Translation from Polish

THE MANAGEMENT REPORT ON OPERATIONS OF THE ERBUD CAPITAL GROUP

1. Description of the organization of the ERBUD GROUP and changes in its structure

1. The Parent Company

Erbud S.A. is a parent company of the Erbud Group [the "Parent"].

The core business of the Group activities are broadly understood construction, erection and assembly services performed in general contracting and subcontracting in the country and abroad. ERBUD S.A. is the dominant entity in the Group.

1.2. Consolidated related parties

As at 31 December 2011 the structure of the Erbud Group was as follows.

The following table shows the shares in the consolidated subsidiaries.

No.	Subsidiary name	Shares held by Erbud S.A. as at					Consolidation method
		2011-12-31	2011-09-30	2011-06-30	2011-03-31	2010-12-31	
1	Erbud International Sp. z o.o.	100%	100%	100%	100%	100%	full
2	Gwi GmbH	85%	85%	85%	85%	85%	full
3	Budlex Sp. z o.o.	89.96%	89.96%	89.96%	89.96%	89.96%	full
7	Erbud Energetyka	86.36%	86.36%	86.36%	86.36%	86.36%	full
8	Ersteel Sp. z o.o.	100%	100%	100%	100%	100%	full
9	PBDI S.A.	94.27%	94.27%	94.27%	94.27%	94.27%	full

In the fourth quarter of 2011, there were no changes as regards shares held by the Issuer.

2. The opinion of the Management Board of Erbud S.A. regarding the implementation of forecasts published in the prospectus in light of the results presented in this report

The Management Board of Erbud S.A. did not publish projections or estimates for 2010.

3. Shareholders of the Parent

According to information held by ERBUD S.A. there were following changes in the shareholding of the Issuer by the report publication date:

On 19 January 2011, the Issuer's Management Board was notified of the disposal of 152,000 shares of Erbud SA by Wolff & Müller Baubeteiligungen GmbH & Co. KG. Before the transaction Wolff & Müller Baubeteiligungen GmbH & Co. KG together with the associated entity Wolff & Müller Holding GmbH & Co. KG had 4,304,865 Issuer's shares representing 34.16% of the share capital of ERBUD S.A. entitling to the same voting rights at a General Meeting. After the transaction, the Wolff & Müller Group has 4,152,865 shares of ERBUD S.A. representing 32.95% of the Issuer's share capital and entitling to the same voting rights at at the AGM of Erbud SA.

On 04 March 2011, the Management Board of the Issuer was notified of the purchase of the Issuer's shares by a person related. The procura holder of Erbud S.A. acquired 1,125 shares of series D.

On 05 April 2011, the Management Board of the Issuer was informed that Otwarty Fundusz Emerytalny Aviva BZ WBK has increased the shareholding of the Issuer's shares, which as of 31.12.2010 amounted to 927,978 shares of Series D.

On 25 May 2011, the Management Board of the Issuer was notified of the purchase of the Issuer's shares by a person related. The procura holder of Erbud S.A. acquired 1,074 shares of series D.

On 06 July 2011, the Management Board of the Issuer was notified of the disposal of the Issuer's shares by a person related. The procura holder of Erbud S.A. sold 1,000 shares of series C.

On 25 July 2011, the Management Board of the Issuer was notified of the disposal of the Issuer's shares by a person related. The procura holder of Erbud S.A. sold 1,000 ordinary bearer shares.

On 26 July 2011, the Management Board of the Issuer was notified of the disposal of the Issuer's shares by a person related. The procura holder of Erbud S.A. sold 1,200 ordinary bearer shares.

On 26 July 2011, the Management Board of the Issuer was notified of the purchase of the Issuer's shares by a person related. The procura holder of Erbud S.A. acquired 2,000 shares of series D.

On 08 September 2011 the Management Board of the Issuer was notified of the disposal of the Issuer's shares by a person related. The procura holder of Erbud S.A. sold 1,000 shares

On 09 September 2011, the Management Board of the Issuer was notified of the purchase of the Issuer's shares by the shareholder Juladal Investment Ltd. (a company controlled by the Issuer's Management Board). Juladal acquired 21.900 shares of Erbud S.A.

On 12 September 2011, the Management Board of the Issuer was notified of the purchase of the Issuer's shares by a person related. The procura holder of Erbud S.A. acquired 587 shares.

On 14 September 2011, the Management Board of the Issuer was notified of the purchase of the Issuer's shares by the shareholder Juladal Investment Ltd. (a company controlled by the Issuer's Management Board). Juladal acquired 11,408 shares of Erbud S.A.

On 19 September 2011, the Management Board of the Issuer was notified of the purchase of the Issuer's shares by the shareholder Juladal Investment Ltd. (a company controlled by the Issuer's Management Board). Juladal acquired 2,715 shares of Erbud S.A.

On 29 November 2011, the Management Board of the Issuer was notified of the purchase of the Issuer's shares by a person related. The procura holder of Erbud S.A. acquired 1,000 shares.

On 29 November 2011, the Management Board of the Issuer was notified of the purchase of the Issuer's shares by a person related. The shareholder Juladal Investment Ltd., a company controlled by the Issuer's Management Board, acquired 21.004 shares.

On 14 December 2011, the Management Board of the Issuer was notified of the purchase of the shares of Erbud S.A. by ING Otwarty Fundusz Emerytalny. After the transaction, the Fund holds 1,269,709 shares, which gives 10.04% of the total votes at the AGM.

On 29 December 2011, the Management Board of the Issuer was notified of the purchase of the Issuer's shares by a person related. The procura holder of Erbud S.A. acquired 1,139 shares.

On 6 December 2011, the Management Board of the Issuer was notified of the purchase of the Issuer's shares by a person related. The procura holder of Erbud S.A. acquired 2,702 shares.

On 9 December 2011, the Management Board of the Issuer was notified of the purchase of the Issuer's shares by a person related. The procura holder of Erbud S.A. acquired 67 shares.

On 10 January 2012, the Management Board of the Issuer was notified of the purchase of the Issuer's shares by a person related. The procura holder of Erbud S.A. acquired 1,229 shares.

On 11 January 2012, the Management Board of the Issuer was notified of the purchase of the Issuer's shares by a person related. The procura holder of Erbud S.A. acquired 1,742 shares.

On 13 February 2012, the Management Board of the Issuer was notified of the disposal of the Issuer's shares by a person related. The procura holder of Erbud S.A. sold 1,700 shares.

On 10 August 2011 the Issuer's Management Board adopted a resolution to increase the share capital from PLN 1,260,271.10 to PLN 1,264,416.90 under issuing 41.458 registered shares with a value of PLN 0.10 per share. The increase was due to issuance of Series F shares under the Employee Incentive Program.

The decision about registration the capital increase has been released on 14 September 2011.

Therefore, the Issuer's share capital as at the date of the Report publication consists of the following series of shares:

Series	Number of shares	Price in PLN	Value
A	2 000 000	0.10	200 000.00
B	8 000 000	0.10	800 000.00
C	71 025	0.10	7 102.50
D	2 500 000	0.10	250 000.00
E	31 686	0.10	3.168.60
F	41 458	0.10	4.145.80
Total	12 644 169	0.10	1.264.416.90

Accordingly, the shareholding (shareholders having more than 5%) as at the date of this report is as follows:

ERBUD shareholders holding over 5% of all shares — As at 28.02.2012: 12 644 169

No.	Shareholder	Class of shares	Number of shares	Equity percentage	Voting power	Percentage of voting rights at a GM
1	Wolff & Müller Baubeteiligungen GmbH & Co. KG, incl. Wolff & Müller Holding GmbH & Co. KG	ordinary	4 152 865	32.84%	4 152 865	32.84%
2	Juladal Investment Limited	ordinary	2 818 174	22.29%	2 818 174	22.29%
3	Aviva OFE Aviva BZ WBK	ordinary	1 183 146	9.36%	1 183 146	9.36%
4	ING OFE	ordinary	1 269 709	10.04%	1 269 709	10.04%
5	Dariusz Grzeszczak	ordinary	750 000	5.93%	750 000	5.93%
6	Free Float	ordinary	2 470 275	19.54%	2 470 275	19.54%

4. The Erbuds S.A. shares or rights to them (options) held by the managing and supervising persons as at the date of the report submission, including changes in ownership in IVQ 2011

As of 31 December 2011, the members of managing and supervising staff held the following number of shares:

No.	Person related	Type of relationship	Class of shares	Number of shares	% of equity	Number of votes	% of voting rights at the AGM
1	Dariusz Grzeszczak	Board"s member of Erbud SA	Common	750 000	5.93%	750 000	5.93%
2	Józef Adam Zubelewicz	Board"s member of Erbud SA	Common	250 000	1.98%	250 000	1.98%
3	Walenty Twardy	Procurist of Erbud S.A.	Common	12 384	0.10%	12 384	0.10%
4	Piotr Augustyniak	Procurist of Erbud S.A.	Common	8 747	0.07%	8 747	0.07%
5	Bogdan Dürr	Chairman of Erbud International Sp. zo. o.	Common	6 712	0.05%	6 712	0.05%
6	Beata Krzywicka	Spouse of the Erbud S.A. Procurist	Common	3 636	0.03%	3 636	0.03%
7	Tomasz Krzywicki	Procurist of Erbud S.A.	Common	2 750	0.02%	2 750	0.02%
8	Agnieszka Głowacka	Procurist of Erbud S.A.	Common	5 436	0.04%	5 436	0.04%
9	Włodzimierz Czystowski	Procurist of Erbud S.A.	Common	12 463	0.10%	12 463	0.10%

10	Mariola Zielińska	CFO of Erbud S.A.	Common	4 318	0.03%	4 318	0.03%
11	Grzegorz Krzywicki	Procurist of Erbud S.A.	Common	3 033	0.02%	3 033	0.02%
12	Radosław Kałamaga	Procurist of Erbud S.A.	Common	3 704	0.03%	3 704	0.03%
13	Waldemar Kozłowski	Procurist of Erbud S.A.	Common	0	0.00%	0	0.00%
14	Maciej Wyrzykowski	Procurist of Erbud S.A.	Common	1 200	0.01%	1 200	0.01%
15	Mirosław Młynarski	Procurist of Erbud S.A.	Common	4 479	0.04%	4 479	0.04%
TOTAL				**1 068 862**	**8.45%**	**1 068 862**	**8.45%**

Board members and procurists did not have any Erbud's shares options.

5. Information about the proceedings pending before a court, authority responsible for arbitration or public administration as at 30 September 2011

On 22 December 2010, Erbud SA brought to the Regional Court in Warsaw, XVI Commercial Division an action for payment against Bank Millennium S.A.
Value of the dispute: PLN 71,065,496.
The respondent: Bank Millennium S.A. in Warsaw.

In 2008, the Bank Millennium S.A. advised the Issuer (Erbud S.A.) concluding a transaction on currency options to protect euro-denominated contracts executed by the Issuer against an exchange rate risk. The Bank's offer resulted from the Issuer's need to adequate secure its situation. The product was presented by the Bank as an instrument optimally adapted to the requirements of Erbud S.A. In the fourth quarter of 2008, as a result of the drastic depreciation of the Polish zloty against euro, the Bank Millennium S.A. reported to the Issuer a negative valuation of its exposure. At the same time, there arose a dispute as to content of the currency options transactions, primarily concerning exclusion of optional structures.

During many talks, the Issuer presented its position to the Bank, which required execution of the transaction, including action for compulsory execution of claims. In order to reduce the amount of potential loss, the disputed transactions were restructured, and the Bank has been informed about future legal action to compensate damage resulting from the transactions of currency options.
The restructuring details were announced by the Issuer in the Current Report No. 43/2008 of 21.11.2008, and in the financial statements for the year 2008. The Issuer has never agreed with the position of the Bank Millennium S.A. and therefore call the Bank twice to pay the amount of PLN 71,065,496, which consists of amounts collected by the Bank from the Issuer's bank account, lost benefits, and legal and financial advisors' fees. Accordingly, the Issuer has decided to enter a lawsuit for payment in order to compensate the damage suffered.

As at the report publishing date, the case stated is as follows: in reply to the statement of claim the Bank Millennium petitioned the court to dismiss the action in full. In response Erbud SA upheld all the claims.

On 23 November 2011, the first hearing without examination of witnesses was held. The first substantive session will be held on 16 March 2012.

6. Information about the concluding by the Issuer and its subsidiaries transactions of a non-routine and unusual nature with associates of a value exceeding EUR 500,000.00

In 2011, there took place transactions with related parties, that value in the period from the beginning of the fiscal year exceeded the PLN equivalent of EUR 500,000. Most transactions was of a routine nature and resulted from the statutory activities of the companies of the Group.

5. Information about loan pledges or guarantees granted by the issuer or its subsidiary during the three quarters of 2011

Guarantees and loans granted by the Issuer:

Description	31.12.2011	30.09.2011	30.06.2011	31.03.2011	31.12.2010
Guarantee to repay the loan for Erbud International Sp. z o.o.	4,000	4,000	4,000	4,000	4,000
GWI GmbH – guarantee to repay the loan	10,557	10,557	10,557	10,557	10,557
GWI GmbH – guarantee to repay the loan isued by BRE Bank S.A.	10,750	10,750	10,750	10,750	10,750
Budlex Sp. z o.o. - loan	4,000	4,000	4,000	0.00	0.00
Ersteel Sp. z o.o. - loan	24,974	24,974	24,974	24,974	24,974
Ersteel Sp. z o.o. - guarantee	0	5,113	5,113	5,113	4,313
Budlex Pestalozziego Sp. z o.o.	0	900	900	900	900
Total contingent liabilities	12,286	12,286	0.00	0.00	0.00

The surety the subsidiary GWI GmbH GWI amounts to EUR 2.5 million. The conversion is at the rate as of 30.09.2009 (4.2226). The guarantee agreement was signed on 28 September 2009.

The guarantee for the subsidiary GWI GmbH GWI amounts to EUR 2.7 million. The conversion is at the rate as of 23.09.2010 (3.9813). The guarantee was issued on 23 September 2010.

Guaranties within the Budlex Group:

Liability	Guarantee amount	Guarantor	Debtor	Bank
Guarantee to the loan amount, incl. interest and other receivables due to the bank	600 000	Budlex Invest Sp. z o.o.	Budlex S.A.	PKO BP S.A.
Bill guarantee	8 367 000	Budlex S.A.	Budlex Construction sp. z o.o.	BRE Bank Hipoteczny SA
Bill guarantee	9 850 000	Budlex S.A.	Budlex Bratek sp. z o.o.	BRE Bank Hipoteczny SA
Bill guarantee	9 200 000	Budlex S.A.	Budlex Koszarowa sp. z o.o.	BRE Bank Hipoteczny SA
Bill guarantee	10 000 000	Budlex S.A.	Budlex Partner Sp.zo.o.	BRE Bank Hipoteczny SA
Bill guarantee	11 436 809	Budlex S.A.	Budlex Waryńskiego sp. z o.o.	PKO BP SA

Bill guarantee	9 300 000	Budlex S.A.	Budlex Winnica L4 sp. z o.o.	Bank Pocztowy SA
Bill guarantee	600 000	Budlex S.A.	Budlex Winnica L4 sp. z o.o.	Bank Pocztowy SA
Bill guarantee	9 007 931	Budlex S.A.	Budlex Sielanka Sp. z o.o.	PKO BP S.A
Bill guarantee	26 000 000	Budlex S.A.	Budlex Glinki A3 sp. z o.o.	BRE Bank Hipoteczny SA
Bill guarantee	11 400 000	Budlex S.A.	Budlex Powstania Listopadowego sp. z o.o.	Bank Pocztowy SA
Bill guarantee	1 000 000	Budlex S.A.	Budlex Powstania Listopadowego sp. z o.o.	Bank Pocztowy SA

List of off-balance sheet liabilities in the form of guarantees granted:

Description	**31.12.2011**	**30.09.2011**	**30.06.2011**	**31.03.2011**	**31.12.2010**
Liabilities payment guarantee	53,728	53,728	39,894	44,309	35,341
Performance bond	181,704	189,586	131,934	147,553	141,587
Defects remedying guarantee	95,702	127,001	116,003	105,119	77,875
Total contingent liabilities	**331,134**	**370,315**	**287,831**	**296,981**	**254,803**

8. Key events occurred over the four quarters of 2011 and after 31.12.2011

Contracts concluded by:

Erbud S.A. - in Poland

Building Investor/Customer	**Branch Toruń**	**Branch Warszawa**	**Branch Rzeszów**	**Branch Wrocław**	**Branch Kraków**	**Power Construction Division**	**Branch Szczecin**	**Road-engineering**	
West Pomeranian University of Technology, Szczecin							29 250		
M1 Shopping Centre, Kraków					18 450				
Reinforced concrete silo						4 530			
Ashes instalation						2 070			
Suchodolska Gallery							14 800		
Alstom Elbląg	13 000								
Shopping Centre, Żyrardów		14 800							
External networks, Małe Błonia							7 089		
Adria Phase II		43 001							
Aleja Kwiatowa							5 766		
Alfa Park	41 000								193756
Chyliczki		3 450							
Hospital in Krosno			23 443						
Chung manufacturing plant				15 300					42193
Trafostacja Sztuki							10 526		
Heat source modernization, Bochnia			3 634						

Hospital in Kraków			5 976						
Wind Farms, Działoszyn	27 235								
Nowe Bielany Phase III		26 480							
Skoroszewska Housing Estate Phase I		30 200							
Zaira Olsztyn	12 300								
Introl - biomass feeding system						1 955			
Poznań City Hall							133 527		
Modlin Airport - lighting								2 816	
AREO - exotic fish farm facilities		21 260							
Customs Office							20 843		
Łodz Music Academy		21 943							318 695
Wind farm, Pągów	79 000								
Dekada					11 450				
Destructive Testing Laboratory				12 015					
Dialysis Centre			4 150						
Sowińskiego Park		20 000							
Cedrowa	46 190								
Railway Hospital			5 237						
Square, Lubaczów			2 679						
Auchan					179 500				
Wezi-Tech				6 300					366 521
921 165	218 725	181 134	45 119	33 615	209 400	8 555	221 801	2 816	
	24%	20%	5%	4%	23%	1%	24%	0%	

1) Erbud International – abroad ***(by 31.12.2011)***
EUR 19,374 thousand

2) GWI GmbH ***(do 31.12.2011)***
EUR10,328,321

3) PBDI SA ***(do 31.12.2011)***
PLN **158.870,00** thousand *(exclusions of consortiums with Erbud S.A. not included)*

9. Other information, which in the Issuer's opinion is important for assessing its personnel situation, the asset and financial position, financial results and their changes and information that is relevant to assess the feasibility of the Issuer's obligations

9.1.1 List of signed loan agreements and contracts for multi-purpose guarantee lines.

Possible debts of the Erbud Group under the contracts signed were as follows:

Bank name	Type of liability	Amount in PLN '000	CU	Interest rate	Maturity date	Instalments payment	Borrower
Fortis Bank	Overdraft credit	4 000	PLN	WIBOR 1M + margin	2012-09-14	In one amount	Erbud S.A.
BGŻ S.A.	Overdraft credit	15 000	PLN	WIBOR 1M + margin	2012-06-19	In one amount	Erbud S.A.
BRE Bank S.A.	Overdraft credit	10 000	PLN	WIBOR 1M + margin	2012-12-31	In one amount	Erbud S.A.
PKO BP S.A.	Overdraft credit	20 000	PLN	Call rate of PKO BP + margin	2012-06-29	In one amount	Erbud S.A.

ING Bank Śląski S.A.	Overdraft credit	32 000	PLN	WIBOR 1M + margin	2012-08-20	In one amount	Erbud S.A.; Budlex Sp. z o.o., PBDI SA
Bank Millennium S.A.	Overdraft credit	4 000	PLN	WIBOR 3M + margin	2012-07-05	In one amount	Erbud International Sp. z o.o.
KBC Bank	Overdraft credit	1 500	EUR	EURIBOR + 2,5%	2012-10-25	In one amount	GWI
Fortis Bank S.A.	Overdraft credit	3 000	PLN	WIBOR 3M+ margin	2012-08-30	In one amount	PBDI S.A.
Deutsche Bank AG	Investment credit	2 700	EUR	2.59% pa fixed rate	30.06.2012	In one amount	GWI GmbH
Deutsche Bank AG	Investment credit	71.8	EUR	2.99% pa fixed rate	30.06.2017	Equal monthly instalments	GWI GmbH
Commerzbank	Overdraft credit	1 000	EUR	5.5% pa fixed rate	31.05.2012	In one amount	GWI GmbH

Moreover, the Company can obtain contract guarantees in the above said banks.

Bank name	**Type of liability**	**Amount in PLN '000**	**CU**	**Company**
Fortis Bank S.A.	Bid bond, performance bond, repair works guarantee, repayment of advances, re-guarantee	26 000	PLN	Erbud S.A.
BGŻ S.A.	Bid bond, performance bond, repair works guarantee, repayment of advances, re-guarantee	55 000	PLN	Erbud S.A
BRE Bank S.A.	Bid bond, performance bond, repair works guarantee	65 000	PLN/USD/USD	Erbud S.A
PKO BP	Bid bond, performance bond, repair works guarantee	30 000	PLN	Erbud S.A
Kredyt Bank S.A.	Gwarancja dobrego wykonania kontraktu, gwarancja płatności, gwarancja naprawy wad i usterek	34 000	PLN	Erbud S.A
ING S.A.	Performance bond, repair works guarantee, payment guarantee	48 000	PLN	Erbud S.A; PBDI S.A.
Fortis Bank S.A.	Bid bond, performance bond, repair works guarantee, repayment of advances, re-guarantee	4 000	PLN	PBDI S.A.
KBC Bank	Gwarancja dobrego wykonania kontraktu, gwarancja płatności, gwarancja naprawy wad i usterek	1 000	EUR	GWI GmbH

9.1.2 Credit agreements signed by the companies of the Budlex Group

No.	Borrower	Creditor	Kind of credit	Amount in PLN '000	Interest rate	Maturity date
1	Budlex S.A.	Bank PKO BP SA	Overdraft credit	600	WIBOR 1M+2,65%	2012-01-24
2	Budlex S.A.	ING Bank Śląski	Revolving credit	12 000	WIBOR 1M+1,9%	2012-08-20
3	Budlex Construction Sp. z o.o.	BRE BANK HIPOTECZNY SA	Land purchase loan	8 367	WIBOR 6 M+5,5%	2012-12-28
4	Budlex Bratek sp. z o.o.	BRE BANK HIPOTECZNY SA	Investment credit	9 850	WIBOR 3M+3,5%	2014-10-15
5	Budlex Koszarowa sp. z o.o.	BRE BANK HIPOTECZNY SA	Investment credit	9 200	WIBOR 3M+3,3%	2015-01-31
6	Budlex Partner Sp. z o.o.	BRE BANK HIPOTECZNY SA	Investment credit	10 000	WIBOR 6M+3,5%	2014-05-15
7	Budlex Waryńskiego	PKO BP SA	Investment credit	11 436	WIBOR 3M+2,8%	2012-09-30
8	Budlex Winnica L4 Sp.zo.o	Bank Pocztowy SA	Non-renewable revolving credit	9 300	WIBOR 1M +2,4%	2012-12-31
9	Budlex Winnica L4 Sp.zo.o	Bank Pocztowy SA	Revolving credit	600	WIBOR 1M +2,4%	2012-10-31
10	Budlex Sielanka sp. z o.o.	PKO BP SA	Kredyt deweloperski	9 007	WIBOR 3M+2,8%	2012-12-31
11	Budlex Pestalozziego sp. z o.o.	BOŚ BANK SA	Non-renewable revolving credit	12 286	WIBOR 6M+2,6%	2014-11-30
12	Budlex Glinki A3 sp. z o.o.	BRE BANK HIPOTECZNY SA	Investment credit	26 000	WIBOR 3M+2,95%	2015-09-15
13	Budlex Powstania Listopadowego sp. z o.o.	Bank Pocztowy SA	Non-renewable revolving credit	11 400	WIBOR 1M+2,55%	2013-08-13
14	Budlex Powstania Listopadowego sp. z o.o.	Bank Pocztowy SA	Revolving credit	1 000	WIBOR 1M+2,55%	2013-03-29
			TOTAL:	131 046		

9.2. Significant financial agreements

On 9 May 2011, it was signed the Annex No. 2 to the loan agreement with ING Bank Slaski SA. By virtue of this Annex Erbud SA, Budlex Sp. z o. o. and PBDI SA (subsidiaries of the Issuer) may benefit from an overdraft and the financial guarantees line. The line value is PLN 80m,of which the borrower may fall into debt under the negative balance to the amount of PLN 32 million and arrange the issue of financial guarantees to the amount resulting from the difference between PLN 80m and balance of the loan used.

Sublimits for individual borrowers are:
- Erbud SA - PLN 32m,
- Budlex Sp. z o. o. - PLN 12m,
-PBDI - PLN 5 m.

Within the financial guarantees limit, the individual borrower can request to issue a guarantee under sublimits:
- Erbud SA - the entire available sublimit,
- PBDI SA - guarantee to three years - 8m, guarantees over three years - 3 m.

The agreement is secured by:
- assignment of receivables from Erbud SA contracts at 150% of the value of the line,
- security deposit of 10% of the guarantee value for guarantees over 2 years and 20% of the guarantee value in case of guarantees over 4 years,
- bail mortgage up to PLN 96 m. on real estate belonging to PBDI SA and located in Toruń.

The interest rate on the line was established on the market conditions.

By the Annex No. 2, ING Bank Śląski SA has increased the current limit from PLN 50m to PLN 80m and provided funding to the subsidiary PBDI SA.

9.3. Important information about subsidiaries

9.3.1. General information

On 27 October 2011, the share capital of Ersteel Sp. z o. o. was increased to PLN 7,450,000.00. The increase is due to the planned change of the company's business activity.

9.3.2 Information about the transactions concluded with related parties in the Issuer's Group

By 30.12.2011 and to the report publication, the Issuer and its subsidiaries have not concluded any transactions with its affiliates under conditions other than market conditions.

9.4. Other relevant factors, which in the Issuer's opinion can influence the future performance of the Group

9.5. The Issuer's Supervisory Board

On 21 June 2011, the Annual General Meeting of Shareholders appointed Mrs. Zofia Dzik as a new member of the Supervisory Board of Erbud S.A. The Issuer announced this fact in the Current Report No. 27/2011 dated 22 June 2011.

As at the date of report publication, the Supervisory Board Erbud S.A. consists of:

Full name	Post/Function	Term beginning	Term ending
Udo Berner	Chairman of the Supervisory Board	08.12.2009	08.12.2012
Józef Olszyński	Vice-Chairman of the Supervisory Board	08.12.2009	08.12.2012
Albert Dürr	Member of the Supervisory Board	08.12.2009	08.12.2012
Gabriel Główka	Member of the Supervisory Board	08.12.2009	08.12.2012
Lech Wysokiński	Member of the Supervisory Board	08.12.2009	08.12.2012
Zofia Dzik	Member of the Supervisory Board	21.06.2011	08.12.2012

Signatures of Board Members:

Józef Zubelewicz
/Board Member/

Dariusz Grzeszczak
/Board Member/

Warsaw, 28 February 2012