Translation from Polish

ERBUD S.A.

MANAGEMENT BOARD REPORT ON ACTIVITIES OF THE COMPANY IN 2012

WARSAW, 26 APRIL 2013

1. OVERVIEW OF ECONOMIC AND FINANCIAL HIGHLIGHTS DISCLOSED IN THE ANNUAL FINANCIAL STATEMENTS

The financial position of Erbud SA in 2012 is characterized by selected economic and financial figures recognized in the statements of balance sheet, profit and loss, cash flow and explanatory notes, together with the auditor's opinion and report.

1.1. Analysis of Balance Sheet Statement for 2012

Balance Sheet (in PLN '000)	31.12.2012	31.12.2011	Change in PLN '000	Change in %
I Fixed assets	**214 391**	**206 539**	**7 852**	**3.80%**
1. Intangible fixed assets	437	388	49	12.63%
2. Tangible fixed assets	7 605	8 596	-991	-11.53%
3. Long-term receivables	0	0	0	0.00%
4. Long-term investments	185 489	173 065	12 424	0.00%
5. Long-term prepayments	20 860	24 490	-3 630	-14.82%
II Current assets	**504 883**	**476 205**	**28 678**	**6.02%**
1. Inventories	1 110	1 127	-17	-1.51%
2. Short-term receivables	260 197	253 401	6 796	2.68%
3.Short-term investments	152 193	121 707	30 486	25.05%
4. Short-term prepayments	91 383	99 970	-8 587	-8.59%
5. Assets available for sale	0	0	0	0.00%
Total assets	**719 274**	**682 744**	**36 530**	**5.35%**
I Equity	**235 313**	**229 219**	6 094	**2.66%**
II Liabilities and provisions for liabilities	**483 961**	**453 525**	**30 436**	**6.71%**
1. Provisions for liabilities	33 829	30 277	3 552	11.73%
2. Long-term liabilities	50 556	56 537	-5 981	-10.58%
3. Short-term liabilities	358 003	324 560	33 443	10.30%
4. Accruals	41 573	42 151	-578	-1.37%
Total liabilities	**719 274**	**682 744**	**36 530**	**5.35%**

Book value in PLN '000	*235 313.00*	*229 219.00*	*6 094.00*	*2.66*
Number of shares/stocks	*12 677 956.00*	*12 644 169.00*	*33 787.00*	*0.27*
Book value per share / stock in PLN	*18.56*	*18.13*	*0.43*	*2.39*

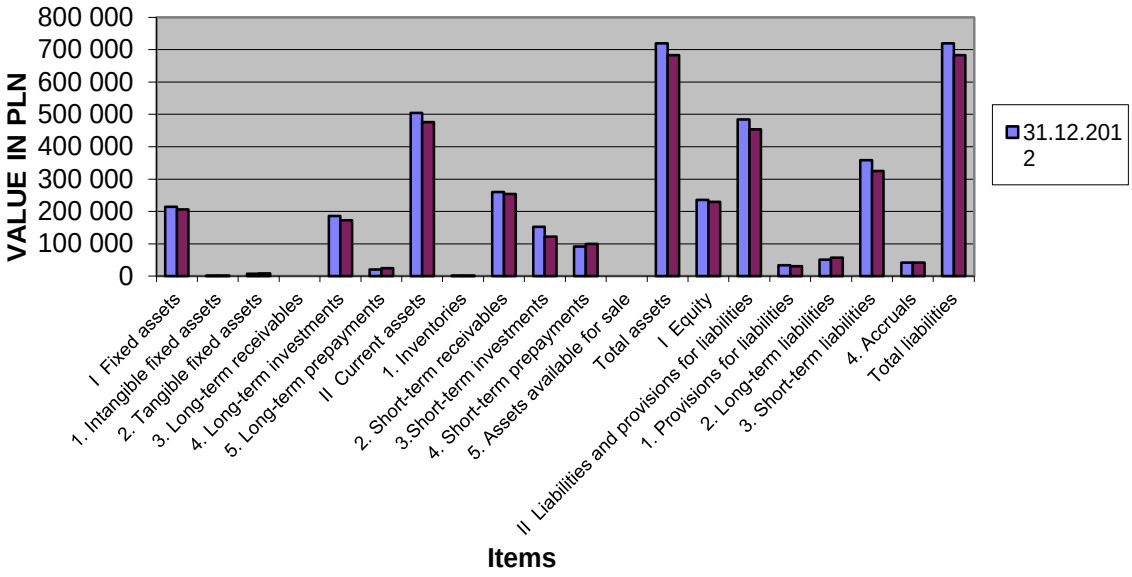
Balance Sheet (in PLN '000)	31.12.2012	Structure in 2012 in %	31.12.2011	Structure in 2011 in %
I Fixed assets	**214 391**	**30,25%**	**206 539**	**29.81%**
1. Intangible fixed assets	437	0.06%	388	0.06%
2. Tangible fixed assets	7 605	1.26%	8 596	1.06%
3. Long-term receivables	0	0.00%	0	0.00%
4. Long-term investments	185 489	25.35%	173 065	25.79%
5. Long-term prepayments	20 860	3.59%	24 490	2.90%
II Current assets	**504 883**	**69.75%**	**476 205**	**70.19%**
1. Inventories	1 110	0.17%	1 127	0.15%
2. Short-term receivables	260 197	37.12%	253 401	36.17%
3.Short-term investments	152 193	17.83%	121 707	21.16%
4. Short-term prepayments	91 383	14.64%	99 970	12.70%
5. Assets available for sale	0	0.00%	0	0.00%
Total assets	**719 274**	**100.00%**	**682 744**	**100.00%**
I Equity	**235 313**	**33.57%**	**229 219**	**32.72%**
II Liabilities and provisions for liabilities	**483 961**	**66.43%**	**453 525**	**67.28%**
1. Provisions for liabilities	33 829	4.43%	30 277	4.70%
2. Long-term liabilities	50 556	8.28%	56 537	7.03%
3. Short-term liabilities	358 003	47.54%	324 560	49.77%
4. Accruals	41 573	6.17%	42 151	5.78%
Total liabilities	**719 274**	**100.00%**	**682 744**	**100.00%**

In 2012, the Company's assets rose by 5.35 %, of which the Issuer's current assets rose by 6.02%, what was caused primarily by increase of cash (by 25.05%).
The Issuer's equity grew by 2.66%.

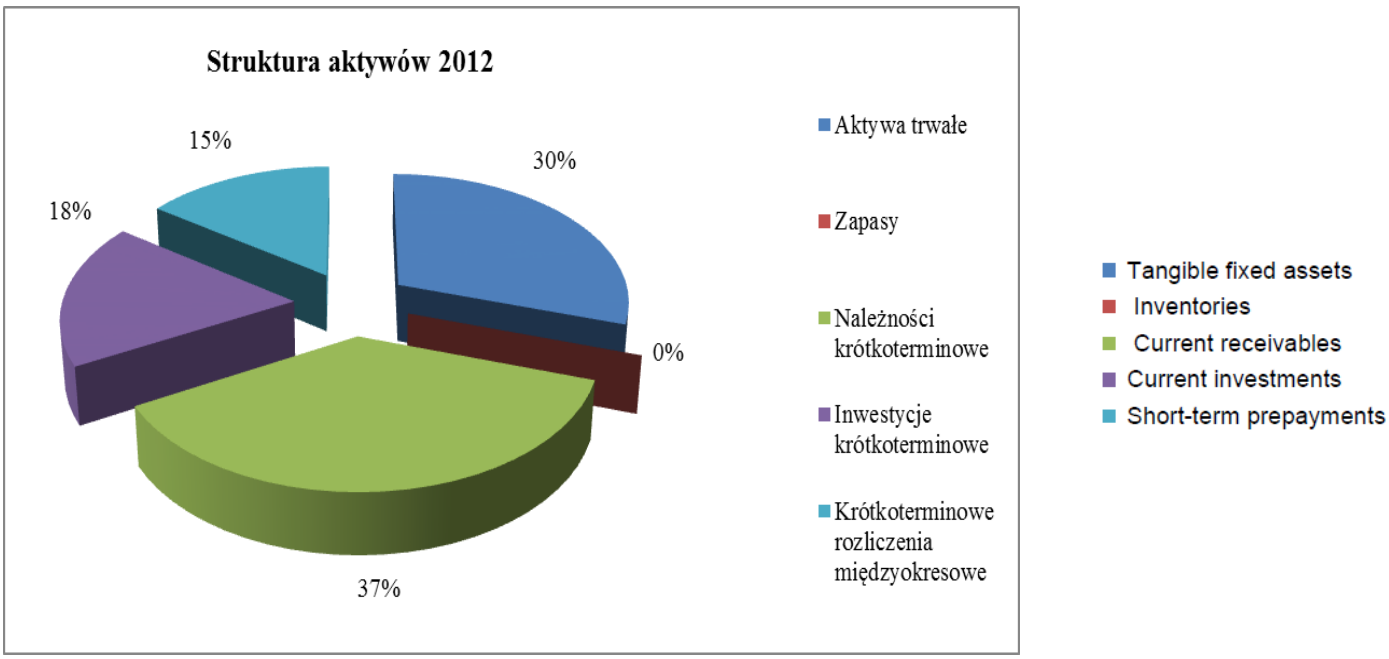
The balance sheet structure (the percentage of each item in total assets and liabilities) has been unchanged.

The structure of assets and liabilities reflects the Board's policy: development of the Company through the current assets value.

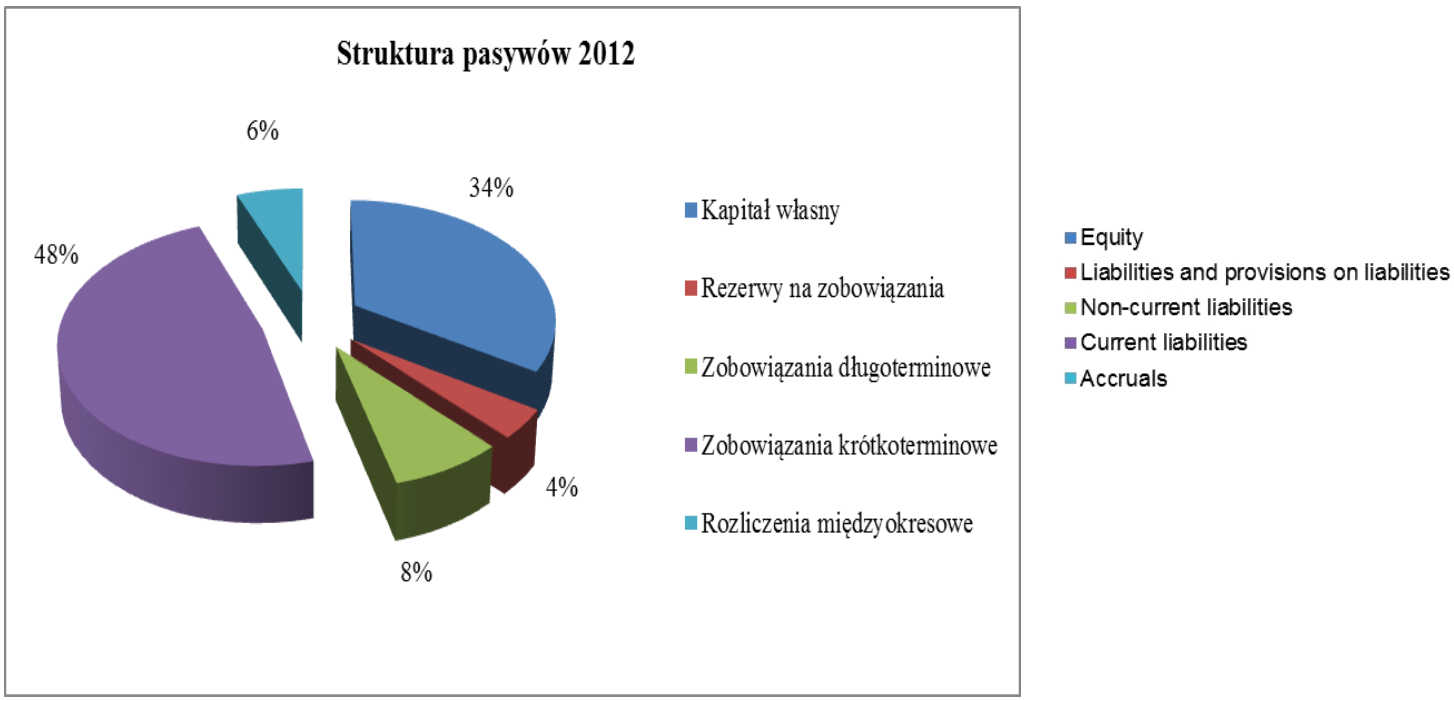
2012/2011 BALANCE SHEET



2012 Structure of assets



2012 Structure of liabilities



1.2. Analysis of Profit and Loss Statement in 2012

Item	2012	2011	Change	Change in %
A. Revenue from core business	**1 078 582**	**1 245 578**	**-166 996**	**-13.41%**
B. Costs of products sold	**1 031 874**	**1 231 809**	**-199 935**	**-16.23%**
C. Profit (loss) on sales before tax	**46 708**	**13 769**	**32 939**	**239.23%**
Sales costs	0	0	0	
Overhead costs	32 211	34 340	-2 129	-6.20%
D. Profit (loss) on sales	**14 497**	**-20 571**	**35 068**	**-170.47%**
Result of operating activitiy	-1 207	-1 219	12	-0.98%
E. Profit (loss) on operating activity	**13 290**	**-21 790**	**35 080**	**-160.99%**
EBIT (%)	**1.23%**	**-1.75%**		
Result on financial activity	-5 709	-6 331	622	-9.82%
F. Profit (loss) on business activity	**7 581**	**-28 121**	**35 702**	**-126.96%**
Income tax	1 990	-2 838	4 828	-170.12%
F. Net profit (loss)	**5 591**	**-25 283**	**30 874**	**-122.11%**
Net profit (loss) in %	**0.52%**	**-2.03%**		

In 2011, revenues from the core business reached PLN 1,078,582 thousand what represented a decrease by 13.41% as compared to last year. Decline in revenues was due to policy conducted by the Management Board that favors profits protection in the current period. As a result, the Issuer very selectively approaches the subject of enquiries. The calculation for each contract is made with consideration of a number of new risks as well.

EBIT in 2012 was 1.23% in 2012.

Net profit ratio for 2012 reached 0.52%.

1.3. Basic results on operations for 2012 and 2011

KEY FINANCIAL RATIOS

Item	2012	2011
ROE1	2.38%	-11.00%
ROA2	0.78 %	-3.70 %
EBIT margin[3]	1.23%	-1.8%
EBITDA margin[4]	1.43%	-1.7%
Sales profitability[5]	4.33%	1.1%
Profitability before tax[6]	0.70%	-2.2%
Net profitability[7]	0.52%	-2.03%
Current liquidity ratio[8]	1.41	1.47
Quick liquidity ratio[9]	1.40	1.46
Overall debt ratio[10]	67%	66%
Equity-debt ratio[11]	2.06	1.98

[1] *Net income / Equity*
[2] *Net income / Total assets*
[3] *Operating profit / Net income on sales*
[4] *Operating profit + Amortization / Net income on sales*
[5] *Gross income on sales / Net income on sales*
[6] *Gross income / Net income on sales*
[7] *Net income / Net income on sales*
[8] *Current assets / Current liabilities*
[9] *Current assets – Inventories / Current liabilities*
[10] *Liabilities and provisions for liabilities / Total assets*
[11] *Liabilities and provisions for liabilities / Equity*

1. In this index and its trend are particularly interested shareholders (investors) of the company. A high Return on Equity shows them whether the capital has been allocated properly. It suggests that the company is developing what creates opportunities for higher dividends.
   The value of ROE is usually compared with the bank interest rate on long-term deposits. The level of this ratio should exceed the rate of long-term bank deposits.

2. This index informs about the company's ability (and more strictly - its assets) to generate a profit. It shows how effectively a company manages its assets. The higher value of Return on Assets, the better the company's financial situation.
   ROA is of particular interest of the company's lenders, since it is a valuable source of information about the ability of assets to raise revenue, which is the source of instalments and interest on loans. Western banks expect this index to reach a level of 2-6 per cent, while for small firms it should be higher than in large ones. Low ratio as compared to the index level of companies operating in the same business usually means under-utilization of company's capacity.

3. EBIT shows sales profitability achieved by the company. So calculated profitability is free form the influence that equity interest, taxes and extraordinary events have on the profit. In 2012, the industry's average rate oscillated below 0.

4. Three presented profitability ratios inform about return on sales at different levels of the company's operations. In the opinion of the Board, indexes are satisfactory as regards the construction industry.

5. Debt ratios indicate a company's ability to repay liabilities. The rates are expected to be ranged between 1 and 2.

6. Overall debt ratio shows the structure of financing company's assets. It indicates the percentage of debt in sources of financing assets. The higher is the index, the higher is the debt, and the higher the financial risk. Too high level of overall debt ratio may raise reservations as to the financial credibility of the company. According to the standards, the index should be in the range of 0.57 - 0.67.

7. The growth of this ratio means that borrowing sources are involved in a greater scale than the own sources of the company, and thus indicates an increase in the debt value. This directly affects the level of financial risk due to

higher repayments of instalments and interest. Ratio of 3:1 is a limit value for small businesses, and 1:1 for medium and large companies

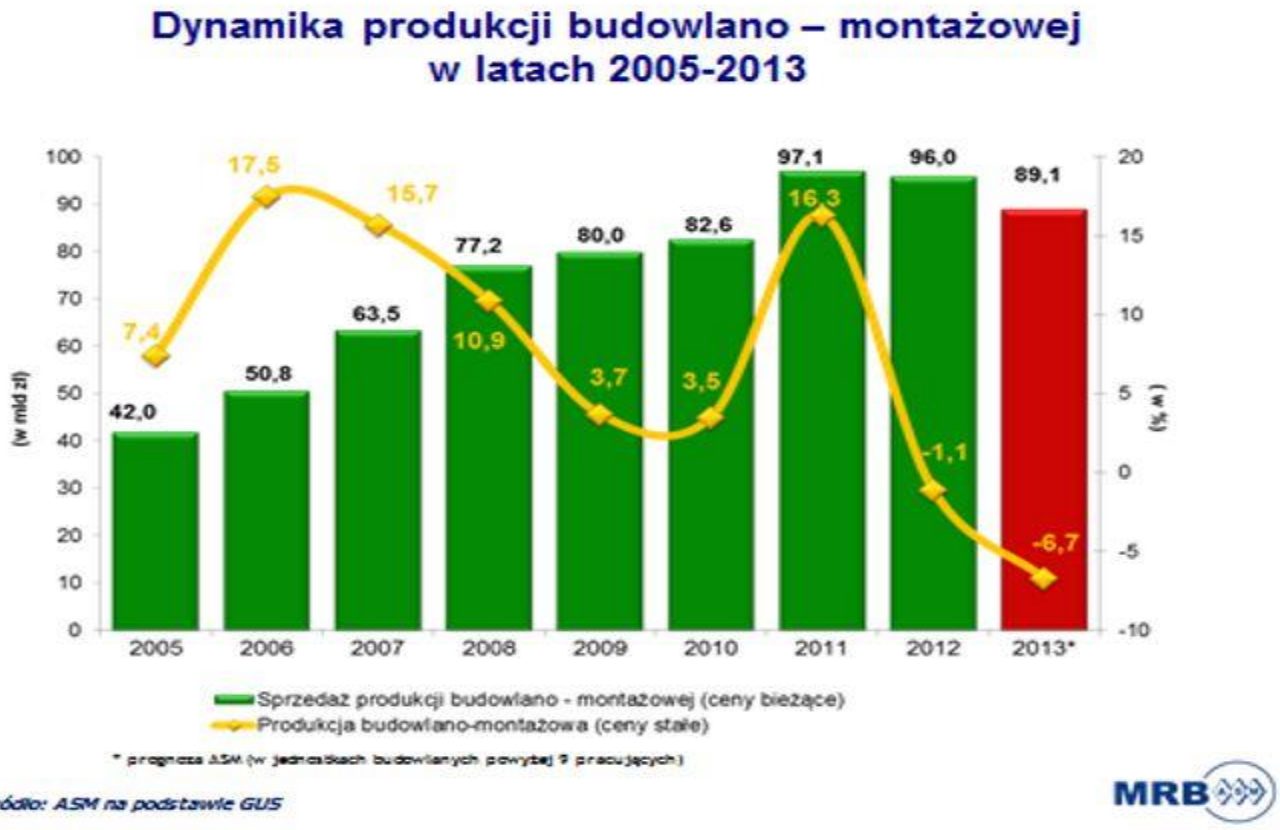
1.4 Cash Flow Statements

The Company began the year 2012 with cash amounted to PLN 120.271 thousand, and ended with closing balance of PLN 152.193 thousand. The Issuer's positive cash flows were on operating activities (PLN 80.748) which shows the generated profits.

1.5 Prospects for the Issuer's development in the next FY

2012 was for the Issuer a year of recovery of earnings and capitals that were reduced by losses generated in 2011. Despite the decline in construction, Erbud SA collected a valuable portfolio of contracts that secure safe passage through the year of 2012, and gave an excellent basis for subsequent periods, in particular for 2013.

2005-2013 construction output rate



The above chart[1)] shows that after 2011 the volume of construction output continued to fall and the decline is expected also in 2013.

2013 will be under the pressure of the bankruptcy of construction companies, gridlocks, fall in housing investment, decline in roadworks and unfortunately delay in the energy sector projects. The ASM Institute experts forecast a drop in construction business of 6.7% in 2013.

This situation will lead to continuing the price war and offering below cost.

Therefore, the Issuer's backlog, which allows the selective approaching inquiries, is a very positive element.

Additional support for the Issuer's activity are renewed guarantee and loan lines that in times of shrinking capital in the construction industry give a strong support and indisputable competitive advantage.

Under the diversification strategy, the Issuer also acquired a company providing services for heat selling companies. This will allow to change the income structure in the future.

1.6 Description of relevant risk factors, threats and their impact on the Issuer's operations

As shown by historical data related to the construction industry, the sector is exposed to market fluctuations same like automotive industry but is not so protected.

A wave of bankruptcy destabilizing construction branch, which started in 2012, was directly connected with large Euro 2012 projects. Such situation caused a considerable mistrust of financial institutions against the industry. This raises a fundamental threat to the construction companies which is manifested by a lack of availability of capital and financial guarantee lines without which the construction sector does not exists. Short-term financing and access to guarantee lines have been provided to and are available to the Issuer and that gives a big margin of safety. However, it requires constant monitoring and searching for alternatives, because the situation is very unstable as regards to attitude of financial institutions against the companies in the construction business.

It is known that the reduction in construction output will intensify the price war, which already devastates industry. It is hard to say whether the spectre of bankruptcy will slow the tendency of companies to build portfolios. The Management Board of the Issuer clearly indicates through its policy that ERBUD will be not a participant in the price war. The relatively low margins in the construction do not allow executing contracts where the calculation shows a profit nearly the zero margin.

Reduced investments together with the Issuer's policy on the minimum, acceptable margins will affect the structure of the backlog for 2014 and 2015. It is not excluded that the Issuer will reduce its revenue from building construction to protect profits.

Apart from the above mentioned sources of threats, the Issuer's Board sees no other risks.

1.7 Research & Development

During the financial year ended 31 December 2012, the Company did not carry out R&D activity.

2. DESCRIPTION OF KEY PRODUCTS AND MARKETS

2.1. Core products

The Issuer rendered services associated with construction of buildings and structures. Since 2006, a hundred per cent of contracts in the country are executed by Erbud as General Contractor. As far as export of construction services, the company operates as a subcontractor (France, Belgium, Germany and Luxembourg).

The Issuer has five branches seated in Torun, Warsaw, Rzeszow, Szczecin, Wroclaw, Krakow, Katowice and two site offices of which one in Gdansk and one in Poznan.

The Issuer's reference list is very large and new kinds of projects are added every year. Among the completed buildings and structures are: hospitals, schools, swimming pools, office buildings shopping centres, museum of contemporary art in Torun, a number of residential buildings in Warsaw and Cracow as well as production halls. Abroad, operating as a subcontractor, Erbud implements complicated engineering projects - compressed gas tanks, tunnels and power plants.

The structure of contracts executed in the country over the last two reporting periods was as follows:

Opis	Contracts signed in 2012	2011
A - Dormitorierels and hostels	0%	0%
B - Office buildings	43.00%	19.72%
Bs - Swimming-pools	0%	0%
Ct - Shopping centres	26.03%	27.91%
L - Airports and terminals	0%	0%
H - Hotels and sanatoriums	0%	0%
M - Housing	17.37%	23.60%
Mk - Multiplexes	0%	0%
P - Industry structures (halls, plants, storehouses)	2.33%	0.68%
S - Schools	0%	3.18%

St - Stadiums	0%	0%
Sw - Performance halls	0%	0%
Sz - Hospitals	2.79%	6.59%
I - Other	0%	3.76%
E- Power sector	2.87%	14.27%
RI - Engineering	5.61%	0,29%
Total	**100%**	**100%**

As can be seen from the breakdown above, in 2012 there was an increase in the number of contracts for erection of office buildings. The number of residential construction contracts and energy projects contracts fall which confirms the theses described in point 1.6 of the Report.

2.2 General characteristics of the domestic market

According to the Economic Development Institute of the Warsaw School of Economics (IRG SGH), trend in construction business exceeded the minimum level from 2001 and the assessment of the industry is worse than of the entire economy ratings.

„As compared to the previous quarter, three main barriers to construction activity have not changed, but the number of companies affected by them has risen. These barriers are: intense competition within the industry, too weak demand and delays in payment. Competition is mentioned by 62% of all companies (1 point more than in the previous quarter), demand by 53% (2 points more) and delays in payment by 47% (4 points more). On the other hand, the prices of raw materials are considered too high by 26% of the companies (3 points less). It is easier to get a loan - this barrier is shown by 15% of the companies (5 points less).

Since the beginning of 2011, construction companies negatively assess the overall economic outlook in the country, and even worse the situation in their own business. The recovery of the whole economy or construction industry sees only 1.6% of the companies, while the deterioration - 77% with respect to the economy and 80% for construction. Among the analysed groups of construction companies there is no difference in assessments of the situation in the industry"

Economic growth in 2012 was the lowest for three years and amounted to 2 percent. According to the Economic Development Institute, the construction sector was the least growing industry in 2012. Value added in the construction business fell by 0.5 percent throughout 2012, and in the period from October to December by 2.6 percent. Annual and quarterly growth rate of construction output sold amounted to -1.0 and -2.4 percent accordingly.

As shown in the table below, the IBnGR analysts predict further deterioration in 2013, both in the overall economy and in the construction industry.

Annual and quarterly macroeconomic forecasts of the Institute for Market Economics 2012

		III	IV	I	II	III	IV	2012	2013	2014
GDP	% y/y	1.4	0.8	0.5	0.5	1.9	2.3	**2**	**1.4**	**2.3**
GDP	%	0.4	0.3	0.2	0.2	0.6	0.6	**x**	**x**	**x**
Value added in										
- industry	% y/y	0.9	-1.4	-1.5	-1.5	2	2.4	**1.2**	**0.4**	**1.8**
- construction	% y/y	-5.8	-2.6	-4.5	-3.6	0.4	1	**-0.5**	**-1.1**	**0.8**
-market service	% y/y	3.0	2.2	1.9	2	2.6	3	**3**	**2.4**	**3**
Domestic demand	% y/y	-0.7	-0.9	-0.9	0.3	1.3	1.5	**0.1**	**0.6**	**1.9**
Total consumption	% y/y	0.1	-0.6	0.8	0.9	1.9	2.3	**0.4**	**1.5**	**2.2**
- of which individual	% y/y	0.1	-0.5	1	1.2	2.2	2.5	**0.5**	**1.7**	**2.5**
Gross outlays on fixed assets	% y/y	-1.5	-0.9	-2.3	-2.1	-1.4	-0.5	**0.6**	**-1.4**	**1.8**
Sold production of										
- industry	% y/y	-0.1	-3.2	-3.5	-1.3	0.8	2.4	**1**	**-0.3**	**2.7**
- construction	% y/y	-11	-2.4	-15.5	-1.6	1.2	2	**-1**	**-1.4**	**2.7**
Inflation (CPI; in average)	%	3.9	2.9	2.3	2.3	2.5	2.6	**3.7**	**2.4**	**2.9**
Inflation (CPI; period end)	%	3.8	2.4	2.2	2.4	2.7	2.8	**2.4**	**2.8**	**3**
Cash supply (M3, period end)	%	7.6	4.6	4.2	4.6	5.8	6.5	**4.6**	**6.5**	**8.8**

Real gross salary	% y/y	-0.9	0.7	0.7	0.6	0.7	1	**0.3**	**0.7**	**1.7**
Average Employment in National Economy	% y/y	-0.1	-0.1	-0.2	0	0.3	0.4	**0**	**0.1**	**1.1**
Registered unemployment rate (period end)	%	12.4	13.4	14.1	13.2	13	13.8	**13.4**	**13.8**	**13**
Export (GUS/RN)	%	0.7	1	-2.7	-4.5	2.6	4	**2.1**	**-0.2**	**2.2**
Import (GUS/RN)	%	-3.7	-3.2	-5.6	-5.1	1.3	2	**-2.1**	**-1.8**	**1.3**
C/A Balance	GDP %	-4.1	-3.2	-3	-3.1	-3.3	-3.4	**-3.2**	**-3.4**	**-3.8**
Average exchange rate (NBP)	PLN/USD	3.31	3.17	3.2	3.1	3.,1	3	**3.26**	**3.1**	**2.9**

2.3. Construction market in Europe

The analysts estimate that GDP will growth in the Euro Zone in 2013 to 0.5% and in 2014 to 1.4%. Unfavourable macroeconomic climate will impact on the market of construction services.

2.4 Characteristics of the EU markets on which the Issuer operates

In 2012, Erbud SA started again its construction activity in Belgium and the Netherlands.

The crisis in the construction industry is not very noticeable on these markets (especially in the field of public buildings such as hospitals, schools, dormitories). In subsequent years, this sector growth is expected to remain unchanged. Downward forecast applies only to the housing sector.

The foreign activities are conducted by subsidiaries of Erbud SA - ERBUD International Sp. z o.o. and GWI GmbH.

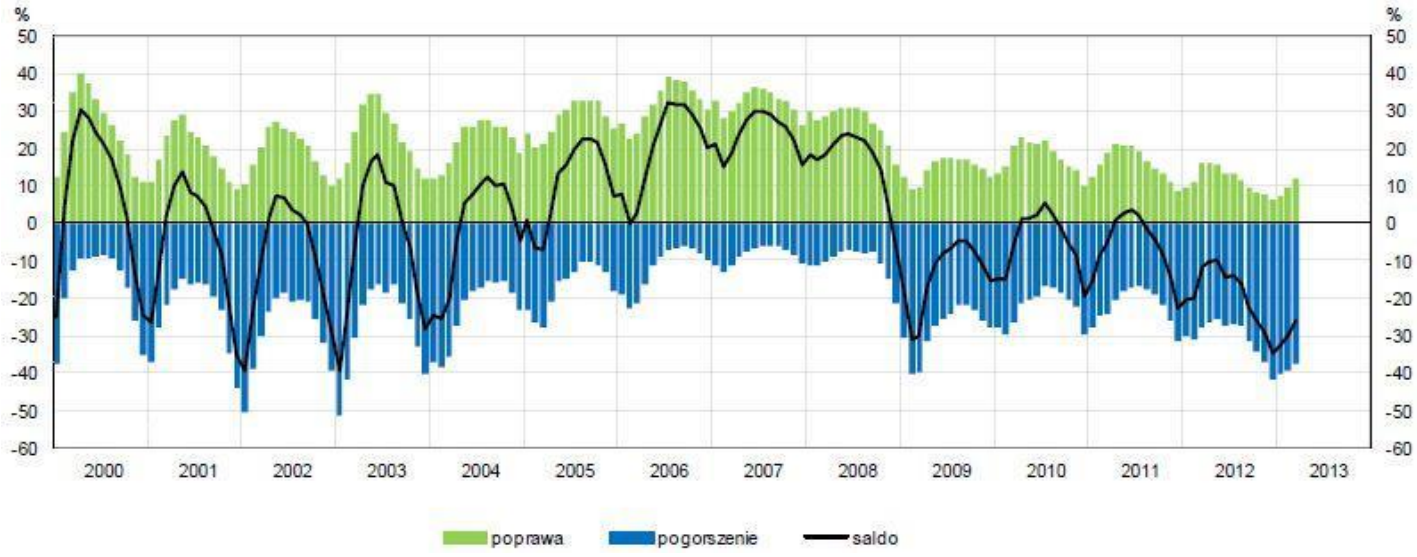
2.5 Prospects for market development

Construction market in the nearest future

In general, all construction market analysis show the further slowdown in 2013 and signs of recovery in 2014.
Contractors are rather in pessimistic mood. The general climate in the branch is at the lowest level for three years. The main obstacles to doing business according to the entrepreneurs are: low demand and the resulting price competition, delays in payment, low tendency of financial institutions to finance the construction industry and provide limits on contractual guarantees.

General climate of the construction outlook

OGÓLNY KLIMAT KONIUNKTURY W BUDOWNICTWIE



Source: http://www.muratorplus.pl/biznes/raporty-i-prognozy/koniunktura-w-budownictwie-na-wiosne-troche-lepsza_79944.html

2.6 Brief description of the economic environment in the context of customers and suppliers

2.6.1. Customers

The Issuer operates in the investment market. Its main customers are large businesses entities and public administration. Among the major clients can be distinguished those with which the Issuer cooperates for the long time: Dom Development S.A., Rank Progress Group, LC Corp, Red Real Estate, Dakota Investments, HINES Group, Auchan Polska, CGL, Capital Park Group and local self-government units.
At this point, the Management Board of Erbud SA would like to express its thanks to all investors for their confidence in the Company by ordering.

2.6.2. Suppliers

The Issuer's suppliers consist of suppliers of materials and subcontractors. As mentioned above, only shell and core projects are executed by the Issuer with its own potential.
Therefore, all other works are ordered to subcontractors. In accordance with the ISO principles, the Issuer shall have a range of qualified suppliers. Such a procedure is necessary due to the verification of prices and the possibility of dependence on one supplier/customer.
In addition to these two aspects, the Issuer's activity is widespread geographically and due to technical reasons, each region has its own base of suppliers and subcontractors.
In view of the above, there is no threat to become dependent on one supplier or subcontractor.

3. INFORMATION ON CONTRACTS CONCLUDED

3.1. Sales structure in conjunction with the organizational structure

As in the previous period so in 2012 the Issuer operates across the country and the "old" European Union. For this purpose, the organizational structure of the Issuer's includes branch offices in Torun, Warsaw, Rzeszow, Szczecin, Wroclaw. Kraków, Katowice and site offices in Poznan and Gdansk.

This structure allows the Issuer to become independent from the local market and actively develop in new geographic regions.

The value of agreements signed in 2012 in Poland is as follows (figures in thousands of PLN)

Builder / Customer	Branch Toruń	Branch Warszawa	Branch Rzeszów	Branch Wrocław	Branch Kraków	Power Division	Branch Szczecin
Dakota Investment		312					
Novum Apartments					93 359		
LC Corp Wrocław				20 200			
Alfa Investment	27 600						
Rybnik – remodelling of rail siding						10 032	
JW. OZE Tauron						5 016	
Ulma		26 000					
FSB Bakery Company				24 450			
Rząśnia Wind Farm	41 852						
PRW Sp. z o.o.				34 600			
PUM Clinical Hospital No. 1							19 020
Wadowice Hospital			3 950				
Solna Mall	77 426						
Dafni						15 085	
Eurocentrum		336 694					
Sopot	14 500						
Zosin			16 800				
Office Park		46 800					
Alterations in Rydgiera Hospital, Kraków			2 585				
Exhibition and Retail Centre in Opole				32 000			
MAGNOLIA Shopping Centre				5 400			
Adria – Stage III		34 500					
Hyperbaric chamber, Hospital in Kraków			3 800				

Magnolia Shopping Centre, Wrocław				144 385			
Police Station, Szczecin							14 997
Total	**161 378**	**444 306**	**27 135**	**261 035**	**93 359**	**30 133**	**34 017**
All Branches							**1 051 363**

In 2012, the Company entered into agreements for construction works in the country worth PLN 1,051,363 thousand.

Projects carried out by ERBUD SA in 2012 abroad

Customer	Project name	Contract price in €
Heitkamp, Langekampstr. 36, D-44652 Herne	Maasvlakte II, NL1202	800 000 €
THV JDN - CEI, Tragel 60, B-9308 Hofstade (Aalst)	Kortrijk, BE1208	5 400 000 €
Besix, Gemeenschappenlaan 100, B-1200 Brussel	Gent Appartament II, BE1209	1 398 000 €
TOTAL		**7 598 000 €**

3.2. Other significant contracts signed in 2012 and till the date of the report preparation

On 22.11.2012, Erbud SA signed an agreement to purchase from Dalkia Lodz SA shares, representing 57.56% of the capital of ENGOREM Sp. z o.o. in Łódź that entitled to 57.56% votes at the shareholders' meeting, what was announced in Current Report No. 50/2012 dated 22.11.2012.
At the same time, the Management Board of Erbud SA acquired shares from minority investors – a group of a few dozen of employees, representing 22.66% of the capital of ENGOREM Sp. z o.o. in Łódź and giving 22.66% votes at the shareholders' meeting. The price was set at PLN 8 million. The transaction was financed with own funds of Erbud SA. As a result of the transaction, Erbud SA became the owner of 80.22% of shares in ENGOREM Sp. z o.o.
In the coming months, Erbud SA plans to hold ultimately shares representing 100% of the capital of ENGOREM Sp. z o.o. seated in Łódź.

ENGOREM Sp. z o.o. was established in 1994 and operates in the field of comprehensive investment services, repair and diagnostics for the power industry, mainly in the region of city of Łódź.
Due diligence conducted prior to the purchase of shares, confirmed the good economic position of the company. End October, ENGOREM Sp. z o.o achieved revenues of PLN 35m and operating profit of around PLN 1.0m. It has no liabilities. The company employs 270 people.

The Management Board of ERBUD S.A. believes the new entity is a foundation for further expansion of the Group's competence in the energy sector.

To optimize the transaction in terms of Cash Flow, ERBUD SA sold on 4 January all shares in Engorem Sp. z o.o., a subsidiary of Delta Sp. z o.o.
For the purchase of shares Delta sp. z o.o. received a loan from Polski Bank Przedsiębiorczości S.A. As a result of such financing structure, the transaction will be neutral for Erbud S.A. as regards cash.

After buying out the remaining shares in Engorem Sp. z o.o. by Delta, it is planned to make a merger of the two companies.

3.3 Significant insurance agreements

As of the day of the report publication, the Issuer has the following insurance agreements.

Policy number	Insuring company	Valid from	Valid to	Subject of Insurance	Covering value
2361000337	Chartis Europe S.A.	01-03-2013	28-02-2014	D&O insurance	PLN 20.000.000,00
901006650989	STU Ergo Hestia S.A.	01-01-2013	31-12-2013	Construction risk insurance	Open cover
901006650986	STU Ergo Hestia S.A.	01-01-2013	31-12-2013	Liability for business conducting insurance	PLN 50,000,000.00 for one event PLN 100,000,000.00 for all events

3.4 Significant financing agreements

On 27 September 2012, the Issuer signed with Alior Bank SA seated in Warsaw a credit agreement No.U0002139462604 in the amount of PLN 50m (fifty million zlotys). Under this agreement Erbud S.A. may benefit from an overdraft of up to PLN 10m (ten million zlotys), and place orders for providing financial guarantees by the Bank within the limits of up to PLN 40m (forty million). The line has been made available for a period of 12 months. Bank debt is secured by assignment of construction contracts receivables in the amount of 150% of the limit granted. Other conditions of this agreement do not differ from the market terms. This is the first agreement entered into by Erbud SA with Alior Bank SA.

On 27 September 2012, the Management Board of Erbud S.A. announces that today it has been informed, that the company Deptak Projekt P2 Sp. z o.o., in which Budlex S.A. - a subsidiary of the Issuer - holds a 50% stake, has signed with BRE Bank Hipoteczny S.A a credit agreement to finance the development of a retail centre in Poznan at Półwiejska 2 Street. The loan amount is EUR 16,500,000. The loan will be available subject to prior obtaining of final building permit, which is expected to be issued in October.

On 23 October 2012, Annex 6 to the Loan Agreement was signed with ING Bank Śląski SA. Under this Annex, the Issuer as well as its subsidiaries PBDI SA and Budlex SA are allowed to use the credit line and financial guarantees line. The total value of lines amounts to PLN 80 million, of which the debt financing line (overdraft) is PLN 35 million. Other conditions are similar to those on the market. The line will be available by 20 August 2013.

4. INFORMATION ON ORGANIZATIONAL AND CAPITAL ASSOCIATIONS OF THE ISSUER WITH RELATED PARTIES

4. Description of the Issuer's capital relations

The ERBUD SA Capital Group consists of the the following consolidated business entities:

- The Parent company
  - Erbud S.A. headquartered in Warszawa

- Subsidiaries:
  - Erbud International Sp. z o.o. seated in Toruń
  - GWI GmbH seated in Düsseldorf, Germany
  - Budlex Group
  - Przedsiębiorstwo Budownictwa Drogowo Inżynieryjnego S.A.
  - Erbud Energetyka Sp. z o.o. seated in Katowice
  - Ersteel Sp. z o.o.
  - Engorem Sp. z o.o.

As at 31.12.2012, the Parent company Erbud S.A. owned 100 per cent of its subsidiary Erbud International Sp. z o.o.

As at 31.12.2012, the Parent company Erbud S.A. held 85 per cent of equity capital in its subsidiary GWI GmbH.

As at 31.12.2012, the Parent company Erbud S.A. held 89.96 per cent of share capital in the subsidiary Budlex Sp. z o.o.

As at 31.12.2012, the Parent company Erbud S.A. held 94.27 per cent of share capital in the subsidiary PBDI S.A.

As at 31.12.20121, the Parent company Erbud S.A. owned 100 per cent of its subsidiary Erbud Energetyka Sp. z o.o.

As at 31.12.2012, the Parent company Erbud S.A. owned 100 per cent of its subsidiary Ersteel Sp. z o.o.

As at 31.12.2012, the Parent company Erbud S.A. held 80.22 per cent of its subsidiary Engorem Sp. z o.o.

Erbud SA as the Parent company and Erbud International Sp. z o.o, Budlex Sp. z.o.o. and GWI GmbH, PBDI SA, Erbud Energetyka Sp. z o.o. and Engorem Sp. z o.o as subsidiaries compose related units within the meaning of IAS/ IFRS.

During the financial year ended 31 December 2012 the Company had no branches (plants) and did not bought back its shares (stocks).

4.2 Agreements concluded by Erbud S.A. with related entities in 2012 and till the publication date of the report

Erbud International

Contracts concluded with Erbud S.A. in 2012					
No.	**Company contracting**	**Contract subject matter**	**Contract value in in PLN**	**Contract concluded on**	**Comments**
1	Erbud International	Contract No. 01/EI/T-1139/2012 for general construction works - Cedrowa in Gdańsk	1 500 000.00	2012-01-01	
2	Erbud International	Annex No.1 to the contract 01/EI/T-1139/2012 for general construction works - Cedrowa in Gdańsk	2 200 000.00	2012-08-31	change of the contract value from 1 500 000 to 2 200 000 and postponing the deadline from 31.08.2012 to 31.03.2013
3	Erbud International	Annex No. to the contract 01/EI/W-1109/2011 for general construction works - Blue Center, Żyrardów	7 800 000.00	2012-02-04	Contract value remains unchanged; postponing the deadline from 02.04.2012 to 30.06.2013
4	Erbud International	Contract No. 02/EI/W-2111/2012 for general construction works - ULMA, Koszajec	400 000.00	2012-04-23	
5	Erbud International	Annex to the contract 02/EI/2111/OW/2012 for general construction works – ULMA, Koszajec	1 500 000.00	2012-09-01	change of the contract value from 400 000,00 to 1 500 000,00 and postponing the deadline from 31.12.2012 to 30.06.2013
6	Erbud International	Contract No. 03/EI/T-1217/2012 for general construction works – Solna Mall	300 000.00	2012-05-28	
7	Erbud International	Annex to the contract 02/EI/T-1117/2011 for general construction works -- Nova Trading	70 000.00	2012-05-31	change of the contract value from 45 000,00 to 70 000 ,00 and postponing the deadline to 31.07.2012
8	Erbud International	Annex No. 2 to the contract 19/EI/W-1020/2010 for general construction works -- BAYER	8 000 000.00	2012-05-31	postponing the deadline from 31.05.2012 to 30.06.2013
9	Erbud International	Contract No. 01/EI/W-1207/2012 for general construction works -- EUROCENTRUM, Warszawa	20 000 000.00	2012-06-18	
10	Erbud International	Annex No. 2 to the contract 20/EI/W-1029/2010 for general construction works -- Wilno Residential Complex, Stage I, Phase IA	12 000 000.00	2012-06-30	postponing the deadline from 30.06.2012 to 30.06.2013

11	Erbud International	Annex No. 1 to the contract 21/EI/W-1031/2010 for shell and core – multifamily building at 3 Cybernetyki St.	16 000 000.00	2012.06.30	postponing the deadline from 30.06.2012 to 30.06.2013
12	Erbud International	Aneks No. 3 to the contract 02/EI/W-1112/2011 general construction works – ADRIA Estate, Phase II	1 200 000.00	2012-07-31	postponing the deadline from 31.07.2012 to 30.06.2013
13	Erbud International	Annex No. 2 to the contract 02/EI/T-1117/2011 for general construction works -- Nova Trading	10 000.00	2012-07-31	change of the contract value from 70 000,00 to 82 155,00 and postponing the deadline from 31.07.2012 to 30.09.2012
14	Erbud International	Annex No. 3 to the contract 09/EI/T-0912/2009 for general construction works -– Invasive Medicine Center, Gdańsk	5 062 011.00	2012-08-31	change of the contract value from 5 000 000 ,00 to 5 062 011,00 and postponing the deadline to 30.09.2012
15	Erbud International	Annex No. 2 to the contract 02/EI/W-1140/2011 for general construction works – Building on Sowińskiego St.	1 500 000.00	2012-09-01	change of the contract value from 500 000,00 to 1 500 000,00 and postponing the deadline from 30.04.2013 to 30.06.2013
16	Erbud International	Annex to the contract 05/EI/W-1119/2011 for general construction works -Wilno Residential Complex, Phase IIA, Warszawa	10 000 000.00	2012-09-30	postponing the deadline from 30.09.2012 to 30.06.2013
17	Erbud International	Annex to the contract 08/EI/W-1126/2011 for construction works in Warsaw, Inspektowa St. , Phase II	2 480 000.00	2012-09-30	postponing the deadline from 30.09.2012 to 30.06.2013
18	Erbud International	Annex No. 3 to the contract 02/EI/T-1117/2011 for general construction works -Nova Trading	200 000.00	2012-09-30	change of the contract value from 82 155,00 to 200 000,00 and postponing the deadline from 30.09.2012 to 30.06.2013
19	Erbud International	Annex to the contract 06/EI/W-1127/2011 for general construction works - Nowe Bielany Apartments, Phase III	14 000 000.00	2012-10-31	postponing the deadline from 31.10.2012 to 30.06.2013
20	Erbud International	Contract 04/EI/T-1224/2012 - for general construction works - Quattro Towers in Gdańsk, fit out design	300 000.00	2012-12-01	
21	Erbud International	Contract No. 01/EI/RID-1030/2012- remedying defects – Modlinie Airport	12 000.00	2012-12-24	

Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A.

Contracts concluded with Erbud S.A. in 2012					
No.	**Company contracting**	**Contract subject matter**	**Contract value in in PLN '000**	**Contract concluded on**	**Comments**
1	PBDI S.A.	Comprehensive earthworks - Auchan Bronowice Centre, Kraków	15 880	2012-01-11	
2	PBDI S.A.	Consortium agreement to win and execute a contract for ”Construction of Rząśnia Wind Farm”	7 485 + € 70	2012-04-26	Works executed by PBDI S.A.
3	PBDI S.A.	Annex to the contract of 2012-01-11 extending the scope of works.	5 367	2012-05-14	
4	PBDI S.A.	Comprehensive earthworks - Solna Mall, Inowrocław	8 455	2012-06-26	
5	PBDI S.A.	Annex to the contract of 2012-06-26 extending the scope of works	385	2012-10-15	

5. INFORMATION ON GRANTED AND RECEIVED LOANS, BORROWING AND PROVIDED GUARANTEES, IN PARTICULAR THOSE GRANTED TO AFFILIATED COMPANIES

5.1. Information about off-balance sheet loans and liabilities

In 2012, the Company financed out its business exclusively from its own means from operating activities.

Potential debts of the Erbud SA under the contracts signed as at the day of preparing the financial statements were as follows:

Bank name	Type of liability	Amount in PLN '000	Currency unit	Interest rate	Maturity date	Instalments payment	The Borrower
BNP Paribas Bank Polska S.A.	Overdraft credit	2 663	PLN	WIBOR 1M + margin	2013-09-14	In one amount	Erbud S.A.
BGŻ S.A.	Overdraft credit	5 000	PLN	WIBOR 1M + margin	2012-12-31	In one amount	ERBUD S.A.
BRE Bank S.A.	Overdraft credit	10 000	PLN	WIBOR 1M + margin	2013-12-31	In one amount	ERBUD S.A.
PKO BP S.A.	Overdraft credit	20 000	PLN	reference rate of PKO BP + margin	2013-03-31	In one amount	ERBUD S.A.
ING Bank Śląski S.A.	Overdraft credit	32 000	PLN	WIBOR 1M + margin	2013-08-20	In one amount	ERBUD S.A./PBDI S.A./Budlex S.A.
Alior Bank S.A.	Overdraft credit	10 000	PLN	WIBOR 1M + margin	2013-09-20	In one amount	ERBUD S.A.

Furthermore, contract guarantees are available to be provided to the Company by the following banks:

Bank name	Type of liability	Amount in PLN '000	Currency unit
BNP Pariba Bank S.A.	Bid bond, performance bond, repair works and remedying defects guarantee, repayment of advances, re-guarantee	30 000	PLN
PKO BP	Bid bond, performance bond, repair works and remedying defects guarantee, repayment of advances, re-guarantee	16 000	PLN

BRE S.A.	Bid bond, performance bond, repair works and remedying defects guarantee, repayment of advances, re-guarantee	70 000	PLN/ USD
BGŻ S.A.	Bid bond, performance bond, repair works and remedying defects guarantee, repayment of advances, re-guarantee	37 611	PLN
Kredyt Bank S.A.	Bid bond, performance bond, repair works and remedying defects guarantee, repayment of advances, re-guarantee	34 000	PLN
ING S.A.	Bid bond, performance bond, repair works and remedying defects guarantee, repayment of advances, re-guarantee	48 000	PLN
Alior Bank S.A.	Bid bond, performance bond, repair works and remedying defects guarantee, repayment of advances, re-guarantee	40 000	PLN

6. DESCRIPTION OF THE USE OF PROCEEDS FROM THE BONDS ISSUE BY THE PARENT

6.1 Debut on the Stock Exchange

On 23 April 2012, the Issuer's Board adopted Resolution No. 5/2012 on increasing the Company's share capital under the authorised capital by issuance of G Series shares and excluding existing shareholders' right to subscribe for shares of Series G. The issue was addressed to eligible employees in connection with the third tranche of the Staff Incentive Scheme.
On 19 September 2012, the Management Board adopted Resolution No. 8/2012 on the amount of equity capital acquired and on specifying the amount of the share capital in the Statutes of the Company. 33 787 ordinary bearer shares of Series G with a par value of PLN 0.10 (ten Groszy) per share has been subscribed additionally in the share capital which was increased under authorized capital. Thereby the share capital worth PLN 3,378.70 has been acquired within the increase. The nominal capital of the Company after the increase amounts to PLN 1,267,795.60.

By the Resolution No. 22/2012, the Annual General Meeting of Shareholders of Erbud S.A. agreed that the Company will conduct a Manager Option Scheme over the period of 2013-2015, within the scope of which entitled persons will be granted the possibility to subscribe for shares of the Company issued within the scope of the authorised capital. Shares will be offered to the persons entitled to subscribe in the years 2013 - 2015 in a number not more than 50 000 shares per year. The Manager Option Scheme refers to financial years 2012-2014. The employee may be covered by an option program, if he/she has been working for at least 24 months. As far as concerned persons working in subsidiaries, the company must be a member of the group for at least two years. Moreover, the subscription will be effected on the condition that the Capital Group will achieve in the financial year for which the shares will be offered a consolidated net profit of at least ten million Zlotys. Moreover, the person who would be entitled may not be upon notice of termination of the employment contract

.*6.2. Garantees provided by financial institutions to the Issuer*

As of 31.12.2012 the Company had the following contingent liabilities:

- Liabilities due to guarantees provided in thousands. PLN.

Item	**31.12.2012**	**31.12.2011**	**31.12.2010**
Guarantee for payment obligations	48 196	53 728	35 341
Performance bonds	156 615	181 704	141 587
Repair works and remedying defects guarantees	107 835	95 702	77 875
Total contingent liabilities	**312 646**	**331 134**	**254 803**

- Guarantees and loans provided to subsidiaries in thousands of PLN

Item	31.12.2012	31.12.2011
Credit repayment guarantee for Erbud International Sp. z o.o.	0	4 000
Budlex Sp. z o.o. –loan	28 939	23 974
Budlex Pestalozziego Sp. z o.o. – guarantee	12 286	12 286
Total contingent liabilities	**12 286**	**16 286**
Total loans	**23 974**	**23 974**

- Guarantees and loans provided to subsidiaries in thousands of EUR

Item	31.12.2012	31.12.2011
GWI GmbH – loan repayment guarantee	2 000	2.000
GWI GmbH – guarantee by BRE Bank S.A. for loan repayment	2 700	2.700
GWI GmbH – guarantee by BRE Bank S.A. for loan repayment	1 000	1 000
GWI GmbH, Erbud International – civil guarantee for EULER Hermes	7 500	7 500
Total contingent liabilities	**13 200**	**13 200**

6.3. Risks associated with financial instruments.

6.3.1 Interest rate risk

The Issuer has a debt based on WIBOR reference rates. In case of bank loans it is a short-term debt. In case of bonds, the debt is a long-term one, with a maturity of 3 years. When observing the variability of reference rates and the current NBP monetary policy, the Issuer does not see the necessity to secure the risk.

6.3.2 Currency risk

The Issuer does not perform contracts which are denominated in foreign currencies. The foreign activity is naturally protected through purchases of materials and services in the contracts currency.

7. EXPLANATION OF DIFFERENCES BETWEEN THE FINANCIAL RESULT SHOWN IN THE ANNUAL REPORT AND PREVIOUSLY PUBLISHED FORECASTS

The Issuer did not publish separate forecasts.

8. EVALUATION OF MANAGING THE FINANCIAL RESOURCES, INCLUDING POSSIBLE THREATS

To conduct business, the Issuer uses funds from operations and funds from debt and working capital loans and bonds issued. The Issuer's activity requires a financial commitment, even in order to provide guarantees for all contracts executed.
Both as at today and in a longer time horizon, the Board does not see any risk of liquidity.

Due to the fact that the line of credit with ING SA is granted for three entities of the Erubd Group, in this case covenants are based on consolidated data. In other events, the covenants apply to the separate figures.

No.	Ratio/Bank	BRE
1	**Net profit margin**	minimum 0.7%
2	**Current liquidity ratio** (inventories + receivables + cash) / short-term liabilities	1.1
3	**Debt ratio** (Debt amount / assets)	no more than 65%
4	**EBITDA** (Earnings before interest, tax, depreciation and amortization)	16.5m

No.	Ratio/Bank	ING
1	**Debt / EBITDA**	no more than 3
2	**Debt / Equity**	no more than 1.25
3	**Equity / Total assets**	no less than 0.3

No.	Ratio/Bank	PKO BP SA
1	**Return on sales** (Profit on sales / Income on sales)	no less than 3%
2	**Current liquidity ratio** (current assets less short-term receivables with maturity of over 12 months - short-term prepayments / current liabilities less short-term liabilities with maturity of more than 12 months - special funds)	no less than 1.3
3	**Debt-to-assets ratio** (Total liabilities / Total assets)	no more than 0.8

No.	Ratio/Bank	Alior Bank S.A.
1	**Net profitability**	minimum 1%
2	Debt (balance use of loans and leases) / EBITDA	maximum 3.5
3	Current liquidity – 1.3	1.3

The fulfilment of certain covenants has been described in detail in Note 24 to the Company's Separate Financial Statements.

9. INFORMATION ON SHARE CAPITAL, CHANGES IN EQUITY AND MANAGING AND SUPERVISING BODIES OF THE ISSUER

9.1 Shareholding of the Company, incl. description of movements in equity during 2012 and after the balance sheet date

As at 31 December 2012, the registered share capital amounted to PLN 1,267,795.60 (say: one million, two hundred and sixty-seven thousand, seven hundred and ninety-five point six zero) and was divided into 12,677,956 shares at face-value of PLN 0.10 each one.

Shares have been acquired as follows:

Series	Number of shares	Price in PLN	Value in PLN
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
G	33 787	0.10	3 378.70
Total	**12 677 956**	0.10	**1 267 795.60**

In 2012 and until the report publication, there were following movements in the equity structure:

On **6 January 2012**, the Erdud's Management Board was informed of the acquisition of the Issuer's shares by a person related. The proxy of Erbud S.A. purchased 2,702 shares.

On **9 January 2012**, the Erdud's Management Board was informed of the acquisition of the Issuer's shares by a person related. The proxy of Erbud S.A. purchased 67 shares.

On **11 January 2012**, the Erdud's Management Board was informed of the acquisition of the Issuer's shares by a person related. The proxy of Erbud S.A. purchased 1,229 shares.

On **13 January 2012**, the Erdud's Management Board was informed of the acquisition of the Issuer's shares by a person related. The proxy of Erbud S.A. purchased 1,742 shares.

On **13 February 2012**, the Erdud's Management Board was informed of the disposal of the Issuer's shares by a person related. The proxy of Erbud S.A. sold 1,200 shares.

On **30 May 2012,** the Erdud's Management Board was informed of the acquisition of the Issuer's shares by the company monitoring by the Management Board member. The Company purchased 23,900 shares.

On **30 May 2012,** the Erdud's Management Board was informed of the acquisition of the Issuer's shares by the Management Board member. Person related bought 9,500 shares.

On **15 June 2012,** the Erdud's Management Board was informed of the acquisition of the Issuer's shares by the Supervisory Board member. Person related bought 8,500 shares.

On 7 September 2012 the Issuer's Management Board was informed of the sale of the Issuer's shares by the Chief Accountant of Erbud S.A. Person related sold 1,500 shares.

On **10 September 2012,** the Erdud's Management Board was informed of the sale of the Issuer's shares by the Proxy of Erbud S.A. Person related sold 500 shares.

On **19 September 2012,** the Issuer's Management Board received information on acquiring shares of the Issuer by the shareholder Juladal Investment Ltd. (a company controlled by the Issuer's Board). Juladal purchased 25,400 shares.

On 19 September 2012, the Erdud's Management Board was informed of the sale of the Issuer's shares by the Proxy of Erbud S.A. Person related sold 500 shares.

On **25 September 2012,** the Issuer's Management Board received information on acquiring shares of the Issuer by the shareholder Juladal Investment Ltd. (a company controlled by the Issuer's Board). Juladal purchased 4,773 shares.

On **8 October 2012,** the Erdud's Management Board was informed of the sale of the Issuer's shares by the Proxy of Erbud S.A. Person related sold 2,635 shares.

On **8 October 2012,** the Management Board of the Issuer received information about sale of the Issuer's shares by the Proxy of Erbud S.A. Person related sold 500 shares.

On **9 October 2012,** the Management Board of the Issuer received information about sale of the Issuer's shares by the Proxy of Erbud S.A. Person related sold 600 shares.

On **25 October 2012,** the Management Board of the Issuer received information about sale of the Issuer's shares by the Proxy of Erbud S.A. Person related sold 84 shares.

On **26 October 2012,** the Management Board of the Issuer received information about sale of the Issuer's shares by the Proxy of Erbud S.A. Person related sold 300 shares.

On **26 October 2012,** the Management Board of the Issuer received information about sale of the Issuer's shares by the Proxy of Erbud S.A. Person related sold 1,116 shares.

On **29 October 2012,** the Management Board of the Issuer received information about sale of the Issuer's shares by the Proxy of Erbud S.A. Person related sold 100 shares.

On **31 November 2012,** the Management Board of the Issuer received information about sale of the Issuer's shares by the Proxy of Erbud S.A. Person related sold 10 shares.

On **2 November 2012,** the Management Board of the Issuer received information about sale of the Issuer's shares by the Proxy of Erbud S.A. Person related sold 890 shares.

On **19 December 2012,** the Management Board of the Issuer received information on acquiring the Issuer's shares by the Proxy of Erbud S.A. Person related purchased 268 shares.

On **31 January 2013,** the Management Board of the Issuer received information on acquiring the Issuer's shares by the Proxy of Erbud S.A. Person related purchased 6.000 shares.

On **11 September 2012**, the Issuer's Management Board adopted a resolution specifying the value of the subscribed capital under the authorized capital and related to the implementation of the third tranche of Management Stock Options Scheme (Resolution No. 8/2012 of the Management Board of the company operating under the name Erbud SA, seated in Warsaw)
Pursuant to Art. 310 § 2 in connection with Art. 431 § 7 and Art. 453 § 1 of the Commercial Companies Code,
33,787 (thirty-three thousand seven hundred and eighty-seven) ordinary bearer shares of Series G with a par value of PLN 0.10 (ten Groszy) per share has been acquired additionally in the increased share capital (under authorized capital). Thereby the share capital worth PLN 3,378.70 (three thousand three hundred and seventy-eight, point seven zero) has been acquired within the increase.
The said share capital increase was made in accordance with Article 5 item 5 of the Statute of the Company and the Company's Management Board Resolution No. 5/2012 dated 23 April 2012 on the increase of the share capital of the Company under the authorized capital by issuing Series G shares and depriving the existing shareholders of pre-emptive rights to the shares of Series, covered by a notarial deed drawn up under the Repertory A No. 1995/2012.
With regard to the foregoing, the nominal capital of the Company amounts to PLN 1,267,795.60 (one million two thousand sixty-seven seven hundred and ninety-four, point six zero) and is divided into:
a) 2,000,000 ordinary bearer shares of series A,
b) 8,000,000 ordinary bearer shares of series B,
c) 71,025 ordinary bearer shares of series C,
d) 2,500,000 ordinary bearer shares of series D,
e) 31,686 ordinary bearer shares of series E,
f) 41,458 ordinary bearer shares of series F,
g) 33,787 ordinary bearer shares of series G.

Therefore, the shareholding (shareholders having more than 5%) as at 31 December 2012 and as of the date of submitting the report was as follows:

Shareholders holding over 5 per cent of ERBUD SA shares as at 31.12.2012

Aggregate number of Erbud shares: 12 677 956

No.	Shareholder	Class of shares	Number of shares held	Equity percentage	Voting power	% of voting rights at GMS
1	Wolff & Müller Baubeteiligungen GmbH & Co. KG, of which Wolff & Müller Holding GmbH & Co. KG	ordinary	4 152 865	32.76%	4 152 865	32.76%
2	Juladal Investment Limited	ordinary	2 848 347	22.47%	2 848 347	22.47%
3	Aviva OFE Aviva BZ WBK	ordinary	1 183 146	9.33%	1 183 146	9.33%
4	ING OFE	ordinary	1 269 709	10.02%	1 269 709	10.02%
5	Dariusz Grzeszczak, of which a subsiadry monitoring by Dariusz Grzeszczak	ordinary	773 900	6.10%	773 900	6.10%
6	Free Float	ordinary	2 449 989	19.32%	2 449 989	19.32%
	Total		12 677 956	100.00%	12 677 956	100.00%

Shares of Erbud SA owned by the above mentioned persons are not preference ones.

The Company's Statute does not grant the below mentioned shareholders any personal rights in relation to Erbud SA, in particular, does not give the right to appoint members neither of the Management Board nor the Supervisory Board of Erbud SA.

On 15 April 2013, the Issuer's Management Board adopted Resolution on increasing the share capital within the authorized capital through the issuance of Series H shares and deprivation existing shareholders of the pre-emptive right to acquire shares of Series H.
The share capital of the Company shall be increased from the amount of PLN 1,267,795.60 (one million, two hundred and sixty-seven thousand, seven hundred and ninety-five, point six zero) by no more than PLN 5,000.00 (five thousand), that is, to an amount not exceeding PLN 1,272,795.60 (one million, two hundred and seventy-two thousand, seven hundred and ninety-five, point six zero).
The capital increase will be effected by issuing up to 50,000 (fifty thousand) ordinary bearer shares of Series H with a nominal value of PLN 0.10 (ten Groszy) each one

9.2. Number of Erbud's shares held or rights to them (options) by persons managing and supervising Erbud SA till the date of audit completion

Up to the date of preparing this report, the managing staff (members of the Board and holders of a commercial power of attorney) held the following number of shares:

Persons related holding shares of ERBUD SA as at 31.12.2012
Aggregate number of Erbud shares: **12 677 956**

No.	Person related	Relationship	Class of shares	Number of shares	Equity percentage	Voting power	% of voting rights at GMS
1	Dariusz Grzeszczak	Erbud's SA Management Board member	ordinary	773 900	6.10%	773 900	6.10%
2	Józef Adam Zubelewicz	Erbud's SA Management Board member	ordinary	259 500	2.05%	259 500	2.05%
3	Walenty Twardy	Proxy of Erbud SA	ordinary	19 852	0.16%	19 852	0.16%
4	Piotr Augustyniak	Proxy of Erbud SA	ordinary	9 811	0.08%	9 811	0.08%
5	Bogdan Dürr	President of Erbud International Sp. z o. o. / Proxy of Erbud SA	ordinary	6 712	0.05%	6 712	0.05%
6	Beata Krzywicka	Spouse of Proxy's of Erbud S.A	ordinary	3 636	0.03%	3 636	0.03%
7	Tomasz Krzywicki	Proxy of Erbud SA	ordinary	3 950	0.03%	3 950	0.03%
8	Agnieszka Głowacka	Proxy of Erbud SA	ordinary	5 836	0.05%	5 836	0.05%
9	Włodzimierz Czystowski	Proxy of Erbud SA	ordinary	10 525	0.08%	10 525	0.08%
10	Mariola Zielińska	Chief Accountant of ERBUD S.A.	ordinary	4 018	0.03%	4 018	0.03%
11	Grzegorz Krzywicki	Proxy of Erbud SA	ordinary	3 033	0.02%	3 033	0.02%
12	Radosław Kałamaga	Proxy of Erbud SA	ordinary	5 494	0.04%	5 494	0.04%
13	Waldemar Kozłowski	Proxy of Erbud SA	ordinary	0	0.00%	0	0.00%
14	Maciej Wyrzykowski	Proxy of Erbud SA	ordinary	1 200	0.01%	1 200	0.01%
15	Mirosław Młynarski	Proxy of Erbud SA	ordinary	6 778	0.05%	6 778	0.05%
16	Albert Dürr	Supervisory Board member of Erbud SA	ordinary	8 500	0.07%	8 500	0.07%

Up to the date of audit completion, the Management Board members and holders of a commercial power of attorney did not have any Erbud's shares options.

Erbud SA implemented the Employee Incentive Program. The Program was introduced by the Resolution of Extraordinary General Meeting of Erbud SA on 8 December 2009 and concerned results generated over three years - 2008, 2009 and 2010.
Until the report date, three tranches of shares i.e. Series E, F and G, concerning respectively 2008, 2009 and 2010 were released under the Program.

By the Resolution No. 22/2012, the Annual General Meeting of Shareholders of Erbud S.A. agreed that the Company will conduct a Manager Option Scheme over the period of 2013-2015, within the scope of which entitled persons will be granted the possibility to subscribe for shares of the Company issued within the scope of the authorized capital. Shares will be offered to the persons entitled to subscribe in the years 2013 - 2015 in a number not more than 50 000 shares per year. The Manager Option Scheme refers to financial years 2012-2014. The employee may be covered by an option program, if he/she has been working for at least 24 months. As far as concerned persons working in subsidiaries, the company must be a member of the group for at least two years. Moreover, the subscription will be effected on the condition that the Capital Group will achieve in the financial year for which the shares will be offered a consolidated net profit of at least ten million Zlotys. In addition, the person who would be entitled may not be upon notice of termination of the employment contract.

The Program is implemented under the care of the Management Board and the Supervisory Board.

9.3. Description of any decisions which implementation may result in future changes in way of controlling Erbud SA

No arrangements, which implementation could bring changes in the way of controlling, have been made between the shareholders. There are no restrictions against the Issuer's shares to transfer the ownership rights.

9.4. Supervisory Board of Erbud S.A.

Pursuant to Article 11 item 2 of the ERBUD S.A. Statutes, the term of office of the Supervisory Board is common and lasts 3 years. Members of the Supervisory Board of the Issuer are appointed under a resolution passed by the General Meeting of the Issuer.

However, the first Supervisory Board of ERBUD was established due to conversion of the legal predecessor - Erbud Sp. z o.o. into ERBUD S.A. according to Resolution No. 1 of the Shareholders' Extraordinary Meeting of ERBUD Sp. z o.o. of 15 November 2006 on the conversion and acceptance of the Issuer's Articles of Association. The first Issuer's Supervisory Board was appointed as follows:

Name and surname	Position/Function	Term beginning	Term ending
Gerhard Kässmann	President of the Supervisory Board	15.11.2006	15.11.2009
Wojciech Rzepka	Vice-President of the Supervisory Board	15.11.2006	15.11.2009
Albert Dürr	Member of the Supervisory Board	15.11.2006	15.11.2009
Gabriel Główka	Member of the Supervisory Board	15.11.2006	15.11.2009
Lech Wysokiński	Member of the Supervisory Board	15.11.2006	15.11.2009
Józef Olszyński	Member of the Supervisory Board	05.12.2009	15.11.2009

On 31 May 2012, the General Meeting of Shareholders of ERBUD SA appointed by Resolutions No. 14-20 / 2012 the Supervisory Board as follows:

Name and surname	Position/Function	Term beginning	Term ending
Udo Berner	President of the Supervisory Board	31.05.2012	31.05.2015
Józef Olszyński	Vice-President of the Supervisory Board	31.05.2012	31.05.2015
Albert Dürr	Member of the Supervisory Board	31.05.2012	31.05.2015
Gabriel Główka	Member of the Supervisory Board	31.05.2012	31.05.2015
Lech Wysokiński	Member of the Supervisory Board	31.05.2012	31.05.2015
Zofia Dzik	Member of the Supervisory Board	31.05.2012	31.05.2015
Michał Otto	Member of the Supervisory Board	31.05.2012	31.05.2015

There are two committees of the Supervisory Board, being the Audit and the Remuneration Committees.

Until the publication of the report, the composition of the Supervisory Board has not changed.

Remuneration of the Supervisory Board members of ERBUD SA 2012 paid by ERBUD SA and its subsidiaries

Name and surname	Position/Function	Total value of remuneration paid *
Berner Udo	President of the Supervisory Board	60,000.00
Albert Dürr	Member of the Supervisory Board	39,600.00
Gabriel Główka	Member of the Supervisory Board	39,600.00

Lech Wysokiński	Member of the Supervisory Board	39,600.00
Józef Olszyński	Vice-President of the Supervisory Board	44,400.00
Zofia Dzik	Member of the Supervisory Board	39,600.00
Michał Otto	Member of the Supervisory Board	23,265.00
Total	**Supervisory Board of the Issuer**	**286,065.00**

**including any contingent or deferred remuneration and benefits in kind granted by the Issuer for any services rendered to the Issuer in 2012 (in PLN).*

9.5. Management Board of Erbud S.A.

In accordance with Resolution No. 1 of the Extraordinary General Meeting of the ERBUD Sp. z o.o. (the legal predecessor of ERBUD SA) dated 15 November 2006 on the conversion of ERBUD Sp. z o.o. into ERBUD S.A. and on acceptance of the ERBUD S.A. Statutes, the Management Board of ERBUD S.A. was appointed as follows:
- Dariusz Grzeszczak,
- Józef Adam Zubelewicz.

On 31 May 2012, the Supervisory Board appointed for a new three-year joint term the Management Board of ERBUD SA composed of:

Name and surname	Position/Function	Term beginning	Term ending
Dariusz Grzeszczak	Member of the Management Board	31.05.2012	31.05.2015
Józef Adam Zubelewicz	Member of the Management Board	31.05.2012	31.05.2015

Until the publication of the report, the composition of the Management Board has not changed.

Remuneration of the Management Board members of ERBUD SA 2012 paid by ERBUD SA and its subsidiaries

Name and surname	Position/Function	Total value of remuneration paid *
Dariusz Grzeszczak	Member of the Management Board	970,085.38
Józef Adam Zubelewicz	Member of the Management Board	966,315.38
Total:	**Management Board of the Issuer**	**1,936,400.76**

**including any contingent or deferred remuneration and benefits in kind granted by the Issuer for any services rendered to the Issuer in 2012 (in PLN).*

Members of the Management Board of Erbud SA were appointed by the Supervisory Board of Erbud SA on 12 November 2009 for a new three-year term agreement.
Each member of the Board shall be entitled to terminate the contract at twelve-months' notice.

In the event that the contract is terminated by the Company with the observance of a notice period, where the dismissal of a Board member is a reason justifying the contract termination and which termination is effected before the expiry of the office term of the Company's Board, the Company shall be obliged to pay a compensation amounting to the product of the equivalent of EUR 14,000.00 and the number of months remaining by the end of term.

Moreover, members of the Management Board of Erbud SA shall be obliged to observe non-competition clauses during the employment period and for a period of 1 year from the date of termination of employment contract. Moreover, the Company shall agree to pay a person covered by the prohibition of competition compensation in the amount equal to EUR 14,000.00 for each month after the termination of the employment contract by the fixed non-competition period. The compensation will be paid in equal monthly instalments.

Upon request of the member, the Company may waive or reduce the competition ban and then depart from the payment of compensation.

The Issuer covers the costs of retirement severance of the Management Board members for a total of PLN 177,976.75.

Remuneration of the Senior Management Staff of ERBUD SA 2012 paid by ERBUD SA and its subsidiaries

Name and surname	Position/Function	Total value of remuneration paid *
Agnieszka Głowacka	Joint prokurist	283,700.00
Piotr Jan Augustyniak	Joint prokurist	343,025.00
Walenty Twardy	Joint prokurist	278,006.46
Maciej Piotr Wyrzykowski	Joint prokurist	219,000.00
Grzegorz Krzywicki	Joint prokurist	266,417.85
Bogdan Durr	Joint prokurist	356,859.50
Tomasz Krzywicki	Joint prokurist	471,590.53
Włodzimierz Czystowski	Joint prokurist	211,967.12
Waldemar Kozłowski	Joint prokurist	306,000.24
Radoslaw Kałamaga	Joint prokurist	276,000.00
Mirosław Młynarski	Joint prokurist	526,500.00
Total:	**Senior Management Staff**	**3,539,066.70**

**including any contingent or deferred remuneration and benefits in kind granted by the Issuer for any services rendered to the Issuer in 2012 (in PLN).*

10. PROCEEDINGS IN PROGRESS BEFORE COURTS, COMPETENT ARBITRATION BODIES OR PUBLIC ADMINISTRATION ENTITIES AS AT THE DATE OF PREPARING THE FINANCIAL STATEMENTS

Currently, there are no proceedings in progress before the authorities of public administration (government and local), no litigations or arbitration proceedings which could essentially impact the financial position or profitability of the Group and which claim amount would have exceed 10% of the shareholders' equity of the Capital Group or Erbud SA.
However, the Company is a party to a dispute relating to the project that was executed in Modlin, but it is not a judicial proceeding. The standpoint of the Company is described in Section 12 below.

11. NFORMATION ON THE ENTITY AUTHORISED TO REVIEW AND AUDIT THE FINANCIAL STATEMENTS

At the meeting on 31 May 2011, the Supervisory Board of the Company appointed the auditor.
After became acquainted with the recommendation and justification prepared by the Audit Committee, the Supervisory Board, has chosen Horodko TPA Horwath Audit Sp. z o.o., based in 61- 655 Poznań, 12-18 Murawa St., entered on the list of entities authorized to audit the financial statements issued by the National Chamber of Chartered Accountants under 3082, to audit the financial statements of the Company for 2012.

The auditor conducted the review of the interim Separate Financial Statements of Erbud SA and the Consolidated Financial Statements prepared as at 30 June 2012 and audited the annual Separate Financial Statement of Erbud SA. for the FY 2012 and the Consolidated Report for the FY 2012.
The total fee for reviewing the statements as referred to above for the period from 1 January 2012 to 30 June 2012 amounted to PLN 146,000.00.
The total fee for auditing the annual statements as referred to above, for the year ended 31 December 2012 amounted to PLN 182,000.00.
The total remuneration due to the agreement was PLN 328,000.00.

In addition, the auditor will audit the financial statements of the subsidiaries for a fee of PLN 161,000.00.

Annotation on the entity authorized to audit financial statements in 2011.

At the meeting on 21 June 2011, the Supervisory Board of the Company appointed the auditor.
After became acquainted with the recommendation and justification prepared by the Audit Committee, the Supervisory Board, has chosen Horodko TPA Horwath Audit Sp. z o.o., based in 61-655 Poznań, 12-18 Murawa St., entered on the list of entities authorised to audit the financial statements issued by the National Chamber of Chartered Accountants under 3082, to audit the financial statements of the Company for 2012.

The auditor conducted the review of the interim Separate Financial Statements of Erbud SA and the Consolidated Financial Statements prepared as at 30 June 2011 and audited the annual Separate Financial Statement of Erbud SA. for the FY 2011 and the Consolidated Report for the FY 2011.
The total fee for reviewing the statements as referred to above, for the period from 1 January 2011 to 30 June 2011 amounted to PLN 222,000.00.
The total fee for auditing the annual statements as referred to above, for the year ended 31 December 2011 amounted to PLN 195,000.00.
The total fee due to the agreement was PLN 417,000.00.

12. OTHER INFORMATION THAT WOULD HAVE A SIGNIFICANT IMPACT ON THE ISSUER'S OPERATIONS AND PROFITABILITY

12.1. The Issuer's standpoint regarding the situation connected with the execution of the project: extension of the Airport Modlin

Facts - Basic information about the contract and its completion

The contract for the construction of the Warsaw-Modlin Airport was signed on September 14, 2010. The total value of works amounted to about PLN 87 million net. Under the contract, ERBUD SA ("Contractor") was obliged, inter alia, to upgrade the runway. The Employer established Bud-Invent Sp. z o.o. as the Project Management Company.
The runway with a length of about 2500 meters consists of two thresholds made of concrete cement, each with a length of about 540 meters and a part made of bituminous concrete with a length of 1,421 meters. The net value of the concrete thresholds constructed is about PLN 10m.
DSH – Dospravni stavby a.s.("DSH"), a subsidiary of the construction group Metrostav, was a subcontractor responsible for the construction of the concrete pavement of runway thresholds. The company specializes in such kind of works. The Employer has been informed of the choice of the subcontractor and did not oppose (January 2011).

DSH commissioned the following entities a number of works:
- Instytut Inżynierii Lądowej Politechniki Wrocławskiej [Institute of Civil Engineering, Wrocław University of Technology]:
  The commission included the development of the mix design (concrete mixture components) for the construction of runway thresholds. Developed formulas were in accordance with Polish Standards;
- CEMEX and LAFARGE – two worldwide known suppliers of aggregate:
  The commission included the supply of aggregate for concrete used to complete the runway thresholds.

The suppliers provided declarations of conformity stating that their products for manufacturing the concrete have complied with the Polish standards indicated in the mix design.

On 10 June 2011, DSH submitted the mix design to the Employer. The Employer approved the mix design on 20 June 2011.

The runway was carried out by DSH over the period of June - November 2011, according to the mix design prepared by the Instytut Inżynierii Lądowej Politechniki Wrocławskiej. The company used aggregate supplied by CEMEX and Lafarge.
All design solutions, concrete mix formulas, certificates of compliance and land surveying were supervised by the staff of the General Contractor and the Employer, and the works were executed under direct supervision of Client's Engineer.

The concrete mix production samples were taken by the laboratory of TPA Instytut Badań Technicznych (Technical Research Institute). The samples were collected pursuant to Polish standards, i.e. from each batch of concrete produced. Tests have shown that the strength and frost resistance of concrete is at least equal to or higher than designed one.

By Decision No. 919/2012 of 6 June 2012 the Mazowiecki Wojewódzki Inspektor Nadzoru Budowlanego (Mazovian Provincial Building Control Office) authorized the use of the project. The validation of the operation permit was subject to compliance by the Employer (but not limited to) the following conditions:
- developing guidelines on using the civil structure, including the airport pavement maintenance manual
- regular technical inspections of the airport pavement,
- continuous monitoring of the civil structure.

By Decision No. 1980/2012 dated 28 December 2012 the Mazowiecki Wojewódzki Inspektor Nadzoru Budowlanego prohibited to use of the part of the runway (the decision announced verbally on 22 December 2012). The decision was based on Article 66, Section 1, Item 2 and Section 2 of the Building Code of 7 July 1994, that is on "(…) the statement that a structure is used in a manner endangering life or health of people, safety of property or environment (…)".

According to an interview on 23 January 2013 for the TVN CNBC by Mr. Marcin Danił - Vice President of the Management of Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o., the Customer does not have any agreement with Ryanair on the basis of which the carrier could seek compensation for the airport stoppage.

The Customer has a contract with WizzAir, but it does not contain any provisions which oblige the Customer to receive the damage. WizzAir cannot demand damage money from the airport (there is no legal basis). 3-4 days before the airport has been closed, WizzAir informed the Employer that it changes the operating airport due to lack of the ILS-System in Modlin.

In January and February 2013, the Employer and the General Contractor held a number of meetings, as a result of which the General Contractor presented on 20 February 2013 a Framework Schedule for runway works. The schedule has been approved by the Employer.

By the date, the Customer addressed to the General Contractor a request for payment due to "indemnification" of for a the total amount of PLN 10,496,180.48. The Customer did not documented factual and legal claims. The General Contractor shall not acknowledge the Customer's claim.

Standpoint of the Management Board on financial claims

Based on a preliminary analysis of the construction investment process and results of the internal audit, as well as the evaluation of technical research and works performed (including their compatibility with the mix design and Polish standards), it was confirmed that it can be concluded, that all materials used meet the standards specified and required by Polish law.

During conducting the project works, all design solutions, material formulas and land surveying were supervised by the relevant services of the General Contractor and the Employer, and the works were executed under the direct supervision of the General Contractor and the Client's Engineer.

By order of the General Contractor, material samples were collected and then it has been commissioned to make external investigations and technological reports that should show what caused the cavities in concrete surface. This makes it possible to determine the liability of the various parties involved in the project.

In late December and early January 2013, the cost of work executed amounted to about PLN 450 thousand. The General Contractor charged DSH with the above costs and offset claims. The cost of works carried out at the airport is estimated at about PLN12.5m. Following the outsourced expertise all of the costs will be charged to the indicated entity (-ies) as a result of outsourced expertise.

As of 31.12.2012, the General Contractor created a reserve of PLN 2,8m for costs associated with Modlin project, such as expert assessments, legal and consulting services.

Despite the dissenting opinion of DSH, the General Contractor, having regard to the public interest, started works associated with the replacement of the runway concrete pavement (as substitute contractor) without waiting for the final explanation of the cause of damage and without having confirmation for the time being, that he is obliged to repair under the warranty.

12.2. Claim against the Bank Millennium SA - description of the situation

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 followed the Issuer's need to adequate secure its situation. According to the Company, the product was not optimally adapted to the needs of Erbud SA. 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 requested to execute of the transaction with taking 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 called 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.

Till the date of publication of the report there were held four trials, on which four witnesses have been heard.

12.3 Submission of an application for bankruptcy of ERRBUD S.A. by Danuta Kurpiewska conducting business activity under the name WEG BET Danuta Kurpiewska

Danuta Kurpiewska conducting business under the name WEG BET Danuta Kurpiewska, which is a debtor to Erbud S.A., filed on 10.01.2013 a letter titled "Application of the creditor for bankruptcy" to the District Court for the Capital City of Warsaw - Commercial Division for Bankruptcy and Relief.

In 2011, the Issuer commissioned Danuta Kurpiewska leading business under the name WEG BET Danuta Kurpiewska to lay a foundation for one of the projects. The contract value amounted to PLN 4.4 million, of which the disputed amount is PLN 0.6 thousand.

In view of the long delay in execution of works, the Issuer was forced to commission the contract completion by substitute contractor and to bear costs of this construction. According to the agreement provisions, the Issuer charged WEG BET Danuta Kurpiewska penalties and claimed for damages. In connection with a number of failures in settlement of work by the debtor, the Issuer noticed on 07.02.2013 the Public Prosecutions Office of a crime.

In the Issuer's opinion, steps taken by Danuta Kurpiewska conducting business under the name WEG BET Danuta Kurpiewska are unfounded and the debtor attempt to evade the law and use the fact that Erbud is a public company in order to exert pressure in order to obtain financial benefits. The Issuer has already taken appropriate measures to enforce the claim.

Member of the Management Board	***Member of the Management Board***
Józef Adam Zubelewicz	***Dariusz Grzeszczak***