

ELEKTROBUDOWA SA

Interim condensed financial statements

for the nine months ended 30 September 2015

*This is a translation from the Polish original document.
In case of discrepancies, the Polish version shall prevail.*

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ELEKTROBUDOWA SA
Interim condensed financial statements for the 9 months ended 30 September 2015

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

Interim condensed statement of financial position

	Note	as at 30 September 2015 (unaudited)	as at 31 December 2014
ASSETS			
Non-current assets		214 224	201 893
Property, plant and equipment	8	87 314	85 570
Intangible assets	10	18 706	18 441
Investments in associates	11	21 516	21 516
Interest in subsidiaries	12	47 523	47 901
Available-for-sale financial assets	13.1	6 631	6 631
Non-current receivables	14.1	4 947	5 272
Deferred income tax assets	24.3	25 788	15 285
Non-current prepayments	15	1 799	1 277
Current assets		747 868	710 891
Inventories	16	69 822	48 057
Trade and other receivables	14.2	373 391	327 344
Available-for-sale financial assets	13.1	24	24
Other non-finance assets	18	9 365	9 219
Amounts due from customers for construction contract work	28	231 434	271 091
Cash and cash equivalents	17	63 586	54 910
Non-current assets held for sale	19	246	246
Total assets		962 092	912 784
EQUITY, LIABILITIES AND PROVISIONS			
Equity		390 190	346 858
Issued share capital	20	10 003	10 003
Supplementary capital	21.1	335 518	306 417
Capital from valuation of available-for-sale investments	21.2	4 660	4 660
Exchange differences on translation of financial data of foreign branches		(1 546)	(1 947)
Retained earnings	21.3	41 555	27 725
Liabilities and provisions			
Non-current liabilities and provisions		20 979	20 429
Employee benefit provisions	25	6 068	5 692
Other liabilities	22.1	14 911	14 737
Current liabilities and provisions		550 923	545 497
Trade and other payables	22.2	346 857	355 770
Corporate income tax liabilities		12 411	4 282
Derivative financial instruments	27	0	71
Loans, borrowings and debt securities	23	52 192	103 160
Current provisions	25	4 684	4 305
Accrued expenses	26	39 709	22 141
Amounts due to customers for construction contract work	28	95 070	55 768
Total liabilities and provisions		571 902	565 926
Total equity, liabilities and provisions		962 092	912 784

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

Interim condensed statement of comprehensive income

	Note	3 months ended 30 Sept 2015 (unaudited)	9 months ended 30 Sept 2015 (unaudited)	3 months ended 30 Sept 2014 (unaudited)	9 months ended 30 Sept 2014 (unaudited)
Continuing operations					
Revenue from sales of products, goods and materials		328 810	904 582	303 110	724 377
Cost of products, goods and materials sold		(303 987)	(829 586)	(282 230)	(685 274)
Gross profit on sales		24 823	74 996	20 880	39 103
Selling costs		(927)	(2 486)	(986)	(2 144)
General administration expenses		(3 222)	(9 963)	(2 450)	(8 643)
Other operating income	29	1 664	6 535	1 425	8 266
Other operating expenses	29	(4 771)	(16 580)	(2 593)	(15 293)
Operating profit		17 567	52 502	16 276	21 289
Finance income	30	0	3 177	0	6 156
Finance costs	30	(660)	(2 871)	(595)	(1 895)
Profit before tax		16 907	52 808	15 681	25 550
Income tax expense	24.1	(3 019)	(9 877)	(3 217)	(5 215)
Net profit from continuing operations for the period		13 888	42 931	12 464	20 335
Discontinued operations					
Net profit from discontinued operations for the period		0	0	0	0
Net profit for the period		13 888	42 931	12 464	20 335
Other comprehensive income		324	401	35	389
of which:					
Other comprehensive income to be reclassified to profit or loss		324	401	35	389
- exchange differences on translation of financial data of foreign branches		324	401	35	389
Total comprehensive income for the period		14 212	43 332	12 499	20 724
Earnings per share from continuing and discontinued operations (in PLN per share) - basic / diluted					
	21.4	2.93	9.04	2.63	4.28

ELEKTROBUDOWA SA
Interim condensed financial statements for the 9 months ended 30 September 2015

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

Interim condensed statement of changes in equity

	Issued share capital	Supplement ary capital	Capital from valuation of available- for-sale investment	Exchange differences on translation of financial data of foreign branches	Retained earnings	Total equity
note	20	21.1	21.2		21.3	
As at 1 January 2015	10 003	306 417	4 660	(1 947)	27 725	346 858
Net profit					42 931	42 931
Currency exchange differences				401		401
Total comprehensive income				401	42 931	43 332
Settlement of prior years' financial result		29 101			(29 101)	0
As at 30 September 2015 (unaudited)	10 003	335 518	4 660	(1 546)	41 555	390 190

	Issued share capital	Supplement ary capital	Capital from valuation of available- for-sale investment	Exchange differences on translation of financial data of foreign branches	Retained earnings	Total equity
note	20	21.1	21.2		21.3	
As at 1 January 2014	26 375	330 001	1 083	(2 006)	(31 101)	324 352
Net profit					20 335	20 335
Exchange differences				389		389
Total comprehensive income				389	20 335	20 724
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)	(9 495)
As at 30 September 2014 (unaudited)	10 003	306 417	1 083	(1 617)	19 695	335 581

ELEKTROBUDOWA SA
Interim condensed financial statements for the 9 months ended 30 September 2015

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

note	Issued share capital	Supplement ary capital	Capital from valuation of available- for-sale investment	Exchange differences on translation of financial data of foreign branches	Retained earnings	Total equity
	20	21.1	21.2		21.3	
As at 1 January 2014	26 375	330 001	1 083	(2 006)	(31 101)	324 352
Currency translation differences				59		59
Net profit					29 101	29 101
Valuation of available-for-sale- investments			4 416			4 416
Deferred tax on valuation of available-for-sale investments			(839)			(839)
Remeasurement of employee benefits liabilities					(909)	(909)
Deferred income tax from remeasurement of employee benefit liabilities					173	173
Total comprehensive income			3 577	59	28 365	32 001
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)	(9 495)
As at 31 December 2014	10 003	306 417	4 660	(1 947)	27 725	346 858

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

Interim condensed statement of cash flows

	Note	9 months ended 30 September	
		2015 (unaudited)	2014 (unaudited)
Cash flows from operating activities			
Gross profit before taxes		52 808	25 550
Depreciation and amortisation		10 337	9 331
Loss on currency translation differences		(61)	(92)
Interests and share of profit (dividends)		(306)	(4 261)
Gain/loss on sale of property, plant and equipment (PPE)		(85)	270
Change in inventories		(21 765)	(5 918)
Change in trade and other receivables	32	(45 751)	25 539
Change in liabilities, except loans and borrowings	32	(11 286)	14 018
Income tax paid	32	(12 298)	(753)
Change in other non-finance assets		17 422	15 155
Change in non-current prepayments and accrued expenses		(522)	(1 837)
Change in settlements of construction contracts		78 959	(129 905)
Other adjustments	32	347	(397)
Net cash flows from operating activities		67 799	(53 300)
Cash flows from investing activities			
Sale of intangible assets and PPE		138	158
Dividends and share of profits		3 177	4 195
Purchases of intangible assets and PPE		(8 296)	(9 081)
Net cash flows from investing activities		(4 981)	(4 728)
Cash flows from financial activities			
Loans and borrowings		33 917	65 076
Repayment of loans and borrowings		(84 736)	(9 495)
Dividends and other payments to owners		0	(17 400)
Interest on loans and leases		(1 700)	(1 087)
Commission on loans		(942)	(718)
Other outflows		(742)	(77)
Net cash flows from financing activities		(54 203)	36 299
Change in net cash		8 615	(21 729)
Balance sheet change in cash		8 676	(21 637)
Change in cash due to foreign exchange difference		61	92
Cash at beginning of period		54 910	70 900
Cash and current account overdrafts at end of period		63 586	49 263

ACCOUNTING POLICIES AND ADDITIONAL EXPLANATORY NOTES

1. General

The interim condensed financial statements of ELEKTROBUDOWA SA cover the period of nine months ended 30 September 2015 and includes the comparative data:

- the statement of financial position as at 31 December 2014,
- the interim condensed statement of changes in equity for the nine months ended 30 September 2014 and the statement of changes in equity for the year ended 31 December 2014,
- the interim condensed statement of comprehensive income for the three months beginning on 1 July 2014 and ended 30 September 2014, and for the nine months ended 30 September 2014,
- the interim condensed statement of cash flows for the nine months ended 30 September 2014.

1.1 Corporate information

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

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

Duration of the company's existence shall be indefinite.

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

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

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

The business activity of ELEKTROBUDOWA SA includes:

- production and selling of power equipment;
- comprehensive services in the scope of design, procurement, trading, installation, supervision, commissioning, start-up, operation and after-sales service of power and automation equipment and systems;
- erection of complete facilities;
- organization and conducting specialist training.

In the nine months ended 30 September 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 signing 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.

1.2 Identification of the interim consolidated financial statements

ELEKTROBUDOWA SA is a parent entity in the ELEKTROBUDOWA SA Group. The company prepared the interim condensed consolidated financial statements for the nine months ended 30 September 2015, subject to issue on 16 November 2015.

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

1.3 Going concern concept

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

Basing on the Company's current financial situation and forecast financial performance, the Management does not recognise any facts or circumstances, as of the date of authorization of the interim condensed financial statements, which could indicate a risk to continuation of the Company's operational activities in the foreseeable future.

1.4 Composition of the Management Board

Until 28 April 2015 the Management Board was composed of:

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

On 29 April 2015 the Supervisory Board 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
Juszczuk 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 from the Management Board.

Following the above, as at the date of submitting the present interim condensed financial statements, the Management Board is composed of:

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

1.5 Composition of the Supervisory Board

As at 30 September 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

Composition of the Supervisory Board did not change during the reporting period and until the date of issuing these interim condensed financial statements

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

2.1 Basis of preparation

The interim condensed financial statements of the company 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 condensed 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 authorization for issue of these interim condensed financial statements, 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 Company, in respect of the accounting standards applied by the Company the IFRS do not differ from the IFRS endorsed by the European Union ("EU IFRS").

The interim condensed financial statements do not cover all information and disclosures required in the annual financial statements and should be read together with the Company's financial statements for the twelve months ended 31 December 2014 authorised for issue on 20 March 2015.

2.3 Functional currency and presentation currency of the interim condensed financial statements, and the rules of translating the financial data

Functional and presentation currency

Polish zloty (PLN) is the company's functional currency and the presentation currency of the present interim condensed financial statements. All values have been expressed in thousands of Polish zlotys, unless in some specific situations they have been disclosed with greater accuracy.

Transactions and balances

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

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

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

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

Translation of items of the interim condensed statement of financial position and the interim condensed statement of comprehensive income

Foreign branches prepare their financial statements in functional currency of the primary economic environment in which the foreign branch operates.

The statements of financial position and the statements of comprehensive income of the 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 of each presented statement of financial position expressed in foreign currency 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 expressed in foreign currencies 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 translation into the Polish currency are recognized in the statement of financial position 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 or sold.

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

currency	30 September 2015		31 December 2014	30 September 2014
	Statement of financial position	Statement of comprehensive income	Statement of financial position	Statement of comprehensive income
	in PLN	in PLN	in PLN	in PLN
EUR	4.2386	4.1585	4.2623	4.1803
USD	3.7754	3.7453	3.5072	3.1030
UAH	0.1774	0.1742	0.2246	0.2729
RUB	0.0576	0.0629	0.0602	0.0865
SAR	1.0064	0.9877	0.9337	0.8239

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 interim condensed 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.

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

- **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 Company's financial position, performance results or the scope of information presented in the 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.

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

- **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 company did not decide about earlier application of any other standards, interpretations or amendments that had been published but are not yet effective in the light of the EU legislation. The company has not assessed the impact of the amended standards or interpretations on its financial statements. The influence that those changes may have on the company's financial statements is being considered by the Management.

3. Significant values based on professional judgements and estimates

Preparation of financial statements requires 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 these interim condensed financial statements no significant changes of estimated values or methodology of making estimates occurred, which could have impact on the current or future periods, other than those presented below or further in the text of these financial statements.

3.1 Professional judgement

In the process of applying the accounting policies, the Management of ELEKTROBUDOWA SA 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 is a lessee

ELEKTROBUDOWA SA 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 Company concluded lease agreements for the use of fixed assets qualified to group 4, 6, 7 and 8. ELEKTROBUDOWA SA has all substantial risks and rewards of ownership of those assets. Basing on the economic content of each transaction, the Company has qualified the agreements to finance lease.

Finance lease liabilities are presented in Note 9.

Joint operation arrangements

Each time after signing a construction contract to be performed within a consortium, the Company 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 estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period, are described below. ELEKTROBUDOWA SA has based its assumptions and estimates concerning future on data available when the interim condensed financial statements were prepared.

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

Impairment of shares in associates and subsidiaries

As at the reporting date the Company analyses whether there is any objective evidence that its interest in associates and subsidiaries may have impaired in accordance with IAS 36. Therefore the company analyses the indications of impairment defined in IAS 39. 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 company, 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 and subsidiaries as at the end of the reporting period. Information about impairment of shares in associates and subsidiaries is presented in Note 11 and Note 12.

Impairment of assets

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

As at a reporting date the Company 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 Company 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 Company 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.

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

Assessing the probability of obtaining future economic benefits and applying reasonable, demonstrable assumptions, the Company has assessed the indications of impairment of property, plant and equipment and of intangible assets. The analysis has shown that in the period of nine months ended 30 September 2015 such indications did not occur (Note 8 and Note 10).

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 company 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 the fixed tangible assets are used evenly. Depreciation charges are calculated by estimating their useful economic lives and even distribution of the amount of depreciation.

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

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

Furthermore, consultations are carried out with persons responsible for the use of fixed assets, with the users and industrial experts. As at 30 September 2015 the company estimates that the useful lives of the assets assumed for depreciation purposes reflect the expected periods of future economic benefits from the assets.

Measurement of provision for employee benefits

Provision for employee benefits was measured using the actuarial methods.

The technical assumptions, calculation methodology and analysis of changes in the amount of employee benefits liabilities (retirement and other pension allowances) adopted for the end of 2014 have not 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 25).

Deferred tax asset

The company 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 24.3.

Warranty provisions measurement

The Company 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 25.

Provision for costs of delay in completion of contracts

The Company 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 25.

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 Company reviews 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 Company 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 28.

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 the company is guided by professional judgement. The way of establishing fair values of different financial instruments is presented in Note 13.2 and Note 27.

Fair value of assets or liabilities is measured using observable market data to the possible extent. When in measurement of fair value of assets or liabilities it is not possible to use quoted market prices, the Company engages external professional valuation specialists to perform measurement. Measurements techniques and input data for fair value measurement are described in Note 13.1.

Measurement of inventories

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

By Resolution 1/IX/2015 of 30 June 2015 the Management of ELEKTROBUDOWA SA decided to introduce changes to the Company's Organizational Regulations and the Organizational Structure with the effect from 1 July 2015. Principal change to the structure, reflected in the Regulations consisted in integrating the organizational unit of ELEKTROBUDOWA SA, Industry Division into Power Generation Division. The whole activity of rendering services was integrated into the Power Generation Division.

The recovery measures, which having been implemented in the Industry Division for more than two years, have not brought an expected result. Therefore the Management of the parent decided to withdraw from unprofitable activities which generated losses. The contracts in progress which were started by the Industry Division, have been transferred to the Power Generation Division to be completed by this business segment. At present the Group intends to continue former activity of the Industry Division only in the selected, narrow scope, which has so far provided expected positive financial result.

Except for the described above, there were no other changes in the Company structure during the reporting period.

5. Seasonality of business

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

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

No operation was discontinued by the company in the nine months ended 30 September 2015 and no such discontinuation is planned in the next reporting period.

7. Segment information

Primary reporting format – business segments

Business activity of the company 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 company'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.

Following the changes to the Company's Organizational Structure described in Note 4 to these condensed financial statements, as at 30 September 2015 ELEKTROBUDOWA SA had the following reporting segments:

- Power Generation segment which provides services including engineering design, procurement, installation/erection, commissioning and start-up. Business activities of the segment include: manufacture, sales and after-sales service of high-current busducts and provision of EPC contracts for power sector and industrial sector.

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

- Power Distribution segment, which provides integrated services for the power distribution sector, mining, transport and supplies its power products. 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, production and sale of control and signalling equipment, production and sale of installation fittings, supply of complete distribution substations and turnkey contracts for power transmission and distribution projects.
- Other items include other tangible and intangible services provided for external customers.

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

The Company'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 company level.

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

Presented below is the analysis of the Company's revenue and performance in its reportable segments.

Business segment performance for the nine months ended 30 September 2015

	Power Generation Division	Power Distribution Division	Other segments	Total
<u>Continuing operations</u>				
Revenue				
of which:				
Sales to external customers	664 692	238 203	1 687	904 582
Inter-segment sales	4 065	57 122	6 242	67 429
Total revenue of segments	668 757	295 325	7 929	972 011
Operating profit / loss	26 692	26 443	(633)	52 502
Financial activities result	(497)	(2 373)	3 176	306
Gross profit / loss before tax	26 195	24 070	2 543	52 808
Income tax	(5 298)	(4 644)	65	(9 877)
Net profit/ loss for the period from continuing operations	20 897	19 426	2 608	42 931
<u>Discontinued operations</u>				
Net profit / loss from discontinued operations for the period	0	0	0	0
Net profit / loss for the period	20 897	19 426	2 608	42 931

Sales revenue from contracts executed but not completed by the Industry Division for the nine months ended 30 September 2015 amounted to 126 872 thousand PLN, operating loss 7 309 thousand PLN, gross loss 7 582 thousand PLN. In the comparative period of 2014 sales revenue from contracts performed by the Industry Division amounted to 185 991 thousand PLN, operating loss 18 012 thousand PLN, gross loss 18 172 thousand PLN.

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

Other items of business segments recognized in the interim condensed statement of comprehensive income for the nine months ended 30 September 2015

	Power Generation Division	Power Distribution Division	Other segments	Total
Depreciation	3 018	2 134	2 058	7 210
Amortisation	518	2 527	82,00	3 127
Share of profit of associates	0	0	0	0
Share of profit of subsidiaries	0	0	2 809	2 809

Business segment performance for the nine months ended 30 September 2014

	Power Generation Division	Power Distribution Division	Other segments	Total
<u>Continuing operations</u>				
Revenue				
of which:				
Sales to external customers	475 073	247 803	1 501	724 377
Inter-segment sales	1 803	43 184	6 161	51 148
Total revenue of segments	476 876	290 987	7 662	775 525
Operating profit / loss	(783)	21 410	662	21 289
Financial activities result	(455)	1 797	2 919	4 261
Gross profit / loss before tax	(1 238)	23 207	3 581	25 550
Income tax	(627)	(4 604)	16	(5 215)
Net profit/ loss for the period from continuing operations	(1 865)	18 603	3 597	20 335
<u>Discontinued operations</u>				
Net profit / loss from discontinued operations for the period	0	0	0	0
Net profit / loss for the period	(1 865)	18 603	3 597	20 335

Other items of business segments recognized in the interim condensed statement of comprehensive income for the nine months ended 30 September 2014

	Power Generation Division	Power Distribution Division	Other segments	Total
Depreciation	3 238	1 568	2 022	6 828
Amortisation	550	1 837	116	2 503
Share of profit of associates	0	3 237	0	3 237
Share of profit of subsidiaries	0	0	2 919	2 919

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

Items of business segments recognized in the interim condensed statement of financial position

As at 30 September 2015

	Power Generation Division	Power Distribution Division	Other segments	Total
Assets	478 506	326 765	156 825	962 096
Liabilities	381 998	174 937	14 971	571 906
Capital expenditure	1 972	5 093	1 790	8 855
Investment in associates	0	21 516	0	21 516
Interest in subsidiaries	0	0	47 523	47 523

As at 31 December 2014

	Power Generation Division	Power Distribution Division	Other segments	Total
Assets	417 320	344 419	151 045	912 784
Liabilities	347 011	203 000	15 915	565 926
Capital expenditure	2 793	6 637	1 276	10 706
Investment in associates	0	21 516	0	21 516
Interest in subsidiaries	0	378	47 523	47 901

Other information

	as at 30 Sept. 2015 (unaudited)	as at 31 Dec. 2014	as at 30 Sept. 2014 (unaudited)
Trade and other receivables in gross value			
of which:			
- long-term receivables	5 187	5 577	12 208
- short-term receivables	413 195	361 163	249 534
Total receivables of segments, in gross value	418 382	366 740	261 742

Provisions for impairment of receivables of segments

	Power Generation Division	Power Distribution Division	Other segments	Total
as at 30 September 2015 (unaudited)	32 725	6 391	688	39 804
as at 31 December 2014	26 141	7 020	658	33 819
as at 30 September 2014 (unaudited)	21 322	6 237	22	27 581

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

Amounts of created provisions for impairment of receivables of segments

	Power Generation Division	Power Distribution Division	Other segments	Total
nine months ended 30 September 2015 (unaudited)	14 586	1 175	106	15 867
twelve months ended 31 December 2014	14 111	4 194	651	18 956
nine months ended 30 September 2014 (unaudited)	8 720	2 320	15	11 055

Reversal of provisions for impairment of receivables of segments

	Power Generation Division	Power Distribution Division	Other segments	Total
nine months ended September 2015 (unaudited)	8 002	1 402	76	9 480
twelve months ended 31 December 2014	5 738	1 613	0	7 351
nine months ended September 2014 (unaudited)	5 166	773	0	5 939

Use of provisions for impairment of receivables of segments

	Power Generation Division	Power Distribution Division	Other segments	Total
nine months ended September 2015 (unaudited)	0	402		402
twelve months ended 31 December 2014	1 400	251	0	1 651
nine months ended September 2014 (unaudited)	1 400	0	0	1 400

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

Secondary reporting format – geographical segments

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

	9 months ended 30 September	
	2015	2014
	(unaudited)	(unaudited)
Revenue from sale of products, goods and materials		
a) Poland	827 780	680 612
b) other countries, including:	76 802	43 765
- Finland	47 082	11 179
- Russia	11 983	6 376
- South Korea	5 197	0
- Turkey	3 346	6 273
- Angola	3 160	0
- Libya	2 068	0
- Saudi Arabia	991	3 054
- Switzerland	702	2 405
- Belarus	603	797
- Japan	583	1 895
- Republic of South Africa	452	54
- Germany	292	1 425
- Ukraine	86	8 407
- other	257	1 900
	904 582	724 377

In the nine months ended 30 September 2015 the Company 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 309 536 thousand PLN and rose by 220 422 thousand PLN compared with the period of nine months ended 30 September 2014, when they amounted to 89 114 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 nine months ended 30 September 2015 amounted to 46 998 thousand PLN and was 35 819 thousand PLN bigger than in the comparative period of the previous year when it amounted to 11 179 thousand PLN.

Information about key customers

The revenue from direct sales generated by the Power Generation Division includes the 309.5 million PLN income from the contract with the company's biggest customer (89.1 million PLN in the period of nine months ended 30 September 2014). Revenue from the biggest customer accounted for 34.2% of the company's revenue of the nine months ended 30 September 2015 and for 12.3% of total revenues generated by the company in the nine months ended 30 September 2014.

The revenue from direct sales generated by the Power Distribution Division includes the 79.8 million PLN income from the contract with the company's second biggest customer (51.0 million PLN in the period of nine months ended 30 September 2014). The revenue from the second biggest customer accounted for 8.8% of the company's revenue of the nine months ended 30 September 2015, and for 7.0% of total revenues generated by the company in the comparative period of 2014.

In the nine months ended 30 September 2015 the Company invoiced the revenue generated from contracts with the two leading customers which accounted for 43.0% of the company's total revenue, against 19.3% in the comparative period of 2014.

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

8. Property, plant and equipment

As at 30 September 2015 the net investment in third party's fixed assets amounted to 259 thousand PLN (286 thousand PLN as at 31 December 2014).

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

ELEKTROBUDOWA SA does not have any property, plant or equipment with restricted right of use.

Leased fixed tangible assets

As at 30 September 2015 the company used fixed tangible assets under finance lease contracts and lease contracts with a purchase option, the initial value of which was 6 186 thousand PLN (2 721 thousand PLN at 31 December 2014), including technical equipment and machines 3 988 thousand PLN, vehicles 1 800 thousand PLN and other fixed tangible assets 398 thousand PLN. The depreciation charge of leased assets amounted to 542 thousand PLN at the reporting date (79 thousand PLN at 31 December 2014), of which technical equipment and machines 291 thousand PLN, vehicles 173 thousand PLN and other fixed assets 78 thousand PLN.

Fixed assets pledged as security

As at 30 September 2015, land and buildings of which ELEKTROBUDOWA SA is an owner or a perpetual user, were subject to collateral mortgage up to the maximum amount of 514 595 thousand PLN (544 775 thousand PLN as at 31 December 2014).

As at 30 September 2015, owned by the 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.

ELEKTROBUDOWA SA
Interim condensed financial statements for the 9 months ended 30 September 2015

(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	PPE
Gross value of fixed tangible assets at 1 January 2015	4 970	65 665	47 438	24 944	17 516	4 049	70	164 652
Additions (of which):	0	147	3 668	1 943	1 777	1 442	1	8 978
- purchase	0	0	1 759	608	1 371	1 258	467	5 463
- takeover from investment	0	147	49	0	136	(332)	0	0
- takeover from advances	0	0	0	0	0	516	(516)	0
- other	0	0	1 860	1 335	270		50	3 515
Reductions (of which):	0	0	(658)	(785)	(223)	0	0	(1 666)
- selling	0	0	(169)	(785)	(78)	0	0	(1 032)
- liquidation	0	0	(489)	0	(145)	0	0	(634)
Gross value of fixed tangible assets at 30 September 2015	4 970	65 812	50 448	26 102	19 070	5 491	71	171 964
Accumulated depreciation at 1 January 2015	0	(14 718)	(33 273)	(19 367)	(11 724)	0	0	(79 082)
Current depreciation charge for the period	0	(1 699)	(2 503)	(1 683)	(1 325)	0	0	(7 210)
Reduction due to selling, liquidation of fixed tangible assets	0	0	656	777	209	0	0	1 642
Accumulated depreciation at 30 September 2015	0	(16 417)	(35 120)	(20 273)	(12 840)	0	0	(84 650)
Net tangible fixed assets at 30 September 2015 (unaudited)	4 970	49 395	15 328	5 829	6 230	5 491	71	87 314

	land	buildings, civil engineering facilities	machinery and technical equipment	vehicles	other fixed tangible assets	fixed tangible assets in progress	advances for fixed tangible assets	PPE
Gross value of fixed tangible assets at 1 January 2014	4 035	65 249	45 905	24 919	14 422	4 685	0	159 215
Additions (of which):	957	1 414	3 168	1 741	3 579	(636)	70	10 293
- purchase	0	0	808	1 276	1 085	922	93	4 184
- takeover from investment	0	1 414	232	0	0	(1 646)	0	0
- takeover from advances	0	0	0	0	0	23	(23)	0
- other	957	0	2 128	465	2 494	65	0	6 109
Reductions (of which):	(22)	(998)	(1 183)	(1 716)	(150)	0	0	(4 069)
- selling	(15)	(29)	(799)	(1 716)	0	0	0	(2 559)
- liquidation	0	(969)	(384)	0	(150)	0	0	(1 503)
- other	(7)	0	0	0	0	0	0	(7)
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	65 665	47 438	24 944	17 516	4 049	70	164 652
Accumulated depreciation at 1 January 2014	0	(12 909)	(31 519)	(722)	(10 675)	0	0	(73 825)
Current depreciation charge for the period	0	(2 256)	(3 126)	(2 361)	(1 417)	0	0	(9 160)
Reduction due to selling, liquidation of fixed tangible assets	0	447	1 139	1 716	150	0	0	3 452
Other reductions	0	0	(90)	0	0	0	0	(90)
Transfer to held for sale	0	0	323	0	218	0	0	541
Accumulated depreciation at 31 December 2014	0	(14 718)	(33 273)	(367)	(11 724)	0	0	(79 082)
Net tangible fixed assets at 31 December 2014	4 970	50 947	14 165	5 577	5 792	4 049	70	85 570

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Interim condensed financial statements for the 9 months ended 30 September 2015

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

	land	buildings , civil engineeri ng facilities	machinery and technical equipment	vehicles	other fixed tangible assets	fixed tangible assets in progress	advance s for fixed tangible assets	PPE
Gross value of fixed tangible assets at 1 January 2014	4 035	65 249	45 905	24 919	14 422	4 685	0	159 215
Additions (of which):	957	773	410	1 567	3 116	(172)	70	6 721
- purchase	0	0	410	1 270	622	513	93	2 908
- takeover from investment	0	773	0	0	0	(773)	0	0
- takeover from advances	0	0	0	0	0	23	(23)	0
- other	957	0	0	297	2 494	65	0	3 813
Reductions (of which):	(22)	(836)	(886)	(1 427)	(128)	0	0	(3 299)
- selling	(15)	(29)	(758)	(1 427)	0	0	0	(2 229)
- liquidation	0	(807)	(128)	0	(128)	0	0	(1 063)
- other	(7)	0	0	0	0	0	0	(7)
Transfer to held for sale	0	0	(452)	0	(335)	0	0	(787)
Gross value of fixed tangible assets at 30 September 2014	4 970	65 186	44 977	25 059	17 075	4 513	70	161 850
Accumulated depreciation at 1 January 2014	0	(12 909)	(31 519)	(18 722)	(10 675)	0	0	(73 825)
Current depreciation charge for the period	0	(1 689)	(2 373)	(1 782)	(984)	0	0	(6 828)
Reduction due to selling, liquidation of fixed tangible assets	0	387	842	1 427	128	0	0	2 784
Other reductions	0	0	(90)	0	0	0	0	(90)
Transfer to held for sale	0	0	323	0	218	0	0	541
Accumulated depreciation at 30 September 2014	0	(14 211)	(32 817)	(19 077)	(11 313)	0	0	(77 418)
Net tangible fixed assets at 30 September 2014	4 970	50 975	12 160	5 982	5 762	4 513	70	84 432

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

9. Obligations under finance lease agreements

Lease agreements concluded by ELEKTROBUDOWA SA have been classified to finance lease, because of the extent to which risks and rewards of ownership of the leased items are transferred to the Company.

Finance leasing recognised by ELEKTROBUDOWA SA relates to equipment belonging to groups 4, 6, and 8 of the fixed tangible assets and vehicles from group 7.

A lease instalment consists of an initial instalment and monthly lease payments comprising a principal amount as payment for the value of the equipment and an interest amount which is generally a payment for using the equipment and financing its purchase.

The lease agreements have been secured with two promissory notes up to the total amount of 5 118 thousand PLN.

As at 30 September 2015 and 31 December 2014 future minimum lease payments and the present value of minimum net payments under finance lease agreements were as follows:

	as at 30 September 2015 (unaudited)		as at 31 December 2014	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
Within 1 year	1 949	1 773	782	687
1 - 5 years	3 530	3 396	1 980	1 885
Total minimum lease payments	5 479	5 169	2 762	2 572
Less finance costs	310		190	
Present value of minimum lease payments	5 169		2 572	
- short-term		1 773		687
- long-term		3 396		1 885

In the nine months ended 30 September 2015 the Company made contingent lease payments recognised as cost of the period in the amount of 23 thousand PLN (in the year ended 31 December 2014 they amounted to 27 thousand PLN).

10. Intangible assets

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 September 2015 the outlays for the project less depreciation charge amount to 11 929 thousand PLN.

ELEKTROBUDOWA SA periodically 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 nine months ended 30 September 2015 amounted to 2 574 thousand PLN and principally concerned the project "OPTIMA switchgear – Stage 2" worth 1 354 thousand PLN. The expenditure for this project as at 30 September 2015 totalled 2 149 thousand PLN.

During the nine months ended 30 September 2015 the development works were finished and settled for the amount of 800 thousand PLN.

ELEKTROBUDOWA SA periodically evaluates economic value in use of development works in progress 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.

Intangible assets used as security

As at 30 September 2015 as well as at 31 December 2014, no liabilities were secured by the Company's intangible assets.

Other information concerning the intangible assets

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

As at 30 September 2015 as well as at 31 December 2014 ELEKTROBUDOWA SA did not have any intangibles with restricted right of use.

	Cost of finished development works	Concessions, patents, licenses and software	Cost of development works in progress	Total intangible assets
Gross value of intangible assets at 1 January 2015	28 014	9 637	3 076	40 727
Additions, of which:	800	818	1 774	3 392
- purchased	0	818	0	818
- internally generated	0	0	2 574	2 574
- transferred to cost of finished development works	800	0	(800)	0
Reductions, of which:	0	(165)	0	(165)
- other	0	(165)	0	(165)
Gross value of intangible assets at 30 September 2015	<u>28 814</u>	<u>10 290</u>	<u>4 850</u>	<u>43 954</u>
Accumulated amortisation at 1 January 2015	(13 507)	(8 779)	0	(22 286)
Current amortisation charge	(2 179)	(948)	0	(3 127)
Other reductions	0	165	0	165
Accumulated amortisation at 30 September 2015	<u>(15 686)</u>	<u>(9 562)</u>	<u>0</u>	<u>(25 248)</u>
Net intangible assets as at 30 September 2015 (unaudited)	<u>13 128</u>	<u>728</u>	<u>4 850</u>	<u>18 706</u>

ELEKTROBUDOWA SA
Interim condensed financial statements for the 9 months ended 30 September 2015

(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	Total intangible assets
Gross value of intangible assets at 1 January 2014	14 509	8 491	13 764	36 764
Additions, of which:	13 505	1 146	(8 129)	6 522
- purchased	0	1 146	0	1 146
- internally generated	0	0	5 376	5 376
- taken over from investments	13 505	0	(13 505)	0
Transfer to property, plant and equipment	0	0	(2 559)	(2 559)
Gross value of intangible assets at 31 December 2014	<u>28 014</u>	<u>9 637</u>	<u>3 076</u>	<u>40 727</u>
Accumulated amortisation at 1 January 2014	(11 479)	(7 407)	0	(18 886)
Current amortisation charge	(2 028)	(1 372)	0	(3 400)
Accumulated amortisation at 31 December 2014	<u>(13 507)</u>	<u>(8 779)</u>	<u>0</u>	<u>(22 286)</u>
Net intangible assets as at 31 December 2014	<u>14 507</u>	<u>858</u>	<u>3 076</u>	<u>18 441</u>

	Cost of finished development works	Concessions, patents, licenses and software	Cost of development works in progress	Total intangible assets
Gross value of intangible assets at 1 January 2014	14 509	8 491	13 764	36 764
Additions, of which:	13 505	1 046	(8 659)	5 892
- purchased	0	1 046	0	1 046
- internally generated	0	0	4 846	4 846
- taken over from investments	13 505	0	(13 505)	0
Gross value of intangible assets at 30 September 2014	<u>0</u>	<u>0</u>	<u>(2 559)</u>	<u>(2 559)</u>
Accumulated amortisation at 1 January 2014	28 014	9 537	2 546	40 097
Current amortisation charge	(11 479)	(7 407)	0	(18 886)
Other reductions	(1 324)	(1 179)	0	(2 503)
Accumulated amortisation at 30 September 2014	<u>(12 803)</u>	<u>(8 586)</u>	<u>0</u>	<u>(21 389)</u>
Net intangible assets as at 30 September 2014 (unaudited)	<u>15 211</u>	<u>951</u>	<u>2 546</u>	<u>18 708</u>

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

11. 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 September 2015	49%	33%
Purchase price	13 805	97
Increase of capital in 2009	7 711	0
Impairment of shares	0	(97)
Investment in associates at 30 September 2015 (unaudited)	21 516	0
Selected data as at 30 September 2015 (unaudited)		
Assets	51 057	394
Equity	30 008	(251)
Liabilities	21 049	645
Revenue from sales of products, goods and materials	70 581	0
Net profit / loss	3 037	(8)

As at 30 September 2015 and 31 December 2014 the share in total number of votes held by the company in the associates was equal to the share in their equity.

The interest of ELEKTROBUDOWA SA in the share capital of the associates as at 30 September 2015 did not change compared with 31 December 2014.

As at 30 September 2015 ELEKTROBUDOWA SA had a 49% interest in equity of the Russian company, Power Equipment Production Plant VECTOR Ltd., valued at 21 516 thousand PLN. VECTOR Ltd. is a distributor of ELEKTROBUDOWA's finished goods in the Russian market and manufactures electrical components, parts for electrical vacuum devices sold in the local market.

Current political situation in Russia does not directly influence business operations of "VECTOR". Neither Vector-manufactured products nor imported goods are embargoed by any party. Despite slowly progressing economic stabilization, continual modification of long- and short-term development of Russia's Power industry can be noticed. Current modifications of the power generation development strategy and general political uncertainty in that country was a key factor determining the level of sales plan of VECTOR Ltd. and export sales of ELEKTROBUDOWA SA to those markets.

"VECTOR" is a private company, not quoted in a stock exchange, so it is not possible to obtain market quotation of its shares. Therefore, ELEKTROBUDOWA SA has analysed indications of impairment of its interest in the associate's share capital as at 30 September 2015.

In the opinion of Management of ELEKTROBUDOWA SA the 2015 budget forecast assumed as the base for the impairment test of investment in the associate VECTOR Ltd. performed by an independent valuation specialist as at 31 December 2014 needs no adjustments and to the best knowledge available at the reporting date, performance of the budget forecast is not at risk. Considerable fall of exchange rate of a ruble significantly contributed to reduction of revenue from sale of imported goods parallel to significant increase in revenue from sale of power equipment manufactured in the Votkinsk factory. Essentially, VECTOR will base the realization of its annual plan on its own manufacture of power equipment in Votkinsk, temporarily reducing the supplies of ELEKTROBUDOWA-manufactured finished products to be sold by VECTOR in the Russian market, what will adversely affect the realization of the 2015 forecast.

Analysis of the financial situation and liquidity of the assets held in VECTOR does not indicate that the share in the company's capital owned by ELEKTROBUDOWA SA may be impaired in the foreseeable future.

The Management estimates that the carrying value of the investment in the associate VECTOR Ltd. as at 30 September 2015 did not change compared with the value as at 31 December 2014.

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

Unfavourable financial situation of SAUDI ELEKTROBUDOWA LLC based in Riyadh, the Kingdom of Saudi Arabia, loss of liquidity and difficulties in winning new orders were at the grounds of a decision taken by the Management of ELEKTROBUDOWA SA in 2014 to impair the value of the shares by the amount of 97 thousand PLN (the provision was recognized in the 2014 finance costs). Currently the activity of the company is curbed, as it is waiting for a decision about renewal of a service licence to be issued by the Saudi Arabian General Investment Authority (SAGIA), which will enable the partners of SAUDI ELEKTROBUDOWA LLC to take decisions about the future of the company.

12. Interest in subsidiaries

	KONIP Sp. z o.o. Katowice	ENERGOTEST sp. z o.o. Gliwice	ELEKTROBUDOWA UKRAINE Ltd. Sevastopol, Ukraine
Interest in the share capital at 30 September 2015	100%	100%	62%
Purchase price	70	47 453	376
Increase of capital	0	0	2
Impairment of shares	0	0	(378)
Interest in subsidiaries at 30 September 2015 (unaudited)	70	47 453	0
Selected data as at 30 June 2015 (unaudited)			
Assets	1 009	32 992	1 381
Equity	873	21 394	162
Liabilities	136	11 598	1 219
Revenue from sales of products, goods and materials	928	39 457	162
Net profit / loss	95	1 959	(243)

Business activity of ENERGOTEST sp. z o.o. comprises supply of high, medium and low voltage electrical systems, installation of switchgear and controlgear, maintenance and service of switchgear and controlgear.

In the opinion of Management of ELEKTROBUDOWA SA the company's 2015 budget forecast, which was the base for impairment test of investment in the subsidiary performed as at 31 December 2014 by an independent valuation specialist, is not at risk. Value in use of ENERGOTEST sp. z o.o. was estimated according to IAS 36, basing on the income method (discounted cash flows method).

In the nine months of 2015 ENERGOTEST was awarded orders on the level of 46 790.9 thousand PLN, which is 78.0% of the 2015 budget assumptions. ENERGOTEST sp. z o.o. enters the last quarter of 2015 with the order backlog worth 34 687.8 thousand PLN. Revenue from sale of products, goods and materials generated for the period of nine months amounted to 39 457,4 thousand PLN and constituted 65.4% of the 2015 budget assumptions. After the nine months of the year ENERGOTEST earned 1 958,8 thousand PLN of net profit so the budgeted amount of the profit was realized in 71.1%. With the similar level of revenue (39 457.4 thousand PLN compared to 39 653.4 thousand PLN for the same period of the previous year) the gross profit is 634.2 thousand PLN higher. The company received a few orders of significant value, which contributed to improvement of its return on sales.

ENERGOTEST sp. z o.o. operates in the power sector which is characterized by permanent restructuring and big investment expenditure because of aging power stations and industrial systems. The market where the company operates provides good prospects for development.

The analysis of the financial situation and liquidity of the assets held in ENERGOTEST sp. z o.o. does not indicate that the share in the company's capital owned by ELEKTROBUDOWA SA may be impaired in the foreseeable future.

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

ELEKTROBUDOWA UKRAINE Ltd. is a distributor of equipment manufactured in ELEKTROBUDOWA SA in the Ukrainian market. In its local market the company sells medium voltage switchgear, mobile substations type SKP and busducts.

Changes in the economic situation of Ukraine have negative impact on investment activity in that country, what involves a decrease in demand for products offered by ELEKTROBUDOWA SA. Reorganisation of ELEKTROBUDOWA UKRAINE Ltd., caused by the relocation of the company, has not been completed yet because of disputable political status of Crimea. This situation hinders the use of the company's intellectual resources allocated there. Although the company is continuing active marketing, but the results of these actions depend on stabilization of political or economic situation of that region.

As at 30 September 2015 ELEKTROBUDOWA SA held 62% of shares representing 62% of the share capital of ELEKTROBUDOWA UKRAINE Ltd., having the nominal value 378 thousand PLN. Unfavourable financial situation of the company, lost liquidity and difficulties in winning new orders made the Management of ELEKTROBUDOWA SA decide to impair the shares in the subsidiary.

In the interim condensed statement of comprehensive income prepared for the period from 21 January 2015 to 30 September 2015, impairment of shares in ELEKTROBUDOWA UKRAINE in the amount of 378 thousand PLN has been recognized in finance costs (Note 30).

13. Financial assets

13.1 Available-for-sale financial assets

	as at 30 September 2015 (unaudited)	as at 31 Dec. 2014
Available-for-sale financial assets		
- non-current	6 631	6 631
- current	24	24
	6 655	6 655

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

As of 30 September 2015 ELEKTROBUDOWA SA had 23.07% share in the share capital 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 September 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 asset-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:

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

- 2015 budget of PI Biprohut Sp. z o.o.
- Financial result of PI Biprohut Sp. z o.o. for the nine months ended 30 September 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 September 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 September 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.

Current financial assets include shares in FAMUR FAMAK S.A. based in Kluczbork. The shares of FAMUR FAMAK S.A. are not listed on the stock exchange, therefore their fair value was estimated according to their offered price to buy. As at 30 September 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.

13.2 Classification of assets to groups of financial instruments

Type of financial instrument	method of measurement as at 30 Sept. 2015	as at	as at	amount	amount
		30 Sept. 2015 (unaudited)	31 Dec. 2014	charged to revaluation capital in the period of nine months ended 30 September 2015	charged to profit or loss in the period of nine months ended 30 September 2015
Loans extended and own					
1. receivables		378 045	329 862	0	(4 997)
a) long-term receivables due to sale of non-current assets	amortised cost	543	688	0	15
b) long-term receivables due to retentions	amortised cost	4 404	4 584	0	49
c) short-term trade and other receivables	amortised cost	369 687	324 590	0	(5 061)
Available-for-sale					
2. investments		6 655	6 655	0	0
a) shares of PI Biprohut Sp. z o.o.	fair value	6 631	6 631	0	0
b) shares of FAMUR FAMAK S.A.	book value	24	24	0	0
	amortised cost			0	0
3. Cash and cash equivalents	cost	63 586	54 910	0	(1 206)
Total financial assets		448 290	391 427	0	(6 203)

Value of the specified above financial instruments recognised in the interim condensed statement of financial position is the same as their fair value.

(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 September 2015 (unaudited)	as at 31 Dec. 2014
Long-term receivables		
- disposal of property, plant and equipment	543	688
- contract retentions	4 404	4 584
Long-term receivables - net	4 947	5 272
Discount of receivables	240	305
Long-term receivables - gross	5 187	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 September 2015 (unaudited)	as at 31 Dec. 2014
Short-term trade and other receivables		
- for supplies and services	353 009	300 286
- other	20 382	27 058
Total current trade and other receivables -net	373 391	327 344
Impairment of receivables	39 804	33 819
Total current trade and other receivables -gross	413 195	361 163

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

	as at 30 September 2015 (unaudited)	as at 31 Dec. 2014
Other current receivables		
- receivables due to public and legal settlements	293	2 754
- retentions	16 350	21 352
- amounts receivable for other services performed	1 511	557
- receivables from sales of fixed tangible assets	800	1 194
- receivables due to paid bid deposit	620	707
- amounts receivable as damages	209	188
- receivables from employees	282	58
- other	317	248
	20 382	27 058

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

	nine months ended 30 September 2015 (unaudited)	twelve months ended 31 Dec. 2014
Provisions for impairment of trade and other receivables		
Impairment provision at beginning of period	33 819	23 865
Creating a provision, including:	15 867	18 956
- trade receivables	9 649	14 226
- other receivables	6 218	4 730
Use	(402)	(1 651)
Deduction of unused amounts (release)	(9 480)	(7 351)
Impairment provision at end of period	39 804	33 819
of which:		
- for trade receivables	25 617	24 298
- for other receivables	14 187	9 521

Terms of transactions with related entities are presented in Note 34.

Trade receivables are not interest-bearing and are usually payable within 30 days.

ELEKTROBUDOWA SA has a relevant policy in place which regulates selling only to verified customers. Therefore, in the opinion of the management, there is no additional credit risk exceeding the level of not collectable receivables, specific for the Company's trade receivables.

The amount of provision for impairment of receivables rose 5 985 thousand PLN in the period of nine months ended 30 September 2015.

Changes in the provisions for impairment of receivables are described in Note 29 "Other operating expenses" of the interim condensed statement of comprehensive income.

Provisions for impairment of receivables of related companies are presented in Note 34.

15. Non-current prepayments

	as at 30 September 2015 (unaudited)	as at 31 Dec. 2014
Long-term prepayments		
- construction insurance policies	447	745
- commission and fees on contract bonds	1 352	532
	1 799	1 277

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

16. Inventories

	as at 30 September 2015 (unaudited)	as at 31 Dec. 2014
Inventories		
- materials	34 213	27 124
- semi-finished products and work in progress	32 973	17 954
- finished products	2 002	2 345
- goods	634	634
	69 822	48 057
of which:		
- inventory write-down	(641)	(641)

The increase in stock of semi-finished products and work in progress results from the nature of the production cycle of finished goods in the Power Distribution segment.

ELEKTROBUDOWA SA periodically analyses the value of inventories and the possibility to use them. In the period of nine months ended 30 September 2015 the company created a provision for write-down of inventory of materials in the amount of 80 thousand PLN (no provision was created for the nine months ended 30 September 2014) and reversed a provision for write-down of materials in the same amount (244 thousand PLN for the period of nine months ended 30 September 2014).

ELEKTROBUDOWA SA periodically analyses the value of inventories and the possibility to use them; as at 30 September 2015 no need for impairment in excess of the above amount was identified.

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

17. Cash and cash equivalents

Balance of cash and cash equivalents recognised in the interim condensed financial statement of cash flows includes the following items:

	as at 30 September 2015 (unaudited)	as at 31 Dec. 2014
Cash at banks and on hand		
- cash at banks	63 556	54 893
- cash on hand	30	17
	63 586	54 910

Cash at banks is bearing variable interest rates which depend on interest rate of overnight investments. Overnight deposits are the most popular form of investing free funds.

As at 30 September 2015 an unused amount of granted overdraft credit, available to ELEKTROBUDOWA SA, was 79 700 thousand PLN (74 198 thousand PLN as at 31 December 2014).

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

18. Other non-finance assets

	as at 30 September 2015 (unaudited)	as at 31 Dec. 2014
Other non-finance assets		
- future periods expenses (subscriptions, fees, insurance, standing charges)	1 705	1 898
- prepayments for supplies	7 121	7 321
- contribution to Employee Benefit Fund (ZFŚS)	539	0
	9 365	9 219

19. Non-current assets held for sale

	as at 30 September 2015 (unaudited)	as at 31 Dec. 2014
Non-current assets held for sale		
a) fixed tangible assets, of which:		
- technical equipment and machines	129	129
- other fixed tangible assets	117	117
	246	246

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.

For about a year ELEKTROBUDOWA SA has been taking actions to sell the above mentioned assets. 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 used in nuclear power plants, no buyer was found in the open tender procedure. Also, the company tries to find a potential buyer through the producer, from whom the machines have been purchased.

20. Issued share capital

	nine months ended 30 September 2015 (unaudited)	twelve months ended 31 Dec. 2014	nine months ended 30 September 2014 (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

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

In previous years, in accordance with IAS 29 Financial Reporting in Hyperinflationary Economies, the issued share capital of the 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			

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

Shareholders of ELEKTROBUDOWA SA as at 30 September 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
Nationale - Nederlanden 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

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

According to information available to the company, the shareholding structure of ELEKTROBUDOWA SA as at 30 September 2015 did not change compared with the structure at 31 December 2014. To the knowledge of the company, it has not changed until the date of publicizing these interim condensed financial statements.

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

21. Other capital

21.1 Supplementary capital

	as at 30 September 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
- transferred from reserve capital	5 562	5 562
	335 518	306 417

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

21.2 Capital from valuation of available-for-sale investments

	as at 30 September 2015 (unaudited)	as at 31 Dec. 2014
Capital from valuation of available-for-sale investments		
- valuation of available-for-sale investments	5 752	5 752
- deferred tax related to investment valuation	(1 092)	(1 092)
	4 660	4 660

21.3 Retained earnings

	as at 30 September 2015 (unaudited)	as at 31 Dec. 2014
Retained earnings		
- actuarial losses	(1 376)	(1 376)
- net profit for the period	42 931	29 101
	41 555	27 725

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

21.4 Earnings per share

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

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

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

	3 months ended 30 Sept 2015 (unaudited)	9 months ended 30 Sept 2015 (unaudited)	3 months ended 30 Sept 2014 (unaudited)	9 months ended 30 Sept 2014 (unaudited)
Net profit for the period (in PLN)	13 887 192	42 930 592	12 463 915	20 334 522
Weighted average number of shares	4 747 608	4 747 608	4 747 608	4 747 608
Basic earnings per share (in PLN)	2,93	9,04	2,63	4,28

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

22. Trade and other payables

22.1 Long-term other payables

	as at 30 September 2015 (unaudited)	as at 31 Dec. 2014
Other financial liabilities (long-term)		
- long-term retention amounts	11 515	12 852
- lease commitments	3 396	1 885
Other long-term liabilities - net	14 911	14 737
Discount of liabilities	525	723
Other long-term liabilities - gross	15 436	15 460

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

22.2 Short-term trade and other payables

	as at 30 September 2015 (unaudited)	as at 31 Dec. 2014
Trade and other financial liabilities (short-term)		
- for supplies and services	233 642	225 934
- other (by titles)	14 563	12 748
of which:		
a) retentions from subcontracts	11 389	10 897
b) purchase of non-current assets	901	720
c) lease payment liabilities	1 773	687
d) deductions from payroll	412	384
e) employee payables	13	60
f) other	75	0
	248 205	238 682

	as at 30 September 2015 (unaudited)	as at 31 Dec. 2014
Other non-finance liabilities (short-term)		
- advances received for supplies	73 491	90 749
- taxes, duties, insurance and other contributions	18 039	20 433
- salaries and wages	7 122	5 906
	98 652	117 088

As at 30 September 2015, the received advance payments for deliveries were secured against guarantees for the total amount 118 234 thousand PLN (144 315 thousand PLN at 31 December 2014).

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

23. Short-term liabilities due to loans and borrowings

	as at 30 September 2015 (unaudited)	as at 31 Dec. 2014
Loans, borrowings and debt securities		
- liabilities due to loans (nominal value)	52 067	102 886
- liabilities due to interest on loans	125	274
	52 192	103 160

ELEKTROBUDOWA SA
Interim condensed financial statements for the 9 months ended 30 September 2015

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

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

Lender	Registered office	Contractual loan amount	Amount to be repaid	Rate of interest	Contract validity	Collateral	
		PLN'000	PLN'000				
ING BANK ŚLĄSKI S.A. overdraft	Katowice	19 700	0	WIBOR 1M + bank margin	30.01.2016	* assignment of receivables from contracts = 150% engagement; registered charges including transfer of rights in insurance policy (8 selected fixed tangible assets); first charge up to 3 000 thousand PLN (Dąbrowa Górnicza) KW No.KA1D/00018183/0, incl. assignment of rights to insurance policy; assignment of receivables from the contract with PSE (Byczyna)	
		working capital loan	29 000	29 000	WIBOR 1M + bank margin		30.11.2015
BANK HANDLOWY S.A. overdraft	Warsaw	15 000	0	WIBOR 1M + bank margin	12.11.2015	* assignment of receivables from contracts = 80% engagement; first charge up to 50 000 thousand PLN (Tychy) KW No. KA1T/00060238/5 incl. transfer of rights in insurance policy; 2 blank bills collateralized by the said charge, assignment of receivables from a contract (PSE SA - OSP/DI/INW/14/2013 SKAWINA)	
		working capital loan	52 000	23 067	WIBOR 1M + bank margin		31.12.2017
		limit for credit cards	200	0			
BANK PEKAO S.A. overdraft	Kraków	10 000	0	WIBOR 1M + bank margin	30.04.2016	* assignment of receivables from contracts = 100% engagement; first charge up to 22 400 thousand PLN (Konin) KW No.KN1N/00013390/8, incl. transfer of rights in insurance policy; 1 blank bill.	
PKO BP S.A. overdraft	Warsaw	25 000	0	WIBOR 1M + bank margin	28.02.2017	* assignment of receivables from contracts = 100% engagement; first charge up to 435 195 thousand PLN (Katowice) KW No. KA1K/00043349/3 including transfer of rights in insurance policy, 2 blank bills.	
mBank S.A. overdraft	Warsaw	10 000	0	WIBOR ON + bank margin	30.09.2016	* assignment of receivables from contracts = 100% engagement ; first charge up to 4 000 thousand PLN (Płock) KW No. PL1P/00119678/5 incl. transfer of rights in insurance policy; 1 blank bill.	
		160 900	52 067				

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

ELEKTROBUDOWA SA
Interim condensed financial statements for the 9 months ended 30 September 2015

(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	PLN'000			
ING BANK ŚLĄSKI S.A. overdraft	Katowice	17 000	0	WIBOR 1M + bank margin	30.01.2016 *	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 rights to insurance policy; assignment of receivables from the contract with PSE (Byczyna)
working capital loan		85 000	53 200	WIBOR 1M + bank margin	30.01.2016	
BANK HANDLOWY S.A. overdraft	Warsaw	15 000	2 645	WIBOR 1M + bank margin	12.11.2015 *	assignment of receivables from contracts = 80% engagement; first charge up to 50 000 thousand PLN (Tychy) KW No. KA1T/00060238/5 incl. assignment of rights to insurance policy; 2 blank bills collateralized by the said charge, 1 blank bill secured by the first charge up to 4 375 thousand PLN (Mikołów) KW No. KA1M/00065708/0 incl. assignment of rights to insurance policy, assignment of receivables from a contract (PSE SA - OSP/DI/INW/14/2013 SKAWINA)
working capital loan		52 000	46 884	WIBOR 1M + bank margin	31.12.2017	
limit for credit cards		200				
BANK PEKAO S.A. overdraft	Cracow	10 000	0	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	0	WIBOR 1M + bank margin	20.02.2015 *	assignment of receivables from contracts = 100% engagement; first charge up to 461 000 thousand PLN (Katowice) KW No. KA1K/00043349/3 including assignment of rights from insurance policy, 2 blank bills.
mBank S.A. overdraft	Warsaw	10 000	157	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.
		214 200	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
	at 31.12.2014		53 200	0	53 200
		30.04.2015	0	(19 200)	34 000
		01.06.2015	0	(1 000)	33 000
		30.06.2015	0	(1 000)	32 000
ING Bank Śląski S.A.	changes during the reporting period	31.07.2015	0	(1 000)	31 000
		31.08.2015	0	(1 000)	30 000
		30.09.2015	0	(1 000)	29 000
		total in 2015	0	(24 200)	
	at 30 September 2015 (unaudited)		53 200	(24 200)	29 000
	at 31.12.2014		46 884	0	46 884
		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
Bank Handlowy S.A.	changes during the reporting period	29.04.2015	3 519	0	3 519
		29.05.2015	3 261	0	6 780
		26.06.2015	4 640	0	11 420
		23.07.2015	2 337	0	13 757
		25.08.2015	6 750	0	20 507
		14.09.2015	2 560	0	23 067
		total in 2015	33 917	(57 734)	
	at 30 September 2015 (unaudited)		80 801	(57 734)	23 067
Working capital loans at 30 September 2015 (unaudited)					52 067

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

24. Income tax

24.1 Tax expense

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

	9 months ended 30 Sept 2015 (unaudited)	9 months ended 30 Sept 2014 (unaudited)
Income tax recognised in the statement of comprehensive income		
- current tax	19 538	0
- deferred tax	(10 503)	4 706
- tax of foreign branches	894	516
- other settlements	(52)	(7)
Tax expense recognised in profit	9 877	5 215

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

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

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

24.2 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 company for the periods of six months ended 30 September 2015 and 30 September 2014 is as follows:

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

	9 months ended 30 Sept 2015 (unaudited)	9 months ended 30 Sept 2014 (unaudited)
Gross profit before tax	52 808	25 550
Tax calculated according to the 19% rate	10 034	4 855
Permanent differences settled in Poland	713	1 020
Permanent differences settled abroad	(1 060)	(532)
Dividend from related companies	(604)	(555)
Temporary differences settled in Poland	305	2 057
Temporary differences settled abroad	(373)	(523)
Tax of foreign branches	894	516
Adjustments of deferred tax of the years 2011 - 2012	0	(1 611)
Differences in tax rates	20	(5)
Other settlements	(52)	(7)
Income tax	9 877	5 215
Effective tax rate (%)	18,7	20,4

24.3 Deferred income tax

	as at 30 Sept 2015 (unaudited)	as at 31 Dec 2014	as at 30 Sept 2014 (unaudited)
Deferred income tax assets	72 726	69 866	64 086
Provisions for deferred income tax	(46 938)	(54 581)	(52 938)
Deferred corporate income tax assets recognized in assets in the statement of financial position	25 788	15 285	11 148
Provisions for deferred income tax of foreign branches	0	0	(1 220)
Provisions for deferred corporate income tax recognized in liabilities in the statement of financial position	0	0	(1 220)
Total deferred income tax	25 788	15 285	9 928

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

Structure of the deferred income tax:

period ended 30 September 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	59 062	6 688	541	2 948	0	627	69 866
	- changes credited/charged to financial result	(1 472)	3 459	35	861	0	(23)	2 860
	end of period 30 Sept 2015 (unaudited)	57 590	10 147	576	3 809	0	604	72 726
Provisions	beginning of period 1 January 2015	(51 507)	0	(643)	(861)	0	(1 570)	(54 581)
	- changes credited/charged to financial result	7 535	0	(59)	0	0	167	7 643
	end of period 30 Sept 2015 (unaudited)	(43 972)	0	(702)	(861)	0	(1 403)	(46 938)
End of period 30 September 2015 (unaudited)		13 618	10 147	(126)	2 948	0	(799)	25 788

twelve months 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	38 042	6 982	468	2 053	0	316	47 861
	- changes credited/charged to financial result	21 020	(467)	73	895	0	311	21 832
	- changes charged to capital	0	173	0	0	0	0	173
	end of period 31 December 2014	59 062	6 688	541	2 948	0	627	69 866
Provisions	beginning of period 1 January 2014	(29 454)	0	(576)	(22)	0	(1 564)	(31 616)
	- changes credited/charged to financial result	(22 053)	0	(67)	0	0	(6)	(22 126)
	- changes charged to capital	0	0	0	(839)	0	0	(839)
	end of period 31 December 2014	(51 507)	0	(643)	(861)	0	(1 570)	(54 581)
End of period 31 December 2014 - total		7 555	6 688	(102)	2 087	0	(943)	15 285

period ended 30 September 2014 (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	38 042	6 982	468	2 053	0	316	47 861
	- changes credited/charged to financial result	15 823	(1 130)	61	151	1 383	(63)	16 225
	end of period 30 Sept 2014 (unaudited)	53 865	5 852	529	2 204	1 383	253	64 086
Provisions	beginning of period 1 January 2014	(29 454)	0	(576)	(22)	0	(1 564)	(31 616)
	- changes credited/charged to financial result	(22 636)	0	(49)	0	0	143	(22 542)
	end of period 30 Sept 2014 (unaudited)	(52 090)	0	(625)	(22)	0	(1 421)	(54 158)
End of period 30 September 2014 (unaudited)		1 775	5 852	(96)	2 182	1 383	(1 168)	9 928

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

25. 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	845	5 938	3 214	9 997
creation	802	619	316	1 737
use	(690)	(292)	0	(982)
As at 30 September 2015 (unaudited)	957	6 265	3 530	10 752
of which:				
- long-term	0	6 068	0	6 068
- short-term	957	197	3 530	4 684
As at 1 January 2014	701	5 331	4 177	10 209
creation	1 985	1 308	4 070	7 363
use	(1 841)	(881)	(2 044)	(4 766)
reversal	0	0	(2 989)	(2 989)
other	0	180	0	180
As at 31 December 2014	845	5 938	3 214	9 997
of which:				
- long-term	0	5 692	0	5 692
- short-term	845	246	3 214	4 305
As at 1 January 2014	701	5 331	4 177	10 209
creation	573	0	2 096	2 669
use	0	(701)	(2 045)	(2 746)
reversal	(584)		(2 989)	(3 573)
As at 30 September 2014 (unaudited)	690	4 630	1 239	6 559
of which:				
- long-term	0	4 565	0	4 565
- short-term	690	65	1 239	1 994

ELEKTROBUDOWA SA creates provisions for future payables which maturities or amounts are not certain.

Provisions for warranties

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

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.

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

Provisions for penalties and damages

Change in provisions for penalties and liquidated damages results from the change of the Management's estimates and assumptions concerning expected possible penalties to be charged due to delayed or defective performance of construction contracts.

Created by the company provisions for future penalties and liquidated damages concerned mainly the company's future liabilities to the contractors in respect of delayed completion of contracts.

26. Accrued expenses

	as at 30 September 2015 (unaudited)	as at 31 Dec. 2014
Accrued expenses in respect of:		
- unused holidays	4 405	4 019
- annual bonuses	4 958	7 141
- services relating to the present reporting period but invoiced in the next period	23 526	2 400
- provision for expected losses on completion of contracts	4 820	6 581
- provision for employee claims	2 000	2 000
	39 709	22 141

Provision for employee claims

For details of the created provision for employee claims refer to Note 37 (item 1).

Provision for expected losses on completion of contracts

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, the provisions created as at 30 September 2015 for expected losses on contracts cover the whole identified risk of generating losses until completion of the contracts.

Provisions for expected losses on completion of contracts by segments

	Power Generation Division	Power Distribution Division	All other segments	Total
At 30 September 2015 (unaudited)	3 385	1 435	0	4 820
At 31 December 2014	4 197	2 384	0	6 581

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

27. Classification of financial instruments recognized in liabilities

Type of financial instrument	method of measurement as at 30 Sept 2015	as at 30 Sept 2015 (unaudited)	as at 31 Dec 2014	amount charged to revaluation capital in the period of 9 months ended 30 Sept 2015	amount charged to profit or loss in the period of 9 months ended 30 Sept 2015
1. Other financial liabilities					
a) other long-term payables	amortised cost	14 915	14 737	0	(321)
b) short-term trade and other payables	amortised cost	248 205	238 682	0	483
c) loans	amortised cost	52 192	103 160	0	(1 427)
d) forward contract in foreign currency	fair value	0	71	0	493
Financial instruments recognised in liabilities - total		315 312	356 650	0	(772)

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

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 had forward transactions for the amount of 1 320 thousand EUR. By 30 September 2015 the transactions had been settled and the 422 thousand PLN gains from settlement of derivatives were recognised in the interim condensed statement of comprehensive income, in "other operating income" line. The gains from settlement of the forward transaction are increased by 71 thousand PLN from reversal of measurement of derivatives as at 31 December 2014.

Settlement of forward transactions for the period of nine months ended 30 September 2015

Curr	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	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	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	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	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	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	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	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			5 611 121.50 PLN			5 189 485.00 PLN	421 636.50 PLN

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

28. Construction contracts

	nine months ended 30 Sept 2015 (unaudited)	nine months ended 30 Sept 2014 (unaudited)
Estimated revenues from contracts in progress (cumulative)	2 089 148	1 511 503
Recognised profits less recognised losses (planned profit margin)	86 090	39 988
Costs incurred on contracts in progress (cumulative)	2 003 058	1 471 515
Receivables dependable on contract completion (partial invoices cumulative)	1 960 463	1 281 039
Gross amounts due from customers for contract work	231 434	273 837
Gross amounts due to customers for contract work	(95 070)	(34 334)
Provisions for penalties due to delay in completion	(2 859)	(1 239)
Provisions for losses resulting from contracts	(4 820)	(7 800)
Revenue from contracts for the period	783 916	600 167
Costs of contracts for the period	730 728	583 582
Profits less recognised losses for the period	53 188	16 585
Advances received for contracts in progress	67 631	114 000
Retentions kept by customers	15 794	26 634

ELEKTROBUDOWA SA 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 Company 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 company 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 September 2015:

Extension and modernization of Byczyna electrical substation including connection to 400 kV line for PSE S.A.	132.9	million PLN	During execution of the project circumstances have occurred on which the Parties could not have control and which made it impossible to continue proper performance of the project according to the Schedule of works and expenditures (further "the Schedule") which is Appendix 3 to the Contract. ELEKTROBUDOWA SA requested the Purchaser (PSE SA) to modify the Schedule. Regional Environmental Protection Director issued a decision to permit relocation, including partial damage, of protected habitats. Implementation of the decision has allowed ELEKTROBUDOWA SA to resume the contract works. Currently the contract is well in progress. However, the contract milestones defined in the Schedule of works and expenditures need to be changed.
"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 construction and installation works have been completed. Final acceptance took place on 6 November 2015. There is a risk of liquidated damages to be charged.
Extension and modernization of Skawina 220/110kV electrical substation including connection to 2x2x400kV line for PSE S.A.	17.9	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.

Construction contracts with substantial amounts of amounts due from customers as at 30 September 2015:

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.	42.3	million PLN	The project requires high level of commitment. The works are performed according to the Schedule of works and expenditures enclosed with the contract. As at 30 September 2015 there is no risk that the deadline for completion would not be met. Completion of the contract is scheduled at 30 June 2016.
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(all amounts in thousands of PLN, unless otherwise stated)

29. Other operating income and expenses

	nine months ended 30 Sept 2015 (unaudited)	nine months ended 30 Sept 2014 (unaudited)
Other operating income		
- profit from disposal of non-finance fixed assets	72	0
- interests on delayed payments	1 912	1 052
- interest on cash on bank accounts	242	123
- currency exchange differences	0	577
- penalties and damages	965	4 325
- legal costs	76	376
compensation received from insurance policies	1 112	240
recognised property, plant and equipment (land)	0	957
recycled material waste	0	370
redemption of penalties	1 322	0
gains from secured foreign currency transactions	493	0
other	341	246
	6 535	8 266

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

	nine months ended 30 Sept 2015 (unaudited)	nine months ended 30 Sept 2014 (unaudited)
Other operating expenses		
- loss on disposal of non-finance fixed assets	0	(319)
- donations	(168)	(104)
- provision for impairment of receivables	(6 387)	(5 116)
- inventory write-downs	0	(244)
- fees and charges relating to bank guarantees	(3 434)	(3 915)
- court fees	(187)	(532)
- penalties	(3 213)	(3 823)
- currency exchange differences	(1 552)	0
- claims handling expenses	(1 033)	(205)
- employee compensations and service benefits	(387)	(533)
- other	(219)	(502)
	(16 580)	(15 293)

The company created provision for impairment of receivables past due over 180 days. ELEKTROBUDOWA SA creates impairment provisions for receivables for which probability that they will not to be paid is high.

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

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 nine months ended 30 September 2015 the impairment provisions referred to the following receivables:

- in bankruptcy proceedings 29 thousand PLN,
- in court proceedings (188) thousand PLN,
- other overdue debtors (6 228) thousand PLN.

30. Finance income and costs

	nine months ended 30 Sept 2015 (unaudited)	nine months ended 30 Sept 2014 (unaudited)
Financial income		
- dividends and share of profit	3 177	6 156

Dividends received by the Company in the nine months ended 30 September 2015 include the share in profits of the subsidiaries in the amount 2 809 thousand PLN and in other entities 368 thousand PLN.

	nine months ended 30 Sept 2015 (unaudited)	nine months ended 30 Sept 2014 (unaudited)
Financial costs		
- interest on loans	(1 427)	(1 071)
- interest on leases	(124)	(9)
- impairment of shares	(378)	(97)
- bank commission on loans	(942)	(718)
	(2 871)	(1 895)

31. Dividend per share (paid or declared)

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.

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

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

	nine months ended 30 Sept 2015 (unaudited)	nine months ended 30 Sept 2014 (unaudited)
Change in trade and other receivables		
- balance sheet change in receivables, including:	(45 722)	21 903
a) balance sheet change in trade and other receivables recognised in non-current assets	325	12 259
b) balance sheet change in trade and other receivables recognised in current assets	(46 047)	9 644
- dividend of related and other companies	0	1 961
- change in receivables due to sale of non-current asset items	(38)	64
- adjustment of receivables for years 2011 - 2012	0	1 611
- other	9	0
Change in trade and other receivables recognised in the interim condensed statement of cash flows	(45 751)	25 539

	nine months ended 30 Sept 2015 (unaudited)	nine months ended 30 Sept 2014 (unaudited)
Change in trade and other payables		
- Net change in payables:	(7 984)	13 893
a) balance sheet change in long-term payables	550	750
b) balance sheet change in short-term trade and other payables	(8 913)	16 327
c) balance sheet change in provisions	379	(3 184)
- change in deferred income tax liabilities	0	68
- lease obligations	(2 773)	(220)
- payables due to dividend	(558)	281
- change in net payables due to investment expenditure	29	(4)
Change in accounts payable in the interim condensed statement of cash flows	(11 286)	14 018

	nine months ended 30 Sept 2015 (unaudited)	nine months ended 30 Sept 2014 (unaudited)
Income tax paid		
current income tax in the interim condensed statement - of comprehensive income	(19 538)	0
- income tax of foreign branches in the interim condensed statement of comprehensive income	(894)	(516)
- change in corporate income tax liabilities	8 129	(191)
- other settlements in the interim condensed statement of comprehensive income	52	0
- other	(47)	(46)
Income tax paid recognised in the interim condensed statement of cash flows	(12 298)	(753)

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

	nine months ended 30 Sept 2015 (unaudited)	nine months ended 30 Sept 2014 (unaudited)
Other adjustments		
- perpetual usufructary right to land	0	(935)
- valuation of a forward contract	(71)	0
- currency translation differences	418	448
- other	0	90
Other adjustments in the interim condensed statement of cash flows	347	(397)

33. Joint ventures where the company is a venturer

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

34. Related party transactions

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

Transactions between ELEKTROBUDOWA SA and the related parties in the reporting period:

	nine months ended 30 Sept 2015 (unaudited)	nine months ended 30 Sept 2014 (unaudited)
a) sales:		
- sale of goods - Power Equipment Production Plant "VECTOR" Ltd.	11 814	5 758
- sale of materials - Power Equipment Production Plant "VECTOR" Ltd.	169	617
- sale of services - KONIP Sp. z o.o.	65	66
- sale of materials - KONIP Sp. z o.o.	0	5
- sale of services - ENERGETEST sp. z o.o.	965	60
- sale of goods - ENERGETEST sp. z o.o.	0	1 270
- sale of goods - ELEKTROBUDOWA UKRAINE Ltd.	86	8 154
b) purchases:		
- purchase of services - Power Equipment Production Plant "VECTOR" Ltd.	1	1
- purchase of services - SAUDI ELEKTROBUDOWA LLC	352	0
- purchase of services - KONIP Sp. z o.o.	910	909
- purchase of services - ENERGETEST sp. z o.o.	7 301	4 122
- purchase of goods - ENERGETEST sp. z o.o.	3 426	2 757
- other purchase - ENERGETEST sp. z o.o.	0	5

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

Mutual balances between ELEKTROBUDOWA SA and the related parties:

	as at 30 Sept 2015 (unaudited)	as at 31 Dec 2014
- payables to KONIP Sp. z o.o.	120	122
- payables to ENERGOTEST sp. z o.o.	3 320	4 257
- payables to Power Equipment Production Plant "VECTOR" Ltd.	0	1
- payables to SAUDI ELEKTROBUDOWA LLC.	46	0
- receivables from Power Equipment Production Plant "VECTOR" Ltd.	2 078	794
- receivables from ELEKTROBUDOWA UKRAINE Ltd.	0	181
- receivables from KONIP Sp. z o.o.	9	9
- receivables from ENERGOTEST sp. z o.o.	0	93
- advance to SAUDI ELEKTROBUDOWA LLC.	215	171

As at 30 September 2015 ELEKTROBUDOWA SA had a 340 thousand USD impairment provision created for past due trade receivables from ELEKTROBUDOWA UKRAINE Ltd., and a 1 561 thousand UAH provision for receivables concerning dividend (as at 31 December 2014: 266 thousand USD for trade receivables and 1 561 thousand UAH for receivables due to dividend).

Unsettled balances of receivables and payables with the related parties are not secured and will be settled in cash when mature.

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

35. Contingent liabilities and bills payable

	as at 30 Sept 2015 (unaudited)	as at 31 Dec 2014
Contingent liabilities		
a) guarantees to secure:	360 472	325 342
- contract performance and defect removal	334 740	299 235
- timely payments	218	1 066
- bid bond	10 787	10 078
- other	14 727	14 963
b) bills of exchange	18 532	19 740
	379 004	345 082

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

During the nine months ended 30 September 2015 the company submitted to its counterparties guarantees issued by banks or insurance companies for the total amount 111 576 thousand PLN, of which to secure:

- contract performance and defect liability	101 389	thousand PLN,
- bid bond	10 187	thousand PLN.

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

During the nine months ended 30 September 2015 ELEKTROBUDOWA SA provided guarantees, which amount concerning two counterparties exceeded 10% of the Company's equity. The performance bonds and bid bonds were issued for the sum 53 718 thousand PLN and concerned:

- PSE SA 30 082 thousand PLN,
- Emerson Progress Management Power & Water Solutions sp. z o.o. 23 636 thousand PLN.

Details of other contingent liabilities, concerning the following issues: taxes, pending lawsuits, execution of construction contracts, are provided in Note 24.1, Note 28 and Note 37, respectively.

In the presented reporting periods ELEKTROBUDOWA SA did not provide any sureties.

36. Remuneration for the entity authorized to audit the financial statements

A contract for reviewing the interim financial statements of ELEKTROBUDOWA SA and the ELEKTROBUDOWA SA Group for the 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.

37. Significant litigations, court proceedings

Presented below are major litigations and court proceedings in which 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 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 *Sahkoalojen 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 questions 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.

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

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 ammattiliitto 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 ammattiliitto 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 26). The Management's estimate in this respect did not change as at 30 September 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) On 14 October 2015 the District Court in Warsaw 1st Civil Department announced a judgement dismissing the claim of EQA in its entirety for formal reasons, therefore on 15 October 2015 a motion was filed to prepare and serve a statement of reasons. It will be possible to file an appeal within 14 days since the judgement including reasons has been served.

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

- A lawsuit for payment of remuneration from Contract Amendments (amendment No. 109011/567/2011 of 30.12.2011 and No. 109011/577/2011 of 30.12.2011)
 - a) Claimed amount: 3 522 thousand PLN.
 - b) Date of filing the suit: 20 January 2014.
 - c) On 28 October 2015 there were hearings of witnesses. Hearings of further witnesses will take place on 13 January 2016.

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) On 2 November 2015 there was a hearing of witnesses. Hearings of further witnesses will take place on 26 February 2016.
- 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 based on legal screening, realizability of claimed receivables is highly probable.

38. Representation of the Management of ELEKTROBUDOWA SA on realization of the published forecast

Published on 25 February 2015, Forecast of the ELEKTROBUDOWA SA for 2015 assumes that the annual sales revenues will be realized on the level of 1 148 868 thousand PLN and the net profit will amount to 42 326 thousand PLN. After the nine months of 2015 the Company generated sales revenue of 904 582 thousand PLN (25% growth on the sales revenue for the nine months of 2014) and earned the net profit of 42 931 thousand PLN. Order backlog as at 30 September 2015 is worth 1 466 408 thousand PLN, while the amount of orders received in the nine months is 679 129 thousand PLN.

The budgeted annual sales were realized in 79% while the net profit in 101%.

Having considered the performance, the Management of the company decided to announce a new annual forecast in respect of the net financial result.

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

39. Additional information

Construction of the Franowo tram depot in Poznań

On 11 April 2011 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 is as follows: the consortium partner (ELEKTROBUDOWA SA) – 48%; the leader – 52%. The scope of works to be performed by ELEKTROBUDOWA SA was priced at 101 191 thousand PLN.

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

	period ended 30 September 2015 (unaudited)	period ended 31 December 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)	3 168	2 326
Extended guarantees (off-balance sheet liabilities)	3 722	3 722

The project was 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.

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

The amount 20 145 thousand PLN 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 file an application, on 11 August 2015, 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. By the decision of 1 September 2015 the District Court for the Capital City of Warsaw, 9th Commercial Division ascertained its lack of competence to consider the application for a consent to place the subject of the cash consideration at the court deposit; at present we are waiting for a decision of the Regional Court in Warsaw to establish which court shall be competent for the case.

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, the case records are in the proceedings between the first and the second instances, as indicated above.

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).

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.

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

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 available documentation, 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 real risk of non-realizability of the recognized receivables. Because of protracting procedure of establishing the escrow deposit and the necessity to fulfill the conditions for releasing the money due from the deposit, the resolution of the case in the short-time perspective is not expected.

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 filed 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. The proceedings are still pending.

40. Significant events after the reporting date

On 10 November 2015 the Company informed that the Management of ELEKTROBUDOWA SA had passed a resolution to revoke an individual commercial proxy granted to Mr Roman Grzelak, with the effect from 9 November 2015.

On 10 November 2015 ELEKTROBUDOWA SA signed an Amendment to the Framework Agreement on the Revolving Line of Credit for Bank Guarantees with Bank Handlowy w Warszawie Spółka Akcyjna, having its registered office in Warsaw. According to covenants of the Amendment, the Bank extended the validity of the renewable lending limit in the amount of 90 000 000.00 PLN until 10 November 2016. The other provisions of the Agreement remain unchanged.

The Company also signed an Amendment to the Current Account Overdraft Agreement No. BDK/KR-RB/000501070/0177/13. According to its covenants the Bank extended the validity of the Agreement until 10 November 2016. The other provisions of the Credit Agreement remain unchanged.

No other significant events have occurred after the reporting date, except for the presented above and in Note 37 which should be, but are not, disclosed in these interim condensed financial statements.