ERBUD S.A.

Current Report No. 21/2014
Date of Report: 2014-06-09

Topic:

Signing of a significant construction contract valued at PLN 45.93m
Legal basis:
Article 56 section 1 item 2 of the Act on Public Offering - current and periodic information

Content of report:

On 9 June 2014, the Management Board of ERBUD SA received information about a contract for construction works signed by the Issuer with RAFAKO SA under the conditions as below:

1. Contract concluded on 06/09/2014
2. The Investor: Grupa Azoty Zakłady Azotowe Kędzierzyn S.A. with its registered office in 47-220 Kędzierzyn-Koźle, ul. Mostowa 30 A
3. The Customer: RAFAKO S.A, 47–400 Racibórz, ul. Łąkowa 33
4. Contract value: PLN 58,746,104.43 net
5. Contract subject: Building and engineering works, plant and equipment, services under the project "New heat and power plant in Azoty Holding - Zakłady Azotowe Kędzierzyn SA".
6. Site location: Grupa Azoty Zakłady Azotowe Kędzierzyn S.A, 47-220 Kędzierzyn-Koźle, ul. Mostowa 30 A
7. Completion period: 06.06.2014 - 01.10.2016
8. Payment terms: 35 days according to the payment schedule as agreed
9. Performance Bond: 10% of the gross Contract Price for Works Range for the period of 06.06.2014 - 21.10.2016
10. Remedying Defects Warranty: 3% of the gross Contract Price for the period of 21.10.2016 - 21.10.2019 (installation of turbine generator) and 1% of the gross Contract Price for the period of 21.10.2016 - 21.10.2021
11. Other guarantees: Warranty period
    - 36 months for turbine generator
    - 36 months for mechanical and electrical equipment
    - 60 months for construction works
    - 60 months for chemical-resistant flooring
12. Penalties for the delay in timely achievement of Milestones:
    1) Delivery of the coal handling plant design (basic) - 0.10% of the net Contract Price for each completed week of delay;
    2) Completion of turbine generator installation - 0.10% of the net Contract Price for each completed week of delay;
    3) In the event of a failure to complete the Works within the Time for Completion - 1.5% of the net Contract Price for each completed week of delay after one week waiting period.

    The sum of liquidated damages shall not exceed 25% of the net Contract Price.
13. Note: The contract scope for ERBUD SA includes:
    1) Construction and finishing works (excluding building systems):
       - main building with stair-tower
       - control house
       - oil pump house
       - pump house with distribution room
       - compressor house

- cooling towers
- FGD plant (footing)
- fuel oil tank (footing)
- ash tank (footing)
- desulphurisation product tank (footing)
- sorbent tank (footing)
- ammonia solution tank (footing)
- electricity equipment house, incl. stair-tower
- elevated conveyor for slag (footing)
- slag dump
- site development works.

2) Comprehensive design and installation of the coal handling plant on a turnkey basis (incl. design, construction, technique and systems).
3) Installation of the condensing-extraction turbine generator.

ERBUD SA is a nominated subcontractor of Rafako SA approved by the Investor.