

Subject: Issue of Short-Term Bonds

Current Report No. 16/14

The Management Board of Pfeiderer Grajewo S.A. reports that in order to optimise the management of financial liquidity within the Pfeiderer Grajewo Group, to decrease Company's external debts and to finance its current business activities on May 29th, 2014 Pfeiderer Grajewo S.A. issued short-term bonds. The bonds were issued in accordance with the Bond Issue Programme signed with PEKAO S.A. Bank on 22.07.2003. The bonds were issued in compliance with the Law on Bonds dated 29 June 1995 in Polish zlotys, as bearer, dematerialized, unsecured, and zero-coupon securities. The redemption of the bonds will be at their nominal value.

The bonds were purchased by Pfeiderer Prospan S.A. subsidiary of Pfeiderer Grajewo SA. Bond's purchase was financed from own resources of Pfeiderer Prospan S.A..

Pursuant to the last periodical report worth of total liabilities was PLN 448,933,000.

Estimated worth of total liabilities on redemption date is PLN 450,000,000.

Total value of issued during last 12 months short-term bonds exceeds 10% of value of the Company's equity which as at March 31st 2014 amounted to 626,577,000 PLN.

Conditions of the issues:

1. Issue of PLN 6,000,000
 - number and value of bonds – 600 bonds with a nominal value of PLN 10,000 per bond
 - redemption date: June 6th 2014
 - unit nominal price of the bond - PLN 9,992.00
2. Issue of PLN 16,000,000
 - number and value of bonds – 1.600 bonds with a nominal value of PLN 10,000 per bond
 - redemption date: June 23rd 2014
 - unit nominal price of the bond - PLN 9,981.84
3. Issue of PLN 17,000,000
 - number and value of bonds – 1.700 bonds with a nominal value of PLN 10,000 per bond
 - redemption date: July 9th 2014
 - unit nominal price of the bond - PLN 9,970.25

The criterion for recognising the contracts as significant is the value of the Company's equity.

Pursuant to the Regulation of the Polish Council of Ministers on current and periodic information to be published by issuers of securities and conditions for recognition as equivalent of information whose disclosure is required under the laws of a non-member state, dated February 19th 2009 (Dz. U. No. 33, item 259).

May 29th, 2014