ERBUD S.A.

Current Report No. 37/2014
Date of Report: 2014-09-17

Topic:

Concluding a significant contract for comprehensive electrical and construction works for a wind farm in the District of Skierniewice

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 informs that on 17 September 2014 Przedsiębiorstwo Budownictwa Drogowo-Inżynieryjnego S.A. seated in Toruń (a subsidiary in which the Issuer holds 94.27 per cent in share capital) signed with Eco-Power spółka z ograniczoną odpowiedzialnością with its registered office in 93-231 Łódź, 22 Dostawcza St. (Investor) a contract for the execution of comprehensive power works, necessary works for the 110/30 kV substation with MV electrical network, road works and construction of foundations for wind farm turbines.

Total net contract value: PLN 26,998,952.26 (twenty-six million, nine hundred and ninety-eight thousand, nine hundred and fifty-two, point two six Zlotys)

The task is to be completed no later than 31 August 2015.

Payment terms: 30 (thirty) days from the receipt by the Investor of valid VAT invoice.

Performance Bond and Remedying Defects Warranty: 10% of the contract price in the form of a bank or insurance guarantee. The warranty period of 36 months from the issue of Final Acceptance Protocol.

Penalties:

- In case of delay in completion and delivery to the Investor works such as electrical network, optical fiber cables (scope of work associated with each single turbine) – equal to 0.026% of the contract price for each day of delay;
- In case of delay in completion of the scope of work – equal to 0.1% of the contract price for each day of delay;
- In case of termination due to the fault of the Contractor - 10% of the contract price
- The sum of liquidated damages shall not exceed 20% of the contract price.

The value of the works by years is as follows:

- in 2014 – PLN 8,000,000
- in 2015 – PLN 18,998,952.26.

Other conditions of this contract are at arm's length.