TRAKCJA
CAPITAL GROUP

CONSOLIDATED QUARTERLY REPORT

FOR THE PERIOD OF 9 MONTHS ENDED ON 30 SEPTEMBER 2015

published pursuant to § 82 sec. 1 point 1 of the Regulation of the Minister of Finance dated February 19, 2009 on current and periodic information to be published by issuers of securities and conditions for recognizing as equivalent information required by the laws of a nonmember state (Journal of Laws No 2014, item 133)

CONTENTS OF THE CONSOLIDATED QUARTERLY REPORT:

APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENT

The Management Board of Trakcja PRKiI S.A. has approved the condensed consolidated financial statement of Trakcja Capital Group for the 9-month period ended on September 30, 2015.

The condensed consolidated financial statement for the III quarter of 2015 was prepared according to the International Financial Reporting Standards (IFRS) approved by the European Union applicable to interim reporting (MSR 34). Information included herein is presented in the following sequence:

1. Consolidated profit and loss account for the period from January 1, 2015 to September 30, 2015, showing a net profit of **PLN 38 265** thousand.
2. Consolidated statement of comprehensive income for the period from January 1, 2015 to September 30, 2015, showing the total comprehensive income of **PLN 35 769** thousand.
3. Consolidated balance sheet prepared as at September 30, 2015, showing total assets and total equity and liabilities of **PLN 1 390 432** thousand.
4. Consolidated cash flow statement for the period from January 1, 2015 to September 30, 2015, showing a increase in the cash balance by the amount of **PLN 44 755** thousand.
5. Statement of changes in consolidated equity for the period from January 1, 2015 to September 30, 2015, showing an increase in consolidated equity by the amount of **PLN 35 579** thousand.
6. Additional information and explanations.

The condensed consolidated financial statements are expressed in thousand Polish Zloty, unless expressly indicated otherwise.

Jarosław Tomaszewski President of the Board	Nerijus Eidukevičius Vice President of the Board
Marek Kacprzak Vice President of the Board	Paweł Nogalski Vice President of the Board

Sławomir Raczyński

Vice President of the Board

Warsaw, November 9, 2015

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I. SELECTED FINANCIAL DATA OF THE TRAKCJA CAPITAL GROUP

The average PLN/EUR exchange rates in the period covered by the consolidated financial statements:

Financial year ended	Average exchange rate in the period*	Minimum exchange rate in the period	Maximum exchange rate in the period	Exchange rate as at the last day of the period
30.09.2015 r.	4,1585	3,9822	4,3335	4,2386
31.12.2014 r.	4,1893	4,0998	4,3138	4,2623
30.09.2014 r.	4,1803	4,0998	4,2375	4,1755

** The average of the exchange rates binding as at the last day of each month in a given reporting period.*

Main consolidated balance sheet items converted into euro:

	30.09.2015		31.12.2014	
	TPLN	TEUR	TPLN	TEUR
Non-current assets	721 160	170 141	719 867	168 892
Current assets	669 272	157 899	725 949	170 319
Total assets	**1 390 432**	**328 040**	**1 445 816**	**339 211**
Equity	710 082	167 528	674 503	158 249
Long-term liabilities	137 232	32 377	151 338	35 506
Short-term liabilities	543 118	128 136	619 975	145 455
Total equity and liabilities	**1 390 432**	**328 040**	**1 445 816**	**339 211**

The FX rate set by the National Bank of Poland on the last day of a given reporting period has been accepted for the purpose of converting data in the consolidated balance sheet.

Main items of the consolidated profit and loss statement converted into euro:

	For the period 9 months ended 30.09.2015		For the period 9 months ended 30.09.2014	
	TPLN	TEUR	TPLN	TEUR
Sales revenues	896 627	215 613	1 038 947	248 534
Cost of goods sold	(796 393)	(191 510)	(940 077)	(224 883)
Gross profit (loss) on sales	**100 234**	**24 103**	**98 870**	**23 651**
Operating profit (loss)	48 891	11 757	53 262	12 741
Gross profit (loss)	**46 179**	**11 105**	**39 976**	**9 563**
Net profit (loss) from continued operations	38 265	9 202	33 283	7 962
Net profit (loss) from discontinued operations	-	-	-	-
Net profit for the period	**38 265**	**9 202**	**33 283**	**7 962**

The consolidated profit and loss statement data were converted according to the average euro exchange rate calculated as the arithmetic mean of the exchange rates set by the National Bank of Poland as at the last day of each month in a given reporting period.

Main items of the consolidated cash flow statement converted into euro:

	For the period 9 months ended 30.09.2015		For the period 9 months ended 30.09.2014	
	TPLN	TEUR	TPLN	TEUR
Cash flows from operating activities	131 365	31 589	(2 737)	(655)
Cash flows from investment activities	(6 947)	(1 670)	(7 430)	(1 777)
Cash flows from financial activities	(79 663)	(19 157)	(19 074)	(4 563)
Total net cash flows	**44 755**	**10 762**	**(29 242)**	**(6 995)**

The consolidated cash flow statement data were converted according to the average euro exchange rate calculated as the arithmetic mean of the exchange rates set by the National Bank of Poland as at the last day of each month in a given reporting period.

	30.09.2015		30.09.2014	
	TPLN	TEUR	TPLN	TEUR
Cash at start of period	57 638	13 523	83 599	20 158
Cash at end of period	**102 393**	**24 157**	**54 357**	**13 018**

To convert the above consolidated cash flow statement data, the following was assumed:

- the FX rate set by the National Bank of Poland as at the last day of a given reporting period – for the line item "Cash at the end of the period",
- the FX rate set by the National Bank of Poland as at the last day of the reporting period preceding a given reporting period – for the line item "Cash at the beginning of the period".

As at the last day of the financial year ended 31 December 2013, the FX rate was 4,1472 PLN/EUR.

(data in PLN thousand, unless stated otherwise)

II. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS STATEMENT

	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
	Unaudited	Unaudited	Unaudited	Unaudited
Continued operations				
Sales revenue	**896 627**	**331 855**	**1 038 947**	**459 871**
Cost of goods sold	**(796 393)**	**(295 801)**	**(940 077)**	**(410 923)**
Gross profit on sales	**100 234**	**36 054**	**98 870**	**48 948**
Cost of sales, marketing and distribution	(4 414)	(1 046)	(3 925)	(715)
General and administrative costs	(46 306)	(10 935)	(42 047)	(16 111)
Other operating revenues	3 336	1 472	1 644	808
Other operating costs	(4 930)	(1 294)	(2 691)	(1 399)
Share of profit of entities consolidated using equity method	971	1 060	1 411	1 118
Operating profit	**48 891**	**25 311**	**53 262**	**32 649**
Financial revenues	5 719	1 176	1 760	625
Financial costs	(8 431)	(2 437)	(15 046)	(5 298)
Gross profit	**46 179**	**24 050**	**39 976**	**27 976**
Income tax	(7 914)	(3 877)	(6 693)	(3 826)
Net profit from continued operation	**38 265**	**20 173**	**33 283**	**24 150**
Discontinued operations				
Net profit (loss) from discontinued operations	-	-	-	-
Net profit for the period	**38 265**	**20 173**	**33 283**	**24 150**
Attributable to:				
Shareholders of Parent company	37 223	19 791	32 790	23 766
Non-controlling interests	1 042	382	493	384
Profit (Loss) per share (PLN per share)				
- basic	0,74	0,39	0,65	0,47
- diluted	0,74	0,39	0,65	0,47

(data in PLN thousand, unless stated otherwise)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1.01.2015 - 30.09.2015 Unaudited	1.07.2015 - 30.09.2015 Unaudited	1.01.2014 - 30.09.2014 Unaudited	1.07.2014 - 30.09.2014 Unaudited
Net profit for the period	**38 265**	**20 173**	**33 283**	**24 150**
Other comprehensive income:				
Other comprehensive income that will not be reclassified into profit or loss under certain conditions:	**(1 202)**	**(280)**	**(800)**	**(833)**
Actuarial gains/(losses)	(1 202)	(280)	(800)	(833)
Other comprehensive income that will be reclassified to profit or loss:	**(1 294)**	**2 347**	**(2 134)**	**(319)**
Foreign exchange differences on translation of foreign operations	(1 700)	2 892	1 540	793
Cash flow hedging instruments	406	(545)	(3 674)	(1 112)
Total other comprehensive income	**(2 496)**	**2 067**	**(2 934)**	**(1 152)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**35 769**	**22 240**	**30 349**	**22 998**

Attributable to:				
Shareholders of Parent company	34 638	21 981	30 832	22 909
Non-controlling interests	1 131	259	(483)	89

(data in PLN thousand, unless stated otherwise)

CONSOLIDATED BALANCE SHEET

ASSETS	Note	30.09.2015	31.12.2014
		Unaudited	Audited
Non-current assets		**721 160**	**719 867**
Tangible non-current assets	26	191 816	185 657
Intangible assets	26	61 012	60 169
Goodwill from consolidation		341 348	342 265
Investment properties		22 958	22 960
Investments in entities accounted using equity method	27	12 330	11 430
Investments in other units		24	131
Other financial assets		46 791	56 013
Deferred tax assets	23	37 357	35 863
Construction contracts		3 300	3 972
Prepayments		4 224	1 407
Current assets		**669 272**	**725 949**
Inventory		71 146	59 977
Trade and other receivables		420 863	521 885
Income tax receivables		2 521	-
Other financial assets		18 364	10 412
Cash and cash equivalents		102 432	61 846
Prepayments		8 923	4 736
Construction contracts		45 023	67 093
Total assets		**1 390 432**	**1 445 816**

EQUITY AND LIABILITIES	Note	30.09.2015	31.12.2014
Equity attributable to shareholders of parent entity		**706 693**	**671 910**
Share capital		41 120	41 120
Share premium		309 984	309 984
Revaluation reserve		6 188	6 790
Other capital reserves		298 639	249 258
Retained earnings		37 223	49 537
Foreign exchange differences on translation of foreign operations		13 539	15 221
Non-controlling interests		3 389	2 593
Total equity		**710 082**	**674 503**
Long-term liabilities		**137 232**	**151 338**
Interest-bearing loans and borrowings		86 063	101 231
Provisions	25	4 782	4 912
Liabilities due to employee benefits		11 075	11 961
Provision for deferred tax	23	30 272	27 132
Derivative financial instruments		4 989	6 102
Other financial liabilities		51	-
Short-term liabilities		**543 118**	**619 975**
Interest-bearing loans and borrowings		21 405	30 082
Bonds		32 953	32 360
Trade and other liabilities		352 763	388 616
Provisions	25	12 205	21 895
Liabilities due to employee benefits		11 686	10 623
Income tax liabilities		-	6 002
Derivative financial instruments		976	386
Other financial liabilities		66	38 338
Accruals		202	370
Construction contracts		109 382	87 352
Advances received towards flats		1 480	3 951
Total equity and liabilities		**1 390 432**	**1 445 816**

(data in PLN thousand, unless stated otherwise)

CONSOLIDATED STATEMENT OF CASH FLOW

	Note	1.01.2015 - 30.09.2015	1.01.2014 - 30.09.2014
		Unaudited	Unaudited
Cash flows from operating activities			
Gross profit from continued operations		46 179	39 976
Gross profit (loss) from discontinued operations		-	-
Adjustments for:		**85 186**	**(42 713)**
Depreciation		18 724	17 832
FX differences		(707)	164
Net interest and dividends		2 326	9 704
Profit on investment activities		(525)	214
Share of profits of entities consolidated using equity method		(971)	(1 411)
Change in receivables		116 583	(56 533)
Change in inventory		(9 841)	(6 914)
Change in liabilities, excluding loans and borrowings		(55 236)	67 060
Change in prepayments and accruals		(4 674)	(498)
Change in provisions		(7 852)	(3 749)
Change in construction contracts		43 152	(58 029)
Change in financial derivatives		(478)	4 179
Income tax paid		(14 841)	(8 901)
Other		(1 256)	(6 079)
Foreign exchange differences on translation of foreign operations		782	247
Net cash flows from operating activities		**131 365**	**(2 737)**
Cash flows from investment activities			
Sale (purchase) of intangible assets and tangible non-current assets		(11 496)	(6 142)
- acquisition		(14 273)	(8 673)
- sale		2 777	2 531
Financial assets		2 207	(2 064)
- sold or repaid		4 636	29 636
- granted or acquired		(2 429)	(31 700)
Loans		1 948	(16)
- repaid		1 948	17
- granted		-	(33)
Interest received		394	792
Net cash flows from investment activities		**(6 947)**	**(7 430)**
Cash flows from financial activities			
Proceeds from payment to capital of a subsidiary from holders of non-controlling interest		-	1 060
Loans and borrowings received		165 167	109 038
Repayment of borrowings and loans		(193 504)	(115 751)
Interest paid		(5 666)	(8 980)
Payment of liabilities under financial lease agreements		(7 082)	(5 795)
Inflows (outflows) from other financial liabilities		(38 288)	1 356
Dividends paid to non-controlling interests		(290)	-
Other		-	(2)
Net cash flows from financial activities		**(79 663)**	**(19 074)**
Total net cash flows		**44 755**	**(29 242)**
Net FX differences		-	-
Cash at start of period		57 638	83 599
Cash at end of period	**30**	**102 393**	**54 357**
- with limited access		936	974

(data in thousand PLN, unless stated otherwise)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Equity attrubutable to shareholders of Parent entity										
	Share capital	Share premium	Revalua-tion reserve	Other reserve capitals			Foreign exchange differences on translation of foreign operations	Retained earnings	Total	Non-controlling interests	Total equity
Unaudited				Hedging instruments	Actuarial gains/ (losses)	Results from previous years					
As at 1.01.2015	**41 120**	**309 984**	**6 790**	**(3 994)**	**(4 744)**	**257 996**	**15 221**	**49 537**	**671 910**	**2 593**	**674 503**
Corrections of errors	-	-	-	-	-	-	-	-	-	-	-
Changes of accounting standards	-	-	-	-	-	-	-	-	-	-	-
As at 1.01.2015 after adjustments	**41 120**	**309 984**	**6 790**	**(3 994)**	**(4 744)**	**257 996**	**15 221**	**49 537**	**671 910**	**2 593**	**674 503**
Net profit for the period	-	-	-	-	-	-	-	37 223	37 223	1 042	38 265
Other comprehensive income	-	-	-	299	(1 202)	-	(1 682)	-	(2 585)	89	(2 496)
Distribution of profit	-	-	-			49 537		(49 537)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(355)	(355)
Payment to capital of a subsidiary from holders of non-controlling interest	-	-	-	-	-	(20)	-	-	(20)	20	-
Transfer within equity	-	-	(602)	-	3 488	(2 886)	-	-	-	-	-
Other	-	-	-	-	-	165	-	-	165	-	165
As at 30.09.2015	**41 120**	**309 984**	**6 188**	**(3 695)**	**(2 458)**	**304 792**	**13 539**	**37 223**	**706 693**	**3 389**	**710 082**

(data in thousand PLN, unless stated otherwise)

	Equity attrubutable to shareholders of Parent entity											
	Share capital	**Share premium**	**Revalua-tion reserve**	**Other reserve capitals**			**Foreign exchange differences on translation of foreign operations**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Unaudited				**Hedging instruments**	**Actuarial gains/ (losses)**	**Results from previous years**					
As at 1.01.2014	**41 120**	**310 102**	**8 158**	**(270)**	**(2 665)**	**229 922**	**8 349**	**37 706**	**632 422**	**2 407**	**634 829**
Corrections of errors	-	-	-	-	-	-	-	-	-	-	-
Changes of accounting standards	-	-	(1 347)	-	-	(2 252)	87	(7 798)	(11 310)	(147)	(11 457)
As at 1.01.2014 after adjustments	**41 120**	**310 102**	**6 811**	**(270)**	**(2 665)**	**227 670**	**8 436**	**29 908**	**621 112**	**2 260**	**623 372**
Net profit for the period	-	-	-	-	-	-	-	32 790	32 790	493	33 283
Other comprehensive income	-	-	-	(2 707)	(788)	-	1 537	-	(1 958)	(976)	(2 934)
Distribution of profit	-	-	-	-	-	29 908	-	(29 908)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(293)	(293)
Payment to capital of a subsidiary from holders of non-controlling interest	-	-	-	-	-	-	-	-	-	1 063	1 063
Other	-	-	(13)	-	-	410	-	-	397	13	410
As at 30.09.2014 r.	**41 120**	**310 102**	**6 798**	**(2 977)**	**(3 453)**	**257 988**	**9 973**	**32 790**	**652 341**	**2 560**	**654 901**

(data in thousand PLN, unless stated otherwise)

	Equity attrubutable to shareholders of Parent entity										
	Share capital	**Share premium**	**Revalua-tion reserve**	**Other reserve capitals**			**Foreign exchange differences on translation of foreign operations**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Audited				**Hedging instruments**	**Actuarial gains/ (losses)**	**Results from previous years**					
As at 1.01.2014	**41 120**	**310 102**	**8 158**	**(270)**	**(2 665)**	**229 922**	**8 349**	**37 706**	**632 422**	**2 407**	**634 829**
Corrections of errors	-	-	-	-	-	-	-	-	-	-	-
Changes of accounting standards	-	-	(1 347)	-	-	(2 252)	87	(7 798)	(11 310)	(147)	(11 457)
As at 1.01.2014 after adjustments	**41 120**	**310 102**	**6 811**	**(270)**	**(2 665)**	**227 670**	**8 436**	**29 908**	**621 112**	**2 260**	**623 372**
Net profit for the period	-	-	-	-	-	-	-	49 537	49 537	854	50 391
Other comprehensive income	-	-	-	(3 724)	(2 079)	-	6 785	-	982	(1 330)	(348)
Profit distribution	-	-	-	-	-	29 908	-	(29 908)	-	-	-
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(293)	(293)
Payment to capital of a subsidiary from holders of non-controlling interest	-	-	-	-	-	-	-	-	-	1 088	1 088
Other	-	(118)	(21)	-	-	418	-	-	279	14	293
As at 31.12.2014	**41 120**	**309 984**	**6 790**	**(3 994)**	**(4 744)**	**257 996**	**15 221**	**49 537**	**671 910**	**2 593**	**674 503**

III. ADDITIONAL INFORMATION AND EXPLANATIONS TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General information

These condensed consolidated financial statements of the Trakcja Group cover the 9-month period ended on 30 September 2015.

The Trakcja Group ("Group") includes the Parent Company, Trakcja PRKiI S.A. ("Trakcja PRKiI", "Parent Company" or "Company") and its subsidiaries, as well as companies classified as joint venture according to IFRS 11 (see Note No 2).

Trakcja PRKiI S.A. in its present form was established on November 30, 2004 as a result of acquisition of the holding company Trakcja Polska S.A. by Przedsiębiorstwo Kolejowych Robót Elektryfikacyjnych S.A. (Railway Electrification Works Company, "PKRE S.A."). The Company's business name was then Trakcja Polska S.A. and was changed by Resolution no. 2 adopted by the Extraordinary Shareholder Meeting on November 22, 2007. The change was confirmed by the entry in the National Court Register made on December 10, 2007. The Company's previous business name was Trakcja Polska – PKRE S.A. The Company operates on the basis of the articles of association prepared in the form of a notary deed on January 26, 1995 (Rep. A No. 863/95), as amended.

On September 1, 2009, the District Court for the capital city of Warsaw, 12th Economic Department of the National Court Register, has registered the merger of Trakcja Polska S.A. (as a taking-over company) with Przedsiębiorstwo Robót Komunikacyjnych-7 S.A. (as a company being taken-over). The merger of the companies has been settled and included on 31 August 2009 in the accountancy books of the company, to which the property of the merged companies passed to, i.e. Trakcja Polska S.A. by means of shares bonding method. The actual merger of the companies, according to IFRS 3, took place at the moment of taking the control, i.e. on 1 September 2007.

On June 22, 2011, the Regional Court for the capital city of Warsaw in Warsaw, 13th Economic Division of the National Court Register, registered the change of the Company's business name from Trakcja Polska S.A. to Trakcja - Tiltra S.A. The above change was registered pursuant to Resolution no. 3 adopted by the Extraordinary Shareholder Meeting on June 15, 2011.

On December 21, 2012, the Regional Court for the capital city of Warsaw in Warsaw, 13th Economic Division of the National Court Register, registered the change of the Company's business name from Trakcja - Tiltra S.A. to Trakcja S.A. The above change was registered pursuant to Resolution no. 3 adopted by the Extraordinary Shareholder Meeting on December 12, 2012.

On December 19, 2013, the District Court for the Capital City Warsaw in Warsaw, 12th Economic Division of the National Court Register registered the merger of Trakcja S.A. (as the acquiring company) with PRKiI S.A. (as the acquired company). The merger was accounted for and recognized at December 31, 2013 in the accounting books of the company to which the property of the merged companies passed to, i.e. Trakcja S.A. by means of shares bonding method.

On December 19, 2013, the District Court for the Capital City Warsaw in Warsaw, 13th Economic Division of the National Court Register registered the change of name of the Company from Trakcja S.A. to Trakcja PRKiI S.A. This change was registered under Resolution No. 6 of the Extraordinary Shareholder Meeting of November 27, 2013.

On January 29, 2002, the Company was entered in the National Court Register in the Regional Court in Warsaw at the 19th Economic Division under file number KRS 0000084266. Trakcja PRKiI S.A. was assigned the statistical number REGON 010952900, the taxpayer identification no. NIP 525-000-24-39 and code PKD 4212Z.

The Parent entity's seat is located in Warsaw at 59 Złota Street, XVIII floor. The duration of the Parent entity and other entities comprising the Group is indefinite.

The Parent entity's line of business as stated in its articles of association includes specialized construction and installation work for electrification of railway and tramway lines, i.e.:

- work on foundations and networks;
- installation of overhead contact substations and section cabins;
- installation of high and low voltage overhead and cable lines;

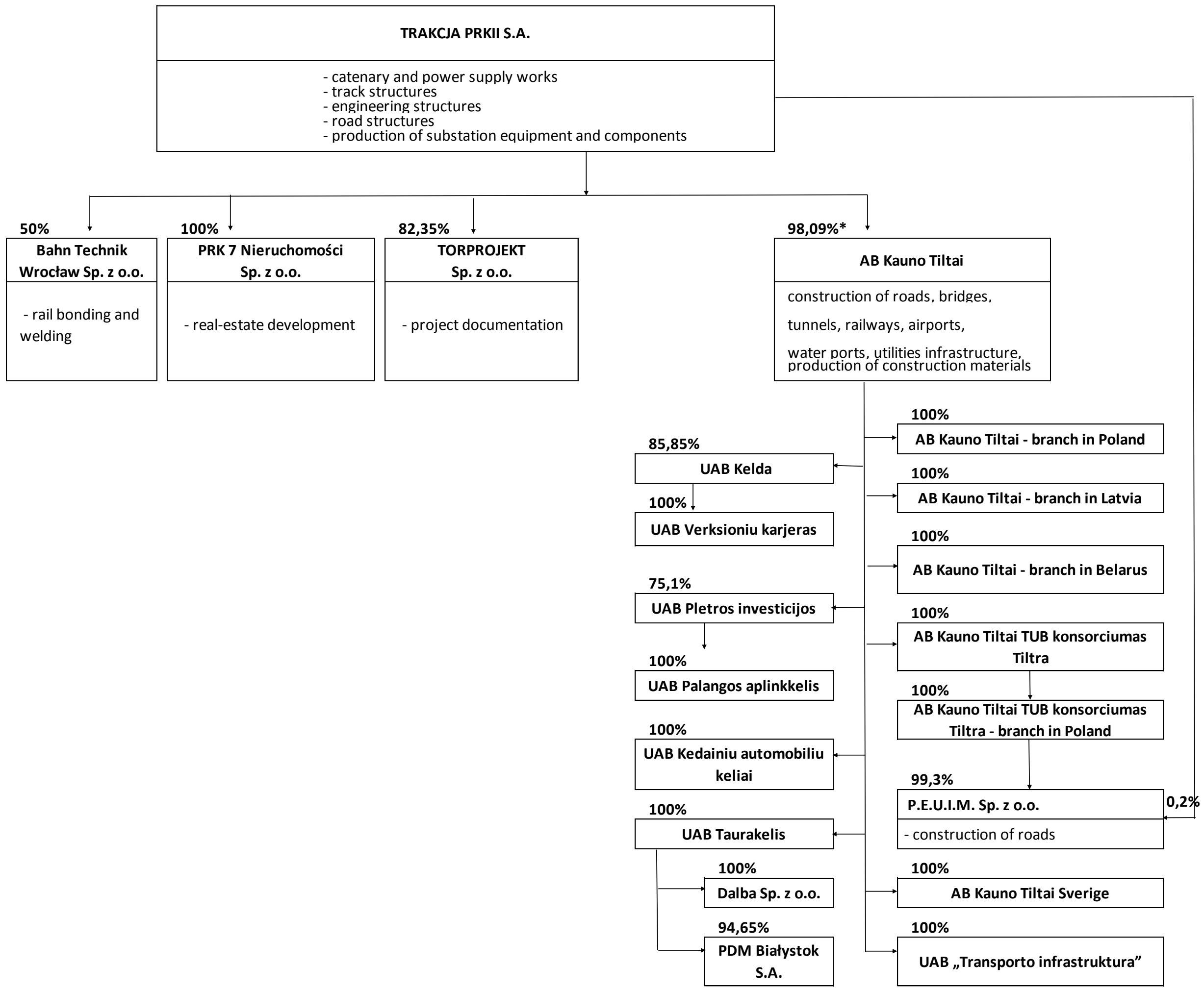
- installation of power supply and local control cables;
- production of high, medium and low voltage switching stations, overhead contact system accessories and local control devices;
- specialized equipment services (excavators, rail and car cranes, drill setters, piling rigs);
- construction of bridges, viaducts, overpasses, culverts, tunnels, subways, roads and associated elements of rail and road infrastructure.

2. Description of organization of the Trakcja Group with indication of entities that are subject to consolidation

As at September 30, 2015, the Group consists of the Parent entity Trakcja PRKiI S.A., subsidiaries and Bahn Technik Wrocław Sp. z o.o. classified according to IFRS 11 as a joint venture.

Subsidiaries from the AB Kauno Tiltai Group and subsidiaries: PRK 7 Nieruchomości Sp. z o.o. and Torprojekt Sp. z o.o. are consolidated using the full consolidation method. Bahn Technik Wrocław Sp. z o.o. is consolidated using the equity method.

The Group's organizational structure is presented in the scheme below:



**) Trakcja PRKiI S.A. has a total of 98.09% (96.84% directly and indirectly 1.25%) of the share capital of the subsidiary AB Kauno Tiltai. The indirect share is a result of the acquisition of own shares by a subsidiary.*

3. Changes in Capital Group together with an indication of their effects

In the third quarter of 2015 years there were changes in the organizational structure of the Trakcja Capital Group.

On 14 July, 2015 the subsidiary AB Kauno Tiltai has established its office in Belarus.

4. Composition of the Parent Company's Management Board

The Company's Management Board as of September 30, 2015 was composed of the following persons:

- Jarosław Tomaszewski - President of the Board;
- Nerijus Eidukevičius - Vice President of the Board;
- Marek Kacprzak - Vice President of the Board;
- Paweł Nogalski - Vice President of the Board;
- Sławomir Raczyński - Vice President of the Board.

On December 31, 2014, Mr Stefan Dziedziul and Ms Marita Szustak submitted statements on resignation from their functions of a member of the Company's Management Board effective as of March 31, 2015.

On February 19, 2015, Mr Roman Przybył resigned from the function of the President of the Management Board of Trakcja PRKiI for personal reasons. In connection with the resignation of Mr Roman Przybył, the Company's Supervisory Board entrusted the duties of the President of the Management Board with Mr Jarosław Tomaszewski, Finance Director and current Vice President of the Management Board.

On February 19, 2015, the Supervisory Board of the Company accepted the statement of Ms Marita Szustak on withdrawal of resignation from her functions of a member of the Company's Management Board. On May 28, 2015 the Supervisory Board received from Ms Marita Szustak the statement on resignation from her functions of a member of the Company's Management Board, Vice President of the Management Board.

On June 9, 2015 the Supervisory Board pursuant to the resolution no. 4 appointed Mr. Jarosław Tomaszewski an Acting President to date to the position of the President of the Management Board – Chief Executive Officer.

On June 9, 2015 the Supervisory Board pursuant to the resolution no. 6 appointed Mr. Marek Kacprzak to the position of the Vice President of the Management Board – Marketing and Preparation of Production Director.

On June 9, 2015 the Supervisory Board pursuant to the resolution no. 5 appointed Mr. Paweł Nogalski to the position of the Vice President of the Management Board – Financial Director.

On June 9, 2015 the Supervisory Board pursuant to the resolution no. 7 appointed Mr. Sławomir Raczyński to the position of the Vice President of the Management Board – Production Director.

No changes in the composition of the Management Board occurred in the third quarter of 2015 years and after the balance sheet date.

5. Composition of the Parent Company's Supervisory Board

The Company's Supervisory Board on September 30, 2015 was composed of the following persons:

- Andrzej Bartos - Supervisory Board Chairman;
- Michał Hulbój - Supervisory Board Chairman;
- Wojciech Napiórkowski - Supervisory Board Chairman;
- Miquel Llevat Vallespinosa - Supervisory Board Chairman;
- Jorge Miarnau Montserrat - Supervisory Board Chairman;
- Fernando Perea Samarra - Supervisory Board Chairman.

(data in thousand PLN, unless stated otherwise)

In the period from January 1, 2015 to September 30, 2015, changes in composition in the Supervisory Board of the Parent entity took place. On September 18, 2015 the Management Board received a statement of resignation of Mr Maciej Radziwiłł with the effect on day September 24, 2015.

After the balance sheet date changes occured in the Supervisory Board. On October 5, 2015 the Shareholder of COMSA S.A. under the procedure an Art. 13 paragraph 4 of the Company's Articles of Incorporation appointed, Mr. Dominik Radziwiłł a Member of the Supervisory Board.

6. Shareholding structure of the Parent company

According to knowledge of the Management Board of the Parent company, the following shareholders held, directly or through subsidiaries, at least 5 per cent of the total number of votes at the General Meeting of Shareholders as at the date of financial statement publication:

Shareholders	Number of shares	% in the share capital	Number of votes	% in votes at GSM
COMSA S.A.	14 806 908	28,81%	14 806 908	28,81%
ING OFE	5 111 908	9,95%	5 111 908	9,95%
OFE PZU	4 349 650	8,46%	4 349 650	8,46%
Other	27 131 082	52,78%	27 131 082	52,78%
Total	**51 399 548**	**100,00%**	**51 399 548**	**100,00%**

The shareholders held have changed, directly or through subsidiaries, at least 5 per cent of the total number of votes at the General Meeting of Shareholders from the previous periodic report. In the third quarter of 2015, a Shareholder, COMSA S.A., informed the Management Board of Trakcja PRKiI about the change in the number of shares held from 14,802,280 to 14,806,908. This change did not require a publication of a current report.

After the balance sheet date but before the publishing of the condensed consolidated financial statements there was no change in the shareholders held.

7. Number of shares in the Parent company held by persons managing and supervising the Company

From the previous periodic report there were no changes in the shares of the Parent company held by persons managing and supervising the Company. As of the day of publishing this statement, the shares in Trakcja PRKiI S.A. held by its managing and supervising persons were as follows:

First name and surname	Function	Number of shares	Shares nominal value	% in the shareholding
Nerijus Eidukevičius	Vice President of the Management Board	328 271	262 617	0,639%

The members of the Management Board or the Supervisory Board do not hold shares in any entities within the Capital Group.

8. Approval of the financial statements

These condensed consolidated financial statements have been approved by the Management Board of the Parent company for publication on November 9, 2015.

9. Significant values based on professional judgement and estimates

Within the process of application the accounting principles (policy), the most important are the book estimates, assumptions made and professional judgment of the management. The assumptions and estimates taken are based on historical experience and on the factors that are considered reasonable. Their results constitute the basis of professional judgment relating to the balance sheet value of assets and liabilities to which they relate. The estimates and underlying assumptions are verified as at the balance sheet date. Although these estimates are based on the best knowledge of current conditions and activities undertaken by the Group, the actual results may differ from these estimates.

In case that a given transaction is not regulated by any standard or interpretation, the Management Board uses its judgment in applying an accounting policy that will ensure that the financial statements will contain relevant and reliable information and will:

- accurately, clearly and fairly present the financial position of the Group, the results of its operations and cash flows,
- reflect the economic substance of transactions,
- be objective,
- be drawn up in accordance with the principle of prudence and
- be complete in all material respects.

The professional judgment of the management, basic assumptions referring to the future and other key sources of uncertainties that are present at the balance sheet date – related with risk of significant adjustment of balance sheet value of assets and liabilities in the following fiscal year - are presented below.

9.1. Professional judgment

Fair value of financial instruments

Fair value of the financial instruments for which active market does not exist, is estimated by use of appropriate valuation methods. When selecting the right methods and assumptions, the Group follows the professional judgment. Assumptions that were taken for this purpose are presented in Note no. 48 to Additional information and explanations to the Consolidated financial statements for the year 2014.

Classification of lease agreements

The Group classifies leasing as operational or financial, based on an assessment of the scope in which risk and benefits - arising from possession of the object of leasing - are assigned to the lessor or the lessee. This assessment is based on the economic content of each transaction.

Investment property

The Group classifies real properties as tangible fixed assets or investment property depending on its planned use by the Group.

Goodwill allocation to cash generating units

Pursuant to IAS 36, goodwill is allocated to cash generating units. The Group performs an assessment connected with allocation of goodwill to relevant units that generate cash flow.

Recognition and loss of control over related entities

The Group is guided by professional judgment in evaluating the start and end of having control over related entities by taking into account all circumstances affecting the control. In the process of evaluation of the end of control, the Group is mainly guided by legal prerequisites i.e. resulting from the law (e.g. pursuant to the Code of Commercial Companies, court decision) and by economic prerequisites specific to each company. This is done by monitoring the economic and financial position of each company as at the balance sheet date.

Classification of joint arrangements

The Group determines whether it has joint control and determine the type of joint contractual arrangement in which it is involved by assessing its rights and obligations arising from the joint agreement and by taking into account the structure and legal form of the joint arrangement and conditions agreed upon by the parties. The Group classified the investment in the company Bahn Technik Wrocław Sp. z o.o. as a joint venture in accordance with IFRS 11.

Control over related parties

The Parent Company performs control over related parties if - because of its involvement in them - has exposure to variable returns or if has rights of variable returns and if can influence these returns by exercising power over these parties. The Company's management board determines that control over individual parties is performed on the basis of the following elements:

Trakcja PRKiI is the owner of 100% of share capital of PRK 7 Nieruchomości Sp. z o. o. and performs control over this subsidiary. Trakcja PRKiI company has become the owner of PRK 7 Nieruchomości by merging Trakcja S.A. company with PRK 7 S.A. company which was the owner of PRK 7 Nieruchomości Sp. z o.o.

Trakcja PRKiI is the owner of 82.35% of share capital of Torprojekt Sp. z o. o. and performs full control over this subsidiary. Trakcja PRKiI company has become the owner of Torprojekt Sp. z o.o. by acquisition of shares.

Trakcja PRKiI is the owner of 98.09% of share capital of AB Kauno Tiltai and performs full control over this subsidiary. Trakcja PRKiI company has become the owner of AB Kauno Tiltai by acquiring shares of AB Kauno Tiltai which itself is the parent entity of the AB Kauno Tiltai Group. The composition of this Group and percentage of the shares owned was presented in Note no. 2 of Additional information and explanations regarding the composition and structure of the Group.

9.2. Uncertainty of estimates

Revenue recognition

To maintain relatively constant margin during all reporting periods in which a contract is in force, the Group applies the cost method for fixing the incomes ("cost plus"). The revenues on performance of construction and installation services covered by an uncompleted contract are the actually borne costs increased by the assumed margin for the given contract. The Group performs regular analysis and - if necessary – makes verification of margins for individual contracts. The amount of incomes on sale in case of contracts concluded in foreign currency depends on the directions of shaping the currency exchange rate.

Provisions for correction works

The provisions for correction works were estimated based on the knowledge of individual construction contracts directors concerning necessity or possibility of performing additional works for the Ordering Party aiming at fulfillment of the guarantee obligations. Largest companies in the Trakcja Group are required to provide a guarantee for their services. The amount of the provision for correction works depends on the segment in which companies operate and is based on the Group's historical data. This value is subject to individual analysis and can be increased or decreased in justified circumstances. Any change in these estimations affects the value of the provisions.

Provisions for contractual penalties

The Group recognizes provisions for contractual penalties on executed contracts as value possible and probable to incur. Provisions are created based on the documentation from the course of the contract and on the opinion of lawyers who participate in discussions held and who estimate possible future liabilities of the Group based on the course of discussions.

Deferred tax assets

The Group recognizes a deferred tax asset based on the assumption that tax profit will be achieved in the future and this tax profit can be utilized. Deterioration of the obtained tax results in the future could cause that such assumption would be unjustified. The Management Board of the Parent entity verifies adopted estimations concerning probability of recovering deferred tax assets on the basis of changes of factors taken into account, new information, and past experience. Probability of realizing the deferred tax asset with future tax profits is based on the budgets of the Group's companies. The Group's companies recognized in the books the deferred tax asset up to the amount to which it is probable that they will generate taxable profit that will allow offsetting negative temporary differences. The Group's companies which historically generated losses and whose financial projections do not foresee generating taxable profit that would allow to offset negative temporary differences, do not recognize deferred tax asset in their books.

Depreciation rates

The amount of depreciation rates is set based on the expected period of economic usability of material components of fixed assets and intangible property. The Group every year performs verification of the adopted periods of economical usability on the basis of current estimations.

Investment property

Investment property is valued at fair value. Valuations of investment property are prepared by independent experts with qualifications to perform such valuations. The selection of the approach and the method by the Group is driven by principles defined in IFRS 13, in the Act on real properties management and in the Regulation of the Council of Ministers on detailed rules of valuation of real properties and on the rules and mode of preparing appraisal reports. To calculate fair value of investment property, valuation techniques that maximize use of observable data are used. As of June 30, 2015 there were no prerequisites indicating the possibility of change of value of investment property. Therefore the Group did not make any valuation referring to that day.

Impairment tests

Pursuant to IAS 36, at the balance sheet date the Management Board of the Parent Com pany performs annual impairment tests for cash generating units to which the goodwill was assigned. These tests require estimation of utility value of cash generating units ("CGU") on the basis of the future cash flows generated by these CGU. These future cash flows are then adjusted to present value. As at September 30, 2015 there were no prerequisites that show possibility of losing value by the CGU. Therefore the Group did not perform impairment tests. The change of impairment of the company's value was presented in Note no. 24.

Impairment of inventory

The Management Board assesses whether exist prerequisites indicating a possibility of an impairment of inventory in accordance with Note no. 9.12 to the Additional information and explanations in the consolidated financial statements for the year 2014. Stating an impairment requires estimation of the net values possible to obtain for inventory which lost its utility attributes or usability.

Write-down of trade receivables and other receivables

The Management Board assesses whether exist prerequisites indicating a possibility of an impairment of trade receivables and other receivables. The value of receivables is revaluated by taking into account the degree of probability of their payment which is done through performing a write-down. The value of the write-down depends on the probability of payment of the receivables and on the detailed analysis of significant items comprising the receivables. Depending on the type of client and the source of receivable, assessment of the probability of recovery of the receivable is performed based on the individual analysis of certain balances or on the basis of the statistical repayment indicators estimated for individual age groups of receivables. Repayment indicators are defined on the basis of the observed repayment history and the client behavior and by considering also other factors which in the Management Board's opinion can affect recoverability of current receivables.

Valuation of fair value and procedures related with valuation

Some assets and liabilities are valued at fair value for the purpose of the financial reporting. In valuation of fair value of assets and liabilities the Group uses in the maximum possible scope the observable data. Detailed information of the items valued at fair value was presented in Notes no. 28 and 31. Information on valuation techniques and input data used for valuation of fair value of individual assets and liabilities are disclosed in Notes no. 23, 41 and 48 to the Additional information and explanations in the consolidated financial statements for the year 2014.

10. Basis for preparation of the condensed consolidated financial statements

The condensed consolidated financial statements have been prepared according to historical cost principle, except for the derivative financial instruments, investments propreties and financial assets available for sale, which are estimated according to fair value.

The condensed consolidated financial statements are disclosed in Zloty ("PLN", "zł"), and all values, if not presented otherwise, are given in thousand Zloty.

Some financial data recognized in this financial statement have been rounded. Therefore, some tables presented in the statement show the sum of amounts in a given column or row that slightly differ from the total amount given for such column or row.

The AB Kauno Group's subsidiaries and the following subsidiaries: PRK 7 Nieruchomości Sp. z o.o., Torprojekt Sp. z o.o. are consolidated using full consolidation method. The company Bahn Technik Wrocław Sp. z o.o. is consolidated using equity method.

All of the balances and transactions between Group entities, including unrealized profits resulting from intra-Group transactions, have been eliminated in full. Unrealized losses are eliminated, unless they are a proof of impairment.

Non-controlling shares are that part of the financial result and net assets which does not belong to the Group. Non-controlling interests are presented as a separate line item in the consolidated profit and loss account, the consolidated statement of total income and equity of the consolidated balance sheet, separately from the equity assigned to shareholders of the Parent company. In the case of purchasing non-controlling interests, the difference between the purchase price and the balance sheet value of the non-controlling interests is captured in capitals.

11. Declaration of conformity

The condensed consolidated financial statement was prepared according to the International Financial Reporting Standard ("IFRS") approved by the European Union. At the day of approving this financial statement, within the scope of accountancy principles applied by the Group, there are no significant differences between IFRS standards and the IFRS standards approved by the European Union. The standards that did not come into force on March 31, 2014 and were not approved by the European Union at the day of preparing this consolidated financial statement are presented in note No. 12.

The IFRS cover the standards and interpretations accepted by the International Accountancy Standard Board and the International Financial Reporting Interpretations Committee ("IFRIC").

Currency of measure and currency of financial statements

The measuring currency of the Parent Company and the majority of the companies within the Group and the reporting currency in these consolidated financial statements is Polish Zloty. In 2014 the measuring currency of the companies seated in Lithuania is EURO (EUR), whereas the company seated in Sweden is Sweden Crone (SEK), while the measurement currency of the branch of AB Kauno Tiltai in Belarus is the Belarusian ruble (BYR).

12. Significant accountancy principles

The accountancy principles (policy) applied to prepare this condensed consolidated financial statement for the period 9 months ended September 30, 2015 are coherent with those which were applied while preparing the annual consolidated financial statements for 2014, with the exclusion of the changes specified below. The same principles were applied in the current and comparable period, unless the standard or interpretation assumed only prospective application.

12.1. Standards and their changes which were accepted by IASB but not approved by EU

The Group decided not to adopt - in these condensed consolidated financial statements - the published standards or their interpretation before they come into force.

There are no relevant differences between IFRSs approved by the EU and regulations accepted by the IASB except for the below standards and changes to them which as of August 24, 2015 have not yet been adopted for use:

- *IFRS 9 Financial instruments*

The new standard was published on July 24, 2014 and applies to annual periods starting from January 1, 2018 or later. The purpose of the standard is to clarify the classification of financial assets and to introduce uniform rules for the approach to the assessment of impairment in regard to all financial instruments. The standard introduces also a new model of hedge accounting in order to unify the rules of including risk-management information in financial statements.
The Group will apply amended standards in the scope of executed changes, starting from January 1, 2018.

At the day of preparing these financial statements, it was not possible to reliably estimate the influence of using a new standard.

- *IFRS 14 Regulatory deferral accounts*

The new standard was published on January 30, 2014 and applies to annual periods starting from January 1, 2016 or later. The new standard is temporary due to the pending works of the IASB on regulating the manner of settling operations in price regulation conditions. The standard introduces the rules for recognizing assets and liabilities arising in connection with price-regulated transactions if the given entity decides to shift to IFRS.
The Group will apply the new standard from January 1, 2016.
The application of the changed standards will not influence on the Group's financial statements.

- *IFRS 15 Revenue from contracts with customers*

The new unified standard was published on May 28, 2014 and applies to annual periods starting from January 1, 2017 or later while its early application is allowed. The standard sets uniform framework for recognition of revenues and provides for rules, which will replace most of the detailed guidelines in the scope of recognizing revenues currently provided for in the IFRS, in particular IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.
At the day of preparing this financial statement, it is not possible to reliably estimate the influence of a new standard application. The Group commenced the analysis of the effects of implementation of the new standard. The application of this standard will not have relevant influence on the financial statements of the Group.

- *Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations*

The changes in IFRS 11 were published on May 06, 2014 and apply to annual periods starting from January 1, 2016 or later. The purpose of changes is to present detailed guidelines that explain the manner of recognizing the transaction of acquisition of interests in joint operations, which constitute an arrangement. Changes require the application of rules identical to the rules applied for mergers.
The Group will apply the amended standard in the scope of executed changes, starting from January 1, 2016. The application of the new standards will not materially influence the consolidated financial statements of the Group.

- *Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation*

Changes in IFRS 16 Property, Plant and Equipment, and IAS 38 Intangible Assets were published on May 12, 2014 and apply to annual periods starting from January 1, 2016 or later. The change constitutes additional explanations in regard to admitted amortisation methods. The purpose of changes is to indicate that the method of calculating depreciation for tangible fixed assets and intangible assets, based on income, is not appropriate; however in case of intangible assets the method may be applied in defined circumstances.
The Group will apply amended standards in the scope of executed changes, starting from January 1, 2016. The application of the new standards will not materially influence the consolidated financial statements of the Group.

- *Amendments to IFRIC 16 and IAS 41 Agriculture: Living Plants*

The changes in IFRS 16 and 41 were published on June 30, 2014 and apply to annual periods starting from January 1, 2016 or later. This change indicates that living plants should be recognized in the same manner as tangible fixed assets in the scope of IAS 16. Therefore, living plants should be recognized pursuant to IAS 16 instead of IAS 41. Agricultural products made by using living plants are still subject to IAS 41.
The Group will apply amended standards in the scope of executed changes, starting from January 1, 2016. The application of the new standards will not materially influence the consolidated financial statements of the Group.

- *Amendments to IAS 27: Equity method in separate financial statements*

Changes to IAS 27 were published on August 12, 2014 and apply to annual periods starting on January 1, 2016 or later. Changes reinstate in IFRS the option of recognizing in separate financial statements the investments in subsidiaries, joint arrangements, and associates, pursuant to the equity method. In case of choosing this method it should be applied to each investment in the given category.

The Group will apply the amended standard in the scope of executed changes, starting from January 1, 2016. The application of the changed standard will not materially influence the Group's consolidated financial statements.

- *Amendments to IFRS 10 and IAS 28 Sales or contributions of assets between an investor and its associate or joint venture*

Changes to IFRS 10 and IAS 28 were published on September 11, 2014 and apply to annual periods starting from January 1, 2016 or later. Changes further specify the accounting for transactions, where the parent entity loses control over the subsidiary which does not constitute a "business" pursuant to the definition in IFRS 3 "Business Combinations", by way of a sale of all or some of the interests in such a subsidiary to the associate or a joint venture, recognized by the equity method.
The Group will apply amended standards in the scope of executed changes, starting from January 1, 2016. At the day of preparing this financial statement, it is not possible to reliably estimate the influence of application of changed standards.

- *Amendments to the various standards resulting from the annual review of the International Financial Reporting Standards (Annual Improvements 2012-2014)*

On September 25, 2014, other changes to four standards were published, resulting from the project of proposed changes to the International Financial Reporting Standards published in December 2013. They usually apply to annual periods starting on January 1, 2016 or later.
The Group will apply the changed standards within the scope of introduced changes from January 1, 2016, unless a different period for their entry into force is foreseen.
The application of the changed standards will not materially influence the consolidated financial statements of the Group.

- *Amendments to IAS 1: Disclosure Initiative*

On December 18, 2014, within the scope of a large initiative aiming at improving the recognition and disclosure in the financial reports, changes to IAS 1 were published. These changes serve to further encouragement of entities to apply the professional judgement in determining which information to disclose in their financial statements. Changes further specify that the significance concerns the entire financial statements and that inclusion of insignificant information may reduce the usability of strict financial disclosures. Moreover, changes further specify that entities should apply professional judgement in defining the place and sequence of presenting information upon financial disclosures. Published changes are accompanied by draft changes to IAS 7 Statement of Cash Flows that increase the scope of requirements concerning disclosures on the entity’s financial cash flows as well as cash and cash equivalents.
Changes may be applied immediately but obligatorily for annual periods starting on January 1, 2016 or later. The Group commenced the analysis of the effects of implementing the changes. The Group will apply the changes at the latest as from January 1, 2016, and their effects may include a change of the scope and/or form of disclosures presented in the consolidated financial statements.

- *Amendments to IFRS 10, IFRS 12, and IAS 28: Investment Entities: Applying the Consolidation Exception*

The changes to IFRS 10, IFRS 12 and IAS 28 were published on December 18, 2014 and apply to annual periods starting from January 1, 2016 or later. Their purpose is to further specify the requirements concerning accounting of investment entities.
The Group will apply amended standards in the scope of executed changes, starting from January 1, 2016.

12.2. Changes in standards that have already been published and have come into force for annual periods starting from February 1, 2015 or later

By approving these financial statements the Company did not adopt the following changes in the standards that were published and approved to use in the EU and which have come into force for annual periods starting from February 1, 2015 or later. The Company will apply the standards presented below for the period starting from January 1, 2016:

- *Amendments to various standards resulting from the yearly review of International Financial Reporting Standards (Annual improvements 2010-2012)*

On December 12, 2013 other changes to seven standards were published, resulting from the project of proposed changes to the International Financial Reporting Standards that was published in May 2012. They usually apply to annual periods starting on February 1, 2015 or later.
The Group will apply amended standards in the scope of executed changes, starting from January 1, 2016.

- *Amendment to IAS 19: Employee Benefits*

The change was published on November 21, 2013 and applies to annual periods starting on July 1, 2015 or later. Changes further specify and, in certain cases, simplify the accounting rules concerning contributions of employees (or other third parties) paid within the defined benefit plans.
The Group will apply amended standards in the scope of executed changes, starting from January 1, 2016.

13. Effect of adoption of new accounting standards and of changes in the accounting policy

Changes in standards and interpretations adopted for the first time in the year 2015

The following changes in existing standards and interpretations published by the International Accounting Standards Board ("IASB") and approved by the UE come into force in the year 2015:

- *Amendments to various standards resulting from the yearly review of the International Financial Reporting Standards (Annual improvements 2011-2013)*

On December 12, 2013 other changes to four standards were published, resulting from the project of proposed changes to the International Financial Reporting Standards published in November 2012. They usually apply to annual periods starting on July 1, 2014 or later.

The application of the above changes has no impact on the Group's financial statements.

Changes introduced voluntarily by the Group

In the period which the condensed financial statements for the third quarter of the year 2015 cover, there were no changes in the principles of accounting and in preparation of the financial statements when comparing to those disclosed in the Group's financial statements for the year 2014 which were published on March 16, 2015.

During 9 months of the year 2015 the Group made a presentation adjustment in the cash flow statement referring to recognition of flows of liabilities from factoring. This change consists in reclassification of these flows from operating to financing activity. The change relates to reclassification of flows due to the above from operating activities to financing activities, under "Inflows (outflows) due to other financial liabilities". According to the Management Board, such manner of presentation provides more reliable view of flows from each type of activities. In the approved interim consolidated financial statements of the Group for a period of 9 months ended on 30 September 2014, the Group presented inflows from factoring liabilities in the cash flow statement, within operating activities, in the amount of PLN 1,356 thousand. In accordance with the adopted change in presentation, the Group presented the above value in these quarterly financial statements within financing activities. In the analysed period, expenses due to factoring liabilities amounted to PLN 38,288 thousand.

14. Description of factors and events having material impact on financial results of Trakcja Group for the III quarter of 2015

The portfolio of construction contracts of the Trakcja Group as at September 30, 2015 amounted to PLN 1,266 million. Moreover, after the balance sheet date and until the date of publication hereof, the Trakcja Group companies signed construction contracts with the total value of PLN 715 million (of which, according to the knowledge available as at the date of publication hereof, PLN 51 million is allocated to works carried out by Consortium members). In total, from the beginning of the year and until the date of publication hereof, the Trakcja Group companies signed construction contracts with the total value of PLN 1,739 million (of which, according to the knowledge available as at the date of publication hereof, PLN 157 million is allocated to works carried out by Consortium members). The value of construction contracts signed within the 9 months of 2015 is three times higher than the value in the comparable period.

During the third quarter of 2015, the Trakcja Group reached sales revenue in the amount of PLN 331,855 thousand, which represents a decrease by PLN 128,016 thousand as compared with the same period of 2014. The costs of sales decreased by PLN 115,122 thousand and amounted to PLN 295,801 thousand.

The gross profit on sales amounted to PLN 36,054 thousand and decreased by PLN 12,894 thousand as compared with the same period of the previous year. In the third quarter 2015, net profit margin amounted to 10.9%, while in the same period of 2014 it reached the level of 10.6%.

The general and administrative expenses amounted to PLN 10,935 thousand and decreased by 32.1%, i.e. by PLN 5,176 thousand as compared to the comparable period. This resulted from a reduction of costs of legal and advisory services, and reduced headcount in the administrative division. The sales, marketing and distribution costs amounted to PLN 1,046 thousand and increased by PLN 331 thousand. The balance of other operating activities of the Group was positive and amounted to PLN 178 thousand, which represents an increase by PLN 769 thousand as compared with the comparable period. During the third quarter of 2015, the Group generated operating profit of PLN 25,311 thousand. Operating profit decreased by PLN 7,338 thousand as compared with the third quarter of 2014, when this profit amounted to PLN 32,649 thousand.

During the third quarter of 2015, the balance of the Group’s financing activities was negative and amounted to PLN 1,261 thousand, which represents an improvement by PLN 3,412 thousand as compared with the balance of financing activities in the third quarter of 2014. This resulted mainly from a decrease in borrowing costs due do reduction of debt and more favourable financing conditions.

In the period from July 1, 2015 to September 30, 2015, the Group generated gross profit in the amount of PLN 24,050 thousand. Gross profit for the third quarter of 2015 decreased by PLN 3,926 thousand as compared to the third quarter of 2014, when the gross profit amounted to PLN 27,976 thousand. Income tax for the third quarter of 2015 reduced the result by PLN 3,877 thousand and changed slightly as compared with the same period of the previous year. The Group’s net profit for the period from July 1, 2015 to September 30, 2015 amounted to PLN 20,173 thousand. Net profit decreased by PLN 3,977 thousand as compared to the third quarter of 2014.

As at the end of the third quarter of 2015, the Group’s total assets amounted to PLN 1,390,432 thousand and decreased by 3.8% as compared to the balance sheet total as at the end of 2014.

Fixed assets decreased by PLN 1,294 thousand (i.e. by 0.2% of the value of fixed assets as at December 31, 2014) and amounted to PLN 721,160 thousand, while current assets decreased by PLN 56,678 thousand, i.e. by 7.8% as compared with the value of current assets as at December 31, 2014, and amounted to PLN 669,272 thousand.

The decrease in current assets resulted mainly from a decrease in trade and other receivables by PLN 101,023 thousand, i.e. by 19.4%. As at 30 September 2015, trade and other receivables amounted to PLN 420,863 thousand. As at 30 September 2015, cash increased by PLN 40,586 thousand, i.e. by 65.6% as compared to the balance as at December 31, 2014.

As at September 30, 2015, the Group’s equity increased by PLN 35,579 thousand as compared to the balance as at December 31, 2014. This increase was caused mainly by generating net profit for the period of 9 months of 2015.

As at September 30, 2015, long-term liabilities amounted to PLN 137,232 thousand and decreased by PLN 14,106 thousand, i.e. by 9.3% as compared to the balance as at December 31, 2014. The decrease was related mainly to interest-bearing long-term loans and borrowings, due to reclassification of loans and borrowings to the short-term part.

Short-term liabilities amounted to PLN 543,118 thousand and decreased by 12.4%, i.e. by PLN 76,856 thousand as compared to the balance as at 31 December 2014. Trade and other liabilities amounted to PLN 352,763 thousand and decreased by PLN 35,853 thousand, i.e. by 9.2%. Interest-bearing short-term loans and borrowings decreased by PLN 8,677 thousand and amounted to PLN 21,405 thousand as at September 30, 2015.

The Group commenced the year 2015 with cash in the amount of PLN 57,638 thousand and ended the 9-month of the year 2015 period with cash balance of PLN 102,393 thousand. Cash flows for 9 months of 2015 were positive and amounted to PLN 44,755 thousand, which represents an increase by PLN 73,997 thousand as compared to the analogous period of 2014. The Group achieved a high level of cash flows from operating activities, amounting to PLN 131,365 thousand. This resulted mainly from effective working capital management combined with the maximum possible use of cash. In the analysed period, the Group additionally repaid its factoring liabilities and part of its loan liabilities. During 9 months of 2015, the Group reduced its debt by PLN 61,474 thousand, as compared with the balance as at December 31, 2014, when the debt amounted to PLN 202,012 thousand. The above operations were executed to improve liquidity and competiveness, aiming at acquiring the largest possible number of contracts that will be announced under the new EU perspective.

15. Cyclical and seasonal character of activity

The sales of construction and installation services, renovation services and services related to both roads and railways in Poland is characterised by seasonality related mainly to weather conditions. The highest level of revenue is generated usually in the second and third quarter, while the lowest level is generated in the first quarter.

16. Information concerning issue, redemption and repayment of debt and equity securities

In the III quarter of 2015 the Group did not issue, redeem or repay any debt or equity securities.

17. Amounts with a significant impact on assets, liabilities, equity, net profit/loss or cash flows which are non-typical due to their nature, value, effect or frequency

In the III quarter of 2015, there were no events with a significant impact on assets, liabilities, equity, net profit/loss or cash flows that are not non-typical due to their nature, value, effect or frequency.

18. Description of factors that will influence the results attained by the Group in the perspective of at least one subsequent quarter

The most important factors which have an impact on financial results of the Capital Group include:

- The ability to win new construction contracts, which is – taking into consideration the profile of the Group's activities - determined by the level of expenditures on the rail and tram infrastructure in Poland and Lithuania. In the third quarter of 2015, the Council of Ministers adopted the National Programme for Rail 2023 (KPK, resolution of the Council of Ministers No 162/2015 of 15 September 2015 on the establishment of the National Programme for Rail 2023) which means a continuation of investments aimed at development and modernisation of Polish rail. The amount allocated to tasks listed in the Programme is PLN 67.5 billion, of which PLN 11 billion (according to the information published by PKP PLK) is to be distributed in the form of tenders by the end of 2015. The plan for entrusting railway maintenance tasks may be a potential source of new revenue for the Group. In accordance with the draft resolution of the Council of Ministers, the value of this market in the years 2016–2023 is estimated to PLN 38.5 billion.
- The accuracy of estimating the costs of implemented projects that has direct impact on decisions concerning the tender-participation strategy, the valuation of contracts for tenders and finally the margins generated on the contracts. The accuracy of estimation of cost budgets for contracts depends on the methodological and external factors such as changes in prices of materials and services rendered by subcontractors. .
- The Group’s financial results are exposed to the fluctuations of foreign currency exchange rates, and in particular to the fluctuations of the Polish zloty against the euro. Due to the conversion of the individual items from the profit and loss statement of Lithuanian companies on the basis of an average rate for the period covered by the consolidation, the consolidated financial results are subject to fluctuations in the exchange rates of the Polish zloty against the euro.

- The Central Bank's monetary policy resulting in the changes in interest rates. To finance planned acquisitions, the Group may apply for bank loans and therefore it may incur financial expenses determined by the level of interest rates.
- The timeliness in repayment of liabilities by customers. A customers' default may lead to the deterioration of the financial liquidity of the Group.

Moreover, in the future, the financial performance of the Group may be affected by changes in the legal regulations designating the scope of the Group's activities, including tax regulations and any provisions related to other encumbrances of a public and legal nature, and also including any regulations referring to the following:

- The procedure for awarding public procurements, in particular, the amendment to the *Act on the Public Procurement Law*,
- The public-private partnership, in particular, the *Act on Public-Private Partnership* (Journal of Laws *of the 19 December 2008),*
- The financing of railway and road infrastructure,
- The environmental protection in the scope of implementation of individual projects, in particular, the Act on the Environmental Protection Law,
- The property development activities of PRK 7 Nieruchomości Sp. z o.o., the regulations governing buying and selling real properties, in particular the Civil Code, Act on the Real Estate Management of 21 August 1997 (Journal of Laws, 10.102.651), Act on the Acquisition of Real Estate by Foreigners of 24 March 1920 (Journal of Laws, 04.167.1758), Act on the Ownership of Premises of 24 June 1994 (Journal of Laws, 00.80.903), the Act of 16 September 2011 on the protection of the rights of the purchaser of a dwelling or a detached house and provisions related zoning and building.

19. Risk factors

The factors that may significantly deteriorate the financial standing of the Group include the following:

- Risk of growing competition,
- Risk of changes in the strategy of the Polish authorities with regard to the infrastructure modernisation over the next few years,
- Risk of being dependant on key customers,
- Risk of potential loss of subcontractors and potential rise in prices of services rendered by subcontractors,
- Risk associated with the lack of qualified employees,
- Currency risk,
- Risk associated with the volatility of prices for materials,
- Risk associated with joint and several liability of members of construction consortia and with liability for subcontractors,
- Risk related to any potential penalties for failure to complete contracts,
- Risk of underestimating the costs of projects,
- Risk related to performance of construction contracts,
- Risk associated with the conditions and procedures for awarding tenders,
- Risk of growing portfolio of overdue receivables,
- Risk related to financial agreements,
- Liquidity risk,
- Risk related to strategy implementation.

The remaining factors which may cause fluctuations in the price of shares of Trakcja PRKiI S.A., other than those referred to above, are:

- Change in the evaluation of the credibility of Trakcja Group,

(data in thousand PLN, unless stated otherwise)

- Change in the debt of Trakcja Group,
- Sale or acquisition of assets by Trakcja Group,
- Material changes in the ownership structure of Trakcja Group,
- Changes introduced by the capital market analysts to their forecasts and recommendations regarding Trakcja PRKiI, its competitors, partners and sectors of the economy in which the Group is active.

20. The position of the Management Board with regard to the published forecasts

The Management Board of Trakcja PRKiI S.A. did not publish any financial forecasts for 2015.

21. Concise description of significant achievements or failures during the III quarter 2015

In the third quarter, the Trakcja Group generated net profit in the amount of PLN 20,173 thousand. Striving for increased efficiency and effectiveness of operations and optimization of project management's internal procedures enabled the Group to achieve a gross margin on sale of 10.9%.

The significant achievements of the Group during the 9 months ended on 30 September 2015 include:

- The net profit for 9 months of 2015 amounted to PLN 38,265 thousand, which represents an increase by PLN 4,982 thousand, i.e. by 15.0% as compared to the analogous period in 2014. This increase was achieved due to improved efficiency of basic and financing activities.
- Providing access to credit financing: as at 30 September 2015, the Group companies had overdraft and revolving credit limit equalling to the total amount of PLN 190 million.
- Providing access to guarantee lines: as at 30 September 2015, the Group companies had available guarantee lines at the level of PLN 329 million.
- Further development of IT process-supporting tools in the Parent entity.

22. Material information for the assessment of the personnel assets, financial standing and the financial results of the Group and their changes and for the assessments of the Parent's ability to fulfill its obligations

Apart from the information contained in the following condensed consolidated financial statement for the III quarter of 2015 the there is no other material information of the assessment of the personnel, assets, financial standing and he financial results of the Group and their changes or for the assessments of the Group's ability to fulfill its obligations.

23. Deffered tax

	Consolidated Balance sheet as at		**Consolidated statement of total comprehensive**
	30.09.2015	31.12.2014	For the period of 9 months ended 30.09.2015
	Unaudited	Audited	Unaudited
Deffered tax assets	37 357	35 863	1 495
Deferred tax liabilities	30 272	27 132	(3 139)
Change of defered tax assets and liabilities			**(1 645)**
Recognized:			
- in net profit			(1 827)
- in equity			290
- variances due to currency translation			(106)

(data in thousand PLN, unless stated otherwise)

24. Change of the write downs and impairments

	Tangible asstes	Intangible assets	Goodwill	Inventory	Receivables	Total
As at 1.01.2015	**788**	**-**	**37 431**	**2 700**	**18 233**	**59 152**
Audited						
Recognized	40	-	-	1 623	4 554	6 218
Variances due to currency translation	-	-	-	(3)	(53)	(56)
Used	-	-	-	(4)	(1 572)	(1 576)
Reversed	-	-	-	(2 739)	(1 714)	(4 453)
As at 30.09.2015	**828**	**-**	**37 431**	**1 577**	**19 448**	**59 285**
Unaudited						

25. Provisions

	Provisions
As at 1.01.2015	**26 807**
Audited	
Recognized	11 480
Variations due to currency translation	(183)
Used	(14 036)
Reversed	(7 081)
As at 30.09.2015	**16 987**
Unaudited	
including	
- long-term	4 782
- short-term	12 205

26. Purchases and sales of property, plant and equipment and other intangible assets

In the period from January 1 to September 30, 2015, the Group acquired tangible non-current assets and intangible assets in the total amount of PLN 28,469 thousand (in the comparable period of 2014: PLN 18,002 thousand).

In the period from January 1 to September 30, 2015, the Group sold its tangible non-current assets and intangible assets in the total book value of PLN 351 thousand (in the comparable period of 2014: PLN 2,200 thousand).

27. Joint ventures

The Group has a 50% share in the company Bahn Technik Wrocław Sp. z o. o., which scope of business includes track works: welding, regenerating turnouts and track assembly. BTW operates in Poland. The investment in BTW is accounted using the equity method.

The following are condensed financial data of BTW and reconciliation of the carrying amount of the investment in the joint venture.

(data in thousand PLN, unless stated otherwise)

	30.09.2015	31.12.2014
	Unaudited	Audited
Current assets	15 327	17 440
including: Cash and cash equivalents	1 046	1 438
Non-current assets	18 690	19 539
Long-term liabilities	8 200	13 250
including: Interest-bearing bank loans and borrowings	1 750	3 053
Short-term liabilities	1 160	871
including: Provision for deferred tax	1 087	799
Equity	24 657	22 859
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	**12 329**	**11 430**

	1.01.2015 - 30.09.2015	1.01.2014 - 30.09.2014
	Unaudited	Unaudited
Sales revenues	28 310	30 031
Cost of goods sold	25 837	26 140
including: Depreciation	2 091	1 606
Financial income	50	5
including: Interest income	13	5
Financial costs	80	380
including: Interest cost	54	99
Income tax	501	694
Net result from continued operations	**1 941**	**2 821**
Net result from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	**1 941**	**2 821**
Group's share of profit for the year from continued operations (50%)	971	1 411
Group's share of total comprehensive income for the year from continued operations (50%)	**971**	**1 411**

As at September 30, 2015, the company BTW had the following contingent liabilities:

- promissory notes in the amount of PLN 2,500 thousand (31.12.2014: PLN 2,500 thousand);
- cession of insurance policies in the total amount of PLN 6,654 thousand (31.12.2014: PLN 3,297 thousand);
- guarantees amounting to PLN 280 thousand (31.12.2014: PLN 516 thousand).

28. Information about the change in the valuation of financial instruments measured at fair value

In the III quarter of 2015 the Group did not change in the valuation of financial instruments measured at fair value. Derivatives are classified at Level 2 of fair value measurement. During the 9 months ended September 30, 2015, there were no transfers between levels 1,2 and 3.

(data in thousand PLN, unless stated otherwise)

29. Information relating to reclassification of financial assets due to changes in their purpose or use

In the III quarter of 2015 the Group did not change the classification of financial assets as a result of changes in their purpose or use.

30. Additional information to the cash flow statement

Balance of cash and equivalent shown in the consolidated cash flow statement consisted of the following items as per:

	30.09.2015	31.12.2014
	Unaudited	Audited
Cash in hand	75	103
Cash at bank	85 045	36 077
Other cash - deposits up to 3 months	17 313	25 666
Total cash and cash equivalents	**102 432**	**61 846**
Cash and cash equivalents excluded from cash flow statement	(39)	(4 208)
Cash and cash equivalents presented in cash flow statement	**102 393**	**57 638**
- including restricted cashniczonej możliwości dysponowania	936	981

Cash and cash equivalents excluded from the cash flow statement as at September 30, 2015 relate to blocked funds in accounts of development projects in the amount of PLN 39 thousand, and restricted cash in the amount of PLN 936 thousand stands for cash used to pay off the interest on the bonds.

31. Assets and liabilities measured in fair value

The Group measures the following assets and liabilities in fair value: investment properties, derivatives and financial assets related to the concession agreement. During the 9 months ended September 30, 2015 there was no change in valuation technique of fair value of the above mentioned assets and liabilities. Details of the valuation techniques used and the unobservable inputs used in the valuation are described in the annual financial statements of the Group for the year 2014.

Items recognized in fair value	**Level I**		**Level II**		**Level III**	
	30.09.2015	31.12.2014	30.09.2015	31.12.2014	30.09.2015	31.12.2014
Derivatives (financial liabilities)	-	-	5 965	6 488	-	-
Investment properties	-	-	-	-	22 958	22 960

During 9 months ended September 30, 2015 there were no transfers between levels 1, 2 and 3 during the year.

32. Information concerning segments

Description of the segments is presented in the annual consolidated financial statements for the year 2014.

Main customers:

In the 9 months ended September 30, 2015 revenues from transactions with single external customer accounted for 10% or more of total revenue. The following table presents the total amount of revenue from each such customer segments and indicate that these revenues relate to:

The total amount of income obtained in 9 months ended 30.09.2015 from a single customer (thousand PLN)	**Operation segment containing the revenues**
437 528	Civic building - Poland
116 396	Construction, engineering and concession contracts - Baltic countries

Group does not disclose revenue from external customers by product and service, because analysis of the segments is done in terms of construction contracts performed by segments.

(data in thousand PLN, unless stated otherwise)

Operational segments:

For the period from 1.01.2015 to 30.09.2015

Unaudited	Civic building - Poland	Construction, engineering and concession contracts - Baltic countries	Other segments	Total	Discontinued operations	Exclusions	Total operations
Revenues							
Sales to external customers	575 523	306 461	14 643	896 627	-	-	896 627
Sales between segments	13	1	62	75	-	(75)	-
Total segment revenues	**575 535**	**306 462**	**14 705**	**896 702**	**-**	**(75)**	**896 627**
Depreciation	12 305	6 404	59	18 767	-	(43)	18 724
Share of profits of entities consolidated using equity method	971	-	-	971	-	-	971
Financial income - interests	919	3 847	52	4 819	-	-	4 819
Financial expenses - interests	3 641	1 952	3	5 595	-	-	5 595
Gross profit	**33 707**	**26 037**	**2 186**	**61 930**	**-**	**(15 751)**	**46 179**

For the period from 1.01.2014 to 30.09.2014

Unaudited	Civic building - Poland	Construction, engineering and concession contracts - Baltic countries	Other segments	Total	Discontinued operations	Exclusions	Total operations
Revenues							
Sales to external customers	639 207	399 568	172	1 038 947	-	-	1 038 947
Sales between segments	6	10	-	16	-	(16)	-
Total segment revenues	639 213	399 578	172	1 038 963	-	(16)	1 038 947
Depreciation	10 950	6 814	68	17 832	-	-	17 832
Share of profits of entities consolidated using equity method	1 411	-	-	1 411	-	-	1 411
Financial revenues - interests	634	516	84	1 234	-	-	1 234
Financial expenses - interests	6 435	1 335	4	7 774	-	-	7 774
Gross profit	**25 166**	**30 344**	**(1 211)**	**54 299**	**-**	**(14 323)**	**39 976**

(data in thousand PLN, unless stated otherwise)

As at 30.09.2015 Unaudited	Civic building - Poland	Construction, engineering and concession contracts - Baltic countries	Other segments	Total	Discontinued operations	Exclusions	Total operations
Segment assets	**596 547**	**481 422**	**41 725**	**1 119 694**	**-**	**(161 480)**	**958 214**
Assets not allocated to segments							432 218
Total assests							1 390 432
Segment liabilities	**327 813**	**284 119**	**9 449**	**621 381**	**-**	**(78 263)**	**543 118**
Other disclosures:							
Capital expenditure	(7 874)	(6 396)	(3)	(14 273)	-	-	(14 273)
Impairment of non-financial assets	(793)	-	-	(793)	-	-	(793)
Investments in entities consolidated using equity method	12 329	-	-	12 329	-	-	12 329

As at 31.12.2014 Audited	Civic building - Poland	Construction, engineering and concession contracts - Baltic countries	Other segments	Total	Discontinued operations	Exclusions	Total operations
Segment assets	**703 440**	**421 737**	**41 058**	**1 166 235**	**-**	**(152 059)**	**1 014 176**
Assets not allocated to segments							431 640
Total assests							1 445 816
Segment liabilities	**458 610**	**212 712**	**9 230**	**680 552**	**-**	**(60 577)**	**619 975**
Other disclosures:							
Capital expenditure	(9 726)	(2 337)	-	(12 063)	-	-	(12 063)
Impairment of non-financial assets	(39 042)	-	-	(39 042)	-	-	(39 042)
Investments in entities consolidated using equity method	11 430	-	-	11 430	-	-	11 430

(data in thousand PLN, unless stated otherwise)

Geographic segments:

For the period from 1.01.2015 to 30.09.2015 Unaudited	Domestic	Foreign	Total	Discontinued operations	Exclusions	Total operations
Revenues						
Sales to external customers	590 166	306 461	896 627	-	-	896 627
Sales between segments	74	1	75	-	(75)	-
Sales domestic/ abroad	-	-	-	-	-	-
Total segment revenues	**590 240**	**306 462**	**896 702**	**-**	**(75)**	**896 627**

For the period from 1.01.2014 to 30.09.2014 Unaudited	Domestic	Foreign	Total	Discontinued operations	Exclusions	Total operations
Revenues						
Sales to external customers	686 473	352 474	1 038 947	-	-	1 038 947
Sales between segments	6	10	16	-	(16)	-
Sales domestic/ abroad	-	-	-	-	-	-
Total segment revenues	**686 479**	**352 484**	**1 038 963**	**-**	**(16)**	**1 038 947**

As at 30.09.2015 Unaudited	Domestic	Foreign	Total	Discontinued operations	Exclusions	Total operations
Operating assets	657 329	462 365	1 119 694	-	(161 480)	958 214
Operating liabilities	354 281	267 100	621 381	-	(78 263)	543 118

As at 31.12.2014 Audited	Domestic	Foreign	Total	Discontinued operations	Exclusions	Total operations
Operating assets	763 391	402 844	1 166 235	-	(152 059)	1 014 176
Operating liabilities	480 740	199 812	680 552	-	(60 577)	619 975

(data in thousand PLN, unless stated otherwise)

33. Contingent receivables and liabilities

Contingent receivables and liabilities are presented in the below table:

	30.09.2015	31.12.2014
	Unaudited	Audited
Contingent receivables		
From related entities due to:	**809**	**7 237**
Received guarantees and sureties	809	7 237
From related entities due to:	**109 513**	**152 899**
Received guarantees and sureties	105 481	143 433
Bills of exchange received as collateral	4 032	9 466
Total contingent receivables	**110 322**	**160 136**
Contingent liabilities		
To related entities due to:	**809**	**7 237**
Provided guarantees and sureties	809	7 237
To other entities due to:	**1 775 525**	**2 332 865**
Provided guarantees and sureties	571 434	468 567
Promissory notes	403 940	403 850
Mortgages	149 045	307 284
Assignment of receivables	539 381	1 014 748
Assignment of rights under insurance policy	41 507	60 777
Deposits	33 553	33 981
Other liabilities	36 665	43 658
Total contingent liabilities	**1 776 334**	**2 340 102**

Tax settlements and other fields of business activities governed by regulations (e.g. customs and currencies), may be subject of administrative bodies control, which are entitled to impose high penalties and sanctions. Lack of reference to fixed legal regulations in Poland and Lithuania causes the occurrence of ambiguities and inconsistencies in the mandatory provisions of the law. Frequent differences in opinions as to legal interpretation of tax regulations both inside the national bodies and between the national bodies and companies, create the fields of conflicts and uncertainty. Tax settlements may be the subject to control for the period of five years, starting at the end of a year, in which the tax was paid. As a result of the performed controls, the current tax settlements of the Group may be increased by additional tax obligations. In the Group's opinion, as for September 30, 2015 proper provisions were created for the recognized and measureable tax risk.

Due to employment contracts executed with the employees and Members of the Management Board, as for September 30, 2015 the Group had contingent receivables in the amount of PLN 1,324 thousand and contingent liabilities in the amount of PLN 9,984 thousand. Furthermore, in case of breach of duties of a Manager as stipulated in the agreement on non-competition, the Manager will pay the Company, without any undue delay or termination notice or demand by the Company, liquidated damages as a counter value of EUR 25 thousand in PLN for each case of breach, and counter value of EUR 1 thousand in PLN for each day of breach.

The Group recognized perpetual usufruct of land obtained free of charge on the basis of an administrative decision in the amount of PLN 1,567 thousand off-balance sheet as operating leases.

34. Information on credit and loan guarantees or guarantees granted by the Issuer or its subsidiary

In the III quarter of 2015, the Issuer and its subsidiaries did not grant loan guarantees or other guarantee to a single entity or its subsidiaries in the total value of such securities and guarantees equal to at least 10% of the equity of the Issuer.

35. Material litigation and disputes

In the period from January 1, 2015 to September 30, 2015, the Company and its subsidiaries were not parties to any pending court proceedings, arbitration proceedings or any proceedings before any public administration authorities whose value, individually, exceeded 10% of the equity of Trakcja PRKiI S.A.

At the same time, the Company informs that the total value of proceedings relating to the Company's claims and liabilities accounts for at least 10% of the Company's equity. In the claims group, the total value of proceedings amounts to PLN 78,544,739.39, while in the liabilities group — to PLN 5,944,914.25.

The largest case in the claims group:

Case concerning the submission of a claim against Przedsiębiorstwo Napraw Infrastruktury sp. z o.o. within a liquidation arrangement in Warsaw (as of day of starting the proceeding the value of claim was higher than 10% of the Company's equity).

Trakcja S.A. in Warsaw merged with Przedsiębiorstwo Robót Kolejowych i Inżynieryjnych S.A. in Wrocław. As a result of this merger, the legal successor of both companies is Trakcja PRKiI S.A. in Warsaw. In connection with the announcement by the District Court for Warsaw – Praga Północ in Warsaw of the bankruptcy of Przedsiębiorstwo Napraw Infrastruktury Sp. z o.o. (hereinafter referred to as "PNI") with a possibility of composition, Przedsiębiorstwo Robót Komunikacyjnych i Inżynieryjnych S.A. in Wrocław submitted a statement of claims of 20 November 2012 to the bankruptcy court. The statement covered claims in the total amount of PLN 55,664,100.89, including the principal amount, interest due to the bankruptcy announcement date, and accrued contractual penalties.
According to the Company's knowledge, a list of claims towards PNI was prepared. Claims of Trakcja PRKiI S.A. were accepted in the amount of PLN 10,569,163.16, including PLN 10,274,533.87 due to unpaid invoices and PLN 294,632.29 due to interest for delay in payment. It was refused to accept receivables due to contractual penalties and other claims in the total amount of PLN 44,956,834.35. The Company does not agree with the refusal to accept the aforementioned part of claims; therefore, an objection was submitted to the judge commissioner concerning the refusal in the aforementioned scope. The court rejected the objection; therefore the Company filed a complaint which was dismissed. On 8 June 2015, the Company received from the bankruptcy trustee a notification informing about the change of way of bankruptcy proceedings from arrangement to liquidation proceedings. The case is pending with the date of termination difficult to foresee.

The largest case in the liabilities group:

Action brought by Eiffage Polska Koleje Sp. z o.o. with its registered office in Warsaw

On April 21, 2015, Eiffage Polska Koleje Sp. z o.o. with its registered office in Warsaw brought an action for the payment of PLN 2,975,851.31 against Trakcja PRKiI S.A. and PKP Polskie Linie Kolejowe S.A., seeking payment of remuneration under unpaid invoices for subcontracting works. In the Company's opinion the action is groundless, therefore the Company filed an objection.

Other proceedings:

Submission of a claim to bankruptcy estate of Projekt-Bud Sp. z o.o. with seat in Warsaw

The Company informs that in the period to which the financial statements refer, i.e. on March 10, 2015 by the decision of the District Court for the capital city of Warsaw, in Warsaw, the bankruptcy (with possibility to conclude arrangement) of the Projekt-Bud sp. z o.o. ("Bankrupt") was declared. The Company submitted claim concerning debt in the total amount of PLN 9,708,613.62. This amount includes the debt for renting locomotives with railway carriages, renting of equipment, debt resulting from the agreement of sale, debt due to executed construction works and contractual penalty that was calculated to the Bankrupt. As at the day of approval of these consolidated financial statements, in the Management Board's opinion, it is not possible to state unambiguously that – in relation with the possibility that bankruptcy arrangement comes into force – there will be necessary to make a significant write-down of value of debt due from the Bankrupt nor how big this write-down will be. The reason for that is that the bankruptcy proceeding is in early stage. The list of claims hasn't been submitted by the trustee to the court yet.

PRK 7 Nieruchomości Sp. z o.o.

Housing Cooperative Osiedle Lazurowe filed a suit to the District Court in Warsaw against PRK 7 Nieruchomości Sp. z o.o. to pay the amount of PLN 700,466.50 with default interest. PRK 7 Nieruchomości Sp. z o.o. contests the claims and therefore submitted statement of defence. In the 2015 year a provision to cover this amount was recognised. The case is pending with the date of termination difficult to foresee.

36. Information on dividends paid or declared

In the period from January 1, 2015 to September 30, 2015 the Parent company did not declare and pay dividend.

(data in thousand PLN, unless stated otherwise)

37. Information on related entities

In the III quarter of 2015 the Group's companies did not contain any material transactions with related parties for conditions other than market. Transactions concluded by the Parent company and its subsidiaries (affiliates) are transactions concluded according to market terms and conditions and their nature results from the current activity conducted by the Parent company and its subsidiaries.

Total amounts of transactions concluded with affiliates for the period from January 1, 2015 to September 30, 2015 are presented below.

Related entities	Financial year	Sale to related entities	Purchases from related entities	Interest revenue	Interest costs	Financial revenue from FX differences and other	Financial costs from FX differences and other
Shareholders of parent company:							
COMSA S.A.	1.01.15-30.09.15	-	1 500	-	-	-	-
	1.01.14-30.09.14	-	735	-	-	-	-
Joint ventures:							
BTW Sp. z o.o.	1.01.15-30.09.15	593	2 718	-	-	-	-
	1.01.14-30.09.14	472	3 839	-	-	-	-
Total	**1.01.15-30.09.15**	**593**	**4 218**	**-**	**-**	**-**	**-**
	1.01.14-30.09.14	**472**	**4 574**	**-**	**-**	**-**	**-**

The information concerning receivables and liabilities from / to affiliates as at September 30, 2015 is presented below

Related entities	Reporting date	Receivables from related entities	Liabilities towards related entities	Loans granted	Borrowings received
Shareholders of parent company:					
COMSA S.A.	30.09.2015	-	-	-	-
	31.12.2014	-	1 050	-	-
Joint ventures:					
BTW Sp. z o.o.	30.09.2015	211	1 394	-	-
	31.12.2014	19	2 331	-	-
Total	**30.09.2015**	**211**	**1 394**	**-**	**-**
	31.12.2014	**19**	**3 381**	**-**	**-**

Trakcja PRKiI S.A. has signed with its shareholder: COMSA S.A. an agreement concerning granting Trakcja PRKiI S.A. license to the technical know-how, trademark, competence, industry knowledge, expertise in the organizational, operational, commercial, technological field held by COMSA S.A. The agreement was concluded on market terms.

38. Events occurring in the III quarter 2015 and after the end of the reporting period

The summary of significant events that took place in the Group in the III quarter of 2015 is presented below.

The portfolio of construction contracts of the Trakcja Group as at September 30, 2015 amounted to PLN 1,266 million. Moreover, after the balance sheet date and until the date of publication hereof, the Trakcja Group companies signed construction contracts with the total value of PLN 715 million (of which, according to the knowledge available as at the date of publication hereof, PLN 51 million is allocated to works carried out by Consortium members). In total, from the beginning of the year and until the date of publication hereof, the Trakcja Group companies signed construction contracts with the total value of PLN 1,739 million (of which, according to the knowledge available as at the date of publication hereof, PLN 157 million is allocated to works carried out by Consortium members). The value of construction contracts signed within the 9 months of 2015 is three times higher than the value in the comparable period.
The approved Railway Investment Programme until 2023 provides for funds to be used in capital expenditure in the total amount of PLN 67.5 billion, of which (according to the information published by PKP PLK), PLN 11 billion is to be distributed in tenders announced in 2015. The current order book in the Group as at 2015 and the value of purchase orders obtained until the date of publication hereof ensure full use of the production capacity in subsequent quarters of the financial year. Participation in new tenders in the fourth quarter will allow the Group to secure its contracts portfolio for future periods to an even bigger extent.

(data in thousand PLN, unless stated otherwise)

Significant agreements - construction contracts	CR
Signing by Trakcja PRKiI S.A. as a representative of the Consortium composed of Trakcja PRKiI S.A. and Przedsiębiorstwo Napraw i Utrzymania Infrastruktury Kolejowej w Krakowie Sp. z o.o. with PKP Polskie Linie Kolejowe S.A. of the amendment to the material agreement for designing and execution of construction work on the railway line Kraków – Medyka – national border at the section Dębica – Sędziszów Małopolski, km 111,500 – 133,600, as part of the Project "Upgrade of the Railway Line E 30/C-E 30, section Kraków – Rzeszów, stage III"; Tender procedure 2.2 concluded on 16 December 2010. By virtue of the amendment the date to terminate works was extended by 37 days until August 14, 2015. Additionally, the Consortium submitted to the Ordering Party the motion on extension of time to complete works by 547 days because of the occurrence of circumstances for which the Consortium, in accordance with the agreement can't bear responsibility.	CR 30/2015
Signing by the Issuer's subsidiary AB Kauno Tiltai and the Municipality of Vilnius city the agreement on construction of a Trans-European Network Node – 3rd stage of the Western Ring Road of the City of Vilnius – from Ozo Street to Ukmergės Street. The net value of the agreement is PLN 271,592,969.41 and the share of AB Kauno Tiltai in the agreement's value is 68%.	CR 31/2015
Signing by Trakcja PRKiI S.A. with PKP PLK S.A. the agreement on development of detailed designs and performance of works for LCS Warszawa Okęcie as part of the Operational Programme Infrastructure and Environment 7.1-19.1.a. entitled "Upgrade of the railway line No. 8, section Warszawa Okęcie – Radom (LOT A, B, F). The agreement's net value is PLN 376,199,967,00.	CR 32/2015
Signing by Trakcja PRKiI S.A. with PKP PLK S.A. the amendment to the material agreement on designing and execution of construction works for the railway line Kraków-Medyka- national border at the section Dębica – Sędziszów Małopolski, km 111,500 – 133,600, as part of the Project "Upgrade of the Railway Line E 30/C-E 30, section Kraków – Rzeszów, stage III"; Tender procedure 2.2 concluded on 16 December 2010. By virtue of the amendment the date to terminate works was extended until November 10, 2015.	CR 35/2015
Signing by Issuer's subidiary AB Kauno tiltai based in Kaunas (Lithuania) signed an agreement with the Lithuanian Roads Authority of the Lithuanian Ministry of Transportation, on extension of Road E67 (Via Baltica) of the trans-European network at the section Kaunas - Marijampole. Net value of the contract is EUR 31,831,964.31 that is PLN 134,728,788.94.	CR 36/2015
Pledge on assets of the Issuer's subsidiary AB Kauno tiltai of Kaunas (Lithuania) was registered with the Lithuanian pledge register. The pledge secures AB DNB bankas' and Nordea BANK AB's claims for the amount of EUR 78,339,250.54 EUR, that is PLN 331,351,528 resulting from the loan agreement. The pledge was established on assets with a total value of EUR 28,420,595.75 that is PLN 120 210 593,84 which constitute AB Kauno tiltai's claims under its construction contracts, and on its movable assets.	CR 37/2015
Mutual signing by Trakcja PRKiI S.A. and PKP Polskie Linie Kolejowe S.A. of amendment of 9 September 2015 to Agreement no. 90/132/336/00/17000031/10/I/I for the designing and completion of construction work at the railaway line Kraków – Medyka – State border, at the section Sędziszów Małopolski – Rzeszów Zachodni, km 133,600 – 154,900 as part of the Project "Modernization of the railway line E 30/C-E 30, section Kraków – Rzeszów, stage III". The annex changes the deadline for implementation of the agreement until 02.14.2016.	CR 39/2015

(data in thousand PLN, unless stated otherwise)

Other	
Changing the date of publication of the report for the first half 2015 years	CR 33/2015
Signing by the Issuer's subsidiary, AB Kauno tiltai an annex ("Annex") to the material credit agreement no. KL 06/03/01 of 30 March 2006. Pursuant to the provisions of the Annex, AB Kauno tiltai shall grant an additional credit in the amount of EUR 2,000,000.00 i.e. PLN 8,234,800; an overdraft was granted in the amount of EUR 4,000,000 i.e. PLN 16,469,600; the revolving credit limit was decreased to EUR 14,000,000. In addition, pursuant to the Annex, the current loan repayment and guarantee maturity dates has been changed.	CR 34/2015
Information on resignation of the Chairman of the Supervisory Board, Maciej Radziwiłł, with effect as of as of 24 September 2015.	CR 38/2015

CR - current report

The summary of significant events that took place in the Group after the balance sheet date is presented below.

Significant events after the balance sheet date	CR
Significant agreements - construction contracts	
Signing by Trakcja PRKiI S.A. with PKP PLK S.A. agreement on Continuation of upgrade work on Railway Line E59 (track and subgrade work and track infrastructure work) as part of the Project 7.1-5.1 under Infrastructure and Environment Operational Programme, entitled "Modernization of Railway Line E59 at the section Wrocław-Poznań, Stage III, section Czempiń – Poznań". Net value of the Agreement is PLN 173,383,051.02.	CR 42/2015
Signing by Trakcja PRKiI S.A. with the General Directorate of National Roads and Motorways two material agreements : 1) the contract for "Design and construction of Expressway S-5 at the section Nowe Marzy-Bydgoszcz-border of Kujawsko-Pomorskie Province and Wielkopolskie Province. Part 4 – Design and construction of Expressway S-5 at the section from Szubin junction (junction inclusive) to Jaroszewo junction (junction inclusive) with a length of approx. 19.3 km". a Consortium composed as follows: Trakcja PRKiI S.A. (as consortium leader), Przedsiębiorstwo Usług Technicznych INTERCOR sp. z o.o. (as consortium partner). The net value of the agreement is: PLN 286,155,940. 2) the contract for "Design and construction of Expressway S-5 at the section Nowe Marzy-Bydgoszcz-border of Kujawsko-Pomorskie Province and Wielkopolskie Province. Part 1 – Design and construction of Expressway S-5 at the section from Aleksandrowo junction (junction inclusive) to Tryszczyn junction (junction inclusive) with a length of approx. 14.7 km". The Consortium composed as follows: Przedsiębiorstwo Usług Technicznych INTERCOR sp. z o.o. (as consortium leader), Trakcja PRKiI S.A. (as consortium partner). The net value of the agreement is: PLN 300,000,000.	CR 43/2015
Mutual signing, by the Consortium Leader Trakcja PRKiI S.A. with PKP Polskie Linie Kolejowe S.A. annex to the material agreement on "basic, line construction works at the section Wrocław – Grabiszyn – Skokowa and Żmigród – border of Dolnośląskie Province" as part of the Operational Programme Infrastructure and Environment's project 7.1 - 4 "Modernization of railway Line E 59 at the section Wrocław – Poznań, Stage II – section Wrocław – border of Dolnośląskie Province". Under the annex, the parties changed the date of execution of the works until 21 December 2015.	CR 44/2015

(data in thousand PLN, unless stated otherwise)

Other	
Signing by Trakcja PRKiI S.A. with HSBC Bank Poland S.A. annex to the Agreement for a guarantee to the amount of PLN 70,000,000.00. The availability period of the bank guarantee: until 4 February 2016 year.	CR 40/2015
The company's shareholder, COMSA S.A. appointed pursuant to art. 13 paragraph. 4 Articles of Association of the Company, Mr. Dominik Radziwiłł as a Member of the Supervisory Board.	CR 41/2015
Changing the date of publication of the report for the third quarter of 2015.	CR 45/2015

CR - current report

(data in thousand PLN, unless stated otherwise)

IV. QUARTERLY FINANCIAL INFORMATION

PROFIT AND LOSS STATEMENT

	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
	Unaudited	Unaudited	Unaudited	Unaudited
Continued operations				
Sales revenue	**531 743**	**185 701**	**607 252**	**226 344**
Cost of goods sold	**(487 684)**	**(173 585)**	**(565 223)**	**(212 337)**
Gross profit (loss) on sales	**44 059**	**12 116**	**42 029**	**14 007**
Cost of sales, marketing and distribution	(1 122)	(371)	(598)	(103)
General and administrative costs	(25 426)	(5 376)	(20 166)	(6 446)
Other operating revenues	2 121	1 016	731	257
Other operating costs	(1 266)	(573)	(1 522)	(658)
Operating profit (loss)	**18 366**	**6 812**	**20 474**	**7 057**
Financial revenues	18 145	503	16 322	15 469
Financial costs	(5 438)	(1 321)	(11 699)	(4 184)
Gross profit (loss)	**31 073**	**5 994**	**25 097**	**18 342**
Income tax	(3 831)	(1 464)	(2 563)	(888)
Net profit (loss) from continued operations	**27 242**	**4 530**	**22 534**	**17 454**
Discontinued operations				
Net profit (loss) from discontinued operations	-	-	-	-
Net profit for the period	**27 242**	**4 530**	**22 534**	**17 454**
Profit per share attributable to shareholders in the period (PLN per share)				
- basic	0,53	0,09	0,44	0,34
- diluted	0,53	0,09	0,44	0,34

(data in thousand PLN, unless stated otherwise)

STATEMENT OF COMPREHENSIVE INCOME

	1.01.2015 - 30.09.2015	1.07.2015 - 30.09.2015	1.01.2014 - 30.09.2014	1.07.2014 - 30.09.2014
	Unaudited	Unaudited	Unaudited	Unaudited
Net profit for the period	**27 242**	**4 530**	**22 534**	**17 454**
Other comprehensive income:				
Other comprehensive income that will not be reclassified into profit or loss under certain conditions:	**(1 223)**	**(459)**	**(174)**	**(671)**
Actuarial gains/(losses)	(1 223)	(459)	(174)	(671)
Total other comprehensive income	**(1 223)**	**(459)**	**(174)**	**(671)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**26 019**	**4 071**	**22 360**	**16 783**

(data in thousand PLN, unless stated otherwise)

BALANCE SHEET

ASSETS	30.09.2015 Unaudited	31.12.2014 Audited
Non-current assets	**605 600**	**603 625**
Tangible non-current assets	115 382	113 429
Intangible assets	60 041	59 205
Investment properties	17 602	17 602
Investments in entities accounted using equity method	2 008	2 008
Investments in subsidiaries	381 388	382 090
Other financial assets	6 002	9 482
Deferred tax assets	19 481	19 020
Prepayments	3 696	789
Current assets	**346 847**	**468 928**
Inventory	24 734	19 719
Trade and other receivables	258 381	380 808
Income tax receivables	927	-
Other financial assets	26 009	25 828
Cash and cash equivalents	10 437	14 113
Accruals	7 170	2 897
Construction contracts	19 189	25 563
Total assets	**952 447**	**1 072 553**

Equity and liabilities		
Equity	**606 694**	**581 244**
Share capital	41 120	41 120
Share premium	309 984	309 984
Revaluation reserve	6 725	12 604
Other capital reserves	221 623	167 739
Retained earnings	27 242	49 797
Total equity	**606 694**	**581 244**
Long-term liabilities	**56 148**	**59 984**
Interest-bearing loans and borrowings	29 488	32 907
Provisions	1 278	1 638
Liabilities due to employee benefits	8 686	9 851
Deferred tax provision	16 696	15 588
Short-term liabilities	**289 605**	**431 325**
Interest-bearing loans and borrowings	8 816	15 769
Bonds	32 953	32 360
Trade and other liabilities	184 099	286 185
Provisions	5 752	9 309
Liabilities due to employee benefits	6 339	6 944
Tax liabilities	-	2 473
Other financial liabilities	-	38 338
Accruals	134	7
Construction contracts	51 512	39 940
Total equity and liabilities	**952 447**	**1 072 553**

(data in thousand PLN, unless stated otherwise)

CASH FLOW STATEMENT

	Note	01.01.2015-30.09.2015	01.01.2014-30.09.2014
		Unaudited	Unaudited
Cash flows from operating activities			
Gross profit from continued operations		31 073	25 097
Gross profit (loss) from discontinued operations		-	-
Adjustments for:		**23 027**	**7 910**
Depreciation		10 199	8 825
FX differences		(757)	70
Net interest and dividends		(12 031)	(6 413)
Profit on investment activities		(272)	(197)
Change in receivables		137 756	62 353
Change in inventory		(5 015)	(9 571)
Change in liabilities, excluding loans and borrowings		(106 174)	(58 147)
Change in prepayments and accruals		(7 054)	(707)
Change in provisions		(3 917)	(5 930)
Change in construction contracts		17 945	17 913
Change in financial derivatives		-	(144)
Income tax paid		(6 164)	1 849
Other		(1 489)	(1 993)
Net cash flows from operating activities		**54 100**	**33 005**
Cash flows from investment activities			
Sale (purchase) of intangible assets and tangible non-current assets		(5 894)	(6 632)
- acquisition		(7 541)	(7 224)
- sale		1 647	592
Financial assets		3 121	845
- sold or repaid		4 278	3 306
- granted or acquired		(1 157)	(2 461)
Loans		448	(1 200)
- repaid		1 948	-
- granted		(1 500)	(1 200)
Interest received		244	121
Net cash flows from investment activities		**(2 081)**	**(6 866)**
Cash flows from financing activities			
Loans and borrowings received		-	30 163
Repayment of loans and borrowings		(10 075)	(64 851)
Interest paid		(3 732)	(7 829)
Payment of liabilities under financial lease agreements		(3 550)	(3 154)
Inflows (outflows) income from other financial liabilities		(38 338)	1 356
Net cash flows from financing activities		**(55 695)**	**(44 315)**
Total net cash flows		**(3 676)**	**(18 176)**
Net FX differences		-	-
Cash at start of period		14 113	33 744
Cash at end of period	**3**	**10 437**	**15 568**
- with limited access		936	974

(data in thousand PLN, unless stated otherwise)

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Revaluation reserve	Other reserves capital			Retained earnings	Total equity
Unaudited				Actuarial gains/ (losses)	Results from previous years	Other		
As at 1.01.2015 after adjustments	**41 120**	**309 984**	**12 604**	**(4 106)**	**171 845**	**-**	**49 797**	**581 244**
Corrections of errors	-	-	-	-	-		-	-
Changes of accounting standards	-	-	-	-	-	-	-	-
As at 1.01.2015 after adjustments	**41 120**	**309 984**	**12 604**	**(4 106)**	**171 845**	**-**	**49 797**	**581 244**
Net profit for the period	-	-	-	-	-	-	27 242	27 242
Other comprehensive income	-	-	-	(1 223)	-	-	-	(1 223)
Distribution of profit	-	-	-	-	49 797	-	(49 797)	-
Transfer within equity	-	-	(5 879)	3 488	(2 184)	4 006	-	(569)
As at 30.09.2015	**41 120**	**309 984**	**6 725**	**(1 841)**	**219 458**	**4 006**	**27 242**	**606 694**
Unaudited								
As at 1.01.2014	**41 120**	**310 102**	**14 945**	**(2 665)**	**147 881**	**-**	**26 220**	**537 603**
Corrections of errors	-	-	-	-	-	-	-	-
Changes of accounting standards	-	-	(1 348)	-	(866)	-	(1 412)	(3 626)
As at 1.01.2014 after adjustments	41 120	310 102	**13 597**	(2 665)	**147 015**	**-**	**24 808**	**533 977**
Net profit for the period	-	-	-	-	-	-	22 534	22 534
Other comprehensive income	-	-	-	(174)	-	-	-	(174)
Distribution of profit	-	-	-	-	24 8088	-	(24 808)	-
Other	-	-	(11)	-	13	-	-	2
As at 30.09.2014	**41 120**	**310 102**	**13 586**	**(2 839)**	**171 836**	**-**	**22 534**	**556 339**

Additional information and explanations to the condensed consolidated financial statement

(data in thousand PLN, unless stated otherwise)

	Share capital	**Other capital reserves**	**Revaluation reserve**	**Other reserve capital**		**Retained earnings**	**Total equity**
Audited				**Actuarial gains/ (losses)**	**Results from previous years**		
As at 1.01.2014	**41 120**	**310 102**	**14 945**	**(2 665)**	**147 881**	**26 220**	**537 603**
Corrections of errors	-	-	-	-	-	-	-
Changes of accounting standards	-	-	(1 348)	-	(866)	(1 412)	(3 626)
As at 1.01.2013 after adjustments	**41 120**	**310 102**	**13 597**	**(2 665)**	**147 015**	**24 808**	**533 977**
Net profit for the period	-	-	-	-	-	49 797	49 797
Other comprehensive income	-	-	-	(1 441)	-	-	(1 441)
Profit distribution	-	-	-	-	24 808	(24 808)	-
Other changes	-	(118)	(993)	-	22	-	(1 089)
As at 31.12.2014	**41 120**	**309 984**	**12 604**	**(4 106)**	**171 845**	**49 797**	**581 244**

V. ADDITIONAL INFORMATION AND EXPLANATIONS TO THE CONDENSED FINANCIAL STATEMENTS

1. Analysis of financial results of Trakcja PRKiI S.A. for the III quarter of 2015

In the period of the third quarter ended on September 30, 2015, Trakcja PRKiI S.A. recognized revenue on sale of PLN 185,701 thousand, which is a 18.0% increase when compared to the analogous period in 2014. Delays in announcing tenders by PKP PLK and the resulting lower level of contracting in the previous years had the most significant impact on the decrease in revenue in the current year. During the third quarter of 2015, costs of sales decreased by PLN 38,752 thousand, i.e. by 18.3%, and amounted to PLN 173,585 thousand. In the third quarter of 2015, the gross sales profit margin amounted to 6.5% and increased by 0.3 pp as compared to the margin in the third quarter of 2014.

The general and administrative expenses amounted to PLN 5,376 thousand and decreased by 16.6%, i.e. by PLN 1,070 thousand as compared to the comparable period. This resulted from a reduction of costs of legal and advisory services, and reduced headcount in the administrative division, which was a continuation of reduction of the double employment structure in the Company, resulting from a merger with a subsidiary in 2013. In the analysed period, the costs of sales, marketing and distribution amounted to PLN 371 thousand.

The balance of other operating activity was positive and amounted to PLN 443 thousand. The balance increased in relation to the analogous period of the comparable year by PLN 844 thousand. In the period from July 1, 2015 to September 30, 2015, the Company generated operating profit in the amount of PLN 6,812 thousand. Operating profit decreased by PLN 245 thousand as compared with the third quarter of 2014, when this profit amounted to PLN 7,057 thousand.

The Company's financial revenue amounted to PLN 503 thousand and decreased by PLN 14,966 thousand when compared to the financial revenue for the third quarter of 2014, due to recognition of dividend from a subsidiary in the third quarter of 2014. The financial costs decreased by PLN 2,863 thousand and amounted to PLN 1,321 thousand.

In the period from July 1, 2015 to September 30, 2015, the Company generated gross profit in the amount of PLN 5,994 thousand. Income tax for the third quarter of 2015 amounted to PLN 1,464 thousand and increased as compared with the same period of the previous year by PLN 576 thousand. The Company's net profit for the period from January 1, 2015 to September 30, 2015 amounted to PLN 4,530 thousand and the result was lower by PLN 12,924 thousand when compared to the analogous period in the previous year. The net profit for the third quarter of 2015 would be higher by PLN 2,042 thousand as compared with the same period of 2014, after elimination of the impact of dividend recognised in the third quarter of 2014.

The Company's balance sheet total as at the end of the third quarter of 2015 amounted to PLN 952,447 thousand and was lower by PLN 120,106 thousand than the balance sheet total as at the end of 2014.

The balance of fixed assets increased slightly by PLN 1,975 thousand and amounted to PLN 605,600 thousand. Current assets decreased by PLN 122,080 thousand, i.e. by 26.0% in comparison with the balance as at 31 December 2014 and amounted to PLN 346,847 thousand. The decrease was mainly due to lower trade and other receivables by PLN 122,428 thousand, i.e. by 32.1%, which as at 30 September 2015 amounted to PLN 258,381 thousand. The balance of cash and cash equivalents also decreased by PLN 3,676 thousand, i.e. by 26.0% and amounted to PLN 10,437 thousand as at September 30, 2015.

As at September 30, 2015, the Company's equity increased by PLN 25,450 thousand as compared to the balance as at December 31, 2014.

As at September 30, 2015, long-term liabilities declined and amounted to PLN 56,148 thousand, decreasing by PLN 3,837 thousand as compared to the balance as at December 31, 2014. Short-term liabilities amounted to PLN 289,605 thousand and decreased by 32.9%, i.e. by PLN 141,720 thousand as compared to the balance as at the end of the previous year. Trade and other liabilities (amounting to PLN 184,099 thousand) recorded the largest decrease among the current liabilities — by PLN 102,086 thousand, i.e. by 35.7%. The short-term interest-bearing bank loans and borrowings decreased by PLN 6,953 thousand amounting to PLN 8,816 thousand.

(data in thousand PLN, unless stated otherwise)

The Company commenced the year 2015 with cash in the amount of PLN 14,113 thousand and ended the 9-month period with cash balance of PLN 10,437 thousand. Cash flows for 9 months of 2015 were negative and amounted to PLN 3,676 thousand, which represents an increase by PLN 14,500 thousand as compared to the analogous period of 2014. The Company achieved a high level of cash flows from operating activities, amounting to PLN 54,100 thousand. This resulted mainly from effective working capital management combined with the maximum possible use of cash. In the analysed period, the Company additionally repaid its factoring liabilities and part of its loan liabilities. During 9 months of 2015, Trakcja PRKiI reduced its debt by PLN 48,117 thousand, as compared with the balance as at 31 December 2014, when the debt amounted to PLN 119,374 thousand. The above operations were executed by the Company to improve liquidity and competiveness, aiming at acquiring the largest possible number of contracts that will be announced under the new EU perspective.

2. Cyclical and seasonal character of activity

The Road and railway construction and assembly services market in Poland is characterized by seasonality related primarily to weather conditions. The highest revenues achieved are usually in the II and III quarters, while the lowest – in the I quarter.

3. Additional information to the cash flow statement

	30.09.2015	31.12.2014
	Unaudited	Audited
Cash in hand	38	66
Cash at bank	2 586	3 217
Other cash - deposits up to 3 months	7 813	10 830
Total cash and cash equivalents	**10 437**	**14 113**
Cash and cash equivalents excluded from cash flow statement	-	-
Cash and cash equivalents presented in cash flow statement	**10 437**	**14 113**
- including restricted cash	936	981

Restricted cash is cash used to pay off the interest on the bonds.

4. Contingent receivables and liabilities

Due to employment contracts executed with the employees and Members of the Management Board, as for September 30, 2015 the Company had contingent receivables in the amount of PLN 1,324 thousand and contingent liabilities in the amount of PLN 7,691 thousand. Furthermore, in case of breach of duties of a Manager as stipulated in the agreement on non-competition, the Manager will pay the Company, without any undue delay or termination notice or demand by the Company, liquidated damages as a counter value of EUR 25 thousand in PLN for each case of breach, and counter value of EUR 1 thousand in PLN for each day of breach.

The Company recognized perpetual usufruct of land obtained free of charge on the basis of an administrative decision in the amount of PLN 1,567 thousand off-balance sheet as operating leases.

(data in thousand PLN, unless stated otherwise)

Contingent receivables and liabilities are presented in the below table:

	30.09.2015 Unaudited	31.12.2014 Audited
Contingent receivables		
From related entities due to:	**-**	**-**
Received guarantees and sureties	-	-
From related entities due to:	**95 675**	**123 039**
Received guarantees and sureties	91 643	113 573
Bills of exchange received as collateral	4 032	9 466
Total contingent receivables	**95 675**	**123 039**
Contingent liabilities		
To related entities due to:	**809**	**-**
Provided guarantees and sureties	809	-
To other entities due to:	**1 234 950**	**1 684 351**
Provided guarantees and sureties	336 093	300 979
Promissory notes	403 940	403 850
Mortgages	99 000	229 500
Assignment of receivables	292 329	626 397
Assignment of rights under insurance policy	41 507	60 777
Deposits	25 416	25 530
Other liabilities	36 665	37 318
Total contingent liabilities	**1 235 760**	**1 684 351**

Jarosław Tomaszewski	Paweł Nogalski
President of the Board	Vice President of the Board
Marek Kacprzak	Nerijus Eidukevičius
Vice President of the Board	Vice President of the Board

Sławomir Raczyński

Vice President of the Board

Person responsible for preparing the financial statement:

Sławomir Krysiński

Head of Financial Reporting Trakcja Group

Warsaw, November 9, 2015