MANAGEMENT BOARD REPORT
ON BUSINESS OPERATIONS OF THE ERBUD CAPITAL GROUP
IN 2014

1. Presentation of the Capital Group - introduction

As at 31 December 2014 the structure of ERBUD Group is as follows.

The Group consists of the ERBUD Parent Company with seated in Warsaw and its subsidiaries:

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.

1.1 ERBUD S.A. – The Parent Company

The Parent company operates under the name of Erbud SA. Its registered office is in Warsaw.

The Parent company operates as a joint stock company established as a result of legal form conversion of Erbud Spółka z ograniczoną odpowiedzialnością [Erbud Limited Liability Company] by a notarial deed before the notary public Krystyna Krystek in the State Notarial Office in Torun (Index A 10071/1190) on 17.08.1990.

The conversion of the legal form took place on 15 November 2006 at the Extraordinary Meeting of Shareholders in the Notary Office managing by Dorota Kałowska in Warsaw at Grzybowska Street 12/14 room B-2 (Index A 13158/2006). Decree of the District Court for the Capital City of Warsaw in Warsaw, XIII Economic Department of the National Court Register, file No. WA.XIII NS-REJ.KRS/036772/06/221.

The company has been registered by the National Court Register kept by the District Court for the Capital City of Warsaw in Warsaw, XIII Economic Department of the National Court Register under the KRS number 0000268667.
The Company is a holder of Tax Identification Number (NIP) 879-017-22-53 granted by the II Mazowiecki Urząd Skarbowy in Warsaw (the II Mazovian Tax Office).

The Statistical Office has granted to the Company a National Business Register Number (REGON) 005728373.

As at 31 December 2014, the registered share capital amounted 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 12,761,925 shares at face-value of PLN 0.10 each one.

The shares were acquired 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

Accordingly, the shareholding (shareholders having more than 5%) as of 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%**

During the reporting period, the Management Board of the Company was acting without any personal changes and consisted of two persons:
- Management Board Member – Dariusz Grzeszczak
- Management Board Member – Józef Adam Zubelewicz.

1.2 Erbud International Sp. z o.o. – a subsidiary

The company operates under the name of Erbud International Sp. z o.o. and is based in Toruń.

The company operates in the form of a company with limited liability that has been established by a notarial deed on 7 January 2000, before the notary public Mirosława Syczewska in Torun (Index No. 95/2000).

The company has been registered in the District Court in Torun, VII Economic Division under the KRS number 0000268667.

The company is a holder of Tax Identification Number (NIP) PL 956-200-55-85 granted by Kujawsko-Pomorski Tax Office in Bydgoszcz.

The Statistical Office granted a National Business Register Number (REGON) 871222476.

The key business of the company is general construction in the field of erection of buildings as specified in Polish Activity Classification (PKD), mainly in class 4521A.

The share capital of the Company as at 31 December 2014 amounted to PLN 4,250,000 and was divided into 85,000 shares with a nominal value of PLN 50.00 each one.

No.	Shareholder	Number of votes (in units)	Nominal share value (in PLN)	Percentage of capital/votes
1.	Erbud S.A.	85 000	50.00	100%
	Total	**85 000**	**50.00**	**100%**

During the period 01.01.2000 - 20.02.2003, the Management Board of Erbud International Sp. z o.o. acted as one-person management
- President of the Board – Dariusz Grzeszczak.

During the period 20.02.2003 – 31.12.2003, the Management Board of Erbud International Sp. z o.o. acted as one-person management
- President of the Board – Jacek Pięta.

During the period 01.01.2004 – 31.12.2004, the Management Board of Erbud International Sp. z o.o. acted as one-person management

- President of the Board – Marian Kruszyński.

During the period 01.01.2005 – 31.12.2006, the Management Board of Erbud International Sp. z o.o. acted as one-person management

- President of the Board – Marian Kruszyński.

Over the period from 01.01.2007 until the date of report publication, Bogdan Durr served the position of President of the Management Board of Erbud International Sp. z o.o.

The company has a Branch in Düsseldorf, Germany registered on 10 April 2000 and entered in the Commercial Register under the number HRB 713.

Employment structure in Erbud International Sp. z o.o.

In 2014, the Company employed an average of 281 persons, of which in the country an average of 151 persons (54% of total employment), while employment in export area amounted to an average of 130 persons (46% of employees in total).

Occupational groups

Item	**Number of Employees**
White-collar workers	63
Other, blue-collar workers	218
TOTAL	**281**

Volume and kind of production and services

In 2014, the Company's activity included:

1. Civil construction
2. Export services

Key sale markets of Erbud International and Erbud SA

In 2014, the company’s main operating area was the export of construction services to Belgium.

Home operations of the company cover shall and core building.

Projects executed by Erbud International in 2014

Customer	**Project**	**Contract value in €**
THV VAN LAERE – JAN DE NUL, Tragel 60, B-9308 Hofstade-Aalst	Roeselare, BE1306	8,242,000.00
THV VANHOUT - A C H BOUW, Lammerdries 12, B-2440 Geel	Brugge, BE1307	369,000.00
Van Laere N.V., Antwerpsesteenweg 320, B-2070 Zwijndrecht (Bucht)	Regatta II, BE1308	406,000.00
	Total	**9,017,000.00**

Projects executed by Erbud SA in 2014

Customer	**Project**	**Contract value in €**
MBG, Garden Square Blok D, Laarstraat 16 bus 12, B-2610 Wilrijk	Mechelen, BE1401	5,900,000.00

MBG, Garden Square Blok D, Laarstraat 16 bus 12, B-2610 Wilrijk	Kattendijkdok, BE1402	1,670,000.00
NV Strabag Belgium, Rijnkaai 37 -4de verdleping, B-2000 Antwerpen	KTA, BE1403	395,000.00
MBG, Garden Square Blok D, Laarstraat 16 bus 12, B-2610 Wilrijk	Total, BE1404	700,000.00
Vanhout nv, Lammerdries 12, B-2440 Geel	Felix, BE1405	700,000,00
A C H Bouw Nv., Desguinlei 22, B-2018 Antwerpen	Nijver, BE1406	250,000.00
CEI - De Meyer nv, Hasseltsesteenweg, 172, B-3800 Sint-Truiden	Optara, BE1407	500,000.00
Vanhout nv, Lammerdries 12, B-2440 Geel	Wezenberg, BE1408	720,000.00
DCA nv, Lilsedijk 50, B-2340 Beerse	Ekeren, BE1409	500,000.00
NV Strabag Belgium, Rijnkaai 37 -4de verdleping, B-2000 Antwerpen	Mortsel, BE1410	600,000.00
	Total	**11,935,000.00**

Plans for 2015-2018

1. The policy for export activity of Erbud International and Erbud S.A. is still focused on projects which would bring a marginal return of min. 10%.
2. Taking advantage of current economic situation in Belgium in the field of public buildings projects (mainly hospitals and schools) ERBUD International and ERBUD SA were involved in 2014 in the execution of such investments in 71%. This trend will be maintained also in the years 2015-2018.

1.3. GWI GmbH – a subsidiary

The company operates under the name GWI GmbH and is based in Düsseldorf, Germany.

The company operates in the form of a company with limited liability that has been established on 3 August 1993 by a notarial deed in the presence of a notary Dr. Manfred Lamers in Krefeld (Index No. 1239/1993).

The company has been registered in the Krefeld District Court (Amtsgericht Krefeld) under HRB 55624.

The company is a holder of Tax Identification Number DE 158567149 granted by Tax Office in Saarlouis, Germany.

The key business of the company is general construction.

The share capital of the Company as at 31 December 2014 amounted to EUR 500,000.00, what converted at balance sheet exchange rate as of 31.12.2014 (4.2623) gives a value of PLN 2,131,150.00.

As at the date of preparing the report, Erbud S.A. held 85 percent of share capital in GWI GmbH, after disposal of 15% stake to the President of GWI GmbH on 5 March 2009. The shares were sold at its face value, i.e. EUR 15 thousand.

During the period 01.01.2006 - 31.12.2006, the Board of GWI GmbH acted as two-member management
- President of the Board – Dariusz Grzeszczak;
- President of the Board – Axel Wahl

During the period 01.01.2007 - 31.12.2007, the Board of GWI GmbH acted as two-member management
- President of the Board – Dariusz Grzeszczak;
- President of the Board – Axel Wahl

During the period 01.01.2007 - 31.12.2014, the Board of GWI GmbH acted as one-man management
- President of the Board – Axel Wahl

In 2014, GWI GmbH acquired the following construction contracts:

Customer	**Project**	**Contract value in €**
GBI Gersdorfer Bau- und Immobilien GmbH	Schwarzer Weg, Linnich - residential building	498,080.85
Conesta Wohnen GmbH & Co. KG	Kölnstrasse, Bonn- residential buildings	4,158,823.53
E&S Planbau GmbH	Kühlturm, Neuss	515,000.00
RS & Partner Immobiliengesellschaft mbH	Mitsubishi Ratingen – office building	8,300,000.00
E&S Planbau GmbH	DLR Köln	586,451.36
PDI Düsseldorf Malmedyerstrasse OST/WEST	Malmedyerstrasse, Düsseldorf - residential building	15,518,321.62
Centroma 21 GmbH	Jahnstrasse, Düsseldorf - residential building	2,531,500.00
	Total	**32,108,177.36**

The year of 2014 was a good contracting period. Year-round, GWI GmbH was signing construction contracts regularly.

At the end of 2013, the Company is staffed by 49 people.

As of the publication date of this report, the company has a backlog of PLN 80m. The company's goal for 2015 is the further development of its fleet and staff and the achievement of planned financial results.

1.4. Budlex S.A. – a subsidiary

Presentation of the Capital Group – introduction

BUDLEX S.A. – the Dominant Entity

Name: **Budlex S.A.**
Address: 02-785 Warszawa, ul. Puławska 303

Management Board: two-member
President - Igor Pawłowski
Vice President - Małgorzata Mellem

Supervisory Board:
President - Dariusz Grzeszczak
Vice-President - Agnieszka Głowacka
Secretary - Włodzimierz Czystowski

Register of Entrepreneurs - KRS number: 397843, District Court in Warsaw, XII Economic Department
The company operates under the name of Budlex Sp. z o.o. and is headquartered in Warsaw.

Budlex SA operates as a joint stock company since 2011. The company was established following the transformation of Budlex Limited Liability Company, which was present on the market since 1987. The transformation, registered in the District Court in Warsaw on 30 September 2011, has been done pursuant to Art. 551 et seq. and 575-576 of the Code of Commercial Companies.

On 17 July 2013, the District Court for the Capital City of Warsaw, XIII Commercial Division of the National Court Register registered the capital increase to the amount of PLN 10,000,000. On 31 December 2013, the share capital of the Company amounted to PLN 10,000,000 and was divided into 100,000,000 shares with a value of PLN 0.10 per share.

(in PLN)	Number of shares	Number of votes	Nominal value per share	Percentage of share capital held	Equity value
Erbud S.A.	89 964 158	96 992 158	0.10	89.96%	8 996 415.80
Igor Pawłowski	10 035 842	10 819 842	0.10	10.04%	1 003 584.20
Total	**100 000 000**	**107 812 000**	**0.10**	**100.00%**	**10 000 000.00**

In the financial year ended 31 December 2014, the composition of the Group has not changed.

On 28 November 2013, Budlex S.A. merged pursuant to Art. 492 § 1 item 1 of the CCC by transferring all assets of Budlex Bratek sp. z o.o. seated in Torun, Budlex Koszarowa sp. z o.o. seated in Torun, Budlex Powstania Listopadowego sp. z o.o. seated in Torun (acquired companies) to Budlex S.A. seated in Warszawa (acquiring company). Following the business combination the share capital has been changed.

At the end of the accounting period of the Group consisted of 41 companies.

Composition of Budlex S.A. Capital Group as of 31 December 2014:

Company business name	Registered office
Budlex Construction sp. z o.o.	87-100 Toruń ul. Wapienna 10
Budlex Partner sp. z o.o.	87-100 Toruń ul. Wapienna 10
Budlex Brzoskwiniowa sp. z o.o.	87-100 Toruń ul. Wapienna 10
Budlex Properties sp. z o.o.	02-785 Warszawa ul. Puławska 303
Domator Łódź sp. z o. o.	02-785 Warszawa ul. Puławska 3033
Deptak Projekt P2 sp .z o.o.	61-829 Poznań, ul. Podgórna 5a
Budlex Glinki A3 sp. z o.o.	87-100 Toruń ul. Wapienna 10
Budlex Glinki A3/3 sp. z o.o.	87-100 Toruń ul. Wapienna 10
Budlex Wrzos sp. z o.o.	87-100 Toruń ul. Wapienna 10
Budlex Winnica L7 sp. z o.o.	87-100 Toruń ul. Wapienna 10
Budlex Wrzos sp. z o.o. s.k.	87-100 Toruń, ul. Wapienna 10
Budlex Winnica L7 sp. z o.o. s.k.	87-100 Toruń, ul. Wapienna 10
Budlex Zbożowa 1 sp. z o.o.	87-100 Toruń ul. Wapienna 10
Budlex Zbożowa 1 sp. z o.o. s.k.	87-100 Toruń ul. Wapienna 10
Budlex Winnica L6-7 sp. z o.o. s.k.	87-100 Toruń, ul. Wapienna 10
Budlex Winnica L6-7 sp. z o.o.	87-100 Toruń ul. Wapienna 10
Budlex Rubinowy Dom sp. z o.o.	87-100 Toruń ul. Wapienna 10
Budlex Winnica L6 sp. z o.o.	87-100 Toruń ul. Wapienna 10
Budlex Irys sp. z o.o.s.k.	87-100 Toruń ul. Wapienna 10
Budlex Irys sp. z o.o.	87-100 Toruń ul. Wapienna 10
Budlex Magnolia sp. z o.o.	87-100 Toruń ul. Wapienna 10
Budlex Winnica L6 sp. z o.o.s.k.	87-100 Toruń ul. Wapienna 10
Budlex Magnolia sp. z o.o. s.k.	87-100 Toruń, ul. Wapienna 10
Budlex Sadowa sp. z o.o.	87-100 Toruń, ul. Wapienna 10
Budlex Sadowa sp. z o.o. s .k.	87-100 Toruń, ul. Wapienna 10
Budlex Pestalozziego 3 sp. z o.o.	87-100 Toruń, ul. Wapienna 10
Budlex Pestalozziego 3 sp. z o.o. s.k.	87-100 Toruń, ul. Wapienna 10
Budlex Winnica 9 sp. z o.o.	87-100 Toruń, ul. Wapienna 10
Budlex Winnica 9 sp. z o.o. s.k.	87-100 Toruń, ul. Wapienna 10
Budlex Winnica 10 sp. z o.o.	87-100 Toruń, ul. Wapienna 10
Budlex Winnica 10 sp. z o.o. s.k.	87-100 Toruń, ul. Wapienna 10
Budlex Winnica 11 sp. z o.o.	87-100 Toruń, ul. Wapienna 10
Budlex Winnica 11 sp. z o.o. s.k.	87-100 Toruń, ul. Wapienna 10
Calypso Office sp. z o.o.	87-100 Toruń ul. Wapienna 10

Residential Lease sp. z o.o.	02-785 Warszawa ul. Puławska 303
Residential Rental sp. z o.o.	02-785 Warszawa ul. Puławska 303
Residential Properties Holding sp. z o.o.	02-785 Warszawa ul. Puławska 303
Residential Metropolitan Project sp. z o.o.	02-785 Warszawa ul. Puławska 303
Residential Capitol Project sp. z o.o.	02-785 Warszawa ul. Puławska 303
Wumbud sp. z o.o.	02-785 Warszawa ul. Puławska 303
Wumbud sp. z o.o. s.k.	02-785 Warszawa ul. Puławska 303

Description of individual companies

Subsidiaries of Budlex sp o.o. are established to implement specific development projects. They do not employ any workers. The projects are performed under the following agreements:

- Agreement on substitute project management with Budlex SA.
Under the agreement Budlex SA conducts the process of preparing the project: coordinates the designing, obtaining permits and administrative decisions, runs promotions, marketing and sales the premises, coordinates and supervises the execution of contracts;

- Contract for construction work with companies acting as a general contractor.
Under the agreement there is carried out comprehensively the construction process (preparation of building site, including demolition, erection of building and development of yards and parking spaces);

- Loan agreement with the bank financing the development project.

After completion, the project is settled within the company. The company may be dissolved or may start another development project. In the practice of the Budlex Group, the company that completed the project is taken over by the merger of shares.

Employment structure

Employment as at 31 December 2014	
White-collar workers:	37
Blue-collar workers:	3
Total:	40

Development projected

The Group will continue its development activity as residential and commercial builder. It is planned to start new residential projects in Torun and Bydgoszcz. In 2015, the Group plans to prepare for housing development projects in Warsaw. In 2015, the commercial project Deptak Projekt Półwiejska will be finished and opened.

Significant events influencing the development as at 31 December 2014 and the date of the report

The following development projects in which the company carries out contracts as project manager were completed in 2014:

— Toruń, „Calypso Office”
— Toruń, „Osiedle Winnica” L6, residential building
— Toruń, „Osiedle Sielanka” Ba-Bb, residential building
— Bydgoszcz, „Zielone Tarasy” A3/2, residential building.

The following development projects in which the company carries out contracts as project manager were commenced and continued in 2014:

— Toruń, „Osiedle Winnica” L7, residential building
— Bydgoszcz, „Zielone Tarasy” A3/3, residential building
— Bydgoszcz, „Osiedle Paryskie” P2, residential building
— Bydgoszcz, „Osiedle Paryskie” P3, residential building
— Deptak Projekt P2 in Poznan.

On 13 May 2014, Budlex S.A acquired a developed property on Żółkiewskiego St. in Torun to execute a development housing project.

On 18 June 2014, Budlex S.A. issued 13,000 secured bonds with a total value of PLN 13,000,000.00. The bonds are interest-bearing according to WIBOR 6M + commission. Coupon payment - every six months. As collaterals are established mortgages on real estate owned by subsidiaries and guarantees provided by subsidiaries.

On 23 December 2014, Budlex S.A. acquired from third parties a property on Wroclawska/ Grunwaldzka St. in Bydgoszcz for a housing project.

On 12 January 2015, Budlex S.A. acquired from third parties a property on Brzoskwiniowa St. in Torun to build the Housing complex "Osiedla Sielanka".

On 2 February 2015, Residential Metropolitan Project acquired from third parties a property on Roentgena St. in Warszawa to complete a housing development project.

On 6 March 2015, Budlex S.A acquired from the Military Housing Agency a developed property in Torun on Warszawska St. to carry out an office development project.

On 2 April 2015, Budlex Construction sp. z o.o. acquired from PGNiG S.A. in Warszawa a developed property on Szosa Lubicka St. in Torun to build the Housing complex "Osiedla Winnica".

On 8 April 2015, Residential Lease sp. z o.o. acquired from third parties a property on Podchorążych St. in Warszawa to complete a housing development project.

Key business markets

The development activity of the Group focused on the market of Torun and Bydgoszcz. In these two cities were carried out development projects. The company has there its sales offices, and the Budlex brand is the most recognizable developer's brand.
Deptak Projekt P2 sp. z o.o. carries out the housing and commercial project - construction of retail and office building in Poznan at 2 Półwiejska St. The facility will be commissioned in IIQ 2015. Currently, in progress is commercialization of shopping and office space, while nearly 80% of retail space is already covered by lease agreements.
The Group's activities in 2014 have resulted in acquiring two properties in Warsaw in 2015 for the purpose of residential development projects, performance of which is planned for 2015/2016.

Information about legal proceedings pending before court, an authority competent to conduct arbitration or a public administration authority as of 31 December 2014 and by the date of publishing the report.

No proceedings are held before a court, appropriate arbitration authority or state administration authority concerning liabilities or receivables of the Issuer and its subsidiaries, the value of which would individually constitute at least 10 per cent of the Issuer's equity. There are no proceedings as well, where the jointly value amounted respectively to at least 10% of the equity.

Brief market and competitors' description

The Budlex Group is the leading developer of the Kujawsko-Pomorskie region, with twenty-seven years of experience in the industry. The Group competes with approx. 15 residential developers in Toruń more than 20 in Bydgoszcz. The market share of Budlex counted by occupancy permit granted in Toruń and Bydgoszcz in the period of 2011-2013 was 19% for Toruń and 17% for Bydgoszcz. This percentage indicates a long-term trend, purified from short-term fluctuations in the amount of deals available in the market.

The pool commissioned by Budlex SA conducted in the fourth quarter 2013 by the Institute of Sociology at the UMK University among those directly or indirectly related to purchase of flats in Torun and Bydgoszcz indicated that the most recognized real estate development company in Torun is Budlex recognized by approx. 85% of respondents. Level of the Budlex brand awareness in Bydgoszcz is at ca. 75%. The respondents were able to name 13 different companies, when they were asked about known brands on the Toruń housing development market. Respondents asked to name the most beautiful architectural newly built

complexes in Torun pointed out, as the top three, real estates of Budlex - Osiedle Winnica and Osiedle Sielanka (Brzoskwiniowa), while in Bydgoszcz, top three pointed out estates of Budlex were Osiedle Paryskie and Zielone Tarasy.

1.5. Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. (PBDI) – a subsidiary

The company operates as a joint stock company and has been established by a notarial deed on 25.09.1998 before a notary public Krystyna Krystek (Index No. 6271/1998).

The company operates under name of Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. with its registered office in Torun, at 10 Wapienna St.

The company is entered into the Register of Entrepreneurs of the National Court kept by the District Court in Toruń, VII Commercial Division of the National Court Register under the KRS number 0000028071.

The company was granted a National Business Register Number (REGON) 871098102 and Tax Identification Number (NIP) 8792070054.

The key business of the company is construction of roads and streets and earthworks. A significant part of the company's revenue comes from construction works executed on wind farms.

The share capital of the company as of 01 January 2013 amounted to PLN 872,100 and by 31 December 2014 there were no changes.

By the Resolution No. 1/2011 of 4 January 2011, the following Management Board was appointed to a three-year common term:
President of the Board - Jacek Leczkowski
Vice-President of the Board - Roman Rubach
Vice-President of the Board - Grzegorz Ślesiński

Effective from 31 March 2014, Grzegorz Ślesiński resigned from the position of Vice President of the Board, thus as of the date of report preparing, the Management Board consists of two members:
President of the Board - Jacek Leczkowski
Vice-President of the Board - Roman Rubach

Employment structure

Average annual employment in 2014 was 218.59 people, which corresponds to the increase by 2.6% in comparison with 2013. As at 31 December 2014 the company employed 228 people of which:

Board members - 2
Blue-collar workers - 85
White-collar workers - 141.

Structure of employment by occupational groups in 2014

Item	Average employment	Structure (in %)
Board	2.19	1.0
Blue-collar workers	80.61	36.9
White-collar workers	135.79	62.1
Total	218.59	100.0

Market in 2014

In 2014, the company's activity focused on construction and electrical works for wind farms (71% of revenue generated from construction). Forty percent of the Company's revenue was generated from road engineering projects (including bituminous works). Other income came from carrying out works connected with the construction of shopping malls. The recovery of investors in the renewable energy sector contributed to the sales growth at 151.88%.

Following the effective Company's acquisition all over 2104, it entered 2015 with a portfolio of orders of more than PLN 260m. Currently, the Company has an order book that guarantees for 2015 the volume of works of over PLN 330m.

Contracts signed from 01.01.2014 to the report publishing date (with a separate value of more than PLN 500,000)

No.	Customer	Agreement subject	Contract concluded on	Net contract value (in PLN)
1	Eurowind Project A/S	Construction of Złotów Wind Farm	06.03.2014	6 123
2	Grupa PEP – Farma Wiatrowa 1 sp. z o.o.*	Annex to the agreement of 23.08.2013 for comprehensive construction works connected with the construction of Gawłowice Wind Farm	11.03.2014	3 264
3	Ren Power Investment Poland sp. z o. o.	Construction of Sierzchowo Wind Farm	11.03.2014	20 728
4	Gmina Wąbrzeźno	Reconstruction of local road in Orzechowo and Orzechówko	21.05.2014	701
5	Gmina Wąbrzeźno	Reconstruction of a road ,section Orzechowo – Orzechówko	21.05.2014	939
6	Powiatowy Zarząd Dróg w Toruniu	Reconstruction of a road bridge in Zarośla Cienkie	02.06.2014	629
7	BNP Pro-INVEST sp. z o. o.	Roadworks - temple in Torun	02.06.2014	1 284
8	Vestas Poland sp. z o.o.*	Construction of Rzepin Wind Farm (foundation)	08.07.2014	18 270
9	Grupa PEP – Farma Wiatrowa 4 sp. z o.o.*	Construction of Skurpie Wind Farm	24.07.2014	26 106
10	Powiat Chełmiński	Reconstruction and expansion of a road, section Robakowo – Pniewite	24.07.2014	638
11	Miejski Zarząd Dróg w Toruniu	Repair of roads and pavement s in Torun, phase 1	30.07.2014	1 252
12	Miejski Zarząd Dróg w Toruniu	Repair of roads and pavement s in Torun, phase 2	30.07.2014	657
13	Prokon New Energy Poland sp. z o.o.	Construction of Brudzewice Wind Farm	01.08.2014	7 277
14	Gmina Łysomice	Design and repair of communal roads, Łysomice	29.08.2014	1 306
15	Miejski Zarząd Dróg w Toruniu	Construction of roads for JAR housing estate in Torun	15.09.2014	11 370
16	Eco-Power sp. z o.o.	Construction of Skoczykłody Wind Farm	17.09.2014	26 999
17	Miejski Zarząd Dróg w Toruniu	Reconstruction of streets in Torun: Gagarina, Krzemieniecka and Wileńska	19.09.2014	4 860
18	Wiatromill sp. z o.o.**	Construction of Banie Wind Farm	15.10.2014	250 741
19	Miejski Zarząd Dróg w Toruniu	Reconstruction of Poznańska St. in Torun	20.10.2014	2 806

20	Miejski Zarząd Dróg w Toruniu	Reconstruction of Łódzka St. in Torun	20.11.2014	9 473
21	Miejski Zarząd Dróg w Toruniu	Reconstruction of Konstytucji 3 Maja St. in Torun	08.12.2014	4 127
22	GB Radzyń 401 sp. z o.o.*	Construction of Radzyń Chełmiński Wind Farm	18.12.2014	43 699
23	Elektrownia Wiatrowa Dąbrowice sp. z o.o.	Construction of Dąbrowice Wind Farm	12.01.2015	38 500
24	Potegowo Winergy sp. z o.o.***	Construction of Potęgowo Wschód Wind Farm	19.01.2015	198 600
25	Grupa PEP – Farma Wiatrowa Mycielin sp. z o. o.*	Construction of Mycielin Wind Farm	11.02.2015	72 549
26	Grupa PEP – Farma Wiatrowa 4 sp. z o. o.*	Construction of Skurpie II Wind Farm	11.02.2015	3 411
27	Grupa PEP Farma Wiatrowa 1 sp. z o. o.*	Construction of Gawłowice Wind Farm	11.03.2015	4 504
28	Zarząd Dróg Wojewódzkich w Bydgoszczy	Renovation of bituminous surface on national roads managed by RDW Toruń in 2015-2017, phase 1	12.03.2015	1 075
29	Wiatromill sp. z o.o.**	Construction of Banie Wind Farm	31.03.2015	-93 541
30	Potegowo Winergy sp. z o.o.***	Construction of Potęgowo Wschód Wind Farm	01.04.2015	-49 600
31	Powiat Toruński	Repair of municipal road, section Brzeźno – Młyniec I – Lubicz Górny	10.04.2015	1 072

* Project carried out in consortium with ERBUD SA

** Project carried out in consortium with ERBUD SA and Electrum Sp. z o.o. According to the annex of 31.03.2015 the total value of the contract was set at PLN 157,200 thousand, whereby:
- the value of the stage 1 amounted to PLN 117,500 thousand, of which range realized by Electrum Sp. z o.o. was PLN 39,500 thousand;
- the value of stage 2 was set at PLN 28,700 thousand;
- the value of stage 3 was set at PLN 11,000 thousand.

The detailed division of works for phase 2 and 3 will be made prior to the Notice to Proceed. The value of the works to be executed by Electrum Sp. will be not more than 30% of the total value of stage 2 plus 3. The contract is conditional one; the contractor was requested to start the phase 1 of works.

*** Project carried out in consortium with ERBUD SA and Electrum Sp. z o.o. According to the annex dated 01.04.2015 the total value of the contract amounts to PLN 149,000 thousand of which the range executed by Electrum Sp. z o .o. is PLN 74,500 thousand. The contract is conditional one.

1.6. Erbud Industry Sp. z o.o. (Ersteel Sp. z o.o.) – a subsidiary

Business name: Erbud Industry Spółka z ograniczoną odpowiedzialnością
Address: 10 Wapienna St., 87-100 Toruń

The company operates as a limited liability company and has been established by a notarial deed on 11.12.2000 before a notary public Teresa Tuszyńska (Index No. A NR 5774/2000).

The company is registered by the District Court in Toruń, VII Economic Department of the National Court Register under the KRS number 0000042078.

The company is a holder of Tax Identification Number (NIP) 879-229-45-52 granted by the II Tax Office in Toruń.

The share capital of the company as at 31 December 2014 amounted to PLN 7,991,300.00 PLN. As at the date of preparation of this report, the share capital of the Company amounted to PLN 8,690,600.00.

Erbud S.A. headquartered in Warszawa is a 100 percent owner of the company.

The Company does not operate in the field of research and development.
The company did not buy-back its own shares.
The Company has two separate organizational units: Katowice Branch and , Warsaw Branch.

In the period from 01.01.2014 till 31.12.2014, the composition of Management Board was constant:

- from 01.03.2014, the Management Board was acting as one-person board:
  President of the Board - Jerzy Polaszek

- from 03.01.2014 till 31.12.2014, the Board consisted of 2 members and was composed of:
- President of the Board – Zygmunt Artwik
- Vice-President of the Board - Jerzy Polaszek.

As at the day of publication of the report, the Management Board acts as three-member board and is composed of:
- President of the Board – Jerzy Polaszek (appointed by a resolution of the Extraordinary General Meeting of Shareholders' of 02 February 2015);
- Board member – Mirosław Białogłowski (appointed by a resolution of the Extraordinary General Meeting of Shareholders' of 12 January 2015);
- Board member – Mariusz Grochowski (appointed by a resolution of the Extraordinary General Meeting of Shareholders' of 12 January 2015).

Business combinations
Erbud Industry is both the Company's name and the name of the Project formed by part of the entities separated from the ERBUD SA Group which are focusing on providing services in energy and industry. Erbud Industry was designated as the leading entity. As consequence of this, business combinations between the Company as the Acquiring Company with other undertakings in the Erbud Group i.e. Erbud-Energetyka Sp. z o.o. seated in Katowice and Delta Sp. z o.o. seated in Torun, are already completed.

At the Extraordinary General Meeting of Shareholders of the Company held on 30 May 2014 a resolution was adopted to merge the Company as the Acquiring Company with the Acquired Company ERBUD-Energetyka Sp. z o.o with its head office in Katowice through transferring all assets of the Acquired Company to the Acquiring Company against shares in the increased share capital of the Acquiring Company delivered to the shareholder of the of the Acquired Company pursuant to Art. 492 § 1 point 1 of the Code of Commercial Companies. The merger was effected with the increase of the share capital of the Acquiring Company Industry Sp. z o.o from PLN 7,878,800 to PLN 7,991,300.00, i.e. by PLN 112,500.00 by issuing 1 125 new shares in the increased share capital of the Company. Shares in the increased share capital of the Acquiring Company have been issued by a shareholder of the Acquired Company, i.e,. by Erbud SA as follows: in return for transferring 330 shares in the Acquired Company to the Acquiring Company with nominal value of PLN 50.00 per share with a total nominal value of PLN 16,500.00, the shareholder of the Acquired Company received 1 125 shares in the Acquiring Company with a nominal value of PLN 100.00 per share and a total nominal value of PLN 112,500.00. On 1 July 2014, the District Court in Toruń, VII Commercial Division of the National Court issued a decision on the merger between ERBUD Industry Sp.z o.o and ERBUD-Energetyka Sp. z oo, in accordance with the business combination plan presented by the companies to the court.

At the Extraordinary General Meeting of Shareholders of the Company held on 8 December 2014, a resolution was adopted to merge the Company as the Acquiring Company with the Acquired Company Delta Sp. z o.o. based in Torun through transferring all assets of the Acquired Company to the Acquiring Company against shares in the increased share capital of the Acquiring Company delivered to the shareholder of the Acquired Company pursuant to Art. 492 § 1 point 1 of the Code of Commercial Companies. The merger was effected with the increase of the share capital of the Acquiring Company of PLN 7,991,300.00 to PLN 8,690,600.00, i.e. by PLN 699 300.00 by issuing 6 993 new shares in the increased share capital of the Acquiring Company. The shares in the increased share capital of the Acquiring Company have been issued by a shareholder of the Acquired Company, i.e. by Erbud SA as follows: in return for transferring 3 550 shares in the Acquired Company to the Acquiring Company with nominal value of PLN 1,000.00 per share and a total nominal value of PLN 3,550,000.00, shareholder of the Acquired Company received 6 993 shares in the Acquiring Company

with a nominal value of PLN 100.00 per share and a total nominal value of PLN 699,300.00. On 2 February 2015, the District Court in Toruń, VII Commercial Division of the National Court issued a decision on the merger between ERBUD Industry Sp. z o.o and Delta Sp. z o.o., in accordance with the business combination plan presented by the companies to the court.

Subsidiaries

In 2014, the Company completed two acquisitions:

1) Acquired Company: NGK Ojrzynski sp. z o.o based in Gdansk (nowe Erbud Industry Pomorze Sp. z o.o.):

a) Subject of transaction: 100% of the shares;

b) Entity acquiring: Erbud Industry Sp. z o.o.;

c) Price: PLN 4,500,000.00;

d) Date of signing the share purchase agreement: 09/29/2014;

e) Date of payment / transfer of ownership of shares: 10/01/2014;

f) Composition of the Management Board: President - Mariusz Grochowski, Vice-President (CEO) - Roman Nagórski;

g) The company provides maintenance services in the energy and industry.

2) Acquired Company: EnergoServ Pomorze Sp. z o.o. based in Torun:

a) Subject of transaction: 100% of the shares;

b) Entity acquiring: Erbud Industry Sp. z o.o.;

c) Price: PLN 3,000,000.00;

d) Date of signing the share purchase agreement: 10/30/2014;

e) Date of payment / transfer of ownership of shares: 11/03/2014;

f) Composition of the Management Board: President - Mariusz Grochowski, Vice-President (CEO) - Józef Sidorowicz;

g) The company performs service and repair works, and investment works in the energy sector and industry.

These acquisitions are the implementation of the strategic development plan of the Company and the ERBUD SA Group in the segment of maintenance services for industry and energy.

On 2 February 2015, the District Court in Toruń, VII Commercial Division of the National Court issued a decision on the merger of ERBUD Industry Sp. z o.o and Delta Sp. z o.o., in accordance with the business combination plan presented by the companies to the court. Following the merger, ERBUD Industry became the owner of 2 296 shares of Erbud Industry Centrum Sp. z o.o with headquarters in Łódź (formerly ENGOREM Sp. z o.o.) with a total nominal value of PLN 1,152,592.00, which represents 98.92% of the share capital in ERBUD Industry Centrum Sp. z o.o. ERBUD Industry Centrum Sp. z o.o. operates in the field of comprehensive investment, repair and diagnostics services for power sector, mainly in the region of Łódź and Poznan.

Staff

Employment structure

In the period from 1 January 2014 until 31 December 2014 the average employment (employment contract) was 56.6 people, and taking into account other forms of employment: 65.3 people.

Occupational groups

Structure of employment by occupational groups as at 31.12.2014:

Occupational group	White-collar workers	Technical staff	Building workers	Other (non-employment contracts)
Total	27,00	36,00	9,00	14,00

Average employment by professional groups in 2014:

Occupational group	White-collar workers	Technical staff	Building workers	Other (non-employment contracts)
2014	22,39	24,79	9,47	8,67

Scope of the Company's business

Erbud Industry Group

Erbud Industry is both the Company's name and the name of the Project formed by part of the entities separated from the ERBUD SA Group which are focusing on providing services in energy and industry ("Erbud Industry Group"). The project was based on the experiences of ENGOREM Sp. z o.o and Katowice Branch of Erbud SA and Erbud and Energetyka. Erbud Industry was designated as the leading entity. An important step in consolidating the operations of the above group of entities within the Company was the formal inclusion of Erbud SA Katowice Branch into the Company's organizational structure.

In 2013, a new strategy of the Company and the Erbud Industry Group has been accepted. The main strategic field of activity is the design, construction, repairs and upgrading, 24/7 service of facilities, installations and equipment in the power, gas, chemical and paper industries as well as in the municipal infrastructure of cities and communes. In 2014 years, the Company pursued its strategy by awarding and executing engineering and construction projects, organizing a team and building administrative process and management tools necessary for the functioning and development of the Company according to the new strategy. In addition, the Company's activities focused on strengthening and consolidating the brand of ERBUD INDUSTRY that offers services in the field of design, construction and maintenance for power and industry. Service companies began functioning under the name ERBUD INDUSTRY CENTRUM INDUSTRY (former ENGOREM) and ERBUD INDUSTRY POMORZE (formerly NGK Ojrzynski). Based on current plans, companies acquired in 2014 will be merged in 2015 under the name ERBUD INDUSTRY POMORZE.

The result of the implementation of the strategy were also the above-described business combinations between the Company and other Erbud Group companies associated with the project Erbud Industry - Erbud-Energetyka Sp. z o.o. with its registered office in Katowice and Delta Sp. z o.o based in Torun, as well as tthe above-mentioned acquisitions of the companies of ERBUD INDUSTRY POMORZE Sp. z o.o and Energoserv Pomorze Sp. z o.o.

Consolidation and expansion of the industrial and energy business of Erbud SA takes place in ERBUD Industry Sp. z o.o. For this purpose, they were established two separate divisions within the Erbud Industry: Service and Engineering.

Service Division is focused on offering such works as:
– Constructing, upgrading and repairing industrial and energy plants
– Troubleshooting industrial machinery and equipment
– Organizational and technical consulting
– Technical inspections.

Engineering Division focuses on offering the following works:
– Modernization of industry and energy facilities
– Construction of production lines
– Preparation of large projects.

Currently, the engineering activity is conducted primarily in Erbud Industry Sp. z o.o with branches in Warsaw and Katowice. ERBUD Industry Sp. z o.o as the leading entity in the Erbud Industry Group also conducts development and acquisition activities for the entire segment of industry and energy.

Services are located in three subsidiaries of ERBUD Industry Sp. z o.o.: Erbud Industry Centrum Sp. z o.o., Erbud Industry Pomorze Sp. z o.o., EnergoServ Pomorze Sp. z o.o.

Commercial activities

In 2014, the Company conducted an intense commercial activity. The aggregate value of binding bids in 2014 was approx. PLN 1 billion (about 50 offers), when bidding efficacy of up to 16%. The Company get a stable position of a consortium partner for technology companies and become highly rated by customers as a prime contractor and professional subcontractor specialized in construction and installation works for the energy sector. This is a very good basis for the development of the Company in subsequent years.

The Company started in 2014 a permanent cooperation with major companies of the energy sector:
1) Mitsubishi Hitachi Power Systems, Ltd. (construction of DeNOx and DeSOx environmental protection facilities in Poland),

2) Alstom Power Polska Sp. z o.o./Alstom Power Italia (construction of DeSOx environmental protection facilities in Poland),
3) EDF Polska Sp. z o.o. (construction of DeNOx and DeSOx environmental protection facilities – works for contractors of EPC),
4) RAFAKO S.A. (construction of DeSOx environmental protection facilities; new coal-fired units in Poland);
5) Dalkia Polska S.A. (construction of a coal handling plant; CHP expansion projects in Poland).

The company began cooperating with technology partners such as: Siemens Polska Sp. z o.o/Siemens S.r.o./Siemens Turbomachinery, Mitsubishi Hitachi Power Systems Europe GmbH, Schenck Process GmbH/Schenck Process S.r.o., Fortum Power Solutions, Energoprojekt Katowice SA, LAB GmBh, Foster Wheeler, Valmet; Hitachi Zoosen Inova, Babcock Volund, Veolia.

Contracts

In 2014, the Company signed contracts for the performance of 13 tasks with a total value of PLN 213.1 million. The value of the works completed in 2014 amounted to PLN 87.5 million.

The main contracts carried out in 2014 are presented below:

Customer	Contract subject	Completion status	Value (in PLN)	Works completed in 2014 (in PLN)
Erbud S.A., VEOLIA ENERGIA Łódź S.A.	Refurbishment of the EC3 cool handling plant for Dalkia Łódź SA	no	36 699 054	32 518 248
Erbud S.A.	Construction of service premises in an office building located in Tarnowskie Góry	yes	3 390 725	3 390 725
Erbud S.A.	Turn-key foundations construction, utilities connections for and alterations and relocation of water supply and drainage systems and plant for WFGD installation in the companies of EDF Polska Group for EDF Krakow SA	No	18 505 913	14 560 606
Erbud S.A.	Construction of a non-hazardous waste collection and recycling facility in Zabrze	yes	2 301 572	2 301 572
Erbud S.A.	Construction of production plant, warehouse and building for office and welfare purposes for the waste treatment and recycling facility in Skarbimierz	yes	4 340 062	4 340 062
Instal Kraków	Design, build and stat-up with commissioning of DeNOx system in EDF Polska S.A. and Zespół Elektrociepłowni Wrocławskich Kongregacji S.A. for Wrocław CHP Plant	no	9 243 832	9 140 633
Erbud S.A.	Wet Flue Gas Desulphurization System in Rybnik Power Plant (ENEA Wytwarzanie S.A.)	no	19 573 000	5 325 719
VEOLIA ENERGIA Łódź S.A.	Refurbishment of firefighting system in EC3 plant for Dalkia Łódź SA	yes	4 508 746	4 508 746
Erbud S.A.	Installation of DeNOx system in Kozienice Power Plant	no	40 114 000	5 639 441
Erbud S.A.	Construction works for the flue gas desulphurization plant for Dalkia Poznań ZEC S.A.	no	3 791 500	2 285 089
Erbud S.A.	Construction, installation, start-up and commissioning of flue gas ducts for Rybnik Power Station (EDF Polska)	no	9 385 503	2 512 268
Veolia Water Technologies Sp. z o.o.	Design, construction, start-up and commissioning of a sewage treatment plant for the EDF Poland SA plant in	no	4 493 000	704 021

	Rybnik			
Erbud S.A.	ZAK Kędzierzyn – construction of a boiler plant, incl. pulverised coal-fired boiler	no	56 754 977	230 192
Total			**213 101 885**	**87 457 322**

Significant financial agreements

In 2014, the Company entered into several financial agreements to provide financing ongoing operations and acquisition activities. The list of significant financing agreements is presented in the table below:

Financial institutrion	Agreement	Conclusion date	Value in PLN
Sopockie Towarzystwo Ubezpieczeń Ergo Hestia S.A.	Annex No. 7 to the Agreement on cooperation in providing insurance guarantees within the granted guarantee limit	**07.05.2014**	**10 000 000**
BNP Paribas Bank Polska S.A.	Multipurpose credit line agreement	**17.09.2014**	**10 000 000**
BNP Paribas Bank Polska S.A.	Non-revolving credit agreement	**17.09.2014**	**5 300 000**

As of the date of this report, the Company has also signed:

• multiproduct line agreement of 23.02.2015 with mBank SA related to the credit limit of PLN 5,000,000.00;

• two agreements on revolving loan dated 07.04.2015 with BNP Paribas Bank Poland SA, for the purpose of financing two projects to the amount of PLN 30,000,000.00;

.• General Agreement on granting contract guarantees dated 16.02.2015 with InterRisk Insurance Company SA Vienna Insurance Group, with a guarantee limit of PLN 10,000,000..

Projected development and strategic objectives

The main strategic goals of ERBUD Industry as a company and as an organizational structure for the industrial and energy segment separated from the Erbud SA Group are focused on the following elements:

1. **Building brand of ERBUD INDUSTRY**

Safe development and transformation of ERBUD Industry accordance with the development strategy of the ERBUD Group, focus on customers' needs, expansion of corporate cooperation, development of a stable, reliable brand of ERBUD Industry.

2. **Safe business development - a reliable partner**

Sustainable growth in turnover, achieving assumed results, maintaining liquidity.

3. **Improving the efficiency and profitability**

Improving the internal organization, incl. cost optimization, improvement in operations, creating the possibility of a reasonable compete on the market.

4. **Technological development (innovation)**

The gradual company's development in terms of technology and services. Acquiring strategic partners in the field of technology.

5. **Staff development**

Providing opportunities for employees' development, creating a system of attracting new people and further training, optimal use of the potential of experienced workers.

6. **Occupational safety**

Systematic work on raising safety standards in cooperation with employees and customers.

1.6.1. Erbud Industry Pomorze Sp. z o.o. – a subsidiary

On 29 September 2014, ERBUD Industry Sp. z o.o (formerly Ersteel Sp. z o.o.), a subsidiary of Erbud SA signed an agreement to acquire a 100% stake in NGK Ojrzynski sp. z o.o. (present name ERBUD Industry Pomorze Sp. z o.o.) with its registered office in Gdansk.

Erbud Industry Pomorze Sp. z o.o. is entered in the register of the National Court Register maintained by the District Court based Gdańsk, VII Commercial Division of the National Court Register, District Court Gdańsk-Północ, Division of the National Court Register, under KRS number 0000435473.

The company holds a National Business Register Number (REGON) 221753659.

The Company's registered office is in Gdansk.

As at 31.12.2014 and at the date of preparing this report, the Management Board consisted of two members:
- President of the Board - Mariusz Grochowski;
- Vice President (CEO) - Roman Nagórski.

On 26 March 2015, it has been prepared a business combination plan to merge ERBUD Industry Pomorze sp. z o.o. as the Acquiring Company and EnergoServ Pomorze Sp. z o.o. as the Acquired Company by transferring all assets of the Acquired Company to the Acquiring Company against shares in the increased share capital of the Acquiring Company delivered to the shareholder of the Acquired Company pursuant to Art. 492 § 1 point 1 of the Code of Commercial Companies. According to the business combination plan, the merger is to be effected by increasing the capital of the Acquiring Company from PLN 240,000 to PLN 400,000 PLN, i.e. by the amount of PLN 160,000 through the issuance of 320 new shares in the increased share capital of the Acquiring Company. The business combination plan was published in Monitor Sądowy i Gospodarczy of 02 April 2015.

Employment structure
Employment structure as at 31.12.2014 in shown in the following table:

Staff						
White-collar workers	Technical staff	Building workers	Total as at 31.12.2014	Total as at 01.01.2014	*Change*	*Change in %*
6	12	61	**79**	68	*11*	*116.18%*

Scope of the Company's business
The company offers:
- maintenance of power, electrical and industria equipment;
- renovation and modernization of energy and industrial facilities;
- construction of pipelines and electrical systems.

The key clients of the company are:
- EDF Wybrzeże S.A. – multi-annual maintenance contracts, the status of a qualified contractor;
- Grupa Lotos S.A. w Gdańsku – the status of a qualified contractor;
- ALSTOM Power Sp. z o. o. – cooperation agreement, the status of a qualified contractor;
- Steico sp. z o.o.

1.6.2 EnergoServ Pomorze Sp. z o.o.

On 30 October 2014, ERBUD Industry Sp. z o.o (formerly Ersteel Sp. z o.o.), the Issuer's subsidiary signed an agreement to acquire 100% of the shares in EnergoServ Pomorze Sp. z o.o based in Torun.

The company is registered in the register of the National Court Register maintained by the District Court in Toruń, VII Commercial Division of the National Court Register, under KRS number 0000182321.

The company holds a National Business Register Number (REGON) 871127192.

The Company's registered office is in Toruń.

As at 31.12.2014 and at the date of preparing this report, the Management Board consisted of two members:
- President of the Board - Mariusz Grochowski;
- Vice President (CEO) - Józef Sidorowicz.

On 26 March 2015, it has been prepared a business combination plan to merge ERBUD Industry Pomorze sp. z o.o. as the Acquiring Company and EnergoServ Pomorze Sp. z o.o. as the Acquired Company by transferring all assets of the Acquired Company to the Acquiring Company against shares in the increased share capital of the Acquiring Company delivered to the shareholder of the Acquired Company pursuant to Art. 492 § 1 point 1 of the Code of Commercial Companies. According to the business combination plan, the

merger is to be effected by increasing the capital of the Acquiring Company from PLN 240,000 to PLN 400,000 PLN, i.e. by the amount of PLN 160,000 through the issuance of 320 new shares in the increased share capital of the Acquiring Company. The business combination plan was published in Monitor Sądowy i Gospodarczy of 02 April 2015.

Employment structure

Employment structure as at 31.12.2014 in shown in the following table:

Staff						
White-collar workers	Technical staff	Building workers	Total as at 31.12.2014	Total as at 01.01.2014	*Change*	*Change in %*
4	5	39	**48**	48	*0*	*100,00%*

Scope of the Company's business

The company offers:

- service, installation, repair and modernization of steam and water boilers with the balance-of-plant equipment, electrostatic precipitators, structures, ducts, steel chimneys;
- manufacturing and erection/installation of steel structures, canals, tanks and other elements;
- troubleshooting;
- insulation and anti-corrosion work.

The sales structure is clearly dominated by the energy industry, in particular services and repairs for EDF Torun. This segment was responsible for 92-96% of revenues in 2011-2012. In 2013 the percentage fell to 38%, due to one-time foreign contract.

Historically, the company completed contracts in the following power plants:

-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.

1.7. Erbud Energetyka Sp. z o.o. – a subsidiary

ERBUD ENERGY operates under the name ERBUD ENERGY Spółka z ograniczoną odpowiedzialnością (limited liability company). By 1 July 2014, the Company's registered office was in Katowice. On that day there was a formal merger of the company with Erbud Industry Sp. z o.o. Announcement of the business combination plan was published In Monitor Sądowy i Gospodarczy No. 66/2014 on 4 April 2014.

The merger was effected pursuant to Art. 492 § 1 point 1 in conjunction with Art. 506 § 1-4 of the CCC.

On 9 April 2014, the District Court in Toruń, VII Commercial Division of the National Court Register issued a decision on adoption and registration of the business combination plan.

The company operated as a limited liability company since 2009.

The company was entered in the register of the National Court Register kept by the District Court in Katowice, VIII Commercial Division of the National Court Register under the number KRS 0000324222. The company was a holder of Business Statistical Number (REGON) 241112620 and Tax Identification Number (NIP) 6342705959.

The company was dealing with repairs in power plants and building works related to construction of residential and non-residential buildings, wiring, plumbing, heating, gas and air installations, demolition of buildings, etc.

The company owned a 14.14% stake in Tauron Wytwarzanie Serwis Sp. z o.o. seated in Jaworzno.

Shareholding

The share capital of the company amounted to PLN 16,500.00 and was divided into 330 shares with a nominal value of PLN 50.00 each one.

Management Board

In the period from 1 January to 31 December 2013, Włodzimierz Czystowski was the President of the Board. He has been appointed to this office on 4 April 2012 by the Extraordinary General Meeting of Shareholders of

the company, following the resignation of former President Mr. Ryborz. Mr. Włodzimierz Czystowski served as President until the merger.

Employment structure
In 2014, the company did not staffed persons on the basis of the contract of employment.

1.8. Erbud Industry Centrum Sp. z o.o. (formerly Engorem Sp. z o.o.)

The company operates as a limited liability company and has been incorporated by a notarial deed on 26 October 1994 before a notary public M. Badowska (Index No. 8436/94)

The company is registered by the Łódź Śródmieście District Court, XX Economic Department of the National Court Register under the KRS number 67522.

The company is a holder of Tax Identification Number (NIP) 728-10-03-292 granted by the Łódź-Widzew Tax Office in Łódź.

The share capital of the company as at 31 December 2014 amounted to PLN 1,165,142.
As at 31.12.2014, the Company's majority shareholder was a subsidiary 100 percent controlled by Erbud SA - Delta Sp. z o.o. (owned 98.66% of shares).

On 2 February 2015, there was a merger between Delta Sp. z o.o. and Erbud Industry Sp.z o.o, pursuant to Art. 492 § 1 point 1 in conjunction with Art. 506 § 1-4 KSH. ERBUD Industry Sp. z o.o. was the acquiring entity.

Therefore, as at the publication date of the financial statements, Erbud Industry Sp. z o.o., a subsidiary 100 percent controlled by Erbud SA, is the majority shareholder of ERBUD Industry Centrum Sp.z o.o with registered office in Łódź.

In the period from 01.01.2014 until 31.12.2014 the Management Board had the following composition:
- Jerzy Polaszek – Board President till 12.09.2014
- Mirosław Buciak - Vice-President, CEO till 12.09.2014 and Board President since 12.09.2014..
- Michał Bursa - Vice-President, Director of Technology

Employment structure
In the period from 1 January 2014 to 31 December 2014, the average number of persons employed was 377.67, while FTE was 377.24. Employment as at 31.12.2014 amounted to 388 people.

Occupational groups

Structure of employment by occupational groups as at 31.12.2014

Item	Employment	Structure
Blue-collar workers	289	74.48%
White-collar workers	99	25.52%
Total	**388**	**100.00%**

Scope of the Company's business
ENGOREM Sp. z o.o.is a service company specialised in repair and maintenance of energy facilities, heating and electrical equipment, Control and Measurement Instruments and Automation as well as industrial and municipal networks.

Projected development and the market
Because of decreasing range of repair works in Dalkia Łódź SA (now Veolia Energia Łódź), the development of ERBUD INDUSTRY CENTRUM requires to acquire new customers and expand the business profile on new technologies (gas plants, biogas, biomass, incineration plants, and wind farms). As regards the strategy for next years, the Company attaches great importance to enter the energy markets located in different regions of Poland. In the first quarter of 2014, the Company opened a branch office in Poznan and laid the foundations for the development of a branch in Warsaw and Katowice.

The company is part of a group of entities from the Erbud Group that within the project Erbud Industry are dedicated to operate in energy and industry. The organizational leader in this project is Erbud Industry. In order to consolidate and develop the industrial and power activity will be created within Erbud Industry two independent departments: Service and Engineering. Service Division, based on Engorem, will be focusing on offering throughout the Poland such works as: construction, renovation, modernization of industrial and energy plants, machines and industrial equipment diagnostics, organizational and technical advice, technical research.

Most important contracts signed during the period from 01.01.2014 to 31.12.2014

Customer	Project	Value in PLN
ERBUD	Modernization of coal handling system for w EC-3 Dalkia Łódź S.A. – plant and installation of electric systems	6 330 400
DALKIA ŁÓDŹ	Reconstruction of water distribution network form K-617 to K-617/12 “Czerwony Rynek”	2 667 700
VEOLIA POZNAŃ ZEC	Balance-of-plant equipment repairs	2 650 000
VEOLIA POZNAŃ ZEC	Repair of automation systems	1 900 000
VEOLIA POZNAŃ ZEC	Modernization of steam boilers and electrostatic air cleaner for Dalkia Poznań ZEC S.A.	1 823 770
DALKIA ŁÓDŹ	Upgrading water boilers PTWM 100 K4, K7, K8 for EC-3 Dalkia Łódź.	1 819 681
INSTAL KRAKÓW	Comprehensive installation of equipment, piping and fittings for Phase I within Task II (Zespół Elektrociepłowni Wrocławskich Kogeneracja S.A.).	1 669 490
VEOLIA POZNAŃ ZEC	Repair of mills	1 600 000
VEOLIA POZNAŃ ZEC	Modernization of boiler and electrostatic air cleaner for EC II Karolin Dalkia Poznań ZEC S.A.	1 567 614
ERBUD INDUSTRY	Modernization of fire protection system for EC-3 Dalkia Łódź.	1 485 612
VEOLIA POZNAŃ ZEC	Repairs of boilers and electrostatic and dust collection equipment	1 300 000
VEOLIA POZNAŃ ZEC	Modernization of boiler and electrostatic air cleaner for EC II Karolin Dalkia Poznań ZEC S.A.	1 147 546
DALKIA ŁÓDŹ	Turbine sets renovation and upgrading for EC-2 i EC-3 Dalkia Łódź S.A.	1 051 122
VEOLIA POZNAŃ ZEC	Repairs - locksmiths on duty	840 000
DALKIA ŁÓDŹ	OP 130 K2 steam boiler and boiler electrostatic precipitator upgrading for EC-3 Dalkia Łódź (2014 – 2016)	827 455
VEOLIA POZNAŃ ZEC	Repair of turbines, heating system, network pumps, condensate pumps, water supply pumps	800 000
DALKIA ŁÓDŹ	OP 130 K1 steam boiler and boiler electrostatic precipitator upgrading for EC-3 Dalkia ŁódŹ.	785 000
DALKIA ŁÓDŹ	OP 130 K1 steam boiler and boiler electrostatic precipitator upgrading for EC-3 Dalkia Łódź w latach 2014 - 2016.	784 144
DALKIA ŁÓDŹ	Service, repair and improvement of mills and coal feeders for EC-2 and EC-3 Dalkia Łódź S.A.	782 156
DALKIA ŁÓDŹ	Delivery and installation of containerized steam boiler with a capacity of 4.429 MW, incl. accompanying systems in Łódź	768 214
DALKIA ŁÓDŹ	OP 230 K3 steam boiler and boiler electrostatic precipitator upgrading for EC-3 Dalkia Łódź (2014 – 2016)	767 289
DALKIA ŁÓDŹ	Construction of the substation in the Shopping Mall + Fitness in Łódź	750 500

	OP140 1K2 boiler modernization (ZZ60028707)	745 810
AMSTER	Three heat distribution units in Radom	744 800
MPO WARSZAWA	Manufacture, supply and replacement of a superheater III to the waste steam boiler	725 000
VEOLIA POZNAŃ ZEC	Repair of air conditioning and ventilation equipment, compressed air and lifting systems	670 000
DALKIA ŁÓDŹ	Maintenance of a switch room for EC-2, EC-3 i EC-4 Dalkia Łódź	503 684

2. Financial highlights of the Group – 2014 economic and financial position of the Capital Group (in PLN '000)

Item		Value in PLN as of 31.12.2014	Value in PLN as of 31.12.2013	Change in PLN	Change in %
A	Sales income*	1 692 055	1 223 609	468 446	38.28%
B	Cost of products, goods and materials sold	1 592 813	1 132 699	460 114	40.62%
C	Profit from sales	**99 242**	**90 911**	8 331	9.16%
D	EBIT	**43 128**	**32 789**	10 339	31.53%
E	Profit before tax	**36 054**	**25 094**	10 960	43.68%
F	Net profit	**27 892**	**18 079**	9 813	54.28%
	of which attributable to the majority shareholder	*26 431*	17 217	9 214	53.52%
ROS (C/A)			5.87%	7.43%	
EBIT margin (D/A)			2.55%	2.68%	
Gross profit margin (E/A)			2.13%	2.05%	
Net profit margin (F/A)			1.65%	1.48%	

* sales revenue and costs of products, goods and materials sold before excluding the share of the consortium members

In 2014, the Group achieved revenue of PLN 1,692,055 thousand. In comparison to the previous period there was an increase in revenue by 38.28%.
During the period, there was also an increase in earnings at all levels starting from the return on sales trough operating profit, gross profit and ending with the net profit. Because the growth rate of costs was higher than the revenue growth rate, the Group generated slightly lower sales profitability and EBIT ratios.

Information about basic products, goods and services and their value and volume quantity, as well as information about sales markets, broken down into domestic and international ones can be found in Note 5 to the Consolidated Financial Statements.

Financial position

The Group assets structure as at the end of 2014 was as follows (in PLN '000):

ASSETS		
Item	**Value in PLN as at 31.12.2014**	**Percentage**
Fixed assets	162 161	15%
Current assets	889 284	85%
Total assets	**1 051 445**	100%
LIABILITIES		
Item	**Value in PLN as at 31.12.2014**	**Percentage**
Equity, incl.	287 531	27%

Minority interests	*13 192*	*1%*
Long-term liabilities	144 797	14%
Short-term liabilities	619 117	58%
Total liabilities	**1 051 445**	100%

The Group's assets in 2014 rose by 32% which is a result of sales growth in all business segments of the Group, in particular in large volume construction in the country, road-engineering and energy. The Group recorded only a slight decline in approx. 6% in the real estate development, and in sales abroad.

When analysing the individual balance sheet figures and their changes in 2014 a major change can be seen: there was a growth of long-term liabilities. This is a consequence of rolloving bonds by Erbud SA which, as at 31.12.2013, were presented in current liabilities. The increase in long-term liabilities in 2014 is not only due to the actual increase of this item but primarily the result of the conversion of short-term liabilities into long-term ones.

Cash flows

The Erbud Group began the fiscal year 2014 with cash amounted to PLN 124,590 thousand and ended with closing balance of PLN 209,263 thousand.
From operating activities, the Group generated cash flows of PLN 107,513 thousand. Cash flows from investing activities were negative and amounted to PLN -23,444 thousand, while from financing activities were PLN 604 thousand. The total of net cash flows in 2014 amounted to PLN 84,673 thousand.

3. Expected development of the companies belonging to the Capital Group:

Boards of the companies constituting the Group will continue measures taken in previous years, designed to:

- further strengthening of all players in construction markets home and abroad, and in particular protection of profits on large-volume contracts
- further diversification of operations by geographical region and by business segments, especially by the extension of service activities for the broad understanding industry by entities such as Erbud Industry Centrum Sp. z o.o. (formerly Engorem Sp. z o.o.), Erbud Industry Sp. z o.o.and Erbud Industry Pomorze Sp. z o.o.
- start active operations in the area of Warsaw by the real estate development Group;
- active steps against the effects of the current situation in the construction industry - a selective approach to the contracts, monitoring of investors, tightening procedures in the risk assessment of ongoing contracts and those offered ones;
- improvement in cash flows, in particular at the operational level.

The task of the Boards of subsidiaries, as well as the Parent's company is to strengthen the market position of all entities acquired.

During the financial year ended 31 December 2014, the Company did not carry out research and development activities.

4. Significant events affecting the operations of the entities of the Capital Group in 2014 and until the report approval

4.1. Internal factors

In 2014 the Group was strengthening its market position and leading the process of building a business in the energy sector both by organic growth and through acquisitions made.

4.2. External factors

4.2.1. Characteristics of sales 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***

The European construction market

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.

Characteristics of EU construction market 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.

Besides this, the abroad activities are concentrated in subsidiary companies of Erbud SA - Erbud International Sp. z o.o. and GWI GmbH.

Market growth prospects

Near 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.

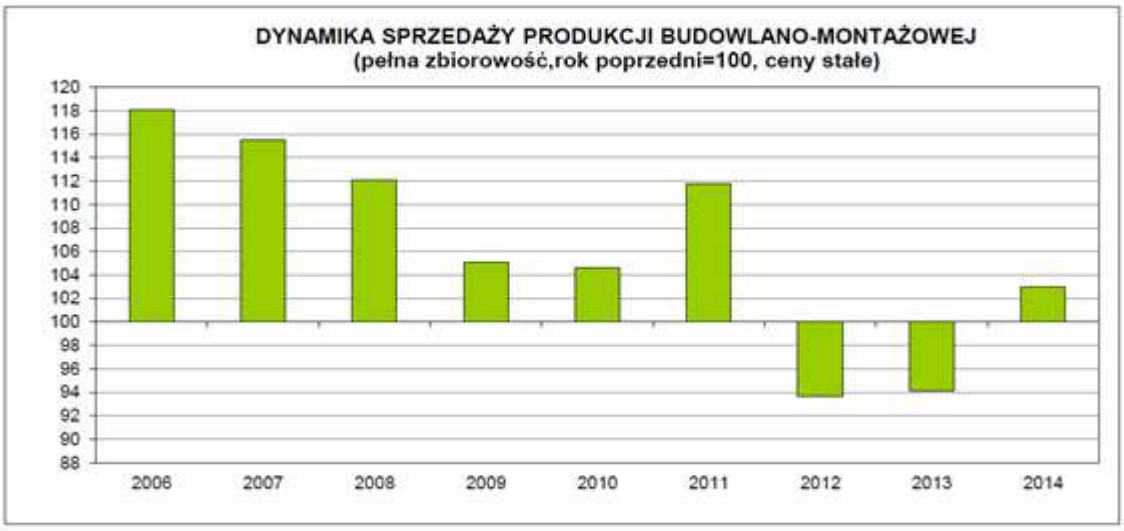
In the opinion of experts, the rapid increase in the number of concluded contracts can lead to the increase in prices of construction materials, even for speculative purposes. Therefore, due to the long period of an investment process, companies can negative experience fluctuations in prices, unless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



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.

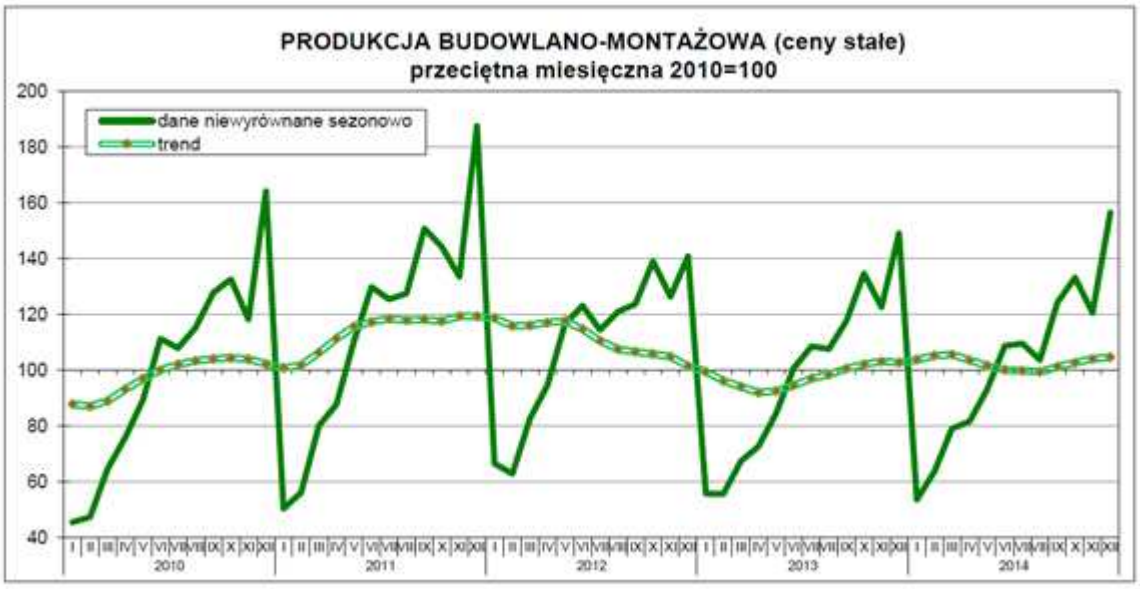
GDP growth and lower debt will help to investment in the infrastructure

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:



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.

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

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.

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.

5. The organizational structure in conjunction with the structure of sales and information about contracts signed

Erbud SA., the parent entity – in 2014 ERBUD SA did not change its organisational structure.

Erbud International Sp. z o.o., a subsidiary - operates through a Branch Düsseldorf and directly provides exports of construction services in France, Belgium and Luxembourg.

GWI GmbH, a subsidiary - a company under German law that operates in the construction business in Germany and Belgium.

Budlex S.A., a subsidiary - operates on the real estate development market through target companies owned in 100% by the dominant entity Budlex Sp. z o.o. In the opinion of the Management Board, it is a common mode of developers' operating created by institutions funding such entities.

PBDI S.A., a subsidiary - operates in the road -engineering segment and in particular specializes in civil engineering for wind farms.

Erbud Industry Sp. z o.o. (formerly Ersteel Sp. z o.o.), a subsidiary – provides outsourcing services for maintaining production continuity.

Erbud Industry Centrum Sp. z o.o. (formerly Engorem Sp. z o.o.), a subsidiary – provides services for heating industry.

Detailed description of entities forming the ERBUD Group is to be found in points 1.1 - 1.8 of this Report.

Contracts signed in Poland over 2014 by the Parent (figures in thousands of PLN):

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	Valeoo Autosystemy Sp. Z o.o.	2014-06-18	25 618

	production floor for Valeoo Autosystemy Sp. Z o.o.			
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 building	Hala Koszyki Grayson Investments Sp. Z o.o.	2014-08-05	115 458
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**

According to the Management Board, neither subsidiaries nor related entities are dependent on one supplier and one customer. Companies associated pursue a common policy which is identical with the Parent's policy, i.e. at least there should be four qualified suppliers or contractors from any range of goods and services. In addition, the geographical diversification within the Group and the Parent and the relevant technical conditions forces a broad circle of suppliers and subcontractors.

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

6. The ERBUD Group related party transactions

In 2014, there were concluded the following contracts with related parties.

List of contracts concluded by Erbud SA with related parties in 2014 and by the report publication date

Erbud International

No.	Project	Contract value in PLN '000	Contract/annex concluded on
1	Contract 01/EI/T-1334/2014 civil engineering works DEKADA-Brodnica , Toruń	2 500	2014-01-08
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	

Company concluding an agreement	**Company contracted**	**Subject**	**Agreement value in PLN '000**	**Concluded on**
Budlex - Lender	Residential Rental sp. z o.o.	Loan agreement	1 100	2014-01-03
Budlex - Lender	Budlex Glinki A3/3 sp. z o.o.	Loan agreement	1 550	2014-01-20
Budlex - Lender	Residential Rental sp. z o.o.	Loan agreement	50	2014-01-28
Budlex - Lender	Residential Rental sp. z o.o.	Loan agreement	500	2014-02-13
Budlex - Lender	Budlex Winnica L6 sp. z o.o. s.k.	Loan agreement	1 350	2014-02-13
Budlex - Lender	Budlex Magnolia sp. z o.o.	Loan agreement	10	2014-02-13
Budlex - Lender	Budlex Sadowa	Loan agreement	10	2014-02-13
Budlex - Lender	Budlex Lease	Loan agreement	50	2014-02-24
Budlex - Lender	Budlex Rubinowy Dom sp. z o.o.	Loan agreement	5	2014-03-23
Budlex Properties - Seller	Budlex Magnolia sp. z o.o. s.k.	Real estate sale agreement	2 877	2014-03-31
Budlex - Contractor	Budlex Sadowa sp. z o.o. s .k.	Project management agreement	1 320	2014-03-14
Budlex - Lender	Budlex Rubinowy Dom sp. z o.o.	Loan agreement	5	2014-03-24
Budlex - Lender	Residental Rental sp. z o.o.	Loan agreement	500	2014-04-02
Budlex - Lender	Budlex Magnolia sp. z o.o. s.k.	Loan agreement	3 600	2014-04-02
Budlex - Lender	Budlex Properties Holding sp. z o.o.	Loan agreement	50	2014-04-22
Budlex - Lender	Budlex Irys sp. z o.o. s.k.	Loan agreement	2 800	2014-04-24
Budlex - Lender	Budlex Irys sp. z o.o.	Loan agreement	5	2014-05-07
Budlex - Lender	Budlex Magnolia sp. z o.o. s.k.	Loan agreement	1 000	2014-05-07
Budlex - Lender	Residential Lease sp. zo.o.	Loan agreement	50	2014-05-23
Budlex - Lender	Budlex Sadowa sp. z o.o. s .k.	Loan agreement	1 400	2014-05-26
Budlex Properties - Guarantor	Budlex S.A.	Surety agreement	273	2014-06-18
Budlex Construction - Guarantor	Budlex S.A.	Surety agreement	273	2014-06-18
Budlex Partner - Guarantor	Budlex S.A.	Surety agreement	273	2014-06-18
Budlex - Lender	Resiential Lease sp. z o.o.	Loan agreement	750	2014-07-29

Budlex - Lender	Budlex Glinki A3/3	Loan agreement	300	2014-08-28
Budlex - Lender	Budlex Glinki A3/3	Loan agreement	100	2014-09-16
Budlex Properties - Seller	Budlex Irys sp. z o.o. s.k.	Real estate sale agreement	2 997	2014-09-17
Budlex - Lender	Residential Metropolitan Projects sp. z o.o.	Loan agreement	1 230	2014-09-18
Budlex - Service Provider	Budlex Irys sp. z o.o. s.k.	Project management agreement	2 000	2014-09-18
Budlex - Lender	Budlex Glinki A3/3	Loan agreement	200	2014-09-30
Budlex - Service Provider	Budlex Glinki A3 sp. z o.o.	Project management agreement	245	2014-10-10
Budlex - Service Provider	Budlex Brzoskwiniowa sp. z o.o.	Project management agreement	204	2014-10-10
Budlex - Borrower	Budlex Azalia sp.z o.o.	Loan agreement	427	2014-10-21
Budlex - Lender	Budlex Glinki A3/3 sp. z o.o.	Loan agreement	300	2014-10-27
Budlex - Lender	Budlex Brzoskwiniowa sp. z o.o.	Loan agreement	200	2014-11-25
Budlex - Lender	Residential Properties Holding	Loan agreement	20	2014-12-05
Budlex - Lender	Budlex Winnica L6-7 sp. z o.o. s.k.	Loan agreement	1 000	2014-12-09
Budlex - Lender	Budlex Irys sp. z o.o. s.k.	Loan agreement	1 000	2014-12-15
Budlex - Lender	Resiedntial Metropolitan Projekts sp. z o.o.	Loan agreement	10	2014-12-15
Budlex - Lender	Residential Lease sp. zo.o.	Loan agreement	2 050	2014-12-15
Budlex - Lender	Resiedntial Metropolitan Projekts sp. z o.o.	Loan agreement	1 230	2014-12-22
Budlex - Lender	Budlex Construction sp. z o.o.	Loan agreement	2 040	2014-12-22

In 2014, the Issuer and its subsidiaries did not enter into any contracts on non-market terms.

7. Description of risk factors

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.

Currently, the Issuer's Management sees the biggest risk in "price battle" and in risks associated with liquidity.

The Issuer's Management Board will continue a policy on margins obtained and diversification of activities by strengthening the field of services to the industry.

In terms of anticipating the impact of possible liquidity problems, the Management Board has introduced several new tools that affect the cash flow.

Apart from the aforementioned, the Issuer's Management Board does not see other sources of threat.

8. Evaluation of forecasts performance and investment projects

The Management Board of Erbud S.A. did not publish any projections for 2014.

9. Financial resources management and information on borrowings, loans and guarantees

In 2014, the dominant company financed out its business exclusively of its own means from operating activities, short-term bank loans and bonds issued.

Multi-target credit lines with several banks are available to the Company.
The subsidiaries PBDI S.A. GWI GmbH, Erbud Industry Centrum Sp. z o.o.; Erbud Industry Sp. z o.o.; Erbud Industry Pomorze and Energoserv Sp. z o.o. were using borrowings in the reported period. Loans were needed to pre-finance ongoing operations.
Similarly, the companies of the Budlex Group were using loans, what according to the Management Board belongs to this type of business.
The Parent's Board does not recognize any risks associated with the liquidity in the Group due to received loans.

Potential debts of the Erbud SA Group under the signed agreements were 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.
KBC Bank	Overdraft credit	2 000	EUR	EONIA + 2,5%	2015-12-31	In one amount	GWI
BNP Paribas S.A	Overdraft credit	2 000	PLN	WIBOR 1M+ margin	2015-11-26	In one amount	PBDI S.A.
Alior Bank S.A.	Overdraft credit	3 000	PLN	WIBOR 3M + margin	2015-05-11	In one amount	PBDI S.A.
Commerzbank	Overdraft credit	2.000	EUR	4.39% p.a. fixed	31.05.2015	In one amount	GWI GmbH
BNP Paribas S.A.	Investment loan	5 300	PLN	WIBOR 1M+margin	2019-09-17	Monthly	Erbud Industry Sp. z o.o.
BNP Paribas S.A.	Overdraft credit	5 000	PLN	WIBOR 1M+margin	2015-09-15	In one amount	Erbud Industry Sp. z o.o.
Credit Agricole Bank Polska S.A.	Overdraft credit	4 000	PLN	WIBOR O/N + margin	2015-07-31	In one amount	Erbud Industry CentrumSp. z o.o.
Credit Agricole Bank Polska S.A.	Investment loan	11 500	PLN	WIBOR 3M + margin	2020-02-28	Quarterly	Erbud Industry CentrumSp. z o.o.
BZ WBK S.A.	Overdraft credit	470	PLN	WIBOR 1M + margin	2015-05-31	In one amount	Erbud Industry Pomorze Sp. z o.o.
BNP Paribas S.A.	Overdraft credit	1.000	PLN	WIBOR 1M + margin	2016-01-15	In one amount	Erbud Industry Pomorze Sp. z o.o.
BNP Paribas S.A.	Overdraft credit	500	PLN	WIBOR 1M + margin	2016-01-15	In one amount	Energoserv Sp. z o.o.

Furthermore, the Group 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.
BNP Paribas Bank Polska S.A.	Bid bond, performance bond, repair works and remedying defects guarantee	8 000	PLN	PBDI S.A.
BNP Paribas Bank Polska S.A.	Bid bond, performance bond, repair works and remedying defects guarantee	5 000	PLN	Erbud Industry Sp. z o.o.
Alior Bank S.A.	Bid bond, performance bond, repair works and remedying defects guarantee	8 000	PLN	PBDI S.A..
KBC	Bid bond, performance bond, repair works and remedying defects guarantee	1 000	EUR	GWI
HSBC Bank Polska S.A.	Bid bond, performance bond, repair works and remedying defects guarantee	30 000	PLN	Erbud S.A.; PBDI S.A.
	Total **PLN '000**	**420 000**		
	Total **EUR '000**	**1 000**		

Loan agreements concluded by the companies of the Budlex Group:

No.	Borrower	Lender	Kind of credit	Amount in PLN '000	Interest rate	Maturity date
1	Budlex S.A.	Bank PKO BP SA	Overdraft credit	870	WIBOR 1M+margin	2015-01-24
2	Budlex S.A.	ING Bank Śląski	Revolving credit	12 000	WIBOR 1M+margin	2015-30-06
3	Budlex Glinki A3 sp. z o.o.	mBANK HIPOTECZNY SA	Investment loan	26 000	WIBOR 3M+margin	2015-09-15
4	Budlex Brzoskwiniowa sp. z o.o.	mBANK HIPOTECZNY SA	Investment loan	11 500	WIBOR 6M+margin	2017-01-15
5	Budlex Magnolia sp. z o.o. s.k.	Bank PKO BP SA	Investment loan	13 498	WIBOR 3M+margin	2016-09-30
6	Budlex Winnica L6-7 sp. z o.o. s.k.	mBANK HIPOTECZNY SA	Investment loan	9 109	WIBOR 3M+margin	2018-12-15
7	Budlex Irys sp. z o.o. s.k.	Bank PKO BP SA	Investment loan	15 534	WIBOR 3M+margin	2017-30-04
8	Budlex Glinki A3/3 sp. z o.o.	mBANK HIPOTECZNY SA	Investment loan	5 630	WIBOR 3M+margin	2017-11-11
			TOTAL	94 141		

As at 31.12.2014, the following obligations of the Group due to guarantees have been reported:

Liabilities due to guarantees provided in thousands of PLN

Item	31.12.2014	Company
Performance bonds, repair works and remedying defects guarantees, payment guarantees	370 149	Erbud S.A.
Performance bonds, repair works and remedying defects guarantees	16 351	PBDI S.A.
Performance bonds, repair works and remedying defects guarantees	0	Erbud International Sp. z o.o.
Performance bonds, repair works and remedying defects guarantees	35 053	GWI GmbH
Performance bonds, repair works and remedying defects guarantees	820	Erbud Industry Centrum Sp. z o.o.

Performance bonds, repair works and remedying defects guarantees	1 479	Erbud Industry Sp. z o.o.
Performance bonds, repair works and remedying defects guarantees	345	Erbud Industry Pomorze Sp. z o.o.
Performance bonds, repair works and remedying defects guarantees	752	Energoserv Sp. z o.o.
TOTAL	**424 949**	

Guarantees and borrowings provided by the Issuer to subsidiaries in thousands of PLN

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**

Sureties in the Group Budlex:

Type of liability	**Loan amount in PLN**	**Guarantor**	**Creditor**	**Bank**
Guarantee to the loan amount, incl. interest and other payables to the bank	870 000	Budlex Properties sp. z o.o.	Budlex S.A.	PKO BP S.A.
Bill of exchange guarantee	13 497 762	Budlex S.A.	Budlex Magnolia sp. z o.o. s.k.	PKO BP S.A.
Bill of exchange guarantee	15 534 483	Budlex S.A.	Budlex Irys sp. z o.o. s k.	PKO BP S.A.
Total	29 902 245			

Sureties granted to by Erbud Industry Sp. z o.o. to its subsidiaries:

No.	**Entity to whom the surety has been granted**	**Entity for whom the surety has been granted**	**Value**	**Expiration date**
1	BNP Paribas Bank Polska S.A.	Erbud Industry Pomorze Sp. z o.o.	1 000.00	2016-01-15
2	BNP Paribas Bank Polska S.A.	Energoserv Pomorze Sp. z o.o.	500.00	2016-01-15

Interest rate risk

The Erbud Capital Group 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. This observed variability in the reference rates, current NBP Monetary Council policy as well as prices for guarantees obtained on the interbank market causes that the Group does not see the need to secure the risk.

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 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).

10. Use by the Parent of proceeds from the issue of bonds

On 18 March 2014, the Management Board of the Issuer adopted a resolution resolved to issue 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 sec. 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.

10.1 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.

10.2 Type of bonds issued

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

10.3 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).

10.4 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.

10.5 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.

10.6 Amount and form of security and identification of the entity providing the security

The bonds will be unsecured ones.

10.7 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

Liabilities as at 31 December 2013.

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 279.7m 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 in the form of guarantees provided as at 31 December 2013 were as follows: (i) guarantees to pay liabilities equal to PLN 6,72m; (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 - PLN 194.1m; (ii) Series A bonds in the amount of PLN 50m; (iii) long-term bank loans and borrowings: PLN 14.5m; (iv) short-term bank loans and borrowings: 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 Management Board of Erbud SA 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 process of series "B" Bonds.

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

Use by the Parent of proceeds from the issue of bonds by the subsidiary Budlex SA

On **18 June 2014,** the Issuer's Management Board received information on the issuance of Series A bonds by Budlex SA, a subsidiary of the Issuer, under the following terms:

Value of bonds: PLN 13,000,000.00

Period: 36 months

Interest rate: WIBOR 6M + margin

Coupon payment: every six months

Collaterals: mortgages on real estate belonging to subsidiaries:
1. "Gastronomik" office building;
2. "Wapienna" office building;
3. undeveloped property for the last stage of construction of Paryskie Estate – scheduled completion in 2018;
4. undeveloped property for the last stage of construction of Glinki Estate – scheduled completion in 2018.

Purpose: financing the acquisition of plots for housing development projects.

11. Explanation of differences between the financial result shown in the annual report and previously published forecasts

The Management Board of the Parent company did not publish forecasts or estimates for 2014.

12. Information on the share capital of the Parent, changes in equity and authorities of the Issuer

12.1. Shareholding of the Company, including a description of changes 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 Zlotys) 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 2013 and by the report publication, there were following movements in the equity structure.

According to information held by ERBUD SA, by the date of publication of 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 **22 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 **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 **21 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. (Quercus TFI SA).
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	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%**

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

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

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

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
Bogdan Duerr – Erbud SA procuration holder	ordinary	585
Tomasz Krzywicki – Erbud SA procuration holder	ordinary	700
Włodzimierz Czystowski – Erbud SA procuration holder	ordinary	1 000
Mariola Zielińska – Chief Accountant	ordinary	800
Radosław Kałamaga – Erbud SA procuration holder	ordinary	4 022
Mirosław Młynarski – Erbud SA procuration holder	ordinary	3 526
Piotr Dobosz – Erbud SA procuration holder	ordinary	3 266
Kryspin Jarosz – Erbud SA procuration holder	ordinary	3 244

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 date of preparing the report, the Management Board members and holders of a commercial power of attorney did not have any options on shares of Erbud SA.

12.3. Description of any arrangements, the implementation of which may cause in the future changes in controlling Erbud S.A

No arrangements, which may result in capital movement, took place in 2014. There are no restrictions on the disposal of ownership rights to the shares of the Issuer.

12.4 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 appointed 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 Statute and consisted of the following members:

Name and surname	Position/Function	Term beginning	Term ending
Gerhard Kässmann	President of the Supervisory Board	15.11.2006	15.11.2009
Wojciech Rzepka	Vice-President of the Supervisory Board	15.11.2006	05.12.2008
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	05.12.2008	15.11.2009

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

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

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

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
Albert Dürr	Member of the Supervisory Board	60
Gabriel Główka	Member of the Supervisory Board	60
Józef Olszyński	Vice-Chairman of the Supervisory Board	72
Zofia Dzik	Member of the Supervisory Board	60
Michał Otto	Member of the Supervisory Board	60
Janusz Lewandowski	Member of the Supervisory Board	31
Total	**Supervisory Board of the Issuer**	**433**

**including any contingent or deferred remuneration and benefits in kind granted by the Issuer for any services rendered to the Issuer in 2014 (in "000 PLN)*

12.5. 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. Each member of the Board shall be entitled to terminate the contract at twelve-months' notice.

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

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

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

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

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

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).*

13. 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 Group or Erbud SA.

14. Information on the entity authorised to review and audit the financial statements.

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 will conduct the review of the 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 for 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 amounts to PLN 157,000.00.
The total fee for auditing the annual statements as referred to above, for the year ended 31 December 2014 amounts to PLN 196,000.00.
The total remuneration due to the agreement is PLN 353,000.00.

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

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 Statement of Erbud SA. for the FY 2013 and the Consolidated Report 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.

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

15. Other information that would have a significant impact on operations and profitability of the Erbud Group

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

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 recognize its responsibility for the defective condition of the runway surface, and commissioned independent technical reports indicate that the reasons for damage were independent of 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 addressed to ERBUD SA. 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.

15.3. 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

Management Board Member of the Parent Company

Józef Zubelewicz

Management Board Member of the Parent Company

Warsaw, April 24, 2015