

ZUE Capital Group

**INTERIM CONSOLIDATED REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2013**



GRUPA ZUE

Cracow, 26 August 2013

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Abbreviations and definitions:

| | |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ZUE, Company | ZUE S.A. with registered office in Cracow, entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry number KRS 0000135388, share capital of PLN 5,500,000 paid up in full. Parent company of the ZUE Capital Group. |
| PRK | Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A. with registered office in Cracow, entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry number KRS 0000150723, share capital of PLN 9,500,000 paid up in full. Subsidiary of ZUE S.A. |
| BIUP | Biuro Inżynierskich Usług Projektowych Sp. z o.o. with registered office in Cracow, entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry number KRS 0000332405, share capital of PLN 19,400 paid up in full. Subsidiary of ZUE S.A. |
| RTI | Railway Technology International Sp. z o.o. with registered office in Cracow, entered into the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, XII Commercial Division of the National Court Register, under entry number KRS 0000397032, share capital of PLN 50,000 paid up in full. Subsidiary of ZUE S.A. |
| RTI Germany | Railway Technology International Germany GmbH with registered office in Hamburg, Germany. Share capital of EUR 25,000 paid up in full. Subsidiary of Railway Technology International Sp. z o.o. with registered office in Cracow. |
| BPK Poznań | Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o. with registered office in Poznań, entered into the National Court Register maintained by the District Court Poznań Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register, under entry number KRS 0000160302, share capital of PLN 1,747,500 paid up in full. Subsidiary of ZUE S.A. |
| BPK Gdańsk | Biuro Projektów Kolejowych w Gdańsku Sp. z o.o. w likwidacji with registered office in Gdańsk, entered into the National Court Register maintained by the District Court Gdańsk-Północ, VII Commercial Division of the National Court Register, under entry no. KRS 0000273363, share capital of PLN 1,000,000 paid up in full. Subsidiary of BPK Poznań. |
| ZUE Group, Group, Capital Group | ZUE Capital Group comprising: ZUE S.A., Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A., Biuro Inżynierskich Usług Projektowych Sp. z o.o., Railway Technology International Sp. z o.o., Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o., Railway Technology International Germany GmbH and Biuro Projektów Kolejowych w Gdańsku Sp. z o.o. |
| PLN | Polish złoty. |
| EUR | Euro. |
| Act | Polish Companies Act (Dz.U. 2000, no. 94, item 1037, as amended). |

ZUE Capital Group

INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

**Prepared in Accordance with the International Financial Reporting
Standards as approved by the European Union.**

Cracow, 26 August 2013

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APPROVAL OF THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS

These abbreviated consolidated financial statements for the six months ended 30 June 2013 were approved for publication by the Management Board of ZUE S.A. on 26 August 2013.

Wiesław Nowak – President of the Management Board

Marcin Wiśniewski – Vice-President of the Management Board

Maciej Nowak – Vice-President of the Management Board

Jerzy Czeremuga – Vice-President of the Management Board

Cracow, 26 August 2013

I. SELECTED FINANCIAL DATA OF THE ZUE CAPITAL GROUP

Rules adopted to translate selected financial data into EUR:

| Items | Exchange rate | Exchange rate on 30 Jun 2013 | Exchange rate on 31 Dec 2012 | Exchange rate on 30 Jun 2012 |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Balance sheet items | Mid exchange rate at the balance sheet date | 4.3292 | 4.0882 | n/a |
| Profit and loss account and cash flow statement items | Arithmetic mean of mid exchange rates quoted by the National Bank of Poland on the last day of each ended month of the period | 4.2140 | n/a | 4.2246 |
| "Cash at beginning of period" and "Cash at end of period" items in cash flow statement | Mid exchange rate at the balance sheet date | 4.3292 | 4.0882 | 4.2613 |

Key items of the interim abbreviated consolidated statement of financial position translated into EUR:

| | As at 30/06/2013 | | As at 31/12/2012 | |
|-------------------------------------|------------------|---------------|------------------|----------------|
| | PLN '000 | EUR '000 | PLN '000 | EUR '000 |
| Fixed assets | 147,232 | 34,009 | 180,758 | 44,215 |
| Current assets | 252,194 | 58,254 | 287,493 | 70,322 |
| Total assets | 399,426 | 92,263 | 468,251 | 114,537 |
| Shareholders' equity | 192,297 | 44,419 | 187,826 | 45,943 |
| Long-term liabilities | 58,480 | 13,508 | 62,257 | 15,228 |
| Short-term liabilities | 148,649 | 34,336 | 218,168 | 53,366 |
| Total equity and liabilities | 399,426 | 92,263 | 468,251 | 114,537 |

Key items of the interim abbreviated consolidated statement of comprehensive income translated into EUR:

| | Period ended 30/06/2013 | | Period ended 30/06/2012 | |
|-------------------------------------------|-------------------------|----------|-------------------------|----------|
| | PLN '000 | EUR '000 | PLN '000 | EUR '000 |
| Sales revenue | 157,058 | 37,271 | 233,903 | 55,367 |
| Cost of sales | 136,473 | 32,386 | 219,880 | 52,047 |
| Gross profit (loss) on sales | 20,585 | 4,885 | 14,023 | 3,320 |
| Profit (loss) on operating activities | 9,320 | 2,212 | 3,824 | 905 |
| Gross profit (loss) | 10,649 | 2,527 | 5,332 | 1,262 |
| Net profit (loss) on continued activities | 7,877 | 1,869 | 4,149 | 982 |

Key items of the interim abbreviated consolidated statement of cash flows translated into EUR:

| | Period ended 30/06/2013 | | Period ended 30/06/2012 | |
|---------------------------------------|-------------------------|---------------|-------------------------|---------------|
| | PLN '000 | EUR '000 | PLN '000 | EUR '000 |
| Cash flows from operating activities | -13,454 | -3,193 | -29,012 | -6,867 |
| Cash flows from investment activities | -4,086 | -970 | 3,896 | 922 |
| Cash flows from financial activities | -11,150 | -2,646 | 20,506 | 4,854 |
| Total net cash flows | -28,690 | -6,809 | -4,610 | -1,091 |
| Cash at beginning of period | 69,761 | 17,064 | 48,392 | 10,956 |
| Cash at end of period | 41,084 | 9,490 | 43,751 | 10,267 |

II. INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE ZUE CAPITAL GROUP

Consolidated statement of comprehensive income

| | (PLN) | |
|-------------------------------------------------------|----------------------------|----------------------------|
| | Period ended 30/06/2013 | Period ended 30/06/2012 |
| Sales revenue | 157,058,006.68 | 233,902,687.89 |
| Cost of sales | 136,473,443.94 | 219,879,694.05 |
| Gross profit (loss) on sales | 20,584,562.74 | 14,022,993.84 |
| General and administrative expenses | 9,325,927.77 | 8,752,511.02 |
| Other operating income | 1,586,917.19 | 1,134,550.81 |
| Other operating expenses | 3,525,491.87 | 2,580,914.46 |
| Profit (loss) on operating activities | 9,320,060.29 | 3,824,119.17 |
| Financial income | 2,695,166.47 | 3,505,913.18 |
| Financial expenses | 1,365,838.76 | 1,998,277.30 |
| Pre-tax profit (loss) | 10,649,388.00 | 5,331,755.05 |
| Corporate income tax | 2,772,099.49 | 1,183,094.77 |
| Consolidated net profit (loss) | 7,877,288.51 | 4,148,660.28 |
| Total comprehensive income | 7,877,288.51 | 4,148,660.28 |
| Attributable to: | | |
| Shareholders of the Parent | 6,998,813.95 | 4,122,066.07 |
| Minority shareholders | 878,474.56 | 26,594.21 |
| Net profit (loss) per share (PLN) (basic and diluted) | 0.32 | 0.19 |
| Total comprehensive income per share (PLN) | 0.32 | 0.19 |

Consolidated statement of financial position

| | (PLN) | |
|-----------------------------------------------------------------------------------|-----------------------|-----------------------|
| | As at 30/06/2013 | As at 31/12/2012 |
| ASSETS | | |
| Fixed assets | | |
| Tangible fixed assets | 69,624,601.44 | 66,142,103.59 |
| Investment real property | 8,838,322.64 | 9,008,522.80 |
| Intangible assets | 11,263,119.08 | 11,381,088.72 |
| Goodwill | 32,646,001.13 | 32,646,001.13 |
| Investments in non-consolidated subsidiaries | 28,585.50 | 28,585.50 |
| Advance payments for investments in subsidiaries | 0.00 | 0.00 |
| Long-term receivables | 0.00 | 37,956,720.03 |
| Retentions on construction contracts | 1,082,544.54 | 1,392,475.42 |
| Deferred tax assets | 22,016,171.79 | 21,963,309.53 |
| Other assets | 1,732,904.60 | 239,174.22 |
| Total fixed assets | 147,232,250.72 | 180,757,980.94 |
| Current assets | | |
| Inventories | 25,993,279.60 | 20,328,245.18 |
| Trade and other receivables | 177,910,101.73 | 190,327,717.89 |
| Retentions on construction contracts | 4,060,065.56 | 3,676,826.70 |
| Current tax assets | 178,779.00 | 584,961.00 |
| Other financial receivables | 0.00 | 0.00 |
| Other assets | 2,855,272.75 | 2,710,845.84 |
| Loans advanced | 112,562.62 | 103,448.11 |
| Cash and cash equivalents | 41,083,856.62 | 69,760,750.22 |
| Current assets | 252,193,917.88 | 287,492,794.94 |
| Assets held for sale | 0.00 | 0.00 |
| Total current assets | 252,193,917.88 | 287,492,794.94 |
| Total assets | 399,426,168.60 | 468,250,775.88 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 5,500,000.00 | 5,500,000.00 |
| Share premium account | 85,360,680.68 | 85,360,680.68 |
| Retained earnings | 94,364,827.61 | 87,803,580.88 |
| Equity attributable to shareholders of ZUE | 185,225,508.29 | 178,664,261.56 |
| Revaluation capital | 0.00 | 0.00 |
| Equity attributable to non-controlling interests | 7,071,395.84 | 9,161,874.21 |
| Total equity | 192,296,904.13 | 187,826,135.77 |
| Long-term liabilities | | |
| Long-term bank borrowings and other debt instruments and other financing sources | 11,255,327.88 | 25,090,420.37 |
| Retentions on construction contracts | 3,455,711.60 | 4,464,483.84 |
| Other financial liabilities | 3,181,500.00 | 1,750,000.00 |
| Liabilities under employee benefits | 2,684,441.92 | 2,323,605.01 |
| Deferred tax provision | 24,742,527.09 | 23,276,393.08 |
| Long-term provisions | 13,161,217.95 | 5,351,853.35 |
| Deferred income | 0.00 | 0.00 |
| Other liabilities | 0.00 | 0.00 |
| Total long-term liabilities | 58,480,726.44 | 62,256,755.65 |
| Short-term liabilities | | |
| Trade and other payables | 82,462,635.81 | 151,651,925.54 |
| Retentions on construction contracts | 5,356,609.11 | 8,201,466.56 |
| Short-term bank borrowings and other debt instruments and other financing sources | 44,858,676.66 | 41,184,811.96 |
| Other financial liabilities | 210,000.00 | 280,000.00 |
| Liabilities under employee benefits | 11,009,347.31 | 8,499,620.88 |
| Current tax liabilities | 0.00 | 123,731.00 |
| Short-term provisions | 4,751,269.14 | 8,226,328.52 |
| Total short-term liabilities | 148,648,538.03 | 218,167,884.46 |
| Total liabilities | 207,129,264.47 | 280,424,640.11 |
| Total equity and liabilities | 399,426,168.60 | 468,250,775.88 |

ZUE Capital Group

Interim Abbreviated Consolidated Financial Statements for the Six Months Ended 30 June 2013

Consolidated statement of changes in equity

(PLN)

| | Share capital | Share premium account | Retained earnings | Total equity attributable to shareholders | Equity attributable to non-controlling interests | Total equity |
|--------------------------------------|---------------------|-----------------------|----------------------|-------------------------------------------|--------------------------------------------------|-----------------------|
| As at 1 Jan 2013 – ZUE Group | 5,500,000.00 | 85,360,680.68 | 88,824,353.59 | 179,685,034.27 | 9,161,874.21 | 188,846,908.48 |
| Correction of errors | | | -1,020,772.71 | -1,020,772.71 | | -1,020,772.71 |
| As at 1 Jan 2013 – ZUE Group | 5,500,000.00 | 85,360,680.68 | 87,803,580.88 | 178,664,261.56 | 9,161,874.21 | 187,826,135.77 |
| Change of interest in subsidiaries | 0.00 | 0.00 | -632,653.54 | -632,653.54 | -420,146.78 | -1,052,800.32 |
| Taking control over subsidiaries | 0.00 | 0.00 | 0.00 | 0.00 | -1,571,520.55 | -1,571,520.55 |
| Other corrections | 0.00 | 0.00 | 195,086.32 | 195,086.32 | -345,146.30 | -150,059.98 |
| Dividend | 0.00 | 0.00 | 0.00 | 0.00 | -632,139.30 | -632,139.30 |
| Profit (loss) for the year | 0.00 | 0.00 | 6,998,813.95 | 6,998,813.95 | 878,474.56 | 7,877,288.51 |
| As at 30 Jun 2013 – ZUE Group | 5,500,000.00 | 85,360,680.68 | 94,364,827.61 | 185,225,508.29 | 7,071,395.84 | 192,296,904.13 |
| As at 1 Jan 2012 – ZUE Group | 5,500,000.00 | 85,360,680.68 | 85,550,781.44 | 176,411,462.12 | 8,941,250.04 | 185,352,712.16 |
| Change of interest in subsidiaries | 0.00 | 0.00 | 546,760.27 | 546,760.27 | -765,312.24 | -218,551.97 |
| Taking control over subsidiaries | 0.00 | 0.00 | 0.00 | 0.00 | 1,400,220.03 | 1,400,220.03 |
| Dividend | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Profit (loss) for the year | 0.00 | 0.00 | 4,122,066.07 | 4,122,066.07 | 26,594.21 | 4,148,660.28 |
| As at 30 Jun 2012 – ZUE Group | 5,500,000.00 | 85,360,680.68 | 90,219,607.78 | 181,080,288.46 | 9,602,752.04 | 190,683,040.50 |
| As at 1 Jan 2012 – ZUE Group | 5,500,000.00 | 85,360,680.68 | 85,550,781.44 | 176,411,462.12 | 8,941,250.04 | 185,352,712.16 |
| Change of interest in subsidiaries | 0.00 | 0.00 | 656,188.44 | 656,188.44 | -943,330.41 | -287,141.97 |
| Taking control over subsidiaries | 0.00 | 0.00 | 0.00 | 0.00 | 355,791.40 | 355,791.40 |
| Dividend | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Profit (loss) for the year | 0.00 | 0.00 | 1,596,611.00 | 1,596,611.00 | 808,163.18 | 2,404,774.18 |
| As at 31 Dec 2012 – ZUE Group | 5,500,000.00 | 85,360,680.68 | 87,803,580.88 | 178,664,261.56 | 9,161,874.21 | 187,826,135.77 |

Consolidated statement of cash flows

| | (PLN) | |
|------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|
| | Period ended 30/06/2013 | Period ended 30/06/2012 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net profit before tax | 10,649,388.00 | 5,331,755.05 |
| Adjustments: | | |
| Depreciation and amortisation | 3,755,437.37 | 3,501,646.32 |
| Foreign exchange gains / (losses) | -5,831.22 | -26,638.94 |
| Interest and share in profit (dividends) | 3,787,671.83 | 749,552.00 |
| (Gain) / loss on disposal of investments | 1,144,851.18 | 627,267.22 |
| Accrued expenses under commission on loans | 104,062.50 | 104,062.50 |
| (Gain) / loss on realisation of derivative financial instruments | 0.00 | 0.00 |
| Remeasurement of derivative financial instruments | 0.00 | 0.00 |
| Operating profit before changes in working capital | 19,435,579.66 | 10,287,644.15 |
| Change in receivables and retentions on construction contracts | 47,164,829.00 | -37,908,887.69 |
| Change in inventories | -5,651,193.28 | -7,205.15 |
| Change in provisions and liabilities under employee benefits | 7,044,311.69 | -830,467.03 |
| Change in retentions on construction contracts and liabilities, excluding borrowings, other debt instruments and other financing sources | -78,682,088.14 | 3,231,865.90 |
| Change in accrued expenses | -1,949,434.00 | -324,582.83 |
| Change in amounts payable to customers under construction contracts | 0.00 | 0.00 |
| Change in received advance payments | 0.00 | 0.00 |
| Change in funds of limited availability | 0.00 | 0.00 |
| Other adjustments | 0.00 | 0.00 |
| Income tax paid / tax refund | -816,445.00 | -3,460,174.00 |
| NET CASH PROVIDED BY / USED IN OPERATING ACTIVITIES | -13,454,440.07 | -29,011,806.65 |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | | |
| Sale of tangible and intangible fixed assets | 2,170,443.94 | 3,901,231.25 |
| Purchase of tangible and intangible fixed assets | -5,904,545.67 | -1,362,701.50 |
| Sale of investments in real property and intangible fixed assets | 0.00 | 0.00 |
| Sale of assets for sale | 0.00 | 2,000,000.00 |
| Investments in real property and intangible fixed assets | 0.00 | 0.00 |
| Sale / (purchase) of financial assets in non-consolidated subsidiaries | 0.00 | -22,950.00 |
| Sale / (purchase) of financial assets in consolidated subsidiaries | -1,098,252.32 | -1,552,919.86 |
| Purchase of financial assets available for sale | 0.00 | 0.00 |
| Loans advanced | -632,943.29 | -108,663.15 |
| Dividends received | 0.00 | 0.00 |
| Interest received | 1,290,934.16 | 902,188.57 |
| Settlement of financial instruments – expenses | 0.00 | 0.00 |
| Cash from acquisition of subsidiary | 87,862.42 | 0.00 |
| Sale of financial assets in associates | 0.00 | 0.00 |
| Other investment income / (expenses) | 452.00 | 139,555.37 |
| NET CASH FROM INVESTMENT ACTIVITIES | -4,086,048.76 | 3,895,740.68 |
| CASH FLOWS FROM FINANCIAL ACTIVITIES | | |
| Borrowings and other debt instruments received | 37,661,407.43 | 31,898,883.78 |
| Repayment of borrowings and other debt instruments | -45,933,571.10 | -7,965,706.35 |
| Decrease in finance lease liabilities | -1,575,180.57 | -1,942,423.73 |
| Interest paid | -959,205.65 | -1,484,954.81 |
| Other cash provided by / (used in) financial activities – dividends | -343,382.66 | 0.00 |
| Net cash from issue of shares | 0.00 | 0.00 |
| NET CASH FLOWS FROM FINANCIAL ACTIVITIES | -11,149,932.55 | 20,505,798.89 |
| TOTAL NET CASH FLOWS | -28,690,421.38 | -4,610,267.08 |
| Net foreign exchange gains / (losses) | 13,527.78 | -30,379.91 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 69,760,750.22 | 48,392,136.44 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 41,083,856.62 | 43,751,489.45 |

III. NOTES TO THE INTERIM ABBREVIATED CONSOLIDATED FINANCIAL STATEMENTS OF THE ZUE CAPITAL GROUP

1. General

1.1. Capital Group composition and core business

As at the balance sheet date, the ZUE Capital Group was composed of seven companies with ZUE as the parent of Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A., Biuro Inżynierskich Usług Projektowych Sp. z o.o., Railway Technology International Sp. z o.o. and Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o.

ZUE has been established on the basis of the notarial deed of 20 May 2002 in the Notary's Office in Cracow, Rynek Główny 30 (Rep. A no. 9592/2002). Cracow is the Company's registered office (address: ul. Kazimierza Czapieńskiego 3, Cracow, Poland). The Company has been entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division, under entry no. KRS 0000135388.

ZUE is the parent company responsible for coordinating the operation of the subsidiaries and optimising the Capital Group's operating expenses through, *inter alia*, the coordination of investment projects and bank borrowings, financial management and the management of the supply of materials. In addition, ZUE's task is to create a uniform trade and marketing policy of the Capital Group and to promote the Group's potential among its customers.

As at the date of these financial statements' approval, the Parent Company's governing and supervisory bodies comprised:

Management Board:

| | |
|-------------------|----------------------------------------|
| Wiesław Nowak | President of the Management Board |
| Marcin Wiśniewski | Vice-President of the Management Board |
| Maciej Nowak | Vice-President of the Management Board |
| Jerzy Czeremuga | Vice-President of the Management Board |

Supervisory Board:

| | |
|--------------------|-----------------------------------|
| Mariusz Szubra | Chairman of the Supervisory Board |
| Magdalena Lis | Member of the Supervisory Board |
| Bogusław Lipiński | Member of the Supervisory Board |
| Piotr Korzeniowski | Member of the Supervisory Board |
| Michał Lis | Member of the Supervisory Board |

Subsidiary – Przedsiębiorstwo Robót Komunikacyjnych w Krakowie Spółka Akcyjna has been established on the basis of the notarial deed of 18 December 2000 in the Notary's Office in Warsaw, ul. Długa 31 (Rep. A no. 26183/2000). The company has transformed as a result of the commercialisation process from Państwowe Przedsiębiorstwo Robót Kolejowych w Krakowie into a company owned by the State Treasury as of 1 January 2001. Cracow is the company's registered office. The company has been entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division, under entry no. KRS 0000150723.

Subsidiary – Biuro Inżynierskich Usług Projektowych Sp. z o.o. has been established on the basis of the notarial deed of 15 June 2009 in the Notary's Office in Cracow, Rynek Główny 30 (Rep. A no. 5322/2009). Cracow is the company's registered office. The company has been entered into the National Court Register maintained by the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division, under entry no. KRS 0000332405.

Subsidiary – Railway Technology International Sp. z o.o. has been established on the basis of the notarial deed of

20 July 2011 in the Notary's Office in Warsaw, al. Jerozolimskie 29/26 (Rep. A no. 2582/2011). Cracow is the company's registered office. The company has been entered into the National Court Register maintained by the District Court for the Capital City of Warsaw in Warsaw, XII Commercial Division, under entry no. KRS 0000397032.

Subsidiary – Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o. has been established on the basis of the agreement of 31 December 2004 whereby Biuro Projektów Kolejowych w Poznaniu, a State-owned enterprise, has been handed over for paid use. Consequently, BPK has acquired all rights and obligations of the acquired entity. Poznań is the company's registered office. The company has been registered with the District Court Poznań Nowe Miasto i Wilda, VIII Commercial Division of the National Court Register, under entry no. KRS 0000160302.

Subsidiary (indirectly through RTI) – Railway Technology International Germany GmbH has been established on the basis of the notarial deed of 8 May 2012 in the Notary's Office in Radebeul, Rathenaustrasse 6, Germany (no. 1090/2012). Hamburg (Germany) is the company's registered office.

Subsidiary (indirectly through BKP Poznań) – Biuro Projektów Kolejowych w Gdańsku Sp. z o.o. w likwidacji has been established on the basis of the notarial deed of 24 July 2006 in the Notary's Office in Gdańsk, ul. Grunwaldzka 71/73 m.10 (Rep. A no. 18114/2006). Gdańsk is the company's registered office. The company has been registered with the District Court Gdańsk-Północ, VII Commercial Division, under entry no. KRS 0000273363.

The companies comprising the Capital Group have been incorporated for indefinite period except for BPK Gdańsk, which has been put into liquidation. The financial statements of all subsidiaries have been prepared for the same reporting period as the Parent Company using consistent accounting principles. The parent company and the subsidiaries use the calendar year as their financial year.

The activity of the ZUE Group consists of:

- design, construction and comprehensive modernisation of urban transport systems;
- design, construction and comprehensive modernisation of railway lines; and
- services related to power networks and power electronics.

1.2. Consolidated entities

Consolidated entities as at 30 June 2013:

| Name | Registered office | Interests as at | | | Consolidation method |
|--------------------------------------------------------------|-------------------|-----------------|-------------|-------------|----------------------|
| | | 30 Jun 2013 | 31 Dec 2012 | 30 Jun 2012 | |
| Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A. | Cracow | 89% | 87% | 86% | Full |
| Biuro Inżynierskich Usług Projektowych Sp. z o.o. | Cracow | 49% | 49% | 49% | Full |
| Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o. | Poznań | 84% | 62% | 62% | Full |
| Biuro Projektów Kolejowych w Gdańsku Sp. z o.o. w likwidacji | Gdańsk | 54%* | 27% | - | Full |

*Direct interest of BPK Poznań in the share capital of BPK Gdańsk. ZUE's indirect interest is 45.71%.

ZUE holds a 51% interest in Railway Technology International Sp. z o.o. Given an insignificant impact of the subsidiary's financial data on the assets and financial condition, Railway Technology International Sp. z o.o. was not consolidated as at 30 June 2013.

Railway Technology International Sp. z o.o. holds 100% of shares in Railway Technology International Germany GmbH. Given an insignificant impact of the subsidiary's financial data on the assets and financial condition, Railway Technology International Germany GmbH was not consolidated as at 30 June 2013.

1.3. Changes in the Group's structure and their consequences

In the first six months of 2013 and after 30 June 2013, ZUE purchased the employee shares of PRK. As at the date of signing this report, ZUE held 841,586 shares in PRK; i.e. an 88.59% interest in the subsidiary's share capital.

As at 1 January 2013, BPK Poznań held 533 shares in BPK Gdańsk. Given the financial standing of BPK Gdańsk, the value of its shares was written off in full. On 16 January 2013, BPK Poznań purchased another 533 shares in BPK Gdańsk. Consequently, it held 1,066 shares and a 54.25% interest in the company's share capital. On 15 March 2013, the Extraordinary Shareholders Meeting of BPK Gdańsk resolved to change the composition of the Management Board and the Supervisory Board. Thus, the ZUE Group gained control over BPK Gdańsk and, consequently, the company was consolidated as of 31 March 2013.

On 20 June 2013, the District Court Poznań – Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register issued a decision on the increase of the share capital of BPK Poznań from PLN 747,500 to PLN 1,747,500.

On 19 July 2013, BPK Poznań acquired another 533 shares in BPK Gdańsk. Consequently, it held 1,599 shares and an 81.37% interest in the company's share capital.

The table below sets out the calculation of BPK Gdańsk goodwill.

| Acquisitions of BPK Gdańsk | Settlement as at 31-03-2013 |
|-------------------------------------------------------------|------------------------------------|
| % of shares | 33.67% |
| Fair value of the consideration | 90,000.00 |
| Fair value of the consideration attributable to ZUE (62.1%) | 55,854.00 |
| Assets of BPK Gdańsk according to the IFRS | 3,045,821.61 |
| Liabilities of BPK Gdańsk | 5,363,488.76 |
| Net assets | -2,317,667.15 |
| Net assets attributable to ZUE | -780,292.60 |
| Minority capital | -1,571,520.55 |
| Goodwill | 836,146.60 |

Given the events identified after the transaction date, it became necessary to verify the initial goodwill. During the valuation, the acquirer (ZUE) learnt of new facts and circumstances as at the acquisition date and, consequently, recognised additional assets and liabilities. Consequently, the original goodwill presented in the abbreviated consolidated financial statements as at 31 March 2013 (PLN 0.00) was changed and amounted to PLN 836,146.60 as at 30 June 2013.

Given the circumstances referred to in IAS 36, the goodwill was written off in full.

1.4. Functional and reporting currency

These financial statements have been prepared in Polish złoty (PLN). Polish złoty is the Group's functional and reporting currency. The data in the financial statements has been disclosed in Polish złoty.

2. Shareholders of the Parent Company

According to information held by the Management Board of ZUE, the Parent Company had the following shareholding structure at the date of signing the report:

| Shareholder | Type of shares | Number of shares | % share in the share capital | Number of votes at the GM | % of votes at the GM |
|--------------------|-----------------------|-------------------------|-------------------------------------|----------------------------------|-----------------------------|
| Wiesław Nowak | Ordinary | 16,000,000 | 72.73 | 16,000,000 | 72.73 |
| PKO Bankowy OFE | Ordinary | 1,126,144 | 5.12 | 1,126,144 | 5.12 |
| Other | Ordinary | 4,873,856 | 22.15 | 4,873,856 | 22.15 |

| Total | Ordinary | 22,000,000 | 100 | 22,000,000 | 100 |
|-------|----------|------------|-----|------------|-----|
|-------|----------|------------|-----|------------|-----|

3. Statements by the Management Board of ZUE

3.1. *Statement on reliability of interim abbreviated consolidated financial statements*

On the basis of the Regulation of the Minister of Finance of 19 February 2009, as amended, on current and periodic information published by issuers of securities and conditions for recognizing information required by the law of a non-member state as equivalent, the Management Board of ZUE state that according to their best knowledge, these interim abbreviated consolidated financial statements and the comparable data have been prepared according to the accounting principles binding on the Group, give a true, clear and fair view of the Group's assets and financial standing and the financial result, and the Management Board Report contains a true description of the Group's development, achievements and situation, including a description of fundamental risks and threats.

3.2. *Statement on entity authorised to review interim abbreviated consolidated financial statements*

The Management Board of ZUE state that the entity authorised to audit financial statements responsible for the review of the interim abbreviated consolidated financial statements has been appointed according to the law and that the said entity and chartered auditors involved in the review have met the requirements to issue an objective and independent report on the interim abbreviated consolidated financial statements pursuant to applicable laws and professional standards.

3.3. *Statement on non-submission of separate interim report*

Pursuant to § 83.3 of the Regulation of the Minister of Finance of 19 February 2009, ZUE do not submit any separate interim separate report. The interim abbreviated financial statements of ZUE and Auditor's Report on the review of the statements supplement the interim consolidated report of the ZUE Capital Group ZUE.

4. Use of International Financial Reporting Standards

4.1. *Statement on compliance*

These interim abbreviated consolidated financial statements of the ZUE Capital Group cover the six months ended 30 June 2013 and the comparable data for the six months ended 30 June 2012.

These interim abbreviated consolidated financial statements have been drawn up in accordance with the requirements of the International Financial Reporting Standards applicable as at 30 June 2013 as approved by the European Union.

These interim abbreviated consolidated financial statements have been prepared by the Group according to the regulations set out in IAS 34 "Interim Financial Reporting." The same rules have been applied for both current and comparable period.

These interim abbreviated consolidated financial statements for the first six months of 2013 have been prepared according to the requirements binding on public companies.

These interim abbreviated consolidated financial statements do not include all the information and disclosures required in the case of annual financial statements and they should be read together with the annual financial statements of ZUE and the consolidated financial statements of the ZUE Capital Group.

These interim abbreviated consolidated financial statements have been presented based on the assumption that the Group will continue as a going concern in the foreseeable future. No threats to the Group's ability to continue as a going concern were identified during the reporting period or by these statements preparation date.

4.2. *Standards and interpretations used for the first time in the reporting period*

The following standards, amendments to the standards and interpretations published by the International Accounting Standards Board and approved of by the European Union come into force in 2013:

- **IFRS 13 “Fair Value Measurement”** approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Amendments to IFRS 1 “First-Time Adoption of International Financial Reporting Standards”** – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Amendments to IFRS 1 “First-Time Adoption of International Financial Reporting Standards”** – Government Loans approved of in the EU on 4 March 2013 (effective for annual periods beginning on or after 1 January 2013);
- **Amendments to IFRS 7 “Financial Instruments: Disclosures”** – Offsetting Financial Assets and Financial Liabilities approved of in the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Amendments to IAS 1 “Presentation of Financial Statements”** – presentation of items of other comprehensive income approved of in the EU on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012);
- **Amendments to IFRS 10 “Consolidated Financial Statements,” IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities”** – interim provisions explanation (effective for annual periods beginning on or after 1 January 2013);
- **Amendments to IAS 12 “Income Tax”** – Deferred Tax: Recovery of Underlying Assets approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Amendments to IAS 19 “Employee Benefits”** – amendments to post-employment benefits approved of in the EU on 5 June 2012 (effective for annual periods beginning on or after 1 January 2013);
- **International Financial Reporting Interpretations Committee’s (IFRIC) Interpretation 20 “Stripping Costs in the Production Phase of a Surface Mine”** approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Amendments to different standards “Amendments to IFRS (2012)”** – amendments made as part of making annual amendments to IFRS approved of in the EU on 27 March 2013 (IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34) aimed mainly at the resolution of inconsistencies and specification of vocabulary (effective for annual periods beginning on or after 1 January 2013).

The Management Board of ZUE believe that these standards, amendments to the standards and interpretations do not have any significant impact on the financial statements of the Group.

4.3. Standards and interpretations published but not yet effective

Upon the approval of these financial statements, the Company did not apply the following standards or amendments, which had been published and approved of by the EU but had not yet come into force:

- **IFRS 10 “Consolidated Financial Statements”** approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IFRS 11 “Joint Arrangements”** approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IFRS 12 “Disclosure of Interests in Other Entities”** approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IAS 27 (amended in 2011) “Separate Financial Statements”** approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IAS 28 (amended in 2011) “Investments in Associates and Joint Ventures”** approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **Amendments to IAS 32 “Financial Instruments: Presentation”** – Offsetting Financial Assets and Financial Liabilities approved of in the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014).

The Group has decided not to apply the foregoing standards or amendments to the standards. According to the estimates by the Group, these standards and amendments to the standards would not have any significant impact on the consolidated financial statements if used by the Group at the balance sheet date.

4.4 Standards and interpretations adopted by the IASB but not yet approved by the EU

The International Financial Reporting Standards (IFRS) as approved by the EU do not significantly differ from the regulations adopted by the International Accounting Standards Board (IASB) save for the following standards, amendments to the standards and interpretations not yet approved for use as at 30 June 2013:

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2015);
- **Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures"** – Mandatory Date of Entry into Force and Interim Provisions;
- **Amendments to IFRS 10 "Consolidated Financial Statements," IFRS 12 "Disclosure of Interests in Other Entities" and IAS 27 "Separate Financial Statements"** – investment units (effective for annual periods beginning on or after 1 January 2014).

The estimated impact of these amendments on future consolidated financial statements of the Group is being analysed.

5. Comparability of Financial Data and Adjustments to the Financial Statements

- a) In the financial statements for the first six months of 2013 and the comparable data for 2012, the Company presented Liabilities under employee benefits of PLN 727 thousand.

| | Presentation in the financial statements as at 31/12/2012 | Comparable data as at 31/12/2012 | Data as at 30/06/2013 |
|-------------------------------------|-----------------------------------------------------------------|----------------------------------------|--------------------------|
| Trade and other payables | 726,562.06 | 0.00 | 0.00 |
| Liabilities under employee benefits | 0.00 | 726,562.06 | 774,037.53 |

The foregoing adjustment concerned 2012 and did not influence the basic or diluted profit per share.

- b) In 2012, ZUE incorrectly capitalized the cost of consultancy of PLN 1,021 thousand.
In 2013, the Company adjusted the result and wrote it off as expenses.

The adjustment concerned 2012. The adjustment as at 30 June 2013 reduced the retained earnings by PLN 1,021 thousand and prepaid expenses.

6. Significant Accounting Principles Used in the Consolidated Financial Statements for the Period 1 January 2013 to 30 June 2013

6.1. Preparation basis

The interim abbreviated consolidated financial statements have been presented assuming that the Parent Company and all entities comprising the ZUE Capital Group will continue in operational existence for the foreseeable future, except for BPK Gdańsk w likwidacji which has been valued at fair value less costs to sell. No going concern risks have been identified in the reporting period or by the financial statements' preparation date.

The interim abbreviated consolidated financial statements have been prepared according to the same accounting principles and measurement methods as those used in the ZUE annual financial statements and the Group annual consolidated financial statements as at 31 December 2012.

7. Revisions to Estimates

The preparation of financial statements in conformity with the IFRS requires the Management Board to make judgments, estimates and assumptions that affect the adopted policies and reported assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised or in the period of the revision and future periods if the revision affects both current and future periods.

Changes in provisions

| Provisions | As at 31/12/2012 | Created | Utilised | Released | As at 30/06/2013 | Item |
|------------------------------------|----------------------|----------------------|---------------------|---------------------|----------------------|--------------------------------------------------|
| Long-term provisions: | 7,675,458.36 | 10,942,539.54 | 254,263.74 | 2,518,074.29 | 15,845,659.87 | |
| Pension and retirement gratuities | 2,323,605.01 | 526,306.10 | 141,069.19 | 24,400.00 | 2,684,441.92 | Liabilities under employee benefits (long-term) |
| Provisions for warranty repairs | 5,351,853.35 | 3,479,082.44 | 113,194.55 | 2,493,674.29 | 6,224,066.95 | Long-term provisions |
| Other provisions | 0.00 | 6,937,151.00 | 0.00 | 0.00 | 6,937,151.00 | |
| Short-term provisions: | 16,725,949.40 | 6,724,284.10 | 4,212,638.46 | 3,476,978.59 | 15,760,616.45 | |
| Pension and retirement gratuities | 189,017.66 | 250,116.65 | 0.00 | 111,718.00 | 327,416.31 | Liabilities under employee benefits (short-term) |
| Provisions for leaves | 2,942,218.97 | 1,558,356.57 | 683,033.21 | 182,896.00 | 3,634,646.33 | |
| Other employee benefits provisions | 5,368,384.25 | 4,254,506.93 | 2,575,606.51 | 0.00 | 7,047,284.67 | Short-term provisions |
| Provisions for warranty repairs | 3,113,222.68 | 230,024.15 | 652,847.88 | 160,000.00 | 2,530,398.95 | |
| Other provisions | 5,113,105.84 | 431,279.80 | 301,150.86 | 3,022,364.59 | 2,220,870.19 | |
| Total provisions: | 24,401,407.76 | 17,666,823.64 | 4,466,902.20 | 5,995,052.88 | 31,606,276.32 | |

The Group companies are obliged to give warranty for the construction services they provide. The amount of provisions for warranty repairs is estimated separately for each construction contract and ranges from 0.05% to 1.0% of revenue from a given contract. The value is analysed on an individual basis and may increase or decrease as the case may be. As at 30 June 2013, the balance of provisions for warranty repairs stood at PLN 8,754 thousand and as at 31 December 2012, at PLN 8,465 thousand. During the six months ended 30 June 2013, the balance of provisions for warranty repairs increased by PLN 289 thousand.

The Group uses estimates to value construction contracts. In 2013, the estimates changed for the construction contracts valued as at 31 December 2012.

The estimated costs of the construction contracts executed by PRK decreased by PLN 16,392 thousand compared to the initial budget used to perform the valuation as at 31 December 2012.

Deferred tax assets and liabilities

| | As at 31/12/2012 | Created | Utilised | PLN As at 30/06/2013 |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------------|
| Deferred tax assets | 21,963,309.53 | 1,469,300.02 | 1,416,437.76 | 22,016,171.79 |
| Deferred tax liabilities | 23,276,393.08 | 5,031,704.09 | 3,565,570.08 | 24,742,527.09 |
| Assets and liabilities balance | -1,313,083.55 | -3,562,404.07 | -2,149,132.32 | -2,726,355.30 |

In the first six months of 2013, deferred tax assets increased by PLN 53 thousand compared to the figure disclosed as at 31 December 2012. Deferred tax liabilities increased by PLN 1,466 thousand compared to the figure reported at the end of 2012.

8. Trade and Other Receivables

| | <i>PLN</i> | |
|-------------------------------------------------------------------|-------------------------|-------------------------|
| | As at 30/06/2013 | As at 31/12/2012 |
| Trade receivables | 120,355,261.43 | 134,240,975.14 |
| Trade receivables revaluation write-downs | -9,221,152.96 | -4,711,936.16 |
| Receivables from the state budget other than corporate income tax | 0.00 | 0.00 |
| Receivables under contracts (valuation) | 65,378,124.66 | 60,578,128.29 |
| Advance payments | 1,142,007.60 | 0.00 |
| Other receivables | 255,861.00 | 220,550.62 |
| Total trade and other receivables | 177,910,101.73 | 190,327,717.89 |

8.1. Ageing analysis of trade receivables

| | <i>PLN</i> | |
|----------------------------------------------------------------|-------------------------|-------------------------|
| | As at 30/06/2013 | As at 31/12/2012 |
| Not past due receivables | 104,419,861.95 | 104,680,645.43 |
| Including: | | |
| Not past due receivables for which write-downs were recognised | 0.00 | 63,056.66 |
| Receivables that are past due but not impaired | 7,267,115.93 | 24,911,450.21 |
| 1-30 days | 6,141,758.24 | 17,893,017.60 |
| 31-60 days | 150,602.91 | 3,173,348.47 |
| 61-90 days | 39,645.39 | 244,068.07 |
| 91-180 days | 72,210.69 | 418,602.79 |
| 181-360 days | 388,026.69 | 2,773,922.03 |
| 360 + days | 474,872.01 | 408,491.25 |
| Past due receivables for which write-downs were recognized | 8,668,283.55 | 4,648,879.50 |
| 1-30 days | 0.00 | 0.00 |
| 31-60 days | 0.00 | 16,134.22 |
| 61-90 days | 260,528.98 | 3,600,923.27 |
| 91-180 days | 49,255.53 | 152,177.47 |
| 181-360 days | 8,157,572.59 | 293,194.44 |
| 360 + days | 200,926.45 | 586,450.10 |
| Total trade receivables (gross) | 120,355,261.43 | 134,240,975.14 |
| Trade receivables write-downs | -9,221,152.96 | -4,711,936.16 |
| Total trade receivables (net) | 111,134,108.47 | 129,529,038.98 |

PLN

Long-term receivables

| | As at 30/06/2013 | As at 31/12/2012 |
|-----------------------------------|-------------------------|-------------------------|
| Trade receivables | 0.00 | 39,577,093.78 |
| Allowance for doubtful debts | 0.00 | 0.00 |
| Discounting long-term receivables | 0.00 | -1,620,373.75 |
| Total | 0.00 | 37,956,720.03 |

Gross value of long-term receivables

| | |
|---------------------------------------|----------------------|
| Balance at beginning of period | 37,956,720.03 |
| Increases | 0.00 |
| Decreases | 37,956,720.03 |
| Transfer to short-term receivables | 37,956,720.03 |
| Discount | 0.00 |
| Balance at end of period | 0.00 |

9. Trade and Other Payables

PLN

| | As at 30/06/2013 | As at 31/12/2012 |
|-----------------------------------------------------------------|-------------------------|-------------------------|
| Trade payables | 43,852,301.95 | 91,835,742.65 |
| Liabilities to the state budget other than corporate income tax | 9,091,459.37 | 18,246,004.89 |
| Accruals | 19,934,167.26 | 7,482,265.18 |
| Liabilities under contracts (valuation) | 2,911,836.08 | 27,588,392.25 |
| Other liabilities | 6,672,871.15 | 6,499,520.57 |
| Total trade and other payables | 82,462,635.81 | 151,651,925.54 |

9.1. Ageing analysis of trade payables

PLN

| | As at 30/06/2013 | As at 31/12/2012 |
|------------------------------|-------------------------|-------------------------|
| Not past due payables | 40,752,095.62 | 74,873,052.61 |
| Past due payables | 3,100,206.33 | 16,962,690.04 |
| 1-30 days | 1,615,085.99 | 5,039,571.08 |
| 31-60 days | 92,309.78 | 7,455,590.92 |
| 61-90 days | 29,285.79 | 105,022.20 |
| 91-180 days | 122,302.01 | 900,360.87 |
| 181-360 days | 6,145.59 | 1,123,341.15 |
| 360 + days | 1,235,077.17 | 2,338,803.82 |
| Total trade payables | 43,852,301.95 | 91,835,742.65 |

10. Discontinued Operations

No operations were discontinued within the meaning of the IFRS 5 during the six months ended 30 June 2013 or the six months ended 30 June 2012.

11. Segment Reporting

The Group's reporting is based on operating segments. Given the development of design activities, the Management Board of ZUE identified the two aggregate operating segments to enable a proper assessment of the type and financial consequences of the Group's operations as required by the IFRS 8:

- construction; and
- design.

These operating segments jointly meet the following rules:

- their aggregation is consistent with the objectives and principles of the IFRS 8;
- they have similar economic characteristics;
- they are similar in the following areas: the nature of the products and services, the nature of the production process, the class and type of customers and the methods used to distribute products and services.

The construction activities conducted by ZUE and PRK include the construction and comprehensive modernisation of urban transport systems, the construction and comprehensive modernisation of railway lines, power engineering and power electronics services as well as steel and aluminium structures.

Design activities related to urban and railway transport systems supplement the construction activities. This segment includes the contracts performed by BIUP, BPK Poznań and BPK Gdańsk.

The accounting principles applied for the segments are the same as the principles set out in the description of significant accounting principles. The Group settles sales and transfers between the segments based on current market prices as in the case of transactions with third parties.

Operating segments' results for the first six months of 2013:

| | (PLN '000) | | |
|---------------------------------|--------------|--------|-------------|
| | Construction | Design | Group total |
| Sales revenue | 152,576 | 4,482 | 157,058 |
| Including | | | |
| Revenue from external customers | 152,483 | 4,245 | 156,728 |
| Inter-segment revenues | 94 | 236 | 330 |
| Gross profit | 19,793 | 792 | 20,585 |
| Financial income / expenses | 1,448 | -119 | 1,329 |
| Interest received | 1,084 | 207 | 1,291 |
| Interest paid | -927 | -32 | -959 |
| Profit before tax | 12,534 | -1,885 | 10,649 |
| Income tax | 2,399 | 373 | 2,772 |
| Net profit | 10,135 | -2,258 | 7,877 |
| Depreciation and amortisation | 3,572 | 183 | 3,755 |
| Tangible fixed assets | 63,506 | 6,119 | 69,625 |
| Fixed assets | 140,773 | 6,459 | 147,232 |
| Total assets | 386,706 | 12,720 | 399,426 |

12. Major Events in the First Six Months of 2013 and After Balance Sheet Date

- On 8 January 2013, ZUE concluded the contract with the city of Lublin for the construction works as part of the following project: "Construction of trolleybus traction and power supply system, and reconstruction of street lighting system in the following streets: Jana Pawła II (from Armii Krajowej to Nadbystrzycka), Krochmalna (from Nadbystrzycka to Młyńska), Młyńska (from Krochmalna to Dworcowa) and the following intersections: Młyńska / Krochmalna / Gazowa and Młyńska / Dworcowa in Lublin" as part of the following project: Integrated Urban Public Transport System in Lublin. Contract net value: PLN 10,050,240.25. Completion date: 15 December 2014.
- On 8 January 2013, PRK concluded the contract with PKP Polskie Linie Kolejowe S.A. of Warsaw for the construction works as part of the following project: "Upgrade of the Tunel station on the railway line no. 8 Warszawa Zachodnia – Kraków Główny Osobowy." Contract net value: PLN 41,953,990.41. Completion date: 30 November 2013.
- On 16 January 2013, BPK Poznań signed the agreement for the purchase of 533 shares in BPK Gdańsk as a result of which the Company acquired a 54.25% interest in the share capital of BPK Gdańsk.
- On 25 January 2013, ZUE concluded the contract with Tramwaje Śląskie S.A. of Chorzów for the construction works as part of the following projects: "Upgrade of the tramway track along the Wolności street from the Kondratowicza street up to the border with Gliwice" (project no. 50) in Zabrze" and "Upgrade of the tramway track along the 3 Maja street in Zabrze" (project no. 51) and "Upgrade of tram and trolleybus infrastructure in the Upper Silesia with associated infrastructure." Contract net value: PLN 16,647,267.92. Completion date: 25 January 2014.
- On 25 January 2013, ZUE concluded the contract with Tramwaje Śląskie S.A. of Chorzów for the construction works as part of the following projects: "Upgrade of a separate tramway track at lines no. 15, 21, 24 and 27 along the 3-go Maja street, an interchange in Sosnowiec, with platforms," "Upgrade of crossings in Sosnowiec: 3-go Maja street, the intersection of Parkowa and Mościckiego streets" (project no. 28), "Upgrade of a tramway in the 3-go Maja street in Sosnowiec – from the interchange to the Zagórze terminus" (project no. 29) and "Upgrade of tram and trolleybus infrastructure in the Upper Silesia with associated infrastructure." Contract net value: PLN 26,293,505.13. Completion date: 25 September 2014.
- On 31 January 2013, the credit facility agreement no. 07/044/09/Z/0B concluded by ZUE with BRE Bank S.A. came to an end – the facility repayment.
- On 11 February 2013, ZUE and Miejskie Przedsiębiorstwo Komunikacyjne we Wrocławiu Sp. z o.o. of Wrocław concluded the contract for the following project: "Reconstruction of the tramway track and OCL network at Zakład Tramwajowy Nr II in the Słowiańska 16 street in Wrocław." Contract net value: PLN 7,440,000.00. Completion date: 30 September 2013.
- On 22 February 2013, ZUE concluded the contract with the city of Lublin for the construction works as part of the following project: "Construction of trolleybus traction with power supply system and *Poręba* substation, and reconstruction of street lighting system in the following streets: Jana Pawła II (from Armii Krajowej to Granitowa), Armii Krajowej (from Jana Pawła II to Orkana) and Granitowa in Lublin" as part of the following project: Integrated Urban Public Transport System in Lublin. Contract net value: PLN 5,563,567.94. Completion date: 15 December 2014.
- On 12 March 2013, ZUE and Tramwaje Warszawskie Sp. z o.o. of Warsaw concluded the contract for the design and reconstruction (upgrade) of the tramway track along Al. Jerozolimskie in Warsaw. Contract net value: PLN 998,000.00. Completion date: 31 May 2013.
- On 21 March 2013, PRK signed the guarantee line with BNP Paribas Bank Polska S.A. Under the agreement, the bank guarantee was given to PKP Polskie Linie Kolejowe S.A. to secure the obligations under the contract no. 563/13/WAR. The security included a blank bill of exchange with declaration and the assignment of claims under the following design and construction contract: "Raising the quality of transport services through the improvement of technical condition of the railway lines no. 1, 133, 160 and 186 on the Zawiercie – Dąbrowa Górnicza Ząbkowice – Jaworzno Szczakowa section." The performance bond of PLN 43,929,138.20 is valid and effective from 25 March 2013 to 22 April 2015 and the warranty of PLN 13,178,741.46 is valid and effective from 23 April 2015 to 7 April 2018.
- On 25 March 2013, PRK and PKP Polskie Linie Kolejowe S.A. signed the design and construction contract for the following project: "Raising the quality of transport services through the improvement of technical condition of the railway lines no. 1, 133, 160 and 186 on the Zawiercie – Dąbrowa Górnicza Ząbkowice – Jaworzno Szczakowo section." Contract net value: PLN 357,147,465.00. Completion date: 23 March 2015.

- On 17 April 2013, ZUE and PRK signed an annex to the agreement of 29 April 2010 (as amended) for the provision of project-related bonding products concluded with Powszechny Zakład Ubezpieczeń S.A. with registered office in Warsaw. Under the annex, the maximum limit was set at PLN 80,000,000 and applied until 16 April 2014.
- On 14 May 2013, ZUE S.A. and BRE Bank S.A. with registered office in Warsaw signed an annex no. 10 to the overdraft facility agreement no. 07/183/04/Z/VV. Under the annex, the repayment date for the facility of PLN 10,000,000 was extended to 15 May 2014.
- On 14 May 2013, the Supervisory Board of ZUE with registered office in Cracow resolved to appoint Rödl Audit Sp. z o.o. with registered office in Warsaw to review the separate and consolidated interim financial statements and to audit the separate and consolidated annual financial statements of the Company for the financial year 2013.
- The overdraft facility agreement no. 07/120/11/Z/VV of PLN 10,000,000 between Przedsiębiorstwo Robót Komunikacyjnych and BRE Bank of Warsaw expired on 21 May 2013.
- On 28 May 2013, Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A. concluded the overdraft facility agreement no. 5700/13/400/04 of PLN 10,000,000 with Bank Millennium S.A. The term of the agreement was from 28 May 2013 to 22 May 2014.
- On 12 June 2013 in Warsaw, ZUE and the State Treasury of Poland concluded the agreement no. MSP/SPA/00081/00/2013 for the sale of shares in Przedsiębiorstwo Robót Komunikacyjnych Krakowie Spółka Akcyjna of Cracow. Under the agreement, ZUE acquired 8,608 PRK's shares. The State Treasury no longer holds any shares in PRK.
- On 20 June 2013, the District Court Poznań – Nowe Miasto i Wilda in Poznań, VIII Commercial Division of the National Court Register issued a decision on the increase of the share capital of BPK Poznań from PLN 747,500 to PLN 1,747,500.
- On 28 June 2013, the Ordinary General Shareholders Meeting of Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A. of Cracow passed the Resolution no. 6/06/2013 whereby a part of 2012 net profit of PLN 5,529,000 was paid as dividend to the Company's shareholders. A list of shareholders entitled to dividends was prepared on 15 July 2013. The dividend payment date was set at 1 August 2013.
- On 2 July 2013, ZUE and Infrastruktura Euro Poznań 2012 Sp. z o.o. (substitute investor for Zarząd Transportu Miejskiego w Poznaniu) signed the contract for "Construction works as part of the following investment: Extension of the tram route of the Poznań High-Speed Tram (PST) to Dworzec Zachodni railway station in Poznań" – supplement no. 2 to the main order. Contract net value: PLN 3,100,000. Completion date: 31 August 2013.
- On 15 July 2013, a decision was made to merge ZUE with Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A., the Company's subsidiary.
- A plan to merge ZUE (the "Acquiring Company") with Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A. of Cracow, ZUE's subsidiary, (the "Acquired Company") was agreed on 14 August 2013. The intended merger would take place pursuant to Art. 492 § 1.1 of the Polish Companies Act of 15 September 2000 (Dz.U. of 2000, no. 94, item 1037, as amended – the "Act"); i.e. by a transfer of all the assets of the Acquired Company to ZUE in exchange for ZUE's shares to be given to the shareholders of the Acquired Company taking account of Art. 514 of the Act whereby ZUE, a shareholder of the Acquired Company, would not acquire own shares in exchange for the shares of the Acquired Company (the "Merger"). ZUE would acquire all rights and obligations of the Acquired Company on the Merger registration date. According to the Plan of Merger, merger shares would be received by entities acting as the shareholders of the Acquired Company on the Merger registration date (taking account of Art. 514 of the Act) using the following exchange ratio: 1:9.55.
- On 21 August 2013, ZUE and Bank Millennium S.A. of Warsaw signed the Annex no. A4/2749/11/475/07 to the revolving loan agreement no. 2749/11/475/07 whereby the term of the loan was extended until 21 September 2013.

13. Notes on Seasonal and Cyclical Nature of the ZUE Capital Group's Operations

Construction and assembly operations are marked by the seasonality of production and sales. The main factors with a bearing on the revenue and profits in a financial year include weather conditions, schedule of payments and the dates of putting contracts out for tender and awarding contracts.

Rail and urban infrastructure projects undertaken by the ZUE Group cannot be executed in unfavourable weather conditions. Due to low temperature or snow in winter, many tasks are stopped or slowed down to meet technological regimes.

Another factor with an impact on the seasonal nature of the industry is the fact that investment and modernisation projects executed by customers on the construction market primarily take place in spring, summer and autumn.

To generate revenue, the ZUE Group undertakes marketing activities aimed at the preparation of tenders. However, a long procedure of putting contracts out for tender and awarding contracts may have an impact on a precise planning of sales revenue.

14. Information on Issue and Redemption of Debt and Equity Securities

No company comprising the ZUE Capital Group issued or redeemed any debt or equity securities during the reporting period.

15. Information on Dividend

On 27 May 2013, the Ordinary General Shareholders Meeting of ZUE resolved to cover the loss for the financial year 2012 (from 1 January 2012 to 31 December 2012) of PLN 1,282,892.38 (one million two hundred and eighty two thousand eight hundred and ninety two zloty 38/100) from the reserve funds of ZUE.

16. ZUE Shareholding Structure at the Date of Signing the Report and Changes Therein

| Person | Position at ZUE | Number of shares held | Number of votes at GM | % share of votes at GM | Changes in shareholding since the last report |
|-------------------|---------------------------------|-----------------------|-----------------------|------------------------|-----------------------------------------------|
| Wiesław Nowak | Management Board President | 16,000,000 | 16,000,000 | 72.73 | None |
| Maciej Nowak | Management Board Vice-President | 7,706 | 7,706 | 0.05 | None |
| Marcin Wiśniewski | Management Board Vice-President | 969 | 969 | 0.00 | None |
| Jerzy Czeremuga | Management Board Vice-President | 136 | 136 | 0.00 | None |
| Magdalena Lis | Supervisory Board Member | 6,155 | 6,155 | 0.03 | Purchase of 387 shares |
| Michał Lis | Supervisory Board Member | 661 | 661 | 0.00 | None |

17. Transactions with Related Entities

The following transactions between the related entities occurred during the reporting period:

(PLN)

| | Receivables | | Liabilities | |
|---------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | As at 30/06/2013 | As at 31/12/2012 | As at 30/06/2013 | As at 31/12/2012 |
| Wiesław Nowak | 0.00 | 0.00 | 0.00 | 0.00 |
| RTI | 0.00 | 3,690.00 | 0.00 | 0.00 |
| Total | 0.00 | 3,690.00 | 0.00 | 0.00 |

| | Sales revenue | | Acquisition cost | |
|---------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | Period ended 30/06/2013 | Period ended 30/06/2012 | Period ended 30/06/2013 | Period ended 30/06/2012 |
| Wiesław Nowak | 0.00 | 0.00 | 240,000.00 | 180,000.00 |
| RTI | 6,000.00 | 6,000.00 | 0.00 | 0.00 |
| Total | 6,000.00 | 6,000.00 | 240,000.00 | 180,000.00 |

| | Advanced loans | | Financial income | |
|---------------|-------------------------|-------------------------|--------------------------------|--------------------------------|
| | As at 30/06/2013 | As at 31/12/2012 | Period ended 30/06/2013 | Period ended 30/06/2012 |
| Wiesław Nowak | 0.00 | 0.00 | 0.00 | 0.00 |
| RTI | 112,562.62 | 103,448.11 | 2,168.02 | 0.00 |
| Total | 112,562.62 | 103,448.11 | 2,168.02 | 0.00 |

| | Received loans | | Financial expenses | |
|---------------|-------------------------|-------------------------|--------------------------------|--------------------------------|
| | As at 30/06/2013 | As at 31/12/2012 | Period ended 30/06/2013 | Period ended 30/06/2012 |
| Wiesław Nowak | 0.00 | 0.00 | 0.00 | 0.00 |
| RTI | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 0.00 | 0.00 | 0.00 | 0.00 |

All transactions with the related entities were executed at arm's length.

Railway Technology International Sp. z o.o. rented a business establishment of 20m² in the office and service facility at ul. Jugowicka 6A for the total amount of PLN 6,000 under the rental agreement of 4 November 2011.

Under the rental agreement of 28 December 2011 and the Annex no. 1 thereto, Wiesław Nowak rented the office and warehouse space of 800m² to ZUE for the total amount of PLN 240,000.

18. Proceedings before Court, Arbitration Court or Public Administration Authority as at 30 June 2013

The companies comprising the ZUE Capital Group are not the parties to any proceedings concerning liabilities or debts whose total value exceeds 10% of the Company's equity as at 30 June 2013.

19. Off-Balance Sheet Items**19.1. Contingent liabilities**

(PLN)

| | As at 30/06/2013 | As at 31/12/2012 |
|-------------------------------------|-----------------------------|-----------------------------|
| Guarantees | 198,642,316.40 | 195,837,579.09 |
| Sureties | 5,887,622.76 | 10,120,414.37 |
| Bills of exchange | 166,205,970.72 | 157,754,220.79 |
| Mortgages | 38,150,550.00 | 38,150,550.00 |
| Pledges | 12,263,626.44 | 15,484,784.94 |
| Total contingent liabilities | 421,150,086.32 | 417,347,549.19 |

The contingent liabilities resulting from sureties and guarantees include, in particular, the guarantees provided by insurance companies and banks to the Group's counterparties to secure their claims against the Group mainly under construction contracts. Insurance companies and banks have recourse against the Group.

Contingent liabilities secured by bills of exchange, mortgages and pledges mainly include lease and credit facility agreements.

19.2. Contingent assets

(PLN)

| | As at 30/06/2013 | As at 31/12/2012 |
|--------------------------------|-----------------------------|-----------------------------|
| Guarantees | 31,262,423.48 | 27,799,153.59 |
| Bills of exchange | 689,950.81 | 52,706.20 |
| Total contingent assets | 31,952,374.29 | 27,851,859.79 |

Contingent assets are the Group's security of the construction contracts concluded between the Group and subcontractors.

The financial statements have been prepared by:

Ewa Bosak – Chief Accountant

The financial statements have been presented by the Management Board of the Parent Company comprising:

Wiesław Nowak – President of the Management Board

Marcin Wiśniewski – Vice-President of the
Management Board

Maciej Nowak – Vice-President of the Management
Board

Jerzy Czeremuga – Vice-President of the Management
Board

Cracow, 26 August 2013

ZUE S.A.

Interim Abbreviated Separate Financial Statements for the Six Months Ended 30 June 2013

ZUE S.A.

**INTERIM ABBREVIATED SEPARATE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013**

**Prepared in Accordance with the International Financial Reporting
Standards as approved by the European Union.**

Cracow, 26 August 2013

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APPROVAL OF THE INTERIM ABBREVIATED SEPARATE FINANCIAL STATEMENTS

These abbreviated separate financial statements for the six months ended 30 June 2013 were approved for publication by the Management Board of ZUE S.A. on 26 August 2013.

Wiesław Nowak – President of the Management Board

Marcin Wiśniewski – Vice-President of the Management Board

Maciej Nowak – Vice-President of the Management Board

Jerzy Czeremuga – Vice-President of the Management Board

Cracow, 26 August 2013

IV. SELECTED FINANCIAL DATA FROM THE ABBREVIATED SEPARATE FINANCIAL STATEMENTS

Rules adopted to translate selected financial data into EUR:

| Items | Exchange rate | Exchange rate on 30 Jun 2013 | Exchange rate on 31 Dec 2012 | Exchange rate on 30 Jun 2012 |
|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Balance sheet items | Mid exchange rate at the balance sheet date | 4.3292 | 4.0882 | n/a |
| Profit and loss account and cash flow statement items | Arithmetic mean of mid exchange rates quoted by the National Bank of Poland on the last day of each ended month of the period | 4.2140 | n/a | 4.2246 |
| "Cash at beginning of period" and "Cash at end of period" items in cash flow statement | Mid exchange rate at the balance sheet date | 4.3292 | 4.0882 | 4.2613 |

Key items of separate statement of financial position translated into EUR:

| | As at 30/06/2013 | | As at 31/12/2012 | |
|-------------------------------------|------------------|---------------|------------------|---------------|
| | PLN '000 | EUR '000 | PLN '000 | EUR '000 |
| Fixed assets | 120,912 | 27,930 | 156,795 | 38,353 |
| Current assets | 171,117 | 39,526 | 185,768 | 45,440 |
| Total assets | 292,029 | 67,456 | 342,563 | 83,793 |
| Shareholders' equity | 170,420 | 39,366 | 170,391 | 41,679 |
| Long-term liabilities | 28,488 | 6,580 | 42,232 | 10,330 |
| Short-term liabilities | 93,121 | 21,510 | 129,940 | 31,784 |
| Total equity and liabilities | 292,029 | 67,456 | 342,563 | 83,793 |

Key items of separate statement of comprehensive income translated into EUR:

| | Period ended 30/06/2013 | | Period ended 30/06/2012 | |
|--------------------------------------------------|-------------------------|-------------|-------------------------|--------------|
| | PLN '000 | EUR '000 | PLN '000 | EUR '000 |
| Sales revenue | 62,726 | 14,885 | 166,792 | 39,481 |
| Cost of sales | 63,542 | 15,079 | 156,312 | 37,000 |
| Gross profit (loss) on sales | -816 | -194 | 10,480 | 2,481 |
| Profit (loss) on operating activities | -6,573 | -1,560 | 4,640 | 1,098 |
| Gross profit (loss) | -1,077 | -255 | 5,651 | 1,338 |
| Net profit (loss) on continued activities | 29 | 7 | 4,487 | 1,062 |

Key items of separate statement of cash flows translated into EUR:

| | Period ended 30/06/2013 | | Period ended 30/06/2012 | |
|---------------------------------------|-------------------------|---------------|-------------------------|---------------|
| | PLN '000 | EUR '000 | PLN '000 | EUR '000 |
| Cash flows from operating activities | 347 | ,82 | -32,760 | -7,754 |
| Cash flows from investment activities | -550 | -130 | 1,506 | 356 |
| Cash flows from financial activities | -9,696 | -2,301 | 21,428 | 5,072 |
| Total net cash flows | -9,899 | -2,349 | -9,826 | -2,326 |
| Cash at beginning of period | 10,232 | 2,503 | 19,724 | 4,466 |
| Cash at end of period | 333 | 77 | 9,869 | 2,316 |

V. INTERIM ABBREVIATED SEPARATE FINANCIAL STATEMENTS OF ZUE**Separate statement of comprehensive income**

| | (PLN) | |
|--------------------------------------------------------------|------------------------------|------------------------------|
| | 6 months ended 30/06/2013 | 6 months ended 30/06/2012 |
| Sales revenue | 62,726,308.34 | 166,791,640.38 |
| Cost of sales | 63,542,584.29 | 156,312,427.38 |
| Gross profit (loss) on sales | -816,275.95 | 10,479,213.00 |
| General and administrative expenses | 5,678,404.18 | 5,586,914.52 |
| Other operating income | 306,312.42 | 694,083.14 |
| Other operating expenses | 385,052.13 | 946,302.13 |
| Profit (loss) on operating activities | -6,573,419.84 | 4,640,079.49 |
| Financial income | 6,565,913.80 | 2,559,650.58 |
| Financial expenses | 1,069,023.88 | 1,548,926.34 |
| Pre-tax profit (loss) | -1,076,529.92 | 5,650,803.73 |
| Corporate income tax | -1,105,627.77 | 1,163,491.27 |
| Net profit (loss) on activities | 29,097.85 | 4,487,312.46 |
| Net profit (loss) | 29,097.85 | 4,487,312.46 |
| Total comprehensive income | 29,097.85 | 4,487,312.46 |
| Number of shares | 22,000,000 | 22,000,000 |
| Net profit (loss) per share (PLN) (basic and diluted) | 0.00 | 0.20 |
| Total comprehensive income (loss) per share (PLN) | 0.00 | 0.20 |

Separate statement of financial position

(PLN)

| | As at 30/06/2013 | As at 31/12/2012 |
|-------------------------------------------------------|-----------------------|-----------------------|
| ASSETS | | |
| Fixed assets | | |
| Tangible fixed assets | 21,473,721.52 | 24,138,620.72 |
| Intangible assets | 1,472,722.33 | 1,628,595.08 |
| Investments in subsidiaries | 82,658,461.70 | 80,605,209.38 |
| Advance payments for investments in subsidiaries | 0.00 | 0.00 |
| Long-term receivables | 0.00 | 37,956,720.03 |
| Retentions on construction contracts | 124,084.83 | 52,961.59 |
| Deferred tax assets | 13,599,052.86 | 12,412,784.77 |
| Other assets | 1,584,514.59 | 0.00 |
| Total fixed assets | 120,912,557.83 | 156,794,891.57 |
| Current assets | | |
| Inventories | 17,398,365.85 | 16,548,103.50 |
| Trade and other receivables | 142,495,893.15 | 152,704,039.05 |
| Retentions on construction contracts | 3,821,343.97 | 3,643,819.20 |
| Current tax assets | 0.00 | 0.00 |
| Other financial receivables | 4,896,860.70 | 0.00 |
| Other assets | 1,599,641.25 | 1,855,616.99 |
| Loans advanced | 571,300.01 | 785,128.59 |
| Cash and cash equivalents | 333,415.48 | 10,231,528.46 |
| Total current assets | 171,116,820.41 | 185,768,235.79 |
| Total assets | 292,029,378.24 | 342,563,127.36 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 5,500,000.00 | 5,500,000.00 |
| Share premium account | 85,360,680.68 | 85,360,680.68 |
| Retained earnings | 79,559,840.14 | 79,530,742.29 |
| Total equity | 170,420,520.82 | 170,391,422.97 |
| Long-term liabilities | | |
| Long-term bank borrowings and other debt instruments | 9,831,928.13 | 22,840,167.24 |
| Retentions on construction contracts | 2,316,577.56 | 3,045,951.42 |
| Other financial liabilities | 0.00 | 0.00 |
| Liabilities under employee benefits | 238,867.13 | 127,658.41 |
| Deferred tax provision | 14,201,632.10 | 14,120,991.78 |
| Long-term provisions | 1,899,247.99 | 2,096,936.75 |
| Deferred income | 0.00 | 0.00 |
| Other liabilities | 0.00 | 0.00 |
| Total long-term liabilities | 28,488,252.91 | 42,231,705.60 |
| Short-term liabilities | | |
| Trade and other payables | 41,564,710.38 | 80,912,843.77 |
| Retentions on construction contracts | 4,062,555.96 | 7,133,576.68 |
| Short-term bank borrowings and other debt instruments | 42,962,409.70 | 39,133,333.52 |
| Other financial liabilities | 0.00 | 0.00 |
| Liabilities under employee benefits | 4,183,686.98 | 2,345,244.82 |
| Current tax liabilities | 0.00 | 0.00 |
| Short-term provisions | 347,241.49 | 415,000.00 |
| Total short-term liabilities | 93,120,604.51 | 129,939,998.79 |
| Total liabilities | 121,608,857.42 | 172,171,704.39 |
| Total equity and liabilities | 292,029,378.24 | 342,563,127.36 |

ZUE S.A.

Interim Abbreviated Separate Financial Statements for the Six Months Ended 30 June 2013

Separate statement of changes in equity*(PLN)*

| | | Share capital | Share premium account | Retained earnings | Total |
|---------------------------------------------|-----------------------|---------------------|-----------------------|----------------------|-----------------------|
| | | PLN | | PLN | PLN |
| As at | 1 January 2013 | 5,500,000.00 | 85,360,680.68 | 80,551,515.00 | 171,412,195.68 |
| Correction of errors | | 0.00 | 0.00 | -1,020,772.71 | -1,020,772.71 |
| After the correction of errors as at | 1 January 2013 | 5,500,000.00 | 85,360,680.68 | 79,530,742.29 | 170,391,422.97 |
| Dividend paid | | 0.00 | 0.00 | 0.00 | 0.00 |
| Issue of shares | | 0.00 | 0.00 | 0.00 | 0.00 |
| Issue costs | | 0.00 | 0.00 | 0.00 | 0.00 |
| Profit (loss) for the year | | 0.00 | 0.00 | 29,097.85 | 29,097.85 |
| As at | 30 June 2013 | 5,500,000.00 | 85,360,680.68 | 79,559,840.14 | 170,420,520.82 |

| | | | | | |
|----------------------------|-----------------------|---------------------|----------------------|----------------------|-----------------------|
| As at | 1 January 2012 | 5,500,000.00 | 85,360,680.68 | 81,834,407.38 | 172,695,088.06 |
| Dividend paid | | 0.00 | 0.00 | 0.00 | 0.00 |
| Issue of shares | | 0.00 | 0.00 | 0.00 | 0.00 |
| Issue costs | | 0.00 | 0.00 | 0.00 | 0.00 |
| Profit (loss) for the year | | 0.00 | 0.00 | 4,487,312.46 | 4,487,312.46 |
| As at | 30 June 2012 | 5,500,000.00 | 85,360,680.68 | 86,321,719.84 | 177,182,400.52 |

| | | | | | |
|----------------------------|-----------------------|---------------------|----------------------|----------------------|-----------------------|
| As at | 1 January 2012 | 5,500,000.00 | 85,360,680.68 | 81,834,407.38 | 172,695,088.06 |
| Dividend paid | | 0.00 | 0.00 | 0.00 | 0.00 |
| Issue of shares | | 0.00 | 0.00 | 0.00 | 0.00 |
| Issue costs | | 0.00 | 0.00 | 0.00 | 0.00 |
| Profit (loss) for the year | | 0.00 | 0.00 | -2,303,665.09 | -2,303,665.09 |

ZUE S.A.

Interim Abbreviated Separate Financial Statements for the Six Months Ended 30 June 2013

Separate statement of cash flows

| | Period ended 30/06/2013 |
|------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Net profit before tax | -1,076,529.92 |
| Adjustments: | |
| Depreciation and amortisation | 1,548,047.93 |
| Foreign exchange gains / (losses) | -7,468.01 |
| Interest and share in profit (dividends) | -202,411.68 |
| (Gain) / loss on disposal of investments | 38,815.78 |
| Accrued expenses under commission on loans | 104,062.50 |
| (Gain) / loss on realisation of derivative financial instruments | 0.00 |
| Remeasurement of derivative financial instruments | 0.00 |
| Operating profit before changes in working capital | 404,516.60 |
| Change in receivables and retentions on construction contracts | 43,590,657.04 |
| Change in inventories | -850,262.35 |
| Change in provisions and liabilities under employee benefits | 1,684,203.61 |
| Change in retentions on construction contracts and liabilities, excluding borrowings, other debt instruments and other financing sources | -43,153,621.80 |
| Change in accrued expenses | -1,328,538.85 |
| Change in funds of limited availability | 0.00 |
| Other adjustments | 0.00 |
| Income tax paid / tax refund | 0.00 |
| NET CASH PROVIDED BY / USED IN OPERATING ACTIVITIES | 346,954.25 |
| CASH FLOWS FROM INVESTMENT ACTIVITIES | |
| Sale of tangible and intangible fixed assets | 2,134,834.34 |
| Purchase of tangible and intangible fixed assets | -923,520.38 |
| Investments in real property and intangible fixed assets | 0.00 |
| Sale / (purchase) of financial assets in non-consolidated subsidiaries | 0.00 |
| Sale / (purchase) of financial assets in consolidated subsidiaries | -1,406,947.82 |
| Purchase of financial assets available for sale | 0.00 |
| Loans advanced | -410,000.00 |
| Dividends received | 0.00 |
| Interest received | 55,397.20 |
| Settlement of financial instruments – expenses | 0.00 |
| Other investment income / (expenses) | 0.00 |
| NET CASH FROM INVESTMENT ACTIVITIES | -550,236.66 |
| CASH FLOWS FROM FINANCIAL ACTIVITIES | |
| Borrowings and other debt instruments received | 36,798,015.33 |
| Repayment of borrowings and other debt instruments | -45,313,571.10 |
| Decrease in finance lease liabilities | -360,514.34 |
| Interest paid | -819,281.98 |
| Other cash provided by / (used in) financial activities – dividends | 0.00 |
| Net cash from issue of shares | 0.00 |
| NET CASH FLOWS FROM FINANCIAL ACTIVITIES | -9,695,352.09 |
| TOTAL NET CASH FLOWS | -9,898,634.50 |
| Net foreign exchange gains / (losses) | 521.52 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 10,231,528.46 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 333,415.48 |

VI. NOTES TO THE INTERIM ABBREVIATED SEPARATE FINANCIAL STATEMENTS OF ZUE

1. Information about the Company

ZUE Spółka Akcyjna has been established on the basis of the notarial deed dated 20 May 2002 in the Notary's Office in Cracow, Rynek Główny 30 (Rep. A no. 9592/2002). Cracow is the Company's registered office. The Company has been entered into the National Court Register maintained by the District Court for Cracow–Śródmieście in Cracow, XI Commercial Division, under entry no. KRS 0000135388.

As at the date of these financial statements' approval, the Parent Company's governing and supervisory bodies comprised:

Management Board:

| | |
|-------------------|----------------------------------------|
| Wiesław Nowak | President of the Management Board |
| Marcin Wiśniewski | Vice-President of the Management Board |
| Maciej Nowak | Vice-President of the Management Board |
| Jerzy Czeremuga | Vice-President of the Management Board |

Supervisory Board:

| | |
|--------------------|-----------------------------------|
| Mariusz Szubra | Chairman of the Supervisory Board |
| Magdalena Lis | Member of the Supervisory Board |
| Bogusław Lipiński | Member of the Supervisory Board |
| Piotr Korzeniowski | Member of the Supervisory Board |
| Michał Lis | Member of the Supervisory Board |

2. Statements by the Management Board of ZUE

2.1. Statement on reliability of interim abbreviated separate financial statements

On the basis of the Regulation of the Minister of Finance of 19 February 2009, as amended, on current and periodic information published by issuers of securities and conditions for recognizing information required by the law of a non-member state as equivalent, the Management Board of ZUE state that according to their best knowledge, these interim abbreviated separate financial statements and the comparable data have been prepared according to the accounting principles binding on the Company and give a true, clear and fair view of ZUE's assets and financial standing and the financial result.

2.2. Statement on entity authorised to review interim abbreviated separate financial statements

The Management Board of ZUE state that the entity authorised to audit financial statements responsible for the review of the interim abbreviated separate financial statements has been appointed according to the law and that the said entity and chartered auditors involved in the review have met the requirements to issue an objective and independent report on the interim abbreviated separate financial statements pursuant to applicable laws and professional standards.

2.3. Statement on non-submission of separate interim report

Pursuant to § 83.3 of the Regulation of the Minister of Finance of 19 February 2009, ZUE do not submit any separate interim separate report. The interim abbreviated financial statements of ZUE and Auditor's Report on the review of the statements supplement the interim consolidated report of the ZUE Capital Group ZUE.

3. Use of International Financial Reporting Standards

3.1. Statement on compliance

The separate financial statements of ZUE cover the six months ended 30 June 2013 and the comparable data for the six months ended 30 June 2012.

The financial statements have been drawn up in accordance with the requirements of the International Financial Reporting Standards applicable as at 30 June 2013 as approved by the European Union.

These separate financial statements have been prepared by ZUE according to the regulations set out in IAS 34 "Interim Financial Reporting." The same rules have been applied for both current and comparable period.

These abbreviated separate financial statements for the first six months of 2013 have been prepared according to the requirements binding on public companies.

These abbreviated separate financial statements do not include all the information and disclosures required in the case of annual financial statements and they should be read together with the annual financial statements of ZUE.

These abbreviated financial statements have been presented based on the assumption that the Company will continue as a going concern in the foreseeable future. No threats to the Company's ability to continue as a going concern have been identified in the reporting period or by the financial statements' preparation date.

3.2. Standards and interpretations used for the first time in the reporting period

The following standards, amendments to the standards and interpretations published by the International Accounting Standards Board and approved of by the European Union come into force in 2013:

- **IFRS 13 "Fair Value Measurement"** approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Amendments to IFRS 1 "First-Time Adoption of International Financial Reporting Standards"** – Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Amendments to IFRS 1 "First-Time Adoption of International Financial Reporting Standards"** – Government Loans approved of in the EU on 4 March 2013 (effective for annual periods beginning on or after 1 January 2013);
- **Amendments to IFRS 7 "Financial Instruments: Disclosures"** – Offsetting Financial Assets and Financial Liabilities approved of in the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Amendments to IAS 1 "Presentation of Financial Statements"** – presentation of items of other comprehensive income approved of in the EU on 5 June 2012 (effective for annual periods beginning on or after 1 July 2012);
- **Amendments to IFRS 10 "Consolidated Financial Statements," IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities"** – interim provisions explanation (effective for annual periods beginning on or after 1 January 2013);
- **Amendments to IAS 12 "Income Tax"** – Deferred Tax: Recovery of Underlying Assets approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Amendments to IAS 19 "Employee Benefits"** – amendments to post-employment benefits approved of in the EU on 5 June 2012 (effective for annual periods beginning on or after 1 January 2013);
- **International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 20 "Stripping Costs in the Production Phase of a Surface Mine"** approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2013);
- **Amendments to different standards "Amendments to IFRS (2012)"** – amendments made as part of making annual amendments to IFRS approved of in the EU on 27 March 2013 (IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34) aimed mainly at the resolution of inconsistencies and specification of vocabulary (effective for annual periods beginning on or after 1 January 2013).

The Management Board of ZUE believe that these standards, amendments to the standards and interpretations do not have any significant impact on the financial statements of the Group.

3.3. *Standards and interpretations published but not yet effective*

Upon the approval of these financial statements, the Company did not apply the following standards or amendments, which had been published and approved of by the EU but had not yet come into force:

- **IFRS 10 “Consolidated Financial Statements”** approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IFRS 11 “Joint Arrangements”** approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IFRS 12 “Disclosure of Interests in Other Entities”** approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IAS 27 (amended in 2011) “Separate Financial Statements”** approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **IAS 28 (amended in 2011) “Investments in Associates and Joint Ventures”** approved of in the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);
- **Amendments to IAS 32 “Financial Instruments: Presentation”** – Offsetting Financial Assets and Financial Liabilities approved of in the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014).

The Company has decided not to apply the foregoing standards or amendments to the standards. According to the estimates by the Company, these standards and amendments to the standards would not have any significant impact on the consolidated financial statements if used by the Company at the balance sheet date.

3.4 *Standards and interpretations adopted by the IASB but not yet approved by the EU*

The International Financial Reporting Standards (IFRS) as approved by the EU do not significantly differ from the regulations adopted by the International Accounting Standards Board (IASB) save for the following standards, amendments to the standards and interpretations not yet approved for use as at 30 June 2013:

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after 1 January 2015);
- **Amendments to IFRS 9 “Financial Instruments” and IFRS 7 “Financial Instruments: Disclosures”** – Mandatory Date of Entry into Force and Interim Provisions;
- **Amendments to IFRS 10 “Consolidated Financial Statements,” IFRS 12 “Disclosure of Interests in Other Entities” and IAS 27 “Separate Financial Statements”** – investment units (effective for annual periods beginning on or after 1 January 2014).

The estimated impact of these amendments on future consolidated financial statements of the Group is being analysed.

4. Comparability of Financial Data and Adjustments to the Financial Statements

a) In the financial statements for the first six months of 2013 and the comparable data for 2012, the Company presented Liabilities under employee benefits of PLN 727 thousand.

(PLN)

| | Presentation in the financial statements as at 31/12/2012 | Comparable data as at 31/12/2012 | Data as at 30/06/2013 |
|-------------------------------------|--------------------------------------------------------------------|----------------------------------------|--------------------------|
| Trade and other payables | 726,562.06 | 0.00 | 0.00 |
| Liabilities under employee benefits | 0.00 | 726,562.06 | 774,037.53 |

The foregoing adjustment concerned 2012 and did not influence the basic or diluted profit per share.

- b) In 2012, ZUE incorrectly capitalized the cost of consultancy of PLN 1,021 thousand.
In 2013, the Company adjusted the result and wrote it off as expenses.

The adjustment concerned 2012. The adjustment as at 30 June 2013 reduced the retained earnings by PLN 1,021 thousand and prepaid expenses. The diluted profit for 2012 after the adjustment was PLN -0.10.

5. Adopted Accounting Principles

These interim abbreviated separate financial statements for the six months ended 30 June 2013 have been prepared according to the same accounting principles and measurement methods as those used in the last annual financial statements of ZUE prepared as at 31 December 2012. The Company's financial statements for the financial year ended 31 December 2012 contain a detailed description of the accounting principles adopted by the Company.

The Company has decided not to apply the published standards or interpretations to these financial statements before their entry into force.

6. Notes on Seasonal and Cyclical Nature of ZUE Operations

The entire assembly and construction industry ZUE operates in is seasonal and cyclical in its nature. The industry's seasonal and cyclical nature has been discussed in detail in item 12. Notes on Seasonal and Cyclical Nature of the ZUE Capital Group's Operations.

7. Revisions to Estimates

The preparation of financial statements in conformity with the IFRS requires the Management Board of ZUE to make judgments, estimates and assumptions that affect the adopted policies and reported assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised or in the period of the revision and future periods if the revision affects both current and future periods.

Changes in provisions

(PLN)

| Provisions | As at 31/12/2012 | Created | Utilised | Released | As at 30/06/2013 | Item |
|-----------------------------------|---------------------|---------------------|-------------------|---------------------|---------------------|-------------------------------------------------|
| Long-term provisions: | 2,224,595.16 | 2,520,388.80 | 113,194.55 | 2,493,674.29 | 2,138,115.12 | |
| Pension and retirement gratuities | 127,658.41 | 111,208.72 | 0.00 | 0.00 | 238,867.13 | Liabilities under employee benefits (long-term) |
| Provisions for warranty repairs | 2,096,936.75 | 2,409,180.08 | 113,194.55 | 2,493,674.29 | 1,899,247.99 | Long-term provisions |

| | | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------------------------------------|
| Other provisions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Short-term provisions: | 2,760,244.82 | 3,360,467.25 | 1,429,783.60 | 160,000.00 | 4,530,928.47 | |
| Pension and retirement gratuities | 0.00 | 9,725.78 | 0.00 | 0.00 | 9,725.78 | |
| Provisions for leaves | 1,618,682.76 | 707,484.30 | 565,438.88 | 0.00 | 1,760,728.18 | Liabilities under employee benefits (short-term) |
| Other employee benefits provisions | 726,562.06 | 2,413,233.02 | 726,562.06 | 0.00 | 2,413,233.02 | |
| Provisions for warranty repairs | 415,000.00 | 230,024.15 | 137,782.66 | 160,000.00 | 347,241.49 | Short-term provisions |
| Other provisions | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | |
| Total provisions: | 4,984,839.98 | 5,880,856.05 | 1,542,978.15 | 2,653,674.29 | 6,669,043.59 | |

The Company is obliged to give warranty for the construction services it provides. The amount of provisions for warranty repairs is estimated separately for each construction contract and ranges from 0.1% to 1.0% of revenue from a given contract. The value is analysed on an individual basis and may increase or decrease as the case may be. As at 30 June 2013, the balance of provisions for warranty repairs stood at PLN 2,246 thousand and as at 31 December 2012, at PLN 2,512 thousand. During the six months ended 30 June 2013, the balance of provisions for warranty repairs decreased by PLN 266 thousand.

Deferred tax assets and liabilities

| | As at 31/12/2012 | Created | Utilised | (PLN) As at 30/06/2013 |
|---------------------------------------|----------------------|---------------------|-------------|------------------------------|
| Deferred tax assets | 12,412,784.77 | 1,186,268.09 | 0.00 | 13,599,052.86 |
| Deferred tax liabilities | 14,120,991.78 | 80,640.32 | 0.00 | 14,201,632.10 |
| Assets and liabilities balance | -1,708,207.01 | 1,105,627.77 | 0.00 | -602,579.24 |

In the first six months of 2013, deferred tax assets increased by PLN 1,186 thousand compared to the figure disclosed as at 31 December 2012. Deferred tax liabilities increased by PLN 81 thousand compared to the figure reported at the end of 2012.

8. Trade and Other Receivables

| | (PLN) As at 30/06/2013 | (PLN) As at 31/12/2012 |
|-------------------------------------------------------------------|---------------------------|---------------------------|
| Trade receivables | 81,852,811.17 | 95,734,651.70 |
| Trade receivables revaluation write-downs | -47,453.45 | -86,666.29 |
| Receivables from the state budget other than corporate income tax | 0.00 | 0.00 |
| Receivables under contracts (valuation) | 59,293,272.85 | 56,920,777.45 |
| Advance payments | 1,142,007.60 | 0.00 |
| Other receivables | 255,254.98 | 135,276.19 |
| Total trade and other receivables | 142,495,893.15 | 152,704,039.05 |

8.1. Ageing analysis of trade receivables

| | (PLN) As at 30/06/2013 | (PLN) As at 31/12/2012 |
|--------------------------|---------------------------|---------------------------|
| Not past due receivables | 73,189,190.51 | 69,165,684.88 |

ZUE S.A.

Interim Abbreviated Separate Financial Statements for the Six Months Ended 30 June 2013

| | | |
|----------------------------------------------------------------|----------------------|----------------------|
| Receivables that are past due but not impaired | 8,616,167.21 | 26,482,300.53 |
| 1-30 days | 6,903,302.72 | 20,127,676.84 |
| 31-60 days | 66,149.95 | 2,742,253.62 |
| 61-90 days | 28,169.56 | 181,411.72 |
| 91-180 days | 753,602.86 | 416,650.89 |
| 181-360 days | 390,070.56 | 2,785,573.05 |
| 360 + days | 474,871.56 | 228,734.41 |
| Past due receivables for which write-downs were recognized | 47,453.45 | 86,666.29 |
| 1-30 days | 0.00 | 0.00 |
| 31-60 days | 0.00 | 0.00 |
| 61-90 days | 0.00 | 0.00 |
| 91-180 days | 0.00 | 0.00 |
| 181-360 days | 0.00 | 0.00 |
| 360 + days | 47,453.45 | 86,666.29 |
| Total trade receivables (gross) | 81,852,811.17 | 95,734,651.70 |
| Trade receivables write-downs | -47,453.45 | -86,666.29 |
| Total trade receivables (net) | 81,805,357.72 | 95,647,985.41 |

9. Trade and Other Payables

(PLN)

| | As at 30/06/2013 | As at 31/12/2012 |
|-----------------------------------------------------------------|-------------------------|-------------------------|
| Trade payables | 30,026,309.67 | 59,740,486.67 |
| Liabilities to the state budget other than corporate income tax | 3,728,416.75 | 12,943,197.13 |
| Accruals | 7,165,825.20 | 7,117,414.60 |
| Liabilities under contracts (valuation) | 479,690.67 | 1,077,031.05 |
| Other liabilities | 164,468.09 | 34,714.32 |
| Total trade and other payables | 41,564,710.38 | 80,912,843.77 |

9.1. Ageing analysis of trade payables

(PLN)

| | As at 30/06/2013 | As at 31/12/2012 |
|------------------------------|-------------------------|-------------------------|
| Not past due payables | 27,658,884.37 | 49,052,504.80 |
| Past due payables | 2,367,425.30 | 10,687,981.87 |
| 1-30 days | 2,366,853.56 | 2,232,564.63 |
| 31-60 days | 0.00 | 7,335,021.11 |
| 61-90 days | 0.00 | 36,431.96 |
| 91-180 days | 148.42 | 0.00 |
| 181-360 days | 0.00 | 1,083,964.17 |
| 360 + days | 423.32 | 0.00 |
| Total trade payables | 30,026,309.67 | 59,740,486.67 |

10. Discounting Revenue from Construction Contracts

According to IAS 18, revenue from construction contracts due and payable after 1 year have been recognised by the Company at the fair value of the consideration taking account of the discount.

ZUE S.A.

Interim Abbreviated Separate Financial Statements for the Six Months Ended 30 June 2013

Influence of the discount on the financial result as at 30 June 2013:

Long-term receivables

(PLN)

| | As at 30/06/2013 | As at 31/12/2012 |
|-----------------------------------|------------------|----------------------|
| Trade receivables | 0.00 | 39,577,093.78 |
| Allowance for doubtful debts | 0.00 | 0.00 |
| Discounting long-term receivables | 0.00 | -1,620,373.75 |
| Total | 0.00 | 37,956,720.03 |

Gross value of long-term receivables

(PLN)

| | |
|---------------------------------------|----------------------|
| Balance at beginning of period | 37,956,720.03 |
| Increases | 0.00 |
| Decreases | 37,956,720.03 |
| Transfer to short-term receivables | 37,956,720.03 |
| Discount | 0.00 |
| Balance at end of period | 0.00 |

11. Discontinued Operations

No operations were discontinued within the meaning of the IFRS 5 during the six months ended 30 June 2013 or the six months ended 30 June 2012.

12. Information on Dividend

On 27 May 2013, the Ordinary General Shareholders Meeting of ZUE resolved to cover the loss for the financial year 2012 (from 1 January 2012 to 31 December 2012) of PLN 1,282,892.38 (one million two hundred and eighty two thousand eight hundred and ninety two zloty 38/100) from the reserve funds of ZUE.

13. Information on Issue and Redemption of Debt and Equity Securities

No company comprising the ZUE Capital Group issued or redeemed any debt or equity securities during the reporting period.

14. Major Sales and Acquisitions of Tangible Fixed Assets

On 31 May 2013, cars were sold to PRK for the total net amount of PLN 2,156,891.16.

15. Segment Reporting

ZUE's reporting is based on operating segments. According to the aggregation criteria as set out in the IFRS 8.12 the Company presents one aggregate operating segment, namely engineering construction and assembly services.

ZUE is organised and managed within the abovementioned segment. The Group applies a uniform accounting policy for all operating areas within the segment.

16. Transactions with Related Entities

The following transactions between the related entities occurred during the reporting period:

(PLN)

| | Receivables | | Liabilities | |
|---------------|---------------------|---------------------|------------------|-------------------|
| | As at 30/06/2013 | As at 31/12/2012 | As at 30/06/2013 | As at 31/12/2012 |
| PRK | 9,504,100.58 | 7,801,206.13 | 0.00 | 281,836.93 |
| BIUP | 8,503.69 | 30,270.75 | 0.00 | 18,450.00 |
| BPK Poznań | 12,378.46 | 8,866.06 | 0.00 | 0.00 |
| BPK Gdańsk | 0.00 | 0.00 | 0.00 | 0.00 |
| RTI | 0.00 | 3,690.00 | 0.00 | 0.00 |
| RTI Germany | 0.00 | 0.00 | 0.00 | 0.00 |
| Wiesław Nowak | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 9,524,982.73 | 7,844,032.94 | 0.00 | 300,286.93 |

| | Revenue | | Purchases | |
|---------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | Period ended 30/06/2013 | Period ended 30/06/2012 | Period ended 30/06/2013 | Period ended 30/06/2012 |
| PRK | 5,314,297.33 | 1,079,413.32 | 1,999,083.06 | 1,518,854.03 |
| BIUP | 15,035.72 | 18,809.20 | 177,500.00 | 8,565.04 |
| BPK Poznań | 2,964.14 | 0.00 | 0.00 | 0.00 |
| BPK Gdańsk | 4,017.48 | 0.00 | 0.00 | 0.00 |
| RTI | 6,000.00 | 6,000.00 | 0.00 | 0.00 |
| RTI Germany | 0.00 | 0.00 | 0.00 | 0.00 |
| Wiesław Nowak | 0.00 | 0.00 | 240,000.00 | 180,000.00 |
| Total | 5,342,314.67 | 1,104,222.52 | 2,416,583.06 | 1,707,419.07 |

| | Advanced loans | | Financial income | |
|---------------|-------------------|-------------------|-------------------------|-------------------------|
| | As at 30/06/2013 | As at 31/12/2012 | Period ended 30/06/2013 | Period ended 30/06/2012 |
| PRK | 0.00 | 0.00 | 0.00 | 0.00 |
| BIUP | 47,622.03 | 43,964.36 | 3,657.67 | 0.00 |
| BPK Poznań | 411,115.36 | 620,000.00 | 9,703.74 | 0.00 |
| BPK Gdańsk | 0.00 | 0.00 | 0.00 | 0.00 |
| RTI | 112,562.62 | 103,448.11 | 2,168.02 | 0.00 |
| RTI Germany | 0.00 | 0.00 | 0.00 | 0.00 |
| Wiesław Nowak | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 571,300.01 | 767,412.47 | 15,529.43 | 0.00 |

| | Received loans | | Financial expenses | |
|---------------|------------------|------------------|-------------------------|-------------------------|
| | As at 30/06/2013 | As At 31/12/2012 | Period ended 30/06/2013 | Period ended 30/06/2012 |
| PRK | 0.00 | 0.00 | 0.00 | 0.00 |
| BIUP | 0.00 | 0.00 | 0.00 | 0.00 |
| BPK Poznań | 0.00 | 0.00 | 0.00 | 0.00 |
| BPK Gdańsk | 0.00 | 0.00 | 0.00 | 0.00 |
| RTI | 0.00 | 0.00 | 0.00 | 0.00 |
| RTI Germany | 0.00 | 0.00 | 0.00 | 0.00 |
| Wiesław Nowak | 0.00 | 0.00 | 0.00 | 0.00 |
| Total | 0.00 | 0.00 | 0.00 | 0.00 |

ZUE's transactions with related entities included:

- construction and assembly services;

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- diagnostic testing and repair of vehicles;
- equipment and transport services;
- lease of dump cars;
- rental of offices and telephone services under agreements;
- transfer of employees between ZUE and PRK;
- re invoicing of contract guarantee and insurance costs;
- trade in fixed and current assets; and
- fees for language courses for employees.

The Company sold goods and services to the related entities according to the rules set out in the transaction price policy. The transaction price policy sets out the detailed rules of settlements among the related entities.

ZUE granted two loans to Biuro Projektów Komunikacyjnych w Poznaniu:

- the loan of PLN 300,000 (three hundred thousand złoty) with the repayment date falling due by 31 December 2013 granted on 27 May 2013. The interest rate on the loan was 1% per annum plus 3M WIBOR.
- the loan of PLN 110,000 (one hundred and ten thousand złoty) with the repayment date falling due by 31 December 2013 granted on 28 June 2013. The interest rate on the loan was 1% per annum plus 3M WIBOR.

17. Off-Balance Sheet Items

17.1. Contingent liabilities

| | As at 30/06/2013 | As at 31/12/2012 |
|-------------------------------------|-----------------------|-----------------------|
| Guarantees | 116,733,201.18 | 147,730,713.13 |
| Sureties | 5,887,622.76 | 10,120,414.37 |
| Bills of exchange | 162,895,735.62 | 143,257,805.38 |
| Mortgages | 35,420,550.00 | 35,420,550.00 |
| Pledges | 12,263,626.44 | 15,484,784.94 |
| Total contingent liabilities | 333,200,736.00 | 352,014,267.82 |

The contingent liabilities resulting from guarantees include, in particular, the guarantees provided by insurance companies and banks to the Company's counterparties to secure their claims against the Company mainly under construction contracts. Insurance companies and banks have recourse against the Company.

Avals secure the credit facility agreements, lease agreements and performance bonds concluded by the following subsidiaries: BIUP, BPK Poznań and PRK.

The liabilities secured by the bills of exchange and mortgages mainly include credit facility and lease agreements and guarantee facility agreements.

The credit facility agreement no. WAR/2001/11/198/CB is secured by the registered pledge.

17.2. Contingent assets

| | As at 30/06/2013 | As at 31/12/2012 |
|--------------------------------|----------------------|----------------------|
| Guarantees | 24,201,118.29 | 22,221,272.58 |
| Bills of exchange | 689,950.81 | 52,706.20 |
| Mortgages | 0.00 | 1,240,000.00 |
| Total contingent assets | 24,891,069.10 | 23,513,978.78 |

The contingent assets resulting from guarantees and sureties are the guarantees provided by insurance

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companies and banks to ZUE's counterparties to secure their claims related to subcontract construction services provided to the Company.

18. Major Events after the Balance Sheet Date

- On 2 July 2013, ZUE and Infrastruktura Euro Poznań 2012 Sp. z o.o. (substitute investor for Zarząd Transportu Miejskiego w Poznaniu) signed the contract for "Construction works as part of the following investment: Extension of the tram route of the Poznań High-Speed Tram (PST) to Dworzec Zachodni railway station in Poznań" – supplement no. 2 to the main order. Contract net value: PLN 3,100,000. Completion date: 31 August 2013.
- On 15 July 2013, a decision was made to merge ZUE with Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A., the Company's subsidiary.
- A plan to merge ZUE (the "Acquiring Company") with Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A. of Cracow, ZUE's subsidiary, (the "Acquired Company") was agreed on 14 August 2013. The intended merger would take place pursuant to Art. 492 § 1.1 of the Polish Companies Act of 15 September 2000 (Dz.U. of 2000, no. 94, item 1037, as amended – the "Act"); i.e. by a transfer of all the assets of the Acquired Company to ZUE in exchange for ZUE's shares to be given to the shareholders of the Acquired Company taking account of Art. 514 of the Act whereby ZUE, a shareholder of the Acquired Company, would not acquire own shares in exchange for the shares of the Acquired Company (the "Merger"). ZUE would acquire all rights and obligations of the Acquired Company on the Merger registration date. According to the Plan of Merger, merger shares would be received by entities that were the shareholders of the Acquired Company on the Merger registration date (taking account of Art. 514 of the Act) using the following exchange ratio: 1:9.55.
- On 21 August 2013, ZUE and Bank Millennium S.A. of Warsaw signed the Annex no. A4/2749/11/475/07 to the revolving loan agreement no. 2749/11/475/07 whereby the term of the loan was extended until 21 September 2013.

The financial statements have been prepared by:

Ewa Bosak – Chief Accountant

The financial statements have been presented by the Management Board comprising:

Wiesław Nowak – President of the Management Board

Marcin Wiśniewski – Vice-President of the
Management Board

Maciej Nowak – Vice-President of the Management
Board

Jerzy Czeremuga – Vice-President of the Management
Board

Cracow, 26 August 2013