



**Condensed interim consolidated financial statements
of Mostostal Warszawa Group**

for the period from 01/01/2019 to 31/03/2019

**Consolidated profit and loss account
for the period of 3 months from 01/01/2019 to 31/03/2019**

figures in thousands of PLN

No.	CONTINUING OPERATIONS	2019 period from 01/01/2019 to 31/03/2019	2018 period from 01/01/2018 to 31/03/2018
	Continuing operations		
I	Sales revenue	271 383	194 094
	Revenue from construction contracts	269 382	192 614
	Revenue from sale of services	1 770	1 079
	Revenue from sale of goods and materials	231	401
II	Cost of goods sold	250 082	178 528
III	Gross profit (loss) on sales	21 301	15 566
IV	Administrative expenses	15 171	15 273
V	Other operating income	579	1 546
VI	Other operating expenses	367	949
VII	Profit (loss) on operating activities	6 342	890
VIII	Financial revenue	201	152
IX	Financing costs	3 535	4 306
X	Gross profit (loss)	3 008	-3 264
XI	Income tax	1 416	1 936
	a) current	29	236
	b) deferred	1 387	1 700
XII	Net profit (loss) on continuing operations	1 592	-5 200
XIII	Discontinued operations		
XIV	Net profit (loss) on discontinued operations	0	0
XV	Net profit (loss) for the period	1 592	-5 200
XVI	Net profit (loss) allocated to shareholders of the Parent Company	825	-1 667
XVII	Net profit (loss) allocated to non-controlling interests	767	-3 533
	Net profit (loss) on continuing operations	1 592	-5 200
	Weighted average number of ordinary shares	20 000 000	20 000 000
	Net profit (loss) per ordinary share (in PLN)	0,08	-0,26
	Net diluted profit (loss) per ordinary share (in PLN)	0,08	-0,26
	Net profit (loss) for the period	1 592	-5 200
	Weighted average number of ordinary shares	20 000 000	20 000 000
	Net profit (loss) per ordinary share allocated to shareholders of the Parent Company (PLN)	0,08	-0,26
	Diluted net profit (loss) per ordinary share allocated to shareholders of the Parent Company (PLN)	0,08	-0,26
	Net profit (loss) allocated to shareholders of the Parent Company	825	-1 667
	Weighted average number of ordinary shares	20 000 000	20 000 000
	Net profit (loss) per ordinary share allocated to shareholders of the Parent Company (PLN)	0,04	-0,08
	Diluted net profit (loss) per ordinary share allocated to shareholders of the Parent Company (PLN)	0,04	-0,08

**Consolidated statement of comprehensive income
 for the period of 3 months from 01/01/2019 to 31/03/2019**

figures in thousands of PLN

	ITEM	2019 period from 01/01/2019 to 31/03/2019	2018 period from 01/01/2018 to 31/03/2018
	Net profit (loss) on continuing operations	1 592	-5 200
	Net profit (loss) on discontinued operations	0	0
	Net profit (loss) for the period	1 592	-5 200
	Exchange differences on translation of a foreign operation	21	-8
	Change due to revaluation of fixed assets	0	0
	Effective part of profit and loss associated with cash flow hedges	0	0
	Income tax associated with other comprehensive income items	0	0
	other comprehensive income	286	0
	Other total comprehensive income after tax	307	-8
	including items that may be reclassified as profit or loss at a later date	307	-8
	Total comprehensive income from continuing operations	1 899	-5 208
	Total comprehensive income from discontinued operations	0	0
	Total comprehensive income	1 899	-5 208
	allocated to the shareholders of the Parent Company	987	-1 675
	allocated to non-controlling shareholders	912	-3 533

Consolidated statement of financial position as at 31/03/2019

figures in thousands of PLN

No.	ASSETS	31.03.2019	31.12.2018	31.03.2018
I	Fixed assets (long-term)	105 438	88 211	121 115
I.1	Intangible assets	2 867	3 157	2 823
I.2	Tangible assets	60 705	43 406	72 291
I.3	Long-term deposits due from customers under construction contracts	10 765	9 078	3 699
I.4	Long-term prepayments for works	0	0	205
I.5	Investment property	4 927	4 996	7 905
I.6	Long-term financial assets	12	12	19
I.7	Deferred tax assets	25 546	26 856	33 563
I.8	Long-term accruals	616	706	610
II	Current assets (short-term)	914 735	959 050	814 335
II.1	Inventory	20 787	26 811	17 905
II.2	Trade receivables	351 403	356 359	317 627
II.3	Other receivables	4 408	6 377	2 458
II.4	Prepayments for construction works	10 475	8 220	11 818
II.5	Cash and cash equivalents	81 026	154 513	51 808
II.6	Short-term financial assets	73	73	73
II.7	Assets arising from construction contracts	406 259	379 670	405 882
II.8	Other accruals	6 212	5 293	6 764
II.9	Assets held for sale	34 092	21 734	0
	Total assets	1 020 173	1 047 261	935 450
No.	LIABILITIES	31.03.2019	31.12.2018	31.03.2018
I	Equity allocated to shareholders of the Parent Company	81 813	80 826	123 215
I.1	Share capital	44 801	44 801	44 801
I.2	Supplementary / reserve capital	139 707	139 707	137 646
I.3	Reserve capital from reclassification of loans	201 815	201 815	201 815
I.4	Exchange differences on translation of foreign operations	-811	-832	-820
I.5	Retained earnings (loss brought forward)	-303 699	-304 665	-260 227
	Accumulated profit (loss brought forward)	-304 524	-261 890	-258 560
	Profit / loss for the period	825	-42 775	-1 667
II	Equity attributable to non-controlling interests	9 741	8 829	10 143
III	Total equity	91 554	89 655	133 358
IV	Long-term liabilities	274 026	296 348	129 701
IV.1	Interest-bearing bank loans and borrowings	207 211	235 769	59 319
IV.2	Long-term lease liabilities	16 799	2 324	2 389
IV.3	Long-term deposits due to suppliers under construction contracts	31 459	39 483	50 487
IV.4	Long term liabilities from advance payments	8 202	8 202	4 674
IV.5	Deferred tax liability	266	133	21
IV.6	Long-term provisions	10 089	9 921	12 811
IV.7	Long-term accruals	0	516	0
V	Short-term liabilities	654 593	661 258	672 391
V.1	Current portion of interest-bearing bank loans and borrowings	64 915	31 494	159 569
V.2	Short-term lease liabilities	6 907	2 845	1 930
V.3	Trade liabilities	261 931	256 989	202 851
V.4	Income tax	34	102	162
V.5	Other liabilities	44 958	74 793	49 723
V.6	Prepayments for construction works	47 260	32 469	39 459
V.7	Short-term provisions	20 683	28 571	31 422
V.8	Liabilities arising from construction contracts	17 067	31 262	12 676
V.9	Other accruals	178 307	202 733	174 599
V.10	Liabilities associated with assets held for sale	12 531	0	0
VI	Total liabilities	928 619	957 606	802 092
	Total equity and liabilities	1 020 173	1 047 261	935 450

**Consolidated cash flow statement
for the period of 3 months from 01/01/2019 to 31/03/2019**

figures in thousands of PLN

No.	ITEM	2019 period from 01/01/2019 to 31/03/2019	2018 period from 01/01/2018 to 31/03/2018
I	CASH FLOW FROM OPERATING ACTIVITIES		
	Gross profit (loss) on continuing operations	3 008	-3 264
I.1	Gross profit (loss) (allocated to shareholders of the Parent Company and non-controlling interests)	3 008	-3 264
I.2	Adjustments of items:	-77 155	-37 905
I.2.1	Depreciation	3 810	2 804
I.2.2	Exchange differences	105	1 751
I.2.3	Interest and profit sharing	2 659	1 596
I.2.4	Profit (loss) from investing activities	-294	-10
I.2.5	Increase (decrease) in receivables	2 984	55 721
I.2.6	Increase (decrease) in inventory	6 024	-7 093
I.2.7	Increase (decrease) in liabilities, except for loans and borrowings	-18 126	-36 612
I.2.8	Change in assets and liabilities related to construction contracts and accruals	-66 633	-41 755
I.2.9	Change in provisions	-7 587	-13 217
I.2.10	Income tax (paid/received)	-130	-1 090
I.2.11	Other	33	0
I	Net cash from operating activities	-74 147	-41 169
II	Cash flows from investing activities		
II.1	Sale of tangible and intangible assets	22	50
II.2	Acquisition of tangible and intangible assets	-418	-872
II.3	Sale of financial assets	0	42
II.4	Acquisition of financial assets	0	0
II.5	Interest received	0	0
II.6	Repayment of loans granted	0	0
II.7	Loans granted	0	0
II.8	Closing of a term deposit	0	0
II.9	Other	0	-7
II	Net cash from investing activities	-396	-787
III	Cash flows from financing activities		
III.1	Proceeds from issue of shares	0	0
III.2	Repayment of finance lease liabilities	-1 044	-540
III.3	Proceeds from borrowings/loans	15 820	10 048
III.4	Repayment of loans/credits	-13 476	-11 893
III.5	Dividends paid to shareholders of the Parent Company	0	0
III.6	Dividends paid to non-controlling interests	0	0
III.7	Interest paid	-228	-277
III.8	Other	-16	0
III	Net cash from financing activities	1 056	-2 662
IV	Change in net cash and cash equivalents	-73 487	-44 618
V	Cash and equivalents at the beginning of the period	154 513	96 426
VI	Cash and equivalents at the end of the period, including:	81 026	51 808
	Restricted cash	758	110

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

figures in thousands of PLN

2019 period from 01/01/2019 to 31/03/2019	Equity allocated to shareholders of the Parent Company						Equity allocated to non-controlling interests	Total equity
	Share capital	Supplementary/reserve capital	Reserve capital from reclassification of loans	Exchange differences on translation of foreign operations	Retained profit / uncovered loss	Equity allocated to shareholders of the Parent Company		
As at 01 January 2019	44 801	139 707	201 815	-832	-304 665	80 826	8 829	89 655
Profit (loss) for the period	0	0	0	0	825	825	767	1 592
Other comprehensive income	0	0	0	21	141	162	145	307
Total comprehensive income	0	0	0	21	966	987	912	1 899
Distribution of previous years' profit	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0
As at 31 March 2019	44 801	139 707	201 815	-811	-303 699	81 813	9 741	91 554

figures in thousands of PLN

2018 period from 01/01/2018 to 31/12/2018	Equity allocated to shareholders of the Parent Company						Equity allocated to non-controlling interests	Total equity
	Share capital	Supplementary/reserve capital	Reserve capital from reclassification of loans	Exchange differences on translation of foreign operations	Retained earnings (loss brought forward)	Equity allocated to shareholders of the Parent Company		
As at 01 January 2018	44 801	137 646	201 815	-812	-258 560	124 890	13 676	138 566
Profit (loss) for the period	0	0	0	0	-42 775	-42 775	-3 491	-46 266
Other comprehensive income	0	0	0	-20	-1 269	-1 289	-1 356	-2 645
Total comprehensive income	0	0	0	-20	-44 044	-44 064	-4 847	-48 911
Distribution of previous years' profit	0	2 061	0	0	-2 061	0	0	0
Dividends paid	0	0	0	0	0	0	0	0
As at 31 December 2018	44 801	139 707	201 815	-832	-304 665	80 826	8 829	89 655

figures in thousands of PLN

2018 period from 01/01/2018 to 31/03/2018	Equity allocated to shareholders of the Parent Company						Equity allocated to non-controlling interests	Total equity
	Share capital	Supplementary/reserve capital	Reserve capital from reclassification of loans	Exchange differences on translation of foreign operations	Retained earnings (loss brought forward)	Equity allocated to shareholders of the Parent Company		
As at 01 January 2018	44 801	137 646	201 815	-812	-258 560	124 890	13 676	138 566
Profit (loss) for the period	0	0	0	0	-1 667	-1 667	-3 533	-5 200
Other comprehensive income	0	0	0	-8	0	-8	0	-8
Total comprehensive income	0	0	0	-8	-1 667	-1 675	-3 533	-5 208
Distribution of previous years' profit	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0
As at 31 March 2018	44 801	137 646	201 815	-820	-260 227	123 215	10 143	133 358

ADDITIONAL NOTES

1. General information

The Mostostal Warszawa Group consists of the Parent Company Mostostal Warszawa S.A. and its subsidiaries. For the consolidated profit and loss account, the condensed interim consolidated financial statements of Mostostal Warszawa Group cover the period of 3 months of 2019 and comprise corresponding figures for the period of 3 months of 2018; for the consolidated cash flow statement, the financial statements cover the period of 3 months of 2019 and comprise the corresponding figures for the period of 3 months of 2018, while the consolidated statement of financial position prepared as at 31 March 2019 includes corresponding figures as at 31 December 2018 and as at 31 March 2018.

Mostostal Warszawa S.A. i.e. the Parent Company, 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 registered office of Mostostal Warszawa S.A. is situated in Warsaw at ul. Konstruktorska 12a. The primary business of the Company includes specialised construction works covered by 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.) in the construction sector.

The duration of the operation of the Parent Company and companies within the Group is undefined.

The parent company of Mostostal Warszawa S.A. is Acciona Construcción S.A.

The ultimate controlling party is Acciona S.A.

2. Composition of the Group

In the first quarter of 2019, the companies of Mostostal Warszawa Group subject to consolidation included:

No.	Company name	Registered office	Primary Business	Competent Court	Mostostal Warszawa S.A.'s share of votes at the General Meeting (31/03/2019)	Mostostal Warszawa S.A.'s interest in the Company's share capital (31/03/2019)
1	Mostostal Warszawa S.A. – Parent Company	Warszawa	Civil engineering	District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register under the number 0000008820	-	-
2	Mostostal Kielce S.A.	Kielce	Civil engineering	District Court in Kielce, 10th Commercial Division of the National Court Register, Reg. No. 0000037333	100.00%	100.00%
3	AMK Kraków S.A.	Kraków	engineering, design, and project management services in the field of civil engineering and turnkey projects	District Court for Kraków Śródmieście, 11th Commercial Division of the National Court Register, Reg. No. 0000053358	60.00%	60.00%
4	Mieleckie Przedsiębiorstwo Budowlane S.A.	Mielec	Construction and civil engineering services	District Court in Rzeszów, 12th Commercial Division of the National Court Register, Reg. No. 0000052878	97.14%	97.14%
5	Mostostal Płock S.A.	Płock	Civil engineering	District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register under the number 0000053336	53.10%	48.69%
6	Mostostal Power Development Sp. z o.o.	Warszawa	Civil engineering	District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register under the number 0000480032	100.00%	100.00%

Subsidiaries include all the economic entities controlled by the Group. The Group exercises control over a company, when the Group is exposed or entitled to variable returns resulting from its involvement in the said company and is capable of influencing these returns through the exercise of control over the Company. Subsidiaries are fully consolidated from the date of transfer of control to the Group. The consolidation ceases from the date of cessation of control.

As at 31/03/2019, Mostostal Warszawa SA held 907,095 ordinary bearer shares and 66,057 registered preference shares (1 share = 5 votes), ensuring a total of 48.66% equity interest and 52.78% of the total number of votes in Mostostal Płock S.A. Pursuant to Article 4 of the Public Offering Act, the fact that Mostostal Warszawa S.A. holds all the voting rights in the Supervisory Board of Mostostal Płock S.A. (a body authorised to appoint and dismiss members of the management body), and that it exerts impact on the activities of this Company, means that Mostostal Warszawa S.A. is a parent entity in relation to Mostostal Płock S.A., which results in its full consolidation.

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 Group 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 Group's primary management centre and enhancing cooperation within the Group for 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
- nurturing the achievements of the Polish engineering thought and development of technical knowledge through close cooperation with the research centres and by improving the level of education of future engineers as well as by sharing knowledge and experience gained during 70 years of its activities.

Composition of the Management Board and the Supervisory Board of the Parent Company

As at 31/03/2019, the Management Board of Mostostal Warszawa S.A. was composed of:

Miguel Angel Heras Llorente, President of the Management Board

Jorge Calabuig Ferre, Vice-President of the Management Board

Alvaro Javier De Rojas Rodríguez, Member of the Management Board

Jacek Szymanek, Member of the Management Board

Radosław Gronet, Member of the Management Board

As at 31/03/2019, the Supervisory Board of Mostostal Warszawa S.A. was composed of:

Francisco Adalberto Claudio Vazquez, Chair of the Supervisory Board

Jose Manuel Terceiro Mateos, Vice-Chair of the Supervisory Board

Javier Lapastora Turpín, Member of the Supervisory Board

Neil Roxburgh Balfour, Member of the Supervisory Board

Ernest Podgórski, Member of the Supervisory Board

Javier Serrada Quiza, Member of the Supervisory Board

On 24 April 2019, the Parent Company received information on the resignation of Mr. José Manuel Terceiro Mateos from the position of a member of the Supervisory Board of Mostostal Warszawa SA with effect as of the date of the General Meeting approving the financial statements of Mostostal Warszawa S.A. for the financial year 2018.

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

By the date of approval of these statements, the General Meeting has not been held yet.

3. Approval of the Financial Statements

The condensed interim consolidated financial statements for the first quarter of 2019 were approved for publication by the Management Board of the Parent Company on 30 May 2019.

4. Significant Accounting Principles

4.1 Basis for preparation of the condensed interim consolidated financial statements

These condensed interim consolidated financial statements have been prepared with the assumption that the Companies of the Group would continue their economic activities within the foreseeable future.

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

In the first quarter of 2019, the Group generated the sales profit of PLN 21,301 thousand and the net loss of PLN 1,592 thousand. The Group's total equity as at 31/03/2019 was positive and amounted to PLN 91,554 thousand.

In the first quarter of 2019, the Group financed its operations using mainly its own funds and borrowings granted by the related party - Acciona Construcción S.A. The loan maturity dates fall for the years 2019-2020.

Based on the analysis of future cash flows, the Parent Company's Management Board estimates that the Group will have sufficient cash to fund its operations in the period of at least 12 months after the balance sheet date. As at 31/03/2019, the value of the backlog of Mostostal Warszawa S.A. and of the Group as a whole amounted to PLN 1.804.621 thousand and PLN 1.986.538 thousand, respectively. At the same time, the Group companies are involved in a number of procurement procedures, which will translate into winning new contracts in the near future, which should also contribute to improved performance and cash flows of Mostostal Warszawa S.A. and Mostostal Warszawa Group.

The Parent'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 Parent Company and the companies of the Group for the period of at least 12 months after the balance sheet date. Therefore, according to the Management Board of Mostostal Warszawa S.A. the going concern assumption for the Parent Company and Mostostal Warszawa Group is appropriate.

4.2 Compliance statement

These condensed interim consolidated financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 – Interim Financial Reporting, as approved by the EU.

These condensed interim consolidated financial statements should be read together with the audited consolidated financial statements of the Group for the year ended 31 December 2018 and the related additional information.

Mostostal Warszawa S.A. prepares the separate financial statements in accordance with the International Financial Reporting Standards, as approved by the European Union (IFRS), while the remaining companies of the Group keep their accounts in line with the accounting policy (principles) defined in the Accounting Act of 29 September 1994 (the “Act”) and the regulations issued based thereon (collectively: “Polish Accounting Standards”). The consolidated financial statements contain adjustments not included in the accounts of the Group's companies, added in order to ensure compliance of these entities' financial statements with the IFRSs.

The condensed interim consolidated financial statements of Mostostal Warszawa Group have been neither reviewed nor audited by the statutory auditor.

4.3 Accounting Policies

Detailed accounting policies adopted by the Group were described in the Consolidated Financial Statements of Mostostal Warszawa Group for the year ended 31/12/2018.

The accounting principles (policies) applied in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the preparation of the annual consolidated financial statements of Mostostal Warszawa Group for the year ended 31/12/2018, except for the accounting principles related to entry into force of IFRS 16 as of 01/01/2019, which have been described in Note 4.4.

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

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

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

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

- IFRS 17 “Insurance Contracts” (effective for annual periods beginning on or after 01 January 2021)
- Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sales or transfers of assets between the investor and the associate or joint venture – the work leading to the approval of these amendments has been postponed indefinitely by the EU – the date of entry into force has been postponed by the IASB for an indefinite period,

- Amendments to IFRS 3 “Business combinations” (effective for annual periods beginning on or after 01 January 2020),
- Amendments to IAS 1 “Presentation of Financial Statements” and IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” – Definition of material (effective for annual periods beginning on or after 01 January 2020),
- IFRS 14 “Regulatory Deferral Accounts” – according to the decision of the European Commission, the process of approving the pre-release standard will not be initiated before the release of the final version of the standard (effective for annual periods beginning on or after 01 January 2016),
- Amendments to the Conceptual Framework for IFRS (effective for annual periods beginning on or after 01 January 2020).

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

4.4 Amendments to accounting policies and principles for preparation of financial statements

From 01 January 2019, the Group has for the first time applied the standard **IFRS 16 “Leases”**.

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

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

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

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

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

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

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

The Group decided to take advantage of the exemption regarding short-term leases and leases in which the underlying asset is of low value. In this case, the Group recognizes lease payments as costs under the profit and loss account. The equivalent of USD 5,000 in PLN has been considered as the low value. The recognition

exemption for short-term leases has been applied to all types of the right-of-use assets, except for the right to use cars.

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

First application of IFRS 16

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

the Group recognized:

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

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

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

ASSETS	as at 31/12/2018	adjustments	as at 01/01/2019
Fixed assets (long-term)			
Tangible assets	43.406	19.145	62.551
Current assets (short-term)			
Fixed assets classified as held for sale	21.734	12.531	34.265

EQUITY AND LIABILITIES	as at 31/12/2018	adjustments	as at 01/01/2019
Long-term liabilities			
Long-term lease liabilities	2.324	15.279	17.603
Short-term liabilities			
Short-term lease liabilities	2.845	4.305	7.150
Liabilities associated with assets held for sale	0	12.092	12.092

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

Presentation in the Company's financial statements

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

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

- The Group presented its lease liabilities in the following items of the consolidated financial statements:
- Long-term lease liabilities
- Short-term lease liabilities
- Liabilities associated with assets held for sale

4.5 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 first quarter of 2019 to EUR:

- individual items of the profit and loss account and cash flow statement for the 1st quarter of 2019 were converted at the PLN/EUR rate of 4.2978, which is the arithmetical mean of the rates announced by the National Bank of Poland for the last days of January, February and March 2019.
- individual items of assets and liabilities in the statement of financial position were converted at the PLN/EUR rate of 4.3013 applicable as at 29/03/2019.

4.6 Currency of the financial statements

The condensed interim financial statements for the 1st quarter of 2019 have been presented in Polish zlotys, and all the values stated – unless indicated otherwise – are rounded to full thousands of zlotys.

4.7 Long-term construction contracts

Selected consolidated data – Profit and Loss Account:

Item	01/01/2019- 31/03/2019	01/01/2018- 31/03/2018
Revenue from construction contracts	269.382	192.614
Cost of construction works	246.538	176.187
Result on ongoing construction contracts	22.844	16.427

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 consolidated financial statements.

Revenue from construction contracts in progress

ITEM	31/03/2019	31/12/2018	31/03/2018
Estimated incremental revenue from construction contracts in progress	3.534.638	3.271.725	2.926.442
Incrementally invoiced sales of construction contracts in progress	3.306.256	3.085.504	2.708.172
Assets and liabilities arising from construction contracts in progress (on balance)	228.381	186.221	218.269
Prepayments received on construction contracts in progress	48.026	40.671	44.133
Net balance sheet position for construction contracts in progress	180.355	145.550	174.136
Reconciliation with the items from the statement of financial position:			

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Assets and liabilities arising from construction contracts in progress (on balance)	228.381	186.221	218.269
Assets arising from construction contracts for completed contracts	160.811	162.187	174.937
Assets and liabilities arising from construction contracts (on balance)	389.192	348.408	393.206

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

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

In the Parent 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):

- 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,
- included in the transaction price some of the amount of variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

In connection with the foregoing, as at 31/03/2019, the Parent Company recognized assets arising from construction contracts for completed contracts due to amendments of contracts with employers (customers) in the amount of PLN 160,811 thousand and compared to the preceding year, their value was adjusted for the reversed provisions from completed contracts.

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

In its separate statement of financial position, the Parent Company shows overdue trade receivables in the amount of PLN 204,574 thousand, for which no revaluation write-offs have been recognized, and the assets arising from construction contracts in the amount of PLN 162,186 thousand, associated with the completed contracts, which are subject to the court proceedings. The value of accruals due to uninvoiced construction works under these contracts is PLN 70,159 thousand. The Management Board expects that within 12 months from the date of the report, some of these proceedings, given their progress, may be settled in favour of Mostostal Warszawa, which will result in settlement of receivables under the contracts in the amount of PLN 72.511 thousand, assets under the contracts in the amount of PLN 67,485 thousand and accruals in the amount of PLN 45,795 thousand.

Selected figures from the consolidated statement of financial position:

ASSETS	31/03/2019	31/12/2018	31/03/2018
Amounts due from customers under construction contracts (long-term contracts)	351.403	356.359	317.627
Long-term deposits due from customers under construction contracts	10.765	9.078	3.699
Prepayments for works (long- and short-term)	10.475	8.220	12.023
Assets arising from construction contracts	406.259	379.670	405.882

LIABILITIES	31/03/2019	31/12/2018	31/03/2018
Amounts due to suppliers under construction contracts (long-term contracts), including:	261.931	256.989	202.851
Long-term deposits due to suppliers under construction contracts	31.459	39.483	50.487
Advances for the construction works (long- and short-term)	55.462	40.671	44.133
Provisions for expected losses	9.036	12.236	9.871
Liabilities arising from construction contracts	17.067	31.262	12.676

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 Group companies recognize 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 based on the 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 Note 9 of the consolidated 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 1,310 thousand and as at 31/03/2019 amounted to PLN 25,546 thousand. The Group 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 of the Parent Company 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 25,546 thousand. In the opinion of the Parent Company's Management Board, the realisation of the deferred tax assets due to tax losses will be possible in the years 2019-2022.

6. The seasonal or cyclical nature of the Group's activities in the first quarter of 2019

The activities of the Mostostal Warszawa Group depend on weather conditions. The Group is significantly less active in winter than during other seasons. The atmospheric conditions in the first quarter of 2019 had no significant effect on the Group'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

No extraordinary events occurred in the first quarter of 2019.

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

In the first quarter of 2019, the impairment loss on inventory in the amount of PLN 78 thousand was reversed.

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

In the first quarter of 2019, the impairment loss on receivables in the amount of PLN 5 thousand was reversed.

10. Creation, increase, use and reversal of provisions

Item	Provisions for awards and distinctions anniversary awards and retirement bonuses	Provision for expected losses on contracts	Provision for warranty repairs	Provision for litigation	Other provisions	Total
As at 01/01/2019	5.257	12.236	15.156	5.273	410	38.492
created during the period	0	250	778	0	0	1.028
Used	-22	-3.450	-756	-4.452	-28	-8.708
Reversed	-40	0	0	0	0	-40
As at 31/03/2019	5.195	9.036	15.178	821	382	30.772
Long-term as at 31/03/2019	2.461	1.239	6.389	0	0	10.089
Short-term as at 31/03/2019	2.734	7.797	8.789	821	382	20.683

11. Significant acquisitions and disposals of tangible fixed assets

In the first quarter of 2019, the Group companies did not enter into any significant transactions related to tangible fixed assets

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

Given the lack of significant purchases of property, plant and equipment in the first quarter of 2019, no significant liabilities in this respect arose.

13. Significant litigation settlements

On 30 January 2019, the Appellate Court in Szczecin passed a judgement in a case brought by Korporacja Budowlana DORACO Spółka z o.o. ("DORACO") against Mostostal Warszawa S.A., whereby it dismissed the Company's appeal and upheld the decision of the District Court in Szczecin of 28 April 2017, pursuant to which the Court ruled that the Company shall pay to DORACO the amount of PLN 10,930 thousand plus statutory interest accrued from 28 March 2015 until the payment date. Mostostal paid the above amount to DORACO in the first quarter of 2019. DORACO claimed liquidated damages from Mostostal Warszawa S.A. for withdrawal by DORACO (due to the Company's fault) from the subcontract for construction works under the project "Construction of the Waste Incineration Plant for the Municipal Area of Szczecin". The resolution of the dispute had no impact on the Company's profit (loss) for the first quarter, due to the fact that DORACO's claim was covered by a provision created in the preceding reporting periods.

14. Corrections of prior period errors

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

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

Neither Mostostal Warszawa S.A. nor the Group companies issued any shares in the first quarter of 2019. No debt or equity securities were repaid.

16. Dividends paid (declared) by the Issuer

In the first quarter of 2019, Mostostal Warszawa S.A. did not pay any dividends.

17. Changes in the major corporate governance principles of the Parent Company and the Group Companies included in the consolidation

In the reporting period there were no significant changes to the governance principles of the Parent Company and the Group.

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

On 08 April 2019, Mostostal Warszawa S.A. and Przedsiębiorstwo Komunikacji Miejskiej Sp. z o. o. ("Employer") entered into the contract for the implementation of the project entitled "Comprehensive Modernization of the Bus Depot of Przedsiębiorstwo Komunikacji Miejskiej Sp. z o.o. Tychy at Towarowa 1 in Tychy – Second Procedure". Contract value: gross PLN 58,200 thousand. Time limit for completion: 13 months.

On 30 April 2019, Mostostal Warszawa S.A. and Ammann Asphalt GmbH entered into the agreement, whereby the Parent Company acquired the Production Plant of Mineral and Asphalt Mixes AMMANN (UNIBATCH 240) for a total net amount of EUR 2.08 million (equal to PLN 8,900 thousand, according to the average NBP exchange rate of 30 April 2019). The Production Plant of Mineral and Asphalt Mixes will be used for infrastructural contracts performed by the Parent Company.

On 17 May 2019 the Mostostal Warszawa S.A. concluded with Cross Point C Sp. z o.o. with its registered office in Warsaw (the "Ordering Party") contract for the implementation of the task titled "Construction of the Cross Point C office building". Contract value of the: PLN 31,310 thousand gross. Time limit for completion: 14 months.

On 20 May 2019 the Mostostal Warszawa S.A. signed a contract with the General Directorate for National Roads and Motorways in Opole branch (GDDKIA) for "Designing and performing the task under the name "Construction of the Praszka bypass within the national road No. 45". Contract value: PLN 171,500 thousand gross. Time limit for completion: 36 months.

On 28 May 2019, the Mostostal Warszawa S.A. was notified on the decision of the District Court in Olsztyn, V Commercial Division dated 22 May 2019 regarding the settlement approval between the Company and the Olsztyn Municipality in regards to filed claims following agreement execution entitled "Construction of the Water Recreation and Sports Centre in Olsztyn" for the benefit of the Olsztyn Municipality. The company claimed the reimbursement of the amount paid out of the contract due performance guarantee during the warranty period and the quality guarantee. The Olsztyn Municipality at the hearing on 29 May 2018 (current report no. 32/2018) filed a counterclaim for payment of a total of PLN 13,560 thousand in contractual penalties for late removal of defects and replacement costs for defects. As a result of the settlement, the parties withdrew their claims and the proceedings in the case were discontinued.

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

19.1 Contingent liabilities

Item	31/03/2019	31/12/2018
1. 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 1)	27.072	27.072
2. 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 2)	15.784	15.784
3. 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 3)	114.386	114.386
4. 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 4)	66.718	66.718
5. 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 5)	20.822	20.822

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6. Biomatec Sp. z o.o. – claim for remuneration (description in Note 20.1 item 6)	22.876	22.876
7. Cestar A.Cebula J.Starski sj – claim for remuneration (description in Note 20.1 item 7)	12.689	12.689
8. – University of Białystok – claim for a contractual penalty (description in Note 20.1 item 10)	204.967	204.967
9. Municipality of Olsztyn – claims for liquidated damages and reimbursement of substitute performance costs (Description in Note 20.1 item 11)	13.560	13.560
10. Other	22.029	22.029
Total	520.903	520.903

Contingent liabilities as at 31/03/2019 amounted to PLN 520,903 thousand and did not change as compared to the previous year's balance sheet date.

19.2 Collaterals of commercial contracts

Collaterals granted

Item	31/03/2019	31/12/2018
Promissory notes issued to secure trade agreements	90.861	99.307
Guarantees to secure trade agreements	614.913	587.362
Mortgages	46.100	46.100
Other sureties	28.828	28.828
Total collaterals granted	780.702	761.597

As at 31/03/2019, the collaterals granted to secure trade agreements amounted to PLN 780,702 thousand, which means an increase by PLN 19,105 thousand, as compared to the previous year's balance sheet date.

Collaterals received

Item	31/03/2019	31/12/2018
Guarantees received	124.363	132.170
Bills of exchange received	3.461	3.528
Total collaterals obtained	127.824	135.698

As at 31/03/2019, the collaterals received to secure trade agreements amounted to PLN 127,824 thousand, which means a decrease by PLN 7,874 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 in the consortia.

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

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

During the reporting period, the Group Companies participated in the proceedings concerning claims with a total value of PLN 1.111.708 thousand and in the proceedings concerning liabilities with a total value of PLN 816,040 thousand.

20.1 Proceedings with the highest value in dispute (Group Companies as a Defendant)

1. Lubelskie Region Oncology Centre (Claimant)

Date of the claim: 10/09/2015

Value in dispute: PLN 27,072 thousand

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

2. 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.

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

Date of the claim: 24/07/2017

Value in dispute: PLN 114,386 thousand

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

4. University of Białystok (Claimant)

Date of the claim: 03/02/2015

Value in dispute: PLN 66,718 thousand

The subject of the statement of claim is the Claimant's demand for payment of various contractual penalties in connection with the performance of the Contract of 25/01/2011 for the "Construction of the Institute of Biology and the Faculty of Mathematics and Computer Science, together with the University Computing Centre" and the Contract of 25/01/2011 for the regarding the "Construction of the Faculty of Physics and the Institute of Chemistry" under the Operational Program "Infrastructure and Environment". Mostostal Warszawa S.A. disputes these claims in their entirety and finds them unjustified. In the court proceedings, Mostostal Warszawa S.A. presents a number of obstacles which objectively had a significant impact on the performance of construction works, and thus the completion date, justifying the lack of grounds for charging contractual penalties. Mostostal Warszawa SA brought a counter claim against the Claimant for the amount of PLN 83,435 thousand in respect of overdue payment plus interest, indirect costs resulting from the extension of the contract completion deadline and other additional works. The claim have been referred to negotiations. A mutual request for suspension of the proceedings was filed with the court on 18/04/2019.

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

Date of the claim: 22/07/2016

Value in dispute: PLN 20,822 thousand

The Claimant demands that Mostostal Warszawa S.A. shall pay contractual penalties for late completion of the "Construction of the Sports Hall Czyżyny in Krakow" – currently TAURON Arena Krakow. Having analysed the lawsuit, the Company disputes the legitimacy and the amount of the claim submitted by the Claimant and is of the opinion that there were no grounds to charge the penalties. As of 14/04/2014, the Contractor completed 99% of

the Contract and the Investor was able to commence the acceptance procedure. Due to the design documentation defects, for which the Investor was responsible, the time for completing the acceptance procedure exceeded the contractual deadline, but not due to the Contractor's fault. During the alleged delay, the Investor was able to fully use the facility. The final permit for operation of the facility was issued already on 12/05/2014, and the first commercial event was held on 30/05/2014 i.e. at the time when the Investor still charged contractual penalties. The Company also has brought a counter-claim against the Claimant for additional works and the other outstanding payments related to the "Construction of the Sports Hall Czyżyny in Krakow" for the amount of PLN 16,439 thousand.

6. 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.

7. 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.

8. Rafako S.A. (Claimant)

Date of the claim: 31/03/2017

Value in dispute: PLN 16,157 thousand

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

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

Date of the claim: 09/10/2014

Value in dispute: PLN 10,810 thousand

The Claimant demands Mostostal Warszawa S.A. 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.

10. University of Białystok (Claimant)

Date of the claim: 05/02/2018

Value in dispute: PLN 204,967 thousand

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

11. Municipality of Olsztyn (Counter-claim)

Date of the claim: 29/05/2018

Value in dispute: PLN 13,560 thousand

A claim for reimbursement of the amount paid out of the performance bond during the period of warranty and quality guarantee. During the hearing held on 29 May 2018, the Municipality of Olsztyn filed a counter-claim for payment of a total of PLN 13,560 thousand as liquidated damages for untimely removal of defects and the costs of substitute performance in removal of defects. Having analysed the claims, Mostostal Warszawa S.A. disputes the legitimacy of the claims made by the Claimant in its entirety. The Court referred the case for mediation. As a result of the settlement, the parties withdrew their claims and the proceedings in the case were discontinued.

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

Date of the claim: 24/01/2019

Value in dispute: PLN 211,839 thousand

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

13. Sarens Polska Sp. z o.o. (Claimant)

Date of the claim: 31/08/2017

Value in dispute: PLN 23,625 thousand

Sarens Polska Sp. z o.o. (Claimant) brought a lawsuit against Mostostal Power Development Sp. z o.o. (Defendant) for payment of remuneration for the works performed and for reimbursement of the amount paid out under the performance bond provided by the Claimant. The Defendant considers the claim to be unfounded, since the remuneration claimed has been partially offset with a contractual penalty due to the Defendant. The amount paid out under the performance bond provided by the Claimant has been credited against the contractual penalty due to the Defendant.

20.2 Proceedings with the highest value in dispute (Group Companies as a Claimant)

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

Date of the Claim: 03/06/2012

Value in dispute: PLN 36,961 thousand

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

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

Date of the Claim: 09/09/2013

Value in dispute: PLN 61,857 thousand

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

3. Gamma Inwestycje Sp. z o.o. (successor in title of Zielona Italia Sp. z o.o.) (Defendant, Employer)

Date of the Claim: 29/03/2013

Value in dispute: PLN 15,785 thousand

The case brought by Mostostal Warszawa S.A. 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 Group under trade receivables and other receivables in the group of overdue receivables, for which no revaluation write-offs have been recognized.

4. The Treasury – Ministry of National Defence (Defendant)

Date of the Claim: 23/06/2010

Value in dispute: PLN 19,093 thousand

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

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

Date of the Claim: 30/05/2012

Value in dispute: PLN 212,105 thousand

Mostostal Warszawa S.A. 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. Further actions in the case will be taken at a closed session, after receiving information on the outcome of settlement negotiations. The parties' amicable negotiations commenced on 27 June 2018. A part of the amount claimed in court is presented by the Group 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.

6. 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

Mostostal Warszawa S.A. 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.

7. 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 Mostostal Warszawa S.A. 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.

8. 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

Mostostal Warszawa SA 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 Group 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.

9. Municipality of Wrocław (Defendant)

Date of the Claim: 13/11/2012

Value in dispute: PLN 82,061 thousand

The case instituted by the Consortium of Mostostal Warszawa S.A., ACCIONA CONSTRUCCIÓN S.A., WPBP nr 2 "Wrobis" S.A. and Marek Izmajłowicz PH-U IWA (Claimant) for payment of PLN 82,061,000. Originally, the case concerned establishing non-existence of Wrocław Municipality's right to demand payment under the bank guarantee – performance bond. The claims included in the lawsuit have been modified and include the demand for payment of PLN 82,061,000 as the final settlement of the project in connection with the withdrawal from the Contract No. 7/2009/NFM of 22 December 2009 for the construction of the National Forum of Music in Wrocław ("Contract"). In its preliminary judgement, the Court of Arbitration found that the Project Consortium (Mostostal Warszawa S.A. – Leader, Acciona Construcción S.A., Marek Izmajłowicz - IWA, WPBP Wrobis S.A.) on 5.10.2012 effectively withdrew from the Contract. As a result of the complaint brought by the Municipality of Wrocław, the initial decision of the Court of Arbitration was repealed. The case will be further examined by the same Court of Arbitration, in accordance with the position of Mostostal Warszawa S.A. A part of the amount claimed in court is presented under assets arising from construction contracts.

10. 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 counter-claim in which they demand the Claimant to pay a total of PLN 27,072 thousand in respect of: (i) contractual penalty for withdrawal from the contract, (ii) reimbursement of costs, and (iii) payments to subcontractors. Currently, the case is at the stage of evidence proceedings. A part of the amount claimed in court is presented by the Group 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.

11. 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 Group under trade receivables and other receivables as overdue

receivables, for which no revaluation write-offs have been recognized. The claim have been referred to negotiations. A mutual request for suspension of the proceedings was filed with the court on 18/04/2019.

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

Date of the Claim: 28/04/2017

Value in dispute: PLN 23,017 thousand

Mostostal Warszawa S.A. filed a counter-claim against the Defendant for payment of the amount due for additional works performed in connection with the construction of the Sports Hall (Czyżyny) in Krakow. A part of the amount claimed in court is presented by the Group 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.

13. 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.

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

Date of the Claim: 10/02/2017

Value in dispute: PLN 33,770 thousand

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

15. 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.

16. 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

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

17. 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.

18. 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 Defendant's statement of defence was filed on 24 May 2018. The amount claimed in court is presented by the Group under trade receivables

and other receivables in the group of overdue receivables, for which no revaluation write-offs have been recognized.

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

Date of the claim: 24/01/2018

Value in dispute: PLN 98,585 thousand

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

20. Energa Kogeneracja Sp. z o.o. with its registered office in Elbląg (“Energa”) (Defendant)

Date of the claim: 15/12/2017

Value in dispute: PLN 7,753 thousand

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

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

Date of the claim: 04/03/2019

Value in dispute: PLN 9,438 thousand

A claim for reimbursement of the amount deducted by MPWiK – without any factual and legal basis – from a performance bond. On 12/03/2019, the Court issued an order for payment in favour of Mostostal Warszawa in the writ proceedings. We are waiting for delivery of the objection to the payment order.

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 consolidated financial statements for the period from 01/01/2019 to 31/03/2019.

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

In the reporting period, the companies of Mostostal Warszawa Group used the credits and loans, the total value of which as at 31/03/2019 amounted to PLN 272,126 thousand.

The balance of loans payable as of 31/03/2019 amounted to PLN 251,807 thousand (the balance of loans payable as of 31/12/2018 amounted to PLN 249,288 thousand). A higher balance of loans results mainly from the interest accrued as at the balance sheet date.

Interest-bearing long-term bank loans and borrowings as of 31/03/2019:

Name of the Bank / Lender	Amount of credit / loan	Amount used in thousands of PLN	Terms of interest	Due date
Acciona Construcción S.A.	14,399 thousand EUR	207.211	WIBOR 1Y + margin	30/11/2020
Acciona Construcción S.A.	13,475 thousand EUR		WIBOR 1Y + margin	30/11/2020
Acciona Construcción S.A.	12,390 thousand EUR		WIBOR 1Y + margin	30/04/2020
Acciona Construcción S.A.	7,432 thousand EUR		WIBOR 1Y + margin	30/04/2020
	TOTAL	207.211		

Current portion of interest-bearing bank credits and loans as at 31/03/2019:

Name of the Bank / Lender	Amount of credit / loan	Amount used in thousands of PLN	Terms of interest	Due date
Acciona Construcción S.A.	3,051 thousand EUR	44.596	WIBOR 1Y + margin	21/11/2019
Acciona Construcción S.A.	7,135 thousand EUR		WIBOR 1Y + margin	10/01/2020
Societe Generale S.A. Branch in Poland	PLN 10,000 thousand	4.824	WIBOR 1M + bank's margin	30/05/2019
Bank PeKaO S.A.	PLN 10,000 thousand	9.302	WIBOR 1M + bank's margin	30/06/2019
Bank PeKaO S.A.	PLN 1,000 thousand	1.000	WIBOR 1M + bank's margin	31/05/2019
Credit Agricole	PLN 5,000 thousand	2.694	WIBOR 1M + bank's margin	16/01/2019
Bank Pekao S.A.	PLN 2,500 thousand	2.499	WIBOR 1M + bank's margin	30/06/2019
Bank Pekao S.A.	PLN 4,000 thousand	0	WIBOR 1M + bank's margin	30/06/2019
	TOTAL	64.915		

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

22. Related party transactions

Total consolidated sales revenue and turnover within the Group in the first quarter of 2019

Group Companies	Total net sales revenue	Sales within the Group	Consolidated net sales revenue
Parent Company	216.899	688	216.211
Other Companies	88.577	33.405	55.172
TOTAL	305.476	34.093	271.383

The total net sales revenue of the companies included in the consolidation, using the complete method, for the first quarter of 2019, amounted to 305,476 thousand. Turnover within the Group amounted to PLN 34,093 thousand i.e. 11 % of the total net sales revenue without consolidation exclusions.

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

The following table shows the total amounts of transactions entered into by the Group companies with related parties:

Other related parties of the Group		Sales to related parties by the Group companies	Purchases by related parties from the Group companies	Receivables from related parties	Liabilities towards related parties, excluding loans
Acciona Construcción S.A. Branch in Poland	31/03/2019	8	0	7	4.320
	31/12/2018	34	0	0	4.323
	31/03/2018	8	0	3	4,358
Acciona Construcción S.A.	31/03/2019	0	7.613	184	30.217
	31/12/2018	0	8.602	184	22.605
	31/03/2018	0	108	184	14,132
Acciona Nieruchomości Wilanów Sp. z o.o.	31/03/2019	4.748	18	303	60
	31/12/2018	17.452	346	2.394	15
	31/03/2018	7.096	0	2,523	120
Acciona Facility Services Poland Sp. z o.o.	31/03/2019	31	0	247	0
	31/12/2018	170	0	209	0
	31/03/2018	57	0	70	0
TOTAL	31/03/2019	4.787	7.631	741	34.597
	31/12/2018	17.656	8.948	2.787	26.943
	31/03/2018	7.161	108	2.777	18.610

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As at 31/03/2019, Mostostal Warszawa recognized liabilities arising from the loans from Acciona Construcción S.A. with its registered office in Madrid in the amount of PLN 251,807 thousand (as at 31/12/2018, the value of loans was PLN 249,288 thousand).

As at 31/03/2019, Mostostal Warszawa received bank or insurance guarantees under the guarantee limits of Acciona Construcción S.A. in the total amount of PLN 294,067 thousand (cf. 322,231 thousand as at 31/12/2018).

As at 31/03/2019, the interest on the loans received from Acciona Construcción S.A. amounted to PLN 2,442 thousand (cf. PLN 1,361 thousand as at 31/03/2018).

Mostostal Warszawa S.A. is a party to contracts and mutual settlements (as listed in the table above) for the companies: Acciona Construcción S.A. Branch in Poland, Acciona Construcción S.A., Acciona Nieruchomości Wilanów and Acciona Facility Services Poland Sp. z o.o.

23. Reporting by market segment

Mostostal Warszawa Group is organised and managed by segment, as appropriate for the types of products offered. The Group settles transactions between segments in such a way as if they were associated with unrelated entities using current market prices.

The tables below present data from the consolidated profit and loss account for the Group's individual reporting segments for the 3-month period ended on 31/03/2019.

The segments of continuing operations are as follows:

1. The industrial and power engineering segment, which includes activities related to construction of industrial and power engineering facilities (Mostostal Warszawa S.A., Mostostal Kielce S.A., AMK Kraków S.A., Mostostal Płock S.A., Mostostal Power Development Sp. z o.o.).
2. The infrastructural segment, which includes activities related to construction of roads and bridges (Mostostal Warszawa S.A., Mostostal Kielce S.A., AMK Kraków S.A., Mostostal Płock S.A.).
3. The general construction segment, which includes activities related to construction of residential and non-residential buildings and public utilities (M. Warszawa S.A., MPB Mielec S.A.).

Unallocated revenue and costs are related to other manufacturing and service activities as well as administrative costs.

Consolidate profit and loss account for individual operating segments:

3-month period ended 31 March 2019	Industry and power engineering	Infrastructure	General civil engineering	Revenue, unallocated costs and consolidation adjustments	TOTAL
Sales revenue					
Sales to external customers	90.292	41.249	137.563	2.279	271.383
Sales between segments	0	0	0	0	0
Total revenue from segment	90.292	41.249	137.563	2.279	271.383
profit or loss					

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Profit (loss) of the segment (taking into account other operating revenue and costs)	12.081	3.511	7.145	-1.224	21.513
Unallocated costs (administrative expenses)	0	0	0	15.171	15.171
Profit (loss) from operations	12.081	3.511	7.145	-16.395	6.342
Financial revenue	0	4	0	197	201
Financing costs	69	35	62	3.369	3.535
Gross profit (loss)	12.012	3.480	7.083	-19.567	3.008
Income tax				1.416	1.416
Net profit (loss) from continuing operations	12.012	3.480	7.083	-20.983	1.592
Net profit (loss) for the period	12.012	3.480	7.083	-20.983	1.592
Net profit (loss) allocated to shareholders of the Parent Company	12.012	3.480	7.083	-21.750	825
Net profit (loss) allocated to non-controlling interests				767	767

3-month period ended 31 March 2018	Industry and power engineering	Infrastructure	General civil engineering	Revenue, unallocated costs and consolidation adjustments	TOTAL
Sales revenue					
Sales to external customers	89.733	19.800	82.070	2.491	194.094
Sales between segments	0	0	0	0	0
Total revenue from segment	89.733	19.800	82.070	2.491	194.094
profit or loss					
Profit (loss) of the segment (taking into account other operating revenue and costs)	14.660	431	2.756	-1.684	16.163
Unallocated costs (administrative expenses)	0	0	0	15.273	15.273
Profit (loss) from operations	14.660	431	2.756	-16.957	890
Financial revenue	0	114	1	37	152
Financing costs	194	184	19	3.909	4.306
Gross profit (loss)	14.466	361	2.738	-20.829	-3.264
Income tax				1.936	1.936
Net profit (loss) from continuing operations	14.466	361	2.738	-22.765	-5.200
Net profit (loss) for the period	14.466	361	2.738	-22.765	-5.200
Net profit (loss) allocated to shareholders of the Parent Company	14.466	361	2.738	-19.232	-1.667
Net profit (loss) allocated to non-controlling interests				-3.533	-3.533

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The Management Board of the Parent Company, which is 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 Group. Gross profit (loss) on sales adjusted for other operating revenue and costs constitutes a key indicator of segment result.

The companies of Mostostal Warszawa Group operate on domestic and foreign markets.

The export sales revenue amounted to PLN 6,025 thousand, accounting for 2 % of the total 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 Mostostal Warszawa Group. The condensed interim consolidated financial statements include the figures restated to fair value (as shown below).

FINANCIAL ASSETS	Carrying amount		Fair value	
	31/03/2019	31/12/2018	31/03/2019	31/12/2018
Financial assets				
Loans granted and receivables				
- Long-term deposits due from customers under construction contracts*	10.765	9.078	*	*
- Trade receivables *	351.403	356.359	*	*
- Cash and cash equivalents*	81.026	154.513	81.026	154.513
- Assets arising from construction contracts *	406.259	379.670	*	*

* Fair value cannot be determined

FINANCIAL LIABILITIES	Carrying amount		Fair value	
	31/03/2019	31/12/2018	31/03/2019	31/12/2018
Financial liabilities				
Liabilities (measured at amortised cost)				
- Long-term deposits withheld from suppliers under construction contracts *	31.459	39.483	*	*
- Trade liabilities and other liabilities *	306.889	331.782	*	*
Other financial liabilities (measured at amortised cost)				
- Interest-bearing bank loans and borrowings *	207.211	235.769	*	*
- Current portion of interest-bearing bank loans and borrowings *	64.915	31.494	*	*
- Short-term and long-term liabilities from leasing agreements *	23.706	5.169	*	*

* Fair value cannot be determined

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As at 31/03/2019 and as at 31/12/2018, Mostostal Warszawa Group had no financial instruments used for hedge accounting.

Other information
to the condensed interim consolidated financial statements
for the period from 01/01/2019 to 31/03/2019

1. Selected financial data

SELECTED FINANCIAL DATA	in thousands of PLN		in thousands of EUR	
	2019 period from 01/01/2019 to 31/03/2019	2018 period from 01/01/2018 to 31/03/2018	2019 period from 01/01/2019 to 31/03/2019	2018 period from 01/01/2018 to 31/03/2018
Sales revenue	271.383	194.094	63.145	46.452
Gross profit (loss) on sales	21.301	15.566	4.956	3.725
Profit (loss) from operations	6.342	890	1.476	213
Gross profit (loss)	3.008	-3.264	700	-781
Net profit (loss) from continuing operations	1.592	-5.200	370	-1.244
Net profit (loss) on discontinued operations	0	0	0	0
Net profit (loss)	1.592	-5.200	370	-1.244
allocated to the shareholders of the Parent Company	825	-1.667	192	-399
allocated to non-controlling interests	767	-3.533	178	-846
Net cash from operating activities	-74.147	-41.169	-17.252	-9.853
Net cash from investing activities	-396	-787	-92	-188
Net cash from financing activities	1.056	-2.662	246	-637
Cash closing balance	81.026	51.808	18.838	12.048
	31/03/2019	31/12/2018	31/03/2019	31/12/2018
Total assets	1.020.173	1.047.261	237.178	243.549
Long-term liabilities	274.026	296.348	63.708	68.918
Short-term liabilities	654.593	661.258	152.185	153.781
Total liabilities	928.619	957.606	215.893	222.699
Equity allocated to shareholders of the Parent Company	81.813	80.826	19.021	18.797
Total equity	91.554	89.655	21.285	20.850
Share capital	44.801	44.801	10.416	10.419
Number of shares	20.000.000	20.000.000	20.000.000	20.000.000
Net profit (loss) allocated to shareholders of the Parent Company	825	-1.667	192	-399
Weighted average number of ordinary shares	20.000.000	20.000.000	20.000.000	20.000.000
Net profit (loss) per ordinary share allocated to the shareholders of the Parent Company (PLN/EUR)	0,04	-0,08	0,01	-0,02
Diluted net profit (loss) per ordinary share allocated to shareholders of the Parent Company (PLN/EUR)	0,04	-0,08	0,01	-0,02

2. Description of major achievements and setbacks and major events in the first quarter of 2019 and an assessment of the management of financial resources.

The consolidated sales revenue in the first quarter of 2019 amounted to PLN 271,383 thousand and compared to the first quarter of 2018 increased by PLN 77,289 thousand. Gross profit on sales amounted to PLN 21,301 thousand

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(gross profit on sales in the same period of 2018 amounted to PLN 15,566 thousand). In the first quarter of 2019, the Group recorded a net profit of PLN 1,592 thousand (in the first quarter of 2018, the net loss amounted to PLN -5,200 thousand).

Short-term trade receivables as at 31/03/2019 amounted to PLN 351,403 thousand and compared to the figures as at 31/12/2018 decreased by PLN 4,956 thousand.

Assets arising from construction contracts as at 31/03/2019 amounted to PLN 436,091 thousand and was higher by PLN 26,589 thousand as compared to the value as at 31/12/2018.

The cash as at 31/03/2019 amounted to PLN 81,026 thousand and compared to the figures as at 31/12/2018 decreased by PLN 73,487 thousand, which stemmed mainly from repayment of liabilities towards subcontractors. In the first quarter of 2019, the Group was using overdraft facilities and short-term and long-term loans, the value of which as at 31/03/2019 amounted to PLN 272,126 thousand and compared to the figures as at 31/12/2018 decreased by PLN 4,863 thousand.

Long-term liabilities in the first quarter of 2019 decreased by PLN 22,322 thousand, mainly due to the reclassification of long-term loans from Acciona Construcción S.A. as short-term loans in accordance with their repayment dates. The value of short-term trade liabilities as at the end of the first quarter of 2019 amounted to PLN 261,931 thousand and compared to the figures as at 31/12/2018 increased by PLN 4,942 thousand.

During the reporting period i.e. from 01/01/2019 to 31/03/2019, the following events significant for the Mostostal Warszawa Group took place:

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

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

On 08 March 2019, Mostostal Warszawa S.A. and ST Łódź Rembieliński Sp. z o. o. ("Employer") entered into the Contract for the implementation of the project entitled "Construction of the BaseCamp Student House in Łódź at 16/18 Rembielińskiego Street". Contract value: gross PLN 110,00 thousand. Time limit for completion: 17 months and 23 days.

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

In the first quarter of 2019, the earnings were influenced by: recognition by the Parent Company of a write-down of a tax asset of PLN 665 thousand, in connection with reclassification of some costs as not being tax deductible, and the interest expense on loans received from Acciona Construcción SA in the amount of PLN 2,442 thousand.

4. Market position of the Group

In the first quarter of 2019, the companies of Mostostal Warszawa Group included in the consolidation were:

- Parent Company: Mostostal Warszawa S.A.

- Subsidiaries: Mostostal Kielce S.A., AMK Kraków S.A., Mostostal Płock S.A., MPB Mielec S.A., Mostostal Power Development Sp. z o.o.

Mostostal Warszawa S.A. is a company of Acciona S.A. Group based in Madrid.

Acciona Construcción S.A. holds 50.09 % of shares in Mostostal Warszawa S.A. as at 31/03/2019.

5. Financial performance forecasts

Mostostal Warszawa Group did not publish financial forecasts for 2019.

6. The main shareholders in the Parent Company Mostostal Warszawa S.A.

List of shareholders with at least 5% of votes at the General Meeting of Shareholders of Mostostal Warszawa S.A. as at 30/05/2019:

Entity	Number of shares	Number of votes	% of capital	% of votes
Acciona Construcción SA	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 Powszechne Towarzystwo Emerytalne AVIVA BZ WBK S.A. (pension fund)	1.166.701	1.166.701	5.83%	5.83%

7. Mostostal Warszawa S.A. shares held by members of the management and supervisory bodies and changes in the shareholdings.

In the period from 15/04/2019 i.e. from the publication of the financial statements for the year 2018 until 30/05/2019, there were no changes in Mostostal Warszawa S.A. 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

During the reporting period, the Group Companies participated in the proceedings concerning claims with a total value of PLN 1.111.708 thousand and in the proceedings concerning liabilities with a total value of PLN 816,040 thousand.

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Information on significant proceedings is presented in Note 20 of the Additional information and explanatory notes to the condensed interim consolidated financial statements for the period from 01/01/2019 to 31/03/2019.

9. Related party transactions

Presentation of total consolidated sales revenue and turnover within the Group for the first quarter of 2019

Group Companies	Total net sales revenue	Sales within the Group	Consolidated net sales revenue
Parent Company	216.899	688	216.211
Other Companies	88.577	33.405	55.172
TOTAL	305.476	34.093	271.383

The total net sales revenue of the companies included in the consolidation, using the complete method, for the first quarter of 2019, amounted to 305,476 thousand. Turnover within the Group amounted to PLN 34,093 thousand i.e. 11 % of the total net sales revenue without consolidation exclusions.

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

Information on transactions with related parties is presented in Note 22 of the Additional explanatory notes to the condensed interim consolidated financial statements for the period from 01/01/2019 to 31/03/2019.

10. Information on the sureties for loans or guarantees granted

In the first quarter of 2019, the Group Companies granted no sureties for credits and loans or guarantees, which would total to at least 10 % of the equity of Mostostal Warszawa S.A.

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

It is the opinion of the Management Board of the Parent Company that there is no other information vital for assessing the Group's situation, except from those specified in the notes to the condensed consolidated financial statements for the period from 01/01/2019 to 31/03/2019 and other sections of the additional information to the condensed consolidated financial statements for the period from 01/01/2019 to 31/03/2019.

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

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

- the risk of change in the prices of construction materials and subcontractors' services,
- the risk of foreign exchange fluctuations affecting the valuation of liabilities under the loans,
- stiff competition on the construction/assembly service market,