

Current report No. 70/2011
Date: 2011-09-30

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

Subject: Conclusion of a letter of understanding with Instal-Rem S.A. regarding the termination of a subcontracting agreement for work at the Eemshaven power plant in the Netherlands

In reference to current report No. 35/2011 of 9 May 2011 regarding the conclusion of a subcontracting agreement with Instal-Rem S.A. (the "Subcontractor") regarding subcontracting work carried out in the Eemshaven power plant in the Netherlands commissioned to the Issuer by Alstom Power B.V., the Management Board of Energomontaż-Południe S.A. (the "Issuer", the "Company") hereby announces that on 29 September 2011 a Letter of Understanding was concluded between the Issuer and the Subcontractor, pursuant to which the above-mentioned subcontracting agreement was terminated as at the date of the signing of the Letter of Understanding. The basis for the conclusion of the letter of understanding consisted of the parties' mutual claims regarding the improper performance of the agreement. The letter of understanding regulates the method of settling the mutual claims stemming from the Subcontractor's performance of part of the work and on the one hand the Subcontractor's sale of construction equipment located at the construction site to the Issuer, and on the other the sale of liabilities stemming from the performance of work related to the subcontracting agreement by the Issuer's employees for the Subcontractor, as well as liabilities stemming from advance payments. The parties will carry out mutual settlements based on the set-off of the above liabilities, where the Issuer's liabilities are higher by ca. EUR 65,000.

The Letter of Understanding indicates the possibility of the parties co-operating further in other areas, and in particular with regard to the Subcontractor's provision of work or other types of services and deliveries within the scope indicated by the Principal and up to the above-mentioned amount constituting the difference between their liabilities.

In order to carry out the work commissioned by Alstom Power B.V properly and on time, the remaining larger part of the work will be performed by the Issuer using the workforce employed by the Company, including the Subcontractor's employees. The issuer does not exclude the possibility of engaging another subcontractor to carry out part of the work in the future. In the Issuer's opinion the termination of the subcontracting agreement will not affect the possibility of performing the main agreement on time.

Detailed legal basis:

Clause 5 par. 1 pt. 3 of the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the conditions for recognising information required by the laws of a state that is not a member state as equivalent information.

Signature of authorised person:

Bartosz Basa