

**Deloitte**

Deloitte Polska  
Spółka z ograniczoną odpowiedzialnością Sp. k.  
with registered office in Warsaw  
Al. Jana Pawła II 19  
00-854 Warsaw  
Poland  
Tel.: +48 22 511 08 11, 511 08 12  
Fax: +48 22 511 08 13  
www.deloitte.com/pl

## **AUDITOR'S OPINION**

### **To the Shareholders and Supervisory Board of ZUE S.A.**

We have audited the attached consolidated financial statements of the ZUE S.A. Capital Group (hereinafter referred to as the "Capital Group") with the registered office in Cracow, ul. Czapińskiego 3, including consolidated statement of financial position as at 31 December 2014, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2014 to 31 December 2014 and notes to the financial statements including information on accounting principles and other explanatory information.

The Management Board of the Parent Company is responsible for the preparation of the consolidated financial statements and the report on activities of the Capital Group in line with applicable laws.

The Management Board of the Parent Company and members of its Supervisory Board are obliged to ensure that the consolidated financial statements and the report on activities of the Capital Group meet the requirements of the Polish Accountancy Act of 29 September 1994 (Journal of Laws of 2013, item 330, as amended), hereinafter referred to as the "Accountancy Act."

Our responsibility has been to audit and express an opinion on the compliance of the consolidated financial statements with the accounting principles (policy) adopted by the Capital Group and whether the financial statements give a true and fair view, in all material respects, of the financial and economic position as well as the financial result of the Capital Group.

We have planned and performed our audit of the financial statements in accordance with:

- chapter 7 of the Accountancy Act; and
- national auditing standards published by the National Council of Statutory Auditors in Poland.

We have planned and performed our audit of the consolidated financial statements so as to obtain reasonable assurance to express an opinion on the financial statements. Our audit included, in particular, verification of the correctness of the accounting principles (policy) applied by the Parent Company and the subsidiaries, verification – largely on a test basis – of the bases for the amounts and disclosures in the consolidated financial statements, as well as overall evaluation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the audited consolidated financial statements in all material respects:

- present fairly and clearly the information material to evaluate the economic and financial position of the Capital Group as at 31 December 2014 as well as its profit or loss in the financial year from 1 January 2014 to 31 December 2014;

- have been prepared in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations, and in all matters not regulated in the standards – in accordance with the provisions of the Accountancy Act and secondary legislation to the Act; and
- comply with the laws applicable to the Parent Company and Capital Group companies which affect the contents of the consolidated financial statements.

The consolidated financial statements of the Capital Group for the financial year ended 31 December 2013 were audited by another eligible entity. On 14 March 2014, the said entity issued an unqualified opinion about the statements.

The Capital Group report on activities for the financial year 2014 is complete within the meaning of Article 49.2 of the Accountancy Act and the Ordinance by the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the conditions for recognizing information required under the law of a non-member state as equivalent (Journal of Laws of 2014, item 133) and consistent with underlying information disclosed in the audited consolidated financial statements.

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Marek Turczyński  
Key certified auditor  
conducting the audit  
No. 90114

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

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Marek Turczyński, President of the Management Board of Deloitte Polska Sp. z o.o. – General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 12 March 2015

# REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE CAPITAL GROUP FOR THE FINANCIAL YEAR 2014

## I. GENERAL INFORMATION

### 1. Details of the audited Parent Company

The Parent Company of the Capital Group (hereinafter referred to as the “Parent Company”) operates under the company name ZUE S.A. The Company’s registered office is located in Cracow, ul. Czapińskiego 3.

The Company operates as a joint-stock company. The Company has been entered into the Register of Entrepreneurs kept by the District Court in Cracow XI Commercial Division of the National Court Register under KRS number 0000135388.

The Company operates pursuant to the Polish Companies Act.

The share capital of the Parent Company as at 31 December 2014 amounted to PLN 5,757,520.75 and was divided into 23,030,083 ordinary shares with a par value of PLN 0.25 each.

Composition of the Parent Company’s Management Board as at the date of the opinion:

- Wiesław Nowak – Management Board President
- Marcin Wiśniewski – Management Board Vice-President
- Jerzy Czeremuga – Management Board Vice-President
- Maciej Nowak – Management Board Member
- Anna Mroczek – Management Board Member
- Arkadiusz Wierciński – Management Board Member.

The following changes to the composition of the Parent Company’s Management Board occurred in the period under analysis and by the date of the opinion:

- On 9 January 2014, the Supervisory Board resolved to dismiss Maciej Nowak from the position of the Vice-President of the Management Board as of 9 January 2014 (Resolution no. 3);
- On 9 January 2014, the Supervisory Board resolved to appoint Maciej Nowak as Member of the Management Board as of 9 January 2014 (Resolution no. 4);
- On 9 January 2014, the Supervisory Board resolved to appoint Arkadiusz Wierciński as Member of the Management Board as of 9 January 2014 (Resolution no. 2)

### 2. Structure of the Capital Group

The consolidated financial statements as at 31 December 2014 included the following companies:

- a) Parent Company – ZUE S.A.

We have audited the financial statements of the Parent Company for the period from 1 January to 31 December 2014. As a result of our audit, we issued an unqualified opinion on 14 March 2015.

- b) Companies subject to full consolidation:

Name and registered office of the Company	Interest in the share capital (%)	Name of entity that audited the financial statements and type of opinion issued	The end of the reporting period
Biuro Projektów	100%	Deloitte Polska Spółka z	31 Dec 2014

Komunikacyjnych w Poznaniu Sp. z o.o.		ograniczoną odpowiedzialnością Sp. k. – opinion has not been issued yet.	
Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o.	100%	Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – opinion has not been issued yet.	31 Dec 2014

In the financial year, the following company was excluded from consolidation:

Biuro Projektów Kolejowych w Gdańsku w likwidacji. In 2013, the company was consolidated with equity method. The decision had minor effect on the consolidated financial statements.

## **2. Information about the consolidated financial statements for the prior financial year**

The Group ended its activities in 2013 with net profit of PLN 5,606,998.24. The consolidated financial statements of the Capital Group for 2013 were audited by a certified auditor. The audit was performed by authorized entity Roedl Audit Sp. z o.o. On 14 March 2014, the certified auditor issued an unqualified opinion on the financial statements.

The consolidated financial statements for the financial year 2013 were approved by the General Meeting held on 18 June 2014.

The consolidated financial statements for the financial year 2013 were submitted to the National Court Register (KRS) on 25 June 2014.

## **3. Details of the authorized entity and the key certified auditor acting on its behalf**

The auditor was appointed by the Supervisory Board. The audit of the consolidated financial statements was performed based on the agreement of 28 July 2014 between the Parent Company and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the consolidated financial statements was conducted under the supervision of Marek Turczyński, key certified auditor (no. 90114) in the premises of the Parent Company in the period 8-19 December 2014, 9-20 February 2015 and outside the Company's premises until the date of this opinion.

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and key certified auditor confirm that they are authorized to carry out audits and meet the requirements of Article 56 of the of the Act on Auditors and Their Self-Government, Entities Authorized to Audit Financial Statements and Public Supervision (Journal of Laws of 2009, no. 77, item 649, as amended) to express an unbiased and independent opinion on the consolidated financial statements of the Capital Group.

## **4. Availability of data and representations by the Parent Company's management**

The scope of our audit was not limited.

During the audit, all necessary documents and data as well as detailed information and explanations were provided to the authorized entity and the key certified auditor as confirmed by the written representation of the Management Board of the Parent Company of 12 March 2015.

## II. ECONOMIC AND FINANCIAL POSITION OF THE CAPITAL GROUP

Presented below are the main items of the consolidated profit or loss, consolidated statement of financial position and financial ratios describing the financial performance of the Capital Group and its economic and financial position compared to the analogous figures of 2013.

<u>Main items of profit or loss</u> <u>(PLN '000)</u>	<u>2014</u>	<u>2013</u>
Revenue	644,131	410,547
Operating expenses	(627,583)	(407,587)
Profit (loss) on operating activities	13,991	6,977
Net profit (loss)	10,659	5,607
<u>Main items of statement of financial position</u> <u>(PLN '000)</u>		
Inventory	17,921	18,011
Trade and other receivables	180,429	175,820
Current assets	275,206	251,537
Total assets	434,721	398,907
Equity	201,450	191,055
Current liabilities (including short-term provisions and accruals)	182,200	157,148
Trade and other payables	132,587	91,206
Total liabilities	233,271	207,852
<u>Profitability and performance indicators</u>	<u>2014</u>	<u>2013</u>
– Return on sales	2%	2%
– Net return on equity	6%	3%
– Total asset turnover	1.48%	1.03%
– Debtor days	100	161
– Creditor days	64	107
– Days sales of inventory	10	17
<u>Liquidity/Net working capital</u>		
– Debt ratio	54%	52%
– Equity to assets ratio	46%	48%
– Net working capital (PLN '000)	93,006	94,389
– Current ratio	1.51	1.60
– Quick ratio	1.41	1.49

An analysis of the above figures and ratios indicated the following trends in 2014:

- increase in return on sales and net return on equity;
- increase in total assets turnover;
- decrease in debtor and creditor days and days sales of inventory;
- increase in Company's debt ratio;
- decrease in equity to assets ratio;
- decrease in net working capital; and
- decrease in liquidity ratios.

### **III. DETAILED INFORMATION**

#### **1. Information about the audited consolidated financial statements**

The audited consolidated financial statements were prepared as at 31 December 2014 and include:

- consolidated statement of financial position as at 31 December 2014 showing the balance sheet total of PLN 434,720,957.49;
- consolidated statement of comprehensive income for the period from 1 January 2014 to 31 December 2014 showing a net profit of PLN 10,658,591.82 and total comprehensive income of PLN 10,565,060.85;
- consolidated statement of changes in equity for the period from 1 January 2014 to 31 December 2014 showing an increase in equity of PLN 10,395,573.17;
- consolidated statement of cash flows for the period from 1 January 2014 to 31 December 2014 showing an increase in cash of PLN 21,676,400.56; and
- notes to the financial statements including information on accounting principles and other explanatory information.

The audit covered the period from 1 January 2014 to 31 December 2014 and focused mainly on:

- verification of the correctness and fairness of the consolidated financial statements prepared by the Management Board of the Parent Company;
- verification of the consolidation documentation;
- evaluation of the correctness of the consolidation methods and procedures applied during consolidation; and
- review of opinions and reports on audits of financial statements of subsidiaries and associated companies included in consolidation, prepared by other certified auditors.

#### **2. Consolidation documentation**

The Parent Company presented the consolidation documentation including:

- 1) financial statements of entities included in the consolidated financial statements;
- 2) financial statements of subsidiaries adjusted to the accounting principles (policy) applicable during consolidation;
- 3) financial statements of subsidiaries translated into the Polish currency;
- 4) all consolidation adjustments and eliminations necessary for preparation of the consolidated financial statements;
- 5) calculation of the fair value of the net assets of subsidiaries;
- 6) calculation of goodwill and gain from a bargain purchase as well as impairment of goodwill;
- 7) calculation of non-controlling interests; and
- 8) calculation of foreign exchange gains/losses arising from translation of the financial statements of subsidiaries denominated in foreign currencies.

The financial statements of the subsidiaries were consolidated using the full method, i.e. full amounts of all relevant items of the financial statements of the Parent Company and the subsidiaries included in consolidation were summed up.

The Parent Company responsible for the preparation of the consolidated statements did not apply any significant simplifications or deviations from the consolidation rules with respect to controlled entities.

The following companies were excluded from consolidation in the financial year under analysis:

- Biuro Projektów Kolejowych w Gdańsku Sp. z o.o. w likwidacji (associate – 49.06% of shares);
- Railway Technology International Sp. z o.o. (subsidiary – 51% of shares);
- Railway Technology International Germany GmbH (subsidiary of RTI – 100% of shares).

The decision did not have any significant impact on the consolidated financial statements.

### **3. Completeness and correctness of drawing up notes and explanations and the Capital Group report on activities**

The Parent Company confirmed the validity of the going concern basis in preparation of the consolidated financial statements. The notes to the consolidated financial statements contain important rules governing the measurement of assets and liabilities, profit or loss and principles of preparation of the consolidated financial statements.

The Parent Company prepared the notes in the form of tables for individual items of the consolidated statement of financial position and consolidated statement of comprehensive income as well as narrative descriptions in line with the requirement of the IFRS.

The Capital Group report on activities in the financial year 2014 has been prepared by the Management Board of the Parent Company and attached to the consolidated financial statements. The report contains information required under Article 49.2 of the Accountancy Act and the Ordinance by the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the conditions for recognizing information required under the law of a non-member state as equivalent (Journal of Laws of 2014, item 133). We have audited the report with respect to the disclosed information derived directly from the audited consolidated financial statements.

#### **IV. FINAL COMMENTS**

##### Management Board's Statement

Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. and the key certified auditor received a written statement of the Parent Company's Management Board according to which the Capital Group complied with applicable laws.

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Marek Turczyński  
Key certified auditor  
conducting the audit  
No. 90114

On behalf of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. – entity authorized to audit financial statements entered under number 73 on the list kept by the National Council of Statutory Auditors:

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Marek Turczyński, Vice-President of the Management Board of Deloitte Polska Sp. z o.o. – General Partner of Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k.

Warsaw, 12 March 2015