



## **CURRENT REPORT 7/2017**

**6 February 2017**

*Legal basis: Art. 17.1 of the MAR – Confidential Information.*

Subject: Updated Information About the Settlement of *Franowo* Tram Depot Contract.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the “Company,” the “Issuer”) inform that following a review of provisions relating to the performance of construction contracts for the purposes of 2016 financial statements, a decision was made on 6 February 2017 to partially release a provision (the “Provision”) for the risks associated with the settlement of the following contract: “Construction of the FRANOWO tram depot in Poznań” (the “Contract”). The Contract was performed on the basis of a contract entered into with Miejskie Przedsiębiorstwo Komunikacyjne w Poznaniu (the “Contracting Authority”).

The Issuer informs that the Contract was performed by the Company as part of the consortium including Elektrobudowa S.A. of Katowice (Elektrobudowa). On 1 December 2016, a settlement was reached between the Company and Elektrobudowa (the “Parties”) whereby any and all disputes relating to the Contract were resolved finally and amicably (the “Settlement”). The Company informed about the Settlement in the current report 58/2016. As part of the Settlement, the Parties agreed to cooperate in order to resolve any disputes with the Contracting Authority and finally settle the Contract.

The decision about a partial release of the Provision (i.e. PLN 9m) was mainly influenced by the abovementioned Settlement. The Company believes that the remaining balance of the Provision is proportionate to the Issuer’s potential risks relating to the final settlement of the Contract.

The partial release of the Provision will have a positive impact on the profit or loss of the Company and the Group and will be reflected in their financial statements for 2016.