



**Condensed interim separate financial statements of  
Mostostal Warszawa S.A.**

**for the period from 01/01/2019 to 30/06/2019**

**SEPARATE PROFIT AND LOSS ACCOUNT**  
for the period of 6 months from 01/01/2019 to 30/06/2019

NO.	PROFIT AND LOSS ACCOUNT	1st half of the year from 01/01/2019 to 30/06/2019 (unaudited)	2nd quarter of the year from 01/04/2019 to 30/06/2019 (unaudited)	1st half of the year from 01/01/2018 to 30/06/2018 (unaudited)	2nd quarter of the year from 01/04/2018 to 30/06/2018 (unaudited)
	<b>Continuing operations</b>				
<b>I</b>	<b>Sales revenue</b>	<b>489,306</b>	<b>272,407</b>	<b>335,139</b>	<b>177,041</b>
	Revenue from construction contracts	483,973	268,605	332,808	175,859
	Revenue from sale of services	5,300	3,800	2,102	1,133
	Revenue from sale of goods and materials	33	2	229	49
<b>II</b>	<b>Cost of goods sold</b>	<b>470,017</b>	<b>268,425</b>	<b>316,946</b>	<b>177,085</b>
<b>III</b>	<b>Gross profit (loss) on sales</b>	<b>19,289</b>	<b>3,982</b>	<b>18,193</b>	<b>-44</b>
IV	Administrative expenses	22,803	11,330	25,596	13,576
V	Other operating income	125	113	1,911	590
VI	Other operating expenses	2,319	1,995	1,437	727
<b>VII</b>	<b>Profit (loss) from operations</b>	<b>-5,708</b>	<b>-9,230</b>	<b>-6,929</b>	<b>-13,757</b>
VIII	Financial revenue	5,962	5,908	3,222	3,163
IX	Financing costs	5,715	2,606	14,641	10,730
<b>X</b>	<b>Gross profit (loss)</b>	<b>-5,461</b>	<b>-5,928</b>	<b>-18,348</b>	<b>-21,324</b>
XI	Income tax	2,621	1,481	-1,876	-3,549
	a) current		0	0	0
	b) deferred	2,621	1,481	-1,876	-3,549
<b>XII</b>	<b>Net profit (loss) from continuing operations</b>	<b>-8,082</b>	<b>-7,409</b>	<b>-16,472</b>	<b>-17,775</b>
XIII	<b>Discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
XIV	Net profit (loss) from discontinued activities	0	0	0	0
<b>XV</b>	<b>Net profit (loss)</b>	<b>-8,082</b>	<b>-7,409</b>	<b>-16,472</b>	<b>-17,775</b>
	Net profit (loss)	-8,082	-7,409	-16,472	-17,775
	Weighted average number of ordinary shares	20,000,000	20,000,000	20,000,000	20,000,000
	Net profit (loss) per ordinary share (PLN)	-0.40	-0.37	-0.82	-0.89
	Diluted net profit (loss) per ordinary share	-0.40	-0.37	-0.82	-0.89

**SEPARATE STATEMENT OF COMPREHENSIVE INCOME**  
for the period of 6 months from 01/01/2019 to 30/06/2019

	STATEMENT OF TOTAL REVENUE	1st half of the year from 01/01/2019 to 30/06/2019 (unaudited)	2nd quarter of the year from 01/04/2019 to 30/06/2019 (unaudited)	1st half of the year from 01/01/2018 to 30/06/2018 (unaudited)	2nd quarter of the year from 01/04/2018 to 30/06/2018 (unaudited)
	<b>Net profit (loss) for the period</b>	<b>-8,082</b>	<b>-7,409</b>	<b>-16,472</b>	<b>-17,775</b>
	Effective part of profit and loss associated with cash flow hedges	0	0	0	0
	Income tax associated with other comprehensive income items	0	0	0	0
	<b>Other total comprehensive income after tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<i>including items that may be reclassified as profit or loss at a later date</i>	0	0	0	0
	<b>Total comprehensive income</b>	<b>-8,082</b>	<b>-7,409</b>	<b>-16,472</b>	<b>-17,775</b>

**SEPARATE STATEMENT OF FINANCIAL POSITION  
as at 30/06/2019**

NO.	ASSETS	as at 30/06/2019 (unaudited)	as at 31/12/2018
<b>I</b>	<b>Fixed assets (long-term)</b>	<b>83,058</b>	<b>71,756</b>
I.1	Intangible assets	1,374	1,844
I.2	Perpetual usufruct of land	0	0
I.3	Tangible fixed assets	23,786	8,288
I.4	Long-term trade and other receivables	998	1,749
I.5	Investment property	4,858	4,996
I.6	Long-term financial assets	29,764	29,764
I.7	Deferred tax assets	21,788	24,409
I.8	Long-term accruals	490	706
<b>II</b>	<b>Current assets (short-term)</b>	<b>854,900</b>	<b>810,428</b>
II.1	Inventory	9,829	10,006
II.2	Trade and other receivables	359,534	320,863
II.3	Prepayments for works	13,640	5,284
II.4	Short-term financial assets	1,003	0
II.5	Cash and cash equivalents	74,649	101,690
II.6	Assets arising from construction contracts	358,851	347,777
II.7	Other accruals	3,474	3,074
II.8	Fixed assets classified as held for sale	33,920	21,734
	<b>TOTAL ASSETS</b>	<b>937,958</b>	<b>882,184</b>

NO.	EQUITY AND LIABILITIES	as at 30/06/2019 (unaudited)	as at 31/12/2018
<b>I</b>	<b>Equity</b>	<b>48,267</b>	<b>56,349</b>
I.1	Share capital	44,801	44,801
I.2	Supplementary / reserve capital	108,406	108,406
I.3	Reserve capital from reclassification of loans	201,815	201,815
I.4	Retained earnings (loss brought forward)	-306,755	-298,673
	accumulated profit (loss brought forward)	-298,673	-260,473
	profit (loss) for the period	-8,082	-38,200
<b>II</b>	<b>Long-term liabilities</b>	<b>196,999</b>	<b>285,375</b>
II.1	Interest-bearing bank loans and borrowings	120,965	235,769
II.2	Long-term lease liabilities	11,340	1,081
II.3	Long-term trade liabilities	26,161	31,399
II.4	Long-term prepayments for works	23,550	8,202
II.5	Long-term provisions	14,983	8,924
<b>III</b>	<b>Short-term liabilities</b>	<b>692,692</b>	<b>540,460</b>
III.1	Current interest-bearing bank loans and borrowings	130,404	13,519
III.2	Short-term lease liabilities	5,020	801
III.3	Trade liabilities	242,635	213,937
III.4	Other liabilities	54,546	58,602
III.5	Prepayments for works	43,780	36,438
III.6	Short-term provisions	12,782	25,289
III.7	Liabilities arising from construction contracts	11,133	23,659
III.8	Other accruals	180,377	168,215
III.9	Liabilities associated with assets held for sale	12,015	0
<b>IV</b>	<b>Total liabilities</b>	<b>889,691</b>	<b>825,835</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>937,958</b>	<b>882,184</b>

**SEPARATE CASH FLOW STATEMENT**  
for the period of 6 months from 01/01/2019 to 30/06/2019

NO.	CASH FLOW STATEMENT	1st half of the year period from 01/01/2019 by 30/06/2019 (unaudited)	1st half of the year period from 01/01/2018 by 30/06/2018 (unaudited)
<b>I</b>	<b>Cash flows from operating activities</b>		
I.1	Gross profit (loss)	-5,461	-18,348
I.2	Adjustments of items:	-17,956	-30,939
I.2.1	Depreciation	4,514	2,115
I.2.2	Exchange differences	-2,819	9,085
I.2.3	Interest received and paid	5,002	-62
I.2.4	Profit (loss) from investing activities	0	-6
I.2.5	Increase (decrease) in receivables	-46,276	-18,501
I.2.6	Increase (decrease) in inventory	177	-3,609
I.2.7	Increase (decrease) in liabilities, except for loans and borrowings	42,094	55,398
I.2.8	Change in assets and liabilities related to construction contracts and accruals	-11,622	-60,885
I.2.9	Change in provisions	-6,448	-14,763
I.2.10	Income tax paid	0	0
I.2.11	Other	-2,578	289
	<b>Net cash from operating activities</b>	<b>-23,417</b>	<b>-49,287</b>
<b>II</b>	<b>Cash flows from investing activities</b>		
II.1	Sale of tangible and intangible assets	21	6
II.2	Acquisition of tangible and intangible assets	-1,992	-375
II.3	Disposal of financial assets	0	0
II.4	Acquisition of financial assets	0	-7
II.5	Interest and dividends received and paid	0	3,128
II.6	Loans granted	-1,000	0
	<b>Net cash from investing activities</b>	<b>-2,971</b>	<b>2,752</b>
<b>III</b>	<b>Cash flows from financing activities</b>		
III.1	Repayment of finance lease liabilities	-551	-346
III.2	Proceeds from loans and borrowings	0	8,874
III.3	Repayment of loans/credit	0	0
III.4	Interest paid	-102	-256
	<b>Net cash from financing activities</b>	<b>-653</b>	<b>8,272</b>
IV	Net change in cash and cash equivalents	-27,041	-38,263
	Net exchange differences	0	0
<b>V</b>	<b>Cash opening balance</b>	<b>101,690</b>	<b>76,244</b>
<b>VI</b>	<b>Cash closing balance</b>	<b>74,649</b>	<b>37,981</b>

**SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**for the period of 6 months from 01/01/2019 to 30/06/2019**

	Share capital	Supplementa ry / reserve capital	Reserve capital from reclassificatio n of loans	Retained earnings (loss brought forward)	Total equity
<b>First half of 2019 – period from 01/01/2019 to 30/06/2019</b>					
<b>As at 01 January 2019</b>	<b>44,801</b>	<b>108,406</b>	<b>201,815</b>	<b>-298,673</b>	<b>56,349</b>
Profit for the period	0	0	0	-8,082	<b>-8,082</b>
Other comprehensive income	0	0	0	0	<b>0</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-8,082</b>	<b>-8,082</b>
Distribution of previous years' profit	0	0	0		<b>0</b>
Dividends paid	0	0	0		<b>0</b>
<b>As at 30 June 2019</b>	<b>44,801</b>	<b>108,406</b>	<b>201,815</b>	<b>-306,755</b>	<b>48,267</b>
<b>First half of 2018 – period from 01/01/2018 to 30/06/2018</b>					
<b>As at 01 January 2018</b>	<b>44,801</b>	<b>108,406</b>	<b>201,815</b>	<b>-260,473</b>	<b>94,549</b>
Profit for the period	0	0	0	-16,472	<b>-16,472</b>
Other comprehensive income	0	0	0	0	<b>0</b>
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-16,472</b>	<b>-16,472</b>
Distribution of previous years' profit	0	0	0		<b>0</b>
Dividends paid	0	0	0		<b>0</b>
<b>As at 30 June 2018</b>	<b>44,801</b>	<b>108,406</b>	<b>201,815</b>	<b>-276,945</b>	<b>78,077</b>

**Additional Notes  
to the condensed interim separate financial statements  
for the period from 01/01/2019 to 30/06/2019**

1. Overview

For the separate profit and loss account, the condensed interim separate financial statements cover the period of 6 months of 2019 and the second quarter of 2019 and comprise comparative figures for the period of 6 months of 2018 and the second quarter of 2018; for the separate cash flow statement, the financial statements cover the period of 6 months of 2019 and comprise the comparative figures for the period of 6 months of 2018, while the separate statement of financial position prepared as at 30 June 2019 includes comparative figures as at 31 December 2018.

Mostostal Warszawa S.A. (hereinafter "Company", "Mostostal", or "Issuer") is a joint-stock company incorporated under the laws of Poland, registered with the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, under the number 000008820. The Company's registered office is located in Warsaw, at ul. Konstruktorska 12a. The Company's main activities involve construction of residential and non-residential buildings, as specified in the Polish Business Classification (PKD) in section 4120Z. The Company's shares are listed on the Warsaw Stock Exchange (Giełda Papierów Wartościowych w Warszawie S.A.); construction sector.

The Company is established for an indefinite time.

The parent company of Mostostal is Acciona Construcción S.A. The ultimate controlling party is Acciona S.A.

Mostostal Warszawa S.A. prepared the condensed interim consolidated financial statements, which were approved on 24/09/2019.

The aim of the Management Board of Mostostal Warszawa S.A. is to maintain a strong position among the largest construction companies in the country. In order to achieve this objective, the Company takes measures oriented at:

- focusing its activities on the effective organisational structure that guarantees stable financial results and increased margins, which in turn enables further development,
- managing projects while maintaining the highest quality, taking care of safety on construction sites and supporting related initiatives,
- strengthening the role of Mostostal Warszawa SA as the Company's main management centre and enhancing cooperation within the Group in the area of development of regional centres,
- maintaining a nationwide network of representative offices, capable of providing services in all the segments of civil works, as a general contractor,
- development by the R&B Department of new technologies to improve implementation processes as well as to develop and enhance the engineering ideas, and
- maintaining the heritage of Polish engineering knowledge and development of technical knowledge through close cooperation with the research centres and by improving the level of education of future engineers by sharing knowledge and experience gained during 70 years of its activities.

As of 24/09/2019, the Management Board was composed of:

Miguel Angel Heras Llorente, President of the Management Board  
Jorge Calabuig Ferre, Vice-President of the Management Board  
Alvaro Javier De Rojas Rodríguez, Member of the Management Board  
Jacek Szymanek, Member of the Management Board  
Radosław Gronet, Member of the Management Board

As of 24/09/2019, the Supervisory Board was composed of:

Antonio Muñoz Garrido, Member of the Supervisory Board  
José David Márquez Arcos, Member of the Supervisory Board  
Javier Lapastora Turpín, Member of the Supervisory Board  
Neil Roxburgh Balfour, Member of the Supervisory Board  
Ernest Podgórski, Member of the Supervisory Board  
Javier Serrada Quiza, Member of the Supervisory Board

On April 24, the Company received information on the resignation of Mr. José Manuel Terceiro Mateos from the position of a member of the Supervisory Board of Mostostal Warszawa SA with effect as of the date of the General Meeting approving the Company's financial statements for the financial year 2018.

On April 14, the Company received information on the resignation of Mr. Francisco Adalberto Claudio Vázquez from the position of a member of the Supervisory Board of Mostostal Warszawa SA with effect as of the date of the General Meeting approving the Company's financial statements for the financial year 2018.

On June 10, the Annual General Meeting of the Company appointed Mr. Antonio Muñoz Garrido and Mr. José David Márquez Arcos as members of the Supervisory Board of Mostostal Warszawa S.A. of the ninth term of office.

## 2. Approval of the Financial Statements

The condensed interim separate financial statements for the first half of 2019 were approved for publication by the Management Board of the Company on 24/09/2019.

## 3. Basis for preparation of the condensed financial statements for the first half of 2019 and accounting principles

### 3.1 Basis for preparation of the Financial Statements

The condensed interim separate financial statements have been prepared with the assumption that the Company would be able to continue its business operations in the foreseeable future.

The condensed interim separate financial statements have been prepared in accordance with the historical cost principle.

In first half of 2019, the Company gross profit on sales in the amount of PLN 19,289 thousand and incurred a net loss of PLN 8,082 thousand. The Company's equity as at 30/06/2019 was positive and amounted to PLN 48,267 thousand. As at the balance sheet date, the Company's short-term liabilities amounted to PLN 692,692 thousand and were higher by PLN 96,260 thousand than current assets less assets, receivables and liabilities arising from construction contracts, which are unlikely to be realized and thus produce a cash inflow to the Company within 12 months from the balance sheet date.

In the first half of 2019, the Company financed its operations using mainly its own funds and borrowings granted by the related party - Acciona Construcción S.A. The loan maturity dates fall for the years 2019-2020. In the event that the Company is forced to repay the loans due, temporary difficulties in settlement of the Company's liabilities may occur. As of the date of these financial statements, the Company has not received any assurance from the lender that the loans would be rolled over.

In the third quarter of 2019, the Company sold a property, and recorded a cash inflow in the net amount of PLN 44.97 million. The funds obtained will be allocated to support financing of the Company's operations in the next 12 months.

Based on the analysis of future cash flows, the Company's Management Board estimates that the Company will have sufficient cash to fund its operations in the period of at least 12 months after the balance sheet date. The value of Mostostal Warszawa S.A.'s backlog amounts to PLN 1,705,992 thousand. At the same time, the Company is involved in a number of procurement procedures, which will translate into winning new contracts in the near future, which should also contribute to improved results and cash flows for Mostostal Warszawa S.A.

The above-mentioned events and circumstances indicate the existence of significant uncertainty which may raise serious doubts as to the Company's ability to continue as a going concern.

Despite the factors that may pose a threat to the Company's ability to continue as a going concern such as: negative financial performance, negative cash flows, and uncertainty regarding the roll-over of short-term loans, the Company's Management Board believes that the liquidity and going concern risks are properly managed. Therefore, according to the Management Board, the going concern assumption for the Company is appropriate.

### 3.2 Compliance statement

These condensed interim separate financial statements have been prepared in accordance with the International Accounting Standard 34 – Interim Financial Reporting, as approved by the EU. These condensed interim separate financial statements should be read together with the audited separate financial statements of the Company for the year ended 31 December 2018 and the related additional information. The condensed interim separate financial statements of Mostostal Warszawa S.A. have been reviewed by a statutory auditor.

### 3.3 Accounting Policies

Detailed accounting policies adopted by the Company are described in the separate financial statements for the year ended 31 December 2018.

The accounting principles (policies) applied in the preparation of these condensed separate financial statements are consistent with those applied in the preparation of the annual separate financial statements of the Company for the year ended 31 December 2018, except for the accounting principles related to entry into force of IFRS 16 as of 01/01/2019, which have been described in Note 3.4.

### **Standards, amendments, interpretations and clarifications to the standards applied for the first time in 2019**

- IFRS 16 "Leases"
- Amendments to IAS 28 "Investments in Associates and Joint Ventures" - Long-term interests in Associates and Joint Ventures,
- Amendments to IFRS 9 "Financial Instruments" – Prepayment Features with Negative Compensation,
- Amendments to various standards, Improvements to IFRSs (2015-2017 cycle),
- Amendments to IAS 19 "Employee Benefits" – Plan Amendment, Curtailment or Settlement,
- Interpretation of IFRIC 23 "Uncertainty over income tax treatments"

### **Standards and interpretations that have been approved by IASB, but have not yet been approved by the EU**

IFRSs, as adopted by the EU, do not differ from the regulations adopted by the IASB, except for the following standards, amendments to standards and interpretations, which as at the date of approval of these statements have not yet been approved for use:

- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 01 January 2021)
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sales or transfers of assets between the investor and the associate or joint venture – the work leading to the approval of these amendments has been postponed indefinitely by the EU – the date of entry into force has been postponed by the IASB for an indefinite period,
- Amendments to IFRS 3 "Business combinations" (effective for annual periods beginning on or after 01 January 2020),
- Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" – Definition of material (effective for annual periods beginning on or after 01 January 2020),
- IFRS 14 "Regulatory Deferral Accounts" – according to the decision of the European Commission, the process of approving the pre-release standard will not be initiated before the release of the final version of the standard (effective for annual periods beginning on or after 01 January 2016),
- Amendments to the Conceptual Framework for IFRS (effective for annual periods beginning on or after 01 January 2020).

The Company does not expect the new standards or amendments to the existing standards to have a significant impact on its statements.

### **3.4. Amendments to accounting policies and principles for preparation of financial statements**

From 01 January 2019, the Company has for the first time applied the standard IFRS 16 "Leases".

The standard establishes the rules for the recognition, measurement, presentation and disclosures relating to the lease. All lease transactions result in obtaining by the lessee of the right to use the assets and liabilities arising from the payment obligation. Therefore, IFRS 16 removes the classification of operating leases and finance leases hitherto regulated by IAS 17 and introduces a single model for the accounting for leases by the lessee. Currently, the lessee is required to recognize:

- (a) assets and liabilities for all leases entered into for a period of over 12 months, except when the asset is of low value; and
- (b) depreciation of leased assets separately from the interest on the lease liability in the profit and loss account.

As a result of the analysis carried out by the Management Board, as of the date of the first application of IFRS, new significant assets were recognized in the Company's balance sheet that meet the criteria of the new standard. These include:

- right to perpetual usufruct
- the right to use office space (based on a rental agreement),
- the right to use cars.

### **Method for implementation of the IFRS 16 and the impact on the opening balance**

The company applied the standard retrospectively with the combined effect of the first application recognized on the first application date. The Company did not restate the corresponding figures, and the total effect of the first application was recognized as an adjustment to the opening balance of retained earnings on the date of the first application.

As a result of the analysis of lease agreements, the Management Board determined that the application of the new standard had no impact on the financial results presented so far and there was no need to adjust the opening balance of retained earnings as at 1 January 2019.

The Company decided to take advantage of the exemption regarding short-term leases and leases in which the underlying asset is of low value. In this case, the Company recognizes lease payments as costs under the profit and

loss account. The equivalent of USD 5,000 in PLN has been considered as the low value. The recognition exemption for short-term leases has been applied to all types of the right-of-use assets, except for the right to use cars.

With regard to contracts identified as leases prior to the date of first application of IFRS 16 i.e. in accordance with IAS 17, the Company used the practical solution provided for under IFRS 16 and did not reassess whether the contract is a lease. Therefore, IFRS 16 was not applied to contracts that were not identified as leases prior to the date of the first application.

### **First application of IFRS 16**

For leases previously classified as operating leases, as at the date of the first application (with the exception of low-value contracts and those maturing within 12 months), the Company recognized:

- liability measured as the present value of the remaining lease payments, discounted at the marginal interest rate for the Company's leases on the date of the first application;
- right-of-use assets – in the amount equal to the lease liability.

The identified right-of-use assets were assessed for impairment as at the date of the first application and no need to recognize impairment was found.

The following table illustrates the impact of the first application of the IFRS on the individual items of the statement of financial position:

<b>ASSETS</b>	<b>as at 31/12/2018</b>	<b>adjustments</b>	<b>as at 01/01/2019</b>
<b>Fixed assets (long-term)</b>			
Tangible fixed assets	8,288	14,535	22,823
<b>Current assets (short-term)</b>			
Fixed assets classified as held for sale	21,734	12,531	34,265

<b>EQUITY AND LIABILITIES</b>	<b>as at 31/12/2018</b>	<b>adjustments</b>	<b>as at 01/01/2019</b>
<b>Long-term liabilities</b>			
Long-term lease liabilities	1,081	10,859	11,940
<b>Short-term liabilities</b>			
Short-term lease liabilities	801	3,676	4,477
Liabilities associated with assets held for sale	0	12,531	12,531

The weighted average lessee's incremental borrowing rate of interest applied by the Company to its lease liabilities recognized in the statement of financial position on the date of the first application was 4.02%.

### **Presentation in the Company's financial statements**

The company decided to include the right-of-use assets in the same reporting item under which the assets would be presented if they were owned by the lessee. Therefore, the right-of-use assets were presented in the following items of the separate financial statements:

- Tangible fixed assets (rental and lease agreements for office space and cars);
- Fixed assets classified as held for sale (right to perpetual usufruct)

The Company presented its lease liabilities in the following items of the separate financial statements:

- Long-term lease liabilities
- Short-term lease liabilities
- Liabilities associated with assets held for sale

### **3.5 The principles applied to conversion of selected financial data into EUR**

The following principles have been adopted for conversion of the selected financial data for the first half of 2019 into EUR:

- individual items of the profit and loss account and cash flow account for the first half of 2019 were converted at the PLN/EUR rate of 4.2880, which is the arithmetical mean of the rates announced by the National Bank of Poland for the last days of January, February, March, April, May and June of 2019.
- individual items of assets and liabilities on the balance sheet were converted at the PLN/EUR rate of 4.2520 as published by the NBP on 28/06/2019.

### 3.6 Currency of the financial statements

The condensed interim separate financial statements for the first half of 2019 have been presented in Polish zlotys, and all the values stated – unless indicated otherwise – are rounded off to full thousands of zlotys.

### 4. Long-term construction contracts

#### Selected data – Separate Profit and Loss Account

Item	01/01/2019 – 30/06/2019	01/04/2019 – 30/06/2019	01/01/2018 – 30/06/2018	01/04/2018 – 30/06/2018
Revenue from construction contracts	483,973	268,605	332,243	175,436
Cost of performing construction works	456,271	258,092	306,131	169,926
Result	27,702	10,513	26,112	5,510

Revenue from construction contracts is adjusted for the damages and penalties paid, while the costs of constructions works are reduced by the damages and penalties received.

The costs of construction works include the costs of provisions created for the losses expected on contracts disclosed in section 10 of these condensed interim separate financial statements.

#### Revenue from uncompleted construction contracts as of the balance sheet date

Item	as at 30/06/2019	as at 31/12/2018
Estimated incremental revenue from construction contracts in progress	3,197,717	2,809,809
Incrementally invoiced sales of uncompleted construction contracts	3,010,810	2,647,878
<b>Assets and liabilities arising from construction contracts in progress (on balance)</b>	<b>186,907</b>	<b>161,931</b>
Advances received on uncompleted construction contracts	67,330	44,640
<b>Net balance sheet position for uncompleted construction contracts</b>	<b>119,577</b>	<b>117,291</b>
<b>Reconciliation with the items from the separate statement of financial position:</b>		
Assets and liabilities arising from construction contracts in progress (on balance)	186,907	161,931
Assets arising from construction contracts for completed contracts	160,811	162,187
<b>Assets and liabilities arising from construction contracts (on balance)</b>	<b>347,718</b>	<b>324,118</b>

While implementing the construction contracts in the years 2010-2012, circumstances have arisen for which the Company has not been responsible. These circumstances resulted in losses (damages, increased amounts of unplanned expenditures etc.) that have not been caused by the Company. These circumstances included in particular the following:

- broadened scope of works in relation to the design (tender) conditions communicated to the Company by the customers,
- unexpected and extraordinary increase in the prices of construction materials (including crude oil derivatives and other materials), transport, equipment rental and construction services,
- the need for longer performance of contracts, and accordingly, to incur higher costs *inter alia* as a result of Company's lack of access to the site due to adverse weather conditions, defects in the design documentation supplied by the customer.

In the Company's opinion, these circumstances resulted in changes to contracts with ordering parties (customers) in accordance with contractual provisions and general legal grounds, and the rights to which it is entitled as a result of the changes to those contracts exist and are enforceable (claims submitted to customers). As a consequence, the Company (in accordance with the provisions of IFRS 15):

- (a) estimated the change in the transaction price resulting from the contract modification, taking into account all the information (historical, current, forecasts, legal opinions and expert reports) that were reasonably available,
- (b) included in the transaction price some of the amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In connection with the foregoing, as at 30/06/2019, the Company recognized assets arising from construction contracts for completed contracts due to amendments of contracts with employers (customers) in the amount of PLN 160,811 thousand and compared to the preceding year, their value was adjusted for the reversed provisions from completed contracts.

The aforementioned circumstances and modifications of contracts with ordering parties (customers) did not affect the amount of recognized revenue from construction contracts in the first half of 2019.

In its separate statement of financial position, the Company shows overdue trade receivables in the amount of PLN 207,871 thousand, for which no revaluation write-offs have been recognized, and the assets arising from construction contracts in the amount of PLN 160,811 thousand, associated with the completed contracts, which are subject to the court proceedings. The value of accruals due to uninvoiced construction works under these contracts is PLN 48,200 thousand. The Management Board expects that within 12 months from the date of the report, some of these proceedings, given their progress, may be settled in favour of Mostostal, which will result in settlement of receivables under the contracts in the amount of PLN 21,438 thousand, assets under the contracts in the amount of PLN 48,995 thousand and accruals in the amount of PLN 17,677 thousand.

#### **Selected figures from the separate statement of financial position**

<b>Assets</b>	<b>as at 30/06/2019</b>	<b>as at 31/12/2018</b>
Amounts due from the recipients under construction agreements (long term contracts)	360,532	322,612
- including retained deposits	4,210	7,987
Prepayments for works	13,640	5,284
<b>Assets arising from construction contracts</b>	<b>358,851</b>	<b>347,777</b>

<b>Liabilities</b>	<b>as at 30/06/2019</b>	<b>as at 31/12/2018</b>
Amounts due to the suppliers under construction agreements (long term contracts)	268,796	245,336
- including retained deposits	78,480	82,069
Prepayments for works	67,330	44,640
Reserves for anticipated losses	10,825	12,154
<b>Liabilities arising from construction contracts</b>	<b>11,133</b>	<b>23,659</b>

#### **5. Major changes to estimated amounts**

Preparation of financial statements in accordance with the EU's IFRS requires the Management Board to make judgements, estimates and assumptions that affect the application of the adopted accounting principles and the presented values of assets, liabilities, income and expenses, whose actual values may differ from the estimates. Estimates and related assumptions are based on historical experience and other factors that are considered reasonable in given circumstances, and their results provide the basis for professional judgement. When making judgements, estimates or assumptions regarding major issues, the Management Board may rely on the opinions of independent experts. Estimates and related assumptions are subject to ongoing verification. Changes in accounting estimates are recognized prospectively from the period in which changes to the estimates took place.

Recognition of sales on construction contracts constitutes an essential estimate. The Company recognizes revenue from construction contracts based on inputs measured by reference to the share of costs incurred between the day the contract has been entered into and the day of determining revenue in relation to the total costs of performance. Total revenue from long-term construction contracts denominated in a foreign currency is determined based on the invoices issued by the balance sheet date and the exchange rates applicable as at the balance sheet date. Budgets of individual contracts are subject to a formal update (revision) process with the use of current information, at least once a quarter. In the event of any occurrences between official budget revisions that significantly affect the outcome of the contract, the total contract revenue or costs can be updated earlier.

Information about the created and reversed write-downs is presented in Notes 8 and 9 of this report.

Information on the provisions created and reversed in the reporting period is presented in Note 10 of this report.

The deferred tax assets decreased over the reporting period by PLN 2,621 thousand and as at 30/06/2019 amounted to PLN 21,788 thousand (cf. PLN 24,409 thousand as at 31/12/2018). The Company recognises financial assets from deferred taxes assuming that a tax profit is to be generated in the future that shall allow to use it. Deterioration of tax results in the future could cause the whole or a part of the deferred tax assets not to be realized.

The Management Board has carried out a deferred tax asset recoverability test as at the balance sheet date based on the projections that have been prepared taking into account the planned involvement in the power engineering and infrastructure sectors. The test demonstrates the realization of a deferred tax asset in the amount of PLN 21,788 thousand. In the opinion of the Management Board, the realisation of the deferred tax assets due to tax losses will be possible in the years 2019-2022.

#### 6. Seasonality or cyclicity of the Company's operations in the first half of 2019

The activities of the Company depend on weather conditions. The Group is significantly less active during winter than during other seasons. The atmospheric conditions in the first half of 2019 had no significant effect on the Company's operations and the results it achieved.

#### 7. Amounts and types of items affecting the assets, liabilities, equity, net financial result or cash flows, which are exceptional due to their type, value or frequency

Over the 1st half of 2019, there were no extraordinary events that would have significant impact on the financial results achieved.

#### 8. Impairment of inventory to net realizable value and reversal of the respective allowances

In the first half of 2019, no impairment of inventory was recognized or reversed.

#### 9. Impairment of financial assets, tangible assets, intangible assets, or other assets, and the reversed impairment losses

In the first half of 2019, the write-downs on the amounts receivable of PLN 432 thousand were reversed, the write-downs in the amount of PLN 635 thousand in this respect were recognized, and the write-downs of PLN 2.367 thousand were used.

#### 10. Information on creation, increase, use and reversal of provisions

<b>30 June 2019</b>	Reserve for anniversary awards and retirement bonuses	Provision for anticipated losses on contracts	Reserve for warranty repairs	Provision for litigation	Total
As of 01/01/2019	1,944	12,154	14,841	5,274	34,213
Created during the financial year	0	2,424	1,095	0	3,519
Used	0	-3,753	-1,641	-4,452	-9,846
Dissolved	0	0	-121	0	-121
<b>As at 30/06/2019</b>	<b>1,944</b>	<b>10,825</b>	<b>14,174</b>	<b>822</b>	<b>27,765</b>

  

Long-term 30/06/2019	1,492	1,239	12,252	0	<b>14,983</b>
Short-term 30/06/2019	452	9,586	1,922	822	<b>12,782</b>

#### 11. Significant acquisitions and disposals of tangible fixed assets

On 30 April 2019, the Company and Ammann Asphalt GmbH entered into the agreement, whereby the Company acquired the Production Plant of Mineral and Asphalt Mixes AMMANN (UNIBATCH 240) for a total net amount of EUR 2.08 million (equal to PLN 8.90 million, according to the average NBP exchange rate of 30 April 2019). The Production Plant of Mineral and Asphalt Mixes will be used for infrastructural contracts performed by the Company. The advance payment made in connection therewith as at 30/06/2019 amounted to PLN 1,782 thousand.

#### 12. Significant liabilities related to purchase of tangible fixed assets.

In the first half of 2019, there were no significant liabilities arising from the purchase of property, plant and equipment.

#### 13. Significant litigation settlements

On 30 January 2019, the Appellate Court in Szczecin passed a judgement in a case brought by Korporacja Budowlana DORACO Spółka z o.o. ("DORACO") against Mostostal Warszawa S.A., whereby it dismissed the Company's appeal and upheld the decision of the District Court in Szczecin of 28 April 2017, pursuant to which the Court ruled that the Company shall pay to DORACO the amount of PLN 10.93 million plus statutory interest accrued from 28 March 2015 until the payment date. Mostostal paid the above amount to DORACO in the first quarter of 2019. DORACO claimed liquidated damages from Mostostal Warszawa S.A. for withdrawal by DORACO (due to the Company's fault) from the subcontract for construction works under the project "Construction of the Waste Incineration Plant for the Municipal Area of Szczecin". The resolution of the dispute had no impact on the Company's profit (loss) for the first half of 2019, due to the fact that DORACO's claim was covered by a provision created in the preceding reporting periods.

#### 14. Corrections of prior period errors

In the reporting period, there were no corrections of errors from previous periods.

#### 15. Issuances, repurchases, and repayments of debt and equity securities

In the first half of 2019, no shares were issued. No debt or equity securities were repaid.

On July 2, 2019, Acciona Construcción SA announced a public tender offer for Mostostal Warszawa's shares. The public tender offer was announced in connection with the planned acquisition by Acciona Construcción of the Company's shares accounting for 100% of the total number of votes at the Company's general meeting. As a result of the Public Tender Offer, Acciona purchased 2,407,655 (two million four hundred and seven thousand six hundred and fifty five) shares accounting for 12,04 % of the total number of shares in the Company.

#### 16. Dividends paid (declared) by the Issuer

In the first half of 2019, the Company did not pay any dividends.

On 10 June 2019, the Annual General Meeting of Mostostal Warszawa S.A. resolved to allocate future profits to absorb the net loss for 2018 in the amount of PLN 38,200 thousand.

#### 17. Changes in the basic principles of governance

There were no significant changes to the Company's corporate governance principles in the reporting period.

#### 18. Events that occurred after the balance sheet date as at which the condensed interim financial statements were prepared and which may have a significant impact on the future results.

On 02 July 2019, the Company withdrew from the uncompleted part of the contract concluded on 17 October 2016 with the District Board of Infrastructure in Gdynia, as amended, under the project entitled "Conversion of the building No. 20 into the staff and office building with a kitchen, canteen, food storage room and the briefing room at the military complex in Redzikowo, Project No. 13746" (Contract No. 682/IV/FIN/2016 and Annexes thereto).

On August 9, the Company and GE Power Sp. z o.o. ("GE Power") with its registered office in Warsaw entered into the contract for the implementation of a subcontract entitled "Execution of Construction Works at the Construction Site of the Ostrołęka C Power Plant with a capacity of approx. 1000 MW - Packages V30, V02, V20, V32 and V33". Contract value: net amount of PLN 609 million and an option for the construction of the engine room and electrical building. Time limit for completion: 33 months.

On 3 September the Company concluded the agreement with the AGH University of Science and Technology in Krakow for the execution of the task entitled "Construction of the Faculty of Physics and Applied Computer Science building at the AGH in Krakow KC - zp. 272 - 400/19". Contract value: PLN 36.29 million gross. Implementation period: 19 months.

In connection with the fulfilment of the conditions set in the letter of intent regarding the Company's intent to sell the property located at ul. Krakowiaków 91/101 on 6 September 2019, the agreement was concluded a company from data center business. As a result of the agreement the Company will raise PLN 44.97 million. The decision to sell this nonstrategic property was to increase the Company's liquidity and reduce creditors' liabilities.

**19. Changes in collaterals of commercial contracts and in contingent liabilities, which occurred after the last balance sheet date.**

19.1. Contingent liabilities

**Contingent liabilities**

No.	Item	30/06/2019	31/12/2018
(a)	Lubelskie Region Oncology Centre – claims in respect of a penalty for withdrawal from the contract, reduction of remuneration, additional and safety works (description in Note 20.1 item a)	27,072	27,072
(b)	Gamma Inwestycje Sp. z o.o. – claim for a contractual penalty related to the construction of the housing estate 'Zielona Italia' (description in Note 20.1 item b)	15,784	15,784
(c)	Energa Kogeneracja S.A. – construction of a power unit in Elbląg – claim for reduction of remuneration and a contractual penalty for non-compliance with the parameters (description in Note 20.1 item c)	114,386	114,386
(d)	University of Białystok – Construction of the Institute of Biology and the Faculty of Mathematics and Computer Science, together with the University Computing Centre in Białystok – claim for a contractual penalty (description in Note 20.1 item d)	66,718	66,718
(e)	Agencja Rozwoju Miasta S.A. – construction of the Czyżyny Sports and Entertainment Arena in Kraków – claim for a contractual penalty (description in Note 20.1 item e)	20,822	20,822
(f)	Biomatec Sp. z o.o. – claim for remuneration (description in Note 20.1 item f)	22,876	22,876
(g)	Cestar A.Cebula J.Starski s.j. – claim for remuneration (description in Note 20.1 item g)	12,689	12,689
(h)	– University of Białystok – claim for a contractual penalty (description in Note 20.1 item j)	204,967	204,967
(l)	Municipality of Olsztyn – claims for liquidated damages and reimbursement of substitute performance costs (Description in Note 20.1 item k)	0	13,560
(j)	Other	22,029	22,029
	<b>Total</b>	<b>507,343</b>	<b>520,903</b>

Contingent liabilities as at 30/06/2019 amounted to PLN 507,343 thousand and decreased by PLN 13,560 thousand, compared to the previous year's balance sheet date.

19.2. Collaterals of commercial contracts

**Granted**

Item	30/06/2019	31/12/2018
Promissory notes issued to secure trade agreements	66,810	78,511
Guarantees to secure trade agreements	564,252	533,695
<b>Total contingent liabilities</b>	<b>631,062</b>	<b>612,206</b>

As at 30/06/2019, the collaterals granted to secure trade agreements amounted to PLN 631,062 thousand, which means an increase by PLN 18,856 thousand, as compared to the previous year's balance sheet date.

**Obtained**

Item	30/06/2019	31/12/2018
Guarantees received	45,821	41,748
Bills of exchange received	579	817
<b>Total contingent receivables</b>	<b>46,400</b>	<b>42,565</b>

As at 30/06/2019, the collaterals received to secure trade agreements amounted to PLN 46,400 thousand, which means an increase by PLN 3,835 thousand as compared to the previous year's balance sheet date.

Collaterals of trade agreements to secure repayment promissory notes, bank guarantees, performance bonds and other are related to long-term construction contracts. The collaterals granted and received pertain also to contracts performed in the consortiums.

The Company has no liabilities related to the requirement to purchase fixed assets.

20. Legal proceedings pending before a court, authority competent for the arbitration proceedings or a public administration body

The Company participates in proceedings concerning the receivables with the total value of PLN 1.147.958 thousand and in the proceedings related to liabilities with the total value of PLN 782,851 thousand.

**20.1 Proceedings with the highest value in dispute (Mostostal Warszawa S.A. as a Defendant)**

(a) Lubelskie Region Oncology Centre (Claimant)

Date of the claim: 10/09/2015

Value in dispute: PLN 27,072 thousand

The Claimant seeks payment of liquidated damages on account of the Defendant's withdrawal from the Contract as well as claims for reduction of the amounts due and the claims related to additional and securing works performed by the investor. According to Mostostal Warszawa S.A., the claimed liquidated damages are unfounded. The Company disputes also other claims in their entirety. On 11 September 2012, the Company received a notice from St. John of Dukla Lubelskie Region Oncology Centre on the withdrawal from the contract for designing and conducting construction works for the expansion and modernisation of the Lubelskie Region Oncology Centre ("Contract"). The notice included also a request for the payment of a contractual penalty. The aforesaid Contract was entered into on 03 January 2011 by and between the Lubelskie Region Oncology Centre (the "Employer") and the Consortium composed of: Mostostal Warszawa S.A. – Leader, Acciona Construcción S.A.– Partner, and Richter Med. Sp. z o.o. – Partner ("Contractor"). The Employer withdrew from the Contract due the fact that works were not conducted in accordance with the schedule of works and expenditures as well as the terms and conditions of the Contract, which resulted in delays affecting the agreed Contract completion date. At the same time, the Company filed counter-claims and asserts claims in the amount of PLN 32,461 thousand from the Employer as a payment for additional works performed and reimbursement of unduly charged contractual penalties.

(b) Gamma Inwestycje Sp. z o.o. (Claimant)

Date of the claim: 29/03/2013

Value in dispute: PLN 15,784 thousand

The Claimant, a successor in title of Zielona Italia Sp. z o.o. ("Employer"), seeks liquidated damages from Mostostal Warszawa S.A. for withdrawal from the contract. The company questions the grounds for charging the penalty in entirety, since it was the first to withdraw from the contract, which provided for construction of a complex of multi-family residential buildings with commercial premises and underground garages "Zielona Italia" ("Contract"). The reason behind the withdrawal was the Investor's failure to accept the completed works, despite Mostostal Warszawa S.A.'s repeated requests to do so. As a result of the withdrawal from the Contract for the reasons attributable to the Employer, Mostostal Warszawa S.A. charged contractual penalties in the amount of PLN 15,784 thousand (not included in revenue). In response to this, Zielona Italia Sp. z o.o. charged the Company with contractual penalties in the amount of PLN 15,784,000. As the Management Board of the Company considers the liquidated damages to be charged unreasonably, this amount has not been included in the contract measurement. The dispute on the lack of grounds to charge liquidated damages from the Company is under examination by the Court.

(c) Energa Kogeneracja Sp. z o.o. (Claimant)

Date of the claim: 24/07/2017

Value in dispute: PLN 114,386 thousand

The Claimant asserts cash claims in connection with the construction of the BB20 biomass unit in Elbląg. The Claimant's claims are based on the allegations that the BB20 biomass unit in Elbląg, constructed by Mostostal Warszawa S.A. and commissioned in July 2014 has defects, does not achieve the guaranteed parameters and requires modernization. The amount of the claim covers three groups of claims i.e.: (1) contractual penalties in the amount of PLN 15,170 thousand PLN being a part of the total amount of contractual penalties, of which PLN 7,378 thousand was paid to the Claimant under the bank guarantee and the remaining part of which is claimed in the proceedings in question; (2) claim for reducing the contractual price in the amount of PLN 90,286 thousand PLN; and (3) capitalized interest in the amount of PLN 959 thousand. After the analysis of the claim, the Company is of the view that both the Energa's claim for contractual penalties in connection with the failure to achieve the guaranteed technical parameters of the Block and the claim for a reduction of the contractual remuneration are unfounded. In particular, the Company indicates that in its opinion, the Claimant operated the Block in violation of the terms and conditions of the Contract as well as operation/maintenance instructions i.e. using the fuel with the parameters contrary to the provisions of the Contract, and further they have failed to conduct the measurement of the guaranteed parameters in accordance with provisions of the Contract. Mostostal Warszawa S.A. disputes these claims in their entirety and finds them unjustified. The statement of defence and the counter-claim for the amount of PLN 7,378 thousand were submitted by Mostostal Warszawa S.A. on 15/12/2017.

(d) University of Białystok (Claimant)

Date of the claim: 03/02/2015

Value in dispute: PLN 66,718 thousand

The subject of the statement of claim is the Claimant's demand for payment of various contractual penalties in connection with the performance of the Contract of 25/01/2011 for the "Construction of the Institute of Biology and the Faculty of Mathematics and Computer Science, together with the University Computing Centre" and the Contract of

25/01/2011 for the regarding the "Construction of the Faculty of Physics and the Institute of Chemistry" under the Operational Program "Infrastructure and Environment". Mostostal Warszawa S.A. disputes these claims in their entirety and finds them unjustified. In the court proceedings, Mostostal Warszawa S.A. presents a number of obstacles which objectively had a significant impact on the performance of construction works, and thus the completion date, justifying the lack of grounds for charging contractual penalties. Mostostal Warszawa SA brought a counter claim against the Claimant for the amount of PLN 83,435 thousand in respect of overdue payment plus interest, indirect costs resulting from the extension of the contract completion deadline and other additional works. The claim have been referred to negotiations. At the joint request of the parties, the proceedings were suspended on 24/04/2019.

(e) Agencja Rozwoju Miasta S.A. (Claimant)

Date of the claim: 22/07/2016

Value in dispute: PLN 20,822 thousand

The Plaintiff demands that the Company shall pay contractual penalties for late completion of the "Construction of the Sports Hall Czyżyny in Krakow" – currently TAURON Arena Krakow. Having analysed the lawsuit, the Company disputes the legitimacy and the amount of the claim submitted by the Claimant and is of the opinion that there were no grounds to charge the penalties. As of 14/04/2014, the Contractor completed 99% of the Contract and the Investor was able to commence the acceptance procedure. Due to the design documentation defects, for which the Investor was responsible, the time for completing the acceptance procedure exceeded the contractual deadline, but not due to the Contractor's fault. During the alleged delay, the Investor was able to fully use the facility. The final permit for operation of the facility was issued already on 12/05/2014, and the first commercial event was held on 30/05/2014 i.e. at the time when the Investor still charged contractual penalties. The Company also has brought a counter-claim against the Claimant for additional works and the other outstanding payments related to the "Construction of the Sports Hall Czyżyny in Krakow" for the amount of PLN 16,439 thousand. The case has been referred for mediation, under which a private opinion is to be prepared.

(f) Biomatec Sp. z o.o. (Claimant)

Date of the claim: 26/05/2014

Value in dispute: PLN 22,876 thousand

The Claimant demands Mostostal Warszawa S.A. to pay the remuneration for the subcontracted works carried out under the project Construction of the 20 MWe biomass-fired power block for Energa Kogeneracja Sp. z o.o. The basis for demanding payment is the claim that the Defendant withdrew from the contract with the Claimant in the situation where the Claimant was ready to perform the same i.e. there were obstacles to the performance of the above-mentioned contract, but on the part of the Defendant. The Company disputes the merits of the Claimant's lawsuit in the entirety. In reply to the lawsuit, Mostostal Warszawa S.A. pleaded that the withdrawal from the contract was for the reasons attributable to the Claimant, while the provisions of the agreement binding upon the parties in the situation discussed exclude the payment of the entire claim to the Claimant, except for the costs incurred by the Claimant until the date of withdrawal. In addition, Mostostal Warszawa SA, in accordance with the agreement concluded, inter alia, with the Claimant, paid to the Claimant all the costs incurred by the Claimant until the date of withdrawal. An expert opinion was prepared in the case, the conclusions of which are unfavourable for the Defendant. Mostostal Warszawa S.A. raised extensive objections regarding the opinion. We are currently awaiting a supplementary opinion.

(g) CESTAR Andrzej Cebula i Jerzy Starski Spółka Jawna – in restructuring (Claimant)

Date of the claim: 16/11/2016 and 20/03/2017

Total value in dispute: PLN 14,667 thousand

The Claimant demands payment from Mostostal Warszawa S.A. for the works under the project "Sewage System for the Landscape Park of Puszcza Zielonka and the Surrounding Area" Contract IX – Water Catchment for the Sewage Treatment Plant in Szlachcin – Task 6 – Municipality of Murowana Goślina, issued in connection with the Interim Payment Certificate No. 23 and No. 24. Mostostal Warszawa S.A. filed for dismissal of the claim due to the fact that the claims asserted by the Claimant were fully offset against the claims of Mostostal Warszawa S.A. against the Claimant under the invoices issued for the substitute performance and contractual penalties charged.

(h) Rafako S.A. (Claimant)

Date of the claim: 31/03/2017

Value in dispute: PLN 16,157 thousand

Rafako S.A. demands payment from the Company for the construction works performed by the Claimant under a sub-contract within the framework of the project "Construction of the Waste Incineration Plant for the Municipal Area of Szczecin". The Company disputes the amount of the claim, since the Claimant did not provide any evidence of the amount of the claim, in particular in the form of a common inventory (no bilaterally signed report confirming the performance of the of works) or expert opinion on the quality of the works. The court admitted the expert witness evidence. The opinion has not been prepared yet.

(i) Wagner Biro Sp. z o.o. (Claimant)

Date of the claim: 09/10/2014

Value in dispute: PLN 10,810 thousand

The Claimant demands the Company to pay for supplies and works performed by the Claimant under the project involving the construction of the National Forum of Music in Wrocław as well as the payment of contractual penalties and reimbursement of the storage costs. The Company disputes the legitimacy of the claim, since the Claimant,

according to the Company's knowledge, sold most of the supplies and works for which they are demanding payment to a new contractor of the National Forum of Music. Currently, the court is looking for an expert who would undertake to prepare an opinion.

(j) University of Białystok (Claimant)

Date of the claim: 05/02/2018

Value in dispute: PLN 204,967 thousand

On 16 January 2018, the University of Białystok brought a lawsuit against Mostostal Warszawa S.A. for payment of PLN 204,967 thousand plus statutory interest for delay, accrued from 12 January 2018 until the payment date, as contractual penalty for delay in removal by Mostostal Warszawa S.A. of 449 defects resulting from the performance of contracts regarding the construction of the Institute of Biology, Faculty of Mathematics and Computer Science, University Computing Centre, and the Faculty of Physics and the Institute of Chemistry within the Campus of the University of Białystok. Having analysed the claims, Mostostal Warszawa S.A. disputes the legitimacy of the claims made by the Claimant in its entirety. The statement of defence was filed by the Company on 26 May 2018. In connection with the initiated negotiations, the parties requested that the proceedings be suspended, which took place on 14/11/2018.

(k) Zakład Unieszkodliwiania Odpadów Sp. z o.o. with its registered office in Szczecin ("ZUO") (Counter-claim)

Date of the claim: 24/01/2019

Value in dispute: PLN 211,839 thousand

Under the proceedings brought by MW, the Defendant filed a counter-claim for the amount of PLN 211,839 thousand. The counter claim was served upon MW on 24 January 2019. The counter-claim is currently being analysed. ZUO's claim has been challenged in its entirety, based on the erroneous assumption that it is ZUO and not Mostostal that effectively withdrew from the contract. The statement of defence was filed on 25/02/2019. There were eight hearings scheduled for October 2019.

## 20.2 Proceedings with the highest value in dispute (Mostostal Warszawa S.A. as a Claimant)

(a) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the Claim: 03/06/2012

Value in dispute: PLN 36,961 thousand

A lawsuit brought by Mostostal Warszawa S.A. and other Consortium members against the Defendant for amendment of the Contract for "Design and Construction of A-2 Motorway Stryków-Konotopa, section between km 394+500 and 411+465.8". Claimants demand that the increase of the remuneration due under the Contract by PLN 36,961 thousand, including PLN 18,850 thousand for Mostostal Warszawa S.A. due to the extraordinary increase in the prices of liquid fuels and bitumen and the payment of the above-mentioned amount. The proceedings were initially conducted before the Regional Court in Warsaw, which dismissed the claim in its entirety. As a result of the appeal of the Claimants, by the virtue of the judgement of 16/03/2017, the Court of Appeal in Warsaw quashed the Regional Court's judgement and remitted the case for reconsideration. The proceedings are pending before the court of first instance. A part of the amount claimed in court is presented under assets arising from construction contracts.

(b) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the Claim: 09/09/2013

Value in dispute: PLN 61,857 thousand

Mostostal Warszawa S.A. and Acciona brought a lawsuit against the Defendant for compensation of the damage suffered, reimbursement of unduly charged contractual penalties and payment of outstanding remuneration by the Defendant in connection with the performance of the Contract for construction of the bridge over the Odra River along with access flyovers at the sections from 18+174 km to 19+960 km on Wrocław Ring Road A8. The case is heard by the Regional Court in Warsaw. A part of the amount claimed in court is presented under assets arising from construction contracts.

(c) Gamma Inwestycje Sp. z o.o. (successor in title of Zielona Italia Sp. z o.o.) (Defendant)

Date of the Claim: 29/03/2013

Value in dispute: PLN 15,785 thousand

The case brought by the Company for declaring non-existence of the Defendant's right to demand payment under the bank guarantee – performance bond related to the construction of housing estate "Zielona Italia" in Warsaw, which has been transformed into the case for payment (reimbursement) of the amount equivalent to the amount paid by the under the bank guarantee. The Company withdrew from the contract for reasons attributable to the Defendant, and thus the conditions pursuant to which the Employer may satisfy its claims from the performance bond are not fulfilled. The case is heard by the Regional Court in Warsaw. The amount claimed in court is presented by the Company under trade receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized.

(d) The Treasury – Ministry of National Defence (Defendant)

Date of the Claim: 23/06/2010

Value in dispute: PLN 19,093 thousand

Claims of the Consortium Mostostal Warszawa S.A. – Unitek Ltd for additional compensation and reimbursement of the costs incurred in connection with the contract for performance projects under the Investment Package CP 2A0022, whereby the Claimant acted as an alternative investor. During performance of the Contract, the scope and nature of the project changed for the reasons beyond the control of the Claimants, which resulted in additional costs, the reimbursement of which is sought by the Claimants. On 10/10/2016, the Court ordered that the Claimants shall receive the amount of PLN 7,142 thousand plus interest accrued from 03/08/2010. The remainder of the lawsuit was dismissed. The Claimants appealed against the aforesaid judgement. By the virtue of the judgement of 08 November 2018, the Appellate Court in Warsaw amended the decision of the court of first instance by dismissing the claim for the amount of PLN 6,085 thousand. As a consequence of the final sentence, the decision of the court of first instance came into force as regards the amount of PLN 1,057 thousand plus interest due. On 15/02/2019, Mostostal Warszawa S.A. filed an appeal against the judgement of the appellate court to the highest instance.

(e) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the Claim: 30/05/2012

Value in dispute: PLN 212,105 thousand

The Company and a Consortium member filed with the Regional Court in Warsaw a lawsuit against the Defendant for amending the Contract No. 2811/3/2010 of 26/02/2010 for construction of A-4 motorway Tarnów-Rzeszów, section between Rzeszów Centralny junction and Rzeszów Wschód junction (km. ca. 574+300 to ca. 581+250), by increasing the gross remuneration by PLN 77,345 thousand. On 23/08/2012, the Company extended the claim in such a way that, in addition to the previous demand for amending the contract, the Company requested for (i) ruling pursuant to Article 189 of the Code of Civil Procedure that the Defendant is not entitled to demand from the Company a contractual penalty for exceeding the Time Limit for Completion of works in connection with the construction of the A4 motorway section covered by the Contract; and (2) ordering GDDKiA to pay the amount of PLN 11,368 thousand plus statutory interest to the Company for the contractual penalty for exceeding the Time Limit for Completion set off unjustifiably against the remuneration due for the performance of construction works. On 15/04/2013, another extension of the claim was filed, in which the following amounts were updated: (i) the amount to be increased by the Court, as requested by the Claimants – up to gross PLN 195,723 thousand, and (ii) the claimed payment of the remuneration due, set off as a contractual penalty – up to PLN 13,243 thousand. The current value in dispute is PLN 207,530 thousand. By virtue of the judgement of 4/08/2016, the Regional Court in Warsaw ruled that the Defendant shall pay to the Company and Acciona the amount of PLN 11,298 thousand plus statutory interest for delay and dismissed the remainder of the claim. On 20/12/2016, the Claimants appealed against the above-mentioned judgement as regards the dismissal of the claim and charging the Claimants with the costs of the proceedings. The defendant also appealed against the above-mentioned judgement challenging the same as regards the acknowledgment of the claim and charging the Defendant with the costs of the proceedings. At present, an appeal is pending, under which an expert will be appointed in respect of MW's claim for payment of the remuneration due that had been offset against contractual penalty charged by the Defendant. Some of the amounts claimed in court are presented by the Company under trade receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized, and under assets arising from construction contracts.

(f) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the Claim: 02/07/2013

Value in dispute: PLN 25,537 thousand

The Company and a Consortium member filed with the Regional Court in Warsaw a lawsuit against the Defendant for amending the Contract No. 210/RK/110/2009/2010 of 01/09/2010 for the upgrade of S-7 road to a two-lane road at Kielce bypass section, Kielce (National Road No. 73, Wiśniówka junction) – Chęciny (Chęciny junction), by increasing the remuneration by the gross amount of PLN 25,537 thousand in connection with the extraordinary increase in the prices of liquid fuels, asphalt and steel. A part of the amount claimed in court is presented under assets arising from construction contracts.

(g) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the Claim: 23/05/2014

Value in dispute: PLN 103,644 thousand

The proceedings brought by the Company and other members of the Consortium against the Defendant are conducted before the Regional Court in Warsaw. The case concerns the compensation for the damage suffered by the Claimants as a result of improper description of the Employer's Requirements concerning ten Civil Engineering structures and the Bridge on the Rawka River, the Contractor was obliged to construct under the contract "Design and Construction of A-2 Motorway Stryków-Konotopa, section between km 394+500 and 411+465.8". The Claimants demanded that the Defendant should be ordered to pay PLN 103,644 thousand to the Claimants, including PLN 81,824 thousand to the Company. A part of the amount claimed in court is presented under assets arising from construction contracts.

(h) Gamma Inwestycje Sp. z o.o. (formerly Zielona Italia Sp. z o.o.) (Defendant)

Date of the Claim: 09/05/2013

Value in dispute: PLN 52,344 thousand

The Company seeks payment of the amounts resulting from the settlement of the project and the completed additional works. The examination of the statement of withdrawal from the contract through the fault of Zielona Italia sp. z o.o. (of 06 March 2013) is of key importance for the case. If the Court accepts the statement of withdrawal from the contract by Mostostal Warszawa S.A. due to the fault of Zielona Italia sp. z o.o., the legitimacy of the Company's claims will be confirmed. The case is currently heard by the Regional Court in Warsaw. A part of the amount claimed in court is presented by the Company under trade receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized, and under assets arising from construction contracts.

(i) Municipality of Wrocław (Defendant)

Date of the Claim: 13/11/2012

Value in dispute: PLN 82,061 thousand

The case instituted by the Consortium of Mostostal Warszawa S.A., ACCIONA CONSTRUCCIÓN S.A., WPBP nr 2 "Wrobis" S.A. and Marek Izmajłowicz PH-U IWA (Claimant) for payment of PLN 82,061,000. Originally the case concerned establishing non-existence of Wrocław Municipality's right to demand payment under the bank guarantee – performance bond. The claims included in the lawsuit have been modified and include the demand for payment of PLN 82,061,000 as the final settlement of the project in connection with the withdrawal from the Contract No. 7/2009/NFM of 22.12.2009 for the construction of the National Forum of Music in Wrocław ("Contract"). . In its preliminary judgement, the Court of Arbitration found that the Project Consortium (Mostostal Warszawa S.A. – Leader, Acciona Construcción S.A., Marek Izmajłowicz - IWA, WPBP Wrobis S.A.) on 5.10.2012 effectively withdrew from the Contract. As a result of the complaint brought by the Municipality of Wrocław, the initial decision of the Court of Arbitration was repealed. The case is continued to be examined by the same Court of Arbitration, in accordance with the position of Mostostal. Currently, we are awaiting the appointment of the pre-trial date by the Supreme Court.

(j) Lubelskie Region Oncology Centre (Defendant)

Date of the Claim: 03/10/2014

Value in dispute: PLN 32,461 thousand

In the proceedings brought against the Defendant, Mostostal Warszawa S.A. and the consortium members seek claims for payment in connection with the construction of the Lublin Region Oncology Centre. The case is heard by the Regional Court in Lublin. The above amount of the claim comprises the claims for: (i) payment for undisputed work, (ii) interest for late payment in the course of the contract, (iii) reimbursement of unduly charged and offset liquidated damages, (iv) other claims under which the Claimants demand payment for the purchased materials, costs of maintaining the performance bonds and lost benefits. In these proceedings, the Defendant filed a counter-claim in which they demand the Claimant to pay a total of PLN 27,072 thousand in respect of: (i) contractual penalty for withdrawal from the contract, (ii) reimbursement of costs, and (iii) payments to subcontractors. Currently, the case is at the stage of evidence proceedings. A part of the amount claimed in court is presented by the Company under trade receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized, and under assets arising from construction contracts.

(k) University of Białystok (Defendant)

Date of the Claim: 29/04/2015

Value in dispute: PLN 83,435 thousand

Mostostal Warszawa SA, as a mutual claimant, asks for payment for basic and additional works and replacement works, payment of overdue remuneration plus interest, indirect costs resulting from extension of the work schedule and other additional works in connection with the performance of the contract of 25/01/2011 for the "Construction of the Institute of Biology and the Faculty of Mathematics and Computer Science, together with the University Computing Centre" and the Contract of 25/01/2011 for the regarding the "Construction of the Faculty of Physics and the Institute of Chemistry" under the Operational Program "Infrastructure and Environment". A part of the amount claimed in court is presented by the Company under trade receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized. The claim have been referred to negotiations. At the joint request of the parties, the proceedings were suspended on 24/04/2019.

(l) Agencja Rozwoju Miasta S.A. (Defendant)

Date of the Claim: 28/04/2017

Value in dispute: PLN 23,017 thousand

Mostostal Warszawa S.A. filed a counter-claim against the Defendant for payment of the amount due for additional works performed in connection with the construction of the Sports Hall (Czyżyny) in Krakow. The case has been referred for mediation, under which a private opinion is to be prepared. A part of the amount claimed in court is presented by the Company under trade receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized, and under assets arising from construction contracts.

(m) Gamma Inwestycje Sp. z o.o. (formerly Zielona Italia Sp. z o.o.) (Defendant)

Date of the Claim: 07/06/2013

Value in dispute: PLN 9,963 thousand

Mostostal Warszawa SA demands the Defendant to cease the infringement of proprietary copyrights to the working design of the multi-purpose housing estate "Zielona Italia" and that the defendant be ordered to pay to the Claimant the amount that is three times the market value of the working design. The case is heard by the Regional Court in Warsaw.

(n) Zakład Unieszkodliwiania Odpadów Sp. z o.o. (Defendant)

Date of the Claim: 10/02/2017

Value in dispute: PLN 33,770 thousand

Litigation for reimbursement of money on account of unjust enrichment in connection with the Defendant's exercise of the bank guarantee for proper performance of the contract awarded to the defendant on behalf of Mostostal Warszawa S.A. under the project "Construction of the Waste Incineration Plant for the Municipal Area of Szczecin". On 29 March 2018, the Regional Court in Szczecin awarded the amount of PLN 33,770 thousand plus interest to Mostostal Warszawa S.A. On 30 May 2018, the Defendant lodged an appeal against the decision. By the decision of 04/12/2018, the Appellate Court dismissed the Defendant's appeal in its entirety. MW initiated enforcement proceedings against the Defendant. On 5/02/2019, the Defendant filed an appeal to the highest instance and the motion to suspend enforcement of the judgements. The Appellate Court approved the Defendant's motion to suspend enforcement of the judgements until the Supreme Court has settled the final appeal. In connection with the Appellate Courts' decision, the enforcement of the proceedings against the Defendant has been suspended. Currently, we are awaiting the appointment of the pre-trial date by the Supreme Court. The amount claimed in court is presented by the Company under trade receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized.

(o) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the Claim: 17/05/2017

Value in dispute: PLN 29,063 thousand

Mostostal Warszawa S.A. and a consortium demand payment in respect of additional costs incurred in performance of the Contract No. 122/2010 of 31/08/2010 concluded with the Defendant for the works involving "Reconstruction of the national road No. 8 as an expressway on the section: border of Mazowieckie/Łódzkie Province - Radziejowice". The case is heard by the Regional Court in Warsaw. A part of the amount claimed in court is presented under assets arising from construction contracts.

(p) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the Claim: 03/07/2017

Value in dispute: PLN 20,614 thousand

The Company and a Consortium member brought a lawsuit to the Regional Court in Warsaw against the Defendant for payment to the Claimants of the amount of PLN 20,614 thousand plus statutory interest for delay, accrued from the lawsuit date until the date of payment. The subject of the dispute is the reimbursement by the Defendant to the Claimant of the costs of works on the extension of the S-7 road on the Kielce beltway section, contract No. 210 / RK / 110/2009/2010 from 01/09/2010 for the execution of works involving the upgrade of S-7 road to a two-lane road at Kielce bypass section, Kielce (National Road No. 73, Wiśniówka junction) – Chęciny (Chęciny junction), within the extended period of the project. A part of the amount claimed in court is presented under assets arising from construction contracts.

(q) Energa Kogeneracja Sp. z o.o. (Defendant)

Date of the claim: 20/01/2018

Value in dispute: PLN 26,274 thousand

Mostostal Warszawa S.A. demands the payment of PLN 26,274 thousand plus statutory interest accrued from the date of the claim until the payment date and the reimbursement of the costs. Mostostal Warszawa SA is seeking payment for construction works carried out under the project "20 MWe Power Block in Elbląg". The value in dispute covers the principal amount of PLN 19,948 thousand and interest capitalized as at the date preceding the date of the claim i.e. PLN 6,366 thousand. The defendant paid only a part of the amount due to the Claimant for the works performed. The principal amount due results from the invoices, which have been reduced by the contractual penalties, which in the opinion of Mostostal Warszawa S.A. have been unduly charged. The defendant was not entitled to charge contractual penalties, as the delay occurred due to circumstances for which Mostostal Warszawa S.A. was not liable. The contractual penalty charged by the Defendant is grossly excessive. Mostostal Warszawa S.A. requested also for issuing an order for payment in the writ proceedings. On 02 February 2018, the District Court in Gdańsk, 9th Commercial Division, issued an order for payment in the writ proceedings. On 23 February 2018, the defendant lodged an appeal against the aforesaid order for payment. On 10 April 2018, Mostostal Warszawa S.A. submitted a response to the appeal against the order for payment. The court proceedings are pending.

(r) Zakład Unieszkodliwiania Odpadów Sp. z o.o. (Defendant)

Date of the Claim: 15/01/2018

Value in dispute: PLN 90,141 thousand

Mostostal Warszawa S.A. demands the payment of PLN 90,141 thousand plus statutory interest for delay, accrued from 28 November 2016 until the date of payment. Under this claim, Mostostal Warszawa S.A. is seeking from the Defendant the payment of remuneration for the works, deliveries, designs and other services rendered to the Defendant until withdrawal by Mostostal Warszawa S.A. from the Contract for the Construction of the Waste Incineration Plant in Szczecin i.e. until 14 June 2016, for which Mostostal Warszawa S.A. did not receive the remuneration under the interim payment certificate issued on a monthly basis. The Company received the Defendant's statement of defence on 24 May 2018. On 24 January 2019, MW received a counter-claim for the amount of PLN 211,839 thousand, which, in the Company's opinion, was unfounded. The settlement of the case will be subject to the assessment of a court expert. There were eight hearings scheduled for October 2019. The amount claimed in court is presented by the Company under trade receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized.

(s) State Treasury – General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad) (Defendant)

Date of the claim: 24/01/2018

Value in dispute: PLN 98,585 thousand

Mostostal Warszawa S.A. and a Consortium member brought a lawsuit to the Regional Court in Warsaw against the Defendant for payment of the amount of PLN 98,585 thousand plus statutory interest for delay, accrued from 31 December 2014 to 31 December 2015 and plus statutory interest for delay, accrued from 01 January 2016 until the date of payment. Under the claim, Mostostal Warszawa S.A. demands the Defendant to pay the claims, which arose in the years 2010-2012 in the course of construction of the Section Tarnów – Rzeszów Wschód of A-4 Highway, due to obstacles encountered by the Claimants in the course of construction, for which the Defendant is responsible (e.g. unpredictable physical conditions) as well as additional costs related to the extension of the contract completion time. A part of the amount claimed in court is presented under assets arising from construction contracts.

(t) Energa Kogeneracja Sp. z o.o. with its registered office in Elbląg ("Energa") (Defendant)

Date of the claim: 15/12/2017

Value in dispute: PLN 7,753 thousand

The subject of the counter-claim proceedings of Mostostal v. Energa Kogeneracja Sp. z o.o. (Energa) is a demand for payment (reimbursement) of liquidated damages, which have been charged and paid by Energa from the bank guarantee issued in connection with the Contract EKO/86/2011 of 25 March 2011 for the construction of a 20 MW Biomass-Fired Power Block in Elbląg. The investor (Energa) maintains that the contract was executed improperly and that design and construction errors were made as a result of which the block does not achieve the guaranteed parameters, which entitled Energa to charge liquidated damages. In Mostostal's opinion, the cause of the Block's malfunctioning and failure to achieve the guaranteed parameters is mainly the Block's operation with the use of fuel that does not meet the contractual requirements. The amount claimed in court is presented by the Company under trade receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized.

(u) Miejskie Przedsiębiorstwo Wodociągów i Kanalizacji m.st. Warszawa S.A. („MPWiK”) (Defendant)

Date of the claim: 04/03/2019

Value in dispute: PLN 9,438 thousand

A claim for reimbursement of the amount deducted by MPWiK – without any factual and legal basis – from a performance bond. On 12/03/2019, the Court issued an order for payment in favour of Mostostal in the writ proceedings. The defendant lodged an appeal against the aforesaid order for payment. The amount claimed in court is presented by the Company under trade receivables and other receivables as overdue receivables, for which no revaluation write-offs have been recognized.

21. Credits and loans incurred and terminated in the first half of 2019

The balance of loans payable as of 30/06/2019 amounted to PLN 251,368 thousand (the balance of loans payable as of 31/12/2018 amounted to PLN 249,288 thousand). The higher balance of loans results mainly from the interest accrued as at the balance sheet date.

In the reporting period, the Company used the overdraft amounting to PLN 0 thousand as at the balance sheet date (the balance of loans as at 31/12/2018 amounted to PLN 0 thousand).

Bank	Type of loan	Amount of loan in thousands of PLN	Amount used as at 30/06/2019 in thousands of PLN	Maturity	Interest rate
Societe Generale S.A. Branch in Poland	Current account overdraft	10,000	0	30/06/2020	WIBOR 1M + Bank's margin

In the first half of 2019, no loan agreement was terminated.

## 22. Information on transactions with affiliated entities

Related party transactions in the first half of 2019 were typical and routine transactions, and were entered into on arm's length basis.

Trade receivables from related parties amounted to (thousand PLN):

Company name	30/06/2019	31/12/2018
Mostostal Power Development Sp. z o.o.	171	146
Acciona Construcción S.A.	184	184
Mostostal Kielce S.A.	59	87
Mostostal Płock S.A.	6,050	11,766
Acciona Facility Services Poland Sp. z o.o.	273	209
Acciona Nieruchomości Wilanów Sp. z o.o.	2,653	2,394
AMK Kraków S.A.	0	3
<b>Total</b>	<b>9,390</b>	<b>14,789</b>

Advances for the construction works granted to related parties:

Company name	30/06/2019	31/12/2018
Mostostal Power Development Sp. z o.o.	2,636	2,797

Trade payables towards related parties amounted to (in thousands of PLN):

Company name	30/06/2019	31/12/2018
Mostostal Power Development Sp. z o.o.	53,096	25,483
Acciona Construcción S.A.	30,517	22,605
Acciona Construcción S.A. Branch in Poland	4,306	4,323
MPB Mielec S.A.	100	100
Acciona Nieruchomości Wilanów Sp. z o.o.	10	15
Mostostal Kielce S.A.	648	7,133
Mostostal Płock S.A.	0	443
<b>Total</b>	<b>88,677</b>	<b>60,102</b>

Advances for the construction works received from related parties:

Company name	30/06/2019	31/12/2018
Mostostal Płock S.A.	5,856	6,497

As at 30/06/2019, the Company received bank or insurance guarantees under the guarantee limits of Acciona Construcción S.A. in the total amount of PLN 337,802 thousand (cf. 322,231 thousand as at 31/12/2018).

As at 30/06/2019, the Company granted bank guarantees under its guarantee limits to Mostostal Płock S.A. for the total amount of PLN 14,295 thousand. (as at 31/12/2018 – PLN 15,795 thousand)

As at 30/06/2019, the Company recognized liabilities arising from the loans from Acciona Construcción S.A. with its registered office in Madrid in the amount of PLN 251,368 thousand (as at 31/12/2018, the value of loans was PLN 249,288 thousand).

As at 30/06/2019, the Company recognized liabilities arising from short-term loans from AMK Kraków S.A. in the amount of PLN 1,003 thousand.

As at 30/06/2019, the Company recognized receivables from Mostostal Kielce S.A. in the amount of PLN 1,250 thousand due to dividend. The payment date was scheduled for 20/08/2019.

Sales of products, materials and goods under intercompany transactions amounted to (in thousands of PLN):

Company name	6-month period ended 30/06/2019	6-month period ended 30/06/2018
Acciona Nieruchomości Wilanów Sp. z o.o.	12,791	14,208
Mostostal Power Development Sp. z o.o.	819	759
Acciona Facility Services Poland Sp. z o.o.	75	85
Mostostal Płock S.A.	58	51
Acciona Construcción S.A. Branch in Poland	15	17
AMK Kraków S.A.	12	7
Mostostal Kielce S.A.	417	1
<b>Total</b>	<b>14,187</b>	<b>15,128</b>

Purchases of products, goods and materials under intercompany transactions amounted to (in thousand PLN):

Company name	6-month period ended 30/06/2019	6-month period ended 30/06/2018
Mostostal Power Development Sp. z o.o.	49,755	70,937
Acciona Construcción S.A.	7,913	8,453
Mostostal Kielce S.A.	4,832	1,987
Acciona Nieruchomości Wilanów Sp. z o.o.	48	291
Mostostal Płock S.A.	1	0
<b>Total</b>	<b>62,549</b>	<b>81,668</b>

Interest on the loans received

Company name	6-month period ended 30/06/2019	6-month period ended 30/06/2018
Acciona Construcción S.A.	4,900	2,810

In the first half of 2019, the total remuneration of the Management Board members amounted to PLN 2,201 thousand. The remuneration of the Supervisory Board in the reporting period amounted to PLN 160 thousand.

### 23. Reporting by market segment

The Company is organised and managed by segment, as appropriate for the types of product offered. The tables below present data from the profit and loss account for the Company's individual reporting segments for the 6-month period ended 30 June 2019.

The following segments exist within continuing business:

1. The industrial and power engineering segment, which includes activities relating to construction of industrial and power engineering facilities.
2. The infrastructural segment, which includes activities relating to construction of roads and bridges.
3. General construction segment, which includes activities related to construction of residential buildings and public utilities.

Starting from 2019, the Company's Management Board decided to change the presentation of the financial performance by segments, separating two segments "Industry and Energy" and "Infrastructure" from the "Engineering and Industrial" segment. This is dictated by the development of the Company in both areas.

Separate profit and loss account for individual reporting segments:

Period ended 30 June 2019	Continuing operations				
	Industry and power engineering	Infrastructure	General civil engineering	Unallocated revenue, costs	Total
Sales revenue					
Sales to external customers	115,916	71,913	299,010	2,467	489,306
Sales between segments	0	0	0	0	0
Total revenue from segment	115,916	71,913	299,010	2,467	489,306
Profit (loss) of segment (taking into account operating costs and revenue)	23,768	3,312	-2,361	-7,624	17,095
Unallocated costs (administrative costs and sales costs)	-	-	-	22,803	22,803
Profit (loss) on continued activities	<b>23,768</b>	<b>3,312</b>	<b>-2,361</b>	<b>-30,427</b>	<b>-5,708</b>
Financial revenue	1,827	50	4	4,081	5,962
Financing costs	31	185	292	5,207	5,715
Gross profit (loss)	<b>25,564</b>	<b>3,177</b>	<b>-2,649</b>	<b>-31,553</b>	<b>-5,461</b>
Income tax				2,621	2,621
Net profit (loss) on continuing operations	<b>25,564</b>	<b>3,177</b>	<b>-2,649</b>	<b>-34,174</b>	<b>-8,082</b>
Discontinued operations					0
Net profit / (loss)	<b>25,564</b>	<b>3,177</b>	<b>-2,649</b>	<b>-34,174</b>	<b>-8,082</b>

Period ended 30 June 2018	Continuing operations				
	Industry and power engineering	Infrastructure	General civil engineering	Unallocated revenue, costs	Total
Sales revenue					
Sales to external customers	113,950	30,193	188,266	2,730	335,139
Sales between segments	0	0	0	0	0
Total revenue from segment	113,950	30,193	188,266	2,730	335,139
Profit (loss) of segment (taking into account operating costs and revenue)	29,249	-2,389	-1,038	-7,155	18,667
Unallocated costs (administrative costs and sales costs)	-	-	-	25,596	25,596
Profit (loss) on continued activities	<b>29,249</b>	<b>-2,389</b>	<b>-1,038</b>	<b>-32,751</b>	<b>-6,929</b>
Financial revenue	0	334	1	2,887	3,222
Financing costs	201	200	42	14,198	14,641
Gross profit (loss)	<b>29,048</b>	<b>-2,255</b>	<b>-1,079</b>	<b>-44,062</b>	<b>-18,348</b>
Income tax	-	-	-	-1,876	-1,876
Net profit (loss) on continuing operations	<b>29,048</b>	<b>-2,255</b>	<b>-1,079</b>	<b>-42,186</b>	<b>-16,472</b>
Discontinued operations	0	0	0	0	0
Net profit / (loss)	<b>29,048</b>	<b>-2,255</b>	<b>-1,079</b>	<b>-42,186</b>	<b>-16,472</b>

The main body of the Company (the Management Board) responsible for operational decisions does not conduct a review of segment assets and liabilities, due to transfers of assets between segments. Revenues and costs are allocated to the individual segments in accordance with the implemented projects. Assets are analysed on the level of the entire Company. Gross result on sales adjusted by other revenues and operational costs constitutes a key indicator of segment result.

Both in the first half of 2019 and in the first half of 2018, the Company conducted all of its operations mainly on the domestic market. Export sales in the first half of 2019 accounted for 1 % of sales revenue and were attributable to prefabricated elements manufactured for the construction of a bridge in Denmark (the share of exports in the total sales amounted to 5% in the first half of 2018).

#### 24. Financial Instruments - Fair values

The table shows the comparison between carrying amounts and fair values of all financial instruments used by the Company. The financial statements include the figures restated to fair value (as shown below).

Item	Carrying amount		Fair value	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
<i>Financial assets</i>				
<b>Loans granted and receivables</b>	<b>759,035</b>	<b>772,079</b>	*	*
- Long-term trade receivables and other receivables	998	1,749	*	*
- Short-term trade receivables and other receivables	359,534	320,863	*	*
- Short-term loans granted	1,003	0	*	*
- Cash and cash equivalents	74,649	101,690	74,649	101,690
- Assets arising from construction contracts	358,851	347,777	*	*

\* Fair value cannot be determined

Item	Carrying amount		Fair value	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
<i>Financial liabilities</i>				
<b>Liabilities (measured at amortised cost)</b>	<b>323,342</b>	<b>303,938</b>	*	*
Liabilities from deliveries and services and other short-term liabilities	297,181	272,539	*	*
Long-term trade liabilities and other long-term liabilities	26,161	31,399	*	*
<b>Other financial liabilities (measured at amortised cost)</b>	<b>267,729</b>	<b>251,170</b>	*	*
- Interest-bearing bank credits and loans	120,965	235,769	*	*
- Current portion of interest-bearing bank credits and loans	130,404	13,519	*	*
- Short-term and long-term liabilities from leasing agreements	16,360	1,882	*	*

\* Fair value cannot be determined

As at 30/06/2019, the Company did not have any financial instruments used for hedge accounting.

Warsaw, 24/09/2019

Full name	Title	Signatures
Miguel Angel Heras Llorente	President of the Management Board	
Jorge Calabuig Ferre	Vice-President of the Management Board	
Alvaro Javier de Rojas Rodriguez	Member of the Management Board	
Jacek Szymanek	Member of the Management Board	
Radosław Gronet	Member of the Management Board	
Jarosław Reszka	Chief Accountant	



**Report on the Activities of Mostostal Warszawa S.A. for the  
period from 01/01/2019 to 30/06/2019**

## Report on the Activities for the first half of 2019

SELECTED FINANCIAL DATA	in thousands of PLN		in thousands of EUR	
	half of 2019	half of 2018	half of 2019	half of 2018
Sales revenue	489,306	335,139	114,111	79,052
Gross profit (loss) on sales	19,289	18,193	4,498	4,291
Profit (loss) on operating activities	-5,708	-6,929	-1,331	-1,634
Gross profit (loss)	-5,461	-18,348	-1,274	-4,328
Net profit (loss) on continuing operations	-8,082	-16,472	-1,885	-3,885
Net profit / (loss)	-8,082	-16,472	-1,885	-3,885
Net cash from operating activities	-23,417	-49,287	-5,461	-11,626
Net cash flows from investing activities	-2,971	2,752	-693	649
Net cash from financing activities	-653	8,272	-152	1,951
Closing balance of cash	74,649	37,981	17,556	8,708
Net profit (loss)	-8,082	-16,472	-1,885	-3,885
Weighted average number of ordinary shares	20,000,000	20,000,000	20,000,000	20,000,000
Net profit (loss) per ordinary share in PLN	-0.40	-0.82	-0.09	-0.19

SELECTED FINANCIAL DATA	in thousands of PLN		in thousands of EUR	
	as at 30/06/2019	as at 31/12/2018	as at 30/06/2019	as at 31/12/2018
Total assets	937,958	882,184	220,592	205,159
Long term liabilities	196,999	285,375	46,331	66,366
Short term liabilities	692,692	540,460	162,910	125,688
Total liabilities	889,691	825,835	209,241	192,055
Total equity capital	48,267	56,349	11,352	13,104
Share capital	44,801	44,801	10,536	10,419
Number of shares	20,000,000	20,000,000	20,000,000	20,000,000

The Management Board of Mostostal Warszawa S.A. (hereinafter "Company", "Mostostal", or "Issuer") aims to maintain its strong position among the leading construction companies in the country. In order to achieve this objective, the Company takes measures oriented at:

- leading the Group with a focus on development of the network of representative branches throughout the country,
- development of activities in the field of sustainable construction to increase profitability and create added value for shareholders,
- effective management of construction risks,
- development of partnership relations with contractors,
- expansion on the market of general, industrial, energy, infrastructural and environmental construction,
- maintaining accident rate at zero.

The value of Mostostal's backlog amounts to PLN 1,705,992 thousand. The largest share of the backlog was attributable to the infrastructural and general civil engineering sector.

#### 1. Geographical sales structure

In line with the strategic assumptions, the Company operates primarily in the domestic market. Export sales in the first half of 2019 accounted for 1 % of sales revenue and were attributable to prefabricated elements manufactured for the construction of a bridge in Denmark.

#### 2. Main contracts

The sales revenues on the major contracts performed by the Company in the first half of 2019, were as follows:

- Construction of power units in Opole Power Plant – PLN 65,140 thousand,
- construction of Focus Mall Shopping Centre – PLN 33,555 thousand,
- expansion of the Autoliv production plant in Jelcz-Laskowice – PLN 31,577 thousand,
- construction of Libra Business Center II office building – PLN 29,578 thousand,
- construction of the residential building Apartamenty Mennica Polska – PLN 22,647 thousand

### 3. Extraordinary factors and events affecting the financial results achieved

In the first half of 2019, the following events exerted an impact on the financial result:

- a dividend received from a subsidiary in the amount of PLN 1,250 thousand;
- strengthening of the Polish currency against Euro compared to the previous year's balance sheet date, as a result of which the recognized foreign exchange gains from the balance sheet valuation of loans from Acciona Construcción S.A. amounted to PLN 2,819 thousand;
- a write-down of a tax asset of PLN 2,660 thousand, in connection with reclassification of some costs as not being tax deductible.

The interest expense on loans received from Acciona Construcción SA in the amount of PLN 4,900 thousand had a material impact on the Company's earnings in the first half of 2019.

### 4. Description of significant achievements and setbacks as well as major events in the first half of 2019

Sales revenue in the first half of 2019 amounted to PLN 489,306 thousand and increased by 46 % compared to the same period of the previous year. The increase in revenue is attributable to advancement of the contracts acquired in 2018. Gross profit on sales amounted to PLN 19,289 thousand (gross profit on sales in the same period of 2018 amounted to PLN 18,193 thousand). In the first half of 2019, the Company recorded a net loss of PLN 8,082 thousand (in the first half of 2018, the net loss amounted to PLN 16,472 thousand). The Company's earnings are also influenced by the increase in prices of materials and services provided by subcontractors, which means that the margin on long-term contracts concluded 2-3 years ago is lower than expected.

Short-term trade receivables and other receivables as at 30/06/2019 amounted to PLN 359,534 thousand and compared to the figures as at 31/12/2018 increased by PLN 38,671 thousand.

The assets arising from construction contracts as at 30/06/2019 amounted to PLN 358,851 thousand and were higher by PLN 11,074 thousand as compared to the value as at 31/12/2018.

The value of cash as at 30/06/2019 amounted to PLN 74,649 thousand and compared to the figures as at 31/12/2018 decreased by PLN 27,041 thousand. In the first half of 2019, the Company was using an overdraft facility and loans, the value of which as at 30/06/2019 amounted to PLN 251,369 thousand and compared to the figures as at 31/12/2018 increased by PLN 2,081 thousand.

Long-term liabilities in the first half of 2019 decreased by PLN 88,376 thousand, mainly due to the reclassification of long-term loans from Acciona Construcción S.A. as short-term loans in accordance with their repayment dates. The value of short-term trade liabilities at the end of the first half of 2019 amounted to PLN 242,635 thousand and compared to the figures as at 31/12/2018 were higher by PLN 28,698 thousand.

During the reporting period i.e. from 01/01/2019 to 30/06/2019, the following events significant for the Mostostal Warszawa S.A. took place:

On 29 January 2019, the Company announced that it had become aware of the Decision of the Appellate Court in Szczecin, First Civil Division, of 24 January 2019, to suspend enforcement of the Judgement of the Appellate Court in Szczecin of 4 December 2018 (Case Ref. No. I Aga 175 / 18) and the Judgement of the District Court in Szczecin of 29 March 2018 (Case Ref. No. VIII GC 57/17) (of which the Company informed in the current reports 20/2018 and 61/2018), pending the completion of the final appeal procedure initiated by a complaint filed by Zakład Unieszkodliwiania Odpadów Sp. z o.o. in Szczecin against the Judgement of the Appellate Court of 4 December 2018.

On 01 February 2019, the Management Board of Mostostal Warszawa S.A. informed that the Company had received information from the Company's representative about a counter-claim submitted at the District Court in Szczecin for the amount of PLN 211,839 thousand against Mostostal Warszawa SA by Zakład Unieszkodliwiania Odpadów Sp. z o.o. ("ZUO"). In the lawsuit, ZUO seeks compensation for the damage caused by the Company due to the withdrawal from the contract entitled "Construction of the Waste Incineration Plant for the Municipal Area of Szczecin". In the Company's opinion, the counter-claim filed by ZUO is completely unfounded and is only a consequence of the lawsuit filed by the Company in January 2018.

On 08 March 2019, Mostostal Warszawa S.A. and ST Łódź Rembieliński Sp. z o. o. ("Employer") entered into the Contract for the implementation of the project entitled "Construction of the BaseCamp Student House in Łódź at 16/18 Rembielińskiego Street". Contract value: gross PLN 110 million. Time limit for completion: 17 months and 23 days.

On 08 April 2019, Mostostal Warszawa SA and Przedsiębiorstwo Komunikacji Miejskiej Sp. z o. o. ("Employer") entered into the contract for the implementation of the project entitled "Comprehensive Modernization of the Bus Depot of Przedsiębiorstwa Komunikacji Miejskiej Sp. z o.o. Tychy at Towarowa 1 in Tychy – Second Procedure". Contract value: gross PLN 58.20 million. Time limit for completion: 13 months.

On 30 April 2019, the Company and Ammann Asphalt GmbH entered into the agreement, whereby the Company acquired the Production Plant of Mineral and Asphalt Mixes AMMANN (UNIBATCH 240) for a total net amount of EUR 2.08 million (equal to PLN 8.90 million, according to the average NBP exchange rate of 30 April 2019). The Production Plant of Mineral and Asphalt Mixes will be used for infrastructural contracts performed by the Company.

On 17 May 2019, the Company and Cross Point C Sp. z o.o. with its registered office in Warsaw ("the Employer") entered into the contract for the implementation of the project "Construction of the Cross Point C Office Building". Contract value: gross amount of PLN 31.31 million; the time limit for completion is 14 months.

On 20 May 2019, the Company and the General Directorate for National Roads and Motorways in Opole (GDDKIA) entered into the contract for designing and performing the project entitled "Construction of the Bypass Road for Praszka along the National Road No. 45". Contract value: gross PLN 171.5 million. Time limit for completion: 36 months.

On 28 May 2019, the Company received information about the decision of the Regional Court in Olsztyn, Fifth Commercial Division, of 22 May 2019, on the approval of the settlement agreement between the Company and the Municipality of Olsztyn regarding the claims related to the Contract for "Construction of the Water Recreation and Sports Centre in Olsztyn". The Company requested the reimbursement of the amount paid out of the performance bond during the period of warranty and quality guarantee. During the hearing held on 29 May 2018 (Current Report No. 32/2018), the Municipality of Olsztyn filed a counter-claim for payment of a total of PLN 13,560 thousand as liquidated damages for untimely removal of defects and the costs of substitute performance in removal of defects. As a result of the settlement, the parties withdrew their claims and the proceedings in the case were discontinued.

On 31 May 2019, the Company received the Certificate of Completion of the Power Block No. 5 at Opole Power Plant from PGE Górnictwo i Energetyka Konwencjonalna S.A. (a subsidiary of PGE Polska Grupa Energetyczna S.A.). The Power Block No. 5 was commissioned before the date provided for in the annex to the contract i.e. before 15 June 2019. The date of commissioning of the Power Block No. 6 remains unchanged with respect to the time limit agreed earlier i.e. 30 September 2019.

On 05 June 2019, the Company signed a letter of intent with a company from the wired telecommunications industry operating in Poland regarding the sale of real estate located at ul. Krakowiaków 91/101 in Warsaw and being the property of the Company. The condition for closing the deal is the performance of due diligence and environmental analysis as well as, depending on the results thereof, possible remediation of land. The Company estimates that the value of the transaction will be between 50% and 80% of the Company's equity.

#### 5. Information on organizational and capital ties

The Mostostal Warszawa Group consists of the following subsidiaries:

Name of the entity	Percentage of the share capital held as at 30/06/2019	Consolidation
Mostostal Kielce S.A.	100.00	yes
AMK Kraków S.A.	60.00	yes
MPB Mielec S.A. in liquidation	97.14	yes
Mostostal Płock S.A.	48.69	yes
Mostostal Power Development Sp. z o.o.	100.00	yes

Mostostal Warszawa S.A. is a company of Acciona S.A. Group based in Madrid. Acciona Construcción S.A. holds 50,09 % of shares of Mostostal Warszawa S.A. as at 30/06/2019.

#### 6. Position of the Management Board regarding the possibility of achieving the previously published result forecasts for 2019.

The Company did not publish financial performance forecasts for 2019.

## 7. Key shareholders of the Company

List of shareholders with at least 5% of votes at the General Meeting of Shareholders of Mostostal Warszawa S.A. as at 24/09/2019:

Shareholder	Number of shares	Number of voting rights	Share in share capital	Share of total voting rights in General Shareholders' Meeting
Acciona Construcción S.A.	12,426,388	12,426,388	62.13%	62.13%
Otwarty Fundusz Emerytalny PZU Złota Jesień (pension fund)	3,666,000	3,666,000	18.33%	18.33%

## 8. Mostostal Warszawa S.A. shares held by Members of the Management Board and the Supervisory Board as at 24/09/2019

In the period from 30/05/2019 i.e. from the publication of the financial statements for the first quarter 2019, until 24/09/2019, there were no changes in the Issuer's shares held by members of the management and supervisory bodies.

## 9. Characteristics of external and internal factors significant for the development of the Company and the development perspectives

The factors significant for the Company's future development include:

- an inflow EU funds aiming at improving Polish infrastructure,
- competition on the construction services market,
- better relations between ordering parties and general contractors.
- approach of the financial sector to the construction industry.

Internal factors significant for the Company's development include:

- backlog ensuring revenue in 2019 and 2020 at a level similar to 2018,
- efficient management and experienced staff,
- acquisition of profitable projects,
- better liquidity situation.

## 10. Significant factors and risks related to the remaining months of the financial year.

The Company's major risks and threats include:

- a) the risk of change in the prices of construction materials and subcontractors' services,
- b) the risk of foreign exchange fluctuations affecting the valuation of liabilities under the loans,
- c) stiff competition on the construction/assembly service market,
- d) protracted procedures for settling public tenders due to numerous protests by entities participating in them,
- e) slowdown of investment processes,
- f) limitation of cooperation with the construction sector by the financial institutions.

## 11. Court and administrative proceedings

The information on ongoing legal and administrative proceedings has been presented in the Additional Information and Explanatory Notes to the condensed interim financial statements for the period from 01/01/2019 to 30/06/2019, in the Note 20.

## 12. Information on the sureties for loans or guarantees granted

In the reporting period, no loans or borrowings were granted.

## 13. Other information vital for assessing the Company's situation

The Management Board believes that there are no other information relevant to the evaluation of the Company's standing other than those listed in the remaining sections of the interim report for the first half of 2019 and in the Additional information and explanatory notes to the condensed interim consolidated financial statements for the period from 01/01/2019 to 30/06/2019.

## 14. Declarations of the Management Board of Mostostal Warszawa S.A.

The Management Board hereby declares that, to the best of its knowledge, the interim condensed financial statements for the first half of 2019 and the comparative data have been prepared in accordance with applicable accounting standards and give a true and fair view of the financial position of Mostostal Warszawa S.A. and its financial results.

The interim statements give a true picture of the situation, development and achievements of the Company, including the picture of basic risks and threats.

The Management Board hereby declares that KPMG Audyt Sp. z o.o. s.k. – the entity authorised to audit the financial statements – which reviewed the interim financial statements of Mostostal Warszawa S.A. has been chosen pursuant to the provisions of law, and further confirms that both this entity and the statutory auditors conducting the review hereof fulfil the conditions for issuing an impartial and independent opinion on the reviewed statements, in accordance with the appropriate legislation and professional standards.

Warsaw, 24/09/2019

Full name	Title	Signatures
Miguel Angel Heras Llorente	President of the Management Board	
Jorge Calabuig Ferre	Vice-President of the Management Board	
Alvaro Javier de Rojas Rodriguez	Member of the Management Board	
Jacek Szymanek	Member of the Management Board	
Radosław Gronet	Member of the Management Board	