

CURRENT REPORT 95 / 2015

10 December 2015

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

Subject: Value of Contracts Concluded with KZA Katowice S.A.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the “Company,” the “Issuer”) inform that on 10 December 2015 they received from KZA Katowice S.A. with registered office in Katowice (the “Subcontractor”) a signed copy of the subcontract (the “Contract”) relating to the following project: “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: “Upgrade of the Chorzów Batory - Tczew railway line no. 131, the Bydgoszcz Główna - Zduńska Wola - Chorzów Batory section” (the “Project”) executed by the Company for PKP Polskie Linie Kolejowe S.A. (the “Contracting Authority”).

The total net value of the contracts concluded in the past 12 months between the Company and the Subcontractor is PLN 22.6m.

The abovementioned Contract is the highest value contract concluded in the reporting period.

The Subcontractor’s obligations under the Contract include the preparation of the detailed design and subcontract documentation for railway automatics and telecommunications and the completion of construction works on the basis of the documentation. The Subcontractor is also obliged under the Contract to remove any and all defects, which occur during the term of warranty.

The Contract net value used to calculate the contractual penalties is PLN 10.7m. The Contract gross value is PLN 13.1m.

The Contract completion date has been set at 31 December 2015.

The term of warranty given by the Subcontractor to the Company for the works performed under the Contract is 97 months from the date of the final acceptance by the Contracting Authority of all defect-free works covered by the Project. The Subcontractor is liable under the guarantee for the same period.

The Contract provides for contractual penalties payable by the Subcontractor to the Company. The penalties payable by the Subcontractor to the Company include the penalty for each day of delay and the penalty for each day of delay following the expiry of deadline for defects removal. The Subcontractor should also pay the contractual penalty of 20% of the Contract net value if the Contract is terminated by the Subcontractor or the Company through the fault of the Subcontractor.

The total amount of the penalties charged by the Company must not exceed 30% of the Contract net value.

The penalties payable under the Contract by the Company to the Subcontractor include the penalty for each day of delay in the delivery of the documentation specified in the Contract and the penalty for each day of delay in the delivery of the construction site. If the Contract is terminated by the Subcontractor or the Company through the fault of the Company, the Issuer is obliged to pay the contractual penalty of 20% of the Contract net value.

The parties to the Contract reserve the right to claim additional damages up to the value of actual damage.

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.