MANAGEMENT BOARD REPORT
ON BUSINESS ACTIVITIES OF THE ERBUD CAPITAL GROUP
FOR THE FIRST QUARTER OF 2016

1. Description of the ERBUD Group's organization and changes in the structure

1.1 Parent Company

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

The core business of the Group activities are broadly understood construction services performed as general contractor and subcontractor in the country and abroad. ERBUD S.A. is the dominant entity in the Group.

1.2 Consolidated entities

As at **31 March 2016** and at the day of publication of the financial statements for the first quarter of 2016 the structure of the Erbud Group was as follows.

The Group consists of the Parent Company Erbud SA with its headquarters in Warsaw and the below listed fully consolidated subsidiaries, with the exception of Erbud Construction Sp. z o.o. that is not consolidated due to the immateriality for the consolidated financial statements.

Company's Name	Registered office	Activity range	Direct Parent's share in the Group	Indirect Parent's share in the Group
Erbud International Sp. z o.o.	Toruń	Civil Construction	100%	
Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A.	Toruń	Budownictwo drogowe	90%	
Erbud Rzeszów Sp. z o.o.	Rzeszów	Civil Construction	79%	
Erbud Construction Sp. z o.o.	Toruń	Civil Construction	100%	
Erbud Industry Group				
Erbud Industry Sp. z o.o.	Toruń	Engineering	100%	
Erbud Industry Centrum Sp. z o.o.	Łódź	Energy services		98.92%
Erbud Industry Pomorze Sp. z o.o.	Gdańsk	Energy services		100%
Erbud Industry Południe Sp. z o.o.	Będzin	Energy services		99.29%
GWI Group				
GWI GmbH	Düsseldorf, Germany	Civil Construction	85%	
PDI Düsseldorf Malmedyerstrasse Ost GmbH	Düsseldorf, Germany	Civil Construction		43.35%
PDI Düsseldorf Malmedyerstrasse West GmbH	Düsseldorf, Germany	Civil Construction		43.35%
GWI Group				
Budlex S.A.	Warszawa	Holding - financing subsidiaries, project management, warranty replacement, accounting services	89.96%	

Jointly controlled entities recognized by equity method - joint ventures

Company's Name	Registered office	Activity range	Direct Parent's share
Projekt P2 SPV Sp. z o.o.	Poznań	Real estate development	50 %

Associated entity not included in the consolidated financial statements due to immateriality*

Company's Name	Registered office	Activity range	Direct Parent's share
Toruńska Sportowa w likwidacji Sp. z o.o.	Toruń	Sports, entertainment and recreation	39 %

* amount of less than 0.5% of total assets

In the first quarter of 2016, as compared to 31 December 2015, there were no changes in the structure of the Group, in which the Issuer is the Parent Company. During this period there were no transformations, business combinations, acquisitions, restructurings or discontinued operations.

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Erbud Rzeszów Sp. z o.o.	Rzeszów	Civil Construction	79%	
Erbud Construction Sp. z o.o.	Toruń	Civil Construction	100%	
Erbud Industry Group				
Erbud Industry Sp. z o.o.	Toruń	Engineering	100%	
Erbud Industry Centrum Sp. z o.o.	Łódź	Energy services		98.66%
Erbud Industry Pomorze Sp. z o.o.	Gdańsk	Energy services		100%
Erbud Industry Południe Sp. z o.o.	Będzin	Energy services		0%
GWI Group				
GWI GmbH	Düsseldorf, Germany	Civil Construction	85%	
PDI Düsseldorf Malmedyerstrasse Ost GmbH	Düsseldorf, Germany	Civil Construction		43.35%
PDI Düsseldorf Malmedyerstrasse West GmbH	Düsseldorf, Germany	Civil Construction		43.35%
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2. Standpoint of the Erbud's Management Board as regards meeting the forecasts published in the prospectus in light of the results presented herewith

The Management Board of Erbud S.A. did not publish any projections or estimates for 2016.

3. Shareholders of the Parent

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

As at 31.03.2016 and at the day of publication of the financial statements for the first quarter of 2016, i.e. 12 May 2016, the list of shareholders holding directly or indirectly through subsidiaries at least 5% of the total number of votes at the General Meeting of the Issuer was as follows:

Shareholders holding over 5 percent of ERBUD SA shares as at 12.05.2016

	12 811
Aggregate number of Erbud shares	859

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	32.41%	4 152 865	32.41%
2	DGI Fundusz Inwestycyjny Zamknięty Aktywów Niepublicznych controllied by Dariusz Grzeszczak	ordinary	2 136 260	16.67%	2 136 260	16.67%
3	ING OFE	ordinary	1 266 900	9.89%	1 266 900	9.89%
4	Aviva OFE Aviva BZ WBK	ordinary	1 183 146	9.23%	1 183 146	9.23%
5	Dariusz Grzeszczak	ordinary	773 900	6.04%	773 900	6.04%
6	Adler Properties Sp. z o. o. controlled by Józef Zubelewicz	ordinary	712 087	5.56%	712 087	5.56%
7	Free Float	ordinary	2 586 701	20.19%	2 586 701	20.19%
	TOTAL		**12 811 859**	**100.00%**	**12 811 859**	**100.00%**

Since the publication of the financial statements for the year 2015, i.e. 21 March 2016, there were no changes in the ownership structure of significant blocks of shares of the Issuer.

3.1. Information on the 2015 dividend

On 28 April 2016, the Annual General Meeting of ERBUD SA in Warsaw adopted by Resolution 5 the distribution of net profit for the financial year 2015 proposed by the Management Board and approved by the Supervisory Board.

According to the above Resolution of the AGM a dividend amounting PLN 15,374,230.80 will be paid to the shareholders

The dividend will be covered by:
a) the whole profit generated in 2015 in the amount of PLN 11,397,120.34 (say: eleven million, three hundred and ninety-seven thousand, one hundred and twenty, point three four Zlotys); and
b) the amount of PLN 3,977,110.46 (say: three million, nine hundred and seventy-seven thousand, one hundred and ten, point four six Zlotys) from the supplementary capital of ERBUD SA

Profit allocated for the payment of dividend amounts PLN 1.20 per each share entitled to participate in the dividend.

A list of shareholders entitled to the dividend for 2015 was set for 17 May 2016, and the dividend payment date for 2 June 2016.

4. Number of Erbud S.A. shares held or rights to them (options) by the managing and supervising staff as at the date of the report release, including changes in ownership in 1Q 2016

As of 12 May 2016, the members of managing and supervising staff held the following number of shares

Shareholders related to ERBUD SA as at 12.01.2016

Aggregate number of shares 12 811 859

No.	Person related	Kind of relationship	Class of shares	Number of shares	% of equity	Number of votes	% of voting rights at the GM
1	Dariusz Grzeszczak	Erbud SA Management Board member	ordinary	773 900	6.04%	773 900	6.04%
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	2 100	0.02%	2 100	0.02%
4	Piotr Augustyniak	Erbud SA procuration holder	ordinary	2 644	0.02%	2 644	0.02%
5	Bogdan Dürr	President of Erbud International Sp. z o. o. / Erbud SA procuration holder	ordinary	7 708	0.06%	7 708	0.06%
6	Tomasz Krzywicki	Erbud SA procuration holder	ordinary	700	0.01%	700	0.01%
7	Agnieszka Głowacka	Erbud SA procuration holder	ordinary	8 300	0.06%	8 300	0.06%
8	Włodzimierz Czystowski	Erbud SA procuration holder	ordinary	6 621	0.05%	6 621	0.05%
9	Mariola Zielińska	Erbud SA Chief Aaccountant	ordinary	6 668	0.05%	6 668	0.05%
10	Radosław Kałamaga	Erbud SA procuration holder	ordinary	12 567	0.10%	12 567	0.10%
11	Waldemar Kozłowski	Erbud SA procuration holder	ordinary	0	0.00%	0	0.00%
12	Maciej Wyrzykowski	Erbud SA procuration holder	ordinary	1 200	0.01%	1 200	0.01%
13	Mirosław Młynarski	Erbud SA procuration holder	ordinary	17 786	0.14%	17 786	0.14%
14	Kryspin Jarosz	Erbud SA procuration holder	ordinary	6 780	0.05%	6 780	0.05%
15	Piotr Dobosz	Erbud SA procuration holder	ordinary	7 714	0.06%	7 714	0.06%
16	Albert Dürr	ERBUD SA Supervisory Board member	ordinary	28 000	0.22%	28 000	0.22%
TOTAL				**1 118 303**	**8.76%**	**1 118 303**	**1 142 188**

On 23 March 2016, the Issuer has been notified of the sale of 700 shares by the Company's procuration holder.
The transaction took place on 03.22.2016.

On 08 April 2016, the Issuer has been notified of the sale of 10.181 shares by a member of the Supervisory Board of Erbud SA. The transactions took place during the period: 30.03.2016 – 07.04.2016.

On 18 April 2016, the Issuer has been notified of the purchase of 3 319 shares by a member of the Supervisory Board of Erbud SA. The transactions took place during the period: 08.04.2016 – 14.04.2016.

5. Information about proceedings pending before a court, authority responsible for arbitration or public administration as at 31 March 2016:

5.1. proceedings concerning payables and receivables of the Issuer or its subsidiary with a value representing at least 10% of the Issuer's equity, incl. specifying the proceeding subject, amount in dispute, date of the proceeding initiation and the issuer's stance.

Plaintiff: Mazowiecki Port Lotniczy Warszawa-Modlin sp. z o.o.
Defendant: ERBUD S.A., Warsaw
Date of submitting a lawsuit by ERBUD S.A.: 23 May 2014
The amount in dispute: PLN 34,381,374.64

State of the case: 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. Damage claimed by MPL includes losses incurred by the plaintiff and gains lost as a result of allegedly improper performance by ERBUD of the agreement No. PLM/K/96/2010 dated 14 September 2010 for construction of the Warsaw-Modlin Aitport and the shutdown of air traffic on the part of the runway.

On 11 October 2014, ERBUD replied to the lawsuit, requesting the dismissal of MPL's action in its entirety and to grant a reimbursement of proceedings costs. Furthermore, regardless of repudiating the plaintiff's claim. ERBUD filed a counterclaim against the MPL making the adjudication of the amount of PLN 19,892,366.30 plus statutory interest. The counterclaim includes repair costs of runway pavement on the Warsaw-Modlin Airport incurred by ERBUD.

On 2 March 2015, Erbud received a pleading in which MPL upheld its request and appealed to dismiss the counterclaim of ERBUD. In response, on 15 May 2015 the lawyers of Weil filed a letter (prepared together with experts from various fields), in which they maintained the standpoint of ERBUD, presented another arguments and responded the evidentiary and procedural issues.

On 3 July 2015, the lawyers of Weil applied to take evidence from information about the results of the audit conducted by the Supreme Audit Office regarding construction of an airport in Modlin, published in the June 2015.

The first hearings were held on 28 October 2015 and 10 February 2016. During the hearing, the first witnesses called by MTL were exanimated. Next examination dates are fixed.

In November and December 2015, parties exchanged next pleadings.

In view of complicated factual situation of the case and extensive evidence filed during the proceedings, including the likelihood of taking a number of evidence from the expert assessments, the first-instance sentence will probably be issued not earlier than after approx. three years after submitting the lawsuit by MPL.

We also stick to the assessment presented in the earlier memoranda, according to which the risk of awarding claims for the MPL is less than the chance of dismissal of the action. But even if the Court found the MPL's claim to be justified. The amount of compensation awarded would be significantly lower than the amount requested in the lawsuit by the MPL, because Erbud is able to challenge almost every element of damage reported by MPL.

Plaintiff: ERBUD S.A. seated in Warsaw (Warszawa Branch)
Defendant: DSH – Dopravni Stavby. a.s., Brno. Czech Republic
Date of filing a lawsuit: 14 February 2013
The amount in dispute: PLN 26,923,644.16

State of the case: As a result of the filed lawsuit for the payment, the District Court in Warsaw, XX Commercial Department, gave the file number to this suit. By decision of 30 April 2013, the court called ERBUD to make a prepayment to cover the costs of translation of documents. At the moment, in view of costs suffered by ERBUD due to substitute execution of repair works, it is being prepared a pleading extending the claim by PLN 19,451,174. By letter dated 27 April 2014 and delivered on 1 July 2014, the defendant made a counterclaim for PLN 5,651,633.The hearing took place on 6 November 2015. Both parties asked for the abolition of the hearing in order to continue voluntary arrangements. No hearing date has been set.

Plaintiff: ERBUD S.A., Warsaw
Defendant: Bank Millennium S.A., Warsaw
Date of filing a lawsuit: 22 December 2010
The amount in dispute: PLN 71,065,496

State of the case: 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. According to the Company the product was not optimally suited to the needs ERBUD SA. In the fourth quarter of 2008, as a result of the drastic depreciation of the Polish zloty against euro, the Bank Millennium S.A. reported to the Issuer a negative valuation of its exposure.
At the same time, there arose a dispute as to content of the currency options transactions, primarily concerning exclusion of optional structures. During many talks, the Issuer presented its position to the Bank, which 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.

5.2 Two or more proceedings concerning payables and receivables with a total value respectively representing 10% of the Issuer's equity, incl. specifying the aggregate value of proceedings, separately for payables and receivables and the Issuer's stance; the largest proceedings concerning payables and receivables, incl. specifying the proceeding subject, amount in dispute, date of the proceeding initiation and the parties to the proceedings.

Total value of other proceedings in which Erbud SA is the plaintiff: PLN 30,502,074

a)
Plaintiff: ERBUD S.A. seated in Warsaw (Wrocław Branch)
Defendant: Kępska S.A., Warsaw
Date of submitting a lawsuit by ERBUD S.A.: 22 April 2014
The amount in dispute: PLN 9,877,132

State of the case: ERBUD SA claims the payment for executed works from Kępska SA. By lawsuit of 22 April 2014, the plaintiff applied for awarding the amount of PLN 8,187,631.31 from Kępska SA.

In the suit Erbud SA also requested to secure further sum of PLN 1,414,500 by freezing debts on bank accounts, to which the defendant is entitled, and creating a forced mortgage on the real property located in Opole at 8 Kępska St. By decision of 12 August 2014, the District Court secured the claim amounting PLN 1,414,500 as requested by the plaintiff. The decision dated 4 September 2014, including an enforcement order was delivered to the plaintiff on 19 September 2014.

The plaintiff submitted to the District Court in Opole, VI Department of Land Registry, an application for registration of the forced mortgage of PLN 1,414,500 on the basis of the aforementioned Court order. By decision of 15 December 2014, the District Court in Opole dismissed the plaintiff's request for registering the forced mortgage. In support of its ruling, the Court pointed out that the examination of the land register KW No. OP10/00085900/3 disclosed that the real estate entered into this register is in perpetual use of EMIR 75 sp. z o.o. seated in Warsaw, and not of Kępska SA. On 27 January 2015, the plaintiff applied for making enforceable against EMIR 75 sp. z o.o. the freezing order on claims for the establishment of forced mortgage. By decision of 30 January 2015, the District Court in Opole issued declaration of enforceability against EMIR 75 sp. z o.o. On 5 February 2015, ERBUD SA filed an application for registration of the mortgage into the land register. On 29 May 2015, the mortgage was entered in the land register. On 29 June 2015 (date of receipt by the Court was 1 July 2015), Kępska SA appealed to the Court of Appeal in Wrocław the sentence of the District Court in Opole for granting an enforcement declaration against EMIR 75 Sp. z o.o. By decision of 10 July 2015, the Appeal Court in Wroclaw changed the decision appealed and dismissed the application (it is a basis to delete the mortgage amounting PLN 1,414,500). There is no further right of appeal against the sentence.

In response to the claim of 10 September 2014, Kępska SA applied for dismissal in its entirety and raised an objection to the off-set of mutual claims of the plaintiff and defendant due to improper performance of obligations by ERBUD SA under the contract for general contracting.
On 30 November 2015 ERBUD SA, expanded the action by PLN 1,689,500, what is the amount due to ERBUD SA as contractual penalty for withdrawing from the contract for reasons attributable to the Kępska SA
From September 2015 to February 2016, there were hearings of witnesses of Parties. We are waiting for the court decision on the appointment of an expert. The next hearing will be held after the issue of the expert's report which is expected in June 2016.

b)
Plaintiff: ERBUD S.A. seated in Warszawa (Warsaw Branch)
Defendant: Akademia Muzyczna in Łódź
Date of filing a lawsuit: 20 December 2013
The amount in dispute: PLN 2,050,515

State of the case: On 20 December 2013, ERBUD SA filed a claim for payment of PLN 1,895,430 as remuneration for construction works carried out by the plaintiff to the defendant under contract No. 694/U/AML/2012 of 20 December 2012, in accordance with the VAT invoice No. 519/13/W of 30 July 2013, issued by the plaintiff to the defendant. and payment of PLN 74,934.40 due to statutory interest on the amount of remuneration accrued from day on which the amount became due and payable (i.e. from 29 August 2013) till the date of filing a lawsuit (i.e. 20 December 2013), and PLN 80,150.37 as compensation for improper performance of Agreement No. 209/U/AMŁ/11 of 15 September 2011 by the Academy. ERBUD thereupon suffered injury in the form of increased site maintenance costs for a period longer than predicted in the above-mentioned agreement, i.e. from 01.06.2013 to 07.15.2013.

The defendant Academy of Music responded to the suit dated 23 January 2014 requesting the dismissal of the action in its entirety and raised the procedural objection to deduction of penalties.

The plaintiff filed pleadings dated 31.03.2014 and 22.05.2014, and the defendant pleadings of 04.04.2014 and 30.06.2014. Two hearings were held so far: on 29.08.2014 (one ERBUD's witness has been examined) and on 07.11.2014, where there case has been postponed due to the planned bringing by the defendant a counterclaim for payment of the remainder of contractual penalties. A hearing was held on 04.06.2015 and adjourned.

By decision dated 05.11.2015, the Court combined this case with the case No. I C 1944/14 and then set the date of the hearing for 11.03.2016. The hearing has been adjourned to 08.08.2016.

Plaintiff: Erbud S.A.
Defendant: Międzyzdrojski Rynek Sp. z o.o.
The amount in dispute: PLN 3,699,578

State of the case: The District Court of first instance in Szczecin; an expert appointed by the court prepared an opinion.
Erbud SA claimed the payment of debts arising from invoices (accepted by the defendant). The building constructed by Erbud SA was finally inspected and accepted in written form. The Parties tried to reach an agreement, the defendant expressed willingness to pay, but extending payments for ERBUD over time, made it necessary to apply to a court.
Currently, the defendant seeks a reduction in remuneration due to numerous significant defects in workmanship.

On 25.01.2016 the sentence was announced under which PLN 3,212,456.39 add interest was awarded to Erbud. The judgment is not legally binding; the court delivered a justification to the parties. The defendant filed an appeal; Erbud is waiting for its delivery.

The total value of other proceedings in which Erbud SA is the defendant: PLN 11,826,092.46.

Plaintiff: Akademia Muzyczna in Łódź
Defendant: ERBUD S.A. seated in Warsaw (Warsaw Branch)
Date of filing a lawsuit: 16 December 2014 (delivered to ERBUD SA on 27.03.2015)
The amount in dispute: PLN 4,135,790.96

State of affairs: Akademia Muzyczna applied for payment of contractual penalties due to Erbud's delay in meeting the deadline for completion of works. In response to a lawsuit the defendant appealed to dismiss the above claim in its entirety due to the lack of clause on accountability for exceeding the deadline. The plaintiff applied for hearing this case together with the case filed by ERBUD SA against Akademia Muzyczna, which is pending before the District Court in Łódź under ref. Act I C 2090/13. On 25.06.2015, the proceeding was suspended for three months.

By decision dated 05.11.2015, the Court combined this case with the case No. C 2090/13 and then set the date of the hearing for 11.03.2016. The hearing has been adjourned to 08.08.2016.

Both in cases where the Issuer is a plaintiff (regarding receivables) and in cases where the Issuer is a defendant (regarding payables) the standpoint of the Issuer and the Issuer's legal advisors shows that cases will be resolved in favour of the Issuer.

6. Information about one or more transactions concluded by the Issuer or its subsidiary with related parties, if either individually or together they are significant and were concluded on non-market terms.

During the first quarter of 2016 years and until the date of the report release, both the Issuer and its subsidiaries did not enter into any transactions other than were of a routine nature. All transactions are concluded at arm's length principle.

7. Information about loan sureties or guarantees provided by the Issuer or its subsidiaries during the 1Q 2016

Sureties, guarantees and loans granted by the Issuer are summarized below:

7.1 Sureties

No.	Granting date	Guarantor	Debtor	Value in PLN '000	Subject	For	Expiry date	Type and conditions
1	2009-09-28	Erbud S.A.	GWI GmbH – 85% owned subsidiary	12 805	Overdraft EUR 1,000,000 + guarantee line EUR 2,000,000	KBC	2016-12-31	Civil law surety. The Guarantor charges a fee for the surety of 1% of the surety value per year.
2	2011-05-25	Erbud S.A.	GWI GmbH – 85% owned subsidiary	8 537	Overdraft	Commerz-Bank	2016-07-01	Guarantee provided by BRE at request of Erbud S.A; Erbud orders the company to pay fees charged by the Guarantor.
3	2012-05-30	Erbud S.A.	GWI GmbH – 85% owned subsidiary; Erbud International – Sp. z o.o. – 100% owned subsidiary	32 013	Insurance guarantee line	Euler Hermes	2016-12-31	Civil law surety. The guarantor charges a fee for the surety of 1% of the surety value.
4	2012-04-27	Erbud S.A.	GWI GmbH – 85% owned subsidiary	14 939	Insurance guarantee line	Zurich	indefinitely	Civil law surety. The guarantor charges a fee for the surety of 1% of the surety value.
5	2015-05-11	Erbud S.A	Erbud Industry Sp. z o.o. – 100% owned subsidiary	4 000	Credit line	BGŻ BNP Pariba Bank	2023-04-30	Civil law surety. The guarantor charges a fee for the surety of 1% of the surety value.
6	2014-09-17	Erbud S.A	Erbud Industry Sp. z o.o. – 100% owned subsidiary	5 300	Investment loan	BGŻ BNP Pariba Bank	2022-09-17	Civil law surety. The guarantor charges a fee for the surety of 1% of the surety

								value.
7	2015-11-19	Erbud S.A	Erbud Industry Sp. z o.o. – 100% owned subsidiary	35 000	Multi-purpose credit line	BGŻ BNP Pariba Bank	2027-09-17	Civil law surety. The guarantor charges a fee for the surety of 1% of the surety value.
8	2014-10-13	Erbud S.A	Erbud Industry Centrum Sp. z o.o. - subsidiary owned 98.66% by Erbud Industry Sp. z o.o.	9 300	Investment loan	Credit Agricole	2020-08-28	Civil law surety. The guarantor charges a fee for the surety of 1% of the surety value.
9	2015-03-03	Erbud S.A	Erbud Industry Sp. z o.o. – 100% owned subsidiary	5 000	Credit line	mBank S.A.	2018-12-31	Civil law surety. The guarantor charges a fee for the surety of 1% of the surety value.
10	2014-10-31	PBDI S.A. - subsidiary 94.27% owned by Erbud SA.; Erbud International Sp. z o.o. - subsidiary 100% owned by Erbud SA	ERBUD S.A.	50 000	Multi-purpose line of credit and guarantee	PKO BP S.A.	**2017-06-30**	Civil law surety. The guarantor charges a fee for the surety of 1% of the surety value.

Sureties granted within the Budlex Group:

No.	Debtor	Value in PLN '000	Expiry date	Conditions	Relationship	Guarantor
1	Budlex Irys sp.z o.o. s.k.	15 534	2017-03-04	0.2% of the monthly balance of the loan used	subsidiary owned 100% by Budlex S.A.	Budlex S.A.
2	Budlex Sadowa sp. z o.o. s.k.	11 895	2017-12-31	0.2% of the monthly balance of the loan used	subsidiary owned 100% by Budlex S.A.	Budlex S.A.
3	Budlex Winnica 11 sp. z o.o. s.k.	10 005	2017-09-29	0.2% of the monthly balance of the loan used	subsidiary owned 100% by Budlex S.A.	Budlex S.A.
4	Budlex Winnica 11 sp. z o.o. s.k.	500	2017-09-29	0.2% of the monthly balance of the loan used	subsidiary owned 100% by Budlex S.A.	Budlex S.A.

Wykaz poręczeń w Grupie Erbud Industry:

No.	Debtor	Value in PLN '000	Expiry date	Conditions	Relationship	Guarantor
1	Erbud Industry Pomorze	2 000	2028-01-16	1% p.a.	subsidiary owned 100% by Erbud Industry Sp. z o.o.	Erbud Industry Sp. z o.o.

7.2 Loans and borrowings

No.	Guarantor	Debtor	Amount in PLN '000	Agreement concluded on	Interest rate	Repayment date
1	Erbud S.A	Budlex S.A.	6 700	2015-04-20	WIBOR 3M+ 3.8%	2017-07-31

Loans granted within the Budlex Group

No.	Guarantor	Debtor	Amount in PLN '000	Agreement concluded on	Interest rate	Repayment date
1	Erbud S.A	Budlex S.A.	6 700	2015-04-20	WIBOR 3M+ 3.8%	2017-07-31

2	Budlex S.A.	Residential Lease sp. zo.o.	1 030	2016-04-01	WIBOR 3M+ 2.8%	2017-12-31
3	Budlex S.A.	Residential Lease sp. zo.o.	30	2016-01-14	WIBOR 3M+ 2.8%	2017-12-31
4	Budlex S.A.	Budlex Winnica 9 sp. z o.o. s.k.	900	2016-01-29	WIBOR 3M+ 2.8%	2017-12-31
5	Budlex S.A.	Residential Lease sp. z o.o.	40	2016-01-29	WIBOR 3M+ 2.8%	2017-12-31
6	Budlex S.A.	Residential Capitol sp. z o.o.	220	2016-02-01	WIBOR 3M+ 2.8%	2017-12-31
7	Budlex S.A.	Residential Properties Holding sp. z o.o.	563	2016-02-22	2.0%	2017-12-31
8	Budlex S.A.	Residential Capitol sp. z o.o.	40	2016-02-16	WIBOR 3M+ 2.8%	2017-12-31
9	Budlex S.A.	Budlex Pestalozziego 4 sp. zo.o.	60	2016-03-23	WIBOR 3M+ 2.8%	2017-12-31
10	Budlex S.A.	Budlex Pestalozziego 3 sp. zo.o.	30	2016-03-31	WIBOR 3M+ 2.8%	2017-12-31
11	Budlex S.A.	Budlex Winnica 9 sp. z o.o. s.k.	50	2016-03-31	WIBOR 3M+ 2.8%	2017-12-31

Off-balance sheet liabilities of the Issuer in the form of financial guarantees (Bank and Insurance guarantees):

Liabilities arising from guarantees in thousands of PLN:

Type of liability	**31.03.2016**	**31.12.2015**	**Entity**
Performance bond; defects liability bond; repayment of advances guarantee	315.317	339 547	Erbud S.A.
Performance bond; defects liability bond	9 721	22 481	PBDI S.A.
Performance bond; defects liability bond	0	0	Erbud International Sp. z o.o.
Performance bond; defects liability bond	48 802	48 402	GWI GmbH
Performance bond; defects liability bond	0	2 071	Erbud Industry Centrum Sp. z o.o.
Performance bond; defects liability bond	8 611	2 065	Erbud Industry Sp. z o.o.
Performance bond; defects liability bond	1 449	864	Erbud Industry Pomorze Sp. z o.o.
Performance bond; defects liability bond	1 078	0	Erbud Industry Południe Sp. z o.o
TOTAL	**384 978**	**415 430**	

8. Key events occurred in 1Q 2016 and the significant events after 31.03.2015

During the reporting period there were no extraordinary events that would have an impact on the financial position of the Issuer.

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

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

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

Unit	**Amount in PLN '000**	**Amount in EUR '000**	**CU**	**Interest rate**	**Expiry date**	**Bank**
Erbud SA	20 000		PLN	WIBOR 3M + 2.6%	30.06.2017	PKO BP
Erbud SA; Budlex S.A.; PBDI S.A.; Erbud Industry Centrum Sp. z o.o.	34 000		PLN	WIBOR 1M + 2.0%	31.12.2016	ING S.A.
Erbud SA	10 000		PLN	WIBOR 1M + 1.8%	31.12.2016	mBank S.A.
Erbud SA	3 000		PLN	WIBOR 1M + 2.0%	02.11.2016	BNP Paribas Bank S.A.
Erbud SA	10 000		PLN	WIBOR 3M + 1.6%	04.09.2016	Alior bank

Erbud SA	5 000		PLN	Wibor 1M + 1.5%	20.11.2016	BZ WBK S.A. (KB)
PBDI	5 000		PLN	WIBOR 1M + 1.5%	26.10.2016	BGŻ BNP Paribas Bank Polska
PBDI	5 000		PLN	WIBOR 3M + 1.6%	10.05.2016	Alior Bank SA
PBDI	10 000		PLN	WIBOR 1M + 1.3%	31.05.2016	Reiffeisen Bank Polska
Erbud Południe	1 500		PLN	O/N WIBOR + 0.9%	28.07.2016	Credit Agricole
Erbud Industry	4 000		PLN	WIBOR 1M + 1.9%	30.04.2020	BGŻ BNP Paribas SA
Erbud Industry	5 000		PLN	WIBOR O/N + 1.3%	31.12.2016	mBank
Erbud Industry	5 300		PLN	Wibor 1M + 1.90%	17.09.2019	BGŻ BNP Paribas SA
Erbud Industry	35 000		PLN	Wibor 1M + 1.40%	17.09.2024	BGŻ BNP Paribas SA
Erbud Industry Centrum Sp. z o.o.	9 383		PLN	Wibor3M + 1.7%	28.02.2020	CREDIT AGRICOLE
GWI	8 523	2 000	EUR	EONIA + 2.5%	Overdraft credit	KBC Bank
GWI	8 523	2 000	EUR	4.39%	31.05.2016	Comerzbank
TOTAL	**174 229**	**4 000**				

Moreover, the following bonds and guarantees may be granted by the banks and insurance companies to the Group:

Guarantor	**Type of liability**	**Amount in '000**	**Currency**	**Borrower**
Alior Bank S.A.	Bid bond; performance bond; defects liability bond; repayment of advances guarantee; counter- guarantee	96 000	PLN	Erbud S.A.
Credit Agricole Bank Polska S.A.	Bid bond; performance bond; defects liability bond; repayment of advances guarantee; counter- guarantee	30 000	PLN	Erbud S.A.; Erbud Industry Centrum; Erbud Industry Pomorze Sp. Z o.o.; Erbud Industry Południe Sp. z o.o.; Erbud Industry Sp. z o.o.
BNP Paribas Bank Polska S.A.	Bid bond; performance bond; defects liability bond; repayment of advances guarantee; counter- guarantee	81 000	PLN	Erbud S.A.
mBank S.A.	Bid bond; performance bond; defects liability bond	80 000	PLN	Erbud S.A.
PKO BP	Bid bond; performance bond; defects liability bond	30 000	PLN	Erbud S.A.
BZ WBK S.A.	Bid bond; performance bond; defects liability bond	45 000	PLN	Erbud S.A.
ING Bank Śląski S.A.	Bid bond; performance bond; defects liability bond	88 000	PLN	Erbud S.A.; PBDI S.A.; Erbud Industry Centrum Sp. z o.o.
HSBC Bank Polska S.A.	Bid bond; performance bond; defects liability bond	30 000	PLN	Erbud S.A
BNP Paribas Bank Polska S.A.	Bid bond; performance bond; defects liability bond; repayment of advances guarantee; counter- guarantee	8 000 (incl. overdraft of 5 000)	PLN	PBDI S.A.
Alior Bank S.A.	Bid bond; performance bond; defects liability bond; repayment of advances guarantee; counter- guarantee	8 000 (incl. overdraft of 5 000)	PLN	PBDI S.A.
Raiffeisen Bank Polska S.A.	Bid bond; performance bond; defects liability bond	25 000 (incl. overdraft of 10 000)	PLN	PBDI S.A.
KBC Bank	Bid bond; performance bond; defects liability bond; payment guarantee	1 000	EUR	GWI GmbH

BNP Paribas Bank Polska S.A.	Bid bond; performance bond; defects liability bond; repayment of advances guarantee; counter- guarantee	1 000	PLN	Erbud Industry Sp. z o.o.
mBank S.A.	Bid bond; performance bond; defects liability bond	5 000	PLN	Erbud Industry Sp. z o.o.

Guarantor	**Type of liability**	**Amount in '000**	**Currency**	**Borrower**
STU Ergo Hestia	Bid bond; performance bond; defects liability bond; repayment of advances	175 000	PLN	Erbud S.A
PZU S.A.	Bid bond; performance bond; defects liability bond; repayment of advances	70 000	PLN	Erbud S.A
Allianz	Bid bond; performance bond; defects liability bond; repayment of advances	30 000	PLN	Erbud S.A.
Warta S.A.	Bid bond; performance bond; defects liability bond; repayment of advances	20 000	PLN	Erbud S.A
KUKE	Bid bond; performance bond; defects liability bond; repayment of advances	20 000	PLN	Erbud S.A.
Interrisk S.A.	Bid bond; performance bond; defects liability bond; repayment of advances	10 000	PLN	Erbud S.A; Erbud Industry Sp. z o.o.
HERMES	Bid bond; performance bond; defects liability bond; repayment of advances	10 000	PLN	Erbud S.A.
HERMES	Bid bond; performance bond; defects liability bond	7 500	EUR	GWI GmbH; Erbud S.A. Erbud International
ZURICH	Bid bond; performance bond; defects liability bond	3 500	EUR	GWI GmbH
AXA	Bid bond; performance bond; defects liability bond	1 000	EUR	GWI GmbH
Bayerischer Versicherungsverband	Bid bond; performance bond; defects liability bond	1 500	EUR	GWI GmbH
STU Ergo Hestia	Bid bond; performance bond; defects liability bond	15 000	PLN	PBDI S.A.
Warta S.A.	Bid bond; performance bond; defects liability bond	14 000	PLN	PBDI S.A.
PZU S.A.	Bid bond; performance bond; defects liability bond	8 400	PLN	PBDI S.A.
Allianz S.A.	Bid bond; performance bond; defects liability bond	10 000	PLN	PBDI S.A.
STU Ergo Hestia	Bid bond; performance bond; defects liability bond	1 500	PLN	Erbud Industry Pomorze Sp. z o.o.
STU Ergo Hestia	Bid bond; performance bond; defects liability bond	4 000	PLN	Erbud Industry Centrum Sp. z o.o.
STU Ergo Hestia	Bid bond; performance bond; defects liability bond	10 000	PLN	Erbud Industry Sp. z o.o.
Inter Risk	Bid bond; performance bond; defects liability bond	10 000	PLN	Erbud Industry Sp. z o.o.
	Total **PLN '000**	407 900	PLN	
	Total **EUR '000**	13 500	EUR	

9.1.2 Loan agreements signed by the companies of the Budlex Group

No.	**Borrower**	**Bank name**	**Kind of credit**	**Amount in PLN '000**	**Interest rate**	**Expiry date**
1	Budlex Irys sp. z o.o. s.k.	Bank PKO BP SA	Investment loan	15 534	WIBOR 3M+margin	2017-30-04
2	Budlex Sadowa sp. z o.o. s.k.	Bank PKO BP SA	Investment loan	11 895	WIBOR 3M+margin	2017-12-31
3	Budlex Winnica 7 sp. z o.o.s.k.	mBANK HIPOTECZNY SA	Investment loan	22 552	WIBOR 3M+margin	2019-09-20
4	Budlex Winnica 9 sp. z o.o. s.k.	mBANK HIPOTECZNY SA	Investment loan	17 460	WIBOR 3M+margin	2019-09-20
5	Budlex Winnica 11 sp. z o.o. s.k.	SGB-Bank S.A., Piastowski Bank Spółdzielczy w Janikowie, Bank Spółdzielczy w Koronowie	Investment loan	10 005	WIBOR 3M+margin	2017-09-29

6	Budlex Winnica 11 sp. z o.o. s.k.	SGB-Bank S.A.	Revolving credit	500	WIBOR 3M+margin	2017-09-29

9.2. Significant financial agreements

In the first quarter of 2016, companies of the Erbud Group did not enter into any significant financial agreements.

9.3. Relevant information about subsidiaries

9.3.1. General information

None.

9.3.2 Information on transactions with related parties within the Issuer's Group

By 12 May 2016 and the report release date, the Issuer and its subsidiaries did not conclude any transactions with its related parties on conditions other than at arm's length principle.

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

9.4.1 Modlin - State of affairs - General information about the contract and its completion

The contract for the construction of the Warsaw-Modlin Airport was signed on September 14, 2010. The total value of works amounted to about PLN 87 million net. Under the contract, ERBUD SA ("General Contractor") was obliged, inter alia, to upgrade the runway. The Employer established Bud-Invent Sp. z o.o. as the Project Management Company.
The runway with a length of about 2500 meters consists of two thresholds made of concrete cement, each with a length of about 540 meters and a part made of bituminous concrete with a length of 1,421 meters. The net value of the concrete thresholds constructed is about PLN 10m.

DSH – Dospravni stavby a.s., a subsidiary of the construction group Metrostav, was a subcontractor responsible for the construction of the concrete pavement of runway thresholds. The company specializes in such kind of works. The Employer has been informed of the choice of the subcontractor and did not oppose (January 2011).

DSH contracted a number of works with:
- Instytut Inżynierii Lądowej Politechniki Wrocławskiej [Institute of Civil Engineering, Wrocław University of Technology]: the development of the mix design (concrete mixture components) for the construction of runway thresholds. Developed formulas were in accordance with Polish Standards;
- CEMEX and LAFARGE – two worldwide known suppliers of aggregate: the supply of aggregate for concrete used to complete the runway thresholds.
The suppliers provided declarations of conformity stating that their products for manufacturing the concrete have complied with the Polish standards indicated in the mix design.

On 10 June 2011, DSH submitted the mix design to the Employer. The Employer approved the mix design on 20 June 2011. The runway was carried out by DSH over the period of June - November 2011, according to the mix design prepared by the Instytut Inżynierii Lądowej Politechniki Wrocławskiej. The company used aggregate supplied by CEMEX and Lafarge. All design solutions, concrete mix formulas, certificates of compliance and land surveying were supervised by the staff of the General Contractor and the Employer, and the works were executed under direct supervision of Client's Engineer.

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

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

- regular technical inspections of the airport pavement,
- continuous monitoring of the civil structure.

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

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

The Customer has a contract with WizzAir, but it does not contain any provisions which oblige the Customer to receive the damage. WizzAir cannot demand damage money from the airport (there is no legal basis). 3-4 days before the airport has been closed, WizzAir informed the Employer that it changes the operating airport due to lack of the ILS-System in Modlin.
In January and February 2013, the Employer and the General Contractor held a number of meetings, as a result of which the General Contractor presented on 20 February 2013 a Framework Schedule for runway works. The schedule has been approved by the Employer.

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

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

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

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

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

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

9.5. The Issuer's Supervisory Board

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	Chairman of the Supervisory Board	15.11.2006	15.11.2009
Wojciech Rzepka	Vice-Chairman 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 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.

On 29 May 2015, the General Meeting of Shareholders of Erbud SA appointed by resolutions Nos 15/2015 - 21/2015 the Supervisory Board of Erbud SA consisting of seven members:

Full name	Post/Function	Term beginning	Term ending
Udo Berner	Chairman of the Supervisory Board	29.05.2015	28.05.2018
Józef Olszyński	Vice-Chairman of the Supervisory Board	29.05.2015	28.05.2018
Albert Dürr	Member of the Supervisory Board	29.05.2015	28.05.2018
Gabriel Główka	Member of the Supervisory Board	29.05.2015	28.05.2018
Zofia Dzik	Member of the Supervisory Board	29.05.2015	28.05.2018
Michał Otto	Member of the Supervisory Board	29.05.2015	28.05.2018
Janusz Lewandowski	Member of the Supervisory Board	29.05.2015	28.05.2018

On 30 March 2016 the Management Board received a Resignation Notice from Mr Józef Olszyński. Mr. Józef Olszyński resigned his membership in the Supervisory Board and as Vice Chairman of the Supervisory Board of the Company with effective from 28 April 2016.

28 April 2016 the AGM of Shareholders appointed by the Resolution No. 17 a new member of the Supervisory Board of Erbud SA in the person of Mr. Janusz Reiter.

Education and professional experience of Mr Janusz Reiter:

1. Education and graduate degree:
   - MA in German Philology, 1976

2. Professional experience:
   - 1977-1981 „Życie Warszawy" (newspaper);
   - 1984-1990 „Przegląd Katolicki" (weekly);
   - 1990-1995 Ambassador of the Republic of Poland to Germany;
   - 1996-2005 Founder and president of the Centre for International Relations;
   - 2005-2007 Ambassador of the Republic of Poland to the USA ;
   - since 2008 Independent consultant.

3. Knowledge of foreign languages: German, English.

   Book and press publications:
   - „Ways to Europe" (Drogi do Europy) , many publications in polish and international press.

4. Other former functions and positions:
   - 1997-2005 Member of the Scientific Council of Institute for Advance Study /Wissenschaftskolleg/ in Berlin;
   - 2008-2010 Special envoy of the Polish government on climate change;

- Member of numerous supervisory and advisory boards, eg. BPH-PBK , Hypovereinsbank;
- Fellow at the Woodrow Wilson Center for International Scholars;
- Fellow at Bosch foundation.

5. Awards and prizes:
   - Order of Merit with Star and Ribbon of the Federal Republic of Germany;
   - Viadrina University Award ;
   - Honorary degree of the College of the Atlantic in the USA;
   - Merit for Environmental Protection Medal.

The issuer has the statement by Mr Janusz Reiter that he is not listed in the Register of Insolvent Debtors.

Mr Janusz Reiter meets the criteria for independence of a Supervisory Board member as specified by the European Commission in Annex II to the Committee Recommendation of 15 February Commission Recommendation on the role of non-executive or supervisory directors of listed companies and on the committees of the (supervisory) board (Official Journal of the European Union 2005.52.51) and additional requirements indicated in the "2016 Code of Best Practice for WSE Listed Companies";

In the opinion of the Issuer, Mr. Janusz Reiter does not run any business that is competitive to the activities carried out in the Issuer's company.

Mr. Janusz Reiter does not participate in any competitive company as a partner in a civil partnership or as a member of the company's body and does not participate in any other competitive legal person as a member of its body.

As at 31 March 2016, the Supervisory Board of Erbud SA was composed of:

Name and surname	**Post/Function**	**Term beginning**	**Term ending**
Udo Berner	Chairman of the Supervisory Board	29.05.2015	28.05.2018
Józef Olszyński	Vice-Chairman of the Supervisory Board	29.05.2015	28.05.2018
Albert Dürr	Member of the Supervisory Board	29.05.2015	28.05.2018
Gabriel Główka	Member of the Supervisory Board	29.05.2015	28.05.2018
Zofia Dzik	Member of the Supervisory Board	29.05.2015	28.05.2018
Michał Otto	Member of the Supervisory Board	29.05.2015	28.05.2018
Janusz Lewandowski	Member of the Supervisory Board	29.05.2015	28.05.2018

As at 12 May 2016, the composition of the Supervisory Board of Erbud SA is as follows:

Name and surname	**Post/Function**	**Term beginning**	**Term ending**
Udo Berner	Chairman of the Supervisory Board	29.05.2015	28.05.2018
Józef Olszyński	Vice-Chairman of the Supervisory Board	29.05.2015	28.05.2018
Albert Dürr	Member of the Supervisory Board	29.05.2015	28.05.2018
Gabriel Główka	Member of the Supervisory Board	29.05.2015	28.05.2018
Zofia Dzik	Member of the Supervisory Board	29.05.2015	28.05.2018
Michał Otto	Member of the Supervisory Board	29.05.2015	28.05.2018
Janusz Lewandowski	Member of the Supervisory Board	29.05.2015	28.05.2018

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

9.6 The Issuer's Management Board

On 29 May 2015, the Supervisory Board of Erbud SA appointed by secret ballot the Management Board of Erbud SA for a joint three-year term in the following composition:

Full name	Post/Function	Term beginning	Term ending
Dariusz Grzeszczak	Management Board Member	29.05.2015	28.05.2018
Józef Adam Zubelewicz	Management Board Member	29.05.2015	28.05.2018

On 16 June 2015, the Supervisory Board of Erbud SA appointed in a secret ballot Mr. Paweł Smoleń as a new member of the Management Board of Erbud SA. Mr. Oaweł Smoleń serves as a Member of the Management Board since 1 September 2015. Mr Smoleń's term of office expires on 28 May 2018.

As at the date of preparation of financial statements and the report release date, the composition of the Supervisory Board of Erbud SA is as follows:

Full name	Post/Function	Term beginning	Term ending
Dariusz Grzeszczak	Management Board Member	29.05.2015	28.05.2018
Józef Adam Zubelewicz	Management Board Member	29.05.2015	28.05.2018
Paweł Smoleń	Management Board Member	01.09.2015	28.05.2018

Signatures of Board Members

Dariusz Grzeszczak	Józef Zubelewicz	Paweł Smoleń
/ Management Board Member /	*/ Management Board Member /*	*/ Management Board Member /*

Warsaw, May 12, 2016