



2015

ANNUAL REPORT
ZAPA beton a.s.



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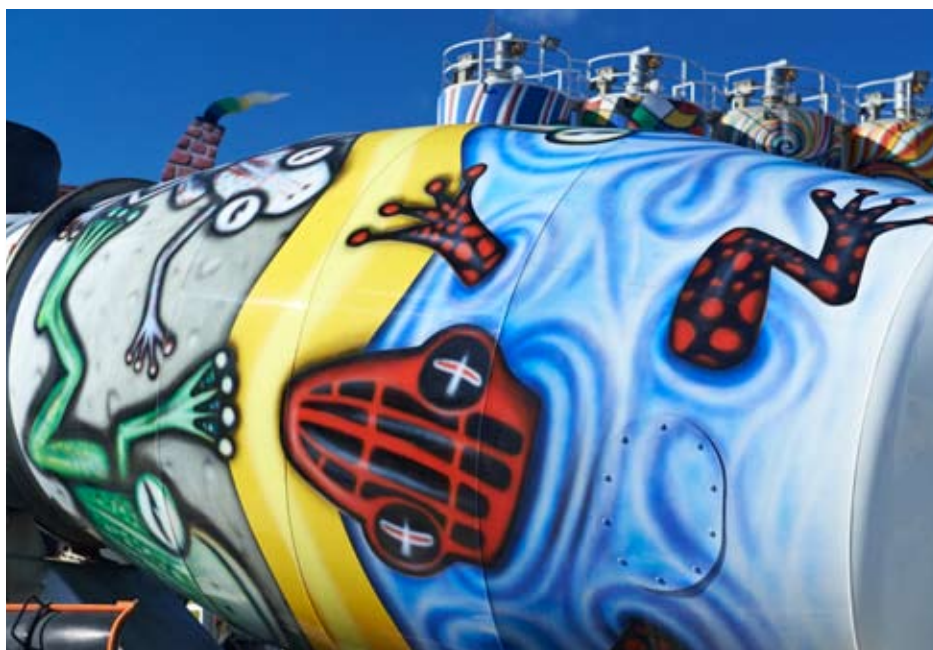
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ZAPA beton Group

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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, 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 2015, ZAPA beton a.s. was producing in 53 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 15 concrete mixing plants and 2 gravel pits. One gravel pit was operated under the ZAPA beton brand also 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 - The ZAPA beton Group became the Czech market leader for the first time
2006	- The ZAPA beton Group produced over 2 million m ³ 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	- Purchase of the remaining shares in Pískovny Hrádek a.s., meaning 100% ownership - Sale of Bohemia Beton Union Děčín s.r.o.



- 2008 - 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 - 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 - 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 - The ready mixed concrete production of the Group in the Czech Republic and Slovakia reached almost 1.8 million m³
- 2013 - 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.
- 2014 - 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.
- 2015 - Ongoing reorganization of the company and of the company procedures
- Commencement of the KOVV Project – Quality and Sales = a Common Affair

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 68, 65203 Wiesbaden, Germany (at the Registration Court in Wiesbaden under No. HRB 27594)
Statutory Body	Chairman: Jaromír Chmela
-Board of Management:	Members: Marco Duranda, Jiří Haša
Supervisory Board:	Chairman: Paolo Zelano
	Members: Massimo Paris, Luigi Buzzi

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 and Purchasing Manager:	Jörg Reiner Wild	Head of Quality:	Giuseppe Giunti



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

Dear Shareholders, Business Partners and Colleagues,

In 2015 we built on the changes in the company and ZAPA beton group commenced in accordance with the demands of the shareholders in 2014. We continued implementing the Buzzi Unicem group standards in all areas of the company, structural adjustment of the company, monitoring and changing the company's processes and regulations.

Should we use numbers to assess last year, in 2015 the whole ZAPA group managed to reach an excellent EBITDA operating profit growth – the year-on-year comparison shows a 57% increase. The year-on-year production of ready-mixed concrete of ZAPA group increased by 2.7%; a great merit of our Slovak subsidiary ZAPA beton SK s.r.o. which managed to significantly increase the production. Production of ZAPA beton a.s. itself slightly decreased, however. In the Czech market we belong among the major companies, in Slovakia we successfully keep an important position.

If we ask where such success comes from I am proud to say that it is thanks to our hard work and results of the changes which we made in 2015. We were also helped by a positive construction industry development which grew both in Slovakia and the Czech Republic.

Which things did we achieve in 2015?

We launched an important company-wide project named „KOVV – Kvalita a obchod věcí všech (Quality and Sales = a Common Affair)“ the goal of which is to offer the most up-to-date products of the best quality and services to measure up to our customers' expectations. We want to fully understand the clients and their needs, understand what we offer, communicate the best way possible – both outside, with our current and prospective customers, and inside the company. Many employees completed special trainings in this field, which were both time-consuming and hard to organize for them and the company itself. We shall keep working this way in the following year. Within KOVV Project we are introducing new special products, which are supposed to strengthen our position amid competitors and bring the company higher margin. KOVV Project is expected, collaboratively, involving well-trained and motivated sales representatives, technologists, colleagues from operation and transport sections, to succeed in restoration of the production growth of ZAPA beton a.s. in the next year.

We followed on modernisation of our vehicle fleet to make it more efficient and up-to-date.

In Slovakia we won competitive tendering and were awarded a ready-mixed concrete supply contract for one of the biggest orders in ZAPA beton group's history – the construction of two tunnels and bridges which are a part of D1 motorway near the town of Žilina which is conducted by Italian company SALINI IMPREGILO. Concreting has been started and will continue over a period of four years.

We unified and refreshed our design, both within the commercial communication, printed materials and on our vehicles. Concrete plants will follow. We launched a new website containing new content and form, more closely connected with Buzzi Unicem group.

ZAPA beton a.s. will celebrate its 25th anniversary in 2016. An important milestone that makes us establish even greater objectives than last year, both in production and quality. We will concentrate our effort to maintain our important position in Czech and Slovak markets by focusing on quality of our products and services and our customers' needs within KOVV Project. We will welcome the new year by a modern, innovated price list. In economic terms we will further try to improve the receivables cash-flow and all cost categories optimization.

This year was not easy for any of us, but the achieved results made us believe that it was all worth it. This is why I want to thank you for your trust and cooperation, and wish you good health, happiness and professional success in the year 2016.

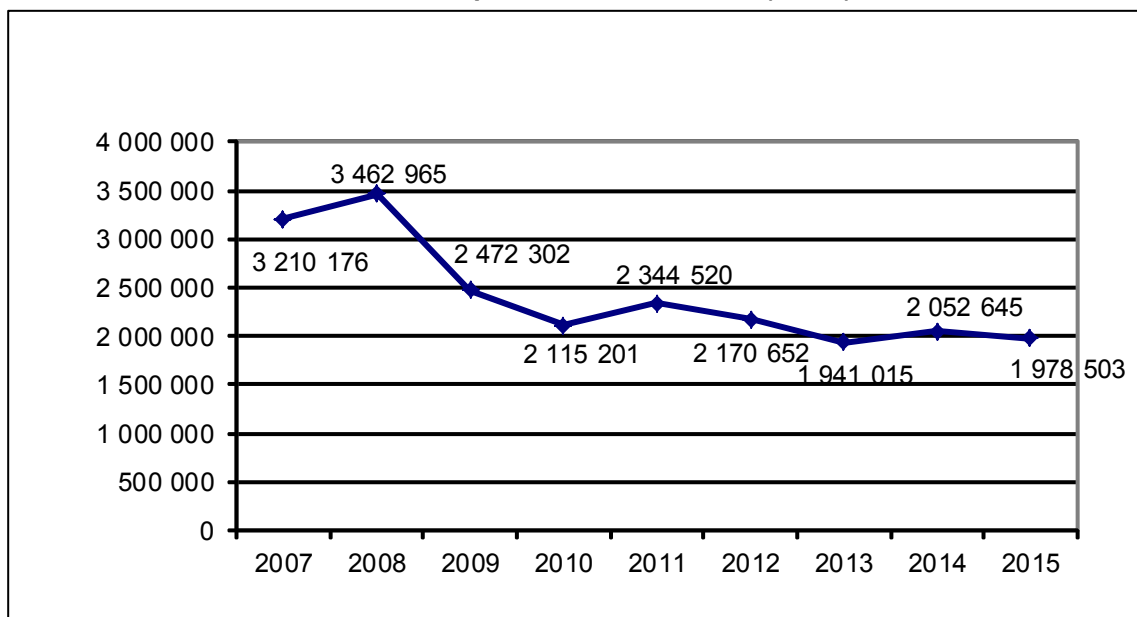
In Prague, on 29/2/2016

A handwritten signature in blue ink, appearing to read "MD", is written over a light blue horizontal line.

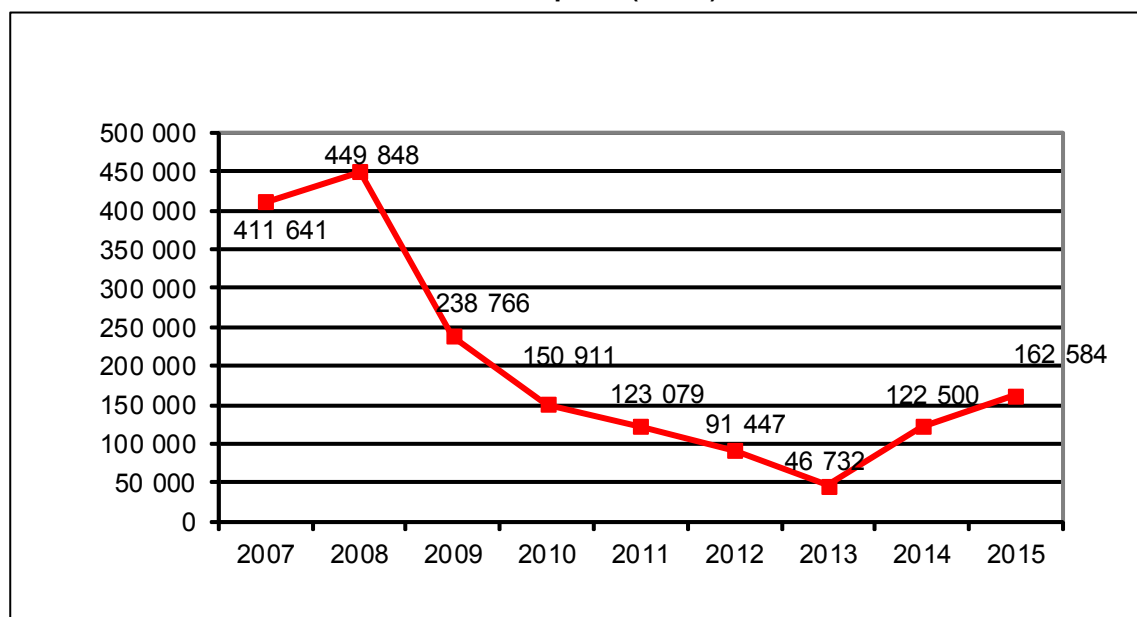
Ing. Marco Duranda
General Manager
Member of Board of Management

Sales and After-Tax Profit

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	2015
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%	12%
Return on equity (ROE)	= after-tax profit / equity	38%	40%	26%	18%	15%	11%	6%	15%	18%
Return on assets (ROA)	= after-tax profit / total net assets	23%	25%	15%	9%	7%	5%	3%	9%	12%
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%	193%
Equity level	= equity / total capital	60%	63%	56%	49%	48%	50%	49%	60%	66%
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%	34%





Research and Development

Expenditure on activities associated with research and development amounted to CZK 3 931 thousand in 2015. 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 Kačerov 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. Already the second QMS recertification pursuant to ČSN EN ISO 9001:2009 took place over the course of 2015 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 concrete mixing plants Kladno and Středokluky was introduced, followed by the concrete mixing plants Kačerov, Písnice and Hulín in 2015. In 2015, the first QMS certification pursuant to ČSN EN ISO 9001:2009 in all plants of Aggregates Division has been carried out. As at the end of 2015, 23 concrete mixing plants in Bohemia, 30 concrete mixing plants in Moravia held a QMS certificate as well as 8 aggregates plants, an EMS certificate was held by 6 concrete mixing plants.

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 ZAPA UNISTAV, s.r.o. (both recertified in 2015) and Beton Union Plzeň s.r.o.

The quality management system has been gradually introduced and adopted in Slovakia since 2002. By the end of 2015, 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. For 2 concrete mixing plants and the Administration in Bratislava, also a certificate EMS in line with EN ISO 14001:2004 has been issued.





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.

In 2015 the environmental legislation was significantly amended to comply with European Union law and unify hazardous waste and substances classification pursuant to EU Commission Regulation. It was reflected in extended efforts of our company's management and control bodies which prepared and carried out special trainings of responsible persons in respective plants and implemented changes in our concrete mixing plants.

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 main task in 2015 lay in pursuit of adaptation to changes to chemical substances environmental regulations in accordance with EU Regulation. 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.

Quarries and Sand Pits

Locations which are a habitat of wild fauna, particularly amphibians and reptiles, are guaranteed, during mining operation, to be preserved in their original condition so that there is no disturbance to the functioning of the environment or any new negative impact. New biotopes (mostly pools) are designed and created so that the population of such animals is not endangered by mining and related activities, and vice versa, so that mining can be carried out in a sustainable range. In pursuit of maintaining a good state of pools by, for example, securing permanently stable conditions in their vicinity, keeping the water level during droughts, controlled succession, etc., we secure permanent care performed by our employees under a supervision of professional biomonitoring that regularly monitors given locations and instructs on how to maintain such locations' good condition and enhance them. New habitats (bodies of water, pools, wetlands, shrubberies, forest or rock cultures, and other things) are further created as a part of reclamation of excavation voids.



Employees

As at the end of 2015, number of employees in ZAPA beton a.s. was 491. This concerns all employees as at 31st December 2015, 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 decreased in size year-on-year by 2.8% and total payroll costs decreased by 4%, particularly due to 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 (incl. operational administration) employees accounted for 88% and 12%, respectively. Most of our personnel - 88% - are male; women are mainly employed in administration.

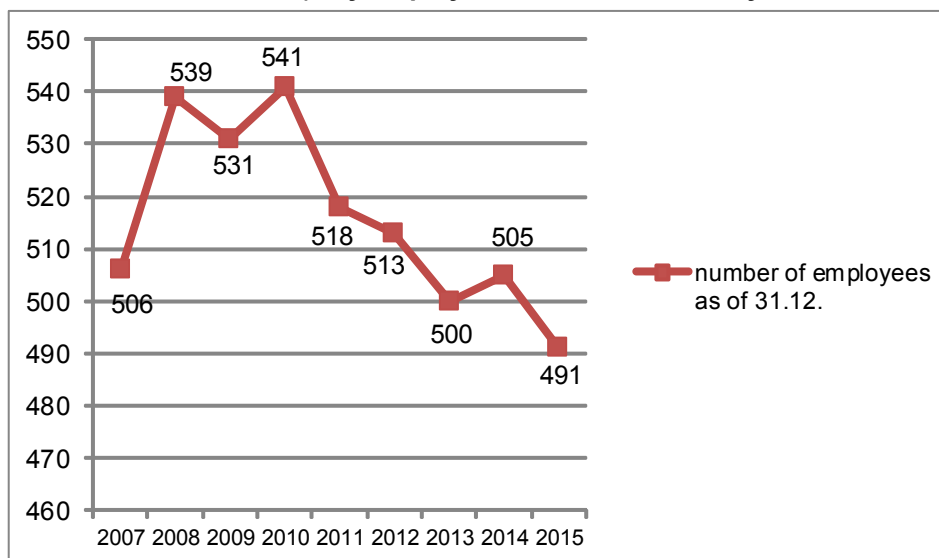
The company has an elaborate system of material incentives in place (bonuses, EBITDA bonus, retirement bonus, a company car if required, which is also available for personal use etc.). ZAPA beton a.s. has been providing its employees with contributions towards private life insurance for thirteen years. 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. 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. In 2015, we were analysing the benefits system intensively, and for 2016, we are preparing its modernization and extension – fundamental changes will be the implementation of dining coupons for employees and contributions for pension insurance saving or supplementary pension saving. At childrens birth, fathers will have entitlement for one additional free day paid by company over the entitlement set by law.

Numerous training sessions are organized 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. 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, the Legal Department etc). English courses also take place for the administrative positions. From this point of view, the year 2015 was significant particularly because within the KOVV Project (see more details in the chapter Foreword from the General Manager ...), there were organized many trainings of sales representatives, technologists, plant managers, heads of transportation and dispatchers. Further training within this project, particularly for our drivers, will follow in 2016. The total training costs in 2015 amounted to TCZK 1,215. The costs within the trainings to the KOVV Project amounted in 2015 to TCZK 1,100, however, with inclusion of the costs of participants labour (the trainings took place during working time) and other costs related with the organization of trainings.

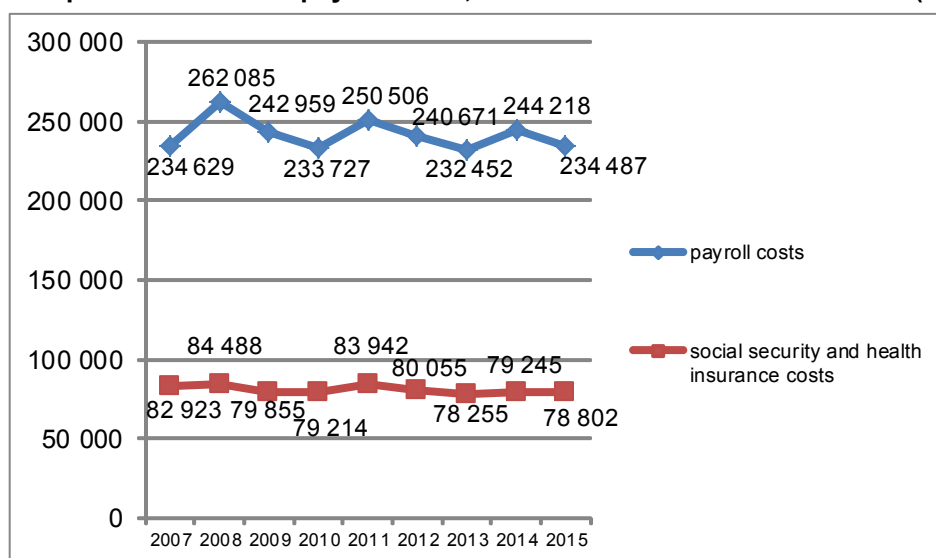
Increased attention and special accent are paid to occupational health and safety during the execution of work duties. The goal of company is – via the work organization and risk prevention – to ensure a maximal safety of the employees, especially when working with machines, electrical equipment and 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 was only one accident at work recorded over the course of 2015. The level of inability to work due to illness and injury amounted to 3,2 %. No job-related illnesses were reported.

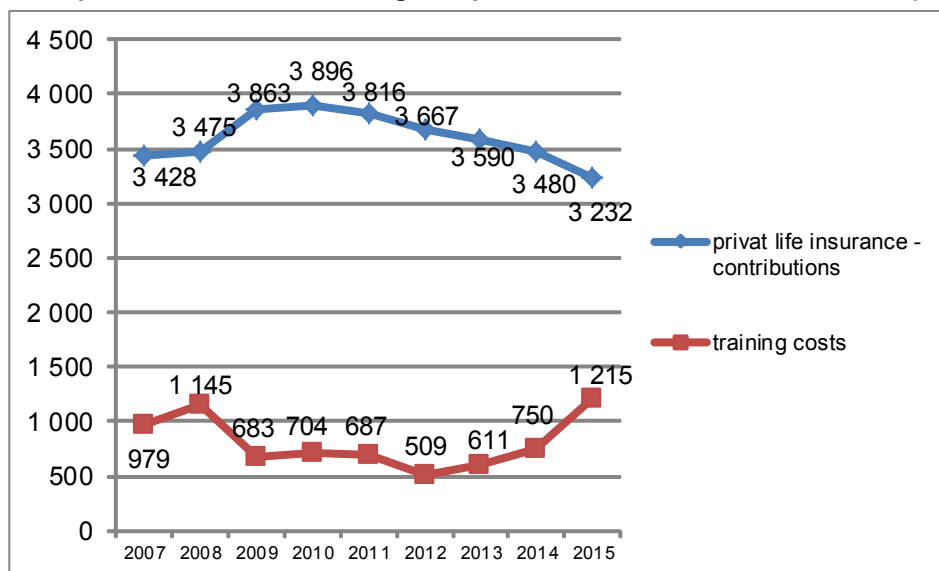
Number of employees as of 31. December (only employees with social security & health insurance contributions)



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

On 11th January 2016, the „Agreement on a Mutual Advance to the Transfer of the Share on Company Beton Union Plzeň s.r.o.“ with the future acquirer, the company IJZ, s.r.o. residing in: Zruč-Senec, Jedlová 357, ZIP-code 330 08, Reg. No. 25223780, company registered at Registration Court in Plzeň under file no. 10251, was signed. The subject of the Agreement is the transfer of the entire share of the future assignor, „ZAPA beton a.s.“,
No other 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 2015

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



ZAPA beton a.s. as at 31 December 2015

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

BALANCE SHEET - LONG FORM

		Current year			Prior year 2014
		Gross	Allowances	Net	Net
	TOTAL ASSETS	2,589,082	(1,249,209)	1,339,873	1,408,561
A.	STOCK SUBSCRIPTION RECEIVABLE				
B.	FIXED ASSETS	1,961,816	(1,069,421)	892,395	886,597
B. I.	Intangible assets	24,760	(20,827)	3,933	5,277
B. I. 1	Foundation and organization expenses	7,130	(7,130)		
2	Research and development	2,881	(2,881)		
3	Software	9,262	(5,398)	3,864	3,571
4	Patents, royalties and similar rights	5,288	(5,288)		
5	Goodwill				
6	Other intangible assets	130	(130)		
7	Intangible assets in progress	69		69	1,706
8	Advances granted for intangible assets				
B. II.	Tangible assets	1,605,878	(1,048,594)	557,284	549,644
B. II. 1	Land	172,171		172,171	167,807
2	Constructions	586,967	(395,503)	191,464	204,808
3	Separate movable items and groups of movable items	753,159	(606,627)	146,532	126,564
4	Perennial crops				
5	Livestock				
6	Other tangible assets	11,252	(6,687)	4,565	5,168
7	Tangible assets in progress	33,767	(651)	33,116	33,924
8	Advances granted for tangible assets	3,120	(893)	2,227	2,872
9	Gain or loss on revaluation of acquired property	45,442	(38,233)	7,209	8,501
B. III.	Financial investments	331,178	0	331,178	331,676
B. III. 1	Subsidiaries	297,723		297,723	297,724
2	Associates	14,296		14,296	14,296
3	Other long-term securities and interests				
4	Loans and borrowings to subsidiaries and associates	19,159		19,159	19,656
5	Other long-term investments				
6	Long-term investments in progress				
7	Advances granted for long-term investments				
C.	CURRENT ASSETS	611,602	(179,788)	431,814	506,151
C. I.	Inventory	38,249	(3,385)	34,864	47,686
C. I. 1	Materials	16,054		16,054	19,198
2	Work in progress and semi-finished production				
3	Finished products	17,318	(3,385)	13,933	20,267
4	Livestock				
5	Goods	4,877		4,877	8,221
6	Advances granted for inventory				
C. II.	Long-term receivables	15,352	(11,124)	4,228	16,642
C. II. 1	Trade receivables	12,336	(11,124)	1,212	13,125
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	2,841		2,841	3,239
6	Unbilled revenue				
7	Other receivables	175		175	128
8	Deferred tax asset				150

The accompanying notes are an integral part of the financial statements.



ZAPA beton a.s. as at 31 December 2015

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

BALANCE SHEET - LONG FORM

		Current year			Prior year 2014
		Gross	Allowances	Net	Net
C. III.	Short-term receivables	539,429	(165,279)	374,150	417,699
C. III. 1	Trade receivables	495,570	(164,334)	331,236	378,597
2	Receivables from group companies with majority control	23,013		23,013	22,609
3	Receivables from group companies with control of 20% - 50%				
4	Receivables from partners	185		185	141
5	Social security and health insurance				
6	Due from government - tax receivables	6,401		6,401	3,319
7	Short-term advances granted	8,665		8,665	9,652
8	Unbilled revenue	3,044		3,044	1,413
9	Other receivables	2,551	(945)	1,606	1,968
C. IV.	Short-term financial assets	18,572	0	18,572	24,124
C. IV. 1	Cash	64		64	254
2	Bank accounts	18,508		18,508	23,870
3	Short-term securities and interests				
4	Short-term financial assets in progress				
D. I.	Accrued assets and deferred liabilities	15,664	0	15,664	15,813
D. I. 1	Prepaid expenses	7,482		7,482	7,116
2	Prepaid expenses (specific-purpose expenses)	8,175		8,175	8,690
3	Unbilled revenue	7		7	7



ZAPA beton a.s. as at 31 December 2015

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

BALANCE SHEET - LONG FORM

		Current year	Prior year 2014
	TOTAL EQUITY & LIABILITIES	1,339,873	1,408,561
A.	EQUITY	882,781	842,697
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	325,233
A. IV. 1	Retained earnings for the previous years	325,233	325,233
2	Accumulated loss of previous years		
3	Other retained earnings for previous years		
A. V. 1	Profit (loss) for the year (+ / -)	162,584	122,500
A. V. 2	Approved decision on advances for profit distribution (-)		
B.	LIABILITIES	456,784	562,142
B. I.	Provisions	52,538	58,058
B. I. 1	Provisions created under special legislation	17,562	15,079
2	Provision for pensions and similar obligations		
3	Provision for corporate income tax		
4	Other provisions	34,976	42,979
B. II.	Long-term liabilities	3,341	0
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	3,341	
B. III.	Current liabilities	400,905	504,084
B. III. 1	Trade payables	233,684	205,385
2	Liabilities to group companies with majority control	100,305	238,664
3	Liabilities to group companies with control of 20% - 50%		
4	Liabilities to partners	6,156	6,156
5	Liabilities to employees	14,902	17,476
6	Liabilities arising from social security and health insurance	8,576	8,475
7	Due to government – taxes and subsidies	16,551	11,410
8	Short-term advances received	2,169	1,477
9	Bonds payable		
10	Unbilled deliveries	18,941	14,871
11	Other liabilities	(379)	170
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	308	3,722
C. I. 1	Accruals	180	3,609
2	Deferred income	128	113

Prepared on:	Signature of accounting entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
29.2.2016	Marco Duranda	Lenka Hrušková	Jiří Haša tel. +420 581 829 428



ZAPA beton a.s. as at 31 December 2015

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

INCOME STATEMENT - LONG FORM

		Current year	Prior year 2014
I.	Revenue from sale of goods	25,603	29,183
A.	Cost of goods sold	23,775	24,849
+	Gross margin	1,828	4,334
II.	Production	1,981,583	2,075,729
II. 1	Revenue from sale of finished products and services	1,978,505	2,052,645
2	Change in inventory produced internally	(4,319)	2,650
3	Own work capitalized	7,397	20,434
B.	Production related consumption	1,389,100	1,502,041
B. 1	Consumption of material and energy	1,062,006	1,157,983
B. 2	Services	327,094	344,058
+	Value added	594,311	578,022
C.	Personnel expenses	314,583	327,357
C. 1	Wages and salaries	234,487	244,218
C. 2	Bonuses to members of corporation management	1,118	3,024
C. 3	Social security and health insurance	78,803	79,245
C. 4	Other social costs	175	870
D.	Taxes and charges	11,968	11,706
E.	Amortization and depreciation of intangible and tangible fixed assets	53,254	55,117
III.	Revenue from sale of intangible and tangible fixed assets and materials	28,772	36,804
III. 1	Revenues from sale of intangible and tangible fixed assets	2,833	6,874
2	Revenue from sale of materials	25,939	29,930
F.	Net book value of intangible and tangible fixed assets and materials sold	22,977	29,293
F. 1	Net book value of intangible and tangible fixed assets sold	477	2,943
F. 2	Materials sold	22,500	26,350
G.	Change in provisions and allowances relating to operations and in prepaid expenses (specific-purpose expenses)	(5,205)	16,510
IV.	Other operating revenues	21,876	22,018
H.	Other operating expenses	49,032	45,799
V.	Transfer of operating revenues		
I.	Transfer of operating expenses		
*	Profit or loss on operating activities	198,350	151,062
VI.	Revenue from sale of securities and interests		
J.	Securities and interests sold		
VII.	Income from financial investments	4,953	4,301
VII. 1	Income from subsidiaries and associates	4,953	4,301
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	636	747
N.	Interest expense	1,453	3,541
XI.	Other finance income	484	525
O.	Other finance cost	2,583	1,140
XII.	Transfer of finance income		
P.	Transfer of finance cost		
*	Profit or loss on financial activities	2,037	892






ZAPA beton a.s. as at 31 December 2015

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

INCOME STATEMENT - LONG FORM

		Current year	Prior year 2014
Q.	Tax on profit or loss on ordinary activities	37,803	29,454
Q. 1	- due	34,312	27,716
Q. 2	- deferred	3,491	1,738
**	Profit or loss on ordinary activities after taxation	162,584	122,500
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 (+/-)	162,584	122,500
****	Profit or loss before taxation	200,387	151,954

Prepared on:	Signature of accounting entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
29.2.2016	 Marco Duranda	 Lenka Hrušková	 Jiří Haša tel.+420 581 829 428

The accompanying notes are an integral part of the financial statements.



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 in 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 2015:

The Company's Board of Directors decided to remove proxy for the following persons: Peter Markulínek, Vlastimil Hanáček, Roman Pochylý, Jörg Riener Wild with effect as of 26 September 2015.

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 2015 were as follows:

Board of Directors	
Chair:	Jaromír Chmela
Member:	Jiří Haša
Member:	Marco Duranda
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 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 2015 and 2014.

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

Information Comparability

The effect of the merger carried out between ZAPA beton, a.s. as a successor company and Pískovny Hrádek, a.s. as a dissolving company in 2014 is presented in the column „merger effect“ in the accompanying notes to the financial statements.

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 2015 and 2014 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.

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.



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Financial Statements for the Year Ended 31 December 2015

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.

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.



Allowance making policy

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).

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

Upon origination, receivables are stated at their nominal value as subsequently reduced by appropriate allowances for doubtful and bad amounts. No accounting or statutory allowances are created against group receivables.



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.

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 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 2015 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 effect	Additions	Disposals	Transfers	At end of year
Foundation and organization expenses	7,130	-	-	-	-	7,130
Research and development	2,881	-	-	-	-	2,881
Software	11,748	-	108	(4,300)	1,706	9,262
Patents, royalties and similar rights	5,288	-	-	-	-	5,288
Other intangibles	130	-	-	-	-	130
Intangibles in progress	1,706	-	69	-	(1,706)	69
2015 Total	28,883	-	177	(4,300)	-	24,760
2014 Total	27,026	44	1,813	-	-	28,883

ACCUMULATED AMORTIZATION

	At beginning of year	Merger effect	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	(8,177)	-	(1,521)	4,300	(5,398)	3,864
Patents, royalties and similar rights	(5,288)	-	-	-	(5,288)	-
Other intangibles	(130)	-	-	-	(130)	-
Intangibles in progress	-	-	-	-	-	69
2015 Total	(23,606)	-	(1,521)	4,300	(20,827)	3,933
2014 Total	(22,496)	(44)	(1,066)	-	(23,606)	5,277

Intangibles in progress represent, in particular, an investment into technical improvement of the EXPEDICE program worth CZK 69 thousand.



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b) Tangible Fixed Assets (in CZK thousands)

COST

	At beginning of year	Merger effect	Additions	Disposals	Transfers	At end of year
Land	167,807	-	14	-	4,350	172,171
Constructions	583,702	-	350	(1,258)	4,173	586,967
Machinery and equipment	672,503	-	129	(2,849)	21,689	691,472
Vehicles	31,928	-	-	(3,486)	30,984	59,426
Furniture and fixtures	2,348	-	-	(87)	-	2,261
Other tangibles	11,252	-	-	-	-	11,252
Tangibles in progress	34,327	-	63,572	(2,936)	(61,196)	33,767
Advances for tangibles	3,765	-	1,616	(2,261)	-	3,120
Gain or loss on the revaluation of acquired property	45,442	-	-	-	-	45,442
2015 Total	1,553,074	-	65,681	(12,877)	-	1,605,878
2014 Total	1,445,038	93,719	25,468	(11,151)	-	1,553,074

ACCUMULATED DEPRECIATION

	At beginning of year	Merger effect	Depreciation during year	Cost of sales or liquidation	Disposals	At end of year	Allowances	Net book value
Land	-	-	-	-	-	-	-	172,171
Constructions	(376,894)	-	(17,653)	(214)	1,258	(393,503)	(2,000)	191,464
Machinery and equipment	(559,150)	-	(29,433)	(41)	2,849	(585,775)	-	105,697
Vehicles	(18,754)	-	(2,742)	(608)	3,486	(18,618)	-	40,808
Furniture and fixtures	(2,311)	-	(10)	-	87	(2,234)	-	27
Other tangibles	(6,084)	-	(603)	-	-	(6,687)	-	4,565
Tangibles in progress	-	-	-	-	-	-	(651)	33,116
Advances for tangibles	-	-	-	-	-	-	(893)	2,227
Gain or loss on the revaluation of acquired property	(36,941)	-	(1,291)	-	-	(38,232)	-	7,209
2015 Total	(1,000,134)	-	(51,733)	(863)	7,680	(1,045,050)	(3,544)	557,284
2014 Total	(912,540)	(41,517)	(54,000)	(2,943)	10,866	(1,000,134)	(3,296)	549,644

In 2015, the Company put into operation a newly acquired concrete plant at Ústí nad Orlicí (acquisition of concrete plant technology and land) at the amount of CZK 4 million. Purchases of vehicles from lease companies accounted for major additions.

The total value of small tangible fixed assets which are not reflected in the accompanying balance sheet was CZK 26,551 thousand and CZK 26,718 thousand as at 31 December 2015 and 2014, respectively.



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Financial Statements for the Year Ended 31 December 2015

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

Summary of changes in long-term financial investments.

	Balance as at 31/ 12/ 2013	Disposals	Revaluation	Balance as at 31/ 12/ 2014	Revaluation	Balance as at 31/ 12/ 2015
Subsidiaries	368,366	(70,642)	-	297,724	-	297,724
Associates	14,297	-	(1)	14,296	-	14,296
Loans to subsidiaries and associates	19,443	-	213	19,656	(496)	19,160
Total	402,106	(70,642)	212	331,676	(496)	331,180

Subsidiaries and associates as at 31 December 2015 were as follows (in CZK thousands):

Name	ZAPA beton SK s.r.o. Vajnorská 142, 730 00 Bratislava	Beton Union Plzeň s.r.o. Chotěšovská 279, 314 60 Plzeň	ZAPA UNISTAV, s.r.o. Moravanská 224/98, 619 00 Brno	EKO ZAPA beton, a.s. Čerčanská 2053/18, 140 00 Prague 4
Registered office	Bratislava	Plzeň	Brno	Prague 4
Currency	EUR	CZK	CZK	CZK
Percentage of ownership	99,96	71,20	50	50
Total assets	19,008	97,658	56,935	28,647
Equity	8,449	83,792	45,199	20,632
Basic capital and capital funds	11,952	32,068	24,650	13,891
Funds created from profit	293	3,160	2,000	202
Retained earnings/Accumulated loss	(5,187)	44,814	8,312	-
Profit/loss for the current year	1,451	3,750	10,237	6,539

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. Chotěšovská 279, 314 60 Plzeň	ZAPA UNISTAV, s.r.o. Moravanská 224/98, 619 00 Brno	EKO ZAPA beton, a.s. Čerčanská 2053/18, 140 00 Prague 4
Registered office	Bratislava	Plzeň	Brno	Prague 4
Currency	EUR	CZK	CZK	CZK
Percentage of ownership	99,96	71,20	50	50
Total assets	17,831	95,333	49,293	25,398
Equity	6,998	80,042	40,442	18,518
Basic capital and capital funds	11,952	32,068	24,650	13,891
Funds created from profit	293	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

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 estimated net realizable value by an allowance account. In 2015, an allowance of CZK 3,385 thousand (2014: CZK 2,954 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 2015 and 2014, 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
2015	Gross	208,324	102,306	4,640	11,011	27,534	141,754	287,245	495,569
	Allowances	5,748	6,285	81	6,208	23,954	122,057	158,585	164,333
	Net	202,576	96,021	4,559	4,803	3,580	19,697	128,660	331,236

The Company wrote off irrecoverable receivables of CZK 29,823 thousand and CZK 20,835 thousand in 2015 and 2014, respectively due to cancellation of bankruptcy proceedings, unsatisfying the claims in bankruptcy proceedings, etc.

As at 31 December 2015 and 2014, the Company had CZK 15,353 thousand and CZK 22,008 thousand, respectively of long-term receivables relating to ceded receivables.

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/ 2013	Merger effect	Additions	Deductions	Balance as at 31/12/ 2014	Additions	Deductions	Balance as at 31/12/ 2015
Fixed assets	2,893	417	249	(263)	3,296	248	-	3,544
Inventory	1,950	-	2,954	(1,950)	2,954	3,385	(2,954)	3,385
Receivables – legal	85,059	120	89,447	(62,856)	111,770	29,428	(21,080)	120,118
Receivables – other	74,097	1,238	140,043	(149,867)	65,511	143,724	(152,951)	56,284

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

In 2015, the Company released a portion of costs of CZK 515 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 included a restricted account with a balance of CZK 8,490 thousand 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 was restricted. In the cash flow statement, the amount was recorded as an increase in receivables while cash and cash equivalents were reduced by the same amount. In 2015, funds in the amount of CZK 8,730 thousand were transferred from the account maintained with Komerční banka a.s. in Liberec to a special blocked account opened with UniCredit Bank Czech and Slovakia, a.s. with the consent of the Mining Authority for the territory of Liberec and Hiland Regions. In the cash flow statement, the amount was recorded as an increase in receivables while cash and cash equivalents were 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.

10. EQUITY

Statement of changes in equity (in CZK thousands):

	Balance as at 31/ 12/ 2013	Increase	Decrease/ merger effect	Balance as at 31/ 12/ 2014	Increase	Decrease	Balance as at 31/ 12/ 2015
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	-	(26,173)	325,233	-	-	325,233
Profit/(loss) for the year	46,732	122,500	(46,732)	122,500	162,584	(122,500)	162,584

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 2015 and 2014, the Company held 3,002 own shares with the total value of CZK 300,200 thousand.

The sole shareholder's decision of 25 March 2015 approved the distribution of the current year profit after tax of CZK 122,500 thousand to the sole shareholder. The sole shareholder's decision of 26 March 2014 approved the distribution of the current year profit after tax of CZK 46,732 thousand to the sole shareholder.



11. PROVISIONS

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

Provisions	Balance as at 31/ 12/ 2013	Merger effect	Additions	Deductions	Balance as at 31/ 12/ 2014	Additions	Deductions	Balance as at 31/ 12/ 2015
Legal	5,492	7,186	2,851	(450)	15,079	3,200	(717)	17,562
Other	26,446	20,928	13,275	(17,670)	42,979	(5,607)	(2,396)	34,976

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 2015 and 2014, the Company had current liabilities overdue for more than 180 days totaling CZK 60 thousand and CZK 1,361 thousand, respectively.

As at 31 December 2015 and 2014, the Company had liabilities of CZK 8,576 thousand and CZK 8,475 thousand, respectively owing to social security and health insurance premiums.

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):

	2015	2014
Profit before taxes	200,387	151,954
Non-taxable revenues	(4,953)	(17,135)
Difference between book and tax depreciation	(1,458)	8,043
Non-deductible expenses		
Creation of allowances	(8,548)	(8,834)
Additions	(5,520)	(1,994)
Other (e.g. entertainment expenses, shortages and losses)	3,413	15,586
Taxable income	183,321	147,621
Current income tax rate	19 %	19 %
Tax	34,830	28,048
Tax allowances (Section 35)	(122)	-
Adjustment of the tax paid in previous years	(396)	(332)
Current tax expense	34,312	27,716



ZAPA beton a.s.
Financial Statements for the Year Ended 31 December 2015

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

Deferred tax items	2014		2015	
	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)	-	(21,324)
Other temporary differences:				
Allowance against receivables	12,447	-	10,694	-
Allowance against inventory	562	-	643	-
Allowance against fixed assets	-	-	-	-
provisions	8,166	-	6,646	-
Total	21,175	(21,025)	17,983	(21,324)
Net	150	-	-	(3, 341)

15. LEASES

As at 31 December 2015 and 2014, assets which are being used by the Company under lease arrangements consist of the following (in CZK thousands):

In 2014 the lease period varied between 48 to 60 months. Starting 2015 the lease period is from 48 to 72 months for trucks and passenger cars.

Description	Terms/ Conditions	Expense in 2014	Expense in 2015
Trucks	48 – 72 months	22,005	17,086
Passenger cars	48 – 72 months	7,047	5,577
Concrete plant technology	48 – 60 months	286	-

16. REVENUES

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

	2014		2015	
	Domestic	Foreign	Domestic	Foreign
Goods - concrete	4,210	174	8,718	-
Goods - stone	22,006	-	8,021	-
Goods - land	-	-	5,195	-
Other	2,793	-	2,562	1,108
Revenues from the sale of goods	29,009	174	24,496	1,108

	2014		2015	
	Domestic	Foreign	Domestic	Foreign
Sale of product - concrete	1,603,336	304	1,529,804	-
Sale of product - stone	99,017	-	112,522	-
Other revenues	1,663	-	891	-
Services - freight	330,988	832	323,439	1,503
Services - rent	1,064	562	1,515	617
Other services	8,954	5,925	7,728	484
Revenues from the sale of products and services	2,045,022	7,623	1,975,899	2,604

In 2015 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		2015	
	Total personnel	Members of managerial bodies	Total personnel	Members of managerial bodies
Average number of employees	495	44	485	42
Wages and salaries	244,218	47,753	234,487	38,394
Bonuses of members of the corporation	3,024	3,024	1,118	1,118
Social security and health insurance	79,245	12,465	78,802	11,643
Social cost	870	2,410	175	2,465
Total personnel expenses	327,357	62,628	314,582	53,620

The members and former members of statutory and supervisory bodies received total bonuses and other remuneration of CZK 1,118 thousand and CZK 3,024 thousand in 2015 and 2014, 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 2015 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 11,250 thousand and CZK 18,387 thousand in 2015 and 2014, respectively.

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

Related party	2014	2015
Cement Hranice a.s	56	5
Dyckerhoff GmbH	5,351	-
ZAPA BETON Hungária Kft.	255	658
ZAPA beton SK	47,650	51,437
ZAPA UNISTAV	565	795
SONDA	-	-
EKO ZAPA	1,443	958
Beton Union Plzeň	419	23
Total	55,739	53,876

The Company purchases products and receives services from related parties in the ordinary course of business. Purchases were CZK 349,865 thousand and CZK 356,314 thousand in 2015 and 2014, respectively.

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

Related party	2014	2015
Cement Hranice a.s	63,808	60,172
Dyckerhoff GmbH	9,260	2,675
ZAPA beton SK	527	405
ZAPA UNISTAV	128	99
EKO ZAPA	131	74
Beton Union Plzeň	-	68
Total	73,854	63,493



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

Related party	Terms/ Conditions	2014	2015
ZAPA beton SK s.r.o.	Due date 31/12/2018	19,656	19,160

As at 31 December 2015 and 2014, outstanding interest on the loan to ZAPA beton SK s.r.o. amounted to CZK 23,013 thousand and CZK 22,609 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):

Loans extended	Balance as at 31/12/2014	Balance as at 31/12/2015
Cement Hranice	238,664	100,305
Total	238,664	100,305

19. SIGNIFICANT ITEMS OF INCOME STATEMENT

Consumption of purchased items as at 31 December were as follows (in CZK thousands):

	2014	2015
Consumption of material	1,121,993	1,031,661
Consumption of energy	29,237	23,565
Total consumed purchases	1,151,230	1,055,226

Other operating expenses as at 31 December were as follows (in CZK thousands):

	2014	2015
Gifts	804	636
Write-off of receivables and ceded receivables	20,835	29,823
Other operating costs	21,368	18,149
Total other operating costs	43,007	48,608

Statutory auditor's fees as at 31 December were as follows (in CZK thousands):

	2014	2015
Audit of the financial statements	808	817

20. SUBSEQUENT EVENTS




On 11 January 2016 an Agreement for coordinated actions in the process of transfer of interest in Beton Union Plzeň s.r.o. was made by and between the Company and future assignee, the company IJZ, s.r.o. with its registered address at Zruč-Senec, Jedlová 357, postal code 330 08, business reg. No. 25223780, a company recorded with the Registration Court in Plzeň, File No. C 10251. The subject-matter of the Agreement is the transfer of the entire interest of future assignor, ZAPA beton a.s.



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):
			
29 February 2016	Marco Duranda	Lenka Hrušková	Jiří Haša



ZAPA beton a.s. as at 31 December 2015

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)
(Translation of financial statements originally issued in Czech - see Note 2 to the financial statements)

Appendix 1

CASH FLOW STATEMENT

For the years ended 31 December 2015

		Current year	Prior year 2 014
Cash flows from operating activities			
Z.	Profit or loss on ordinary activities before taxation (+/-)	200,387	151,954
A. 1.	Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	59,941	95,297
A. 1. 1.	Depreciation and amortization of fixed assets and write-off of receivables	72,152	75,952
A. 1. 2.	Change in allowances	(199)	18,175
A. 1. 3.	Change in provisions	(5,520)	(1,994)
A. 1. 4.	Foreign exchange differences		
A. 1. 5.	(Gain)/Loss on disposal of fixed assets	(2,356)	(3,931)
A. 1. 6.	Interest expense and interest income	817	2,794
A. 1. 7.	Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)	(4,953)	4,301
A*	Net cash from operating activities before taxation, changes in working capital and extraordinary items	260,328	247,251
A. 2.	Change in non-cash components of working capital	79,351	133,202
A. 2. 1.	Change in inventory	12,391	1,006
A. 2. 2.	Change in trade receivables	41,254	138,847
A. 2. 3.	Change in other receivables and in prepaid expenses and unbilled revenue	3,731	9,210
A. 2. 4.	Change in trade payables	31,511	(15,264)
A. 2. 5.	Change in other payables, short-term loans and in accruals and deferred income	(9,536)	(597)
A**	Net cash from operating activities before taxation, interest paid and extraordinary items	339,679	380,453
A. 3. 1.	Interest paid	(1,453)	(3,541)
A. 4. 1.	Tax paid	(27,904)	(6,170)
A. 5. 1.	Gains and losses on extraordinary items		
A***	Net cash provided by (used in) operating activities	310,322	370,742
Cash flows from investing activities			
B. 1. 1.	Purchase of fixed assets	(62,989)	(28,335)
B. 2. 1.	Proceeds from sale of fixed assets	2,833	7,880
B. 3. 1.	Loans granted	(448)	(895)
B. 4. 1.	Interest received	636	747
B. 5. 1.	Dividends received	4,953	(4,301)
B***	Net cash provided by (used in) investing activities	(55,015)	(24,904)
Cash flows from financing activities			
C. 1. 1.	Change in long-term liabilities and long-term, resp. short-term, loans	(138,359)	(296,985)
C. 2. 1.	Effect of changes in basic capital on cash		
C. 2. 2.	Profit shares paid	(122,500)	(46,732)
C. 2. 3.	Effect of other changes in basic capital on cash		
C***	Net cash provided by (used in) financing activities	(260,859)	(343,717)
F.	Net increase (decrease) in cash	(5,552)	2,121
	Increase in cssh due to the merger		6,471
P.	Cash and cash equivalents at beginning of year	24,124	7,042
R.	Cash and cash equivalents at end of year	18,572	15,634

Prepared on:	Signature of accounting entity's statutory body:	Person responsible for accounting (name, signature):	Person responsible for financial statements (name, signature):
29.2.2016	Marco Duranda	Lenka Hrušková	Jiří Haša tel. +420 581 829 428

(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 2015, and the income statement, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of ZAPA beton a.s. see Note 1 to the financial statements.

Management's Responsibilities for the Financial Statements

Management is responsible for preparation and presentation of financial statements that give a true and fair view in accordance with accounting principles generally accepted in the Czech Republic, 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 Responsibilities

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 of financial statements that give a true and fair view 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

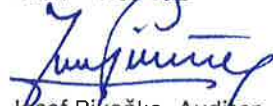
In our opinion, the financial statements give a true and fair view of the financial position of ZAPA beton a.s. as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Czech Republic.

Other Information

Other information comprises information included in the annual report other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information included and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and whether the annual report has been prepared in accordance with applicable law or regulation. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

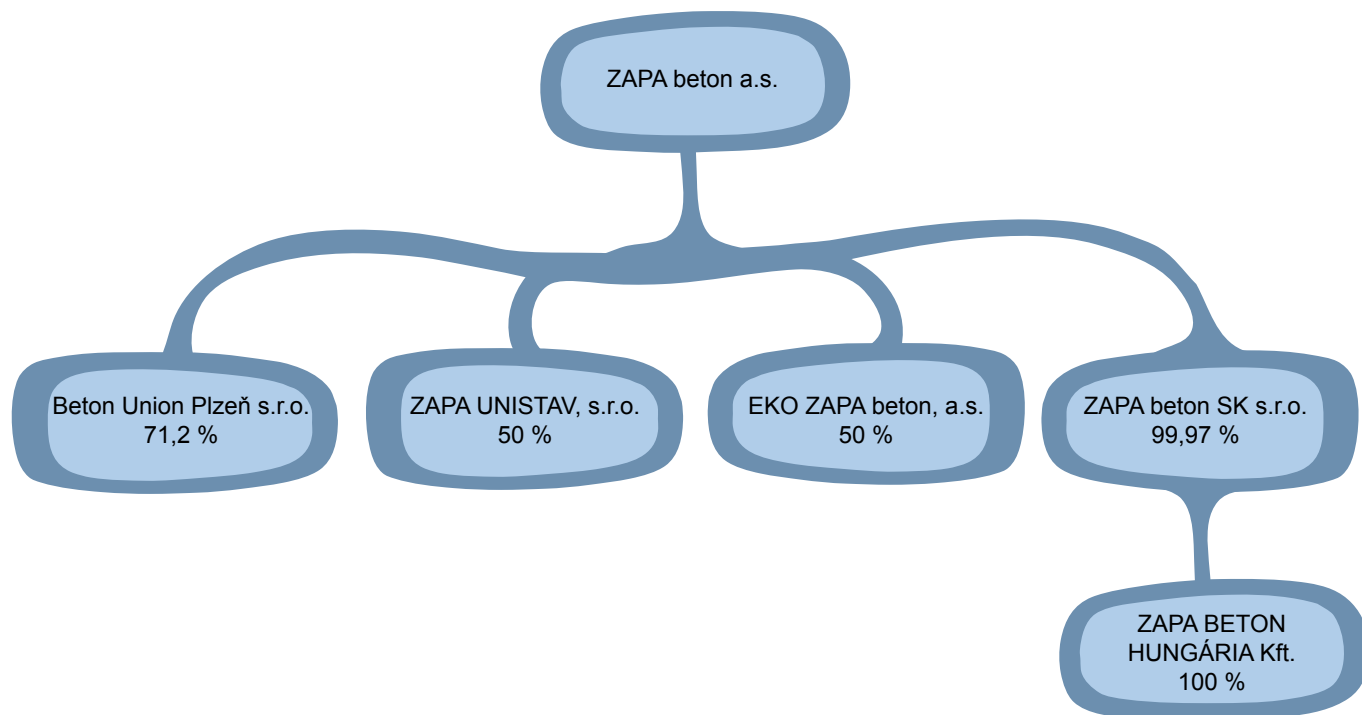


Josef Pivoňka, Auditor
License No. 1963

29 February 2016
Prague, Czech Republic



Equity Participations of ZAPA beton a.s. (as of 31st December 2015)





Related Party Transactions Report

of the company

ZAPA beton a.s.

Vídeňská 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 68, 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
Fax:	+420 226 004 440
Email:	zapa@zapa.cz

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 68, 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 2015, the Chairman of the Board of Management was Mr Jaromír Chmela, and the other members were Marco Duranda 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 is the Chairman of the Supervisory Board and its other members are Luigi Buzzi 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 2015 consisted of: General Manager Marco Duranda, Director for Bohemia Peter Markulinec, Director for Moravia Vlastimil Hanáček, Director of Quarries and Sandpits and Purchasing Manager 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 were also proxies in the company. Two proxies always acted externally on the company's behalf. The procurations have been cancelled by a decision of the Board of Management on 22nd January 2015 (and erased from the Commercial Register on 26th September 2015).

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, on a quarterly basis, attended joint meetings, at which they discussed the controlled entity's business plan and at which the process of approving legal acts and other measures taken by the Board of Management were carried out, for which the Supervisory Board's consent is needed. For 2016, the frequency of these meetings has been set for 3 meetings a year.
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. During 2015, between the controlled entity ZAPA beton a.s. and the controlling entity Dyckerhoff GmbH, following contracts were concluded: Services Agreement (for technology services provision) (on 1st March 2015) and the International Hiring Out of Labour Agreement (on 6th October 2015). Fulfilment from the Contract on Provision of Information Services, entered into with this company on 1st January 2013 as the provider, was provided. Further the controlling entity invoiced and reinviced the liability insurance, reinviced the consultancy services for SAP and invoiced AFI service and Opentext.
2. In 2015, Buzzi Unicem SpA, as the lender, provided fulfilment according to the International Hiring Out of Labour from 19th February 2014. Further fulfilment from the sale of a device for the laboratory in Hranice was provided (seller: Buzzi Unicem SpA). No other contracts, which could be categorised under the group of mutual contracts, have not been entered into.
3. Within the business grouping in 2015, 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

- Services Agreement (for technology services provision) 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 bulk cement, where Cement Hranice, joint-stock company, is the supplier,
 - The Contract for Work of 29th May 2015, in which Cement Hranice, joint-stock company, is specified as the contractor for ensuring IT services and related activities, entered into for the period from 1st April 2015 to 31st December 2015,
 - 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 of 25th September 2009, with the market interest rate of O/N PRIBOR + 0.6%,
 - The Lease Contract of 31st August 2000, with an Amendment No. 14 of 17th March 2015, with Cement Hranice, joint-stock company, as the Lessor, for leasing of land for the concrete mixing plant in Hranice,
 - Lease Contracts, with Cement Hranice, joint-stock company, as the Lessor, for leasing of business space (offices, laboratory with equipment, sanitary facility) including services, three contracts concluded during 2015, lease for an indefinite period of time, with 3-months cancellation period,
 - 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 and since 1st August 2015 also for the laboratory in Hranice, as amended by the Amendment No. 2 of 31st July 2015, to this contract
 - The Contract on Composite Supply of Electricity of 31st July 2015, with automatic prolongation, Cement Hranice, joint-stock company, as the supplier, supplies for laboratory in Hranice,
 - Two Contracts on Cession of a Receivable owed by PB SCOM s.r.o. of 11th February 2015 and 9th March 2015, with ZAPA as the cessor,
 - The Liability Insurance Contract of 12th February 2015, 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 2015 and reinviced each other based on individual orders for the costs connected with operation of the plant, such as costs for water consumption, fuel, sale of low-value tangible assets, subsidiary material, cleaning services etc., with total costs for ZAPA of CZK 122,870 and revenues of CZK 329,540.
4. It was decided by the sole shareholder on 25th March 2015 to pay dividends for 2014 in the total amount of CZK 122,500,000.
5. 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 2015, 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 29th February 2016

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