

Subject: Termination of the contract for construction of A-1 Motorway

Further to Current Report No. 31/2010 of June 17th 2010, the Management Board of PBG S.A. (in company voluntary arrangement) reports that:

1) On September 6th 2012, the attorneys-in-fact of the following contractors: SRB Civil Engineering Limited of Dublin, Ireland, John Sisk & Son Limited of Dublin, Ireland, PBG S.A. (in company voluntary arrangement) and HYDROBUDOWA POLSKA S.A. (in company voluntary arrangement) submitted a notice of termination of the contract for construction of the Toruń–Stryków section of the A1 Motorway by the contractors, effective as of September 6th 2012:

a) Subsection I (Czerniewice–Odolin) from km 151+900 to km 163+300 and Subsection II (Odolion–Brzezie) from km 163+300 to km 186+366 (with SRB acting as the leader);

in connection with the Principal's failure to:

- i. withdraw the demand for payment of PLN 43,205,986.73 under the performance bond for the contract for the construction of the Toruń–Stryków section of the A1 Motorway: Subsection III (Brzezie–Kowal) from km 186+348 to km 215+850;
- ii. execute an annex to the contract acknowledging the contractors' claims to extend the completion date and to raise the contractors' remuneration, despite the contractual grounds for taking such actions;
- iii. commence the requisite cooperation in the performance of the contract;

and

in connection with the invalidation of the building permit for the section of the motorway running through the area of Aleksandrów Kujawski by the

Chief Building Inspection Officer, effective as of July 27th 2012, which prevents the contractors from completion of their work under the contract by the deadlines specified therein.

Considering the above, in the contractors' opinion the termination of the contract became essential. The contractors also demanded that the Principal:

- i. immediately pay the amount referred to in subclause 19.6 of the contract [Notice of Force Majeure];
 - ii. immediately pay the contractual penalty of PLN 94,114,282.13;
 - iii. immediately deliver the original of the performance bond;
- b) Subsection III (Brzezie–Kowal) from km 186+348 to km 215+850 (with PBG as the Leader);

in connection with the Principal's failure to:

- i. withdraw the demand for payment of PLN 43,205,986.73 under the performance bond for the contract for the construction of the Toruń–Stryków section of the A1 Motorway: Subsection III (Brzezie–Kowal) from km 186+348 to km 215+850;
- ii. execute an annex to the contract acknowledging the contractors' claims to extend the completion date and to raise the contractors' remuneration, despite the contractual grounds for taking such actions;
- iii. commence the requisite cooperation in the performance of the contract;

Considering the above, in the contractors' opinion the termination of the contract became essential and justified. The Contractors also demanded that the Principal:

- i. immediately pay the amount referred to in subclause 19.6 of the contract [Notice of Force Majeure];
- ii. immediately pay the contractual penalty of PLN 86,411,973.46;

iii. immediately deliver the original of the performance bond.

PBG was also notified that a notice of termination was also submitted by the Bankruptcy Administrator of APRIVIA S.A. in bankruptcy by liquidation.

2) On September 7th 2012, the Management Board of PBG S.A. received from the State Treasury – General Directorate for National Roads and Motorways (GDDKiA) documents, dated September 6th 2012, comprising a notice of termination by the principal, for reasons attributable to the consortium, of the contracts of June 17th 2010 for construction of the Toruń–Stryków section of the A1 Motorway:

- Subsection I (Czerniewice–Odolion) from km 151+900 to km 163+300 (with SRB as the Leader);
- Subsection II (Odolion–Brzezie) from km 163+300 to km 186+366 (with SRB as the Leader);
- Subsection III (Brzezie–Kowal) from km 186+348 to km 215+850 (with PBG as the Leader).

The contract is performed by the consortium comprising: PBG S.A. (in company voluntary arrangement),

HYDROBUDOWA POLSKA S.A. (in company voluntary arrangement), APRIVIA S.A. (in bankruptcy by liquidation), SRB Civil Engineering Limited and John Sisk & Son Limited.

The principal also demanded that the consortium:

- leaves the building site;
 - delivers all deliverables and contractors' documents as well as the design documentation to the contract engineer;
- and noted that the termination of the contract for reasons attributable to the consortium does not prejudice any other rights of the Principal, including the right to:
- impose a contractual penalty of 10% of the agreed contract price on the consortium;
 - impose other contractual penalties on the consortium;
 - seek additional compensation in excess of the contractual penalties up to the amount of damage actually incurred;
 - complete the works and employ any other entity for that purpose;

- sell the consortium's equipment to cover any payments due to the principal;
- discontinue any further payments to the consortium until the costs of execution, completion and removal of defects, as well as the contractual compensation for delayed completion and any costs and expenses incurred by the principal are determined;
- recover from the contractor any losses incurred by the principal and collect any compensation due and additional costs to complete the works, net of any amounts due to the consortium - once such losses are recovered and compensation and additional costs are collected, the principal shall pay the balance to the consortium;
- deduct the penalty amount from each payment which is or will become due to the consortium, with a proviso that any payment of a penalty by the consortium or deduction of the penalty amount from such payment by the consortium shall not release the consortium from any other obligations and liabilities under the contract.

In the grounds for the termination of the contract, the principal cited:

- failure to comply with the notices to remedy the defaults attributable to the consortium;
- intention not to continue to perform the contractual obligations;
- delays in commencement and performance of works;
- insolvency of the contractor and its placement in company voluntary arrangement.

Considering the fact that the contractor terminated the contract earlier, the Management Board of PBG S.A. (in company voluntary arrangement) deems the actions taken by the General Directorate for National Roads and Motorways to be null and void.

Legal basis:

Par. 5.1.5 of the Minister of Finance's Regulation 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.

For PBG S.A.:

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