

## **CURRENT REPORT 92 / 2015**

**28 October 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 86/2015 of 30 July 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”) inform that following the receipt on 28 October 2015 of the signed contract with PKP Polskie Linie Kolejowe S.A. with registered office in Warsaw (“PKP PLK”) concerning the design and construction works connected with railway line upgrade, the total net value of the contracts concluded since 31 July 2015 between the companies comprising the ZUE Capital Group (the “Group”) and the companies comprising the PKP PLK Capital Group is PLN 23.1m.

The abovementioned contract between PKP PLK and the Company is the highest value contract concluded in the reporting period.

The contract provides for the design and supplementary works in connection with the “Upgrade of the railroad surface with auxiliary works, Smolec junction signal box, track no. 1, the Smolec - Kały Wrocławskie route, track no. 1, the Kały Wrocławskie – Mietków route and track no. 3 in the Boguszów Gorce Zachód station” – re-electrification of the Smolec - Kały Wrocławskie route, track no. 1, as part of the following project: "Upgrade of the Wrocław - Zgorzelec railway line no. 274 on the Wrocław - Jelenia Góra section" (the “Contract”).

The Contract net value is PLN 5.6m. The Contract gross value used to calculate the contractual penalties is PLN 6.9m.

The Contract completion date has been set at 30 May 2016 but the network works should be done by 30 April 2016.

The warranty given by the Company to PKP PLK is three years of the acceptance protocol date. The guarantee given by the Company is also three years.

The Contract provides for contractual penalties payable by the Company 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 contractual penalties will also be paid if the declared total time of track closures is exceeded. In addition, the Company may be charged the contractual penalty of 30% of the Contract gross value if the Contract is terminated through the fault of the Company or

the Contract is terminated by the Company due to reasons other than specified in the Contract or by the law.

The total amount of all contractual penalties charged by PKP PLK under the Contract must not exceed 30% of the Contract gross value.

Regardless of the payment of the said penalties, PKP PLK may claim damages in excess of the contractual penalties pursuant to general rules set out in the Polish civil code.

Regardless of the contractual penalties, the Company will cover the costs of unscheduled track closures caused by the Company's failure to meet the deadlines.

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

The contracts are deemed major because their total value 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.*