

# **ZUE Capital Group**

## **CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**

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



**GRUPA ZUE**

**Cracow, 12 March 2015**

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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 5,757,520.75 paid up in full. Parent company of the ZUE Capital Group.
PRK	Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A. with registered office in Cracow previously 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. On 20 December 2013, PRK was removed from the register as a result of merger with ZUE.
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 1,269,400 paid up in full. Subsidiary of ZUE.
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 Cracow-Śródmieście in Cracow, XI 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.
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 2,170,000 paid up in full. Subsidiary of ZUE.
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. Associate.
ZUE Group, Group, Capital Group	ZUE Capital Group including ZUE 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. and Railway Technology International Germany GmbH.
PLN	Polish złoty.
EUR	Euro.
Act	Polish Companies Act (Dz.U. 2000, no. 94, item 1037, as amended).

Share capital details as at 31 December 2014.

## I. SELECTED FINANCIAL DATA OF ZUE CAPITAL GROUP

### Rules adopted to translate selected financial data into EUR:

Item	Exchange rate	Exchange rate on 31 Dec 2014	Exchange rate on 31 Dec 2013	Exchange rate on 31 Dec 2012
Items of assets, equity and liabilities	Mid exchange rate prevailing at the end of the reporting period	4.2623	4.1472	n/a
Items of statement of profit or loss and statement of cash flows	Arithmetic mean of mid exchange rates quoted by the National Bank of Poland on the last day of each month of the period	4.1893	4.2110	n/a
"Cash at the beginning of the year" and "Cash at the end of the year" items in the statement of cash flows	Mid exchange rate prevailing at the end of the reporting period	4.2623	4.1472	4.0882

### Key items of the statement of financial position translated into EUR:

	As at 31-12-2014		As at 31-12-2013	
	PLN '000	EUR '000	PLN '000	EUR '000
Non-current assets	159,515	37,425	147,370	35,535
Current assets	275,206	64,567	251,537	60,652
<b>Total assets</b>	<b>434,721</b>	<b>101,992</b>	<b>398,907</b>	<b>96,187</b>
Equity	201,450	47,263	191,055	46,068
Non-current liabilities	51,071	11,982	50,705	12,226
Current liabilities	182,200	42,747	157,147	37,893
<b>Total equity and liabilities</b>	<b>434,721</b>	<b>101,992</b>	<b>398,907</b>	<b>96,187</b>

### Key items of the statement of comprehensive income translated into EUR:

	Year ended 31-12-2014		Year ended 31-12-2013	
	PLN '000	EUR '000	PLN '000	EUR '000
Revenue	644,131	153,756	410,547	97,494
Cost of sales	609,958	145,599	387,852	92,105
Gross profit (loss) on sales	34,173	8,157	22,695	5,389
Profit (loss) on operating activities	13,991	3,340	6,977	1,657
Gross profit (loss)	14,102	3,366	7,473	1,775
Net profit (loss) on operations	10,659	2,544	5,607	1,332
Total comprehensive income	10,565	2,522	5,598	1,329

### Key items of the statement of cash flows translated into EUR:

	Year ended 31-12-2014		Year ended 31-12-2013	
	PLN '000	EUR '000	PLN '000	EUR '000
Cash flows from operating activities	68,600	16,375	9,707	2,305
Cash flows from investing activities	-3,710	-886	-6,696	-1,590
Cash flows from financing activities	-43,210	-10,314	-23,054	-5,475
<b>Total net cash flows</b>	<b>21,680</b>	<b>5,175</b>	<b>-20,043</b>	<b>5,118</b>
Cash at the beginning of the year	49,729	11,991	69,761	17,064
Cash at the end of the year	71,405	16,753	49,729	11,991

## II. CONSOLIDATED FINANCIAL STATEMENTS OF ZUE CAPITAL GROUP

### Consolidated statement of comprehensive income

	Notes	Year ended 31-12-2014	Year ended 31-12-2013
Revenue	5	644,130,683.08	410,547,397.98
Cost of sales	7	609,958,004.37	387,852,562.52
<b>Gross profit (loss) on sales</b>		<b>34,172,678.71</b>	<b>22,694,835.46</b>
General and administrative expenses	7	17,625,359.24	19,734,871.30
Other operating income	8	4,606,991.14	8,357,192.85
Other operating expenses	9	7,162,830.95	7,291,631.03
Loss of control of subsidiary		0.00	2,951,192.14
<b>Operating profit (loss)</b>		<b>13,991,479.66</b>	<b>6,976,718.12</b>
Financial income	10	1,328,323.98	3,352,959.74
Financial expenses	11	1,217,387.02	2,857,094.31
<b>Pre-tax profit (loss)</b>		<b>14,102,416.62</b>	<b>7,472,583.55</b>
Corporate income tax	12	3,443,824.80	1,865,585.31
<b>Net profit (loss) on operations</b>		<b>10,658,591.82</b>	<b>5,606,998.24</b>
<b>Net profit (loss)</b>		<b>10,658,591.82</b>	<b>5,606,998.24</b>
<b>Consolidated net profit (loss)</b>		<b>10,658,591.82</b>	<b>5,606,998.24</b>
Other net comprehensive income			
<b>Items that will not be reclassified subsequently to profit or loss:</b>		<b>-93,530.97</b>	<b>-9,044.20</b>
Remeasurement of liabilities under employee benefits		-93,530.97	-9,044.20
<b>Other total net comprehensive income</b>		<b>-93,530.97</b>	<b>-9,044.20</b>
<b>Total comprehensive income</b>		<b>10,565,060.85</b>	<b>5,597,954.04</b>
Weighted average number of shares		23,030,083	22,033,866
<b>Consolidated net profit attributable to:</b>			
Shareholders of the parent		10,658,591.82	7,348,416.21
Minority shareholders		0.00	-1,741,417.97
Net profit (loss) per share (PLN) (basic and diluted)	13	0.46	0.33
<b>Total comprehensive income attributable to:</b>			
Shareholders of the parent		10,565,060.85	7,339,372.01
Minority shareholders		0.00	-1,741,417.97
Total comprehensive income per share (PLN)	13	0.46	0.33

**Consolidated statement of financial position**

(PLN)

	Notes	As at 31-12-2014	As at 31-12-2013
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	73,147,738.38	68,979,663.58
Investment property	15	7,822,850.34	8,659,761.20
Intangible assets	18	11,683,138.28	12,201,698.30
Goodwill	17	32,646,001.12	32,646,001.12
Investments in non-consolidated subsidiaries	19	28,585.50	28,585.50
Advance payments for investments in subsidiaries		0.00	0.00
Long-term receivables	22	0.00	0.00
Retentions on construction contracts	30	3,197,273.08	2,310,835.90
Deferred tax assets	12.3	30,853,979.38	22,391,922.46
Other assets	20	135,850.61	151,851.89
<b>Total non-current assets</b>		<b>159,515,416.69</b>	<b>147,370,319.95</b>
<b>Current assets</b>			
Inventories	21	17,920,760.21	18,011,288.26
Trade and other receivables	22	180,429,243.49	175,819,984.95
Retentions on construction contracts	30	1,524,900.01	5,537,856.90
Current tax assets	12.2	1,913,208.00	43,318.00
Other financial receivables		0.00	0.00
Other assets	20	1,877,364.94	2,286,315.14
Loans advanced	37	134,601.32	108,844.38
Cash and cash equivalents	40	71,405,462.83	49,729,062.27
<b>Total current assets</b>		<b>275,205,540.80</b>	<b>251,536,669.90</b>
<b>Total assets</b>		<b>434,720,957.49</b>	<b>398,906,989.85</b>



	Notes	As at 31-12-2014	As at 31-12-2013
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	23	5,757,520.75	5,757,520.75
Share premium account	25	93,836,665.29	93,836,665.29
Retained earnings	24	101,855,919.45	91,802,270.33
<b>Equity attributable to shareholders of ZUE</b>		<b>201,450,105.49</b>	<b>191,396,456.37</b>
Equity attributable to non-controlling interests		0.00	-341,924.05
<b>Total equity</b>		<b>201,450,105.49</b>	<b>191,054,532.32</b>
<b>Non-current liabilities</b>			
Long-term bank borrowings and other debt instruments and other financing sources	26	5,255,088.17	9,764,987.42
Retentions on construction contracts	30	8,796,402.77	8,968,405.41
Other financial liabilities	27	1,190,000.00	1,470,000.00
Liabilities under employee benefits	33	2,484,574.25	2,510,868.06
Deferred tax liabilities	12.3	24,934,633.35	21,347,313.57
Long-term provisions	28	8,410,239.28	6,643,223.83
Deferred revenue		0.00	0.00
Other liabilities		0.00	0.00
<b>Total non-current liabilities</b>		<b>51,070,937.82</b>	<b>50,704,798.29</b>
<b>Current liabilities</b>			
Trade and other payables	31	132,587,339.56	91,205,685.02
Retentions on construction contracts	30	18,180,247.62	6,793,208.08
Short-term bank borrowings and other debt instruments and other financing sources	26	10,269,020.97	40,570,393.01
Other financial liabilities	27	282,791.69	280,000.00
Liabilities under employee benefits	33	14,198,823.58	8,043,673.95
Current tax liabilities	12.2	66,522.00	3,037,568.00
Short-term provisions	28	6,615,168.76	7,217,131.18
<b>Total current liabilities</b>		<b>182,199,914.18</b>	<b>157,147,659.24</b>
<b>Total liabilities</b>		<b>233,270,852.00</b>	<b>207,852,457.53</b>
<b>Total equity and liabilities</b>		<b>434,720,957.49</b>	<b>398,906,989.85</b>

## Consolidated statement of changes in equity

(PLN)

	Equity attributable to the Group shareholders				Equity attributable to non-controlling interests	Total equity
	Share capital	Share premium account	Retained earnings	Total		
<b>Balance as at 1 Jan 2014</b>	<b>5,757,520.75</b>	<b>93,836,665.29</b>	<b>91,802,270.33</b>	<b>191,396,456.37</b>	<b>-341,924.05</b>	<b>191,054,532.32</b>
Change of interest in subsidiaries	0.00	0.00	-511,411.73	-511,411.73	-341,924.05	-169,487.68
Other adjustments	0.00	0.00	0.00	0.00	0.00	0.00
Dividend	0.00	0.00	0.00	0.00	0.00	0.00
Issue of shares	0.00	0.00	0.00	0.00	0.00	0.00
Issue costs	0.00	0.00	0.00	0.00	0.00	0.00
Profit (loss) for the year	0.00	0.00	10,658,591.82	10,658,591.82	0.00	10,658,591.82
Other net comprehensive income	0.00	0.00	-93,530.97	-93,530.97	0.00	-93,530.97
<b>Balance as at 31 Dec 2014</b>	<b>5,757,520.75</b>	<b>93,836,665.29</b>	<b>101,855,919.45</b>	<b>201,450,105.49</b>	<b>0.00</b>	<b>201,450,105.49</b>
<b>Balance as at 1 Jan 2013</b>	<b>5,500,000.00</b>	<b>85,360,680.68</b>	<b>88,824,353.59</b>	<b>179,685,034.27</b>	<b>9,161,874.21</b>	<b>188,846,908.48</b>
Adjustment of errors	0.00	0.00	-1,020,772.71	-1,020,772.71	0.00	-1,020,772.71
<b>Balance as at 1 Jan 2013</b>	<b>5,500,000.00</b>	<b>85,360,680.68</b>	<b>87,803,580.88</b>	<b>178,664,261.56</b>	<b>9,161,874.21</b>	<b>187,826,135.77</b>
Change of interest in subsidiaries	0.00	0.00	5,679,396.95	5,679,396.95	-6,798,932.02	-1,119,535.07
Other adjustments	0.00	0.00	3,447.57	3,447.57	-331,308.97	-327,861.40
Dividend	0.00	0.00	0.00	0.00	-632,139.30	-632,139.30
Issue of shares	257,520.75	9,023,527.08	-9,023,527.08	257,520.75	0.00	257,520.75
Issue costs	0.00	-547,542.47	0.00	-547,542.47	0.00	-547,542.47
Profit (loss) for the year	0.00	0.00	7,348,416.21	7,348,416.21	-1,741,417.97	5,606,998.24
Other net comprehensive income	0.00	0.00	-9,044.20	-9,044.20	0.00	-9,044.20
<b>Balance at 31 Dec 2013</b>	<b>5,757,520.75</b>	<b>93,836,665.29</b>	<b>91,802,270.33</b>	<b>191,396,456.37</b>	<b>-341,924.05</b>	<b>191,054,532.32</b>

## Consolidated statement of cash flows

(PLN)

	Year ended 31-12-2014	Year ended 31-12-2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>14,102,416.62</b>	<b>7,472,583.5</b>
<b>Adjustments for:</b>		
Depreciation and amortisation	8,681,972.53	7,540,790.2
Foreign exchange gains / (losses)	132.68	-13,795.9
Interest and share in profit (dividends)	-170,769.91	-715,022.3
(Gain) / loss on disposal of investments	521,632.33	534,562.8
Accrued expenses under commission on loans	208,125.00	208,125.0
(Gain) / loss on realisation of derivative financial instruments	0.00	0.0
Remeasurement of derivative financial instruments	0.00	0.0
<b>Operating profit before changes in working capital</b>	<b>23,343,509.25</b>	<b>15,027,243.4</b>
Change in receivables and retentions on construction contracts	-2,100,980.75	50,273,613.0
Change in inventories	90,528.05	2,317,264.9
Change in provisions and liabilities under employee benefits	7,293,908.86	178,332.3
Change in retentions on construction contracts and liabilities, excluding borrowings, other debt instruments and other financing sources	52,781,671.62	-58,038,474.8
Change in accrued expenses	367,609.99	645,454.9
Change in funds of limited availability	0.00	0.0
Other adjustments	0.00	0.0
Income tax paid / tax refund	-13,176,642.00	-696,055.0
<b>NET CASH PROVIDED BY / USED IN OPERATING ACTIVITIES</b>	<b>68,599,605.02</b>	<b>9,707,378.9</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of property, plant and equipment and intangible assets	242,531.28	3,053,786.8
Purchase of property, plant and equipment and intangible assets	-4,822,333.72	-10,177,523.5
Sale of investments in real property and intangible assets	0.00	0.0
Sale of assets for sale	0.00	0.0
Sale / (purchase) of financial assets in non-consolidated subsidiaries	0.00	0.0
Sale / (purchase) of financial assets from non-controlling shareholders	-53,887.68	-1,150,857.3
Purchase of financial assets available for sale	0.00	0.0
Loans advanced	-20,000.00	0.0
Dividends received	0.00	0.0
Interest received	942,853.45	1,578,402.8
Settlement of financial instruments – expenses	0.00	0.0
Funds from acquisition of subsidiary	0.00	0.0
Sale of financial assets in associates	0.00	0.0
Other cash provided by/(used in) investing activities	391.00	0.0
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>-3,710,445.67</b>	<b>-6,696,191.0</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings and other debt instruments received	650,407.51	75,514,468.0
Repayment of borrowings and other debt instruments	-38,011,357.48	-91,587,644.1
Decrease in finance lease liabilities	-5,069,572.39	-3,997,461.3

Interest paid	-762,729.05	-1,860,780.3
Other cash provided by / (used in) financing activities	-16,358.87	-575,406.0
Cash provided by / (used in) issue of shares	0.00	-547,542.4
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-43,209,610.28</b>	<b>-23,054,366.2</b>
<b>TOTAL NET CASH FLOWS</b>	<b>21679549.07</b>	<b>-20043178.3</b>
Net foreign exchange gains / (losses)	-3,148.51	11,490.4
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<b>49,729,062.27</b>	<b>69,760,750.2</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>71,405,462.83</b>	<b>49,729,062.2</b>

### III. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS PREPARED AS AT 31 DECEMBER 2014

#### 1. General information

##### 1.1. Capital Group composition and core business

At the end of the reporting period, the Capital Group was composed of ZUE as the parent, Biuro Inżynierskich Usług Projektowych Sp. z o.o., Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o., Railway Technology International Sp. z o.o., Railway Technology International GmbH (indirect subsidiary) and Biuro Projektów Kolejowych w Gdańsku Sp. z o.o. w likwidacji (associate).

ZUE Spółka Akcyjna with registered office in Cracow (ul. Kazimierza Czapieńskiego 3) is the parent of the Capital Group.

The Company has been established under 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. 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.

Composition of the Parent Company's governing and supervisory bodies at the date of the financial statements' approval:

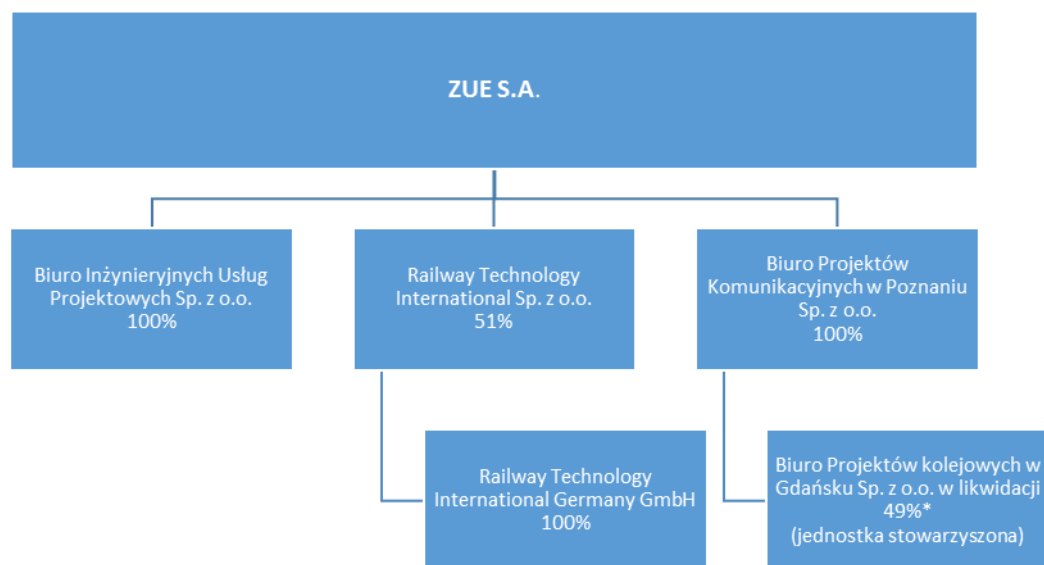
##### Management Board:

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

ZUE Capital Group shareholding structure as at 31 December 2014.



Jednostka stowarzyszona – associate

\*Direct interest of BPK Poznań in BPK Gdańsk. Indirect interest of ZUE in BPK Gdańsk as at 31 December 2014 was 49%.

Subsidiary – Biuro Inżynierskich Usług Projektowych Sp. z o.o. has been established under 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 under 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 Cracow-Śródmieście in Cracow, XI Commercial Division of the National Court Register, under entry no. KRS 0000397032.

Subsidiary – Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o. has been established under 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 under the notarial deed of 8 May 2012 in the Notary's Office in Radebeul, Rathenaustasse 6, Germany (no. 1090/2012). Hamburg (Germany) is the company's registered Office.

The companies comprising the Capital Group have been incorporated for indefinite period. The financial statements of all subsidiaries have been prepared for the same reporting period as the parent company using consistent accounting policies. The parent company and the subsidiaries use a calendar year as their financial year.

The activities of the Capital Group consist of:

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

#### Associates:

- 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 apt. 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 (an associate through BPK Poznań).

The direct interest of BPK Poznań in BPK Gdańsk as at 31 December 2014 was 49%.

The indirect interest of ZUE in BPK Gdańsk as at 31 December 2014 was 49%.

## 1.2. Merger of ZUE and PRK

### Legal aspect

On 15 July 2013, the Management Board of the Company decided about the merger of ZUE and PRK. On 6 December 2013, the Extraordinary General Meeting of ZUE resolved under the resolution no. 4 to merge ZUE with PRK. The merger took place on 20 December 2013 by registering the transaction with the District Court for Cracow-Sródmieście in Cracow, XI Commercial Division of the National Court Register pursuant to Art. 492 § 1.1 of the Act; i.e. by a transfer of all the assets of PRK to ZUE in exchange for ZUE shares issued to the shareholders of PRK taking account of Art. 514 of the Act whereby ZUE, a shareholder of PRK, did not acquire own shares in exchange for the shares of PRK.

The merger took place pursuant to Art. 492 § 1.1 of the Act; i.e. by a transfer of all the assets of the Acquired Company to the Acquiring Company in exchange for the Acquiring Company shares issued to the shareholders of the Acquired Company taking account of Art. 514 of the Act whereby the Acquiring Company was excluded as a shareholder of the Acquired Company.

According to Art. 493 § 1 and Art. 493 § 2 of the Act, Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A. was dissolved upon the removal from the register; i.e. on 20 December 2013. According to Art. 494 § 1 of the Act, ZUE acquired on that date all the rights and obligations of Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A., including the parties to the contracts performed by Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A. prior to the merger. The Management Board of ZUE confirmed all the powers of attorney granted to the employees of PRK for the purposes of the contracts performed by the company.

Changes in the Group's organisational structure related to the merger effected in 2013 influenced its activities. The merger was aimed at a more efficient use of the companies' potential and the achievement of synergies including a better use of their capacity to deliver services and the achievement of economic and financial synergies, including the reduction of business costs (including the reduction of costs related to the maintenance of a separate entity), simplification of the Group's structure and a more efficient management of the Capital Group.

The cooperation as part of one entity would enable the execution of major investments, more flexible margins and completion dates, better service quality management and the achievement of a position of independent contractor.

### Accounting aspect

ZUE merged with PRK on 20 December 2013. The control of PRK was acquired by ZUE in 2010.

The merger of ZUE and PRK did not affect the calculation of PRK's goodwill or the assessment of the fair value of the acquired company's net assets.

The goodwill of PLN 31,171,913.65 and the leasehold value (difference in the fair value of the net assets at acquisition) of PLN 15,956,312.00 (adjusted for a deferred tax asset) disclosed in the separate financial statements at the merger date were calculated as at the date the control of PRK was acquired by ZUE in 2010 and follow from the consolidated financial statements. Changes in interests resulting from the merger were accounted for as changes in equity.

The goodwill was tested by the Company's Management Board for impairment which occurred upon the acquisition of PRK. The test revealed there were no grounds for the goodwill impairment losses at the end of the reporting period.

## 1.3. 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.

## 1.4. Consolidated entities

Consolidated entities at 31 December 2014:

Name	Registered office	Interests as at		Consolidation method
		31 Dec 2014	31 Dec 2013	
ZUE S.A.	Cracow	Parent company	Parent company	
Biuro Inżynierskich Usług Projektowych Sp. z o.o.	Cracow	100%	49%	Full
Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o.	Poznań	100%	84%	Full

Biuro Inżynierskich Usług Projektowych Sp. z o.o. has been a member of the Capital Group since its creation. Given an insignificant impact of the subsidiary's financial data on the Group's economic and financial position, it was not consolidated until the end of 2011. The Management Board of ZUE decided to consolidate the company as of 1 January 2012.

ZUE is entitled to manage the financial and operating policy of BIUP and BPK Poznań because it holds a 100% interest in these companies.

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 Group's economic and financial condition, Railway Technology International Sp. z o.o. was not consolidated as at 31 December 2014.

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 Group's economic and financial condition, Railway Technology International Germany GmbH was not consolidated as at 31 December 2014.

As at 31 December 2014, Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o. held 964 shares in Biuro Projektów Kolejowych w Gdańsku Spółka z o.o. w likwidacji; i.e. a 49% interest in the company. The aim of Biuro Projektów Kolejowych w Gdańsku Spółka z o.o. w likwidacji is only to liquidate the assets to satisfy the liabilities that exceed the value thereof. Given the fact that ZUE does not exercise control within the meaning of IFRS 10 "Consolidated Financial Statements" and that an impact of the subsidiary's financial data on the Group's economic and financial condition is insignificant, BPK Gdańsk was not consolidated as at 31 December 2014.

### 1.5. Changes in the Group's structure and their consequences

#### BIUP

Acting pursuant to Art. 255, Art. 257 § 1 and Art. 258 of the Act, the Extraordinary Shareholders Meeting of BIUP resolved on 18 April 2014 under the resolution no. 1/04/2014 to increase the share capital of BIUP from PLN 19,400 to PLN 1,269,400 through the creation of 25,000 shares with a par value of PLN 50 each. All the newly created shares were the preference shares giving their holders an entitlement to dividend that would exceed by half the non-preference shares dividend. All the newly created shares were fully paid up by ZUE in cash of PLN 1,250,000 in the following way:

- Payment of cash of PLN 20,960.61; and
- Set-off of ZUE's claims against BIUP in connection with the loans advanced to BIUP in the total amount of PLN 1,229,039.39.

On 23 May 2014, the District Court for Cracow-Śródmieście in Cracow, XI Commercial Division of the National Court Register, registered the increase of BIUP's share capital with the National Court Register.

On 17 June 2014, Mr. Maciej Nowak and Ms. Magdalena Lis, and ZUE entered into the agreement for the sale of BIUP shares.

Under the agreement:

- Mr. Maciej Nowak sold 99 BIUP shares to the Company for the total of PLN 7,425;
- Ms. Magdalena Lis sold 99 BIUP shares to the Company for the total of PLN 7,425.

Consequently, ZUE holds 100% of BIUP shares.

On 30 December 2014, ZUE acquired the additional 14,969 shares in BIUP by contributing 4,261 shares held by the Company in BPK Poznań and paying the cash of PLN 64.12. On 7 January 2015, BPK Poznań was informed of the acquisition of shares by BIUP. On 30 January 2015, the increase of the share capital of BIUP was registered with the National Court Register. Thus, BIUP gained control of BPK Poznań in 2015.

#### BPK Poznań

On 9 May 2014, the Ordinary Shareholders Meeting of BPK Poznań resolved to increase the share capital of BPK Poznań from PLN 1,747,500 to PLN 2,170,000 through the creation of 845 new shares with a par value of PLN 500 each.

Acquisition of shares:

- 1) New shares in the increased share capital were taken up by the existing shareholders of BPK Poznań pro rata to the shares already held by them within 7 days of the relevant resolution passed by the Ordinary Shareholders Meeting of BPK Poznań.
- 2) If the shares were not taken up by the shareholders within 7 days as specified in item 1) above, the shares would be offered by the Management Board of BPK Poznań, within 7 days, to the remaining shareholders pro rata to the shares already held by them.
- 3) If the shares were not taken up by the shareholders within 7 days as specified in item 2) above, the shares would be



offered by the Management Board of BPK Poznań to ZUE.

- 4) The shares that were taken up would be paid up in cash.

In 2014, ZUE acquired 1,381 shares in BPK Poznań.

On 30 December 2014, the Extraordinary Shareholders Meeting of BIUP resolved to increase the share capital of BIUP from PLN 1,269,400.00 to PLN 2,017,850.00 through the creation of 14,969 new shares with a par value of PLN 50 each. All the shares with the total value of PLN 748,450.00 were acquired in full by ZUE and paid up with contributions of the total value of PLN 2,993,800 including in-kind contribution in the form of 4,261 shares with a par value of PLN 500 each held by the Company (as the sole shareholder) in the share capital of BPK of Poznań (their carrying amount according to the Company's accounting records was PLN 2,993,735.88) and cash of PLN 64.12.

On 7 January 2015, BPK Poznań was informed of the acquisition of shares by BIUP. On 30 January 2015, the increase of the share capital of BIUP was registered with the National Court Register. Consequently, BPK Poznań became a subsidiary of BIUP in 2015.

At 31 December 2014, BPK Poznań was a subsidiary of ZUE. Given the transfer of BPK Poznań shares to BIUP in January 2015, BPK Poznań became a subsidiary of BIUP and an indirect subsidiary of ZUE.

The merger of BIUP and BPK Poznań, design companies, is intended for March 2015. At this report preparation date, ZUE held 100% of shares in BIUP and BIUP held 100% of shares in BPK Poznań.

## 1.6. Shareholders of the Parent Company

According to the information held, the Parent Company had the following shareholder structure at this report publication date:

Shareholder	Type of shares	Number of shares	Ownership interest	Number of votes at the GM	% of votes at the GM
Wiesław Nowak	Ordinary	14,400,320	62.53	14,400,320	62.53
METLIFE OFE*	Ordinary	1,400,000	6.08	1,400,000	6.08**
PKO Bankowy OFE	Ordinary	1,500,000	6.51	1,500,000	6.51***
Other	Ordinary	6,041,960	24.88	6,041,960	24.88
<b>Total</b>		<b>23,030,083</b>	<b>100</b>	<b>23,030,083</b>	<b>100</b>

\* Previously Amplico OFE.

\*\* Shareholding on the basis of the list of shareholders holding at least 5% of votes at the Extraordinary General Meeting of ZUE held on 8 December 2014 provided in the current report 41/2014 of 8 December 2014.

\*\*\* Shareholding on the basis of the list of shareholders holding at least 5% of votes at the Ordinary General Meeting of ZUE held on 18 June 2014 provided in the current report 31/2014 of 18 June 2014.

## 2. Use of International Financial Reporting Standards

### 2.1. Statement of compliance

The consolidated financial statements of the ZUE Capital Group for the year ended 31 December 2014 and the comparative data for the financial year ended 31 December 2013 have been drawn up in accordance with the requirements of the International Financial Reporting Standards as endorsed by the European Union (EU).

### 2.2. Standards and interpretations used for the first time in 2014

The following standards, amendments to the standards and interpretations published by the International Accounting Standards Board and approved of by the European Union came into force in 2014:

- **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 IFRS 10 “Consolidated Financial Statements,” IFRS 11 “Joint Arrangements” and IFRS 12 “Disclosure of Interests in Other Entities”** – interim provisions explanation, approved of in the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014);
- **Amendments to IFRS 10 “Consolidated Financial Statements,” IFRS 12 “Disclosure of Interests in Other Entities” and IAS 27 “Separate Financial Statements”** – Investment Entities, approved of in the EU on 20 November 2013 (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);
- **Amendments to IAS 36 “Impairment of Assets”** - Recoverable Amount Disclosures for Non-Financial Assets, approved of in the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014);
- **Amendments to IAS 39 “Financial Instruments: Recognition and Measurement”** – Novation of Derivatives and Continuation of Hedge Accounting, approved of in the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).

The Group decided not to apply the foregoing standards, amendments to the standards or interpretations. According to the estimates by the Group, these standards, amendments to the standards and interpretations would not have any significant impact on the consolidated financial statements if used by the Group at the end of the reporting period.

### 2.3. Standards and interpretations published and approved of by the EU but not yet effective

When approving these financial statements, the Group did not apply the following standards or amendments to the standards, which had been published and approved of by the EU but had not yet come into force:

- **Amendments to various standards “Improvements to IFRSs (2010-2012 Cycle)”** – made as part of annual improvements to IFRSs (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) aimed mainly at the resolution of inconsistencies and specification of vocabulary, approved of in the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015);
- **Amendments to various standards “Improvements to IFRSs (2011-2013 Cycle)”** – made as part of annual improvements to IFRSs (IFRS 1, IFRS 3, IFRS 13 and IAS 40) aimed mainly at the resolution of inconsistencies and specification of vocabulary, approved of in the EU on 18 December 2014 (effective for annual periods beginning on or after 1 January 2015);
- **Amendments to IAS 19 “Employee Benefits”** – Specific benefit programmes: employee benefits, approved of in the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015);
- **International Financial Reporting Interpretations Committee's (IFRIC) Interpretation 21 “Public Fees”** approved of in the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

The Group 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 end of the reporting period.

### 2.4. Standards and interpretations adopted by the IASB but not yet approved by the EU

The International Financial Reporting Standards (IFRS) as endorsed 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 12 March 2015:

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after 1 January 2018);

- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after 1 January 2016);
- **IFRS 15 “Revenue from Contracts with Customers”** (effective for annual periods beginning on or after 1 January 2017);
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IFRS 10 “Consolidated Financial Statements,” IFRS 12 “Disclosure of Interests in Other Entities” and IAS 28 “Investments in Associates and Joint Ventures”** – Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IFRS 11 “Joint Arrangements”** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 1 “Presentation of Financial Statements”** – Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 38 “Intangible Assets”** – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 16 “Property, Plant and Equipment” and IAS 41 “Agriculture”** – Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to IAS 27 “Separate Financial Statements”** – Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016);
- **Amendments to various standards “Improvements to IFRSs (2012-2014 Cycle)”** – made as part of annual improvements to IFRSs (IFRS 5, IFRS 7, IAS 19 and IAS 34) aimed mainly at the resolution of inconsistencies and specification of vocabulary (effective for annual periods beginning on or after 1 January 2016).

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

### 3. Adopted accounting principles

#### 3.1. Preparation basis

The financial statements have been prepared assuming that the Group will continue in operational existence for the foreseeable future. No going concern risks exist at the end of the reporting period.

The consolidated financial statements have been prepared under historical cost except for certain non-current assets and financial instruments measured at reassessed values or fair value according to the following accounting policy.

The most important accounting principles used by the Group have been set forth below.

#### 3.2. Consolidation rules

##### 3.2.1. Investments in subsidiaries

Subsidiaries are entities controlled by the parent (this includes SPVs). The control is exercised if the parent has the power to govern financial and operating policies of subsidiaries so as to obtain benefit from their activities.

The results of subsidiaries acquired or sold during the year are included in the consolidated financial statements from the date of acquisition or up to the date of disposal.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests are identified separately from the Group's equity. Non-controlling interests may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquired net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequently, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in the Group's equity.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of assets (including goodwill), liabilities and non-controlling interests. Amounts recognized in other comprehensive income in relation to disposed subsidiary are reclassified to profit or loss. The fair value of any investment retained in the former subsidiary is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

### **3.2.2. Investments in subsidiaries**

An associate is an entity over which the parent has a significant influence, but which is not a subsidiary or an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of an associate without control or joint control.

The results, assets and liabilities of associates are incorporated in the financial statements using the equity method of accounting, except when the investment is classified as held for sale in which case it is accounted for in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. Under the equity method of accounting, investments in associates are carried in the consolidated statement of financial position at historical cost as adjusted by post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value of individual investments. Losses of the associates in excess of the Group's interest in those associates (including any long-term shares which in fact are a part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets of the associate at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where the Group transacts with an associate, profits and losses are eliminated to the extent of the Group's interest in the associate.

### **3.2.3. Loss of control**

On loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit and loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, that retained interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

### **3.2.4. Transactions with minority shareholders that do not result in a change of control**

Transactions with minority shareholders that do not result in a change of control are accounted for as equity transactions.

### **3.2.5. Goodwill**

Goodwill arising on acquisition represents the excess of the aggregate of transferred consideration, non-controlling interests and the fair value of interests previously held in the acquired unit over the Group's share in the net fair value of identifiable assets, liabilities and contingent liabilities of the acquired unit at the date of acquisition.

If negative goodwill arises, the fair values of acquired net assets are reassessed by the Group. If negative goodwill still arises, then it should be recognised immediately in profit or loss.

Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill

allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Any impairment loss is not subsequently reversed.

On disposal of a subsidiary or a jointly controlled unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

### **3.2.6. Segment reporting**

The Group's reporting is based on operating segments.

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.

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

### **3.3. Measurement of sales revenue**

Sales revenue is measured at the fair value of the consideration received or receivable, net of discounts, returns and similar deductions, including VAT and other sales-related taxes.

#### **3.3.1. Sales of goods of materials**

Revenue from the sale of goods and materials is recognised when all the following conditions have been satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### **3.3.2. Construction contracts**

When the outcome of a construction contract can be estimated reliably, revenue and costs, including financial expenses, are recognised by reference to the stage of completion of the contract activity at the end of the reporting period. Variations in contract works and claims are included to the extent that they have been agreed on with a customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Included in assets are the amounts due and receivable from customers (employers) under all construction work in progress in respect of which the incurred costs increased by recognised profits (reduced by recognised losses) exceed the amounts due under partial invoices. Outstanding invoiced amounts due and payable for the contract work performed are recognized under "Trade and other receivables" and the amounts retained by customers under "Retentions on construction contracts."

Included in liabilities are the amounts due and payable to suppliers under all construction work in progress in respect of which the amounts invoiced for the work performed under the contract exceed the incurred costs increased by recognized profits (reduced by recognized losses). Outstanding amounts due and payable to suppliers, which have been invoiced to the Group, are recognized under "Trade and other payables" and the amounts retained for suppliers under "Retentions on construction contracts."

### **3.4. Foreign currencies**

Transactions in currencies other than functional currency are recognised at the rate prevailing at the date of the transaction. At the end of each reporting period, financial assets and liabilities denominated in foreign currencies are translated at the rate quoted at that date by the National Bank of Poland. Assets and liabilities measured at fair value and denominated in foreign currencies are measured at the rate prevailing at the date when the fair value was determined. Non-monetary items are measured at historical cost.

### **3.5. Borrowing costs**

Borrowing costs directly attributable to the acquisition or production of assets that take a substantial period of time to get ready for their intended use are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs include exchange differences arising from foreign currency loans and borrowings to the extent that they are regarded as an adjustment to interest costs.

All other borrowing costs are recognised, subject to item 3.3.2, in profit or loss in the period in which they are incurred.

These capitalisation rules do not apply to assets measured at fair value.

### **3.6. Government grants**

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants whose primary condition is the acquisition or production by the Company of fixed assets are recognised in the statement of financial position as prepayments and accrued income and transferred to profit or loss on a systematic basis over the expected useful lives of the related assets.

Other government grants are recognised as income on a systematic basis over the period necessary to match them with the related costs which they were intended to compensate. A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable.

Rules of transferring grants to fixed assets also apply in the case of fixed assets received for free.

### **3.7. Employee benefits**

Costs of employee benefits include short-term benefits and post-employment benefits.

Costs of wages and salaries include the wages and salaries under employment contracts concluded with individual employees. Costs of wages and salaries also include bonuses and paid leaves.

Costs of social insurance include pension, social security and accident benefits and contributions to the Guaranteed Benefits Fund and the Labour Fund. Costs of pension benefits include retirement gratuities paid to employees according to the labour law.

The Company operates the retirement gratuity scheme and makes a provision for these benefits. Payments under this scheme are recognised in profit or loss in a way enabling the spread of these costs over the entire term of employees' employment with the Company. The amount of the provision is determined by an independent actuary using the projected unit method.

The Company is obliged to create the Company Social Benefits Fund. Contributions to this Fund are the Company's expenses and must be blocked on a separate bank account. The fund assets and liabilities are disclosed in the financial statements at their net value.

Other employee benefits include trainings organised to improve employees' qualifications, medical care and other benefits provided for under the labour law.

The Company recognises actuarial gains and losses in the period in which they arise. All actuarial gains and losses are recognised in the statement of comprehensive income.

### **3.8. Taxation**

Income tax expense represents the tax currently payable and deferred tax.

#### **3.8.1. Current tax**

The tax currently payable is calculated based on taxable profit for the year. Taxable profit (loss) differs from accounting net profit (loss) because it excludes items of income or expense that are not taxable or deductible and items of income or expense that are never taxable. The Group's liability for current tax is calculated using tax rates applicable in the year.

#### **3.8.2. Deferred tax**

Deferred tax is accounted for using the balance sheet liability method as the tax payable or recoverable on differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

A deferred tax liability is recognised for all taxable temporary differences and a deferred tax asset is recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, tax losses or tax credit can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.



The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply when the asset is realised or the liability becomes due. Income tax is presented in the statement of financial position after the offset against liability payable to the same taxation authority.

### 3.8.3. Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the income statement, except when they relate to items credited or debited directly to equity, in which case the tax is recognised directly in equity.

### 3.9. Property, plant and equipment

Property, plant and equipment include fixed assets and expenditures on fixed assets under construction the entity intends to use in its operation and for administrative purposes for more than 1 year from which future economic benefits are expected to flow to the entity. Expenditure on fixed assets includes capital expenditure and expenses incurred in connection with future deliveries of plant and equipment and services related to the production of fixed assets (prepayments). Fixed assets also include essential specialist spare parts, which function as elements of fixed assets.

Fixed assets and fixed assets under construction are initially recognised at purchase price or production cost, including financing costs less impairment losses. Depreciation of those assets commences, on the same basis as other fixed assets of the Company, when they are placed in service.

Fixed assets are depreciated according to the rates which reflect the estimated period of their useful lives. Estimates of useful life are reviewed every year. Fixed assets are depreciated on a straight-line basis. The following useful lives are used for fixed assets:

Item	Useful lives
Buildings and structures	25 – 30 years
Plant and equipment	5 – 20 years
Vehicles	7 – 30 years
Other fixed assets	4 – 15 years

Freehold land is not depreciated.

According to the principle of prudence, low value fixed assets are carried on a one-off basis to profit or loss in the period in which the expense was incurred.

Fixed assets and fixed assets under construction are tested for impairment if there are indications of impairment at least at the end of each reporting period. Rules governing the determining of impairment are set out in note 3.12. Effects of the impairment of fixed assets and fixed assets under construction are recognised in other operating expenses.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets.

Gains or losses from the sale/liquidation or discontinued use of fixed assets are determined as the difference between sales revenue and the carrying amounts of those assets and are recognised in profit or loss.

### 3.10. Investment property

Investment properties are initially recognised at purchase price, including associated transaction costs. Subsequent to initial recognition, investment properties, except for land, are depreciated on a straight-line basis less impairment losses.

Investment properties are initially measured at cost, including transaction costs. After initial recognition, investment properties are carried at fair value. Gains and losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Investment properties, which meet the criteria of being classified as held for sale or disclosed in a pool held for sale, are measured according to the rules set forth in note 3.16.

Gains or losses arising from the sale/liquidation or discontinued use of properties are determined as a difference between sales revenue and the carrying amounts of these items and recognised in profit or loss.

### 3.11. Intangible assets

Intangible assets are the Group's assets which are without physical substance and identifiable, can be reliably measured and from which future economic benefits are expected.

Intangible assets are initially recognised at purchase price or production cost.

The expenses associated with the purchase of leasehold are also recognised by the Group as intangible assets. The expenses associated with the purchase of such rights on the secondary market (from other entities) and the expenses associated with conferring such rights by relevant state authorities are recognised as intangible assets and amortised over the period in which such rights may be exercised by the Company. The leasehold payments are recognised as operating expenses.

Intangible assets are amortised according to the rates which reflect the estimated period of their useful lives. Estimates of useful life are reviewed every year. The Company does not own any intangible assets whose useful lives are indefinite. Intangible assets with definite useful lives are amortised on a straight-line basis. The following useful lives are used for particular intangible assets:

Item	Useful lives
Licences for software	2 – 10 years
Leasehold rights	25 years

Intangible assets are tested for impairment if there are indications of impairment and any impairment is determined at the end of each reporting period. Rules governing the determining of impairment are set out in note 3.12. Effects of the impairment of intangible assets and their amortisation are carried to other operating expenses.

According to the principle of prudence, low value intangible assets are carried on a one-off basis to profit or loss in the period in which the expense was incurred.

Gains or losses from the sale/liquidation or discontinued use of intangible assets are determined as the difference between sales revenue and the carrying amounts of those assets and are recognised in profit or loss.

At the end of the reporting period, intangible assets are measured at cost less amortisation and impairment losses, if any.

### 3.12. Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Group reviews the carrying amounts of tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are substantially independent from cash flows generated by other assets, the Group analyses the group of cash-generating assets to which the asset belongs. If it is possible to identify a reliable and uniform allocation basis, fixed assets held by the Group are allocated to specific cash-generating units or to the smallest groups of cash-generating units for which reliable and uniform allocation bases can be identified.

Recoverable amount is the higher of fair value less costs to sell or value in use. The latter is equivalent to the present value of estimated future cash flows discounted at a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to an asset.

If the recoverable amount is less than the carrying amount of an assets (or a cash-generating unit), the carrying amount of the asset or the unit is reduced to the recoverable amount. An impairment loss is immediately recognised as an expense of the period in which it occurred, unless the asset is carried at revalued amount (in which case, such impairment loss is treated as a revaluation decrease).

If the impairment loss is subsequently reversed, the net value of the asset (or the cash-generating unit) is increased to the new estimated recoverable value, however not higher than the carrying amount of the asset as it would have been established had impairment not been identified in the past years. Any reversal of impairment is recognised immediately in the profit or loss, unless the asset is carried at a revalued amount – in this case, the reversal will be treated as a revaluation increase.

### 3.13. Long-term financial assets, including investments in related entities

Long-term financial assets, including investments in subsidiaries, fellow subsidiaries and associates, are measured at historical cost net of impairment, if any. The carrying amount of such assets is reviewed each time to find out whether it does not exceed the amount of future economic benefits. If the carrying amount exceeds the amount of anticipated economic benefits it is reduced to the amount of net sales price. Impairment losses are recognised in financial expenses. The rise in the value of an investment directly associated with a previous decrease in the value recognised in financial expenses is disclosed up to the amount of these expenses as financial income.

### 3.14. Leasing

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. Any other types of lease are treated as an operating lease.



Assets held under a finance lease are recognised as assets of the Group and measured at their fair value at the inception of the lease, however not higher than the present value of the minimum lease payments. The corresponding liability to the lessor is presented in the statement of financial position as bank borrowings and other debt instruments and other financing sources.

The lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant interest rate on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's accounting policy on borrowing costs as set out in note 3.5.

Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals under operating lease are recognised as an expense in the period in which they are incurred.

### 3.15. Inventories

Inventories are the assets held for sale in the ordinary course of business, assets in the production process for sale and materials that are consumed in the production process or service provision. Inventories include materials, merchandise, finished goods and work in progress.

Materials and merchandise are initially measured at purchase price. At the end of the reporting period, materials and merchandise are measured on a prudent basis; i.e. these categories are measured at purchase price or achievable sales price, depending on which is lower.

Work in progress is initially measured at actual production cost. At the end of the reporting period, work in progress and finished goods are measured on a prudent basis.

Materials, merchandise and finished goods are written down at the discretion of the Company.

Inventory disbursement is recorded in accordance with the principles of specific identification of items intended for specific projects or on a first-in-first-out basis for other inventories and is recognised in cost of sales. Write-downs for inventories resulting from prudent valuation and write-downs for items in excess of anticipated demand and their reversals are recognised under other operating expenses.

### 3.16. Non-current assets held for sale

Non-current assets held for sale are the assets that meet all the following criteria:

- an appropriate level of management must be committed to sell the asset;
- assets are available for immediate sale in their present condition;
- an active programme to locate a buyer must have been initiated;
- the completion of the sale is highly probable within 12 months of classification as held for sale;
- sales price is reasonable in relation to its present fair value;
- it is unlikely that plan will be significantly changed.

The classification change is reflected in the reporting period in which the aforementioned criteria have been satisfied. If the abovementioned criteria are satisfied after the end of the reporting period, an asset is not reclassified at the end of the financial year preceding the event.

No further depreciation will be recorded once an asset is classified as held-for-sale. Assets held for sale (excluding, *inter alia*, financial assets and investment property) are measured at the lower of carrying amount and fair value less costs to sell.

In the case of any subsequent increase in the fair value less costs to sell, a gain is recognised to the extent this does not exceed the cumulative impairment loss.

### 3.17. Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

#### 3.17.1. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the short term; or

- it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be classified as at fair value through profit or loss upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset is a part of the group of financial assets or financial liabilities or both which is managed and its performance is evaluated on a fair value basis in accordance with the Group's documented risk management or investment strategy, and the information on the grouping is provided internally on that basis; or
- the financial asset is a part of the contract containing one or more embedded derivatives and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial assets as at fair value through profit or loss are stated at fair value with any gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

### 3.17.2. Assets held to maturity

Financial assets (excluding derivatives) with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity are classified as financial assets held to maturity. They are measured at amortized cost using the effective interest method, less any impairment with revenue recognised on an effective yield basis.

Effective interest method is used to calculate the amortised cost of a financial asset or liability and to allocate the interest expense over the relevant period. The effective interest rate is the rate which discounts future cash payments through the expected life of the liability or, where appropriate, a shorter period.

### 3.17.3. Loans and receivables

Loans and receivables are the trade receivables, loans and other receivables with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### 3.17.4. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that as a result of the events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables includes the Group's past experience of collecting payments and observable changes in national or local economic situations that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss under the item other operating income/expenses.

Except for the financial instruments available for sale, if in a subsequent period the amount of the impairment loss decreases and the decrease can be reasonably related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date of the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

### 3.17.5. Derecognition of financial assets

Financial assets are derecognised by the Group only when the contractual rights to receive cash flows from the financial assets have expired or the financial assets together with substantially all the risks and rewards of ownership have been transferred to another entity. If substantially all the risks and rewards of ownership are neither transferred nor retained by the Group but control is retained, the retained share in the asset and the related payment obligation is recognised. If the Group retains substantially all the risks and rewards of a transferred financial asset, the Group continues to recognise the transferred financial asset.

### 3.18. Financial liabilities and equity instruments issued by the Group

Debt and equity instruments are classified as either financial liabilities or equity depending on the substance of contractual arrangements.

#### 3.18.1. Equity instruments

An equity instrument is any contract that evidences an interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Puttable financial instruments will be presented as equity only if all of the following criteria are met:

- (a) the holder is entitled to a pro-rata share of the entity's net assets on liquidation;
- (b) the instrument is in the class of instruments that is the most subordinate and all instruments in that class have identical features;
- (c) the instrument has no other characteristics that would meet the definition of a financial liability; and
- (a) the total expected cash flows attributable to the instrument over its life are based substantially on the profit or loss, the change in the recognised net assets or the change in the fair value of the recognised and unrecognised net assets of the entity (excluding any effects of the instrument itself). Profit or loss or change in recognised net assets is measured for this purpose in accordance with relevant IFRSs. The entity must have no other instruments that would substantially restrict or fix the return to the holders of the puttable financial instruments.

#### 3.18.2. Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### 3.18.3. Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term;
- it is a part of a portfolio of financial instruments that are managed together by the Group according to a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated or effective as a hedging instrument.

A financial liability other than held for trading may be designated as at fair value through profit or loss on initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial asset forms a part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it is a part of a contract containing one or more embedded derivatives and under IAS 39, the entire contract (asset or liability) may be designated as an item as at fair value through profit or loss.

Financial liabilities as at fair value through profit or loss are stated at fair value with any gains or losses recognised in profit or loss. The gain or loss incorporates any interest paid on the financial liability.

#### 3.18.4. Other financial liabilities

Other financial liabilities, including loans and borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

#### 3.18.5. Derecognition of financial liabilities

A financial liability is derecognised by the Group only when it is discharged, cancelled or expires.

### 3.19. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation but the amount and timing are uncertain.

The amount recognised as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is

measured using the cash flows required to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain the reimbursement will be received and the amount of the receivable can be measured reliably.

#### **3.19.1. Onerous contracts**

Present obligations arising under onerous contracts are recognised as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

#### **3.20. Derivative instruments**

Derivative financial instruments are initially recognised at fair value on the contract date and are subsequently remeasured to their fair value at each balance date. The resulting gain or loss is recognised immediately in the income statement.

Derivative financial instruments are presented as fixed assets or long-term liabilities if a maturity is greater than 12 months and they are not expected to be realised or settled within 12 months. Other derivative financial instruments are recognised as current assets or short-term liabilities.

### **4. Key accounting principles and sources of estimation uncertainty**

The preparation of financial statements in conformity with the IFRS requires the Management Board of the Company 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.

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### **4.1 Impairment of goodwill**

Determining whether goodwill is impaired requires an estimation of the value in use of all cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate required to calculate the present value.

#### **4.2 Useful economic lives of fixed assets**

As set out in items 3.9 and 3.11, the Company verifies useful economic lives of tangible and intangible assets at the end of each annual reporting period.

#### **4.3 Fair value of derivatives and other financial instruments**

The Management Board use their judgment in selecting an appropriate valuation technique for financial instruments that are not traded in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates.

#### **4.4 Provisions for litigations**

Employees and the Company's Management Board make detailed analyses of the number and nature of litigations and potential risks relating to them. Based on these analyses, they decide about the necessity to account for the effects of such proceedings in the Company's records, and the amount of the provision for litigations and potential risks relating to them.

#### **4.5 Provisions for warranty claims**

Provisions for warranty claims are charged to the cost of a contract based on the amount of direct expenses that have been involved. Provisions for warranty claims are created at the Company with a breakdown into individual contracts. They are maintained until the expiry date of warranty rights or claims taking account of the occurrence probability.

If a created provision is not utilised (after expiry date), the provision is released by reducing a cost of sales.

Depending on the date by which they are maintained, provisions are presented in the statement of financial position as long-term or short-term provisions.

#### 4.6 Construction contracts accounted for using percentage-of-completion method

Revenues from a construction service that has not been completed are recognised by the Company under the percentage-of-completion method. Contract budgets are prepared for each construction contract. Budgets are updated twice a year on the basis of month-end closes for April and October. The stage of completion of a contract is determined on the basis of contract budgets by calculating the proportion that contract costs incurred for the work performed to date bear to the estimated total costs of the contract. When contracts are signed but their budgets not approved, the contracts are measured using the zero-profit method.

Changed cost and revenue estimates are used to determine the amount of costs and revenues recognised in the profit or loss in the reporting period in which they occur and in subsequent periods

#### 4.7 Deferred tax assets

The Company's Management Board decide about the recognition of deferred tax assets based on the forecasts for subsequent years.

### 5. Revenue

The following table presents the Company's revenue:

	Year ended 31-12-2014	Year ended 31-12-2013
Revenue from the sale of goods and raw materials	39,744,592.97	17,846,158.65
Revenue from the rendering of services	29,898,485.74	31,409,897.39
Revenue from construction contracts	574,487,604.37	361,291,341.94
<b>Total</b>	<b>644,130,683.08</b>	<b>410,547,397.98</b>

(PLN)

The entire 2013 revenue was generated from the domestic market. In 2014, revenue generated from the domestic market was PLN 641,569 thousand and revenue generated from the foreign market was PLN 2,562 thousand. The Company executed its projects in the entire territory of Poland. The largest portion of sales was contributed by the revenue from construction contracts. Sales volume depended on tenders announced for the city and rail infrastructure construction industry.

### 6. Operating segments

The ZUE Group's reporting is based on operating segments.

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 clients and the methods used to distribute products and services.

The construction activities conducted by ZUE include the construction and comprehensive modernisation of city 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 city and railway transport systems supplement the construction activities. This segment includes contracts performed by BIUP and BPK.

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

**Operating segments' results in 2014:**

	Construction	Design	Exclusions	(PLN '000) Total
Revenue	637,976	12,143	-5,988	644,131
including:	0	0	0	0
Revenue from external customers	637,275	7,218	-363	644,131
Inter-segment revenues	701	4,924	-5,625	0
Gross profit	35,433	-1,004	-256	34,173
Financial income / expenses	206	-95	0	111
Interest received	943	0	0	943
Interest paid	-756	-7	0	-763
Pre-tax profit	15,989	-1,629	-258	14,102
Corporate income tax	3,368	126	-50	3,444
Net profit	12,622	-1,755	-208	10,659
Depreciation and amortisation	8,347	271	64	8,682
Property, plant and equipment	68,547	4,584	17	73,148
Non-current assets	154,661	5,596	-741	159,515
Total assets	425,838	13,318	-4,435	434,721

**7. Operating expenses**

	Year ended 31-12-2014	(PLN) Year ended 31-12-2013
Change in products	1,982,625.57	-11,491,401.37
Cost of products manufactured for own use	-76,055,462.68	-21,304,856.35
Depreciation and amortization	8,681,972.53	7,430,540.74
Consumption of raw and other materials	198,171,030.66	125,579,397.65
Contracted services	371,408,109.11	217,115,387.43
Cost of employee benefits	72,355,496.24	65,084,197.30
Taxes and charges	1,850,846.22	1,612,311.29
Other expenses	12,870,760.67	12,388,694.91
Value of goods and materials sold	36,317,985.29	11,173,162.22
<b>Total</b>	<b>627,583,363.61</b>	<b>407,587,433.82</b>

### Depreciation and amortisation

	(PLN)	
	Year ended 31-12-2014	Year ended 31-12-2013
Depreciation of property, plant and equipment	7,498,132.64	6,716,923.83
Amortisation of intangible assets	816,929.03	638,847.24
Depreciation of investment in real property	366,910.86	366,919.32
<b>Total depreciation and amortisation</b>	<b>8,681,972.53</b>	<b>7,722,690.39</b>

### 8. Other operating income

	(PLN)	
	Year ended 31-12-2014	Year ended 31-12-2013
<b>Gain on disposal of assets:</b>	<b>4,407.50</b>	<b>1,500.00</b>
Gain on disposal of non-current assets	4,407.50	1,500.00
<b>Other operating income:</b>	<b>4,602,583.64</b>	<b>8,355,692.85</b>
Guarantee and policy re-invoicing	1,586,516.55	143,647.37
Received damages	1,510,797.45	1,104,512.17
Release of write-downs of receivables	494,322.54	4,115,953.32
Refund of costs of court proceedings	4,258.86	74,306.18
Surplus inventory	0.00	0.00
Measurement of non-current assets	0.00	0.00
Writing-off liabilities to the State Treasury	0.00	1,578,439.80
Other	1,006,688.24	1,338,834.01
<b>Total</b>	<b>4,606,991.14</b>	<b>8,357,192.85</b>

Other operating income includes revenues and gains indirectly related to the Group's operating activities. This category includes gain on disposal of property, plant and equipment, damages received in connection with a refund of court costs, tax overpayment, except for corporate income tax, and damages received in connection with a loss of the Group's insured assets.

Other operating income also includes the reversals of write-downs of receivables and impairment losses on non-current assets.



## 9. Other operating expenses

(PLN)

	Year ended 31-12-2014	Year ended 31-12-2013
<b>Loss on disposal of assets</b>	<b>0.00</b>	<b>1,469,079.91</b>
Loss on disposal of non-current assets	0.00	1,469,079.91
<b>Other operating expenses:</b>	<b>7,162,830.95</b>	<b>5,822,551.12</b>
Donations	4,449.84	1,557.49
Paid damages	1,835,472.70	621,210.35
Costs of litigations	485,132.07	107,735.91
Costs of performance Bond	1,284,445.38	112,707.93
Revaluation of inventories	866,230.75	0.00
Creation of write-downs of receivables	1,958,699.70	3,759,714.88
Remission of debt	26,131.86	0.00
Penalties	62,114.07	107,515.66
Allowance for investment property	470,000.00	0.00
Contributions to trade organisations	2,000.00	17,780.00
Other	168,154.58	1,094,328.90
<b>Total</b>	<b>7,162,830.95</b>	<b>7,291,631.03</b>

Other operating expenses include expenses and losses indirectly related to the Group's operation. This category includes losses on disposal of property, plant and equipment and monetary and non-monetary donations to other entities, including not-for-profit organisations. Other operating expenses also include the costs of write-downs of receivables and impairment losses on non-current assets.

## 10. Financial income

(PLN)

	Year ended 31-12-2014	Year ended 31-12-2013
<b>Interest income:</b>	<b>883,553.80</b>	<b>1,492,026.68</b>
Interest on bank deposits	830,322.44	1,467,686.03
Interest on loan	2,821.89	3,090.78
Interest on receivables	50,409.47	21,249.87
<b>Foreign exchange gains</b>	<b>19,980.92</b>	<b>55,751.17</b>
<b>Gain on disposal of investments</b>	<b>0.00</b>	<b>15,240.00</b>
<b>Dividend income</b>	<b>0.00</b>	<b>0.00</b>
<b>Other financial income</b>	<b>424,789.26</b>	<b>1,789,941.89</b>
Discount of long-term provisions	73,329.00	129,688.31
Discount of long-term payables	50,641.11	342,622.62
Discount of long-term receivables	274.27	1,317,630.96
Valuation of derivative instruments	0.00	0.00
Discount of long-term items	0.00	0.00
Prepayment discount	0.00	0.00
Sureties	0.00	0.00
Realisation of financial instruments	0.00	0.00
Other	300,544.88	0.00
<b>Total</b>	<b>1,328,323.98</b>	<b>3,352,959.74</b>



Financial income includes income from dividends and interest on deposits and investments in various types of financial instruments. Financial activity also includes foreign exchange gains.

## 11. Financial expenses

(PLN)

	Year ended 31-12-2014	Year ended 31-12-2013
<b>Interest expenses</b>	<b>874,974.09</b>	<b>2,212,541.58</b>
Interest on bank overdrafts and borrowings	385,435.86	1,467,571.86
Interest on obligations under finance lease	387,494.94	357,653.02
Interest on loan	35,795.25	238,166.78
Interest on trade and other payables	66,248.04	149,149.92
<b>Other financial expenses</b>	<b>342,412.93</b>	<b>644,552.73</b>
Foreign exchange losses	122,817.87	539.21
Discount of long-term provisions	0.00	0.00
Discount of long-term payables	0.00	22,880.48
Discount of long-term receivables	0.00	344,911.34
Discount of long-term items	219,160.03	0.00
Realisation of financial instruments	0.00	0.00
Cost of bank commission relating to capital expenditure	0.00	0.00
Allowance for investments in subsidiaries	0.00	0.00
Other	435.03	276,221.70
<b>Total</b>	<b>1,217,387.02</b>	<b>2,857,094.31</b>

Financial expenses include expenses related to external finance, interest paid under finance lease and other financial expenses. Financial expenses also include foreign exchange losses.

## 12. Corporate income tax

### 12.1 Corporate income tax recognised in profit or loss

(PLN)

	Year ended 31-12-2014	Year ended 31-12-2013
<b>Current income tax:</b>	<b>8,318,561.94</b>	<b>4,114,828.76</b>
Tax currently payable	8,278,762.94	4,114,828.76
Tax brought forward	39,799.00	0.00
<b>Deferred income tax:</b>	<b>-4,874,737.14</b>	<b>-2,249,243.45</b>
Deferred income tax related to the occurrence and reversal of temporary differences	-4,874,737.14	-2,249,243.45
<b>Total tax expense/income</b>	<b>3,443,824.80</b>	<b>1,865,585.31</b>

The tax currently payable is calculated pursuant to applicable tax laws. According to these laws, taxable profit (loss) differs from accounting net profit (loss) because it excludes items of income or expense that are not taxable or deductible and items of income or expense that are never taxable. The Group's liability for current tax is calculated using tax rates applicable during the fiscal year in question. Since 2004, the rate applicable pursuant to amended regulations has been 19%. Current regulations do not provide for any differences in tax rates in future periods.

The Group is subject to general regulations governing corporate income tax. The Group's entities neither form a tax capital group nor operate in a Special Economic Zone. Both the tax and balance sheet years coincide with calendar years.

Differences between the nominal and effective tax rates are as follows:

	(PLN)	
	Year ended 31-12-2014	Year ended 31-12-2013
<b>Profit from operations</b>	<b>14,102,416.62</b>	<b>7,472,583.55</b>
Income tax expense calculated at 19%	2,679,459.16	1,419,790.87
Tax effect of expenses that are not tax-deductible under tax regulations and of revenue not classified as revenue under tax regulations	724,567.13	445,794.44
Tax effect of tax losses deducted in the period	0.00	0.00
Adjustments in the current year in relation to the current and deferred tax from prior years	39,799.00	0.00
Other	-0.49	0.00
<b>Income tax expense recognised in the statement of comprehensive income</b>	<b>3,443,824.80</b>	<b>1,865,585.31</b>

#### 12.2 Current tax assets and liabilities

	(PLN)	
	As at 31-12-2014	As at 31-12-2013
<b>Current tax assets</b>		
Tax refundable	1,913,208.00	43,318.00
<b>Total</b>	<b>1,913,208.00</b>	<b>43,318.00</b>
<b>Current tax liabilities</b>		
Tax payable	66,522.00	3,037,568.00
<b>Total</b>	<b>66,522.00</b>	<b>3,037,568.00</b>

### 12.3 Deferred tax balance

(PLN)

	As at 31-12-2014	As at 31-12-2013
<b>Deferred tax balance at the beginning of the year</b>	<b>1,044,608.89</b>	<b>-1,313,083.55</b>
<b>Temporary differences relating to deferred tax assets:</b>	<b>29,152,045.38</b>	<b>18,384,523.46</b>
Provisions for expenses and accruals	12,525,079.74	6,338,172.46
Discount of receivables	177,858.84	134,807.51
Measurement of financial instruments	0.00	0.00
Obligations under leases	854,550.57	932,454.00
Interest charge	0.00	0.00
Tax loss	0.00	0.00
Other, including allowances for receivables	6,110,850.26	348,139.18
Other – measurement of settlements	142,040.97	82,030.31
Tax work in progress	9,341,665.00	10,548,920.00
Deferred tax reclassified from equity	0.00	0.00
<b>Temporary differences relating to deferred tax liabilities:</b>	<b>24,934,633.35</b>	<b>21,347,313.56</b>
Measurement of long-term contracts	13,290,561.42	9,330,820.00
Deferred revenue	0.00	0.00
Tangible and intangible assets	10,429,806.84	10,721,456.37
Discount of payables	404,241.65	365,799.00
Interest charge	0.00	0.00
Other	810,023.44	929,238.20
<b>Unused tax losses and other tax credits:</b>	<b>1,701,934.00</b>	<b>4,007,399.00</b>
Tax losses	1,701,934.00	4,007,399.00
Tax credits	0.00	0.00
Other	0.00	0.00
<b>Total temporary differences relating to deferred tax assets:</b>	<b>30,853,979.38</b>	<b>22,391,922.46</b>
<b>Total temporary differences relating to deferred tax liabilities:</b>	<b>24,934,633.35</b>	<b>21,347,313.56</b>
<b>Deferred tax balance at the end of the year</b>	<b>5,919,346.03</b>	<b>1,044,608.90</b>
<b>Change in deferred tax, including:</b>	<b>4,874,737.14</b>	<b>2,357,692.45</b>
- recognised in income	4,874,737.14	2,249,243.45
- recognised in equity	0.00	108,448.99

### 13. Profit per share

(PLN)

	Year ended 31-12-2014	Year ended 31-12-2013
<b>Basic profit per share</b>	<b>0.46</b>	<b>0.33</b>
Total basic profit per share	0.46	0.33
<b>Diluted profit per share</b>	<b>0.46</b>	<b>0.33</b>
Total diluted profit per share	0.46	0.33

#### 13.1 Basic profit per share

The profit and weighted average number of ordinary shares used in the calculation of basic profit per share:

(PLN)

	Year ended 31-12-2014	Year ended 31-12-2013
Profit per share for the financial year attributable to the shareholders of the parent	0.46	0.33
Total profit used in the calculation of basic profit per share	<b>10,658,591.82</b>	<b>7,348,416.21</b>
Weighted average number of ordinary shares used in the calculation of profit per share	23,030,083	22,033,866

Basic profit per share is calculated by dividing the net profit for the period under analysis by the weighted average number of shares for the period under analysis.

#### 13.2 Diluted profit per share

The profit used in the calculation of diluted profit per share does not differ from the profit used in the calculation of basic profit per share as at 31 December 2014.

#### 14. Property, plant and equipment

	Freehold land	Buildings	Plant and equipment	Vehicles	Other	Total fixed assets	Fixed assets under construction	Prepaid fixed assets under construction	(PLN) TOTAL
<b>Gross value</b>									
<b>Balance at 1 January 2014</b>	<b>12,287.67</b>	<b>25,736,116.63</b>	<b>27,928,672.82</b>	<b>39,738,943.31</b>	<b>2,112,637.54</b>	<b>95,528,657.97</b>	<b>1,408,476.27</b>	<b>0.00</b>	<b>96,937,134.24</b>
Additions	0.00	923,620.44	6,586,441.84	5,158,305.25	126,044.15	12,794,411.68	925,697.76	0.00	13,720,109.44
Transfer to non-current assets	0.00	0.00	0.00	0.00	0.00	0.00	1,927,960.23		1,927,960.23
Liquidations	0.00	0.00	254,195.68	344,834.41	18,408.27	617,438.36	0.00	0.00	617,438.36
Loss of control	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Balance at 31 December 2014</b>	<b>12,287.67</b>	<b>26,659,737.07</b>	<b>34,260,918.98</b>	<b>44,552,414.15</b>	<b>2,220,273.42</b>	<b>107,705,631.29</b>	<b>406,213.80</b>	<b>0.00</b>	<b>108,111,845.09</b>
	Freehold land	Buildings	Plant and equipment	Vehicles	Other	Total fixed assets	Fixed assets under construction	Prepaid fixed assets under construction	TOTAL
<b>Depreciation and impairment</b>									
<b>Balance at 1 January 2014</b>	<b>0.00</b>	<b>3,966,893.24</b>	<b>12,166,480.03</b>	<b>10,509,351.72</b>	<b>1,314,745.67</b>	<b>27,957,470.66</b>	<b>0.00</b>	<b>0.00</b>	<b>27,957,470.66</b>
Elimination on disposal of assets	0.00	0.00	199,876.65	278,790.24	12,829.70	491,496.59	0.00	0.00	491,496.59
Depreciation expense	0.00	950,155.82	2,830,522.08	3,496,848.51	220,606.23	7,498,132.64	0.00	0.00	7,498,132.64
<b>Balance at 31 December 2014</b>	<b>0.00</b>	<b>4,917,049.06</b>	<b>14,797,125.46</b>	<b>13,727,409.99</b>	<b>1,522,522.20</b>	<b>34,964,106.71</b>	<b>0.00</b>	<b>0.00</b>	<b>34,964,106.71</b>
<b>Carrying amount</b>									
<b>Balance at 1 January 2014</b>	<b>12,287.67</b>	<b>21,769,223.39</b>	<b>15,762,192.79</b>	<b>29,229,591.59</b>	<b>797,891.87</b>	<b>67,571,187.31</b>	<b>1,408,476.27</b>	<b>0.00</b>	<b>68,979,663.58</b>
<b>Balance at 31 December 2014</b>	<b>12,287.67</b>	<b>21,742,688.01</b>	<b>19,463,793.52</b>	<b>30,825,004.16</b>	<b>697,751.22</b>	<b>72,741,524.58</b>	<b>406,213.80</b>	<b>0.00</b>	<b>73,147,738.38</b>

Total property, plant and equipment of the Group as at 31 December 2014 amounted to PLN 73.1m (compared to PLN 69.0m in 2013). No impairment losses were recognised by the Group.

As at 31 December 2014, the value of liabilities incurred to purchase property, plant and equipment was PLN 237.6 thousand. As at 31 December 2014, the gross carrying amount of fully depreciated property, plant and equipment still used by the Group was PLN 6.0m.

**Assets pledged as security**

The Group had no assets pledged at 31 December 2014.

15. Investment property

		(PLN)						
		Freehold land	Leasehold	Buildings	Plant and equipment	Vehicles	Other	TOTAL
<b>Gross value</b>								
Balance at	1 Jan 2014	125,550.00	5,128,433.33	5,420,803.78	0.00	0.00	0.00	10,674,787.11
Additions		0.00	0.00	43,266.00	0.00	0.00	0.00	43,266.00
Change in classification of assets		0.00	-95,774.56	0.00	0.00	0.00	0.00	-95,774.56
Impairment		0.00	470,000.00	0.00	0.00	0.00	0.00	470,000.00
Liquidations		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Balance at	31 Dec 2014	125,550.00	4,562,658.77	5,464,069.78	0.00	0.00	0.00	10,152,278.55

		Freehold land	Leasehold	Buildings	Plant and equipment	Vehicles	Other	TOTAL
Depreciation and impairment								
<b>Balance at</b>	<b>1 Jan 2014</b>	<b>11,550.00</b>	<b>928,319.09</b>	<b>1,075,156.82</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,015,025.91</b>
Elimination on disposal of assets		0.00	0.00	43,266.00	0.00	0.00	0.00	43,266.00
Change in classification of assets		-11,550.00	-100,672.76	102,980.20	0.00	0.00	0.00	-9,242.56
Depreciation expense		0.00	165,648.36	201,262.50	0.00	0.00	0.00	366,910.86
<b>Balance at</b>	<b>31 Dec 2014</b>	<b>0.00</b>	<b>993,294.69</b>	<b>1,336,133.52</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,329,428.21</b>
<b>Carrying amount</b>								
<b>Balance at</b>	<b>1 Jan 2014</b>	<b>114,000.00</b>	<b>4,200,114.24</b>	<b>4,345,646.96</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>8,659,761.20</b>
<b>Balance at</b>	<b>31 Dec 2014</b>	<b>125,550.00</b>	<b>3,569,364.08</b>	<b>4,127,936.26</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>7,822,850.34</b>

All of the Group's investment property is held either under freehold or leasehold interests.

In 2014, the Group recognised an investment property impairment loss of PLN 470 thousand.



## 16. Non-current assets held for sale

At 31 December 2014, the Group did not hold any non-current assets held for sale.

## 17. Goodwill

The goodwill of Przedsiębiorstwo Robót Komunikacyjnych w Krakowie S.A resulted from the acquisition of 85% of PRK shares and the control acquired in 2010. The acquisition of PRK was settled on the basis of data contained in the separate financial statements of PRK at 31 December 2009 and was recognised for the first time in 2010 in the Financial Statements of the Capital Group.

The goodwill of BPK Poznań resulted from the purchase of 830 shares in BPK Poznań and the control acquired on 2012. The acquisition of BPK Poznań was settled on the basis of data contained in the separate financial statements of BPK Poznań at 31 March 2012 and was recognised for the first time in 2012 in the Financial Statements of the Capital Group.

(PLN)

	Goodwill at	
	31-12-2014	31-12-2013
PRK	31,171,913.65	31,171,913.65
BPK Poznań	1,474,087.48	1,474,087.48
<b>Total</b>	<b>32,646,001.13</b>	<b>32,646,001.13</b>

### Annual test for impairment

The Management Board of ZUE carried out a test for the impairment of goodwill arising on acquisition of PRK and BPK Poznań. The test revealed that at the end of the reporting period, there was no need to recognise any impairment loss.

A five-year time horizon was used. According to the Company's principles, the recoverable amount of an asset was measured at fair value.

Recoverable amount was determined using the discounted future cash flows method. The rate of average weighted cost of capital including projected structure and the cost of financing, and the market risks was at 11%.

## 18. Intangible assets

Structure of intangible assets:

(PLN)

	As at 31-12-2014	As at 31-12-2013
<b>Acquired concessions, patents, licenses and similar assets, including:</b>	<b>1,694,771.09</b>	<b>2,043,697.18</b>
- software	1,694,771.09	2,043,697.18
<b>Other intangible assets, including:</b>	<b>9,988,367.19</b>	<b>10,158,001.12</b>
- leasehold	9,988,367.19	10,158,001.12
<b>Total</b>	<b>11,683,138.28</b>	<b>12,201,698.30</b>

Movements of intangible assets:

(PLN)

	Leasehold	Other intangible assets – software	Total
<b>Gross value</b>			
<b>Balance at 1 January 2014</b>	<b>10,799,585.10</b>	<b>3,814,389.15</b>	<b>14,613,974.25</b>
Additions	0.00	298,354.94	298,354.94
Disposals or classification as held for sale	0.00	35,934.62	35,934.62
<b>Balance at 31 December 2014</b>	<b>10,799,585.10</b>	<b>4,076,809.47</b>	<b>14,876,394.57</b>
Balance at 1 January 2014	641,583.98	1,770,691.97	2,412,275.95
Amortisation expense	169,633.92	647,295.10	816,929.02
Disposals or classification as held for sale	0.00	35,948.68	35,948.68
Balance at 31 December 2014	811,217.90	2,382,038.39	3193256.29
Carrying amount			
<b>Balance at 1 January 2014</b>	<b>10,158,001.12</b>	<b>2,043,697.18</b>	<b>12,201,698.30</b>
<b>Balance at 31 December 2014</b>	<b>9,988,367.20</b>	<b>1,694,771.08</b>	<b>11,683,138.28</b>

No impairment losses were recognised by the Group.

## 19. Investments in and advances to subsidiaries

### Information on non-consolidated subsidiaries

At the end of the reporting period, ZUE held 51% of shares in Railway Technology International Sp. z o.o. of Cracow. The subsidiary was not operating. RTI held a 100% interest in Railway Technology International Germany GmbH of Hamburg, Germany, whose core business consisted of winning and executing foreign projects.

Name	Core business	Registered office and principal place of business	Shares		Value at historical cost	
			As at 31-12-2014 %	As at 31-12-2013 %	As at 31-12-2014 PLN	As at 31-12-2013 PLN
Railway Technology International Sp. z o.o.	Not operating	Cracow	51%	51%	28,585.50	28,585.50
<b>Total investments in subsidiaries</b>					<b>28,585.50</b>	<b>28,585.50</b>

The number of shares held by ZUE in RTI at the end of 2014 did not change when compared with the end of 2013.

## 20. Other assets

(PLN)

	Current		Non-current	
	As at 31-12-2014	As at 31-12-2013	As at 31-12-2014	As at 31-12-2013
Prepayments	1,877,364.94	2,286,315.14	0.00	0.00
Other receivables	0.00	0.00	135,850.61	151,851.89
<b>Total</b>	<b>1,877,364.94</b>	<b>2,286,315.14</b>	<b>135,850.61</b>	<b>151,851.89</b>

Short-term prepayments mainly include items such as property insurance and defects liability bonds.

Other long-term assets include the amount retained to provide additional credit limit and the amount retained on bank deposit to provide additional security for the proper contract performance.

## 21. Inventories

(PLN)

	As at 31-12-2014	As at 31-12-2013
Materials	16,060,147.01	16,704,727.37
Work in progress	1,659,024.51	1,103,032.14
Finished goods	201,588.69	203,528.75
Prepaid deliveries	0.00	0.00
<b>Total</b>	<b>17,920,760.21</b>	<b>18,011,288.26</b>

At the end of the reporting period, inventories amounted to PLN 17.9m (compared to PLN 18.0m in 2013). High inventory level was related to advanced construction works.

## 22. Trade and other receivables

(PLN)

	As at 31/12/2014	As at 31/12/2013
Trade receivables	122,081,256.20	136,683,599.52
Trade receivables write-downs	-13,274,897.31	-13,245,140.35
Receivables from the state budget other than corporate income tax	636,817.43	0.00
Receivables under contracts (measurement)	67,876,571.06	49,639,677.44
Advance payments	2,969,965.72	2,526,025.56
Other receivables	139,530.39	215,822.78
<b>Total trade and other receivables</b>	<b>180,429,243.49</b>	<b>175,819,984.95</b>

Ageing analysis of trade receivables

	(PLN)	
	As at 31-12-2014	As at 31-12-2013
<b>Not past due receivables</b>	<b>81,258,218.79</b>	<b>95,151,579.46</b>
<b>Receivables that are past due but not impaired</b>	<b>27,548,140.10</b>	<b>28,286,879.71</b>
1-30 days	25,952,542.27	23,695,165.76
31-60 days	214,631.67	723,760.71
61-90 days	307,841.03	31,015.03
91-180 days	658,140.21	3,649,364.35
181-360 days	22,458.84	54,715.15
360 + days	392,526.08	132,858.71
<b>Past due receivables on which write-downs were recognized</b>	<b>13,274,897.31</b>	<b>13,245,140.35</b>
1-30 days	514,954.59	457,089.07
31-60 days	12,893.31	18,800.20
61-90 days	45,585.72	3,177,395.06
91-180 days	138,295.22	5,026,904.94
181-360 days	2,000,598.02	4,564,951.08
360 + days	10,562,570.45	0.00
<b>Total trade receivables (gross)</b>	<b>122,081,256.20</b>	<b>136,683,599.52</b>
<b>Write-downs on trade receivables</b>	<b>-13,274,897.31</b>	<b>-13,245,140.35</b>
<b>Total trade receivables (net)</b>	<b>108,806,358.89</b>	<b>123,438,459.17</b>

Concentration of gross receivables that exceed 10% of total receivables:

	(PLN)
	As at 31-12-2014
Counterparty A	30,842,398.44
Counterparty B	14,217,999.83
Counterparty C	14,683,978.94
Counterparty D	14,146,723.15
	<b>73,891,100.36</b>

Change in allowances for doubtful debts

	(PLN)	
	As at 31-12-2014	As at 31-12-2013
<b>Balance at the beginning of the year</b>	<b>13,245,140.35</b>	<b>4,711,936.16</b>
Impairment losses recognised on receivables	1,554,236.44	856,859.10
Impairment losses not entered in profit or loss	2,023,172.10	7,933,393.86
Amounts written off as uncollectible	0.00	0.00
Amounts recovered during the year	-606,977.33	-198,014.02
Impairment losses reversed	-27,349.46	-59,034.75
Reversal of impairment losses without effect on financial result	-2,913,324.79	0.00
Unwind of discount	0.00	0.00
<b>Balance at the end of the year</b>	<b>13,274,897.31</b>	<b>13,245,140.35</b>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated and by cooperation with financial institutions. Therefore, the Management Board believes there is no need to create additional allowances.

### Long-term receivables

(PLN)

	As at 31-12-2014	As at 31-12-2013
Trade receivables	0.00	0.00
Write-down of doubtful debts	0.00	0.00
Discount of long-term receivables	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

### Trade receivables

(PLN)

	Gross value of long-term receivables
<b>Balance at the beginning of the year</b>	<b>0.00</b>
<b>Increases</b>	<b>0.00</b>
<b>Decreases</b>	<b>0.00</b>
Transferred to short-term receivables	0.00
Discount	0.00
<b>Balance at the end of the year</b>	<b>0.00</b>

## 23. Share capital

(PLN)

	Share capital	
	As at 31-12-2014	As At 31-12-2013
Registered capital	5,757,520.75	5,757,520.75
Amount recognised in the financial statements	5,757,520.75	5,757,520.75

### Share capital at 12 March 2015

(PLN)

Class / issue	Type of shares	Type of preference	Limit on rights to shares	Number of shares	Value of class/issue at par value	Contribution	Registration date	Right to dividend (as of)
Class A	Ordinary bearer shares	-	-	16,000,000	4,000,000.00	Contribution in kind	12 July 2002	12 July 2002.
Class B	Ordinary bearer shares	-	-	6,000,000	1,500,000.00	Fully paid up in cash by way of issue	19 October 2010	19 October 2010
Class C	Bearer – “Merger shares”			1,030,083	257,520.75	Fully paid up in cash by way of issue	20 December 2013	20 December 2013
<b>Total</b>				<b>23,030,083</b>	<b>5,757,520.75</b>			

At 31 December 2014, the share capital was the same as at 12 March 2015.

## 24. Retained earnings

	(PLN)	
	As At 31-12-2014	As at 31-12-2013
<b>Balance at the beginning of the year</b>	<b>91,802,270.33</b>	<b>88,824,353.59</b>
Opening balance adjustment	0.00	-1,020,772.71
<b>Opening balance restatement</b>	<b>91,802,270.33</b>	<b>87,803,580.88</b>
<b>Net profit distribution</b>	<b>7,339,372.01</b>	<b>1,596,611.00</b>
Reserve funds	7,339,372.01	1,596,611.00
Capital reserve	0.00	0.00
Coverage of loss brought forward	0.00	0.00
Distributable profit for the year	10,565,060.85	7,339,372.01
Payment of dividend for the preceding year	0.00	0.00
Interim dividend for current year	0.00	0.00
Change in non-controlling interests	-511,411.73	5,679,396.95
Other	0.00	3,447.57
Capital reserve for the buy-back of own shares	0.00	0.00
<b>Equity changes resulting from the merger</b>	<b>0.00</b>	<b>-9,023,527.08</b>
<b>Balance at the end of the year</b>	<b>101,855,919.45</b>	<b>91,802,270.33</b>

The retained earnings of prior years entirely comprise the earnings retained at companies on the basis of the decision made by their shareholders and the consequences of the IFRS implementation.

Companies create a capital reserve according to the articles of association. The Company's profit to be distributed in subsequent periods or used to cover special losses or other expenses may be allocated to capital reserve. The Company's capital reserve meets the requirements of Art. 396 of the Act.

According to the agreement no. 07/164/11/Z/IN concluded on 28 June 2011 with BRE Bank S.A., the Company must not pay dividends whose amount exceeds the net profit for the preceding financial year, make advance payments on dividends or allocate dividends to reserve funds.

## 25. Share premium account

	(PLN)	
	As at 31-12-2014	As at 31-12-2013
<b>Balance at the beginning of the year</b>	<b>93,836,665.29</b>	<b>85,360,680.68</b>
Share issue	0.00	9,023,527.08
Share issue costs	0.00	547,542.47
<b>Balance at the end of the year</b>	<b>93,836,665.29</b>	<b>93,836,665.29</b>

ZUE raised cash of PLN 88.5m through the issue of shares on 1 October 2010. The costs of class B shares issue in 2010 amounted to PLN 3.1m.

The Company did not launch any new issue of shares in 2012 or 2011.

In 2013, the Company launched a new issue of class C shares. The agio generated by the Company on 6 December 2013 was PLN 9,023.5 thousand. The costs of class C shares issue in 2013 amounted to PLN 547.5 thousand.

The Company did not launch any new issue of shares in 2014.

26. Bank borrowings and other debt instruments and other financing sources

(PLN)

	As at 31-12-2014	As at 31-12-2013
<b>Long-term</b>	<b>5,255,088.17</b>	<b>9,764,987.42</b>
Bank borrowings	0.00	5,111,111.22
Loans from:		
related entities	0.00	0.00
other entities	0.00	192,962.00
Obligations under finance lease	5,255,088.17	4,460,914.20
<b>Short-term</b>	<b>10,269,020.97</b>	<b>40,570,393.01</b>
Overdrafts (viii) (iv)	286,434.08	173,523.84
Bank borrowings (iii)	5,111,111.22	38,011,357.48
Loans from:		
related entities	500,000.00	0.00
other entities	229,608.26	0.00
Obligations under finance lease	4,349,992.41	2,801,761.69
Settlement of commission on borrowing	-208,125.00	-416,250.00
<b>Total</b>	<b>15,524,109.14</b>	<b>50,335,380.43</b>



## 23 Summary of borrowing arrangements at 31 December 2014

(PLN)

Bank	Description	Principal according to the agreement	Outstanding amount as at 31.12.2014	Interest rate	Repayment date	Security
<b>Overdrafts</b>						
mBank S.A. (I)	Overdraft facility (agreement no. 07/183/04/Z/VV)	10,000,000.00	0.00	O/N WIBOR for interbank credits + margin	15 May 2015	1. Blanket contractual mortgage up to PLN 1,000,000 on the real property KR1P/00199773, KR1P/00204399/S. 2. Blank bill of exchange with declaration.
Bank Millennium S.A. (II)	Overdraft facility (agreement no. 5700/13/400/04)	10,000,000.00	0.00	1M WIBOR + margin	21 June 2015	Assignment of claims under contracts according to the assignment agreement of 23.08.2011 with subsequent annexes and the assignment agreement of 18.06.2014 with annexes, if any. Common security with the credit facility granted under the revolving facility agreement no.. 2749/11/475/04.
<b>Other facilities</b>						
mBank S.A. (III)	Investment facility (agreement no. 07/164/11/Z/IN)	23,000,000.00	5,111,111.22	3M WIBOR + margin	11 December 2015	1. Blank bill of exchange with declaration. 2. Blanket contractual mortgage up to PLN 35,420,550 on the real property WA5M/00242445/1, KR1P/00199773/5, KR1P/00204399/8.
mBank S.A. (V) (VII)	Cooperation agreement (agreement no. 07/052/14/Z/PX)	20,000,000.00	0.00	3M WIBOR + margin	20 July 2017	1. Assignment of ZUE's receivables to the Bank. 2. Blanket contractual mortgage up to PLN 35,420,550 on the real property WA5M/00242445/1, KR1P/00199773/5, KR1P/00204399/8. 3. Deposit.
Bank Millennium S.A. (VIII)	Revolving credit facility (agreement no. 2749/11/475/04)	35,000,000.00	0.00	1M WIBOR + margin	22 June 2015	4. Assignment of claims under contracts according to the assignment agreement of 23.08.2011 with subsequent annexes and the assignment agreement of 18.06.2014 with annexes, if any. Common security with the credit facility granted under the revolving credit agreement no. 2749/11/475/04.
BNP Paribas S.A. (VI)	Revolving facility (agreement no. WAR/2001/14/166/CB)	30,000,000.00	0.00	1M WIBOR + margin	19 November 2015	1. Blank bill of exchange. 2. Assignment of claims under the contract no. 90/112/0006/13/Z/I entered into on 25 March 2013 with PKP Polskie Linie Kolejowe S.A. of Warsaw 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 Zabkowice - Jaworzno Szczakowa section." 3. Borrower's statement on submission to enforcement.

BNP Paribas S.A. (viii)	Multipurpose credit line (agreement no. WAR/2001/13/40/CB)	200,000.00	38,987.76	1M WIBOR + margin	1 July 2015	1. Blank bill of exchange.
mBank (ix)	Overdraft (agreement no. 07/113/13/Z/VV)	300,000.00	247,446.32	O/N WIBOR for interbank credits + margin	12 June 2015	1. Guarantee by ZUE.
<b>TOTAL</b>			<b>5,397,545.30</b>			

(i) a) For the credit facility no. 07/183/04/Z/VV – lifting the mortgage on the real property KR1P/00264688/9, KR1P/0017153/4 and KR1P/00227028/4 and encumbering the following property by a mortgage: KR1P/00199773/5 and KR1P/0204399/8 (Annex no. 11 of 25-04-2014).

b) For the credit facility no. 07/183/04/Z/VV – the repayment date was extended to 15-05-2015 (Annex no. 12 of 05-05-2014).

(ii) For the credit facility no. 5700/13/400/04/04 – extension of the repayment date to 21-06-2015 and additional transfer of claims under specific contracts.

(Annex no. A2/5700/13/400/04 of 21-05-2014 and Annex no. A3/5700/13/400/04 of 18-06-2014).

(iii) For the credit facility no. 07/164/11/Z/IN – lifting the mortgage on the real property KR1P/0026488/9, KR1P/0017153/4, KR1P/00227028/4, KR1P/00333015/6 and KR1P/00328817/0 and encumbering the following property by a mortgage: KR1P/00199773/5 and KR1P/00204399/8 (Annex no. 2 of 25-04-2014).

(iv) For the credit facility no. 2749/11/475/04 - extension of the repayment date to 22-06-2015 and additional transfer of claims under specific contracts.

(Annex no. A6/2749/11/475/04 of 21-05-2014 and Annex no. A7/2749/11/475/04 of 18-06-2014).

(v) Agreement of 29 July 2014, common security with investment credit facility.

(vi) Agreement of 19 November 2014 – credit facility taken out to finance the contract entered into with the City of Szczecin for design and construction works consisting in the reconstruction of the tram depot in Szczecin.

Proceeds from the following contracts would be transferred to the bank accounts maintained with the Bank in the following amounts:

- 99% of proceeds from the security contract – Zawiercie-Jaworzno Szczakowa.
- 100% of proceeds from the domiciliation of contract for the tramline to Tarchomin.
- 35% of turnover under the Financed Contract.

(vii) Annex no. 1 of 29-12-2014 whereby the limit was reduced to PLN 20,000,000.00.

(viii) Amendment no. 1 to the Overdraft Credit Facility Agreement of 2 April 2013 whereby the name and purpose of the Agreement was changed to Multipurpose Credit Line Agreement.

Agreement concluded by and between BNP Paribas and the two borrowers; i.e. BIUP and ZUE. ZUE signed the Agreement (the guarantor) and the credit facility was used exclusively by BIUP.

(iv) Agreement of 21 June 2013, Annex whereby the repayment date of 11 June 2014 was extended.

## 27. Other financial liabilities

(PLN)

	Current		Non-current	
	As at 31-12-2014	As at 31-12-2013	As at 31-12-2014	As at 31-12-2013
Financial liabilities to the State Treasury	280,000.00	280,000.00	1,190,000.00	1,470,000.00
Financial liabilities under the buy-back of shares	0.00	0.00	0.00	0.00
Other liabilities	2,791.69	0.00	0.00	0.00
<b>Total</b>	<b>282,791.69</b>	<b>280,000.00</b>	<b>1,190,000.00</b>	<b>1,470,000.00</b>

The financial liabilities set out in the table above are BPK's liabilities to the State Treasury under the Agreement for handing the enterprise over for paid use.

## 28. Provisions

The following table sets out the changes in provisions.

(PLN)

### Changes in provisions

Provisions	As at 01-01-2014	Created	Utilised	Released	As at 31-12-2014
<b>Long-term provisions:</b>	<b>9,154,091.89</b>	<b>2,395,318.09</b>	<b>366,566.98</b>	<b>288,029.47</b>	<b>10,894,813.53</b>
Provisions for employee benefits	2,510,868.06	381,030.67	125,448.28	281,876.20	2,484,574.25
Provisions for warranty claims	6,636,926.15	2,014,287.42	241,118.70	0.00	8,410,094.87
Other provisions	6,297.68	0.00	0.00	6,153.27	144.41
<b>Short-term provisions:</b>	<b>11,023,051.39</b>	<b>13,448,018.85</b>	<b>6,867,729.51</b>	<b>3,181,403.11</b>	<b>14,421,937.62</b>
Provisions for employee benefits	3,805,920.21	11,052,237.49	6,564,918.70	486,470.14	7,806,768.86
Provisions for warranty claims	3,701,183.76	1,216,685.36	302,810.81	1,578,031.56	3,037,026.75
Provision for loss on contracts	600,000.03	680,295.65	0.00	390,998.82	889,296.86
Other provisions	2,915,947.39	498,800.35	0.00	725,902.59	2,688,845.15
<b>Total provisions:</b>	<b>20,177,143.28</b>	<b>15,843,336.94</b>	<b>7,234,296.49</b>	<b>3,469,432.58</b>	<b>25,316,751.15</b>

Provision for warranty claims is created for the construction contracts in respect of which warranty has been given by the Group companies depending on the amount of revenues and taking account of subcontractors' liability for the work they have been entrusted with. In 2014, the ratio of provisions to revenues under contracts was 0.5%. The amount of provisions may decrease or increase on the basis of inspections of construction works in subsequent years of warranty.

## 29. Construction contracts

The following details relate to the contracts measured by the Group with the percentage-of-completion method. Certain construction contracts are measured using the zero-profit method.

### Selected items

	(PLN)	
	As at 31-12-2014	As at 31-12-2013
<b>Assets</b>	<b>149,900,343.33</b>	<b>182,129,935.66</b>
including:		
- measurement of contracts	67,876,571.06	47,016,071.48
- advance payments for contracts	2,967,965.72	2,526,025.56
<b>Liabilities</b>	<b>120,211,145.15</b>	<b>108,110,715.20</b>
including:		
- measurement of contracts	25,305,612.48	12,438,428.12
- provisions for the costs of contracts	40,341,286.64	12,521,925.53
<b>Received advance payments for contracts</b>	<b>0.00</b>	<b>0.00</b>
Revenue under construction contracts	574,487,604.37	361,291,341.94
Expenses under construction contracts	549,971,571.85	346,048,630.75
<b>Gross profit (loss)</b>	<b>24,516,032.52</b>	<b>15,242,711.19</b>

## 30. Retentions on construction contracts

	(PLN)	
	As at 31/12/2014	As at 31/12/2013
Retained by customers – to be repaid after 12 months	3,197,273.08	2,310,835.90
Retained by customers – to be repaid within 12 months	1,524,900.01	5,537,856.90
<b>Total retentions on construction contracts retained by customers</b>	<b>4,722,173.09</b>	<b>7,848,692.80</b>
Retained for suppliers – to be repaid after 12 months	8,796,402.77	8,968,405.41
Retained for suppliers – to be repaid within 12 months	18,180,247.62	6,793,208.08
<b>Total retentions on construction contracts retained for suppliers</b>	<b>26,976,650.39</b>	<b>15,761,613.49</b>

Retentions on construction contracts with payment dates above one year are discounted and recognized in the balance sheet at present value. The table below shows the results of discounting recognized in the balance sheets and profit or loss of the Company in individual periods. The amounts of discount reduce the nominal value of receivables from and liabilities under retentions on construction contracts. In addition, a deferred tax is recognized in the balance sheet on the stated amounts calculated at the rate prevailing in Poland, i.e. 19%, and on the effect of change in the value of discount in the profit or loss.

### 30.1 Discount recognised in profit or loss

(PLN)

	As at 31-12-2014	As at 31-12-2013
Discount of long-term retentions on construction contracts retained by customers	369,245.38	80,096.86
Discount of long-term retentions on construction contracts retained for suppliers	1,124,592.43	1,066,254.26
Adjustment of financial income	50,366.84	-84,605.38
Adjustment of financial expenses	219,160.03	1,098,270.47
Deferred tax on above adjustments	32,070.71	224,746.41
<b>Net effect on profit or loss</b>	<b>-136,722.48</b>	<b>-958,129.44</b>

### 30.2 Ageing analysis of past due retentions on construction contracts (nominal values before discount)

The following table presents the ageing analysis of retentions on construction contracts that are past due at the end of the reporting period:

(PLN)

	As at 31-12-2014	As at 31-12-2013
<b>Past due retentions on construction contracts:</b>		
– up to 1 month	0.00	31,148.52
– 1 - 3 months	297,992.74	353,019.89
– 3 - 6 months	0.00	1,050.00
– 6 months - 1 year	0.00	145.87
– over 1 year	0.00	900.00
<b>Total past due retentions on construction contracts (gross)</b>	<b>297,992.74</b>	<b>386,264.28</b>
Impairment losses	-292,303.48	0.00
<b>Total past due retentions on construction contracts (net)</b>	<b>5,689.26</b>	<b>386,264.28</b>

### 30.3 Risk of interest rate fluctuations

The effective interest rate at 31 December 2014 used to discount the retentions on construction contracts did not change when compared to 2013.

### 31. Trade and other payables

(PLN)

	As at 31-12-2014	As at 31-12-2013
Trade payables	64,751,266.11	58,069,902.15
Liabilities to the state budget other than corporate income tax	1,046,835.68	6,478,933.02
Accruals	40,827,856.26	13,095,047.16
Liabilities under contracts (measurement)	25,305,612.48	13,064,266.10
Other payables	655,769.03	497,536.59
<b>Total trade and other payables</b>	<b>132,587,339.56</b>	<b>91,205,685.02</b>

Total trade and other payables as at 31 December 2014 amounted to PLN 132.6m (PLN 91.2m for 2013).  
Accruals include, in particular, provisions for the costs of subcontractors.

#### Ageing analysis of trade payables

(PLN)

	As at 31-12-2014	As at 31-12-2013
<b>Not past due payables</b>	<b>60,735,629.29</b>	<b>53,063,053.97</b>
<b>Past due payables</b>	<b>4,015,636.82</b>	<b>5,006,848.18</b>
1-30 days	2,399,109.64	3,511,616.23
31-60 days	181,070.18	22,054.53
61-90 days	171,347.48	656,190.70
91-180 days	570,213.40	153,690.55
181-360 days	180,620.39	38,303.94
360 + days	513,275.73	624,992.23
<b>Total</b>	<b>64,751,266.11</b>	<b>58,069,902.15</b>

### 32. Obligations under finance leases

#### 32.1 General terms of lease

The Company leased its manufacturing equipment under finance lease. The lease term was from three to six years. The Company has an option to purchase the equipment at the end of the lease for a price equal to their residual value. The Company's obligations under the finance leases are secured by the lessor's title to the leased assets.

### 32.2 Finance lease liabilities

	(PLN)			
	Minimum lease payments		Present value of minimum lease payments	
	As at 31-12-2014	As at 31-12-2013	As at 31-12-2014	As at 31-12-2013
Not later than one year	4,685,055.41	3,100,886.98	4,349,992.41	2,801,761.69
Later than one year and not later than five years	5,482,234.02	4,784,634.47	5,255,088.17	4,460,914.20
Later than five years	0.00	0.00	0.00	0.00
Less: future finance charges	-562,208.85	-622,845.56	0.00	0.00
<b>Present value of minimum lease payments</b>	<b>9,605,080.58</b>	<b>7,262,675.89</b>	<b>9,605,080.58</b>	<b>7,262,675.89</b>
Included in the financial statements as:				
- current borrowings (note 26)			4,349,992.41	2,801,761.69
- non-current borrowings (note 26)			5,255,088.17	4,460,914.20

### 33. Obligations under retirement and other benefits

Given the amendments to IAS 19 "Employee Benefits," the Group has recognised actuarial gains and losses in the statement of comprehensive income since 1 January 2013.

Pension and retirement gratuities are paid to employees who go to retirement or draw pension. The amount of the gratuity is the product of its base at the date of entitlement and the appropriate ratio progressing in proportion to the years of service.

The table below sets out the obligations under employee benefits:

	(PLN)	
	As at 31-12-2014	As at 31-12-2013
<b>Pension and retirement gratuities, including:</b>	<b>1,033,163.54</b>	<b>938,954.78</b>
– present amount of obligation at the end of the reporting period	1,033,163.54	938,954.78
– actuarial gains / (losses) unrecognised at the end of the reporting period	0.00	0.00
– past service cost unrecognised at the end of the reporting period	0.00	0.00
<b>Obligations to employees</b>	<b>2,345,624.16</b>	<b>1,761,490.29</b>
<b>Other employee benefits</b>	<b>13,304,754.54</b>	<b>7,854,096.94</b>
– provision for unused leaves	3,451,485.61	3,131,284.88
– provision for bonuses	4,036,727.82	321,410.82
– salaries	2,868,945.06	2,104,929.94
– social security and other benefits	2,947,596.05	2,296,471.30
<b>Total obligations under retirement and other benefits</b>	<b>16,683,542.24</b>	<b>10,554,542.01</b>
including:		
– long-term	2,484,574.25	2,510,868.06
– short-term	14,198,823.58	8,043,673.95

Significant actuarial assumptions for determination of obligations under pension and retirement gratuities:

	As at 31/12/2014	As at 31/12/2013
Discount rate	2.5%	4%
Expected salary increase	1.5%	3%

#### Pension and retirement gratuities

(PLN)

	As at 31-12-2014	As at 31-12-2013
<b>Present amount of obligation at the beginning of the year</b>	<b>938,954.78</b>	<b>2,498,567.67</b>
Interest cost	12,115.45	86,486.86
Current service cost	25,468.71	187,762.55
Past service cost	-22,291.05	-1,710,358.10
Benefits paid	-53,882.85	-114,460.00
Actuarial (gains) / losses	132,654.08	-9,044.20
<b>Present amount of obligation at the end of the year</b>	<b>1,033,019.12</b>	<b>938,954.78</b>

Amounts recognised in the statement of comprehensive income in respect of future employee benefits were as follows:

	As at 31-12-2014	As at 31-12-2013
Current service cost	25,468.71	68,420.08
Interest cost	12,115.45	86,486.86
Actuarial (gains)/ losses to be recognised in the period	132,654.08	-9,044.20
Past service cost	0.00	-1,710,358.10
<b>Costs recognised in statement of comprehensive income</b>	<b>170,238.24</b>	<b>-1,564,495.36</b>
Amount recognised in profit or loss	44,764.46	-1,555,451.16
Amount recognised in other comprehensive income	93,530.67	-9,044.2

#### 34. Capital management

The Group reviews the capital structure each time for the purpose of major contract financing. As part of this review, the Group considers the funds required for day-to-day operations, the schedule of contract financing, the cost of capital and the risks associated with each class of capital.



The gearing ratio at the end of the year:

	(PLN)	
	As at 31-12-2014	As at 31-12-2013
Interest bearing loans and borrowings	15,524,109.14	50,335,380.43
Retentions on construction contracts	26,976,650.39	15,761,613.49
Obligations under employee benefits	16,683,397.83	10,554,542.01
Trade and other payables	132,587,339.56	91,205,685.02
Current tax liabilities	66,522.00	3,037,568.00
<b>Debt</b>	<b>191,838,018.92</b>	<b>170,894,788.95</b>
Cash and cash equivalents	71,405,462.83	49,729,062.27
<b>Net debt</b>	<b>120,432,556.09</b>	<b>121,165,726.68</b>
Equity	201,450,105.49	191,054,532.32
<b>Net debt to equity ratio</b>	<b>59.78%</b>	<b>63.42%</b>

### 35. Financial risk management

The main financial instruments used by the Group include:

- bank borrowings, loans and finance lease whose aim is to obtain funds for the Company's operation;
- trade and other receivables and payables as well as cash and short-term deposits arising during the course of the Company's operation.

The Group's activities expose it to different financial risks including foreign currency risk, interest rate risk, price risk, credit risk and liquidity risk. The Board verify these risks and define the rules governing the management of these risks.

### 33 Foreign exchange risk

As part of its operating activities, the Group makes settlements in foreign currencies, mainly in EUR. The foreign exchange risk is mainly hedged by concluding contracts with counterparties whereby the risk is transferred to them. If this is not possible, currency exposure (if relevant) is hedged on the financial market using currency futures.

In the past years, the Group concluded Euro-denominated finance lease agreements. Upon the conclusion, the foreign currency risk related to these transactions was acceptable to the Board and, consequently, was not hedged.

#### Foreign currency risk – sensitivity to changes

To analyse the sensitivity to exchange rate changes, the reasonably possible change in foreign exchange rates was assessed, on the basis of historical changes and the Company's experience and knowledge of financial markets, at -5% / +5% for EUR/PLN exchange rate as at 31 December 2014.

The following table presents the sensitivity of the financial result to reasonably possible change in foreign exchange rates provided that other factors remain unchanged (the effect on the result of the year and net assets is identical).

(PLN)

	Currency	Carrying amount at the end of the reporting period	Sensitivity to changes as at 31 December 2014	
			Depreciation of PLN	Appreciation of other currencies
			+5% (EUR/PLN)	-5% (EUR/PLN)
Cash	EUR	387,185.64	19,359.28	-19,359.28
	RBL	513.67	25.68	-25.68
	USD	2.84	0.14	-0.14
	HRK	520.14	26.01	-26.01
	BGN	108.97	5.45	-5.45
Trade and other payables	EUR	2,829,153.95	-141,457.70	141,457.70
<b>Gross effect on profit of loss of the period and net assets</b>			<b>-122,041.13</b>	<b>122,041.13</b>
Deferred tax			<b>23,187.82</b>	<b>-23,187.82</b>
<b>Total</b>			<b>-98,853.32</b>	<b>98,853.32</b>

### 35.2 Interest rate risk

The Group is exposed to interest rate risk mainly because it uses such instruments as bank borrowings, loans and finance lease. These instruments are issued at variable interest rates and expose the Company to the risk of cash flow fluctuations.

#### Interest rate risk – sensitivity to changes

To analyse the sensitivity to interest rate changes, the reasonably possible change in interest rates was assessed, on the basis of historical changes and the Group's experience and knowledge of financial markets, at -1% / +1% pp at 31 December 2014. A parallel shift of interest rate curve was assumed for the purpose of calculating the sensitivity to change in interest rates

The following table sets out the effect on the profit or loss of the period and net assets as at 31 December 2014.

	Amount at the end of the reporting period	(PLN) 31 December 2014	
		+100 bp (PLN)	-100 bp (PLN)
Long-term retentions on construction contracts (discount):			
– recognised in assets (present value)	3,197,273.08	-171,515.39	185,310.49
– recognised in liabilities (present value)	8,796,402.77	248,075.63	-259,199.24
Cash at banks (nominal value / interest)	71,405,462.83	714,054.63	-714,054.63
Advanced loans (nominal value / interest)	134,601.32	1,346.01	-1,346.01
Bank borrowings and loans (nominal value / interest)	5,919,028.56	-59,190.29	59,190.29
Obligations under finance lease (present value / interest)	9,605,080.58	-96,050.81	96,050.81
<b>Gross effect on profit or loss of the period and net assets</b>		<b>636,719.79</b>	<b>-634,048.30</b>
Deferred tax		-120,976.76	120,469.18
<b>Total</b>		<b>515,743.03</b>	<b>-513,579.12</b>

### 35.3 Price risk

The Group is exposed to price risk relating to the increase in prices of the most popular construction materials such as steel, concrete, copper or crude oil products including petrol or diesel oil. Taking the available market data into consideration, on the basis of the Group's knowledge and experience, the risk is assessed as moderate.

Changes in prices of materials or labour costs may contribute to a change in service fees charged by subcontractors. Prices contained in contracts with investors remain fixed throughout the term of such contracts

(usually from 6 to 36 months). However, contracts with subcontractors may be concluded at a later date as the works progress.

#### **35.4 Credit risk**

The Group cooperates, as part of both financial and capital transactions, with highly credible financial institutions to reduce the concentration of credit risk.

The Group's financial assets exposed to increased credit risk include trade receivables (excluding the trade receivables from contracting authorities (investors) as part of investments executed pursuant to the Public Procurement Act). A credit risk for the contracts whose value exceeds PLN 16m is assessed and verified by the Group both at the stage of tender submission and at the stage of project execution.

Before a contract is signed, each counterparty is assessed in terms of their ability to fulfil their financial obligations. If the assessment is negative, signing of the contract is conditional at least on the provision of proper security on property or financial security. In addition, the Group tries to make sure that contracts with investors provide for the right to stop the works if the payment for the services already performed is delayed. If possible, contracts also provide for the Group's ability to pay its subcontractors after the Group has been paid by an investor.

The credit risk increased for the Group in the past years as public sector entities more and more frequently expect the contractor to finance the entire project. Under the Public Procurement Act, contracting authorities are entitled to determine the terms of transaction, which provide for postponed dates of payment.

#### **35.5 Liquidity risk**

The Group reduces liquidity risk by maintaining sufficient cash and concluding credit line agreements which serve as an additional safeguard against the loss of liquidity. The Group uses its funds, bank borrowings and long-term finance lease agreements to finance its investments and to ensure appropriate stability of financing structure for this type of assets.

Liquidity management is supported by the obligatory system of reporting cash flow forecasts.

The maturity structure for financial liabilities is set out in note 36 – Financial instruments.

### 36. Financial instruments

The following table sets out the carrying amounts of all financial instruments of the Group with a breakdown into particular classes and categories of assets and liabilities as at 31 December 2014.

(PLN)

Classes of financial instruments	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost
Retentions on construction contracts	0.00	0.00	4,722,173.09	0.00	26,976,650.39
Trade and other receivables	0.00	0.00	180,429,243.49	0.00	0.00
including: sums receivable from customers under construction contracts – advance payments	0.00	0.00	2,967,965.72	0.00	0.00
Derivative financial instruments and other financial liabilities	0.00	0.00	0.00	0.00	1,472,791.69
Advanced loans	0.00	0.00	134,601.32	0.00	0.00
Cash and cash equivalents	0.00	71,405,462.83	0.00	0.00	0.00
Bank borrowings and other debt instruments and other financing sources	0.00	0.00	0.00	0.00	15,524,109.14
Trade and other payables	0.00	0.00	0.00	0.00	132,587,339.56
including: sums payable to customers under construction contracts – advance payments	0.00	0.00	0.00	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>71,405,462.83</b>	<b>185,286,017.90</b>	<b>0.00</b>	<b>176,560,890.78</b>

#### Reclassifications of financial assets

During the period covered by the financial statements, the Group did not reclassify any financial instruments.

### 36.1 Maturity profile of financial liabilities at fair value through profit or loss and at amortised cost

The amounts disclosed in the table are the contractual undiscounted cash flows.

	(PLN)	
	As at 31-12-2014	As at 31-12-2013
Age structure		
– less than 1 year	162,496,558.64	140,319,286.11
– 1 - 3 years	13,435,347.22	14,590,090.67
– 3 - 5 years	305,587.79	3,828,395.18
– 5 years +	323,397.13	314,906.98
<b>Total</b>	<b>176,560,890.78</b>	<b>159,052,678.94</b>

### 36.2 Fair value of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair values of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- the fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

### 36.3 Derivative instruments

No derivative instrument transactions were entered into by the Group in 2014 or 2013.

### 37. Transactions with related entities

#### Trading transactions

The following transactions between the related entities were entered into during the financial year:

(PLN)

	Receivables		Payables	
	Year ended	Year ended	Year ended	Year Ended
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
BPK Gdańsk	0.00	750.30	0.00	0.00
RTI	1,230.00	4,320.78	0.00	0.00
RTI Germany	0.00	0.00	0.00	172,361.96
Wiesław Nowak	0.00	0.00	0.00	0.00
<b>Total</b>	<b>1,230.00</b>	<b>5,071.08</b>	<b>0.00</b>	<b>172,361.96</b>

	Revenue		Purchases	
	As at	As at	As at	As at
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
BPK Gdańsk	0.00	7,677.48	15,861.78	0.00
RTI	12,000.00	12,000.00	0.00	0.00
RTI Germany	0.00	0.00	980,873.92	768,422.51
Wiesław Nowak	1,626.00	0.00	66,400.00	416,000.00
<b>Total</b>	<b>13,626.00</b>	<b>19,677.48</b>	<b>1,063,135.70</b>	<b>1,184,422.51</b>

	Advanced loans		Financial income	
	As at	As at	As at	As at
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
BPK Gdańsk	0.00	0.00	0.00	0.00
RTI	134,601.32	108,844.38	2,821.89	3,090.78
RTI Germany	0.00	0.00	0.00	0.00
Wiesław Nowak	0.00	0.00	0.00	0.00
<b>Total</b>	<b>134,601.32</b>	<b>108,844.38</b>	<b>2,821.89</b>	<b>3,090.78</b>

	Received loans		Financial expenses	
	As at	As at	As at	As at
	31-12-2014	31-12-2013	31-12-2014	31-12-2013
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	500,000.00	0.00	0.00	0.00
<b>Total</b>	<b>500,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

In the reporting period, major transactions were entered into between ZUE and subsidiaries, and related entities on arm's length terms.

In the reporting period, the Group entered into the following sales transactions with related entities:

- Lease of rooms and phone services under agreements.

In the reporting period, ZUE entered into the following purchase transactions with the related entities:

- Lease of rooms under the agreement and subsequent annexes.

In the reporting period, ZUE advanced the following loans to the following subsidiaries:

- RTI (6 May 2014) – loan of PLN 10 thousand. The loan bears annual interest at 3M WIBOR + margin. An annex was signed whereby the repayment date was extended to 21 December 2015.
- RTI (17 November 2014) – loan of PLN 10 thousand. The loan bears annual interest at 3M WIBOR + margin. Repayment date: 20 December 2015.

ZUE provided bill of exchange guarantees to related entities.

No costs of debts at risk in connection with the transactions with the related entities were recognised in the reporting period.

In the reporting period, RTI leased business establishments on the basis of the lease of 16 November 2012. The transactions with Mr. Wiesław Nowak occurred as a result of the lease 28 December 2011 and subsequent annexes thereto whereby he leased the office and warehouse space of 160m<sup>2</sup> out to ZUE. The monthly rent was PLN 8 thousand. The lease was terminated on 10 September 2014.

On 8 May 2014, Wiesław Nowak, President of the Company's Management Board, and Biuro Projektów Komunikacyjnych w Poznaniu Sp. z o.o. entered into the agreement whereby BPK Poznań was advanced the loan of PLN 500 thousand at a variable interest rate. The loan was repaid on 29 January 2015.

The transactions with RTI Germany concerned market research services for future projects.

### **38 Proceedings before court, arbitration court or public administration authority at the date of this report publication**

At 12 March 2015, the Company was a party to the pending court proceedings concerning both its claims and liabilities with the total value of PLN 76,842,164.03; i.e. more than 10% of the Company's equity. The total value of the proceedings concerning the Company's liabilities was PLN 42,565,207.66 and the total value of the proceedings concerning the Company's claims was PLN 34,276,956.37.

The pending court proceedings were related to the Group's operating activities.

#### **The biggest pending court proceeding concerning the Company's liabilities:**

Case concerning the following project: "Construction of a tramway under the project KST N-S Phase II A Grzegórzeckie Roundabout – Kotlarski Bridge – Klimeckiego Street – Lipska Street, together with the reconstruction of the roadway and construction of Kuklińskiego Street, as well as the construction of a flyover along Nowohucka and Powstańców Wielkopolskich Streets in Cracow."

The lawsuit concerns the following project: "Construction of a tramway under the project KST N-S Phase II A Grzegórzeckie Roundabout – Kotlarski Bridge – Klimeckiego Street – Lipska Street, together with the reconstruction of the roadway and construction of Kuklińskiego Street, as well as the construction of a flyover along Nowohucka and Powstańców Wielkopolskich Streets in Cracow." Petitioners; i.e. Gmina Miejska Kraków [the City of Cracow] (hereinafter referred to as "GMK") and Miejskie Przedsiębiorstwo Komunikacyjne S.A. of Cracow (hereinafter referred to as "MPK") applied for the amount of PLN 7,218,600.13 to be paid on a joint and several basis by the Defendants; i.e. Przedsiębiorstwo Budownictwa Inżynieryjnego Energopol sp. z o.o., Strabag sp. z o.o., ZUE S.A. and Eiffage Polska Koleje sp. z o.o. GMK demanded the Defendants pay PLN 1,718,155.00 and MPK demanded the Defendants pay PLN 5,500,445.13. The abovementioned demand was based on the charge that the project executed by the consortium comprising the Defendants had defects. The said defects concerned the road works performed by PBI Energopol sp. z o.o. and Strabag sp. z o.o. The Petitioners believed they were entitled to demand a decrease in remuneration on the basis of warranty provisions. Thus, the Petitioners requested the repayment of a part of the remuneration paid on the basis of the main contract of 20 January 2010 and the contract for supplementary works of 4 October 2010.

The Petitioners made additional request in case their demand for the remuneration reduction was not considered. They demanded the Defendants were liable on a joint and several basis for the performance of the construction works according to the list attached to the lawsuit as the appendix no. 1 within six months of the judgment final date. They believed their demand was supported by the guarantee provisions. The Petitioners demanded a joint execution of all the works. Their claim was wrong from the legal point of view because the Defendants performed a part of the works for one Petitioner and a part of the works for the other and the Petitioners had separate claims against the Defendants.

The lawsuit did not explicitly specify the defects the Defendants were charged with. It only said the defects concerned the road works performed as part of the project executed by the consortium. Thus, liability for the defects would be borne by PBI Energopol sp. z o.o. and Strabag sp. z o.o. In addition, according to the lawsuit, the Petitioners expected the Contractor to repay the amount spent on ground stabilisation (under the roads); i.e. the works ZUE was not responsible for.

It should also be noted that the warranty claims were reported after the deadline provided for in the Polish Civil Code and the contract. In addition, the Petitioners failed to check the service delivered to them and, consequently, lost their rights under the warranty. The Petitioners stated the defects had been insidiously concealed. If this was true, the Petitioners would still be able to make their warranty claims. To support their statements, the Petitioners referred to the activities of a consortium member other than ZUE. According to Art. 371 of the Polish Civil Code, actions/omissions by one co-debtor (which basically include the Defendants) must not harm the remaining co-debtors. Thus, it should be assumed that ZUE is not responsible for the defects concealed by another consortium member.

The warranty claims made by the Petitioners with respect to the contract for supplementing works did not have any legal basis because no warranty had been given by the Defendants. Warranty had only been given for the works covered by the main contract. It should be stressed that the lawsuit mainly concerned the works provided for under the contract for supplementing works. As regards the warranty issued as part of the main contract, the Defendants believe that the Petitioners' claim was not covered by warranty because the document did not provide for the repeated performance of the works.

The Petitioners included another claim in their pleading, namely improper contract performance. They maintained they could claim damages in connection with the said improper performance. The Defendants believed the Petitioners had no such claims for damages and even if they did, they fell under the statute of limitations. It should be noted, however, that the Petitioners filed a motion for conciliation proceedings. Their motion contained specific claims which, when liberally construed, could be the grounds for stopping the run of the statute of limitations. However, this is a quite complex legal issue, especially as the Petitioners demanded, *inter alia*, the repeated performance of the works as part of the damages. The Defendants believe this is not any claim for damages (damages differ from a basic contractual obligation; i.e. the performance of the works). There are no doubts about damages relating to the demand for a specific amount. However, ZUE maintains it cannot be blamed especially as it was not involved in the said works. The works were performed by other consortium members. In addition, if the Petitioners' claims were true, the blame could be put on the Petitioners. They employed inspectors who accepted the works and confirmed that the works had been done as a result of which the remuneration was paid.

The Petitioners based their entire lawsuit basically on the fact that preparatory proceedings had been instigated. At the end of 2014, an indictment was filed against one of the consortium members (or to be more precise, against its employees and the employees of entities related to the consortium member, including its counterparties) and the inspector employed by one of the Petitioners. According to the Petitioners, the evidence gathered during the proceedings demonstrated that the works had not been properly performed. This statement confirms the foregoing arguments relating to the legal position of ZUE. If the offence were in fact committed (the Petitioners said that except for one person, all people took the blame and applied for self-sentencing), the blame would be put both on the consortium member, which had failed to perform the works in line with the contract, and the Petitioners whose inspector had failed to do their job well. ZUE trusted it properly performed its obligations. The Petitioners attached new appendices to their most recent pleading of 9 February 2015, which contained the grounds for their lawsuit. They stated they had reduced their claims. GMK, acting through the City Infrastructure and Transportation Authority (ZIKiT) reduced its claim from PLN 1,718,155.00 to PLN 177,439.19 and MPK "reduced" its claim from PLN 5,500,445.13 to PLN 6,344,736.56. To sum up, the initial claim was PLN 7,218,600.13 and now the total amount claimed by both Petitioners is PLN 6,522,175.75.

The Court has not asked the Defendants whether they approve of withdrawing the lawsuit without waiving the claims by the Petitioners (GMK). However, ZUE wrote it had not approved of withdrawing the lawsuit without waiving the claims. In addition, given the fact that the initial amount demanded by MPK included two claims – one of PLN 4,293,866.25 subsequently reduced to PLN 563,841.57 and the other of PLN 1,206,578.88 subsequently valued at PLN 5,780,894.99 and the fact that ZUE had not approved of withdrawing the lawsuit with regard to the first claim, the dispute concerns the amount of PLN 11,792,916.24 (i.e. the total of the initial claim – PLN 7,218,600.13 and the difference between PLN 1,206,578.88 and PLN 5,780,894.99; i.e. PLN 4,574,316.11). It should be noted that the Petitioners did not provide any new facts that would support an increase (decrease) in values and relied on exactly the same circumstances as those contained in the lawsuit. Their new pleading of 9 February 2015 contained a new calculation of the same claims. Thus, the Petitioners showed they had



incorrectly calculated the value of their claims (GMK inflated its claim by PLN 1,540,715.81 and MPK by PLN 3,730,024.68; i.e. the total of PLN 5,270,740.49).

As regards the court proceedings, the Court has not issued any order of payment. The proceedings are carried out after all the Defendants have responded to the lawsuit. The next trial has been scheduled for June 2015.

Conciliation proceedings concerning the following project: "Modernisation of the railway line no. 8, construction of the Okęcie airport siding."

On 10 February 2015, ZUE S.A. (the "Company") learnt about the hearing at the District Court for the capital city of Warsaw IX Commercial Division, ul. Czerniakowska 100A, 00-454 Warsaw, Poland, scheduled for 17 March 2015. The notice concerned an application for conciliation proceedings filed by PKP Polskie Linie Kolejowe S.A. ("PKP PLK"). PKP PLK asked the consortium of:

- 1) Bilfinger Infrastructure S.A. of Warsaw (Leader);
- 2) ZUE S.A. of Cracow (Partner);
- 3) Przedsiębiorstwo Budowy Kopalń PEBEKA S.A. of Lubin (Partner);
- 4) Przedsiębiorstwo Napraw i Utrzymania Infrastruktury Kolejowej w Krakowie Sp. z o.o. (Partner); and
- 5) Kolejowe Zakłady Automatyki Katowice S.A. (Partner);

(the "Participants") to take part in the said proceedings.

The case concerned the Participants' payment, on a joint and several basis, of PLN 27,963,053.62 plus interest to PKP PLK in connection with the construction contract no. 60/005/058/11000657/09/I/I for the modernisation of the railway line no. 8. Stage I: the Warszawa Zachodnia – Warszawa Okęcie section and the construction of the Warszawa Służewiec – Okęcie Airport siding. Phase 3: construction work on the siding as part of the project no. POLiŚ 7.1-18: "Modernisation of the railway line no. 8, construction of the Okęcie Airport siding – from the Służewiec stop to the Okęcie International Airport station" (the "Contract").

The abovementioned amount included:

- 1) PLN 23,158,892.51 with statutory interest from the due date until the date of payment for a delay;
- 2) PLN 500,083.85 with statutory interest from the due date until the date of payment for the failure to return strain relief structures owned, according to the Contract, by PKP PLK;
- 3) PLN 2,515,998.80 with statutory interest from the due date until the date of payment for the defective construction of tunnel diaphragm walls (e.g. in breach of the Terms of Reference) the Participants were obliged to complete under the Contract; and
- 4) PLN 1,788,078.46 with statutory interest from the due date until the date of payment for the defective construction of the Warszawa-Służewiec railway platform and the adjacent track no. 1 and OCL network the Participants were obliged to complete under the Contract.

ZUE believed that the Company had duly performed its tasks and, consequently, a part of PKP PLK's claim attributable to the Company was groundless and, consequently, the settlement whereby the Company would have payment obligations could not be made. Please note that the Contract was performed by the Contractor and accepted by PKP PLK.

The Company also stressed that on 14 August 2014, the Consortium sued PKP PLK for PLN 72,835,010.99 (with PLN 18,521,943.30 plus interest from 18 August 2012 until payment attributable to the Company) for PKP PLK's delay in the handover of the construction site in connection with the said Contract.

**The biggest pending court proceeding concerning the Company's claims:**

Case concerning the following project: "Modernisation of E-65/C-E 65 railway line of the Warsaw – Gdynia section – the Działdowo Local Control Centre – Information on completion."

With reference to the description of the said case contained in the previous report, we inform that on 4 February 2015, the Petitioner (i.e. Trakcja PRKiL S.A., the official receiver of EIFFAGE CONSTRUCTION CESKA REPUBLIKA s.r.o., ZUE S.A., Przedsiębiorstwo Napraw i Utrzymania Infrastruktury Kolejowej Sp. z o.o. and Zakład Robót Komunikacyjnych DOM Sp. z o.o.) reached a final agreement with the Participant; i.e. PKP Polskie Linie Kolejowe S.A., on the final settlement between the Participant and the Petitioner of additional sums incurred in connection with the performance of the Construction Contract no. 90/120/084/00/11000838/10/I/I of 31 May 2010 for comprehensive modernisation of stations and tracks in the area of the Działdowo Local Control Centre as part of POLiŚ 7.1-41 project "Modernisation of E-65/C-E 65 railway line on the Warsaw – Gdynia section – the area of the Działdowo Local Control Centre." The parties made concessions whereby:

1. The Participant had undertaken to pay the contractual penalty of PLN 15,740,228.58 to the Petitioner as a result of which the Petitioner had no other claims against the Participant arising from the Contract performance except for the claim relating to the costs of the Contract performance over a longer period of time and claims under the Final Settlement and the Contract Final Settlement;
2. The Participant had not charged any contractual penalties in connection with the Contract performance;
3. The Petitioner had provided additional warranty of quality until 24 March 2015 to the Participant.

According to the agreement entered into between ZUE S.A. and the Consortium Leader – Trakcja PRKiL S.A., ZUE's share in a claim for the Participant's payment of contractual penalty would not be smaller than the Company's share in the project. The share of the works performed by the Company as part of the project was 17.12%.

Regardless of the agreement, the Participant undertook to pay PLN 7,259,771.42 to the Petitioner to cover the costs of the Contract performance over a longer period of time. The costs of the Contract performance by ZUE over a longer period of time was PLN 1,033,177.05 (net).

As regards the Final Settlement and the Contract Final Settlement in connection with payment for the works previously performed during the term of the Contract, the gross amount of PLN 17,997,919.06 was accepted by the Contract Engineer. The Participant was obliged to pay the abovementioned amount to the Petitioner. The net amount of PLN 78,650.00 was payable to ZUE for the Company's performance of additional works.

Case concerning the following project: "Modernisation of railway line no. 8, construction of the Okęcie airport siding."

On 14 August 2014, the Petitioner (BILFINGER INFRASTRUCTURE S.A., ZUE S.A., Przedsiębiorstwo Budowy Kopalń PEBEKA S.A., Przedsiębiorstwo Napraw i Utrzymania Infrastruktury Kolejowej w Krakowie Sp. z o.o. and Kolejowe Zakłady Automatyki Katowice S.A.) filed a lawsuit against the Defendant (PKP Polskie Linie Kolejowe S.A.). The Petitioner sued the Defendant for the contractual penalty of PLN 72,835,010.99 plus interest from 18 August 2012 until payment (with PLN 18,521,943.30 plus interest from 18 August 2012 until payment attributable to the Company) for the Defendant's delay in the handover of the Construction Site. The lawsuit concerned the construction contract of 27 October 2009 between the Petitioner (the Contractor) and the Defendant (the Contracting Authority) for the modernisation of the railway line no. 8. Stage I: the Warszawa Zachodnia – Warszawa Okęcie section and the construction of the Warszawa Służewiec – Okęcie Airport siding. Phase 3: construction work on the siding as part of the project no. POLiŚ 7.1-18: "Modernisation of the railway line no. 8, construction of the Okęcie Airport siding." Under the Contract, the Contracting Authority was obliged to provide the Contractor with an access to the entire construction site and the right to use it on the dates as specified in an appendix to the Contract. In case of delay through the fault of the Contracting Authority, the Contractor was authorised to charge the contractual penalties for each day of delay at the rate as specified in an appendix to the Contract. The Contracting Authority failed to provide an access to all parts of the Construction Site by the dates specified in the Contract. The Defendant questioned the claims made by the Petitioner both in terms of their amount and legitimacy. In addition, the Defendant filed a motion to dismiss the action and award the Defendant costs of the proceedings, including the cost of legal representation, according to the list of costs submitted during the proceedings. The Defendant filed a claim that the contractual fee charged by the Petitioner was too high in case the said motion for the dismissal was rejected.

The case concerns ZUE's claims whose value is PLN 18,521,943.30 plus interest and, consequently, exceeds 10% of the Company's equity.

Case concerning the following project: "Construction of the tramway line from os. Lecha to Franowo."

The litigation concerns the contract of 21 March 2011 entered into between the City of Poznań [*Miasto Poznań*], represented by Infrastruktura Euro Poznań 2012 Sp. z o.o. (the "Project Manager") and the consortium of Bilfinger Infrastructure S.A., ZUE S.A. and Przedsiębiorstwo Budowy Kopalń S.A. (the "Contractor") for the execution of the following project: "Construction of the tramway line from os. Lecha to Franowo."

The completion date was set in the Terms of Reference at 30 April 2012. According to the Guidelines for Contractor (a part of the Terms of Reference) the works were to be completed and the occupancy permit was to be obtained by the abovementioned date. Special Terms of Contract read that before applying for the Taking-Over Certificate, the Contractor was only expected to prepare all the documents and perform all the activities necessary for the City of Poznań to obtain the occupancy permit. The approval of linear heat detector DTS for use in Poland was an important part of applying for the occupancy permit. The construction design submitted to the consortium by the City of Poznań did not specify the heat detector system to be used in the project. Detailed design, on the other hand, provided for DTS system. According to the explanation provided by the City of Poznań, the detailed design was supposed to be a document superior to the construction design. Design documentation was a part of contract documentation. Thus, a use of DTS system complied with the contract. On 8 June 2012, the City of Poznań (represented by the Contractor) obtained a permit to occupy a part of the project. As regards a permit to occupy the remaining part of the project, the District Building Inspector [*Powiatowy Inspektor Nadzoru Budowlanego*] stated it had not been provided with any documents evidencing proper approval of DTS system for use in Poland. On 27 July 2012, the District Building Inspector issued the occupancy permit on the condition that the documents evidencing the marketing of the system or its replacement with another marketed system would be obtained by the end of 2012. On 9 August 2012, the City of Poznań represented by its lawyers appealed against the part of the occupancy permit that concerned the abovementioned condition. In September 2012, the Project Manager stated that the Contractor had been obliged to obtain an unconditional occupancy permit (despite the fact that no part of the contract documentation said the occupancy permit had to be unconditional). Finally, on 13 December 2012, the Regional Building Inspector [*Wojewódzki Inspektor Nadzoru Budowlanego*] overruled the appealed conditional occupancy permit and issued an unconditional occupancy permit. The Regional Building Inspector decided that DTS detector had been legally marketed in Germany and, consequently, could also be used in Poland.

After the occupancy permit had been obtained, the parties (the City of Poznań represented by Infrastruktura Euro Poznań 2012 sp. z o.o. and the Contractor) talked about the final settlement of the contract. Despite a prior oral arrangement of the parties, the Project Manager informed the Contractor it had a new legal opinion according to which the Contractor was charged with a conditional nature of the occupancy permit and the contractual obligations of the Contractor had been performed only on 13 December 2012 (i.e. on the date of issue of the unconditional occupancy permit). Consequently, contractual penalties could be charged for the period from 30 April to 13 December 2012 less 45 days defined by the Project Manager as a justified delay. On 4 September 2013, the Project Manager wrote to the Contractor that pursuant to Article 84 of the Polish Civil Code, it evaded legal consequences of statement of will. The said statement of will consisted in the signing on 21 August 2012 of the Taking-Over-Certificate no. IK/12/08/1245/RK evidencing the completion of the acceptance activities on 27 July 2012. Next, the Project Manager told the Contractor it believed there had been a delay in the contract performance between 15 June 2012 and the date on which the City of Poznań received the last legal and binding occupancy permit; i.e. 13 January 2013 (the decision of 13 December 2012). Thus, the Project Manager stated it felt entitled charge the contractual penalty in the total amount of PLN 6,417,153.00 (the sum of the contractual penalty of PLN 5,429,529.00 and PLN 987,624.00) and deduct it from the last part of the remuneration payable to the Contractor.

On 11 October 2013, the Contractor filed a lawsuit with the Court of Arbitration at the Polish Chamber of Commerce in Warsaw to determine that the contractual penalty could not be claimed by the City of Poznań and that the Project Manager's statement of evading the legal consequences was ineffective. On 15 January 2016, Domański Zakrzewski Palinka Sp.K., the law office acting on behalf of the Contractor, expanded the lawsuit by adding a demand for PLN 6,417,154.8 as the remuneration for the construction works covered by the partially paid invoice no. 009/13/07S1 of 17 July 2013. The first trial before the Court of Arbitration at the Polish Chamber of Commerce in Warsaw was held on 16 January 2014 and dealt with initial issues such as specifying certain evidence more precisely or determining the dispute value. On 22 January 2014, the City of Poznań made a statement about setting off the Contractor's claim for the payment of PLN 6,417,154.8 as the remuneration for the construction works covered by the partially paid invoice no. 009/13/07S1 of 17 July 2013 against the claim for the payment of the contractual penalties. On 24 January 2014, the Contractor responded to the decision of the Court of Arbitration at the Polish Chamber of Commerce and filed a pleading with its position on the claim of untimely suit filing, the claim of Infrastruktura Euro Poznań 2012 sp. z o.o. concerning the failure to file for arbitration and the value of claim for making the statement of evading the legal consequences of the statement of will ineffective. On 28 January 2014, the City of Poznań responded to the expanded suit of the Contractor and filed a motion to dismiss it. The main allegation of the City of Poznań concerned the set-off. The arbitration proceedings are pending.

On 27 June 2014, the City of Poznań transferred the disputable amount to the bank account of Bilfinger Infrastruktura S.A. with the following transfer title: "The remaining balance under invoice 009/13/07/S1 subject to refund." On 3 July 2014, Bilfinger Infrastruktura S.A. transferred PLN 3,654,348.88 to the bank account of ZUE. The amount corresponded to the share of ZUE in the disputable remuneration transferred by the City of Poznań to the bank account of Bilfinger Infrastruktura S.A.

It should also be stressed that according to the consortium agreement concluded on 26 October 2010 by and between Bilfinger Infrastruktura S.A., ZUE S.A. and Przedsiębiorstwo Budowy Kopaliń S.A., each consortium member was liable for the payment/satisfaction of contractual penalties, damages or other claims that occurred through its fault and the consortium member whose action or omission caused any claim the contracting authority could refer on a joint and several basis to the consortium was obliged to indemnify the remaining consortium members against such claims. Given the division of works made by the consortium members in the consortium agreement and the executive agreement thereto, one should note that the claim of the City of Poznań concerning the payment of contractual penalties did not occur through the fault of ZUE.

On 16 September 2014, the Petitioner expanded the lawsuit by adding PLN 11,156,300.26 to satisfy their claims concerning the additional payment according to the contract with statutory interest and include the payment for additional works with statutory interest, refund of financial expenses in connection with the Defendant's refraining from issuing the Interim Payment Certificates no. 15 and 16 and the refund of legal fees. ZUE S.A.'s share in the expanded lawsuit was PLN 1,561,903.76.

A partial judgment was passed on 20 February 2015. The Arbitration Court decided that the Defendant, the City of Poznań – the Municipal Transport Authority had no claim for the payment of the contractual penalty of PLN 6,417,153 against the Petitioners; i.e. Bilfinger Infrastruktura S.A., ZUE S.A. and Przedsiębiorstwo Budowy Kopaliń PEBEKA S.A.

Case concerning the following project: *“Design and construction works as part of 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 Szczakowa section>>”*

With reference to the description of the said case contained in the previous report, we inform that no agreement was reached during the conciliation meeting held on 18 February 2015. Thus, on 26 February 2015, the Petitioner (ZUE S.A.) filed another motion for conciliation proceedings against PKP Polskie Linie Kolejowe S.A. in connection with the payment of the net amount of PLN 3,613,726.06 for the performance of additional works commissioned by the Contract Engineer. The said works involved the replacement of the track structure at the section 288,850 – 291,609 km, incorporating a subgrade protective layer, installation of geotextile and the filtration layer, installation of a deep drainage system, at the additional section of 2,009 km, in connection with the following Contract: *“Design and construction works as part of 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 Szczakowa section>>.”* According to the Petitioner, the Contracting Authority (PKP Polskie Linie Kolejowe S.A.) should pay for the additional works because they went beyond the scope of the order according to which the works were to be performed at the section 0,750 km. The Contracting Authority believed that the risk of any works designated to achieve specific performance parameters should be borne by the Contractor. In addition, the Contracting Authority stated that indicating the scope of works at 0,750 km in the Functional Plan was an obvious mistake and the Contractor disagreed with this statement.

### 39. Remuneration of key management personnel

The remuneration of Management Board members and other members of key management personnel during the financial year was as follows:

	Period	Remuneration	Period	Remuneration (PLN)
<b>Management Board</b>				
Wiesław Nowak	01.2014-12.2014	504,589.29	01.2013-12.2013	734,122.40
Marcin Wiśniewski	01.2014-12.2014	344,875.00	01.2013-12.2013	342,000.00
Maciej Nowak	01.2014-12.2014	324,516.61	01.2013-12.2013	264,000.00
Jerzy Czeremuga	01.2014-12.2014	325,922.60	01.2013-12.2013	263,245.75
Anna Mroczek	01.2014-12.2014	321,888.00	24-31.12.2013	5,500.00
Arkadiusz Wierciński	01.2014-12.2014	338,875.00		
<b>Proxy</b>				
Barbara Nowak	01.2014-12.2014	283,532.00	01.2013-12.2013	284,395.20
<b>Supervisory Board</b>				
Bogusław Lipiński	01.2014-12.2014	115,807.20	01.2013-12.2013	101,530.00
Magdalena Lis	01.2014-12.2014	100,277.31	01.2013-12.2013	59,409.82
Michał Lis	01.2014-12.2014	102,995.49	01.2013-12.2013	97,870.15
Mariusz Szubra	01.2014-12.2014	8,500.00	01.2013-12.2013	6,000.00
Piotr Korzeniowski	01.2014-12.2014	8,500.00	01.2013-12.2013	6,000.00
PRK Management Board	01.2014-12.2014	n/a	01.2013-20.12.2013	1,505,633.95
<b>Total</b>		<b>2,780,278.50</b>		<b>3,669,707.27</b>

The General Meeting decided not pay dividends for 2013.

The remuneration of the Management Board members is determined by the Supervisory Board and the remuneration of key management personnel is determined by the Management Board President (the main shareholder of the Company) having regard to the performance of individuals and market trends.

The abovementioned remuneration of Mr. Bogusław Lipiński, Ms. Magdalena Lis and Mr. Michał Lis is the remuneration paid under employment contracts plus the remuneration for their service as the Supervisory Board members.

On 9 January 2014, the Supervisory Board of the Company resolved under the resolutions no. 3/2014 and 4/2014 to dismiss Mr. Maciej Nowak from the position of the Vice-President of the Management Board of ZUE and to appoint him as member of the Management Board of ZUE. Changes in the Company's organisational structure in connection with the merger of ZUE and PRK were the reason for the dismissal.

On 9 January 2014, the Supervisory Board of the Company resolved under the resolution no. 2/2014 to appoint Mr. Arkadiusz Wierciński as member of the Management Board of ZUE.

#### 40. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and at banks and investments in financial market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items as follows:

(PLN)

	As at 31-12-2014	As at 31-12-2013
Cash on hand and at banks	15,694,988.56	3,321,497.39
Bank deposits up to three months	55,710,474.27	46,407,564.88
<b>Total</b>	<b>71,405,462.83</b>	<b>49,729,062.27</b>

#### 41. Non-cash transactions and sources of finance

In 2014, the non-cash investing and financing activities which are not reflected in the statement of cash flows included only the acquisition of property, plant and equipment of PLN 7,067 thousand under a finance lease.

In 2013, the non-cash investing and financing activities which are not reflected in the statement of cash flows included only the acquisition of property, plant and equipment of PLN 3,975 thousand under a finance lease.

#### 42. Operating lease arrangements

##### 42.1 The Company as lessee

Operating leases relate to the following leasehold property:

- Undeveloped real property in Cracow Podgórze – Jugowice, district 45, comprising the plots no. 36/2, 37/6, 37/11, 40/25 – Land and mortgage register no. KR1P/00333015/6.
- Undeveloped real property in Cracow, district 25, comprising the plots no. 121/1, 121/3, 121/4, 122/1, 122/2, 137/2, 162/1 and 162/5 – Land and mortgage register no. KR1P/00204399/8 and KR1P/00199773/5.
- Developed real property in Cracow, district 4, comprising the plot no. 527/26 – Land and mortgage register no. 185225.
- Undeveloped real property in Kościelisko, comprising the plots no. 2001 and 2491 – Land and mortgage register no. 10662 and 10740.



## 42.2 Leasing arrangements

The annual lease payment for the leasehold land in the Podgórze district 45 marked as the plots no. 36/2, 37/6, 37/11 and 40/25 is PLN 34,307.88. The property is leasehold until 2089.

The annual lease payment for the leasehold land in the district 25 marked as the plots no. 121/1, 121/3, 121/4, 122/1, 122/2, 137/2, 162/1 and 162/5 is PLN 163,493.43. The property is leasehold until 2089.

The annual lease payment for the leasehold land in the district 4 marked as the plot no. 527/26 is PLN 1,202.37. The property is leasehold until 2089.

The annual lease payment for the leasehold land in Kościelisko marked as the plots no. 2001 and 2491 is PLN 83,840.00. The property is leasehold until 2089.

## 42.3 Payments recognised as an expense

	(PLN)	
	As at 31/12/2014	As at 31/12/2013
Minimum lease payments	139,768.01	142,425.29
<b>Total</b>	<b>139,768.01</b>	<b>142,425.29</b>

## 42.4 Operating lease liabilities

	(PLN)	
	As at 31-12-2014	As at 31-12-2013
Not later than 1 year	305,897.18	162,821.51
Later than 1 year and not later than 5 years	1,223,588.72	651,286.04
Later than 5 years	21,412,802.60	11,560,327.21
<b>Total</b>	<b>22,942,288.50</b>	<b>12,374,434.76</b>

## 43. Contingent liabilities and contingent assets

### 43.1 Contingent liabilities

	(PLN)	
	As at 31-12-2014	As at 31-12-2013
Bonds and guarantees	196,926,463.38	191,811,696.21
Sureties	2,100,444.01	2,105,028.42
Bills of exchange	126,864,850.23	130,136,815.31
Mortgages	54,347,550.00	38,150,550.00
Pledges	0.00	11,034,573.75
Court proceedings	0.00	0.00
<b>Total</b>	<b>380,239,307.62</b>	<b>373,238,663.69</b>

The contingent liabilities resulting from guarantees and sureties include, in particular, the bonds and 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.

The contingent liabilities secured by the bills of exchange, mortgages and pledges are mainly credit facility and lease agreements.

#### 43.2 Contingent assets

	As at 31-12-2014	(PLN) As at 31-12-2013
Bonds and guarantees	38,902,011.04	29,641,187.66
Bills of exchange	3,734,560.03	1,324,625.61
Sureties	0.00	0.00
Mortgages	0.00	0.00
<b>Total</b>	<b>42,636,571.07</b>	<b>30,965,813.27</b>

Contingent assets secure the construction contracts concluded by the Group with subcontractors.

#### 44. Events after the reporting period

On 30 December 2014, ZUE acquired the additional 14,969 shares in BIUP by contributing 4,261 shares held by the Company in BPK Poznań and paying the cash of PLN 64.12. On 7 January 2015, BPK Poznań was informed of the acquisition of shares by BIUP. On 30 January 2015, the increase of the share capital of BIUP was registered with the National Court Register. Thus, BIUP gained control of PBK Poznań in 2015. Section 1.5 contains a detailed description of the transaction.

On 27 January 2015, the Management Board of ZUE entered into the contract with ThyssenKrupp GfT Polska Sp. z o.o. of Cracow.

Under the contract, the Company bought from the seller the track structure materials such as tram and railway rails, track accessories, sleepers etc. for PLN 19,534,850.98 plus VAT. The said amount would be paid in the following manner:

- I installment of PLN 9,767,425.49 plus VAT – by 31 March 2015;
- II installment of PLN 9,767,425.49 plus VAT – by 30 April 2015.

The contract was concluded under the condition precedent that the Company provided the seller by 4 February 2015 with two irrevocable bank guarantees (the "Guarantees") of up to PLN 9,900,000.00 each payable on first demand. The Guarantee equivalent to the amount of the first installment would expire on 15 April 2015 and the seller would not be able to draw any amounts under the said Guarantee before 3 April 2015. The Guarantee equivalent to the amount of the second installment would expire on 15 May 2015 and the seller would not be able to draw any amounts under the said Guarantee before 4 May 2015.

In addition, the Company was obliged under the conditions precedent to buy the sleepers of the total value of PLN 265,149.02 by 31 December 2015 and other track structure materials of the total value of approx. PLN 40.4m, whose purchase would be paid for in installments, by 31 January 2016.

On 3 February 2015, the agreement was concluded by and between the Management Board of ZUE and mBank S.A. The agreement provided for the issue by the Bank, at the Company's request, of the two irrevocable bank guarantees (the "Guarantees") of up to PLN 9,900,000.00 each payable on first demand to ThyssenKrupp GfT Polska Sp. z o.o. with registered office in Cracow (the "Seller").

The first Guarantee was valid until 15 April 2015 and the Seller was not able to draw any amounts under the said Guarantee before 3 April 2015. The second Guarantee was valid until 15 May 2015 and the Seller was not able to draw any amounts under the said Guarantee before 4 May 2015.

The amount of the fees the Company was obliged to pay in connection with the Guarantees issued by the Bank had been determined at arm's length.

On 16 February 2015, ZUE signed a letter of intent concerning the acquisition of 70% of shares in RAILWAY gft Polska sp. z o.o. of Cracow ("RAILWAY"). RAILWAY would conduct its activities in the same scope as ThyssenKrupp GfT Polska and continue to supply rails, sleepers, accessories, aggregate, etc. The transaction was under the condition precedent that the consent was given by the President of the Office of Competition and

Consumer Protection ("UCCP") or there were circumstances in which the consent was not required. The process of obtaining the consent was pending.

On 6 March 2015, the Company learnt that the tender submitted by the Company by open tender for the upgrade of the railway line no. 137 on the Katowice – Chorzów Batory section as part of the following project: "Upgrade of the railway lines no. 134, 137 and 138 on the Gliwice Łabędy - Katowice - Sosnowiec Jęzor section" had been selected by PKP Polskie Linie Kolejowe S.A. Centrum Realizacji Inwestycji – Wrocław Branch (the "Contracting Authority") as the most economically advantageous offer.

Net value of the tender submitted by ZUE: PLN 42,499,713.00.

Gross value of the tender submitted by ZUE: PLN 52,274,646.99.

Completion date: 30 November 2015.

Tender selection criteria:

- 1) Total gross price – 90%;
- 2) Term of warranty – 10%.

The Company achieved the best score in both cases.

The tender was yet to become final and binding.

#### **45. Approval of the financial statements**

The financial statements were approved by the Management Board on 12 March 2015.



## STATEMENT OF THE MANAGEMENT BOARD OF ZUE ON COMPLIANCE OF ANNUAL FINANCIAL STATEMENTS WITH APPLICABLE ACCOUNTING PRINCIPLES

The Management Board of ZUE state that according to their best knowledge, the annual consolidated financial statements of the Group for the period 1 January to 31 December 2014 have been prepared in accordance with applicable accounting principles and give a true and fair view of the financial position of the Group and its financial performance. 2014 Management Board Report contains a true view of the Group's development and achievements and the Group's standing, including the description of fundamental risks and threads.

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 .....

Cracow, 12 March 2015

These consolidated financial statements of the ZUE Capital Group cover the period from 1 January to 31 December 2014. The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as endorsed by the European Union.

The financial statements have been prepared by:

Ewa Bosak – Chief Accountant .....

The financial statements have been presented by the Management Board:

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 .....

Cracow, 12 March 2015