

Current report No. 170/2013

Date prepared: 26.11.2013

Issuer's abbreviated name:

POLIMEX-MOSTOSTAL

Subject: Withdrawal from the contract by the counterparty.

Legal basis:

Art. 56 (1) (1) of the Act on Public Offering – confidential information

The Management Board of Polimex-Mostostal S.A. with its registered office in Warsaw at ul. Czackiego 15/17 ("**Company**") informs that on 25 November 2013 it received from Stadion w zabrzu Sp. z o.o. with its registered office in Zabrze ("**the Ordering Party**") a statement of withdrawal from the contract for construction works consisting in carrying out the investment project, that is "Modernisation of the Ernest Pohl Stadium in Zabrze - Stage I" no. 2011/99 dated 24 August 2011 ("**Contract**") together with request for payment. The Company informed of conclusion of the Contract in the current report No. 52/2011 dated 24 August 2011.

The Ordering Party, as a reason for withdrawal, indicated, among others, Company's fault of delay. The Ordering Party also requested the Company to pay for the Ordering Party of a contractual penalty in amount of 10% of the gross contract price i.e. PLN 18,504,557.40.

With regard to the abovementioned withdrawal by the Ordering Party and with regard to performance of the contract, the Management Board informs that the Company repeatedly and regularly informed the Ordering Party on defects and mistakes in project documentation related to external networks, enabling the performance of works in accordance with the schedule. The Company also expressed concerns to the Ordering Party related to: (i) project documentation related to external networks, (ii) the solutions contained in the design for the smoke venting system of the garage and (iii) related to designed air ducts, which in Company's opinion were not compliant with the technical approval and were making it impossible to build the ducts in accordance with the Contract.

The Company also expressed concerns regarding the solutions contained in the road design as a result of which the Ordering Party changed the road design set forth in the Contract, the Company also indicated the communication problems and the delay in contact with the engineer of the Contract as well as the Ordering Party regarding the acceptance of material requisition requests and manufacture drafts.

The Ordering Party also suspended the works at the level +2, which made the work of the Company party impossible, the Ordering Party also filed a petition to the Department of Architecture and Building of the City Hall in Gliwice for departure from technical and construction regulations which also led to suspension of works with regard to the filed petition.

The Company did not perform the entire scope of construction works related to central heating system due to the fact of suspending such works by the Ordering Party.

In Company's opinion, the Ordering Party does not have any basis for withdrawal from the Contract. The Company will be currently analysing this situation from the formal and legal point and as a result will take the relevant actions.

Signatures of persons representing the Company:

Robert Kosmal - Manager of the Shareholder Supervision Office