreements where the lessee has substantially all the risks and rewards of ownership are classified as finance leases.
Leases are capitalized at the lease's commencement and measured at fair value, however not greater than the present value of the minimum lease payments. Each lease payment is allocated between interest charges and decrease of lease liability so as to achieve a constant rate on the finance balance outstanding.
Assets subject to depreciation acquired under finance leases are depreciated on a straight-line basis over the period of their use or lease term.

Lease agreements where the lessor has substantially all the risks and rewards of ownership are classified as operating leases. Operating lease rentals are recognized as operating cost in the profit or loss on a straight-line basis over the lease term.
Contingent lease rents are recognised as cost in the period they become payable.

2.7.6 Impairment of non-financial fixed assets

The group assesses, at each reporting date, whether there is an indication that a non-financial fixed asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the group's entity estimates the recoverable amount of an asset or its cash-generating unit (CGU).
An asset's or CGU's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses of assets used in continuing operations are recognized in those expense categories which are consistent with the function of the impaired asset.
An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the group's entity estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased up to its recoverable amount. The increased amount must not exceed the asset's carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. The reversal of impairment amount is immediately recognized as income. Following the reversal, in subsequent periods the impairment amount relating to an asset is adjusted in the way that permits regular write-down of the asset's verified carrying amount decreased by the final value during the remaining period of the asset's useful life.

2.7.7 Goodwill

Goodwill acquired through acquisition of an entity is initially measured at purchase price, being the excess of

- the aggregate of:
  - the consideration transferred,
  - the amount of all non-controlling interests in the acquiree, and
  - if the business combination is achieved in stages, fair value at the date of acquisition of interest in equity of the acquirer, which was earlier held by the acquirer
- over the net amount of identifiable assets acquired and liabilities assumed determined at the date of acquisition.

After initial recognition, goodwill is measured at purchase price less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if there are reasons for that. Goodwill is not amortised.
Goodwill acquired in a business combination is, from the acquisition date allocated to cash-generating units that are expected to benefit from the combination. Each unit or a group of units to which the goodwill was assigned:

- corresponds to the lowest level in the group, where the goodwill is monitored to internal management requirements, and
- is not bigger than one operating defined according to IFRS 8 Operating segments.

The impairment loss is determined by measuring the recovarable amount of the cash-generating unit to which the relevant goodwill was allocated. If the recoverable amount of the cash-generating unit is smaller than its carrying amount, an impairment loss is recognized. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gains or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.7.8 Borrowing costs

Borrowing costs are capitalised as part of expenses incurred for construction of fixed tangible assets. Borrowing costs include interest calculated using the effective interest rate, financial charges under finance lease agreements and foreign currency translation differences associated with borrowed funds up to the amount of adjustment of interest cost.

2.7.9 Financial assets

The financial assets are classified as:
- financial assets at fair value through profit or loss;
- loans and receivables;
- financial assets held-to-maturity;
- available-for-sale financial assets.

Categorization depends on the nature of the assets and purpose for which they were acquired and is defined at initial recognition.

Financial assets at fair value through profit or loss

This group includes the financial assets held for trading. A financial asset is classified as held for trading when it:
- was acquired principally for the purpose of reselling in the short term;
- is a part of a financial instruments portfolio managed jointly by the company, according to the current and actual pattern of generating short-term gains;
- is a derivative not designated as hedge and not acting as hedge.

Financial assets at fair value through profit or loss are recognized at fair value, considering their market value on the reporting date, excluding costs of sale transaction. Changes in value of these financial instruments are recognized in the statement of comprehensive income. Net gains or losses recognized in the statement of comprehensive income include dividends or interests generated by the financial asset. Financial assets in this category are classified as current if they are intended to be disposed of within 12 months of the reporting date.
No financial assets were classified to the category of assets at fair value through profit or loss as at 30 June 2015 (there were no such assets as at 30 June 2014).

Loans and receivables

Trade receivables for supplies and services, loans and other receivables with fixed or determinable payments, which are not quoted in an active market, are classified as loans and receivables. They are measured at amortised cost, using the effective interest rate method, with consideration to their impairment. Loans and receivables are included in current assets, except those items which maturities are greater than 12 months after the reporting date. Loans and receivables with maturities greater than 12 months after the reporting date are classified as non-current assets.

Held-to-maturity financial assets

The financial assets, except for derivative instruments, with fixed or determinable payments and fixed maturities, which the Management has the positive intention and ability to hold to maturity are classified as held-to-maturity financial assets. They are recognized at amortised cost using the effective interest rate method after impairment; the income is measured using the effective income method.
Financial assets which are held to maturity are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Available-for-sale financial assets

Non-derivative financial instruments designated as available for sale or not classified elsewhere are classified as available-for-sale financial assets. The available-for-sale financial assets are recognized at fair value increased by transaction costs which can be directly allocated to purchase or issue of the financial asset. If there is no quotation on the active market and it is not possible to determine reliably their fair value using alternative methods, the financial assets available for sale are measured at purchase price less impairment loss.
Positive or negative differences between the fair value of available-for-sale assets, less deferred tax, are recognised in other comprehensive income.
When the investment is sold or impaired, the accumulated fair value earlier recognised in the capital from valuation of available-for-sale assets is recognized in the statement of comprehensive income for the period. Dividends on available-for-sale equity instruments are recognized in the statement of comprehensive income when the right of the Group to receive payment is established.
Available-for-sale financial assets are included in non-current assets unless the Group intends to dispose of the investment within 12 months of the reporting date.

Initial recognition and later derecognition of financial assets

Purchases or sales of the financial assets are recognised at the date of transaction, initially at fair value plus transaction costs, except for the financial assets at fair value through the statement of comprehensive income.
Financial assets are derecognised, when the rights to receive cash flows from the asset have expired or the rights have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If not substantially all the risks and rewards of the asset have been transferred, the investment is derecognized at the moment the Group loses control of the asset.

2.7.10 Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets carried at amortised cost

If there is objective evidence that impairment loss has been incurred due to an extended loan or a receivable measured at amortised cost, then the amount of impairment is equal to the difference the asset's carrying amount and the present value of estimated future cash (excluding future expected losses on not collected receivables that have not yet been incurred), discounted at the asset's original (i.e. established at initial recognition) effective interest rate. The carrying amount of the asset is reduced through the use of impairment allowance account. The loss is recognized in profit or loss.

The Group first assesses whether impairment exists individually for financial assets that are individually significant and also whether impairment exists for the financial assets which are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the company includes the asset in the group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.
If, in a subsequent period, the amount of the estimated impairment loss decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Late reversal of the impairment loss is recognized in profit or loss to the extent in which the carrying amount of the asset on the date of reversal does not exceed its amortised cost.

Financial assets carried at a cost

If there is objective evidence for impairment of an unquoted equity instrument, not recognised at fair value as it cannot be reliably measured, or an associated derivative which must be settled by delivery of such unquoted equity instrument, then the impairment loss amount is established as the difference between the asset's carrying value and the present value of estimated future cash discounted at the current market rate of return for similar financial assets.

Available for sale financial assets

If there is objective evidence that an available-for-sale asset is impairment, the difference between the asset's purchase price (less any repayments and amortization) and its fair value less any impairment loss on that asset previously recognized in profit or loss, is removed from equity and reclassified to profit or loss. The reversal of impairment loss on equity instruments classified as available for sale must not ne recognized in profit or loss. If, in a subsequent period, the fair value of an available-for-sale debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment is reversed through the statement of profit or loss.

2.7.11 Derivative financial instruments

Derivative financial instruments used by the Group to hedge its interest rate risks and foreign currency risks are mostly forward currency contracts. Such derivative financial instruments are recognized at fair value. Derivatives are carried as assets when their fair value is positive and as liabilities when the fair value is negative.

Gains or losses arising from changes in the fair value of derivatives which do not qualify for hedge accounting are directly taken to net profit or loss of the reporting year.

Fair value of forward currency contracts is established by reference to current forward rates occurring with contracts with similar maturities. Fair value of interest rate swaps is established based on valuation model using available market data, including current forward interest rates in particular. In the interim consolidated financial statements the financial instruments are presented as short-term items, with indication of the expected periods of realization of assets and liabilities.

2.6.12 Inventories

Inventories of materials and goods are stated at the lower of cost and net realisable value using the first-in, first-out (FIFO) method.
Finished goods are measured at cost not higher than their net realizable value.

Production in progress of finished goods is measured at direct cost of raw materials and labour as well as justified portion of related production overheads, established basing on normal operating capacity.
Write-down amounts of inventories, based on the prudence principle, and the write-down of dead stock, as well as their reversal, are charged into other operating income or expenses.

2.7.13 Trade accounts receivable

Trade receivables are recognised initially at fair value (current realisable value) and then they are measured at adjusted purchase price (amortised cost) using the effective interest method, less provision for impairment.
A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the contracts. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized in the interim consolidated statement of comprehensive income.
Other receivables in particular include receivables due to retentions, indemnity, liquidated damages with which the contractors have been charged, and amounts due from the state or municipality.
Non-current other receivables comprise receivables from contract retentions and receivables from the disposal of property, plant and equipment with deferred payment terms. The deferred receivable is not considered by the entities of the group as trade receivable generated in the operating cycle.
Current value of non-current receivables as at the reporting date is established by revaluation of discount amount due to passage of time, using the effective interest rate method.
If, based on the documentation and after all measures to assert its rights have been exhausted, the Group ascertains that a receivable is not recoverable, the receivable is written off through the interim consolidated statement of comprehensive income and derecognised.

2.7.14 Construction contracts

Construction contract costs are recognised when incurred. 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, 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 recognised in the financial result.
The Group uses the "percentage of completion method" to determine the amount to be recognized in a given period. The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract.
The Group presents as an asset the amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Progress billings not yet paid by customers and retention amounts are included within "non-current receivables" and "current receivables".
The Group presents as a liability the amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

2.7.15 Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank, deposits in banks, other short-term investments, highly liquid investments with original maturities of three months or less since they were deposited, received, acquired or issued. Bank overdrafts are shown within "Loans, borrowings and debt securities" of the interim consolidated statement of financial position.

2.7.16 Non-current assets held for sale and discontinued operations

Non-current assets (or groups of assets) are classified as held for sale when their carrying amount is to be recovered rather through a sale transaction than through continuing use.
The condition is considered fulfilled only if the sale is highly probable and the asset (or a disposal group) is available for immediate sale in its actual state.
Non-current assets (and disposal groups) classified as held for sale are stated at the lower of initial carrying amount and fair value, less costs to sell.

2.7.17 Share capital and supplementary capital

Share capital is recognised in the consolidated statement of financial position at the value specified in the Articles of Association and entered in the court register. Changes in the issued share capital are described in Note 20.
In case of buy back the payment for shares charges the equity and is recognized in the consolidated statement of financial position in the item “treasury shares”.
Additional costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds, net of tax.
Supplementary capital is established as provided for in the Articles of the Group entities from retained earnings and through transfer from other reserves. Furthermore, difference between fair value of payment received and the nominal value of shares is recognized in the share premium reserve capital. Changes in the supplementary capital are described in Note 21.1.

2.7.18 Loans and borrowings

Bank loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Later the borrowings are stated at adjusted purchase price (amortised cost), while the difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the loan agreement using the effective interest method.
Loans and borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.7.19 Trade and other payables

Trade and other payables other than financial obligations are stated at fair value and recognised at amortised cost in subsequent periods.
Non-current liabilities are discounted to their present values at the reporting date by revaluing the discount amount due to passage of time using the effective interest rate method.
For the group the deferred liabilities are not liabilities generated in the normal cycle of operations.
Other non-financial obligations include in particular the liabilities relating to the received advance payments which will be settled with the supplies of goods, services or fixed tangible assets and also amounts due to state or municipality excluding corporate income tax liability which is a separate item in the balance sheet, and contract retentions liabilities.

2.7.20 Provisions

Provisions are recognised when an entity of the Group has a present obligation (legal or constructive) as a result of past events and it is likely that an outflow of resources that reflect economic gains will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. The expense relating to a provision, is presented in the statement of comprehensive income net of any reimbursement.

The amount of recognized provision reflects the most exact as possible assessment of the amount required to settle the current obligation at the reporting date, with consideration to risk and uncertainty specific to the obligation.

2.7.21 Employee benefits

The Group operates a retirement and other pension benefits plan. Contributions to the defined retirement plans are recognized as cost after the employees have provided a service in exchange for the benefits to be paid in future.
Post-employment benefits are established using the projected unit credit method and actuarial valuation made for each reporting date. Remeasurements, comprising actuarial gains and losses, are charged to other comprehensive income in the period in which the changes occurred. Remeasurements recognized in other comprehensive income are reflected in retained earnings and are not reclassified to profit or loss.
Past service costs are divided into the following components:
- service cost (including costs of current employment, costs of future employment and curtailments of the benefit plan);
- net interest expense or income;
- remeasurement.

The first two cost components of the defined benefits are recognized in profit or loss in the item “Employee benefits cost”.
Retirement benefit liabilities recognized in the interim consolidated statement of financial position is the present value of deficit or surplus in the defined benefit plan of each entity of the Group. Any surplus from calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reductions and future contributions to the plan.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the date of the consolidated statement of financial position are discounted to their present value.

Bonus plans

The
Ggroup recognises a liability and an expense for bonuses defined in the scorecards which are annexed to employment contracts. Provision for bonuses is established (expense recognized on a time-proportion basis) and recognised in accrued expenses.

2.7.22 Revenue recognition

Sales revenue is recognised at fair value of the consideration received or receivable, net of value added tax, trade discounts or rebates and discounts, after eliminating internal sales:
a) Revenue from the sale of products and goods is recognised when significant part of risks and rewards from ownership of products and goods have passed to the buyer.
b) Revenue from construction contracts is recognised according to the procedure presented in Note 2.7.14.

c) Revenue from sale of services is recognised in the accounting period in which the services are rendered, when:
   – the amount of revenue can be reliably measured,
   – the entity is likely to gain economic benefits from the transaction,
   – stage of completion of the transaction at the reporting date can be reliably determined.

Interest income

Interest income is recognised on a time-proportion basis (using the effective interest rate, which exactly discounts the estimated future cash receipts over the expected life of the financial instrument) to the net carrying amount of a financial asset.

Dividends

Dividend income is recognised when the shareholders' right to receive payment is established.

Government grants

Government grants are recognised only when there is a reasonable assurance that an entity has complied with all attached conditions and the grant will be received.
Grants, the essential condition for which is the acquisition or manufacture of non-current assets by an entity of the Group, are presented in the statement of financial position as deferred income and settled with the value of non-current assets at the moment of completion of the investment. Fair value of the received grant is recognized as reduction of the value of the underlying non-current asset and then by equal annual instalments released to profit or loss over the expected useful life of the related asset.
Other grants are regularly recognized in revenue, over the period necessary to offset the costs intended to be offset by the grants. Grants receivable as compensation for costs or losses which have already been incurred, or for immediate financial support, with no future related costs, are recognised in the interim consolidated statement of comprehensive income in the period in which they are receivable.

2.7.23 Taxes

Current income tax

Income tax assets and liabilities of the current period and earlier periods are measured at the amount expected to be paid to or recovered from tax authorities according to the tax rates and tax laws that are enacted or substantively enacted at the reporting date.

Deferred tax

For financial reporting purposes, deferred tax is computed using the liability method on temporary differences, at the reporting date, between the tax bases of assets and liabilities and their carrying amounts recognised in the interim consolidated financial statements.
Deferred tax provision is recognized for all taxable temporary differences, except:

- situations when the deferred tax provision arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, and
- in respect of positive temporary differences associated with investments in subsidiaries, associates and interests in joint ventures – except situations when the timing of the reversal of the temporary

differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all negative temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the above differences, assets and losses can be utilized, except:

- situations, when the deferred tax asset relating to the negative temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither gross profit or loss nor taxable profit or loss, and
- in respect of negative temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and provisions for deferred tax are measured at the tax rates that are expected to apply in the period when the asset is realised or the provision reversed, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is shown in other comprehensive income referring to the items recognised directly in equity.

Deferred tax assets and deferred tax provisions are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The goods and services tax

Revenue, expenses assets and liabilities are recognised net of the amount of the goods and services tax, except:

- when the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the goods and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable, and
- receivables and payables which are stated with the amount of sales tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

3. Significant values based on professional judgement and assumptions

The preparation of the interim consolidated financial statements of the Group requires the parent's Management 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. 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 the interim 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 interim consolidated financial statements.

3.1 Professional judgment

In the process of applying the accounting policies, Management of each entity in the Group has made the following judgements, which have the most significant effect on the carrying amounts of assets and liabilities.

Classification of lease agreements where 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 tangible assets qualified to group 4, 6, 7 and 8. ELEKTROBUDOWA SA Group has all substantial risks and rewards of ownership of those assets. Basing on the economic content of each transaction, the Group has qualified the agreements to finance lease.
Finance lease liabilities are presented in Note 10.

Joint operation arrangements

After signing a construction contract to be performed within a consortium, an entity in the Group assesses 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 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 reporting period, are described below. The parent company based its assumptions and estimates on parameters available when the interim consolidated financial statements were prepared.
However, the existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions or estimates when they occur.

Impairment of interest in associates

As at each reporting date the Group assesses whether there is objective evidence that its interest in associates may be impaired in accordance with IAS 36. Therefore the Group analyses indications of impairment defined in IAS 36. Objective evidence include significant financial difficulties of an entity, occurrence of significant and unfavourable for an entity changes of technological, market, economic or legal nature in the environment in which the entity operates. The Group, following the prudence concept and considering the evidence that has influence on the impairment of shares according to IAS 36, revalued its shares in associates as at the end of the reporting period. Information about impairment of shares in associates is presented in Note 12.

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 a test for impairment.
As at a reporting date the Group assesses whether there are any indications, coming from external and internal sources of information, that an asset may be impaired. When it is ascertained that there is at least one indication of impairment, the Group performs further stages of procedure assets revaluation procedure.

Particular attention must be paid to those assets, value of which has already been adjusted in earlier periods by impairment provisions, and those which value is most sensitive to occurrence of indicators of impairment.
The impairment test procedure requires estimating recoverable amount and comparing it with the asset's carrying amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The Group assesses the impairment on the level of an individual asset and also on the level of a group of related assets or assets that jointly contribute to cash generating. A test for a group of assets is performed on the level of a cash generating unit.
Assessing the probability of obtaining future economic benefits and applying reasonable, demonstrable assumptions, the Group has assessed the indications of impairment of property, plant and equipment and of intangible assets. The analysis has shown that in the period of six months ended 30 June 2015 such indications did not occur (Note 9 and Note 11).
Other impairment of assets at the end of the reporting period is presented in Note 14 "Provisions for impairment of receivables" and Note 16 "Inventory write-down".

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 company, 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 obsolence,
- 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 30 June 2015 the entities of the Group estimate 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 essentially changed. Change in provision for employee benefits during the period results from recognition of projected value of benefits calculated by an independent actuary at the last day of the financial year (Note 26).

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 date of preparation of the interim condensed financial statements. Information about the deferred tax is provided in Note 25.3.

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 was 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 5 years preceding 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 26.

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 26.

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 reporting 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 27 and Note 29.2.

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 Note 13.2 and Note 28.
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, an entity of the Group engages external professional valuation specialists to perform measurement.
Details of valuation techniques and the input data for fair value measurement are presented in Note 13.1.

Measurement of inventories

As at the end of the reporting period the entities of the Group assessed whether there was any indication that the inventories might 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 write down the asset's book value to its net realizable value. The Group's entity determines a reliable net selling price for each type or each item of inventories. The amounts of write-down are presented in Note 16.

4. Seasonality of business

Business carried out by the Group does not have a seasonal nature, therefore the presented results do not show significant fluctuations throughout the year.

5. Financial risk management

ELEKTROBUDOWA SA group manages its financial risk with the objective of limiting fluctuations of generated cash flows and gains from its operating activities to its acceptable level. In the period of six months ended 30 June 2015, principal financial instruments used by the group comprised cash, short-term bank deposits, foreign exchange transactions, bank overdrafts and working capital loans, lease agreements. The main purpose of these instruments is to support and finance the group's operations through stabilization and neutralization of financial liquidity risk, foreign currency risk and interest risk, and also effective distribution of available financial assets. Other financial instruments, such as trade receivables and payables, arise in connection with current business operations and are their inseparable element.

The parent entity also enters into transactions including derivative instruments, mainly forward currency contracts. The purpose of such transactions is managing only the foreign currency risk arising from the operating activity and resulting from the sources of financing the transactions for which natural hedging is not possible.

The Group does not trade in financial instruments. All instruments referred to in this section serve as support for direct business processes associated with core business operations. The Group does not allow the financial instruments to be used for speculative purposes or other purposes not directly connected with core operating activity.

Major financial risks to which the Group is exposed are:

- market risk (including foreign exchange risk, change in fair value or cash flows interest-rate risk and price risk);
- credit risk;
- liquidity risk.

Liquidity risk, described in Note 5.4 below, is the most significant risk to which the Group is exposed.

During the six months ended 30 June 2015, the Group used working capital loans, utilized in the amount of 43 420 thousand PLN as at the reporting date. Therefore the Group is exposed to interest rate risk which will have impact on the amount of financial costs incurred by the Group in the subsequent periods. Following the decrease in the nominal value of borrowings in the six months ended 30 June 2015, the exposure to interest rate risk also decreased, what is described in Note 5.2.

Another type of financial risk to which the Group was exposed in the reporting period was, and still is, foreign currency risk, presented in Note 5.1.

Applied by the Group accounting policies referring to derivative instruments are presented in Note 2.7.11.

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

5.1 Foreign currency risk

The Group is exposed to foreign exchange risk arising from buying and selling transactions carried in other currencies than the valuation currency.

Export is that area of operations carried out by the Group which is exposed to foreign exchange risk. The revenue earned in foreign currencies had a 7.6% share in the total revenues gained in the six months ended 30 June 2015, of which 4.7% was earned in EUR (mainly from sales to Finland) and 2.9% in US dollars (most of which were the sales to Russia).
In the case of the Group's exports in EUR there is natural hedging, as most of imports are also carried out in EUR.

As at 30 June 2015 the amounts of receivables in foreign currencies constituted 11.1% of total receivables, payables in foreign currencies constituted 3.1% of total trade payables, while foreign currencies constituted 12.2% of total cash (of which balance in EUR was 7.4%, in USD it was 4.8%).

The following table demonstrates the sensitivity of the net financial result to a reasonably possible change in USD and EUR exchange rates, due to changes in the fair value of financial assets and liabilities, with all other variables held constant.

	6 months ended 30 June 2015 (unaudited)		**12 months ended 31 December 2014**	
	currency		**currency**	
	USD	**EUR**	**USD**	**EUR**
amount in foreign currency (receivables and cash less payables)	3 032	6 333	1 589	7 777
exchange rates	3,7645	4,1944	3,5072	4,2623
receivables, payables and cash (PLN'000)	11 414	26 563	5 573	33 148
exchange rate accounting for 10% increase	**4.1410**	**4.6138**	**3.858**	**4.6885**
receivables, payables and cash with exchange rates change considered	12 556	29 219	6 130	36 463
change in profit before tax (PLN'000)	1 142	2 656	557	3 315
change in net profit (PLN'000)	925	2 151	451	2 685
exchange rate accounting for 10% decrease	**3.3881**	**3.7750**	**3.157**	**3.8361**
- receivables, payables and cash with exchange rates change considered	10 272	23 907	5 016	29 833
- change in profit before tax (PLN'000)	(1 142)	(2 656)	(557)	(3 315)
- change in net profit (PLN'000)	(925)	(2 151)	(451)	(2 685)

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

Forward transactions

The parent entity, ELEKTROBUDOWA SA has entered into forward transactions to secure sales transactions denominated in foreign currency. The company does not apply hedge accounting, and the transactions did not have a speculative nature.
As at 31 December 2014, the Company maintained forward transactions amounting to 1 320 thousand EUR.
By 30 June 2015 the transactions had been settled and the 422 thousand PLN gains from settlement of derivatives were recognised in the statement of comprehensive income, in the “other operating income” line. The gains from settlement of the forward transaction are increased by 71 thousand PLN from reversal of measurement of derivates as at 31 December 2014.

The influence of change in exchange rates on the final settlement of the forward transaction is estimated as not material, because of the scale of business activity of the Group.

Settlement of forward transactions for the period of six months ended 30 June 2015

Currency	Value of a tranche of FORWARD in currency	Date of transaction	Forward rate	Planned value acc. to forward rate	Date of settlement	The bank exchange rate on the date of settlement	Value settled acc. to the bank's exchange rate	Gains from transaction
EUR	50 000.00 PLN	2014-10-28	4.2405 PLN	212 025.00 PLN	2015-04-09	3.8897 PLN	194 485.00 PLN	17 540.00 PLN
EUR	130 000.00 PLN	2014-10-28	4.2435 PLN	551 655.00 PLN	2015-04-09	3.8897 PLN	505 661.00 PLN	45 994.00 PLN
EUR	380 000.00 PLN	2014-10-28	4.2507 PLN	1 615 266.00 PLN	2015-04-24	3.8819 PLN	1 475 122.00 PLN	140 144.00 PLN
EUR	380 000.00 PLN	2014-10-28	4.2490 PLN	1 614 620.00 PLN	2015-04-30	3.8945 PLN	1 479 910.00 PLN	134 710.00 PLN
EUR	190 000.00 PLN	2014-10-28	4.2581 PLN	809 039.00 PLN	2015-06-10	4.0498 PLN	769 462.00 PLN	39 577.00 PLN
EUR	95 000.00 PLN	2014-10-28	4.2567 PLN	404 386.50 PLN	2015-06-17	4.0255 PLN	382 422.50 PLN	21 964.00 PLN
EUR	95 000.00 PLN	2014-10-28	4.2540 PLN	404 130.00 PLN	2015-06-17	4.0255 PLN	382 422.50 PLN	21 707.50 PLN
	1 320 000.00 PLN			**5 611 121.50 PLN**			**5 189 485.00 PLN**	**421 636.50 PLN**

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

5.2 Interest rate risk

The Group's exposure to the risks of changes in interest rates primarily affects the long-term financial obligations.
As at 30 June 2015, ELEKTROBUDOWA SA Group had active borrowing agreements with five banks, for the total amount of 164 700 thousand PLN. As at the reporting date the amount of 43 420 thousand PLN was utilized.

ELEKTROBUDOWA SA Group entered into overdraft agreements and working capital loan agreements which rates of interest were based on the fixed interest rate WIBOR plus the relevant bank's margin.

Liabilities due to bank borrowings

Type of borrowing	Balance in PLN 30.06.2015 (unaudited)	Balance in PLN 31.12.2014	Change of interest rate	Validity of the agreement
working capital loan	32 000	53 200	(0.67%)	31.07.2015
working capital loan	11 420	46 884	(0.67%)	31.12.2017
overdraft	0	2 645	(0.67%)	12.11.2015
overdraft	0	157	(0.70%)	30.09.2015
	43 420	**102 886**		

A drop in interest rates involved a decrease in the interest expense of bank loans liabilities.

The level and fluctuations of interest rates did not involve the necessity to use any instruments to hedge the interest rate risk.

The risk associated with changes in interest rates of bank loans may have impact on the interest rate on loans extended to the Group. An increase in market interest rates may involve an increase in interest costs of the Group's loan obligations. Considering the falling tendency of utilization of the offered overdraft amounts in the reporting period ended 30 June 2015, the Management of the parent entity assesses that the interest risk does not have any essential impact on the financial performance of the Group.

5.3 Credit risk

5.3.1 Credit risk associated with cash and bank deposits

In respect of the Group's financial assets such as cash and cash equivalents, credit risk occurs when a counterparty cannot meet its financial obligations, and the maximum exposure to the risk equals the carrying amounts of those instruments.

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

Banks used by the Group are registered in the countries where the relevant group's entities are incorporated, or operate in those countries as branches of foreign banks. They have suitable equity and strong, stable market position.
As at 30 June 2015 ELEKTROBUDOWA SA also had active bank accounts in Finland, exclusively for the monetary transactions of its permanent establishment operating in that country. The bank servicing the branch in Finland belongs to the Nordea financial group.
At 30 June 2015, the maximum share of one bank in total resources owned by the Group was 33.7%, compared with 49.4% as at 31 December 2014.
Considering the above and the short-term nature of the investment, it has been estimated that credit risk of cash and bank deposits is low.

	as at 30 June 2015 (unaudited)	**as at 31 Dec. 2014**
Cash on hand and at banks		
PKO BP S.A.	37 599	30 761
BANK HANDLOWY w Warszawie S.A.	32 980	805
mBank S.A.	13 728	4 409
ING BANK ŚLĄSKI S.A.	12 989	12 538
GETIN NOBLE BANK SA	9 047	3 350
BANK PEKAO S.A.	2 642	6 708
BGŻ BNP PARIBAS BANK POLSKA S.A.	1 615	3 079
NORDEA BANK Finland PLC	875	410
Bank "Сбербанк России" SA	18	66
Bank "Пивденный" SA	1	96
CASH ON HAND	36	17
	111 530	**62 239**

5.3.2 Credit risk of trade and other receivables

Credit risk includes also the risk that a counterparty will not meet its contractual obligation, leading to a financial loss for the Group.

The Group conducts its operating activities in different sectors of economy; however, its leading area is the electrical power industry. In the six months ended 30 June 2015, the revenue from sales to the power sector had a 67.9% (60.4% in 2014) share in the total revenue from sale of products, goods and materials by the Group. Companies in the power sector have good credit quality, so the risk of uncollectability of debt is not significant.
The Group's entities have cooperated with a big number of customers, diversified in respect of geographic location. The vast part of sales is targeted at the domestic market.

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

Geographical concentration of credit risk for receivables from sale of supplies and services and other receivables:

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Poland	94.8%	93.6%
Spain	1.0%	0.0%
Turkey	0.9%	0.7%
Saudi Arabia	0.8%	0.3%
Russia	0.5%	0.2%
South Korea	0.4%	0.3%
Ukraine	0.4%	0.8%
Luxembourg	0.4%	0.3%
Switzerland	0.3%	0.8%
Finland	0.2%	1.5%
Germany	0.2%	0.1%
Spain	0.0%	0.6%
United Arab Emirates	0.0%	0.4%
The Netherlands	0.0%	0.3%
Other countries	0.1%	0.1%

In the consolidated statement of financial position the Group presents non-current assets in the amount of 172 thousand PLN and current assets in the amount of 1 261 thousand PLN of ELEKTROBUDOWA UKRAINE Ltd. (of which 19 thousand PLN cash in Ukrainian banks and 1 094 thousand PLN trade receivables from other entities). Because if political and economic situation of East Ukraine, dependence of stability of Ukraine's economy on government approach to implementation of administration, tax, legal system and economic reforms, operating activity in this market is bound with risks which do not occur in developed countries. Therefore the assets located in Ukraine are exposed to potential uncertainty. Basing on the performed analysis, the Management of the parent impaired those receivables of ELEKTROBUDOWA UKRAINE which were deemed hardly collectable. In the consolidated statement of financial position as at 30 June 2015, the amount of trade receivables was reduced by the impairment loss of 1 094 thousand PLN. In the opinion of the parent's Management the impairment loss accounts for the identified risk of impairment of assets of the Ukrainian company.

Some part of the Group's products is sold against down payments. Credit quality of counterparties is also regularly monitored on the basis of the condition of receivables. The policy of current monitoring of customers consisting in assessment of their ability to settle financial obligations allows verifying the related credit exposure, both at the stage of quotations and at the stage of project realization.

The parent, ELEKTROBUDOWA SA has hedged some of its receivables with promissory notes, bank guarantees assignment of receivables, down payments and advance payments. As at 30 June 2015, the above security constitutes about 6.0% (about 6.4% as at 31 December 2014) of the company's order backlog.

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

Provision for impairment of trade receivables is made when there is objective evidence that the group will not be able to collect all due amounts according to the original contract terms. The amount of a provision is the difference between the carrying amount and the present value of estimated future cash flows.

The table below shows the ageing analysis of past due trade receivables:

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Short-term trade receivables, net		
1. current	165 787	264 876
2. past due	65 066	47 814
a) less than 1 month	39 255	26 201
b) 1 to 3 months	5 468	5 103
c) 3 to 6 months	3 292	1 371
d) 6 months to 1 year	2 751	1 514
e) > 1 year	14 300	13 625
	230 853	**312 690**

The overdue receivables shown in the table do not include impaired receivables.

Amounts of impairment provisions of trade receivables (Note 14.2) are:

- as at 30 June 2015 25 297 thousand PLN,
- as at 31 December 2014 24 835 thousand PLN.

As at the reporting date the group impaired 9.9% of its short-term trade receivables.

Provisions for impairment of trade receivables as at 30 June 2015 include provision fro impairment of the principal amount of 17 794 thousand PLN (7.0% of total amount of short-term trade receivables) and provisions for impairment of interest in the amount of 7 503 thousand PLN (2.9% of total amount of short-term trade receivables).

Receivables, for which a provision for impairment is not created, are not exposed to the risk of being uncollectable, in the light of present financial situation of customers and past experience of the Group.

In the opinion of Management of the parent company, maximum exposure to credit risk reaches the whole amount of balance of receivables from supplies and services, without accounting for fair value of the security provided. Credit risk associated with the receivables for supplies and services shall be adjusted by amounts which, when received under the consortium agreements or subcontracts, will be used to settle the liabilities resulting from those agreements.

The biggest amount of receivables which were past due at 30 June 2015 concerned the debt of MPK Poznań Sp. z o.o. in the amount of 24 778 thousand PLN relating to “Construction of Franowo tram depot, Poznań”. The receivables constituted 27.4% of total overdue trade receivables. For details refer to Note 37.2.

Construction of the National Stadium

A substantial amount of balance of overdue debt as at 30 June 2015 concerns the receivables relating to execution of the project for the supply of overall electrical, small current, automation and BMS installations for Stage 2 of Construction of the National Stadium, Warsaw. The parent entity ELEKTROBUDOWA SA, in the consortium with QUMAK - SEKOM S.A. and Przedsiębiorstwo „AGAT" S.A., was a subcontractor of works at the construction of the National Stadium in Warsaw. The overdue receivables relate to ALPINE Construction Polska Sp. z o.o. and HYDROBUDOWA S.A.
The overdue receivables referring to ALPINE Construction Polska Sp. z o.o. amounted to 7 906 thousand PLN (i.e. 8.7% of total overdue debtors). The receivables related to performance of the project of the Warsaw National Stadium amounted to 7 391 thousand PLN (i.e. 8.2% of total overdue debt).
The amount of 7 460 thousand PLN of overdue receivables (8.3% of total overdue debtors) concerned HYDROBUDOWA S.A., of which 7 422 thousand PLN (i.e. 8.2% of total overdue debtors) was related to execution of the Warsaw National Stadium project. Together, overdue receivables concerning the above two companies as at 30 June 2015 amounted to 15 366 thousand PLN (17.0% of total overdue debtors). The amount of 14 813 thousand PLN concerned the works performed at the site of the National Stadium (16.4% of total overdue debtors), of which 12 318 thousand PLN is the amount payable to other consortium members (recognised as liability of those entities).
On 30 August 2012 Narodowe Centrum Sportu Sp. z o.o. (NCS) carried out final acceptance of works performed by the consortium, the acceptance certificate was a basis for invoicing the works.
The company has made regular attempts to reach agreement on payment by the NCS of the due amounts. Following the refusal to pay the whole amount of debt, ELEKTROBUDOWA SA together with the other consortium partners instituted the legal procedures, summarized in Note 44 (item 2), against the State Treasury which is, together with the general contractor, a debtor to the consortium. The claim concerns the outstanding payments due to the consortium (a group of subcontractors) for the performed contractual works, amounting to 18 760 thousand PLN (of which 14 813 thousand PLN mature receivables due to the consortium and 3 947 thousand PLN referring to retentions mature in July 2015). The parent company had an impairment provision created in the amount of 6 442 million PLN, equivalent to the amount of mature debt payable to ELEKTROBUDOWA SA for its scope works. The Management of the parent company estimates, basing on the lawyers' analysis, that realisability of the claimed amount, (currently covered by the provision for impairment equal to the Company's net exposure) is highly probable.

5.4 Liquidity risk

The group monitors its risk of a shortage of funds using a liquidity planning tool. The tool takes into account the due dates and maturities both of investments and financial assets (such as accounts of receivables, of other financial assets), as well as forecast cash flows from operating activity.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed borrowing facilities and guarantee lines.
These are manifested by:
- diversification of sources of funding – cooperation with nine banks,
- various methods of funding – bank overdrafts, working capital loans,
- use of various bank products, like balancing of accounts on a day-to-day basis, overnight deposits, certificates of deposits, negotiated exchange rates,
- finance lease agreements,
- versatile cooperation with banks and insurance companies in the scope of guarantees.

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of various sources of funding.

The use of trade credit allowed by suppliers, and thus settling the liabilities with extended payment terms is also important.
Processes of investing free resources depend on due dates of liabilities, in order to reduce maximum liquidity risk.

The table below shows the maturity profile of the Group's nominal financial liabilities which will be settled in relevant time limits, based on the period counted from the reporting date to the contractual maturity date:

Nominal liabilities mature at 30 June 2015 (unaudited)	**< 1 month**	**1-3 months**	**3-6 months**	**7-12 months**	**> 1 year**	**total**
interest-bearing loans	32 095	0	0	11 420	0	**43 515**
other liabilities	0	0	0	0	15 932	**15 932**
trade and other payables	189 499	41 176	93 317	139	0	**324 131**
	221 594	**41 176**	**93 317**	**11 559**	**15 932**	**383 578**

The above table does not include sureties and guarantees, which are recognized in Note 40.
Other liabilities are described in Note 22.1.

Nominal liabilities mature at 31 December 2014	**< 1 month**	**1-3 months**	**3-6 months**	**7-12 months**	**> 1 year**	**total**
interest-bearing loans	35 791	29 021	2 224	36 124	0	**103 160**
other liabilities	0	0	0	0	15 460	**15 460**
trade and other payables	211 705	56 137	90 931	5	0	**358 778**
	247 496	**85 158**	**93 155**	**36 129**	**15 460**	**477 398**

The above table does not include sureties and guarantees, which are recognized in Note 40.
Other liabilities are described in Note 22.1.

As at 30 June 2015 the banks cooperating with the entities of the Group provided them with the borrowing limit in current accounts and working capital loan up to the total amount of 164 700 thousand PLN, of which the amount of 43 420 thousand PLN was utilized as at the reporting date.
At 31 December 2014 the banks cooperating with the entities of the group provided them with the borrowing limit in current accounts and also a working capital loan up to the total amount of 215 200 thousand PLN, of which the amount of 102 886 thousand PLN was utilized as at the reporting date.
Details of credits granted to the group, their collaterals and utilization are provided in Note 24.

If the market conditions deteriorated and the necessity occurred for additional financing of operations or refinancing of debt through borrowings from external sources, the liquidity risk might increase.

Liquidity risk management within the Group has the form of maintaining suitable reserve capital, reserve borrowing facilities, constant monitoring of predicted and actual cash flows and adjusting the assets maturity profiles with the financial liabilities maturities profiles.

5.5 Price risk

ELEKTROBUDOWA SA group is exposed to price risk which arises from current economic situation in the power industry, chemical, building and metallurgy sectors, mainly from prices of electrical materials and equipment and steel products. Entities in the group do not enter into long-term contracts with sub-suppliers; the scope of supplies and delivery is individually agreed in accordance with the procedures in place in the relevant entity.

The risk management strategy for goods and service price risk assumes that efforts must be made to conclude such contracts with suppliers that would enable the group's entities to buy materials and services for the prices ensuring execution of a project within its budget and schedule.
Adequate policy, organisational structure and procedures as well as actions related to risk management support the process of negotiating and establishing prices at optimum level.
Period of executing a trade contract, from order acceptance to contract completion, usually is not long (1 year on average), so adequate average pricing is possible.

Price risk particularly affects contracts for investment projects in new areas, which are difficult to investigate in domestic market environment. Estimated prices are often based on pricing made according to own assumptions and concepts as well as the level of complexity of facilities to be provided. Such pricing involves risk of exceeding the scheduled costs or completion time.
The Group is exposed to price risk, particularly the risk caused by extending the time of performance of contractual works for the reasons beyond its control. The extended period of a contract performance generates additional fixed costs which cannot be predicted at the moment of quotation.
The parent, ELEKTROBUDOWA SA, building up its competences of a general contractor, is exposed to risk resulting from high prices of contracts performed on relatively low margins, created by wide competition. Strong competition within the branch as well as insufficient demand which restricts investing plans, produce growing uncertainty and increased effects of price risk, mainly the drop in profitability of performed works.

The parent company reviews, on a current basis, performance of budgets of the contracts in progress, both in the scope of variable and fixed costs, and prepares a forecast of costs and performance until the and of each project.
Any deviations from planned profit margins of the contracts in progress are taken into account for the forecast being prepared. Estimated losses on the contracts to be incurred until the end of their performance are immediately recognized in operating expenses, by creating a provision for expected losses. As at 30 June 2015 ELEKTROBUDOWA SA recognized losses and created provisions for expected losses on contracts in progress in the amount of 7 033 thousand PLN, while the same provisions created as at 31 December 2014 amounted to 6 581 thousand PLN (Note 27).

In 2014 the parent company implemented actions in order to reduce price risk connected with contract performance and implemented internal procedures (Director's Orders), regulating current monitoring of contracts, updating the forecasts and an obligation to report "project end costs", periodical verification of documentation in respect of formal and substantive correctness and correctness of classifying and recording on appropriate accounts.
The parent estimates the provisions created as at 30 June 2015 for expected losses on the contracts cover the whole risk of generating the losses until completion of the contracts.

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

5.6 Capital risk management

The Group's objective of capital risk management is to maintain the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Like other market players, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total trade liabilities and bank borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt. The Group's strategy has been to maintain the gearing ratio on the level not exceeding 30%.

As at 30 June 2015 the effective debt ratio was 43% and was by 12 percentage points lower than the ratio for 2014. Decreased engagement of borrowing capital in financing current operations and dynamic increase in liquid financial assets (cash) were the main factors which contributed to the preferred change of the level of the ratio. As at 30 June 2015 the overdrafts and working capital loans were utilized in the amount of 43 420 thousand PLN, and was 59 466 thousand PLN lower than the amount utilized as at 31 December 2014. During the six months ended 30 June 2015 the amount of cash available to the Group rose 49 291 thousand PLN (Note 17).
The expenditure of the current reporting period allows the group entities to generate additional cash flows from operating activity after the production cycle is completed.

The gearing ratios in the comparative periods were as follows:

	as at 30 June 2015 (unaudited)	**as at 31 Dec. 2014**
trade and other payables	339 511	373 515
corporate income tax liability	2 145	4 840
bank borrowings	43 515	103 160
cash and cash equivalents	(111 530)	(62 239)
net financial debt	273 641	419 276
equity	367 240	338 243
total capital	640 881	757 519
gearing ratio (effective debt ratio)	43%	55%

6. Information about discontinued operations or operations to be discontinued in the next reporting period

No operation was discontinued by the Group entities in the period of six months ended 30 June 2015 and no such discontinuation is planned in the next reporting period.

7. Segment information

Primary reporting format – business segments

Business activity of the group is primarily categorised by industries.
Operations of business segments consist in providing construction and installation services, realization of electric power facilities and automation systems and also manufacturing 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.
In the period of six months ended 30 June 2015 the Group was organized into the following 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 high, medium and low voltage equipment, particularly low and medium voltage switchgear systems, gas-insulated high-voltage switchgear 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, industrial

– Other items include other material and not material services provided for external customers.

The Management of the parent entity 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.
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.

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

Business segment performance for the six months ended 30 June 2015

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total group
<u>**Continuing operations**</u>						
Revenue						
of which:						
Sales to external customers	330 631	92 586	151 236	17 271	1 177	**592 901**
Inter-segment sales	3 009	3	33 877	8 630	4 499	**50 018**
Total revenue of segments	333 640	92 589	185 113	25 901	5 676	**642 919**
Operating profit / loss	**22 928**	**(3 625)**	**16 451**	**1 064**	**(833)**	**35 985**
Financial activities result	(171)	(190)	(1 471)	61	367	**(1 404)**
Share of net profit of equity accounted companies	0	0	268	0	0	**268**
Gross profit / loss before tax	**22 757**	**(3 815)**	**15 248**	**1 125**	**(466)**	**34 849**
Income tax	(4 704)	557	(3 348)	(224)	122	**(7 597)**
Net profit/ loss for the period from continuing operations	**18 053**	**(3 258)**	**11 900**	**901**	**(344)**	**27 252**
<u>**Discontinued operations**</u>						
Net profit (loss) from discontinued operations for the period	**0**	**0**	**0**	**0**	**0**	**0**
Net profit/ loss for the period	**18 053**	**(3 258)**	**11 900**	**901**	**(344)**	**27 252**
of which:						
- net profit / loss of shareholders of ELEKTROBUDOWA SA	*18 053*	*(3 258)*	*11 976*	*901*	*(344)*	***27 328***
- non-controlling interest	*0*	*0*	*(76)*	*0*	*0*	***(76)***

Other items of business segments recognized in the consolidated statement of comprehensive income for the six months ended 30 June 2015

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total group
Depreciation	1 653	384	1 418	320	1 391	**5 166**
Amortisation	266	172	1 685	82	84	**2 289**
Share of net profit of equity accounted companies	0	0	268	0	0	**268**

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

Business segment performance for the six months ended 30 June 2014

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total group
Continuing operations						
Revenue						
of which:						
Sales to external customers	178 580	113 100	128 084	21 575	1 003	**442 342**
Inter-segment sales	844	23	22 051	4 182	4 455	**31 555**
Total revenue of segments	179 424	113 123	150 135	25 757	5 458	**473 897**
Operating profit / loss	**6 717**	**(15 915)**	**12 665**	**100**	**1 465**	**5 032**
Financial activities result	(94)	(204)	(916)	56	0	**(1 158)**
Share of net profit of equity - accounted companies	0	0	(505)	0	0	**(505)**
Gross profit / loss before tax	**6 623**	**(16 119)**	**11 244**	**156**	**1 465**	**3 369**
Income tax	(1 894)	3 017	(2 262)	(75)	(121)	**(1 335)**
Net profit/ loss for the period from continuing operations	**4 729**	**(13 102)**	**8 982**	**81**	**1 344**	**2 034**
Discontinued operations						
Net profit (loss) from discontinued operations for the period	**0**	**0**	**0**	**0**	**0**	**0**
Net profit/ loss for the period	**4 729**	**(13 102)**	**8 982**	**81**	**1 344**	**2 034**
of which:						
- net profit / loss of shareholders of ELEKTROBUDOWA SA	*4 729*	*(13 102)*	*9 063*	*81*	*1 344*	***2 115***
- non-controlling interest	*0*	*0*	(81)	*0*	*0*	***(81)***

Other items of business segments recognized in the consolidated statement of comprehensive income for the six months ended 30 June 2014

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total group
Depreciation	1 682	506	1 041	299	1 362	**4 890**
Amortisation	269	194	1 139	173	107	**1 882**
Share of net profit of equity-accounted companies	0	0	(505)	0	0	**(505)**

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

Items concerning business segments recognized in the consolidated statement of financial position

As at 30 June 2015

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total group
Segment assets	327 781	111 785	273 543	50 622	84 204	**847 935**
Segment liabilities	226 144	99 309	139 331	10 425	5 486	**480 695**
Capital expenditure	924	229	2 984	528	1 420	**6 085**
Investment in associates	0	0	15 859	0	0	**15 859**

As at 31 December 2014:

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total group
Segment assets	285 748	131 527	338 626	51 516	104 395	**911 812**
Segment 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**

Other information

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Trade and other receivables, gross		
including:		
- long-term receivables	5 153	5 577
- short-term receivables	296 560	374 103
Total trade and other receivables, gross	**301 713**	**379 680**

Provisions for impairment of receivables of segments

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total group
as at 30 June 2015	9 726	22 555	6 119	209	680	**39 289**
as at 31 December 2014	6 420	19 721	6 986	220	658	**34 005**
as at 30 June 2014	4 624	16 976	6 233	221	22	**28 076**

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

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
six months ended 30 June 2015 (unaudited)	4 022	9 770	784	0	98	**14 674**
twelve months ended 31 December 2014	4 510	9 601	4 160	59	651	**18 981**
six months ended 30 June 2014 (unaudited)	2 584	5 177	2 316	7	15	**10 099**

Reversal of provisions for impairment of receivables of segments

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total group
six months ended 30 June 2015 (unaudited)	716	6 936	1 230	11	75	**8 968**
twelve months ended 31 December 2014	419	5 319	1 613	101	0	**7 452**
six months ended 30 June 2014 (unaudited)	289	3 900	773	48	0	**5 010**

Use of provisions for impairment of receivables of segments

	Power Generation Division	Industry Division	Power Distribution Division	Automation Division	All other segments	Total group
six months ended 30 June 2015 (unaudited)	0	0	421	0	1	**422**
twelve months ended 31 December 2014	11	1 389	251	0	0	**1 651**
six months ended 30 June 2014 (unaudited)	11	1 129	0	0	0	**1 140**

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

Secondary reporting format – geographical segments

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

	six months ended 30 June 2015 (unaudited)	six months ended 30 June 2014 (unaudited)
Revenue from sale of products, goods and materials		
a) Poland	547 850	410 000
b) other countries, of which:	45 051	32 342
- Finland	23 424	8 431
- Russia	9 154	4 267
- South Korea	3 466	0
- Turkey	3 346	4 429
- Angola	3 160	0
- Saudi Arabia	1 107	2 006
- Republic of South Africa	408	54
- Germany	316	267
- France	294	1 130
- Ukraine	143	7 878
- Switzerland	139	2 405
- other	94	1 475
	592 901	**442 342**

In the six months ended 30 June 2015 the Group recorded an increase in revenue from sales, both in domestic and foreign markets. The Power Generation Division has the biggest share in the revenue, as it continues the essential stage of the contract for construction of a new heating unit with a fluidized-bed boiler, heating & condensing turbine and balance of plant in Tauron Ciepło Sp. z o.o. Zakład Wytwarzania Tychy. Revenue from sales in this contract generated in the reporting period amounted to 211 713 thousand PLN and rose by 183 273 thousand PLN compared with the period of six months ended 30 June 2014, when it amounted to 28 440 thousand PLN. The increase in export sales is mainly contributed to the 2015 commencement of further stage of works at the site of NPP OLKILUOTO 3, Finland. Revenue from this contract generated in the period of six months ended 30 June 2015 amounted to 23 340 thousand PLN and was 14 406 thousand PLN bigger than in the comparative period of the previous year when it amounted to 8 431 thousand PLN.

Information about key customers

The revenue from direct sales generated by the Power Generation Division includes the 211.7 million PLN income from the contract with the company's biggest customer (28.4 million PLN in H1 2014). The revenue from the biggest customer accounted for 35.7% of the Group's H1 2015 revenue and for 6.4% of total revenues generated by the Group in H1 2014.

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

The revenue from direct sales generated by the Power Distribution Division includes the 69.6 million PLN income from the contract with the Group's second biggest customer (31.9 million PLN in H1 2014). The revenue from the second biggest customer accounted for 11.7% of the Group's H1 2015 revenue, and for 7.2% of total revenues generated by the Group in H1 2014.

In the six months ended 30 June 2015 the Group invoiced the revenue generated from contracts with the two leading customers which accounted for 47.4% of the Group's total revenue, against 13.6% in H1 2014.

8. Social services fund assets and liabilities to the Company Social Benefits Fund

The Act on Employee Benefits Fund of 4 March 1994, as amended, stipulates that each employer of more than 20 employees (full-time job equivalents), should create the Company Social Benefits Fund. The Group creates such fund and makes regular contributions in the amount of a basic contribution. As the entities of the Group offer social security to their old age pensioners and disability pensioners, they increase the Fund by contributions referring to each old age pensioner and disability pensioner eligible to such security. The purpose of the Fund is to subsidise social activities, loans to employees and other social spending.

The Group offset the Fund's assets against its liabilities towards the Fund as the assets do not meet the requirements for the Group's assets. Therefore, net balance as at 30 June 2015 was 232 thousand PLN (857 thousand PLN as at 31 December 2014).

The following tables present the Fund's assets, liabilities and expenses.

	as at 30 June 2015 (unaudited)	**as at 31 Dec. 2014**	**as at 30 June 2015 (unaudited)**
Loans to employees	2 622	2 515	2 730
Cash	3 722	2 655	3 278
Liablities to the Fund	(6 112)	(4 313)	(5 692)
Balance after offsetting	**232**	**857**	**316**

	six months ended 30 June 2015 (unaudited)	**twelve months ended 31 Dec. 2014**	**six months ended 30 June 2014 (unaudited)**
Contributions to the Fund in the reporting period	2 345	2 259	2 256

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

9. Property, plant and equipment

As at 30 June 2015 the net investment in third party's fixed assets amounted to 858 thousand PLN (942 thousand PLN as at 31 December 2014).

As at 30 June 2015 and as at 31 December 2014 there were no provisions for impairment of fixed assets.

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

Leased fixed tangible assets

As at 30 June 2015 the parent company used fixed tangible fixed assets under finance leases and the hire purchase contracts, the initial value of which was 5 573 thousand PLN (2 721 thousand PLN at 31 December 2014), including technical equipment and machines 3 925 thousand PLN, vehicles 1 495 thousand PLN and other fixed tangible assets 153 thousand PLN. The depreciation charge of leased assets and assets under hire purchase contracts amounted to 325 thousand PLN at the reporting date (79 thousand PLN at 31 December 2014), of which technical equipment and machines 166 thousand PLN, vehicles 93 thousand PLN and other fixed assets 66 thousand PLN.

Fixed assets pledged as security

As at 30 June 2015, land and buildings of which the parent company, ELEKTROBUDOWA SA is 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).

As at 30 June 2015, owned by the parent company 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).
Both collateral mortgage and registered pledges secured possible claims of the financial institutions concerning repayment of provided loans and guarantees.

	six months ended 30 June 2015 (unaudited)	twelve months ended 31 Dec. 2014	six months ended 30 June 2014 (unaudited)
Depreciation of fixed tangible assets is recognised in the following items of the interim consolidated statement of comprehensive income:			
- cost of products, goods and materials sold	4 867	9 283	4 577
- selling ocsts	10	29	16
- general administrative expenses	289	579	297
	5 166	**9 891**	**4 890**

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

	land	buildings, civil engineering facilities	machinery and technical equipment	vehicles	other fixed tangible assets	fixed tangible assets in progress	advances for fixed tangible assets	Property, Plant & Equipment
Gross value of fixed tangible assets at 1 January 2015	4 970	68 092	50 111	26 518	19 104	4 049	70	172 914
Additions (of which):	0	89	2 634	1 125	918	1 152	330	6 248
- purchase	0	0	788	96	756	1 346	410	3 396
- takeover from investment	0	89	49	0	136	(274)	0	0
- takeover from advances	0	0	0	0	0	80	(80)	0
- other	0	0	1 797	1 029	26	0	0	2 852
Reductions (of which):	0	0	(595)	(476)	(128)	0	0	(1 199)
- selling	0	0	(172)	(476)	(78)	0	0	(726)
- liquidation	0	0	(423)	0	(50)	0	0	(473)
Change due to currency exchange differences	0	0	(57)	(19)	(9)	0	0	(85)
Gross value of fixed tangible assets at 30 June 2015	4 970	68 181	52 093	27 148	19 885	5 201	400	177 878
Accumulated depreciation at 1 January 2015	0	(15 996)	(35 199)	(20 182)	(13 218)	0	0	(84 595)
Current depreciation charge for the period	0	(1 221)	(1 789)	(1 259)	(897)	0	0	(5 166)
Reduction due to selling, liquidation of fixed tangible assets	0	0	593	476	125	0	0	1 194
Change due to currency exchange differences	0	0	17	11	6	0	0	34
Accumulated depreciation at 30 June 2015	0	(17 217)	(36 378)	(20 954)	(13 984)	0	0	(88 533)
Net tangible fixed assets at 30 June 2015 (unaudited)	**4 970**	**50 964**	**15 715**	**6 194**	**5 901**	**5 201**	**400**	**89 345**

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

	land	**buildings, civil engineering facilities**	**machinery and technical equipment**	**vehicles**	**other fixed tangible assets**	**fixed tangible assets in progress**	**advances for fixed tangible assets**	**Property, Plant & Equipment**
Gross value of fixed tangible assets at 1 January 2014	4 035	67 676	48 633	26 740	16 074	4 703	7	167 868
Additions (of which):	957	1 414	3 526	1 976	3 659	(653)	63	10 942
purchase	0	0	1 166	1 504	1 151	919	93	4 833
takeover from investment	0	1 414	232	0	14	(1 660)	0	0
takeover from advances	0	0	0	7	0	23	(30)	0
other	957	0	2 128	465	2 494	65	0	6 109
Reductions (of which):	(22)	(998)	(1 393)	(2 114)	(241)	0	0	(4 768)
selling	(15)	(29)	(862)	(2 114)	(57)	0	0	(3 077)
- liquidation	0	(969)	(531)	0	(184)	0	0	(1 684)
- other	(7)	0	0	0	0	0	0	(7)
Change due to currency exchange differences	0	0	(203)	(84)	(53)	(1)	0	(341)
Transfer to held for sale	0	0	(452)	0	(335)	0	0	(787)
Gross value of fixed tangible assets at 31 December 2014	4 970	68 092	50 111	26 518	19 104	4 049	70	172 914
Accumulated depreciation at 1 January 2014	0	(14 037)	(33 426)	(19 615)	(12 216)	0	0	(79 294)
Current depreciation charge for the period	0	(2 406)	(3 382)	(2 640)	(1 463)	0	0	(9 891)
Reduction due to selling, liquidation of fixed tangible assets	0	447	1 321	2 044	214	0	0	4 026
Other reductions	0	0	(90)	0	0	0	0	(90)
Change due to currency exchange differences	0	0	55	29	29	0	0	113
Transfer to held for sale	0	0	323	0	218	0	0	541
Accumulated depreciation at 31 December 2014	0	(15 996)	(35 199)	(20 182)	(13 218)	0	0	(84 595)
Net tangible fixed assets at 31 December 2014	**4 970**	**52 096**	**14 912**	**6 336**	**5 886**	**4 049**	**70**	**88 319**

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

	land	**buildings, civil engineering facilities**	**machinery and technical equipment**	**vehicles**	**other fixed tangible assets**	**fixed tangible assets in progress**	**advances for fixed tangible assets**	**Property, Plant & Equipment**
Gross value of fixed tangible assets at 1 January 2014	4 035	67 676	48 633	26 740	16 074	4 703	7	167 868
Additions (of which):	957	58	460	1 331	373	221	(7)	3 393
- purchase	0	0	460	1 027	373	256	23	2 139
- takeover from investment	0	58	0	7	0	(58)	(7)	0
- takeover from advances	0	0	0	0	0	23	(23)	0
- other	957	0	0	297	0	0	0	1 254
Reductions (of which):	(22)	(836)	(232)	(1 556)	(183)	0	0	(2 829)
- selling	0	(29)	(60)	(1 556)	(55)	0	0	(1 700)
- liquidation	0	(807)	(172)	0	(128)	0	0	(1 107)
- other	(22)	0	0	0	0	0	0	(22)
Change due to currency exchange differences	0	0	(166)	(73)	(52)	(1)	0	(292)
Transfer to held for sale	0	0	(518)	0	(335)	0	0	(853)
Gross value of fixed tangible assets at 30 June 2014	4 970	66 898	48 177	26 442	15 877	4 923	0	167 287
Accumulated depreciation at 1 January 2014	0	(14 037)	(33 426)	(19 615)	(12 216)	0	0	(79 294)
Current depreciation charge for the period	0	(1 201)	(1 737)	(1 333)	(619)	0	0	(4 890)
Reduction due to selling, liquidation of fixed tangible assets	0	388	202	1 488	157	0	0	2 235
Change due to currency exchange differences	0	0	46	23	28	0	0	97
Transfer to held for sale	0	0	283	0	218	0	0	501
Accumulated depreciation at 30 June 2014	0	(14 850)	(34 632)	(19 437)	(12 432)	0	0	(81 351)
Net tangible fixed assets at 30 June 2014 (unaudited)	**4 970**	**52 048**	**13 545**	**7 005**	**3 445**	**4 923**	**0**	**85 936**

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

10. Liabilities under finance lease agreements

Finance lease recognised by the parent, ELEKTROBUDOWA SA relates to equipment belonging to group 4, 6, 7 and 8 of the fixed tangible assets.
A lease instalment consists of an initial instalment and a monthly lease payment comprising a principal amount as payment for the value of the equipment and an interest amount which is generally the payment for using the equipment and financing its purchase. The lease contracts have been secured by two promissory notes up to the total amount of 5 118 thousand PLN.

As at 30 June 2015 and 31 December 2014, future minimum lease payments and the present value of minimum net lease payments concerning irrevocable lease agreements were as follows:

	as at 30 June 2015		as at 31 December 2014	
	Minimum payments	**Present value of payments**	**Minimum payments**	**Present value of payments**
Within 1 year	78	74	100	92
1 - 5 years	161	156	195	189
Total minimum lease payments	**239**	**230**	**295**	**281**
Less finance costs	10		14	
Present value of minumum lease payments	**229**		**281**	
- short-term		74		92
- long-term		156		189

In the six months ended 30 June 2015 contingent lease payments recognised as cost of the period were equal to 0 thousand PLN (in the year ended 31 December 2014 they amounted to 27 thousand PLN).

11. Intangible assets

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 cash generating unit within this segment is the company ENERGOTEST sp. z o.o.

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

In the opinion of the Management of ELEKTROBUDOWA SA the forecast of the 2015 budget, which was the base for impairment test for goodwill of ENERGOTEST sp. z o.o. performed as at 31 December 2014 by an independent expert, is not at risk. Verification of the asset, goodwill of ENERGOTEST sp. z o.o., was made according to the income method based on discounted cash flows according to IAS 36.
In the period of 6 months ended 30 June 2015 ENERGOTEST received orders on the level of 31 000 thousand PLN, this amount covers the 2015 budget assumptions in 51.7%. ENERGOTEST sp. z o.o. enters the second half of 2015 with the 25 862 thousand PLN order backlog.
Summary of main financial items, performed and forecast, for the six months ended 30 June 2015:

	H1 2015 performance	**H1 2015 forecast**
Revenue from sale sof products, goods and materials	25 901	27 142
Profit on operating activites	1 061	444
Gross profit	1 122	444
Net profit	895	348

Revenue from sales of products, goods and materials generated for the six months ended 30 June 2015 amounted to 25 901 thousand PLN and constituted 92.4% of the assumed H1 2015 budget revenue. After the six months ENERGOTEST sp. z o.o. earned net profit of 895 thousand PLN, so the H1 forecast was exceeded by 157.2%. With a comparable level of revenue (25 901 thousand PLN, compared with 25 757 thousand PLN in the same period of the previous year) the gross profit is 825 thousand PLN higher. The company was awarded a few orders of significant value, what had an impact on the sales structure and profit margins. Therefore, the Management is of the opinion that there were no indications of impairment of the company's goodwill as at 30 June 2015 and that the assumptions on which the test performed as 31 December 2015 was based are still valid.

ENERGOTEST sp. z o.o. operates in the power sector which is characterized with constant restructuring and huge expenditure for investment, because of aging process of power stations and industrial systems. The market on which the company operates offers big prospects for development.
The analysis of the financial situation of ENERGOTEST sp. z o.o. and liquidity of its assets does not indicate that the goodwill of ENERGOTEST sp. z o.o. could be impaired in the foreseeable future.

Finished research and development works

The main item of finished development works includes the settled outlays for R&D associated with the project of implementation to production a new product developed by ELEKTROBUDOWA SA, high voltage switchgear type OPTIMA 145. Outlays in the amount of 13 505 thousand PLN were qualified as costs of finished development works, for which the 10-year depreciation period was assumed. As at 30 June 2015 the outlays for the project less accumulated depreciation charge amount to 12 267 thousand PLN.
The ELEKTROBUDOWA SA Groupperiodically evaluates economic value in use of finished development works presented in the intangible assets and verifies their value. As at the date of these interim condensed financial statements no indicators of their impairment were identified.

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

Cost of development works in progress

Outlay for research and development work made in the six months ended 30 June 2015, amounting to 1 967 thousand PLN, principally concerned the project “OPTIMA switchgear – Stage 2” which value is 1 118 thousand PLN. Total expenditure for this project as at 30 June 2015 were 1 914 thousand PLN.
During the first half of 2015 the development works for the amount of 911 thousand PLN were finished and settled.

ELEKTROBUDOWA SA Group periodically evaluates economic value in use of unfinished development works presented in the intangible assets and verifies their value. As at the date of these interim consolidated financial statements no indicators of their impairment were identified.

Intangible assets used as security

As at 30 June 2015 as well as at 31 December 2014, no liabilities were secured by the Group’s intangible assets.

Other information concerning the intangible assets

As at 30 June 2015 as well as at 31 December 2014 no impairment charges relating to the intangible assets were made.

As at 30 June 2015 as well as at 31 December 2014 the Group did not have any intangibles with restricted right of use.

	six months ended 30 June 2015 (unaudited)	**twelve months ended 31 Dec. 2014**	**six months ended 30 June 2014 (unaudited)**
Amortisation of intangible assets is recognised in the following items of the interim consolidated financial statement of comprehensive income			
- cost of products, goods and materials sold	2 217	3 538	1 783
- general administrativeexpenses	72	152	99
	2 289	**3 690**	**1 882**

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

	Cost of finished development works	**Concessions, patents, licenses and software**	**Cost of development works in progress**	**Goodwill**	**Total intangible assets**
Gross value of intangible assets at 1 January 2015	29 585	11 334	3 175	22 164	66 258
Additions, of which:	911	722	1 056	0	2 689
- purchased	0	722	0	0	722
- internally generated	0	0	1 967	0	1 967
- transferred to cost of finished development works	911	0	(911)	0	0
Reductions, of which:	0	(165)	0	0	(165)
- other	0	(165)	0	0	(165)
Gross value of intangible assets at 30 June 2015	0	(3)	0	0	(3)
Accumulated amortisation at 1 January 2015	30 496	11 888	4 231	22 164	68 779
Current amortisation charge	(14 701)	(10 359)	0	0	(25 060)
Other reductions	(1 471)	(818)	0	0	(2 289)
Gross value of intangible assets at 30 June 2015	0	165	0	0	165
Change due to currency exchange differences	0	3	0	0	3
Accumulated amortisation at 30 June 2015	(16 172)	(11 009)	0	0	(27 181)
Net intangible assets at 30 June 2015 (unaudited)	**14 324**	**879**	**4 231**	**22 164**	**41 598**

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

	Cost of finished development works	**Concessions, patents, licenses and software**	**Cost of development works in progress**	**Goodwill**	**Total intangible assets**
Gross value of intangible assets at 1 January 2014	15 999	10 186	13 821	22 164	62 170
Additions, of which:	13 586	1 157	(8 087)	0	6 656
- purchased	0	1 157	0	0	1 157
- internally generated	0	0	5 499	0	5 499
- transferred to cost of finished development works	13 586	0	(13 586)	0	0
Reductions, of which:	0	(3)	0	0	(3)
- liquidation	0	(3)	0	0	(3)
Change due to currency exchange differences	0	(6)	0	0	(6)
Transfer to property, plant and equipment	0	0	(2 559)	0	(2 559)
Gross value of intangible assets at 31 December 2014	29 585	11 334	3 175	22 164	66 258
Accumulated amortisation at 1 January 2014	(12 561)	(8 818)	0	0	(21 379)
Current amortisation charge	(2 140)	(1 550)	0	0	(3 690)
Reduction due to settlement of a grant	0	3	0	0	3
Change due to currency exchange differences	0	6	0	0	6
Accumulated amortisation at 31 December 2014	(14 701)	(10 359)	0	0	(25 060)
Net intangible assets at 31 December 2014	**14 884**	**975**	**3 175**	**22 164**	**41 198**

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

	Cost of finished development works	**Concessions, patents, licenses and software**	**Cost of development works in progress**	**Goodwill**	**Total intangible assets**
Gross value of intangible assets at 1 January 2014	15 999	10 186	13 821	22 164	62 170
Additions, of which:	80	845	4 331	0	5 256
- purchased	0	845	0	0	845
- internally generated	0	0	4 411	0	4 411
- transferred to cost of finished development works	80	0	(80)	0	0
Change due to currency exchange differences	0	(5)	0	0	(5)
Gross value of intangible assets at 30 June 2014	16 079	11 026	18 152	22 164	67 421
Accumulated amortisation at 1 January 2014	(12 561)	(8 818)	0	0	(21 379)
Current amortisation charge	(823)	(1 059)	0	0	(1 882)
Change due to currency exchange differences	0	5	0	0	5
Accumulated amortisation at 30 June 2014	(13 384)	(9 872)	0	0	(23 256)
Net intangible assets at 30 June 2014 (unaudited)	**2 695**	**1 154**	**18 152**	**22 164**	**44 165**

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

12. Investment in associates

	Power Equipment Production Plant Vector Ltd. Votkinsk, Russia	SAUDI ELEKTROBUDOWA LLC Riyadh, the Kingdom of Saudi Arabia
Interest in the share capital at 30 June 2015	**49%**	**33%**
Purchase price	13 805	97
Increase of capital in 2009	7 711	0
Measurement of interest in the share capital	(5 577)	(177)
Investment in associates at 30 June 2015	**15 939**	**(80)**
Selected data as at 30 June 2015		
Assets	55 529	381
Equity	32 530	(243)
Liabilities	22 999	624
Revenue from sales of products, goods and materials	46 624	0
Net profit / loss	553	(3)

As at 30 June 2015, investment in the associate, VECTOR Ltd. amounted to 15 939 thousand PLN, and compared with the value at the date of acquisition when it was 21 516 thousand PLN, its amount decreased by 5 577 thousand PLN, mainly because of the change in Russian ruble exchange rate. Political and economic situation in Russia involved dynamic fluctuations in the exchange rate of the ruble. Average exchange rate of Russian ruble announced by the National Bank of Poland (NBP) on 30 June 2015 was 0.0676 PLN, shares in VECTOR were purchased at the average rate 0.0955 PLN, the difference of the measurement at the reporting date was 0.0279 PLN. Equity of VECTOR Ltd. as at 30 June 2015 amounted to 481 208 thousand RUB, translating to 32 530 thousand PLN. Share of ELEKTROBUDOWA SA in the equity of VECTOR (49%) was worth 235 792 thousand RUB, translating to 15 939 thousand PLN.

Because of fluctuations of the ruble exchange rate, an impairment test was performed as at 31 December 2014. It showed that there was no need to create a provision for impairment of the investment. As at 30 June 2015 the external and internal determinants for such a test were assessed, and, basing on the realization of budget by VECTOR Ltd. in the period of the six months and on the relation of the exchange rate of ruble to the Polish zloty on 31 December 2014 and on 30 June 2015 (increase of the rate), it was determined that there are no suitable indications, so an impairment test was not performed.

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

13. Financial assets

13.1 Available-for-sale financial assets

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Available-for-sale financial assets		
- non-current	6 982	6 982
- current	24	24
	7 006	**7 006**

Non-current financial assets available for sale include shareholding in PI Biprohut Sp. z o.o. based in Gliwice.
As of 30 June 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 30 June 2015 the strategic investor of PI Biprohut Sp. z o.o. held 75.96% stake which entitled him to 73.77% 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, 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 it is not possible to obtain market quotation of its shares. Therefore, ELEKTROBUDOWA SA estimated the value of shares held in the share capital of PI Biprohut, basing on the assed-based approach. The adjusted net assets method was applied for the measurement of the fair value of shares of PI Biprohut Sp. z o.o. as at 31 December 2014 performed by an independent valuation specialist; the value of shares was established at 6 631 thousand PLN. Estimating the value of shares in PI Biprohut Sp. z o.o. as at 30 June 2015, ELEKTROBUDOWA SA used:

- 2015 budget of PI Biprohut Sp. z o.o.
- Financial result of PI Biprohut Sp. z o.o. for the six months ended 6 months 2015.
- A Revaluation Clause to the Appraisal Study prepared as at 5 March 2014 by an independent valuation specialist using the investment method, discounting cash flows techniques. In the Revaluation Clause the valuation specialist has confirmed the validity of the above quoted Appraisal Study which estimated the market value of the property as at 7 July 2015 and set the validity of the revaluation clause until December 2015.

Basing on the gathered material, the Management of ELEKTROBUDOWA SA analysed the change in value of the investment in PI Biprohut Sp. z o.o. as at 30 June 2015 and the analysis confirmed that the value of owned shares did not show any essential deviations from the fair value of shares measured by the independent expert as at 31 December 2014, so the fair value of shares in the company held by ELEKTROBUDOWA SA as at 30 June 2015 can be estimated as unchanged.

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 30 June 2015 and at 31 December 2014, the carrying amount of the Group's interest in Energotest - Diagnostyka Sp. z o.o. was 351 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 FAMUR 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 30 June 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 of FAMUR FAMAK is classified to Level 3 of the fair value hierarchy.

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

13.2 Classification of assets to groups of financial instruments

Type of financial instrument	method of measurement as at 30 June 2015	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014	amount charged to revaluation capital in the period of six months ended 30 June 2015	amount charged to profit or loss in the period of six months ended 30 June 2015
1. Loans extended and own receivables		**255 709**	**342 491**	**0**	**(5 245)**
a) long-term receivables due to sale of non-current assets	amortised cost	540	688	0	12
b) long-term receivables due to retentions	amortised cost	4 214	4 584	0	(109)
c) short-term trade and other receivables	amortised cost	250 955	337 219	0	(5 148)
2. Available-for-sale investments		**7 006**	**7 006**	**0**	**0**
a) shares of PI Biprohut Sp. z o.o.	fair value	6 631	6 631	0	0
b) shares of Energotest - Diagnostyka Sp. z o.o.	book value	351	351	0	0
c) shares of FAMUR FAMAK S.A.	book value	24	24	0	0
3. Cash and cash equivalents	amortised cost	**111 530**	**62 239**	**0**	**(1 211)**
Total financial assets		**374 245**	**411 736**	**0**	**(6 456)**

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

14. Trade and other receivables

14.1 Receivables recognised in non-current assets

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Long-term receivables		
- disposal of property, plant and equipment	540	688
- contract retentions	4 214	4 584
Long-term receivables - net	**4 754**	**5 272**
Discount of receivables	236	305
Impairment of receivables	163	0
Long-term receivables - gross	**5 153**	**5 577**

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

14.2 Receivables recognised in current assets

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Current trade and other receivables		
- for supplies and services	230 853	312 690
- other	26 581	27 408
Total current trade and other receivables -net	**257 434**	**340 098**
Impairment of receivables	39 126	34 005
Total current trade and other receivables -gross	**296 560**	**374 103**

Terms of transactions with related entities are presented in Note 39.

The trade receivables are non-interest bearing and usually have 30-day payment terms.

The group has implemented the policy of selling only to verified customers. Therefore, in the opinion of the management, there is no additional credit risk over the level defined by the impairment provision for uncollectible debt applicable to the Group's trade receivables.

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

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Other current receivables		
- receivables due to public and legal settlements	6 479	2 878
- retentions	15 985	21 562
- receivables due to paid bid deposit	751	707
- amounts receivable for other services performed	1 359	557
- receivables from sales of fixed assets	800	1 194
- amounts receivable from contractors as damages	200	188
- receivables from employees	276	63
- receivables due to dividends	368	0
- other	363	259
	26 581	**27 408**

	six months ended 30 June 2015 (unaudited)	twelve months ended 31 Dec. 2014
Provisions for impairment of trade and other receivables		
Impairment provision at beginning of period	34 005	24 127
Creating a provision, including:	14 511	18 981
- receivables for supplies and services	8 465	14 251
- other receivables	6 046	4 730
Use	(422)	(1 651)
Deduction of unused amounts (release)	(8 968)	(7 452)
Impairment provision at end of period	**39 126**	**34 005**
including:		
- receivables for supplies and services	25 297	24 835
- other receivables	13 829	9 170

The amount of provisions for impairment of receivables rose 5 121 thousand PLN in the six months ended 30 June 2015.
Changes in provisions for impairment of receivables in the interim consolidated statement of comprehensive income are presented in Note 32, “Other operating expenses” item.

Analysis of receivables for supplies and services, past due at 30 June 2015 and at 31 December 2014, but not acknowledged as uncollectable and thus not impaired, is presented in Note 5.3.2.

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

15. Non-current prepayments

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Long-term prepayments		
- construction insurance policies	504	745
- other costs settled over time	1 159	532
	1 663	**1 277**

16. Inventories

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Inventories		
- materials	31 709	27 772
- semi-finished products and work in progress	31 606	19 602
- finished products	1 927	2 345
- goods	634	634
	65 876	**50 353**
of which:		
- inventory write-down	(1 094)	(1 135)

In the six months ended 30 June 2015 the Group created a write-down provision of inventory of materials to their recoverable net value for the amount of 80 thousand PLN (814 thousand PLN for the twelve months ended 31 December 2014); the provision was used (reversed) in the amount of 121 thousand PLN in the period of six months ended 30 June 2015 (86 thousand PLN in the period of six months ended 30 June 2014).

No category of inventories was used as collateral for a bank loan or any other liability during the six months ended 30 June 2015.

The Group regularly reviews the value of inventories and the possibility to use them; as at 30 June 2015 no need was identified to increase the value of the above provision.

17. Cash and cash equivalents

Cash at banks bears interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and one month, depending on immediate cash requirements of a company, and earn interest at the respective short-term deposit rates. The most frequently used form of depositing free cash is an overnight deposit. Fair value of cash and cash equivalents as at 30 June 2015 was 111 530 thousand PLN (62 239 thousand PLN as at 31 December 2014).

At 30 June 2015, the Group had available 80 700 thousand PLN of undrawn committed overdraft facilities (75 198 thousand PLN at 31 December 2014).

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

Balance of cash and cash equivalents recognized in the interim consolidated statement of cash flows included:

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Cash at bank and on hand		
- cash at bank	111 494	62 221
- cash on hand	36	18
	111 530	**62 239**

Average effective interest rate for bank deposits in the six months ended 30 June 2015 was 0.5%, in the twelve months ended 31 December 2014 it was 1.0%.

18. Other non-finance assets

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Other non-finance assets		
- future periods expenses (subscriptions, fees, insurance, standing charges)	2 138	2 134
- prepayments for supplies	5 477	7 514
- contribution to Employee Benefit Fund	1 138	0
	8 753	**9 648**

19. Non-current assets held for sale

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Non-current assets held for sale		
- technical equipment and machines	129	129
- other fixed tangible assets	117	117
	246	**246**

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 the assets held for sale are highly specialized machines, no buyer was found in the open tender procedure.
The Management expects the sale transaction to be finalised by the end of the financial year.

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

20. Issued share capital

	six months ended 30 June 2015 (unaudited)	twelve months ended 31 Dec. 2014	six months ended 30 June 2015 (unaudited)
Issued (registered) share capital at beginning of period	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)	(16 372)
Issued (registered) share capital at end of period	**10 003**	**10 003**	**10 003**

In previous years, in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies, the issued share capital of the parent company recognised in the interim condensed 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 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. ELEKTROBUDOWA SA has no treasury shares. The subsidiaries and associates do not hold shares in ELEKTROBUDOWA SA.

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
Total number of shares				**4 747 608**			

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

As at 30 June 2015, to the best knowledge of the parent company, the shareholders holding significant interest in ELEKTROBUDOWA SA were as below:

Shareholders of ELEKTROBUDOWA SA as at 30 June 2015	number of shares = number of votes	percentage
AVIVA OFE AVIVA BZ WBK SA	579 301	12,20
PKO BP Bankowy Otwarty Fundusz Emerytalny	467 415	9,85
Otwarty Fundusz Emerytalny PZU "Złota Jesień"	454 446	9,57
AXA Otwarty Fundusz Emerytalny	446 553	9,41
ING Otwarty Fundusz Emerytalny *	320 850	6,76
PTE Allianz Polska SA	299 523	6,31
MetLife Otwarty Fundusz Emerytalny	280 367	5,91
Generali Otwarty Fundusz Emerytalny	241 640	5,09
free float	1 657 513	34,90
Total number of shares in the share capital	**4 747 608**	**100,00**

* since 20 July 2015 National Nederlanden Otwarty Fundusz Emerytalny

According to information available to the parent company, the shareholding structure of ELEKTROBUDOWA SA as at 30 June 2015 did not change compared with the structure at 31 December 2014.

As at 30 June 2015 the managing and supervising persons did not have shares of the Company.

21. Other capital

21.1 Supplementary capital

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Structure of the supplementary capital:		
- share premium	100 676	100 676
- created as required by law	3 334	3 334
- created acc. to the Articles of Association, over (minimum) value required by law	225 946	196 845
- other	4 191	4 191
	334 147	**305 046**

By Resolution of the Annual General Meeting of ELEKTROBUDOWA SA of 29 April 2015, the whole amount of net profit of the parent for 2014 was transferred to supplementary capital, increasing its value by 29 101 thousand PLN.

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

Limitations of dividend payment

According to the Polish Companies Code, the use of supplementary capital is decided by the General Meeting; however a part of supplementary capital equal to one third of the share capital can be used only to cover a loss recognised in the financial statements and shall not be distributed for other purposes.
Dividend shall not be paid from the supplementary capital created from the portion of share premium that remained after the share issue cost had been paid.
At 30 June 2015 there are no other limitations concerning payment of dividend.

21.2 Capital from valuation of available-for-sale investments

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Capital from valuation of available-for-sale investments		
- valuation of available-for-sale investments	6 094	6 094
- deferred tax related to investment valuation	(1 157)	(1 157)
	4 937	**4 937**

The capital from valuation of investments has been created by restatement of available-for-sale financial assets, presented in Note 13.1. 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 statement of comprehensive income for the relevant period.

21.3 Retained earnings

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Retained earnings		
- actuarial losses	(1 379)	(1 379)
- net profit for the period	1 794	3 574
- net profit for shareholders of ELEKTROBUDOWA SA for the period	27 328	27 321
	27 743	**29 516**

21.4 Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary shareholders 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 shareholders 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 income and share data used in the basic earnings per share computations:

	six months ended 30 June 2015 (unaudited)	**six months ended 30 June 2014 (unaudited)**
Z net profit for shareholders of ELEKTROBUDOWA SA for the period (in PLN)	27 327 530	2 115 120
Weighted average number of shares	4 747 608	4 747 608
Basic earnings per share (in PLN)	5.76	0.44

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

22. Trade and other payables

22.1 Long-term other payables

	as at 30 June 2015 (unaudited)	**as at 31 Dec. 2014**
Other financial liabilities (long-term)		
- long-term retention amounts	12 015	12 852
- lease commitments	3 365	1 885
Other long-term liabilities - net	**15 380**	**14 737**
Discount of liabilities	552	723
Other long-term liabilities - gross	**15 932**	**15 460**

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

22.2 Short-term trade and other payables

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Trade and other financial liabilities (short-term)		
- for supplies and services	194 382	224 827
- other (by titles)	15 700	13 203
of which:		
a) retentions from subcontracts	12 302	10 897
b) purchase of non-current assets	862	748
c) payables to employee	43	98
d) lease payment liabilities	1 650	687
e) liabilities due to dividend	170	215
f) deductions from payroll	473	440
g) special funds	52	0
h) other	148	118
	210 082	**238 030**

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Other non-finance liabilities (short-term)		
- advances received for supplies	93 317	90 884
- taxes, duties, insurance and other contributions	13 030	23 060
- salaries and wages	7 702	6 804
	114 049	**120 748**

As at 30 June 2015, the received advance payments for deliveries were secured against guarantees for the total amount 126 449 thousand PLN (145 773 thousand PLN at 31 December 2014).

Payment terms and conditions of the above financial liabilities:

- For terms and conditions with related parties, refer to Note 39.
- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables due to contract retentions are non-interest bearing, terms and conditions of payment are regulated in the subcontract agreements.

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

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

	as at 30 June 2015 (unaudited)	**as at 31 Dec. 2014**
Liabilities due to taxes, duties, social insurance and other contributions		
- personal income tax	2 226	1 914
- VAT	2 322	13 653
- social insurance	8 318	7 337
- National Fund for the Rehabilitation of the Disabled PFRON	164	151
- other	0	5
	13 030	**23 060**

The amount of difference between liabilities and receivables due to value added tax is paid monthly to relevant tax authorities.

23. Derivative financial instruments

	as at 30 June 2015 (unaudited)	**as at 31 Dec. 2014**
Forward contracts	0	(71)

As at 30 June 2015 all forward currency transactions were settled by the Group (as at 31 December 2014 the Group's forward currency transactions had the amount of 1 320 thousand EUR).

Information about settled forward currency transactions is disclosed in Note 5.1.

24. Loans, borrowings and debt securities

	as at 30 June 2015 (unaudited)	**as at 31 Dec. 2014**
Loans, borrowings and debt securities		
- liabilities due to loans (nominal)	43 420	102 886
- liabilities due to interest on loans	95	274
	43 515	**103 160**

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

Short-term liabilities due to loans, borrowings, and debt securities as at 30 June 2015

Lender	Registered office	Contractual loan amount		Amount to be repaid		Rate of interest	Contract validity		Collateral
		PLN'000	curr	PLN'000	curr				
ING BANK ŚLĄSKI S.A	Katowice								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)
overdraft		19 700	PLN	0		WIBOR 1M + bank margin	30.01.2016	*	
working capital loan		32 000	PLN	32 000	PLN	WIBOR 1M + bank margin	31.07.2015		
BANK HANDLOWY S.A.	Warsaw								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 collaterized 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).
overdraft		15 000	PLN	0		WIBOR 1M + bank margin	12.11.2015	*	
working capital loan		52 000	PLN	11 420	PLN	WIBOR 1M + bank margin	31.12.2017		
limit for credit cards		200	PLN	0					
BANK PEKAO S.A.	Kraków								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.
overdraft		10 000	PLN	0		WIBOR 1M + bank margin	30.04.2016	*	
PKO BP S.A.	Warsaw								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.
overdraft		25 000	PLN	0		WIBOR 1M + bank margin	28.02.2017	*	
mBank S.A.	Warsaw								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.
overdraft		10 000	PLN	0		WIBOR ON + bank margin	30.09.2015	*	
BGŻ BNP PARIBAS BANK POLSKA S.A. overdraft	Warsaw	1 000	PLN	0		WIBOR 1M + bank margin	10.09.2015		a blank promissory note, general assignment of existing and future receivables, statement of submitting to enforcement
		164 900		**43 420**					

** 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)

Short-term liabilities due to loans, 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				
ING BANK ŚLĄSKI S.A.	Katowice								assignment of receivables from contracts = 150% engagement due to guarantees and overdraft; registered charges including assignment of rights to 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 rigths to insurance policy; assignment of receivables from the contract with PSE (Byczyna)
overdraft		17 000	PLN	0	PLN	WIBOR 1M + bank margin	30.01.2016	*	
working capital loan		85 000	PLN	53 200	PLN	WIBOR 1M + bank margin	30.01.2016		
BANK HANDLOWY S.A.	Warsaw								assignment of receivables from contracts = 80% engagement; first charge up to 50 000 thousand PLN (Tychy) KW No. KA1T/00060238/5 incl. assignment of rights to insurance policy; 2 blank bills collaterized 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. assignment of rights to insurance policy, assignment of receivables from a contract (PSE SA - OSP/DI/INW/14/2013 SKAWINA)
overdraft		15 000	PLN	2 645	PLN	WIBOR 1M + bank margin	12.11.2015	*	
working capital loan		52 000	PLN	46 884	PLN	WIBOR 1M + bank margin	31.12.2017		
limit for credit cards		200	PLN		PLN				
BANK PEKAO S.A. overdraft	Kraków	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. assignment of rights to insurance policy; 1 blank bill
PKO BP S.A. overdraft	Warsaw	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 PLNł (Katowice) KW No. KA1K/00043349/3 including assignment of rights from insurance policy, 2 blank bills.
mBank S.A. overdraft	Warsaw	10 000	PLN	157	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. assignment of rights to insurance policy; 1 blank bill
BNP PARIBAS BANK POLSKA S.A. overdraft	Warsaw	1 000	PLN	0	zł	WIBOR 1M + bank margin	10.09.2015	*	a blank promissory note, general assignment of existing and future receivables, statement of submitting to enforcement
		215 200		**102 886**					

** 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
Working capital loans at 31 December 2014					**100 084**
ING Bank Śląski S.A.	**at 31.12.2014**		**53 200**	**0**	**53 200**
	changes during the reporting period	30.04.2015	0	(19 200)	**34 000**
		01.06.2015	0	(1 000)	**33 000**
		30.06.2015	0	(1 000)	**32 000**
		total in 2015	**0**	**(21 200)**	
	at 30 June 2015 (unaudited)		**53 200**	**(21 200)**	**32 000**
Bank Handlowy S.A.	**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
		17.04.2015		(39 936)	0
		29.04.2015	3 519	0	3 519
		29.05.2015	3 261	0	6 780
		26.06.2015	4 640	0	11 420
		total in 2015	**22 270**	**(57 734)**	
	at 30 June 2015 (unaudited)		**69 154**	**(57 734)**	**11 420**
Working capital loans at 30 June 2015 (unaudited)					**43 420**

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

25. Income tax

25.1 Tax expense

The major components of income tax expense for the periods of six months ended 30 June 2015 and 30 June 2014 are as follows:

	six months ended 30 June 2015 (unaudited)	six months ended 30 June 2014 (unaudited)
Income tax recognised in the statement of comprehensive income		
- current tax	7 784	62
- deferred tax	(916)	1 079
- tax of foreign branches	729	201
- other settlements	0	(7)
Tax charge recognised in profit	**7 597**	**1 335**

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 inconsistence 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 entity, as at the date of issuing these interim 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)

25.2 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 applicable for the Group for the periods of six months ended 30 June 2015 and 30 June 2014 is as follows:

	six months ended 30 June 2015 (unaudited)	**six months ended 30 June 2014 (unaudited)**
Gross profit before tax	34 849	3 369
Tax calculated according to the 19% rate	6 621	640
Permanent differences settled in Poland	1 135	2 109
Permanent differences settled abroad	(215)	(1 004)
Dividend from related companies	(604)	(554)
Temporary differences settled in Poland	137	1 600
Temporary differences settled abroad	(218)	(117)
Tax of foreign branches	729	201
Adjustments of deferred tax of the years 2011 - 2012	0	(1 611)
Differences in tax rates	12	71
Income tax	**7 597**	**1 335**
Effective tax rate (%)	**21.8**	**39.6**

25.3 Deferred income tax

	as at 30 June 2015 (unaudited)	**as at 31 Dec. 2014**	**as at 30 June 2014 (unaudited)**
Deferred income tax assets	64 209	72 763	61 527
Provisions for deferred income tax	(45 941)	(55 417)	(46 984)
Deferred corporate income tax assets recognized in assets in the statement of financial position	**18 268**	**17 346**	**14 543**
Provisions for deferred income tax of foreign branches	0		(1 316)
Provisions for deferred corporate income tax recognized in liabilities in the statement of financial position	**0**	**0**	**(1 316)**
Total deferred income tax	**18 268**	**17 346**	**13 227**

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

Structure of the deferred income tax:

period ended 30 June 2015 (unaudited)		Construction contracts	Provisions, prepayments and accrued expenses	Fixed tangible assets	Revaluation of assets	Tax on tax loss	Other	Total
Assets	**beginning of period 1 January 2015**	**59 684**	**6 964**	**541**	**4 506**	**0**	**1 068**	**72 763**
	- changes credited/charged to financial result	(8 461)	(259)	26	343	0	(203)	**(8 554)**
	end of period 30 June 2015 (unaudited)	**51 223**	**6 705**	**567**	**4 849**	**0**	**865**	**64 209**
Provisions	**beginning of period 1 January 2015**	**(52 238)**	**(5)**	**(678)**	**(926)**	**0**	**(1 570)**	**(55 417)**
	- changes credited/charged to financial result	9 374	0	(39)	(1)	0	142	**9 476**
	end of period 30 June 2015 (unaudited)	**(42 864)**	**(5)**	**(717)**	**(927)**	**0**	**(1 428)**	**(45 941)**
End of period, total		**8 359**	**6 700**	**(150)**	**3 922**	**0**	**(563)**	**18 268**

period ended 31 December 2014		Construction contracts	Provisions, prepayments and accrued expenses	Fixed tangible assets	Revaluation of assets	Tax on tax loss	Other	Total
Assets	**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**
Provisions	**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)**
End of period, total		**7 446**	**6 959**	**(137)**	**3 580**	**0**	**(502)**	**17 346**

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

period ended 30 June 2015 (unaudited)		Construction contracts	Provisions, prepayments and accrued expenses	Fixed tangible assets	Revaluation of assets	Tax on tax loss	Other	Total
Assets	**beginning of period 1 January 2014**	**38 826**	**7 189**	**468**	**2 120**	**0**	**608**	**49 211**
	- changes credited/charged to financial result	22 596	(2 083)	49	407	2 247	(10 900)	**12 316**
	end of period 30 June 2014 (unaudited)	**61 422**	**5 106**	**517**	**2 527**	**2 247**	**(10 292)**	**61 527**
Provisions	**beginning of period 1 January 2014**	**(30 457)**	**(5)**	**(617)**	**(651)**	**0**	**(1 564)**	**(33 294)**
	- changes credited/charged to financial result	(15 308)	0	(35)	572	0	(235)	**(15 006)**
	- changes charged to capital	0	0	0	0	0	0	**0**
	end of period 30 June 2014 (unaudited)	**(45 765)**	**(5)**	**(652)**	**(79)**	**0**	**(1 799)**	**(48 300)**
End of period, total		**15 657**	**5 101**	**(135)**	**2 448**	**2 247**	**(12 091)**	**13 227**

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

26. Provisions for liabilities and other charges

	Provision for warranty repair works	Provision for employee benefits	Provision for penalties and damages	Total provisions
As at 1 January 2015	1 033	6 175	3 214	**10 422**
creation	802	491	21	**1 314**
use	(615)	(273)	0	**(888)**
As at 30 June 2015 (unaudited)	**1 220**	**6 393**	**3 235**	**10 848**
of which:				
- long-term	0	6 178	0	**6 178**
- short-term	1 220	215	3 235	**4 670**
As at 1 January 2014	919	5 535	4 177	**10 631**
creation	2 087	1 365	4 070	**7 522**
use	(1 973)	(905)	(2 044)	**(4 922)**
reversal	0	0	(2 989)	**(2 989)**
other	0	180	0	**180**
As at 31 December 2014	**1 033**	**6 175**	**3 214**	**10 422**
of which:				
- long-term	0	5 911	0	**5 911**
- short-term	1 033	264	3 214	**4 511**
As at 1 January 2014	919	5 535	4 177	**10 631**
creation	573	0	2 096	**2 669**
use	0	(496)	(1 188)	**(1 684)**
reversal	(584)	0	(2 989)	**(3 573)**
As at 30 June 2014 (unaudited)	**908**	**5 039**	**2 096**	**8 043**
of which:				
- long-term	0	4 954	0	**4 954**
- short-term	908	85	2 096	**3 089**

The entities of the Group create provisions for future payables which maturities or amounts are not certain.

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

Provisions for warranties

The parent company created provisions for costs of warranty repairs equal to 0.40% of the amount of internal and external sales of finished products budgeted for the financial year (as at 31 December 2014: 0.30% of sales generated in the financial year).

The subsidiary, ENERGOTEST sp. z o.o. created provisions for costs of warranty repairs equal to 0.43% (0.43% as at 31 December 2014) of revenue from invoiced sales.

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.
Change in provisions for employee benefits during the period results from recognition of the amount of benefits forecast by an independent actuary.

Provisions for penalties and damages

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

27. Accrued expenses

	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014
Accrued expenses in respect of:		
- unused holidays	6 483	4 658
- annual bonuses	4 421	8 877
- services relating to the present reporting period but invoiced in the next period	1 638	2 400
- provision for expected losses on completion of contracts	7 033	6 581
- provision for employee claims	2 000	2 000
	21 575	**24 516**

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

Provision for employee claims

For details of the created provision for employee claims refer to Note 44 (item 1).

Provision for expected losses on completion of contracts

The parent company, ELEKTROBUDOWA SA creates 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, the provisions created as at 30 June 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	All other segments	Total
At 30 June 2015	0	4 897	2 136	0	**7 033**
At 31 December 2014	0	4 197	2 384	0	**6 581**

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

28. Classification of financial instruments recognized in liabilities

Type of financial instrument	method of measurement as at 30 June 2015	as at 30 June 2015 (unaudited)	as at 31 Dec. 2014	amount charged to revaluation capital in the period of six months ended 30 June 2015	amount charged to profit or loss in the period of six months ended 30 June 2015
1. Other financial liabilities					
a) other long-term payables	amortised cost	15 380	14 737	0	(228)
b) short-term trade and other payables	amortised cost	210 082	238 030	0	1 190
c) loans	amortised cost	43 515	103 160	0	(1 081)
d) forward contract in foreign currency	fair value	0	71	0	493
Financial instruments recognised in liabilities - total		**268 977**	**355 998**	**0**	**374**

The value of the above financial instruments recognised in the interim consolidated statement of financial position is equal to their fair value.

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

29. Sales revenue and construction contracts

29.1 Sales revenue

	six months ended 30 June 2015 (unaudited)	six months ended 30 June 2014 (unaudited)
Revenue from sale of products, goods and materials		
- construction and installation services	507 683	357 371
- electro-technical products	76 484	75 233
- other services	7 388	7 554
- sale of materials	1 346	2 184
	592 901	**442 342**
- of which from the related entities	9 155	4 267

29.2 Construction contracts

	six months ended 30.06.2015 (unaudited)	six months ended 30.06.2014 (unaudited)
Estimated revenues from contracts in progress (cumulative)	1 852 163	1 335 055
Recognised profits less recognised losses (planned profit margin)	80 703	37 447
Costs incurred on contracts in progress (cumulative)	1 771 460	1 297 608
Receivables dependable on contract completion (partial invoices cumulative)	1 699 553	1 150 179
Gross amounts due from customers for contract work	225 603	240 343
Gross amounts due to customers for contract work	(63 101)	(48 447)
Provisions for penalties due to delay in completion	(2 859)	(2 096)
Provisions for losses resulting from contracts	(7 033)	(4 924)
Revenue from contracts for the period	507 683	357 371
Costs of contracts for the period	462 647	350 939
Profits less recognised losses for the period	45 036	6 432
Advances received for contracts in progress	92 938	121 793
Retentions kept by customers	13 397	25 720

The 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, basing on current information about the contract progress.

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, 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.

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

The table below presents the construction contracts with substantial amounts of accounts receivable as at 30 June 2015:

Extension and modernization of Byczyna electrical substation including connection to 400 kV line for PSE S.A.	101.0	million PLN	As circumstances, on which the Contractor could not have control, have occurred during execution of the project, ELEKTROBUDOWA SA requested the Purchaser (PSE SA) to agree to change the Schedule of works and expenditures which is Appendix 3 to the Contract and postpone the completion deadline to 31 July 2017. Despite delay in performance, the works at the site are advanced in 40% of total scope. Many items of the contract scope have been submitted to technical approval, and after positive recommendation ELEKTROBUDOWA SA will apply to PSE S.A. for acceptance of those works. Partial rescheduling of costs should not have influence on the final profit margin. Recently ELEKTROBUDOWA SA has received permits to relocation, including partial damage, of protected habitats; the works are in progress. When the site of 400kV switchgear is prepared, the relevant works can be started in the beginning of September 2015. ELEKTROBUDOWA SA is going to file a request for new decision concerning environmental constraints of the project and expects to receive the relevant decision in February 2016. The presented scenario will allow to have the whole project completed, including final acceptance procedure, by 31 July 2017.
Extension and modernization of Skawina 220/110kV electrical substation including connection to 2x2x400kV line for PSE S.A.	19.7	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. The planned date of issue of the first invoice has been met, completion of the contract is scheduled at 31 December 2017.
"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.	18.1	million PLN	The contract progress reached nearly 97% completion. As determined in the Schedule of works and expenditures, the investment will be settled in two stages. ELEKTROBUDOWA SA received an updated schedule of extension of the Słupsk substation in which its is assumed that the contract should have been completed by 27 July 2015. Present status of completion assumes completion by 30 September 2015. The initial contractual deadline is postponed by 20 months. 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. The factor which hinders performance of the contract in the agreed time is the insufficient time of disconnecting the transmission system; shortened period of disconnecting can make the performance of the whole scope of works impossible. In the opinion of the Management, the updated budget of the contract accounts for all costs of delay in completion. The adjusted profit margin covers all risks of extended time for completion identified as at the reporting date.
Design and construction of Resko wind farm, stage 2 for total installed capacity 76MW including generator connection for PGE Energia Odnawialna S.A.	16.6	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)

30. Costs of products, goods and materials sold

	six months ended 30 June 2015 (unaudited)	six months ended 30 June 2014 (unaudited)
Expenses by nature		
- depreciation and amortisation	7 455	6 772
- materials and energy	203 411	174 847
- third party services	251 238	181 574
- taxes and charges	2 227	2 184
- salaries and wages	72 203	63 658
- social security and benefits	18 634	16 941
- other expenses by nature, of which:	8 478	6 997
a) representative and advertising expenses	978	880
b) business travels	4 782	3 890
c) property and personal insurance	1 350	1 345
d) other	1 368	882
Total expenses by nature	**563 646**	**452 973**
Change in inventories of products and accruals	(12 467)	(19 360)
Cost of products manufactured for own needs (negative value)	(2 214)	(4 411)
Selling costs (negative value)	(1 631)	(1 314)
General administrative expenses (negative value)	(9 154)	(8 668)
Cost of materials sold	1 259	2 245
Manufacture costs of products sold	**539 439**	**421 465**

In the six months ended 30 June 2015, compared with the same period of the previous year, significant changes in expenses by nature concerned:

– costs of materials and energy consumption (growth by 16.3%) - principally attributable to the contract for extension and modernization of Byczyna electrical substation including connection to 400 kV line for PSE S.A. executed by Power Distribution Division and the contract for design and construction of Resko wind farm, stage 2 for total installed capacity 76MW including generator connection for PGE Energia Odnawialna S.A. executed by Power Generation Division;
– third party services (growth by 38.4%) - principally attributable to the contract for the construction of a new heat generation unit with fluidized bed boiler, heating and condensing turbine and associated plants in TAURON Ciepło Sp. z o.o. Zakład Wytwarzania Tychy executed by Power Generation Division.

Manufacture cost of products made for own needs concerned the outlays for research and development work, performed with the use of the Group's own resources.

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

31. Other operating income

	six months ended 30 June 2015 (unaudited)	six months ended 30 June 2014 (unaudited)
Other operating income		
- profit from disposal of non-finance fixed assets	55	0
- interest on delayed payments	1 208	1 070
- interest on cash on bank accounts	228	207
- currency exchange differences	0	26
- penalties and damages	946	3 950
- legal costs	59	326
- compensation received from insurance policies	371	211
- redemption of penalties	1 322	0
- recognized PPE (land)	0	957
- gains from secured foreign currency transactions	493	0
- pozostałe	410	136
	5 092	**6 883**

Penalties and liquidated damages received in the six months ended 30 June 2015 were mainly related to the construction contracts. They concerned charged and paid penalties relating to the executed construction services.

32. Other operating expenses

	six months ended 30 June 2015 (unaudited)	six months ended 30 June 2014 (unaudited)
Other operating expenses		
- loss on disposal of non-finance fixed assets	0	(311)
- donations	(128)	(101)
- provision for impairment of receivables	(5 947)	(5 089)
- inventory write-downs	0	(259)
- fees and charges	(2 341)	(2 640)
- court fees	(124)	(317)
- penalties	(1 961)	(2 926)
- currency exchange differences	(823)	0
- claims handling expenses	(163)	(299)
- employee compensations and service benefits	(153)	(434)
- other	(144)	(370)
	(11 784)	**(12 746)**

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

The Group created provisions for impairment of receivables past due over 180 days.
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 collectability of which is at risk.

In the six months ended 30 June 2015 the impairment provisions referred to the following receivables:

- in bankruptcy proceedings	29	thousand PLN,
- in court proceedings	(184)	thousand PLN,
- other overdue debtors	(5 792)	thousand PLN.

33. Finance income

	six months ended 30 June 2015 (unaudited)	six months ended 30 June 2014 (unaudited)
Financial income		
- dividends and share of profit	429	56

Dividends received by the Group in the six months ended 30 June 2015 include the share of profit of PI Biprohut Sp. z o.o, attributable to the parent, and the share of profit of Energotest Diagnostyka Sp. z o.o. attributable to the subsidiary, ENERGOTEST sp. z o.o.

34. Finance income and costs

	six months ended 30 June 2015 (unaudited)	six months ended 30 June 2014 (unaudited)
Financial costs		
- interest on loans	(1 081)	(657)
- interest on leases	(58)	(16)
- bank commission on working capital loan	(694)	(541)
	(1 833)	**(1 214)**

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

35. Dividend paid (or declared) per share of the parent company

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.

36. Clarification of differences between the changes resulting from the interim consolidated statements of financial position and the changes resulting from the interim consolidated statements of cash flow

	six months ended 30 June 2015 (unaudited)	six months ended 30 June 2014 (unaudited)
Change in trade and other receivables		
- balance sheet change in receivables, including:	83 182	25 982
a) balance sheet change in trade and other receivables recognised in non-current assets	518	10 371
b) balance sheet change in trade and other receivables recognised in current assets	82 664	15 611
- dividend	368	1 560
- change in receivables due to sale of non-current asset items	(38)	(2)
- adjustment of receivables for years 2011 - 2012	0	1 611
- other	(125)	44
Change in trade and other receivables recognised in the interim consolidated statement of cash flows	**83 387**	**29 195**

	six months ended 30 June 2015 (unaudited)	six months ended 30 June 2014 (unaudited)
Change in trade and other payables		
- balance sheet change in payables:	(33 578)	2 882
a) balance sheet change in long-term payables	910	409
b) balance sheet change in short-term trade and other payables	(34 647)	4 800
c) balance sheet change in provisions	159	(2 327)
- change in deferred income tax liabilities	0	535
- lease obligations	(2 507)	(168)
- payables due to dividend	0	(9 739)
- change in net payables due to investment expenditure	(527)	(19)
- other	29	(4)
Change in accounts payable in the interim consolidated statement of cash flows	**(36 583)**	**(6 513)**

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

	six months ended 30 June 2015 (unaudited)	**six months ended 30 June 2014 (unaudited)**
Income tax paid		
- current income tax in the interim consolidated statement of comprehensive income	(7 784)	(62)
- income tax of foreign branches in the interim consolidated statement of comprehensive income	(729)	(201)
- change in corporate income tax liabilities	(2 695)	(665)
- advance corporate income tax payment	0	(43)
- other	(28)	(17)
Income tax paid recognised in the interim consolidated statement of cash flows	**(11 236)**	**(988)**

	six months ended 30 June 2015 (unaudited)	**six months ended 30 June 2014 (unaudited)**
Other adjustments		
- valuation of a forward contract	(71)	0
- perpetual usufructary right to land	0	(935)
- currency translation differences	194	(664)
- other	0	78
Other adjustments in the interim consolidated statement of cash flows	**123**	**(1 521)**

37. Selected consortium agreements

In the case of the following consortium agreements, construction contracts are settled only in respect of the part of works which are performed by the group.

The parent company ELEKTROBUDOWA SA is a party to the following consortium agreements:

37.1 Design and construction of Resko Wind Farm Stage II

On 28 October 2014 ELEKTROBUDOWA SA entered into a consortium agreement with MEGA SA with the purpose of joint bidding for public procurement contract for “Design and construction of Resko Wind Farm, Stage 2 for total installed capacity 76MW, including generator connection”.
On 4 November 2014 the consortium concluded a contract with PGE Energia Odnawialna S.A. for execution of the project for the contract price of 66 380 thousand PLN.
MEGA SA as the consortium leader has been authorized to handle all the matters and issues and to represent the consortium before the Purchaser and third parties.

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

The percentage share in the joint venture is as follows:

- MEGA SA 59.5%;
- ELEKTROBUDOWA SA 40.5%.

Price of the scope of works to be performed by ELEKTROBUDOWA SA is 26 912 thousand PLN.

Presented below are the items recognized in these interim consolidated statements and relating to the performance of the contract at the reporting dates:

	period ended 30 June 2015 (unaudited)	**period ended 31 Dec. 2014**
Revenue invoiced (cumulative)	3 983	0
Revenue calculated (cumulative) / amounts due from the Purchaser	16 635	0
Submitted guarantees (off-balance sheet liabilities)	8 270	0

The consortium agreement is in force until the date of completion of the investment which includes the contractual warranty period, until all claims against the contract expire.

As at 30 June 2015 the contract was secured by the following guarantees:

- performance bond for the sum 3 310 thousand PLN valid until 2 May 2016,
- defect liability bond for the sum of 993 thousand PLN valid from 3 May 2016 to 19 May 2019,
- advance payment guarantee for the sum of 4 960 thousand PLN valid until 14 January 2016.

37.2 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).

The percentage share of the consortium partners in the project: the consortium partner (ELEKTROBUDOWA SA) – 48% , the consortium leader – 52%. The contract price of the scope to be performed by ELEKTROBUDOWA SA was 101 191 thousand PLN.

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

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:

	period ended 30 June 2015 (unaudited)	**period ended 31 Dec. 2014**
Revenue, invoiced and settled (cumulative)	101 983	80 954
Revenue calculated (cumulative) / amounts due from the Purchaser	0	20 237
Provisions for the contract costs (losses / potential penalties)	3 220	2 326
Extended guarantees (off-balance sheet liabilities)	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 and became final on 19 May 2015.

Because of protracting final acceptance procedure, having recognized that the actual completion of the contract was achieved on the day when the occupancy permit for Paint Shop became final, that is on 19 May 2015 at the latest, on 26 May 2015 ELEKTROBUDOWA SA issued final invoices for its scope of performed works for the total of 20 145 thousand PLN (net). As the consortium agreement had been terminated, the invoices were issued directly for the Purchaser and sent to his address. The Purchaser, adhering literally to the provisions of the public procurement contract and ignoring the actual state resulting from termination of the consortium agreement by ELEKTROBUDOWA SA of which he was informed accordingly, returned the invoices to ELEKTROBUDOWA SA, substantiating that in his opinion they had been issued in breach of the provisions of the public procurement contract.

The 20 145 thousand PLN amount due to ELEKTROBUDOWA SA, resulting from the final settlement with the Purchaser, has become a subject of baseless claim of the ex-leader of consortium. Having learnt that ELEKTROBUDOWA SA had issued an invoice to the Purchaser for the part of contract remuneration due only to the Company, the ex-leader had no legal ground for including the same claimed amount in his invoice to the Purchaser. Groundlessly, the ex-leader of consortium claims the right to act as ELEKTROBUDOWA's attorney in this matter. Actions by the ex-leader of consortium and his unauthorized demand that the Purchaser pay the debt to his account, caused the Purchaser to apply for a consent to place the subject of the cash consideration in the gross amount of 24 778 thousand PLN at the court deposit, as payment of the final part of receivables due to ELEKTROBUDOWA SA.

The certificate of completion of the whole project was finally signed on 10 June 2015.

During the same time the total price of additional works performed by ELEKTROBUDOWA SA was agreed with the Purchaser at 884 079.89 PLN, net, i.e. 1 087 418.56 PLN gross, and a separate acceptance report for those works was signed; ELEKTROBUDOWA SA issued a relevant invoice for the Purchaser.

At present, threats and risk associated with the contract come down to the way of fulfilling by MPK its obligation relating to remuneration which is due to ELEKTROBUDOWA SA, and to liability for delay in completion (joint and several liability of the consortium partners).

The risk concerning fulfilling by MPK its obligation relating to remuneration due to ELEKTROBUDOWA SA is bound with the fact that the Purchaser has not acknowledged termination of the consortium agreement by ELEKTROBUDOWA SA and withdrawal of powers of attorney given to the consortium leader. However, as at the time of payment of the obligation, the Purchaser did not maintain his earlier standpoint and decided that the remuneration due to ELEKTROBUDOWA SA would not be settled in the way provided for in the consortium agreements. At the same time he applied for establishing an escrow deposit and transferred the payment due to ELEKTROBUDOWA SA to the deposit account of the Ministry of Finance, informing about it in the letter dated 11 August 2015. According to the received notification, the application for establishment of the escrow deposit entitles ELEKTROBUDOWA SA to pursue collection of the due remuneration from the escrow deposit. At present, ELEKTROBUDOWA SA waits for a relevant decision of the court.

As to the risk relating to delay in completion, liability for which could be finally attributed to ELEKTROBUDOWA SA, which could potentially result in charging the Company with liquidated damages, was assessed and accounted for in the financial result of the year 2014. However, due to serious (over 1 year) delay in performance of the scope (Paint Shop) by the Leader of the former consortium, there is a risk that the Investor will charge substantial damages. In the opinion of the Management, an attempt to charge the Company with penalties exceeding the amount of liquidated damages relating to the delays of works in the scope of ELEKTROBUDOWA SA (covered by a suitable provision) will be baseless (what will be reflected in relevant legal steps taken by ELEKTROBUDOWA SA). If the court allows depositing the payment to the escrow deposit, the Company will be legitimized to collect the money from the escrow deposit, which is backed up by relevant lawyers' analyses.

In connection with the actual state of the contract execution described above, the Management notices (the company provided details in its report for Q1 2015) that on 3 February 2015 ELEKTROBUDOWA SA serviced to the Leader a notice of terminating the Consortium Agreement under which the partners were jointly executing a public procurement contract for construction works and other services and activities necessary and essential for complete execution of the project of Construction of the Franowo tram depot in Poznań, together with a written revocation of related Power of Attorney. On the same day ELEKTROBUDOWA SA sent a letter to the Purchaser in which it informed about termination of the consortium agreement and revocation of the power of attorney for the consortium leader. In the next letter ELEKTROBUDOWA SA provided the Purchaser with detailed legal interpretation, backed by relevant lawyers' analyses, in respect of the legal status after termination of the agreement and revocation of the power of attorney, indicating clearly that Investor will be obliged to pay the remaining part of remuneration due to ELEKTROBUDOWA SA directly to its account. 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 Investor, and also to hedge the risk of baseless charging with potential liquidated damages for delay for which ELEKTROBUDOWA SA is not responsible.

In the letter received by ELEKTROBUDOWA SA on 5 February 2015, the consortium leader refused to agree to termination of the consortium agreement 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 Investor. The above actions taken by ELEKTROBUDOWA SA have the purpose of securing the settlement of the scope of works performed by the company and securing the risk of ungrounded charging with potential damages for delays which are not attributable to ELEKTROBUDOWA SA.

Total amount of receivables recognized in the "Trade and other receivables" item of the interim consolidated statement of financial position equals 24 778 thousand PLN (gross). Having considered the documentation, legal steps which have been taken, backed up by relevant legal analyses, and the acts of Investor (depositing the subject to the escrow deposit), the Management of ELEKTROBUDOWA SA is of the opinion that there is no risk that the recognized receivable would not be realized and that any liability exceeding the scope recognized in these financial statements would occur.

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

Additionally, 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 filed a claim against the consortium leader for repayment of the amount paid by the guarantor. A 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 took place on 23 June 2015. As expected the court did not dismiss the claim file by ELEKTROBUDOWA SA and ordered the defendant to submit detailed justification for realization of the guarantee provided by ELEKTROBUDOWA SA for the sum of 1 712 thousand PLN.

38. Joint ventures where an entity of the Group is a venturer

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

39. 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 ELEKTROBUDOWA SA and the related parties in the reporting period:

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

		six months ended 30 June 2015 (unaudited)	six months ended 30 June 2014 (unaudited)
a)	**sale:**		
-	sale of goods - Power Equipment Production Plant "VECTOR" Ltd.	9 070	4 003
-	sale of materials - Power Equipment Production Plant "VECTOR" Ltd.	85	264
b)	**purchase:**		
-	purchase of services - Power Equipment Production Plant "VECTOR" Ltd.	1	1
-	purchase of services - SAUDI ELEKTROBUDOWA LLC	126	0

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

Mutual balances of ELEKTROBUDOWA SA with the associates:

	as at 30 June 2015	as at 31 Dec. 2014
- payables of ELEKTROBUDOWA SA to Power Equipment Production Plant "VECTOR" Ltd.	0	1
- receivables of ELEKTROBUDOWA SA from Power Equipment Production Plant "VECTOR" Ltd.	1 604	794
- adavance paid by ELEKTROBUDOWA SA to SAUDI ELEKTROBUDOWA LLC	215	171

In the six months ended 30 June 2015 no doubtful or bad debt resulting from transactions with the associates was recognized, which should be written off. In the six months ended 30 June 2014 the parent company created a 80 thousand USD impairment provision for past due trade receivables from SAUDI ELEKTROBUDOWA LLC, as at 31 December 2014 the debt was paid.

Unsettled balances of receivables and payables with the related parties are not secured and will be settled in cash when mature.
The entities of the Group did not provide any guarantees or sureties to the associates.

40. Contingent liabilities and bills payable

a) Guaranties

As at 30 June 2015 and 31 December 2014 ELEKTROBUDOWA SA Group provided guarantees, which included bid bonds, contract performance bonds, warranty bonds, and also guarantees to secure claims brought to court against the company and to secure due payment of receivables, through:

	as at 30 June 2015	as at 31 Dec. 2014
PKO BP S.A.	142 317	149 365
mBank S.A.	55 985	48 932
Bank Handlowy w Warszawie S.A.	42 282	19 719
PZU S.A.	35 321	27 988
T.U ALLIANZ POLSKA S.A.	37 668	27 479
Bank PEKAO S.A.	35 986	44 393
GOTHAER Towarzystwo Ubezpieczeń S.A.	4 685	995
BNP PARIBAS BANK POLSKA S.A.	2 208	2 548
ING Bank Śląski S.A.	2 191	2 271
HDI Asekuracja Towarzystwo Ubezpieczeń S.A.	2 084	1 878
Towarzystwo Ubezpieczeń Euler Hermes S.A.	1 364	3 120
TOTAL GUARANTIES	**362 091**	**328 688**

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.

In the six months ended 30 June 2015 the Group provided its counterparties with guarantees issued by banks or insurance companies for the total amount of 93 535 thousand PLN, including security of:

- contract performance and defect liability 81 213 thousand PLN,
- bid bonds 12 322 thousand PLN.

In the six months ended 30 June 2015 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:

b) PSE S.A. 27 582 million PLN.

a) Emerson Progress Management Power & Water Solutions sp. z o.o. 23 636 million PLN,

b) bills

As at 30 June 2015 the ELEKTROBUDOWA SA group issued promissory notes to secure performance bonds, timely payment of debt and to secure the repayment, for the total of 18 833 thousand PLN, and also:

- 1 promissory note issued in favour of mBank S.A.o/Katowice as security for facility to finance current operations;
- 10 promissory notes in favour of T.U. Allianz Polska S.A. issued as security for the contract guarantees agreement;
- 1 blank promissory note as security for multipurpose facility in the account in Bank PEKAO S.A.;
- 2 promissory notes in favour of HDI Asekuracja issued as security for the contract guarantees agreement;
- 2 promissory notes as security for the overdraft limit and the guarantee line for Bank PKO BP S.A.;
- 3 promissory notes as security for the revolving guarantee line and to secure loan agreements with Bank Handlowy w Warszawie SA.;
- 10 promissory notes in favour of T.U. Euler HERMES issued as security for contract guarantees agreement;
- 5 promissory notes in favour of PZU SA to secure contract guarantees agreement;
- 2 promissory notes in favour of mLeasing Sp. z o.o. as security for the operating lease contract;
-
- 6 promissory notes in favour of TUiR „WARTA" S.A. to secure contract guarantees agreement;
- 5 blank promissory notes with declaration for Generali TU S.A. as security for guarantees agreement;
- 5 blank promissory notes with declaration for HDI Gerling Polska S.A. as security for extended guarantees;
- 1 blank promissory note for BNP PARIBAS BANK POLSKA S.A. as security for extended guarantees.

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

As of 31 December 2014 the ELEKTROBUDOWA SA group issued promissory notes to secure performance bonds, timely payment of debt and to secure the repayment, for the total of 20 043 thousand PLN, and also:

- 1 promissory note issued in favour of mBank S.A.o/Katowice as security for facility to finance current operations;
- 10 promissory notes in favour of T.U. Allianz Polska S.A. issued as security for the contract guarantees agreement;
- 1 blank promissory note as security for multipurpose facility in the account in Bank PEKAO S.A.;
- 2 promissory notes in favour of HDI Asekuracja issued as security for the contract guarantees agreement;
- 2 promissory notes as security for the overdraft limit and the guarantee line for Bank PKO BP S.A.;
- 3 promissory notes as security for the revolving guarantee line and to secure loan agreements with Bank Handlowy w Warszawie SA.;
- 10 promissory notes in favour of T.U. Euler HERMES issued as security for contract guarantees agreement;
- 5 promissory notes in favour of PZU SA to secure contract guarantees agreement;
- 1 promissory note in favour of mLeasing Sp. z o.o. as security for the operating lease contract;
- 5 blank promissory notes with declaration for HDI Gerling Polska S.A. as security for extended guarantees;
- 1 blank promissory note for BNP PARIBAS BANK POLSKA S.A. as security for extended guarantees.

Details of other contingent liabilities, concerning the following issues: taxes, pending lawsuits, execution of construction contracts, are provided in Note 25.1, Note 29.2 and Note 44, respectively.

41. Employment

Average number of employees by professions (in job equivalents):

	average number of employees in the six months ended 30 June 2015	**average number of employees in the six months ended 30 June 2015**
Total number of employees	**2 113**	**2 037**
including:		
Manual jobs	1 084	1 047
White-collar jobs	1 023	985
Persons on child care leaves or unpaid leaves	6	5

The above information refers to average employment in the parent company and the subsidiaries of the ELEKTROBUDOWA SA group.

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

42. Aggregate compensation and rewards (in cash, in kind or in any other form) paid or due to the managing persons of the entities in the group and the supervisory persons of the parent company

	1 January 2015 - 30 June 2015				1 January 2014 - 30 June 2014			
	Remuneration paid				Remuneration paid			
	Basic salary	Bonus for 2014	Total remuneration	Extra benefits *	Basic salary	Bonus for 2013	Total remuneration	Extra benefits *
Management Board ELEKTROBUDOWA SA	906	1 509	2 415	38	929	305	1 234	42
Management Board KONIP Sp. z o.o.	48	30	78	0	48	30	78	0
Management Board ENERGOTEST sp. z o.o.	180	291	471	1	180	90	270	1
Executive Board ELEKTROBUDOWA UKRAINE Ltd.	4	0	4	0	16	0	16	0

** Extra benefits include tied accommodation benefit and a company car.*

	1 January 2015 - 30 June 2015				1 January 2014 - 30 June 2014			
	Remuneration paid				Remuneration paid			
	Basic salary	Bonus for 2014	Total remuneration	Extra benefits *	Basic salary	Bonus for 2013	Total remuneration	Extra benefits *
Supervisory Board ELEKTROBUDOWA SA	344	0	344	10	376	0	376	21

** Extra benefits include reimbursement of business travel expenses.*

Members of the Supervisory Boards of other subsidiaries do not receive compensation for filling the position in the governing body of the company.

43. Remuneration for the entity authorized to audit the financial statements of the parent company

A contract for reviewing the interim financial statements of ELEKTROBUDOWA SA and the ELEKTROBUDOWA SA group for the periods of six months ended 30 June of the years 2104 to 2017 as well as auditing 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 2015 was agreed as 105 thousands PLN, VAT excluded.

44. Significant litigations, court proceedings

Presented below are major litigations and court proceedings in which the parent company, ELEKTROBUDOWA SA is a party 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.

   On 8 June 2015 the Finnish Electrical Workers' TU submitted a statement to the District Court of Satakunta, in which they stated that the maximum amount of the claim is 14 200 thousand EUR, and includes the employee receivables for further work periods. The exact amount of claim covering previous and further periods of work performed by the employees who assigned their claim to the trade union can be determined after the payroll documents relating to further periods of service are submitted to the trade union. The said statement increasing the amount of claim has not been substantiated with concrete, detailed computations.

   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.

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.

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 Sahkoalojjen 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 European Court of Justice 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 issues of daily allowance, the ECJ is of the opinion that it must be paid on the same conditions as those governing the allowance paid to local workers, which must, however, be decided by Finland's national court.

Following the judgment by the European Court of Justice, on 16 – 17 June 2015 the second preparatory hearing was held in the District Court of Satakunta, in which the issues of the litigation raised by the parties in the first preparatory hearing held on 18 September 2012 were systematized. First of all, ELEKTROBUDOWA SA was obligated to submit information about the period of service and to supplement missing payroll data of employees included in the claim. New argumentation was presented, concerning the lack of transparency of the system of Finland's collective agreements, exclusions from the applicability of the collective agreement of the Trade Union Sahkoalojen ammattilkiitto ry of the electrical installation industry, proportions in types of works performed by ELEKTROBUDOWA SA at the site of OL3 and periods of validity of the collective agreement of the Trade Union Sahkoalojen ammattilkiitto ry of the electrical installation industry.

After the new arguments had been presented, the Court decided to request for an opinion from the Finnish Labour Court on the matter which collective agreement, for electrical industry or technological industry, is applicable to the contracts of employment which are subject of the litigation. The opinion of the Labour Court is not binding for the court or the parties of the dispute. A binding decision concerning the applicable collective agreement and transparency of law provisions will be taken by the District Court in Rauma.

Claims of the Finnish Electrical Workers' Trade Union, following the decision of the District Court Satakunta in Rauma, were secured by a bank guarantee for the amount of 2 900 thousand euros valid until 30 September 2015.

Basing on counsels' opinions, the Management of ELEKTROBUDOWA SA has analysed the legitimacy of all elements of the claim. In respect of the claim concerning payment of daily allowance and travel time compensation the Management is of the opinion that there are no legal grounds to consider such claim justified. The Management of ELEKTROBUDOWA SA is of an opinion that the collective agreement referred to by the Finnish trade union is not applicable to the services provided by ELEKTROBUDOWA for the project in Finland, what is confirmed by relevant counsels' opinions. In respect of qualifying the 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 27). The Management's estimate in this respect did not change as at 30 June 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 3 "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) The Court appointed the dates of further hearings of witnesses for 16 September 2015 and 18 September 2015.
   - 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) At present the case in the court of first instance, the trial has been scheduled for 5 August 2015.

As disclosed in Note 5.3.2, the parent, ELEKTROBUDOWA SA has created a 6 442 thousand PLN provision for impairment of receivables due for the works performed by ELEKTROBUDOWA SA.
Furthermore, in connection with performance of the project "Warsaw National Stadium" ELEKTROBUDOWA SA has filed:

- a claim for statutory interest.
  a) The defendant: Alpine Constructin Polska Sp. z o.o. and Hydrobudowa Polska S.A. in liquidation bankruptcy.
  b) Claimed amount: 304 thousand PLN.
  c) The proceedings had 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 claim for payment of remuneration under the settlement between EQA consortium and Narodowe Centrum Sportu Sp. z o.o. agreed on 19 December 2012.
  a) The defendant: the State Treasury - Minister of Sport and Tourism.
  b) Claimed amount: 1 221 thousand PLN.
  c) Date of filing the claim: 2 February 2015.
  d) The date of proceedings has not been set yet. The parties are exchanging written pleadings.

- A dispute between General Contractor and the NCS consortium and State Treasury:
  a) Claimants: the Reciver of Hydrobudowa Polska S.A., PBG S.A. in arrangement bankruptcy, the Reciver of Alpine Bau Deutschland AG, the Reciver of Alpine Bau GmbH, Alpine Construction Polska Sp. z o.o.
  b) Th defendant the State Treasury – Minister of Sport and Tourism, Narodowe Centrum Sportu - Rozliczenia Sp. z o.o.
  c) Third party respondents: Official receiver of PBG S.A. in arrangement bankruptcy, ELEKTROBUDOWA SA,
  d) Claimed amount: 461 312 thousand PLN.
  e) date of joining the dispute by ELEKTROBUDOWA SA: 31 January 2014.
  f) 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.

In the opinion of the Management of the parent company based on legal screening, realizability of claimed receivables is highly probable.
As disclosed in Note 5.3.2, the net exposure to the above entities is covered by an impairment provision.

45. Additional Information

Claims against the parent company and the subsidiaries

In the opinion of the Management of ELEKTROBUDOWA SA there are no circumstances, except presented in these statements, indicating any substantial obligations to arise due to claims against the entities of the Group.

Contractual commitments due to the acquisition of fixed assets or intangible assets

As at 30 June 2015 and as at 31 December 2014, the Group did not have any significant contractual commitments due to the acquisition of fixed tangible assets or intangible assets.

Significant events after the reporting date

1 July 2015 - the Company informed that it had been awarded a contract for "Modernization of the 220/110kV station Konin" for Polskie Sieci Elektroenergetyczne Spółka Akcyjna (further: PSE S.A.) having its registered office in Konstancin-Jeziorna.
The contract has been signed for a complete, "design and build" execution of the project. Its scope covers construction of 220kV switchyard consisting of 13 bays, construction of a process building, purchase and installation of the 28-bay 110kV GIS with a double system of busbars. The station infrastructure is also included in the scope. The net contract price is 114 490 000.00 PLN.

Following the resignation by Mr Tadeusz Lamch as President of KONIP Sp. z o.o. as of 31 July 2015, by Resolution No. 1/2015 of the Extraordinary General Meeting of Shareholders of the subsidiary passed on 31 July 2015 Mr Bogdan Czarnecki was appointed President of KONIP Sp. z o.o. for a two-year term of office, effective from 1 August 2015.

No other events have occurred after the reporting date, except for presented above and described in Note 1.3 and Note 20 which should be, but were not, disclosed in these interim consolidated financial statements.

Representation of the Management Board of ELEKTROBUDOWA SA

The Management Board of ELEKTROBUDOWA SA represent that on 31 August 2015 they authorize for issue the present consolidated financial statements for the 6 months ended 30 June 2015.

SIGNATURES OF MEMBERS OF THE MANAGEMENT BOARD

First name and surname	Position / Function	Date	Signature
Jacek Faltynowicz	President	31.08.2015	
Janusz Juszczyk	Vice President	31.08.2015	
Paweł Skrzypczak	Vice President	31.08.2015	

SIGNATURE OF A PERSON RESPONSIBLE FOR KEEPING ACCOUNTING RECORDS

First name and surname	Position / Function	Date	Signature
Sylwia Wojtas	Chief Accountant	31.08.2015	