SUPERVISORY BOARD
OF ERBUD SA

ERBUD SA SUPERVISORY BOARD REPORT
FROM THE ASSESSMENT OF:

- **SEPARATE FINANCIAL STATEMENTS OF ERBUD SA AND CONSOLIDATED FINANCIAL STATEMENTS OF THE ERBUD CAPITAL GROUP FOR THE YEAR ENDED 31 DECEMBER 2015**

- **MANAGEMENT BOARD REPORT ON OPERATIONS OF ERBUD SA IN 2015 AND MANAGEMENT BOARD REPORT ON OPERATIONS OF THE ERBUD CAPITAL GROUP IN 2015**

- **PROPOSAL BY THE MANAGEMENT BOARD ON DISTRIBUTION OF NET PROFIT OF ERBUD SA FOR THE YEAR ENDED 31 DECEMBER 2015**

Warsaw, March 25, 2016

This document constitutes a report of the Supervisory Board of ERBUD SA on:

1) the assessment of Separate Financial Statements of ERBUD SA for the year ended 31 December 2015;
2) the assessment of Consolidated Financial Statements of the ERBUD Capital Group for the year ended 31 December 2015;
3) the assessment of the Management Board Report on operations of ERBUD SA in 2015;
4) the assessment of the Management Board Report on operations of the ERBUD Capital Group in 2015;
5) the assessment of the Management Board's proposal on distribution of the profit.

I. Assessment of Financial Statements of ERBUD SA for the year ended 31 December 2015 and the Management Board Report on ERBUD SA operations in 2015.

Pursuant to Article 382 § 3 of the Commercial Company Code, the special duties of the Supervisory Board include assessment of the management board report on the company's activity and the financial statements for the previous financial year in terms of their compliance with the ledgers, documents and the factual status, and of the Management Board's proposal on distribution of profit, and submitting to the General Meeting of Shareholders an annual written report on the above assessment.

The Supervisory Board of Erbud SA, acting pursuant to the Company's Articles of Association and in connection with Chapter 11 section 2 point 4 of the Regulations of the Supervisory Board, selected TPA Horwath Horodko Audit sp. z o. o. (the "auditor"), as an entity authorized to audit financial statements, to audit the Separate Financial Statements of ERBUD SA and the annual Consolidated Fnancial Statements of the ERBUD SA Capital Group for the year ended 31 December 2015.

The preparation of Financial Statements and the Management Board's Report on the ERBUD SA activities in compliance with prevailing regulations is the responsibility of the Company's Management Board, whereas the Supervisory Board, together with the Management Board, is responsible for ensuring that the aforementioned financial statements and reports satisfy the requirements stipulated by Article 4 of the Accountancy Act of 29 September 1994 (Journal of Laws of 2013 No. item 330, as amended) and the regulatory rulings issued on its basis.

The Financial Statement of ERBUDE SA for the year ended 31 December 2015 and the Management Board Report on ERBUD SA activity in 2015 were assessed in detail by the Audit Committee of the Supervisory Board at the meeting held on 09 March 2016 and discussed with the Management Board and the auditor at the Supervisory Board's meeting on the same day.

In its opinion issued on 17 March 2016, the auditor assured that the audit of the Financials Statements was scheduled and conducted in such a manner as to obtain reasonable certainty allowing expressing an opinion on the Financial Statements. In particular, the audit included checking the correctness of the accounting principles (policy) used by the Company and assessment of material estimates, verification (mostly by random sampling) of accounting evidence and accounting records, from which originate the figures and information included in the Financial Statements, as well as a general assessment of the Financial Statements. The audit provided a sufficient basis to express an opinion.

According to the independent auditor, the Separate Financial Statements of ERBUD SA, in all material aspects:

- depict accurately and clearly information of material importance for the assessment of the Company's material and financial position as at 31 December 2015, as well as its financial result for the financial year from 1 January 2015 to 31 December 2015;
- were drawn up in accordance with the applicable accounting principles (policy) prescribed by the Accountancy Act and the executive regulations duly issued on in basis, based on properly kept accounting ledgers;

- comply with the provisions of the law and the provisions of the Company's Articles of Association affecting the content of the Financial Statements.

The auditor's opinion on the audit of the Separate Financial Statements of ERBUD SA, dated 17 April 2015, was issued as an unqualified one.

The auditor also assured that the Report on activities of ERBUD SA in the financial year 2015 is complete within the meaning of Article 49 sec. 2 of the Accountancy Act and the provisions of the Finance Minister's Regulation of 19 February 2009 on the Current and Periodic Information Transmitted by Securities Issuers and the Conditions for Recognizing the Information Required by the Regulations of a Non-Member State as Equivalent (Journal of Laws of 2009 No. 33, Item 259, as amended) and the information contained therein is consistent with the Financial Statements.
The Management Board of Erbud SA also represented that Financial Statements of ERBUD SA for 2015 were prepared in an accurate manner and correctly reflect the business events in the Company and are free of irregularities resulting from intentional actions or errors.

After examining the following documents submitted by the Management Board:

1) Separate Financial Statements of ERBUD SA for the year ended 31 December 2015, encompassing the following:

a) Management Board Report on operations of ERBUD SA in the financial year ended 31 December 2015;
b) Balance sheet as of 31 December 2015, showing total assets and total liabilities of PLN **713,059,838.01** (say: seven hundred and thirteen million, fifty-nine thousand, eight hundred and thirty-eight, point zero one Zlotys);
c) Profit and loss statement for the period from 1 January 2015 to 31 December 2015, showing a net profit of PLN **11,397,120.34** (say: eleven million, three hundred and ninety-seven thousand, one hundred and twenty, point three four Zlotys);
d) Cash flow statement showing during the financial year ending 31 December 2015 a decrease in cash of PLN **21,516,073.71** (say: twenty-one million, five hundred and sixteen thousand, seventy-three, point seven one Zlotys);
e) Statement of changes in equity showing during the financial year ending 31 December 2015 an increase in equity of PLN **7,637,553.32** (say: seven million, six hundred and thirty-seven thousand, five hundred and fifty-three point three two Zlotys);
f) information about the accounting policy applied and other explanatory notes;

2) Consolidated Financial Statements of the ERBUD Capital Group for the year ended 31 December 2015, encompassing the following:

a) Management Board Report on operations of the ERBUD Capital Group in the financial year ended 31 December 2015;
b) Consolidated balance sheet of the ERBUD Capital Group as of 31 December 2015, showing total assets and total liabilities of PLN **1,098,889,175.82** (say: one billion, ninety-eight million, eight hundred and eighty-nine thousand, one hundred and seventy-five, point eight two Zlotys);
c) Consolidated profit and loss statements of the ERBUD Capital Group for the period from 1 January 2015 to 31 December 2015, showing a net profit of PLN **31,688,548.97** (say**:** thirty-one million, six hundred and eighty-eight thousand, five hundred and forty-eight, point nine seven Zlotys);
d) Consolidated cash flows statement of the ERBUD Capital Group showing during the financial year ending 31 December 2015 an increase in cash of PLN **44,875,105.67** (say: forty-four million, eight hundred and seventy-five thousand, one hundred and five, point six seven Zlotys);
e) Statements of changes in consolidated equity showing during the financial year ending 31 December 2015 an increase in equity of PLN **28,254,786.37** (say: twenty-eight million, two hundred and fifty-four thousand, seven hundred and eighty-six point three seven Zlotys);

f) information about the accounting policy applied and other explanatory notes;

3) Auditor's opinion and report dated 17 March 2016;

the Supervisory Board of Erbud SA positively assessed the above documents as to their compliance with the Company's ledgers and documents, and the actual condition. Consequently, the Supervisory Board resolved to submit this assessment to the ERBUD SA Annual General Meeting of Shareholders. The Supervisory Board recommends that the Annual General Meeting approve:

- the Separate Financial Statements of ERBUD SA for the financial year ended 31 December 2015;
- the Consolidated Financial Statements of the ERBUD Capital Group for the financial year ended 31 December 2015;
- the Management Board Report on operations of ERBUD SA in 2015;
- the Management Board Report on operations of the ERBUD Capital Group in 2015.

II. Assessment of the Management Board's proposal on distribution of ERBUD's net profit for the year ended on 31 December 2015.

1. The Supervisory Board positively evaluates the Management Board's proposal addressed to the Annual General Meeting of Erbud SA on distribution of ERBUD's net profit for the financial year ended 31 December 2015 and recommends to the AGM the payment of dividend amounting PLN **15,374,230.80** (say: fifteen million, three hundred and seventy-four thousand, two hundred and thirty, point eight zero Zlotys) what represents PLN 1.20 (say: one point two zero) per share.
   To pay the dividend as declared above it will be required to allocate for it:
   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.
2. The Supervisory Board recommends to the Annual General Meeting of ERBUD SA that:
   - the list of shareholders entitled to the dividend for 2015 would be set for 15 July 2015;
   - the dividend payment day would be set for 02 June 2016.

Chairman of the Supervisory Board of Erbud SA

Udo Berner