

CURRENT REPORT 86 / 2015

30 July 2015

Legal basis: Art. 56.1.2 of the Public Offering Act – Current and Financial Reports.

Subject: Value of Contracts Concluded With PKP PLK S.A.

Content:

With reference to the current report 67/2015 of 10 June 2015 concerning the value of contracts with PKP PLK S.A., the Management Board of ZUE S.A. with registered office in Cracow (the “Company,” the “Issuer”) informs that following the receipt of the signed contract for additional works connected with railway line upgrade and the conclusion on 30 July 2015 with PKP Polskie Linie Kolejowe S.A. with registered office in Warsaw (“PKP PLK”) of the contract for a set of tasks connected with railway line upgrade, the total net value of the contracts concluded since 11 June 2015 between the companies comprising the ZUE Capital Group (the “Group”) and the contracts between the Group companies as the consortium members and the companies comprising the PKP PLK Capital Group is PLN 49.9m.

The highest value contract in the reporting period was concluded on 30 July 2015. The contract was entered into between PKP PLK and the consortium of:

- 1) Company (Leader); and
- 2) Przedsiębiorstwo Napraw i Utrzymania Infrastruktury Kolejowej w Krakowie Sp. z o.o. (Partner),

(jointly referred to as the “Consortium”).

The contract provides for the performance by the Consortium of a set of tasks in connection with the upgrade of the track no. 2 of the railway line no. 131 on the Tarnowskie Góry – Kalety section, reconstruction of the Baronów station and the reconstruction of 18 crossovers at the Tarnowskie Góry station, as part of the following project: “Upgrade of the Chorzów Batory - Tczew railway line no. 131, the Bydgoszcz Główna - Zduńska Wola - Chorzów Batory section” (the “Contract”).

The Company informed of the submission by the Consortium of the lowest price tender for the said task in the current report 58/2015 of 20 May 2015 and of the selection of the Consortium’s tender as the most economically advantageous offer in the current report 82/2015 of 6 July 2015.

The Contract net value used also to calculate the contractual penalties is PLN 45.9m and the value of net remuneration attributable under the Contract to the Company is PLN 27.4m. The Contract gross value is PLN 56.5m.

The Contract completion date is 31 December 2015.

The warranty given by the Consortium to PKP PLK is 8 years of the acceptance protocol. The guarantee given by the Consortium is also 36 months.

The Contract provides for contractual penalties payable by the Consortium to PKP PLK. The contractual penalties payable by the Company to PKP PLK include the penalty for each day of the Company's delay in the Contract performance, the penalty for the Company's failure to perform the key stages of the Contract by the specified deadlines and the penalty for the Company's failure to remove defects in a timely fashion. The Contract also provides for the contractual penalties for the failure to meet a declared shorter performance time. In addition, the Company may be charged the contractual penalty of 20% of the Contract net value if the Contract is terminated through the fault of the Consortium. The total amount of all contractual penalties charged by the Contracting Authority under the Contract must not exceed 30% of the Contract net value. The Contracting Authority will pay the Consortium the contractual penalty for each day of delay in the site delivery and the contractual penalty of 20% of the Contract net value if the Contract is terminated by the Contracting Authority through the fault thereof.

Regardless of the payment of the said penalties, the Contracting Authority may claim damages in excess of the contractual penalties pursuant to general rules set out in the Polish Civil Code. The parties have the right to claim damages in excess of the contractual penalties, up to the actual damage, and damages in cases of the failure to perform or duly perform the Contract.

The remaining provisions of the Contract, including but not limited to the termination terms, do not differ from the standard terms of such type of contracts.

The Contract and the total value of the contracts are deemed major since their total value attributable to the Issuer exceeds 10% of the Company's equity.

Legal basis: § 5.1.3 of the Ordinance by the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the conditions for recognizing information required under the law of a non-member state as equivalent.