

ZUE S.A.

**ZUE S.A.**  
**UL. CZAPIŃSKIEGO 3, CRACOW**  
**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR 2015**  
**WITH AUDITOR'S OPINION AND REPORT**

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## **SEPARATE FINANCIAL STATEMENTS**

### **FOR THE FINANCIAL YEAR 2015**

1. Statement of financial position.
2. Statement of comprehensive income.
3. Statement of changes in equity.
4. Statement of cash flows.
5. Notes to the financial statements including information on accounting principles and other explanatory information.

## **COMPANY'S REPORT ON ACTIVITIES FOR THE FINANCIAL YEAR 2015**

**Deloitte**

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**AUDITOR'S OPINION**

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

We have audited the attached financial statements of ZUE S.A. (hereinafter referred to as the "Company") with the registered office in Cracow, ul. Czapińskiego 3, including the statement of financial position as at 31 December 2015, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year from 1 January 2015 to 31 December 2015 and notes to the financial statements including information on accounting principles and other explanatory information as required by the International Accounting Standards, International Financial Reporting Standards and the related interpretations published in the form of regulations of the European Commission.

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

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

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

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

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

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

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

ZUE S.A.

- present fairly and clearly the information material to evaluate the economic and financial position of the Company as at 31 December 2015 as well as its profit or loss in the financial year from 1 January 2015 to 31 December 2015;
- have been prepared in accordance with the International Accounting Standards, International Financial Reporting Standards and related interpretations published as European Commission regulations, and in all matters not regulated in the standards – in accordance with the provisions of the Accountancy Act and secondary legislation to the Act, and properly maintained accounting records; and
- comply with the laws and the provisions of the Company's Articles of Association which affect the content of the financial statements.

The Company's report on activities for the financial year 2015 is complete within the meaning of Article 49.2 of the Accountancy Act and the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the conditions for recognizing information required under the law of a non-member state as equivalent (Journal of Laws of 2014, item 133) and consistent with underlying information disclosed in the audited financial statements.

*[hand-written signature]*

Marek Turczyński

Key certified auditor conducting the audit

No. 90114

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

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

Warsaw, 10 March 2016

## **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF ZUE S.A. FOR THE FINANCIAL YEAR 2015**

### **I. GENERAL INFORMATION**

#### **1. Details of the audited Company**

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

The Company operates as a public limited company incorporated on the basis of the notarial deed signed on 20 May 2002 in Cracow (Rep. A no. 9592/2002). The Company was entered into the Commercial Register kept by the District Court XI Business and Registry Division in Cracow, section B, under entry number 8990/05/381, based on the decision of 30 October 2002. Currently the Company is recorded in the Register of Entrepreneurs kept by the District Court for Cracow-Śródmieście in Cracow XI Commercial Division of the National Court Register under KRS number 0000135388.

The Company operates pursuant to the Polish Companies Act.

The share capital of the Company as at 31 December 2015 amounted to PLN 5,757,520.75 and was divided into 23,030,083 ordinary shares with a par value of PLN 0.25 each. In the period under analysis, the Company operated on the urban and railway transport infrastructure market.

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

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

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

- On 29 July 2015, the Supervisory Board passed a resolution concerning the expiry of the term of Mr. Arkadiusz Wierciński who resigned from the position of the Management Board Member.

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

The Company ended its activities in 2014 with a net profit of PLN 10,621,692.00. The financial statements of the Company for 2014 were audited by a certified auditor. The audit was performed by authorized entity Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp.k. The certified auditor issued an unqualified opinion on the financial statements.

The financial statements for the financial year 2014 were approved by the General Meeting held on 18 June 2015. The General Meeting decided to allocate the entire net profit of 2014 to reserve funds.

The separate financial statements for the financial year 2014 were submitted to the National Court Register (KRS) on 26 June 2015.

The consolidated financial statements for the financial year 2014 were submitted to the National Court Register (KRS) on 26 June 2015.

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

The auditor was appointed by the Supervisory Board. The audit of the financial statements was performed based on the agreement of 28 July 2014 between the Company and Deloitte Polska Spółka z ograniczoną odpowiedzialnością Sp. k. with registered office in Warsaw, al. Jana Pawła II 19, recorded under number 73 on the list of entities authorized to provide audit services kept by the National Council of Statutory Auditors. On behalf of the authorized entity, the audit of the financial statements was conducted under the supervision of Marek Turczyński, key certified auditor (no. 90114) in the premises of the Company in the period 9-18 December 2015, 15-26 February 2016 and outside the Company's premises until the date of this opinion.

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

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

The scope of our audit was not limited.

During the audit, all necessary documents and data as well as detailed information and explanations were provided to the authorized entity and the key certified auditor as confirmed by the written representation of the Management Board of the Company of 10 March 2016.

## II. ECONOMIC AND FINANCIAL POSITION OF THE COMPANY

Presented below are the main items of the profit or loss, the statement of financial position and financial ratios describing the financial performance of the Company and its economic and financial position compared to the analogous figures of 2014.

The financial data and financial ratios for 2014 have changed when compared with Deloitte's Report for 2014 because deferred tax assets and liabilities are now presented by the Company according to their netted balance.

<u>Main items of profit or loss</u> <u>(PLN '000)</u>	<u>2015</u>	<u>2014</u>
Revenue	509,586	637,976
Operating expenses	481,201	619,611
Profit (loss) on operating activities (excluding other operating income and expenses)	28,385	18,365
Net profit (loss)	15,349	10,622
<u>Main items of statement of financial position</u> <u>(PLN '000)</u>		
Inventory	18,368	17,921
Trade receivables	73,889	176,478
Current assets	267,827	271,177
Total assets	408,204	402,176
Equity	215,611	202,963
Current liabilities (including short-term provisions and accruals)	164,899	176,045
Trade and other payables	112,381	130,021
Total liabilities	192,593	199,213
<u>Profitability and performance indicators</u>	<u>2015</u>	<u>2014</u>
– Return on sales	6%	3%
– Net return on equity	8%	6%
– Total asset turnover	1.25%	1.59%
– Debtor days	88	98
– Creditor days	91	63
– Days sales of inventory	14	10
<u>Liquidity/Net working capital</u>		
– Debt ratio	47%	50%
– Equity to assets ratio	53%	50%
– Net working capital (PLN '000)	102,929	95,132
– Current ratio	1.62	1.54
– Quick ratio	1.51	1.44

An analysis of the above figures and ratios indicated the following trends in 2015:

- increase in return on sales and net return on equity;
- decrease in total assets turnover;
- decrease in debtor days and increase in creditor days and days sales of inventory;
- decrease in debt ratio;
- increase in equity to assets ratio;

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- increase in net working capital; and
- increase in current and quick ratios.



### **III. DETAILED INFORMATION**

#### **1. Evaluation of accounting system**

The Company's documentation specifying the adopted accounting principles is compliant in all material aspects with the requirements of Article 10 of the Accountancy Act. The principles have been applied in a continuous manner and have not changed when compared with the principles applied in the previous year. The opening balance following from the approved financial statements for the previous financial year has been properly entered into the accounting records of the audited period.

We have verified the accounting system on the basis of tests performed as part of the audit and have not found any irregularities likely to have an impact on the financial statements. However, our audit has not concerned the entire accounting system used by the Company.

The Company performed a physical count of assets and liabilities within the scope necessary to confirm the existence of presented assets and liabilities.

#### **2. Information about the audited financial statements**

The audited financial statements were prepared as at 31 December 2015 and include:

- statement of financial position as at 31 December 2015 showing the balance sheet total of PLN 408,203,914.23;
- statement of comprehensive income for the period from 1 January 2015 to 31 December 2015 showing a net profit of PLN 15,348,948.76 and total comprehensive income of PLN 15,337,371.66;
- statement of changes in equity for the period from 1 January 2015 to 31 December 2015 showing an increase in equity of PLN 12,647,541.96;
- statement of cash flows for the period from 1 January 2015 to 31 December 2015 showing an increase in cash of PLN 98,678,542.58; and
- notes to the financial statements including information on accounting principles and other explanatory information.

#### **3. Information about selected material items of the financial statements**

The financial statements present the structure of assets and liabilities and items of profit or loss.

##### Property, plant and equipment

Property, plant and equipment in the Company include:

- non-current assets of PLN 77,984,669.72.

The notes correctly describe changes in non-current assets and non-current assets under construction and disclose any revaluation write-downs on such assets.

##### Long-term investments

The Company's long-term investments include:

- shares in subsidiaries of PLN 238,585.50.

The notes correctly describe changes in investments during the financial year.

### Inventories

The structure of inventories and the related write-downs has been correctly presented in the respective note to the statement of financial position.

### Receivables

Ageing of trade receivables has been correctly presented in the respective note to the statement of financial position together with the related write-downs.

### Payables

Credit facilities with a description of security and maturity dates have been specified in the notes to the financial statements. Ageing of trade payables has been presented in the respective note to the statement of financial position.

Major items of the Company's current payables include:

- trade and other payables of PLN 112,381,027.98;
- current payables under retentions on construction contracts of PLN 11,667,517.05; and
- liabilities under employee benefits of PLN 21,947,384.72.

### Prepayments, accruals and provisions for liabilities

The structure of prepayments, accruals and provisions for liabilities has been presented in the notes.

## **4. Completeness and correctness of drawing up notes and explanations and the Company's report on activities**

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

The notes to the financial statements give a correct and complete description of important items and a fair presentation of other material information required under the IFRS.

The Company's report on activities in the financial year 2015 has been prepared by the Management Board of the Company and attached to the financial statements. The report contains information required under Article 49.2 of the Accountancy Act and the Regulation of the Minister of Finance of 19 February 2009 on current and periodic information published by issuers of securities and the conditions for recognizing information required under the law of a non-member state as equivalent (Journal of Laws of 2014, item 133). We have audited the report with respect to the disclosed information derived directly from the audited financial statements.

#### IV. COMMENTS

##### Management Board's Statement

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

*[hand-written signature]*

Marek Turczyński

Key certified auditor conducting the audit

No. 90114

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

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

Warsaw, 10 March 2016