



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

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

SELECTED FINANCIAL DATA	in thousands of PLN		in thousands of EUR	
	3 quarters of 2016 period from 01/01/2016 to 30/09/2016	3 quarters of 2015 period from 01/01/2015 to 30/09/2015	3 quarters of 2016 period from 01/01/2016 to 30/09/2016	3 quarters of 2015 period from 01/01/2015 to 30/09/2015
Revenue from sales	1 069 047	936 127	245 425	225 633
Gross profit (loss) on sales	98 179	75 587	22 539	18 219
Profit (loss) on operating activities	39 577	30 977	9 086	7 466
Gross profit (loss)	34 148	24 811	7 839	5 980
Net profit (loss) on continuing operations	26 407	19 200	6 062	4 628
Net profit (loss) on discontinued operations	0	0	0	0
Net profit / (loss)	26 407	19 200	6 062	4 628
allocated to the shareholders of the Parent Company	27 434	18 807	6 298	4 533
allocated to non-controlling shareholders	-1 027	393	-236	95
Net cash from operating activities	-92 732	52 165	-21 289	12 573
Net cash from investing activities	514	2 737	118	660
Net cash from financial activities	1 786	-39 549	410	-9 532
Closing balance of cash	262 298	217 647	61 451	53 227
	<b>30/09/2016</b>	<b>31/12/2015</b>	<b>30/09/2016</b>	<b>31/12/2015</b>
Total assets	1 197 482	1 287 135	277 709	302 038
Long term liabilities	147 618	201 825	34 234	47 360
Short term liabilities	800 058	861 628	185 542	202 189
Total liabilities	947 676	1 063 453	219 776	249 549
Equity capital allocated to shareholders of the Parent Company	227 638	200 060	52 792	46 946
Total equity capital	249 806	223 682	57 933	52 489
Stated capital	44 801	44 801	10 390	10 513
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	27 434	18 807	6 280	4 523
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 shareholders of the Parent Company (PLN / EUR)	1,37	0,94	0,31	0,23
Diluted net profit (loss) per ordinary share allocated to shareholders of the Parent Company (PLN / EUR)	1,37	0,94	0,31	0,23

**Consolidated income statement  
for the 9 month period from 01.01.2016 to 30.09.2016**

in thousands of PLN

No.	CONTINUED OPERATIONS	III quarter of 2016 period from 01/07/2016 to 30/09/2016	3 quarters of 2016 period from 01/01/2016 to 30/09/2016	III quarter of 2015 period from 01/07/2015 to 30/09/2015	3 quarters of 2015 period from 01/01/2015 to 30/09/2015
	<b>Continued operations</b>				
<b>I</b>	<b>Revenues from sales</b>	<b>336 048</b>	<b>1 069 047</b>	<b>359 907</b>	<b>936 127</b>
	Revenues from construction contracts	332 538	1 060 188	355 585	925 483
	Revenues from sales of services	3 398	8 298	3 245	7 658
	Revenues from sales of goods and materials	112	561	1 077	2 986
<b>II</b>	<b>Cost of sales</b>	<b>308 198</b>	<b>970 868</b>	<b>328 685</b>	<b>860 540</b>
<b>III</b>	<b>Gross profit (loss) on sales</b>	<b>27 850</b>	<b>98 179</b>	<b>31 222</b>	<b>75 587</b>
IV	Management and administrative costs	15 022	40 453	11 489	34 373
V	Other operating revenues	997	3 651	878	4 444
VI	Other operating costs	1 658	21 800	3 839	14 681
<b>VII</b>	<b>Profit (loss) on operating activities</b>	<b>12 167</b>	<b>39 577</b>	<b>16 772</b>	<b>30 977</b>
VIII	Financial revenues	841	4 491	-1 725	4 454
IX	Financial costs	-3 519	9 920	3 583	10 620
<b>X</b>	<b>Gross profit (loss)</b>	<b>16 527</b>	<b>34 148</b>	<b>11 464</b>	<b>24 811</b>
XI	Income tax	2 691	7 741	2 654	5 611
	a) current portion	786	2 000	328	739
	b) deferred portion	1 905	5 741	2 326	4 872
<b>XII</b>	<b>Net profit (loss) on continued operations</b>	<b>13 836</b>	<b>26 407</b>	<b>8 810</b>	<b>19 200</b>
<b>XIII</b>	<b>Discontinued operations</b>				
XIV	Net profit (loss) for the period on discontinued operations	0	0	0	0
<b>XV</b>	<b>Net profit (loss) for the period</b>	<b>13 836</b>	<b>26 407</b>	<b>8 810</b>	<b>19 200</b>
<b>XVI</b>	<b>Net profit (loss) attributable to the shareholders of the Parent Company</b>	<b>13 621</b>	<b>27 434</b>	<b>8 801</b>	<b>18 807</b>
XVII	Net profit (loss) attributable to non-controlling interests	215	-1 027	9	393
	Net profit (loss) for the period	13 836	26 407	8 810	19 200
	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)	0,69	1,32	0,44	0,96
	Diluted net profit (loss) per ordinary share allocated to the shareholders of the Parent Company (PLN)	0,69	1,32	0,44	0,96
	Net profit (loss) attributable to the shareholders of the Parent Company	13 621	27 434	8 801	18 807
	Weighted average number of ordinary shares	20 000 000	20 000 000	20 000 000	20 000 000
	Net profit/(loss) per ordinary share attributable to the shareholders of the Parent Company (in PLN)	0,68	1,37	0,44	0,94
	Diluted net profit/(loss) per ordinary share attributable to the shareholders of the Parent Company (in PLN)	0,68	1,37	0,44	0,94

**Consolidated statement of comprehensive income  
for the period of 9 months from 01/01/2016 to 30/09/2016**

in thousands of PLN

ITEM	III quarter of 2016 period from 01/07/2016 to 30/09/2016	3 quarters of 2016 period from 01/01/2016 to 30/09/2016	III quarter of 2015 period from 01/07/2015 to 30/09/2015	3 quarters of 2015 period from 01/01/2015 to 30/09/2015
<b>Net profit (loss) on continuing operations</b>	<b>13 836</b>	<b>26 407</b>	<b>8 810</b>	<b>19 200</b>
Net profit (loss) on discontinued operations	0	0	0	0
<b>Net profit (loss) for the period</b>	<b>13 836</b>	<b>26 407</b>	<b>8 810</b>	<b>19 200</b>
Currency translation profit/loss of a foreign entity	-38	144	74	-153
Effective part of profit and loss associated with hedging of cash flows	0	0	0	0
Income tax associated with components of other comprehensive income	0	0	0	0
Other comprehensive income	0	-27	-4	117
<b>Other comprehensive income after tax</b>	<b>-38</b>	<b>117</b>	<b>70</b>	<b>-36</b>
including items that may be reclassified as profit or loss at a later date	-38	117	70	-36
Total comprehensive income from continuing operations	13 798	26 524	8 880	19 164
Total comprehensive income from discontinued operations	0	0	0	0
<b>Total income</b>	<b>13 798</b>	<b>26 524</b>	<b>8 880</b>	<b>19 164</b>
allocated to the shareholders of the Parent Company	13 583	27 578	8 871	18 615
allocated to non-controlling shareholders	215	-1 054	9	549

**Consolidated balance sheet  
as at 30.09.2016**

in thousands of PLN

No.	ASSETS	30.09.2016	30.06.2016	31.12.2015	30.09.2015
<b>I.</b>	<b>Non-current (long-term) assets</b>	<b>182 289</b>	<b>190 981</b>	<b>203 859</b>	<b>206 782</b>
I.1	Intangible assets	3 362	3 433	3 790	3 985
I.2	Perpetual usufruct of land	23 353	23 353	23 353	23 761
I.3	Property, plant and equipment	62 829	62 739	66 778	67 776
I.4	Long-term receivables, including long-term security deposits under construction contracts due from recipients and long-term advance payments	7 734	12 559	12 963	11 226
I.5	Advance payments for construction works	4 284	5 696	8 556	10 359
I.6	Investment properties	8 527	8 596	8 734	8 872
I.7	Long-term financial assets	4 762	4 762	4 812	4 812
I.8	Other long-term investments	2 500	2 910	3 856	3 855
I.9	Deferred income tax assets	63 152	65 061	68 738	69 844
I.10	Long-term prepayments and deferred costs	1 786	1 872	2 279	2 292
<b>II.</b>	<b>Current (short-term) assets</b>	<b>1 015 193</b>	<b>1 038 443</b>	<b>1 083 276</b>	<b>1 116 797</b>
II.1	Inventories	11 597	11 738	12 855	9 876
II.2	Trade receivables and other receivables	323 715	302 195	328 339	382 874
II.3	Income tax receivables	3 333	3 984	4 881	0
II.4	Advance payments for construction works	33 786	44 928	48 754	64 423
II.5	Cash and cash equivalents	262 298	279 310	352 730	217 647
II.6	Prepayments and deferred costs from contract valuation (gross amounts receivable from clients under construction contracts)	372 273	386 759	328 336	435 484
II.7	Other prepayments and deferred costs	8 191	9 529	7 381	6 493
	<b>Total assets</b>	<b>1 197 482</b>	<b>1 229 424</b>	<b>1 287 135</b>	<b>1 323 579</b>
<b>No</b>	<b>EQUITY AND LIABILITIES</b>	<b>30.09.2016</b>	<b>30.06.2016</b>	<b>31.12.2015</b>	<b>30.09.2015</b>
<b>I.</b>	<b>Equity (attributable to the shareholders of the Parent Company)</b>	<b>227 638</b>	<b>214 055</b>	<b>200 060</b>	<b>186 900</b>
I.1	Share capital	44 801	44 801	44 801	44 801
I.2	Supplementary capital / reserve capital	140 687	140 687	136 570	136 567
I.3	Reserve capital from reclassification of loans	201 815	201 815	201 815	201 815
I.4	Foreign exchange differences on translation of foreign operations	-800	-762	-944	-1 080
I.5	Retained earnings (losses carried forward)	-158 865	-172 486	-182 182	-195 203
	retained earnings (loss carried forward)	-186 299	-186 299	-214 014	-214 010
	<b>profit (loss) for the period</b>	<b>27 434</b>	<b>13 813</b>	<b>31 832</b>	<b>18 807</b>
<b>II.</b>	<b>Non-controlling interests</b>	<b>22 168</b>	<b>21 953</b>	<b>23 622</b>	<b>23 347</b>
<b>III.</b>	<b>Total equity</b>	<b>249 806</b>	<b>236 008</b>	<b>223 682</b>	<b>210 247</b>
<b>IV.</b>	<b>Long-term liabilities</b>	<b>147 618</b>	<b>239 346</b>	<b>201 825</b>	<b>205 895</b>
IV.1	Interest-bearing bank credits and loans	59 935	144 931	79 621	79 131
IV.2	Long-term lease liabilities	3 158	2 079	2 312	1 558
IV.3	Long-term security deposits under construction contracts due to suppliers	51 822	51 476	50 545	43 796
IV.4	Long-term liabilities from advance payments	28 748	36 903	55 775	67 842
IV.5	Deferred income tax provision	38	37	28	29
IV.6	Long-term provisions	3 917	3 920	13 544	13 539
<b>V.</b>	<b>Short-term liabilities</b>	<b>800 058</b>	<b>754 070</b>	<b>861 628</b>	<b>907 437</b>
V.1	Current portion of interest-bearing bank credits and loans	161 948	81 498	130 139	137 954
V.2	Short-term lease liabilities	1 930	1 978	2 472	2 629
V.3	Trade liabilities	282 692	275 389	310 090	272 526
V.4	Income tax	207	520	1 333	261
V.5	Other liabilities	15 820	19 229	31 687	18 031
V.6	Advance payments for construction works	56 991	54 197	80 278	99 890
V.7	Short-term provisions	46 324	42 493	45 913	42 342
V.8	Accruals and deferred income from contract valuation (gross amounts due to clients under construction contracts)	23 753	58 730	90 895	87 803
V.9	Other accruals and deferred income	210 393	220 036	168 821	246 001
<b>VI.</b>	<b>Total liabilities</b>	<b>947 676</b>	<b>993 416</b>	<b>1 063 453</b>	<b>1 113 332</b>
	<b>Total equity and liabilities</b>	<b>1 197 482</b>	<b>1 229 424</b>	<b>1 287 135</b>	<b>1 323 579</b>

**Consolidated cash flow statement  
for the 9 month period from 01.01.2016 to 30.09.2016**

in thousands of PLN

No.	ITEM	III quarter of 2016 period from 01/07/2016 to 30/09/2016	3 quarters of 2016 period from 01/01/2016 to 30/09/2016	III quarter of 2015 period from 01/07/2015 to 30/09/2015	3 quarters of 2015 period from 01/01/2015 to 30/09/2015
<b>I</b>	<b>Cash flows from operating activities</b>				
	Gross profit (loss) on continued operations	16 527	34 148	11 464	24 811
	Gross profit (loss) on discontinued operations	16 527	34 148	11 464	24 811
I.1	<b>Gross profit (loss) (attributable to the shareholders of the Parent Company and non-controlling interests)</b>	<b>-31 303</b>	<b>-126 880</b>	<b>-44 040</b>	<b>27 354</b>
I.2	<b>Adjusted for:</b>	2 750	8 337	2 960	9 831
I.2.1	Depreciation and amortisation	-5 541	2 368	0	0
I.2.2	Foreign exchange differences	1 670	5 507	2 376	8 604
I.2.3	Interest received and paid	53	-149	1 052	-523
I.2.4	Profit (loss) on investment activities	-1 912	32 483	18 607	47 707
I.2.5	Increase / decrease in receivables	-1 135	-18	343	123
I.2.6	Increase / decrease in inventories	-11 637	-96 813	-50 797	-149 117
I.2.7	Increase / decrease in liabilities, excluding credits and loans	-19 529	-66 904	-18 449	109 934
I.2.8	Change in accruals and prepayments	6 579	-6 465	181	3 858
I.2.9	Change in provisions	-1 099	-3 237	-154	-2 539
I.2.10	Income tax (paid / received)	-1 502	-1 989	-159	-524
I.2.11	Other	<b>-14 776</b>	<b>-92 732</b>	<b>-32 576</b>	<b>52 165</b>
<b>I</b>	<b>Net cash from operating activities</b>				
<b>II</b>	<b>Cash flows from investment activities</b>	616	2 708	1 624	10 309
II.1	Sale of property, plant and equipment and intangible assets	-1 574	-3 794	-359	-6 511
II.2	Purchase of property, plant and equipment and intangible assets	0	225	0	0
II.3	Sale of financial assets	0	0	0	-7
II.4	Purchase of financial assets	0	0	0	0
II.5	Interest received	8	20	5	10
II.6	Repayment of granted loans	0	0	0	0
II.7	Granted loans	0	0	0	0
II.8	Other	409	1 355	-1 064	-1 064
<b>II</b>	<b>Net cash from investment activities</b>	<b>-541</b>	<b>514</b>	<b>206</b>	<b>2 737</b>
<b>III</b>	<b>Cash flows from financial activities</b>				
III.1	Inflows from issuance of shares	0	0	0	0
III.2	Repayment of finance lease liabilities	-1 003	-2 425	-1 049	-4 448
III.3	Inflows from drawn loans / credits	1 210	10 684	1 103	1 103
III.4	Repayment of loans / credits	-1 703	-5 379	-4 899	-25 311
III.5	Dividends paid to the shareholders of the Parent Company	0	0	0	0
III.6	Dividends paid to non-controlling interests	0	-400	-13	-2 280
III.7	Interest paid	-199	-694	-2 380	-8 613
III.8	Other	0	0	0	0
<b>III</b>	<b>Net cash from financial activities</b>	<b>-1 695</b>	<b>1 786</b>	<b>-7 238</b>	<b>-39 549</b>
<b>IV</b>	<b>Net change in cash and cash equivalents</b>	<b>-17 012</b>	<b>-90 432</b>	<b>-39 608</b>	<b>15 353</b>
<b>V</b>	<b>Cash and cash equivalents at the beginning of the period</b>	<b>279 310</b>	<b>352 730</b>	<b>257 255</b>	<b>202 294</b>
<b>VI</b>	<b>Cash and cash equivalents at the end of the period, including:</b>	<b>262 298</b>	<b>262 298</b>	<b>217 647</b>	<b>217 647</b>
	Restricted cash	3 016	3 016	340	340

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY CAPITAL**

in thousands of PLN

III quarter of 2016 period from 01.07.2016 to 30.09.2016	Capital allocated to shareholders of the Parent Company								Capital allocated to non-controlling shareholders	Equity capital Total
	Share capital	Called up stated capital (negative value)	Own shares	Supplementary/reserve capital	Reserve capital from reclassification of loans	Translation gain (loss) on foreign transactions	Retained earnings / uncovered losses	Equity capital allocated to shareholders of the Parent Company		
Situation as at 1 July 2016	44 801	0	0	140 687	201 815	-762	-172 486	214 055	21 953	236 008
Profit / loss for the period	0	0	0	0	0	0	13 621	13 621	215	13 836
Other comprehensive income	0	0	0	0	0	-38	0	-38	0	-38
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-38</b>	<b>13 621</b>	<b>13 583</b>	<b>215</b>	<b>13 798</b>
Distribution of previous years' profit	0	0	0	0	0	0	0	0	0	0
Sale of subsidiaries	0	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	0	0
<b>Situation as at 30 September 2016</b>	<b>44 801</b>	<b>0</b>	<b>0</b>	<b>140 687</b>	<b>201 815</b>	<b>-800</b>	<b>-158 865</b>	<b>227 638</b>	<b>22 168</b>	<b>249 806</b>

in thousands of PLN

3 quarters of 2016 period from 01.01.2016 to 30.09.2016	Capital allocated to shareholders of the Parent Company								Capital allocated to non-controlling shareholders	Equity capital Total
	Share capital	Called up stated capital (negative value)	Own shares	Supplementary/reserve capital	Reserve capital from reclassification of loans	Translation gain (loss) on foreign transactions	Retained earnings / uncovered losses	Equity capital allocated to shareholders of the Parent Company		
Situation as at 01 January 2016	44 801	0	0	136 570	201 815	-944	-182 182	200 060	23 622	223 682
Profit / loss for the period	0	0	0	0	0	0	27 434	27 434	-1 027	26 407
Other comprehensive income	0	0	0	0	0	144	0	144	-27	117
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>144</b>	<b>27 434</b>	<b>27 578</b>	<b>-1 054</b>	<b>26 524</b>
Distribution of previous years' profit	0	0	0	4 117	0	0	-4 117	0	0	0
Sale of subsidiaries	0	0	0	0	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	-400	-400
<b>Situation as at 30 September 2016</b>	<b>44 801</b>	<b>0</b>	<b>0</b>	<b>140 687</b>	<b>201 815</b>	<b>-800</b>	<b>-158 865</b>	<b>227 638</b>	<b>22 168</b>	<b>249 806</b>

in thousands of PLN

2015 period from 01/01/2015 to 31/12/2015	Capital allocated to shareholders of the Parent Company								Capital allocated to non-controlling shareholders	Equity capital Total
	Share capital	Called up stated capital (negative value)	Own shares	Supplementary/reserve capital	Reserve capital from reclassification of loans	Translation gain (loss) on foreign transactions	Retained earnings / uncovered losses	Equity capital allocated to shareholders of the Parent Company		
Situation as at 01 January 2015	44 801	0	0	219 320	201 815	-584	-297 067	168 285	25 087	193 372
Profit / loss for the period	0	0	0	0	0	0	31 832	31 832	634	32 466
Other comprehensive income	0	0	0	0	0	-21	-36	-57	190	133
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-21</b>	<b>31 796</b>	<b>31 775</b>	<b>824</b>	<b>32 599</b>
Distribution of previous years' profit	0	0	0	6 706	0	0	-6 706	0	0	0
Sale of subsidiaries	0	0	0	-89 456	0	-339	89 795	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	-2 289	-2 289
<b>Situation as at 31 December 2015</b>	<b>44 801</b>	<b>0</b>	<b>0</b>	<b>136 570</b>	<b>201 815</b>	<b>-944</b>	<b>-182 182</b>	<b>200 060</b>	<b>23 622</b>	<b>223 682</b>

in thousands of PLN

3 quarters of 2015 period from 01.01.2015 to 30.09.2015	Capital allocated to shareholders of the Parent Company								Capital allocated to non-controlling shareholders	Equity capital Total
	Share capital	Called up stated capital (negative value)	Own shares	Supplementary/reserve capital	Reserve capital from reclassification of loans	Translation gain (loss) on foreign transactions	Retained earnings / uncovered losses	Equity capital allocated to shareholders of the Parent Company		
Situation as at 01 January 2015	44 801	0	0	219 320	201 815	-584	-297 067	168 285	25 087	193 372
Profit / loss for the period	0	0	0	0	0	0	18 807	18 807	383	19 190
Other comprehensive income	0	0	0	-3	0	-157	-32	-192	156	-36
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3</b>	<b>0</b>	<b>-157</b>	<b>18 775</b>	<b>18 615</b>	<b>539</b>	<b>19 154</b>
Distribution of previous years' profit	0	0	0	6 706	0	0	-6 706	0	0	0
Sale of subsidiaries	0	0	0	-89 456	0	-339	89 795	0	0	0
Dividends paid	0	0	0	0	0	0	0	0	-2 289	-2 289
<b>Situation as at 30 September 2015</b>	<b>44 801</b>	<b>0</b>	<b>0</b>	<b>136 567</b>	<b>201 815</b>	<b>-1 080</b>	<b>-195 203</b>	<b>186 900</b>	<b>23 337</b>	<b>210 237</b>

## ADDITIONAL EXPLANATORY INFORMATION

### 1. General information

The Mostostal Warszawa Capital Group consists of the Parent Company Mostostal Warszawa S.A. and its subsidiaries. The condensed interim consolidated financial statements of Mostostal Warszawa Group cover the 3rd quarter of 2016 and 9 months of 2016 and include comparative data for the 3rd quarter of 2015 and 9 months of 2015, and in the case of balance sheet data as at 30 September 2016, they include comparative data as at 30 June 2016, 31 December 2015 and 30 September 2015.

Mostostal Warszawa, i.e. the Parent Company, is a joint stock company with legal personality according to Polish law, registered by the District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, under the following KRS number: 0000008820. The registered office of Mostostal Warszawa S.A. is situated in Warsaw at ul. Konstruktorska 12a. The core business is specialised construction work covered by the Polish Business Classification (PKD) in section 4120Z. The Company's shares are listed on the Warsaw Stock Exchange in construction sector.

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

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

### 2. Composition of the Group

In the 3rd quarter of 2016, the companies of Mostostal Warszawa Capital Group subject to consolidation included:

item	Company name	Headquarters	Core Business	Relevant Court	Mostostal Warszawa S.A.'s share of votes at the company's GM (30/09/2016)	Mostostal Warszawa S.A.'s share of the company's share capital (30/09/2016)
1	2	3	4	5	6	7
1	Mostostal Warszawa S.A.– Parent Company	Warsaw	Construction	District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, under number 0000008820	-	-
2	Mostostal Kielce S.A.	Kielce	Construction	District Court in Kielce, 10th Commercial Division of the National Court Register, as no. 0000037333	100.00%	100.00%
3	AMK Kraków S.A.	Cracow	engineering services, design, project management in the field of construction, completing premises ready for use	District Court in Central Kraków, 11th Commercial Division of the National Court Register, as no. 0000053358	60.00%	60.00%
4	Mieleckie Przedsiębiorstwo Budowlane S.A.	Mielec	Construction and general building services	District Court in Rzeszów 12th Commercial Division of the NCR, as no. 0000052878	97.14%	97.14%



## Mostostal Warszawa Capital Group

Condensed interim consolidated financial statements for the period from 01/01/2016 to 30/09/2016

5	Mostostal Płock S.A.	Płock	Construction	District Court for the Capital City of Warsaw, 14th Commercial Division of the National Court Register under the number 0000053336	52.78%	48.66%
6	Mostostal Power Development Sp. z o.o.	Warsaw	Construction	District Court for the Capital City of Warsaw, 13th Commercial Division of the National Court Register, under number 0000480032	100.00%	100.00%

Subsidiaries include all the economic entities over which the Group exercises control. 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.

Mostostal Warszawa S.A. owns 907,095 ordinary bearer shares and 66,057 registered shares with voting privileges (1 share = 5 votes), ensuring in total a 48.66% share in the capital and 52.78% in the total number of votes of 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 at the meetings of the Supervisory Board of Mostostal Płock S.A. (this body is authorised to appoint and recall the members of the management body), and further exercises impact on the activity of this Company, means that Mostostal Warszawa S.A. is a parent entity in relation to Mostostal Płock S.A., which results in consolidation by the complete method.

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

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

The key values of Mostostal Warszawa S.A. include:

- long-term perspective - in everything we do, we employ perspective thinking: we are here and now, but we can and want to use our efforts to BUILD good quality of life for future generations,
- integrity - on a par with economic values we value ethics, lawfulness, respect for employees, investors, contractors, society and the environment,
- quality - high standards of work and implementation of modern technologies allow us to guarantee the quality expected by our customers,
- innovation - we are constantly looking for new solutions, using the latest technologies and improving processes in our daily work as well as through our Research and Development Department,

- professionalism - we nurture and develop Polish engineering by sharing our know-how and experience with the market and promoting close cooperation with research and development centres.
- environmental protection - WE ARE BUILDING environmental awareness and take responsibility for the environment, in which we live and work, minimizing the negative impact thereon,
- safety at work - observance of the highest standards of health and safety is one of the pillars of our strategy; when it comes to protection of human health and life, we do not compromise,
- people - we respect diversity. WE ARE BUILDING our teams on the basis of different generations, various experiences, different nationalities and gender; the mutually complementary qualities create a perfect whole.
- teamwork - joint action yields better results than the sum of actions of individuals, which is why we focus on efficient teamwork to achieve above-average results.

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

As at 30/09/2016, the Management Board of Mostostal Warszawa S.A. was composed of:

Andrzej Goławski – President of the Management Board

Jose Angel Andres Lopez – Vice-President of the Management Board

Alvaro Javier De Rojas Rodríguez – Member of the Management Board

Jacek Szymanek – Member of the Management Board

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

On 31 August 2016, Carlos Enrique Resino Ruiz resigned from his position as Member of the Management Board of Mostostal Warszawa S.A. The resignation resulted from assuming new responsibilities entrusted by the management within Acciona Group. Carlos Enrique Resino Ruiz served as the Company's Management Board Member, Chief Financial Officer in the period from 26/06/2014 to 31/08/2016.

From 1 September 2016, the position of the Chief Financial Officer has been occupied by Ivaro Javier do Rojas Rodriguez.

As at 30/09/2016, 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

Raimundo Fernandez Cuesta Laborde – Member of the Supervisory Board

Neil Roxburgh Balfour – Member of the Supervisory Board

Arturo Cortes de la Cruz – Member of the Supervisory Board

Ernest Podgórski – Member of the Supervisory Board

### 3. Approval of the Financial Statements

The condensed interim consolidated financial statements for the third quarter of 2016 was approved for issue by the Management Board of the Parent Company on 14/11/2016.

## 4. Significant Accounting Principles

### 4.1 Basis for preparation of the condensed interim consolidated financial statements

This condensed consolidated interim financial statements were prepared at the assumption that the business all the companies of the Capital Group is to continue operating in the foreseeable future.

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

The 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 its subsidiaries 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 the Group is appropriate.

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.

The interim condensed consolidated financial statements do not cover all the information and disclosures required for annual financial statements and they should be read together with Mostostal Warszawa Group's audited consolidated financial statements for the financial year ended 31/12/2015 and the related additional information.

The condensed interim consolidated financial statements of Mostostal Warszawa Group for the 3rd ended 30 September 2016 were not subject to review or audit by a statutory auditor.

### 4.2 Accounting principles

Detailed accounting principles adopted by the Group were described in the Consolidated Financial Statements of Mostostal Warszawa Group for the year ended on 31 December 2015.

The accounting principles (policies) applied while preparing the condensed interim consolidated financial statements are consistent with those used when preparing the consolidated annual financial statements of the Mostostal Warszawa Group for the year ended on 31/12/2015.

#### **New and revised accounting standards and interpretations:**

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

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

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

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

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

b) Annual Improvements to IFRSs 2010-2012 Cycle

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

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

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

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

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

d) Amendments to IAS 16 and IAS 38 concerning depreciation

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

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

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

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

The amendment to IAS 27 allows the use of the equity method, as one of the optional methods of accounting for investments in subsidiaries, jointly controlled entities and associates in the separate financial statements.

The amendments are effective in the European Union for annual periods beginning on 01 January 2016.

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

f) Annual Improvements to IFRSs 2012-2014 Cycle

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

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

g) Amendments to IAS 1

In December 2014, within the framework of the works related to the so-called Disclosure Initiative, the International Accounting Standards Board published an amendment to IAS 1. The aim of the published amendment is to explain the concept of materiality and clarify that if the entity considers that certain information is irrelevant, then such information should not be disclosed even if such disclosure is generally required by other

IFRS. The revised IAS 1 clarifies that the items presented in the statement of financial position and statement of result and other comprehensive income may be aggregated or disaggregated according to their significance. Additional guidelines have been introduced relating to the presentation of subtotals in these reports. The amendments are effective in the European Union for annual periods beginning on 01 January 2016.

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

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

The Group intends to adopt the amendments to IFRS published but not effective as at the date of publication of these interim condensed consolidated financial statements, in accordance with the date of their entry into force. The estimated impact of the amendments and new IFRS on future financial statements of the Companies of the Group has been presented in the financial statements for the year 2015 in Note 6.

In addition to the amendments indicated in the aforesaid note, the following has been published:

#### a) Explanatory notes to IFRS 15

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

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

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

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

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

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

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

### 4.3 The principles applied to convert the selected financial data to EURO

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

- individual items of the profit and loss account and cash flow account for the 3 quarters of 2016 were converted at the PLN/EUR rate of 4.3688, which is the arithmetical mean of the rates announced by the National Bank of Poland for the last days of January, February, March, April, May, June, July, August and September of 2016.

- individual items of assets and liabilities on the balance sheet were converted at the PLN/EUR rate of 4.3120 applicable as at 30/09/2016.

#### 4.4 Currency of the financial statement

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

#### 4.5 Long-term construction contracts

Selected consolidated data – Profit and Loss Account:

Details	3rd quarter 2016	3 quarters of 2016	3rd quarter 2015	3 quarters of 2015
Revenue from construction contracts	332.538	1.060.188	355.585	925.483
Cost of performing construction works	317.352	961.357	323.949	848.431
Result on ongoing construction contracts	15.186	98.831	31.636	77.052

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

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

#### Revenue from uncompleted construction contracts

ASSETS	30/09/2016	30/06/2016	31/12/2015	30/09/2015
The estimated incremental revenue from uncompleted construction contracts in accordance with IAS 11.	3.810.144	3.354.453	2.766.368	2.883.647
Incrementally invoiced sales of uncompleted construction contracts	3.690.079	3.254.879	2.764.282	2.771.321
Deferred charges and accruals from uncompleted construction contracts	<b>120.065</b>	<b>99.574</b>	<b>2.086</b>	<b>112.326</b>
Advances received on uncompleted construction contracts	85.739	91.100	136.053	167.732
<b>Net balance sheet position for uncompleted construction contracts</b>	<b>34.326</b>	<b>8.474</b>	<b>-133.967</b>	<b>-55.406</b>
<b>Reconciliation with the item 'Deferred charges and accruals from revaluation of contracts' in the balance sheet:</b>				
Deferred charges and accruals from uncompleted construction contracts	120.065	99.574	2.086	112.326
Claims on completed contracts	228.455	228.455	235.355	235.355
<b>Deferred charges and accruals from valuation of construction contracts</b>	<b>348.520</b>	<b>328.029</b>	<b>237.441</b>	<b>347.681</b>

While implementing infrastructural contracts, 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 include in particular the following:

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

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

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

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

Selected consolidated data – balance sheet:

<b>ASSETS</b>	<b>30/09/2016</b>	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>30/09/2015</b>
Amounts due from customers under construction contracts (long-term contracts), including:	323.715	302.195	328.339	382.874
- long-term deposits due from customers under construction contracts	13.215	7.546	21.428	30.661
Long-term deposits due from customers under construction contracts	7.734	12.559	12.963	11.226
Advances for the construction works (long- and short-term)	38.070	50.624	57.310	74.782
Accruals and deferred income from contract valuation (gross amounts due from ordering parties under construction agreements)	372.273	386.759	328.336	435.484

<b>LIABILITIES</b>	<b>30/09/2016</b>	<b>30/06/2016</b>	<b>31/12/2015</b>	<b>30/09/2015</b>
Amounts due to suppliers under construction contracts (long-term contracts), including:	282.692	275.389	310.090	272.526
- long-term deposits due to suppliers under construction contracts	57.778	53.561	68.189	110.064
Long-term deposits due to suppliers under construction contracts	51.822	51.476	50.545	43.796
Advances for the construction works (long- and short-term)	85.739	91.100	136.053	167.732

Reserves for anticipated losses	19.142	13.964	27.199	22.801
Accruals and deferred income from contract valuation (gross amounts due to ordering parties under construction agreements)	23.753	58.730	90.895	87.803

## 5. Major changes to estimated amounts

Recognition of sales on construction contracts constitutes an essential estimate. The companies of the Group recognizes revenue from construction contracts in accordance with the progress method. The progress is measured by reference to the share of costs incurred between the day the contract has been entered into and the day of determining revenue in relation to the total costs of providing the service. Total revenue from long term construction contracts denominated in foreign currency is determined on the basis of invoices issued until the balance-sheet date and on the basis of exchange rate as at the balance-sheet date. Budgets of individual contracts are subject to a formal update (revision) process with the use of current information, at least once a quarter. In the case of any events that happen between the official budget revisions and that significantly influence contract results, the value of total revenue or costs of a contract can be updated earlier.

In the third quarter of 2016, the Companies of the Group reversed allowances for uncollectible accounts in the amount of 12,979 thousand,000 and created allowances in the amount of 19,902 thousand in this respect, and further reversed the inventory impairment losses of PLN 56 thousand created an impairment loss in this respect for the amount of PLN 16 thousand.

In the reporting period, the Companies of the Group created the following provisions: (a) in the amount of PLN 7,698 thousand for losses resulting from the contracts in progress and used this provision up to the amount of PLN 14,417 thousand. Change in provisions for losses on contracts in progress affects the amount of own cost of sales; (b) in the amount of PLN 992 thousand for lawsuits and used this provision up to the amount of PLN 25 thousand,000; (c) in the amount of PLN 5,246 thousand for warranty repairs and used this provision up to the amount of PLN 4,497 thousand.

The deferred tax assets decreased over the reporting period by PLN 5,586 thousand and as at 30/09/2016 amounted to PLN 63,152 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 tax losses in 2010-2013 resulted primarily from losses on infrastructural contracts. 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 for the forthcoming 4 years, that have been prepared taking into account the planned involvement in the power engineering sector. The test demonstrate the realization of a deferred tax asset in the amount not less than PLN 63,152 thousand.

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

1. In the third quarter of 2016, the Parent Company recorded a positive result on the balance sheet valuation of loans in the amount of PLN 5,540 thousand (compared to the result for the first half of 2016, which was negative and amounted to PLN 7,909 thousand).



2. In the reporting period, the Parent Company ended the litigation with Assecco Poland S.A. as a result of which the financial result for the third quarter of 2016 decreased by PLN 3,741 thousand.

7. The seasonal or cyclical nature of the Capital Group's activities in the 3rd quarter of 2016

The activities of the Mostostal Warszawa Capital Group depend on weather conditions. The Group is significantly less active during winter than during other seasons. The atmospheric conditions in the 3rd quarter of 2016 had no significant effect on the Group's operations and the results it achieved.

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

In the reporting period, the inventory impairment loss in the amount of PLN 56 thousand was reversed and the write-offs in the amount of PLN 16 thousand were created in this respect.

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

In the reporting period, the allowance for uncollectible accounts in the amount of PLN 12,979 thousand was reversed and the write-offs in the amount of PLN 19,902 thousand were created in this respect.

10. Information on creation, use and reversal of provisions

Details	Reserve for anniversary awards and retirement bonuses	Provisions for anticipated losses on contracts	Provisions for warranty repairs	Provisions for litigation	Other reserves	Total
As of 01/01/2016	5.911	27.199	11.648	14.361	129	<b>59.457</b>
Created during the period	67	7.698	5.246	992	0	<b>14.003</b>
Used and reversed	-496	-15.755	-6.821	-25	-110	<b>23.219</b>
<b>As of 30/09/2016</b>	<b>5.482</b>	<b>19.142</b>	<b>10.073</b>	<b>15.328</b>	<b>19</b>	<b>50.241</b>
Long-term as at 30/09/2016	2.936	981	0	0	0	<b>3.917</b>
Short-term as at 30/09/2016	2.546	18.161	10.073	15.328	19	<b>46.324</b>

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

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

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

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

## 13. Information on significant litigation settlements

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

## 14. Corrections of errors from previous periods

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

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

Mostostal Warszawa S.A. and the companies of the Capital Group did not issue any shares in the third quarter of 2016. There were no repayments of debt and equity securities.

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

Mostostal Warszawa S.A. did not pay out any dividends in the 3rd quarter of 2016.

## 17. Changes in the basic management principles in the Parent Company and Companies in the Capital Group subject to consolidation

During the reporting period there were no significant changes to the management principles either in the Parent Company or in the subsidiaries subject to consolidation.

## 18. Events which took place after balance sheet day for which the financial statements have been drawn up, which may significantly impact future financial results.

On 10 October 2016, Mostostal Warszawa S.A. and HENNIGER INVESTMENT Spółka Akcyjna entered into a contract for construction of a residential building with the commercial premises on the ground floor and the underground parking garage as well as infrastructure and land development, terrain levelling and construction of entries, networks and all connections, within the framework of the project under the working name "KBR\_CE1" (second stage of the housing estate "Live in the City" (*Mieszkaj w Mieście*)). The Parties to the Contract agreed that project shall be completed within 18 months from the date of the Contract but no later than 6 April 2018. The net value of the contract is PLN 34.3 million.

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

On 20 October 2016, Mostostal Warszawa S.A. received an interlocutory judgment of the Court of Arbitration at the Polish Chamber of Commerce of 29 September 2016, issued in the case SA 258/12 instituted by Mostostal Warszawa S.A., Acciona Infraestructuras S.A., Marek Izmańłowicz - IWA against the Municipality of Wrocław. In its judgment, the Court of Arbitration found that the Project Consortium (Mostostal Warszawa S.A. – Leader, Acciona Infraestructuras S.A., Marek Izmańłowicz - IWA, WPBP Wrobin S.A.) on 5.10.2012 effectively withdrew from the Contract No. 7/2009/NFM of 22.12.2009 for the construction of the National Forum of Music in Wrocław. The Issuer informed about the withdrawal from the contract in the Current Report No. 43/2012 of 5 October 2012.

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

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

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

On 24 October 2016, Mostostal Warszawa S.A. received the decision of the Court of Appeal in Szczecin, First Civil Division, which after hearing case in camera on 13 October in Szczecin, dismissed the request for exercising the Bank Guarantee No. GWU/ 2012/118023 for the Contract (“Guarantee”) issued on 16 July 2012 for the amount of PLN 33,3 million, used as security for the proper performance of the Contract “Construction of the Waste Incineration Plant in Szczecin”.

On 14 June 2016, the Issuer withdrew from the implementation of this Contract for the reasons attributable to the Employer, as informed in the Current Report No. 20 of 14 June 2016.

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

Mostostal Warszawa S.A. upholds its position that the withdrawal from the Contract was the sole fault of the Employer, while and any negative consequences associated therewith shall be borne by the Employer. Given

these circumstances as well as the lack of any grounds for the Employer's claims for payment under the Guarantee, the Issuer does not create a provision in the accounts in this respect. At the same time, reserving the right to claim compensation to the extent of the damage, the Issuer, in the event of payment by RBS Bank Poland SA, shall take any and all legal steps to recover the amount of the Guarantee unduly exercised by Zakład Unieszkodliwiania Odpadów Sp. z o.o.

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

### 19. Changes in contingent liabilities and receivables, which occurred after the last financial year

#### Granted collaterals of trade agreements - contingent liabilities

Details	30/09/2016	31/12/2015
Bills of exchange issued to secure trade agreements	113.216	136.525
Guarantees to secure trade agreements	167.637	173.438
Mortgages	46.000	48.400
Other sureties	40.670	24.877
<b>Collaterals granted (total)</b>	<b>367.523</b>	<b>383.240</b>

#### Received collaterals of trade agreements - contingent receivables

Details	30/09/2016	31/12/2015
Guarantees received	169.015	161.879
Bills of exchange received	7.366	3.858
<b>Collaterals obtained (total)</b>	<b>176.381</b>	<b>165.737</b>

The contingent liabilities as at 30/09/2016 amounted to PLN 367,523 thousand, representing an increase of PLN 15,717 thousand compared to 31/12/2015.

The contingent receivables as at 30/09/2016 amounted to PLN 176,381 thousand, representing an increase of PLN 10,644 thousand compared to 31/12/2015, due to receipt of performance bonds from subcontractors.

#### Other contingent liabilities

Details	30/09/2016	31/12/2015
A2 – liquidated damages	13.691	13.691
Lubelskie Region Oncology Centre – liquidated damages for withdrawing from the contract	18.154	18.154
Zielona Italia	15.784	15.784
Power unit construction in Elbląg	0	3.994
Extension of the Mechanical Coal Processing Plant for Lubelski Węgiel "Bogdanka" S.A.	16.790	16.790

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Construction of the Institute of Biology and the Faculty of Mathematics and Computer Science, together with the University Computing Centre in Białystok	66.718	66.718
<b>Total</b>	<b>131.137</b>	<b>135.131</b>

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

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

- With respect to A2 contract: the Ordering Party charged the Consortium consisting of Mostostal Warszawa S.A. and Polimex Mostostal S.A. with a contractual penalty of PLN 27,000 thousand (the Parent Company's share in the penalty amounts to PLN 13,691 thousand). As the Consortium considers the penalty to be charged unreasonably, this amount has not been included in the contract valuation. The Consortium filed a lawsuit for the reimbursement of the remuneration withheld as liquidated damages and interest.

– On 11 September 2012, the Parent Company received a statement by the St. John of Dukla Lubelskie Region Oncology Centre on the withdrawal from the agreement for designing and conducting construction works for the expansion and modernisation of the Lubelskie Region Oncology Centre. The statement also included a request for the payment of a contractual penalty. The agreement mentioned above was entered into on 3 January 2011 by and between the Lubelskie Region Oncology Centre (the “Employer”) and the Consortium consisting of: Mostostal Warszawa S.A. – Acciona Infraestructuras S.A. (Leader) – Richter Med. Sp. z o.o. – (Partner) (“Contractor”). The Ordering Party withdrew from the Agreement due the fact that works were not conducted in accordance with the schedule of works and expenditures and conditions of the Agreement, which resulted in delays threatening the Agreement completion date. The Ordering Party requested the Contractor to pay contractual penalty pursuant to the Agreement. The Parent Company rejects the Ordering Party's arguments in full. The Company considers the Ordering Party's decision in this case to be unreasonable and legally ineffective. The Contractor will make use of any legal means available to protect its interest, goodwill and image. Therefore, Mostostal Warszawa SA has not created provisions for liquidated damages and brought the dispute as to the validity of the liquidated damages charged to the Court.

- Zielona Italia – on 6 March 2013 the Parent Company withdrew from the contract of 11 November 2010 for construction of a complex of multi-family residential buildings with commercial spaces and underground garages that was entered into with Zielona Italia Sp. z o.o. The basis for withdrawal from the Agreement by Mostostal Warszawa SA was the Employer's failure to attend the acceptance inspections, despite repeated requests by the Company. The fact that the Investor unreasonably declined to accept the works resulted in a delay in the performance of a mutual obligation having the value of PLN 29,551 thousand. It is also an obvious sign that the Investor is not willing to cooperate and that the Investor is improperly performing the Agreement. Pursuant to § 28(2)(c) of the Agreement, the Company shall be entitled to withdraw from the Agreement due to the fault of Zielona Italia Sp. z o.o. As a result of the withdrawal from the contract due to the Investor's fault, Mostostal charged liquidated damages in the amount of PLN 15,784 thousand (not included in revenue). In response to this, Zielona Italia Sp. z o.o. charged the Company with liquidated damages in the amount of PLN 15,784 thousand. As the Management Board of the Parent Company considers the liquidated damages to be

charged unreasonably, this amount has not been included in the contract measurement. The dispute on the lack of grounds to charge liquidated damages from the Company is under examination by the Court.

- Construction of a power unit in Elbląg – there has been some delay in the performance of the contract. The highest amount of the liquidated damages for delays stipulated in the contract amounts to PLN 19,954 thousand. In 2014, the Company obtained permission to use the power unit and all the technical and production specifications set in the contractual terms and conditions have been met. Mostostal Warszawa SA contests its responsibility for the occurred delay, referring to the factors beyond control of the Contractor. As a result of the negotiations conducted with the Employer and while maintaining the opinion on irrelevance of the liquidated damages charged, the Contractor decided to refer the dispute to the Court, and just for the sake of prudence, created a provision in the balance sheet for all the penalties assessed.

- Extension of the Mechanical Coal Processing Plant for Lubelski Węgiel "Bogdanka" S.A. - The Employer charged the Issuer with liquidated damages for delay in performance of the contract in the amount of PLN 22,840 thousand. The issuer entirely denies the existence of grounds to charge the liquidated damages, since in his opinion there was no delay in construction works. The delay was caused by the exclusive fault of the Employer due to his evasion from signing the final acceptance certificate. The Issuer will assert its claims brought against the Employer in the court and just for the sake of prudence, created a partial provision in this respect.

- The University of Białystok charged Mostostal Warszawa with the liquidated damages. According Mostostal Warszawa S.A. the liquidated damages are unfounded and were imposed by the Employer as a result of the claims submitted by Mostostal Warszawa S.A. against them.

## 20. Information on incurred and terminated credits and loans

In the reporting period, the companies of Mostostal Warszawa Capital Group used the credits and loans, the total value of which as at 30/09/2016 amounted to PLN 221,883 thousand (as at 30/09/2016, the balance of loans was PLN 226,429 thousand).

Interest-bearing long-term bank loans as of 30/09/2016:

Name of the Bank / Lender	Amount of credit / loan	Amount used in thousand PLN	Terms of interest	Repayment date
Acciona Infraestructuras S.A	13,602,000 EUR	59.935	WIBOR 1R + mark-up	30/11/2017
	<b>TOTAL</b>	<b>59.935</b>		

Current portion of interest-bearing bank credits and loans as at 30/09/2016:

Name of the Bank / Lender	Amount of credit / loan	Amount used in thousand PLN	Terms of interest	Repayment date
Societe Generale S.A. Branch in Poland	PLN 10,000,000	0	WIBOR 1m + mark-up	31/10/2016
Bank Zachodni WBK S.A.	PLN 5,000,000	0	WIBOR 1m + mark-up	31/01/2017

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Acciona Infraestructuras S.A.	15,729,000 EUR		WIBOR 1R + mark-up	05/12/2016
Acciona Infraestructuras S.A.	11,669,000 EUR	151.981	WIBOR 1R + mark-up	30/09/2017
Acciona Infraestructuras S.A.	7,000,000 EUR		WIBOR 1R + mark-up	30/09/2017
Bank Pekao S.A.	PLN 9,000,000	4.576	WIBOR 1m + mark-up	31/07/2016
Bank Pekao S.A.	PLN 5,000,000	4.985	WIBOR 1m + mark-up	30/06/2016
Bank Pekao S.A.	PLN 5,000,000	406	WIBOR 1m + mark-up	30/06/2016
	<b>TOTAL</b>	<b>161.948</b>		

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

### 21. Information on transactions with affiliated entities

Presentation of total consolidated sales revenue and turnover within the Group for the 3rd quarter of 2016

Companies of the Group	Total net sales revenue	Sales within the Group	Consolidated net sales revenue
Parent Company	941.344	2.090	939.254
Other Companies	737.739	607.946	129.793
<b>TOTAL</b>	<b>1.679.083</b>	<b>610.036</b>	<b>1.069.047</b>

The total net sales revenue of Companies consolidated by the complete method for the three quarters of 2016 was PLN 1,679,083 thousand. Turnover within the Capital Group amounted to PLN 610,036 thousand i.e. 36 % of the total net sales revenue without consolidation exclusions.

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

### 22. Reporting by market segment

Mostostal Warszawa Capital Group is organised and managed by segment, as appropriate for the types of products offered. The Capital Group settles transactions between segments in the same way as if they concerned unconnected entities using current market prices.

The tables below present data from the consolidated profit and loss account for the Capital Group's individual reporting segments for the 9-month period ended on 30 September 2016.

The following segments exist within continuing business:

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

Unallocated revenue and costs relate to other manufacturing and service activities and administrative costs.

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**Consolidate profit and loss account for individual operating segments:**

9 month period ending 30 September 2016	Engineering and industrial segment	General construction segment	Unallocated revenue and costs	Total
<b>Revenue from sales</b>				
Sales to external customers	848.097	220.159	791	1.069.047
Sales between segments	0	0	0	0
<b>Total revenue from segment</b>	<b>848.097</b>	<b>220.159</b>	<b>791</b>	<b>1.069.047</b>
<b>Result</b>				
Profit (loss) of segment (taking into account other operating costs and other revenue)	84.787	-2.385	-2.372	80.030
Unallocated costs (administrative expenses)	0	0	40.453	40.453
<b>Profit (loss) on operating activities</b>	<b>84.787</b>	<b>-2.385</b>	<b>-42.825</b>	<b>39.577</b>
Financial revenue	57	36	4.398	4.491
Financial costs	887	118	8.915	9.920
<b>Gross profit (loss)</b>	<b>83.957</b>	<b>-2.467</b>	<b>-47.342</b>	<b>34.148</b>
Income tax	0	0	7.741	7.741
<b>Net profit (loss) on continuing operations</b>	<b>83.957</b>	<b>-2.467</b>	<b>-55.083</b>	<b>26.407</b>
Discontinued operations	0	0	0	0
<b>Net profit / loss for the period</b>	<b>83.957</b>	<b>-2.467</b>	<b>-55.083</b>	<b>26.407</b>
<b>Net profit (loss) allocated to shareholders of the Parent Company</b>	<b>83.957</b>	<b>-2.467</b>	<b>-54.056</b>	<b>27.434</b>
Net profit (loss) allocated to non-controlling shareholders			-1.027	-1.027

9 month period ending 30 September 2015	Engineering and industrial segment	General construction segment	Unallocated revenue and costs	Total
<b>Revenue from sales</b>				
Sales to external customers	717.347	216.845	1.935	936.127
Sales between segments	0	0	0	0
<b>Total revenue from segment</b>	<b>717.347</b>	<b>216.845</b>	<b>1.935</b>	<b>936.127</b>
<b>Result</b>				
Profit (loss) of segment (taking into account other operating costs and other revenue)	47.840	18.444	-934	65.350
Unallocated costs (administrative costs and sales costs)	0	0	34.373	34.373
<b>Profit (loss) on operating activities</b>	<b>47.840</b>	<b>18.444</b>	<b>-35.307</b>	<b>30.977</b>
Financial revenue	303	10	4.141	4.454



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Financial costs	818	1.061	8.741	10.620
<b>Gross profit (loss)</b>	<b>47.325</b>	<b>17.393</b>	<b>-39.907</b>	<b>24.811</b>
Income tax	0	0	5.611	5.611
<b>Net profit (loss) on continuing operations</b>	<b>47.325</b>	<b>17.393</b>	<b>-45.518</b>	<b>19.200</b>
Discontinued operations			0	0
<b>Net profit / loss for the period</b>	<b>47.325</b>	<b>17.393</b>	<b>-45.518</b>	<b>19.200</b>
<b>Net profit (loss) allocated to shareholders of the Parent Company</b>				18.807
Net profit (loss) allocated to non-controlling shareholders				393

The Management Board of the Parent Company responsible for operational decisions does not conduct a review of assets and liabilities by segment, but does monitor assets and liabilities at the level of individual companies of the Group due to frequent transfers of assets between segments.

Revenues and costs are allocated to the individual segments in accordance with the implemented projects. Assets are analysed on the level of the entire Capital Group. Gross result on sales adjusted by other revenues and operational costs constitutes a key indicator of segment result.

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

The export revenue for the 3 quarters of 2016 amounted to PLN 28,262 thousand, which represents approx. 2.6 % of the sales revenue.

### 23. Financial Instruments - Fair values

The following table shows a comparison of carrying and fair values of all financial instruments of Mostostal Warszawa Capital Group. The consolidated financial statements include the figures revalued to fair value (as shown below).

FINANCIAL ASSETS	Carrying value		Fair value	
	30/09/2016	31/12/2015	30/09/2016	31/12/2015
1) Financial assets held to maturity (measured at amortized cost)				
2) Financial instruments - hedge of future cash flows				
3) Financial instruments - measured at fair value through profit or loss				
<b>4) Loans granted and receivables</b>				
- Trade receivables	323.715	328.339	323.715	328.339
- Long-term receivables - Long-term deposits for construction contracts held by the customers (measures at amortized cost)	7.734	12.963	7.734	12.963

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- Cash and cash equivalents	262.298	352.730	262.298	352.730
- Accruals and deferred income from measurement of contracts	372.273	328.336	372.273	328.336
- Long-term deposits as security for bank guarantees	2.500	3.856	2.500	3.856

FINANCIAL LIABILITIES	Carrying value		Fair value	
	30/09/2016	31/12/2015	30/09/2016	31/12/2015
1) Financial liabilities - financial instruments measured at fair value through profit or loss				
2) Other financial liabilities - financial instruments - hedge of future cash flows				
<b>3) Liabilities (measured at amortized cost)</b>				
Liabilities from deliveries and services and other short-term liabilities	298.512	341.777	298.512	341.777
- Long-term deposits under withheld from suppliers under construction contracts (measures at amortized cost)	51.822	50.545	51.822	50.545
- Accruals and deferred income from measurement of contracts	23.753	90.895	23.753	90.895
<b>4) Other financial liabilities (measured at amortized cost)</b>				
- Interest-bearing bank credits and loans	59.935	79.621	59.935	79.621
- Current portion of interest-bearing bank credits and loans	161.948	130.139	161.948	130.139
- Short-term and long-term liabilities from leasing agreements	5.088	4.784	5.088	4.784

Financial instruments are divided into 3 categories:

- **Level 1** includes financial instruments, whose fair value is estimated based on the quoted market prices at each balance sheet date. The Group has no financial instruments in this category.

- **Level 2** includes financial instruments, whose fair value is determined based on various valuation methods using the available data on current market conditions as at the balance sheet date. The Group includes currency futures contracts in this category of instruments. The fair value of currency futures contracts is determined based on valuations performed by the banks. The Capital Group does not hold financial instruments in this category.

- **Level 3** the fair value of unlisted derivatives is estimated by the Group using various valuation methods based on the assumptions of the company and its own data. The Capital Group does not hold financial instruments in this category.

As at 30/09/2016, Mostostal Warszawa Capital Group does not have any financial instruments used for hedge accounting.

**Management Board's Report on the Group's Activities to the condensed interim consolidated financial statements for the period from 01/07/2016 to 30/09/2016**

1. Selected financial data

Selected financial data was presented in the numerical part of the statement.

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

Selected financial data from the consolidated profit and loss account for the 3rd quarter of 2016

Details	3rd quarter 2016	3rd quarter 2015
Revenue from sales	336.048	359.907
<b>Gross profit (loss) on sales</b>	<b>27.850</b>	<b>31.222</b>
General administrative expenses	15.022	11.489
Account for other operating activities	-661	-2.961
<b>Operating result</b>	<b>12.167</b>	<b>16.772</b>
Account for financial activities	4.360	-5.308
<b>Gross result</b>	<b>16.527</b>	<b>11.464</b>
Income tax	2.691	2.654
<b>Result on continued activities</b>	<b>13.836</b>	<b>8.810</b>
Net profit (loss) on discontinued operations	0	0
<b>Net profit (loss) for the period allocated to:</b>	<b>13.836</b>	<b>8.810</b>
Shareholders of the Parent Company	13.621	8.801
Non-controlling shareholders	215	9

In the third quarter of 2016, the consolidated sales revenue amounted to PLN 336,048 thousand with a positive gross profit, which amounted to PLN 27,850 thousand (in the third quarter of 2015, gross profit amounted to PLN 31,222 thousand). In the 3rd quarter of 2016, the Group generated the net profit of PLN 13,836 thousand (in the 3rd quarter of 2015, the net loss amounted to PLN 8,810 thousand).

The value of the backlog of Mostostal Warszawa Group as at 30/09/2016 amounted to PLN 1,431,751 thousand. The Companies of the Group participate in a number of tender procedures, which should result in the acquisition of new contracts in the near future.

The value of short-term trade receivables as at 30/09/2016 amounted to PLN 323,715 thousand, and compared to figures as at 30/06/2016 increased by PLN 21,520 thousand.

The value of prepaid expenses arising from valuation of long-term contracts as at 30/09/2016 amounted to PLN 372,273 thousand and was lower as compared to the value as at 30/06/2016 by PLN 14,486 thousand.

The value of cash as at 30/09/2016 amounted to PLN 262,298 thousand and compared to the figures as at 30/06/2016 decreased by PLN 17,012 thousand. The decrease results mainly from the settlements of liabilities towards subcontractors. In the third quarter of 2016, the Group was using overdraft facilities and short-term and long-term loans, the value of which as at 30/09/2016 amounted to PLN 221,883 thousand and compared to the figures as at 30/06/2016 decreased by PLN 4,546 thousand. On 09 February 2016, the Parent Company's Management Board received a written notice from Acciona Infraestructuras S.A. stating that in the absence of funds for repayment of loans, the repayment due dates would be extended, as it was the case in the past. In the opinion of the Management Board, the management of financial resources in the third quarter of 2016 was adequate to the Group's situation. The Parent Company's Management Board monitors the liquidity of the Group on the on-going basis, based on the expected cash flows. Given the existing involvement of the related party granting loans and execution of the contract for the construction of the power units in Opole, in the opinion of the Board, there is no significant risk to the liquidity of Mostostal Warszawa S.A. and the Group. The Management Board believes that the Parent Company and the Group have the ability to settle their liabilities and the liquidity position of the Parent Company and the Group is improving.

Long-term liabilities in the third quarter of 2016 amounted to PLN 147,618 thousand and were lower by 91,728 thousand compared to the figures as at 30/06/2016, mainly due to reclassification by Mostostal Warszawa S.A. of some long-term loans from Acciona Infraestructuras S.A. to short-term loans in connection with the fact that the loans were maturing within a period of less than a year.

The short-term trade liabilities as at 30/09/2016 amounted to PLN 282,692 thousand and compared to the figures as at 30/06/2016 were higher by PLN 7,303 thousand.

Other deferred charges and accruals as at 30/09/2016 amounted to PLN 210,393 thousand and were lower by PLN 9,643 thousand, compared to the figures as at 30/06/2016.

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

On 11 August 2016, the subsidiary, Mostostal Plock S.A. and Kinetics Technology SPA signed the contract for construction related to Unit 0160 (HVDU) on the premises of Lotos Refinery in Gdańsk. The net value of the contract is PLN 20,800 thousand. The project completion is scheduled for December 2017.

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

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

- On 30 September 2016, the subsidiary, Mostostal Płock S.A. and EFRA U&O signed the contract for works related to construction of delayed coker units (DCU) at the refinery in Gdańsk. The net value of the contract is PLN 24,500 thousand. The project completion is scheduled for November 2017.

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

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

- strengthening of the Polish currency against euro compared to the situation as of 06/30/2016, as a result of which the Parent Company recognized foreign exchange gains from the balance sheet valuation of loans in the amount of PLN 5,540 thousand,
- completion of litigation between Mostostal Warszawa S.A. and Assecco Poland S.A., whereby the Parent Company's result for the third quarter of 2016 decreased by PLN 3,741 thousand.

### 4. Market position of the Capital Group

In the 3rd quarter of 2016, the consolidated Mostostal Warszawa Capital Group comprised the following companies:

- 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.

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

### 5. Result forecasts.

Mostostal Warszawa Capital Group did not publish financial forecasts for 2016.

### 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 14/11/2016:

Entity	Number of shares	Number of votes	% of capital	% of votes
Acciona Infraestructuras 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)	1.166,00	1.166,00	5.83%	5.83%

7. Shares in the Issuer held by members of the management and supervisory bodies and changes in the shareholdings.

In the reporting period, there were no changes in the Parent Company's shares held by members of the management and supervisory bodies.

8. Court and administrative proceedings

During the reporting period the Companies of the Capital Group participated in proceedings concerning claims with a total value of PLN 847,338 thousand and in proceedings concerning liabilities with a total value of PLN 199,635 thousand.

Proceedings with highest dispute value:

Date of commencement of dispute	Defendant	Value of the dispute	Subject of the litigation	Issuer's position
01/02/2010	State Treasury - Generalna Dyrekcja Dróg Krajowych i Autostrad (General Directorate for National Roads and Motorways)	PLN 16,583 thousand	Mostostal Warszawa S.A.'s claims in connection with performance of the contract of 6 July 2006 to upgrade National Road 7 to an expressway on the section between Białobrzegi – Jedlińsk.	Within this lawsuit, Mostostal Warszawa S.A. claims payment of compensation for damage in the form of additional costs incurred due to extension of the contract performance as well as payment for additional and replacement works.
10.07.2012	State Treasury - General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad)	PLN 36,961 thousand	Claims lodged by Mostostal Warszawa are associated with the implementation of the agreement of 28 September 2009: "Design and Construction of A-2 Motorway Stryków-Konotopa, section between km 394+500 and 411+465.8".	According to Mostostal Warszawa S.A. in the course of the contract, there was a remarkable change affecting the contractual relationship, in the form of unforeseen and sharp increase in prices of liquid fuels and bitumen. The Plaintiff demands an increase of the fixed remuneration.
9/09/2013	State Treasury - General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad)	PLN 62,170 thousand	Claims of Mostostal Warszawa S.A. for reimbursement of unduly assessed liquidated damages and payment of increased indirect costs arising from an extended period of the contract "Construction of the bridge on the Oder River in Wrocław".	Mostostal Warszawa SA seeks reimbursement of unduly assessed liquidated damages and payment for the completed additional and replacement works.
29/03/2013	Zielona Italia Sp. z o.o.	PLN 15,953 thousand	The case for establishing non-existence of Zielona Italia's right to	The case originally for establishing non-existence of Zielona Italia's right to demand payment under the bank guarantee – performance bond. The

			demand payment under the bank guarantee – performance bond related to the construction of housing estate "Zielona Italia" in Warsaw, which has been transformed into the case for payment (reimbursement) of the amount equivalent to the amount paid by BZ WBK S.A. under the bank guarantee	Company withdrew from the contract for reasons attributable to the Employer, and thus the conditions pursuant to which the Employer may satisfy its claims from the performance bond are not fulfilled. Change of a lawsuit to a claim for reimbursement of an undue payment made under the performance guarantee, leading to unjustified enrichment.
23.06.2010	The Treasury Ministry of National Defence	PLN 19,093 thousand	Claims of Consortium of Mostostal Warszawa - Unitek Ltd for additional compensation and reimbursement of the costs incurred in connection with the Contract No. 3/NSIP/P/2000 concerning the implementation of the projects under the Investment Package CP, according to which the Plaintiff acted as an alternative investor.	During performance of the Contract, for reasons independent of Mostostal Warszawa SA, there were changes to the scope and shape of the project, which resulted in additional costs, the reimbursement of which is sought by the Claimant.
30/05/2012	State Treasury - General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad)	PLN 207,530 thousand	Claims lodged by Mostostal Warszawa S.A. and Acciona Infraestructuras S.A. in connection with implementation of the Contract of 26 February 2010 for construction of A-4 motorway Tarnów-Rzeszów, section between Rzeszów Centralny junction and Rzeszów Wschód junction (km. ca. 574+300 to ca. 581+250).	The claimants aims at forming the contractual relationship by increasing remuneration. On 23/08/2013, the lawsuit was further extended to include the claim of the lack of grounds to charge contractual penalties for exceeding the Contract Completion Time and the demand to reimburse the liquidated damages unduly deducted (from the remuneration for the Works).
02/07/2013	State Treasury - General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i	PLN 27,157 thousand	Subject matter of the dispute: claims lodged by Mostostal Warszawa S.A. Claims lodged by Mostostal Warszawa S.A. and Acciona Infraestructuras S.A.	The claimants aims at forming the contractual relationship by increasing remuneration. According to the Plaintiffs, in the course of the contract, there was a remarkable change affecting the contractual relationship, in the form of unforeseen and sharp increase in prices of liquid fuels and bitumen. The Plaintiff demands an increase of the fixed remuneration.

	Autostrad)		in connection with implementation of the Contract of 01 September 2010 for the upgrade of S-7 road to a two-lane road at Kielce bypass section, Kielce (National Road No. 73, Wiśniówka junction) – Chęciny (Chęciny junction).	
11.11.2010	Wrocław municipality	PLN 56,555 thousand	The case for payment (with extension of the lawsuit on 22/08/2012) instituted by the Consortium of Mostostal Warszawa SA, ACCIONA INFRAESTRUCTURA S.A., Wrocławskie przedsiębiorstwo Budownictwa Przemysłowego nr 2 „Wrobis” S.A., Marek Izmajłowicz PH-U IWA - National Forum of Music	The Plaintiffs demand from the Municipality of Wrocław the payment of the amounts resulting from the partial settlement of the project National Forum of Music in Wrocław (compensation, additional pay and other).
13.11.2012	Wrocław municipality	PLN 82,061 thousand	The case instituted by the Consortium of Mostostal Warszawa S.A., ACCIONA INFRAESTRUCTURA S.A., Wrocławskie Przedsiębiorstwo Budownictwa Przemysłowego nr 2 „Wrobis” S.A. and Marek Izmajłowicz PH-U IWA for payment of PLN 82,061,000. (originally: for establishing non-existence of Wrocław Municipality's right to demand payment under the performance bond).	Originally the case concerned establishing non-existence of Wrocław Municipality's right to demand payment under the bank guarantee – performance bond. Currently, the claims laid down in the lawsuit have been modified and include the demand for payment of PLN 82,061,000 as the final settlement of the NFM Project in connection with the withdrawal from the Contract.
4/10/2012	The Treasury and NATO Defence Investment Division	PLN 5,236 thousand	Claims of Mostostal Warszawa S.A. for payment	Case for payment for additional works not covered under the previous lawsuit.



09/05/2013	Zielona Italia Sp. z o.o.	PLN 52,344 thousand	Payment of the remuneration for the works performed under the contract "Zielona Italia".	Mostostal Warszawa SA seeks payment of the amounts resulting from the settlement of the project and the completed additional works.
23/05/2014	State Treasury - Generalny Dyrektor Dróg Krajowych i Autostrad (General Director for National Roads and Motorways)	PLN 103,644 thousand	"Design and Construction of A-2 Motorway Stryków-Konotopa, section between km 394 + 500 and 411 + 465.8".	Compensation for the damage suffered by the plaintiffs as a result of improper description of the Employer's Requirements concerning ten Civil Engineering structures and the Bridge on the Rawka River, the Contractor was obliged to construct under the contract. The amount of claim attributable to Mostostal Warszawa S.A. is PLN 81,824,000.
20/05/2013	State Treasury - General Directorate for National Roads and Motorways (Generalna Dyrekcja Dróg Krajowych i Autostrad)	PLN 29,121 thousand	"Design and Construction of A-2 Motorway Stryków-Konotopa, section between km 394 + 500 and 411 + 465.8".	The subject matter of the case is the claim for reimbursement of liquidated damages plus interest deducted by the Employer.
03/10/2014	Lubelskie Region Oncology Centre	PLN 32,461 thousand	Construction of Lubelskie Region Oncology Centre	The claim for payment for the works performed and reimbursement of unduly charged penalties.
29/04/2015	University of Białystok	PLN 78,015 thousand	Construction of the Institute of Biology and the Faculty of Mathematics and Computer Science, together with the University Computing Centre	Mostostal Warszawa S.A. seeks payment for the basic, auxiliary and replacement works; lack of payment of some remuneration under the contracts; liquidated damages for indirect costs incurred. The claims under the above-mentioned counter claim relate also to indirect costs incurred for the execution of works as well as interest on the overdue financial liabilities.
07/06/2013	Zielona Italia Sp. z o.o.	PLN 9,963 thousand	Construction of a complex of residential buildings with underground garages, basic services and technical infrastructure under the name "Green Italia".	The lawsuit involves the demand to cease the breach of copyright to the design.
03/02/2015	Mostostal Warszawa S.A.	PLN 66,718 thousand	Construction of the Institute of Biology and the Faculty of Mathematics and Computer Science, together with the University Computing Centre	The Plaintiff (University of Białystok) seeks payment of the accrued liquidated damages. According to the defendant (Mostostal Warsaw SA), the claimed liquidated damages are unfounded.
26/05/2014	Mostostal Warszawa S.A.	PLN 22,876 thousand	Construction of the 20 MWe biomass-fired power block for Energa Kogeneracja Sp. z o.o.	The Plaintiff, Biomatec, seeks payment of remuneration for the works. The Company challenges the merits of the lawsuit in the entirety.

09/10/2014	Mostostal Warszawa S.A.	PLN 10,810 thousand	Construction of the National Forum of Music in Wrocław	The Plaintiff, Waagner Biro, seeks payment of remuneration for the supplies and works performed by a subcontractor and the payment of liquidated damages and reimbursement of storage costs. The Company challenges the merits of the lawsuit in the entirety.
15/04/2013	Mostostal Warszawa S.A.	PLN 15,784 thousand	Liquidated damages under the contract "Zielona Italia"	The Plaintiff, Zielona Italia, seeks liquidated damages from Mostostal Warszawa S.A. for withdrawal from the contract.
10/09/2015	Mostostal Warszawa S.A.	PLN 27,072 thousand	The counterclaim of Lubelskie Region Oncology Centre to the case initiated by Mostostal Warszawa S.A. Dated 03/10/2014	The Plaintiff (Lubelskie Region Oncology Centre) seeks payment of the liquidated damages, the claim for reduction of the amounts due and the claims for additional and securing works performed by the investor. According to the defendant (Mostostal Warsaw SA), the claimed liquidated damages are unfounded. Other claims are also disputed in their entirety.

Some of these claims were recognized by the Group in the budgets of contracts and accounted as revenue from previous years. Details are described in section 4.6 of the Additional information and explanatory notes to the condensed interim consolidated financial statements for the period from 01/01/2016 to 30/09/2016.

## 9. Information on transactions with affiliated entities

Presentation of total consolidated sales revenue and turnover within the Group for the 3rd quarter of 2016

Companies of the Group	Total net sales revenue	Sales within the Group	Consolidated net sales revenue
Parent Company	941.344	2.090	939.254
Other Companies	737.739	607.946	129.793
<b>TOTAL</b>	<b>1.679.083</b>	<b>610.036</b>	<b>1.069.047</b>

The total net sales revenue of Companies consolidated by the complete method for the three quarters of 2016 was PLN 1,679,083 thousand. Turnover within the Capital Group amounted to PLN 610,036 thousand i.e. 36 % of the total net sales revenue without consolidation exclusions.

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

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

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

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

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

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

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

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