**ERBUD S.A.**

*Current Report No. 13/2011*
*Date of Report: 2011-04-15*

*Topic:*

Concluding a significant construction contract for erection of a hospital in Krosno.
Legal basis: Article 56 section 1 item 2 of the Act on Public Offering - current and periodic information

*Content of report:*

The Management Board of ERBUD SA announces that on 15.04.2011 the company signed a contract to design (Phase I, II and III) and build (Phase I) as follows for the John Paul II Podkarpacki Regional Hospital in Krosno, located 38-400 Krosno at 57 Korczyńska St., in an open public tender procedure for the task:" Designing (Phase I, II and III - in accordance with the scope specified in the functional-utility program together with amendments) and construction (Phase I - in accordance with the scope specified in the functional-utility program together with amendments) of an Operating Ward, including Anaesthesiology and Intensive Care Unit, and Central Sterilizing Unit on the basis of the functional-utility program together with amendments, design and spatial concept as well as design documentation prepared pursuant to the contract within the framework of the task: "Development and modernization of the John Paul II Podkarpacki Regional Hospital in Krosno" under the below conditions:

The contract covers designing of i.a. 10 operating rooms, Intensive Care Unit and Central Sterilizing Unit, as well as fitting out of 6 operating rooms.

1. Contract concluded on: 15.04.2011.
2. Developer: John Paul II Podkarpacki Regional Hospital in Krosno, located 38-400 Krosno at 57 Korczyńska St.
3. Contract value: PLN 28,345, 890.00 gross (PLN 23,443,000.00 net).
4. Contract object: Designing (Phase I, II and III - in accordance with the scope specified in the functional-utility program together with amendments) of i.a. 10 operating rooms, Intensive Care Unit and Central Sterilizing Unit and building (Phase I - in accordance with the scope specified in the functional-utility program together, including fitting out of 6 operating rooms).
5. Characteristic parameters of the building:
   Net area: 5,573.52 sq. m
   Storey number: 3
   Construction of the building: traditional.
6. Works location: Krosno
7. Duration of works: completion on the date of obtaining occupancy permit, but not later than by 14.12.2012.
8. Terms of payment: at least 30 days from the date of submitting duly issued invoices to the Employer's office.
9. Performance bond: 5% of the gross contract price, i.e. PLN 1,417,294.50 - return within 30 days from the date of final acceptance.

10. Defects liability bond: 1.5% the gross contract price, 36 months from the date obtaining occupancy permit.

11. Other guarantees:

a) for the performed object of the contract - 36 months from the date of obtaining occupancy permit;

b) for the supplied medical and technical equipment and hospital plant - according to the manufacturer's warranty, but for a period of not less than 12 months from the date of final acceptance.

12. Penalties:

The Contractor shall pay the following contractual penalties to the Employer:
a) in the event of failure to timely execution of design documentation - 0.05% of the gross contract price for each day of delay;
b) in the event of failure to timely execution of construction and assembly works - 0.05% of the gross contract price for each day of delay;
c) 0.05% of the gross contract price for each day of delay in completion;
d) in the event of failure to timely remedying defects and faults found during the final acceptance or warranty period - 0.05% of the gross contract price;
e) for non-performance or improper performance of the contract- equal to 10.0% of of the gross contract price.
The maximum aggregate amount of contractual penalties may not exceed 15% of the contract price.
Other provisions regulating the responsibility of the Contractor and penalties for improper performance do not differ from the standards adopted in public tenders.