

Date prepared: 2017-01-27
Short name of the issuer: ELEKTROTIM S.A.
Subject: Information on setting up by ELEKTROTIM S.A. a reserve for contractual penalties to the contract concluded with the Military Management of Infrastructure with its seat in Poznań.
Legal grounds: Article 17, section 1 of MAR - Confidential Information

Content of the Report:

The Management Board of ELEKTROTIM S.A. informs that on 26.01.2017 the Company received an accounting note from the Military Management of Infrastructure with its seat in Poznań (herein also referred to as the Ordering Party) in the amount of PLN 1,956,136.65 for charging ELEKTROTIM S.A. with "contractual penalties for delay in repairing defects and faults discovered during the technical or final commissioning or defects discovered during the statutory warranty and warranty (date of note: 19.01.2017).

Together with the above-mentioned accounting note, the Company received on 26.01.2017 a call for payment to be made within 14 days from the day of receiving, of the subject contractual penalty (date of letter: 23.01.2017).

The contractual penalties have been calculated to the Contract of 09.10.2014 which subject is rebuilding the universal Combat Shooting Range in Biedrusk (task no. 55119).

In the opinion of the Management Board of ELEKTROTIM S.A. the issued accounting note is incorrect.

The facility in Biedrusk, built for approx. PLN 45 million, despite the fact it was constructed correctly and obtained an occupancy permit, is not used. ELEKTROTIM S.A. repaired all reported faults in conformity with deadlines set with the Ordering Party. Since October 2016 ELEKTROTIM S.A., as the contractor of the works, has been waiting for the Ordering Party to take over the entire facility.

The Management Board of ELEKTROTIM S.A. informs that it does not agree with the delivered accounting note. Given the above, the Management Board of the Company, in conformity with the applicable regulations and the Accounting Policy of ELEKTROTIM S.A., sets up a reserve for contractual penalties for the above-mentioned amount of PLN 1,956,136.65. Setting up the reserve for the contractual penalties shall have a direct influence on the individual and consolidated financial result of ELEKTROTIM S.A. and ELEKTROTIM Group of Companies for 2016.

The Company publishes the Report due to the fact that the Company qualifies the received accounting note and the call for payment as confidential information in conformity with the definition set forth in Article 7 of MAR Ordination.