

CURRENT REPORT 18 / 2016**15 April 2016**

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 9/2016 of 11 February 2016 concerning the total value of contracts entered into between the companies comprising the ZUE Capital Group and the companies comprising the PKP PLK Capital Group (“PKP PLK”), the Management Board of ZUE S.A. with registered office in Cracow (the “Company,” the “Issuer”) informs that following the receipt on 15 April 2016 of the construction contract signed by the consortium of the Company and Krakowskie Zakłady Automatyki S.A. with registered office in Cracow (the “Consortium”) and PKP PLK for the upgrade of the railway line on the Dąbrowa Górnicza Strzemieszyce – Sosnowiec Dańdówka section, the total net value of contracts entered into since 12 February 2016 (except for the major contracts referred to by the Issuer in the current reports 14/2016 and 16/2016) between the companies comprising the ZUE Capital Group and the companies comprising the PKP PLK Capital Group amounts to PLN 24.5m.

The abovementioned contract between PKP PLK and the Consortium is the highest value contract signed in the reporting period.

The contract provides for the performance of the following construction works: “Upgrade of the railway line no. 62 on the Dąbrowa Górnicza Strzemieszyce – Sosnowiec Dańdówka section” as part of the following project: “Works on the railway lines no. 62 and 660 on the Tunel – Bukowno – Sosnowiec Płd. section” (the “Contract”).

The Contract net value is PLN 18.7m and the net value of the services provided by the Company under the Contract is PLN 12.4m. The Contract gross value used also to calculate contractual penalties is PLN 23.1m.

The Contract completion date has been set at 30 December 2016.

The warranty given by the Consortium to PKP PLK is eight years of the final acceptance.

The Contract provides for contractual penalties payable by the Consortium to PKP PLK. The Consortium will pay PKP PLK the contractual penalties for breaches specified in the Contract the most important of which include the failure to perform the Contract in a timely fashion, the failure to timely complete a stage (milestone) specified in the schedule, the violation of declared track closure times or the Contract termination through the fault of the Company. The total amount of contractual penalties must not exceed 30% of the Contract gross value.

Regardless of the foregoing, if the Consortium fails to meet the deadlines specified in the schedule and the failure results in unscheduled track closures, the Consortium will reimburse PKP PLK for any expenses relating to any costs and damages as well as contractual penalties paid to carriers and other business entities in connection with the violation of timetable.

Regardless of the contractual penalties, PKP PLK 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 contracts are deemed major because their total 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.