



CURRENT REPORT 17 / 2014

4 March 2014

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

Subject: Conclusion of Major Contract.

Content:

The Management Board of ZUE S.A. with registered office in Cracow (the “Company”) inform that today they concluded a contract (the “Contract”) with Pomorskie Przedsiębiorstwo Mechaniczno – Torowe Sp. z o.o. with registered office in Gdańsk (the “Contractor”).

Under the Contract, the Company will provide construction services to the Contractor (partly using the materials provided by the Contractor) on the section named V Grodzisk Mazowiecki station in connection with the following tasks performed by the Contractor for PKP Polskie Linie Kolejowe with registered office in Warsaw (the “Contracting Authority”):

- 1) Design and upgrade of the Warsaw – Łódź railway line, stage II, the Warszawa Zachodnia – Miedniewice (Skierniewice) section, as part of the POIIS 7.1 – 24.1 project: “Upgrade of the Warsaw – Łódź railway line, stage II, Lot A – the Warszawa Zachodnia – Skierniewice section;”
- 2) Supplementary works related to civil structures, railway substructure and elements of telecommunications engineering on the 6,500km - 54,100km section, line no. 1 Warszawa Centralna – Katowice, as part of the POIIS 7.1 – 24.1 project: “Upgrade of the Warsaw – Łódź railway line, stage II, Lot A – the Warszawa Zachodnia – (Miedniewice) Skierniewice section;”
- 3) Supplementary works related to the reinforcement of the railway substructure and reconstruction of the track layout at the Pruszków station, the Pruszków – Grodzisk Mazowiecki route, the Grodzisk Mazowiecki station, the Żyrardów station and power engineering works at the Pruszków station, the Żyrardów station, line no. 1 Warszawa Centralna–Katowice, as part of the POIIS 7.1 – 24.1 project: “Upgrade of the Warsaw – Łódź railway line, stage II, Lot A – Warszawa Zachodnia – (Miedniewice) Skierniewice section.”

Gross value of the Contract: PLN 88,262,340.

Net value of the Contract: PLN 71,758,000.

Completion date: 30 September 2015.

Warranty given by the Company to the Contractor: 12 months of the works’ final acceptance.



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The Company will provide the Contractor with a blank bill of exchange with declaration within three days of the Contract conclusion to secure the repayment of the deposit. The deposit will equal 10% of the Contract gross value and will be provided by the Contractor to the Company within three days of the receipt of the said bill of exchange to secure the payment by the Contractor.

The Company will pay the Contractor the contractual penalty of:

- 1) 10% of the Contract gross value if the Contract is terminated by the Contractor through the fault of the Company;
- 2) 0.05% of the Contract gross value for each day of delay in the performance of the Contract;
- 3) 0.05% of the Contract gross value for each day of delay in the removal of defects detected upon the acceptance or during the defect liability period. The penalty will be charged after the expiry of deadline for the removal of defects.

If the Company terminates the Contract through the fault of the Contractor, the Contractor will pay the Company the contractual penalty of 10% of the Contract gross value.

The contractual penalties' total value must not exceed 10% of the Contract gross value.

Both the Company and the Contractor may claim damages up to the actual damage in excess of the contractual penalties.

The Contract is deemed major because its 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.