ERBUD S.A.

Current Report No. 82/2010
Date of Report: 2010-12-21

Topic:
Information on the dispute settlement concerning the payment between the Issuer and the Angel City Sp. z o.o. by the Arbitration Court at the Polish Chamber of Commerce
Legal basis: Article 56 section 1 item 1 of the Act on Public Offering - confidential information

Content of report:

Yesterday, a legal representative of the Issuer - Legal Advisor's Office received a sentence of the Arbitration Court at the Polish Chamber of Commerce on the Erbud's action against Angel City Sp. z o. o.

On 9 November 2009, the Issuer entered in the Arbitration Court at the Polish Chamber of Commerce a lawsuit against the creditor - Angel City Sp. z o.o. in Krakow for the payment of PLN 10,965,324.57, including contract price amounted to PLN 9,973,297.28 and interest for late payment. The dispute concerns the payment for the construction of apartments in Krakow performed by Erbud S.A. for Angel City Sp. z o.o. as the Client. The Arbitration Court admited the claim of Erbud S.A. in the amount of PLN 10.4 million.
The Court decided on the deduction of penalties under the contract signed between the Client and the Issuer in favour of Angel City. As a result of the settlement, the Arbitration Court ordered that the Issuer be awarded the amount of PLN 2,111,473.85, incl. interest from 9 November 2009 and the amount of PLN 40,000.00 due to legal representation fees.

One of the three arbitrators expressed a dissenting opinion on the judgement, indicating not only the misdecision, but also a breach of procedure by the sentencing without any deliberation and the opportunity to comment the proposed sentence by this arbitrator.

Under these circumstances, the Issuer will lodge a complaint against that judgement to the Common Court, pursuant to Art. 1205 et seq. of the Code of Civil Procedure.