ERBUD S.A.

Current Report No. 33 /2011
Date of Report: 2011-07-15

Topic:

Issue of Bonds by Erbud S.A.

Legal basis: Article 56 section 1 item 2 of the Act on Public Offering - current and periodic information

Content of report:

Acting pursuant to § 5 section 1) item 11) of the Regulation of The Minister of Finance dated 19 February 2009 on current and periodic information to be submitted by issuers of securities and the conditions for recognition as equivalent information required under the law of a non-member state (Journal of Laws No. 33 of 2009, item 259)[the "Regulation"] Erbud SA, seated in Warsaw [the "Company"], announces that on 14.07.2011, the Company issued a total of 50,000 unsecured long-term Bonds with a nominal value of PLN 1,000 each amounting to PLN 50 million. The issue price is equal to the par value and the interest rate was set based on WIBOR 6M plus a margin of 3.40% pa (the "Bonds") with a maturity falling on 15 July 2014. Conditions of Bonds issue provide for an earlier redemption of the Bonds at the request of the bondholders, in the event of any breach of conditions specified therein.

As of 31 March 2011, the aggregate balance of liabilities and provisions for liabilities of the Parent company of Erbud SA zł amounted to PLN 342 m., of which PLN 11 m. was attributed to non current obligations, PLN 277 m. to short-term obligations, PLN 20 m. to provisions for liabilities and PLN 34 m. to accruals. Moreover, the balance of cash and cash equivalents of the Parent as at 31 March 2011 was PLN 28 m. Cash surplus over the interest charges amounted to PLN 3 m.

As at 31 March 2011, the aggregate balance of liabilities of the Erbud S.A. Group (including provisions for liabilities and accruals) amounted to PLN 445 m., of with PLN 60 m. was attributed to non current obligations and PLN 385 m. to current obligations. As at 31 March 2011, the consolidated balance of cash and cash equivalents was PLN 47 m.

The Issuer will undertake efforts to keep the conservative funding policy to maintain the Net Debt to Equity Ratio at the Individual Level below 0.6 and the Net Debt to Equity at the Consolidated Level below 1.

The intention of of the Issuer is to use the funds raised, first of all to finance an increased demand for working capital.