

Current Report No. 56/2011

Date: 14 July 2011

Subject: The total value of agreements concluded by Energomontaż-Południe S.A. with Południowy Koncern Energetyczny S.A. exceeding the threshold of 10 per cent of the Issuer's equity

Legal basis: Article 56 par. 1 pt. 2 of the Act on Offerings – current and periodic information

The Management Board of Energomontaż-Południe S.A. (the Issuer, the Company, the Contractor) announces that on, 14 July 2011, it received an agreement signed bilaterally with Południowy Koncern Energetyczny S.A. (PKE, the Client) having a value of PLN 9.3 million.

In connection with the conclusion of this agreement, the total value of agreements concluded between the Issuer and the Client in the past 12 months is PLN 22.5 million.

In the period in question, the agreement referred to above was the agreement having the greatest value. The subject of that agreement is the modernisation and overhaul of the electrostatic precipitator for power unit 12 at PKE S.A. in the Łaziska Power Plant, in accordance with the specifications and schedule constituting appendices to the agreement in question.

The time period for carrying out the order is 12 months, counting from the date of signing the agreement to the signing of the final report.

The Contractor shall be obliged to pay the Client the following contractual penalties:

- for not performing its obligations under a warrant or guarantee within the time periods indicated in the agreement or in the event of a delay in handing over the subject of the agreement for use within the time agreed (if the delay is longer than 14 days, the Client shall have the right to unilaterally terminate the agreement with immediate effect and to charge a contractual penalty of 15 per cent of the value of the remuneration); however, in the cases described above, the total amount of the penalties charged by the Client must not exceed 15 per cent of the contractual remuneration,
- for defects and faults which cannot be removed, in the amount of 15 per cent of the contractual remuneration,
- in the event of rescinding the agreement for reasons due to the Contractor, a contractual penalty of 15 per cent of the value of the contractual remuneration,
- if the modernised electrostatic precipitator fails to meet the technical conditions specified in the agreement, a contractual penalty of 1 per cent of the contractual remuneration for each year in which the value of the indicator stated in the agreement is lower by each 1 per cent, and if, after the modernisation and overhaul, the guaranteed ash concentration specified at the level stated in the agreement is not reached, a penalty in the amount of 0.2 per cent of the remuneration above the agreed concentration amount.

In addition, in the event that one of the parties rescinds the agreement for reasons due to the other party, the party due to which the rescission of the agreement occurred shall be obliged to pay the other party a contractual penalty of 15 per cent of the value of the contractual remuneration.

The parties admit the possibility of seeking compensation according to general principles if the contractual penalties do not cover the loss incurred in the full amount; however, the maximum liability of the Contractor for improper performance of the agreement shall not be greater than 100 per cent of the contractual remuneration. Subject to Article 437 of the Civil Code, the maximum liability of the Contractor for an impermissible act shall not in total be more than 200 per cent of the contractual remuneration. In the event of liability for non-performance or improper performance of the agreement coinciding with liability for an impermissible act, a limitation of 200 per cent of the contractual remuneration shall apply. At the same time, the parties admit the possibility of waiving the charging and enforcement of the contractual penalties reserved, on conditions agreed by the parties in writing.

For the subject of the agreement, the Contractor has given a guarantee for a period of 36 months and a warranty for a period of 12 months counting from the date of signing the handover for use of the subject of the agreement; under the agreement, the planned date for handing over the subject of the agreement for use has been agreed as 30 December 2011.

The Issuer has accepted 10 per cent of the Issuer's equity as being the criterion for deeming the total value of agreements as significant.

Taking into account the aforementioned agreement and the changes in the value of the portfolio since the date of publication of Current Report No. 41/2011, the estimated value of the portfolio of orders of the Capital Group is approximately PLN 417.8 million. The Company's portfolio of orders has an estimated value of approximately PLN 384.7 million (including export orders worth about EUR 83.7 million). The value of the portfolio was calculated using the euro exchange rate accepted by the Issuer in calculating orders. The portfolio is calculated according to the methodology accepted and applied in the interim report for the first quarter of 2011, i.e. it only takes into account the value of orders to be carried out in the future and does not include the value of works already completed.

SIGNATURES OF PERSONS REPRESENTING THE COMPANY

Krzysztof Jan Diduch	President of the Management Board
Radosław Kamiński	Member of the Management Board