ERBUD S.A.

MANAGEMENT BOARD REPORT ON THE COMPANY'S BUSINESS ACTIVITIES IN 2014

WARSAW 2015

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

The financial position of Erbud SA in 2014 is characterized by selected economic and financial figures disclosed 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 2014 Balance Sheet Statement

Balance Sheet (in PLN '000)	31.12.2014	31.12.2013	Change in '000 PLN	Change in %
I Fixed assets	**198 936**	**206 029**	**-7 093**	**-3.44%**
1. Intangible fixed assets	252	424	-172	-40.57%
2. Tangible fixed assets	6 986	6 132	854	13.93%
3. Long-term receivables	0	0	0	0.00%
4. Long-term investments	165 885	176 120	-10 235	-5.81%
5. Long-term prepayments	25 813	23 353	2 460	10.53%
II Current assets	**597 485**	**423 617**	**173 868**	**41,04%**
1. Inventories	847	2 513	-1 666	-66.30%
2. Short-term receivables	302 405	220 355	82 050	37.24%
3.Short-term investments	123 450	58 077	65 373	112.6%
4. Short-term prepayments	170 783	142 672	28 111	19.70%
5. Assets available for sale	0	0	0	0.00%
Total assets	**796 421**	**629 646**	**166 775**	**26.49%**
I Equity	**247 259**	**244 341**	2 918	**1.19%**
II Liabilities and provisions for liabilities	**549 162**	**385 305**	**163 857**	**42.53%**
1. Provisions for liabilities	43 345	37 702	5 643	14.97%
2. Long-term liabilities	53 065	266	52 799	19 849.25%
3. Short-term liabilities	419 046	280 227	138 819	49.54%
4. Accruals	33 706	67 110	-33 404	-49.77%
Total liabilities	**796 421**	**629 646**	**166 775**	**26.49%**

Book value in PLN '000	*247 259.00*	*244 341.00*	*2 918.00*	*1.19*
Number of shares/stocks	*12 761 925.00*	*12 714 546.00*	*47 379.00*	*0.37*
Book value per share / stock in PLN	*19.37*	*19.22*	*0.16*	*0.82*

Balance Sheet (in PLN '000)	31.12.2014 in PLN	31.12.2014 in %	31.12.2013 in PLN	31.12.2013 in %
I Fixed assets	**198 936**	**24.98%**	**206 029**	**32.72%**
1. Intangible fixed assets	252	0.03%	424	0.07%
2. Tangible fixed assets	6 986	0.88%	6 132	0.97%
3. Long-term receivables	0	0.00%	0	0.00%
4. Long-term investments	165 885	20.83%	176 120	27.97%
5. Long-term prepayments	25 813	3.24%	23 353	3.71%
II Current assets	**597 485**	**75.02%**	**423 617**	**67.28%**
1. Inventories	847	0.11%	2 513	0.40%
2. Short-term receivables	302 405	37.97%	220 355	35.00%
3.Short-term investments	123 450	15.50%	58 077	9.22%
4. Short-term prepayments	170 783	21.44%	142 672	22.66%
5. Assets available for sale	0	0.00%	0	0.00%
Total assets	**796 421**	**100,00%**	**629 646**	**100.00%**
I Equity	**247 259**	**31.05%**	**244 341**	**38.81%**
II Liabilities and provisions for liabilities	**549 162**	**68.95%**	**385 305**	**61.19%**
1. Provisions for liabilities	43 345	5.44%	37 702	5.99%
2. Long-term liabilities	53 065	6.66%	266	0.04%
3. Short-term liabilities	419 046	52.62%	280 227	44.51%
4. Accruals	33 706	4,.3%	67 110	10.66%
Total liabilities	**796 421**	**100.00%**	**629 646**	**100.00%**

The Company's assets increased in 2014 by 26.49% from PLN 629,646 thousand to PLN 796,421 thousand, of which current assets by 41% and liabilities and provisions for liabilities by 42.53%. It is a result of the growth in sales by 42%. The Issuer's equity rose by 1.19%.

The structure of assets remained at a similar level, typical for a service company where a large proportion of the assets comprise current assets (75% in case of the Issuer).
Analysis of the Company's liabilities indicates in 2014 a change in the percentage of long-term liabilities by 6.66% in comparison with 0.04% in 2013. This resulted from rolling over the bonds, which in 2013 were recognized as short-term liabilities and in 2014 "returned" as long-term liabilities (maturity date - March 2018).

1.2. Analysis of 2014 Profit and Loss Statement

Item	2014	2013	Change	Change in %
A. Revenue from core business	**1 108 379**	**861 441**	**246 938**	**28.67%**
B. Costs of products sold	**1 051 385**	**807 397**	**243 988**	**30.22%**
C. Profit (loss) on sales before tax	**56 994**	**54 044**	**2 950**	**5.46%**
Sales costs	0	0	0	
Overhead costs	36 595	34 967	1 628	4.66%
D. Profit (loss) on sales	**20 399**	**19 077**	**1 322**	**6.93%**
Result of operating activity	-2 839	-1 983	-856	43.17%
E. Profit (loss) on operating activity	**17 560**	**17 094**	**466**	**2.73%**
EBIT (%)	**1,58%**	**1,98%**		
Result on financial activity	-1 168	-5 328	4 160	-78.08%
F. Profit (loss) on business activity	**16 392**	**11 766**	**4 626**	**39.32%**
Income tax	4 147	3 350	797	23.79%
F. Net profit (loss)	**12 245**	**8 416**	**3 829**	**45.50%**
Net profit/loss in %	**1.10%**	**0.98%**		

In 2014, revenues from the core business reached PLN 1,108,379 thousand. In comparison with the previous year, the Issuer recorded an increase in revenues of PLN 246,938 thousand (28.67%). Cost of products sold grew slightly faster (30.22%) than revenues which generated lower profitability of all income levels.

The EBIT in 2014 amounted to 1.58% vs. 1.98% in 2013. Ratio of net profit in 2014 reached 1.10% vs. 0.98% in 2013.

1.3. Basic results on operations in 2014 and 2013

KEY FINANCIAL RATIOS

Item	2014	2013
ROE[1]	4.95%	3.44%
ROA[2]	1.54 %	1.34 %
EBIT margin[3]	1.58 %	1.98 %
EBITDA margin[4]	1.79 %	2.22%
Sales profitability[5]	5.14%	6.27%
Profitability before tax[6]	1.47%	1.37%
Net profitability[7]	1.10%	0.98%
Current liquidity ratio[8]	1.43	1.51
Quick liquidity ratio[9]	1.42	1.50
Overall debt ratio[10]	69%	61%
Equity-debt ratio[11]	2.22	1.58

[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. Usually, the value of ROE is 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 is the company's financial position.

3. In ROA are particularly interested the company's borrowers, as it is a valuable source of information about the ability of assets to raise revenues as a source of instalments and interest on loans. Western banks expect to keep this ratio at 2-6 per cent. In small firms it should be higher than in large ones. The low index against companies in the same industry usually means that capacities are not under-utilized.

4. EBIT shows sales profitability achieved by the company. So calculated profitability is free from the influence that interest on capital, taxes and extraordinary events have on the profit. In 2014, the construction industry's average rate oscillated just above zero.

5. 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 despite a small decrease as compared to 2013.

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

7. The 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.

8. 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.

1.4. Cash Flows Statement

The Company began the 2014 FY with cash amounted to PLN 57,920 thousand, and ended with closing balance of PLN 122,741 thousand.

The Company reported positive cash flows from operating activities of PLN 69,064 thousand, what is a positive signal regarding the significant improvement in cash flows. Cash flows from investing activities amounted to PLN 13,505 thousand while from financing activities were negative and amounted to PLN 17,748 thousand.

Total cash flows from operations amounted to PLN 64,821 thousand.

In view of the results achieved and the good financial situation of the Issuer as well as a very high portfolio of orders in the Erbud Group, the Management Board recommends payment of a dividend for 2014 of PLN 0.50 per share, which means the distribution of a dividend totalling PLN 6,380,962.50.

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

2014 was for the Issuer another year of making profits in all business segments of the Issuer, building a stable order portfolio and establishing a new business within the Group Erbud. At the end of 2014, Erbud SA had a backlog in the amount of PLN 1,007,485 thousand.

After a few subsequent periods of decline, 2014 was the first one where the construction branch rose (3.6%). Erbud SA built at that time a very good portfolio of orders, which provides the stabilization of revenues in 2014.

Construction market experts expect a further growth in 2015 (about 8%). This is confirmed by the analysis of the first months of 2015, where, according to the Central Statistical Office it was minus 13% in January, minus 11% in February, and minus 7% in March.

Projected increases in construction, new EU perspective and a stable financial situation of the Issuer are absolutely a good prospect for 2015-2016.

In the first quarter of 2014, Erbud SA issued unsecured bonds of Series B with maturity of 4 years, which allowed to rolling over the bonds of series A.

At the end of 2014, Erbud SA successfully extended all loan and guarantee lines and insurance limits which secure the granting of financial insurance guarantees

Availability of borrowings, loans and financial guarantees required in the construction process, own funds, references, a group of regular investors, development of new prospective business sectors allow an optimistic outlook for the coming years.

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.

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 the company 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 margin of zero.

Reduced investments together with the Issuer's policy on the minimum, acceptable margins will affect the structure of the backlog for 2016- 2019.

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 2014, the Company did not carry out any R&D activity.

2. DESCRIPTION OF KEY PRODUCTS AND SALE 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 is executed by Erbud as General Contractor. As far as export of construction services, the company operates as a subcontractor in France and Belgium.

The Issuer has five branches in the following locations: Torun (with technical office in Szczecin and Poznań), Warszawa, Rzeszow, Wroclaw and Krakow.

The Issuer's reference list is very long and new 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 Warszawa and Kraków as well as production facilities. Abroad, operating as a subcontractor, Erbud performs 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:

Order backlog by segment as at 31.12.2014

M	Residential buildings	96 129	10%
B	Offices	329 773	33%
HU	Retail centres	367 212	36%
PM	Industrial buildings and warehouses	5 918	1%
UP	Public buildings and structures	86 960	9%
SZ	Hospitals	121 492	12%
TOTAL		**1 007 485**	**100%**

As can be seen from the breakdown above, retail centres (36%) and office buildings (33%) were the largest item in the portfolio of orders for 2015-2018 as of 31 December 2014.

2.2. General characteristics of the domestic market

The fastest growing part of the economy by sectors in 2014 was construction. The annual rate of growth of value added in the construction sector amounted to 5.0% and output sold was of 3.6%. In the last three months of the year, however, there was a slowdown in the industry. Value added increased over this period by 1.8% and production sold by 1.1% only.

Quoting the IBnGR [Institute for Market Economics], the year of 2015 will bring a 3.5% GDP growth, which means that it will be only slightly higher than last year. According to Institute's forecast, in subsequent quarters of 2105, economic growth will accelerate, but the differences between quarters will be small - in the first quarter GDP will grow by 3.3% in the fourth by 3.8%
IBnGR expects further acceleration of economic growth for 2016 that may reach 3.8%.

According to the Institute's forecast, the business climate in the construction sector will improve - the added value will increase by 6.7%, while in the previous year - by 5.0%.

2014 annual and quarterly macroeconomic forecasts of the Institute for Market Economics										
		2014		**2015**				**2014**	**2015**	**2016**
		III	**IV**	**I**	**II**	**III**	**IV**			
GDP	% y/y	3.3	*3.2*	*3.3*	*3.5*	*3.7*	*3.8*	**3.3**	***3.5***	***3.8***
GDP	%	0.9	*0.8*	*0.8*	*0.9*	*1.0*	*1.1*	**x**	***x***	***x***
Value added in										
- industry	% y/y	3.1	*3.3*	*4.3*	*4.8*	*5.2*	*5.4*	**3.3**	***4.7***	***5.0***
- construction	% y/y	3.2	*1.8*	*5.4*	*6.7*	*6.8*	*7.0*	**5.0**	***6.7***	***7.5***
-market services	% y/y	3.2	*3.3*	*3.2*	*3.4*	*3.6*	*3.7*	**3.4**	***3.4***	***3.6***
Domestic demand	% y/y	4.9	*4.8*	*4.0*	*4.2*	*4.5*	*4.8*	**4.4**	***4.4***	***4.6***
Total consumption	% y/y	3.3	*3.2*	*3.1*	*3.2*	*3.4*	*3.5*	**2.9**	***3.3***	***3.5***
- of which individual	% y/y	3.2	*3.4*	*3.3*	*3.4*	*3.6*	*3.8*	**3.2**	***3.5***	***3.8***
Gross outlays on fixed assets	% y/y	9.9	*10.5*	*10.2*	*10.8*	*12.6*	*10.8*	**10.9**	***11.2***	***11.8***
Sold production of										
- industry	% y/y	1.8	3.1	*3.7*	*5.0*	*5.7*	*6.7*	**3.3**	***5.0***	***5.3***
- construction	% y/y	1.3	*1.1*	*5.7*	*6.8*	*7.6*	*8.0*	**3.6**	***7.3***	***8.5***
Inflation (CPI; in average)	%	-0.3	-0.7	*-0.6*	*-0.2*	*0.3*	*0.9*	**0.0**	***0.1***	***1.6***
Inflation (CPI; period end)	%	-0.3	-1.0	*-0.4*	*-0.1*	*0.5*	*1.3*	**-1.0**	***1.3***	***2.0***
Cash supply (M3, period end)	%	7.9	8.4	*7.5*	*7.8*	*8.0*	*8.5*	**8.4**	***8.5***	***8.7***
Real gross salary	% y/y	*3.7*	*3.8*	*3.5*	*3.7*	*3.8*	*3.9*	***3.6***	***3.7***	***3.9***
Average Employment in National Economy	% y/y	*0.3*	*0.9*	*1.1*	*1.2*	*1.5*	*1.6*	***0.6***	***1.4***	***1.7***

Registered unemployment rate (period end)	%	11.5	11.5	*11.7*	*10.8*	*10.5*	*10.5*	**11.5**	***10.5***	***9.8***
Export (GUS/RN)	%	3.8	*4.2*	*5.0*	*5.6*	*6.2*	*6.9*	***5.6***	***6.2***	***7.0***
Import (GUS/RN)	%	7.3	*6.4*	*6.0*	*6.8*	*7.6*	*8.0*	***7.0***	***7.5***	***8.5***
C/A Balance	GDP%	-1.3	*-1.5*	*-1.5*	*-1.8*	*-2.0*	*-2.4*	***-1.3***	***-2.4***	***-3.6***

2.3. Construction market in Europe

The construction market in Europe is still on a bend. Budget cuts and distrust of banks to this sector makes it difficult to start both spectacular and minor infrastructure and real estate projects. Against this background, Polish market looks better and better. Low interest rates and massive European funds aimed at investing in infrastructure certainly improve the outlook in the industry - says Arkadiusz Taraszkiewicz, Regional Director for Central and Eastern Europe Risk Assessment.

2.4. Characteristics of the EU markets on which the Issuer operates

Among European developed countries, **Germany** looks the best - a further increase of the market is forecasted, but less than in the previous year. The passing year 2014 was very successful for the construction sector of our western neighbour, especially the first six months, where the number of new contracts and profits of construction companies were clearly higher as compared to 2013. At the end of the year the situation has stabilized, mainly due to the smaller number of investments in the public sector. And so, in the coming year the German Association of Builders predicts a nominal market growth by 2% against 4% in 2014. Housing should grow by 3%, while commercial building by 1.5% and the public facilities about 1%. The average payment period on the construction market is 40-50 days, it decreased the number of non-payment cases, but delays from public Employers are still the problem. Gradually reduces the number of bankrupt companies, but in the coming year it is expected, that this trend will weaken – up to the decline of 3% in relation to more than 5% in 2014. Moreover, the number of bankruptcies continues to remain at a significantly higher level than in other branches e.g. in industry manufacturing.

The main European market outside the domestic market, on which the Issuer operated, was Belgium. Besides this, the Issuer, through its subsidiaries - Erbud International Sp.z o.o. and GWI GmbH conducts construction activity in Germany and France.

2.5. Prospects for market development

Nearest future of construction market

Polish construction business is slowly recovering from the crisis, and forecasts for companies operating in the market are promising. According to experts, funds from the new EU perspective invested in the infrastructure and housing will be the growth drivers in the coming years.

As stated in report on the construction market form January this year prepared by Coface, this market will grow in 2015 by 6.8%.

Until 2020, Poland can spend on infrastructure PLN 500 billion

“The new EU budget will provide significant support to the infrastructure, estimated at PN 103bn. However, investments in infrastructure will be much higher thanks to their own funds. It is estimated that total expenditures on infrastructure by 2020 should amount to PLN 500bn, i.e. approx. 30% of Polish annual GDP" – says the report of Coface.

According to experts, the biggest share in infrastructure expenditures will have road projects, with a budget estimated at about PLN 95bn, and a peak of road investments, for procedural reasons, will take place in 2016-2018, when Poland will spend for this purpose from PLN19 to 23bn per year.

In the opinion of experts, the rapid increase in the number of concluded contracts can lead to the increase in prices of construction materials, even for speculative purposes. Therefore, due to the long period of an investment

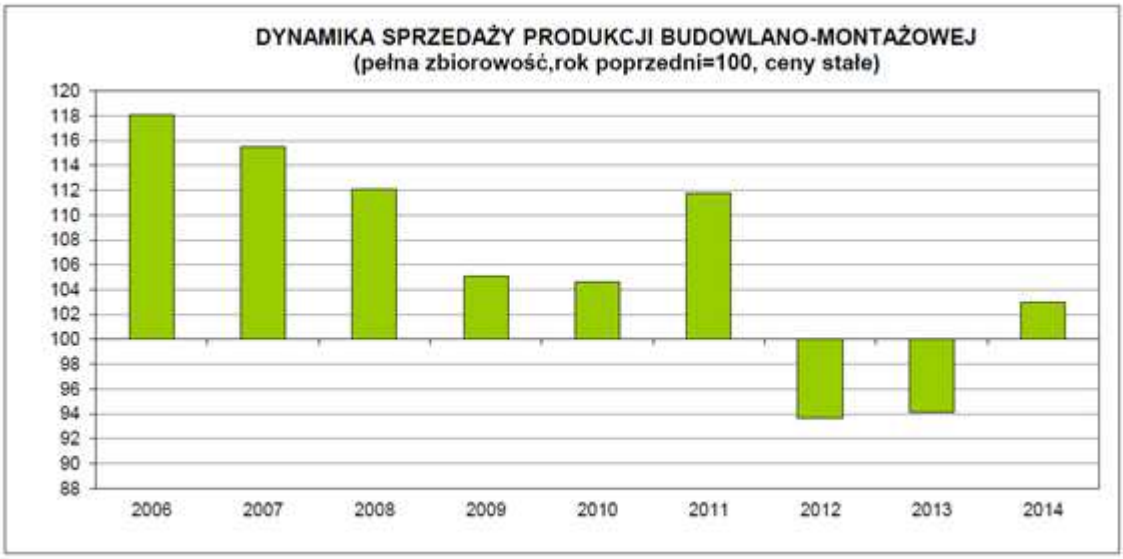
process, companies can negative experience fluctuations in prices, unless they protect against this in the contracts.

Residential sector - one of the industry drivers

The second of driving forces for the industry should be housing. Coface's analysts explain it in such a way that the low costs of obtaining financing encourage households to take out new loans. At the same time, low interest rates do not promote deposits, so investing in the housing market is becoming increasingly attractive.

"As interest rates remain low in Poland and real estate prices probably will not rise significantly, there is still a positive outlook for the real estate market" – says the report.

Sales dynamics of construction output (fixed prices):



Source: GUS

Coface analysts point out that the share of housing in the entire industry business amounts to only 13%. The report authors also add that a positive effect on the whole sector had a relatively warm winter of 2014/2015, which did not cause visible slowdown on construction sites.

Report presented in mid-October last year, prepared by analysts of Deloitte, indicates that the opportunity for a stable development of the construction sector in Poland may be a wider use of a public-private partnership formula.

Deloitte reminded that recent years have not been easy for the construction industry, which was caused, among others, by execution of unprofitable infrastructure contracts, difficulty in dialogue with public investors or a limited number of tenders for projects from the previous financial perspective of the EU.

GDP growth and lower debt will help to investment in the infrastructure

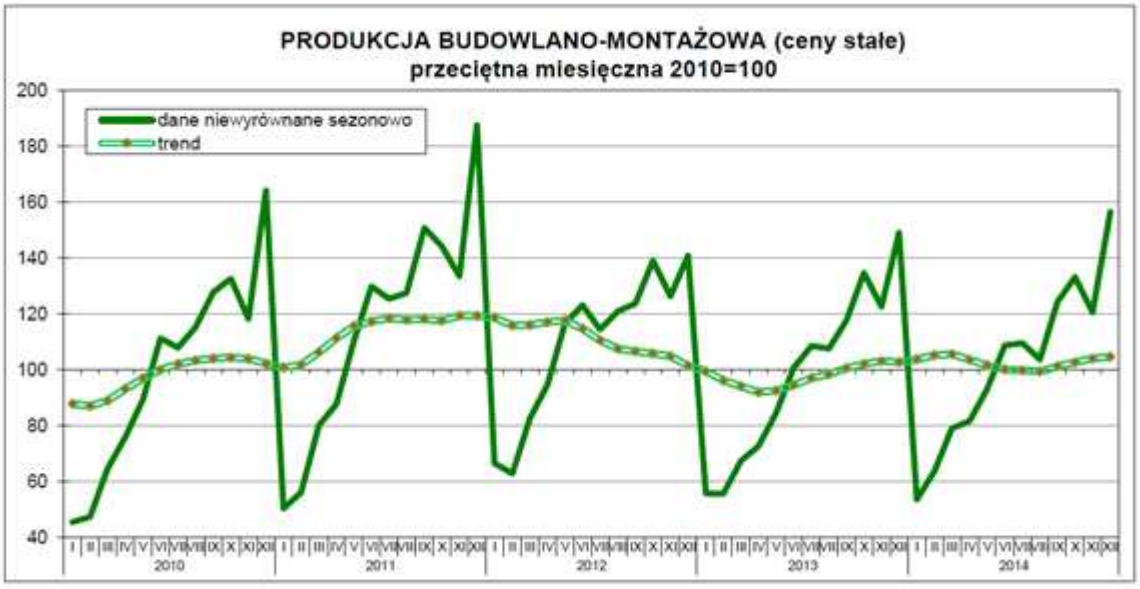
According to Deloitte the growth prospects for the construction sector are promising. The GDP growth of approx. 4% forecasted for Poland in the coming years and the expected reduction in the level of public debt to approx. 46% in 2016 should significantly increase the propensity of the public sector to invest in infrastructure.

Construction companies are hoping for an improvement, especially the big ones

Presented in mid-November study "Construction in Poland. Edition 2014 ", which was prepared by the consulting firm KPMG, CEEC Research and research agency Norstat shows the mood among the representatives of construction companies in Poland. It turns out that the managers of construction companies expect a stabilization

of the sector and they are relatively optimistic about the future. They hope that in 2015 the development of the sector should accelerate and their output should increase by 3.9%.

Construction sector output (fixed prices):



Source: GUS

The study indicates that more than half of the CEO's of construction companies (58 percent.) expects a higher level of sales in 2015 in comparison with 2014. The most optimistic among the individual segments are representatives of large companies expecting an increase by an average of 4.6 percent.

According to the analysts, the beginning of 2015 shows that the moods in the construction industry are the best from three years. There are many large volume construction contracts in Poland, but the profitability is going down. There are already first orders from the new EU round as regards road projects, however, not in the railway industry.

In the opinion of experts, coming quarters will show whether the pressure caused by rising prices offered by subcontractors is real and how much can worsen the profitability of general contractors.

2.6. Short description of the business environment in the context of customers and suppliers

2.6.1. Customers

The Issuer operates in the investment market. Its main customers are large business units and public administration. Among the major clients can be distinguish those with whom the cooperation is a long-term one: Dom Development S.A., companies from the LC Corp Group, Red Real Estate, Dakota Investments, companies from the HINES Group, Auchan Polska, CGL Group, companies from the Capital Park Group, and a number of local government units.

At this point, the Management Board of Erbud SA would like to thank all the investors for the confidence they have shown in the Company when contracting us.

2.6.2. Suppliers

Suppliers of the Issuer are divided into suppliers of materials and subcontractors. As previously mentioned, the Issuer completes with its own workforce only shall and core. Consequently, all other works are subcontracting. According to the rules of ISO, the Issuer is obliged to have a range of qualified suppliers. Such a procedure is necessary due to the verification of prices and the threat of depending on a single supplier / customer.

Besides these two aspects, the Issuer's operations are geographically diversified and for technical reasons each region has its own database of suppliers and subcontractors.
So 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 2014 the Issuer operated across the country and the "old" European Union. For this purpose, the organizational structure of the Issuer's includes branch offices in Torun (with site office in Szczecin), Warszawa, Rzeszow, Wroclaw and Krakow.

Such a structure allows the Issuer to become independent from the local market and actively expand into new geographical regions.

Contracts signed and carried out in Poland in 2014

Branch	Project	Customer	Contract date	Net contract value in PLN '000
Toruń	NT Jaworzno	Nova Trading S.A.	2014-01-27	13 445
Toruń	Dekada Brodnica Shopping Mall	Dekada Brodnica Sp. z o.o. Al. Niepodległości 124 02-577 Warszawa	2014-01-08	3 800
Wrocław	Multifamily Residential Complex with underground car park	Promenady II VD Sp. z o.o, Wrocław	2014-02-21	30 601
Toruń	District Health Center, Brzeziny	Powiatowe Centrum Zdrowia w Brzezinach Sp. z o.o. Ul. M. Skłodowskiej Curie 6	2014-02-07	15 723
Szczecin	West Pomeranian ZDROJE Health Centre for the Care for Woman and Child	SamodzieIny Publiczny Specjalistyczny Zakład Opieki Zdrowotnej	2014-02-02	4 732
Kraków	Retail Mall	Savia -Karpaty S p . z o.o.	2014-03-12	17 262
Kraków	Internal Road System for the Retail Mall	Savia-Karpaty Sp. z o.o.	2014-03-13	2 340
Warszawa	Willa Lindego	Dom Development S.A.	2014-03-2S	31 075
Szczecin	Commercial centre, incl. necessary infrastructure, and reconstruction and extension of the existing building	VD RETAIL Sp. z o.o.	2014-03-31	9 850
Wrocław	Galaktyka Shopping Centre	VD RETAIL Sp. z o.o.	2014-04-17	12 350
Szczecin	Building alteration	Samodzielny Pu bliczny Specjalistyczny ZOZ	2014-04-29	15 052
Warszawa	Apartment building	Doro Development S.A.	2014-0S-19	45 930
Warszawa	Extension of the Department of Oncological Hospital in Wieliszew	Krajowa Fundacja Medyczna, Łabiszyńska 25, 03-204 Warsza	2014-05-28	1 360
Kraków	Extension of the wipers production floor for Valeoo Autosystemy Sp. Z o.o.	Valeoo Autosystemy Sp. Z o.o.	2014-06-18	25 618
Rzeszów	Modernization of the Surgery Ward	Szpital Specjalistyczny im. Ludwika Rydygiera w Krakowie sp. z o.o.	2014-07-12	1 950
Rzeszów	Hospital building extensionf	SPZOZ Ministerstwa Spraw Wewnętrznych w Lublin ie	2014-07-01	18 290
Warszawa	Bliski Tarchomin Residential Complex	CGL Sp. z o.o. Sp. komandytowa, Domaniewska 37, 02-672 Warszawa	2014-07-10	15 425
Toruń	Centrum Symulacji Medycznej, Gdańsk		2014-07-28	5 074
Warszawa	Office and commercial	Hala Koszyki Grayson Investments Sp. Z	2014-08-05	115 458

	building	o.o.		
Rzeszów	Office building	Instytut Pamięci Narodowej - Komisja Ścigania Zbrodni przeciwko Narodowi Polskiemu u 1. Wołoska 7, 02-675 Warszawa	2014-08-05	12 509
Toruń	Construction of Nova Trading warehouse	Nova Trading S.A., ul. Starotoruńska 5 87-100Toruń	2014-08-11	4 200
Toruń	Dekada Malbork Shopping Mall		2014-07-21	21 700
Rzeszów	Extension of Wadowice District Hospital	Powiat Wadowicki	2014-09-01	10 900
Wrocław	Construction of three residential buildings	Promenady Zita Sp. Zoo	2014-09-01	70 270
Toruń	Shopping and Entertainment Centre	ACE 2Sp. z o.o., ul. Prosta 70, 00-838 Warszawa	2014-10-14	96 500
Rzeszów	Gliwice Oncology Center		10.2014	13 738
Szczecin	Baltic Park Molo in Świnoujście	Zdrojowa Invest Sp. Z o.o.l Projekt 7 S.K.A.	2014-10-31	43 005
Szczecin	Małe Błonia Real Estate, Phase II, Szczecin	Realty 2 Management Sp. Z o.o. Projekt Deweloperski 10 Sp	2014-11-09	10 581
Szczecin	Hotel in Świnoujściu	Aurann Sp. Zo.o.	2014-11-25	13 118
TOTAL				**682 755**

Projects carried out by ERBUD SA abroad in 2014

Customer	**Project**	**Contract value in €**
MBG, Garden Square Blok D, Laarstraat 16 bus 12, B-2610 Wilrijk	Mechelen, BE1401	5 900 000
MBG, Garden Square Blok D, Laarstraat 16 bus 12, B-2610 Wilrijk	Kattendijkdok, BE1402	1 670 000
NV Strabag Belgium, Rijnkaai 37 -4de verdleping, B-2000 Antwerpen	KTA, BE1403	395 000
MBG, Garden Square Blok D, Laarstraat 16 bus 12, B-2610 Wilrijk	Total, BE1404	700 000
Vanhout nv, Lammerdries 12, B-2440 Geel	Felix, BE1405	700 000
A C H Bouw Nv., Desguinlei 22, B-2018 Antwerpen	Nijver, BE1406	250 000
CEI - De Meyer nv, Hasseltsesteenweg, 172, B-3800 Sint-Truiden	Optara, BE1407	500 000
Vanhout nv, Lammerdries 12, B-2440 Geel	Wezenberg, BE1408	720 000
DCA nv, Lilsedijk 50, B-2340 Beerse	Ekeren, BE1409	500 000
NV Strabag Belgium, Rijnkaai 37 -4de verdleping, B-2000 Antwerpen	Mortsel, BE1410	600 000
	Total	**11 935 000**

3.2. Other significant contracts signed in 2014 and by the date of the report preparation.

In 2014 and over the period to the report preparing, the Issuer did not sign significant contracts other than for construction works.

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	AIG Europa Limited, Polska	01-04-2015	31-03-2016	D&O insurance	PLN 30,000,000
000-15-389-05707663	TUiR Allianz Polska S.A.	01-01-2015	31-01-2016	Construction risk insurance	Open CAR PLN 120 000 000
436000057574	STU Ergo Hestia S.A.	01-01-2015	31-01-2016	Construction risk insurance	Open CAR PLN 100 000 000
436000056756	STU Ergo Hestia S.A.	01-01-2015	31-01-2016	Liability for business conducting insurance	PLN 100 000 000 for all events

3.4. Significant financing agreements

On **31 March 2014**, the Issuer signed the Amendment No. 2 to the Loan Agreement on increasing the level of the Issuer's funding by Alior Bank SA from PLN 50m to PLN 80m. The increased limit applies to the sublimit for financial guarantees. Therefore, overdraft facilities of PLN 10m are available to the Issuer at present, while the possible limit for contract performance bonds rose from PLN 40m to PLN 70m.

On **13 August 2014**, the Issuer signed an Amendment to the Loan Agreement on increasing the level of the Issuer's funding by Alior Bank SA from to PLN 93m. The increased limit applies to the sublimit for financial guarantees. Therefore, overdraft facilities of PLN 10m are available to the Issuer at present, while the possible limit for contract performance bonds rose PLN 83m

On **12 September 2014,** Erbud SA signed an Amendment on increasing and extending by 12 months the Cooperation Agreement with ING Bank Slaski SA, pursuant to which the Issuer and its subsidiaries Budlex SA; PBDI S.A.; ERBUD Industry Centrum Sp. z o.o. will be able to use banking products such in the form of overdraft and line for financial guarantees. The total value of the line after the increase is PLN 100m, of which the sublimit for debt financing amount to PLN 32m.

On **10 November 2014**, the Issuer signed an Amendment to the Agreement on multipurpose credit line with BNP Paribas Bank Poland SA with a limit of PLN 40m. Under the Amendment, the parties extended the period of its availability until 26 November 2015.

On **23 December 2014,** Erbud SA signed an Amendment extending by 12 months the Cooperation Agreement with mBank SA, pursuant to which the Issuer will be able to use banking products in the form of overdraft and line for financial guarantees. The total value of the line after the increase is PLN 90m, of which the sublimit for debt financing amounts to PLN 10m.
The line is secured by assignments of receivables from construction contracts and the mortgage on a cooperative ownership right to the office premises in Warsaw. The line expires on 31 December 2015.

On **29 December 2014**, Erbud SA (the Issuer) and its subsidiary PBDI SA that belongs to the ERBUD Group, signed with HSBC Bank Polska SA (the Bank) a tripartite Guarantee Line Agreement.
Within the line the Issuer and PBDI SA can apply for bid bonds, performance guarantees, warranties, repayment of advances, payment guarantees and other securities acceptable to the Bank.
The value of provided line amounts to PLN 30 million. The maximum period of the guarantee validity may not exceed 5 years.
Under the granted limit the Issuer may use up to PLN 20 million and for PBDI SA the guarantee limit is up to PLN 10 million.
The guarantee line is secured by:
- execution statements by the Issuer and PBDI SA in accordance with Art. 96 and Art. 97 of Bank Law, each company to the amount of PLN 45 million;
- power of attorney issued by the Issuer and PBDI SA for the Bank to meet their liabilities and claims related to the line granted.

On **18 March 2014** the Management Board adopted a resolution on issuance up to 5,200 bearer bonds, dematerialized, unsecured, (the "Bonds") with a total nominal value of not more than PLN 52 million (say: fifty-two million Zlotys). The par value of one Bond will be PLN 10,000 (say: ten thousand). The issue price will be 9,587 PLN (say: nine thousand five hundred eighty-seven Zlotys). The bond issue date was set for 26 March 2014 and the date of redemption for 26 March 2018. The interest rate on bonds will be variable and based on WIBOR 6M plus a margin equal to 3.0 percentage points. The Bonds will be issued as per Art. 9 item 3 of the Act of 29 June 1995 on bonds (Journal of Laws of 2001 No. 120, item. 1300, as amended). The Issuer will apply for placing bonds on the trading platform for debt financial instruments carried by the Stock Exchange in Warsaw SA in the form of alternative trading system.

1. Purpose of the issue

Assuming that all Bonds will be purchased by investors, it is expected that the gross proceeds from Bonds issued will amount to PLN 49,852,400 (say: forty-nine million eight hundred fifty-two thousand four hundred Zlotys). However, the Issuer's Management Board does not preclude, that a part of the Bonds will be paid by way of offsetting claims relating to Series A bonds against the payment for Bonds. In case that all or part of the Bonds issued will be settled in the above manner gross proceeds from the issue will be correspondingly lower.

The Issuer intends to use the financial means for:

(1) Redemption of Series A bonds issued by the Issuer. The Issuer does not preclude that some of investors holding bonds of Series A bonds will be interested in further supporting the development of the Issuer and may participate in the issuance of new Bonds. It cannot be ruled out that some of the investors will be willing to pay for the Bonds by offsetting claims due to Series A bonds against the payment for Bonds.

(2) Financing an increased demand for working capital associated with a record backlog of the ERBUD Capital Group. At the end of 2013, the Group had a record order portfolio in its history ever equal to PLN 1.6 billion, which represents an increase of approximately 26% as compared to 2012. Acquiring new assets or extending the maturity for Series A bonds will provide funds for the further development of the Group in subsequent years.

The Issuer reserves the right to change the above-mentioned manner of use of proceeds from the Bonds, if there are unforeseen circumstances that may have an adverse effect on the Issuer's Capital Group. Information regarding any changes in the way the use of proceeds from the issuance of Bonds will be made public in the form prescribed by applicable law, immediately after the relevant decisions has been made.

2. Type of bonds issued

Bearer Bonds, dematerialized, unsecured with a nominal value of PLN 10,000 (say: ten thousand Zlotys) each, 4-year maturity.

3. Issue size

The Issuer intends to issue up to 5 200 bearer bonds, dematerialized, unsecured, with a total nominal value of not more than PLN 52,000,000 (say: fifty-two million Zlotys).

4. Nominal value and issue price

The Issuer intends to issue bonds with a nominal value of PLN 10,000 (say: ten thousand Zlotys) and the issue price of PLN 9 587 (in words: nine thousand five hundred eighty-seven Zlotys) each.

5. Terms and conditions for redemption and interest payment

The Bonds will be redeemed by the payment of money equal to the par value plus the interest due effected to the bondholders on the Maturity Day and calculated in the manner indicated in the conditions of the Bonds issuance. The bondholders will have the right to require an early redemption of the Bonds in the event of breaches as referred to in terms and conditions of the issue of the Bonds, on terms specified in the conditions of the Bonds issue.

The interest rate on Bonds will be variable and based on WIBOR 6M plus a margin equal to 3.0 percentage points. Interest on the nominal Bonds value will accrue from the issue date (inclusive) and payable on each day of interest payment in accordance with the terms of issue of the Bonds. The last date for accrual of interest will be the day preceding the Bonds redemption date.

6. Amount and form of security and identification of the entity providing the security

The bonds will be unsecured ones.

7. Value of commitments as at the last day of the quarter preceding the publication of the acquisition offer and the prospects for the future Issuer's liabilities until the whole bonds offered for the purchase has been redeemed

As of 31 December 2013, the total balance of liabilities of the Issuer's parent company amounted to PLN 280.0m, of which PLN 0.3m was attributed to long-term liabilities and PLN 280.2m to current liabilities.

Within the liabilities of the parent of the Issuer, the most important items were: (i) trade liabilities of PLN 212.5m; (ii) liabilities due to Series A bonds of PLN 50m and (iii) other financial liabilities (financial leasing) of PLN 2.6m.

Furthermore, the balance of cash and cash equivalents of the Issuer's parent as at 31 December 2013 amounted to PLN 57.9m. Cash surplus over interest-bearing liabilities reached PLN 5.5m.
Contingent off-balance liabilities (banking and insurance) of the parent of the Issuer due to guarantees provided as at 31 December 2013 were as follows: (i) guarantees to pay liabilities equal to PLN 6.7m; (ii) performance bonds equal to PLN 145.5m and (iii) remedial works guarantees of PLN 132.0m.
The total balance of liabilities in the form of guarantees granted at the end of the 4Q 2013 mounted to PLN 284.2m.
In addition, the parent company of the Issuer has provided to the subsidiaries of the Issuer's Capital Group loans and guarantees. The balances of loans granted to the subsidiaries as at 31 December 2013 were as follows: (i) loans granted to Budlex SA - PLN 28.5m and (ii) loans granted to ERBUD International Sp. o.o. - PLN 9.2m.
Guarantees and sureties granted by the Issuer to the companies included in the Issuer's Capital Group as at 31 December 2013 were as follows: (i) civil surety granted on 28 September 2009 by GWI GmbH to KBC with a value of € 2m related to overdrafts (guarantee expires on 31 July 2014); (ii) guarantee of EUR 2m provided on 25 May 2011 by BRE on behalf of ERBUD SA given by GWI GmbH to Commerzbank due to overdrafts (guarantee expires on 1 July 2014). As of 31 December 2013, the total balance of liabilities of the Issuer's Capital Group, excluding provisions for liabilities, construction contracts and accruals amounted to PLN 369.1m, of which PLN 19.9m were long-term liabilities and PLN 349.2m short-term liabilities.
Within the liabilities of the Issuer, the most important items were: (i) trade liabilities and other liabilities of PLN 194.1m; (ii) Series A bonds in the amount of PLN 50m; (iii) long-term bank loans and borrowings of PLN 14.5m; (iv) short-term bank loans and borrowings of PLN 24.5m and (v) other financial liabilities (financial lease): PLN 5.4m.
The consolidated balance of cash and cash equivalents as of 31 December amounted to PLN 124.6m.

Prospects for the Issuer's obligations and commitments until full redemption of the Bonds.

The business sector, in which the Issuer's Capital Group is operating, is characterized by high variability in terms of demand for working capital. This is due to seasonal factors and the current situation in the construction market.
At the end of 2013, the Group had a record order portfolio in its history ever equal to PLN 1.6bn.
After the issuance of the Bonds, the Issuer's parent company does not anticipate any further increase due to loans, borrowings or debt instruments. Additional debt may still be incurred by the subsidiaries of the Issuer's Capital Group, primarily by the development company Budlex SA, whose operations are capital intensive.
The Issuer will lead a conservative policy of funding to maintain Net Financial Debt-To-Separate Equity Rate below 0.6, and Net Financial Debt-To-Consolidated Equity Rate below 1.

On **25 March 2014,** the Issuer has been notified that the Board of the National Depository for Securities adopted Resolution No. 332/14 on the registration with the NDS of 5,200 bearer bonds of series B. The bonds were issued pursuant to the Resolution of the Management Board of ERBUD SA No. 1/2014 dated 18 March 2014. The nominal value of bonds – PLN 10,000 each one. Maturity date – 26 March 2018. Code: PLERBUD00053

On **26 March 2014,** the Issuer's Management Board passed a resolution on purchasing 40,000 (say: forty thousand zlotys) own Bonds of series A, issued following the resolution of the Company's Management Board dated 29 June 2011, with a par value of PLN 1,000.00 (say: one thousand zlotys) each, placed on the market on trading platform of debt financial instruments managed by BondSpot in the form of an alternative trading system ("Bonds"), and the Company bought back the Bonds on the same day, i.e. on 26 March 2014. The Bonds were purchased in order to redeem them. The aggregate nominal value of own Bonds bought back by the Company amounted to PLN 40,000,000.00 (say: forty million zlotys), and the total purchase price was PLN 40,462,800.00 (say: forty million four hundred and sixty-two thousand eight hundred zlotys).

On **26 March 2014,** the Company completed the issue of Bonds of Series B.

On 9 **April 2014**, the Company submitted an application to the Board of the Warsaw Stock Exchange for the introduction of debt instruments to the Catalyst alternative trading system.

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

4.1. Description of the Issuer's equity relations

The Capital Group ERBUD S.A. consists of the following consolidated business entities:

Subsidiary name	Seat	Core business	Percentage of shares held by the Parent and votes at AGM as of			
			31.12.2014	30.09.2014	30.06.2014	31.12.2013
Erbud International Sp. z o.o.	Toruń	Construction	100%	100%	100%	100%
GWI GmbH	Germany	Construction	85%	85%	85%	85%
Erbud Industry Sp. z o.o.	Toruń	Construction	100%	100%	100%	100%
Erbud Rzeszów Sp. z o.o.	Rzeszów	Construction	79%	79%	79%	79%
Delta Sp. z o.o.	Toruń	Construction	100%	100%	100%	100%
Toruńska Sportowa S.A. w likwidacji	Toruń	Sports, leisure and entertainment	39%	39%	39%	39%
Grupa Budlex	Warszawa	Development activity	89.96%	89.96%	89.96%	89.96%
Przedsiębiorstwo Budownictwa Drogowo - Inżynieryjnego S.A.	Toruń	Road-engineering	94.27%	94.27%	94.27%	94.27%
Erbud Energetyka Sp. z o.o.	Toruń	Construction	Merger with Erbud Industry Sp. z o.o – 01.07.2014	Merger with Erbud Industry Sp. z o.o – 01.07.2014	100%	100%
Erbud Construction	Toruń	Construction	100%	100%	100%	100%
Erbud Industry Centrum Sp. z o.o. (formerly Engorem Sp. z o.o. - through Delta Sp. .z o.o.)	Łódź	Services for power sector	98,66%	98,66%	98,66%	98,66%
Erbud Industry Pomorze Sp. z o.o. (formerly: NKG Ojrzyński Sp. z o.o. - through Erbud Industry Sp. z o.o.)	Gdańsk	Services for power sector	100%	0	0	0
EnergoServ Pomorze Sp. z o.o. (through Erbud Industry Sp. z o.o.)	Toruń	Services for power sector	100%	0	0	0

a) Subsidiaries included in the consolidated financial statements of the Group by full method:

- Erbud International Sp. z o.o.
- GWI GmbH
- Grupa Budlex
- PBDI S.A.
- Erbud Industry Sp. z o.o.
- Delta Sp. z o.o.
- Erbud Industry Centrum Sp. z o.o. (formerly Engorem Sp. z o.o. – change of the Company's business name in the Register on 4 December 2014)
- Erbud Rzeszów Sp. z o.o.
- Erbud Industry Pomorze (formerly NGK Ojrzyński Sp. z o.o.)
- EnergoServ Pomorze Sp. z o.o.

b) Subsidiaries included in the consolidated financial statements of the Group by equity method:

- Deptak Projekt P2 Sp. z o.o.

c) Subsidiaries excluded from the consolidated financial statements:

- Erbud Construction Sp. z o.o.
- Toruńska Sportowa S.A. w likwidacji

On **1 July 2014**, Erbud Energetyka Sp. z o.o. merged with ERBUD Industry Sp. o.o. The transferee entity was ERBUD Industry Sp. z o.o.
The business combination has been effected pursuant to Art. 492 §1 item 1 in conjunction with Art. 506 §1-4 of Commercial Companies Code.

On **2 February** 2015, Delta Sp. z o.o. merged with Erbud Industry Sp. z o.o. The transferee entity was Erbud Industry Sp. z o.o.
The business combination has been effected pursuant to Art. 492 §1 item 1 in conjunction with Art. 506 §1-4 of Commercial Companies Code.

On **29 September 2014**, the Company owned by the Issuer – Erbud Industry Sp. z o.o (formerly Engorem Sp. z o.o.) acquired shares in the company under the business name **NGK Ojrzyński sp. z o.o.** (now Erbud Industry Pomorze Sp. z o.o) with its registered office in Gdansk. In 2013, the company has revenues of PLN 10.5 million.
Last fiscal year was from 04.10.2012 to 31.12.2013. The company achieved an EBIT margin of 11.3% and a net margin of 8.6%.
As at the acquisition date, the company employed 68 people.

The main customers of the company are:
- EDF Wybrzeże S.A. – long term service contracts; qualified contractor
- Grupa Lotos S.A. in Gdańsk – qualified contractor
- ALSTOM Power Sp. z o. o. – cooperation agreement; qualified contractor
- Steico sp. z o.o. – insulation materials; Czarnków, Czarna Woda, Casteljaloux/France.

On **30 October 2014**, a subsidiary of the Issuer - ERBUD Industry Sp. z o.o (formerly ENGOREM Sp. z o.o.) purchased shares in the company under the business name **EnergoServ Pomorze sp. z o.o**. seated in Toruń.
The sale is addressed predominantly to the energy industry; in particular the company provides services and repairs at EDF Torun. This segment gave 92-96% of revenues in 2011-2012. In 2013, the share fell to 38% due to a single award abroad.
In the financial year 2013 the company's revenues amounted to PLN 10.9m; EBIT – PLN 1.3m (12%); net profit – PLN 1.0m (9.2%).
Considering the average income in the years 2007-2013, which eliminates the one-off event (contract completed abroad), the company's annual revenues amount to PLN 6.8m; the operational profitability - 6.3%, while the average net profit margin reaches 5%.

Employment in the company as at the acquisition date amounted to 50 people.

Historically, the company completed contracts in the following power utility companies:
power stations: Bełchatów, Połaniec, Ledwice (the Czech Republic), Siersza, Konin, Dolna Odra, Deven (Bulgaria), Ostrołęka;
combined heat and power stations: Bydgoszcz, Żerań, Siekierki, Bielsko Biała, Częstochowa.
The customer portfolio is dominated by EDF with maintenance works agreement – this brought 39-47% of the company's income in 2011-2012. In 2013, the share fell to 27% due to awards completed abroad.

4.2. Contracts concluded by Erbud S.A. with related entities in 2014 and by the publication date of the report

Erbud International Sp. zo.o.

Contracts concluded with Erbud S.A. in 2014			
No.	**Project**	**Contract value in PLN '000**	**Contract/annex concluded on**
1	Contract 01/EI/T-1334/2014	2 500	2014-01-08

	civil engineering works DEKADA-Brodnica , Toruń		
2	Contract 02/EI/T-1401/2014 civil engineering works HALA JAWORZNO, Toruń	2 500	2014-01-27
3	Contract 03/EI/T-1402/2014 civil engineering works Health Centre in Brzeziny, Toruń	3 500	2014-02-07
4	Contract 04/EI/W-1409/2014 civil engineering works extension of an oncology hospital in Warszawa	2 000	2014-06-10
5	Contract 05/EI/S-1406/2014 civil engineering works GRONA PARK in Zielona Góra, Toruń	6 500	2014-03-31
6	Contract 06/EI/T-1422/2014 civil engineering works Extension of a warehouse in Torun	3 000	2014-08-01
7	Contract 07/EI/T-1417/2014 civil engineering works Medical Simulation Centre in Gdańsk	3 500	2014-07-01
8	Contract 08/EI/R-1421/2014 civil engineering works Office Building for IPN in Lublin	112	2014-10-01
9	Contract 09/EI/WR-1336/2014 civil engineering works Shopping Gallery, -Jelenia Góra	800	2014-10-01
10	Contract 10/EI/T-1413/2014 civil engineering works Dekada Malbork Shopping Mall in Malbork	9 500	2014-07-01
11	Contract 11/EI/S-1431/2014 civil engineering works BalticPark Molo, Świnoujście	20 000	2014-10-01
12	Contract U12/EI/W-1405/2014 civil engineering works WILLA LINDEGO residential complex, Warszawa	18 000	2014-02-01
13	Contract 13/EI/W-1408/2014 civil engineering works REZYDENCJA MOKOTÓW residential complex, Warszawa	21 000	2014-06-01
14	Contract 14/EI/W-1415/2014 civil engineering works BLISKI TARCHOMIN residential complex, phase II, Warszawa	11 000	2014-06-01
15	Contract 15/EI/W-1423/2014 civil engineering works HALA KOSZYKI Retail and office complex, Warszawa	72 000	2014-07-01
16	Contract 16/EI/W-1425/2014 civil engineering works Extension the LIPSK office building, Warszawa	32 000	2014-07-01
17	Contract 17/EI/W-1427/2014 civil engineering works EUROCENTRUM hotel and office complex, phase II, Warszawa	16 000	2014-08-01

Erbud Industry Sp.z o.o.

Contracts signed with Erbud S.A.					
No.	**Company**	**Project**	**Contract value in PLN '000**	**Contract concluded on**	**Remarks**
1	Erbud Industry	Coordination of the project: "Design and build of Municipal Waste Thermal Incineration Plant in Konin"	2 132	2014-01-02	Annex 1 of 2014-06-30, Annex 2 of 15.07.2014
2	Erbud Industry	Execution of subcontracted works by the task: "Refurbishment of the EC3 cool handling plant for Dalkia Łódź SA"	27 263	2014-02-26	Consortium with Erbud S.A. and Zamet Industry S.A.; Customer - Dalkia Łódź SA
3	Erbud Industry	Execution of subcontracted works by the task: "Construction of service premises in office building in Tarnowskie Góry "	3 325	2014-01-02	Annex 1 of 2014-05-06 Annex 2 of 2014-05-13
4	Erbud Industry	Execution of subcontracted works by the task: " Foundations construction, utilities connections for and alterations and relocation of water supply and drainage systems and plant for WFGD installation for EDF Kraków S.A."	16 000	2014-01-02	Annex 1 of 2014-03-26
5	Erbud Industry	Execution of subcontracted works by the task: "Construction of production and storage facilities and office building for the waste treatment and recycling plant in Skarbimierz"	4 330	2014-01-02	
6	Erbud Industry	Execution of subcontracted works by the task: "Construction of a non-hazardous waste collection and recycling facility "	2 300	2014-01-02	Annex 1 of 2014-02-03
7	ER Services (now Erbud Industry)	Facility Management services and legal and financial advice	15	2011-06-01	monthly salary
8	ER Services (now Erbud Industry)	Cleaning	7,5	2012-02-01	monthly salary
9	Erbud Industry	Refurbishment of firefighting system in EC3 plant for Dalkia Łódź SA	4 574	2014-01-31	Consortium with Erbud S.A.; Customer - Dalkia Łódź SA
10	Erbud Industry	Comprehensive cleaning of an office building and accompanying facilities at the construction site District Police Headquarters in Stargard	58	2014-03-10	
11	Erbud Industry	Electrical wiring by the task: "Refurbishment of the EC3 cool handling plant for Dalkia Łódź SA."	8 875	2014-02-20	
12	Erbud Industry	Construction works for the flue gas desulphurization plant for Dalkia Poznan ZEC SA	3 791	2014-07-16	
13	Erbud Industry	Installation of catalytic flue gas denitrification system for OP-650 No. 1, 2 at ENEA Production SA	40 114	2014-08-29	
14	Erbud Industry	Flue gas ducts in Rybnik Power Plant (EDF Polska)	9 341	2014-08-01	
15	Erbud Industry	Plant, construction, installation, start-up and commissioning of flue gas ducts at EDF Polska SA in Rybnik Power Station	8 000	2014-06-16	

16	Erbud Industry	Clean-up and similar works for the project: "Construction of Gallery Pilska Retail Centre in Pila"	18,5	2014-08-18	
17	Erbud Industry	Clean-up and similar works for the project:: "Construction of Kościuszko Business Point in Torun"	26	2014-09-10	
18	Erbud Industry	Clean-up and similar works for the project:: "Construction of Marshal's Office in Poznan"	67,5	2014-10-21	

PBDI S.A.

Contracts signed with Erbud S.A.					
No.	**Company**	**Project**	**Contract value**	**Contract concluded on**	**Remarks**
1	PBDI	Consortium agreement to develop and submit a tender and award the contract for construction works at Skurpie Wind Farm	26 105,92	20.08.2013 (contract with the Customer signed on 24.07.2014)	value of the contract with the Customer
2	PBDI	Consortium agreement to develop and submit a tender and award the contract for construction works at Skoczykłody Wind Farm	26 998,95	07.07.2014 (contract with the Customer signed on 17.09.2014)	value of the contract with the Customer
3	PBDI + Electrum sp. z o.o.	Consortium agreement to develop and submit a tender and award the contract for construction works at Banie Wind Farm	157 200,00	10.10.2014 (contract with the Customer signed on 15.10.2014)	value of the contract with the Customer, incl. Annex of 31.03.2015

Erbud Indusrty Centrum Sp. z o.o.

No contracts were concluded in 2014.

Budlex Group

Agreements signed with Erbud S.A.					
No.	**Company**	**Agreement subject**	**Contract value in PLN '000**	**Contract concluded on**	**Remarks**
1	Budlex S.A.	Loan agreement	1 000	2014-09-15	
2	Budlex S.A.	Loan agreement	2 000	2014-12-11	

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

5.1. Information about off-balance sheet loans and liabilities

In 2014, the Company financed out its business exclusively from its own means from operating activities.

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

Bank name	Type of liability	Amount in PLN '000	Currency unit	Interest rate	Maturity date	Instalments payment	Borrower
BNP Paribas S.A.	Overdraft credit	3 000	PLN	WIBOR 1M + margin	2015-11-26	In one amount	Erbud S.A.
mBank S.A.	Overdraft credit	10 000	PLN	WIBOR 1M + margin	2015-12-31	In one amount	Erbud S.A.

PKO BP S.A.	Overdraft credit	20 000	PLN	reference rate of PKO BP + margin	2017-06-30	In one amount	Erbud S.A.
Alior Bank S.A.	Overdraft credit	10 000	PLN	WIBOR 3M + margin	2015-09-04	In one amount	Erbud S.A.
ING Bank Śląski S.A.	Overdraft credit	32 000	PLN	WIBOR 1M + margin	2015-12-31	In one amount	Erbud S.A.; Budlex S.A.; PBDI S.A.; Erbud Industry Centrum Sp. z o.o.

Furthermore, the Issuer is able to obtain contract performance bonds in the following banks:

Bank name	**Type of liability**	**Amount in PLN '000**	**Currency unit**	**Company**
Alior Bank S.A.	Bid bond, performance bond, repair works and remedying defects guarantee, payment guarantee, re-guarantee	90 000	PLN	Erbud S.A.
Credit Agricole Bank Polska S.A.	Bid bond, performance bond, repair works and remedying defects guarantee, payment guarantee, re-guarantee	30 000	PLN	Erbud S.A., Erbud Industry Centrum
BNP Paribas Bank Polska S.A.	Bid bond, performance bond, repair works and remedying defects guarantee, payment guarantee, re-guarantee	37 000	PLN	Erbud S.A.
mBank S.A.	Bid bond, performance bond, repair works and remedying defects guarantee	80 000	PLN	Erbud S.A.
PKO BP	Bid bond, performance bond, repair works and remedying defects guarantee	30 000	PLN	Erbud S.A.
BZ WBK S.A.	Bid bond, performance bond, repair works and remedying defects guarantee	34 000	PLN	Erbud S.A.
ING Bank Śląski S.A.	Bid bond, performance bond, repair works and remedying defects guarantee	68 000	PLN	Erbud S.A.; PBDI S.A.
HSBC Bank Polska S.A.	Bid bond, performance bond, repair works and remedying defects guarantee	30 000	PLN	Erbud S.A.; PBDI S.A.

5.2. Value of guarantees granted to the Issuer by financial institutions

As at 31.12.2014, the Company had the following liabilities:

- Liabilities arising from guarantees in thousands of PLN:

Item	**31.12.2014**	**31.12.2013**	**31.12.2012**
Liabilities payment guarantees	44 177	6 927	48 196
Performance bonds	190 140	145 491	156 615
Remedying defects guarantees	135 832	131 772	107 835
Total contingent liabilities	**370 149**	**284 190**	**312 646**

Guarantees and borrowings provided by the Issuer are as follows:

Item	**31.12.2014**	**30.09.2014**	**30.06.2014**	**31.03.2014**	**31.12.2013**
GWI GmbH – loan repayment guarantee	12 787	12 674	12 483	12 514	8 294
GWI GmbH – guarantee by BRE Bank S.A. for loan repayment	8 525	8 449	8 322	8 343	8 294

Erbud International Sp. z o.o. - loan	5 031	9 356	9 356	9 206	11 486
Budlex Sp. z o.o. - loan	18 183	16 183	15 183	23 974	24 974
GWI GmbH, Erbud International – surety for financial guarantees line	31 967	31 684	31 206	31 285	31 104
GWI GmbH – guarantee line surety in Zurich	14 918	14 786	14 563	14 600	14 515
Erbud Industry Sp. z o.o – surety for repayment of investment loan received from BNP Pariba Bank Polska S.A.	5 300	0	0	0	0
Erbud Industry Sp. z o.o – surety for repayment of multi-purpose loan and guarantee line in BNP Pariba Bank Polska S.A.	10 000	0	0	0	0
Erbud Industry Centrum – investment loan guarantee in Credit Agricole	10 000	0	0	0	0
Total contingent liabilities	**98 528**	**83 776**	**91 113**	**99 922**	**98 667**

5.3. Risks associated with financial instruments

5.3.1 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 4 years. When observing t variability in the reference rates, current NBP Monetary Council policy, the Issuer does not see the necessity to secure the risk.

5.3.2 Currency risk

On 14 August 2014, following the conclusion of a contract for construction works with the company Hala Koszyki Grayson Investments Spółka z ograniczoną odpowiedzialnością Sp.k., headquartered in Warsaw at 6 Szucha Allee, of which the Issuer announced in the current report No. 33/2014 dated 6 August 2014, the Issuer entered into some par forward agreements hedging cash flows from the above said contract. The hedging transaction was concluded with ING Bank Śląski in Katowice. The Issuer secured cash flows for a total amount of EUR 26,116,695.38. The transaction was executed at arm's length.

Therefore, the Issuer introduced hedge accounting in accordance with the following principles:

Analysis of the effectiveness of hedging of currency risk related to a construction contract concluded with Hala Koszyki Grayson Investments sp. z o.o. sp.k. – as of 31.12.2014.

Introduction: in line with the risk management policy of the Erbud Capital Group a prospective ("ex-ante") and retrospective ("ex post") effectiveness tests are performed at each balance sheet date.

Type of hedged risk: cash flows risk associated with highly probable future flows in EUR arising from the contract signed with Hala Koszyki Grayson Investments Sp. z o.o. sp.k. This risk is linked to the appreciation of PLN – expected flows in the currency from the contract will be worth less in PLN.

Type of hedging instrument: forward foreign exchange contracts to sell foreign currency in the amounts and dates corresponding to the expected flows arising from construction contract. To assess the effectiveness of hedge, the interest rate component (swap points) and the exchange rate component (spot rate) are not separated, but there are analysed changes in the fair value of the whole forward transaction.

Prospective hedge effectiveness testing: it was applied the "**dollar offset method**" using a hypothetical derivative. For the purpose of prospective testing there are used **historical market rates** of exchange rates and interest rates on twelve monthly dates prior to the balance sheet date. For each of the above 12 historical dates, the cumulative change in fair value of the hypothetical derivative instrument is calculated and compared with the cumulative change in fair value of the hedging instrument.

Date	Fair value of forward transactions	Fair value of cash flows from a hypothetical derivative in PLN	Cumulative change in fair value of forward transactions	Cumulative change in fair value of a hypothetical derivative	The ratio of cumulative changes in fair value hedge and the hedged item
2013-09-30	0	0			
2013-10-31	1 547 927	-1 547 927	1 547 927	-1 547 927	100%
2013-11-29	1 023 794	-1 023 794	1 023 793	-1 023 793	100%
2013-12-31	2 998 018	-2 998 018	2 998 018	-2 998 018	100%
2014-01-31	29 417	-29 417	29 417	-29 417	100%
2014-02-28	2 796 432	-2 796 432	2 796 431	-2 796 431	100%
2014-03-31	2 868 168	-2 868 168	2 868 167	-2 868 167	100%
2014-04-30	2 410 180	-2 410 180	2 410 179	-2 410 179	100%
2014-05-30	4 289 333	-4 289 333	4 289 332	-4 289 332	100%
2014-06-30	4 398 700	-4 398 700	4 398 700	-4 398 700	100%
2014-07-31	4 543 218	-4 543 218	4 543 218	-4 543 218	100%
2014-08-29	3 617 860	-3 617 860	3 617 860	-3 617 860	100%
2014-09-30	5 423 593	-5 423 593	5 423 592	-5 423 592	100%
2014-12-31	3751387	-3 751 387	3 751 386	-3 751386	100%

The ratio of so calculated changes on each date should be in the range of 80-125 per cent, which allows considering it as highly effective security.

Retrospective hedge effectiveness testing: the "dollar offset method" is applied when using the hypothetical derivative instrument, measuring the ratio of the cumulative change in the fair value of the hedging instrument to the cumulative changes in the hypothetical derivative instrument.

Date	Fair value of forward transactions	Fair value of cash flows from a hypothetical derivative in PLN	Cumulative change in fair value of forward transactions	Cumulative change in fair value of a hypothetical derivative	The ratio of cumulative changes in fair value hedge and the hedged item
14-08-14	0	0			
30-09-14	336 108	-336 108	336 108	-336 108	100%
31-12-14	-1 316 729	1 316 729	-1 316 729	1 316 729	100%

So calculated ratio of changes in fair value as at the first balance sheet date after the conclusion of the hedge transaction was 100%, i.e. within a range of 80-125%, and therefore the security should be ex post regarded as effective.

Conclusion: towards a positive result for both prospective and retrospective hedge effectiveness testing, the hedging relationship is to be regarded as highly effective, enabling the use of hedge accounting in subsequent reporting periods.

Securing a construction contract with Hala Koszyki Grayson Investments sp. z o.o. sp.k - establishment of a hedging instrument

1) **Purpose and risk management strategy**: in accordance with the risk management policy, the Company hedges currency risk in highly probable future transaction described in point 4.
2) **Type of hedging relationship:** hedging the cash flows risk associated with future flows in foreign currency.
3) **Type of hedged risk:** EUR/PLN exchange rate in future dates resulting from the construction contract denominated in EUR. The payment schedule under the construction contract is presented in point 4.
4) **Planned future transaction – the hedged item:** under construction contract signed on 5.08.2014 with Hala Koszyki Grayson Investments sp. z o.o. sp.k., Erbud SA expects the following payments in EUR:

Date	Expected payments in EURO
2014-11-14	67 391.43

2014-12-15	183 865.46
2015-01-15	413 295.98
2015-02-13	427 925.11
2015-03-13	559 028.27
2015-04-15	802 090.53
2015-05-15	782 946.47
2015-06-15	1 015 786.27
2015-07-15	995 548.15
2015-08-14	993 272.83
2015-09-15	978 396.28
2015-10-15	1 349 887.80
2015-11-13	1 463 304.98
2015-12-15	1 475 356.00
2016-01-15	1 531 812.12
2016-02-15	1 552 259.97
2016-03-15	1 542 220.25
2016-04-15	1 542 220.25
2016-05-13	2 083 921.08
2016-06-15	2 221 243.24
2016-07-15	2 185 221.23
2016-08-12	1 949 701.66

The transaction is highly probable, because flows result from the signed contract with the investor.

5) **Hedging instrument:** forward contract concluded with ING Bank Slaski SA on 14.08.2014 with one forward rate for all flows (parforward). Cash flows under this contract are as follows:

Date	Payments in EUR	Payments in PLN
2014-11-14	67 391.43	288 536.40
2014-12-15	183 865.46	787 219.95
2015-01-15	413 295.98	1 769 526.75
2015-02-13	427 925.11	1 832 161.37
2015-03-13	559 028.27	2 393 479.54
2015-04-15	802 090.53	3 434 150.60
2015-05-15	782 946.47	3 352 185.32
2015-06-15	1 015 786.27	4 349 088.91
2015-07-15	995 548.15	4 262 439.40
2015-08-14	993 272.83	4 252 697.64
2015-09-15	978 396.28	4 189 003.67
2015-10-15	1 349 887.80	5 779 544.60
2015-11-13	1 463 304.98	6 265 140.26
2015-12-15	1 475 356.00	6 316 736.71
2016-01-15	1 531 812.12	6 558 453.61
2016-02-15	1 552 259.97	6 646 001.07
2016-03-15	1 542 220.25	6 603 016.01
2016-04-15	1 542 220.25	6 603 016.01

2016-05-13	2 083 921.08	8 922 308.11
2016-06-15	2 221 243.24	9 510 252.94
2016-07-15	2 185 221.23	9 356 024.69
2016-08-12	1 949 701.66	8 347 647.67

As the key parameters of the hedged item and the hedging instrument, i.e. dates, amount and currency of cash flows are identical, the forward contract hedges the fair value of cash flows resulting from the construction contract described in point 4, measured as a hypothetical derivative – forward contracts for the purchase of EURO at fixed dates. For the purposes of testing hedge effectiveness, swap points and spot rate are not separated, but analysed are changes in the fair value of the forward contract.

6) **Effectiveness tests:** pursuant to point 3 of the Risk Management Policy, the Company releases a hypothetical derivative that is a forward contract for the purchase of EUR in dates under the construction contract listed in point 4. Both in the prospective and retrospective testing, the Company compares the cumulative changes in fair value of the hedging instrument and the hypothetical derivative.
The prospective test is performed on the date of the hedge establishment and on each balance sheet date during the course of the transaction (calendar quarters). For this test actual historical data are used, assuming that the hypothetical date of hedging contract took place 12 months before the actual date of the hedging establishment, and the measurement of the effectiveness takes place over the next 12 months from the hypothetical date of the contract.
The retrospective test is performed on each balance sheet date after the establishment of hedging (calendar quarters).

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

The Issuer did not publish separate forecasts.

7. ASSESSMENT OF THE FINANCIAL RESOURCES MANAGEMENT, 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.

Because the credit line with ING SA concerns three entities in the Erbud Group, covenants are based on consolidated data. Moreover, covenants in BZ WBK bank are also based on consolidated data. In other cases covenants are related to separate data.

No.	Ratio/Bank	mBank
1	**Net profit margin**	minimum 1%
2	**Current liquidity ratio** (inventories + receivables + cash) / short-term liabilities	1.2
3	**Debt ratio** (Debt amount / assets)	no more than 65%
4	**EBITDA** (Earnings before interest, tax, depreciation and amortization)	no less than 18m

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 1.3%
2	**Current liquidity ratio** (current assets less short-term receivables with maturity of over 12 months and less short-term prepayments / current liabilities less short-term liabilities with maturity of more than 12 months less special funds)	no less than 1.0
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	maksimum 3.5
3	Current liquidity – 1.3	1.3
4	Capitalization (equity / assets)	no less than 30%

No.	Ratio/Bank	**BZ** WBK **S.A.**
1	**Net debt /EBITDA** (total long and short term liabilities / total profit before tax + interest paid and less interest received + depreciation and amortization)	less than or equal to 3.5
2	**Current liquidity ratio** (total of inventories, current receivables, short-term investments and short-term accruals / total of provisions for current liabilities, other current provisions, short-term liabilities and other short-term accruals)	more than 1

In two cases ratios achieved by the Issuer deviated slightly from the postulated ones:

No.	Ratio/Bank	mBank
1	**Current liquidity ratio** (inventories + receivables + cash) / short-term liabilities – postulated by Bank	1.2
2	**Current liquidity ratio** (inventories + receivables + cash) / short-term liabilities - achieved	1.0

No.	Ratio/Bank	Alior Bank S.A.
1	Current liquidity ratio – postulated by Bank	1.3
2	Current liquidity ratio- achieved	1.0

8. DESCRIPTION OF THE USE BY THE ISSUER OF PROCEEDS FROM THE BONDS

8.1 ***Debut on the Stock Exchange***

In 2014, Erbud SA did not issue new shares apart from Series "I" shares, issued under the Employee Incentive Program.

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

9.1. Shareholding of the Company, incl. description of movements in equity during 2014 and after the balance sheet date

As at 31 December 2013, the registered share capital amounted to PLN 1,271,454.60 (one million, two hundred and seventy-one thousand, two hundred and fifty-four, point six zero) and was divided into 12,714,546 shares with a nominal value of PLN 0.10 per share.

Shares have been acquired in the following manner:

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
H	36 590	0.10	3 659.00
Total	**12 714 546**	**0.10**	**1 271 454.60**

In 2014 and by the report publication, there were following movements in the equity structure.

According to information held by ERBUD SA, by the date of realising the report took place the following movements:

On **17 January 2014,** the Issuer's Management Board has been notified of the sale of shares by a procuration holder of Erbud SA. The person related sold 1.000 shares.

On **21 January 2014,** the Issuer's Management Board has been notified of the sale of shares by a procuration holder of Erbud SA. The person related sold 700 shares.

On **15 July 2014,** the Issuer's Management Board has been notified of the sale of shares by a procuration holder of Erbud SA. The person related sold 2.000 shares.

On 1 September 2014, the Management Board of the Issuer adopted Resolution No. 9/2014 on the amount of the subscribed share capital and specifying the amount of the share capital in the Company's Articles of Association. Under the authorised capital, 47,379 common bearer shares of Series I have been acquired. The capital increase took place within a three-year Management Options Programme.

Accordingly, Article 5 item 1 of the Articles of Association shall be replaced by the following:
"The nominal capital of the Company amounts to PLN 1,276,192.50 (one million, two hundred and seventy-six thousand, one hundred and ninety-two, point five 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,
h) 36,590 ordinary bearer shares of series H,
i) 47,379 ordinary bearer shares of series I
with a nominal value of PLN 0.10 (ten Groszy) per share."

On **27 December 2014**, the Management Board of ERBUD S.A. received information, that the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register, registered the increase of the Issuer's share capital to PLN 1,276,192.50.
The increase was due to the issue of 47,379 shares of Series I, which were sold to the employees of the Issuer under the Management Stock Option Scheme adopted by the AGM.

On **29 December 2014,** the Management Board has been notified of Resolution No. 1100/14 passed by the Board of the National Depository for Securities concerning the conditional registration by NDS of shares of Series I. 47,379 ordinary bearer Erbud's shares of Series I with a par value of PLN 0.10 each one has been conditionally

registered with the NDS and coded PLERBUD00012. The final registration will take place after introducing the shares to trading on a regulated market.

On **12 January 2015, t**he Management Board of ERBUD SA received information from the National Depository for Securities and the Warsaw Stock Exchange 47,379 Erbud's shares of I series with a par value of PLN 0.10 each one has been introduced on 6 December 2013 to trading on the regulated market and finally registered in the NDS under the code PLERBUD00012.
The total number of the Issuer's shares after the registration is 12,761,925.

Therefore, as of the date of the financial statements, i.e. 31 December 2014 and the release date, the Issuer's share was as follows:

Series	Number of shares	Price in PN	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
H	36 590	0.10	3 659.00
I	47 379	0.10	4 737.90
Total	**12 761 925**	**0.10**	**1 276 192.50**

On **15 December 2014**, ERBUD received a notice that acting pursuant to Art. 69 and Art. 69a. item 1 point 3 of the Act on Public Offering and Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies of 29 July 2005, the OPTI Towarzystwo Funduszy Inwestycyjnych S.A. (the "Association"), acting on behalf of DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych, informs that following the execution of an agreement dated 28 November 2014 to purchase shares of Juladal Investment Limited and becoming the parent company of Juladal Investment Limited, which owns 2,848,347 shares of the Company, the number of votes indirectly held by the DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych at the Annual Meeting of the Company's Shareholders has changed.

Prior to the transaction, the DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych held, directly or indirectly, no shares in the Company. After the transaction, the DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych indirectly holds 2,848,347 shares in the Company, representing 22.32 per cent of the Company's share capital and 22.32 per cent of votes at the Company's General Meeting.

Acting on behalf of and for the DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych as a managing company, OPTI TFI SA announces that Juladal Investment Limited with its registered office in Cyprus holding 2,848,347 shares in the Company is a subsidiary of DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych. Thereby, as of the date of this notice, the DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych indirectly holds shares representing 22.32 per cent of the Company's share capital and 22.32 per cent of votes at the Company's General Meeting.

On **22 December 2014**, the Issuer's Management Board has been informed about the sale of shares by a person having access to confidential information – holder of a general commercial power of attorney.

The aforementioned person sold during 2014 the Issuer's shares with a total value of all transactions exceeding EUR five thousand.
This person made the following transactions:
- on 15 September 2014, five hundred ERBUD shares sold on the WSE
- on 11 December 2014, six hundred and four ERBUD shares sold on the WSE.

On **30 December 2014**, the Issuer's Management Board received notification as per Art. 2 item 5 of the Ordinance of the Minister of Finance dated 15 November 2005 on disclosing and publishing information on certain transactions in financial instruments and principles of making a list of persons having access to certain confidential information (Polish Journal of Laws of 23 November 2005) in which it has been informed on the acquisition of shares by a person having access to confidential information – holder of a general commercial power of attorney.

The transaction took place on 19 May 2014 on the regulated market. The Erbud SA procuration holder acquired 67 shares at PLN 22.47 per share. The aggregate value of the deal amounted to PLN 1 505.49 and did not reach the threshold of EUR 5 000.

The shareholding (shareholders having more than 5%) as at 31 December 2014, was as follows:

Shareholders holding over 5 percent of ERBUD SA shares as at 31.12.2014

Aggregate number of Erbud shares 12 761 925

No.	Shareholder	Class of shares	Number of shares held	Equity percentage	Voting power	% of voting rights at the AGM
1	Wolff & Müller Baubeteiligungen GmbH & Co. KG, incl.Wolff & Müller Holding GmbH & Co. KG	ordinary	4 152 865	32.54%	4 152 865	32.54%
2	DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych controllied by Dariusz Grzeszczak	ordinary	2 136 260	16,74%	2 136 260	16,74%
3	ING OFE	ordinary	1 266 900	9.93%	1 266 900	9.93%
4	Aviva OFE Aviva BZ WBK	ordinary	1 183 146	9.27%	1 183 146	9.27%
5	Dariusz Grzeszczak	ordinary	773 900	6.06%	773 900	6.06%
6	Adler Properties Sp. z o. o. controlled by Józef Zubelewicz	ordinary	681 914	5.34%	681 914	5.34%
7	Józef Zubelewicz	ordinary	259 500	2.03%	259 500	2.03%
8	Juladal Investment Limited	ordinary	30 173	0.24%	30 173	0.24%
9	Free Float	ordinary	2 277 267	17.84%	2 277 267	17.84%
	TOTAL		**12 761 925**	**100.00%**	**12 761 925**	**100.00%**

On **7 January 2015**, a notification (Notification No. 1) of the sale of 681,914 Issuer's shares by the shareholder Juladal Investment Limited based in Cyprus ("Juladal") arrived to the headquarters of Erbud SA ("Issuer"). The sale of shares of the Issuer resulted from the transfer of liquidated assets of Juladal to Adler Juladal Properties Limited Liability Company ("Adler") controlled by Mr. Józef Zubelewicz.

An agreement to transfer of ownership of the Issuer's shares was concluded on 30 December 2014.
Number of shares held by Juladal before transferring the ownership of the Company's shares was as follows:

(i) the total number of shares: 2,848,347 representing 22.32% of the share capital of the Company,
(ii) number of votes: 2,848,347 representing 22.32% of the total number of votes at the AGM.

All shares were exclusively bearer ones.

Number of shares held by Juladal following the transfer of shares is as follows:

(i) the total number of shares: 2,166,433, which represents 16.98% of the share capital of the Company,
(ii) number of votes: 2,166,433, which represents 16.98% of the total number of votes at the AGM.

All shares are exclusively bearer ones.

There are no subsidiaries of Juladal that hold Company's shares. There are no persons referred to in Art. 87 section 1 item 3 letter c of the Act.

On **7 January 2015**, a notification (Notification No. 2) of the sale of 2,136,260 Issuer's shares by the shareholder Juladal Investment Limited based in Cyprus ("Juladal") arrived to the headquarters of Erbud SA ("Issuer"). The sale of shares of the Issuer resulted from the transfer of liquidated assets of Juladal to DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych ("DGI FIZAN") controlled by Mr. Dariusz Grzeszczak.

An agreement to transfer of ownership of the Issuer's shares was concluded on 30 December 2014.
Number of shares held by Juladal after transferring the ownership of the Company's shares was as follows:

(i) the total number of shares: 2,166,433 representing 16.98% of the share capital of the Company,
(ii) number of votes 2,166,433 representing 16.98% of the total number of votes at the AGM.

All shares were exclusively bearer ones.

Number of shares held by Juladal following the transfer of shares is as follows:

(i) the total number of shares: 30,173 which represents 0.24% of the share capital of the Company,
(ii) number of votes: 30,173 which represents 0.24% of the total number of votes at the AGM.

All shares are exclusively bearer ones.

There are no subsidiaries of Juladal that hold Company's shares. There are no persons referred to in Art. 87 section 1 item 3 letter c of the Act.

On **7 January 2015**, the headquarters of Erbud SA ("Issuer") received a notification (Notification No. 3) of the indirectly sale of shares of the Issuer by Mr. Dariusz Grzeszczak, member of the Issuer's Management Board, as follows:

1. The sale of 681,914 shares of the Company as a result of the transfer by the Juladal Investment Limited, a limited liability company incorporated and operating under the laws of the Republic of Cyprus, based in Cyprus, Larnaca, holding register number HE183340 ("Juladal") in favor of Adler Properties Limited Liability Company, entered in the register of the National Court Register kept by the District Court of the Capital City of Warsaw, XII Commercial Division of the National Court Register under number 0000479703 ("Adler Properties") within the transfer of liquidated assets of Juladal. An agreement to transfer of ownership of Erbud shares was concluded on 30 December 2014.
2. The sale of 2,136,260 shares of the Company as a result of the transfer by Juladal to the fund DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych ("DGI FIZAN") within the transfer of liquidated assets of Juladal (disposal and simultaneous acquisition of shares by a subsidiary controlled by Mr Dariusz Grzeszczak). An agreement to transfer of ownership of Erbud shares was concluded on 30 December 2014.

Number of shares held by Mr. Dariusz Grzeszczak before the transfer of ownership of the shares was as follows:

(i) the total number of shares: 3,622,247 representing 28.38% of the share capital of the Company,
(ii) number of votes: 3,622,247 representing 28.38% of the total number of votes at the AGM, including:

1) those owned by Mr. Dariusz Grzeszczak directly:
(i) the total number of shares: 773,900 what represented 6.06% of the share capital of the Company,
(ii) number of votes: 773,900 what represented 6.06% of the total number of votes at the AGM;
2) those owned by Mr. Dariusz Grzeszczak indirectly (through DGI FIZAN):

(i) the total number of shares: 2,848,437 representing 22,32% of the share capital of the Company,
(ii) number of votes: 2,848,437 representing 22,32% of the total number of votes at the AGM, including:
a) held by DGI FIZAN directly:
(i) the total number of shares: 2.136.260 representing 16.74% of the share capital of the Company,
(ii) number of votes: 2.136.260 representing 16.74% of the total number of votes at the AGM;
b) held by DGI FIZAN indirectly (through Juladal Investment Limited):
(i) the total number of shares:: 712,087 representing 5.58% of the share capital of the Company,
(ii) number of votes: 712,087, representing 5.58% of the total number of votes at the AGM.

All shares are exclusively bearer ones.

Number of shares held by Mr. Dariusz Grzeszczak after the transfer of ownership of the shares is as follows:

(i) the total number of shares: 2,940,333 that represents 23.04% of the share capital of the Company,
(ii) number of votes: 2,940,333 what represents 23.04% of the total number of votes at the AGM, including:
1) those owned by Mr. Dariusz Grzeszczak directly:
(i) the total number of shares: 773,900 representing 6.06% of the share capital of the Company,
(ii) number of votes: 773,900 representing 6.06% of the total number of votes at the AGM;

2) those owned by Mr. Dariusz Grzeszczak indirectly (through DGI FIZAN):
(i) the total number of shares: 2,848,437 representing 22,32% of the share capital of the Company,
(ii) number of votes: 2,848,437 representing 22,32% of the total number of votes at the AGM, including:
c) held by DGI FIZAN directly:
(i) the total number of shares: 2.136.260 representing 16.74% of the share capital of the Company,
(ii) number of votes: 2.136.260 representing 16.74% of the total number of votes at the AGM;
d) held by DGI FIZAN indirectly (through Juladal Investment Limited):
(i) the total number of shares:: 30.173 representing 0.24% of the share capital of the Company,
(ii) number of votes: 30.173 representing 0.24% of the total number of votes at the AGM.

All shares are exclusively bearer ones.

Mr Dariusz Grzeszczak holds a 100 per cent of DGI FIZAN investment certificates entitling to 100 per cent of votes at the general meeting of investors of DGI FIZAN. DGI FIZAN holds a stake of 65 per cent of Juladal Investment Limited shares, entitling to 65 per cent of votes at the general meeting of shareholders of Juladal Investment Limited.
DGI FIZAN and Juladal Investment Limited are subsidiaries which are holding the Company's shares and controlled by Mr Dariusz Grzeszczak. There are no persons referred to in Art. 87 section 1 item 3 letter c of the Act.

On **14 January 2015**, the Issuer received information about the indirect acquisition of the Issuer's shares by a person having access to confidential information - Member of the Management Board – Mr.Józef Zubelewicz.
On 30 December 2014, Mr. Józef Zubelewicz acquired indirectly - through Adler Properties Spółka z ograniczoną odpowiedzialnością ("Adler") – 30,173 shares of the Issuer representing 0.24% of the Issuer's share capital and entitling to 30,173 votes at the Annual General Meeting of the Issuer, which constitutes 0.24% of voting rights in the total number of votes at the AGM of the Issuer. The purchase was a result of the assignment of ownership rights to the Issuer's shares by Juladal Investment Limited, a limited liability company incorporated and operating under the laws of the Republic of Cyprus, based in Cyprus, Larnaca, holding register number HE183340

("Juladal") in favour to Adler Properties within the transfer of liquidated assets of Juladal. The contract on assignment of ownership rights to Erbud's shares was concluded on 30 December 2014.

On **19 January 2015**, the Issuer's Management Board has been informed about the sale of shares by the Company's procuration holder. The person related sold 1 000 shares of Erbud SA.

On **20 January 2015**, the Management Board of the Issuer has been notified in accordance with Art. 69 section 1 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies by Quercus TFI SA acting on behalf of managed investment funds - QUERCUS Parasolowy SFIO, QUERCUS Absolute Return FIZ and QUERCUS Absolutnego Zwrotu FIZ on increasing the total number of votes at the AGM of Erbud SA and exceeding the threshold of 5% of the total number of votes at the AGM of Erbud SA by the above said Funds altogether.
The exceeding of threshold of 5% was a result of the transaction made on the regulated market on 16 January 2015.
Prior to the shareholding movement, the Funds altogether held 550,324 shares of the Issuer what represented 4.31% of the share capital and gave 550,324 votes at the Annual General Meeting, i.e. 4.31% of total voting rights.
After the transaction, as at 16 January 2015, the Funds altogether have a total of 660,113 shares of Erbud SA what represented 5.17% of the share capital and gave 660,113 votes at the AGM of Erbud SA, i.e. 5.17% of the total number of votes.

On **22 January 2015** the Issuer's Management Board has been notified of the sale of shares by the Company's procuration holder. The person related sold 1 643 shares of Erbud SA.

On **4 February 2015** the Issuer's Management Board has been notified of the sale of shares by the Company's procuration holder. The person related sold 981 shares of Erbud SA.

Shareholders holding over 5 percent of ERBUD SA shares as at 23.02.2015

Aggregate number of Erbud shares 12 761 925

No.	Shareholder	Class of shares	Number of shares held	Equity percentage	Voting power	% of voting rights at the AGM
1	Wolff & Müller Baubeteiligungen GmbH & Co. KG, incl. Wolff & Müller Holding GmbH & Co. KG	ordinary	4 152 865	32.54%	4 152 865	32.54%
2	DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych controlled by Dariusz Grzeszczak	ordinary	2 136 260	16.74%	2 136 260	16.74%
3	ING OFE	ordinary	1 266 900	9.93%	1 266 900	9.93%
4	Aviva OFE Aviva BZ WBK	ordinary	1 183 146	9.27%	1 183 146	9.27%
5	Dariusz Grzeszczak	ordinary	773 900	6.06%	773 900	6.06%
6	Adler Properties Sp. z o. o. controlled by Józef Zubelewicz	ordinary	681 914	5.34%	681 914	5.34%
7	Quercus TFI	ordinary	660 113	5.17%	660 113	5.17%
8	Józef Zubelewicz	ordinary	259 500	2.03%	259 500	2.03%
9	Free Float	ordinary	1 647 327	12.91%	1 647 327	12.91%
	TOTAL		**12 761 925**	**100.00%**	**12 761 925**	**100.00%**

On **4 March 2015**, the Management Board of the Issuer received a notification pursuant to Art. 69 section 1 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies submitted by Quercus Towarzystwo Funduszy Inwestycyjnych S.A. acting on behalf of the managed investment funds – QUERCUS Parasolowy SFIO, QUERCUS Absolute Return FIZ and QUERCUS Absolutnego Zwrotu FIZ on reducing the total number of votes at the AGM of Erbud SA by the above said Funds altogether and falling below the threshold of 5% of the total number of votes at the AGM of Erbud SA.
Falling below the threshold of 5% of the total number of votes was a result of the transaction made on a regulated market on 3 March 2015. Before the change the Funds held 641,654 shares of the Issuer, representing 5.03% of the share capital and giving 641,654 votes at the AGM of Erbud SA, i.e. 5.03% of the total voting rights.

After the transaction, as at 3 March 2015, the Funds held total of 624,545 shares of Erbud SA which represented 4.89% of the share capital and gave 624,545 votes at the AGM of Erbud SA, i.e. 4.89% of the total number of votes at the General Meeting.

On **22 April 2015**, the Management Board of the Issuer received a notification pursuant to Art. 69 section 1 of the Act of 29 July 2005 on Public Offering, Conditions Governing the Introduction of Financial Instruments to Organised Trading, and Public Companies from Quercus Towarzystwo Funduszy Inwestycyjnych S.A.
Acting on behalf of the managed investment funds: QUERCUS Parasolowy SFIO, QUERCUS Absolute Return FIZ and QUERCUS Absolutnego Zwrotu FIZ, Quercus TFI SA informed about increasing the percentage of voting rights in the total number of votes at the AGM of Erbud SA by the above said Funds altogether and exceeding the threshold of 5% of the total number of votes at the AGM of Erbud SA.
Going above the threshold of 5% of the total number of votes resulted from the regulated market transaction made on 17 April 2015.
Before the change, the Funds held total of 624,185 shares of the Issuer, representing 4.89% of the share capital and giving 624,185 votes at the AGM of Erbud SA, i.e. 4.89% of the total voting rights.
After the transaction, as at 17 April 2015, the Funds held total of 661,185 shares of Erbud SA which represented 5.18% of the share capital and gave 661,185 votes at the AGM of Erbud SA, i.e. 5.81% of the total number of votes at the General Meeting.

Shareholders holding over 5 percent of ERBUD SA shares as at 30.04.2015

Aggregate number of Erbud shares 12 761 925

No.	Shareholder	Class of shares	Number of shares held	Equity percentage	Voting power	% of voting rights at the AGM
1	Wolff & Müller Baubeteiligungen GmbH & Co. KG, incl. Wolff & Müller Holding GmbH & Co. KG	ordinary	4 152 865	32.54%	4 152 865	32.54%
2	DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych controlled by Dariusz Grzeszczak	ordinary	2 136 260	16.74%	2 136 260	16.74%
3	ING OFE	ordinary	1 266 900	9.93%	1 266 900	9.93%
4	Aviva OFE Aviva BZ WBK	ordinary	1 183 146	9.27%	1 183 146	9.27%
5	Dariusz Grzeszczak	ordinary	773 900	6.06%	773 900	6.06%
6	Adler Properties Sp. z o. o. controlled by Józef Zubelewicz	ordinary	681 914	5.34%	681 914	5.34%
7	Quercus TFI	ordinary	661 185	5.18%	660 113	5.18%
8	Józef Zubelewicz	ordinary	259 500	2.03%	259 500	2.03%
9	Free Float	ordinary	1 646 255	12.91%	1 647 327	12.91%
	TOTAL		**12 761 925**	**100.00%**	**12 761 925**	**100.00%**

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

The Company's Articles of Association do 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.

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

Till 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 31.12.2013

Aggregate number of Erbud shares: **12 714 546**

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	6.09 %	773 900	6.09 %
2	Józef Adam Zubelewicz	Erbud's SA Management Board member	ordinary	259 500	2.04%	259 500	2.04%
3	Walenty Twardy	ERBUD SA procuration holder	ordinary	6 852	0.05%	6 852	0.05%
4	Piotr Augustyniak	ERBUD SA procuration holder	ordinary	890	0.01%	890	0.01%
5	Bogdan Dürr	President of Erbud International Sp. z o. o. / ERBUD SA procuration holder	ordinary	6 712	0.05%	6 712	0.05%
6	Beata Krzywicka	Spouse of ERBUD SA procuration holder	ordinary	0	0.00%	0	0.00%
7	Tomasz Krzywicki	ERBUD SA procuration holder	ordinary	700	0.01%	700	0.01%
8	Agnieszka Głowacka	ERBUD SA procuration holder	ordinary	6 336	0.05%	6 336	0.05%
9	Włodzimierz Czystowski	ERBUD SA procuration holder	ordinary	4 921	0.04%	4 921	0.04%
10	Mariola Zielińska	Chief Accountant of ERBUD SA	ordinary	4 818	0.04%	4 818	0.04%
11	Radosław Kałamaga	ERBUD SA procuration holder	ordinary	5 494	0.04%	5 494	0.04%
12	Waldemar Kozłowski	ERBUD SA procuration holder	ordinary	0	0.00%	0	0.00%
13	Maciej Wyrzykowski	ERBUD SA procuration holder	ordinary	2 200	0.02%	2 200	0.02%
14	Mirosław Młynarski	ERBUD SA procuration holder	ordinary	11 426	0.09%	11 426	0.09%
15	Albert Dürr	Supervisory Board member of Erbud SA	ordinary	14 500	0.11%	14 500	0.11%
TOTAL				**1 098 249**	**8.64%**	**1 098 249**	**8.64%**

As of 31 December 2014, the members of managing and supervising staff held the following number of shares, incl. those granted under the Management Stock Option Program.

Shareholders related to ERBUD SA as at 31.12.2014

Aggregate number of shares 12 761 925

No.	Person related	Kind of relationship	Class of shares	Number of shares	Equity percentage	Number of votes	% of voting rights at the GM
1	Dariusz Grzeszczak	Erbud SA Management Board member	ordinary	773 900	6.06%	773 900	6,06%
2	Józef Adam Zubelewicz	Erbud SA Management Board member	ordinary	259 500	2.03%	259 500	2,03%
3	Walenty Twardy	Erbud SA procuration holder	ordinary	9 852	0.08%	9 852	0,08%
4	Piotr Augustyniak	Erbud SA procuration holder	ordinary	890	0,01%	890	0,01%
5	Bogdan Dürr	President of Erbud International Sp. z o. o. / Erbud SA procuration holder	ordinary	7 297	0.06%	7 297	0,06%
6	Beata Krzywicka	Spouse of Erbud SA procuration holder	ordinary	0	0.00%	0	0,00%
7	Tomasz Krzywicki	Erbud SA procuration holder	ordinary	700	0.01%	700	0,01%
8	Agnieszka Głowacka	Erbud SA procuration holder	ordinary	5 500	0.04%	5 500	0,04%
9	Włodzimierz Czystowski	Erbud SA procuration holder	ordinary	5 921	0.05%	5 921	0,05%
10	Mariola Zielińska	Chief Accountant of ERBUD SA	ordinary	5 618	0.04%	5 618	0,04%
11	Radosław Kałamaga	Erbud SA procuration holder	ordinary	9 516	0.07%	9 516	0,07%
12	Waldemar Kozłowski	Erbud SA procuration holder	ordinary	0	0.00%	0	0,00%
13	Maciej Wyrzykowski	Erbud SA procuration holder	ordinary	2 200	0.02%	2 200	0,02%
14	Mirosław Młynarski	Erbud SA procuration holder	ordinary	14 952	0.12%	14 952	0,12%
15	Kryspin Jarosz	Erbud SA procuration holder	ordinary	3 244	0.03%	3 244	0,03%

16	Piotr Dobosz	Erbud SA procuration holder	ordinary	9 259	0.07%	9 259	0,07%
17	Albert Dürr	ERBUD SA Supervisory Board member	ordinary	14 500	0.11%	14 500	0,11%
TOTAL				**1 122 849**	**8.80%**	**1 122 849**	**1 122 849**

The following number of shares of Series "I" has been granted to the managing staff within the Management Stock Option Program:

Shareholder	Class of shares	Number of shares
Walenty Twardy – Erbud SA procuration holder.	ordinary	3.000
Maciej Wyrzykowski – Erbud SA procuration holder	ordinary	1.000
Agnieszka Głowacka – Erbud SA procuration holder	ordinary	4.000
Tomasz Krzywicki – Erbud SA procuration holder	ordinary	700
Włodzimierz Czystowski – Erbud SA procuration holder	ordinary	1 000
Bogdan Duerr – Erbud SA procuration holder	ordinary	585
Mariola Zielińska – Chief Accountant	ordinary	800
Mirosław Młynarski – Erbud SA procuration holder	ordinary	3.526
Kryspin Jarosz – Erbud SA procuration holder	ordinary	3.244
Piotr Dobosz – Erbud SA procuration holder.	ordinary	3.266
Radosław Kałamaga – Erbud SA procuration holder	ordinary	4.022

Members of the Management Board and holders of a commercial power of attorney do not have any options on shares of Erbud SA.

Shareholders related to ERBUD SA as at 30.04.2015

Aggregate number of shares 12 761 925

No.	Person related	Kind of relationship	Class of shares	Number of shares	Equity percentage	Number of votes	% of voting rights at the GM
1	Dariusz Grzeszczak	Erbud SA Management Board member	ordinary	773 900	6.06%	773 900	6.06%
2	Józef Adam Zubelewicz	Erbud SA Management Board member	ordinary	259 500	2.03%	259 500	2.03%
3	Walenty Twardy	Erbud SA procuration holder	ordinary	9 852	0.08%	9 852	0.08%
4	Piotr Augustyniak	Erbud SA procuration holder	ordinary	890	0.01%	890	0.01%
5	Bogdan Dürr	President of Erbud International Sp. z o. o. / Erbud SA procuration holder	ordinary	7 297	0.06%	7 297	0.06%
6	Beata Krzywicka	Spouse of Erbud SA procuration holder	ordinary	0	0.00%	0	0.00%
7	Tomasz Krzywicki	Erbud SA procuration holder	ordinary	0	0.00%	0	0.00%
8	Agnieszka Głowacka	Erbud SA procuration holder	ordinary	5 500	0.04%	5 500	0.04%
9	Włodzimierz Czystowski	Erbud SA procuration holder	ordinary	5 921	0.05%	5 921	0.05%
10	Mariola Zielińska	Chief Accountant of ERBUD SA	ordinary	5 618	0.04%	5 618	0.04%
11	Radosław Kałamaga	Erbud SA procuration holder	ordinary	9 516	0.07%	9 516	0.07%
12	Waldemar Kozłowski	Erbud SA procuration holder	ordinary	0	0.00%	0	0.00%
13	Maciej Wyrzykowski	Erbud SA procuration holder	ordinary	1 200	0.01%	1 200	0.01%
14	Mirosław Młynarski	Erbud SA procuration holder	ordinary	14 952	0.12%	14 952	0.12%
15	Kryspin Jarosz	Erbud SA procuration holder	ordinary	3 244	0.03%	3 244	0.03%
16	Piotr Dobosz	Erbud SA procuration holder	ordinary	6 413	0.05%	6 413	0.05%
17	Albert Dürr	ERBUD SA Supervisory Board member	ordinary	14 500	0.11%	14 500	0.11%
TOTAL				**1 118 303**	**8.76%**	**1 118 303**	**8,76%**

Erbud SA has implemented the Employee Incentive Program. The Program was introduced by the Resolution of Extraordinary General Meeting of Erbud SA on 8 December 2009 The performance of the program is the responsibility of the Management Board and the Supervisory Board.

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	Chairman of the Supervisory Board	15.11.2006	15.11.2009
Wojciech Rzepka	Vice-Chairman 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	Post/Function	Term beginning	Term ending
Udo Berner	Chairman of the Supervisory Board	31.05.2012	31.05.2015
Józef Olszyński	Vice-Chairman 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
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

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	Chairman of the Supervisory Board	31.05.2012	31.05.2015
Józef Olszyński	Vice-Chairman 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

On 3 December 2013, following the death of Professor Lech Wysokiński, his mandate expired.

On **25 June 2014,** the General Meeting of Shareholders appointed by Resolution No. 15 a new member of the Supervisory Board of Erbud SA in the person of Professor Janusz Lewandowski.
Mr Janusz Lewandowski holds a below mentioned education and experience:

1. Education, degrees and academic titles:
• 1971 MSc of Engineering, Faculty of Power and Aeronautical Engineering of Warsaw University of Technology (WUT)
• 1998 Professor, Faculty of Power and Aeronautical Engineering of WUT

2. Core employment:
• since 1972 in the Institute of Heat Engineering, Department of Aeronautical of WUT at the following positions: design engineer, senior design engineer, trainee assistant, assistant, senior assistant, assistant professor, associate professor, full professor

3. Major functions at the Warsaw University of Technology:
• 1993–2012 Director of the Institute for Heat Engineering
• 2002 - Director of Academic Research Centre for Power Engineering and Environment Protection
• 2003–2012 Member of the WUT Senate
• 2012 - CEO of the Institute of Applied Research, Warsaw University of Technology Sp. z o.o.

4. Extra employment/functions:
• 1999 - Chamber of Commerce for Energy and Environment - Manager of the Independent Experts
• 1998-2002 Member of the Supervisory Board of Infrastruktura Sp z o.o. (a company of the local government of Piastów)
• 2002-2007 Member of the Supervisory Board of Transition Technologies SA

5. Knowledge of foreign languages: English, Russian

6. Scientific specialty areas:
• thermal energy, energy machinery and equipment, energy management, mathematical modelling, power control and operations

7. Publishing achievements:
• 9 books, including:
- “Układy gazowo-parowe na paliwo stałe” [Gas and steam systems for solid fuel], WNT, 1993
- “Proekologiczne technologie dla rekonstrukcji i modernizacji elektrowni i elektrociepłowni” [Green technologies to reconstruct and modernise power plants], IGEiOŚ, 2000
• approx. 200 articles and research papers published
• ca. 40 popular articles (incl. headwords in PWN encyclopaedias)
• ca. 150 papers presented at conferences

8. Research and implementation achievements:

• approx. 180 research papers, of which more than 120 directly ordered by the industry, which results have been used in practice
• researches made for the government (distribution of CO2 emission allowances, implementing 2001/89/EC Directive, determining the cogeneration potential, the impact of the Directive on industrial emissions)
• 5 patents
• evaluation of several tenders and/or projects, incl.: gas turbine in Gorzów, gas and steam system in Poznan CHP, turbine generator unit and gas block in Żerań CHP, turbine in Orlen SA CHP, gas block in Wloclawek (Orlen), steam block in Jaworzno (Tauron)

9. More important out of the WUT functions by choice:
• 2000 - Member of the Bureau of Committee for Energy Studies at Polish Academy of Sciences, and since 2007 its Vice-President
• 2003 - Member of the Committee for Thermodynamics and Combustion, Polish Academy of Sciences
• 2012 - Member of the Central Commission for Degrees

10. Awards and honors:
• 1996 - Siemens Research Award for the best research work implemented in practice
• 1980-2000 awarded three times by Education Minister
• 2003 - Prime Minister's Award for achievement in science and technology

11. Teaching achievements:
• all types of classes at the Faculty of Power and Aeronautical Engineering of TUW, incl. lectures: Technology Basics, Theory of Turbomachinery, Thermal Turbines, Energy Blocks Control
• organizing and conducting classes on 4 cycles of post-graduate studies in the field of energy

12. Training of scientific staff:
• promotion of 11 PhD's

13. Scientific and industrial internships, longer periods abroad:
• Moscow Institute of Energy
• University of Kharkiv
• Żerań Combined Heat and Power Plant
• San Diego State University

14. Other
• scientific policy councils of scientific and technical journals
• conferences organizing committees.

As at 31 December 2014 and the date of publication of the Financial Statements, the Supervisory Board of Erbud SA is composed of:

Full name	**Post/Function**	**Term beginning**	**Term ending**
Udo Berner	Chairman of the Supervisory Board	31.05.2012	31.05.2015
Józef Olszyński	Vice-Chairman 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
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
Janusz Lewandowski	Member of the Supervisory Board	25.06.2014	31.05.2015

Remuneration of the Supervisory Board members of ERBUD SA paid by ERBUD SA and its subsidiaries in 2014

Name and surname	Position/Function	Total value of remuneration paid *
Berner Udo	Chairman of the Supervisory Board	90 000
Albert Dürr	Vice-Chairman of the Supervisory Board	60 000
Gabriel Główka	Member of the Supervisory Board	60 000
Józef Olszyński	Vice-Chairman of the Supervisory Board	72 000
Zofia Dzik	Member of the Supervisory Board	60 000
Michał Otto	Member of the Supervisory Board	60 000
Janusz Lewandowski	Member of the Supervisory Board	31 000
Total	**Supervisory Board of the Issuer**	**433 000**

**including any contingent or deferred remuneration and benefits in kind granted by the Issuer for any services rendered to the Issuer in 2014 (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

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

Remuneration of the Management Board members of ERBUD SA paid by ERBUD SA and its subsidiaries in 2014

Name and surname	Position/Function	Total value of remuneration paid *
Dariusz Grzeszczak	Member of the Management Board	1 174 840.29
Józef Adam Zubelewicz	Member of the Management Board	1 177 640.29
Total	**Management Board of the Issuer**	**2 352 480.57**

**including any contingent or deferred remuneration and benefits in kind granted by the Issuer for any services rendered to the Issuer in 2014 (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.E ach member of the Board shall be entitled to terminate the contract at twelve-month' 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.

9.6 ***Remuneration of the Senior Management Staff of ERBUD SA 2014 paid by ERBUD SA and its subsidiaries***

Name and surname	**Total value of remuneration paid ***
Agnieszka Głowacka	359 800.00
Piotr Jan Augustyniak	334 150.00
Walenty Twardy	766 360.46
Maciej Piotr Wyrzykowski	237 000.00
Bogdan Durr	405 419.51
Tomasz Krzywicki	484 911.48
Włodzimierz Czystowski	196 156.17
Waldemar Kozłowski	228 000.00
Radosław Kałamaga	533 200.00
Mirosław Młynarski	370 000.00
Piotr Dobosz	274 058.66
Kryspin Jarosz	561 211.85
Total	**4 750 268.12**

**including any contingent or deferred remuneration and benefits in kind granted by the Issuer for any services rendered to the Issuer in 2014 (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. INFORMATION ON THE ENTITY AUTHORISED TO REVIEW AND AUDIT THE FINANCIAL STATEMENTS

Annotation on the entity authorized to audit financial statements in 2014

Based on the recommendation of the Audit Committee, the Supervisory Board of ERBUD SA appointed by resolution No. 15/2014 dated 25 June 2014 the company Horodko TPA Horwath Audit Sp. with o.o. with its registered office in 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.

The auditor conducted the review of the interim Separate Financial Statements of Erbud SA and the Consolidated Financial Statements prepared as at 30 June 2013 and audited the annual Separate Financial Statements of Erbud SA for the FY 2014 and the Consolidated Financial Statements or the FY 2014.

The total fee for reviewing the statements as referred to above for the period from 1 January 2014 to 30 June 2014 amounted to PLN 157,000.00.
The total fee for auditing the annual statements as referred to above, for the year ended 31 December 2014 amounted to PLN 196,000.00.
The total remuneration due to the agreement was PLN 353,000.00.

Furthermore, the auditor will audit the financial statements of the subsidiaries for a fee of PLN 206,000.00.

Annotation on the entity authorized to audit financial statements in 2013

Based on the recommendation of the Audit Committee, the Supervisory Board of ERBUD SA appointed by resolution No. 21/2013 dated 18 June 2013 the company Horodko TPA Horwath Audit Sp. with o.o. with its registered office in 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.

The auditor conducted the review of the interim Separate Financial Statements of Erbud SA and the Consolidated Financial Statements prepared as at 30 June 2013 and audited the annual Separate Financial Statements of Erbud SA for the FY 2013 and the Consolidated Financial Statements for the FY 2013.

The total fee for reviewing the statements as referred to above for the period from 1 January 2013 to 30 June 2013 amounted to PLN 153,000.00.
The total fee for auditing the annual statements as referred to above, for the year ended 31 December 2013 amounted to PLN 191,000.00.
The total remuneration due to the agreement was PLN 344,000.00.

Furthermore, the auditor will audit the financial statements of the subsidiaries for a fee of PLN 189,000.00.

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 Modlin Airport"

Litigation with the Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o (MPL)

On **12 May 2014**, a lawsuit was served to the Company, in which the Employer requested the payment of PLN **34,381,374.64** as compensation plus statutory interest and litigation costs. The case is conducted by the District Court in Warsaw, XXVI Commercial Division, under ref. No. XXVI GC 353/14.
In the suit the Claimant says that the amount of PLN 34,381,374.64 consists of:
a) PLN 570,911.46 - costs of technical and legal advises incurred by the Claimant;
b) PLN 28,321,000.00 - the amount equal to benefits lost by the Claimant and the actual damage incurred in the form of technical and legal consultancy;
c) PLN 5,489,463.18 – 19 per cent of damage suffered referred to in letters a) and b) above in compensation for taxable indemnification due to income tax defined by law.
Since it is necessary to prepare technical and financial expertise, the Defendant filed on 21 July 2014 a request for extension of the deadline to respond to the lawsuit. As at the day of report publishing, the Court consented to Defendant's application and extended the deadline for objecting to the claim by 12 October 2014.

Standpoint of the Management Board on financial claims
1. Pursuant to a contract dated 14 September 2010 that was executed for the Mazowiecki Port Lotniczy Warszawa – Modlin Sp. z o.o., ERBUD SA acted as the general contractor construction the Warsaw-Modlin airport runway. On 28 December 2012, due to the surface defects found Mazowiecki Wojewódzki Inspektor Nadzoru Budowlanego (Mazovian Provincial Building Control Office) issued a decision prohibiting the use of a part of the runway at Modlin Airport. However, having regard to the public interest, the Company (as substitute contractor) replaced the runway concrete pavement), without waiting for the explanation of the causes of damage

and without confirmation that it is obliged to make repair works under the warranty. These works were completed in June 2013 and the airport was re-admitted to passenger traffic on 3 July 2013.
2. ERBUD SA does not take responsibility for the defective condition of the runway surface, and commissioned independent technical reports indicate that the causes of defects were not attributable to the Company. Therefore, in our opinion as well as evaluation by legal advisors of Erbud SA, all expenses incurred for the resurfacing of the runway in a total amount of PLN 20.1 million, recorded as of the balance sheet date as assets of the Company, finally will not be charged to Erbud S.A. As at the date of preparation of these Financial Statements, the Company failed a claim to the entities responsible for the defective condition of the runway surface and their insurers to pay the compensation equal to the above said expenditures incurred. At the same time, the Company is preparing a suit against those responsible for the defective condition of the runway surface to be compensated for expenses incurred.

Until the date of publication of this report, the Issuer submitted its response to the lawsuit, which challenged the all claims of MPL and filed a counterclaim for an amount of PLN **19,892,366.30** in accordance with the arguments indicated above.

On 18 March 2015 the Issuer filed in the District Court Warsaw Mokotów a suit for damages due to improper performance of the contract, against Cemex Polska sp. z o.o based in Warsaw, and Lafarge Kruszywa i Beton sp. z o.o. based in Warsaw (the "Defendant") in the amount of PLN 18,685,956.97 (say: eighteen million, six hundred and eighty-five thousand, nine hundred and fifty-six, point nine seven), of which a claim of PLN 8,098,200.89 (say: eight million, ninety-eight thousand, two hundred, point eight nine) against Cemex Polska sp. z o.o., and of 10,587,756.08 (say: ten million, five hundred and eighty-seven thousand, seven hundred and fifty-six, point zero eight) against Lafarge Kruszywa i Beton sp. z o.o.

15.2. Description of the situation associated with submitting by the Issuer the claim for the payment against Bank Millennium SA

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 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.

A positive result of a long lawsuit is the fact that in this period were issued several verdicts in favour of contractors who have suffered losses from currency options. The sentence by the Court of Appeal in Warsaw of 1 April 2015 is the last spectacular one.

On 1 April 2015, following an appeal submitted by Kancelaria Zimmerman i Wspólnicy sp.k. on behalf of one of our customers (a company affected by settlement of currency options) the Court of Appeal in Warsaw decided that the conclusion of the currency options contract, creating an unlimited risk for the weaker (non-banking) party is incompatible with the principles of social coexistence and beyond the freedom of contract principles. First of all, the invalidity of such transactions is caused by the lack of reliable and fully informing the bank's customer about possible negative effects of currency option contracts. Such a behaviour of the bank should be regarded as acting

in bad faith, due to the use of its stronger position. According to the Court of Appeal, the bank as a financial institution is obligated to provide a fair inform the other party about all the risks of monetary contracts, and the opposite behaviour must be considered as incompatible with the principles of conscientiousness and fairness in business transactions.

This situation allows having a positive view regarding the situation of the Issuer in the context of this dispute with Bank Millennium.

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

On **10.01.2013**, Danuta Kurpiewska conducting business under the name WEG BET Danuta Kurpiewska, which is a debtor to Erbud S.A., filed on 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.

According to information received from the Bankruptcy Court of 23 April 2014, the Creditor, i.e. WEG BET, filed on 4 April 2014 in the District Court for the Capital City of Warsaw, X Commercial Division for Bankruptcy and Recovery a letter withdrawing the request for bankruptcy of ERBUD SA. By decision of 29 May 2014, the Court decided to discontinue the proceedings. There is no further right of appeal against the sentence.

Dariusz Grzeszczak	**Józef Zubelewicz**
Management Board Member	**Management Board Member**

Warsaw, April 24, 2015