ERBUD S.A.

Topic:
Information about the conclusion of a significant transaction by the Issuer.
Legal basis: Article 56 section 1 item 2 of the Bid Law - current and periodic information

Content of the report:
During the period from 28 May 2008 to 14 August 2008, the Issuer concluded with Bank Millennium SA (the "Bank") six optional structures based on the same principles related to PLN/EUR exchange rate as in the framework agreement of 6 January 2006. The purpose of conclusion of the optional structures was for the Executive Board of Issuer was to secure against the exchange rate risk connected with revenue from construction contracts executed by the Issuer in the euro during the period of a steady strengthening of the PLN. The Board grounded its decision on the basis of analytical reports prepared by reputable banks and financial institutions. These reports consistently show a continuing consolidation of the PLN towards the EUR.
The first three structures have expired in July and August 2008, and another three consecutive structures were concluded. Due to expired structures the Issuer realized profits of PLN 1,365,000.
As a part of the unexpired structures the Issuer bought from the Bank sale options of defined amounts of the Euro. On the other hand, within the same structure, the Issuer sold to the Bank purchase options to buy twice larger amounts of the euro. These options are settled for on a monthly basis, starting from August 2008 to July or respectively - depending on option - to August 2010.
Analyzing the effects of the crisis in international financial markets and its impact on the Polish market and significant fluctuations of PLN/EUR exchange rate as a result of this situation, and also taking into account trends in the rates in the future, the Executive Board has acknowledged that the optional structures can be a possible source of significant Issuer's commitments. In view of these threats, the Issuer's Managing Board has decided on 21 November 2008 to transform the current asymmetric optional structures into symmetric ones and to conclude with the Bank forward transactions, which eliminates the risk of increasing the Issuer's liabilities to the Bank during the period from January 2009.
On 21 November 2008, the Issuer concluded with the Bank a number of forward contracts, which will be performed during the period from January 2009 to August 2010. The total basic amount of forward contracts is EUR 5,000,000 during each month (except August 2010 when the basic amount will be EUR 1,000,000). The forward exchange rates have been fixed on the basis of spot exchange rate of 3.8000 (for the structure under which the basic amount of each option is EUR 3,000,000) and rate of 3.7950 (for two structures under which the base of each option is EUR 1,000,000). The value of future negative flows for the period from January 2009 to August 2010 will be PLN 43,450,000. An additional one-time cost of the structures conversion to be beard by the Issuer on 25 November 2008, amounts to PLN 4,000,000.
The Executive Board informs about a good financial status of the Issuer. As at 21 November 2008, the Issuer has no bank loans payable and the cash in the accounts of the Issuer is more than PLN 50,000,000.
Furthermore, the Issuer has unused lines of credit in the current account amounted to PLN 17,000,000 and unused lines of bank guarantees amounted to PLN 35,200,000. At the same time, the Bank offered the Issuer a significant increase of the credit limit in the current account to develop its activities.
The Issuer will immediately announce a correction of published forecasts results for the year 2008. This above transaction does not affect the result of EBIT projection for 2008 valued at PLN 60,000,000.
The criterion to recognize the described transaction as a significant is the value of the contract subject, which exceeds 10% of the value of Issuer's equity.