

ZAPA beton a.s.

ANNUAL REPORT
FOR THE YEAR 2014

ZAPA beton a.s.
Víteňská 495, 142 00 Praha 4
Corporate ID No.: 25137026
recorded in the Commercial Register by the Municipal Court in Prague under file No. B 4785

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Company Profile

The Past and the Present

The history of the company ZAPA beton began at the start of the nineties as a small business with only a few employees. Production initially took place in batching stations. The first conventional concrete mixing plant operated by ZAPA was in Kačerov in Prague. For financial reasons, the company's initial expansion mainly went the way of renting older plants and their gradual modernisation. The first markets in the Czech Republic were Prague and Central Bohemia and the first plant in Moravia was the concrete mixing plant in Hulín. The acquisition of new plants took place swiftly and, over the course of the 1990s, ZAPA beton became one of the leading producers on the Czech market for ready mixed concrete.

At the end of the same decade, ZAPA beton was incorporated into the structure of the German Dyckerhoff Group, which later became part of the multinational Buzzi Unicem Group from Italy. This holding company is orientated towards the production of cement and ready mixed concrete and is active in Europe, the Ukraine, Russia, the USA, Mexico and North Africa. The company thus stabilised its capital at the turn of the millennium and continued to grow. In 2003, ZAPA beton a.s. became a company with 100% foreign capital participation. It also gradually achieved an important position on the Slovakian market, where it has now been present since 2001, and is also active on the Hungarian market. ZAPA beton also produces aggregates.

Production in ZAPA beton a.s. takes place on the level of individual plants (concrete mixing plants or plants producing aggregates), with a basic division into the regions of Bohemia and Moravia. The same regional division also applies (in the case of ready mixed concrete) to sales activities. Company management – economic, financial and administrative control – is performed centrally. The company does not have any organisational units abroad.

At the end of 2014, ZAPA beton a.s. was producing in 55 concrete mixing plants, 2 quarries, 2 grinding plants and 4 gravel pits in the Czech Republic and through its subsidiary companies it also controlled another 7 concrete mixing plants. In the Slovak Republic it was operating 14 concrete mixing plants and 2 gravel pits. One gravel and one concrete mixing plant were operated under the ZAPA beton brand in Hungary.

ZAPA beton a.s. participated in establishing the Czech Association of Concrete Producers and is one of its active members. Its subsidiary company, ZAPA beton SK s.r.o., is a member of the Slovak Association of Ready Mixed Concrete Producers. These are professional interest groups made up of the most important companies in the field.

ZAPA beton – years and events:

1991	- Company founded by Jiří Pavlica, with its first plant in Prague
1993	- 3 plants in Prague
1994	- 5 plants, expansion into central Bohemia
1996	- 12 plants, expansion into eastern Bohemia and Moravia - Transformed into a limited liability company
1997	- Transformed into a joint-stock company
1998	- Purchase of 49.97% of ZAPA beton a.s. shares by Dyckerhoff - Acquisition of the subsidiary company VIA – VODA spol. s r.o.
2000	- Foundation of the subsidiary company ZAPA UNISTAV, s.r.o.
2001	- Entry into the Slovak market, foundation of the subsidiary company ZAPA beton SK s.r.o. - Acquisition of the subsidiary EKO ZAPA beton, a.s.
2002	- Expansion into the Hungarian market, foundation of the subsidiary company ZAPA BETON HUNGÁRIA Kft. - Takeover of the ownership interests in the subsidiary companies of Dyckerhoff: Bohemia Beton Union Děčín s.r.o., Beton Union Plzeň s.r.o., BLANK BETON CHEB, k.s., ZS BETON CHEB, s.r.o., BLANK BETON MOST, k.s. and MOST BETON, s.r.o. (in 2003 and 2004, the last four companies named merged with ZAPA beton a.s.)
2002 - 2003	- Increase in Dyckerhoff's ownership interest to 100% - Gradual acquisition of 45.6% of the shares in Pískovny Hrádek a.s.
2003	- ZAPA beton a.s. surpassed 1 million m ³ of ready mixed concrete produced in one year

2006	<ul style="list-style-type: none"> - The ZAPA beton Group became the Czech market leader for the first time - The ZAPA beton Group produced over 2 million m³ in the Czech Republic and Slovakia - The Group was again the leader on the Czech market this year - The shareholding in Pískovny Hrádek a.s. was increased to 50.6% and in Bohemia Beton Union Děčín s.r.o. to 100% - Merger of the subsidiary VIA – VODA spol. s r.o. with ZAPA beton a.s.
2007	<ul style="list-style-type: none"> - Purchase of the remaining shares in Pískovny Hrádek a.s., meaning 100% ownership - Sale of Bohemia Beton Union Děčín s.r.o.
2008	<ul style="list-style-type: none"> - Production by the ZAPA beton Group in the Czech Republic and Slovakia exceeded record 2.5 million m³ - ZAPA beton becomes the number one on the Slovak market for the first time - Acquisition of SONDA, s.r.o. (Slovak Republic)
2009	<ul style="list-style-type: none"> - Impact of the economic crisis on the sales of the ZAPA beton Group: production in the Czech and Slovak Republics in total dropped to 1.7 million m³
2010	<ul style="list-style-type: none"> - Production by the ZAPA beton Group in the Czech Republic and Slovakia amounted to almost 1.6 million m³ - The first concrete mixing plant was opened at ZAPA BETON HUNGÁRIA Kft. - Takeover of a 33.33% share in the Slovak company EURO BETON, s.r.o.
2011	<ul style="list-style-type: none"> - The ready mixed concrete production of the Group in the Czech Republic and Slovakia reached almost 1.8 million m³
2013	<ul style="list-style-type: none"> - Buzzi Unicem “squeezed out” the remaining minority shareholders of Dyckerhoff Aktiengesellschaft and became its sole shareholder - Purchase of the ownership interest in EURO BETON, s.r.o. - The total production of the Group in the Czech Republic and Slovakia still exceeded 1.6 million m³
2014	<ul style="list-style-type: none"> - New General Manager, the reorganization of the company started - Merger of Pískovny Hrádek a.s. with ZAPA beton a.s. - Merger of SONDA, s.r.o. with ZAPA beton SK s.r.o.

Fundamental Company Data

Company name:	ZAPA beton a.s.
Corporate ID No.:	25137026
Tax ID No.:	CZ25137026
Registered office:	Vídeňská 495, 142 00 Praha 4, Czech Republic
Telephone:	+ 420 226 004 444
Fax:	+ 420 226 004 440
Website:	www.zapa.cz
E-mail:	zapa@zapa.cz
Date of incorporation:	16 th June 1997
Legal form:	joint-stock company
Registered capital:	CZK 300,200,000 (3,002 registered shares with a nominal value of CZK 100,000)
Commercial Register:	Commercial Register by the Municipal Court in Prague under file No. B 4785
Company Shareholder:	Dyckerhoff GmbH (100%), with its registered office at Biebricher Strasse 69, 65203 Wiesbaden, Germany (at the Registration Court in Wiesbaden under No. HRB 27594)
Statutory Body	Chairman: Jaromír Chmela
-Board of Management:	Members: Marco Duranda (since 1 st April 2014), Jiří Haša
Supervisory Board:	Chairman: Paolo Zelano (since 1 st January 2014)
	Members: Massimo Paris, Luigi Buzzi (since 1 st February 2014)
Procuration:	Peter Markulínek, Vlastimil Hanáček, Roman Pochylý, Jörg Reiner Wild

Company Executive Management

General Manager:	Marco Duranda	Technical Director:	Roman Pochylý
Director for Bohemia:	Peter Markulínek	Finance Director:	Jiří Haša
Director for Moravia:	Vlastimil Hanáček	HR Manager:	Alžběta Vlachová
Director of Quarries and Sandpits:	Jörg Reiner Wild		

Foreword from the General Manager on the Development of Activities and Expected Development of the Company

Dear Shareholders, Business Partners and Colleagues,

In April 2014, I acceded to the position of the General Manager and became a member of Board of Management of the company ZAPA beton a.s. In compliance with our shareholders' demands, we started to implement changes in ZAPA beton Group focused on improving efficiency and standardisation of the organisation's structure and its processes.

Concerning the management of the company, we have reduced the number of the Board of Management members and introduced new principles of acting on behalf of the company. We have created a new organisation structure and divided central and operational functions. We have completed the first stage of the Shared Service Center residing in Hranice na Moravě, which currently involves the areas of accounting and finance. The implementation of the finance software SAP has been successfully accomplished. We have set up new rules for receivables management and established the Human Resources Department. We have started the implementation of a new auto-control product quality system. We have focused our attention on enforcing transparency, and respect for the rules of the business.

We have also implemented a new organisation structure and a new system of processes in our biggest subsidiary, ZAPA beton SK s.r.o., in which we have successfully merged SONDA, s.r.o. In Bohemia we merged subsidiary Pískovny Hrádek a.s in ZAPA beton a.s.

If I can speak more globally regarding the building industry as such, the year 2014 was slightly optimistic for the Czech building industry. In the second half of the year, the building industry had a slightly rising trend, which was a certain sign of what could be seen as a steady recovery for the future of the company, after the decline lasting from the year 2008. This positive signal is mainly a reflection of the improved approach of the government to investment policy, which could be seen in a gradual growth of new orders. Another factor was good weather, thanks to which the already initiated construction work could continue. However, a grave obstacle of the construction industry was due to a lack of preoperative activities for large constructions, especially in the transport sector.

If we take a look at our eastern neighbour, in Slovakia, in the construction industry there is still uncertainty and skepticism. A lot of the contracts are loss-making and the business relations are marked by bad payment behaviour of the customers. Despite the fact, the expectations for the year 2015 show a change in this gloomy development.

The situation in both regions is obviously reflected in our results. We can see improved development in Bohemia and in Moravia, where ZAPA beton a.s., including its subsidiaries, produced 2% more than in the year 2013. Unfortunately, the development in Slovakia was not so good, the production of our subsidiary ZAPA beton SK s.r.o. dropped by 5%. Nevertheless, production as a whole for the ZAPA Group has started to grow – it grew by a little less than 1% annually with a beneficial effect on our operating profit that exceeded 200 million CZK. A gratifying thing is that in the Czech Republic we remain among the main leaders, as in Slovakia we are maintaining a significant position.

In the year 2015, we will focus on maintaining this leading position in the Czech market, and the position of one of the most important producers in Slovakia. Therefore, we especially want to focus on product quality and customers' needs. From an economic point of view, we will try to raise the operating profit, lower payment due dates of the receivables, and optimize all categories of costs. We are also planning to reinforce cooperation with our affiliated company Cement Hranice in other spheres. The Purchasing Department will continue in its transparent tenders for suppliers of raw materials and main services. We will try to develop the human resources processes and endeavor to improve the communication and cooperation within the company and the Group.

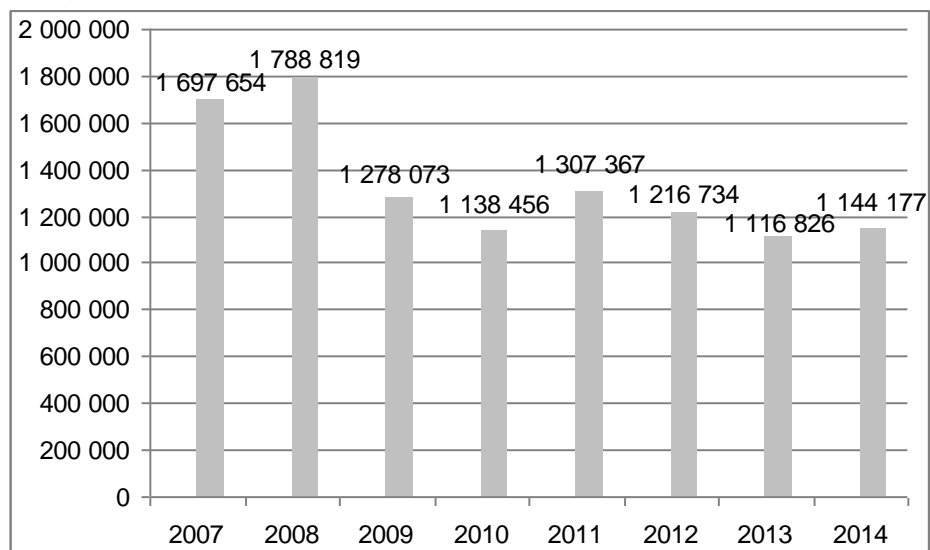
Each employee as well as our partner companies helps our company to grow. That is why I would like to thank you all for your endeavour and trust that the changes which have already taken place will continue, and I would like to wish you good health, happiness, and professional success in the new year 2015.

In Prague, 30th January 2015

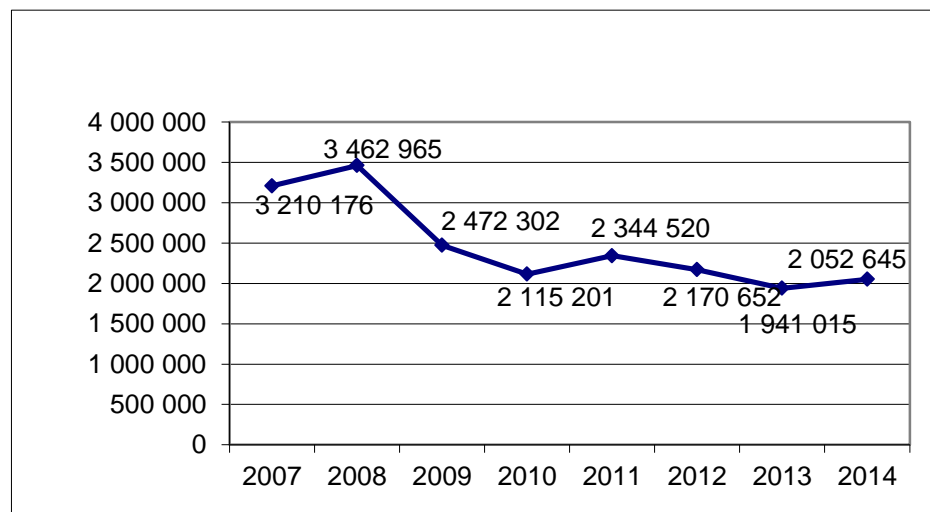
Ing. Marco Duranda
General Manager
Member of Board of Management

Production, Sales, After-Tax Profit

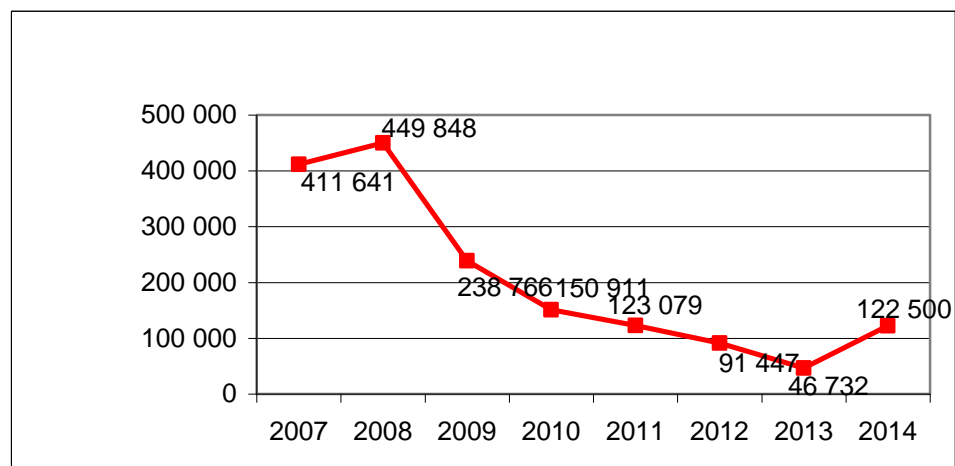
Ready mixed concrete production (m³)



Sales of own products and services (TCZK)



After-tax profit (TCZK)



Selected Financial Indicators of ZAPA beton a.s.

Indicator	Calculation of the Indicator	Indicator Level							
		2007	2008	2009	2010	2011	2012	2013	2014
Economic Effectiveness (Profitability)									
Return on total capital	= {after-tax profit + interest expenses * (1 - tax rate 15% / 100)} / total capital	23%	25%	15%	9%	8%	6%	3%	9%
Return on equity (ROE)	= after-tax profit / equity	38%	40%	26%	18%	15%	11%	6%	15%
Return on assets (ROA)	= after-tax profit / total net assets	23%	25%	15%	9%	7%	5%	3%	9%
EBITDA margin	= EBITDA / production EBITDA = earnings before interest, taxes, depreciation and amortisation production = row II. of the Profit and Loss Account	19%	18%	15%	12%	10%	9%	6%	10%
Financial Independence, Equity Level and Indebtedness									
Financial independence	= equity / liabilities liabilities = rows of the Balance Sheet B. Liabilities + C. Other liabilities	152%	167%	125%	96%	92%	99%	95%	149%
Equity level	= equity / total capital	60%	63%	56%	49%	48%	50%	49%	60%
Total indebtedness	= liabilities / total net assets liabilities = rows of the Balance Sheet B. Liabilities + C. Other liabilities	40%	37%	44%	51%	52%	50%	51%	40%

Research and Development

Expenditure on activities associated with research and development amounted to CZK 4,406 thousand in 2014. This mainly involved the costs at our accredited laboratory and a share of the testing costs (services of material testing and concrete consumption for testing purposes). Naturally, we want to be self-sufficient in this area and so an ever-larger part of this activity is provided by our own technologists and specialists.

Quality

An integral part of the quality management system is the quality policy set by senior company management, which conforms to the company's strategies, plans, objectives and possibilities and which defines customer satisfaction with the products and services offered as one of the company's main priorities. The introduction, maintenance and constant improvement of the quality management system and its subsequent control are ensured in the company by highly-qualified workers. In 2014, the documentation of the quality management system and the environmental management was converted into electronic form in the company intranet and became to be on-line accessible for each plant. Senior company management performs regular evaluations of the effectiveness of the company's quality management system, including the adoption of measures to increase this and to ensure the constant deepening of the awareness of all of the company's employees of the quality management system that has been introduced within the company.

Efforts to ensure quality for the customers include (amongst other things) the regular checking and evaluation of quality claims made concerning concrete. Authorised laboratories perform continuous supervision of production. The company has an elaborate system of training for plant leaders, dispatchers and sales representatives.

In terms of ensuring the quality of its products and services, ZAPA beton a.s. introduced and successfully certified a quality management system (QMS) in line with ČSN EN ISO 9002:1995 in 1995 – for the Kačarov concrete mixing plant. In the following years, the QMS was introduced in line with ČSN EN ISO 9001:2001 and certified in other (existing and new) company concrete mixing plants. QMS certification pursuant to ČSN EN ISO 9001:2009 was performed at concrete mixing plants in Bohemia and Moravia within 2009. QMS recertification pursuant to ČSN EN ISO 9001:2009 took place gradually over the course of 2012 in concrete mixing plants in Bohemia and Moravia and recertification of the EMS (Environmental Management System) pursuant to ČSN EN 14001:2005 in the concrete mixing plant in Hranice. In 2014, also the EMS certification in the plants Kladno and Středokluky was introduced. As at the end of 2014, 22 concrete mixing plants in Bohemia and 29 concrete mixing plants in Moravia held a QMS certificate.

From among the subsidiary companies, a QMS certificate in line with ČSN EN ISO 9001:2009 is held by EKO ZAPA beton, a.s. and Beton Union Plzeň s.r.o. In December 2014, the recertification in line with ČSN EN ISO 9001:2009 took place. The company Pískovny Hrádek was merged in 2014 with ZAPA beton a.s.

The quality management system has been gradually introduced and adopted in Slovakia since 2002. By the end of 2014, QMS certificates issued in line with EN ISO 9001:2008 were held in ZAPA beton SK s.r.o. by 12 concrete mixing plants and the administration centre in Bratislava.

Environmental Protection

The production of concrete mixtures and the mining and processing of aggregates are industrial activities that place great demands on environmental protection, especially in the field of decreasing emissions, dust and noise pollution. Constant efforts focused on the timely implementation of environmental protection measures and increasing the technological level of production in all of its stages ensure that ZAPA beton a.s. is managing to keep up with current trends in environmental management and not coming into conflict with the interests of environmental protection.

An Integrated Environmental Reporting System (ISPOP) for environmental polluters was introduced in 2013. In relation to this, the control activities of the environmental protection authorities in the field of waste and water management as well as in the field of air protection have intensified. No serious problems with an environmental impact were registered in 2014, either in the field of concrete production or in the field of mining and processing of aggregates.

Concrete Mixing Plants

The main purpose of the business of ZAPA beton a.s. is the production and placing of ready mixed concrete. Strict ecological norms are complied within individual plants, in line with the relevant legislation and in close cooperation with the specialist centres of the individual ministries concerned (e.g. the Ministry of the Environment) and with the regulatory authorities or state administration (e.g. the Czech Environmental Inspectorate). The strategic aim of ZAPA beton a.s. is to situate individual plants in approved industrial zones, with the aim of minimising any possible impact on the environment. In terms of environmental protection, production technology is especially focused on reducing the release of solid pollutants into the atmosphere. Individual concrete mixing plants are encased and insulated, in order to provide protection against operational noise and dust and are equipped with misting or sprinkling equipment to moisten individual aggregate sizes and the whole plant premises. High-performance filters are installed in cement and fly-ash silos, capable of catching more than 99.829% of dust particles. The treatment of sludge water and solid waste constitutes an integral part of environmental protection. Most plants are equipped with recycling equipment, which allows the further processing of sludge water and solid recyclable material when preparing mixtures according to approved prescriptions. This means that practically waste-free operation is achieved. Great emphasis is placed on the regular training of staff at concrete mixing plants in fields relating to the production of technically more-advanced mixtures and environmental protection.

The year 2014 was influenced by a slow economic recovery. Therefore it was necessary to maintain the company's production potential in a competitive condition. This is why a decision was made to implement projects that will ensure the continuity of sustainable development. In the Kačerov concrete mixing plant, three cement and ash silos were changed, leading to the decrease of the energy consumption when filling and to the decrease of the release of the ash into the environment air. Various maintenance works were also performed on concrete compacted areas and buildings in concrete mixing plants, which on the one hand improved the visual appearance of older operations and on the other hand prevented their further fall into dereliction. Conventional repairs and maintenance of production capacities took place with a maximum effort towards achieving savings and finding reserves, although with no negative impact on quality and the useful life of the equipment.

In 2013 and 2014, we were took part in cooperation with the Atelier of Ecological Models, which has been working particularly in the area of assessment of the environmental impacts, within the preparation of the investment and urbanisation projects in the locality, for the purposes of the public administration bodies. The main sphere of interest is the air and noise pollution, the assessment of the environmental impacts (EIA) and a conceptual solution of the environmental protection on the level of the city and regions. The related activities of the Atelier are the environmental research and development.

Quarries and Sand Pits

Mine water is used in quarries and sand pits for misting and spraying to decrease the emissions of solid particles into the air. Operating regulations set the rules for monitoring, as well as the measures if there is any presence of protected animals or plant species. New biotopes (areas of water, wetlands, forest or rock cultures, among other things) are already created during mining and certainly no later than in terms of reclamation. In 2014, the reclamation of the exploited areas according to the reclamation plans took place in sand pits Nebanice, Písková Lhota and Václavice.

Employees

As at the end of 2014, number of employees in ZAPA beton a.s. was 505. This concerns all employees as at 31st December 2014, with deductions for social security and health insurance, including those working subject to agreements for repeated work and including agreements for the performance of one-off work, in cases where there was an obligation to deduct social security and health insurance contributions. The number of employees increased in size year-on-year by 1% (while from 2011 we registered each year a decrease of the employees number). The main impact had the fact that the company merged in 2014 the subsidiary company Pískovny Hrádek a.s. and thus took over its employees; a negative impact on the headcount had the organizational changes commenced with purpose of the centralization of supporting processes of the company and thus to their effectivity and simplicity increase.

Out of the total headcount, operating workers and administrative employees accounted for 84% and 16%, respectively. Most of our personnel - 88% - are male; women are mainly employed in administration.

Total payroll costs increased by 5%, particularly due to the compensation paid to the employees with job contracts termination (in connection with the rationalization measures) and with the takeover of the employees of Pískovny Hrádek a.s.

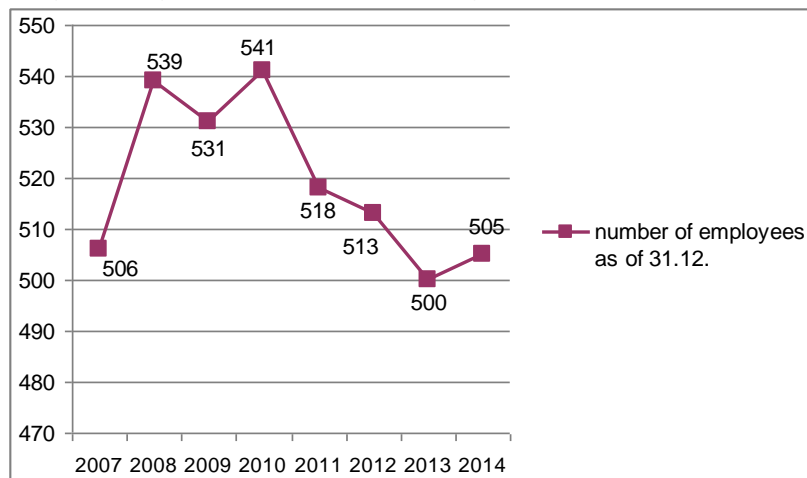
The company has an elaborate system of material incentives in place (bonuses, an end-of-year bonus, bonus for the best results in the plants, retirement bonus, a company car if required, which is also available for personal use etc.). ZAPA beton a.s. has been providing its employees with contributions towards private life insurance for twelve years. Holiday entitlement is 5 days more than the legal minimum. Employees are entitled to free legal consultancy. Insurance for (employer's) damage whilst performing work is concluded for each employee above the framework of the legal obligation. The extended insurance cover for business trips is another benefit. Employees and their family members have the option of concluding a contract subject to advantageous conditions for the services of the mobile operator with which the company cooperates. The company awards employees when they celebrate important anniversaries in their lives and on the anniversaries of their employment with the company. The company also seeks to motivate employees with a competition announced every year for the Best Plant and Best Workers. The unique working environment (in the ZAPA style) contribute towards reducing stress at work and strengthening the employee's feeling of belonging to the company.

Numerous training sessions are organised each year for operating and administration employees using external and in-house trainers. Operational training sessions are mostly focused on working with machinery inclusive of driving and occupational health and safety. The company is also focused on the training measures connected with the environmental protection. Regular trainings for sales representatives team are orientated towards sales skills according to the present market necessities and requirements. Other professions in the field of administration undergo regular training sessions, which are mainly orientated to the provision of information on current legislation and other knowledge (accounting, tax, HR and salaries, IT skills, training for drivers of company passenger cars, etc). English courses also take place for the administrative positions.

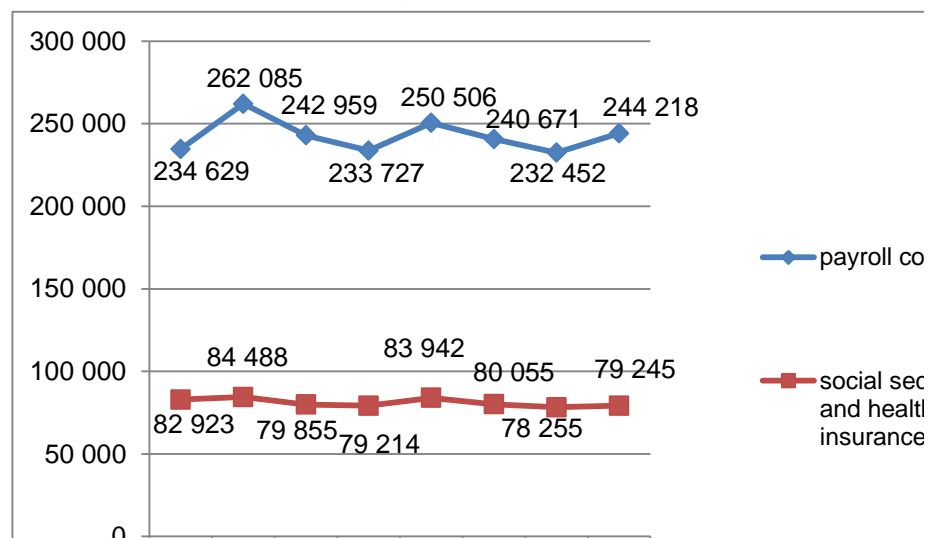
Increased attention and special accent is paid to occupational health and safety during the execution of work duties. The goal of company is – via the work organization and risk prevention – to ensure a maximal safety of the employees, especially when working with machines, electrical equipment and means of transport, moving around building sites or handling chemical or explosive substances. This effort includes all above the organisation of regular obligatory training sessions, ensuring optimum working conditions, the provision of safety signs, work clothing and protective aids, etc.

There were 6 accidents at work over the course of 2014. As we know at the moment, there were no serious injuries or any permanent consequences for our employees' health having resulted from these accidents. The total length of inability to work as a result of these injuries was 823 calendar days in 2014. The level of inability to work due to illness and injury amounted to 3,8 %. No job-related illnesses were reported. (The data of the merged Pískovny Hrádek a.s. has been in this paragraph included since 1st September 2014).

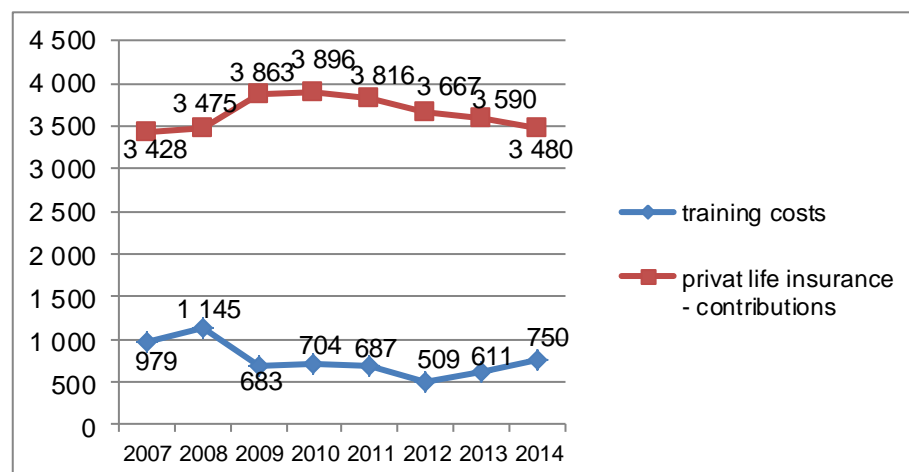
**Number of employees as of 31. December
(only employees with social security and health insurance contributions)**



Selected personnel costs – payroll costs, social and health insurance costs (TCZK)



Selected personnel costs – training and privat life insurance contributions (TCZK)



Important Events Occurring after the Balance Sheet Date

No events with any significance for the purpose of this Annual Report occurred after the balance sheet date.

ZAPA beton a.s.

**Financial Statements for the year ended 31 December 2014
together with Auditor's Report**

(Translation of Financial Statements Originally Issued in Czech –
See Note 2 to the Financial Statements)

(Translation of a report originally issued in Czech -- see Note 2 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the shareholder of ZAPA beton a.s.:

We have audited the accompanying financial statements of ZAPA beton a.s. which comprise the balance sheet as at 31 December 2014, and the statement of total comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. For details of ZAPA beton a.s. see Note 1 to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing as amended by implementation guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

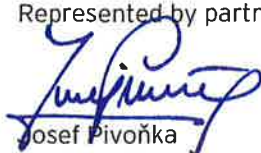
Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of ZAPA beton a.s. as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other Matter

The financial statements of ZAPA beton a.s. for the year ended 31 December 2013 were audited by another auditor who expressed an unmodified opinion on those financial statements on 21 February 2014.

Ernst & Young Audit, s.r.o.
License No. 401
Represented by partner



Josef Pivoňka
Auditor, License No. 1963

24 February 2015
Ostrava, Czech Republic

ZAPA beton a.s. as at 31 December 2014

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

BALANCE SHEET - LONG FORM

		Current year			Prior year 2013
		Gross	Allowances	Net	Net
	TOTAL ASSETS	2,615,832	(1,207,271)	1,408,561	1,627,692
A.	STOCK SUBSCRIPTION RECEIVABLE				
B.	FIXED ASSETS	1,913,833	(1,027,036)	886,597	936,241
B. I.	Intangible assets	28,883	(23,606)	5,277	4,530
B. I. 1	Foundation and organization expenses	7,130	(7,130)	0	
2	Research and development	2,881	(2,881)	0	
3	Software	11,748	(8,177)	3,571	4,230
4	Patents, royalties and similar rights	5,288	(5,288)	0	
5	Goodwill				
6	Other intangible assets	130	(130)	0	
7	Intangible assets in progress	1,706		1,706	300
8	Advances granted for intangible assets				
B. II.	Tangible assets	1,553,074	(1,003,430)	549,644	529,605
B. II. 1	Land	167,807		167,807	127,547
2	Constructions	583,702	(378,894)	204,808	221,799
3	Separate movable items and groups of movable items	706,779	(580,215)	126,564	153,346
4	Perennial crops				
5	Livestock				
6	Other tangible assets	11,252	(6,084)	5,168	1,730
7	Tangible assets in progress	34,327	(403)	33,924	15,181
8	Advances granted for tangible assets	3,765	(893)	2,872	210
9	Gain or loss on revaluation of acquired property	45,442	(36,941)	8,501	9,792
B. III.	Financial investments	331,676	0	331,676	402,106
B. III. 1	Subsidiaries	297,724		297,724	368,366
2	Associates	14,296		14,296	14,297
3	Other long-term securities and interests				
4	Loans and borrowings to subsidiaries and associates	19,656		19,656	19,443
5	Other long-term investments				
6	Long-term investments in progress				
7	Advances granted for long-term investments				
C.	CURRENT ASSETS	686,386	(180,235)	506,151	677,786
C. I.	Inventory	50,640	(2,954)	47,686	42,365
C. I. 1	Materials	19,198		19,198	20,338
2	Work in progress and semi-finished production				
3	Finished products	23,221	(2,954)	20,267	12,444
4	Livestock				
5	Goods	8,221		8,221	9,583
6	Advances granted for inventory				
C. II.	Long-term receivables	22,008	(5,366)	16,642	19,379
C. II. 1	Trade receivables	18,491	(5,366)	13,125	16,085
2	Receivables from group companies with majority control				
3	Receivables from group companies with control of 20% - 50%				
4	Receivables from partners				
5	Long-term advances granted	3,239		3,239	3,165
6	Unbilled revenue				
7	Other receivables	128		128	129
8	Deferred tax asset	150		150	

BALANCE SHEET - LONG FORM

		Current year			Prior year 2013
		Gross	Allowances	Net	Net
C. III.	Short-term receivables	589,614	(171,915)	417,699	609,000
C. III. 1	Trade receivables	549,567	(170,969)	378,598	550,637
2	Receivables from group companies with majority control	22,609		22,609	21,812
3	Receivables from group companies with control of 20% - 50%				
4	Receivables from partners	141		141	43
5	Social security and health insurance				
6	Due from government - tax receivables	3,319		3,319	24,068
7	Short-term advances granted	9,652		9,652	9,080
8	Unbilled revenue	1,413		1,413	2,038
9	Other receivables	2,913	(946)	1,967	1,322
C. IV.	Short-term financial assets	24,124	0	24,124	7,042
C. IV. 1	Cash	254		254	330
2	Bank accounts	23,870		23,870	6,712
3	Short-term securities and interests				
4	Short-term financial assets in progress				
D. I.	Accrued assets and deferred liabilities	15,813	0	15,813	13,665
D. I. 1	Prepaid expenses	7,116		7,116	7,648
2	Prepaid expenses (specific-purpose expenses)	8,690		8,690	6,010
3	Unbilled revenue	7		7	7

BALANCE SHEET - LONG FORM

		Current year	Prior year 2013
TOTAL EQUITY & LIABILITIES		1,408,561	1,627,692
A.	EQUITY	842,697	793,102
A. I.	Basic capital	300,200	300,200
A. I. 1	Registered capital	300,200	300,200
2	Own shares and own ownership interests (-)		
3	Changes in basic capital		
A. II.	Capital funds	424	424
A. II. 1	Share premium (agio)		
2	Other capital funds		
3	Gain or loss on revaluation of assets and liabilities		
4	Gain or loss on revaluation of corporation transformations	424	424
5	Gain or loss on corporation transformations		
6	Gain or loss on revaluation upon corporation transformations		
A. III.	Funds created from profit	94,340	94,340
A. III. 1	Legal reserve fund	94,340	94,340
2	Statutory and other funds		
A. IV.	Profit (loss) for the previous years	325,233	351,406
A. IV. 1	Retained earnings for the previous years	325,233	351,406
2	Accumulated loss of previous years		
3	Other retained earnings for previous years		
A. V. 1	Profit (loss) for the year (+ / -)	122,500	46,732
A. V. 2	Approved decision on advances for profit distribution (-)		
B.	LIABILITIES	562,142	827,992
B. I.	Provisions	58,058	31,938
B. I. 1	Provisions created under special legislation	15,079	5,492
2	Provision for pensions and similar obligations		
3	Provision for corporate income tax		
4	Other provisions	42,979	26,446
B. II.	Long-term liabilities	0	3,824
B. II. 1	Trade payables		
2	Liabilities to group companies with majority control		
3	Liabilities to group companies with control of 20% - 50%		
4	Liabilities to partners		
5	Long-term advances received		
6	Bonds payable		
7	Long-term notes payable		
8	Unbilled deliveries		
9	Other liabilities		
10	Deferred tax liability		3,824
B. III.	Current liabilities	504,084	792,230
B. III. 1	Trade payables	205,385	220,852
2	Liabilities to group companies with majority control	238,664	523,583
3	Liabilities to group companies with control of 20% - 50%		
4	Liabilities to partners	6,156	6,089
5	Liabilities to employees	17,476	15,923
6	Liabilities arising from social security and health insurance	8,475	10,899
7	Due to government – taxes and subsidies	11,410	4,203
8	Short-term advances received	1,477	262
9	Bonds payable		
10	Unbilled deliveries	14,871	10,242
11	Other liabilities	170	177
B. IV.	Bank loans and borrowings	0	0
B. IV. 1	Long-term bank loans		
2	Short-term bank loans		
3	Borrowings		
C. I.	Accrued liabilities and deferred assets	3,722	6,598
C. I. 1	Accruals	3,609	6,498
2	Deferred income	113	100

Prepared on:	Signature of accounting entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
24. 2. 2015	Marco Duranda	Lenka Hrušková	Jiří Haša
			tel. +420 581 829 428

ZAPA beton a.s. as at 31 December 2014

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT - LONG FORM




		Current year	Prior year 2013
I.	Revenue from sale of goods	29,183	34,292
A.	Cost of goods sold	24,849	33,512
+	Gross margin	4,334	780
II.	Production	2,075,729	1,953,315
II. 1	Revenue from sale of finished products and services	2,052,645	1,941,015
2	Change in inventory produced internally	2,650	1,312
3	Own work capitalized	20,434	10,988
B.	Production related consumption	1,502,041	1,452,528
B. 1	Consumption of material and energy	1,157,983	1,120,519
B. 2	Services	344,058	332,009
+	Value added	578,022	501,567
C.	Personnel expenses	327,357	314,980
C. 1	Wages and salaries	244,218	232,452
C. 2	Bonuses to members of corporation management	3,024	3,535
C. 3	Social security and health insurance	79,245	78,255
C. 4	Other social costs	870	738
D.	Taxes and charges	11,706	10,231
E.	Amortization and depreciation of intangible and tangible fixed assets	55,117	62,145
III.	Revenue from sale of intangible and tangible fixed assets and materials	36,804	30,136
III. 1	Revenues from sale of intangible and tangible fixed assets	6,874	1,594
2	Revenue from sale of materials	29,930	28,542
F.	Net book value of intangible and tangible fixed assets and materials sold	29,293	25,500
F. 1	Net book value of intangible and tangible fixed assets sold	2,943	501
F. 2	Materials sold	26,350	24,999
G.	Change in provisions and allowances relating to operations and in prepaid expenses (specific-purpose expenses)	16,510	38,737
IV.	Other operating revenues	22,018	33,131
H.	Other operating expenses	45,799	56,587
V.	Transfer of operating revenues		
I.	Transfer of operating expenses		
*	Profit or loss on operating activities	151,062	56,654
VI.	Revenue from sale of securities and interests		
J.	Securities and interests sold		
VII.	Income from financial investments	4,301	3,838
VII. 1	Income from subsidiaries and associates	4,301	3,838
2	Income from other long-term securities and interests		
3	Income from other financial investments		
VIII.	Income from short-term financial assets		
K.	Expenses related to financial assets		
IX.	Gain on revaluation of securities and derivatives		
L.	Loss on revaluation of securities and derivatives		
M.	Change in provisions and allowances relating to financial activities		
X.	Interest income	747	704
N.	Interest expense	3,541	4,527
XI.	Other finance income	525	3,018
O.	Other finance cost	1,140	1,959
XII.	Transfer of finance income		
P.	Transfer of finance cost		
*	Profit or loss on financial activities	892	1,074

ZAPA beton a.s. as at 31 December 2014

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT - LONG FORM

		Current year	Prior year 2013
Q.	Tax on profit or loss on ordinary activities	29,454	10,996
Q. 1	- due	27,716	15,830
Q. 2	- deferred	1,738	(4,834)
**	Profit or loss on ordinary activities after taxation	122,500	46,732
XIII.	Extraordinary gains		
R.	Extraordinary losses		
S.	Tax on extraordinary profit or loss	0	0
S. 1	- due		
S. 2	- deferred		
*	Extraordinary profit or loss	0	0
T.	Transfer of share of profit or loss to partners (+/-)		
***	Profit or loss for the year (+/-)	122,500	46,732
****	Profit or loss before taxation	151,954	57,728

Prepared on:	Signature of accounting entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
24. 2. 2015	 Marco Duranda	 Lenka Hrušková	 Jiří Haša tel. +420 581 829 428

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2014

1. DESCRIPTION OF THE COMPANY

ZAPA beton a.s. ("the Company") is a joint stock company that was established by the Memorandum of Association of 2 April 1997 and was incorporated on 16 June 1997 by entry into the Commercial Register maintained with the Municipal Court in Prague. The Company's registered office is located at Prague 4, Vídeňská 495, post code 142 00, the Czech Republic, and the business registration number (IČ) is 251 37 026. The Company is involved in the production, transport and laying of concrete mixtures.

The following changes were made to the Commercial Register entry in 2014:

Based on the decision of the sole shareholder, Mr. Ivan Martinča and Mr. Daniel Piezonka ceased to be members of the Board of Directors as of 31 March 2014 and as of 30 April 2014, respectively. Mr. Marco Duranda was appointed as member of the Board as of 1 April 2014 and Mr. Jaromír Chmela was repeatedly appointed as Chairman of Board of Directors as of 17 June 2014.

Based on the decision of the sole shareholder, Mr. Otto Lose and Mr. Bohuslav Kučera ceased to be members of the Supervisory Board as of 31 December 2013. Mr. Paolo Zelano and Mr. Luigi Buzzi were appointed new members of the Supervisory Board as of 1 January 2014 and 1 February 2014, respectively.

The merger project

On 24 March 2014, ZAPA beton a.s., at that time residing at Prague 4, Vídeňská 495, post code 142 00, the Czech Republic, business registration number (IČ) 251 37 026 (as the successor company), and Pískovny Hrádek a.s., with its registered seat located at Václavice 2, Hrádek nad Nisou, post code 463 34, the Czech Republic, business registration number (IČ) 250 25 805 (as the company being acquired) approved the project of merger by acquisition of the above companies pursuant to Act No. 125/2008 Coll., on the Transformation of Business Companies and Cooperatives, as amended. 1 January 2014 was determined as the effective date of the merger and the merger was entered into the Commercial Register on 19 September 2014.

As a result of the merger as at 1 January 2014, the assets of the company being acquired were transferred to the successor company, ZAPA beton a.s. A detailed description of the merger project is included in the opening balance sheet prepared as at 1 January 2014 as well as in Note 19 below.

The sole shareholder of the Company is Dyckerhoff GmbH., Wiesbaden, Biebricher Strasse 69, 65203, Germany, registration No.: HRB 27594

The Company is a member of the Dyckerhoff/BUZZI Group (Buzzi Unicem S.p.A.), with its registered office located at via Luigi Buzzi 6, 150 33 Casale Monferatto (AL), Italy (registered by the Commercial Court in Alessandria under No. 00930290044).

Members of the statutory bodies as at 31 December 2014 were as follows:

Board of Directors	
Chair:	Jaromír Chmela
Member:	Jiří Haša
Member:	Marco Duranda

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2014

Supervisory Board	
Chair:	Paulo Zelano
Member:	Massimo Paris
Member:	Luigi Buzzi

The Company's statutory body is the Board of Directors; the Company's supervisory body is the Supervisory Board. The executive director for the Bohemia region, the executive director for the Moravia region, the executive director for quarries and sand quarries, the accredited testing laboratory, the quality control department, the technical director, the financial director, the CEO and the advertising and public relations department all report to the Board of Directors.

The Company has no foreign branch.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines as applicable for 2014 and 2013.

The figures contained in these financial statements are presented in thousands of Czech crowns (CZK ths.).

Comparability of data

The impact of the merger on the data reported in 2014 is reflected in the "merger impact" column.

See Note 19 for further information on the comparability of data.

Explanation Added for Translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in preparing the 2014 and 2013 financial statements are as follows:

a) Intangible Fixed Assets

Intangible fixed assets are recorded at their acquisition cost and related expenses.

Intangible fixed assets are assets with a value exceeding CZK 40 thousand and useful economic life exceeding one year in each individual case. Intangible fixed assets with a cost exceeding CZK 40 thousand are amortized over their useful economic lives.

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2014

Amortization

Amortization is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Certification	4
Software	4
License	5

b) Tangible Fixed Assets

Tangible fixed assets are assets with a value exceeding CZK 20 thousand and useful economic life exceeding one year in each individual case.

Purchased tangible fixed assets are recorded at their acquisition cost, which consists of purchase price, freight, customs duties and other related costs.

Internally-developed tangible fixed assets are recorded at their accumulated cost, which consists of direct costs, indirect costs directly related to the creation of the internally-developed asset (production overheads), and/or indirect administrative costs, if the period of development of the asset exceeded one year.

Tangible fixed assets acquired as a gift, tangible fixed assets acquired free of charge based on a contract on the purchase of leased assets (with a corresponding entry to the relevant accumulated depreciation account), tangible fixed assets newly discovered in accounting (with a corresponding entry to the relevant accumulated depreciation account) and contributions in the form of tangible fixed assets are valued at their replacement cost. The replacement cost is determined by an expert's opinion issued by an authorized expert.

The costs of technical improvements are capitalized. Repairs and maintenance expenses are expensed as incurred.

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2014

Depreciation

Depreciation is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
IT	4
Passenger cars	4
Building machinery	10
Pumps	10
Mix trucks and other trucks	10
Safety equipment	10
Furniture and fixtures	10
Concrete plant technology	10
Other machinery and equipment	10
Utility supply networks	15
Handling areas	15
Gain or loss on the revaluation of acquired property	15
Constructions + fences	30
Fixed assets introduced after expiration of lease contracts	2

The gain or loss on the revaluation of acquired property represents the positive difference between the valuation of an enterprise, or a part thereof, acquired by contribution, and the aggregate of the individually revalued asset components in the accounting of the selling, contributing or dissolving accounting entity, net of assumed liabilities. The gain on the revaluation of acquired property is depreciated on a straight-line basis over a period of 15 years from the acquisition of the enterprise.

Creation of allowances

Based on inventory-taking, allowances may be created against unused tangible fixed assets whose carrying value temporarily does not correspond to their actual condition. The amount of such allowances is determined by comparing the book value and the fair value of the relevant asset.

c) Financial Assets

Short-term financial assets consist of liquid valuables and cash in hand and at bank.

Long-term financial assets consist of ownership interests, available-for-sale securities and loans with maturity exceeding one year.

Upon acquisition, securities and ownership interests are valued at their acquisition cost, which includes direct costs related to the acquisition, e.g. fees paid to consultants.

On the date of acquisition of ownership interests, these long-term financial investments are classified by the Company as subsidiaries or associates (ownership interests constituting controlling or significant influence).

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2014

Ownership interests were acquired as a consideration for a non-monetary contribution to a business company and are valued at the net book value of the non-monetary contribution. If the contribution constitutes a taxable supply, such net book value shall be increased by value added tax.

Investments in enterprises in which the Company has the power to govern the financial and operating processes so as to obtain benefits from their operations are treated as 'Equity investment in subsidiaries'.

Investments in enterprises in which the Company is in a position to exercise significant influence over their financial and operating processes so as to obtain benefits from their operations are treated as 'Equity investments in associates'.

The long-term portion of a loan provided to group companies which is due after one year is recorded as 'Loans and borrowings – receivables from group companies with majority control' in the balance sheet. The short-term portion of a loan provided to group companies which is due within one year and outstanding interest is recorded in 'Short-term receivables from group companies with majority control' in the balance sheet.

If there is a decrease in the carrying value of long-term financial assets that are not revalued at the balance sheet date, the difference is considered a temporary diminution in value and is recorded as an allowance.

Within the group, a system for utilization of idle money of individual group companies, i.e. cash pool, has been introduced. Cash used from this system as at the date of the financial statements is reported in 'Current liabilities to group companies with majority control' in the accompanying balance sheet and the change in the deposited cash is reported in 'Changes in long-term liabilities and long-/short-term loans' in the accompanying cash flow statement.

d) Inventory

Purchased inventory is stated at cost. Costs of purchased inventory include acquisition-related costs (freight, customs, warehousing, commission, insurance, etc.).

Finished goods and work-in-progress are recorded at actual cost. The cost of inventory produced internally includes material and labor costs and a proportion of production overhead costs allocated on the basis of stage of completion.

Inventory released from warehouse is recorded using the weighted average method.

Allowances are recorded on the basis of evaluation of marketability of inventory as a percentage of the warehouse value of inventory.

e) Receivables

Receivables are carried at their nominal value. Doubtful accounts are written down to their realizable value by allowances charged to income

f) Equity

The basic capital of the Company is stated at the amount recorded in the Commercial Register maintained in the Regional Court. Any increase or decrease in the basic capital made pursuant to the decision of the General Meeting which was not entered in the Commercial Register as at the financial statements date is recorded through changes in basic capital.

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2014

In accordance with the Articles of Association, the Company creates a reserve fund from profit or from amounts contributed by partners above their contributions.

g) Provisions and Liabilities

The Company creates legal provisions in accordance with the Act on Provisions and provisions for losses and risks if the related purpose amount and timing can be reliably estimated and the accrual and matching principles are observed.

The provision for restoration and rehabilitation of land is created over the period of the lease contract based on estimated costs of rehabilitation of the land and costs of liquidation of the concrete plant after the lease contract expires.

The provision for remediation and reclamation and for mining damage is created based on the instructions of the relevant Mining Authority taking into account the volume of extracted material. Additions to the provision are credited to a restricted bank account.

Long-term liabilities and current liabilities are carried at their nominal values. Amounts resulting from the revaluation of financial derivatives at fair value are shown in other payables.

h) Leases

The Company records leased assets by expensing the lease payments and, for finance leases, capitalizing the residual value of the leased assets when the lease contract expires and the purchase option is exercised. Lease payments paid in advance are recorded as prepaid expenses and amortized over the lease term.

i) Foreign Currency Transactions

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at the exchange rate prevailing as at the transaction date. On the balance sheet date monetary items are adjusted to the exchange rates as published by the Czech National Bank as at 31 December.

Realized and unrealized exchange rate gains and losses were charged or credited, as appropriate, to finance income for the year

j) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company management prepared these estimates and predictions based on all available relevant information. These estimates and assumptions are based on information available as at the date of the financial statements and may differ from actual results.

k) Recognition of Revenues and Expenses

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises.

Revenues are recorded on the date on which the goods are dispatched from warehouse and the ownership passes to customer or on the date on which the services are provided, and are recorded net of discounts and value added tax.

Interest revenues are recognized on an accrual basis based on the outstanding principal amount and the valid interest rate.

Revenues from dividends are recorded when the right to receive dividends is declared.

l) Cash flow statement

The cash flow statement was prepared using the indirect method. Cash equivalents are short-term liquid assets that can be easily translated to a known amount of cash.

Cash and cash equivalents from operating, investment and financial activities included in the cash flow statement are not mutually offset.

Current accounts as at 31 December 2014 include a restricted account maintained with Komerční banka and used for the purpose of the statutory provision for remediation and reclamation; the use of the funds in this account is restricted. As a result, these funds are reflected as an increase in receivables rather than cash and cash equivalents in the cash flow statement.

m) Income Tax

The corporate income tax expense is calculated based on the statutory tax rate and book income before taxes, increased or decreased by the appropriate permanent and temporary differences (e.g. non-deductible provisions and allowances, entertainment expenses, differences between book and tax depreciation, etc.). In addition, the following items are taken into consideration: tax base decreasing items (donations), tax deductible items (tax loss, research and development costs) and income tax reliefs.

The deferred tax position reflects the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for corporate income tax purposes, taking into consideration the period of realization.

n) Diminution in value

On the balance sheet date, the book value of the Company's assets is evaluated in order to identify any signs of impairment loss. If there are such signs, the realizable value of such asset and the scope of impairment loss, if any, is estimated. If the realizable value of an asset cannot be estimated, the Company shall determine the realizable value of the revenue unit to which such asset belongs.

The realizable value is the higher of the net selling price and the value in use. To determine the value in use, the estimated future cash flows are discounted to their current value using a discount rate before tax that reflects the current market estimate of the time value of money and risks specifically relating to the given asset.

If the estimate shows that the realizable value of an asset (or revenue unit) is lower than its book value, the book value of such asset (revenue unit) is written down to its realizable value.

o) Subsequent Events

The impact of events that occurred between the balance sheet date and the date of the financial statements preparation is recognized in the financial statements provided these events provide additional evidence about conditions that existed at the date of the balance sheet.

If material events reflecting the facts occurring after the balance sheet date happened between the balance sheet date and the date of the financial statements preparation the consequences of these events are disclosed in the notes to the financial statements but not recognized in the financial statements.

4. FIXED ASSETS**a) Intangible Fixed Assets (in CZK thousands)****COST**

	At beginning of year	Merger impact	Additions	Disposals	Transfers	At end of year
Foundation and organization expenses	7,130	-	-	-	-	7,130
Research and development	2,881	-	-	-	-	2,881
Software	11,297	44	-	-	407	11,748
Patents, royalties and similar rights	5,288	-	-	-	-	5,288
Other intangibles	130	-	-	-	-	130
Intangibles in progress	300	-	1,813	-	(407)	1,706
2014 Total	27,026	44	1,813	-	-	28,883
2013 Total	27,807	-	8,607	(9,388)	-	27,026

ACCUMULATED AMORTIZATION

	At beginning of year	Merger impact	Amortization during year	Disposals	At end of year	Net book value
Foundation and organization expenses	(7,130)	-	-	-	(7,130)	-
Research and development	(2,881)	-	-	-	(2,881)	-
Software	(7,067)	(44)	(1,066)	-	(8,177)	3,571
Patents, royalties and similar rights	(5,288)	-	-	-	(5,288)	-
Other intangibles	(130)	-	-	-	(130)	-
Intangibles in progress	-	-	-	-	-	1,706
2014 Total	(22,496)	(44)	(1,066)	-	(23,606)	5,277
2013 Total	(25,033)	-	(1,117)	3,654	(22,496)	4,530

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2014

Intangibles in progress represent, in particular, an investment into technical improvement of the SAP program (AFI) of CZK 1,550 thousand.

b) Tangible Fixed Assets (in CZK thousands)

COST

	At beginning of year	Merger impact	Additions	Disposals	Transfers	At end of year
Land	127,547	41,079	-	(819)	-	167,807
Constructions	562,493	25,058	-	(4,652)	803	583,702
Machinery and equipment	660,880	11,241	-	(2,830)	3,212	672,503
Vehicles	27,689	2,002	-	(2,971)	5,208	31,928
Furniture and fixtures	2,652	109	-	(413)	-	2,348
Other tangibles	2,051	9,200	-	-	1	11,252
Tangibles in progress	15,181	3,228	24,608	534	(9,224)	34,327
Advances for tangibles	1,103	1,802	860	-	-	3,765
Gain or loss on revaluation of acquired property	45,442	-	-	-	-	45,442
2014 Total	1,445,038	93,719	25,468	(11,151)	-	1,553,074
2013 Total	1,430,022	-	68,354	(53,338)	-	1,445,038

ACCUMULATED DEPRECIATION

	At beginning of year	Merger impact	Depreciation during year	Cost of sales or liquidation	Disposals	At end of year	Allowances	Net book value
Land	-	-	-	-	-	-	-	167,807
Constructions	(338,694)	(23,344)	(17,582)	(1,926)	4,652	(376,894)	(2,000)	204,808
Machinery and equipment	(517,052)	(10,911)	(33,198)	(819)	2,830	(559,150)	-	113,353
Vehicles	(18,251)	(2,001)	(1,275)	(198)	2,971	(18,754)	-	13,174
Furniture and fixtures	(2,572)	(101)	(51)	-	413	(2,311)	-	37
Other tangibles	(321)	(5,160)	(603)	-	-	(6,084)	-	5,168
Tangibles in progress	-	-	-	-	-	-	(403)	33,924
Advances for tangibles	-	-	-	-	-	-	(893)	2,872
Gain or loss on revaluation of acquired property	(35,650)	-	(1,291)	-	-	(36,941)	-	8,501
2014 Total	(912,540)	(41,517)	(54,000)	(2,943)	10,866	(1,000,134)	(3,296)	549,644
2013 Total	(855,689)	-	(61,649)	-	4,798	(912,540)	(2,893)	529,605

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2014

In 2014, the Company's major investments comprised, in particular, the Ústí nad Orlicí centre (acquisition of concrete plant technology and land) at the amount of CZK 4 million. Purchases of vehicles from lease companies account for major additions.

The total value of small tangible fixed assets which are not reflected in the accompanying balance sheet was CZK 26,718 thousand and CZK 25,321 thousand as at 31 December 2014 and 2013, respectively.

c) Long-Term Financial Investments (in CZK thousands)

Summary of changes in long-term financial investments.

	Balance as at 31/ 12/ 2012	Additions	Disposals	Revaluation	Balance as at 31/ 12/ 2013	Additions	Disposals	Revaluation	Balance as at 31/ 12/ 2014
Subsidiaries	368,366	-	-	-	368,366	-	(70,642)	-	297,724
Associates	14,297	-	-	-	14,297	-	-	(1)	14,296
Loans to subsidiaries and associates	17,823	1,620	-	-	19,443	-	-	213	19,656
Total	400,486	1,620	-	-	402,106	-	(70,642)	212	331,676

Subsidiaries and associates as at 31 December 2014 were as follows (in CZK thousands):

Name	ZAPA beton SK s.r.o. Vajnorská 142, 730 00 Bratislava	Beton Union Plzeň s.r.o. Emilova 1228/9, Skvrňany, Plzeň	ZAPA UNISTAV, s.r.o. Moravanská 224/98, 619 00 Brno	EKO ZAPA beton, a.s. Čerčanská 2053/18, 140 00 Praha 4
Registered office				
Currency	EUR	CZK	CZK	CZK
Percentage of ownership	99.97	71.20	50	50
Total assets	18,362	95,333	49,293	25,398
Equity	6,998	80,042	40,442	18,518
Basic capital and capital funds	46,137	32,068	24,650	13,891
Funds created from profit	291	3,150	2,000	202
Retained earnings/Accumulated loss	(2,523)	44,512	8,312	-
Profit/loss for the current year	(2,663)	303	5,480	4,425

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2014

Subsidiaries and associates as at 31 December 2013 were as follows (in CZK thousands):

Name	Pískovny Hrádek a.s. Václavice 2, 463 34 Hrádek nad Nisou	ZAPA beton SK s.r.o. Vajnorská 142, 730 00 Bratislava	Beton Union Plzeň s.r.o. Emilova 1228/9, Skvrňany, Plzeň	ZAPA UNISTAV, s.r.o. Moravanská 224/98, 619 00 Brno	EKO ZAPA beton, a.s. Čerčanská 2053/18, 140 00 Praha 4
Registered office					
Currency	CZK	EUR	CZK	CZK	CZK
Percentage of ownership	100	99.97	71.20	50	50
Total assets	88,750	21,384	96,842	50,699	25,508
Equity	44,469	9,661	79,739	39,537	18,120
Basic capital and capital funds	12,427	11,893	32,068	24,650	13,891
Funds created from profit	2,400	291	3,160	2,000	202
Retained earnings/Accumulated loss	26,994	(412)	46,070	8,312	-
Profit/loss for the current year	2,648	(2,111)	(1,559)	4,575	4,027

Financial information about these companies was obtained from the companies' standalone unaudited financial statements.

5. INVENTORY

Excess, obsolete and slow-moving inventory has been written down to its selling price by an allowance account reflected in the correction column of the accompanying balance sheet. In 2014, an allowance of CZK 2,954 thousand (2013: CZK 1,950 thousand) was created against products (fraction 0 - 4) to reflect the low marketability of products (see Note 7).

6. RECEIVABLES

Allowances against outstanding receivables that are considered doubtful were charged to income in 2014 and 2013, respectively (see Note 7).

Year	Category	Due	Overdue					Total overdue	Total
			0 - 90 days	91 - 180 days	181 - 360 days	1 - 2 years	2 years and more		
2014	Gross	240,245	119,923	18,237	19,491	62,879	88,792	309,322	549,567
	Allowances	5,371	2,404	367	12,049	62,129	88,650	165,599	170,970
	Net	234,874	117,519	17,870	7,442	750	142	143,723	378,597
2013	Gross	238,041	198,717	67,481	68,792	34,837	100,691	470,518	708,559
	Allowances	4,757	3,968	2,050	42,357	31,139	73,651	153,165	157,922
	Net	233,284	194,749	65,431	26,435	3,698	27,040	317,353	550,637

The Company wrote off irrecoverable receivables of CZK 20,835 thousand and CZK 5,277 thousand in 2014 and 2013, respectively due to cancellation of bankruptcy proceedings, unsatisfying the claims in bankruptcy proceedings, etc.

As at 31 December 2014 and 2013, the Company had CZK 22,008 thousand and CZK 19,379 thousand, respectively of long-term receivables relating to ceded receivables.

ZAPA beton a.s.

Financial Statements for the year ended 31 December 2014

Receivables from related parties (see Note 18).

7. ALLOWANCES

Allowances reflect a temporary diminution in the value of assets (see Notes 4, 5 and 6).

Changes in the allowance accounts (in CZK thousands):

Allowances against:	Balance as at 31/ 12/ 2012	Additions	Deductions	Balance as at 31/ 12/ 2013	Merger impact	Additions	Deductions	Balance as at 31/ 12/ 2014
Fixed assets	893	2,000	-	2,893	417	249	(263)	3,296
Inventory	1,672	1,950	(1,672)	1,950	-	2,954	(1,950)	2,954
Receivables – legal	61,197	40,529	(16,667)	85,059	120	89,447	(62,856)	111,770
Receivables – other	61,738	54,131	(41,772)	74,097	1,238	140,043	(149,867)	65,511

Legal allowances are created in compliance with the Act on Provisions and are tax deductible.

In 2014, the Company released a portion of costs of CZK 747 thousand relating to overburdens and reflected in 'Prepaid expenses' using the 'Change in provisions and allowances' line.

8. SHORT-TERM FINANCIAL ASSETS

Short-term financial assets consist of cash in hand, liquid valuables and cash at bank.

Current accounts as at 31 December 2014 include a restricted account maintained with Komerční banka with a balance of CZK 8,490 thousand; these funds are restricted for the purpose of the legal provision for remediation and reclamation. In the cash flow statement, the amount is recorded as an increase in receivables while cash and cash equivalents are reduced by the same amount.

9. OTHER ASSETS

Prepaid expenses include in particular rental fees and other overhead and are charged to income for the year in which they were incurred.

Prepaid expenses (specific purpose expenses) include in particular the costs of overburden.

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Financial Statements for the year ended 31 December 2014

10. EQUITY

Statement of changes in equity (in CZK thousands):

	Balance as at 31/ 12/ 2012	Increase	Decrease	Balance as at 31/ 12/ 2013	Merger impact	Increase	Decrease	Balance as at 31/ 12/ 2014
Number of shares	3,002	-	-	3,002	-	-	-	3,002
Basic capital	300,200	-	-	300,200	-	-	-	300,200
Gain or loss on revaluation upon corporation transformations	424	-	-	424	-	-	-	424
Reserve fund	94,340	-	-	94,340	-	-	-	94,340
Retained earnings/accumulated loss	351,406	-	-	351,406	(26,173)	-	-	325,233
Current period profit/loss	91,447	46,732	(91,447)	46,732	-	122,500	(46,732)	122,500

The basic capital of the Company consists of 3,002 registered shares, fully subscribed and paid, with a nominal value of CZK 100,000 each. As at 31 December 2014 and 2013, the Company held 3,002 own shares with the total value of CZK 300,200 thousand.

The sole shareholder's decision of 26 March 2014 approved the distribution of the current period profit after tax of CZK 46,732 thousand to the sole shareholder. The sole shareholder's decision of 27 March 2013 approved the distribution of profit after tax for the relevant period of CZK 91,447 thousand to the sole shareholder.

See Note 19 for the impact of the merger on the Company's equity.

11. PROVISIONS

The movements in the provision accounts were as follows (in CZK thousands):

Provisions	Balance as at 31/ 12/ 2012	Additions	Deductions	Balance as at 31/ 12/ 2013	Merger impact	Additions	Deductions	Balance as at 31/ 12/ 2014
Legal	4,797	695	-	5,492	7,186	2,851	(450)	15,079
Other	25,185	15,182	(13,921)	26,446	20,928	13,275	(17,670)	42,979

Legal provision was created against mining damage, remediation and reclamation in compliance with the decision of the competent Regional Mining Authority.

Other provisions are created for the purposes of provision for holiday, provision for restoration and rehabilitation of leased land and accounting provisions for mining damage, remediation and reclamation.

12. CURRENT LIABILITIES

As at 31 December 2014 and 2013, the Company had overdue current payables for more than 180 days totaling CZK 1,361 thousand and CZK 0 thousand, respectively.

As at 31 December 2014 and 2013, the Company had liabilities of CZK 8,475 thousand and CZK 10,899 thousand, respectively, owing to social security and health insurance premiums.

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Unbilled deliveries represent, in particular, unbilled rent, energy consumption and repairs.

Payables to related parties (see Note 18).

13. OTHER LIABILITIES

Accruals include, in particular, costs of material and freight, which are charged to income for the year in which they were incurred.

14. INCOME TAXES

On the basis of preliminary calculation the Company calculated tax as follows (in CZK thousands):

	2014	2013
Profit before taxes	151,954	57,728
Non-taxable revenues	(17,135)	(6,379)
Difference between book and tax depreciation	8,043	10,196
Non-deductible expenses		
Creation of allowances	(8,834)	14,161
Creation of provisions	(1,994)	1,956
Other (e.g. entertainment expenses, shortages and losses)	15,586	5,654
Taxable income	147,621	83,316
Current income tax rate	19%	19%
Tax	28,048	15,830
Adjustment of the tax paid in previous years	(332)	-
Current tax expense	27,716	15,830

The Company quantified deferred taxes as follows (in CZK thousands):

	2014		2013	
Deferred tax items	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes	-	(21,025)	-	(22,464)
Other temporary differences:				
Allowance against receivables	12,447	-	13,434	-
Allowance against inventory	562	-	181	-
Allowance against fixed assets	-	-	-	-
Provisions	8,166	-	5,025	-
Unbilled deliveries	-	-	-	-
Tax loss carryforward	-	-	-	-
Total	21,175	(21,025)	18,640	(22,464)
Net	150	-	-	(3,824)

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15. LEASES

As at 31 December 2014 and 2013, assets which are being used by the Company under lease arrangements consist of the following (in CZK thousands):

Description	Terms/ Conditions	Expense in 2014	Expense in 2013
Trucks	48 – 60 months	22,005	28,134
Passenger cars	48 – 60 months	7,047	7,482
Concrete plant technology	48 – 60 months	286	1,368

16. REVENUES

The breakdown of revenues on ordinary activities is as follows (in CZK thousands):

	2014		2013	
	Domestic	Foreign	Domestic	Foreign
Goods - concrete	4,210	174	956	-
Goods - stone	22,006	-	24,822	-
Goods – fuel (recharge)	-	-	-	-
Goods - land	-	-	5,829	-
Other	2,793	-	2,109	576
Revenues from the sale of goods	29,009	174	33,716	576

	2014		2013	
	Domestic	Foreign	Domestic	Foreign
Sale of product - concrete	1,603,336	304	1,530,769	568
Sale of product - stone	99,017	-	56,212	-
Other revenues	1,663	-	224	1,270
Services - freight	330,988	832	340,027	203
Services - rent	1,064	562	965	286
Other services	8,954	5,925	10,491	-
Revenues from the sale of products and services	2,045,022	7,623	1,938,688	2,327

In 2014 the revenues of the Company were concentrated primarily with the sale of concrete to customers in the building industry. Revenues from ordinary activities were generated mainly within the Czech Republic.

17. PERSONNEL AND RELATED EXPENSES

The breakdown of personnel expenses is as follows (in CZK thousands):

	2014		2013	
	Total personnel	Members of managerial bodies	Total personnel	Members of managerial bodies
Average number of employees	495	44	497	46
Wages and salaries	244,218	47,753	232,452	43,668
Bonuses of members of the corporation	3,024	3,024	3,535	3,535
Social security and health insurance	79,245	12,465	78,255	12,363
Social cost	870	2,410	738	2,406
Total personnel expenses	327,357	62,628	314,980	58,437

The members and former members of statutory and supervisory bodies received total bonuses and other remuneration of CZK 3,024 thousand and CZK 3,535 thousand in 2014 and 2013, respectively

No loans, guarantees, advances and other benefits were granted to the members and former members of statutory and supervisory bodies and to directors and executive officers in 2014 and they do not hold any shares of the Company. Members of statutory and supervisory bodies and directors and executive officers use company cars for private purposes.

18. RELATED PARTY INFORMATION

The Company sells products to related parties in the ordinary course of business. Sales were CZK 18,387 thousand and CZK 17,943 thousand in 2014 and 2013, respectively.

Receivables from related parties as at 31 December were as follows (in CZK thousands):

Related party	2014	2013
	CZK	
Cement Hranice a.s.	56	-
Dyckerhoff GmbH	5,351	-
ZAPA BETON Hungária Kft.	255	144
ZAPA beton SK	47,650	31,447
ZAPA UNISTAV	565	675
SONDA	-	12
EKO ZAPA	1,443	555
Beton Union Plzeň	419	148

The Company purchases products and receives services from related parties in the ordinary course of business. Purchases were CZK 356,314 thousand and CZK 347,816 thousand in 2014 and 2013, respectively.

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Short-term payables to related parties as at 31 December were as follows (in CZK thousands):

Related party	2014	2013
	CZK	
Cement Hranice a.s	63,808	57,203
Dyckerhoff GmbH	9,260	8,497
ZAPA beton SK	527	-
ZAPA UNISTAV	128	118
Pískovny Hrádek a.s.	-	279
EKO ZAPA	131	325
Beton Union Plzeň	-	11

Loans and borrowings to group companies as at 31 December were as follows (in CZK thousands):

Related party	Terms/conditions	2014	2013
ZAPA beton SK s.r.o.	Due date 31/12/2016	19,656	19,443

As at 31 December 2014 and 2013, outstanding interest on the loan to ZAPA beton SK s.r.o. amounted to CZK 20,609 thousand and CZK 21,812 thousand, respectively, and was recorded in 'Receivables from group companies with majority control'.

Short-term loans from related parties (Cash Pool) as at 31 December were as follows (in CZK thousands):

Provided loans	Balance as at 31/ 12/2014	Balance as at 31/ 12/2013
Cement Hranice	238,664	523,583
Total	238,664	523,583

19. MERGER BY ACQUISITION

On 24 March 2014, ZAPA beton a.s., business registration number (IČ) 251 37 026 (as the successor company), and Pískovny Hrádek a.s., business registration number (IČ) 250 25 805 (as the company being acquired) approved the project of merger by acquisition. The company being acquired was dissolved without liquidation and ceased to exist as a result of the merger with the successor company. All assets of the company being acquired including labor rights and obligations passed to the successor company as of the effective date of the merger. 1 January 2014 was determined as the effective date of the merger pursuant to Section 10(1) of the Act on Transformation. The merger was entered into the Commercial Register on 19 September 2014.

The Company's basic capital

The basic capital of the successor company has not changed as a result of the merger and amounts to CZK 300,200 thousand. The basic capital consists of 3,002 registered shares, fully subscribed and paid, with the nominal value of CZK 100,000 each.

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Accounting for the merger

The opening balance sheet was prepared in compliance with the accounting principles and standards valid in the Czech Republic as at the effective date, i.e. 1 January 2014. The accounting policies and procedures used in the preparation of the opening balance sheet were as follows:

The closing balances as at 31 December 2013 of the successor company and the company being acquired were taken from the financial statements of both companies as an aggregate with the exception of the following:

- In the 'Subsidiaries' line of the successor company's balance sheet, an investment of CZK 70,642 thousand was excluded which represented a 100% interest in the shares of the company being acquired held by the successor company. An amount of CZK 12,000 thousand was excluded against 'Basic capital' of the opening balance sheet and the remaining amount of CZK (58,642) thousand was excluded against 'Retained earnings'.
- The 'Deferred tax liability' of the successor company was reduced by CZK 3,824 thousand which was the 'Deferred tax asset' of the company being acquired.
- The successor company assumed the equity components of the company being acquired as follows:
 - (a) In the 'Subsidiaries' line of the successor company's balance sheet, an investment of CZK 70,642 thousand was excluded which represented a 100% interest in the shares of the company being acquired held by the successor company. An amount of CZK 12,000 thousand was excluded against 'Basic capital' of the opening balance sheet and the remaining amount of CZK (58,642) thousand was excluded against 'Retained earnings'.
 - (b) an amount of CZK 427 thousand from 'Other capital funds' was assumed by the successor company and included in 'Retained earnings'.
 - (c) an amount of CZK 2,400 thousand from 'Legal reserve fund' was assumed by the successor company and included in 'Retained earnings'.
 - (d) an amount of CZK 26,994 thousand from 'Retained earnings' was assumed by the successor company and included in 'Retained earnings'.
 - (e) an amount of CZK 2,648 thousand from 'Profit or loss for the year' was assumed by the successor company and included in 'Retained earnings'.

20. SIGNIFICANT ITEMS OF INCOME STATEMENT

	Period ended 31/12/ 2014	Period ended 31/12/2013
Consumption of material	1,121,993	1,078,923
Consumption of energy	29,237	35,012
Consumption of other unstorable supplies	6,753	6,584
Total consumed purchases	1,157,983	1,120,519

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	Period ended 31/12/ 2014	Period ended 31/12/2013
Repairs and maintenance	61,036	59,660
Services related to concrete production and transport	125,442	133,275
Travel costs	1,283	1,527
Entertainment costs	3,117	2,603
Phone, fax, internet, security equipment	2,485	4,783
Postal fees	995	912
Small intangible assets put into use	36	3
Rent	48,134	47,680
Leases	29,692	39,541
Car wash, technical inspection and other vehicle-related services	1,364	1,378
Legal and consulting services	4,557	4,224
Audit	817	2,219
Tax consultancy	178	265
Notarial services	112	31
Costs of IT work, administrative works	16,060	-
Advertising	2,916	4,143
Extraction, grinding and other services relating to quarries	10,294	8,541
Other services	35,540	21,224
Total	344,058	332,009

	Period ended 31/12/ 2014	Period ended 31/12/2013
Gifts	804	596
Contractual penalties and delay interest	2,326	2
Other penalties and fines	-	1
Write-off of receivables and ceded receivables	20,835	35,296
Other operating costs	21,368	19,537
Operating shortage and damage	466	1,155
Total other operating costs	45,799	56,587

	Period ended 31/12/ 2014	Period ended 31/12/2013
Interest on current bank accounts	26	8
Other interest received from other debtors	721	696
Total	747	704

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	Period ended 31/12/ 2014	Period ended 31/12/2013
Interest on cash-pooling with Cement Hranice, akciová společnost	3,541	4,523
Interest on overdraft	-	4
Total	3,541	4,527

	Period ended 31/12/ 2014	Period ended 31/12/2013
Foreign exchange gains	484	2,981
Other	41	37
Total	525	3,018

	Period ended 31/12/ 2014	Period ended 31/12/2013
Foreign exchange losses	473	1,386
Shortage and damage relating to financial aassets	1	-
Bank expenses	665	567
Other financial costs	1	6
Total	1,140	1,959

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	Period ended 31/12/ 2014	Period ended 31/12/2013
Interest on cash-pooling with Cement Hranice, akciová společnost	3,541	4,523
Interest on overdraft	-	4
Total	3,541	4,527




	Period ended 31/12/ 2014	Period ended 31/12/2013
Foreign exchange gains	484	2,981
Other	41	37
Total	525	3,018

	Period ended 31/12/ 2014	Period ended 31/12/2013
Foreign exchange losses	473	1,386
Shortage and damage relating to financial aassets	1	-
Bank expenses	665	567
Other financial costs	1	6
Total	1,140	1,959

21. STATEMENT OF CASH FLOWS (SEE APPENDIX)

The cash flow statement was prepared under the indirect method.

22. STATEMENT OF CHANGES IN EQUITY (SEE NOTE 10)

Prepared on:	Signature of accounting unit's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
			
24 February 2015	Marco Duranda	Lenka Hrušková	Jiří Haša

CASH FLOW STATEMENT

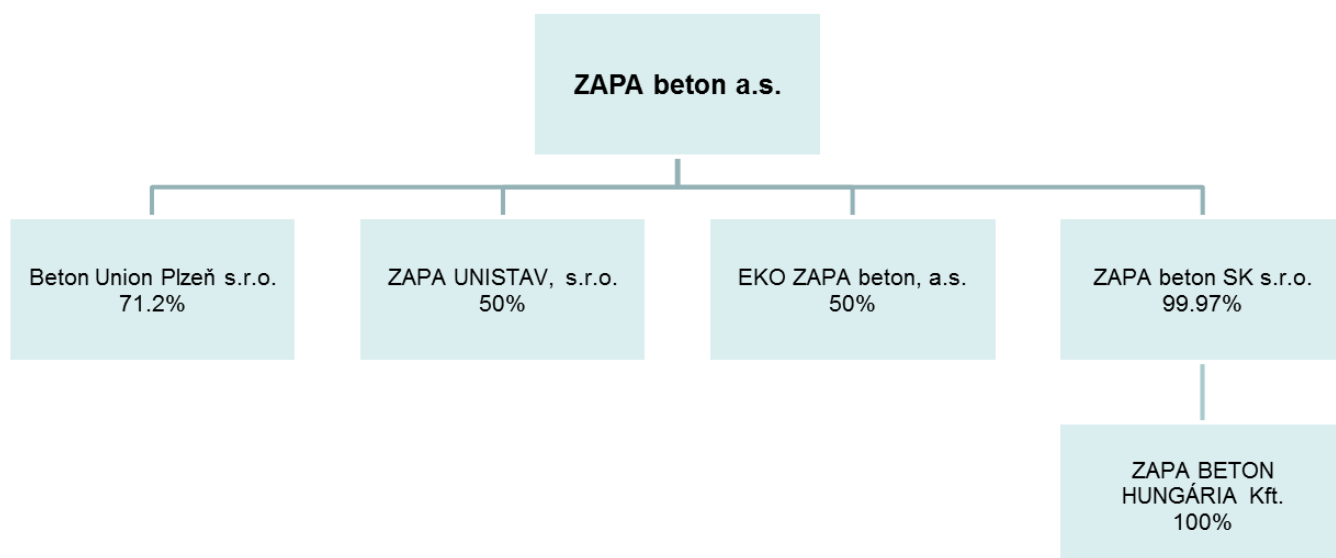
For the years ended 31 December 2014

		Current year	Prior year 2013
Cash flows from operating activities			
Z.	Profit or loss on ordinary activities before taxation (+/-)	151 954	57 728
A. 1.	Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	88 695	110 691
A. 1. 1.	Depreciation and amortization of fixed assets and write-off of receivables	75 952	62 145
A. 1. 2.	Change in allowances	18 175	36 783
A. 1. 3.	Change in provisions	-1 994	1 954
A. 1. 4.	Foreign exchange differences		
A. 1. 5.	(Gain)/Loss on disposal of fixed assets	-3 931	-1 093
A. 1. 6.	Interest expense and interest income	2 794	3 823
A. 1. 7.	Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)	-4 301	6 979
A*	Net cash from operating activities before taxation, changes in working capital and extraordinary items	238 649	168 319
A. 2.	Change in non-cash components of working capital	133 202	-39 712
A. 2. 1.	Change in inventory	1 006	2 528
A. 2. 2.	Change in trade receivables	138 847	-25 938
A. 2. 3.	Change in other receivables and in prepaid expenses and unbilled revenue	9 210	
A. 2. 4.	Change in trade payables	-15 264	-16 302
A. 2. 5.	Change in other payables, short-term loans and in accruals and deferred income	-597	
A**	Net cash from operating activities before taxation, interest paid and extraordinary items	371 851	128 607
A. 3. 1.	Interest paid	-3 541	-4 174
A. 4. 1.	Tax paid	-6 170	-22 221
A. 5. 1.	Gains and losses on extraordinary items		
A***	Net cash provided by (used in) operating activities	362 140	102 212
Cash flows from investing activities			
B. 1. 1.	Purchase of fixed assets	-28 335	-24 348
B. 2. 1.	Proceeds from sale of fixed assets	7 880	1 594
B. 3. 1.	Loans granted	-895	
B. 4. 1.	Interest received	747	26
B. 5. 1.	Dividends received	4 301	6 682
B***	Net cash provided by (used in) investing activities	-16 302	-16 046
Cash flows from financing activities			
C. 1. 1.	Change in long-term liabilities and long-term, resp. short-term, loans	-296 985	5 965
C. 2. 1.	Effect of changes in basic capital on cash		
C. 2. 2.	Profit shares paid	-46 732	-91 447
C. 2. 3.	Effect of other changes in basic capital on cash		
C***	Net cash provided by (used in) financing activities	-343 717	-85 482
F.	Net increase (decrease) in cash	2 121	684
	Increase in cssh due to the merger	6 471	
P.	Cash and cash equivalents at beginning of year	7 042	6 358
R.	Cash and cash equivalents at end of year	15 634	7 042

Prepared on:	Signature of accounting entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
24.2.2015	Marco Duranda	Lenka Hrušková	Jiří Haša tel. +420 581 829 428



Equity Participations of ZAPA beton a.s. (as of 31st December 2014)



Related Party Transactions Report

of the company
ZAPA beton a.s.
Videňská 495, 142 00 Prague 4
Reg. No.: 25137026

registered in the Commercial Register maintained by the Municipal Court in Prague,
under file reference B 4785

registered capital: CZK 300,200,000

3,002 registered shares in the nominal value of CZK 100,000 per share

sole shareholder: Dyckerhoff GmbH
Biebricher Straße 69, 65203 Wiesbaden, Germany
commercial registration: Amtsgericht District Court in Wiesbaden,
under reference number HRB 27594

Tax ID No.: CZ25137026

Data Box ID: 94wg39w

Bank: UniCredit Bank Czech Republic and Slovakia a.s.

Account No.: 801811006/2700

Tel.: +420 226 004 444

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Preamble

Composition of the Board of Management: Chairman Jaromír Chmela, members Marco Duranda and Jiří Haša, as a statutory body of ZAPA beton a.s., in accordance with the provisions of Section 82 et seq. of Act No. 90/2012 Coll., on Business Corporations (hereinafter the "Business Corporations Act"), as fulfilment of their duties have prepared this report, which describes relationships between connected persons and entities, meaning relationships between the controlled entity and the controlling entity and relationships between the controlled entity and other entities controlled by the same controlling entity. The relationships are described with consideration for the need to respect the provisions of Section 504 of Act No. 89/2012 Coll., the Civil Code, related to trade secrets.

I.

Structure of relationships in the business grouping and the controlled entity's role

1. Controlling entity:

Pursuant to the provisions of Section 74 of the Business Corporations Act, the controlling entity of ZAPA beton a.s. is: Dyckerhoff GmbH, a company with its registered office located at: Biebricher Straße 69, 65203 Wiesbaden, Germany, registered in the Commercial Register of the Amtsgericht District Court in Wiesbaden, under reference number HRB 27594.

Since 2013, the sole owner of the controlling entity has been Buzzi Unicem SpA, a joint-stock company with its registered office at via Luigi Buzzi, 6, 15033 Casale Monferrato (AL), Italy (the governing entity).

2. ZAPA beton a.s. is a Czech subsidiary of the cement concern Dychkerhoff/Buzzi Unicem, the shares of Buzzi Unicem SpA are quoted on the exchange in Milan, and the code of the shares is: ISIN IT0001347308. The detailed structure of the relationships within the business group can be found on the parties' websites (www.buzziunicem.it, www.dyckerhoff.com).

3. The controlled entity ZAPA beton a.s. is one of the leading manufacturers of ready mixed concrete in the Czech Republic. As a member of the Italian concern Buzzi Unicem (since 2004), it is also one of the world's leading manufacturers of construction materials. The joint-stock company's main production activity is

manufacturing, transport and placing of concrete and other products containing cement or other types of binding materials. With changes to the legal regulations regarding joint-stock companies stemming from Act No. 89/2012 Coll., the Civil Code, and Act No. 90/2012 Coll., on business corporations and cooperatives, taken into consideration, the joint-stock company as a business corporation has become subject to the Act as a whole in the manner described pursuant to the provisions of Section 777 paragraph 5 of Act No. 90/2012 Coll., and pursuant to that legislation it amended its Statutes in 2014.

A dualistic system of management has been implemented in the company. The Board of Management of the joint-stock company as its statutory body and the Supervisory Board of the joint-stock company as its control body each have three members, who serve three-year terms.

In 2014, the Chairman of the Board of Management was Mr Jaromír Chmela, and the other members were Marco Duranda (since 1st April 2014) and Jiří Haša. The rights and obligations of the Board of Management are specified in Article 20 of the company's Statutes. Mr Paolo Zelano has been the Chairman of the Supervisory Board since 1st January 2014, and its other members are Luigi Buzzi (since 1st February 2014) and Massimo Paris. The position and authority of the Supervisory Board as a control body are defined in Article 22 of the Statutes of the company.

The executive management of the company in 2014 consisted of: General Manager Marco Duranda, Director for Bohemia Peter Markulinec, Director for Moravia Vlastimil Hanáček, Director of Quarries and Sandpits Jörg Reiner Wild, Technical Director Roman Pochylý, Finance Director Jiří Haša and HR Manager Alžběta Vlachová. Peter Markulinec, Vlastimil Hanáček, Roman Pochylý and Jörg Reiner Wild are also proxies in the company. Two proxies always act externally on the company's behalf.

In all matters, the members of the Board of Management represent the joint-stock company; two members of the Board of Management always acting jointly on the company's behalf.

II.

Method and means of control and other important activities

1. The Chairman of the Supervisory Board, Paolo Zelano, serves within the concern as Director of the Division for Central and Eastern Europe, and Supervisory Board Member Luigi Buzzi, who is a member of the Supervisory Board of Dyckerhoff GmbH, and Supervisory Board Member Massimo Paris, who within the concern is Director of Group Quality Assurance, through their decision making activities within the control body of the controlled entity promote the interests of the sole shareholder.
2. Besides their independent activities carried out pursuant to the Statutes of the company, the members of the Board of Management and the Supervisory Board during the year, usually on a quarterly basis, attend joint meetings, at which they discuss the controlled entity's business plan and at which the process of approving legal acts and other measures taken by the Board of Management are carried out, for which the Supervisory Board's consent is needed.
3. A concern agreement, a joint-venture agreement, an agreement on exercising of voting rights and similar agreements have not been entered into.

III.

Overview of contracts within the business grouping, other legal acts and other measures

1. No contract was entered into during 2014 between the controlled entity ZAPA beton a.s. and the controlling entity Dyckerhoff GmbH. Fulfilment from the Contract on Provision of Information Services, entered into with this company on 1st January 2013 as the provider, has been provided. ZAPA beton a.s. has also performed rebilling of costs for a member of the Board of Management (Mr Piezonka).

An International Hiring Out of Labour was entered into with Buzzi Unicem SpA as the lender on 19th February 2014. No other contracts, which could be categorised under the group of mutual contracts, have not been entered into.

2. Within the business grouping in 2014, the following transactions were carried out with other entities controlled by the controlling entity, Dyckerhoff GmbH or Buzzi Unicem SpA, involving ZAPA beton a.s. (hereinafter "ZAPA"):

Unical SpA

registered office: Via Luigi Buzzi, 6, 15033 Casale Monferrato (AL), Italy

Reg. No.: 01303280067

- Technology Services Provision Contract of 31st August 2014, as amended by Amendment No. 1 of 29th December 2014, in which Unical SpA is specified as the provider

Cement Hranice, joint-stock company

registered office: Bělotínská 288, 753 39 Hranice I – Město

Reg. No.: 15504077

- Purchase contracts entered into for each plant (concrete mixing plant), sale of freely laid cement, where Cement Hranice, joint-stock company, is the seller
- The Contract for Work of 30th May 2014, in which Cement Hranice, joint-stock company, is specified as the contractor for ensuring accounting and related activities, entered into for the period from 1st June 2014 to 31st December 2014
- The Contract for Work of 27th November 2014, where Cement Hranice, joint-stock company, is specified as the contractor for ensuring accounting and related services, entered into for the year 2015
- The Contract on Automatic Transfer of Balances of Cash-pooling of 1st October 2003, as amended by Amendments No. 1 of 22nd December 2006 and No. 2 of 20th September 2010, entered into with HVB Bank Czech Republic a.s., with ZAPA and Cement Hranice, joint-stock company, as clients;
- The Contract on Mutual Settlement of Interest from Cash-pooling of 20th October 2003, as amended by the Amendment from 25th September 2009, with the market interest rate of O/N PRIBOR + 0.6%
- Amendment No. 13 of 12th March 2014 to the Lease Contract of 31st August 2000, with Cement Hranice, joint-stock company, as the Lessor, for leasing of land for a concrete mixing plant in Hranice,
- Amendment No. 6 of 12th March 2014 to the Lease Contract of 27th March 2009, with Cement Hranice, joint-stock company, as the Lessor, for leasing of non-residential space for the concrete mixing plant in Hranice (offices), including heating, electricity, telephone, sanitary facility, cloakroom services and other services
- The Contract on Supplying of Water and Drainage of Waste Water of 17th February 2014, with Cement Hranice, joint-stock company specified as the supplier, for the concrete mixing plant in Hranice
- The Purchase Contract on the sale of a used machine (a Volvo belt excavator) of 9th September 2014, with Cement Hranice, joint-stock company, as the seller
- The Contract on Cession of a Receivable owed by PB SCOM s.r.o. of 22nd October 2014, with ZAPA as the cessor
- The Liability Insurance Contract of 18th April 2014, with HDI Versicherung AG as the insurer and ZAPA and Cement Hranice, joint-stock company, as the co-insured

- Both parties invoiced each other during 2014 and reinvoyed each other based on individual orders for the costs connected with operation of the plant, such as costs for consumption of water, fuel, sale of low-value tangible assets, subsidiary material, material for repairs, etc., with total costs for ZAPA of CZK 251,600 and revenues of CZK 384,500.
3. It was decided by the sole shareholder on 26th March 2014 to pay dividends for 2013 in the total amount of CZK 46,732,000.
 4. In the most recent accounting period, no actions were carried out initiated by or in the interest of the controlling entity or entities controlled by the controlling entity in relation to assets that exceeded 10% of the equity of the controlled entity determined based on the most recent financial statements, and no other measures were adopted or carried out in the interest of or initiated by controlled entities in 2014, except as described herein.

IV. Assessment of harm

1. The controlled company, ZAPA beton a.s., did not suffer any harm from its relationships with Dyckerhoff GmbH/Buzzi Unicem SpA. The performance based on the business relationships described above was arranged in standard prices for the given locations and time.
2. Inclusion of the controlled entity in the business grouping brings financial stability, an open approach to technological know-how and the advantage of vertical interconnection: production of cement – aggregates – concrete.

V. Statutory Body's declaration

The Board of Management as the statutory body of ZAPA beton a.s. hereby declares that the details contained herein are accurate and complete and that this report was prepared pursuant to the provisions of Section 82 of the Business Corporations Act with full inclusion of all information and details that the statutory body has available and/or were determined while exercising proper care.

In Prague, on

ZAPA beton a.s.

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Jaromír Chmela
Chairman of the Board of Management

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Marco Duranda
Member of the Board of Management

.....
Jiří Haša
Member of the Board of Management