



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

**for the period from 01/07/2018 to 30/09/2018**

**SEPARATE PROFIT AND LOSS ACCOUNT**  
for the period of 3 months from 01/07/2018 to 30/09/2018

NO.	PROFIT AND LOSS ACCOUNT	Third quarter from 01/07/2018 to 30/09/2018	3 quarters of 2018, incrementally from 01/01/2018 to 30/09/2018	Third quarter from 01/07/2017 to 30/09/2017 (restated)	3 quarters of 2017, incrementally from 01/01/2017 to 30/09/2017 (restated)
	<b>Continuing operations</b>				
<b>I</b>	<b>Sales revenue</b>	<b>202,784</b>	<b>537,923</b>	<b>201,985</b>	<b>666,495</b>
	Revenue from construction contracts	201,362	534,170	200,580	661,977
	Revenue from sale of services	1,390	3,492	1,227	3,882
	Revenue from sales of goods and materials	32	261	178	636
<b>II</b>	<b>Cost of goods sold</b>	<b>196,154</b>	<b>513,100</b>	<b>171,016</b>	<b>582,711</b>
<b>III</b>	<b>Gross profit (loss) on sales</b>	<b>6,630</b>	<b>24,823</b>	<b>30,969</b>	<b>83,784</b>
IV	Administrative expenses	11,743	37,339	11,854	35,989
V	Other operating revenue	492	2,403	456	2,935
VI	Other operating costs	611	2,048	12,219	24,636
<b>VII</b>	<b>Profit (loss) on operating activities</b>	<b>-5,232</b>	<b>-12,161</b>	<b>7,352</b>	<b>26,094</b>
VIII	Financial revenue	22	3,244	-3,779	8,018
IX	Financing costs	-2,105	12,536	2,445	7,002
<b>X</b>	<b>Gross profit (loss)</b>	<b>-3,105</b>	<b>-21,453</b>	<b>1,128</b>	<b>27,110</b>
XI	Income tax	3,202	1,326	2,697	11,481
	a) current				
	b) deferred	3,202	1,326	2,697	11,481
<b>XII</b>	<b>Net profit (loss) on continuing operations</b>	<b>-6,307</b>	<b>-22,779</b>	<b>-1,569</b>	<b>15,629</b>
XIII	<b>Discontinued operations</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
XIV	Net profit (loss) on discontinued activities				
<b>XV</b>	<b>Net profit / (loss)</b>	<b>-6,307</b>	<b>-22,779</b>	<b>-1,569</b>	<b>15,629</b>
			0		0
	Net profit / (loss)	-6,307	-22,779	-1,569	15,629
	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)	-0.32	-1.14	-0.08	0.78
	Diluted net profit (loss) per ordinary share	-0.32	-1.14	-0.08	0.78

**SEPARATE STATEMENT OF COMPREHENSIVE INCOME**  
for the period of 3 months from 01/07/2018 to 30/09/2018

	STATEMENT OF TOTAL REVENUE	Third quarter from 01/07/2018 to 30/09/2018	3 quarters of 2018, incrementally from 01/01/2018 to 30/09/2018	Third quarter from 01/07/2017 to 30/09/2017 (restated)	3 quarters of 2017, incrementally from 01/01/2017 to 30/09/2017 (restated)
	<b>Net profit / loss for the period</b>	<b>-6,307</b>	<b>-22,779</b>	<b>-1,569</b>	<b>15,629</b>
	Effective part of profit and loss associated with hedging of cash flows	0	0	0	0
	Income tax associated with components of other comprehensive income	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>-6,307</b>	<b>-22,779</b>	<b>-1,569</b>	<b>15,629</b>

**SEPARATE STATEMENT OF FINANCIAL POSITION  
as of 30/09/2018**

NO.	ASSETS	as at 30/09/2018	as at 30/06/2018	as at 31/12/2017	as at 30/09/2017 (restated)
<b>I</b>	<b>Fixed assets (long-term)</b>	<b>103,355</b>	<b>106,770</b>	<b>106,245</b>	<b>131,449</b>
I.1	Intangible assets	2,053	2,246	2,615	2,734
I.2	Perpetual usufruct	19,430	19,430	19,430	19,430
I.3	Tangible fixed assets	10,697	11,142	12,150	12,485
I.4	Long-term trade and other receivables	2,356	2,092	1,590	3,102
I.5	Long-term prepayments for construction works	0	0	0	0
I.6	Investment property	7,974	8,043	8,181	8,250
I.7	Long-term financial assets	29,764	29,764	30,046	34,346
I.8	Other long-term investments	0	0	0	0
I.9	Deferred tax assets	30,252	33,454	31,578	50,406
I.10	Long-term accruals	829	599	655	696
<b>II</b>	<b>Current assets (short-term)</b>	<b>763,058</b>	<b>771,090</b>	<b>741,858</b>	<b>698,448</b>
II.1	Inventory	9,187	7,330	3,721	2,854
II.2	Trade and other receivables	318,909	330,289	311,211	319,166
II.3	Prepayments for construction works	4,846	14,389	15,468	28,622
II.4	Short-term financial assets	0	0	0	0
II.5	Cash and cash equivalents	26,913	37,981	76,244	69,286
II.6	Assets arising from construction contracts	400,281	378,348	332,978	276,012
II.7	Other accruals	2,922	2,753	2,236	2,508
	<b>TOTAL ASSETS</b>	<b>866,413</b>	<b>877,860</b>	<b>848,103</b>	<b>829,897</b>

NO.	EQUITY AND LIABILITIES	as at 30/09/2018	as at 30/06/2018	as at 31/12/2017	as at 30/09/2017 (restated)
<b>I</b>	<b>Equity</b>	<b>71,770</b>	<b>78,077</b>	<b>94,549</b>	<b>105,077</b>
I.1	Share capital	44,801	44,801	44,801	44,801
I.2	Called-up subscribed capital (negative value)	0	0	0	0
I.3	Own shares (interests) (negative value)	0	0	0	0
I.4	Supplementary/reserve capital	108,406	108,406	108,406	108,406
I.5	Reserve capital from reclassification of loans	201,815	201,815	201,815	201,815
I.6	Retained profit / Uncovered loss	-283,252	-276,945	-260,473	-249,945
	unshared profit / (uncovered loss)	-260,473	-260,473	-265,574	-265,574
	profit / loss for the period	-22,779	-16,472	5,101	15,629
<b>II</b>	<b>Long-term liabilities</b>	<b>231,358</b>	<b>120,248</b>	<b>244,147</b>	<b>186,093</b>
II.1	Interest-bearing bank loans and borrowings	188,016	75,034	193,121	142,064
II.2	Long-term lease liabilities	1,044	1,068	1,241	1,340
II.3	Long-term trade liabilities	32,056	32,878	32,991	33,640
II.4	Long-term prepayments for construction works	0	1,212	6,590	6,095
II.5	Long-term provisions	10,242	10,056	10,204	2,954
<b>III</b>	<b>Short-term liabilities</b>	<b>563,285</b>	<b>679,535</b>	<b>509,407</b>	<b>538,727</b>
III.1	Current portion of interest-bearing bank loans and borrowings	63,132	145,881	7,025	67,840
III.2	Short-term lease liabilities	692	639	587	571
III.3	Trade liabilities	217,001	240,492	218,906	191,097
III.4	Other liabilities	30,318	49,686	30,985	29,796
III.5	Prepayments for works	46,101	54,267	33,665	39,795
III.6	Short-term provisions	22,974	26,955	41,570	37,645
III.7	Liabilities arising from construction contracts	10,696	9,727	10,270	0
III.8	Other accruals	172,371	151,888	166,399	171,983
<b>IV</b>	<b>Total liabilities</b>	<b>794,643</b>	<b>799,783</b>	<b>753,554</b>	<b>724,820</b>
	<b>EQUITY CAPITAL AND LIABILITIES (TOTAL)</b>	<b>866,413</b>	<b>877,860</b>	<b>848,103</b>	<b>829,897</b>

**SEPARATE CASH FLOW STATEMENT**  
**for the period of 3 months from 01/07/2018 to 30/09/2018**

NO.	CASH FLOW ACCOUNT	Third quarter from 01/07/2018 to 30/09/2018	3 quarters of 2018, incrementally from 01/01/2018 to 30/09/2018	Third quarter from 01/07/2017 to 30/09/2017 (restated)	3 quarters of 2017, incrementally from 01/01/2017 to 30/09/2017 (restated)
<b>I</b>	<b>Cash flows from operating activities</b>				
I.1	Gross profit (loss)	-3,105	-21,453	1,128	27,110
I.2	Corrections by items:	-40,781	-71,720	-12,850	-122,193
I.2.1	Amortization & Depreciation	1,090	3,205	977	3,209
I.2.2	Exchange differences	-4,961	4,124	3,782	-5,167
I.2.3	Interest received and paid	1,981	1,919	1,542	4,460
I.2.4	Profit (loss) on investing activities	28	22	0	-550
I.2.5	Increase / decrease in receivables	20,659	2,158	37,605	26,920
I.2.6	Increase / decrease in inventory	-1,857	-5,466	403	1,696
I.2.7	Increase / decrease in liabilities, excluding loans and borrowings	-53,059	2,339	-14,939	-25,338
I.2.8	Change in the balance of accruals and prepayments	-880	-61,765	-42,412	-127,491
I.2.9	Change in reserves	-3,795	-18,558	191	67
I.2.10	Income tax paid				
I.2.11	Other	13	302	1	1
	<b>Net cash from operating activities</b>	<b>-43,886</b>	<b>-93,173</b>	<b>-11,722</b>	<b>-95,083</b>
<b>II</b>	<b>Cash flow from investing activities</b>				
II.1	Sale of tangible and intangible assets	0	6	8	1,976
II.2	Acquisition of tangible and intangible assets	-241	-616	-587	-1,114
II.3	Sale of financial assets	0	0	0	1,000
II.4	Acquisition of financial assets	0	-7	0	
II.5	Interest and dividends received and paid	0	3,128	0	0
II.6	Closing of a term deposit	0	0	0	2,500
	<b>Net cash from investing activities</b>	<b>-241</b>	<b>2,511</b>	<b>-579</b>	<b>4,362</b>
<b>III</b>	<b>Cash flow from financing activities</b>	<b>0</b>			
III.1	Repayment of finance lease liabilities	-154	-500	-176	-481
III.2	Proceeds from borrowings/loans	33,339	42,213	-3,277	11,414
III.3	Repayment of borrowings/loans	0	0	0	0
III.4	Interest paid	-126	-382	-141	-4,542
	<b>Net cash from financing activities</b>	<b>33,059</b>	<b>41,331</b>	<b>-3,594</b>	<b>6,391</b>
IV	Change in net cash and cash equivalents	-11,068	-49,331	-15,895	-84,330
	Net exchange differences	0	0	0	0
<b>V</b>	<b>Cash at the beginning of the period</b>	<b>37,981</b>	<b>76,244</b>	<b>85,181</b>	<b>153,616</b>
<b>VI</b>	<b>Cash at the end of the period</b>	<b>26,913</b>	<b>26,913</b>	<b>69,286</b>	<b>69,286</b>

**SEPARATE STATEMENT OF CHANGES IN EQUITY**  
**for the period of 3 months from 01/07/2018 to 30/09/2018**

	Share capital	Supplementary/reserve capital	Reserve capital from reclassification of loans	Retained profit / uncovered loss	Total equity
<b>Third quarter of 2017 – from 01/07/2017 to 30/09/2017</b>					
<b>As at 01 July 2017</b>	<b>44,801</b>	<b>108,406</b>	<b>201,815</b>	<b>-276,945</b>	<b>78,077</b>
Profit (loss) for the period				-6,307	-6,307
Other comprehensive income					
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>-6,307</b>	<b>-6,307</b>
Distribution of previous years' profit					0
Dividends paid					0
<b>As at 30 September 2017</b>	<b>44,801</b>	<b>108,406</b>	<b>201,815</b>	<b>-283,252</b>	<b>71,770</b>

<b>3 quarters of 2018 from 01/01/2016 to 30/09/2016</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 (loss) for the period				-22,779	-22,779
Other comprehensive income					
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-22,779</b>	<b>-22,779</b>
Distribution of previous years' profit					
Dividends paid					
<b>As at 30 September 2018</b>	<b>44,801</b>	<b>108,406</b>	<b>201,815</b>	<b>-283,252</b>	<b>71,770</b>

<b>Year 2017 – period from 01/01/2017 to 31/12/2017</b>					
<b>As at 01 January 2017</b>	<b>44,801</b>	<b>108,406</b>	<b>201,815</b>	<b>-265,574</b>	<b>89,448</b>
Profit (loss) for the period	0	0	0	5,101	5,101
Other comprehensive income	0	0	0	0	0
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,101</b>	<b>5,101</b>
Distribution of previous years' loss	0	0	0	0	0
Reclassification of loans to equity	0	0	0	0	0
<b>As at 31 December 2017</b>	<b>44,801</b>	<b>108,406</b>	<b>201,815</b>	<b>-260,473</b>	<b>94,549</b>

<b>3 quarters of 2017 from 01/01/2017 to 30/09/2017 (restated)</b>					
<b>As at 01 July 2017</b>	<b>44,801</b>	<b>108,406</b>	<b>201,815</b>	<b>-265,574</b>	<b>89,448</b>
Profit (loss) for the period				15,629	15,629
Other comprehensive income					0
<b>Total comprehensive income</b>		<b>0</b>	<b>0</b>	<b>15,629</b>	<b>15,629</b>
Distribution of previous years' profit					0
Dividends paid					0
<b>As at 30 September 2017</b>	<b>44,801</b>	<b>108,406</b>	<b>201,815</b>	<b>-249,945</b>	<b>105,077</b>

**Additional Explanatory Notes  
to the condensed interim separate financial statements  
for the period from 01/07/2018 to 30/09/2018**

1. General information

For the separate profit and loss account, the condensed interim separate financial statements cover the period of 9 months of 2018 and the third quarter of 2018 and comprise corresponding figures for the period of 9 months of 2017 and the third quarter of 2017; for the separate cash flow statement, the financial statements cover the period of 9 months of 2018 and the third quarter of 2018 and comprise the corresponding figures for the period of 9 months of 2017 and the third quarter of 2017; while the separate statement of financial position prepared as at 30 September 2018 includes comparative figures as at 30 June 2018, 31 December 2017 and 30 September 2017.

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 0000008820. 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 financial statements, which were approved on 29/11/2018.

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 at 29/11/2018, members of the Management Board included:

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 at 29/11/2018, members of the Supervisory Board included:

Francisco Adalberto Claudio Vazquez, Chair of the Supervisory Board  
Jose Manuel Terceiro Mateos, Vice-Chair of the Supervisory Board  
Javier Lapastora Turpin, 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

2. Approval of the Financial Statements

The condensed interim separate financial statements for the third quarter of 2018 were approved for publication by the Management Board of the Company on 29/11/2018.

### 3. Basis for preparation of the condensed financial statements for the third quarter of 2018 and the accounting policies

#### 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 financial separate statements have been prepared in accordance with the historical cost principle, except for financial instruments that have been measured at fair value.

In the period from 01/01/2018 to 30/09/2018, the Company generated the sales profit of PLN 24,823 thousand and incurred a net loss of PLN 22,779 thousand. The Company's equity as at 30/09/2018 was positive and amounted to PLN 71,770 thousand. As at the balance sheet date, the Company's current liabilities amounted to PLN 563,285 thousand (cf. PLN 509,407 thousand as at 31/12/2017) and were lower by PLN 199,773 thousand than current assets (as at end of 2017, they were lower by PLN 232,451 thousand). The Company also recorded negative cash flows from operating activities in the amount of PLN 93,173 thousand.

In its separate statement of financial position, the Company shows overdue trade receivables in the amount of PLN 204,193 thousand, for which no revaluation write-offs have been recognized, and the assets arising from construction contracts in the amount of PLN 168,715 thousand, associated with the completed contracts, which are subject to the court proceedings. The Management Board expects that within 9 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 and assets under the contract as well as cash inflow to the Company in the amount of PLN 39,564 thousand.

On 10 October 2018, the Consortium composed of the Company, Polimex-Mostostal SA and Rafako SA concluded an annex with PGE Górnictwo i Energetyka Konwencjonalna SA, whereby the deadlines for commissioning Power Block No. 5 and Power Block 6 were rescheduled to 15 June 2019 and 30 September 2019, respectively. In addition, the parties agreed on technical issues related to the construction of power blocks. The Employer has confirmed the amount of remuneration due to the Consortium, provided that the deadlines for commissioning of the power blocks for agreed in the annex are met.

In the third quarter of 2018, the Company financed its operations using mainly its own funds and borrowings granted by the related party - Acciona Construcción S.A. In 2018, the Company entered into two new loan agreements with Acciona Construcción S.A. for the total amount of EUR 10,000 thousand. The loan maturity dates fall for the years 2019-2020. In September 2018, the Company signed annexes to two loan agreements for the total amount of EUR 18,669 thousand, whereby the deadline for their repayment has been rescheduled until 2020.

The share of contracts from the energy and infrastructure sectors in the Company's backlog is currently increasing. The value of Mostostal Warszawa's backlog amounts to PLN 1,738,246 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 Management Board analysed the Company's current situation in terms of going concern. The assessment covered the working capital ratio, which does not take into account long-term receivables and liabilities, and cash flow forecast for the coming year. Based on the analysis results, the 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.

Despite the above information indicating uncertainty as to the Company's ability to continue as a going concern (there is a risk that the above assumptions will not be met), the Company's Management Board believes that the liquidity and going concern risks are properly managed. In the opinion of the Management Board, the Company's going concern assumption is justified.

#### 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 2017 and the related additional information. The condensed interim separate financial statements of Mostostal Warszawa S.A. have been neither reviewed nor audited 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 2017.

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 2017, except for the accounting principles related to entry into force of IFRS 9 and IFRS 15 as of 01/01/2018, which have been described in Note 3.4.

In connection with the application of IFRS 15, the following item designations have been changed in the separate statement of financial position:

Previous designation	Current designation
Accruals from valuation of contracts (gross amounts due from customers under construction contracts)	Assets arising from construction contracts
Accruals from valuation of contracts (gross amounts due to the ordering parties under construction contracts)	Liabilities arising from construction contracts

In these condensed separate financial statements, the following new and amended accounting standards, which came into force on or after 01 January 2018, have been applied for the first time:

**Standards, amendments, interpretations and clarifications to the standards applied for the first time in 2018**

- IFRS 9 “Financial Instruments”,
- IFRS 15 “Revenue from Contracts with Customers”,
- Amendments to IFRS 4 “Insurance Contracts” – Taking into account changes introduced by IFRS 9 “Financial Instruments”,
- IFRS 15 “Revenue from Contracts with Customers”
- - Amendments to IFRS 2 “Share-based payment” – Classification and measurement of share-based payment transactions.
- Amendments to IAS 40 “Investment Property” – Transfers of investment property to other groups of assets,
- Improvements to IFRS (2014-2016 cycle) – The primary objective of amendments to IFRS 1, IAS 28 and IFRS 12 is to remove inconsistencies and clarify wording.
- Interpretation of IFRIC 22 “Foreign Currency Transactions and Advance Consideration”

**Standards and interpretations which have already been published and approved by the EU, but have not yet entered into force**

When approving these condensed interim separate financial statements, the Company did not apply the following standards, amendments to standards and interpretations that have been published and approved for use in the EU, but have not yet entered into force:

- IFRS 16 “Leases” (effective for annual periods beginning on or after 01 January 2019),
- Amendments to IAS 9 “Financial Instruments” – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 01 January 2019),

The implementation of IFRS 16 will have a significant impact on the lease assets and liabilities recognized by the Company. According to the preliminary assessment, all the currently concluded operating leases under which the Company is a lessee meet the definition of lease in accordance with IFRS 16, which will in particular result in the recognition of lease liabilities and assets related to the right to use the leased asset. The estimated amount of assets and liabilities that will have to be additionally recognized in the statement of financial position is the value of the minimum payments under non-cancellable leases, as presented in Note 32.2. In addition, the Company owns the right of perpetual usufruct of land: in Warsaw at ul. Krakowiaków, which, in accordance with the provisions of IFRS 16, also meets the definition of lease and has concluded lease agreements that meet the definition of lease. Initial calculations related to this standard were presented in the separate financial statements for 2017 in Section 4.33, and as at 30/09/2018, have not changed significantly.

**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 14 “Regulatory Assets and Liabilities” (effective for annual periods beginning on or after 01 January 2016). The European Commission has decided not to approve this transitional standard while awaiting the proper standard.
- 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 (no effective date has been scheduled).

- Amendments to IAS 28 “Investments in Associates and Joint Ventures” – Determination of the scope of application for long-term interests in associates and joint ventures (effective for annual periods beginning on or after 01 January 2019).
- Amendments to IAS 19 “Employee Benefits” – Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 01 January 2019).
- Amendments to various standards, Improvements to IFRSs (2015-2017) – Changes in the procedures for annual improvements to IFRS (IFRS 3, IFRS 11, IAS 12 and IFRS 23) primarily with a view to removing inconsistencies and clarifying wording (effective for annual periods beginning on or after 01 January 2019).
- Amendments to the Conceptual Framework for IFRS (effective for annual periods beginning on or after 01 January 2020).
- Interpretation of IFRIC 23 “Uncertainty over income tax treatments” (effective for annual periods beginning on or after 01 January 2019).

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 1 January 2018, the Company has for the first time applied the following new standards:

#### - **IFRS 9 “Financial Instruments”**

The standard introduces changes in the classification of financial instruments (change in the category of financial assets and new classification criteria), the concept of impairment based on the credit loss expected instead of the loss incurred so far and changes to the guidelines for hedge accounting. The company applied the standard retrospectively. The company decided not to restate the data relating to earlier periods and to recognize the possible impact of the first application in the opening balance of the result carried forward. The application of IFRS 9 did not have a material impact on the financial statements prepared in previous years; therefore, as at 30 June 2018, no correction was made that would be recognized in the result carried forward.

The major assumptions of the accounting policy adopted by the Company with the first application of IFRS 9:

#### Financial instruments

##### ***Classification and measurement***

Financial assets and liabilities are recognized when the Company becomes a party to a binding contract. Initially, financial assets are measured at fair value (in case of financial assets / liabilities later measured at amortized cost, transaction costs should be added to or subtracted from the initial value, as appropriate).

At initial recognition, trade receivables that do not have a significant financing component (determined in accordance with IFRS 15) are measured at their transaction price.

The classification of financial assets is based on the Company's business model for financial asset management and the characteristics of the cash flows arising from the contract for the assets.

In subsequent periods after the initial recognition, financial assets are measured at:

- amortised cost
- fair value through other comprehensive income
- fair value through profit and loss

A financial asset is measured at amortized cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive income if

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, the Company may make an irrevocable election at initial recognition for particular investments in equity instruments (that would otherwise be measured at fair value through profit or loss) to present subsequent changes in fair value in other comprehensive income. The amounts accumulated in other comprehensive income cannot be reclassified to the profit and loss account, even when removed from the statement of financial position. Such an investment is a non-cash item. If the item is denominated in a foreign currency, foreign exchange differences are also recognized in other comprehensive income.

In all other cases, a financial asset is measured at fair value through profit or loss.

Assets are derecognized, when the rights to receive cash flows on their account have expired or have been transferred and substantially all of the risks and rewards arising from their ownership have been transferred.

After the initial recognition, all financial liabilities are classified as measured at amortized cost, except for financial liabilities measured at fair value through profit or loss (satisfying the definition held for trading) - after initial recognition, these instruments are measured at fair value.

A special sub-category of financial assets and liabilities held for trading are derivatives. Derivative transactions are entered into to hedge cash flows against exchange rate and interest rate risks.

Derivative instruments are measured as at the balance sheet date at a reliably determined fair value. The fair value of derivatives is estimated using a model based, inter alia, on exchange rates (average rates quoted by the National Bank of Poland) as at the balance sheet date or differences in interest rate levels of the quota and base currencies.

The effects of periodic measurement of derivatives hedging foreign exchange risk on construction contracts denominated in foreign currencies as well as gains and losses as at their settlement date are recognized in the profit and loss account under "Other operating income (costs)" as a part of operating activities.

The effects of periodic measurement of derivatives hedging interest rate or foreign exchange risks for items classified as the Company's financial operations as well as gains and losses as at the date of their settlement are recognized in the profit and loss account under "Financial revenue (expenses)" as a part of financial activities.

The Company does not apply hedge accounting.

#### ***Impairment of financial assets***

The Company discloses the loss allowance in the notes to the financial statements. Credit losses are the difference between all due cash flows arising from a given contract and the cash flows actually expected, taking into account all expected shortages (i.e. lack of payments). If the allowance is recognized in respect of long-term financial assets, the loss allowance should be discounted at the original effective interest rate (i.e. the rate applied on the asset recognition).

#### ***Expected credit loss allowance***

For trade receivables and financial assets covered by IFRS 15 (i.e. the measurement of long-term construction contracts), the Company measures the expected credit loss allowance for the entire expected life of a given financial asset. The Company applies a personal approach to assess the amount of expected credit losses.

For other financial assets not covered by IFRS 15 (i.e. investments in equity instruments, deposits under construction contracts, loans granted and other financial assets not measured at fair value), credit losses should be estimated for the entire expected life of a given financial asset if the credit risk associated with a given asset has significantly increased since the initial recognition. Where the increase in credit risk has not been significant, an allowance at an amount equal to a 12-month expected credit loss is recognised.

For other financial assets not covered by IFRS 15, if initially the Company recognised an allowance equal to the expected credit loss for the entire life of the asset, and thereafter, as at the following reporting day, found that the credit risk was no longer significantly higher, the Company recognizes an allowance at an amount equal to a 12-month expected credit loss.

#### **- IFRS 15 "Revenue from Contracts with Customers" and later amendments**

The company applied the standard retrospectively with the combined effect of the first application recognized on the first application date. The application of the new standard did not affect the items presented in the profit and loss account as well as the Company's result and capitals revealed in the separate financial statements.

The major assumptions of the accounting policy adopted by the Company with the first application of IFRS 15:

The Company accounts for a contract with a customer only when all of the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- the Company can identify each party's rights regarding the goods or services to be transferred;
- the Company can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

The Company combines two or more contracts entered into at or near the same time with the same customer (or related parties of the customer) and account for the contracts as a single contract if one or more of the following criteria are met:

- the contracts are negotiated as a package with a single commercial objective;

- the amount of consideration to be paid in one contract depends on the price or performance of the other contract;  
or
- the goods or services promised in the contracts (or some goods or services promised in each of the contracts) are a single performance obligation.

At contract inception, the Company assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the good or service is distinct within the context of the contract).

The Company recognises revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

For each performance obligation identified, the Company determines at contract inception whether it satisfies the performance obligation over time or satisfies the performance obligation at a point in time. If an entity does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

For construction contracts, the Company satisfies the performance obligation over time, since the entity's performance

- a) does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date; or
- b) creates or enhances an asset that the customer controls as the asset is created or enhanced.

Revenue is recognized on the basis of the expenses incurred over time and that method is applied consistently to similar performance obligations and in similar circumstances. At the end of each reporting period, the Company remeasures its progress towards complete satisfaction of a performance obligation satisfied over time.

To measure progress, the Company uses the input methods. Input methods recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation.

When (or as) a performance obligation is satisfied, the Company recognises as revenue the amount of the transaction price (which excludes estimates of variable consideration that are constrained) that is allocated to that performance obligation.

Revenues from construction contracts take into account the initial amount of revenue determined in the contract and changes (modifications) made during the performance of the contract (transaction price of the contract).

A variation is an instruction by the customer for a change in the scope of the work to be performed under the contract. A variation may lead to an increase or a decrease in contract revenue. Examples of variations are changes in the specifications or design of the asset and changes in the duration of the contract.

A contract modification exists when the parties to a contract approve a modification that either creates new or changes existing enforceable rights and obligations of the parties to the contract.

A contract modification may exist even though the parties to the contract have a dispute about the scope or price (or both) of the modification or the parties have approved a change in the scope of the contract but have not yet determined the corresponding change in price. In such circumstances, the Company is dealing with a claim i.e. an amount that the contractor seeks to collect from the customer or another party as reimbursement for costs not included in the contract price. A claim may arise from, for example, customer caused delays, errors in specifications or design, and disputed variations in the construction contract. In determining whether the rights and obligations that are created or changed by a modification are enforceable, the Company considers all relevant facts and circumstances. In assessing the existence and enforceability of a right to payment for performance completed to date, the Company considers the contractual terms as well as any legislation or legal precedent that could supplement or override those contractual terms. This would include an assessment of whether legislation, administrative practice or legal precedent confers upon the Company a right to payment for performance to date even though that right is not specified in the contract with the customer

Even though the parties to the contract have a dispute about the scope or price (or both) of the modification, and as a result of an analysis the Company determines that its rights that are created or changed by a modification are

enforceable, then the Company estimates an amount of variable consideration by using either of the following methods, depending on which method the entity expects to better predict the amount of consideration to which it will be entitled:

- a) The expected value – the sum of probability-weighted amounts in a range of possible consideration amounts;
- b) The most likely amount – the most likely amount is the single most likely amount in a range of possible consideration amounts (i.e. the single most likely outcome of the contract).

The Company applies one method consistently throughout the contract when estimating the effect of an uncertainty on an amount of variable consideration to which the entity will be entitled. In addition, the Company considers all the information (historical, current and forecast) that is reasonably available to the entity and identifies a reasonable number of possible consideration amounts.

The Company includes in the transaction price some or all of an amount of variable consideration estimated in accordance with the foregoing paragraph 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 assessing whether it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur once the uncertainty related to the variable consideration is subsequently resolved, the Company considers both the likelihood and the magnitude of the revenue reversal.

When making judgements and estimates regarding an amount of variable consideration, the Management Board relies on the opinions of external independent law firms and experts regarding individual disputable modifications of contracts with customers and their likely resolution.

The Company accounts for a contract modification as a separate contract if both of the following conditions are present: the scope of the contract increases because of the addition of promised goods or services that are distinct, and the price of the contract increases by an amount of consideration that reflects the entity's stand-alone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract.

The Company accounts for the contract modification as if it were a part of the existing contract if the remaining goods or services are not distinct and, therefore, form part of a single performance obligation that is partially satisfied at the date of the contract modification. The effect that the contract modification has on the transaction price, and on the Company's measure of progress towards complete satisfaction of the performance obligation, is recognised as an adjustment to revenue (either as an increase in or a reduction of revenue) at the date of the contract modification (i.e. the adjustment to revenue is made on a cumulative catch-up basis).

At the end of each reporting period, the Company updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period. The Company accounts for changes in the transaction price in accordance with the two foregoing paragraphs.

For a change in the transaction price that occurs after a contract modification:

- a) The Company allocates the change in the transaction price to the performance obligations identified in the contract before the modification if, and to the extent that, the change in the transaction price is attributable to an amount of variable consideration promised before the modification and the modification is accounted for as if it the existing contract was terminated and a new contract was created;
- b) In all other cases in which the modification was not accounted for as a separate contract, the Company allocates the change in the transaction price to the performance obligations in the modified contract (i.e. the performance obligations that were unsatisfied or partially unsatisfied immediately after the modification).

When the Company, as one of the parties to a contract, has performed, the Company presents the contract in the separate statement of financial position as a contract asset or a contract liability – depending on the relationship between the entity's performance and the customer's payment. The Company presents any unconditional rights to consideration separately as a receivable.

The Company identifies the following items of the statement of financial position as contract assets:

- a) Prepayments for construction works
- b) Assets arising from construction contracts

The Company identifies the following items of the statement of financial position as contract liabilities:

- a) Prepayments for construction works
- b) Liabilities arising from construction contracts
- c) Other accruals
- d) Provisions for warranty repairs

When another party is involved in providing goods or services to a customer, the Company determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent).

The Company is a principal if it controls a promised good or service before the entity transfers the good or service to a customer. However, the Company is not necessarily acting as a principal if it obtains legal title of a product only momentarily before legal title is transferred to a customer. The Company is a principal in a contract may satisfy a performance obligation by itself or it may engage another party (for example, a subcontractor) to satisfy some or all of a performance obligation on its behalf. When the Company that is a principal satisfies a performance obligation, it recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred.

The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. When the Company that is an agent satisfies a performance obligation, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services. The Company's fee or commission might be the net amount of consideration that the Company retains after paying the other party the consideration received in exchange for the goods or services to be provided by that party.

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

The following principles have been adopted for converting the selected financial data concerning the third quarter of 2018 to EUR:

- individual items of the separate profit and loss account and cash flow account for the third quarter of 2018 were converted at the PLN/EUR rate of 4.2535, 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, June, July, August and September of 2018.
- individual items of assets and liabilities on the separate statement of financial position were converted at the PLN/EUR rate of 4.2714 as published by the NBP on 28/09/2018.

### 3.6 Currency of the financial statements

The condensed interim separate financial statements for the third quarter of 2018 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	01/07/2018 – 30/09/2018	01/01/2018 – 30/09/2018	01/07/2017 – 30/09/2017 (restated)	01/01/2017 – 30/09/2017 (restated)
Revenue from construction contracts	201,362	534,170	200,580	661,977
Cost of construction works	191,972	498,103	165,117	557,384
Result	9,390	36,067	35,463	104,593

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 accrued on construction contracts in progress as at the balance sheet date

Item	as at 30/09/2018	as at 30/06/2018	as at 31/12/2017	as at 30/09/2017 (restated)
Estimated incremental revenue from construction contracts in progress	2,920,191	2,854,728	2,639,524	2,541,710
Incrementally invoiced sales of construction contracts in progress	2,665,055	2,620,556	2,451,265	2,373,595
<b>Assets and liabilities arising from construction contracts in progress (on balance)</b>	<b>255,136</b>	<b>234,172</b>	<b>188,259</b>	<b>168,115</b>
Prepayments received on construction contracts in progress	46,101	55,479	40,255	45,890
<b>Net balance sheet position for construction contracts in progress</b>	<b>209,035</b>	<b>178,693</b>	<b>148,004</b>	<b>122,226</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)	255,136	234,172	188,259	168,115
Assets arising from completed construction contracts	134,449	134,449	134,449	107,897
<b>Assets and liabilities arising from construction contracts (on balance)</b>	<b>389,585</b>	<b>368,621</b>	<b>322,708</b>	<b>276,012</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 Ordering Parties,
- 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.

Therefore, the Company recognized construction contract assets resulting from changes to contracts with the ordering parties (customers) in the amount of PLN 134,449 thousand.

The aforementioned circumstances and modifications of contracts with ordering parties (customers) did not affect the amount of recognized revenue from construction contracts in the period 01/07/2018 - 30/09/2018.

On 10 October 2018, the Consortium composed of the Company, Polimex-Mostostal SA and Rafako SA ("Consortium") and PGE Górnictwo i Energetyka Konwencjonalna SA concluded an annex to the Contract of 15 February 2012 for construction of Power Blocks No. 5 and 6 at the Power Plant in Opole, a branch of PGE Górnictwo i Energetyka Konwencjonalna SA, which is performed by the Consortium and GE Power Sp. z o.o. – acting as the general designer and the consortium leader in charge of the Project implementation. Pursuant to the annex, the deadlines for commissioning Power Block No. 5 and Power Block 6 were rescheduled to 15 June 2019 and 30 September 2019, respectively. In addition, the parties agreed on technical issues related to the construction of power blocks. The Employer has confirmed the amount of remuneration due to the Consortium, provided that the deadlines for commissioning of the power blocks for agreed in the annex are met.

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

Assets	as at 30/09/2018	as at 30/06/2018	as at 31/12/2017	as at 30/09/2017 (restated)
Amounts due from customers under construction contracts (long-term contracts)	321,265	332,381	312,801	322,268
- including retained deposits	7,310	6,042	8,158	8,212
Prepayments for works	4,846	14,389	15,468	28,622
Assets arising from construction contracts	400,281	378,348	332,978	276,012

Liabilities	as at 30/09/2018	as at 30/06/2018	as at 31/12/2017	as at 30/09/2017 (restated)
Amounts due to suppliers under construction contracts (long-term contracts)	249,057	273,370	251,897	224,737
- including retained deposits	82,667	82,302	84,274	84,927
Prepayments for works	46,101	55,479	40,255	45,890
Reserves for anticipated losses	8,519	10,405	11,329	8,534
Liabilities arising from construction contracts	10,696	9,727	10,270	0

#### 5. Significant changes in estimates

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 3,202 thousand and as at 30/09/2018 amounted to PLN 30,252 thousand (cf. PLN 33,454 thousand as at 30/06/2018). The Company recognizes deferred tax assets based on the assumption that future taxable income will allow for its use. 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 30,252 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 2018-2021.

#### 6. Seasonal or cyclical nature of the Company's activities in the third quarter of 2018

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 third quarter of 2018 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

In the third quarter of 2018, the earnings were significantly affected by the appreciation of the Polish currency against EUR, compared to the situation as at 30/06/2018, as a result of which the company recognized foreign exchange gains on the balance sheet valuation of loans in the amount of PLN 4,961 thousand.

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

In the third quarter of 2018, 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 third quarter of 2018, the write-downs on the amounts receivable of PLN 15 thousand were reversed, the write-downs in the amount of PLN 518 thousand in this respect were recognized, and the write-downs of PLN 22 thousand were used.

#### 10. Creation, increase, use and reversal of provisions

<b>30 September 2018</b>	Provision for anniversary awards and retirement bonuses	Provision for anticipated losses on contracts	Provision for warranty repairs	Provision for litigation	Total
As at 01/01/2018	1,795	11,329	18,972	19,678	51,774
Created during the financial year		1,738	3,123	30	4,891
Used	-200	-4,548	-3,964	-13,925	-22,637
Reversed			-812		-812
<b>As at 30/09/2018</b>	<b>1,595</b>	<b>8,519</b>	<b>17,319</b>	<b>5,783</b>	<b>33,216</b>
Long-term as at 30/09/2018	1,301	1,757	7,184		<b>10,242</b>
Short-term as at 30/09/2018	294	6,762	10,135	5,783	<b>22,974</b>

#### 11. Significant transactions of purchase and sale of property, plant and equipment

In the third quarter of 2018, the Company did not enter into any significant transactions related to property, plant and equipment.

#### 12. Material liabilities due to purchase of property, plant and equipment

Due to the lack of significant purchases of property, plant and equipment in the third quarter of 2018, no significant liabilities in this respect arose.

#### 13. Significant litigation settlements

In the third quarter of 2018, there were no significant litigation settlements.

#### 14. Corrections of prior period errors

In the reporting period, there were no corrections of prior period errors.

In the financial statements for the year 2017, the Management Board of Mostostal Warszawa S.A. corrected the revenue recognized on claims made towards customers, as reported in the financial statements for previous financial years, which did not meet the revenue recognition criteria laid down in the International Financial Reporting Standards (IFRS). These claims were related to contracts performed by the Company in the years 2009-2012. As at 31/12/2016, the amount of claims (excluding deferred tax liability) recognized in the Company's assets was PLN 224,357 thousand. After updating the analysis of claims and asserting validity of their recognition, the Management Board found that claims in the amount of PLN 69,092 thousand meet the revenue recognition criteria as required by IAS 11. On this basis, the Management Board corrected the misstated prior years' claims in accordance with the provisions of IAS 11 "Construction Contracts" in the amount of PLN 155,265 thousand.

In addition, the Company also analysed the remaining claims submitted to the customers, which have not been included in the financial statements for previous years, and based thereon recognized virtually certain assets in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", which increased the previous years' result by PLN 38,804 thousand (excluding deferred tax liability).

The effect of the aforesaid corrections on the items of the separate statement of financial position as at 30/09/2017 and the items of the separate profit and loss account for the period of 9 months of 2017 is as follows:

Equity	30/09/2017
<b>Equity before correction</b>	<b>190,414</b>
Correction of claims recognized in the years 2011-2012	-125,765
Recognition of claims which affect the previous years' profit or loss in accordance with IAS 37	31,432
Recognition of claims which affect the previous years' profit or loss in accordance with IAS 37	8,996
<b>Equity after correction</b>	<b>105,077</b>

Assets	30/09/2017
<b>Deferred tax assets before correction</b>	<b>30,388</b>
Correction of a deferred tax asset related to claims recognised in 2011-2012	29,500
Correction of a deferred tax asset related to claims recognised in accordance with IAS 37	-9,482
<b>Deferred tax assets after correction</b>	<b>50,406</b>

Assets	30/09/2017
<b>Assets arising from construction contracts before correction</b>	<b>381,367</b>
Correction of claims recognized in the years 2011-2012	- 155,265
Recognition of claims which affect the previous years' profit or loss in accordance with IAS 37	38,804
Recognition of claims which affect the profit or loss for 2017 in accordance with IAS 37	11,106
<b>Assets arising from construction contracts after correction</b>	<b>276,012</b>

Profit and Loss Account	from 01/01/2017 to 30/09/2017
<b>Net profit before correction</b>	<b>6,633</b>
Recognition of claims which affect the profit or loss for 2017 in accordance with IAS 37	11,106
Deferred tax on claims recognized in accordance with IAS 37, which affect the profit or loss for 2017	-2,110
<b>Net profit after correction</b>	<b>15,629</b>

The Company will continue all the activities aimed at recovering the amounts included in the Company's statements of financial position for the years 2011-2012, while their settlement will have a positive impact on the financial statements in the subsequent financial years.

#### 15. Issue, redemption and repayment of debt and equity securities

No shares were issued in the third quarter of 2018. No debt and equity securities were repaid.

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

In the third quarter of 2018, the Company did not pay any dividends.

On 24 April 2018, the Annual General Meeting of Mostostal Warszawa S.A. resolved to allocate the entire profit for 2017 in the amount of PLN 5,101 thousand to absorb previous years' losses.

#### 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 10 October 2018, the Consortium composed of the Company, Polimex-Mostostal SA and Rafako SA ("Consortium") and PGE Górnictwo i Energetyka Konwencjonalna SA concluded an annex to the Contract of 15 February 2012 for construction of Power Blocks No. 5 and 6 at the Power Plant in Opole, a branch of PGE Górnictwo i Energetyka Konwencjonalna SA, which is performed by the Consortium and GE Power Sp. z o.o. – acting as the general designer and the consortium leader in charge of the Project implementation. Pursuant to the annex, the deadlines for commissioning Power Block No. 5 and Power Block 6 were rescheduled to 15 June 2019 and 30 September 2019, respectively. In addition, the parties agreed on technical issues related to the construction of power blocks. The Employer has confirmed the amount of remuneration due to the Consortium, provided that the deadlines for commissioning of the power blocks for agreed in the annex are met.

On 15 October 2018, the Company, acting in the framework of the Consortium composed of: Mostostal Warszawa S.A. ("Leader" with 99% share in the Consortium) and Firma Handlowo-Uslugowa "EFER" ("Partner" with 1% share in the Consortium) entered into Annex No. 2 the Contract with Otwockie Przedsiębiorstwo Wodociągów i Kanalizacji Sp. z o.o. (Water Supply and Sewerage Company) for construction works under the project entitled "Reconstruction and Upgrade of the Wastewater Treatment Plant in Otwock – Phase I". The information on the Contract and on Annex No. 1 was published in the Current Report No. 31/2017).

Pursuant to the aforesaid annex, new deadlines have been agreed:

- completion of construction works by 31/01/2019;
- completion of construction works, commissioning and notification of completion of works with respect to the entire subject of the contract by 14/02/2019;
- Final acceptance after obtaining the required permits for operation by 31/03/2019.

The gross compensation for the performance of the contract has been increased to PLN 21,57 million.

On 18 October 2018, at the District Court in Warsaw, 16th Commercial Division, the Consortium, of which the Company was a member, and Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o. reached the settlement under the court proceedings related to performance of the Contract for construction of the passenger terminal building at Warsaw-Modlin Airport. Pursuant to the settlement in question, the Consortium, of which the Company was a member, undertook to pay to Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o. the amount of PLN 500 thousand as the claim sought by the latter. Therefore, on 18 October 2018, the District Court in Warsaw, 16th Commercial Division issued a decision to discontinue the said proceedings.

On 6 November 2018 concluded with the Urząd Miasta Stołecznego Warszawa - Dzielnica Wilanów (Municipality of Capital City of Warsaw - Wilanów District) ("Ordering Party") a contract with an annex for the implementation of the task titled: "Designing and building the building of the Primary School in the Wilanów District of the Warsaw Capital City together with the necessary infrastructure". Contract value: PLN 59.09 million gross. Implementation deadline: until 30 September 2020.

On 08 November 2018, the Appellate Court in Warsaw passed a decision to amend the judgement of the Court of First Instance as follows: the Court upheld the verdict that the State Treasury, represented by the Ministry of National Defence shall pay the amount of PLN 1,057 thousand plus interest to the Consortium, of which the Company was a member, while dismissing the claim for the amount of PLN 6,085 thousand plus interest. The Claimant may appeal to the court of the highest instance. After the Company receives the written justification of the judgement and analyses the same, it will take a decision regarding the submission of an appeal to the court of the highest instance.

The Management Board of Mostostal Warszawa S.A. ("Company") informs that on 14 November 2018, a Consortium composed of the Company (Leader) and ACCIONA Construcción S.A. (Partner) has concluded a contract with the General Directorate of Roads and Motorways branch in Rzeszów for the implementation of the task entitled: "Design and construction of the S19 expressway on the section from the "Nisko Południe" node (without a node) to the "Sokołów Małopolski Północ" junction (with interchanges) divided into three tasks: Task "A" from the "Nisko Południe" node (without a node) to the "Podgórze" node (without a node) with a length of 11.5 km". Contract Value: PLN 272.5 million gross. Completion date: 34 months - including the designing time, were winter periods are counted, while completion of works were winter periods are not included - from 15 December to 15 March.

**19. Changes in granted / received collaterals of commercial contracts and in contingent liabilities / receivables, which occurred after the end of the last financial year**

19.1. Contingent liabilities and assets

**Contingent liabilities**

No.	Item	30/09/2018	31/12/2017
(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)	106,417	106,417
(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)	Mazowiecki Port Lotniczy Warszawa – Modlin Sp. z o.o. – construction of the passenger terminal building at Modlin Airport – claim for a contractual penalty (description in Note 20.1 item f)	81,579	81,579
(g)	Biomatec Sp. z o.o. – claim for remuneration (description in Note 20.1 item g)	22,876	22,876
(h)	Cestar A.Cebula J.Starski s.j. – claim for remuneration (description in Note 20.1 item i)	12,689	8,748
(i)	– University of Białystok – claim for a contractual penalty (description in Note 20.1 item l)	204,967	0
(j)	Other	17,466	12,006
	<b>Total</b>	<b>576,390</b>	<b>362,022</b>

Contingent liabilities as at 30/09/2018 amounted to PLN 576,390 thousand and decreased by PLN 214,368 thousand, compared to the previous year's balance sheet date.

**Contingent assets**

No.	Item	30/09/2018	31/12/2017
(a)	The State Treasury – The General Director of National Roads and Highways – Construction of the A4 Motorway – claims related to increase in prices of aggregate and sand (Description in Note 20.2 item e)	61,795	61,795
(b)	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 payment for primary, additional and replacement works (description in Note 20.2 item k)	50,283	50,283
(c)	The State Treasury – The General Director of National Roads and Highways – Construction of Kielce beltway – claims related to the increase in prices of fuels and bitumen (Description in Note 20.2 item f)	12,568	12,568
(d)	The State Treasury – The General Director of National Roads and Highways – Construction of the A2 Motorway – claims related to increase in prices of bitumen (Description in Note 20.2 item a)	8,553	8,553
(e)	Other	12,907	12,907
	<b>Total</b>	<b>146,106</b>	<b>146,106</b>

Contingent assets as at 30/09/2018 amounted to PLN 146,106 thousand and did not change as compared to the previous year's balance sheet date.

## 19.2. Collaterals of trade agreements

### Granted

Item	30/09/2018	31/12/2017
Promissory notes issued to secure trade agreements	78,873	92,792
Guarantees to secure trade agreements	484,051	445,362
<b>Total contingent liabilities</b>	<b>562,924</b>	<b>538,154</b>

As at 30/09/2018, the collaterals granted to secure trade agreements amounted to PLN 562,924 thousand, which means an increase by PLN 24,770 thousand, as compared to the previous year's balance sheet date.

### Received

Item	30/09/2018	31/12/2017
Guarantees received	44,652	54,670
Promissory notes received	817	2,318
<b>Total contingent receivables</b>	<b>45,469</b>	<b>56,988</b>

As at 30/09/2018, the collaterals received to secure trade agreements amounted to PLN 45,469 thousand, which means a decrease by PLN 11,519 thousand as compared to the previous year's balance sheet date.

Collaterals of trade agreements to secure repayment of 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 under consortium arrangements.

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

## 20. Information on 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 1,094,137 thousand and in the proceedings related to liabilities with the total value of PLN 685,690 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 counterclaims 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. 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.
- 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 thousand. As the Management Board of the Company considers the contractual penalties to be charged unreasonably, this amount has not been included in the contract measurement. The dispute on the lack of grounds to charge the Company with the contractual penalties is currently examined by the 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.

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

Date of the claim: 24/07/2017

Value in dispute: PLN 106,417 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 Unit and the claim for reducing 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 counterclaim for the amount of PLN 7,378 thousand were submitted by Mostostal Warszawa S.A. on 15/12/2017. 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) 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 amount of PLN 2,964 thousand 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.

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

Date of the claim: 22/07/2016

Value in dispute: PLN 20,822 thousand

The Claimant 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 counterclaim 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. 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) Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o. (Claimant)  
Date of the claim: 28/08/2017  
Value in dispute: PLN 81,579 thousand  
Under the lawsuit, the Claimant demands the payment of penalties for delays in rectifying defects during the period of warranty for the passenger terminal building at the Modlin Airport. On 18 October 2018, a court settlement was reached under the proceedings held before the District Court in Warsaw. Pursuant to the settlement in question, the Consortium undertook to pay to Mazowiecki Port Lotniczy Warszawa-Modlin Sp. z o.o. the amount of PLN 500 thousand as the claim sought by the latter. Therefore, on 18 October 2018, the District Court in Warsaw issued a decision to discontinue the said proceedings.
- g) 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. (in addition to Mostostal, the other defendant is the investor: 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. The court admitted the expert witness evidence to judge whether removal of obstacles from the construction site (including track, oil management building, foundations of the railway ramp for unloading mazut) contributed to the occurrence of the delay, on the part of Biomatec, in the performance of the contract and who was responsible for the above circumstances. It is expected that the expert opinion would be submitted by the end of November 2018.
- h) Korporacja Budowlana DORACO spółka z o.o. with its registered office in Gdańsk (Claimant)  
Date of the claim: 23/11/2015  
Value in dispute: PLN 10,926 thousand  
The Claimant seeks liquidated damages from Mostostal Warszawa S.A. for withdrawal from the subcontract for construction works under the project "Construction of the Waste Incineration Plant for the Municipal Area of Szczecin". By the virtue of the judgement of 28/04/2017, the Regional Court in Szczecin (court of first instance) allowed the claim in its entirety and ordered the Company to pay the amount of PLN 10,926 thousand to the Claimant. The Company brought an appeal in the case. At the appellate hearing held on 04 July 2018, the court allowed the expert witness evidence, in accordance with the Company's petition. The Company disputes this claim in its entirety because it is Mostostal Warszawa S.A. who has withdrawn from the Subcontracting Contract first, for the reasons attributable to the Claimant. It is expected that the expert opinion would be submitted in the first quarter of 2019.
- i) 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.
- j) 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 works) or expert opinion on the quality of the works. The court appointed a court expert to assess the scope and quality of the works performed by the Claimant. It is expected that the expert opinion would be submitted in the first quarter of 2019.

- k) 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. The court admitted the request for appointment of a court expert. At present, the court is trying to appoint an expert and take evidence in the form of an expert opinion. As at 30 September 2018, no one wanted to issue an opinion on the matter.
- l) 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 their entirety. The statement of defence was filed by the Company on 26 May 2018.

## 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.
- 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 62,170 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 15,953 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. After the Company receives the written justification of the judgement and analyses the same, it will take a decision regarding the submission of an appeal to the court of the highest instance. A part of the amount claimed in court is presented under assets arising from construction contracts.
- 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 207,530 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 as regards the allowance of the claim and charging the Defendant with the costs of the proceedings. The appeal hearing was held on 29 June 2018. At the hearing, apart from admitting the pleadings submitted by Mostostal, the Court set a 3-month time limit for amicable settlement of the dispute by the parties and obliged the legal representatives to notify the parties of the results of these negotiations. The talks ended in a fiasco. On 28 September 2018, a request for scheduling the next appellate hearing as soon as possible was filed with the Court of Appeals. 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 Izmańłowicz 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 Izmańłowicz - 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 will be further examined by the same Court of Arbitration, in accordance with the position of Mostostal. A part of the amount claimed in court is presented under assets arising from construction contracts.
- j) Lubelskie Region Oncology Centre (Defendant)  
Date of the Claim: 03/10/2014  
Value in dispute: PLN 27,072 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 counterclaim 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.
- 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 counterclaim 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. 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. The appellate hearing was scheduled for 21 November 2018. 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.
- 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. 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. The Company received the Defendant's statement of defence on 07 August 2018.

Some of the claims brought in the aforesaid cases were recognized by the Company in the budgets of contracts and accounted as previous years' revenue. Details are described in Note 4 of the Additional information and explanatory notes to the condensed interim separate financial statements for the period from 01/07/2018 to 30/09/2018.

#### 21. Credits and loans incurred and terminated in the third quarter of 2018

The balance of loans payable as of 30/09/2018 amounted to PLN 245,558 thousand (the balance of loans payable as of 30/06/2018 amounted to PLN 218,314 thousand). The increase in the balance of loans payable stems primarily from the loan of EUR 7 million received from Acciona Construcción S.A.

In the reporting period, the Company used the overdraft amounting to PLN 5,590 thousand as at the balance sheet date (the balance of loans as at 30/06/2018 amounted to PLN 2,601 thousand).

Bank	Type of loan	Amount of loan in thousands of PLN	Amount used as at 30/06/2018 in thousands of PLN	Due date	Interest rate
Societe Generale S.A. Branch in Poland	Current account overdraft	10,000	5.590	30/05/2019	WIBOR 1M + Bank's margin

In the third quarter of 2018, no loan agreement was terminated.

#### 22. Related party transactions

The transactions concluded with affiliated entities in the third quarter of 2018 were typical and routine transactions, and were entered into on an arm's length basis.

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

Company name	30/09/2018	31/12/2017
Mostostal Power Development Sp. z o.o.	3,004	458
Acciona Construcción S.A.	184	184
Mostostal Kielce S.A.	155	221
Mostostal Płock S.A.	74	234
Acciona Facility Services Poland Sp. z o.o.	151	115
Acciona Nieruchomości Wilanów Sp. z o.o.	16	3,082
AMK Kraków S.A.	0	15
Acciona Construcción S.A. Branch in Poland	0	3
<b>Total</b>	<b>3,584</b>	<b>4,312</b>

Advances for the construction works granted to related parties:

Company name	30/09/2018	31/12/2017
Mostostal Power Development Sp. z o.o.	2,797	12,830

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

Company name	30/09/2018	31/12/2017
Mostostal Power Development Sp. z o.o.	46,368	62,157
Acciona Construcción S.A.	22,605	14,024
Acciona Construcción S.A. Branch in Poland	4,334	4,368
MPB Mielec S.A.	100	100
Acciona Nieruchomości Wilanów Sp. z o.o.	8	18
Mostostal Kielce S.A.	816	4,281
Mostostal Płock S.A.	2,432	1
<b>Total</b>	<b>76,663</b>	<b>84,949</b>

As at 31/01/2017, the Company received bank or insurance guarantees under the guarantee limits of Acciona Construcción S.A. in the total amount of PLN 286,540 thousand (cf. 265,378 thousand as at 31/12/2017).

As at 31/09/2017, the Company granted bank guarantees under its guarantee limits to Mostostal Płock S.A. for the total amount of PLN 34,180 thousand.

As at 30/09/2018, the Company recognized liabilities arising from the loans from Acciona Construcción S.A. with its registered office in Madrid in the amount of PLN 245,448 thousand (as at 31/12/2017, the value of loans was PLN 193,510 thousand).

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

Company name	9-month period ended 30/09/2018	9-month period ended 30/09/2017
Acciona Nieruchomości Wilanów Sp. z o.o.	14,208	15,071
Mostostal Power Development Sp. z o.o.	1,102	1,291
Acciona Facility Services Poland Sp. z o.o.	123	0
Mostostal Kielce S.A.	111	117
Mostostal Płock S.A.	68	8
Acciona Construcción S.A. Branch in Poland	25	25
AMK Kraków S.A.	13	5
Towarowa Park Sp. z o.o.	0	144
Acciona Construcción S.A.	0	14
Acciona Nieruchomości Żoliborz Sp. z o.o.	0	1
<b>Total</b>	<b>15,650</b>	<b>16,676</b>

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

Company name	9-month period ended 30/09/2018	9-month period ended 30/09/2017
Mostostal Power Development Sp. z o.o.	102,249	308,366
Acciona Construcción S.A.	8,581	21
Mostostal Kielce S.A.	6,132	1,215
Mostostal Płock S.A.	2,432	0
Acciona Nieruchomości Wilanów Sp. z o.o.	291	94
<b>Total</b>	<b>119,685</b>	<b>309,696</b>

Interest on the loans received

Company name	9-month period ended 30/09/2018	9-month period ended 30/09/2017
Acciona Construcción S.A.	4,665	4,085

### 23. Reporting by market segment

The Company is organised and managed by segment, as appropriate for the types of products offered. The tables below present data from the profit and loss account for the Company's individual reporting segments for the 9-month period ended 30 September 2018.

The segments of continuing operations are as follows:

1. Engineering/industrial segment, which includes activities related to construction of roads and bridges as well as industrial facilities and infrastructure.
2. General construction segment, which includes activities related to construction of residential buildings and public utilities.

Separate profit and loss account for individual reporting segments:

9-month period ended 30 September 2018	<i>Continuing operations</i>			
	<i>Engineering and industrial segment</i>	<i>General construction segment</i>	<i>Unallocated revenue, costs</i>	<i>Total</i>
Sales revenue				
Sales to external customers	237,264	299,559	1,100	537,923
Sales between segments	0	0	0	0
Total revenue from segment	237,264	299,559	1,100	537,923
Profit (loss) of segment (taking into account operating costs and revenue)	22,466	-4,175	376	18,667
Unallocated costs (administrative expenses and cost of sales)	-	-	37,339	37,339
Profit (loss) on operating activities	<b>27,467</b>	<b>-2,314</b>	<b>-37,314</b>	<b>-12,161</b>
Financial revenue	0	1	3,243	3,244
Financing costs	1,373	59	11,104	12,536
Gross profit (loss)	<b>26,094</b>	<b>-2,372</b>	<b>-45,175</b>	<b>-21,453</b>
Income tax			1,326	1,326
Net profit (loss) on continuing operations	<b>26,094</b>	<b>-2,372</b>	<b>-46,501</b>	<b>-22,779</b>
Discontinued operations				0
Net profit (loss)	<b>26,094</b>	<b>-2,372</b>	<b>-46,501</b>	<b>-22,779</b>

9-month period ended 30 September 2017 <i>(restated)</i>	<i>Continuing operations</i>			
	<i>Engineering and industrial segment</i>	<i>General construction segment</i>	<i>Unallocated revenue, costs</i>	<i>Total</i>
Sales revenue				
Sales to external customers	417,819	247,244	1,432	666,495
Sales between segments	0	0	0	0
Total revenue from segment	417,819	247,244	1,432	666,495
Profit (loss) of segment (taking into account operating costs and revenue)	53,027	7,910	1,146	62,083
Unallocated costs (administrative expenses and cost of sales)	-	-	35,989	35,989
Profit (loss) on operating activities	<b>53,027</b>	<b>7,910</b>	<b>-34,843</b>	<b>26,094</b>
Financial revenue	955	460	6,603	8,018
Financing costs	1,681	285	5,036	7,002
Gross profit (loss)	<b>52,301</b>	<b>8,085</b>	<b>-33,276</b>	<b>27,110</b>
Income tax			11,481	11,481
Net profit (loss) on continuing operations	<b>52,301</b>	<b>8,085</b>	<b>-44,757</b>	<b>15,629</b>
Discontinued operations				0
Net profit (loss)	<b>52,301</b>	<b>8,085</b>	<b>-44,757</b>	<b>15,629</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. Revenue and costs are allocated to the individual segments on the basis of the implemented projects. Assets are analysed at the level of the entire Company. Gross result on sales adjusted by other revenues and operational costs constitutes a key indicator of segment result.

During the reporting period, the Company operated primarily in the domestic market. Export sales in the third quarter of 2018 accounted for 6 % of sales revenue and were attributable to prefabricated elements manufactured for the construction of a bridge in Denmark.

#### 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	
	30/09/2018	30/06/2018	30/09/2018	30/06/2018
<i>Financial assets</i>				
<b>(1) Financial assets held to maturity (measured at amortised cost)</b>	-	-	-	-
<b>(2) Financial instruments - future cash flow hedges</b>	-	-	-	-
<b>(3) Financial instruments - measured at fair value through profit or loss</b>	-	-	-	-
<b>(4) Loans granted and receivables</b>	<b>748,459</b>	<b>748,710</b>	*	*
- Long-term trade receivables and other receivables*	2,356	2,092	*	*
- Short-term trade receivables and other receivables*	318,909	330,289	*	*
- Cash and cash equivalents	26,913	37,981	26,913	37,981
- Assets arising from construction contracts *	400,281	378,348	*	*
<b>4) Long-term financial assets held for sale</b>	-	-	-	-

\* Fair value is approximate to the carrying amount

Item	Carrying amount		Fair value	
	30/09/2018	30/06/2018	30/09/2018	30/06/2018
<i>Financial liabilities</i>				
<b>(1) Financial liabilities - financial instruments measured at fair value through profit or loss</b>	-	-	-	-
<b>(2) Other financial liabilities - financial instruments - future cash flow hedges</b>	-	-	-	-
<b>(3) Liabilities (measured at amortised cost)</b>	<b>279,375</b>	<b>323,056</b>	*	*
- Trade liabilities and other short-term liabilities *	247,319	290,178	*	*
- Long-term trade liabilities and other long-term liabilities *	32,056	32,878	*	*
<b>(4) Other financial liabilities (measured at amortised cost)</b>	<b>252,884</b>	<b>222,622</b>	*	*
- Interest-bearing bank loans and borrowings *	188,016	75,034	*	*
- Current portion of interest-bearing bank loans and borrowings *	63,132	145,881	*	*
- Short-term and long-term lease liabilities *	1,736	1,707	*	*

\* Fair value is approximate to the carrying amount

Financial instruments are divided into 3 categories:

- **Level 1** includes financial instruments, whose fair value is estimated based on the quoted market prices at each balance sheet date. As at 30/09/2018 and as at 30/06/2018, the Company did not hold financial instruments in this category.
- **Level 2** includes financial instruments, whose fair value is determined based on various valuation methods using the available data on current market conditions as at the balance sheet date. The Company includes currency futures contracts in this category of instruments. The fair value of currency futures contracts is determined based on valuations performed by the banks. As at 30/09/2018 and as at 30/06/2018, the Company did not hold financial instruments in this category.
- **Level 3** the fair value of unlisted derivatives is estimated by the Company using various valuation methods based on the assumptions of the company and its own data. As at 30/09/2018 and as at 30/06/2018, the Company did not hold financial instruments in this category.

As at 30/09/2018, the Company did not have any financial instruments used for hedge accounting.

**Other information  
to the condensed interim financial statements  
for the period from 01/07/2018 to 30/09/2018**

1. Selected financial data

SELECTED FINANCIAL DATA	PLN		EUR	
	3 quarters of 2018, incrementally, period from 01/01/2018 to 30/09/2018	3 quarters of 2017, incrementally, period from 01/01/2017 to 30/09/2017	3 quarters of 2018, incrementally, period from 01/01/2018 to 30/09/2018	3 quarters of 2017, incrementally, period from 01/01/2017 to 30/09/2017
Sales revenue	537,923	666,495	126,466	156,579
Gross profit (loss) on sales	24,823	83,784	5,836	19,683
Profit (loss) on operating activities	-12,161	26,094	-2,859	6,130
Gross profit (loss)	-21,453	27,110	-5,044	6,369
Net profit (loss) on continuing operations	-22,779	15,629	-5,355	3,672
Net profit (loss)	-22,779	15,629	-5,355	3,672
Net cash from operating activities	-93,173	-95,083	-21,905	-22,338
Net cash from investing activities	2,511	4,362	590	1,025
Net cash from financing activities	41,331	6,391	9,717	1,501
Cash at the end of the period	26,913	69,286	6,301	16,079
Net profit / (loss)	-22,779	15,629	-5,355	3,672
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	-1.14	0.78	-0.27	0.18

	PLN		EUR	
	as at 30/09/2018	as at 31/12/2017	as at 30/09/2018	as at 31/12/2017
Total assets	866,413	848,103	202,841	196,817
Long-term liabilities	231,358	244,147	131,874	56,658
Short-term liabilities	563,285	509,407	131,874	118,217
Total liabilities	794,643	753,554	186,038	174,875
Total equity	71,770	94,549	16,802	21,942
Share capital	44,801	44,801	10,489	10,397
Number of shares	20,000,000	20,000,000	20,000,000	20,000,000

2. Significant achievements and setbacks as well as major events in the third quarter of 2018; assessment of financial resources management

Sales revenue in the third quarter of 2018 amounted to PLN 202,784 thousand and were similar to those in the corresponding period of 2017. Gross profit on sales amounted to PLN 6,630 thousand (gross profit on sales in the same period of 2017 amounted to PLN 30,969 thousand). In the third quarter of 2018, the Company incurred a net loss of PLN 6,307 thousand (in the third quarter of 2017, the net loss amounted to PLN 1,569 thousand). The weaker financial results achieved in the third quarter of 2018 as compared to the corresponding period of 2017 stem from a decline in the profitability of construction contracts, driven by increases in the prices of materials and the services of subcontractors.

Short-term trade receivables and other receivables as at 30/09/2018 amounted to PLN 318,909 thousand and compared to the figures as at 30/06/2018 increased by PLN 11,380 thousand.

The assets arising from construction contracts as at 30/09/2018 amounted to PLN 400,281 thousand and were higher by PLN 31,933 thousand compared to the value as at 30/06/2018.

Cash as at 30/09/2018 amounted to PLN 26,913 thousand and compared to the figures as at 30/06/2018 decreased by PLN 11,068 thousand. In the third quarter of 2018, the Company was using an overdraft facility and loans, the value of which as at 30/09/2018 amounted to PLN 251,148 thousand and compared to the figures as at 30/06/2018 increased by PLN 30,233 thousand.

Long-term liabilities in the third quarter of 2018 increased by PLN 111,110 thousand, mainly due to the reclassification of short-term loans from Acciona Construcción S.A. as long-term loans in accordance with their due dates. Short-term trade liabilities as at the end of the third quarter of 2018 amounted to PLN 217 thousand and compared to the figures as at 30/09/2018 were lower by PLN 23,491 thousand.

During the reporting period i.e. from 01/07/2018 to 30/09/2018, the following events significant for the Mostostal Warszawa S.A. took place:

On 10 July 2018, the Company and Acciona Construcción SA ("Acciona") - a parent of the Company (50.09% share in the total number of votes at the General Meeting) entered into a contract, whereby Acciona granted a loan of EUR 7,000 thousand to the Company (equivalent to PLN 30.37 million at the average NBP exchange rate of EUR 1 = PLN 4.3380, as quoted on 09 July 2018). The Contract has been concluded for a period of 18 months i.e. until 10 January 2020. The loan may be repaid in less than 18 months.

On 19 July 2018, the Company, as a member of the consortium composed of: Trakcja PRKiL S.A. (Leader), Mostostal Warszawa SA (Partner - 50% share in the consortium) and Przedsiębiorstwo Eksploatacji Ulic i Mostów Sp. z o.o. (Partner), entered into the Contract with the General Directorate for National Roads and Motorways, Branch in Olsztyn ("Employer") for implementation of the project entitled "Design and Construction of S61 Express Road Szczuczyn - Budzisko (state border) with the division into individual tasks: Task No. 2: Section Ełk Południe Node - Wysokie Node (along with the exit along the National Road No. 16)". Contract value: gross PLN 685.94 million. Time limit for completion: 19 June 2021.

On 26 July 2018, the Company as a member of the consortium composed of Mostostal Warszawa SA (leader - share in the consortium of 71%), Masfalt Sp. z o. o. (partner) and Drogomex Sp. z o. o. (partner), entered into a contract with the General Directorate for National Roads and Motorways, Branch in Kielce ("Employer") for the project "Construction of the Bypass Road for Morawica along the National Road No. 73 - Section I (Kielce - Brzeziny / Morawica)". Contract value: gross PLN 77.9 million. Time limit for completion: 26/04/2022

On 20 August 2018, the Company and the Independent Public Complex of Health Care Facilities in Gryfice entered into the contract for performance of the project "Expansion and Reconstruction of the Hospital Building of the Independent Public Complex of Health Care Facilities in Gryfice, covering the operating theatre, procedural department, orthopaedic and traumatic department, surgical department, central pharmacy, sterilization room and installation of equipment" Stage I - construction works and installation of medical gases. Contract value: gross PLN 29.99 million. Time limit for completion: 30/06/2020

On 23 August 2018, the Company and Autoliv Poland Sp. z o.o. ("Employer") with its registered office in Oława, entered into the contract for performance of the project entitled "Expansion of the Existing Autoliv Plant in Jelcz-Laskowice – Phase 2 APL". Contract value: net PLN 53.16 million. Time limit for completion: 60 weeks after receiving the Project Commencement Order.

On 28 August 2018, the Company and Elektrociepłownia Stalowa Wola S.A. Entered into the Contract for performance of the project entitled "Construction of a reserve heat source at the CHP Plant Elektrociepłownia Stalowa Wola S.A." Ref. No. 1/II/2018/DT. Contract value: gross PLN 55 million. Time limit for completion: 15 months.

On 05 September 2018, the Company and TAURON Wytwarzanie SA ("Employer") with its registered office in Jaworzno, entered into the Contract for the performance of the project entitled "Connection of the Block No. 10 to the Heating System and Adaptation of the Heat Transfer System at Łagisza Power Plant in Będzim, a branch of TAURON Wytwarzanie SA". Contract value: gross PLN 66.08 million.

On 07 September 2018, the Company and Acciona Construcción S.A. executed annexes to loan agreements:

- Annex 5 to the loan agreement of 05/08/2013, for the amount of EUR 7,000 thousand, whereby the time limit for repayment of the loan was extended until 30/04/2020;
- Annex 6 to the loan agreement of 27/05/2013, for the amount of EUR 11,669 thousand, whereby the time limit for repayment of the loan was extended until 30/04/2020.

On 17 September 2018, the Company and Ordon 1 Sp. z o. o. with its registered office in Warsaw entered into the contract for performance of the project entitled "Selection of the General Contractor for the Phase II of the Project for Construction of the Complex of Three Multi-Family Residential Buildings with services, Underground Garages, Accompanying Infrastructure and Greenery, located at ul. Juliusza Ordona 5D, 5E, 5F in Warsaw, Plot No. 5/6, Precinct 6-05-05, and Obtaining the Occupation Permit". Contract value: gross PLN 73.39 million. Time limit for completion: 104 weeks from handover of the construction site.

On 18 September 2018, the Company as a member of the consortium composed of Mostostal Warszawa SA (leader - share in the consortium of 85%) and SANELL Sp. z o.o. with its registered office in Łódź (partner) entered into a contract with the Municipal Water and Wastewater Company in Zduńska Wola ("Employer") for the project "Construction of the Recreation and Sports Centre RELAKS in Zduńska Wola". Contract value: gross PLN 39.04 million. The deadline for completion is 15/06/2020.

### 3. Extraordinary factors and events affecting the profit or loss

In the third quarter of 2018, the earnings were affected by the appreciation of the Polish currency against EUR, compared to the situation as at 30/06/2018, as a result of which foreign exchange gains on the balance sheet valuation of loans in the amount of PLN 4,961 thousand were recognized.

### 4. Description of the capital group's organisation

The Mostostal Warszawa Group consists of the following subsidiaries:

Name of the entity	Percentage of the share capital held as at 30/09/2018	Consolidation
Mostostal Kielce S.A.	100.00	yes
AMK Kraków S.A.	60.00	yes
MPB Mielec S.A.	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 30/09/2018.

### 5. Financial performance forecasts

The Company did not publish financial performance forecasts for 2018.

### 6. 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 29/11/2018.

Shareholder	Number of shares	Number of voting rights	Share in share capital	Share in the total number of votes at the General Meeting
Acciona Construcción S.A.	10,018,733	10,018,733	50.09%	50.09%
Otwarty Fundusz Emerytalny PZU Złota Jesień (pension fund)	3,666,000	3,666,000	18.33%	18.33%
AVIVA Powszechnie Towarzystwo Emerytalne AVIVA BZ WBK S.A. (pension fund)	1,166,701	1,166,701	5.83%	5.83%

### 7. Shares of Mostostal Warszawa S.A. held by Members of the Management Board and the Supervisory Board as at 29/11/2018

In the period from 28/09/2018 i.e. from the publication of the financial statements for the first quarter of 2018 until 29/11/2018, there were no changes in the Issuer's shares held by members of the management and supervisory bodies.

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

Information on significant proceedings is presented in Note 21 of the Additional information and explanatory notes to the condensed interim separate financial statements for the period from 01/07/2018 to 30/09/2018.

### 9. Related party transactions

Information on transactions with related parties is presented in Note 23 of the Additional information and explanatory notes to the condensed interim separate financial statements for the period from 01/07/2018 to 30/09/2018.

### 10. Loan or credit sureties granted by Mostostal Warszawa S.A. or guarantees issued (in excess of 10% of the Issuer's equity)

In the reporting period, the Company granted no sureties for credits and loans as well as guarantees to a single entity that in total would exceed 10% of the equity of Mostostal Warszawa S.A.

11. Other information vital for assessing the Company's situation

It is the opinion of the Management Board that there is no other information vital for assessing the Company's situation, except from those specified in the notes to the separate financial statements for the period from 01/07/2018 to 30/09/2018 and other sections of the additional information to the separate financial statements for the period from 01/07/2018 to 30/09/2018.

12. Factors to affect the results achieved in the perspective of at least the next quarter

Factors which may affect the Company's results achieved in the next quarter are:

- 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 market of construction/assembly services.

Warsaw, 29/11/2018

Full name	Title	Signatures
Alvaro Javier de Rojas Rodriguez	Member of the Management Board	
Jarosław Reszka	Proxy	