

## **CURRENT REPORT 16 / 2016**

**18 March 2016**

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

Subject: Conclusion of Major Contract with PKP PLK S.A.

Content:

With reference to the current report 8/2016 of 11 February 2016 and the current report 13/2016 of 7 March 2016 and other reports concerning the participation of ZUE S.A. (the “Company,” the “Issuer”) in the tender procedure, the Issuer’s Management Board informs that on 18 March 2016, the Company and PKP PLK S.A. (the “Contracting Authority”) entered into the following contract: “Construction works relating to the replacement of track structure with accompanying works on the Kluczbork - Poznań railway line no. 272, the Poznań Starołęka station, the Poznań Starołęka - Poznań Główny route, the Poznań Główny station, track no. 1 and 2, between 194,638 km and 200,524 km as part of the following project: “Structure replacement with accompanying works on the Kluczbork - Poznań railway line no. 272, the Kórnik - Poznań Główny section, and reconstruction of steel bridge on the Warta river at the Poznań Starołęka station at 196,254 km” (the “Contract”).

The Contract net value is PLN 26.4m. The Contract gross value is PLN 32.5m.

The Contract completion date has been set at 30 December 2016. According to the Contract, however, certain stages shall be completed earlier.

The warranty given by the Company for the works performed under the Contract is 60 months of the signing of the final acceptance protocol and the issue of the warranty card. The Company is liable under guarantee for the same period.

Under the Contract, the contractual penalties payable by the Company to the Contracting Authority may include a penalty for the Company’s failure to perform the Contract in a timely fashion, a penalty for exceeding of the declared time of track closures or a penalty for the termination of the Contract through the fault of the Company. The total amount of the penalties must not exceed 30% of the Contract gross value. In addition, if the Company fails to meet the contractual deadlines as a result of which trucks must be closed down, the Company will reimburse the Contracting Authority for any costs incurred by the Contracting Authority in connection with the unscheduled track closure.

Regardless of the contractual penalties, the Contracting Authority will have 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 Contract is deemed major because its value exceeds 10% of the Company's equity.



*Legal basis: § 5.1.3 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 recognizing information required under the law of a non-member state as equivalent.*