



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

for the period from 01/07/2016 to 30/09/2016

PROFIT AND LOSS ACCOUNT
for the period of 3 months from 01/07/2016 to 30/09/2016

NO.	PROFIT AND LOSS ACCOUNT	3rd quarter from 01/07/2016 to 30/09/2016	3 quarters of 2016, incrementally, period from 01/01/2016 to 30/09/2016	3rd quarter from 01/07/2015 to 30/09/2015	3 quarters of 2015, incrementally, period from 01/01/2015 to 30/09/2015
	Continued activities				
I	Revenue from sales	305,022	941,344	314,381	809,280
	Revenue from sale of products	301,933	932,808	310,677	799,510
	Revenue from sale of services	3,048	8,416	3,291	8,956
	Revenue from sales of goods and materials	41	120	413	814
II	Own sales costs	282,756	857,961	287,030	744,377
III	Gross profit (loss) on sales	22,266	83,383	27,351	64,903
IV	General administrative expenses	11,794	30,731	9,093	27,790
V	Other operating revenue	825	3,095	439	3,745
VI	Other operating costs	1,191	20,178	3,519	13,963
VII	Profit (loss) on operating activities	10,106	35,569	15,178	26,895
VIII	Financial revenue	603	2,819	-2,117	10,235
IX	Financial costs	-3,955	8,392	3,367	13,950
X	Gross profit (loss)	14,664	29,996	9,694	23,180
XI	Income tax	2,786	5,699	1,842	4,404
	a) current				
	b) deferred	2,786	5,699	1,842	4,404
XII	Net profit (loss) on continued activities	11,878	24,297	7,852	18,776
XIII	Discontinued operations	0	0	0	0
XIV	Net profit (loss) on discontinued activities				
XV	Net profit / (loss)	11,878	24,297	7,852	18,776
	Net profit / (loss)	11,878	24,297	7,852	6,729
	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)	0.59	1.21	0.39	0.34
	Diluted net profit (loss) per ordinary share	0.59	1.21	0.39	0.34

STATEMENT OF TOTAL REVENUE
for the period of 3 months from 01/07/2016 to 30/09/2016

	STATEMENT OF TOTAL REVENUE	3rd quarter from 01/07/2016 to 30/09/2016	3 quarters of 2016, incrementally, period from 01/01/2016 to 30/09/2016	3rd quarter from 01/07/2015 to 30/09/2015	3 quarters of 2015, incrementally, period from 01/01/2015 to 30/09/2015
	Net profit / loss for the period	11,878	24,297	7,852	18,776
	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
	Other total comprehensive income after tax	0	0	0	0
	<i>including items that may be reclassified as profit or loss at a later date</i>	0	0	0	0
	Total comprehensive income	11,878	24,297	7,852	18,776

BALANCE SHEET
as of 30/09/2016

		as at 30/09/2016	as at 30/06/2016	as at 31/12/2015	as at 30/09/2015
NO.	ASSETS				
I	Fixed assets (long-term)	154,264	183,018	250,454	267,209
I.1	Intangible assets	3,065	3,094	3,467	3,661
I.2	Perpetual usufruct right	19,430	19,430	19,430	19,838
I.3	Tangible fixed assets	22,317	22,055	25,615	27,369
I.4	Long-term receivables from deliveries and services and other receivables.	5,278	8,158	8,257	7,291
I.5	Long-term advances for construction works	0	22,794	82,161	95,303
I.6	Investment property	8,527	8,596	8,734	8,872
I.7	Long-term financial assets	34,796	34,796	34,846	34,846
I.8	Other long-term investments	2,500	2,909	3,855	3,855
I.9	Assets from deferred taxes	57,991	60,777	63,690	66,134
I.10	Long-term deferred charges and accruals	360	409	399	40
II	Current assets (short-term)	905,183	905,879	897,118	946,861
II.1	Inventory	4,481	4,191	4,185	4,225
II.2	Receivables from deliveries and services and other receivables.	291,684	275,651	269,350	331,060
II.3	Prepayments for the works	43,188	60,360	60,272	65,983
II.4	Short-term financial assets	0	0	0	0
II.5	Cash and equivalents	221,532	205,304	246,838	127,226
II.6	Accruals and deferred income from contract valuation (gross amounts due from ordering parties under construction agreements)	339,920	355,415	312,303	415,181
II.7	Other accruals	4,378	4,958	4,170	3,186
	TOTAL ASSETS	1,059,447	1,088,897	1,147,572	1,214,070

NO.	EQUITY CAPITAL AND LIABILITIES	as at 30/09/2016	as at 30/06/2016	as at 31/12/2015	as at 30/09/2015
I	Equity capital	196,123	184,245	171,826	161,408
I.1	Stated 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	-158,899	-170,777	-183,196	-193,614
	unshared profit / (uncovered loss)	-183,196	-183,196	-212,390	-212,390
	profit / loss for the period	24,297	12,419	29,194	18,776
II	Long term liabilities	131,077	226,086	190,052	202,575
II.1	Interest bearing bank credits and loans	59,935	144,931	79,620	79,131
II.2	Long term liabilities from leasing agreements	1,273	432	635	491
II.3	Long term liabilities from deliveries and services.	38,625	41,324	41,885	42,299
II.4	Long-term advances for construction works	28,748	36,903	55,775	67,841
II.5	Long-term reserves	2,496	2,496	12,137	12,813
III	Short term liabilities	732,247	678,566	785,694	850,087
III.1	Current portion of interest-bearing bank credits and loans	151,981	71,042	125,480	136,851
III.2	Short term liabilities from leasing agreements	836	1,005	1,700	1,844
III.3	Trade liabilities	262,711	244,615	284,079	257,894
III.4	Other liabilities	5,120	4,548	13,658	5,830
III.5	Prepayments for the works	45,923	54,197	66,663	86,554
III.6	Short-term provisions	43,406	39,447	42,700	39,573
III.7	Accruals and deferred income from contract valuation (gross amounts due from ordering parties under construction agreements)	22,066	55,830	79,636	81,303
III.8	Other accruals	200,204	207,882	171,778	240,238
IV	Total liabilities	863,324	904,652	975,746	1,052,662
	EQUITY CAPITAL AND LIABILITIES (TOTAL)	1,059,447	1,088,897	1,147,572	1,214,070

CASH FLOW ACCOUNT
for the period of 3 months from 01/07/2016 to 30/09/2016

NO.	CASH FLOW ACCOUNT	3rd quarter – period from 01/07/2016 to 30/09/2016	3 quarters of 2016, incrementally, period from 01/01/2016 to 30/09/2016	3rd quarter – period from 01/07/2015 to 30/09/2015	3 quarters of 2015, incrementally, period from 01/01/2015 to 30/09/2015
I	Cash flows from operating activities				
I.1	Gross profit (loss)	14,664	29,996	9,694	23,180
I.2	Adjustments by items:	1,933	-57,195	-13,528	-30,546
I.2.1	Depreciation	1,123	3,577	1,469	5,253
I.2.2	Currency translation differences	-5,540	2,369	0	0
I.2.3	Interest received and paid	1,598	4,183	2,256	1,340
I.2.4	Profit (loss) on investing activities	48	-170	1,011	-513
I.2.5	Increase / decrease in receivables	26,813	79,890	19,057	-38,950
I.2.6	Increase / decrease in inventory	-290	-296	1,135	2,176
I.2.7	Increase / decrease in liabilities excluding credits and loans	-460	-80,933	-32,737	-127,118
I.2.8	Change in prepayments and accruals	-25,318	-56,930	-4,881	119,858
I.2.9	Change in reserves	3,959	-8,935	-704	2,890
I.2.10	Other	0	50	-134	4,518
	Net cash from operating activities	16,597	-27,199	-3,834	-7,366
II	Cash flows from investment activities				
II.1	Disposal of tangible fixed assets and intangible assets	549	2,499	1,612	10,193
II.2	Acquisition of tangible and intangible assets	-591	-925	-174	-4,777
II.3	Disposal of financial assets	0	225	0	0
II.4	Acquisition of financial assets	0	0	0	-7
II.5	Interest and dividends received and paid	0	600	0	7,004
II.6	Withdrawal of a term deposit	409	1,355	0	0
II.7	Other	0	0	-1,064	-1,064
	Net cash from investing activities	367	3,754	374	11,349
III	Cash flows from financial activities				
III.1	Payment of liabilities arising from financial leases	-621	-1,525	-874	-3,570
III.2	Repayment of loans/credit	0	0	-4,899	-25,077
III.3	Interest paid	-115	-336	-2,256	-8,344
	Net cash from financing activities	-736	-1,861	-8,029	-36,991
IV	Change in net cash and its equivalents	16,228	-25,306	-11,489	-33,008
	Net currency translation differences	0	0	0	0
V	Opening balance of cash	205,304	246,838	138,715	160,234
VI	Cash closing balance, including	221,532	221,532	127,226	127,226
	with restricted availability	2,706	2,706	3,060	3,060

STATEMENT OF CHANGES IN EQUITY CAPITAL
for the period of 3 months from 01/07/2016 to 30/09/2016

	Stated capital	Supplementary/reserve capital	Retained profit / uncovered loss	Total equity capital
3rd quarter of 2016 from 01/07/2016 to 30/09/2016				
As at 01 July 2016	44,801	310,221	-170,777	184,245
Profit / loss for the period			11,878	11,878
Other comprehensive income				0
Total comprehensive income		0	11,878	11,878
Distribution of previous years' profit				0
Dividends paid				0
As at 30 September 2016	44,801	310,221	-158,899	196,123

3 quarters of 2016 from 01/01/2016 to 30/09/2016				
As at 01 January 2016	44,801	310,221	-183,196	171,826
Profit / loss for the period			24,297	24,297
Other comprehensive income				0
Total comprehensive income	0	0	24,297	24,297
Distribution of previous years' profit				0
Dividends paid				0
As at 30 September 2016	44,801	310,221	-158,899	196,123

2015 period from 01/01/2015 to 31/12/2015				
As at 01 January 2015	44,801	310,221	-212,390	142,632
Profit / loss for the period			29,194	29,194
Other comprehensive income				0
Total comprehensive income	0	0	29,194	29,194
Distribution of previous years' loss				0
Reclassification of loans for the capital				0
As at 31 December 2015	44,801	310,221	-183,196	171,826

3 quarters of 2015 from 01/01/2015 to 30/09/2015				
As at 01 January 2015	44,801	310,221	-212,390	142,632
Profit / loss for the period			18,776	18,776
Other comprehensive income				0
Total comprehensive income		0	18,776	18,776
Distribution of previous years' profit				0
Dividends paid				0
As at 30 September 2015	44,801	310,221	-193,614	161,408

Additional information and explanatory notes for the condensed interim financial statements for the period from 01/07/2016 to 30/09/2016

1. General information

The condensed interim financial statements comprise the profit and loss account for the 3rd quarter of 2016 and 9 months of 2016 and include comparative data for the 3rd quarter of 2015 and 9 months of 2015, and in the case of balance sheet data as at 30 September 2016, they comprise comparative data as at 30 June 2016, 31 December 2015 and 30 September 2015.

Mostostal Warszawa S.A., i.e. the Parent Company, is a joint stock company with legal personality according to Polish law, registered by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, under the following KRS number: 0000008820. The Company's registered office is in Warsaw, at ul. Konstruktorska 12a. The core business is specialised construction work covered by the Polish Business Classification (PKD) in section 41202. The Company's shares are listed on the Warsaw Stock Exchange S.A., construction sector.

The Company is established for an indefinite time.

Acciona Infraestructuras S.A. is the parent company of Mostostal Warszawa S.A.

Mostostal Warszawa S.A. has prepared the condensed interim financial statements, which were approved on 14.11.2016.

The Management Board of Mostostal Warszawa aims to become the leader in the field of sustainable construction in Poland, with the unique experience built over 70 years. In order to achieve this objective, the Company takes measures oriented at:

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

The key values of the Company include:

- long-term perspective - in everything we do, we employ perspective thinking: we are here and now, but we can and want to use our efforts to BUILD good quality of life for future generations,
- integrity - on a par with economic values we value ethics, lawfulness, respect for employees, investors, contractors, society and the environment,
- quality - high standards of work and implementation of modern technologies allow us to guarantee the quality expected by our customers,
- innovation - we are constantly looking for new solutions, using the latest technologies and improving processes in our daily work as well as through our Research and Development Department,
- professionalism - we nurture and develop Polish engineering by sharing our know-how and experience with the market and promoting close cooperation with research and development centres.
- environmental protection - WE ARE BUILDING environmental awareness and take responsibility for the environment, in which we live and work, minimizing the negative impact thereon,
- safety at work - observance of the highest standards of health and safety is one of the pillars of our strategy; when it comes to protection of human health and life, we do not compromise,
- people - we respect diversity. WE ARE BUILDING our teams on the basis of different generations, various experiences, different nationalities and gender; the mutually complementary qualities create a perfect whole.
- teamwork - joint action yields better results than the sum of actions of individuals, which is why we focus on efficient teamwork to achieve above-average results.

As of 14.11.2016, members of the Management Board included:

Andrzej Gołowski – President of the Management Board
Jose Angel Andres Lopez – Vice-President of the Management Board
Alvaro Javier de Rojas Rodriguez – Member of the Management Board
Jacek Szymanek – Member of the Management Board

During the meeting held on 25 August 2016, the Supervisory Board of the Company appointed Alvaro de Rojas Javier Rodriguez as a Member of the Management Board of the seventh term of office, with the effect from 01 September 2016.

On 31 August 2016, Carlos Enrique Resino Ruiz resigned from his position as Member of the Management Board of the Company. The resignation resulted from assuming new responsibilities entrusted by the management within

Acciona Group. Carlos Enrique Resino Ruiz served as the Company's Management Board Member, Chief Financial Officer in the period from 26/06/2014 to 31/09/2016.
From 1 September 2016, the position of the Chief Financial Officer has been occupied by Ivaro Javier do Rojas Rodriguez.

As of 14.11.2016, 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
Raimundo Fernández – Cuesta Laborde – Member of the Supervisory Board
Neil Balfour – Member of the Supervisory Board
Arturo Cortez de la Cruz – Member of the Supervisory Board
Ernest Podgórski – Member of the Supervisory Board

2. Approval of the Financial Statements

The condensed interim financial statement for the 3rd quarter of 2016 was approved for publication by the Company's Management Board on 14.11.2016.

3. The basis for preparation of the condensed financial statements for the 3rd quarter of 2016 and accountancy principles

3.1 The basis for preparation of the financial statement

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

The condensed interim financial statements have been prepared in accordance with the historical cost principle, except for investment property and financial instruments that have been measured at fair market value.

The Company's Management Board believes that the liquidity and going concern risks are properly managed, and consequently there is no risk of an intended or forced discontinuation or material limitation of its current activities by the Company for the period of at least 12 months after the balance sheet date. Therefore, according to the Management Board, the going concern assumption for the Company is appropriate.

These condensed interim financial statements have been prepared in accordance with the International Accounting Standard 34 – Interim Financial Reporting, as approved by the EU. These condensed interim financial statements should be read together with the audited financial statements of the Company for the year ended on 31 December 2015 and the related additional information. The condensed interim financial statements of Mostostal Warszawa S.A. were not subject to review or audit by a statutory auditor.

3.2 Compliance statement

These condensed interim financial statements for the period of 3 months ended on 30 September 2016 have been prepared in accordance with the International Accounting Standard 34.

3.3 Accounting principles

The detailed accountancy principles adopted by the Company were described in the financial statement for the year ending 31 December 2015.

The accounting principles applied in preparing this condensed consolidated financial statement are consistent with those used in preparing the annual financial statement of the Group for the year ending 31 December 2015.

New and revised accounting standards and interpretations:

In these financial statements, the following new and amended standards and interpretations, which came into force on or after 01 January 2016, have been applied for the first time:

a) Defined benefit plans: Employee contributions – Amendments to IAS 19

Amendments to IAS 19 “Employee benefits” were published by the International Accounting Standards Board in November 2013, and are effective in the European Union for annual periods beginning on or after 01 February 2015.

The amendments allow for recognition of the contributions paid by employees, as a reduction in employment costs in the period in which the work is performed by the employee, instead of assigning contributions to the work periods, where the amount of the employee's contribution is independent of the length of service.

The Company has applied the abovementioned changes from 01 January 2016. The changes had no material impact on the financial statements.

b) Annual Improvements to IFRSs 2010-2012 Cycle

In December 2013, the International Accounting Standards Board published “Annual Improvements to IFRSs 2010-2012 Cycle” which amend seven standards. They amend rules with respect to presentation, recognition and measurement as well as include terminology and editing amendments. The amendments are effective in the European Union for annual periods beginning on or after 01 February 2015.

The Company has applied the abovementioned changes from 01 January 2016. The changes had no material impact on the financial statements.

c) Amendments to IFRS 11 concerning the acquisition of an interest in a joint operation

This amendment to IFRS 11 requires the investor, in the event of acquisition of an interest in a joint operation which is business as defined in IFRS 3, to apply to its interest the accounting principles for business combinations in accordance with IFRS 3 and the rules arising under other standards, unless they are contrary to the guidelines set out in IFRS 11. The amendment is effective in the European Union for annual periods beginning on 01 January 2016.

The Company has applied the abovementioned changes from 01 January 2016. The changes had no material impact on the financial statements.

d) Amendments to IAS 16 and IAS 38 concerning depreciation

The amendment clarifies that the use of the depreciation method based on revenues is not appropriate, since the revenue generated in the business, which uses specific assets also reflect factors other than the consumption of the economic benefits arising from the asset.

The amendment is effective in the European Union for annual periods beginning on 01 January 2016.

The Company has applied the abovementioned changes from 01 January 2016. The changes had no material impact on the financial statements.

e) Amendments to IAS 27 concerning the equity method in the separate financial statements

The amendment to IAS 27 allows the use of the equity method, as one of the optional methods of accounting for investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendments are effective in the European Union for annual periods beginning on 01 January 2016.

The Company has applied the abovementioned changes from 01 January 2016. The changes had no material impact on the financial statements.

f) Annual Improvements to IFRSs 2012-2014 Cycle

In September 2014, the International Accounting Standards Board published “Annual Improvements to IFRSs 2012-2014 Cycle” which amend four standards: IFRS 5, IFRS 7, IAS 19 and IAS 34. The amendments are effective in the European Union for annual periods beginning on 01 January 2016.

The Company has applied the abovementioned changes from 01 January 2016. The changes had no material impact on the financial statements.

g) Amendments to IAS 1

In December 2014, within the framework of the works related to the so-called Disclosure Initiative, the International Accounting Standards Board published an amendment to IAS 1. The aim of the published amendment is to explain the concept of materiality and clarify that if the entity considers that certain information is irrelevant, then such information should not be disclosed even if such disclosure is generally required by other IFRS. The revised IAS 1 clarifies that the items presented in the statement of financial position and statement of result and other comprehensive income may be aggregated or disaggregated according to their significance. Additional guidelines have been introduced relating to the presentation of subtotals in these reports. The amendments are effective in the European Union for annual periods beginning on 01 January 2016.

The Company has applied the abovementioned changes from 01 January 2016. The changes had no material impact on the financial statements.

The published standards and interpretations that are not yet effective and have not been early adopted by the Company

The Company intends to adopt the amendments to IFRS published but not effective as at the date of publication of these interim condensed financial statements, in accordance with the date of their entry into force. The estimated impact of the amendments and new IFRS on future financial statements of the Company has been presented in the financial statements for the year 2015 in Note 4.30. In addition to the amendments indicated in the aforesaid note, the following has been published:

a) Explanatory notes to IFRS 15

Explanatory notes to IFRS 15 "Revenue from Contracts with Customers" were published on 12 April 2016 and are applicable to financial statements prepared after 1 January 2018.

The explanatory notes provide additional information and clarification regarding the key assumptions used in IFRS 15, including on identification of separate responsibilities, determining whether an entity acts as an intermediary (agent), or as the main supplier of goods and services (principal) and the method for recognizing revenue from licenses.

In addition to additional explanatory notes, exemptions and simplifications for the entities applying the new standard for the first time have been introduced.

As at the date of these financial statements, IFRS 15 has not yet been approved by the European Union.

b) Amendments to IFRS 2: Classification and valuation of share-based transactions

The amendment to IFRS 2 is effective for periods beginning on or after 01 January 2018. The amendment introduces, among others, guidance on the measurement of a cash-settled sharebased payment transaction at fair value, guidance on changes in the classification from cash-settled sharebased payment transactions to equity-settled sharebased payment transactions, and guidance on the recognition of the employee's tax obligation associated with the share-based payments.

As of the date of these financial statements, the amendment has not yet been approved by the European Union.

3.4 The principles applied to convert the selected financial data to EURO

The following principles have been adopted for converting the selected financial data concerning the three quarters of 2016 to EUR:

- individual items of the profit and loss account and cash flow account for the 3 quarters of 2016 were converted at the PLN/EUR rate of 4.3688, 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 2016.
- individual items of assets and liabilities on the balance sheet were converted at the PLN/EUR rate of 4.3120 as published by the NBP on 30/09/2016.

3.6 Currency of the financial statement

The condensed interim financial statement for the 3rd quarter of 2016 has been presented in Polish zlotys, and all values stated - unless indicated otherwise - are rounded off to full thousands of zlotys.

4. Long-term construction contracts

Selected data – Profit and Loss Account

Details	01/07/2016 – 30/09/2016	01/01/2016 – 30/09/2016	01/07/2015 – 30/09/2015	01/01/2015 – 30/09/2015
Revenue from the sales of construction works (long-term contracts)	301,933	932,808	310,677	799,510
Cost of performing construction works	276,578	833,067	278,751	720,075
Result	25,355	99,741	31,926	79,435

Revenue from sale of works are 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 anticipated losses on contracts disclosed in section 10 of these condensed interim financial statements.

Revenue from uncompleted construction contracts as of the balance sheet date

Details	as at 30/09/2016	as at 30/06/2016	as at 31/12/2015	as at 30/09/2015
The estimated incremental revenue from uncompleted construction contracts is recognized in accordance with IAS 11.	2,320,882	2,109,944	1,779,988	2,220,360
Incrementally invoiced sales of uncompleted construction contracts	2,231,483	2,038,814	1,782,676	2,121,837
Deferred charges and accruals from uncompleted construction contracts	89,399	71,130	-2,688	98,523
Advances received on uncompleted construction contracts	74,671	91,100	122,438	154,395
Net balance sheet position for uncompleted construction contracts	14,728	-19,970	-125,126	-55,872
Reconciliation with the item 'Deferred charges and accruals from revaluation of contracts' in the balance sheet:				
Deferred charges and accruals from uncompleted construction contracts	89,399	71,130	-2,688	98,523
Claims on completed contracts	228,455	228,455	235,355	235,355
Deferred charges and accruals from valuation of construction contracts	317,854	299,585	232,667	333,878

While implementing infrastructural contracts, 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 include in particular the following:

- broadened scope of works in relation to the design (tender) conditions communicated to the Company by the Employers,
- unexpected and significant increase in the prices of construction materials (including fuels and crude oil derivatives), transport, equipment rental and construction services,
- inability to access construction sites, caused inter alia by weather conditions.

These have resulted in claims against the ordering parties that are consistent with the provisions of the contracts and general provisions of law.

Based on the analyses, in 2011 and 2012, the Company's claims against the Employers (in the total amount of PLN 235,355,000) have been included in the budgets of some infrastructural contracts by the Company (the effect on the 2012 net result amounted to PLN 105,260,000 while the effect on the 2011 result amounted to PLN 85,239,000). It is the opinion of the Company that these claims are fully legitimate. The Management Board of the Company has taken all possible actions in order to recover these amounts.

After accounting of the settlement agreement entered into in the 1st half of 2016 with the General Directorate for National Roads and Motorways (GDDKiA), whereby a dispute relating to the performance of the Contract No. 2/2010 of 12 January 2010 for the reconstruction of the National Road No. 2 at the section Zakręt – Mińsk Mazowiecki, section from 495+880 to 516+550, was ended amicably, the amount of the claims recognized in the balance sheet as at 30/09/2016 is PLN 228,455,000.

Selected balance sheet data

Assets	as at 30/09/2016	as at 30/06/2016	as at 31/12/2015	as at 30/09/2015
Amounts due from the recipients under construction agreements (long term contracts)	296,962	283,809	277,607	338,351
- including retained deposits	9,971	11,050	11,402	14,922
Prepayments for the works	43,188	83,154	142,433	161,286
Accruals and deferred income from contract valuation (gross amounts due from ordering parties under construction agreements)	339,920	355,415	312,303	415,181

Liabilities	as at 30/09/2016	as at 30/06/2016	as at 31/12/2015	as at 30/09/2015
Amounts due to the suppliers under construction agreements (long term contracts)	301,336	285,939	325,964	300,193
- including retained deposits	94,433	93,451	100,236	107,247
Prepayments for the works	74,671	91,100	122,438	154,395
Reserves for anticipated losses	19,105	13,916	27,198	22,801
Accruals and deferred income from contract valuation (gross amounts due to ordering parties under construction agreements)	22,066	55,830	79,636	81,303

5. Major changes to estimated amounts

Recognition of sales on construction contracts constitutes an essential estimate. The Company recognizes revenue from construction contracts in accordance with the progress method. The progress is 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 providing the service. 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 case of any events that happen between the official budget revisions and that significantly influence contract results, the value of total revenue or costs of a contract can be updated earlier.

The changes in provisions for the expected losses on contracts, warranty repairs and litigation are presented in the tables in Section 10 to these condensed interim financial statements. The change to provisions for the loss on the contracts in progress exercises an impact on the value of the Company's own costs of sales.

Information about the created and reversed impairment losses is presented in sections 8 and 9 of these condensed interim financial statements.

The deferred tax assets decreased over the reporting period by PLN 2,786,000 and as at 30/09/2016 amounted to PLN 57,991,000. The Company recognises financial assets from deferred taxes assuming that a tax profit is to be generated in the future that shall allow to use it. Deterioration of tax results in the future could cause the whole or a part of the deferred tax assets not to be realized.

The tax losses in 2011-2013 resulted primarily from losses on infrastructural contracts. The Management Board has carried out an analysis relating to the recovery of assets from deferred taxes as at the balance sheet day based on projections for the next 3 years that have been prepared taking into account the planned involvement in the power generation sector. The test demonstrate the realization of a deferred tax asset in the amount not less than PLN 57,991,000.

6. The 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:

1. In the third quarter, the Company recorded a positive result on the balance sheet valuation of loans in the amount of PLN 5,540,000 (compared to the result for the first half of 2016, which was negative and amounted to PLN 7,909,000).
2. In the reporting period, the Company ended the litigation with Assecco Poland S.A. as a result of which the Company's financial result for the third quarter of 2016 decreased by PLN 3,741,000.
7. The seasonal or cyclical nature of the Company's activities in the 3rd quarter of 2016

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 3rd quarter of 2016 had no significant effect on the Company's operations and the results it achieved.

8. Information on impairment of inventories to net realizable value and reversal of the respective write-offs

In the 3rd quarter there were no impairments of inventory and reversals in this respect.

9. Information on impairment of financial assets, property, plant and equipment, intangible assets, or other assets, and the reversed impairment losses

In the 3rd quarter of 2016, the allowance for uncollectible accounts in the amount of PLN 6,887,000 was reversed and the write-offs in the amount of PLN 952,000 were recognized in this respect.

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

Details	<i>Provision for retirement benefits</i>	<i>Provisions for anticipated losses on contracts</i>	<i>Reserves for lawsuits</i>	<i>Provisions for warranty repairs</i>	<i>Total</i>
As of 01/01/2016	1,870	27,198	11,411	14,358	54,837
Created during the financial year		7,500	992	5,246	13,738
Used	-312	-14,255	-24	-4,420	-19,011
Dissolved		-1,338		-2,324	-3,662
As of 30/09/2016	1,558	19,105	12,379	12,860	45,902

Long-term as of 30/09/2016	1,514	982	0	0	2,496
Short-term as of 30/09/2016	44	18,123	12,379	12,860	43,406

11. Information on significant transactions of purchase and sale of property, plant and equipment

In the third quarter of 2016, the Company did not enter into any significant transactions related to property, plant and equipment.

12. Information on significant liabilities in respect of the purchase of property, plant and equipment

Due to the lack of significant purchases of property, plant and equipment in the third quarter of 2016, no significant liabilities in this respect arose.

13. Information on significant litigation settlements

On 11 August 2016, the Company and Assecco Poland S.A. signed the settlement agreement ending the legal dispute, as a result of which, the financial result of the Company for the third quarter of 2016 decreased by PLN 3,741,000. The settlement agreement satisfies the mutual claims of the parties.

14. Corrections of errors from previous periods

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

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

There were no share issues in the 3rd quarter of 2016. There were no repayments of debt and equity securities in the 1st quarter of 2011.

16. Dividends paid (declared) by the Issuer

The Company did not pay out any dividends in the 3rd quarter of 2016.

17. Changes to the basic management rules of the Company

In the reporting period there were no significant changes to the management rules of the Company.

18. Events which took place after balance sheet day for which the financial statement was drawn up, which may have significant impact on the future financial results.

On 10 October 2016, the Company and HENNIGER INVESTMENT Spółka Akcyjna entered into a contract for construction of a residential building with the commercial premises on the ground floor and the underground parking garage as well as infrastructure and land development, terrain levelling and construction of entries, networks and all

connections, within the framework of the project under the working name "KBR_CE1" (second stage of the housing estate "Live in the City" (*Mieszkaj w Mieście*)). The Parties to the Contract agreed that project shall be completed within 18 months from the date of the Contract but no later than 6 April 2018. The net value of the contract is PLN 34.25 million.

On 17 October 2016, Mostostal Warszawa S.A. and the District Board of Infrastructure in Gdynia signed a contract for "Conversion of the building No. 20 into the staff and office building with a kitchen, canteen, food storage room and the briefing room at the military complex in Redzikowo, Project No. 13746". The Parties to the Contract agreed that project shall be completed within 27 months from the date of the Contract i.e. by 17/01/2019. The gross value of the contract is PLN 21.5 million.

On 20 October 2016, the Company received an interlocutory judgment of the Court of Arbitration at the Polish Chamber of Commerce of 29 September 2016, issued in the case SA 258/12 instituted by Mostostal Warszawa S.A., Acciona Infraestructuras S.A., Marek Izmajłowicz - IWA against the Municipality of Wrocław.

In its judgment, the Court of Arbitration found that the Project Consortium (Mostostal Warszawa S.A. – Leader, Acciona Infraestructuras S.A., Marek Izmajłowicz - IWA, WPBP Wrobis S.A.) on 5.10.2012 effectively withdrew from the Contract No. 7/2009/NFM of 22.12.2009 for the construction of the National Forum of Music in Wrocław. The Issuer informed about the withdrawal from the contract in the Current Report No. 43/2012 of 5 October 2012.

The grounds of the judgment show that as a consequence of determining the effectiveness of the withdrawal from the Contract by members of the Project Consortium, the Contract expired, and therefore the subsequent notice submitted (after receiving an effective termination notice from members of the Project Consortium) by the Municipality of Wrocław on the termination of the Contract for reasons attributable to the Project Consortium could not cause any legal consequences.

The present interlocutory judgment finding that the withdrawal of members of the Project Consortium was effective and caused by the reasons attributable to the Employer provides the grounds (as regards the merits) for financial claims of the members of the Project Consortium against the Municipality of Wrocław for the final settlement of the aforesaid Contract that are already sought in the arbitration proceedings. The judgment also provides that, in principle, any and all financial claims of the Municipality of Wrocław against the Project Consortium members, based on the assumption that the withdrawal from the Contract by the members of the Consortium Executive was unjustified and ineffective, are unfounded.

Mostostal Warszawa S.A., as the Leader of the Project Consortium, is a party to two proceedings for payment pending before the Court of Arbitration i.e. case ref. No. SA 258/12, where the value at issue amounts to PLN 82,062,000, while the interest on the full amount claimed as of 21 October 2016 is PLN 31,624,000, and the case ref. No. SA 383/10, where the value at issue amounts to PLN 56,555,000, while the interest on the full amount claimed as of 21 October 2016 is PLN 26,094,000.

On 24 October 2016, the Company received the decision of the Court of Appeal in Szczecin, First Civil Division, which after hearing case in camera on 13 October in Szczecin, dismissed the request for exercising the Bank Guarantee No. GWU/ 2012/118023 for the Contract ("Guarantee") issued on 16 July 2012 for the amount of PLN 33,310,000, used as security for the proper performance of the Contract "Construction of the Waste Incineration Plant in Szczecin". On 14 June 2016, the Issuer withdrew from the implementation of this Contract for the reasons attributable to the Employer, as informed in the Current Report No. 20 of 14 June 2016.

On 27 June 2016, the District Court in Szczecin prohibited the Employer – Zakład Unieszkodliwiania Odpadów Sp. z o.o. – to collect any cash under the Guarantee from RBS Bank Polska SA, and further prohibited RBS Bank Polska SA with its seat in Warsaw to pay to Zakład Unieszkodliwiania Odpadów Sp. z o.o. any amounts under the Guarantee in connection with the demand for payment issued by Zakład Unieszkodliwiania Odpadów Sp. z o.o. The Employer, Zakład Unieszkodliwiania Odpadów Sp. z o.o., appealed against the decision to the Appeals Court in Szczecin, First Civil Division, which decided to amend the challenged decision by dismissing the request for security.

The Issuer upholds its position that the withdrawal from the Contract was the sole fault of the Employer, while and any negative consequences associated therewith shall be borne by the Employer. Given these circumstances as well as the lack of any grounds for the Employer's claims for payment under the Guarantee, the Issuer does not create a provision in the accounts in this respect. At the same time, reserving the right to claim compensation to the extent of the damage, the Issuer, in the event of payment by RBS Bank Poland SA, shall take any and all legal steps to recover the amount of the Guarantee unduly exercised by Zakład Unieszkodliwiania Odpadów Sp. z o.o.

On 28 October 2016, Mostostal Warszawa S.A. signed a contract with Acciona Nieruchomości Wilanów for the construction of a multi-family building Nova Atmosfera at ul. Teodorowicza. The net contract value is nearly PLN 37 million.

19. Changes in contingent liabilities or contingent assets, which occurred after the last financial year

Collateral of commercial contracts

OFF-BALANCE ITEMS	as at 30/09/2016	as at 31/12/2015
1. Contingent receivables	81,129	119,840
Guarantees received	78,636	111,749
Bills of exchange received	2,493	8,091
2. Contingent liabilities	197,524	231,143
Surety of bank guarantee repayment	0	115
Bills of exchange issued to secure trade agreements	86,912	97,547
Guarantees to secure trade agreements	110,612	133,481

The granted collaterals of commercial agreements as at 30/09/2016 amounted to PLN 197,524,000, which means a decrease by PLN 33,619,000 compared to the end of the previous year.

Contingent receivables as of 30/09/2016 amounted to PLN 81,129,000, which means a decrease compared to the end of the previous year by PLN 38,711,000.

Other contingent liabilities

Details	30/09/2016	31/12/2015
A2 – liquidated damages	13,691	13,691
Oncology – penalty for withdrawing from the agreement	18,154	18,154
Zielona Italia	15,784	15,784
Power unit construction in Elbląg	0	3,994
Extension of the Mechanical Coal Processing Plant for Lubelski Węgiel "Bogdanka" S.A.	16,790	16,790
Construction of the Institute of Biology and the Faculty of Mathematics and Computer Science, together with the University Computing Centre in Białystok	66,718	66,718
Total	131,137	135,131

The value of other contingent liabilities as at 30/09/2016 amounted to PLN 131,137,000 and compared to the end of the previous year, decreased by PLN 3,994,000.

The following is the Company's opinion on the above-mentioned penalties:

- With respect to A2 contract: the Employer charged the Consortium consisting of Mostostal Warszawa S.A. and Polimiex Mostostal S.A. with a contractual penalty of PLN 27,000,000 (the Issuer's share in the penalty amounts to PLN 13,691,000). As the Consortium considers the penalty to be charged unreasonably, this amount has not been included in the contract valuation. The Consortium filed a lawsuit for the reimbursement of the remuneration withheld as liquidated damages and interest.
- On 11 September 2012 the Company received a statement by the St. John of Dukla Lubelskie Region Oncology Centre on the withdrawal from the agreement for designing and conducting construction works for the expansion and modernisation of the Lubelskie Region Oncology Centre. The statement also included a request for the payment of a contractual penalty. The agreement mentioned above was entered into on 3 January 2011 by and between the Lubelskie Region Oncology Centre (the "Employer") and the Consortium consisting of: Mostostal Warszawa S.A. – Acciona Infraestructuras S.A (Leader) – Richter Med. Sp. z o.o. – (Partner) ("Contractor"). The Employer withdrew from the Agreement due the fact that works were not conducted in accordance with the schedule of works and expenditures and conditions of the Agreement, which resulted in delays threatening the Agreement completion date. The Employer requested the Contractor to pay the liquidated damages pursuant to the Agreement. The Company rejects the Employer's arguments in full. The Company considers the Employer's decision in this case to be unreasonable and legally ineffective. The Contractor will make use of any legal means available to protect its interest, goodwill and image. Therefore, Mostostal Warszawa SA has not created provisions for liquidated damages and brought the dispute as to the validity of the liquidated damages charged to the Court.
- - Zielona Italia – on 6 March 2013 the Issuer withdrew from the contract of 11 November 2010 for construction of a complex of multi-family residential buildings with commercial spaces and underground garages that was entered into with Zielona Italia Sp. z o.o. A failure by the Investor to accept the executed works, or even to commence the acceptance procedure (despite repeated requests made by the Issuer), was the reason behind withdrawal. The fact that the Investor unreasonably declined to accept the works resulted in a delay in the performance of a mutual obligation having the value of PLN 29,551,000. It is also an obvious sign that the

Investor is not willing to cooperate and that the Employer is improperly performing the Agreement. Pursuant to § 28(2)(c) of the Agreement, the Company shall be entitled to withdraw from the Agreement due to the fault of Zielona Italia Sp. z o.o. As a result of the withdrawal from the contract due to the Investor's fault, Mostostal charged liquidated damages in the amount of PLN 15,784,000 (not included in revenue). In response to this, Zielona Italia Sp. z o.o. charged the Company with contractual penalties in the amount of PLN 15,784,000. As the Management Board of the Company considers the liquidated damages to be charged unreasonably, this amount has not been included in the contract measurement. The dispute on the lack of grounds to charge liquidated damages from the Issuer is under examination by the Court.

- Construction of a power unit in Elblag – there has been some delay in the performance of the contract. The highest amount of the liquidated damages for delays stipulated in the contract amounts to PLN 19,954,000. In 2014, the Company obtained permission to use the power unit and all the technical and production specifications set in the contractual terms and conditions have been met. The issuer contests its responsibility for the occurred delay, referring to the factors beyond control of the Contractor. As a result of the negotiations conducted with the Employer and while maintaining the opinion on irrelevance of the liquidated damages charged, the Contractor decided to refer the dispute to the Court, and just for the sake of prudence, created a provision in the Company's balance sheet for all the penalties assessed.
- Extension of the Mechanical Coal Processing Plant for Lubelski Węgiel "Bogdanka" S.A. - The Employer charged the Issuer with liquidated damages for delay in performance of the contract in the amount of PLN 22,840,000. The issuer entirely denies the existence of grounds to charge the liquidated damages, since in his opinion there was no delay in construction works. The delay was caused by the exclusive fault of the Employer due to his evasion from signing the final acceptance certificate. The Issuer will assert its claims brought against the Employer in the court and just for the sake of prudence, created a partial provision in this respect.
- The University of Białystok charged Mostostal Warszawa with the liquidated damages. According Mostostal Warszawa S.A. the liquidated damages are unfounded and were imposed by the Employer as a result of the claims submitted by Mostostal Warszawa S.A. against them.

20. Information on incurred and terminated credits and loans in the 3rd quarter of 2016

The balance of loans payable as of 30/09/2016 amounted to PLN 211,916,000 (the balance of loans payable as of 30/06/2016 amounted to PLN 215,973,000). The decrease in the balance of loans is mainly due to the accrual of foreign exchange gains from the balance sheet valuation.

In the reporting period, the Company used the overdraft with the value as at the balance sheet date amounting to PLN 0,000 (balance of loans as of 30/06/2016 amounted to PLN 0,000).

Bank	Type of loan	Amount of the loan in thousand PLN	Amount used as at 30/09/2016 in thousands of PLN	Maturity	Interest rate
Societe Generale S.A. Branch in Poland	Current account overdraft	10,000	0	31/10/2016	WIBOR 1M + Bank's mark-up
Bank Zachodni WBK S.A.	Current account overdraft	5,000	0	31/01/2017	WIBOR 1M + Bank's mark-up

In the third quarter of 2016, no loan agreement was terminated.

21. Information on transactions with affiliated entities

The transactions concluded with affiliated entities in the 3rd quarter of 2016 were typical and routine transactions, and were concluded according to market principles.

22. Reporting by market segment

The Company is organised and managed by segment, as appropriate for the types of product offered. The tables below present data from the profit and loss account for the Company's individual reporting segments for the 9-month period ended on 30 September 2016.

The following segments exist within continuing business:

1. The engineering/industrial segment, which includes activities connected with the construction of roads and bridges, industrial and power engineering facilities.
2. The general construction segment, which includes activities connected with constructing residential buildings and public utilities.

Profit and loss account for individual reporting segments:

9-month period ended on 30 September 2016	Continuing operations			
	<i>Engineering and industrial segment</i>	<i>General construction segment</i>	<i>Unallocated revenue, costs</i>	<i>Total</i>
Revenue from sales				
Sales to external customers	720,412	220,141	791	941,344
Sales between segments	0	0	0	0
Total revenue from segment	720,412	220,141	791	941,344
Result				
Profit (loss) of segment (taking into account operating costs and revenue)	71,137	-2,466	-2,371	66,300
Unallocated costs (administrative costs and sales costs)	-	-	30,731	30,731
Profit (loss) on operating activities	71,137	-2,466	-33,102	35,569
Financial revenue	57	36	2,726	2,819
Financial costs	887	118	7,387	8,392
Gross profit (loss)	70,307	-2,548	-37,763	29,996
Income tax			5,699	5,699
Net profit (loss) on continuing operations	70,307	-2,548	-43,462	24,297
Discontinued operations				0
Net profit / (loss)	70,307	-2,548	-43,462	24,297

9 month period ending 30 September 2015	Continuing operations			
	<i>Engineering and industrial segment</i>	<i>General construction segment</i>	<i>Revenues, unallocated costs and consolidation adjustments</i>	<i>Total</i>
Revenue from sales				
Sales to external customers	590,523	216,822	1,935	809,280
Sales between segments	0	0	0	0
Total revenue from segment	590,523	216,822	1,935	809,280
Profit (loss) of segment (taking into account operating costs and revenue)	37,263	18,357	-935	54,685
Unallocated costs (administrative costs and sales costs)	-	-	27,790	27,790
Profit (loss) on continued activities	37,263	18,357	-28,725	26,895
Financial revenue	303	10	9,922	10,235
Financial costs	818	1,061	12,071	13,950
Gross profit (loss)	36,748	17,306	-30,874	23,180
Income tax			4,404	4,404
Net profit (loss) on continuing operations	36,748	17,306	-35,278	18,776
Discontinued operations				0
Net profit / (loss)	36,748	17,306	-35,278	18,776

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

The Company operates on the domestic market.

23. Financial Instruments - Fair values

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

Details	Carrying value		Fair value	
	30/09/2016	30/06/2016	30/09/2016	30/06/2016
<i>Financial assets</i>				
1) Financial assets held to maturity (measured at amortized cost)	0	0	0	0
2) Financial instruments - hedge of future cash flows	0	0	0	0
3) Financial instruments - measured at fair value through profit or loss	0	0	0	0
4) Loans granted and receivables	860,914	847,437	860,914	847,437
- Long-term trade receivables and other receivables	5,278	8,158	5,278	8,158
- Short-term trade receivables and other receivables	291,684	275,651	291,684	275,651
- Cash and cash equivalents	221,532	205,304	221,532	205,304
- Short-term financial assets - loans	0	0	0	0
- Accruals and deferred income from measurement of contracts	339,920	355,415	339,920	355,415
- Long-term deposits as security for bank guarantees	2,500	2,909	2,500	2,909
4) Long-term financial assets held for sale	0	0	0	0

Details	Carrying value		Fair value	
	30/09/2016	30/06/2016	30/09/2016	30/06/2016
<i>Financial liabilities</i>				
1) Financial liabilities - financial instruments measured at fair value through profit or loss	0	0	0	0
2) Other financial liabilities - financial instruments - hedge of future cash flows (*1)	0	0	0	0
3) Liabilities (measured at amortized cost)	328,522	346,317	328,522	346,317
Liabilities from deliveries and services and other short-term liabilities	267,831	249,163	267,831	249,163
- Accruals and deferred income from measurement of contracts	22,066	55,830	22,066	55,830
Long-term trade liabilities and other long-term liabilities	38,625	41,324	38,625	41,324
4) Other financial liabilities (measured at amortized cost)	214,025	217,410	214,025	217,410
- Interest-bearing bank credits and loans	59,935	144,931	59,935	144,931
- Current portion of interest-bearing bank credits and loans	151,981	71,042	151,981	71,042
- Short-term and long-term liabilities from leasing agreements	2,109	1,437	2,109	1,437

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. The Company does 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. The Company does 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. The Company does not hold financial instruments in this category.

As at 30/09/2016, the Company did not have any financial instruments used for hedge accounting.

**Other information and explanatory notes to the condensed financial statements for the period from
01/07/2016 to 30/09/2016**

1. Selected financial data

	PLN		EUR	
	3 quarters of 2016, period from 01/01/2016 to 30/09/2016	3 quarters of 2015, period from 01/01/2015 to 30/09/2015	3 quarters of 2016, period from 01/01/2016 to 30/09/2016	3 quarters of 2015, period from 01/01/2015 to 30/09/2015
Revenue from sales	941,344	809,280	215,470	194,609
Gross profit (loss) on sales	83,383	64,903	19,086	15,607
Profit (loss) on operating activities	35,569	26,895	8,142	6,467
Gross profit (loss)	29,996	23,180	6,866	5,574
Net profit (loss) on continuing operations	24,297	18,776	5,561	4,515
Net profit / (loss)	24,297	18,776	5,561	4,515
Net cash from operating activities	-27,199	-7,366	-6,226	-1,771
Net cash from investing activities	3,754	11,349	859	2,729
Net cash from financing activities	-1,861	-36,991	-426	-8,895
Closing balance of cash	221,532	127,226	51,376	30,016
Net profit / (loss)	24,297	6,729	5,561	1,618
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	1.21	0.34	0.28	0.08

	PLN		EUR	
	30/09/2016	31/12/2015	30/09/2016	31/12/2015
Total assets	1,059,447	1,147,572	245,697	270,743
Long term liabilities	131,077	190,052	30,398	44,838
Short term liabilities	732,247	785,694	169,816	185,366
Total liabilities	863,324	975,746	200,214	230,205
Total equity capital	196,123	171,826	45,483	40,538
Stated capital	44,801	44,801	10,390	10,570
Number of shares	20,000,000	20,000,000	20,000,000	20,000,000

2. Description of major achievements and setbacks and major events in the 3rd quarter of 2016 and an assessment of the management of financial resources.

Sales revenue in the 3rd quarter of 2016 amounted PLN 301,306,000 and decreased by 3 % as compared to the same period of the previous year. Gross profit on sales amounted to PLN 22,266,000 (gross profit on sales in the same period of 2015 amounted to PLN 27,351,000). In the third quarter of 2016, the Company generated the net profit of PLN 11,878,000 (in the third quarter of 2015, the net profit amounted to PLN 7,852,000).

The value of the Company's backlog as at 30/09/2016 amounted to PLN 1,263,500,000. The Company participates in a number of tender procedures, which should result in the acquisition of new contracts in the near future.

The value of short-term trade receivables and other receivables as at 30/09/2016 amounted to PLN 291,684,000 and compared to figures as at 30/06/2016 increased by PLN 16,033,000.

The value of prepaid expenses arising from valuation of long-term contracts as at 30/09/2016 amounted to PLN 339,320,000 and was lower as compared to the value as at 30/06/2016 by PLN 15,495,000.

The value of cash as at 30/09/2016 amounted to PLN 221,532,000 and compared to the figures as at 30/06/2016 increased by PLN 16,228,000. In the third quarter of 2016, the Company was using overdraft facilities and loans, the value of which as at 30/09/2016 amounted to PLN 211,916,000 and compared to the figures as at 30/06/2016 decreased by PLN 4,057,000. On 09 February 2016, the Company's Management Board received a written notice from Acciona Infraestructuras S.A. stating that in the absence of funds for repayment of loans, the repayment due dates would be extended, as it was the case in the past. In the opinion of the Management Board, the management of financial resources in the 3rd quarter of 2016 was adequate to the Company's situation. The Management Board monitors the liquidity of the Company on the on-going basis, based on the expected cash flows. Given the existing

involvement of the related party granting loans and execution of the contract for the construction of the power units in Opole, in the opinion of the Board, there is no significant risk to the liquidity of Mostostal Warszawa S.A. The Management Board believes that the Company has the ability to settle their liabilities and the liquidity position of the Company is improving.

Long-term liabilities in the third quarter of 2016 decreased by PLN 95,009,000, mainly due to reclassification of some long-term loans from Acciona Infraestructuras S.A. to short-term loans in connection with the fact that the loans were maturing within a period of less than a year. The value of short-term trade liabilities at the end of the 3rd quarter of 2016 amounted to PLN 262,711,000 and compared to the figures as at 30/06/2016 were higher by PLN 18,096,000.

Other deferred charges and accruals as at 30/09/2016 amounted to PLN 200,204,000 and were lower by PLN 7,678,000, compared to the figures as at 30/06/2016.

During the reporting period i.e. from 01/07/2016 to 30/09/2016, the following events significant for the Mostostal Warszawa S.A. took place:

On 29 September 2016, Mostostal Warszawa S.A. and TUIiR Allianz Polska S.A. (insurance company) signed the agreement for contract performance guarantees within a framework of a renewable limit. Pursuant to the agreement, the maximum renewable limit for contract guarantees shall amount to PLN 10 million. Within the limit granted, TUIiR Allianz Polska S.A. will issue bid bonds, contract performance bonds and bonds for remedying faults and defects to the Issuer.

The Agreement has been concluded for a period until 28 September 2017.

3. A description of factors and events, particularly of extraordinary nature, which affect the financial results achieved

In the third quarter of 2016, the following events exerted among others a significant impact on the financial results:

1. strengthening of the Polish currency against euro compared to the situation as of 06/30/2016, as a result of which the recognized foreign exchange gains from the balance sheet valuation of loans amounted to PLN 5,540,000,
2. completion of litigation with Assecco Poland S.A., whereby the Company's result for the third quarter of 2016 decreased by PLN 3,741,000.

4. Description of the capital group's organisation

The Mostostal Warszawa S.A. Capital Group consists of the following subsidiaries covered by the consolidated financial statements:

Name of the entity	Percentage of share capital owned as at 30/09/2016	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.	48.66	yes
Mostostal Power Development Sp. z o.o.	100.00	yes

On 06 October 2016, Acciona S.A. and its wholly owned subsidiary, Acciona Infraestructuras S.A. transferred the shares of Mostostal Warszawa S.A. between the parties. Upon the transfer, Acciona Infraestructuras S.A. has become the direct owner of 10,018,733 shares of the Company, representing 50,09% of the total number of shares and votes at the General Meeting.

5. Results forecast

The Company did not publish performance forecasts for 2016.

6. Major 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 14.11.2016.

Shareholder	Number of shares	Number of voting rights	Share in share capital	Share of total voting rights in General Shareholders' Meeting
Acciona Infraestructuras S.A.	10.018.733	10.018.733	50.09%	50.09%
Otwarty Fundusz Emerytalny PZU Żłota Jesień (pension fund)	3.666.000	3.666.000	18.33%	18.33%
AVIVA Powszechnie Towarzystwo Emerytalne AVIVA BZ WBK S.A. (pension fund)	1.166,00	1.166,00	5.83%	5.83%

7. Ownership of Issuer's shares by the persons in management and supervisory positions and changes to that ownership

In the period from 29/09/2016 i.e. from the publication of the financial statements for the first half of 2016 until 14.11.2016, there were no changes in the shares of the Issuer held by members of the management and supervisory bodies.

8. Court and administrative proceedings

The Company participates in the litigation concerning amounts receivables with the total value of PLN 845,7612,000 and in the proceedings related to liabilities with the total value amounting to PLN 198,417,000.

Proceedings with highest dispute value:

Date of commencement of dispute	Defendant	Value of the dispute (in thousands of PLN)	Subject of the litigation	Issuer's position
Lawsuits brought by Mostostal Warszawa S.A.				
01/02/2010	State Treasury - Generalny Dyrektor Dróg Krajowych i Autostrad (General Director for National Roads and Motorways) XXV C 160/10	16,583	Mostostal Warszawa S.A.'s claims in connection with performance of the contract of 6 July 2006 to upgrade National Road 7 to an expressway on the section between Białobrzegi – Jedlińsk.	Within this lawsuit, the Company claims payment of compensation for damage in the form of additional costs incurred due to extension of the contract performance as well as payment for additional and replacement works.
10.07.2012	State Treasury - Generalny Dyrektor Dróg Krajowych i Autostrad (General Director for National Roads and Motorways) XXV C 857/12	36,961	Claims lodged by Mostostal Warszawa S.A. are associated with the implementation of the agreement of 28 September 2009: "Design and Construction of A-2 Motorway Stryków-Konotopa, section between km 394+500 and 411+465.8".	According to Mostostal, in the course of the contract, there was a remarkable change affecting the contractual relationship, in the form of unforeseen and sharp increase in prices of liquid fuels and bitumen. The Plaintiff demands an increase of the fixed remuneration.
09/09/2013	State Treasury - Generalny Dyrektor Dróg Krajowych i Autostrad (General Director for National Roads and Motorways) XXV C 1284/13	62,170	Claims of Mostostal Warszawa S.A. for reimbursement of unduly assessed liquidated damages and payment of increased indirect costs arising from an extended period of the contract "Construction of the bridge on the Oder River in Wrocław".	The Company seeks reimbursement of unduly assessed liquidated damages and payment for the completed additional and replacement works.

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29/03/2013	Zielona Italia Sp. z o.o. XX GC 287/13	15,953	The case for establishing non-existence of Zielona Italia'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 BZ WBK S.A. under the bank guarantee	The case originally for establishing non-existence of Zielona Italia's right to demand payment under the bank guarantee – performance bond. The Company withdrew from the contract for reasons attributable to the Employer, and thus the conditions pursuant to which the Employer may satisfy its claims from the performance bond are not fulfilled. Change of a lawsuit to a claim for reimbursement of an undue payment made under the performance guarantee, leading to unjustified enrichment.
23.06.2010	The Treasury Ministry of National Defence I C 641/10	19,093	Claims of Consortium of Mostostal Warszawa SA - Unitek Ltd for additional compensation and reimbursement of the costs incurred in connection with the Contract No. 3/NSIP/P/2000 concerning the implementation of the projects under the Investment Package CP 2A0022, according to which the Plaintiff acted as an alternative investor.	During performance of the Contract, for reasons independent of the Plaintiff, there were changes to the scope and shape of the project, which resulted in additional costs, the reimbursement of which is sought by the Plaintiff.
30/05/2012	State Treasury - Generalny Dyrektor Dróg Krajowych i Autostrad (General Director for National Roads and Motorways) XXV C 1227/12	207,530	Claims lodged by Mostostal Warszawa S.A. and Acciona Infraestructuras S.A. in connection with implementation of the Contract of 26 February 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).	The claimants aims at forming the contractual relationship by increasing remuneration. On 23/08/2013, the lawsuit was further extended to include the claim of the lack of grounds to charge contractual penalties for exceeding the Contract Completion Time and the demand to reimburse the liquidated damages unduly deducted (from the remuneration for the Works).
02/07/2013	State Treasury - Generalny Dyrektor Dróg Krajowych i Autostrad (General Director for National Roads and Motorways) XXV C 867/13	27,157	Subject matter of the dispute: claims lodged by Mostostal Warszawa S.A. Claims lodged by Mostostal Warszawa S.A. and Acciona Infraestructuras S.A. in connection with implementation of the Contract of 01 September 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).	The claimants aims at forming the contractual relationship by increasing remuneration. According to the Plaintiffs, in the course of the contract, there was a remarkable change affecting the contractual relationship, in the form of unforeseen and sharp increase in prices of liquid fuels and bitumen. The Plaintiff demands an increase of the fixed remuneration.
23/05/2014	State Treasury - Generalny Dyrektor Dróg Krajowych i Autostrad (General Director for National Roads and Motorways) XXV C 696/14	103,644	"Design and Construction of A-2 Motorway Stryków-Konotopa, section between km 394 + 500 and 411 + 465.8".	Compensation for the damage suffered by the plaintiffs 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. The amount of claim attributable to Mostostal Warszawa is PLN 81,824,000.
20/05/2013	State Treasury - Generalny Dyrektor Dróg Krajowych i Autostrad (General Director for National Roads	29,121	"Design and Construction of A-2 Motorway Stryków-Konotopa, section between km 394 + 500 and 411 + 465.8".	The subject matter of the case is the claim for reimbursement of liquidated damages plus interest deducted by the Employer.

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	and Motorways) XXV C 643/13			
09/05/2013	Zielona Italia Sp. z o.o. XX GC 569/13	52,344	Payment of the remuneration for the works performed under the contract "Zielona Italia".	The Company seeks payment of the amounts resulting from the settlement of the project and the completed additional works.
11.11.2010	Municipality of Wrocław SA 383/10	56,555	The case for payment (with extension of the lawsuit on 22/08/2012) instituted by the Consortium of Mostostal Warszawa SA, ACCIONA INFRAESTRUCTURAS S.A., Wrocławskie przedsiębiorstwo Budownictwa Przemysłowego nr 2 „Wrobis” S.A., Marek Izmańjowicz PH-U IWA - National Forum of Music.	The Plaintiffs demand from the Municipality of Wrocław the payment of the amounts resulting from the partial settlement of the project National Forum of Music in Wrocław (compensation, additional pay and other).
13.11.2012	Municipality of Wrocław SA 258/12	82,061	The case instituted by the Consortium of Mostostal Warszawa SA, ACCIONA INFRAESTRUCTURAS S.A., Wrocławskie Przedsiębiorstwo Budownictwa Przemysłowego nr 2 „Wrobis” S.A., and Marek Izmańjowicz PH-U IWA for payment of PLN 82,061,709.44. (originally: for establishing non-existence of Wrocław Municipality's right to demand payment under the performance bond).	Originally the case concerned establishing non-existence of Wrocław Municipality's right to demand payment under the bank guarantee – performance bond. Currently, the claims laid down in the lawsuit have been modified and include the demand for payment of PLN 82,061,709.44 as the final settlement of the NFM Project in connection with the withdrawal from the Contract.
4/10/2012	The Treasury and NATO Defence Investment Division IC 908/12	5,236	Claims for payment.	Case for payment for additional works not covered under the previous lawsuit.
03/10/2014	Lubelskie Region Oncology Centre IX GC 138/15	32,461	Construction of Lubelskie Region Oncology Centre	The claim for payment for the works performed and reimbursement of unduly charged penalties.
29/04/2015	University of Białystok I C 159/15	78,015	Construction of the Institute of Biology and the Faculty of Mathematics and Computer Science, together with the University Computing Centre	Mostostal Warszawa S.A. seeks payment for the basic, auxiliary and replacement works; lack of payment of some remuneration under the contracts; liquidated damages for indirect costs incurred. The claims under the above-mentioned counter claim relate also to indirect costs incurred for the execution of works as well as interest on the overdue financial liabilities.
07/06/2013	Zielona Italia Sp. z o.o., case file ref.: XX GC 104/14	9,963	Construction of a complex of residential buildings with underground garages, basic services and technical infrastructure under the name "Green Italia" in Warsaw.	The lawsuit involves the demand to cease the breach of copyright to the design.

Lawsuits against Mostostal Warszawa S.A.				
03/02/2015	<u>Plaintiff:</u> University of Białystok I C 159/15	66,718	Construction of the Institute of Biology and the Faculty of Mathematics and Computer Science, together with the University Computing Centre	The Plaintiff (University of Białystok) seeks payment of the accrued liquidated damages. According to the defendant (Mostostal Warsaw SA), the claimed liquidated damages are unfounded.
26/05/2014	<u>Plaintiff:</u> Biomatec Sp. z o.o. IX GC 492/14	22,876	Construction of the 20 MWe biomass-fired power block for Energa Kogeneracja Sp. z o.o.	The Plaintiff, Biomatec, seeks payment of remuneration for the works. The Company challenges the merits of the lawsuit in the entirety.
09/10/2014	<u>Plaintiff:</u> Waagener Biro XVI GC 1247/14	10,810	Construction of the National Forum of Music in Wrocław	The Plaintiff, Waagner Bir, seeks payment of remuneration for the supplies and works performed by a subcontractor and the payment of liquidated damages and reimbursement of storage costs. The Company challenges the merits of the lawsuit in the entirety.
15/04/2013	<u>Plaintiff:</u> Zielona Italia XX GC 343/13	15,784	Liquidated damages under the contract with Zielona Italia	The Plaintiff, Zielona Italia, seeks liquidated damages from Mostostal Warszawa S.A. for withdrawal from the contract.
10/09/2015	<u>Plaintiff:</u> Lubelskie Region Oncology Centre IX GC 138/15	27,072	The counterclaim of Lubelskie Region Oncology Centre to the case initiated by Mostostal Warszawa S.A. Dated 03/10/2014.10.03.2014.	The Plaintiff (Lubelskie Region Oncology Centre) seeks payment of the liquidated damages, the claim for reduction of the amounts due and the claims for additional and securing works performed by the investor. According to the defendant (Mostostal Warsaw SA), the claimed liquidated damages are unfounded. Other claims are also disputed in their entirety.

Some of these claims were recognized by the Company in the budgets of contracts and accounted as revenue from previous years. Details are described in section 4 of the Additional information and explanatory notes to the condensed interim financial statements for the period from 01/07/2016 to 30/09/2016.

9. Information on transactions with affiliated entities

The transactions concluded with affiliated entities in the 3rd quarter of 2016 were typical and routine transactions, and were concluded according to market principles.

10. Information about loan or credit sureties granted by Mostostal Warszawa S.A. or warranties issued (over 10% of the value of the Issuer's equity capital)

In the 3rd quarter of 2016, the Company did not issue any loan or credit sureties or guarantees with a value exceeding 10% of the Issuer's equity capital.

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

In the opinion of the Management Board, there is no other information relevant for the assessment of the Company's standing than those listed in other sections of the condensed financial statements for the period from 01/07/2016 to 30/09/2016.

12. Factors which will affect the results achieved in view of the next quarter or longer.

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

- the pace of implementation of Opole Power Plant Construction Project.
- PLN/EUR exchange rate fluctuations (given the loans incurred in EUR).

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Warsaw, 14.11.2016

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